



Science Based Targets

Setting yourself up for climate leadership

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About the Carbon Trust



Advise businesses, the public sector and governments on their opportunities in a sustainable, low carbon world

Measure and certify the environmental footprint of organisations, products and services

Develop and deploy low carbon technologies and solutions, from energy efficiency to renewable power

Independent, mission-driven, not-for-dividend

Our clients

Retail & FMCG



Healthcare & Pharma



Manufacturing



Telecoms & Media



Financial Services



Industrials



Hospitality & Leisure



Transport & Logistics



Food & Drink



Our strategic partner in India: PKF Consulting

PKF is one of the leading professional service providers in India providing a range of services in accountancy, auditing and specialised lines of consulting and advisory services in the field of finance, technology, business strategy and HR.



4

Decades of rich experience

6

Offices across India

20

Partners with exposure in international assignments

10+

Directors with Global Exposure

400+

Professionals from multifarious disciplines

75+

Staff with international experience

90+

Cross border engagements delivered

6

Continents - Engagements Delivered.

50+

Cities covered across the globe



By attending this session, we hope you will...

- Understand what science-based targets are and why they are important
- Appreciate the key factors to consider when setting a science-based target
- Gain insights on from our practical experience in supporting companies set science-based targets

Context for Science Based Carbon Targets

- Paris Climate Agreement approved by 195 nations at COP21 came into force on 4th November 2016
- Agreed to hold the increase in global average temperatures **well below 2°C** and pursue efforts to limit the increase to **1.5°C**
- **Emissions should peak as soon as possible**, and rapidly reduce thereafter
- Mitigation performance to be **reviewed every five years** and national plans (NDCs) improved

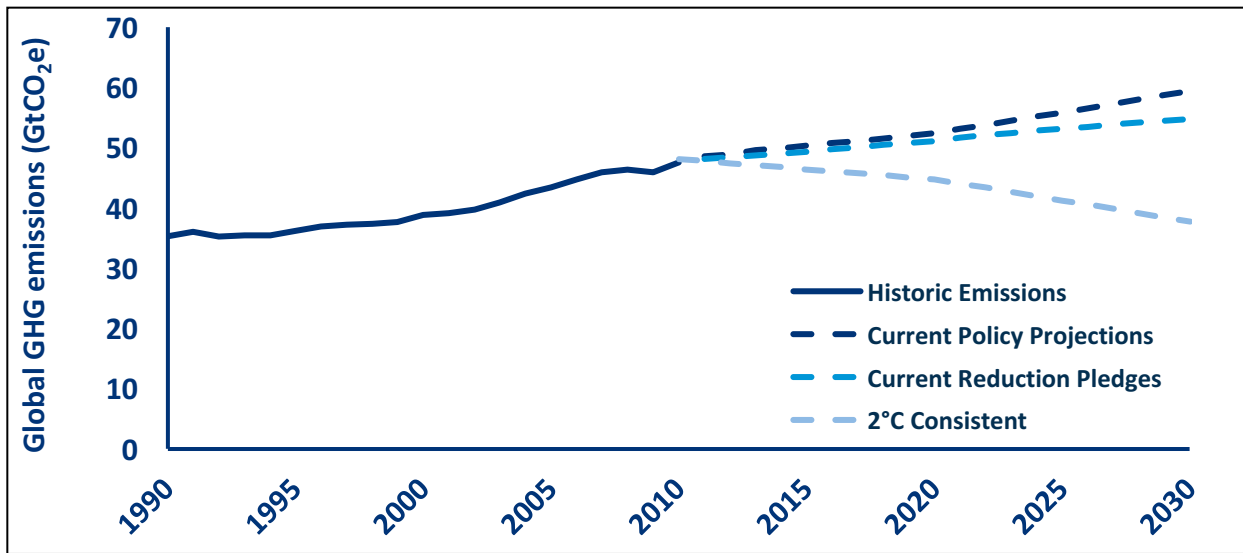


Context for Science Based Carbon Targets in India

- **India ratified the Paris Agreement** in October 2016, its NDC targets:
 - to lower the emissions intensity by 33% - 35% by 2030, and
 - to increase non-fossil based power generation capacity to 40% by 2030
- NDC predates the recent rapid growth in renewable energy in India and recent government targets of 175 GW renewable energy capacity by 2022
- “Upgrading the Indian NDC to match planned policies would (...) place it in a **leadership position globally.**” - climateactiontracker.org
- PM Modi recently vowed to go “**above and beyond the Paris accord**”



What are Science Based Carbon Targets?



Source: Climate Action Tracker, 2017

Targets adopted by companies to reduce carbon emissions are considered “science-based” if they are in line with the level of decarbonisation required to keep global temperature increase below 2°C.

How do Science Based Carbon Targets compare?

Genesis of Carbon Reduction Target Approaches

Set targets based on past performance

What can I improve?

Benchmark against industry leaders

What are my competitors doing?

Understand optimal sector performance

Where can I get to?

Targets in line with climate science

What should I do?

Why set a Science Based Target?

- **Demonstrate leadership in doing what's necessary** and maximise the reputational benefits by adopting credible science-based targets now



- **Align your sustainability ambitions with science** – and anticipate future climate change regulation

- **Unlock long-term reduction opportunities** to make your business more competitive and drive innovation



The Science Based Targets initiative (SBTi)

- Joint initiative between the CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI), and the WWF
- Adopted an overseeing role for reviewing science-based target methodologies and validity of individual company's science-based targets



Pledge and Review Process

- Framework that enables businesses to **pledge their commitment** to developing science-based targets
- **Review process** includes methodology applied, level of ambition and scope of emissions
- **Over 280 leading companies** have already pledged and over 50 have successfully passed the review process

Methodologies

- Developed its **own methodology, the Sectoral Decarbonisation Approach (SDA)**, which applies sector-specific pathways to define targets
- Published a **manual for setting science-based targets** which includes a review of all current methodologies

Over 280 leading global companies have committed to SBTs



SBTi - Key criteria and recommendations

Boundary

Company-wide Scope 1 & 2 emissions following GHG Protocol Corporate Standard & Scope 2 Guidance

Baseline Year

Most recent year for which data are available

Timeframe

Minimum of 5 years and a maximum of 15 years from the date the target is submitted to the SBTi

Offsets

Offsets are not counted as reductions toward the progress of companies' science-based targets

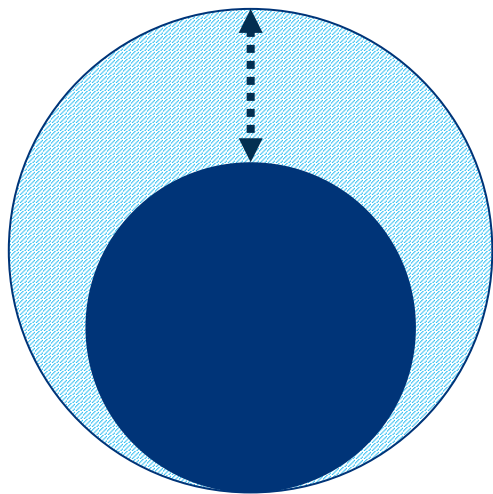
Scope 3

Must complete a scope 3 screening; if scope 3 emissions are at least 40% of total, a target is required.

How do you calculate a science-based target?

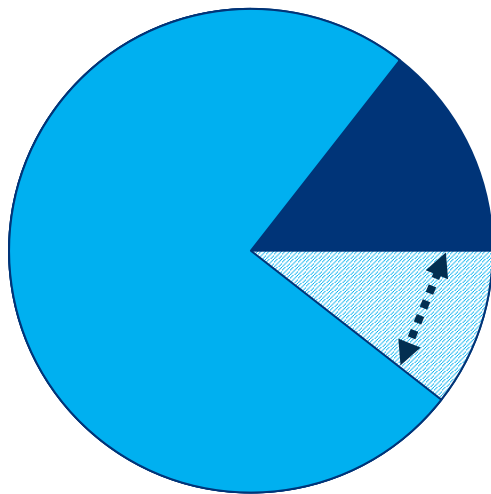
1. Assessing the global carbon budget

How large is the pie?



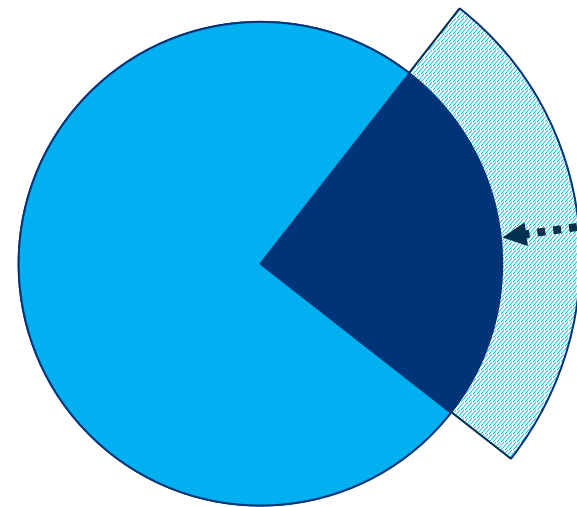
2. Calculating your business' carbon budget

How large is my slice?



3. Compare your budget and your footprint

Am I eating too much?



Different methodologies will take slightly different approaches to these steps

Setting SBTs: step-by-step

1. Develop robust emission baseline

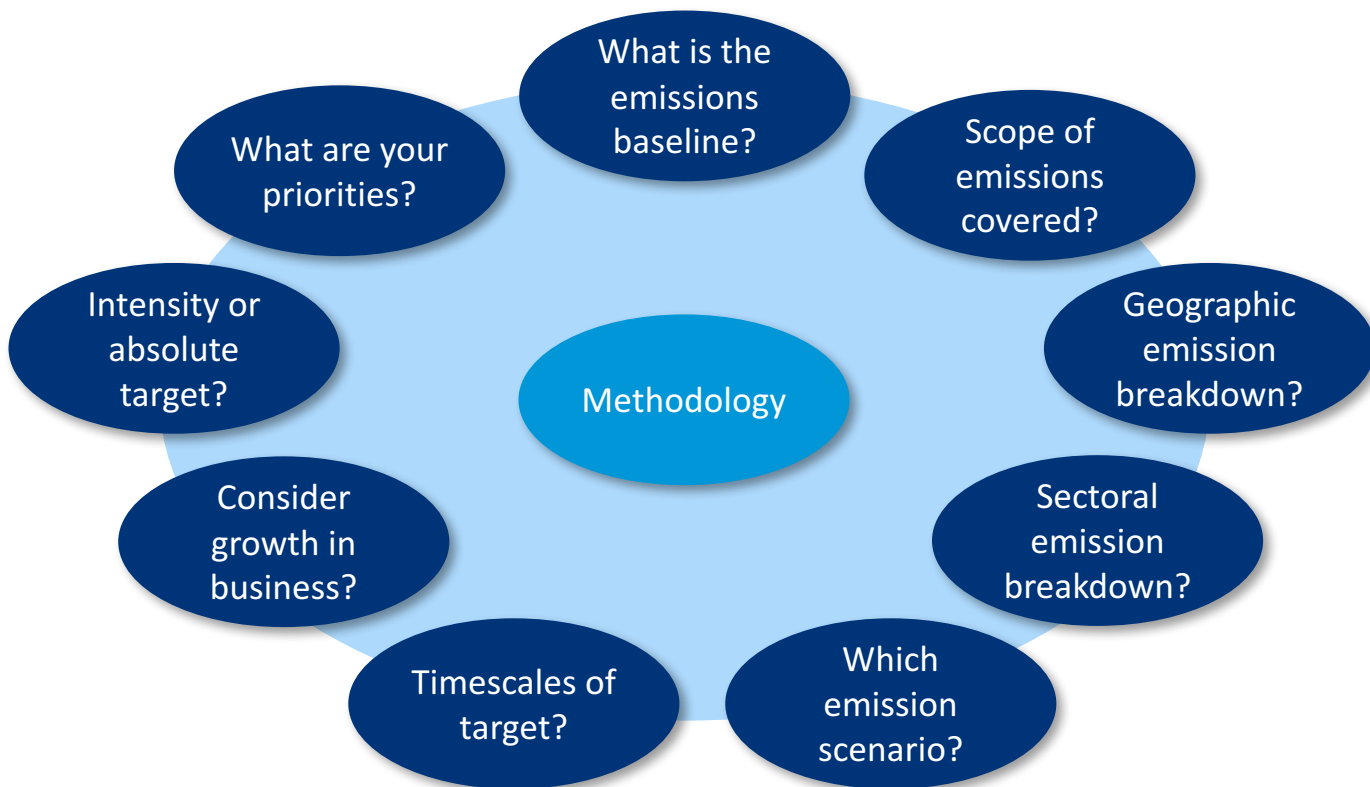
2. Select most appropriate methodology

3. Understand your scope 3 emissions

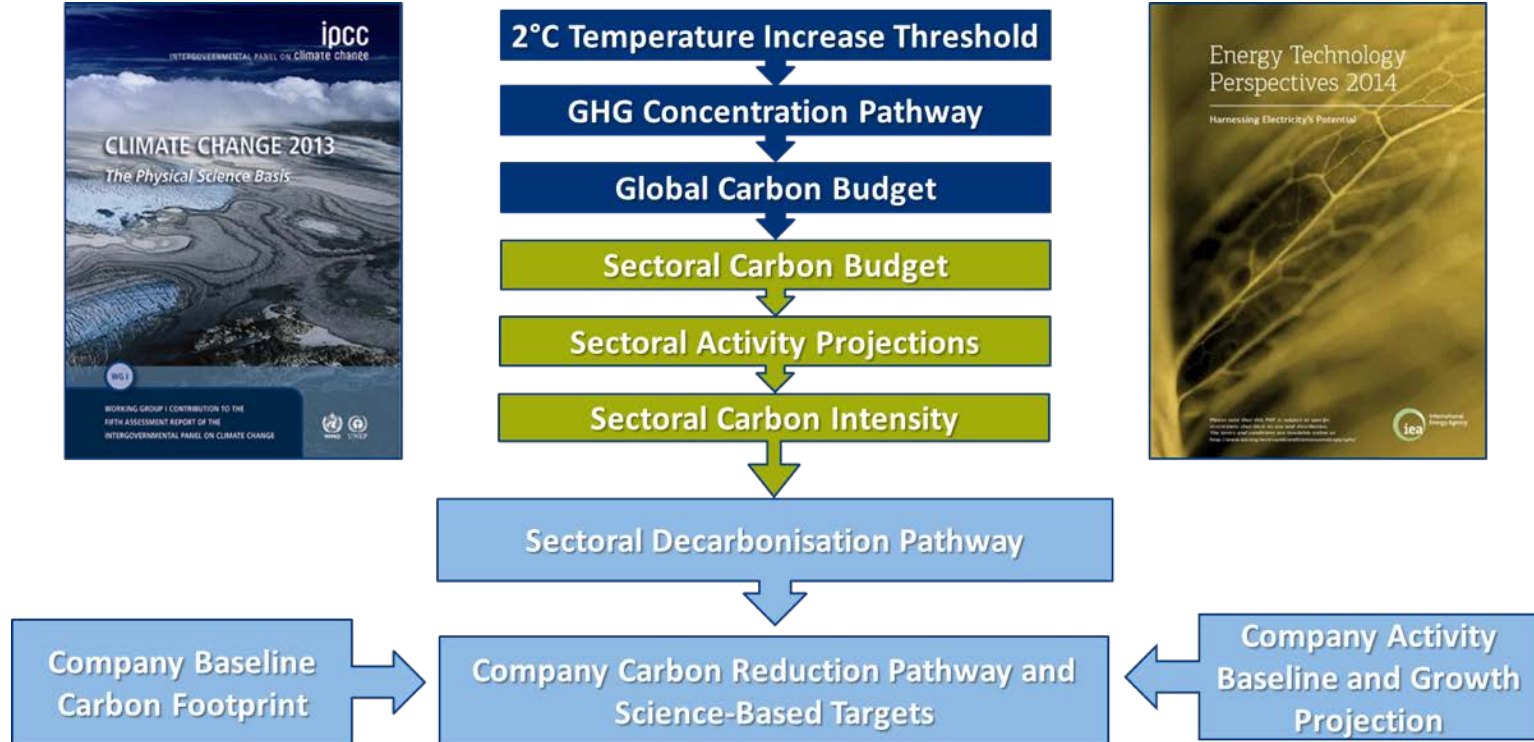
4. Calculate Science Based Targets

5. Submit Targets to SBTi

Questions to consider when calculating an SBT



Methodology Example: Sectoral Decarbonisation Approach

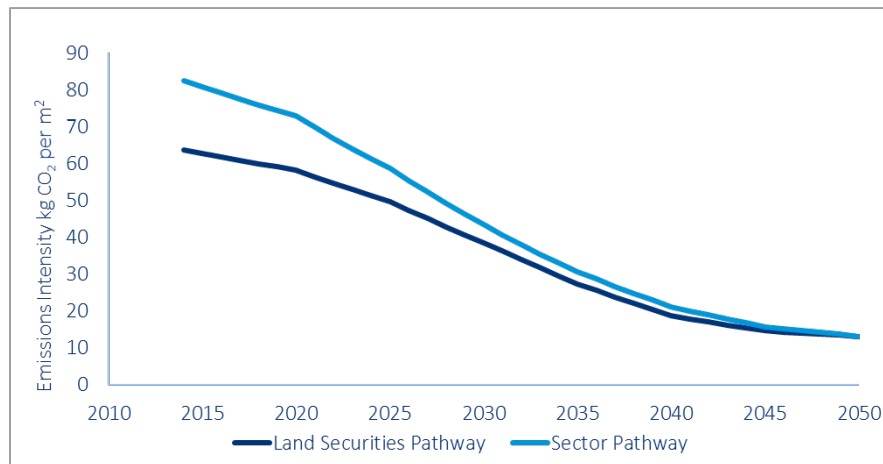


Case study: Land Securities

- Largest listed real estate company in the UK (£14.6bn portfolio)
- Land Securities' ambition is to be a leader in carbon reduction and science-based targets seen as a key part of this
- The Carbon Trust translated sector-based data into insights that provided the basis for practical action:
 - A bespoke reduction target model was built based on the Sectoral Decarbonisation Approach (SDA)
 - An easy-to-understand methodology report was created, making targets accessible to stakeholders and verifying the robustness of the approach



Case study: Target setting outputs

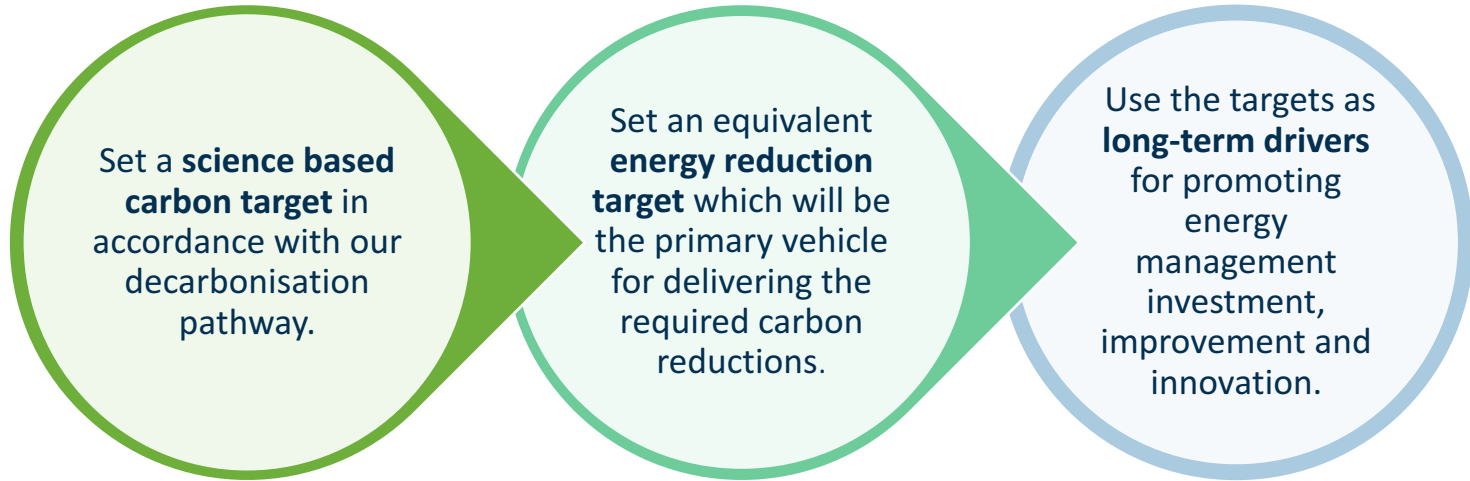


This decarbonisation pathway leads to the following reduction requirements by 2030, 2040 and 2050:

Company Target Years	2030	2040	2050
Intensity Reduction Against Baseline	40%	70%	80%

Land Securities Emission Reduction Targets against 2013/2014 baseline

Case study: Implementation approach

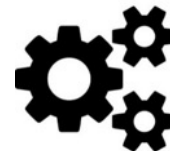


- Be confident with your data
- Engage with a wide range of stakeholders, internally and externally
- Establish milestones along the way...2030 is far away!
- Keep it simple, especially externally. Support with management KPIs internally

Case study: Benefits of setting a Science Based Target

Engagement

- Helps support internal buy-in and staff engagement...people like to play their part in keeping with 2 degrees



Longevity

- Targets are long-term and help to define sustainability strategy. Opened up discussions on implications of target for other areas, e.g. new developments and acquisitions



Robust

- Established methodology, figures calculated by third party, independent, experts



Leadership

- Commits to what is required and not just achievable



Case study: Scope 3 targets



THE TARGETS

Land Securities commits to reduce GHG emissions 40% per square meter by 2030, from a 2014 base-year (scope 1, scope 2 and a portion of scope 3 emissions from downstream leased assets). This will set the company on the path to accomplish an 80% carbon intensity reduction by 2050 from the same base-year.

The company also commits to engage with all main contractors (lead construction partners) to encourage them to set science-based targets by 2023, so that the embodied carbon from key materials can be reduced in line with what is required for a 2 degrees pathway. Additionally, the company will ensure that all leased floor area has an energy efficiency rating of at least an E (ratings are A-G) by 2023, in order to reduce the operational carbon emissions associated with that floor area.

Key challenges from practical experience

Internal Buy-in

Selling the scale of ambition and timelines difficult

Methodology Choice

Many complexities to navigate

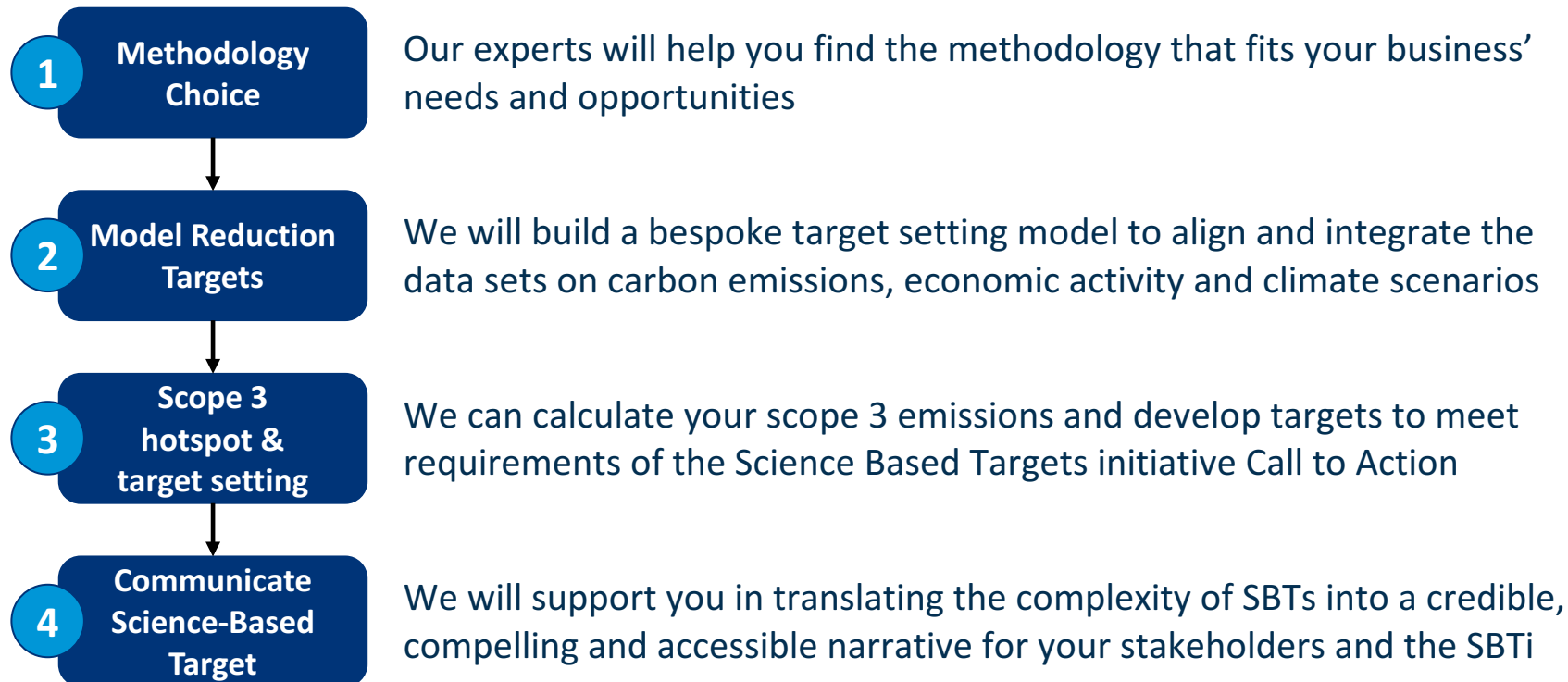
Scope 2

Robust market-based scope 2 footprint crucial in driving deep reductions

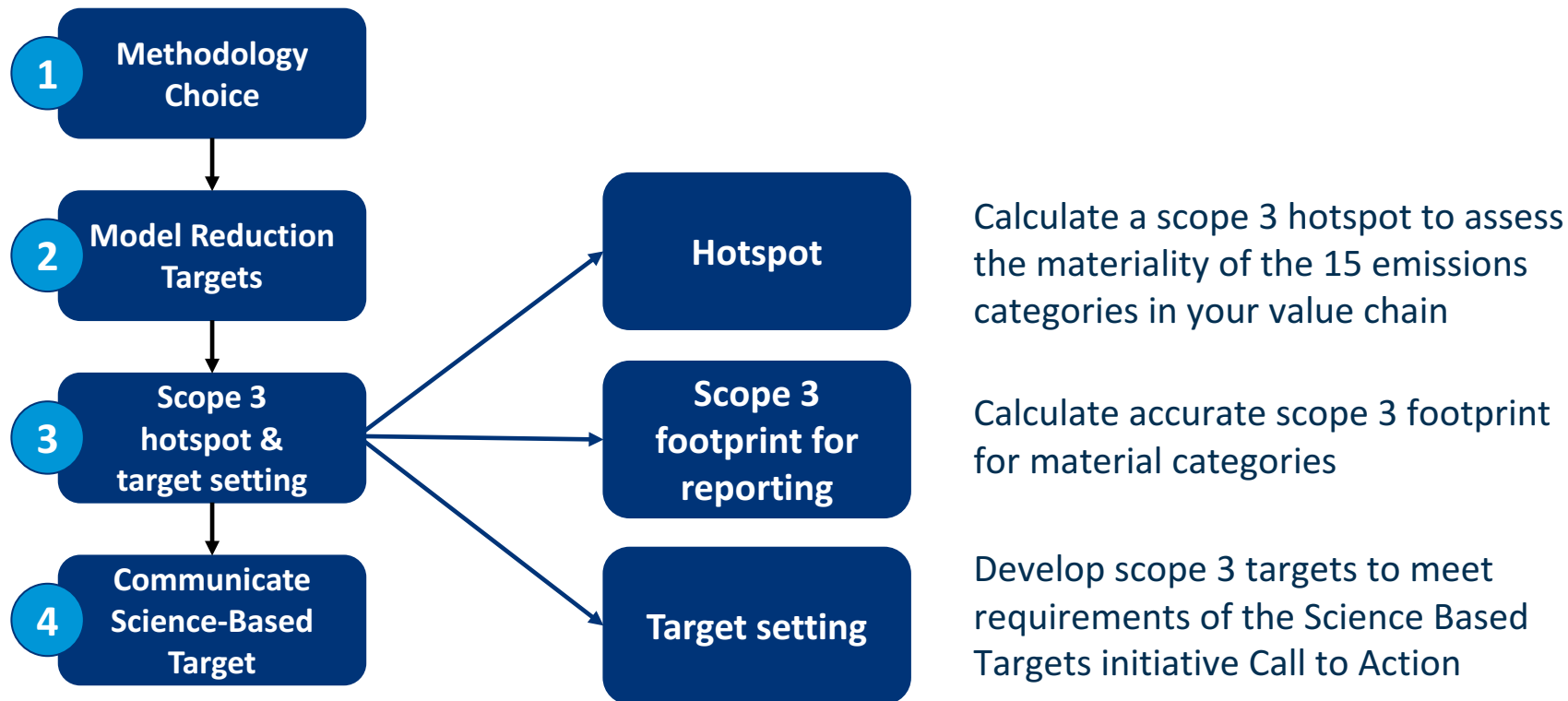
Scope 3

Hard to measure and even harder to control

How can Carbon Trust support you?



How can Carbon Trust support you?



Case study: Carlsberg Group

We supported Carlsberg Group in the development of the carbon strategy for their recently launched new sustainability ambition, **Together Towards Zero**

**TOGETHER
TOWARDS
ZERO**

The Carlsberg Group logo, featuring the word "Carlsberg" in a green, stylized script font with a crown above the 'g', and the word "Group" in a smaller, sans-serif font below it.



**ZERO
CARBON
FOOTPRINT**



**ZERO
WATER
WASTE**



**ZERO
IRRESPONSIBLE
DRINKING**



**ZERO
ACCIDENTS
CULTURE**

- Working closely with Carlsberg's in-house sustainability, utility management, and supply chain teams, we:
- Developed a detailed end-to-end **value chain carbon footprint** for Carlsberg's global operations
- Defined ambitious carbon reduction targets, in line with what's considered a **Science-Based Target**, for their operations as well as their value chain
- Developed a clearly defined **roadmap to achieve the carbon reductions** to meet these targets