
Technical note on science-based targets

CDP Climate Change Questionnaire



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Please note that the deadline to submit targets to the Science Based Targets initiative to be considered for Leadership points for CDP's 2021 climate change questionnaire is **23:59 UTC-12 May 15, 2021**¹.

Version

Version	Revision date	Revision summary
1.0	February, 2017	First published version
2.0	March 15, 2018	Updated with most recent SBTi-related information and 2018 CDP climate change questionnaire information/timeline.
3.0	February 28, 2019	Updated with most recent SBTi-related information and 2019 CDP climate change questionnaire information/timeline.
4.0	March 31, 2020	Updated with most recent SBTi-related information and 2020 CDP climate change questionnaire and scoring methodology information/timeline.
4.1	April 14, 2020	SBTi submission deadline updated and links to the 2020 CDP climate change scoring methodology added.
5.0	April 9, 2021	Updated with most recent SBTi-related information and 2021 CDP climate change questionnaire and scoring methodology information/timeline.
5.1	May 27, 2021	Updated with most recent 2021 scoring criteria

¹ Please note that from May 1st to July 31st, due to limited capacity, the SBTi can only guarantee the assessment of one submission per company during this period. Additional submissions per company during this period will be assessed as possible on a first come, first served basis.

1. Introduction

1.1. About this document

This technical note provides guidance on science-based greenhouse gas emissions reduction targets in CDP's 2021 climate change questionnaire. This document is supplemental to the [CDP climate change reporting guidance](#), [CDP climate change scoring methodology](#), and [Science Based Targets initiative Call to Action Guidelines](#), which should be also be reviewed before responding. If companies have any questions, comments or suggestions about the content of this document they can contact their CDP account manager or e-mail info@sciencebasedtargets.org.

1.2. The need for science-based targets

Science-based targets (SBTs) provide companies with a clearly defined pathway that specifies how much and how quickly they need to reduce their greenhouse gas emissions. The Paris Agreement in 2015 saw nearly 200 of the world's governments commit to prevent dangerous climate change by limiting global warming to well-below 2°C above pre-industrial levels. This signaled an acceleration in the transition to a low carbon economy. Many companies are already demonstrating they have the skills, expertise and ingenuity to make this a reality - but need ambitious emissions reduction targets that ensure the transformational action they take is aligned with what current climate science says is needed for the transition to a net-zero economy.

1.3. Science-based targets in CDP's 2021 climate change questionnaire

CDP recognizes that science-based targets represent best practices in target setting and is incentivizing/rewarding their adoption through scoring. Companies demonstrating climate action and leadership in this regard are recognized for their efforts. The [Science Based Targets initiative](#), of which CDP is a partner, champions science-based target setting as a powerful way of boosting companies' competitive advantage in the transition to the low-carbon economy. CDP is committed to contribute to the SBTi's vision that science-based target setting will become standard business practice. The CDP questionnaire is a critical component of two strategic pillars of the initiative - institutionalizing the adoption of science-based emission reduction targets and creating a critical mass of companies with SBTs.

2. Reporting SBTs to CDP

This section addresses best practices for reporting SBTs to CDP.

Which approved SBTs should companies include in their CDP disclosures?

Companies with approved SBTs can publicly report their emissions inventory and targets to CDP to fulfill the annual reporting criterion for approved SBTs. If a company does so, it should report all approved SBTs in its CDP disclosure to fulfill the reporting criterion.

How should companies report SBTs?

To fully ensure companies receive leadership points for reported SBTs, all identifying target details should match the SBTs approved by the SBTi: scope(s) and category(ies) covered, base year, target year, target value, target type (absolute, intensity, renewable electricity, supplier engagement). For example, an absolute reduction target should be reported in C4.1a and not in other sections of the questionnaire. Companies should be sure to report the base year covered emissions or base year intensity corresponding only to the emissions covered by the target.

I am a company with an approved Scope 3 SBT. Do I need to report this target in my CDP disclosure?

Yes – to fulfill the reporting criterion for SBTi-approved targets through CDP disclosure, companies should report all approved SBTs in their CDP disclosures. The SBTi validation service does not currently classify the ambition of Scope 3 targets, so in most cases companies should select “Other, please specify” in the Target ambition field. However, if your company is a member of the Business Ambition for 1.5°C campaign and has selected Option 1, its commitment includes setting 1.5°C-aligned Scope 3 targets. The campaign currently considers Scope 3 targets to be 1.5°C-aligned when the targets result in a linear annual reduction of at least 4.2% over the target timeframe. In these cases, please select “1.5°C aligned” in the Target ambition field for the relevant target(s).

Does recalculation of a target base year inventory affect how companies should report?

CDP reserves the right to perform due diligence to ensure that reported targets correspond to approved SBTs. This may include verifying that the base year covered emissions or emissions intensity matches the base year emissions data submitted to the SBTi during target validation. Companies should be sure that the target reported to CDP matches the publicly reported and SBTi-approved target(s). We encourage companies to note reasons for discrepancies in target details, including base year covered emissions or emissions intensity, in the “Please explain” field for the affected target(s).

Can I report a combined scope science-based target as the disaggregated portions of the target, or report more than one science-based targets as a combined scope target?

Companies should report SBTs at the level of disaggregation communicated in the approved target language on the SBTi website. For example, a company with an SBT covering Scope 1 + 2 and an SBT covering Scope 3 should report two targets in their CDP disclosure and should not combine the two into a single target. Additionally, companies with approved SBTs covering Scope 1 + 2 + 3 should report the Scope 1 + 2 portion and the Scope 3 portion in addition to the combined target. Optionally, companies may additionally report targets at an even greater level of disaggregation (e.g., report an SBT covering Scope 1 + 2 and optionally report the Scope 1 portion and Scope 2 portion).

How should companies report net-zero targets?

Net zero targets may be reported in C4.2c, which is a new question in the 2021 Climate Change Questionnaire. Because the SBTi net-zero criteria are in development and no net-zero targets have yet been approved by the SBTi under these criteria, this year companies should **not** select “Yes, and this target has been approved by the Science-Based Targets initiative” under “Is this a science-based target?”

Companies are encouraged to join Business Ambition for 1.5°C. By joining the campaign and selecting Option 2 in the commitment letter, companies formalize their commitment to reaching net-zero emissions. Companies can find out more and join on the [SBTi website](#).

3. How science-based targets are scored in the 2021 Climate Change Questionnaire

Science-based targets will be scored in questions C4.1a and C4.1b for 1) Disclosure and Awareness level points 2) Management points and 3) Leadership points. All companies, regardless of sector, are eligible to earn full points in each level of scoring.

3.1. Disclosure and Awareness level points

Disclosure and Awareness points can be obtained by answering the column “Is this a science-based target?” in C4.1a and C4.1b. Companies may report multiple targets in the tables in C4.1a and, C4.1b, and select different dropdown options for each target. Please note that the sum of all responses to “Is this a science-based target?” can only receive a maximum of 1 Awareness point in total.

Dropdown options	Disclosure points	Awareness points
Yes, this target has been approved as science-based by the Science Based Targets initiative	1	1
Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative	1	1
No, but we are reporting another target that is science-based	1	1
No, but we anticipate setting one in the next 2 years	1	1
No, and we do not anticipate setting one in the next 2 years	1	0

Guidance on selecting the appropriate dropdown option is described below. This technical note provides more details than the CDP climate change reporting guidance.

▼ Yes, this target has been approved as science-based by the Science Based Targets initiative

- Companies are very strongly encouraged to have their targets *officially* validated by the Science Based Targets initiative (SBTi). CDP considers targets approved by the initiative to reflect best practices in science-based target setting. Please select this option only if the target has been officially approved by the SBTi by July 28, 2021. This includes current company targets that were approved for previous CDP climate change questionnaires.

▼ Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative

- Companies may self-validate their target as being science-based. Examples of targets that fall under this description include: Scope 1 and 2 targets unofficially approved by the SBTi, targets currently in the SBTi validation process, or any other instances where the company asserts the target is science-based though it has not been officially approved by the SBTi. Companies should use the “Comment” column to explain why they have stated that their target is science-based.
- Companies that have science-based Scope 1 and 2 targets but do not have an approved Scope 3 target can earn awareness points. These include companies that are part of sectors the SBTi is currently unable to validate due to the lack of sector-specific Scope 3 guidance

(i.e. oil and gas companies). Please note that the SBTi cannot assess companies who have activities in their value chain related to fossil fuels (involved in sale or distribution) if these activities represent more than 50% of their revenue until the GHG reduction requirements for these companies are clarified under the SBTi's ongoing oil & gas sector development. These companies should report their Scope 1 and 2 targets on separate rows from their Scope 3 targets and select this dropdown option for Scopes 1 and 2.

▼ No, but we are reporting another target that is science-based

- Another target (absolute or intensity-based) disclosed in C4.1a or C4.1b is science-based (at least one of the first two options above should be selected for another target).

▼ No, but we anticipate setting one in the next 2 years

- Though not required, it is highly recommended that the company publicly communicate their commitment by signing the [SBTi commitment letter](#). Companies have two years to set and have their targets officially approved from when they sign the letter.

▼ No, and we do not anticipate setting one in the next 2 years

- The company has no plans to set a science-based target in the next 2 years.

3.2. Management level points

Management level points can be obtained through either two routes:

- SBTi Route:** If targets are submitted to the Science Based Targets initiative for an official validation by 23:59 UTC-12 on **May 15, 2021**, and are approved, the target will be eligible for points along this route.
- CDP route:** Management points can be obtained with information disclosed in the question C4.1a and C4.1b in the climate change questionnaire. Please consult the [2021 Climate Change Scoring Methodology](#) for more information.

3.3. Leadership level points

Science-based targets can also earn up to 3 Leadership level points, equivalent to 11.2% of a company's final Leadership level score, through either of the two routes below.

- SBTi Route:** If targets are submitted to the Science Based Targets initiative for an **official validation** by 23:59 UTC-12 on **May 15, 2021**, and are approved, they may be eligible for Leadership points on the SBTi route. The additional criteria required to be met in order to obtain the full 3 Leadership points on the SBTi route can be found in the [CDP 2021 Climate Change Scoring Methodology](#). Targets that received Leadership points in the 2020 scoring cycle **may** also be eligible for points if they meet the additional Leadership criteria newly introduced in 2021. **Targets disclosed in 2020 must be redisclosed in 2021, and these targets must be consistently reported across the two years.**
- CDP Route:** Leadership points can be obtained with information disclosed in **question C4.1a only**. These targets are not necessarily considered science based. Please consult the CDP 2021 Climate Change Scoring Methodology for more information. Please note criteria for Financial services, Oil & Gas and Electric utilities may differ from the General criteria. Absolute targets will be assessed cumulatively for Leadership points. Only targets that have achieved at least 8 Disclosure points will be considered.

The table below outlines the differences between these routes for the General methodology. For more information on the SBTi criteria, in particular on their accompanying recommendations, please refer to the [SBTi criteria and recommendations](#).

Topic	SBTi criteria <i>If the target is officially approved by the SBTi, 3 leadership points are awarded.</i>	CDP criteria <i>If all the below are met, 2 leadership points are awarded. If all except the criteria marked with an * are met, 1.5 leadership points are awarded.</i>
Boundary	<ul style="list-style-type: none"> • <u>C1 - Scopes</u>: The targets must cover company-wide Scope 1 and Scope 2 emissions, as defined by the GHG Protocol Corporate Standard. • <u>C2 - Significance thresholds</u>: Companies may exclude up to 5% of Scope 1 and Scope 2 emissions combined in their inventory and target. • <u>C3 - Greenhouse gases</u>: The targets must cover all relevant GHGs as required per the GHG Protocol Corporate Standard. • <u>C4 - Bioenergy accounting</u>: Direct emissions from the combustion of biomass and biofuels, as well as GHG removals associated with biogenic sources, must be included along with the company's inventory and target boundary when setting a science-based target and when reporting progress against that target. 	<ul style="list-style-type: none"> • Targets must cover both Scope 1 and 2 emissions. • The "Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)" is 95% or higher of both Scope 1+2 emissions
Timeframe	<ul style="list-style-type: none"> • <u>C5 - Base and target years</u>: All targets must cover a minimum of 5 years and a maximum of 15 years from the date the target is submitted to the SBTi for an official validation.² • <u>C6 - Progress to date</u>: Targets that have already been achieved by the date they are submitted to the SBTi are not acceptable. 	<ul style="list-style-type: none"> • Has a medium time frame ("Target year" is between 5 and 15 more than the "Year target was set" inclusive). • Has a long time frame ("Target year" is after 15 years more than the "Year target was set") • To be eligible for Leadership points multiple targets must be reported to cover both the medium- and long-term time frames.
Ambition	<ul style="list-style-type: none"> • <u>C7 - Level of ambition</u>: At a minimum, the target will be consistent with the level of decarbonization required to keep global temperature increase to well-below 2°C compared to pre-industrial temperatures, though we encourage companies to pursue greater efforts towards a 1.5°C trajectory. • <u>C8 - Absolute vs. intensity</u>: Intensity targets are only eligible when they lead to absolute emission reduction targets in line with climate scenarios for keeping global warming to well-below 2°C or when they are modelled using an approved sector pathway or method approved 	<ul style="list-style-type: none"> • The targets meet at least a 2.1% year-on-year emissions reduction between base year and target year. • Please see Appendix in section 6 for more information on year-on-year vs. linear reductions.

¹ For targets submitted for an official validation from January to June 2021 the valid target years are 2025-2035 inclusive. Those submitted in from July to December 2021 must have target years between 2026 and 2036.

Topic	SBTi criteria <i>If the target is officially approved by the SBTi, 3 leadership points are awarded.</i>	CDP criteria <i>If all the below are met, 2 leadership points are awarded. If all except the criteria marked with an * are met, 1.5 leadership points are awarded.</i>
	by the Science Based Targets initiative (e.g. the Sectoral Decarbonization Approach).	
Scope 3	<ul style="list-style-type: none"> • <u>C13 - Requirement to have a Scope 3 target:</u> Companies must complete a Scope 3 screening for all relevant Scope 3 categories in order to determine their significance as per the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. If a company's Scope 3 emissions are at least 40% of total Scope 1, 2, and 3 emissions, a Scope 3 target is required. • <u>C14 – Boundary:</u> The Scope 3 target boundary must include the majority of value chain emissions i.e. 2/3 of total Scope 3 emissions. • <u>C15 – Timeframe:</u> Emission reduction targets must cover a minimum of 5 years and a maximum of 15 years from the date the company's target is submitted to the SBTi for an official validation. • <u>C16 - Ambition:</u> Scope 3 targets should clearly demonstrate how the company is addressing the main sources of GHG and are consistent with the level of decarbonization required to keep global temperature increase below 2°C compared to preindustrial temperatures. • <u>C16.1 Supplier engagement targets:</u> Company targets to drive the adoption of science-based emission reduction targets by their suppliers are considered acceptable if companies commit that suppliers covering at least 2/3 of Scope 3 emissions will set Scope 1+2 science-based targets within 5 years. • <u>C17 – Fossil fuel product-use emissions:</u> All companies involved in the distribution of natural gas or other fossil fuel products shall set Scope 3 targets for the use of sold products. 	<ul style="list-style-type: none"> • A target for the category 'Scope 3 (upstream & downstream)', covering at least 67% of reported emissions in relevant Scope 3 categories is reported* • Full Disclosure points have been awarded in question C6.5*
Reporting	<ul style="list-style-type: none"> • <u>C18 - Frequency:</u> The company will publicly report its company-wide GHG emissions inventory and progress against their targets on an annual basis. 	<ul style="list-style-type: none"> • The target shall be disclosed in the CDP questionnaire. • 'Company-wide' is selected in column 'Target coverage'

3.3.1. Advantages of obtaining target leadership points through the SBTi route

Companies are very strongly encouraged to have their targets officially validated by the Science Based targets initiative to obtain their target Leadership points. Science-based targets are aligned with climate science and backed by four well-known NGOs: CDP, World Resources Institute (WRI), World Wide Fund for Nature (WWF), and the United Nations Global Compact (UNGC). In addition, the SBTi communications team ensures that the company gets the recognition it deserves for demonstrating proactive planning and leadership.

3.3.2. Sectors that are currently unable to be officially approved by the SBTi

The Science Based Targets initiative cannot officially approve targets submitted by companies in certain sectors in which further methodological development is required to validate the level of ambition of a target against a well-below 2°C decarbonization trajectory. These sectors have significant Scope 3 emissions; however, there is currently no sector-specific guidance for these emissions. This includes oil & gas companies (with exploration/production activities), in addition to companies who derive more than 50% of their revenue from activities in their value chain related to fossil fuels (involved in sale or distribution).

Companies in these sectors are welcome to commit to setting a target and align their Scope 1 and 2 targets with SBT methods until guidance is available. Companies in these sectors are also encouraged to refer to the [Sector Development Framework](#) to learn about ongoing sectoral development work and to contact the initiative to learn about opportunities to engage in these methodology development efforts.

In terms of CDP scoring, note that these (and all) companies may still earn Disclosure, Awareness, Management and Leadership points via the CDP route (see section 3.1, 3.2 and 3.3 of this Technical Note).

4. Steps to set science-based targets and have them approved for CDP scoring

The following section is a step-by-step guide on how to obtain points with science-based targets in the 2021 CDP climate change questionnaire. This information is specific to CDP SBT scoring and is supplemental to the [SBTi Call to Action Guidelines](#), which should be also be reviewed before responding.

The following steps do not apply to small and medium-sized enterprises (SMEs), defined as non-subsidiary, independent companies with fewer than 500 employees. There is a streamlined target-setting process available to these entities. SMEs should complete and submit the [SME Target-Setting Letter](#) by 23:59 UTC-12 May 15, 2021.

4.1. Step 1. Commit to setting a science-based target (optional)

Companies have the option of signing a commitment letter to set a science-based target within two years. This is recommended but not required when responding to “Is this a science-based target?” in C4.1a and C4.1b with the dropdown option “No, but we anticipate setting one in the next 2 years” (see section 3.1 above for more details). To learn about the benefits of committing, please see Step 1 of the [SBTi Call to Action Guidelines](#).

4.2. Step 2. Develop a science-based target

Please see the [SBTi Call to Action Guidelines](#) section “Step 2. Develop a Target” for guidance and resources.

4.3. Step 3. Submit target to the Science Based Targets initiative for an official validation

To count for scoring in CDP’s 2021 climate change questionnaire, companies must submit their targets to the SBTi for an [official validation](#) by 23:59 UTC-12 May 15, 2021.

To submit targets for an official validation:

- ▼ Companies must fill out the [target submission form](#) and send it to targets@sciencebasedtargets.org by the relevant deadlines. Version 4 of the form is the recommended version, although target submitted using Version 3 may be accepted.
- ▼ Companies must be sure to request an “Official” in Section 1.3 of the submission form.
- ▼ Companies must fill out the form as clearly, completely and accurately as possible. Any information provided should be directly related to what is being asked. Missing, inaccurate or disorganized information may cause significant delays in the review process and may result in the assessment not being recognized for scoring in the CDP questionnaire.

4.4. Step 4. Target is validated by the SBTi

Please note that during the period from May 1st to July 28th, due to limited capacity and high demand, the SBTi can only guarantee the assessment of one submission per company. Additional submissions per company during this period would be assessed on a first come, first served basis. The steps in the target validation process as they specifically pertain to **CDP scoring**, are outlined below. For further details on the process please see the [SBTi Call to Action Guidelines](#).

1. **Initial screening:** A member of the SBTi team will review the submission form to determine if any major fields have been left blank/are unclear. Certain [SBTi criteria](#) (i.e. boundary, timeframe, whether a Scope 3 screening was conducted and whether a Scope 3 target is set if required) will also be reviewed at this stage.

- ▼ **For CDP scoring**, if significant portions of the form are unclear or unanswered, or the criteria checked during this step are not met, then the target will not be considered for CDP Leadership points via the SBTi route.

2. **T&C signature & payment**: If the initial screening is met, the company will be asked to sign the Terms & Conditions and will receive an invoice with payment information after the signature process.
3. **Validation team assignment**: The SBTi will assign a validation team for the target which includes the Lead Reviewer (LR) from one of the initiative's technical partner organizations (CDP, WRI, or WWF) an Appointed Approver (AA, from a partner organization different from the LR's), who will review the assessment done by the Lead Reviewer. The Lead Reviewer will be the main point of contact between the company and the SBTi during the desk review. Teams are assigned in a way that ensures that any real or perceived conflicts of interest are avoided. Note that if the company had submitted an unofficial or official validation previously, the same LR and AA will be assigned, if possible.
4. **Desk review**: The Lead Reviewer will thoroughly assess the accuracy, relevance, completeness, consistency, and transparency of the information provided by the company in the submission form and any accompanying documents. If any information is missing or unclear, a query will be sent to the company's technical contact listed on the submission form. The company shall respond to the query using the table where the query is stated and send it back to the SBTi.
 - ▼ Queries may be sent to the company throughout the target validation process if further information or clarifications are needed to complete the process. In order to ensure that validations are conducted in a timely manner (under 30 business days as per the new service timeline) companies are requested to respond to queries within two business days. If the company takes more than two business days to provide the missing information for each query or hasn't provided sufficient information to assess the targets, the company will be moved to the back of the queue of pending target validations and cannot guarantee a 30 day business timeframe. The SBTi technical team will endeavour to finalize all target validations in time for 2021 CDP scoring, but due to limited capacity and the high number of target validations submitted for CDP scoring, companies that don't respond to the queries on time will be assessed only after all other targets submitted for CDP scoring have gone through the validation process.

Once all necessary information has been collected, the Lead Reviewer will evaluate the company's target against the SBTi criteria and fill out a target validation report summarizing his/her justifications for deeming the criteria met or unmet.

5. **Appointed Approver review**: Once the Lead Reviewer has completed the desk review, he/she sends the validation report to the Appointed Approver who reviews the Lead Reviewer's assessment and also completes the target validation report, confirming that all validation criteria have been assessed. If needed, the LR may contact the company with additional questions. Once the LR and AA come to an agreement on their recommendations, the Lead Reviewer sends the report for discussion within the Technical Working Group.
 6. **TVT and TWG discussion and approval**: The LR submits the target validation report for discussion to the SBTi's TVT and TWG. If needed, the LR may ask the company for further information. Once all comments from the TVT and the TWG are addressed, the LR forwards the recommendations for final sign-off on the validation outcome. On specific cases where the validation process is particularly complex, the target discussion will be escalated to the Steering Committee for appraisal and final sign-off on the validation outcome.
- Once all comments/questions by TWG members raised during the review period are addressed, the LR forwards the recommendations for final sign-off on the validation outcome.
7. **SC approval (if needed)**: For specific cases where the validation process is particularly complex,

a Steering Committee Member (SCM) will be assigned for appraisal and final sign-off on the validation outcome. The SBTi's Steering Committee is comprised of management level technical experts from each of the partner organizations.

8. Communicating decisions and feedback: Once there is consensus on the target validation decision, the LR writes a target validation report and a final decision letter (for official validations) or a feedback letter (for preliminary validations). For approved targets, the LR must communicate with the company to agree on target language that will be used for publication.

Once the initiative's partners are in agreement, a final decision official letter (for official validations) will be sent to the company from targets@sciencebasedtargets.org.

If approved, the letter will include the wording of the target to be made public as agreed upon by the SBTi and the company.

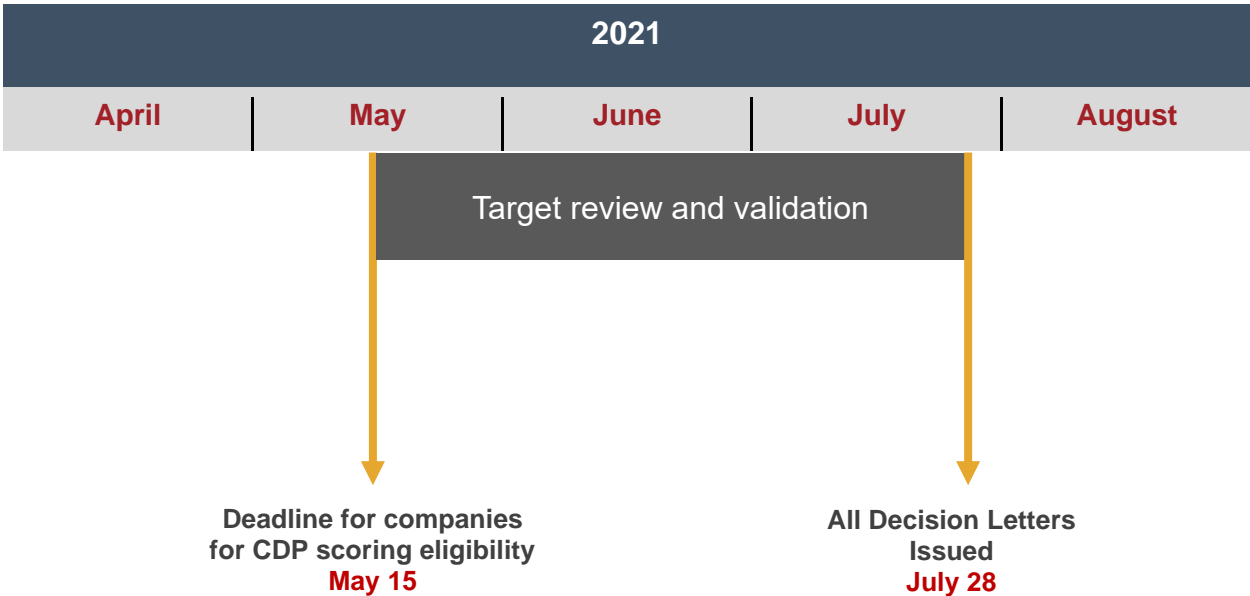
Targets that do not meet the criteria: If one or more of the criteria have not been met, a decision letter will be sent to the company indicating which criteria and why. Companies may also avail of up to 60 min of feedback conversations with a technical expert from the SBTi for each assessment if requested; these feedback conversations may happen within the 15 business days after the decision or feedback letter is sent.

- ▼ **For CDP scoring**, all companies will receive a decision letter by July 28th, 2021 so companies can include this in their CDP questionnaire response.
- ▼ **For CDP scoring**, please note that companies may still be eligible for CDP leadership points via the CDP route even if their targets were not approved by the SBTi. In addition, companies may still have their targets validated by the SBTi at a later date and count for CDP scoring in 2022.
- ▼ Companies that submit targets for CDP scoring may receive a letter from the SBTi stating that their targets weren't approved due to lack of information (steps 1 and 4 above). This may happen in cases where the company didn't submit enough information for the SBTi team to assess the target against the criteria or the company didn't respond on time to a request for information or clarification from the SBTi team. In these cases, companies can still have their targets validated by the initiative after July 28, 2021 if they submit the required information, but that decision will not count for 2021 CDP scoring.

4.5. Key dates for CDP Climate Change Questionnaire 2021

<u>23:59 UTC-12 on May 15, 2021</u>	Deadline to submit targets for an official validation in order to count for CDP scoring 2021
<u>July 28, 2021</u>	All companies who submitted targets for official validation will receive a decision letter by this date

Figure 1. Key dates for CDP Climate Change Questionnaire 2021



5. Answers to frequently asked questions

Where can I find additional resources related to the SBTi, setting science-based targets and GHG accounting?

Please refer to the [SBTi Call to Action Guidelines](#) Appendix for resources on all these topics.

Where can I find resources related to science-based targets scoring CDP's 2021 Climate Change Questionnaire?

See questions C4.1a and C4.1b in the resources below:

[CDP's 2021 climate change questionnaire](#)

[CDP's 2021 climate change scoring methodology](#)

[CDP's 2021 climate change reporting guidance](#)

Why is CDP using information outside of the questionnaire (i.e., taking into consideration companies that have passed the SBTi target validation) for scoring?

CDP considers the Science Based Targets initiative as the authority on setting and assessing targets in line with climate science. Scoring of CDP's 2021 climate change questionnaire will account for companies who have had targets submitted by May 15, 2021 and approved by the initiative. Targets that did not pass the SBTi's review process or that have not been submitted for review prior to the deadline will still be evaluated using information disclosed in CDP's questionnaire and can still qualify for target Leadership points (see [CDP's 2021 climate change scoring methodology](#) for more details).

Why do the criteria to earn Leadership points through the SBTi and the CDP route differ?

CDP aims to minimize the reporting burden on companies, in part by reducing changes to the questionnaire from year to year. At the same time, CDP must collect enough information to assess the appropriateness of thousands of company targets. The questions in the CDP climate change questionnaire balance the dynamics of these two contrasting principles. As a result, CDP is unable to collect the type and amount of information necessary to determine if a target is science-based. This reflects a difference in the applications of best practices rather than the principles behind the best practices themselves.

Why don't intensity targets qualify for CDP leadership through the information provided in the CDP questionnaire?

Intensity targets submitted by the deadline for an official validation and approved by the SBTi will receive Leadership points (see [CDP's 2021 climate change scoring methodology](#) for more details). Due to the complexities of assessing the ambition and appropriateness of intensity targets, intensity targets are not able to be evaluated for CDP Leadership points.

Are Scope 3 targets assessed for Leadership points via the CDP route?

No. Due to the complexities of Scope 3 accounting, the CDP questionnaire is not able to capture the full suite of relevant information to properly assess Scope 3 targets at this time.

I am an oil & gas company or an electric utility with significant revenue from oil & gas activities. Can my targets be validated as science-based? Am I eligible for Leadership points in the targets section of CDP's climate change questionnaire?

There are currently no sector-specific approved pathways to determine if the Scope 3 targets of these sectors are science based. Oil & gas companies with exploration and production activities cannot be officially approved by the SBTi. Companies in these sectors and all other sectors can still qualify for Leadership points via the CDP route by having science-based Scope 1 and 2 targets (see section 3.1 of this technical note).

Are targets that qualify for leadership through the CDP questionnaire but haven't passed the SBTi official validation considered science-based targets?

CDP only considers companies whose targets have been formally assessed through the SBTi official target validation as science based.

Are combined scopes acceptable to obtain leadership points? For example, a combined Scope target where there is a 30% absolute emissions reduction applied to Scopes 1+2 combined from 2010 to 2030, the 30% reduction can come from Scope 1 and/or 2 and there is no individual target for each scope.

Combined Scope target (e.g., Scopes 1 + 2, Scopes 1, 2, + 3) are acceptable for both routes. For the CDP questionnaire route, the 2.1% absolute reduction must apply to each Scope if the targets communicate the Scopes separately. For combined targets, the 2.1% absolute reduction applies to both Scopes combined.

Why does the CDP route ambition criterion require at least a 2.1% average year-on-year absolute emissions reduction between base year and target year for both mid- and long-term targets together?

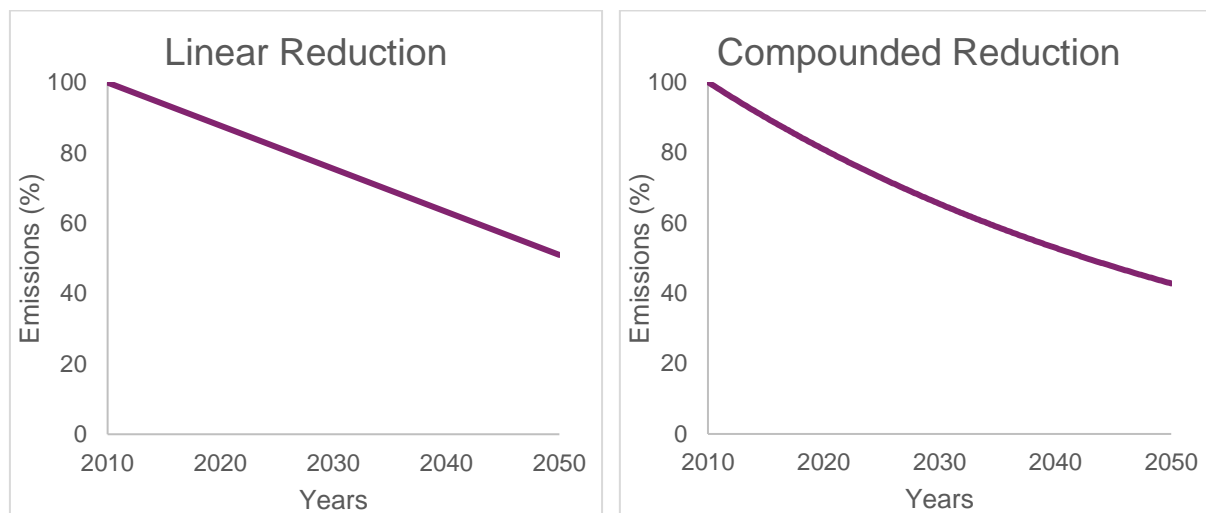
The IPCC AR5 emissions scenario RCP 2.6 indicates that emissions in 2050 decrease from 49 to 72% relative to 2010. As such, 2.1% represents a mid-point between 49 and 72%. For more information on IPCC emission scenarios please refer to the [IPCC AR5 Working Group 3 Report, Chapter 6](#). The company's reduction is aggressive enough if its 'Targeted % reduction from the base year' stated in C4.1a is greater than $1 - (1 - 0.021)^{(\text{Target end year} - \text{Target base year})}$. Please note that CDP is asking for a year-on-year reduction and this pathway differs slightly from the Linear Approach, which assumes a linear reduction pathway. See the Appendix of this technical note for more information.

How and when will companies receive a decision from the SBTi on the validation results?

The SBTi will send a decision letter by e-mail to the contact listed on the target submission form. If the target is not approved, the letter will state where it has not met the eligibility criteria. Companies should expect to receive this information by July 28, 2021.

6. Appendix

6.1. Linear vs. Compounded Reductions



The SBTi assumes a linear emission reduction trajectory from the base to the target year when assessing companies against Absolute Contraction Approach. The methods employed to determine the minimum ambition thresholds are detailed in the SBTi's [Foundations of Science-based Target Setting](#). In order to determine a science-based reduction rate, a scenario envelope is constructed and the full range of slopes for a representative target-setting timespan, specified as 2020-2035, is considered valid. The minimum annual linear reduction rates aligned with 1.5°C and WB-2°C are 4.2% and 2.5%, respectively.

When the SBTi uses the Absolute Contraction Approach to assess the target's level of ambition, it is sufficient if:

$$\frac{\text{Company \% reduction}}{(\text{target year} - \text{base year})} \geq 2.5\%$$

Note that the SBTi has specific requirements for certain sectors in terms of ambition. A more detailed summary can be found in Appendix 5.2. below.

CDP uses a compounded reduction rate in its calculations, which is more conservative since it results in less cumulative emissions. The company must reduce its absolute emissions at least 2.1% year-on-year between the base year and the latest target year. Individually, the mid-term and long-term targets do not have to meet the 2.1% average annual reduction, but they do have to meet the 2.1% reduction taken together. For example, if one of the targets is less aggressive than 2.1% it must be compensated by the other being proportionally more aggressive (accounting for each target's timeframe).

The target's level of ambition is sufficient if:

$$\text{Company \% reduction from base to target year} \geq 1 - (1 - 0.021)^{(\text{target year} - \text{base year})} \%$$

6.2. SBTi's ambition requirements by sector

The table below explains the specific sector requirements the SBTi has in terms of ambition. In general, if an absolute target is submitted for validation and it is in line with the Absolute Contraction Approach and/or with the SDA, it will be considered sufficiently ambitious. However, for certain sectors where no sector-specific methodology is available or where these two methods lead to very different targets in terms of ambition, the targets might have to be in line with only one of the methods as indicated below. Sector classifications can be found in the [SDA methodology](#) Appendix VI.

The SBTi is actively developing target-setting guidance and pathways for several sectors not in this table. This table reflects the finalized sectoral pathways available at the time of publication, but companies should refer to the [sector guidance page](#) of the SBTi website for the latest information.

Sectors	Sufficient ambition if in line with
<ul style="list-style-type: none"> Iron and steel Cement Aluminum Pulp and paper Services/commercial buildings 	<ul style="list-style-type: none"> Sectoral Decarbonization Approach and/or Absolute Contraction
<ul style="list-style-type: none"> Chemicals and petrochemicals Agriculture, forestry and other land use Residential buildings 	<ul style="list-style-type: none"> Absolute Contraction
<ul style="list-style-type: none"> Power generation 	<ul style="list-style-type: none"> Sectoral Decarbonization Approach
<ul style="list-style-type: none"> Freight and Passenger transport - light road vehicles, heavy duty vehicles, and rail 	<ul style="list-style-type: none"> Sectoral Decarbonization Approach – Transport tool and/or Absolute Contraction
<ul style="list-style-type: none"> Auto manufacturers (for Scopes 1&2) 	<ul style="list-style-type: none"> Sectoral Decarbonization Approach – Auto manufacturers S1&2 tool and/or Absolute Contraction
<ul style="list-style-type: none"> Auto manufacturers (for Scope 3) 	<ul style="list-style-type: none"> Sectoral Decarbonization Approach – Transport tool
<ul style="list-style-type: none"> Financial institutions 	<ul style="list-style-type: none"> Absolute Contraction (S1&2 only) Sectoral Decarbonization Approach, SBTi Portfolio Coverage Approach, and/or Temperature Rating Approach (S3 only)