

WWF, CDP, UN Global Compact and WRI have come together to begin the Science Based Target Initiative (SBTI). The purpose of the initiative is to help businesses set emission reduction targets in line with the level of decarbonisation needed to prevent a more than 2 degree rise in average global temperature.

The Science Based Target Initiative's new manual is designed to equip corporates with the necessary information needed to establish Science Based Targets (SBTs), which are both- commercially viable and ambitious enough to meet global climate scenarios.

Capacity building

The Science Based Target Initiative manual was open to public suggestions for [over two months](#). Additionally, there were a series of face to face interactions with the target audience of the manual – corporate sustainability teams – to more accurately gauge their understanding of the subject matter, and to identify and address knowledge gaps in the manual itself.

The Indian stakeholder consultation for the manual was convened at the Godrej Campus at Vikhroli, on 5 November, 2015, and saw representatives from more than 15 organizations from across various sectors including - steel, chemicals, finance, cement and IT services. This diversity of perspectives led to a vigorous discussion of the ways in which the Science Based Target Initiative would help corporates establish emissions targets, strengthen their MRV capabilities and provide them overall guidance in measuring and management emissions.

Each session was preceded by a set of questions, and the participants were required to check if the questions were adequately answered over the course of the session.

Session Summary.

Session 1: The need for Science Based Target Initiative: Making the business case and gaining internal buy-in.

The following questions were shared at the beginning of the session.

- Has the business case been made? Is the distinction between target setting and SBT-setting clear enough?
- Do you have suggestions for strengthening the case?
- Are the approaches for gaining internal buy-in comprehensive enough?
- Do either of these concepts need expansion or should they be condensed / removed from this manual?

As centre led sustainability measures had definitively impacted the outlook of the corporate sector, the need for urgent measures to reduce emissions was all already present.

The workshop participants suggested that the business cases in the manual, could be made be more expansive and in depth, with more quantitative data and on ground examples. Case studies were seen as a good option to get management on board with the initiative and strengthen internal buy-in – a topic not sufficiently addressed.

Participants from the financial and IT services, showed keen interest and a desire to engage with Science Based Target Initiative, however they felt that the Science Based Target Initiative provided no landslide benefits. The few mentions of sustainability specific lending and investments as a possible solution were not



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fleshed out enough in the manual, Some also felt that the IT sectors predominantly Scope 3 emissions would not drastically bring down emission rates overall. This brought on the question- who should be the target group of the Science Based Target Initiative? to be a strong enough buy-in currently.

Given below are a few questions and comments during the session, along with a few responses.

- Who is the target audience for this manual ?

SBTI has been approached by many companies who are re-doing their targets and wish for guidance. Queries come from multiple levels and SME's have also shown interest. The manual is meant for a broad audience.

- The two degree responsibility is not only for the industrial sector, but also for sectors such as urban development. Has SBTI accounted for that ?

Each of the method takes a different approach there. The absolute compression approach looks at global numbers and allocates a budget to everyone. The SDA on the other hand has cross-economy assumptions - urban consumption, urbanization rates, and demographics. SDA is an integrated assessment model and does not place the entire responsibility of emissions reduction on the industrial sector

- Based on the companies you have worked with, what deviations exist? I am assuming that these are mature companies that have SBTs. What is the deviation from the status quo?
- If I have to go back to my company and say we need to change, they will ask me why?
- For service sectors where the biggest contributor is Scope 3, how can we make our supply chain want to invest? Why would a company like a Mahindra invest in this?
- How do we increase the acceptance of SBT among companies?
- For Wipro there is no direct risk, there is no clear business case and therefore it is difficult to push the agenda.
- Everyone is speaking on the risk. No one is speaking of quantifying the risk
- There is a problem with quantifying climate risk.

Session 2 : Review methods classification and descriptions.

The following questions were shared at the beginning of the session.

- Is the nomenclature and description of the methods classification clear? What should be improved?
- Would you suggest more or less detail describing each method? Should information be moved to an appendix?
- Is the information presented balanced among methods?

This session saw more active participation, as many had questions related to methodologies and how they determined targets. While some were familiar with the more common methodologies such as SDA, others were given a brief introduction during the session.

Throughout the discussion the strongest concerns were expressed on - how much the Science Based Target Initiative would affect internal targets or targets that were adopted via other platforms such as PAT or IGHGP; How science based targets would affect organizational position on indexes such as the CDLI; and how stringent the SBTs would be.

There were long deliberations among the participants about which method to determine targets, was most comprehensive and most suited to the businesses in question. With the chemical industry searching for



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benchmarks, finance industry

and others looking for commercial viability; no single method was seen to serve all their purposes.

searching for guidance on target setting

The Science Based Target Initiative is fairly agnostic about the methods. When asked why, it was shared that the initiative felt that taking a stance would create factions based on preference of methods, which was counterproductive to the SBTI 'global community' approach. The role of SBTI was to create a platform and provide information which is consistent and transparent.

While there was no hierarchy of methods given, mentions were made of the suitability of different methods for different sectors. In an ideal context, organizations are expected to utilise all methodologies, though it is understood that not all would have the capacity to do so.

Companies wanted to know how the different methods disaggregated carbon budgets and allocations. Since many of these involved division between Annex 1 and Annex 2 companies, a pertinent question from among companies with overseas manufacturing units was what their allocations were and how to determine them. The usual practice is to choose allocations based on where the company is incorporated. In any case, the SBTI's technical assessment of the target is done against multiple methods to see if it is consistent with 2 degree pathways

As the session proceeded, different methods brought up queries on the denominator to be chosen to quantify emissions. This was another sector specific query. Many felt that the long time period for target settings was unviable. Beyond 5 years it was difficult to ensure that the denominator would still be an accurate indicator of the company's growth trajectory.

Some of the questions and comments during the session were as follows.

- When using CFACT, will a US facility have a different target from Chinese Facility?
Yes. But companies can decide how to allocate it.
- How does CFACT differentiate between annex 1 and non- annex 1 countries?
Companies look at where they are incorporated. From the technical perspective, SBTI assesses submitted targets against multiple methods, to see if they are consistent with 2 degree pathways.
- If there are international offices for companies, should they choose global?
Yes. Though ultimately its up to the companies to decide what method to follow.
- What is the range of targets?
The range of targets is significant. We advise companies to take on the most stringent one, be a leader in their sector. However, it is common for targets to be chosen based on the company's capacity.
- Will choosing a different methodology, change the target?
In some ways more or less, but the SBTI uses multiple methods to come up with minimum ambition pathways. In some cases the chosen method might take you beyond that. After that, there is back and forth with the company to determine a final target that is ambitious enough and within their capacity.
- If a company identifies a target by a particular method. Then which target should the company choose among them, which one is the best?
It depends on the company. The initiative will give feedback but the choice is the company's.
- After the company sets targets, what is the interaction between the company and the Initiative?
It depends on what stage of the target setting process, the company is at. If the company has already set targets and is only looking to update them, then there is not much involvement, until the next cycle begins. With companies in earlier stages, the SBTI provides feedback that is largely incorporated by the company. Usually, scope 1 and 2 targets are easy, its scope 3 that takes time.
- Why do companies prefer GEVA and SDA?

GEVA allows for growth.

future profits, it is easier for them to articulate targets in monetary terms. On the other side SDA is preferred because it has the most granular information across various sectors

Company's think in terms of revenue and

- Which method is more sector specific?

SDA.

- So the SDA is the go to method for finance sector?

No. SDA excludes 30 percent of emissions/ sectors- which includes finance, mining etc.

- What then is go to method for the finance sector?

Any of the GEVA methods - CSI, CSO or CFACT.

- Targets derived from the INDC are going to be imposed on businesses. In comparison will SBT be more stringent?

It could be possible. SBTs are an iterative process, you go through one cycle and then update them if there are too easy to achieve. You make a choice to make targets more stringent.

- Out of the 77 companies who have joined the initiative, which method are they using?

They are using GEVA or a subset of GEVA , and then SDA is the most common

- In the absolute compression method, how do I know I am aligned to global reduction targets?

Companies that have used simplistic target, the criteria is that its minimum of 5 years, we work with the companies to assess the target.

- What is the output of the SBT method?

The traditional output is the end point in relation to the base year, what we are adding is the trajectory which determines the cumulative budget.

- How do the methods address the denominator issue?

In the absolute compression method, it does away with it. In the GEVA method it uses money. It relies a lot on assumptions about GDP growth and therefore needs to be constantly updated.

Session 3 - Methods choosing process

The following questions were shared at the beginning of the session.

- Two approaches for choosing a method are presented – is there another process that should be considered? What would it look like?
- Should there only be one approach to simplify the process for companies? If so, what would it be?
- Are the processes sufficiently agnostic and/or prescriptive?

This session covered how organizations could choose which SBT methodology was most appropriate, keeping in mind their respective business models. The various aspects such as sector specific disaggregation, geographic location of units and other foundational factors were spoken about.

Examples of companies which had already set SBT within certain contexts and their experiences were shared as and when possible. During the session, a representative of WIPRO's corporate sustainability team shared the process they employed for setting up 5 year targets via the SDA methodology.

Mirroring previous queries, participants wanted to know which methodology was most suitable to their enterprise, and asked for recommendations on best practises in target setting and other such aid.

Another query was - if it was possible to get an integrated perspective, which combined the methodologies. In fact this was thought by some to be a necessity keeping in mind the variety in size of companies within the market.

Some queries during the session

- How does the SBTI target correlate with the IEA Tech Road Map 2015 at meet two degree scenario target?
It should be very close to the IEA scenario number.
- Do the different models give out recommendations?
It varies per sector but the main source for SDA coverage sector is the Energy Technology Perspective, series of reports where they describe costs and technical specs of the mitigation option per sector .

Conclusion.

This stakeholder interaction was invaluable in providing a perspective from the companies on next steps. Companies were able to discuss their problems, and while some questions were answered, there were many that still needs to be addressed.

The following are a summary of the points that need to be addressed.

- Companies want a clear cut expert opinion on which method to use and which target would be suitable to them.
- Companies felt that there was too much information which they had to read. There was scope to simplify the material depending on the audience it was being addressed to.
- Companies wanted more case studies and best practises that would provide an on ground perspective.
- Companies wanted to know the role the Initiative would play at each step of the target setting process. They wished for more hands on guidance during target setting.