



HUMAN RIGHTS



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Global Compact
Network
Switzerland & Liechtenstein

Science Based Targets and Net-Zero: Principles, challenges and good practices

Webinar 4

24 October 2022, 14:00 – 15:30

In collaboration with

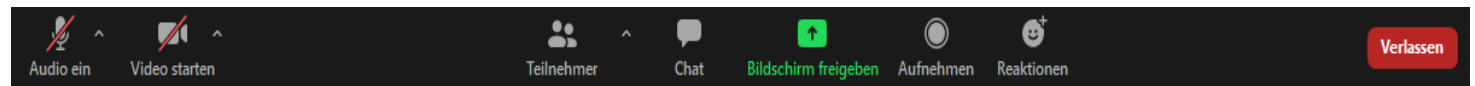


Let's make Global Goals Local Business

Housekeeping

- This session is being recorded.
- Slides and recording will be made available by UN Global Compact Network Switzerland & Liechtenstein after the webinar.
- Language: English

Activate the video before you make an intervention.



Make sure you are muted during the webinar. Unmute yourself if you wish to say something.

Use the chat function to type in your questions or raise your hand to make a comment.

Business & Human Rights Accelerator

The **Business & Human Rights Accelerator** is a 6-month training programme for companies participating in the United Nation Global Compact.

Programme benefits

- Understand where your company is on their human rights journey and **assess actual and potential adverse human rights impacts**
- Learn how to **establish an ongoing human rights due diligence process** in line with international standards
- **Build a network of peers**, UN partners and experts to support your human rights journey

Programme schedule

- **Registration:** until 16. December 2022
- **Programme duration:** February to July 2022
- **Format:** mix of e-learning courses, peer-learning and working sessions

Sign up [here](#).



BUSINESS &
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ACCELERATOR



SDG Innovation Accelerator

The **SDG Innovation Accelerator** is a 9-month training programme for Young Professionals of companies participating in the United Nations Global Compact.

Programme benefits

- Create a **culture of innovation** to address company-specific sustainability challenges and deliver tangible solutions with potential market value
- Accelerate **integration of the SDGs** into your company's business strategy through collaboration, innovation and knowledge sharing
- Increase **employee engagement** and professional development opportunities for valued talent

Programme schedule

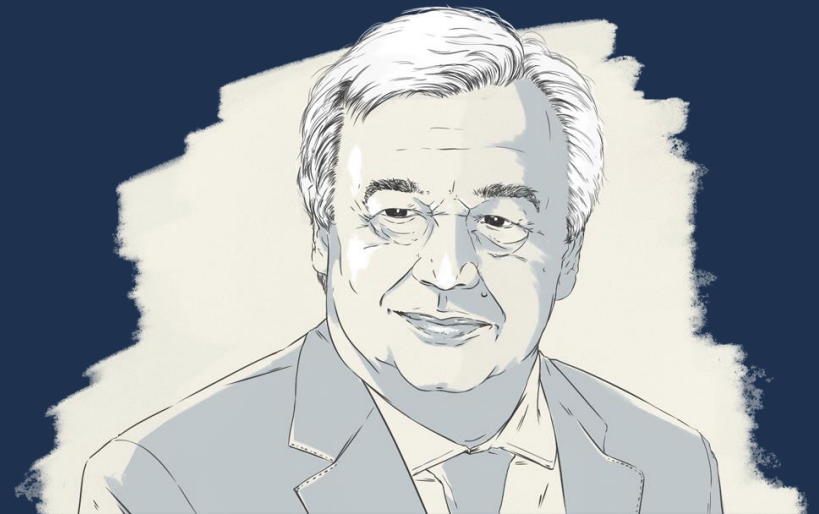
- **Registration:** until 13. January 2023
- **Programme duration:** January to September 2023
- **Format:** 5 full-day workshops over the course of 9 months and approx. 2-3 hours per week on e-learning courses and group project development

Sign up [here](#).

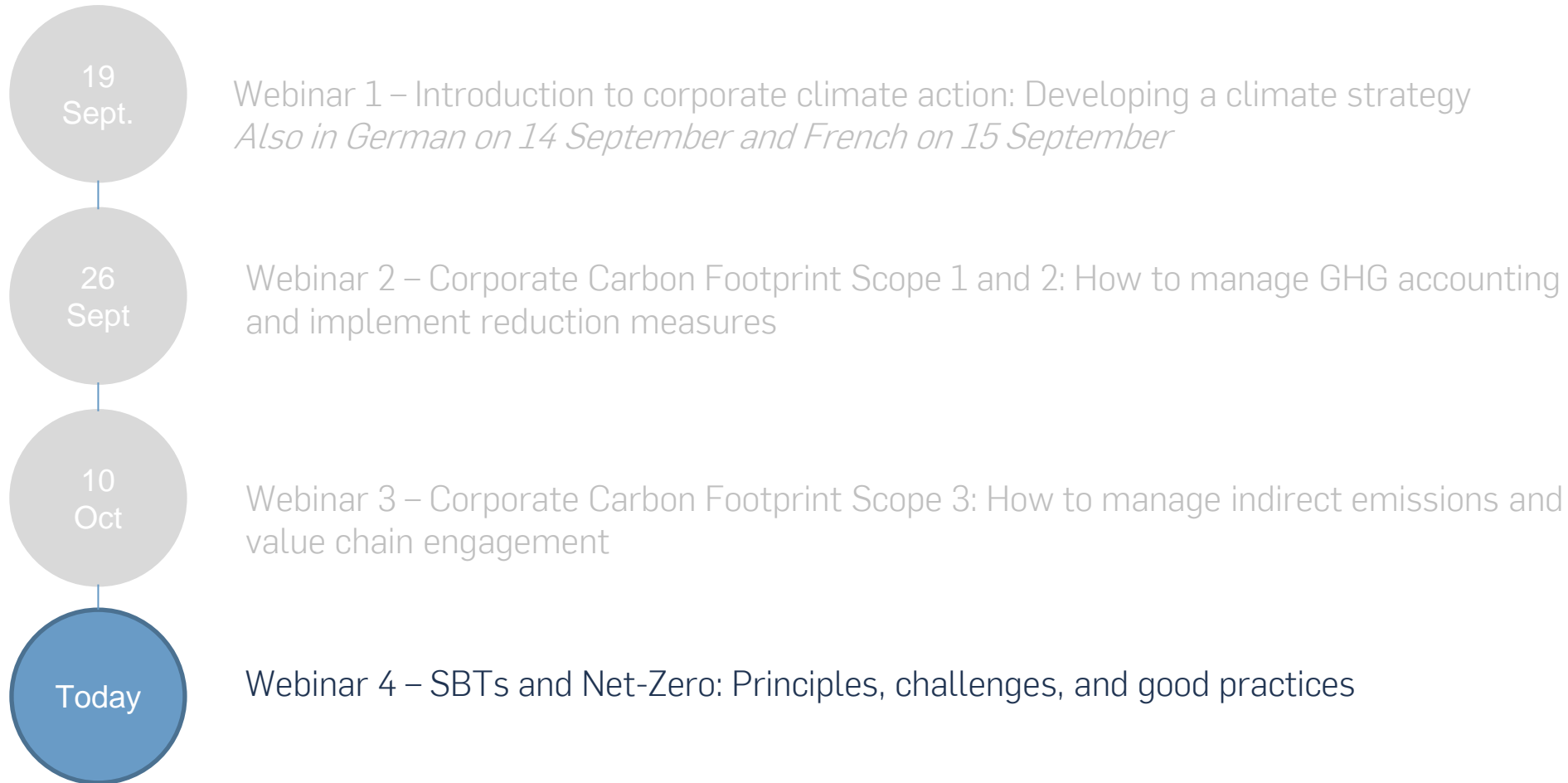


“Now is the time to think for the long term, to deliver more for young people and succeeding generations and to be better prepared for the challenges ahead.”

United Nations Secretary-General
António Guterres



What's next



Today's program

1. Introduction to SBTi, SBT and Net-Zero
2. Approaches to determine climate targets
3. Challenges
4. Best practices & industry examples
5. Key Take Aways

Input from



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[About](#)

Goals of today

- ✓ understand what SBT and Net-Zero mean and their relevance for organisations
- ✓ know the process of defining a SBT and how to reach it

Swiss Climate: experts for a sustainable future



Sustainability



CO₂ Management



Energy



Carbon Offsetting

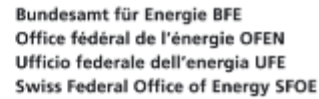
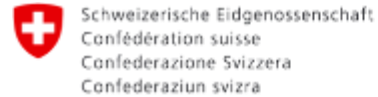


ecovadis

TCFD



References



RAIFFEISEN

KUEHNE+NAGEL



CSL Behring

Bank
Banque
Banca

CLER



valiant

CarbaGas

gas nach Mass



Schindler

sonova
HEAR THE WORLD



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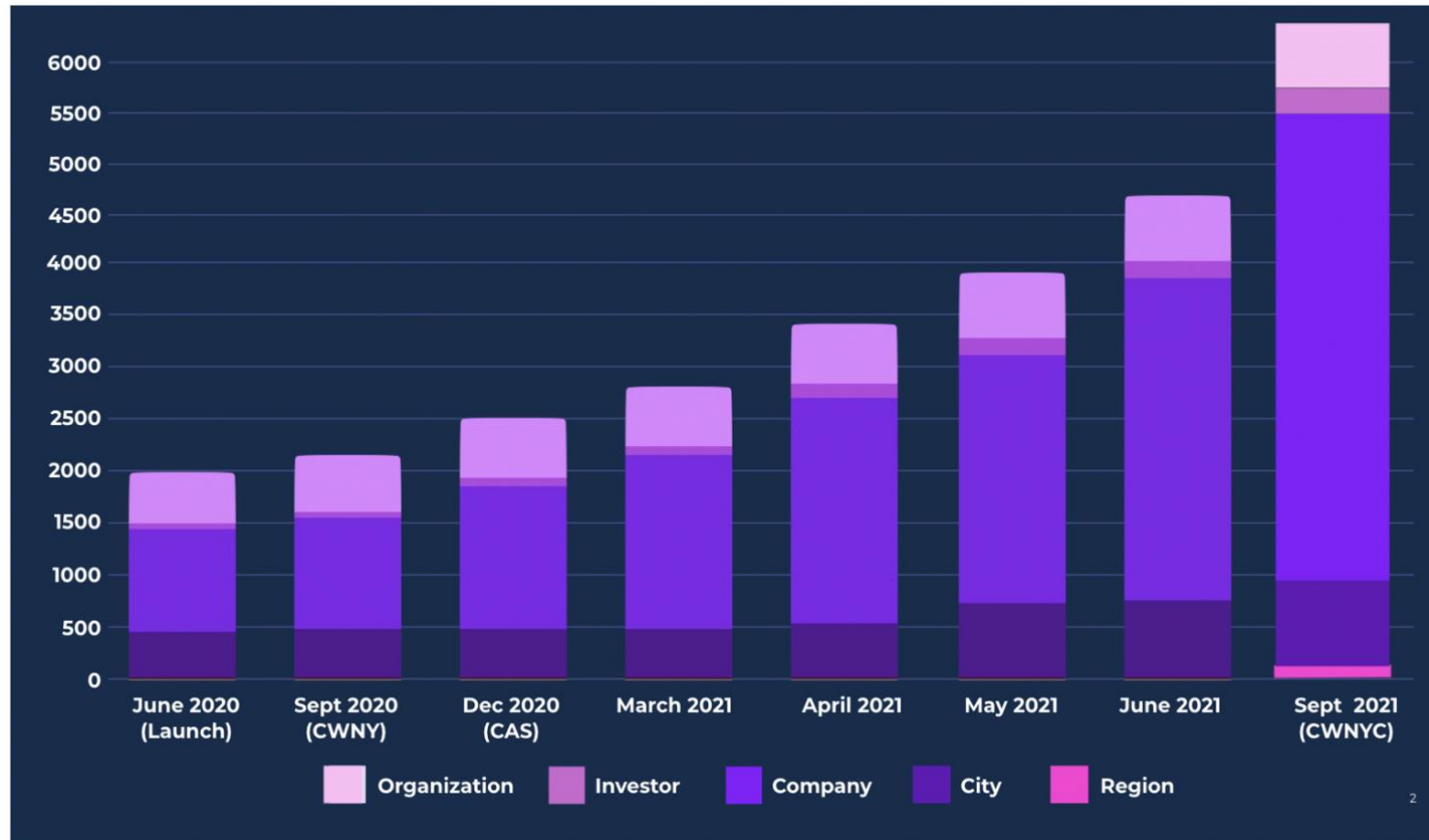


Introduction to SBT and Net-Zero



Have you already committed to the SBTi

Members of the «Race to Zero Campaign of the UN



Science Based Targets – the Road to Net-Zero I

What is the Science Based Targets Initiative

- Partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).
- One of the We Mean Business commitments
- Lead partner of the Business Ambition for 1.5°C campaign
- In 2021, the SBTi entered a period of exponential growth
- Ahead of COP26, the SBTi launched the Net-Zero-Standard

Key facts and figures

- Around 4000 companies (of which around 1'900 approved, 1500 with net-zero commitments)
- 100 companies in Switzerland "committed" or approved



Science Based Targets – the Road to Net-Zero II

What are SBTs?

- Clearly defined pathway to reduce greenhouse gas emissions
- Measures that are consistent with climate science to achieve the goals of the Paris Agreement
- Limiting global warming to 1.5°C
- Targets aim for an annual reduction of between 2.5 and 4.2 %
- Scope 1 & 2 and 3 can be defined as separate targets

Science Based Targets – the Road to Net-Zero III

Why to set an SBT? It...

- future-proofs growth
- Saves money
- provides resilience against regulation
- boosts investor confidence
- spurs innovation and competitiveness
- demonstrates concrete sustainability commitments to increasingly-conscious consumers

How to set a Science Based Target



Science Based Targets – Parameters and Criteria

- **Method of target setting:** absolute emission reductions, Sectoral Decarbonisation Approach (SDA), physical intensities, engagement targets.
- **Ambition level:** Well-Below 2° or 1.5°

In response to the IPCC Special Report, 600 companies have committed to the highest 1.5°C target through the SBTi campaign "Business Ambition for 1.5°C". These companies represent a market capitalisation of USD 13 billion. Now, the majority of all companies submitting targets to the SBTi are currently aiming for a 1.5°C ambition level (66% of all submissions to the SBTi in 2021).

Science Based Targets – Parameters and Criteria

Near-term

Time frame: **5-10 years**

System boundaries:
Scope 1+2: **min. 95 %**
Scope 3: **min. 66 %**

Annual reduction
Scope 1+2: **4.2 %**
Scope 3: **2.5 – 4.2 %**

Long-term, Net-Zero

Time frame: **until 2050**

System boundaries:
Scope 1+2: **min. 95 %**
Scope 3: **min. 90 %**

Annual reduction:
Scope 1+2: **4.2 %**
Scope 3: **4.2 %**

Science Based Targets – Scope 1 & 2

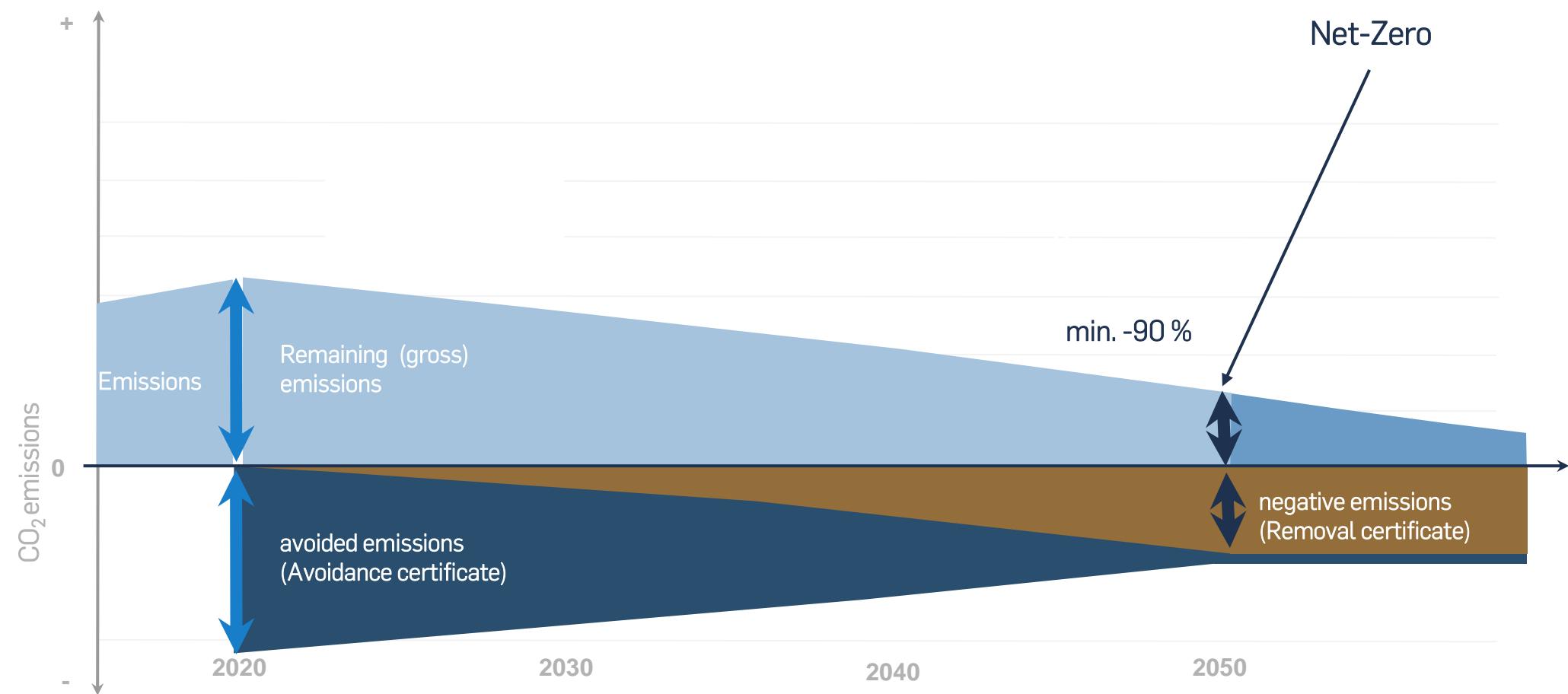
Intensity targets for scope 1 and scope 2 emissions should lead to absolute emission reductions in line with 1.5°C pathways or be consistent with a sector-specific method that has been approved by the SBTi.

Approach	Description	Methods
Sector-based	Based on carbon budgets specific to the company's sector determined by peer reviewed projections	<ul style="list-style-type: none">• Sectoral Decarbonisation Approach (SDA)
Absolute-based	Linear absolute emissions reduction approach aligned with the carbon budget determined in climate reports	<ul style="list-style-type: none">• Absolute contraction

Science Based Targets – Scope 3

Absolute Contraction	Physical Intensity	Engagement Target
<ul style="list-style-type: none">- Absolute targets should be aligned with well-below 2°C scenarios at the minimum.	<ul style="list-style-type: none">- Physical intensity targets aligned with well-below 2°C scenarios. Such targets should be set using the SDA (if an applicable pathway is available and GHG emissions of tier 1 suppliers are significant)- Physical intensity targets modelled such that they reduce absolute reductions in line with well-below 2°C scenarios.- Physical intensity targets that do not lead to growth in absolute emissions and reduce emissions intensity by a linear average of at least 2.5 % per year over the target period	<ul style="list-style-type: none">- In a supplier engagement or customer engagements target, a company commits to drive the adoption of SBTs amongst its suppliers or customers.

Net-Zero



Sectoral Decarbonization Approaches – Finalized



Apparel and Footwear



Cement



ICT



Financial institutions



Forest, Land and Agriculture
(FLAG)



Power

Sectoral Decarbonization Approaches – in development



Aviation



Buildings



Transport



Chemicals

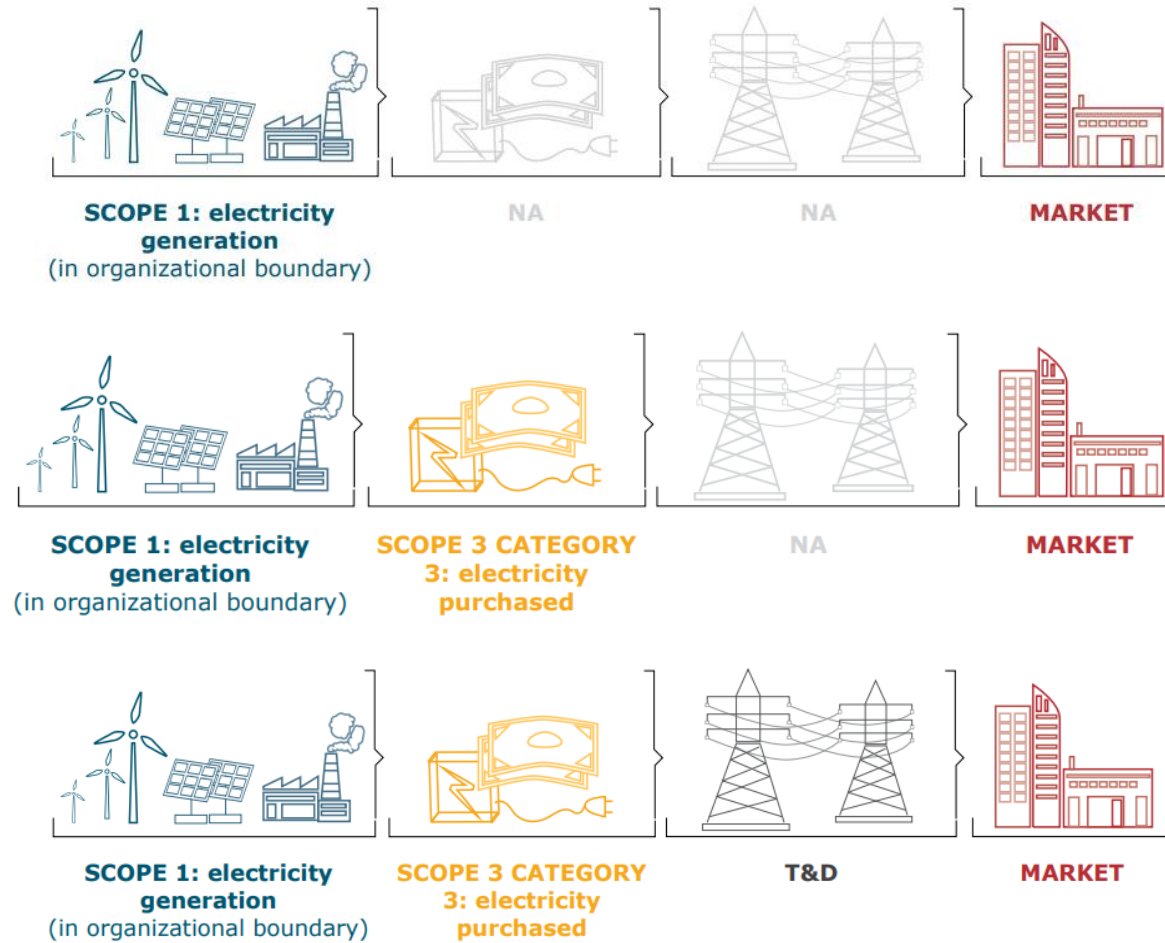


Oil and gas



Steel

Zoom-in: SDA Power Sector



Zoom-in: SDA Power Sector

ACTIVITY		EMISSIONS SCOPE	SDA NUMERATOR (EMISSIONS)	SDA DENOMINATOR (ACTIVITY)	APPLICABILITY TO ORGANIZATIONAL BOUNDARY SDA TARGET	APPLICABILITY TO ALL SOLD ELECTRICITY SDA TARGET
Power generation in organizational boundary	Electricity	Scope 1	GHG emissions generated	MWh electricity generated	Required	Required
	CHP-derived heat	Scope 1	GHG emissions generated	GJ heat sold	Optional	Optional
	Other heat	Scope 1	GHG emissions generated	GJ heat sold	Optional	Optional
Purchased electricity	Own use	Scope 2	GHG emissions calculated with location or market-based factor	MWh electricity purchased	Optional	Optional
	Electricity that is purchased and sold	Scope 3 category 3	GHG emissions calculated with location or market-based factor	MWh electricity purchased	N/A	Required

Zoom-in: FLAG

FLAG: Forest, Land use and Agriculture

- From September 2022, companies will be required to set a 'FLAG science-based target', if they belong to a **FLAG-designated sector** (e.g. food and staples retailing) or to **any other sector where more than 20% of the revenue or total emissions across scopes 1, 2 and 3 are attributable to FLAG**.
- A company may be required to set both a FLAG target and a so-called “non-FLAG” target, which covers all of the company's other fossil-based emissions.
- Companies can take either a **sector or a commodity approach** to calculating their emissions.
- The Greenhouse Gas Protocol is developing new **Land Sector and Removals Guidance** on how companies account for and report land use, land use change, carbon removals and storage, biogenic emissions – planned publication: Q2 2023
- Activities that **help remove GHG emissions** and that take place on production areas within a company's supply chain **can be counted towards a company's emission reduction target**.
- Public commitment to zero deforestation

Streamlined Route for SME I

An SME is defined as a **non-subsidiary, independent** company with fewer than 500 employees. Note that this does not include Financial Institutions (FIs) and Oil & Gas (O&G) companies.



Streamlined Route for SME – Target options

Near-term

Time frame: **until 2030**

System boundaries:
Scope 1+2: **min. 95 %**
Scope 3: commitment measure and reduce

Absolute annual reduction
Scope 1+2: **4.2 %**
Scope 3: no target necessary

Long-term, Net-Zero

Time frame: **until 2050**

System boundaries:
Scope 1+2: **min. 95 %**
Scope 3: **min. 90 %**

Annual reduction:
Scope 1+2: **4.2 %**
Scope 3: **4.2 %**

Science Based Targets – fees

- ✓ Near-term science-based target validation, including a second submission for validations that are not accepted and are re-submitted within six months: \$9,500
- ✓ Target updates for companies wishing to align their targets with our new minimum ambition level of 1.5°C or to update or edit previously approved targets: \$4,750
- ✓ Near-term science-based target submission for small-and medium-sized enterprises (SMEs): \$1,000
- ✓ Net-zero target submissions: \$9,500
- ✓ Near-term science-based target update + Net-zero target submission – Package Rate: \$12,750
- ✓ Near-term science-based target submission + Net-zero target submission – Package Rate: \$14,500
- ✓ Net-zero target submission for SMEs: \$1,000
- ✓ Financial institution target submission: \$14,500

And what happens after having set SBTs?

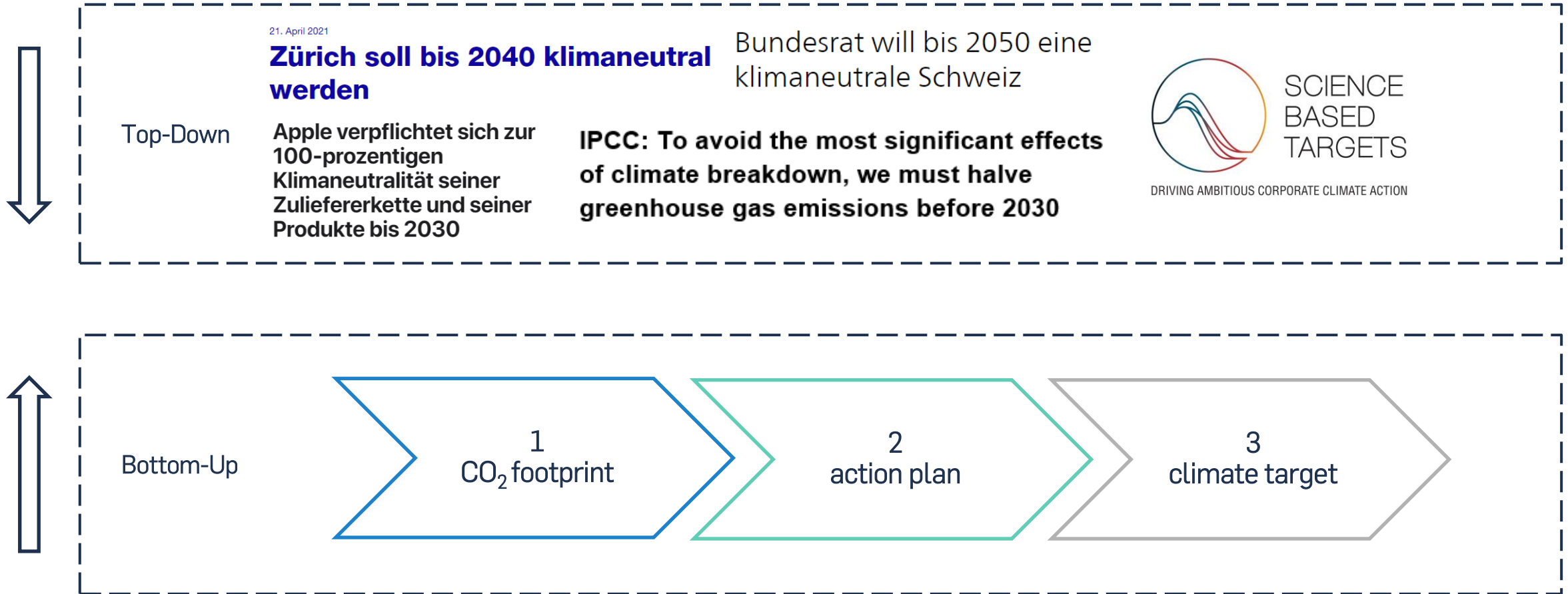
- At the moment, no guidelines are available
- Measurement, Reporting and Verification (MRV) framework in development
- The framework will include:
 - **Technical Foundations** for technical details, overarching principles and methods for how the SBTi will assess progress against targets and achievement of science-based targets.
 - **Monitoring, Reporting and Verification Standard** for criteria and recommendations from the SBTi measurement and reporting of progress against science-based targets and their maintenance.
 - **SBTi MRV Protocol** will outline the SBTi's plan for assessing, incentivizing, and/or disclosing progress and achievement of science-based targets.

--> Progress reporting is integral to the credibility of companies, already now! E.g CDP, Website etc.

Approaches to determine climate targets



Target setting: two approaches



Target setting with bottom-up approach – overview

Procedure

- Calculation based on CO₂ footprint prepared
- What measures are planned?
- What other measures can be implemented?
- Expectation of further technological developments?
- Trend analysis (development of emissions in past years)

Advantages

- A lot of information
- different departments are involved (workshops)
- Realistic goal

Target setting with top-down approach – overview

Procedure

The approach is based on contextualization. Takes into consideration:

- What is the ambition level of the policy (national climate policy)?
- What are SBT (science-based target) expectations?
- What ambitions do competitors communicate (benchmarking)?
- What is management's philosophy in setting goals?

Advantages

- Credible
- Knowing that own goal contributes to the achievement of the overall progress

Procedure

1. **Kick-off:** project plan, choice of methodology (SBT yes or no, relative/absolute), time horizon
2. **CO₂ footprint:** screening scope 3 emissions: What is missing? Do the **system boundaries** need to be **adjusted** and new data points collected? Subsequently, these are **calculated**.
3. Development of an **action plan** (planned and possible measures)
4. **Calculation of a possible target**
5. Determining the goal(s) based on **methodological and communication considerations**.
6. If necessary, still **internal anchoring/approval** (GF, VR etc.) and if necessary **submission to SBT**
7. Internal and external **communication**

The approach is mostly iterative and non-linear, with certain feedback loops.

Illustrated....

4.5 Kumuliertes Potenzial

Durch Gewichtung der verschiedenen Potenziale der Emissionskategorien entsprechend ihren Anteilen an der Gesamtbilanz ergibt sich ein Reduktionspotenzial 2020-2023 von -10.4 % UBP/FTE und -10.7 % THG (siehe Illustration der Berechnung für THG-Emissionen in nachstehender Tabelle 1).

Emissionskategorie	Anteil in %	Potenzial in %	Reduktion in %
Flugreisen	66.8 %	-13 %	-8.7 %
Autofahrten	14.9 %	-9 %	-1.8 %
Wärme	10.4 %	-12 %	-0.9 %
Abfall	2.2 %	-9 %	-0.2 %
Bahnfahrten	2.1 %	-0 %	-0.0 %
Strom	1.7 %	-9 %	-0.2 %
Papier	1.6 %	-9 %	-0.1 %
Wasser	0.3 %	-9 %	-0.0 %
Total Reduktion			-11.9 %

Tabelle 1: Das kumulierte Potenzial der verschiedenen Emissionskategorien in Bezug auf die THG-Emissionen

Challenges

slido



What challenges are you facing?

Corona and other complicating factors for target definition

- **Corona:** 2020/2021 are no good reference/base years for the new target as the business activities were strongly affected or changed due to the pandemic
- The **energy crisis** can have a significant impact on business activities
- Due to **supply bottlenecks**, companies often cannot meet their target path. Example: Transport industry and H2 trucks

Further Challenges

- Growth
- Business model change
- Missing framework for progress reporting

Best practices & industry examples



Unsere Klimaziele: Netto-Null bis 2050



Migros	Status
<p>Migros-Group commits to reduce absolute scope 1 and 2 GHG emissions 70% by 2030 from a 2019 base year.[*] Migros-Group also commits to reduce absolute scope 3 emissions from upstream transportation and distribution, use of sold goods and investments 27.5% over the same timeframe. Furthermore, Migros-Group commits that 67% of its suppliers by emissions covering purchased goods and services will have science-based targets by 2026. [*]The target boundary includes biogenic emissions and removals from bioenergy feedstocks.</p> <p>Business Ambition for 1.5°C campaign member</p>	<p>Approved 1.5°C / Net-Zero committed</p>

Novartis	Status
<p>Swiss multinational pharmaceutical company Novartis commits to reduce absolute scope 1, 2 and 3 GHG emissions 35% by 2030 from a 2016 base-year</p> <p>Business Ambition for 1.5°C campaign member</p>	<p>Approved 1.5°C / Net-Zero committed</p>

Schindler committed to science-based targets

-50%
of scope 1 and 2 GHG emissions
by 2030

-42%
of scope 3 GHG emissions
by 2030

Net zero
by 2040



Schindler	Status
<p>Overall Net-Zero Target Schindler Holding AG commits to reach net-zero greenhouse gas emissions across the value chain by 2040 from a 2020 base year. Near-Term Targets Schindler Holding AG commits to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.* Schindler Holding AG also commits to reduce absolute scope 3 GHG emissions 42% within the same timeframe. *The target boundary includes land-related emissions and removals from bioenergy feedstocks Long-Term Targets Schindler Holding AG commits to reduce absolute scope 1, 2 and 3 GHG emissions 90% by 2040 from a 2020 base year.* *The target boundary includes land-related emissions and removals from bioenergy feedstocks.</p> <p>Business Ambition for 1.5°C campaign member</p>	<p>Approved 1.5°C Short and long term</p>

Emmi Group	Status
<p>The Emmi Group commits to reduce absolute scope 1 and 2 GHG emissions 45% by 2027 from a 2019 base year. The Emmi Group commits to reduce scope 3 GHG emissions 25% per kg of raw milk within the same timeframe. *The target boundary includes biogenic emissions and removals from bioenergy feedstocks</p> <p>Business Ambition for 1.5°C campaign member</p>	<p>Approved 1.5°C / Net-Zero committed</p>

Key Take-Aways

Key Take-Aways

1. Progress reporting is integral to the credibility of companies!
2. We recommend a mix of bottom-up and top-down to determine reduction targets
3. Show transparently how you want to achieve the targets



What's next

19
Sept.

Webinar 1 – Introduction to corporate climate action: Developing a climate strategy
Also in German on 14 September and French on 15 September

Today

Webinar 2 – Corporate Carbon Footprint Scope 1 and 2: How to manage GHG accounting and implement reduction measures

10
Oct.

Webinar 3 – Corporate Carbon Footprint Scope 3: How to manage indirect emissions and value chain engagement

24
Oct.

Webinar 4 – SBTs and Net-Zero: Principles, challenges, and good practices



SAVE THE DATE: Soirée Climatique at 14th November in Berne

The Event is held in German:

Verantwortung in den Lieferketten stärken: Wie
werden die Scope-3-Emissionen richtig
gemessen und reduziert?

The Ten Principles of the UN Global Compact

Corporate sustainability starts with a company's value system. By incorporating the Ten Principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

Companies operate responsibly



HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.



LABOUR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.

Companies contribute to progress

SUSTAINABLE DEVELOPMENT GOALS



Let's make Global Goals Local Business



Global Compact
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HUMAN RIGHTS



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ENVIRONMENT



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