



From GHG reporting to setting science based targets

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The science of 1.5°C

The IPCC 6th Assessment Report (AR6)

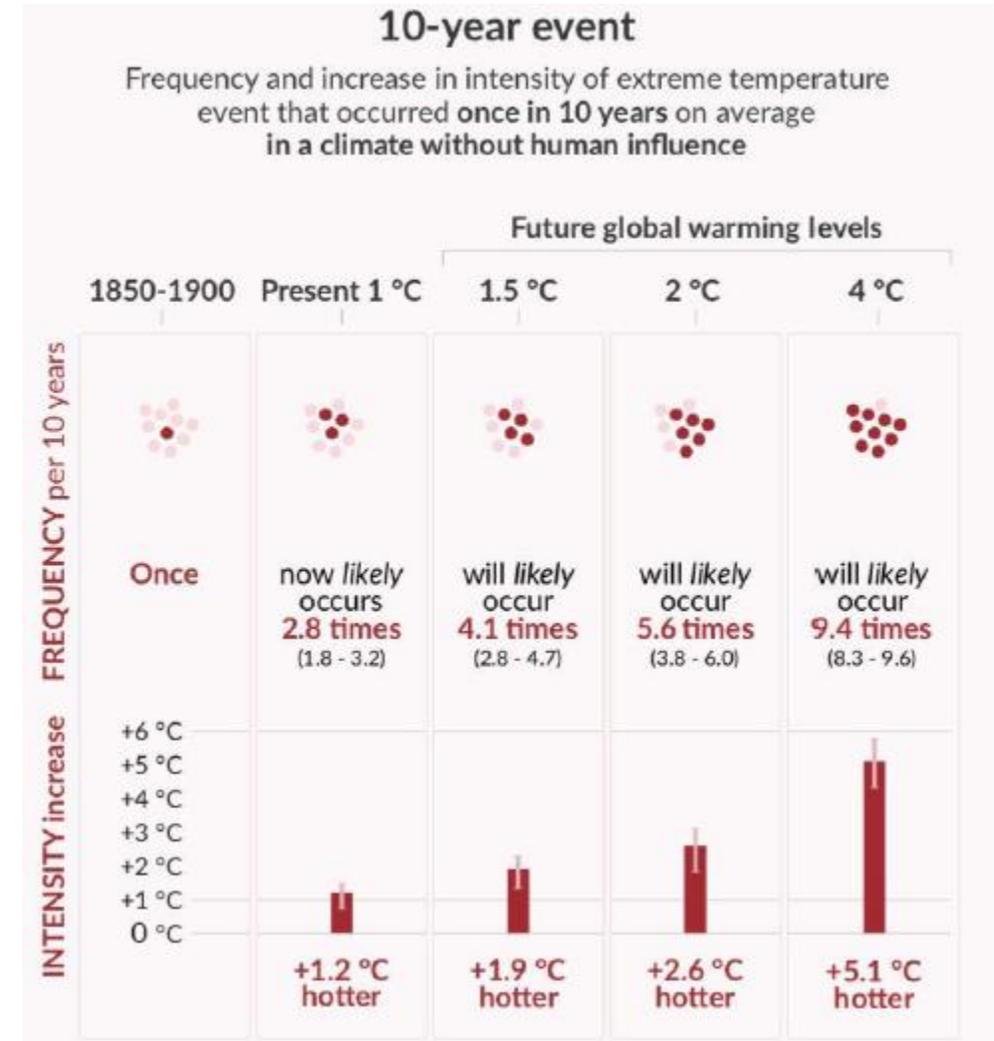
It is unequivocal that human influence has warmed the atmosphere, ocean and land. Widespread and rapid changes in the atmosphere, ocean, cryosphere and biosphere have occurred.

We now have a much clearer view of our climate future:

- A range of 2.5°C to 4°C is "likely" (~67% chance)
- A range is 2°C to 5°C is "very likely" (~90% chance)

To limit human-induced global warming we must:

- Limit cumulative CO₂ emissions, reaching at least net zero CO₂ emissions
- Strong reductions in other greenhouse gas emissions.



SBTi Business Case: Moving beyond private companies

- The UK Government call for potential sponsors of COP26, to be hosted in Glasgow in November 2021, allows only companies with 'strong climate credentials' evidenced by science-based targets.
- Japan's government set an official target of having 100 national companies with approved science-based targets by 2020. As of December 2022, 260 Japanese companies had set 1.5°C targets, making Japan the country with the second highest number of approved targets after the USA.
- In 2022, the United States government proposed that federal contractors must have science-based emissions reduction targets in line with the SBTi and disclose environmental impacts through the CDP.
- **In 2022, Norway's government announced it will require state-owned firms to set science-based emissions reduction targets including setting targets and implementing measures to reduce greenhouse gas emissions (GHG) both in the short and long term, in line with the Paris agreement.**



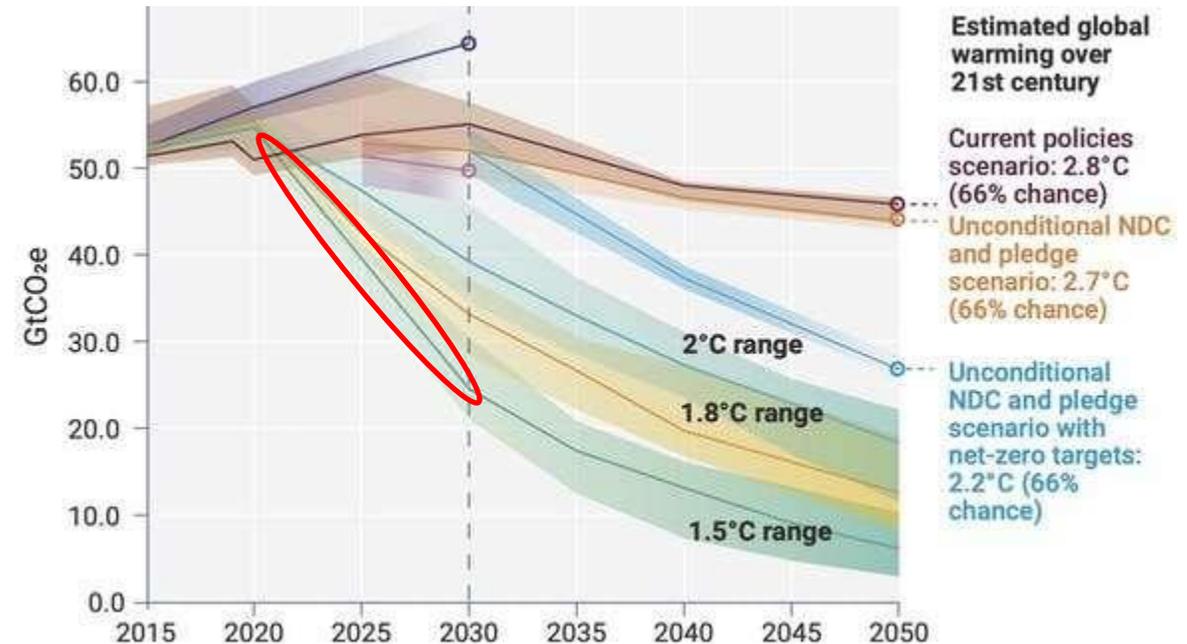
Setting a Science Based Target

– A Pre-submission Checklist



What are Science Based Targets for emission reductions?

- Emission reduction targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the **Paris Agreement** – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.
- To achieve this, a company's greenhouse gas (GHG) emissions must typically be **halved between 2020 and 2030, then drop to net zero by 2050**.
- SBTs are submitted to and approved by the [Science Based Targets initiative \(SBTi\)](#) before they can be published.
- A **big** company first announces a **commitment** through SBTi to set SBTs. It then must submit targets for approval within 24 months.
- Small and Medium size Companies (**SMEs***) must use a much simpler, faster and less costly process to set SBTs.



**SME: an independent, non-subsidary company with fewer than 500 employees.*



How to set a target



COMMIT

Submit a letter establishing your intent to set a science-based target



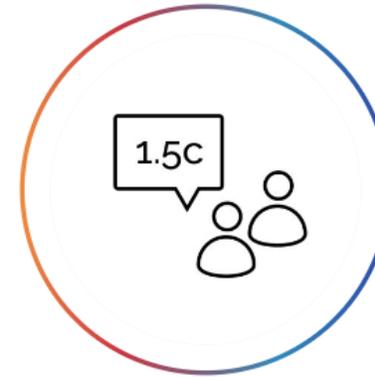
DEVELOP

Work on an emissions reduction target in line with the SBTi's criteria



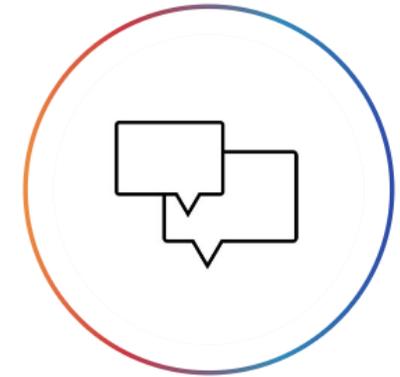
SUBMIT

Present your target to the SBTi for official validation



COMMUNICATE

Announce your target and inform your stakeholders



DISCLOSE

Report company-wide emissions and progress against targets on an annual basis

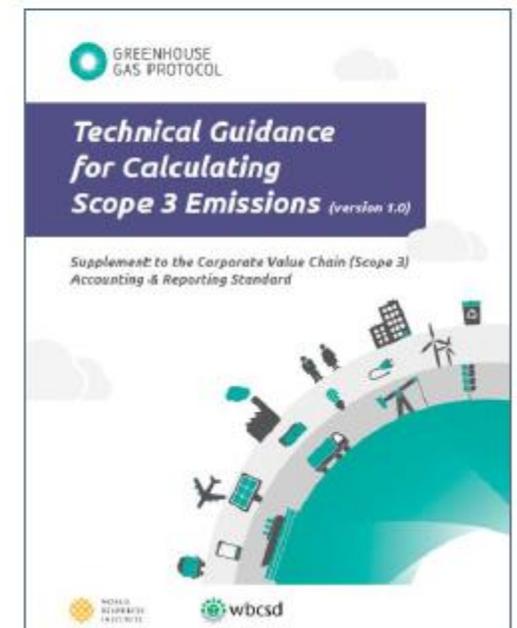
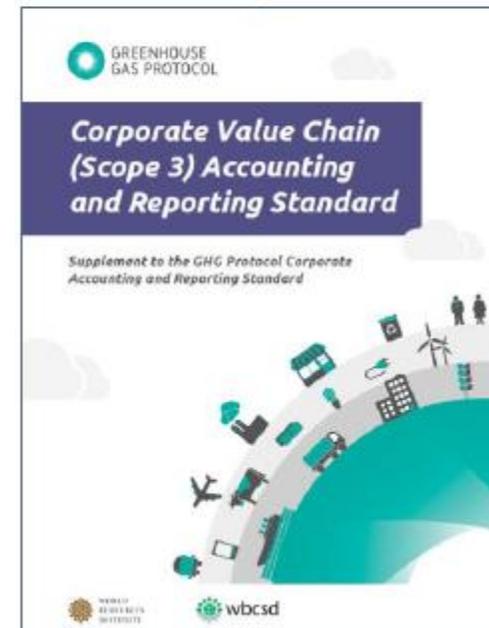
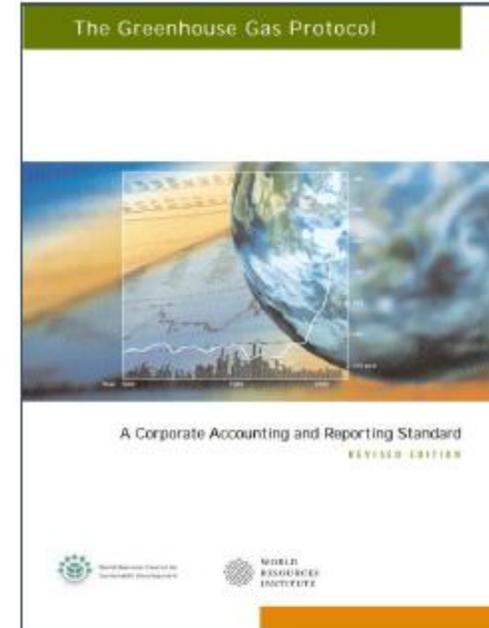


How to set a target

Pre-submission checklist

In preparation to set a science-based target, companies need to complete an inventory of all **seven major greenhouse gases in accordance with the GHG protocol standards**

- Complete a scope 1 and 2 emissions inventory, reported in line with the Greenhouse Gas Protocol
- Complete a scope 3 emissions inventory or screening, reported in line with the Greenhouse Gas Protocol
- Include base year emissions AND most recent year emissions if your base year is earlier than two years from the year of submission
- Check that your most recent year inventory is no earlier than two years from the year of submission (e.g., 2021 is the earliest allowable most recent year for 2023 submissions)



How to set a target

Small and Medium Enterprises

“ Our company commits to reduce absolute scope 1 and scope 2 GHG emissions ____% by 2030 from a 20__ base year, and to measure and reduce its scope 3 emissions.”

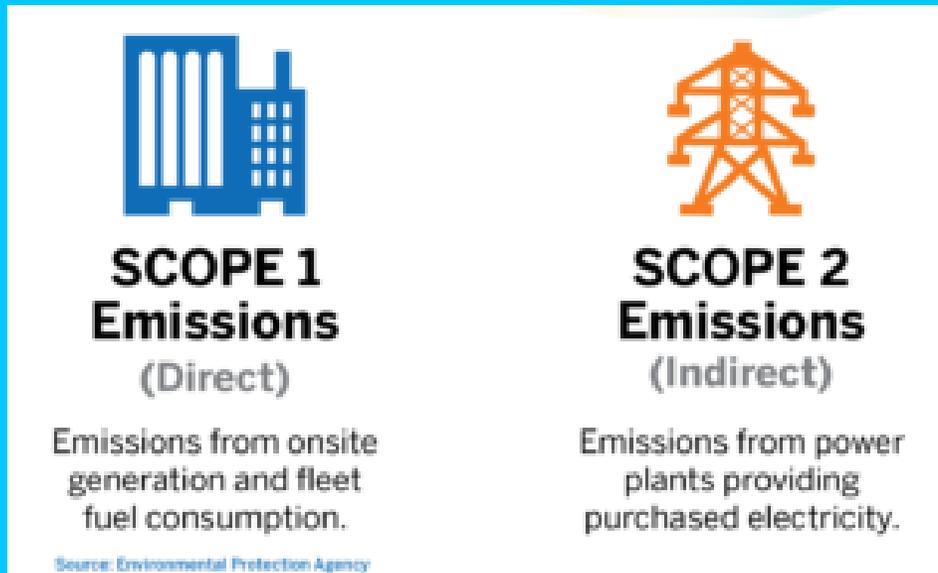
- 50% from a 2018 base year
- 46% from a 2019 base year
- 42% from a 2020 base year
- 42% from a 2021 base year

- Small and medium sized enterprises (SMEs) are companies with less than 500 employees
- The streamlined and cheaper route for SMEs enables you to bypass the initial stage of committing to set a SBT and the standard target validation process.
- SMEs can immediately set science-based targets (near-term and long-term options available) by choosing from one of the predefined target options available in the SME science-based target setting form.
- The near-term option does not require SMEs to set targets for their scope 3 emissions; however, SMEs must commit to measure and reduce their scope 3 emissions.



How to set a target

Scope 1&2 inventory



- Set a boundary - organisational (equity share or control)
- Scope 1 emissions come from three main areas, stationary combustion; fugitive emissions; and mobile combustion.
- Scope 2 emissions come from electricity from the grid or DC/DH
- Use 100GWP emission conversion factors from an approved body / organisation such as the IPCC
- Understand uncertainties / estimations



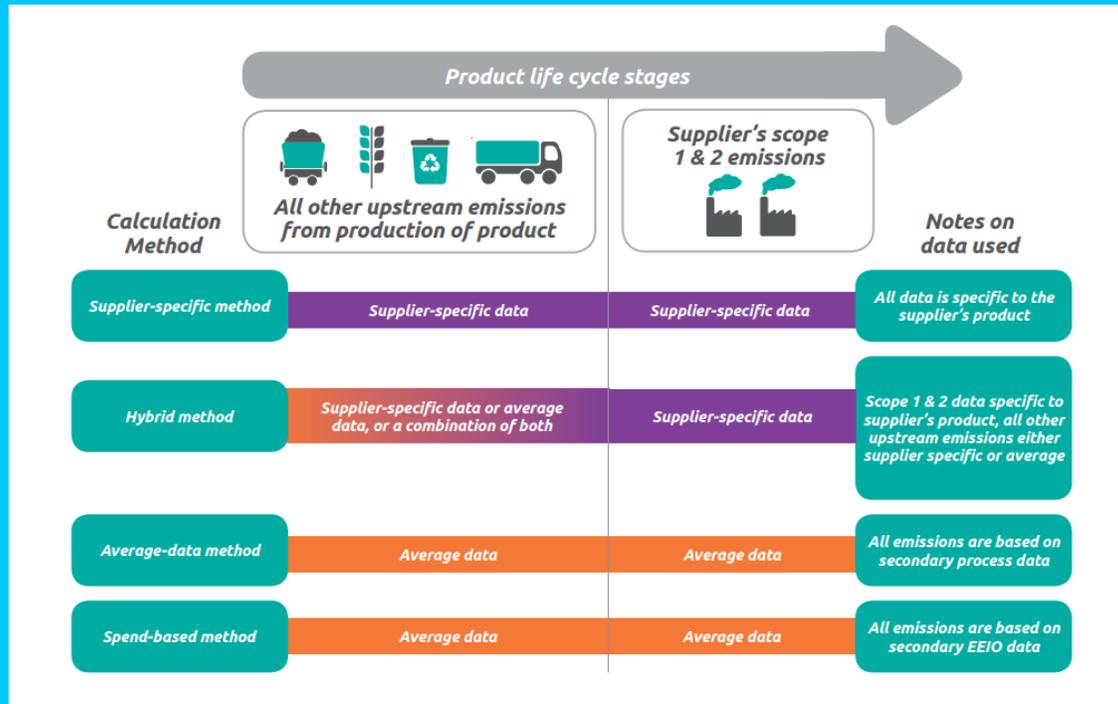
How to set a target

Developing a scope 3 inventory

- Effective screening can help identify the scope 3 activities that are expected to have the most significant GHG emissions

Developing a Scope 3 inventory can:

- Identify and understand the risks and opportunities associated with value chain emissions
- Identify GHG reduction opportunities, set reduction targets, and track performance
- Engage value chain partners in GHG management
- Collecting higher quality data for priority activities allows companies to focus resources on the most significant GHG emissions in the value chain, more effectively set reduction targets, and track and demonstrate GHG reductions over time.



How to set a Target Sector Specific guidance

- Over 50 sectors are working with the SBTi to develop sector specific methodologies to setting a target
- Sector specific guidance is developed and consulted with companies and other relevant stakeholders including NGOs, finance and industry bodies.
- In addition, the SBTi have published tailored guidance documents for some other sectors to help companies through the target-setting process.



Sector	Status	
Aluminium	→ Scoping Phase	VIEW MORE
Apparel and footwear	○ Finalized	VIEW MORE
Aviation	🔄 In Development	VIEW MORE
Buildings	🔄 In Development	VIEW MORE
Chemicals	🔄 In Development	VIEW MORE
Cement	○ Finalized	VIEW MORE
Financial institutions	○ Finalized	VIEW MORE
Forest, Land and Agriculture (FLAG)	○ Finalized	VIEW MORE
Information and Communication Technology (ICT)	○ Finalized	VIEW MORE
Maritime	○ Finalized	VIEW MORE
Oil and Gas	🔄 In Development	VIEW MORE
Power	○ Finalized	VIEW MORE
Steel	🔄 In Development	VIEW MORE
Transport	🔄 In Development	VIEW MORE

How to set a target

Scope 1&2



The image is a screenshot of the submission form, specifically section 3.7. It includes a header for 'Partner organisations' with logos for CDP, World Resources Institute, and WWF. The main section is titled '3.7. Describe and justify any exclusions from the inventory.' and is divided into three columns:

<p>Greenhouse gases excluded: <input type="checkbox"/> CO2 <input type="checkbox"/> CH4 <input type="checkbox"/> N2O <input type="checkbox"/> HFC <input type="checkbox"/> PFC <input type="checkbox"/> SF6 <input type="checkbox"/> NF3 <input type="checkbox"/> None</p> <p>Facilities excluded: Activities excluded: Geographies excluded: Operations excluded: Other exclusions:</p>	<p>Please list any exclusions made from the inventory that should be within the consolidation boundary you used per the GHG Protocol (Question 3.4). For each type of exclusion listed (greenhouse gases, facilities, activities, geographies, operations, and/or others), describe the exclusions, if any, and provide a justification (e.g., emissions from this gas are below the significance threshold); note that not being able to measure a gas that is significant is not a valid justification.</p> <p>For greenhouse gases: select the ones that were excluded from the inventory and provide an explanation. The GHG Protocol Corporate Standard requires seven gases to be included in inventories: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF6) and nitrogen trifluoride (NF3). Additional information on the accounting amendment that requires NF3 to be included in GHG inventories can be found here.</p> <p>Examples of excluded sources could be emissions from operations in a particular country or from very small facilities making it difficult to gather data. For more information on ensuring the completeness and transparency of your GHG inventory, please refer to the GHG Protocol Corporate Standard, in particular Chapter 1 "GHG Accounting and</p>
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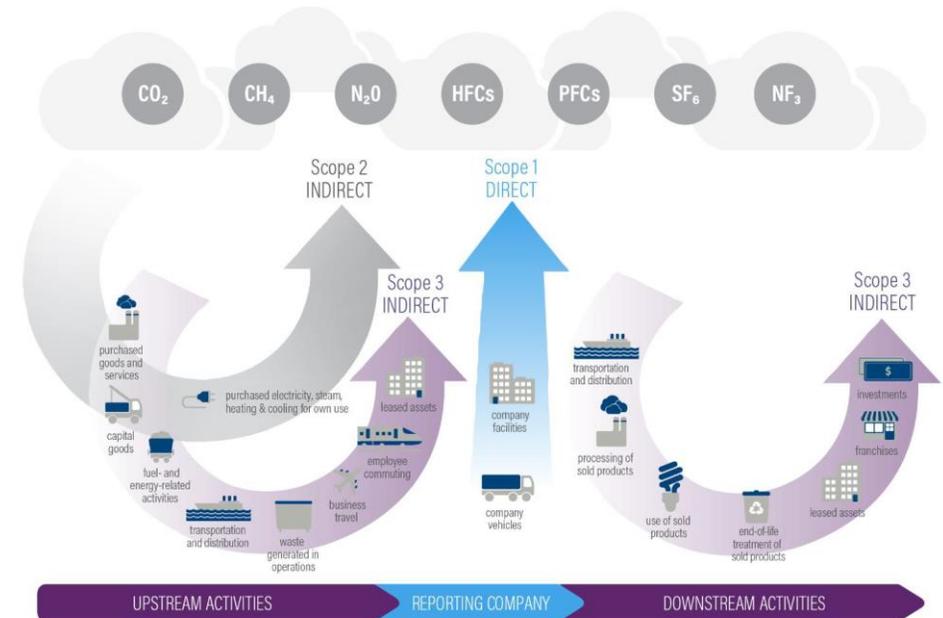
- Indicate if you are using scope 2 market-based or location-based emissions to report and track progress
- If using renewable energy purchasing to achieve targets, use a scope 2 market-based method
- Only exclude 5% or less of total scope 1 and 2 emissions from the scope 1 and 2 inventory and target boundary
- Include all seven of the listed greenhouse gases in your emissions inventory
- If reporting on a fiscal year basis, indicate the start and end date of the fiscal year
- You have included all relevant subsidiaries (i.e., those within your company's organizational boundaries) in the emissions inventory, and have indicated their inclusion in the subsidiary table



How to set a target

Pre-submission checklist

- If your scope 3 emissions are at least 40% of total scope 1+2+3 emissions, you have set a scope 3 target(s)
- If setting scope 3 target(s), you have excluded 33% or less of your total scope 3 inventory from your target boundaries
- If submitting combined scope 1+2+3 targets, you have indicated the ambition of the scope 1+2 portion and the scope 3 portion separately



How to set a target

Pre-submission checklist

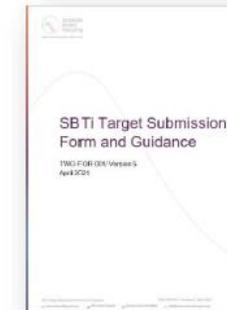
- Do not include avoided emissions or use offsets to achieve your targets
- You have fully filled out the latest version of the SBTi target submission form, ensuring there are no blanks, and in sections that are not applicable, have clearly marked “N/A”
- Use the latest version of SBTi criteria, tools, and methods when creating and modelling your target



Criteria and recommendations



Target validation protocol



Target submission form and guidance





Thank you

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