SETTING SCIENCE-BASED TARGETS

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MARCIAL VARGAS, SENIOR CONSULTANT - QUANTIS
CHARLOTTE BANDE, SENIOR CONSULTANT - QUANTIS
EDGAR VAN DE BRUG – MNG. CONSULTANT – ECOFYS
Climate Science recommends to limit the increase in global average to below 2°C.

We emit 49 Gt CO$_2$eq/year. We will spend the remaining budget in 20 years...

We need to reduce GHG emissions from 49 to 72% by 2050 (baseline: 2010)
Sustainability goals are shrunk by the traditional approach.
SDA (Sectoral Decarbonization Approach)

- Based on the 2DS (2°C Scenario) from IEA (Energy Technology Perspectives, 2014) and aligned with RCP2.6 from the IPPC (IPCC Fifth Assessment report, 2014)

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**Total Carbon Budget**

- Sectorial allocation based on emissions reduction potential and growth forecasts

**Sectorial Budget**

- Company allocation based on its contribution to the global sector activity and its emission intensity.
SDA combines sectoral emissions pathways with sectoral activity projections to construct sectoral intensity pathways for homogeneous sectors.

For 3 heterogeneous sectors physical allocation is not possible, and absolute reduction is used.
Translating the global carbon budget to company targets

Reasons to use the SDA:

> Developed with CDP, WRI and WWF.

> SDA is transparent, well documented and reviewed

> SDA takes into account sectorial differences instead of applying a generic approach

> SDA is the only method that differentiates between Scopes 1 and 2

> SDA will be refined and updated on regular basis

Source: [www.sciencebasedtargets.org](http://www.sciencebasedtargets.org), 2014/2015
The SDA methodology extended to agricultural commodities

> Funded by KR Foundation, University of Aberdeen, PBL and Ecofys developed an extension to the SDA methodology to set SBT on major agricultural commodities.

> Decarbonisation pathways were developed through the use of marginal abatement cost curves, for assessing farm level based measures.
Understand → Calculate → Commit

Validate → Strategize → Act
Business Case: Dairy Company – Key learnings and challenges

- Data collection can be challenging, in particular for scope 3 emissions
- Key to understand the assumptions behind scenarios that are applied
- Setting company-wide targets or at country or department level?

What to do when application of the SDA allows for targets with emission intensity increases?
“Farmer Brothers commits to reduce its scope 1 and 2 absolute GHG emissions 11% by 2025 and 48% by 2050, using a 2014 base year. Farmer Brothers also commits to reduce absolute scope 3 emissions 7% by 2025 and 31% by 2050, using a 2014 base year.”

Key findings

- SBT align well with Farmer Brothers’ current sustainability strategy: includes evaluating its corporate footprint annually.

- Coupling absolute SBT for external disclosure with more nuanced internal targets balances brand leadership with operationalizing targets.
Business Case: Retail/food company - SBT along the value chain

Type of company
- Companies with a select group of suppliers
- Companies with a set of specific product categories
- Companies with a complex supply chain

GHG accounting on Scope 3
- Supplier inventory approach
- LCA approach
- Input-Output/Mixed approach

SBT approach along the supply chain
- Intensity Approach
- Ladder Approach

Business Case: Retail/food company – Engaging suppliers

- **Target**: Top-10 tier 1 suppliers per commodity per market at step 1
- **2020**: Calculate and disclosure Scope 1 and 2 emissions
- **2025**: Set SBTs according to the SBTi requirements
- **2030**: Engage with supplier to set science-based targets according to SBTi requirements

**Year**
- 2020: Calculate and disclosure Scope 1 and 2 emissions
- 2025: Set SBTs according to the SBTi requirements
- 2030: Engage with supplier to set science-based targets according to SBTi requirements

**Ecofys and Quantis**
There are yet many other challenges you can face while defining SBT! For instance:

How to deal with SBTi during M&A process?