

12 July 2023

Lila Karbassi
Chair
Science Based Targets Initiative

Re: Call for SBTi to align methodology with UN's High Level Expert Group report on Net-zero Commitments

Dear Ms. Karbassi,

The undersigned NGOs firmly believe that we need to rapidly ramp up corporate action on climate change, which includes ambitious, robust and verifiable climate targets.

As such we welcomed a special report [Integrity Matters: Net-zero Commitments by Businesses, Financial Institutions, Cities and Regions](#) from the High Level Expert Group to highlight the need to strengthen climate pledges and avoid greenwashing. The report, launched at COP27, sets out a powerful new standard for Net Zero targets, including clear recommendations for companies and financial institutions. Describing why this report was needed, The UN Secretary-General, António Guterres, said: *"A growing number of governments and non-state actors are pledging to be carbon-free – and obviously that's good news. The problem is that the criteria and benchmarks for these net-zero commitments have varying levels of rigor and loopholes wide enough to drive a diesel truck through. We must have zero tolerance for net-zero greenwashing."*

The UN Secretary-General also gave a clear message to all voluntary initiatives during his remarks at this report's launch: *"Abide by this standard and update your guidelines right away – and certainly no later than COP28."*

Although SBTi welcomed this report and mentioned being on track to meet its guidance,¹ we are concerned its recommendations are still not fully integrated into the SBTi's framework and methodology to validate companies' targets. The report has provided clarity on how to set accountable and credible emissions reductions targets in these key areas:

1. Environmental integrity:
 - a. **Report recommendation:** *Companies' targets must align to limit warming to 1.5°C. How SBTi guidance falls short:* At the moment, SBTi continues to have validated companies targets that lead us to either *"well below 2°C"* or in line with 2°C. The baseline for all validated companies must be 1.5°C. Companies with a higher target to this baseline must be required to update their plans and ambition as soon as possible and *"not within 5 years"*, as suggested in the current SBTi guidance.
 - b. **Report recommendation:** *Companies' targets should account for all greenhouse gas emissions (GHG) and 100% of all scopes of emissions*

¹ <https://sciencebasedtargets.org/blog/cop27-a-reassuring-outcome-but-with-significant-omissions>

(including Scope 3), including all emissions facilitated by financial entities.

How SBTi guidance falls short: The current guidance for the Forest, Land and Agriculture (FLAG) sectors has provided a suggested pathway for how companies in land-intensive sectors can align themselves with the latest climate goals. As it stands, the guidance only covers 67% of the companies' Scope 3 emissions for their near-term FLAG. All companies, especially food and agriculture companies, must disclose 100% of their Scope 3 emissions. This is particularly important for FLAG when considering that Scope 3 is where 75 -90% of a food product's GHG emissions come from.²³

- c. **Report recommendation:** *The targets must also include separate targets for material non-CO₂ GHG emissions including methane and nitrous oxide, and must focus on reducing absolute emissions rather than intensity.* **How SBTi guidance falls short:** Recent research by the Changing Markets Foundation and the Institute for Agriculture and Trade Policy (IATP) shows that methane represents around 50-80% of emissions footprint for meat and dairy companies,⁴ yet according to your guidance they do not even have to report this material GHG separately. Setting reduction targets and separate reporting of methane (and N₂O) emissions must be required, as methane is a potent greenhouse gas whose reduction is vital to keep temperatures under 1.5°C. Additionally, the guidance allows for most consumer goods companies to choose between an intensity-based target versus an absolute target.⁵ The *Integrity Matters* report calls for companies to address their absolute emissions, not partially address these through intensity targets.
- d. **Report recommendation:** *All climate pledges should include specific targets aimed at ending the use of and/or support for fossil fuels in line with IPCC and IEA modelled pathways that limit warming to 1.5°C with no or limited overshoot, with global emissions declining by at least 50% by 2030, reaching net zero by 2050, and include ending expansion of coal, oil and gas.* **How SBTi guidance falls short:** To this date, SBTi does not specify a recommendation for complete phase-out of fossil fuels in companies transition plans. A new report by Net-Zero Tracker found that, out of the over 4,000 entities they track, at least 1, 475 now have a net-zero target. However, when they looked at the 75 fossil fuel companies with a net zero target, none of them are

² Tidy, Martin, Xiaojun Wang, and Mark Hall. "The role of Supplier Relationship Management in reducing Greenhouse Gas emissions from food supply chains: supplier engagement in the UK supermarket sector." *Journal of Cleaner Production* 112 (2016): 3294-3305. <https://doi.org/10.1016/j.jclepro.2015.10.065>

³ In the case of a company like Nestlé, their Scope 3 emissions make up 95% of their footprint. <https://www.nestle.com/sites/default/files/2020-12/nestle-net-zero-roadmap-en.pdf>

⁴ http://changingmarkets.org/wp-content/uploads/2022/11/Emissions-Impossible- Methane-Edition_FINAL-compressed.pdf

⁵ An assessment by the financial think tank Planet Tracker of Procter & Gamble (PG) climate transition plan provides an example of the problem with the acceptance of intensity targets by the SBTi. The report shows that if PG's intensity target to reduce "Purchased Goods and Services" emissions was converted to an absolute target it equals only a 10% reduction from 2020 to 2030, which is low compared to the targets of the company's peers (i.e. Unilever and Colgate) and not aligned with the science. <https://planet-tracker.org/procter-gambles-climate-transition-analysis-reveals-a-3oc-trajectory-by-2030/>

making the necessary commitments to fully transition away from fossil fuel extraction or production.⁶

2. Accountability:

- a. **Report recommendation:** *Companies are required to provide not only long-term pledges but also short-term science-based targets that specify a detailed transition plan. Companies must report publicly on their progress with verified information that can be compared with peers. **How SBTi guidance falls short:** As mentioned, the recent Net-Zero tracker report found that at least 1,475 companies of the over 4,000 companies they tracked, have a net-zero target.⁷ However, there is a lack of transparency on the submissions made by companies to SBTi. At the moment, there is no availability of standardised information on submissions and roadmaps for comparison or benchmarking. This prevents proper independent scrutiny and verification of company targets. Without public scrutiny of these targets, base line year data and plans, SBTi risks undermining the corporate accountability process, which can have significant implications for global climate action.*
- b. **Report recommendation:** *Companies that do not live up to their commitments or do not have a target that aligns with the 1.5°C limit must be removed (from list of signatories or memberships) through a transparent process. **How SBTi guidance falls short:** At the time of writing this letter, JBS (a company that has been listed as 'committed' under SBTi) has been found to be using SBTi to make misleading [green] claims.⁸ The company continues to appear on SBTi's company dashboard, even though the period (24 months) for it to get its plan approved had expired. **SBTi should urgently act to remove JBS from the committed list and also ensure that companies who have not had their emissions reductions plans approved cannot make claims to committing to an SBTi target.***

3. Credibility:

- a. *Companies must align all external policy and engagement efforts to the goal of reducing global emissions by at least 45% by 2030. How SBTi guidance falls short: Often companies that have signed up to ambitious voluntary climate targets, lobby behind the scenes to stop progressive climate legislation. Recent investigations have shown that Tyson and Cargill (among other meat and dairy companies which have committed to climate action through SBTi) have been found to use similar tactics.⁹ We are therefore asking you to also require companies to disclose their pro- or anti-climate-related legislation stance and ensure that any lobbying, including via any (industry) association, is aligned with their climate commitments.*

These are just a few examples of how your methodology could be improved to reflect recommendations from the High Level Expert Group report Integrity Matters. As the so-

⁶ <https://zerotracker.net/analysis/net-zero-stocktake-2023>

⁷ <https://zerotracker.net/analysis/net-zero-stocktake-2023>

⁸ <https://bbbprograms.org/media-center/dd/jbs-net-zero-emissions>

⁹ Lazarus, O., McDermid, S. & Jacquet, J. The climate responsibilities of industrial meat and dairy producers. *Climatic Change* **165**, 30 (2021). <https://doi.org/10.1007/s10584-021-03047-7>

called “golden standard” on climate action, we believe that SBTi should lead the way on this effort, starting by aligning your methodology and ensuring that companies that do not adapt their targets in a given timeframe, can no longer be part of the initiative. We are also calling on you to only approve climate action plans from companies that can demonstrate robust plans towards reduced absolute emissions that are 1.5°C-aligned.¹⁰

We would appreciate it if you could respond to this letter by 31 July and let us know your plans on how you will be updating your methodology to the UN report as an urgent priority. We would also welcome a meeting to further discuss questions raised in this letter.

Yours sincerely,

Nusa Urbancic, CEO, Changing Markets Foundation

Glenn Hurrowitz, CEO, Mighty Earth

Jacqueline Mills, Head of Campaign (Food Systems), World Animal Protection

Monique Mikhail, Campaigns Director, Agriculture & Climate Finance, Friends of the Earth U.S.

Natasha Hurley, Head of Campaigns, Feedback Global

Clare Perry, Climate Team Lead, Environmental Investigation Agency

Sune Scheller, Programme Manager, Greenpeace Nordic

Thomas Day, New Climate Institute

Peter Elwin, Director of Fixed Income, Head of Land Use and Textiles Programmes, Planet Tracker

Shefali Sharma, Europe Director, Institute for Agriculture and Trade Policy

Gilles Dufresne, Policy Lead - Global Carbon Markets, Carbon Market Watch

Jan Willem van Gelder, Director, Profundo

Sophie Aylmer, Head of Policy, Farm Animals and Nutrition, Four Paws

Peer de Rijk, Campaigner Big Polluters, Milieudefensie (Friends of the Earth Netherlands)

¹⁰ See letter sent by World Animal Protection in March 2023 which specifies some changes needed for corporate target validation, in particular asking SBTi to not to validate the target of JBS and highlighting the flaw methodology, the undersigned organisations call for SBTi to align methodology with UN report on Net-zero Commitments.

Elisa Martellucci, Programme Manager, Ecos

Jaka Kranjc, Secretary General, Ekologi brez meja

Janet Storey, Plastics Rebellion

Piotr Barczak, Circular Economy Advisor, Polish Zero Waste Association

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CC: Luiz Amaral, CEO; Maria Outters, Chief Impact Officer