

Session 2: Sustainability reporting and regulations

26th April 2024

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ABOUT THE SBTi

The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

We develop standards, tools and guidance which allow companies to set greenhouse gas (GHG) emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at latest.

The SBTi is incorporated as a charity, with a subsidiary which will host our target validation services. Our partners are CDP, the United Nations Global Compact, the We Mean Business Coalition, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF).

PARTNERS



United Nations
Global Compact



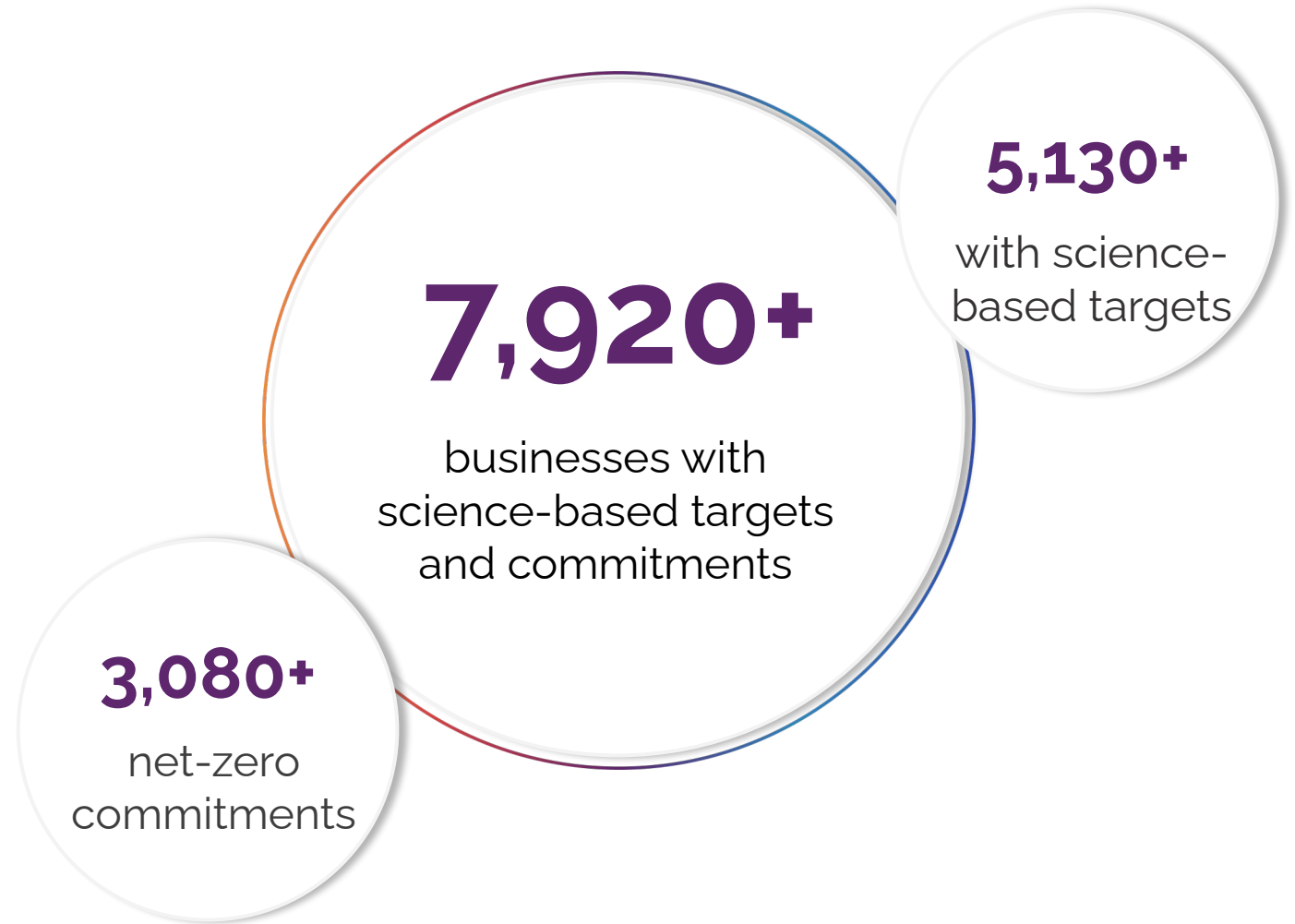
WORLD
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OUR IMPACT

As of April 2024



AGENDA ITEM

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Land Transport Standard	3 min
Aviation (Air Transport) Standard	3 min



TRANSPORT SECTOR OVERVIEW

Land, Air, Sea Standards

TRANSPORT SECTOR

The transport sector is responsible for over a quarter of global CO₂ emissions, being key in the transformation to a net-zero economy.

As the fastest-growing source of emissions worldwide, it is critical for the transport sector to become more sustainable and help limit global temperature rise to 1.5°C. The SBTi aim is to continue to develop robust methodologies that support decarbonization at the pace and scale required by science.

The SBTi has developed the Science Based Target Setting Guidance and Tool for the Maritime Transport Sector to enable companies within this industry to set emission reduction targets in line with 1.5°C.

There is currently no Sectoral decarbonization approach for Aviation, Road & Rail that allows companies to align their emissions targets with 1.5°C pathways. The SBTi therefore prioritizing the development of 1.5°C-aligned pathways for Aviation, Road & Rail.

TRANSPORT EXPERT ADVISOR GROUPS

To develop a Sectoral decarbonization approach for Aviation, Road & Rail that allows companies to align their emissions targets with 1.5°C pathways the SBTi is prioritizing the development of 1.5°C-aligned pathways and standards for Air, Sea, & Land Transport.

These projects will be developed through a transparent and inclusive multi-stakeholder process following the high-level governance structure described in this section. The SBTi will provide extensive opportunities for external feedback so that all outputs are subject to comprehensive and rigorous review.

The SBTi will act as convening agent and project manager in this process and its partner organization on this project Smart Freight Centre (SFC), Mission Possible Project (MPP) and International Council on Clean Transportation (ICCT). The Partner Organization role is to provide expertise, guidance and to contribute to the deliverables.

The Expert Advisory Group (EAG) is an advisory body set up to provide technical advice on specific topics and development or revision of related resources over time.



MARITIME GUIDANCE

Sea Standard

MARITIME

The shipping industry is responsible for over 3% of global annual GHG emissions, and is on course to increase more than fivefold by 2050.

The Science Based Target Setting Guidance launched December 2022 for the Maritime Transport Sector is the world's first framework for companies in the maritime sector to set near- and long-term science-based targets in line with 1.5°C.

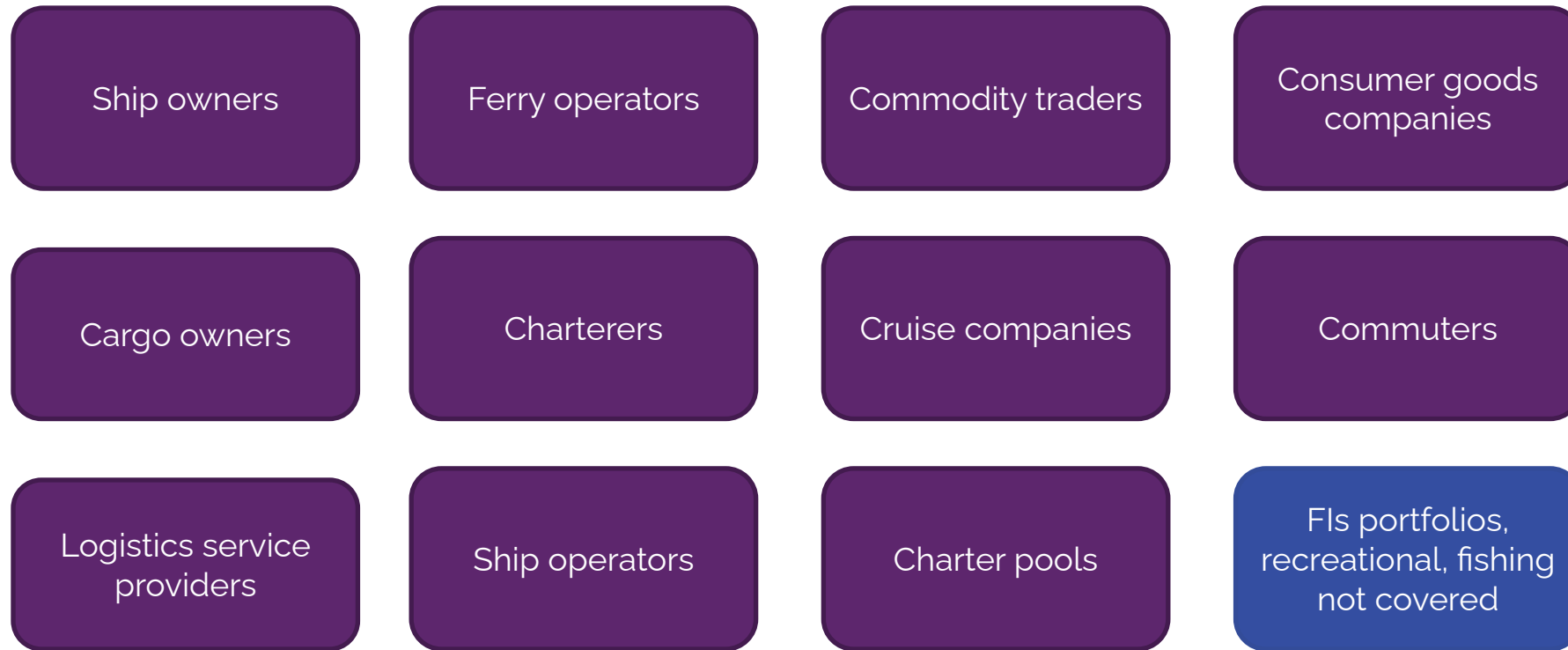
This was developed with the support of WWF, University Maritime Advisory Services and Smart Freight Centre.

The SBTi Maritime Guidance is now available, as well as the Target Setting Tool.



WHAT DOES MARITIME TRANSPORT GUIDANCE COVER?

All movement of goods and people on shipping vessels



A toolkit to **measure** carbon intensity of activity to **inform** decision-making around short-term **actions** towards a **long-term goal**.



LAND TRANSPORT STANDARD

Automotive, Road & Rail Standards

AUTOMOTIVE SECTOR BACKGROUND

Process to date

2018

In May 2018, the SBTi released its Transport Sector Guidance and Tool, enabling target setting for multiple transport categories in line with a 2°C and well-below 2°C ambition

Since March 2018

After the release of the transport guidance, the SBTi developed other specialised transport resources, including the SBTi Aviation Guidance (released in August 2021, with an interim 1.5°C option released in February 2023), and the SBTi Maritime Transport Guidance (released in December 2022). Both of these resources superseded the target setting options for aviation and shipping included in the original transport guidance and tool.

March 2022

In response to the urgency and scale of the climate emergency and the success of science-based targets to date, the SBTi ratcheted its expectations for businesses by ensuring all targets align with a 1.5°C future. As of July 2022, the SBTi only validates targets aligned with a minimum level of ambition of 1.5°C for scope 1 and 2 and well-below 2°C for scope 3. Furthermore, in March 2022, the SBTi introduced a policy temporarily pausing near- and long-term target validations and target updates for automakers until 1.5°C scope 3 targets for use-phase emissions from new road vehicles are developed and approved.

April 2023

SBTi signed a Letter of Intent with the Smart Freight Centre in April 2023, agreeing to work together on future transport sector guidance, in particular, road and rail.

March 2024

March 2024, the SBTi released its Land Transport Guidance, which compiles the existing criteria for land transport and integrates the new 1.5°C approach for automakers. The revised criteria for automakers is a minor update to the SBTi Transport Guidance released in 2018, intended to harmonize existing sector-specific guidance with the SBTi's current criteria.

April 2024

In April 2024, the SBTi finalized the Automotive Standard Project Plan, and Terms of Reference (TOR) and the detailed timeline to develop standard for automotive companies. As part of the project's development process, the SBTi will convene an Expert Advisory Group (EAG) to provide technical advice over the duration of the project. The SBTi has now opened a call for applications for representatives to join the Automotive Standard EAG. Applications will be accepted from April to May. Stakeholders will also be invited to comment on drafts of the Automotive Standard in public consultations.

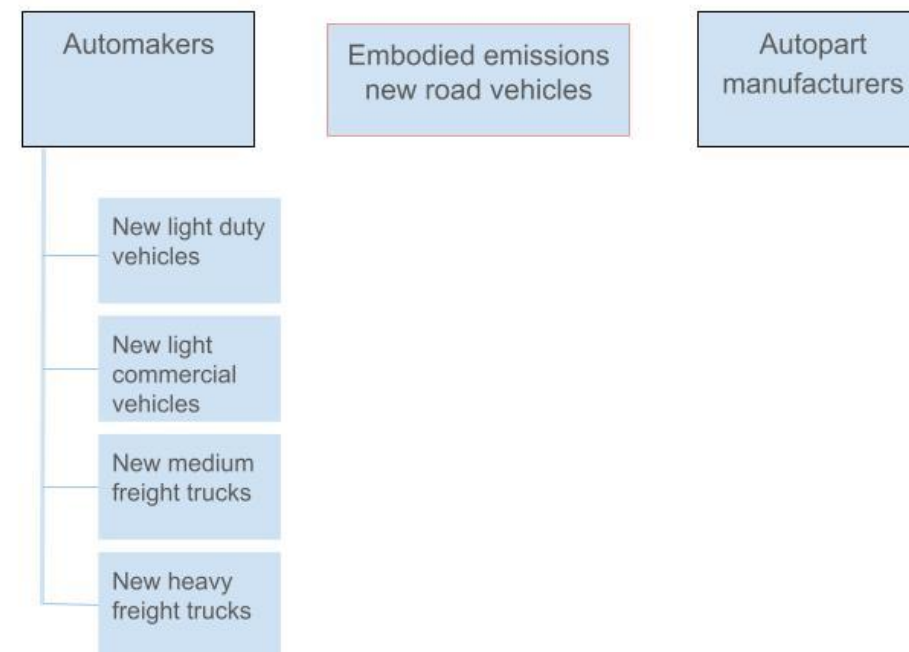
THE AUTOMOTIVE STANDARD

The objective of this project is to develop an Automotive Standard that replaces the existing Land Transport Guidance for automakers and auto part manufacturers.

When implemented, the Automotive Standard will update and expand the current guidance to a target-setting SBTi Standard by ensuring 1.5°C aligned sector-specific pathways and a target-setting tool.

The SBTi is undertaking the Automotive Standard because in response to the urgency and scale of the climate emergency it has ratcheted its expectations for businesses by ensuring all targets align with a 1.5°C future.

The current land transport tools are not aligned to the 1.5°C ambition, and the method for automakers to set 1.5°C emissions reduction targets is only applicable to scope 3 category 11 for automakers.



THE AUTOMOTIVE STANDARD

The scope of this sector project is to:

1. Enable an SDA target setting option that allows companies from the automotive sector to decarbonise in line with 1.5°C-aligned scenarios.
2. Transition from a target setting guidance towards an automotive standard aligning with the most recent SBTi Net Zero Standard and incorporating best available practices for the sector.
3. Provide an updated target setting tool.

This updated Standard will aim to address the following:

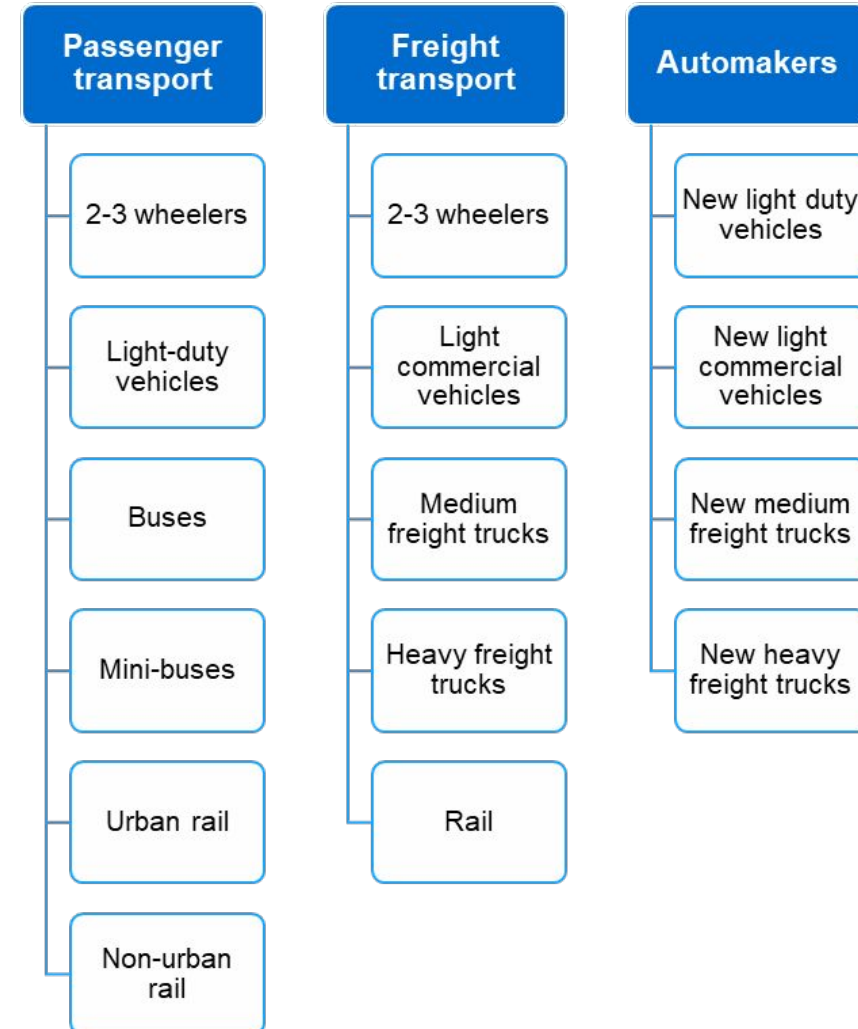
1. Near and long-term target setting for direct use phase emissions from new road vehicles
2. Near and long-term target setting for embodied emissions of new road vehicles
3. Near and long-term target setting direct emissions from autoparts
4. Main projections and assumptions embedded in the decarbonization models to be used by companies in the development of their carbon strategies.
5. Best practices for transport GHG accounting and reporting.

THE SUITE OF TRANSPORT STANDARDS

The SBTi will develop the Automotive Standard in partnership with Smart Freight Centre and then look to develop Road, and Rail Standards as part of a suite of Land Transport Standards.

The SBTi will be updating the Aviation Guideline and Maritime guidelines to Air and Sea Standards and once completed then the intention is that a multimodal Logistics Standard will be developed.

When developed and fully implemented, the Land Transport Standards will address a gap in the SBTi's 1.5 °C sector-specific standards by encouraging companies in this highly impactful sector to set targets.



AVIATION GUIDANCE

Air Standards

AVIATION

CO₂ emissions from commercial aircraft are on course to triple by 2050. As such, the aviation sector has a vital role to play in halting global average temperature rises.

In February 2023, the SBTi released a technical report detailing an interim pathway for aviation companies to set 1.5°C-aligned science-based targets. This pathway Guidance and Target Setting Tool is for passenger and cargo airlines, as well as companies that use aviation services.

This pathway is designed to harmonize existing sector guidance with the SBTi current criteria. It allows aviation companies to meet the minimum ambition levels required by the criteria, and provides a short-term, accessible option for them to set science-based net-zero targets.




THANK YOU

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