



CDP Turkey 2019 Training & Workshop

Session 1 : Science Based Target

ecoact

18 April 2019

EcoAct

In a nutshell

Who we are?

- Consultancy on climate and carbon strategy and low carbon project development, founded in 2005
- International presence: France, UK, USA, Spain, Turkey, Kenya, Sudan
- 120 experts worldwide

Our added value

- European leader on the Voluntary Carbon Market
- Advisory of the world biggest carbon neutral initiatives
- CDP Climate Change Partner for France, UK and US
- Founding Partner of Gold Standard for the Global Goals
- EcoScore Methodology to evaluate carbon offsetting projects
- Co-developer of the 1st VCS + Social Carbon project

Four time winner
of Environmental Finance
Climate Ranking



Accredited science-based targets partner

“We are delighted to have EcoAct on board as our first global science-based targets partner. With experience assisting a number of large and complex organizations across a variety of sectors to set science-based targets, we are confident that their expertise will be of great benefit to companies looking to set science-based targets.”



Alberto Carillo Pineda
CDP's Director of
Science-Based Targets

Define a tailored climate strategy for your organization

Evaluate your footprint

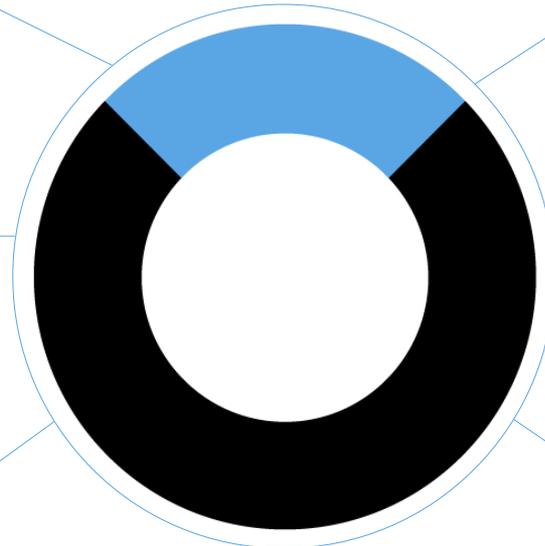
Diagnostic
GHG & environmental diagnosis
GHG Protocol, LCA, EPD, Social LCA, CDP reporting, TCFD, portfolio carbon footprint, CSR audit...

Reduce your impact

Strategy
Science-Based Targets & 2° trajectories, reduction plan, carbon price, carbon fund, RECs and GOs, CSR strategy, alignment with SDGs...

Achieve carbon neutrality

Carbon neutral strategy
Carbon neutral strategy, Projects risk Management & SDG evaluation (EcoScore®), carbon offset projects development, insetting...



Assess climate risks

Vulnerability study
Scoping note, risks map & scorecard, specific diagnosis, climate opportunities identification, adaptation roadmap (sites, supply chain, products...)

Monitor your strategy

Tailor-made IT tools
(Tailor-made development of reporting tools and environmental simulations : GHG footprint, LCA, CSR, SBT steering tool..)

Share your engagement

Communication strategy and tools
Positioning, Brand Content, communications plan, editorial contents, communication materials, e-reputation....

SBT Training

Agenda



#1 Context & methodological reminders

#2 Overview of the benefits of implementing a carbon neutral strategy

#3 Presentation of the Science-based Targets Initiative (SBTi)

#4 How to set science-based targets

#5 Case studies



SBT training

**#1 SBT a step towards Carbon
Neutrality**

World economic forum in Davos Identifies Climate Change as a major risk.



World Economic Forum Global Risks Landscape 2019:

Top 10 risks in terms of Likelihood	Top 10 risks in terms of Impact	Categories
<ul style="list-style-type: none"> 1 Extreme weather events 2 Failure of climate-change mitigation and adaptation 3 Natural disasters 4 Data fraud or theft 5 Cyber-attacks 6 Man-made environmental disasters 7 Large-scale involuntary migration 8 Biodiversity loss and ecosystem collapse 9 Water crises 10 Asset bubbles in a major economy 	<ul style="list-style-type: none"> 1 Weapons of mass destruction 2 Failure of climate-change mitigation and adaptation 3 Extreme weather events 4 Water crises 5 Natural disasters 6 Biodiversity loss and ecosystem collapse 7 Cyber-attacks 8 Critical information infrastructure breakdown 9 Man-made environmental disasters 10 Spread of infectious diseases 	<ul style="list-style-type: none"> ◆ Economic ◆ Environmental ◆ Geopolitical ◆ Societal ◆ Technological

Net acceleration of commitments by countries and non-state actors

2014

CLIMATE SUMMIT IN NEW YORK

United Nations Environment Program: the world must be carbon neutral by 2050.

2015

PARIS AGREEMENT

Article 6 reaffirms the importance of voluntary carbon offsetting as an essential tool to reach 2° trajectory by 2100.

2018

IPCC

Publication of the special report on a warming of 1.5°C

2015

WORLD ECONOMIC FORUM

B-Team calls for « zero CO2 emissions » in 2050.

Creation of the International Alliance of Carbon Neutral Cities

2015

SCIENCE BASED TARGETS INITIATIVE

CDP, Global Compact, WRI and WWF initiative to promote the development of sectoral mitigation targets aligned 2°C.

2017

SCIENCE BASED TARGETS INITIATIVE

400 companies have committed to setting up SBTs. This means that they agree to achieve an ambitious objective in line with the 2°C scenario, based on scientific models.

Carbon neutrality: A global strategy



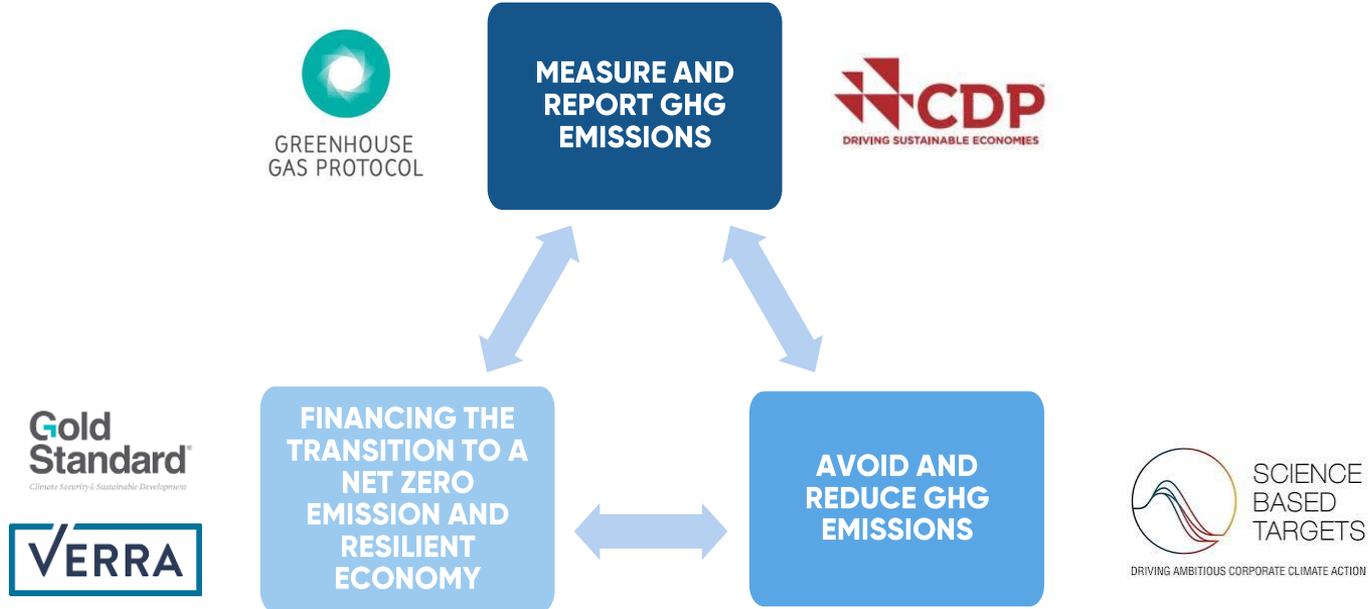
What is carbon neutrality?

Carbon neutrality, or net zero emissions, is a well-established principle.

The international climate change agreement (the Paris Agreement) refers to global carbon neutrality as a balance between both sources and sinks of carbon (Article 4). Carbon neutral footprint can, therefore, be achieved when GHG emissions (CO_2e) are either reduced or offset by natural carbon sinks, advanced technologies for capture and/or extraction and sequestration and/or carbon credits to achieve a net zero sum of carbon and, essentially, zero impact on climate change.

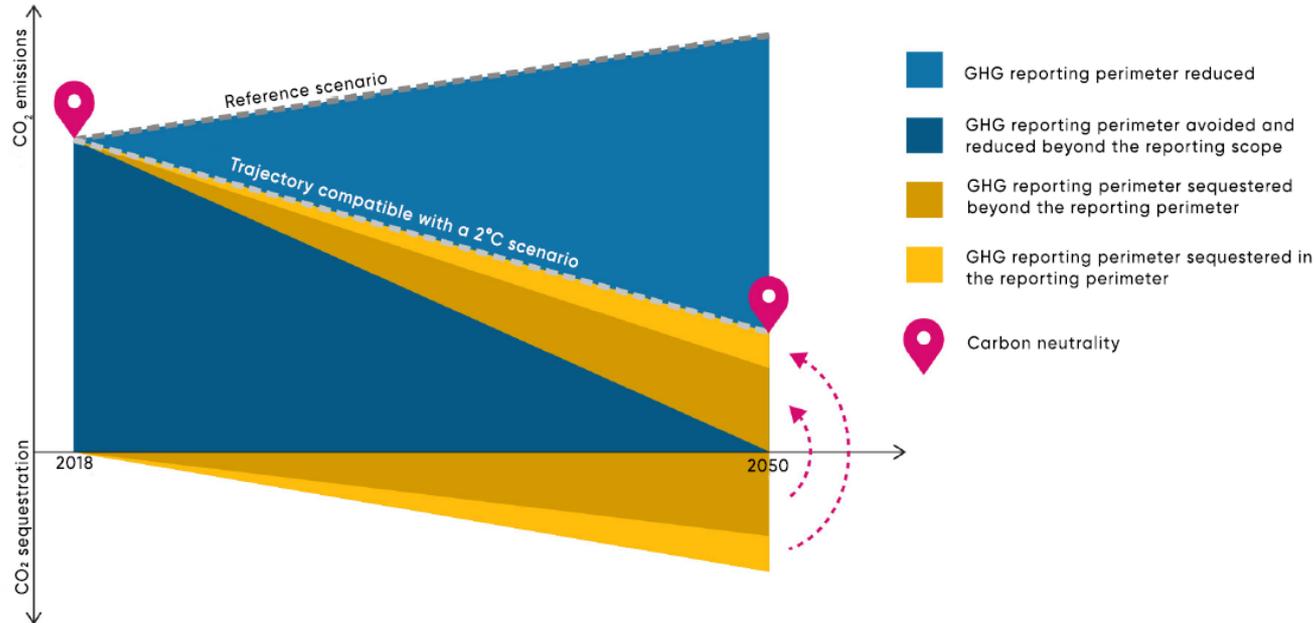
Carbon neutrality: A global strategy

A strategy to be built today with rigour: standards, codes of good practices, standards and international methodologies guide carbon neutral initiatives



Carbon neutrality: A global strategy

Example carbon neutrality ambition for an organisation: reducing and sequestering GHG emissions in its perimeter and financing the transition beyond that





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#2 Overview of the benefits of implementing a carbon neutral strategy

Why to set

An ambitious carbon neutral strategy?



Investor confidence risks

52%

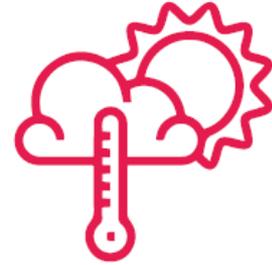
of company execs have seen investors confidence boosted by science-based targets



Regulation resilience

35%

of execs reported increased resilience against upcoming regulation (CDP, National Regulation, ...)



Limiting global warming

2°C

And limiting the likelihood and impacts on the company's activities which are environmental-related

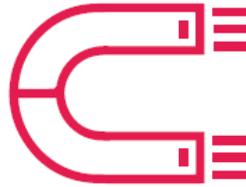
Why to set An ambitious carbon neutral strategy?



Brand reputation

79%

of company execs have seen brand reputation boosted by science-based targets



Talent attraction

64%

of Millennials consider a company's social and environmental commitments when deciding where to work



Increased innovation

63%

of company execs say science-based targets drive innovation

Why to set

An ambitious carbon neutral strategy?



Supply chain efficiency

76%

of suppliers report climate risks as potential to generate substantive change in their business



Bottom line savings

29%

of executives are already seeing bottom-line savings through ensuring their operations remain lean and efficient, and building resilience against a future where resources are scarce.



Competitive advantage

55%

of company execs said committing to the Science Based Targets initiative gave them a competitive advantage



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#3 Presentation of the Science-based Targets Initiative (SBTi)



Science Based Targets Initiative (SBTi) Presentation

Science Based Targets Initiative (SBTi)

The objective of the Science Based Targets initiative (SBTi) is to promote the adoption by companies of carbon strategies aligned with scientific knowledge, aiming for a level of decarbonization that is consistent with the maintenance of rise in global average temperature below 2°C compared to pre-industrial levels.

To meet this challenge, SBTi enables companies to set **ambitious and significant** greenhouse gas (GHG) emission reduction targets that are consistent with their sector of activity.



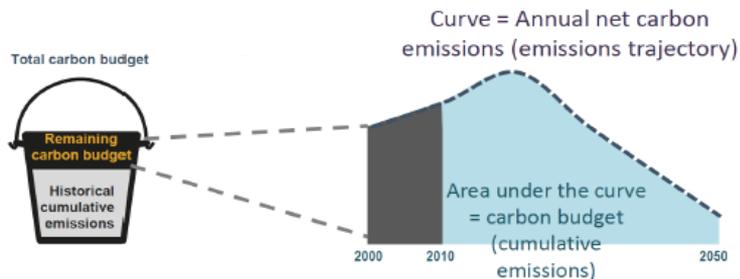


Science-Based Targets

Key principles

Carbon Budget

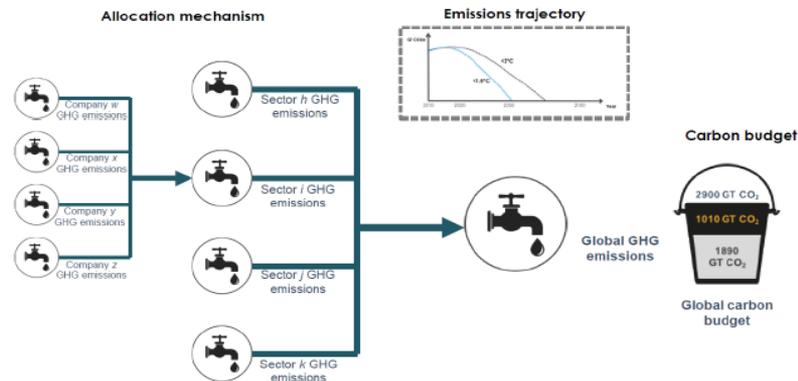
Science-based targets are founded on the carbon budget principle. The carbon budget is based on the cumulative available budget that we could still emit in order to stay below the desired temperature increase.



The most common budget refers to the available 1000 GTCO₂e emissions which could still be emitted to remain below 2 degrees.

Allocation for SBT

The emission scenario represents the different ways of distributing the carbon budget over time while remaining compatible with the 2° C target.



In general, and where possible, it seems more appropriate to use a disaggregated scenario for the construction of an objective aligned with the 2°C trajectory that is fair and adapted to the company.



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#4 How to set science-based targets

5 STEPS TO SET UP A SBT

#1 STRATEGY REVIEW

Analyse the alignment of the company's current climate strategy with the scientific objective of 2°C or 1.5°C and review current mitigation plan and commit your company with the SBTi

#2 DEVELOP A TARGET (SCOPE 1-2)

Align the company's current SBT methodology with recent SBTi's methodology and criteria update

#3 DEVELOP A TARGET (SCOPE 3)

Define relevant, ambitious and achievable targets, using previously approved methodology and tools, in your value chain

#4 ALIGNMENT OF COMPANY'S CLIMATE STRATEGY WITH THE SBT

Draft a roadmap based on the company's current climate strategy for the company's to reach its SBT at lower cost

#5 SUBMISSION TO THE SBTi

Submission process your to the General Secretariat of the SBTi



Science-Based Targets

Strategy review

SBTi prerequisites

Engagement: Submit the commitment letter

Boundary: covers company-wide scope 1 and scope 2 emissions and all GHGs (inventory is GHG Protocol-based).

Timeframe: commitment period should cover a minimum of 5 years from date of announcement to 15 years, and should follow trajectory to a long-term target (e.g., 2030, 2050).

Level of ambition: consistent with the level of decarbonization required to keep global temperature increase below 2°C.

Scope 3: an ambitious scope 3 target is also recommended when scope 3 emissions cover a significant portion of a company's overall emissions.

Reporting: disclose GHG emissions inventory annually.

Metric: absolute targets are preferred; intensity target should be accompanied by an absolute target.





Science-Based Targets

Develop a target

The SBTi proposes 7 methodologies for allocating a global carbon budget in an emissions scenario chosen for companies.

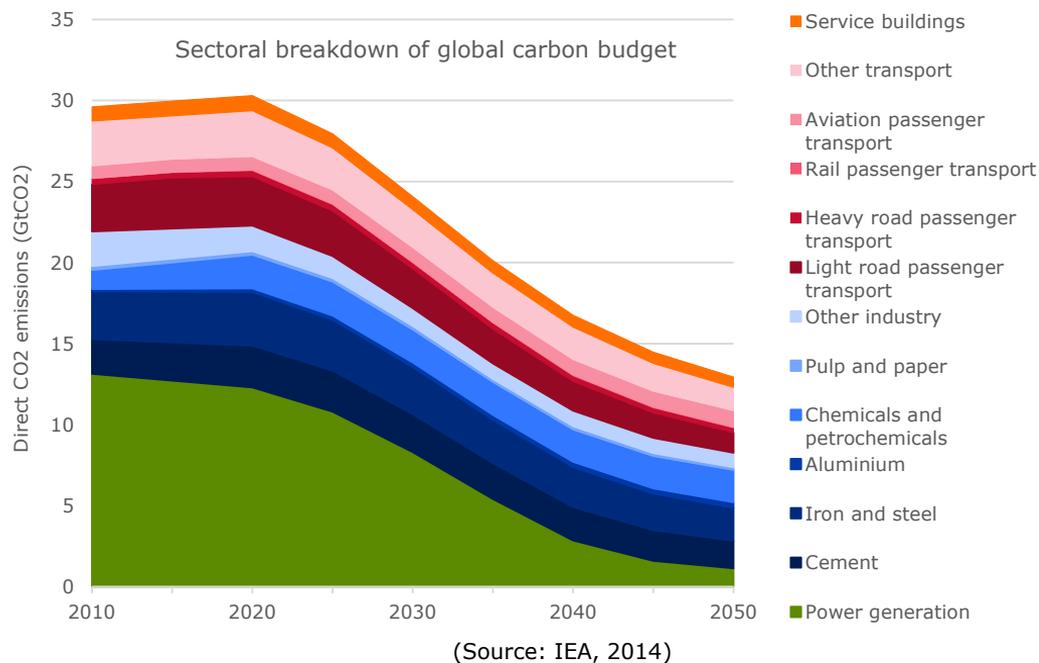
Approach	Methods
Sector-based approach Based on sector-specific carbon budgets determined by mitigation/technology options and activity projections.	Sectoral Decarbonization Approach (SDA)
	3% Solution
Economic-based approach Based on the average emissions reductions determined in climate reports per projected economic output	Carbon Stabilization Intensity target (CSI)
	CSO's Context-Based Metric
	Corporate Finance Approach to Climate Stabilizing Targets (C-FACT)
	Greenhouse gas Emissions per unit of Value Added (GEVA)
Absolute-based approach Based on absolute emissions reductions determined in climate reports.	Absolute Emission Contraction

These methodologies refer to the SBT approach, whose carbon budget for the chosen emission scenario is distributed among companies with the same level of disaggregation (e.g. in a region, a sector or the world).



Science-Based Targets

Focus : SDA approach



The SDA methodology is based on a least-cost modelled 2 °C scenario of International Energy Agency (IEA 2DS)

- ✓ The SDA methodology combines sectoral emissions pathways with sectoral activity projections from IEA 2DS to construct sectoral intensity pathways for homogeneous sectors, i.e. power, cement, iron and steel, aluminum, pulp and paper, service buildings, and transport. Some dedicated tools and methodologies have been developed for transport and apparel sectors.
- ✓ For three heterogeneous sectors physical allocation is not possible, and absolute reduction is used to allocate the remainder of the carbon budget. (e.g.: chemical and petrochemicals & other industry)

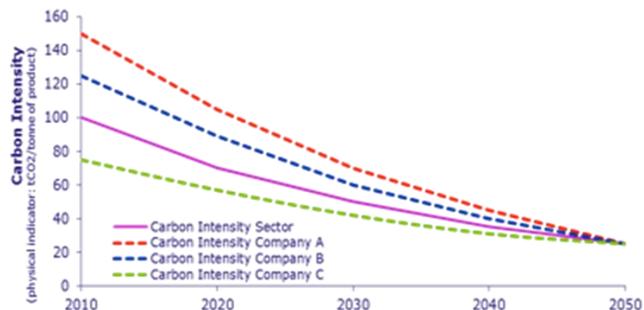


Science-Based Targets

Focus : SDA approach

The SDA methodology uses physical allocation for homogeneous sectors and absolute allocation for heterogeneous sectors

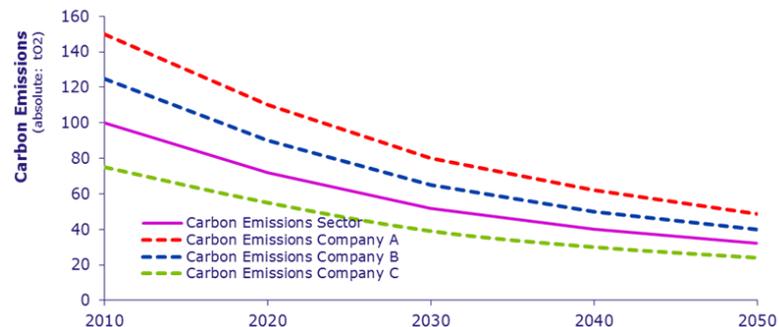
Homogeneous sectors



Physical allocation:

The SDA methodology assumes that the carbon intensity for the companies in all homogeneous sectors tends to converge in 2050. The rate of convergence depends on the difference between the carbon intensity of the company and the 2 °C carbon intensity of the sector in 2050 and the predicted change in market share of the company.

Heterogeneous sectors



Absolute allocation:

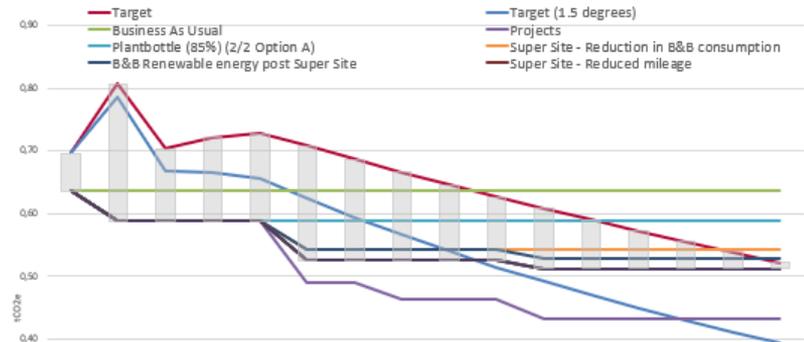
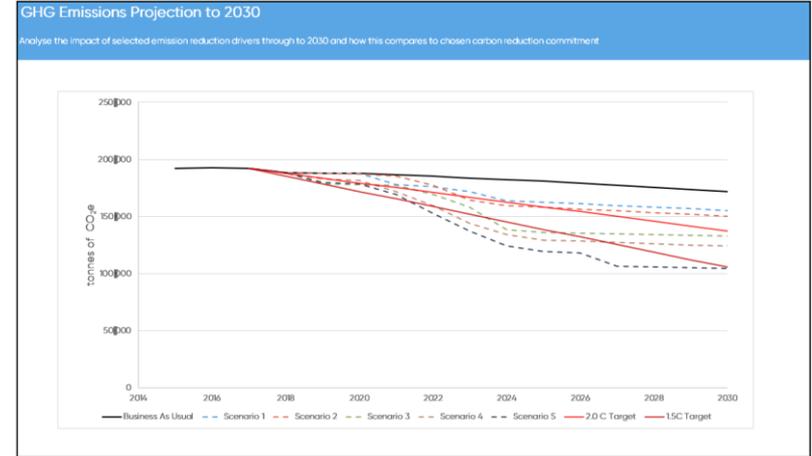
For heterogeneous sectors, the SDA methodology is based on the compression of absolute emissions, which means that the absolute emissions of all companies in the sector will be reduced by the same percentages as the sector in the target year.



Science-Based Targets

Alignment of company's climate strategy with the SBT

- One of the greatest challenges in the SBT process is gaining internal sign-off of the proposed targets and to demonstrate feasibility.
- To ensure the target numbers presented by the SBT models are appropriate and feasible for the company, companies should adapt their mitigation plan and steer their emissions regarding to:
 - Project 'Business as Usual' emissions from present year to target year,
 - Present emission reduction scenarios for an organization and quantify investment required and their impacts,
 - Provide an indication of the cost per tonne of carbon saved.





Science-Based Targets

What's next ?

Following the [IPCC Special Report on 1.5°C](#)

Until 2018, a science-based target has been defined as one that aligns to the commitment of the Paris Agreement to limit global temperature rise to 2°C or below. However, the report from the scientific community painted a bleak picture of the impacts of warming above 1.5°C, demonstrating clearly, and with urgency, that the level of ambition needs to be raised.

The SBTi announce important updates for science-based targets

- the SBT will align its guidelines with the latest science of the IPCC and the most ambitious target of the Paris Agreement: to limit warming to 1.5°C or well below 2°C.
- New validation criteria will be published in April this year and will come into force in October.

What does it mean for...

Businesses with an existing SBT ?

- In October 2019, the SBTi will make public on their website the level of ambition of all existing approved targets (i.e. 1.5°C, well-below 2°C and 2°C).
- to remain aligned to the most recent climate science, and therefore, existing (and future) targets will now be subject to review every 5 years. This will be mandatory from 2025.

Businesses looking to set an SBT ?

- Companies can still submit 2°C targets (current validation criteria) up until October 2019.
- From October 2019 any new targets submitted will only be accepted if they are consistent with 1.5°C or well-below 2°C scenarios.



SBT training

#5 Case studies

SBT feedbacks

Committed companies



SBT feedbacks

Case study Coca-Cola

• CONTEXT

Coca-Cola European Partners developed a new sustainability action plan called '**This is Forward**'. A validated Science-Based Target being an integral part of this plan, CCEP contacted EcoAct to support the process of validation prior to the public launch of the plan.

• THE SOLUTION

The solution Coca-Cola wanted support for two targets, **one absolute and one intensity, with both targets including Scope 3 categories**. The targets had been developed through a detailed engagement process across the merged businesses. To assess the alignment of these targets against climate science, EcoAct conducted a thorough assessment exercise, modelling CCEP's data against IPCC carbon budgets using SBTi methodologies.

EcoAct managed the submission process for validation by SBTi. Leading Coca Cola European Partners commits to **reduce absolute GHG emissions from business operations 50% by 2025, from a 2010 base year**. The company also commits **to reduce GHG emissions per 'drink in your hand' 35% by 2025, from a 2010 base-year**.



Company name
Coca-Cola European Partners (CCEP)
Headquarters
United Kingdom
Size
25,000 employees
Number of locations
50 bottling plants
Sustainability strategy
This is Forward

Your climate experts.

Your partner for positive change.

EcoAct is an international advisory consultancy and project developer that works with clients to meet the demands of climate change. We work with many large and complex multinational organisations to offer solutions to their sustainability challenges.

We believe that climate change, energy management and sustainability are drivers or corporate performance and we seek to address business or organisational problems and opportunities in an intelligent way.

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