



# SBTi ACTION CHECKLIST

This checklist offers a comprehensive step-by-step guide to successfully aligning with the SBTi standards, ensuring a credible and for your organization's sustainability journey.



**The Science Based Targets initiative (SBTi)** is a collaborative venture between CDP, the United Nations Global Compact (UNGC), World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) to promote best practices in corporate climate action. This guide aids large enterprises in comprehending, navigating, and setting ambitious targets aligning with the latest scientific data on climate change..

## 1 UNDERSTANDING THE IMPORTANCE

- ◆ **Definition:** SBTi propels companies to set greenhouse gas (GHG) reduction targets in line with climate science, aiming to meet the goals of the Paris Agreement – limiting global warming to well below 2°C above pre-industrial levels and pursuing means to limit the temperature increase to 1.5°C.
- ◆ **Relevance for Large Companies:** Large corporations, with their extensive operational footprints, play a pivotal role in global decarbonization efforts. Implementing SBTi-aligned targets provides them with a competitive edge, operational resilience, and better stakeholder relations.

## 2 ASSESSING CORPORATE EMISSION LEVELS

- ◆ Begin with a GHG inventory – a comprehensive account of the company's GHG emissions derived from its operations, both direct and indirect.
- ◆ Segment emissions into Scope 1 (direct emissions), Scope 2 (indirect emissions from purchased energy), and Scope 3 (other indirect emissions, e.g., from suppliers or product use).
- ◆ Use GHG Protocol Standards for consistent and transparent measurement and reporting.
- ◆ Science-Based Targets (SBTs): SBTs are goals aligned with the Paris Agreement's aim to limit global warming. They're third-party verified, providing businesses with a structured approach to emissions reduction. Their benefits include:
  - Strategic clarity on sustainability targets.
  - Reduced regulatory risks.
  - Enhanced investor confidence.
  - Positive public perception.

**Emissions reduction targets not only signify an organization's commitment to sustainability but also help align the company's operations with a tangible carbon accounting process. These targets serve as a direct response to global climate challenges while potentially providing competitive advantages in the market.**



## 3

## CHOOSE A SUITABLE SBTI METHODOLOGY

- ◆ **Absolute contraction** refers to an outright reduction in greenhouse gas (GHG) emissions over a specified time period, irrespective of the organization's output or growth.
- ◆ Understand key features of absolute contraction methodology. **Fixed Reduction:** Focused on reducing a fixed amount or percentage of emissions. **Unrelated to Growth:** Emission reduction goals are set without taking into account changes in company size, production, or revenue.
- ◆ **Intensity metrics** relate GHG emissions to a relevant business metric, such as unit of production, revenue, or floor space. This allows companies to reduce emissions intensity relative to their business growth or output.
- ◆ Understand key features of intensity metrics methodology. **Relative Reduction:** Focused on reducing emissions per unit of something (e.g., per product manufactured or per \$1 million in revenue). **Accounts for Growth:** Can accommodate business growth while still aiming for efficiency and reduced carbon intensity.
- ◆ When choosing between two, consider industry standards, company growth projections, stakeholder perceptions, and alignment with global climate objectives.

**For Financial Institutions** SBTi provides additional tools and guidance, given the indirect nature of their primary emissions sources, which fall under Scope 3 (like loans and investments).

## 4

## ESTABLISH A BASELINE

- ◆ Choose a base year for measuring reductions, aiming for a year with reliable data.
- ◆ Calculate emissions for the base year using GHG Protocol Corporate Standards.

## 5

## DETERMINE TARGET INTENSITY

- ◆ **Absolute Contraction:** Decide a fixed percentage reduction target for a certain year (e.g., 30% by 2030 from 2020 levels).
- ◆ **Intensity Metrics:** Link GHG emissions reductions with an intensity metric like production output or revenue. For instance, a company might aim for a 40% reduction in emissions per unit of product manufactured by 2030.



## 6

## UNDERSTAND SDA

- ◆ Determine which industry sector your company fits into and familiarize yourself with its unique decarbonization pathway.
- ◆ Set specific emission reduction targets according to that sector's pathway.

## 7

## FACTOR IN SCOPE 3 EMISSIONS

- ◆ Calculate potential emission reductions throughout your value chain, especially if Scope 3 emissions constitute over 40% of your total emissions.
- ◆ Collaborate with suppliers and partners to align reduction efforts.

## 8

## SET TARGETS FOR SHORT AND LONG TERM

- ◆ Set a near-term reduction target, for instance, for 2025.
- ◆ Define a longer-term goal, like for 2050, ensuring it's consistent with the 1.5°C or well-below 2°C pathways.

## 9

## VALIDATION AND FEEDBACK

- ◆ Present your targets to SBTi for thorough validation.
- ◆ Revise and refine if they aren't approved, using the feedback as a guide.

## 10

## CHOOSING THE RIGHT TECHNOLOGY

- ◆ **Carbon Accounting Software:** With the intricate nature of carbon accounting, software solutions that simplify the process of data collection, tracking, and reporting are invaluable. Look for software that can integrate with your existing systems, allowing for real-time data collection and monitoring.
- ◆ **Scenario Analysis Tools:** Given the dynamic nature of businesses and external environments, it's essential to use tools that can model different scenarios. These can help businesses understand potential future changes in operations and their impact on carbon emissions.
- ◆ **Data Analytics and AI:** Utilizing AI and data analytics can help in identifying patterns, predicting future emissions, and suggesting optimization areas. These technologies can provide actionable insights that can drive operations to be more carbon-efficient..



- ◆ Setting SBTi-aligned targets necessitates an intricate blend of understanding current emissions, foreseeing future changes in operations, and aligning with the global decarbonization pathway. The process is thorough, ensuring that companies, when they claim alignment with the Paris Agreement, have the strategy to back it up.

While the process of setting these targets might appear daunting, the long-term rewards, both environmentally and economically, are substantial. It's not just about risk mitigation but also about unlocking new opportunities, driving innovation, and fostering resilience in a rapidly changing global landscape

**As we collectively embark on the monumental task of achieving global carbon neutrality, the Net0 platform emerges as an indispensable ally. Its state-of-the-art functionalities empower businesses, organizations, and governments to harness the most recent and effective approaches in intelligent carbon mitigation. With Net0, the path to a net-zero future becomes not just a sustainable ambition, but a strategic imperative.**

