BUSINESS AMBITION FOR 1.5°C CAMPAIGN

Final report

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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FOREWORD

NIGEL TOPPING

FOUNDER OF AMBITION LOOP,
FORMER UN HIGH LEVEL CHAMPION COP26

Lives and livelihoods are being devastated, burning or being washed away before our eyes. Each year is punctuated by bigger and more frequent disasters that create human suffering and escalating economic damage. Our health, our wellbeing and our futures are inextricably linked to the climate we are affecting. At the same time new clean technologies are being adopted at exponentially increasing rates, creating jobs and wellbeing in the companies and countries leading the transition.

Discussions about climate action often focus on the distant future, dates like 2050 when few in business or political positions of power will still be in office. A few years ago during COP26, myself and climate leaders from across the ecosystem sought to drive a profound shift in what we thought that future might look like by focusing all our urgency on the need to commit to and take specific action this decade towards specific 2030 breakthrough goals in each sector. We sought to generate momentum to put us on track to a 1.5°C future.

Together we called on all companies to set 2030 science-based targets, to foster a just transition to net-zero by 2050. Only by generating a critical mass can we truly transform the global economy. The Business Ambition for 1.5°C campaign surpassed our goals for it: by the end, 1045 visionary companies had committed to aligning with 1.5°C, joining the Race to Zero campaign as part of the program.

The scale of change generated by the Business Ambition for 1.5°C campaign was unprecedented in corporate decarbonization. The campaign coincided with an 83.8% increase in science-based climate commitments in one year: it was a step change in ambition that created great momentum heading into COP26 and contributed to a growing consensus around net-zero. Ambition fuels that innate human spirit of ingenuity and reinvention – it drives excellence and progress: it's why targets are so universal. And ambition from the private sector supports and encourages ambition from policy makers - creating a positive feedback 'ambition loop'.

This report reflects on the successes of that campaign and lessons to draw from it as we enter a new era of climate action, with ever greater ambition required. The world in which that campaign was launched has changed and so too has its architect. As the SBTi evolves from a partnership initiative to an institutional standard-setter, lessons from the past will inform its future. And together we will continue to call on companies to make deep, rapid cuts in carbon emissions to align with science and protect the planet and build the thriving economy of the future.

EXECUTIVE SUMMARY

The Business Ambition for 1.5°C campaign ran between June 2019 to October 2021. Companies that committed to set science-based targets as part of the campaign had 24 months to fulfill, and net-zero commitments had an additional extension to 31 January 2024. This report outlines the key findings from the campaign, along with feedback from participating companies, and sets out key learnings and recommendations for the SBTi.

The campaign helped shape the benchmark for climate leadership, shifting the focus from 2°C and well-below 2°C emissions reduction trajectories towards 1.5°C. While a majority of companies which participated in the campaign subsequently set science-based targets, the proportion of these which set net-zero targets was lower. Recognizing, learning and addressing obstacles experienced is our focus in this report, as the SBTi develops the next version of its Corporate Net-Zero Standard.

Of the companies which committed to set science-based targets as part of the Business Ambition for 1.5°C campaign:

84%

818 (84%) set a target or are in the validation process

96%

96% of companies surveyed rated the value of having science-based targets good to very good

71%

71% strongly agreed or agreed that the campaign delivered on their motivations for joining

1.5°C

Significantly more companies set near-term 1.5°C aligned targets than net-zero targets

SCOPE 3

Scope 3 was cited as the biggest barrier to setting net-zero targets

INTRODUCTION

THE BUSINESS AMBITION FOR 1.5°C CAMPAIGN

In 2018, the Intergovernmental Panel on Climate Change (IPCC) Special Report *Global Warming of 1.5°C* warned that global temperature increases must be capped at 1.5°C to avoid the most catastrophic impacts of climate breakdown. To achieve this, emissions must be halved before 2030 and reach net-zero before 2050.

The UN Global Compact, together with 20 global NGO, civil society and academic leaders, subsequently challenged private companies to make a critical contribution to limiting the worst impacts of climate change by setting validated science-based targets through the SBTi consistent with keeping warming to 1.5°C. Backed by 28 early adopters in the corporate sector, the Business Ambition for 1.5°C campaign commenced in June 2019. Companies that signed up to the Business Ambition campaign and committed to setting Net-zero targets were automatically entered into the official UN High Level Champions Race to Zero campaign to strengthen engagement and ambition of non-state actors.

The goal of the Business Ambition for 1.5°C campaign was to catalyze an unprecedented level of corporate climate ambition to deliver a clear message at COP26 about the urgency of 1.5°C action. Despite the subsequent challenges of the COVID-19 pandemic and major disruption to the global economy, 1045 companies, representing $23 trillion in market capitalization, joined the campaign between June 2019 and October 2021.

An initial status report of the Business Ambition for 1.5°C campaign was published in November 2021.

What is a 1.5°C temperature alignment for companies?

At COP21 in 2015, the Paris Agreement was adopted by 196 parties, codifying the pursuit to limit global warming to 1.5°C above pre-industrial levels. This threshold represents a tipping point in the climate crisis, one with overwhelming scientific consensus. Reaching this threshold over a sustained period would mean that average temperature rises over the previous decade are at least 1.5°C for at least 10 years.

ABOUT THIS REPORT

This report outlines:

- The key results and outcomes from the Business Ambition for 1.5°C campaign, which ran from June 2019 to October 2021.
- The learnings from a company survey and feedback form, areas for improvement for the SBTi, and information about some of the barriers companies faced when setting science-based targets as part of the Business Ambition for 1.5°C campaign.

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 the 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).

MORE TRANSPARENCY RELATED TO COMMITMENTS

On 31 January 2023, a revised Commitment Compliance Policy came into effect at the SBTi. Companies and financial institutions have 24 months from committing to set science-based targets to submit targets. Previously, any organizations which failed to submit targets within the allotted time frame were simply removed from the Target Dashboard. The new Policy means they are marked as "Commitment Removed" on the Dashboard.

Companies which committed to set net-zero targets as part of the Business Ambition for 1.5°C campaign had 24 months from when the SBTi started validating targets against the Corporate Net-Zero Standard to set targets, that is, to 31 January 2024. After this time they were marked as "Commitment Removed" on the Dashboard from the next update of the Dashboard on 7 March 2024. Companies are welcome and encouraged to submit targets at any time. After their targets have been validated, companies which were listed as "Commitment Removed" on the Dashboard will be marked as "Targets Set".

BUSINESS AMBITION FOR 1.5°C CAMPAIGN OUTCOMES

BUSINESS AMBITION FOR 1.5°C CAMPAIGN IN THE CONTEXT OF SBTi DEVELOPMENT

Before the launch of the campaign in June 2019, adoption of science-based targets was largely limited to early adopter companies, and the majority of the then 315 approved targets were aligned with 2°C or well-below 2°C levels of ambition. Elevating the importance of 1.5°C alignment and enabling companies to commit to setting science-based net-zero targets represented a step change in ambition for the SBTi.

From June 2019 to Oct 2021, the campaign offered **two options**:

1

1.5°C science-based targets
Commits to set near-term science-based targets across all relevant scopes, in line with 1.5°C scenarios.

2

Net-zero commitment and interim science-based targets
Commits to set a long-term science-based target to reach net-zero value chain emissions by 2050, alongside interim near-term science-based targets.[1]

To set net-zero targets, companies must also set near-term targets to make deep cuts to carbon emissions over the following 5-10 years. These are crucially important because limiting global heating to 1.5°C depends on halving global emissions by 2030.

Near term v net-zero

SBTi near-term targets define how much and how fast companies must reduce their GHG emissions in the next 5-10 years to align with 1.5°C and play their part in halving emissions by 2030, per IPCC recommendations. Companies set net-zero targets using the SBTi's Corporate Net-Zero Standard to align their long-term emission reduction targets to 1.5°C pathways and achieve net-zero greenhouse gas emissions by 2050. Companies that set net-zero targets must also have their near-term targets validated as part of the process.

1. Option 2 companies had until 31 January 2024 to set net-zero targets. After that deadline, commitments would be marked as removed on the Target Dashboard.

KEY RESULTS OF THE CAMPAIGN

1,045

1,045 companies joined the campaign; 971 are included in the analysis here.[2]

818

818 (84%) campaign participants set a science-based target or are in validation.[3]

29%

284 of the 971 companies (29%) had commitments removed.

235

Of these, 235 had committed to set net-zero targets, with the remainder having committed to set near-term targets.[4] 60% of companies with net-zero commitments removed have a near-term target set.

92%

Of the 62 companies that did not submit targets and responded to the SBTi's feedback form, 92% indicated that they still intended to submit targets for validation. They are encouraged to do so at the earliest opportunity.

2. 75 companies are excluded from the analysis because of company change, diversion related to pending sector-specific pathway or because they withdrew silently during Commitment Compliance Policy grace period.

3. Data limitations: a small number companies received validations close to the time they made the new commitment. The numbers presented in this report are a snapshot in time on 7 March 2024 and subject to change

4. A small number of companies that were not officially part of the campaign will have commitments removed on 7 March.

SCALING UP 1.5°C COMMITMENTS

Campaign span June 2019
to October 2021
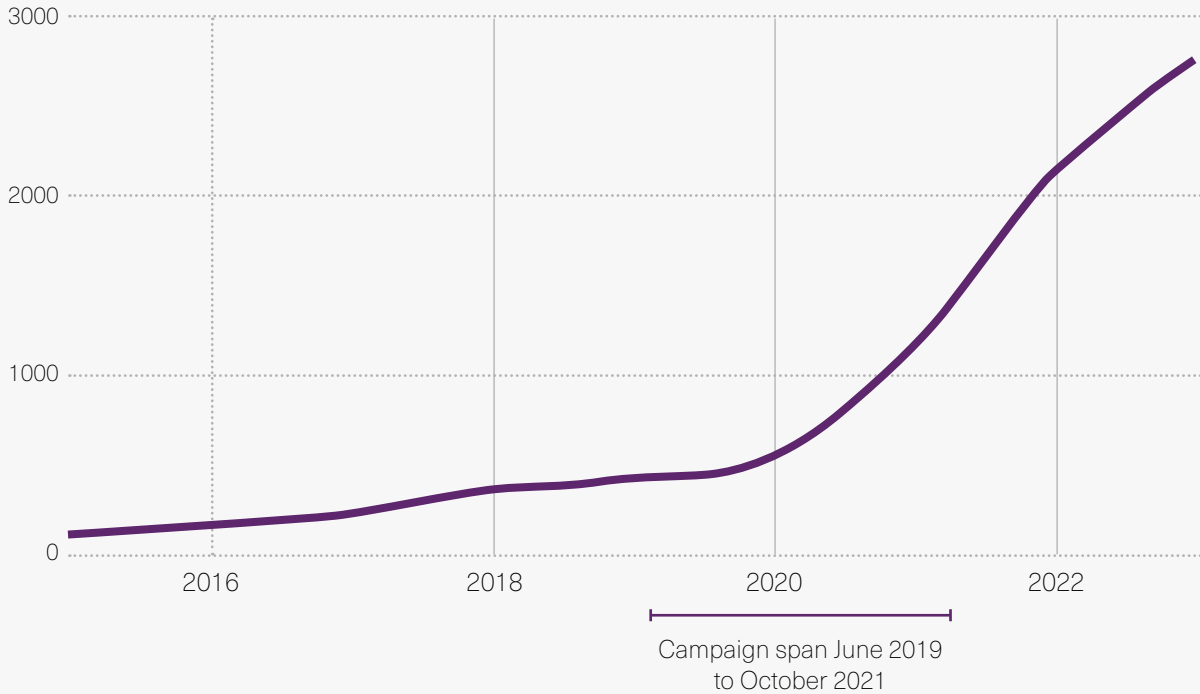
While it is impossible to say with complete assurance the various factors that contributed to mainstreaming the norm of science-based target setting and a widespread increase in corporate climate ambition, the SBTi believes that the campaign did have a contributing effect as the number of companies setting science-based targets has nearly doubled year on year since the campaign was launched. The number of companies with validated science-based targets has also increased during this period, as follows:

> " "
>
> It is time that you remove companies who have obsolete, non-compliant SBT targets. I see too many of my peers talking about their SBT without having it validated.
>
> Anonymized company feedback

COMPANIES WITH VALIDATED TARGETS

98% growth	92% growth	102% growth
2020-2021	2021-2022	2022-2023

GEOGRAPHICAL REACH OF THE CAMPAIGN

Companies from across the world committed to set targets through the Business Ambition for 1.5°C campaign.

THE TOP FIVE COUNTRIES FOR COMPANIES IN THE BUSINESS AMBITION FOR 1.5˚C CAMPAIGN SETTING TARGETS AFTER HAVING COMMITTED TO DO SO WERE:

155 USA

46 Sweden

242 UK

42 Germany

49 France
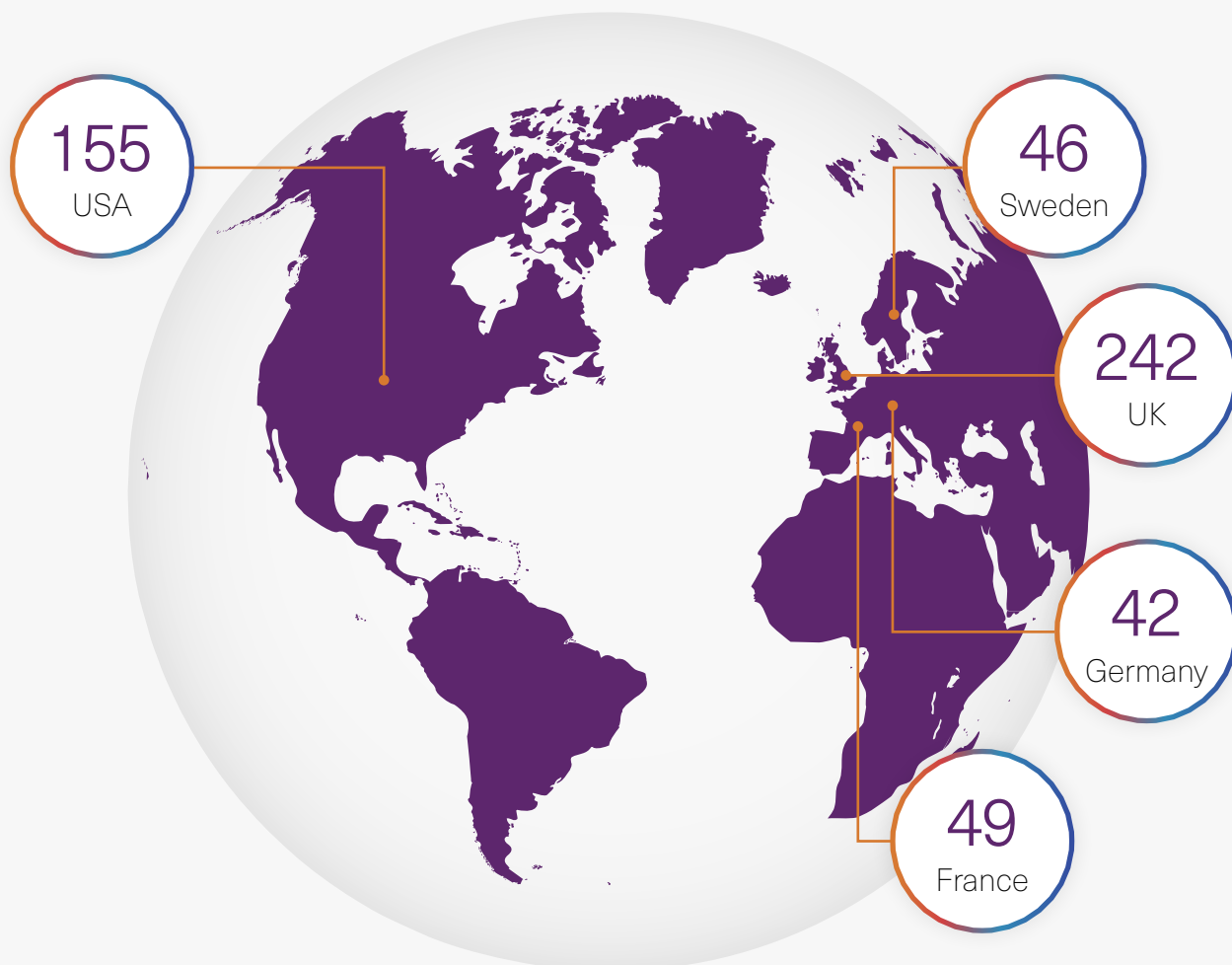
All companies headquartered in Finland (20) and Italy (11) that joined the campaign successfully set targets. 97% of companies with headquarters in Japan, 96% of companies with headquarters in Sweden and Denmark set targets and 95% of committed German companies. Companies from Pakistan (5 out of 18 or 28%), China (6 out of 13 or 46%) and India (13 out of 19 or 68%) set targets at the lowest rates.

SECTORS WITH THE HIGHEST CONVERSION RATE TO TARGETS SET

THE FIVE SECTORS[5] WITH THE HIGHEST PROPORTION OF COMPANIES TO SET TARGETS WERE:

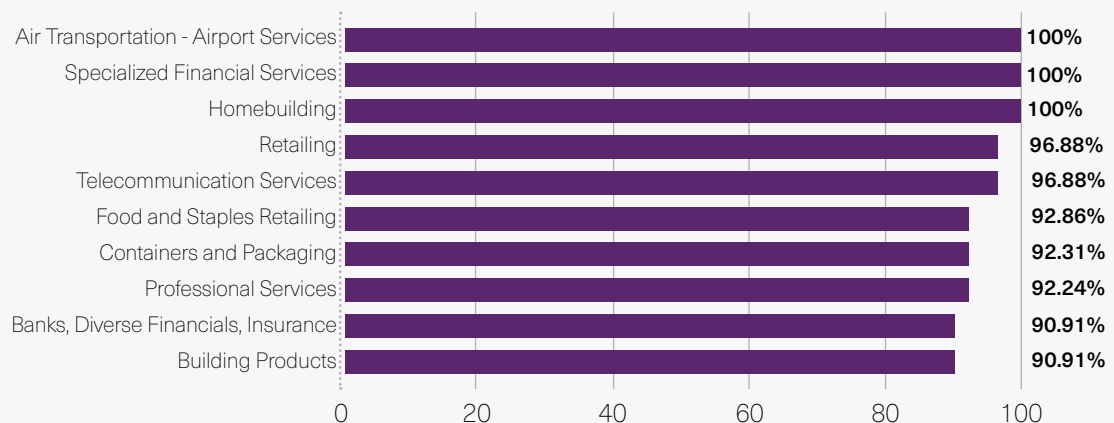| 97%	97%	93%	92%	92%
Retail	Telecommunications services	Food and staples retailing	Containers and packaging	Professional services
(31/32)	**(31/32)**	**(13/14)**	**(12/13)**	**(107/116)**

THE TEN SECTORS WITH THE HIGHEST PROPORTION OF COMPANIES TO SET TARGETS WERE:

Conversion per industry

Industry	Conversion
Air Transportation - Airport Services	100%
Specialized Financial Services	100%
Homebuilding	100%
Retailing	96.88%
Telecommunication Services	96.88%
Food and Staples Retailing	92.86%
Containers and Packaging	92.31%
Professional Services	92.24%
Banks, Diverse Financials, Insurance	90.91%
Building Products	90.91%

Companies are split too thinly between the lower uptake sectors to draw meaningful statistical analysis but it should be noted that companies from the air transportation – airlines (2 of 6), food production – agricultural production (5 out of 10), and trading companies and distributors, and commercial services and supplies (7 out of 10) sectors did go on to set targets.

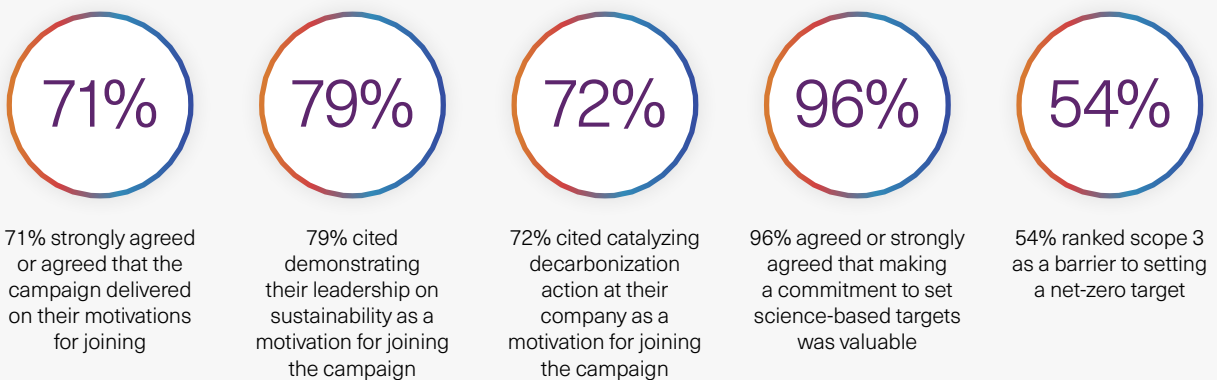5. Excluding those with fewer than 10 companies per sector to commit to set targets

CAMPAIGN FEEDBACK FROM PARTICIPATING COMPANIES

CAMPAIGN FEEDBACK FROM PARTICIPATING COMPANIES

The SBTi sent a survey to the 981[6] companies participating in the campaign in order to collect feedback between 1 February and 22 February 2024. 239 companies responded, correlating to 24% of companies which received the survey. Of these, 91% were corporates and 84% had some kind of target set.
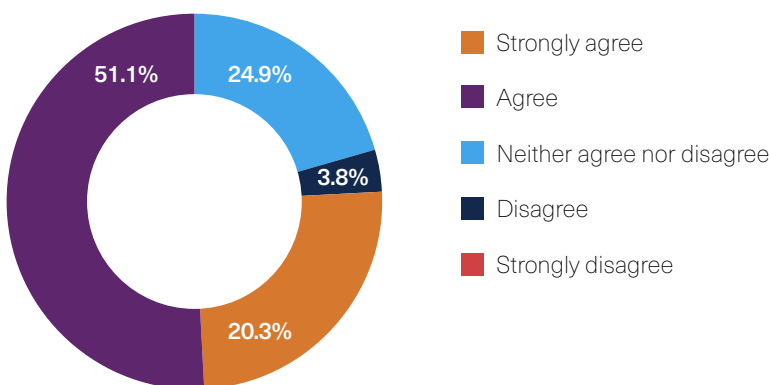
Key respondent results (n=239)

71%

71% strongly agreed or agreed that the campaign delivered on their motivations for joining

79%

79% cited demonstrating their leadership on sustainability as a motivation for joining the campaign

72%

72% cited catalyzing decarbonization action at their company as a motivation for joining the campaign

96%

96% agreed or strongly agreed that making a commitment to set science-based targets was valuable

54%

54% ranked scope 3 as a barrier to setting a net-zero target

THE CAMPAIGN MET COMPANIES' MOTIVATIONS FOR JOINING

● **71% of the respondents strongly agreed or agreed.**

Of the respondents to the survey, 95% felt that making the commitment was valuable, 85% felt good about their validation outcome and 96% rated the value of having science-based targets as good to very good.

24.9%
3.8%
20.3%
51.1%

- 🟧 Strongly agree
- 🟪 Agree
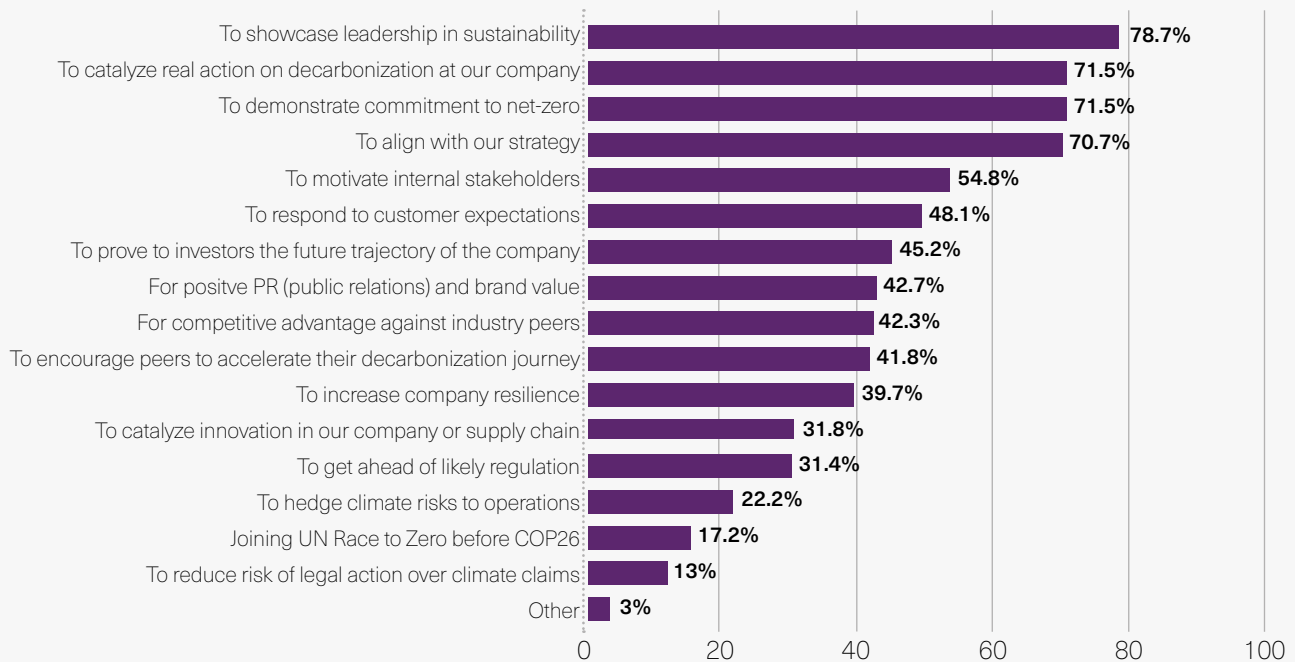- 🟦 Neither agree nor disagree
- 🟦 Disagree
- 🟥 Strongly disagree

> " "
>
> A very powerful standard to help companies drive internal and external value, and makes a level playing field for all companies based on science.
>
> Anonymized company feedback

6. The survey was sent before final campaign data could be fully validated, cleaned and vetted

MOTIVATIONS FOR JOINING

What motivated your company to join the BA1.5°C campaign?

Motivation	Percentage
To showcase leadership in sustainability	78.7%
To catalyze real action on decarbonization at our company	71.5%
To demonstrate commitment to net-zero	71.5%
To align with our strategy	70.7%
To motivate internal stakeholders	54.8%
To respond to customer expectations	48.1%
To prove to investors the future trajectory of the company	45.2%
For positve PR (public relations) and brand value	42.7%
For competitive advantage against industry peers	42.3%
To encourage peers to accelerate their decarbonization journey	41.8%
To increase company resilience	39.7%
To catalyze innovation in our company or supply chain	31.8%
To get ahead of likely regulation	31.4%
To hedge climate risks to operations	22.2%
Joining UN Race to Zero before COP26	17.2%
To reduce risk of legal action over climate claims	13%
Other	3%

When asked about their motivations for joining the campaign, 79% of those which responded cited to showcase their leadership in sustainability and 72% cited to demonstrate commitment to net-zero. Competitive advantage and for positive PR value scored relatively low by contrast (42% and 43% respectively).

CUSTOMER EXPERIENCE

Communication
85% found communication from the SBTi pre-, during and post-campaign average to very good. 15% considered communication bad or very bad.

Campaign option confusion
Comments received from some companies indicate that they had lost track of their commitments, including as a result of company staff turnover and company changes. Others claimed that they had not fully understood their commitments, or were unaware until they received final reminders of the deadline from the SBTi. There was some confusion between the different campaign options, with at least one company updating a near-term target, not realizing that its net-zero commitment was due to expire.

79%
companies joining the campaign to showcase their leadership in sustainability

85%
found communication from the SBTi to be average to very good

Waiting times for validation

Validation timelines was the area which was scored the lowest by survey respondents, with 31% reporting that they were disappointed or very disappointed. 69% of companies were pleased or neutral with regard to validation times. In addition, qualitative feedback from companies mentioned validations times more than 10 times and called for more direct communication with target validation staff, more flexibility on deadlines and more resources to handle enquiries and provide technical support, particularly as new requirements are introduced.

69%
pleased or neutral with regard to validation times

TECHNICAL CHALLENGES

Just over half of companies (56%) responding to the survey reported the clarity of SBTi resources as good or very good and 13% rated them bad or very bad.

Nearly two-thirds (64%) of survey respondents found the level of data required manageable or very manageable, and a quarter (26%) found it somewhat or very difficult. Companies provided qualitative feedback, with the majority of feedback relating to technical challenges in validation. In addition, the quantitative data shows that perceived barriers to target setting are that scope 3 is too much of a challenge (54%) and that there are too many technological unknowns in the future (53%).

Although not reflected in the quantitative survey data, several companies that did not submit their targets in the relevant timeframe, including some from the aviation (airline) sector, reported a lack of sector guidance as a reason for not conforming with the deadline for submission.

" "

It is quite hard for non-experts to decode exactly what is required.
Anonymized company feedback

" "

They are not designed to be accessible to average companies.
Anonymized company feedback

" "

Supplier engagement programs take time to build, more time to result in supplier action, and even more time for results to show up in actual emission reductions. It would be helpful if SBTi could learn from experiences, evolve standards, recognize efforts, and encourage companies to stay on the journey.
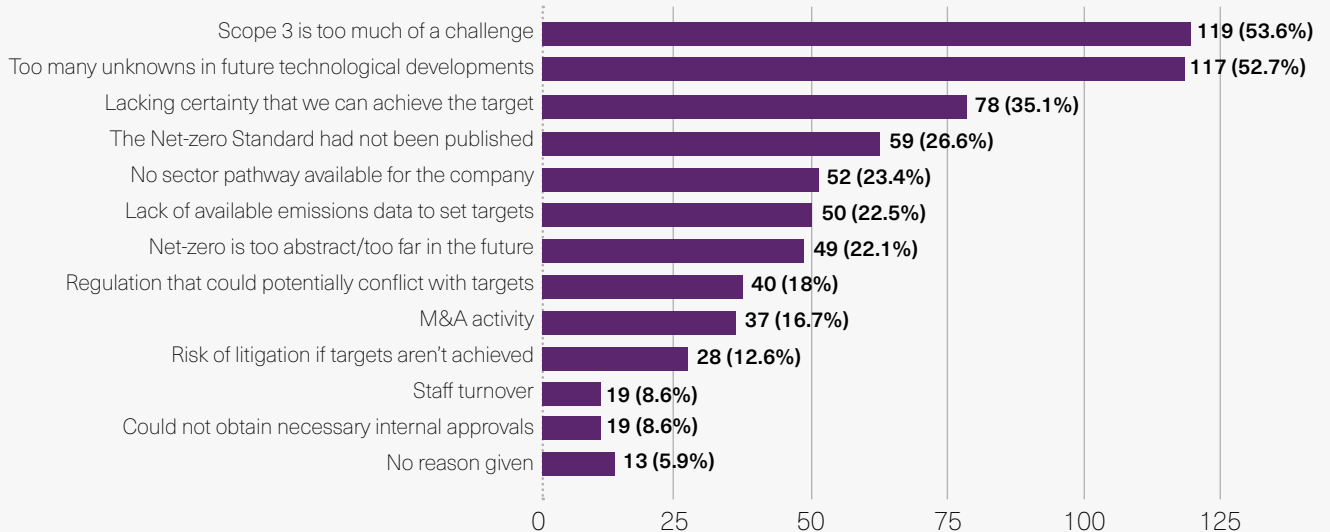Anonymized company feedback

" "

Too many global changes related to sustainability in the same timeframe pulled resources to regulatory compliance rather than target setting.
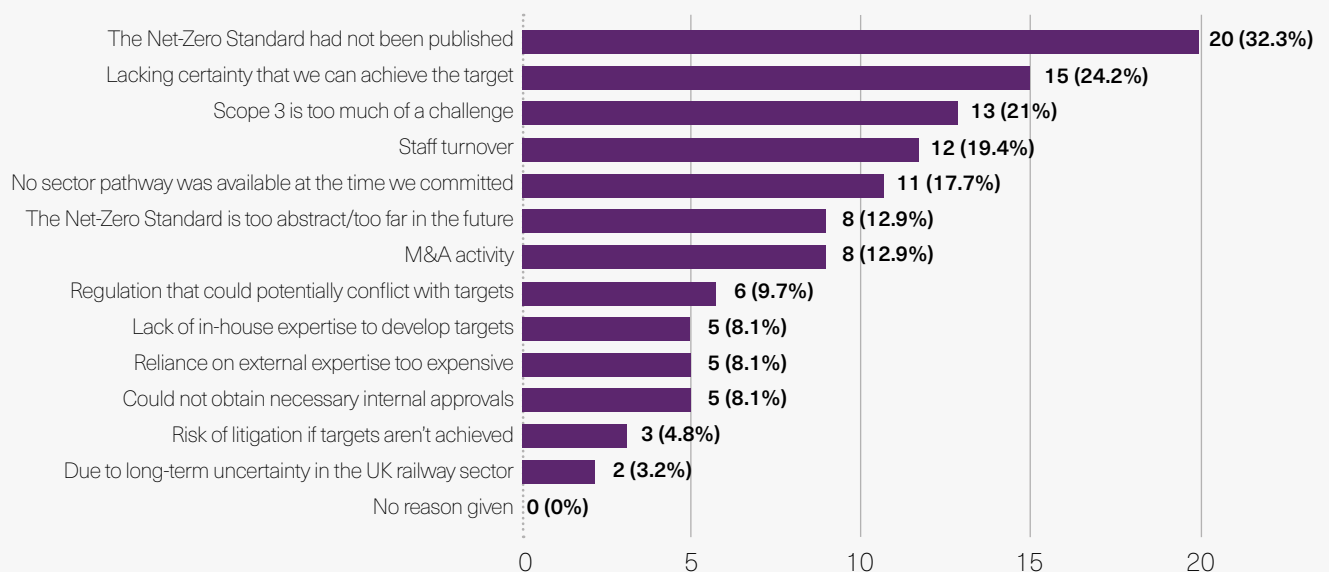Anonymized company feedback

ALL COMPANIES

Regardless of your company's SBTi status, please select any barriers faced in setting net-zero targets.
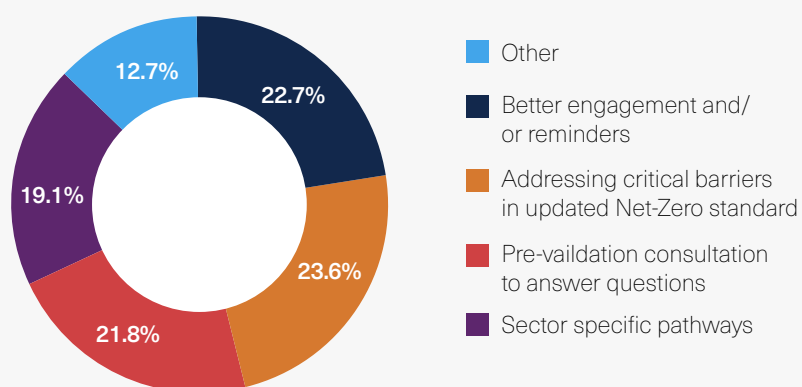
Barrier	Count (%)
Scope 3 is too much of a challenge	119 (53.6%)
Too many unknowns in future technological developments	117 (52.7%)
Lacking certainty that we can achieve the target	78 (35.1%)
The Net-zero Standard had not been published	59 (26.6%)
No sector pathway available for the company	52 (23.4%)
Lack of available emissions data to set targets	50 (22.5%)
Net-zero is too abstract/too far in the future	49 (22.1%)
Regulation that could potentially conflict with targets	40 (18%)
M&A activity	37 (16.7%)
Risk of litigation if targets aren't achieved	28 (12.6%)
Staff turnover	19 (8.6%)
Could not obtain necessary internal approvals	19 (8.6%)
No reason given	13 (5.9%)

COMPANIES THAT WERE BEEN UNABLE TO SUBMIT IN TIME

Reasons for not setting targets in the alotted commitment time frame

Reason	Count (%)
The Net-Zero Standard had not been published	20 (32.3%)
Lacking certainty that we can achieve the target	15 (24.2%)
Scope 3 is too much of a challenge	13 (21%)
Staff turnover	12 (19.4%)
No sector pathway was available at the time we committed	11 (17.7%)
The Net-Zero Standard is too abstract/too far in the future	8 (12.9%)
M&A activity	8 (12.9%)
Regulation that could potentially conflict with targets	6 (9.7%)
Lack of in-house expertise to develop targets	5 (8.1%)
Reliance on external expertise too expensive	5 (8.1%)
Could not obtain necessary internal approvals	5 (8.1%)
Risk of litigation if targets aren't achieved	3 (4.8%)
Due to long-term uncertainty in the UK railway sector	2 (3.2%)
No reason given	0 (0%)

COMPANIES WERE ALSO ASKED ABOUT SUPPORT THE SBTI COULD PROVIDE TO HELP THEM SET SCIENCE-BASED TARGETS IN THE FUTURE:

How could the SBTi support your continued journey towards setting science-based targets?

12.7% 22.7% 23.6% 21.8% 19.1%

- Other
- Better engagement and/ or reminders
- Addressing critical barriers in updated Net-Zero standard
- Pre-vaildation consultation to answer questions
- Sector specific pathways

Changing requirements

There was qualitative feedback from companies that they felt that the SBTi changed requirements over the course of the campaign, such as introducing a requirement for companies in specific land-intensive sectors or with more than 20% of total emissions from land-use to also set Forest, Land and Agriculture (FLAG) targets. The introduction FLAG requirements have been challenging for some companies, however retailers went on to successfully set targets at the highest rates (see sector analysis).

> " "
> Although knowing that you need to keep on improving and updating standards and guidelines to best available insights, I have the feeling that this is going too fast and it feels like the rules are changed "during the game".
>
> Anonymized company feedback
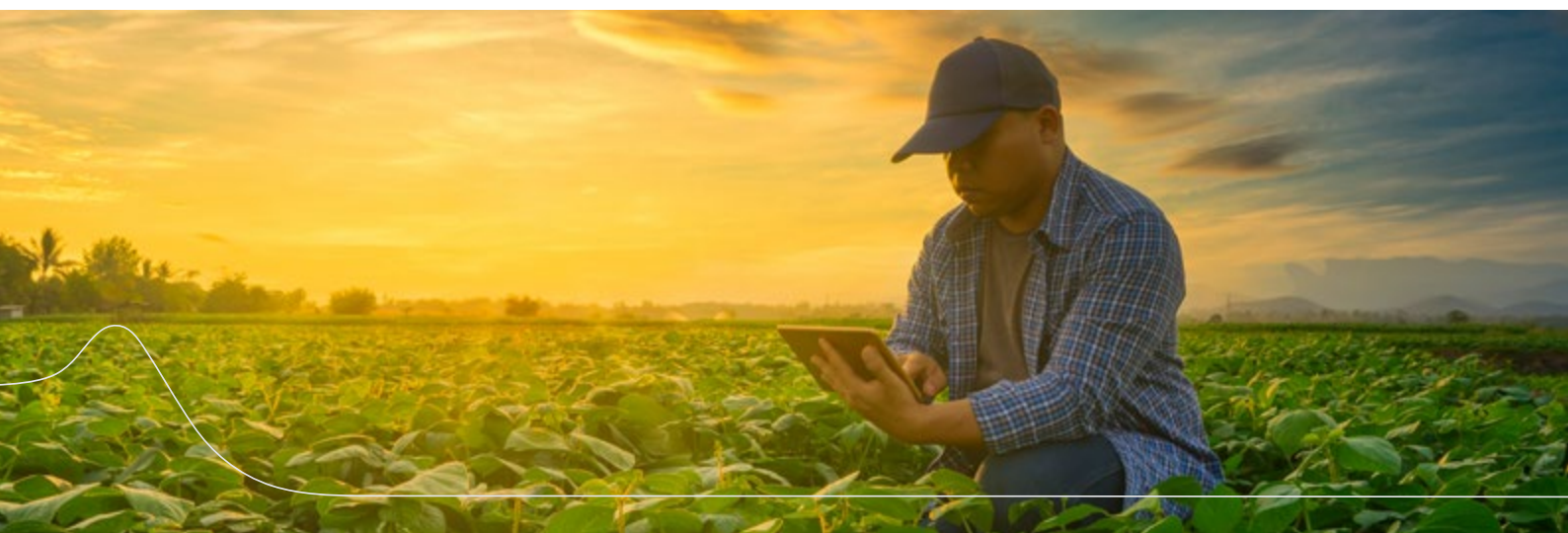
KEY LEARNINGS AND RECOMMENDATIONS

1

THE BUSINESS AMBITION FOR 1.5°C CAMPAIGN WAS POWERFUL, BUT SCIENCE-BASED NET-ZERO TARGET-SETTING IS STILL NOT A MATURE PRACTICE

The campaign was successful in encouraging science-based target setting, with the majority (84%) of participants doing so. The adoption of science-based net-zero targets was not on the same scale as near-term target-setting, with only 60% of (351 of 590) participants having set net-zero targets or are in the validation process.

There are many factors that can explain this: firstly, short-term target setting is a practice that is well established in the corporate sector, whereas net-zero is a relatively new concept that became prominent in the business sector after the release of the IPCC Special Report on 1.5°C in 2018. Secondly, while short-term targets align more closely with business planning cycles, relatively few companies have long-term business and sustainability strategies.

While a larger number of companies committed to reach net-zero emissions, a smaller subset of companies submitted targets for validation in line with the SBTi Corporate Net-Zero Standard, published in October 2021, after these commitments were made. This shows the strong demand that existed for a science-based net-zero standard, but also highlights that net-zero target-setting is still a more novel practice.

Finally, the results show that relatively few companies are ready to adopt long-term deep decarbonization targets for their value chain (scope 3), which could be due to too many unknowns in the future and/or doubts about their ability to meet their targets.

The SBTi will consider learnings from this campaign as part of the planned revision of the SBTi Corporate Net-Zero Standard. The revision of the SBTi Corporate Net-Zero Standard will be conducted in consultation with companies, academia and civil society following robust standard-setting processes.
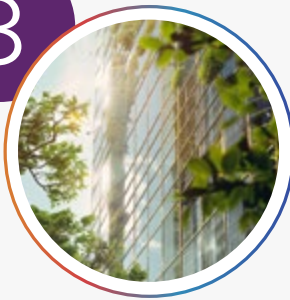
COMPANIES' MOTIVATIONS FOR SETTING TARGETS

Many companies joined the campaign to show leadership and catalyze meaningful action. Motivating internal company stakeholders and responding to company customer expectations were also among the highest motivators for companies to set targets.

Looking forward, the SBTi will consider how it can harness company motivation in encouraging more companies to not only commit to and actually set targets and have them validated, but also to publicly report on their targets and upgrade them as required. Furthermore, the SBTi should consider how to engage with businesses to communicate the impact of having science-based targets within their companies, sectors, value chains and areas of operations.

THE IMPORTANCE OF COMMITMENTS

Despite the range of challenges companies faced in setting targets after publicly committing to do so, the Commitment phase, though not required to set targets, appears to be a powerful motivator for companies to set science-based near-term and net-zero targets. The Commitment intervention itself was valued by virtually all companies surveyed. This phase – which is not exclusive to the campaign and can be utilized by any corporate or financial institution wishing to set science-based targets – provides companies with a set period of time from making a commitment to setting a target, which they had to adhere to. If they fail to set a target within the specified time, they face being marked as "Commitment Removed" on the Target Dashboard. The SBTi thinks that the end of campaign deadline may have motivated the 9% of submissions in the final three months to January 2024.

However, the SBTi also received feedback from companies about their frustration of having their commitment shown as "Commitment Removed" on the Dashboard. Some companies called for an exemption from being marked in this way due to not being aware that their deadline was approaching because of reasons beyond their control (e.g, staff or management turn over). The SBTi sent companies multiple alerts of the approaching deadlines for submissions, which caused an increase in rates of submission in the last three months of the campaign. Furthermore, we also offered companies an opportunity to give feedback through a form as a way for us to learn why they had not submitted targets in time.

The feedback received from companies will feed into the revision of the Corporate Net-Zero Standard and the learnings from the Commitment in the campaign will inform the role and function they play within companies in setting targets, including issues faced and support needed in delivering them on time.

4 THE ROLE OF COMPANY ENGAGEMENT, SUPPORT AND COMMUNICATIONS

Communication was mentioned more than 23 times in the qualitative feedback from companies. Some expressed frustration with the level of communication during the campaign, reporting losing track of commitments because of company staff turnover or mergers.

As stated previously, 9% of companies that committed to set targets during the campaign submitted these targets during the three months before the 31 January 2024 deadline. While this could be attributed to the factors already outlined, there could be a correlation between the relatively high frequency of communications and engagement with companies in these final months of the campaign.

The learning here is that some companies could require support, engagement and guidance, to help them to prepare for submitting targets and not just when their timelines to do so are expiring.

Additionally, the SBTi should take into account qualitative feedback from companies regarding the wait times and the amount of time needed to have targets validated, including the difficulty of knowing who to contact to get one-on-one support during the validation process.

CONFUSING OPTIONS AND COMMUNICATIONS

5

Companies participating in the campaign were offered two options against which to set targets. While the reasons behind this are clear (including the fact that the Corporate Net-Zero Standard was, at the time, yet to be launched) and offering more than one option was likely to have catalyzed action on both near-term targets and net-zero targets, it appears to have presented serious challenges for some companies that claim they did not fully understand their commitments. Perhaps the voluntary nature of having a Commitment and the requirements to set targets within strict timelines fueled the confusion. In addition, having companies make a choice about which campaign option to go for (near-term and net-zero), rather than giving them one option further confuses the process.

The SBTi notes that explanatory documents might have helped companies better understand their commitments and dates by when their target submissions were due. Commitments play an important role and moving forward it may be useful for the SBTi to further review the Commitment step and provide the needed guidance. The revision of the Corporate Net-Zero Standard should factor in learnings from the campaign and the role Commitments play and the support needed by companies to set and submit targets for validation.

6

NEED TO MINIMIZE VALIDATION WAIT TIMES

While it was not borne out in the quantitative data, the high proportion of mentions of validation waiting times among survey respondents who chose to provide additional feedback demonstrates the continued frustration from some companies in this regard. A lot has been done to halve the time it takes for companies to have their targets validated; more can be done to further reduce this.

The SBTi will continue its progress in reducing wait times, while at the same time publicly explaining the validation process and diligent assessments undertaken and levels of decision making followed to render a validation determination. In addition, it could be useful to know the number of requests for support validation received from companies and the support provided on an annual basis. The SBTi Impact Department should also consider providing an annual list of the number of requests for support made to the SBTi by companies, the type of request and services rendered on an annual basis.

GEOGRAPHICAL SUPPORT

7

A few companies provided feedback requesting greater regional support, meaning support from SBTi staff based in and/or with more specialist knowledge of the locations in which they are based. While the highest growth in science-based targets in 2022 was in Asia, it remains the case that the Global North is over-represented with regard to target-setting, while many regions in the Global South have lower levels of uptake.

The SBTi could consider how it may be able to increase adoption among companies in the Global South. This may include further geographical representation of the SBTi in these regions, translation of standards and documentation into different languages, capacity building, and exploring regional differentiation in SBTi standards. While the SBTi is and/or will be hiring staff in these areas in its Technical Department, additional locations and specific southern regional knowledge is needed. Furthermore, external translation agencies should be engaged to make more SBTi materials available in multiple languages. Standards and their accompanying documents should be made available in various languages for them to be accessible.

8 SECTOR-SPECIFIC STANDARDS AND GUIDANCE

Based on feedback received, the level of preparedness and ability to develop accurate near-term and net-zero targets appears to vary widely across sectors. It is likely that in some cases the lack of 1.5°C-aligned sector-specific guidance presented barriers (real and perceived) to greater uptake during the campaign.

While the SBTi announced its list for development of sector-specific standards for key sectors in January 2024 , it should provide a rationale for this selection and prioritization so companies in other sectors can understand the perceived delays. The SBTi must recognize the need to expand its sector-specific standards as a matter of urgency, while recognizing the current barriers to greater speed in this area, including the availability of more granular pathways for different sectors of the economy, as well as availability of resources from a formal standard-setting background. Furthermore, more public communication is needed on the current process being undertaken by the SBTi to formalize its standard setting procedures and decision-making, including how these impact past generations of the SBTi standardized instruments, guidance and/or pathways.

CLARITY OF GUIDANCE 9

More than half of companies reported that that they found the SBTi's technical guidance clear, but 14% did not. This was particularly the case for transportation emissions and Forests, Land, and Agriculture (FLAG) targets. Companies also reported that they wanted more consistent and clear information on criteria.

With the number of companies setting science-based targets continuing to grow, it is likely that this need for clear, easy-to-understand guidance and information will also increase, as demand for targets shifts from first movers to the mass market. This is challenging given the technical nature of the information and the diverse range of stakeholders that it serves, including limits to current knowledge.

It is recommended that the SBTi recognize and accommodate the need for different levels and types of information and explanation when developing future guidance linked to both its standards and validation criteria. Explanatory documents and standard operating procedures should be developed and made publicly available in multiple languages.

10 STAKEHOLDER ENGAGEMENT IN STANDARDS DEVELOPMENT

From feedback received, companies shared a desire for greater involvement in the standard development and consultation process. Companies play a critical role in the real-world operationalization of decarbonization targets and their experience and knowledge could inform the development of standards that will serve the companies of the future. Furthermore, feedback indicated that there needs to be continuous improvement mechanisms with corrective actions, mitigating against the pass/fail type of approach to standard-based validation.

Formally involving diverse stakeholders, including companies, in the standard development and revisions process is currently being developed through two mechanisms: the development and roll-out of the Standard Operating Procedure (SOP) for Development of SBTi Standards, which includes public consultations and pilots as integral parts of standards development, as well as the continuation of the use of multi-stakeholder Expert Advisory Groups (EAG) and the development of a stakeholder mapping and engagement strategy. However, it is essential that these developments and infrastructure are backed by clear, transparent communications and engagement, so that companies – as well as NGOs, civil society organizations and other groups – understand how they can contribute to standards development. The revision of the Corporate Net-Zero Standard could incorporate a continuous improvement process to enable corrections and adjustments, thus enabling a key role for companies in their own corrections, which are then subject to the validation services approvals.

EVOLVING REQUIREMENTS   11

At least five companies expressed frustration that the SBTi had changed requirements with regard to its practice of updating or amending requirements or criteria to increase ambition as the science changes.

The SBTi has factored this input into its scheduling and since the decision-making on normative changes are subject to the Standard Operating Procedure for Development of SBTi Standards, updates will be more regularized. Furthermore, like other standard-setters, the SBTi will develop its standard suspension policy, as well as its exception policy which could be useful in providing more organized and timely changes. However, the SBTi will need better planning to communicate changes in good time to give companies setting targets sufficient notice to make any necessary changes.

SCOPE 3

Scope 3 was mentioned frequently in the qualitative feedback and was ranked as the top barrier to setting net-zero targets.

As part of the revision of the SBTi Corporate Net-Zero Standard, the SBTi is exploring the challenges around scope 3 accounting and target-setting. It is currently exploring options to address these challenges and to effectively drive value-chain transformation consistent with the global climate goals.

CONCLUSIONS

THE BUSINESS AMBITION FOR 1.5°C CAMPAIGN ACHIEVED ITS OBJECTIVE OF GALVANIZING MANY OF THE WORLD'S MOST INFLUENTIAL COMPANIES TO SET 1.5°C NEAR-TERM AND/OR NET-ZERO TARGETS.

More than 1000 companies joined the campaign, sending a clear message that the private sector is a critical and capable actor in the fight against climate change, and setting an ambitious bar for others to follow. The leadership demonstrated by these early movers may have encouraged more companies to set science-based targets and contributed to the initiative's growth.

The campaign also provided key learnings on how the initiative can both work and engage better with stakeholders, and do so more formally to drive decarbonization through a standard-based, validation scheme. It primarily illustrated that while near-term action works for companies setting these targets, net-zero remains a key challenge. Additionally, it showed the type and quality of support needed by companies after they have voluntarily committed to set targets. Specifically, the needs highlighted included robust standards and technical guidance to enable businesses to understand by how much and at what pace they need to decarbonize and the importance of minimizing wait times for their target validation. Feedback from companies and other stakeholders is already being implemented to change how Commitment information is reflected in the SBTi Target Dashboard.

The learnings highlighted by various types of entities, including civil society organizations, as the campaign matured, and formally captured through the end of campaign surveys and feedback forms provided to companies have already promoted changes at the SBTi for its next phase of development. We have been preparing for a major scale-up of our operation at the SBTi, announced in September 2023, to develop a broader range of trusted, credible emissions reduction standards and increase capacity for validating companies' targets, while aiming for the highest level of service excellence for companies and financial institutions.

Furthermore, the SBTi has already taken several steps to reinforce its governance: demerging from its founding partners to become an independent entity, appointing a Board of Trustees and separating its standard-setting and validation services. It has established an independent Technical Council which considers and approves SBTi's normative standard documents and, to enable impartial decision making at the Technical Council, the SBTi has developed Conflict of Interest and Conflict of Loyalty policies and a Principles for the Codes of Conduct.

In addition, we will soon call for and establish an Independent Validation Council. This body will oversee the governance of the target validation work and approve its standard operating procedures for conformity assessments in compliance to SBTi standards and related instruments, including monitoring and resolving issues of fairness, quality of client services and conformity assessments and compliance to data protection, rights to privacy and other regulatory matters.

Learnings from the campaign as well as from inputs from the wider ecosystem and companies as part of a formal process will inform a major revision of the Corporate Net-Zero Standard in 2025. This update will incorporate the latest climate data and will also consider how progress against targets is tracked through consultations and pilots.

Reaching net-zero will require collaborative efforts to transform the global economy, transcending company boundaries, sectors and supply chains - it will affect all companies and all people. It will require big calls to action like the Business Ambition for 1.5°C campaign to spur collective corporate action, however, the SBTi will now do this through trusted standard-setting processes and expanded target validation services.

The completion of the Business Ambition for 1.5°C campaign is by no means the completion of the movement for a 1.5°C aligned future - rather it is just the beginning. A net-zero future is a multi-generational effort to secure lives and livelihoods, the legacy for which we are building the foundations today. We call on all companies to take science-based climate action, including by accelerating the adoption of the SBTi standards without delay, to join the shift towards net-zero for people and planet.

APPENDIX: METHODOLOGY

This campaign evaluation report analyzes SBTi proprietary data, aggregated, anonymized and analyzed for the purposes of this report.

SBTi growth sets were used for contextual data and company and campaign data was drawn from the SBTi Target Dashboard. Of the original 1045 companies that joined the Business Ambition for 1.5°C campaign, 971 were analyzed for this report, omitting companies that withdrew or were unable to submit targets for technical reasons. After the campaign was closed in October 2021, companies could still become Business Ambition companies, use the logo and be entered automatically into Race to Zero. Companies entered after the official campaign end are not considered in this report.

To assess the views of companies participating in the campaign, the SBTi conducted a survey of participants from 1 February 2024 to 22 February 2024, 239 of which responded.

The companies which did not complete their target submissions within the allotted timeframe (before 31 January 2024) were also provided a separate feedback form, of which some of the data and qualitative insights are used in this report.

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DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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