

# Going Beyond Science-Based Targets

Enhance your organization's  
climate commitments to reach  
global net-zero emissions.



**ClimateSeed**

As climate change accelerates, the role of organizations has become increasingly significant. The Paris Agreement played a crucial role as it marked the commitment from 195 governments to limit global warming to well below 2°C and acknowledged the importance of aligning the business sector to a 2°C pathway. Inaction would mean that global average temperatures would increase beyond 2°C and the damage to humanity and the Earth's ecosystems would not only be catastrophic, but also irreversible.

Companies' reduction efforts are fundamental. As a result, organizations have increasingly adopted targets to reduce their greenhouse gas emissions, which are aligned with the latest climate science and meet the goals of the Paris Agreement and limit global warming to well below 2° above pre-industrial levels and pursue efforts to limit warming to 1.5°C. Science-based targets provide companies with a clear carbon budget that specifies how much and how quickly they need to reduce their greenhouse gas emissions to be in line with the Paris Agreement. They translate the action needed globally down to a corporate level.

The Science Based Target initiative (SBTi) is a body that champions and approves science-based targets, which is led by an Executive Board that includes high-level representatives from each partner and donor organization. It is a collaboration between CDP, the United Nations Global Compact (UNGC), World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). Today, 930 companies are taking science-based climate action and 411 companies have approved science-based targets.

There are three approaches to reach science-based targets to decrease a company's greenhouse gas emissions, which are as follows:

**1. Sector-based approach:** a global carbon budget allocated by sector and then allocated by the company.

**2. Absolute-based approach:** a percent reduction applied equally to all companies.

**3. Economic-based approach:** a carbon budget equated to global GDP and a company's share is determined related to its gross profit.

SBTi requires companies to set targets based on emission reduction through direct action within their boundaries or their value chains to reach decarbonization by mid-century, while offsets (carbon credits) can be purchased to show additional company commitments to finance additional emission reductions outside a company's value chain. As such, through the purchase of carbon credits, companies cannot claim any science-based targets reductions; however, to accelerate climate action, companies must support emission reduction projects in parallel to reducing their emissions. One should recall that strategies to decarbonize companies' value chains must be undertaken in parallel with strategies to deal with companies' present carbon emissions.

In line with this vision, the Net Zero Initiative (NZI) defines carbon offsetting (climate contribution) through the support of emission reduction projects, which is crucial to reach a net-zero future by mid-century. An increasing number of companies are aligning with the net-zero future and setting objectives to reach carbon neutrality. However today, there is an absence of a global methodology for reaching carbon neutrality at a corporate level.

Through the NZI, a unique group of international companies is working to define the best framework (figure 1) and methodology for defining carbon neutrality and encouraging the trajectory to reach net-zero emissions. Following this initiative, today carbon neutrality cannot be reached at a corporate level (no clear definition nor scientific evidence); however, companies can contribute to the global carbon neutrality goal. The more they contribute (through emission reduction inside and beyond their value chain as seen in figure 1), the faster we will reach this goal. A company must shift its focus from achieving one-off and immediate neutrality to dynamically managing its climate performance to maximize its contribution to achieving global neutrality.

Companies need to go beyond their company level reduction efforts by contributing to projects that either capture or avoid CO<sub>2</sub> emissions. One of the most effective financing mechanisms is the so-called carbon finance. This consists of the purchase of high-quality carbon credits, through the voluntary carbon market, equivalent to the amount avoided or captured by a project.

As stated by the NZI, financing low-carbon projects outside of a company's value chain is a useful practice at a global level, as it helps to finance mitigation and preservation or the development of carbon sinks for projects that would not necessarily achieve this without external assistance.



As mentioned above, the problem arises when this funding is used to "cancel out", "offset" or "neutralize" the company's emissions, which incidentally breaches conventional carbon reporting rules.

The standard proposes to no longer use the term "offset", and to replace it with the term "contribution", which does not implicitly convey the idea of "canceling out" emissions through project financing. The concept of voluntary carbon financing is retained, which increases the financial flows necessary to comply with the Paris Agreement.

Complementing SBTi and NZI, WWF states that the purchase of high-quality carbon credits can be an effective way for businesses to contribute to their climate targets when done as part of a broader strategy to reduce emissions.

This enables companies to go beyond a reduction strategy and increase their climate impact and support the energy transition in developing countries and the protection and preservation of natural ecosystems while supporting local communities. Additionally, emission reduction projects generate co-benefits that contribute to the achievement of the Sustainable Development Goals set by the United Nations such as SDG 5 (gender equality), SDG 14 and 15 (life below water and on land), and SDG 3 (good health and well-being).

The support of emission reduction projects through the purchase of carbon credits must be part of a broader emission reduction strategy.

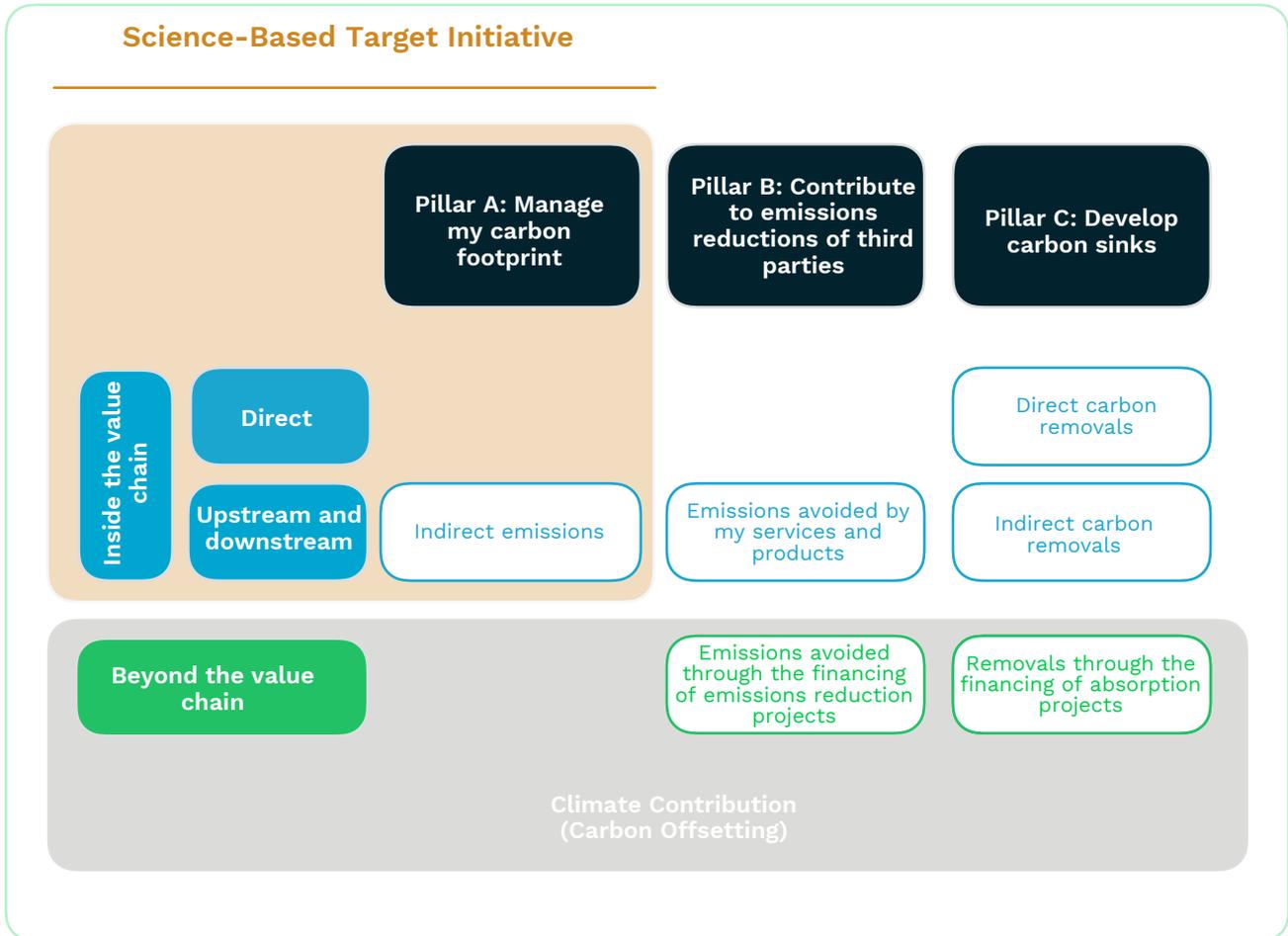
### Following WWF's guidelines:

**Businesses should prioritize executing a transparently disclosed, science-based strategy** to reduce Scope 1, 2, and 3 emissions and take a complementary/supplementary commitment to finance emissions reductions outside of the company's operations and value chain.

**As general guidance, a hierarchy of decarbonization measures could resemble the following:**

- 1. Science-based strategy to reduce Scope 1 and 2 emissions** (e.g., reducing energy demand, implementing energy efficiency measures or investments, procuring 100% renewable energy, onsite renewable investment, off-site renewable investment).
- 3. Science-based strategy to reduce Scope 3 emissions** (e.g., insetting).
- 4. Purchase of high-quality carbon credits** (additional information found on "ClimateSeed: Making a Climate Contribution Guide").

## Net Zero Initiative and WWF



(Figure 1)

### Sources:

<https://sciencebasedtargets.org/what-is-a-science-based-target/>  
<https://gresb.com/science-based-targets-net-zero-difference-matter/>  
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 WWF position and guidance on voluntary purchases of carbon credits [https://c402277.ssl.cf1.rackcdn.com/publications/1310/files/original/WWF\\_position\\_and\\_guidance\\_on\\_corporate\\_use\\_of\\_voluntary\\_carbon\\_credits\\_EXTERNAL\\_VERSION\\_11\\_October\\_2019\\_v1.2.pdf?1591194127](https://c402277.ssl.cf1.rackcdn.com/publications/1310/files/original/WWF_position_and_guidance_on_corporate_use_of_voluntary_carbon_credits_EXTERNAL_VERSION_11_October_2019_v1.2.pdf?1591194127)  
<https://www.goldstandard.org/blog-item/role-voluntary-carbon-offsetting-post-paris-world>  
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## About the Author

ClimateSeed is a Social Business launched by BNP Paribas in collaboration with Nobel Peace Prize Laureate Prof. Yunus' team. We aim to support emission reduction projects and enhance sustainability goals. We help organizations contribute transparently to trustworthy projects that preserve the planet, help local communities, and protect biodiversity. As a Social Business, we are 100% committed to supporting social and environmental programs to fight climate change.

ClimateSeed makes climate action transparent through its services and tools. It increases security and efficiency for its clients through a thorough three-level verification process that is built on a simple, secure, and user-friendly digital platform and tools.

As part of the Net Zero Initiative (NZI), ClimateSeed believes that strategies to decarbonize companies' value chains must be undertaken in parallel with strategies to deal with their present carbon emissions by supporting emission reduction projects and thus accelerating climate action to reach global net-zero emissions.

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