SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi Criteria and Recommendations

TWG-INF-002 | Version 5.0

October 2021

sciencebasedtargets.org @ScienceTargets /science-based-targets info@sciencebasedtargets.org

Table of Contents

SBTi Criteria and Recommendations

TWG-INF-002 | Version 5.0 | October 2021

1. Introduction

All of the criteria listed below must be met in order for target(s) to be recognized by the Science Based Targets initiative (SBTi). In addition, companies must follow the GHG Protocol Corporate Standard, Scope 2 Guidance, and Corporate Value Chain (Scope 3) Accounting and Reporting Standard. SBTi recommendations are important for transparency and best practice, but are not required. These criteria apply only to companies that are not classified as financial institutions and Small and Medium Enterprises (SMEs). Financial institutions can set targets using the SBTi criteria and guidance for financial institutions. SMEs should use the streamlined process to set targets in line with climate science.

The Target Validation Protocol describes the underlying principles, process, and criteria followed to assess targets and to determine conformance with the SBTi Criteria. The SBTi strongly recommends that companies review Table 7 in the Target Validation Protocol that further details SBTi criteria compliance and non-compliance before commencing target development. Furthermore, SBTi Criteria and Recommendations Version 5.0 should be read in conjunction with the Target Validation Protocol.

While every effort is made to keep companies informed of the latest criteria and recommendations, the initiative reserves the right to make adjustments as needed to reflect the most recent emissions scenarios, partner organization policies, and greenhouse gas accounting practices.

The initiative also reserves the right to withdraw the validation of an approved target if it becomes apparent that incorrect information was communicated during the target validation process that results in any of the criteria existing during the assessment not being met, or if requirements following the approval of the target are not respected (i.e. target progress reporting and recalculations).

Unless otherwise noted (including specific sections), all criteria apply to scopes 1, 2, and 3.

2. Effective Dates of Updated Criteria

This criteria version 5.0 will be in effect as of July 15th, 2022. All submissions received by the SBTi prior to July 15th, 2022 can be assessed against criteria version 4.2 or 5.0. Criteria, recommendations and best practices denoted with an asterisk (*) are refinements and additions to clarifications of pre-existing criteria and recommendations.

3. Near-term Science-Based targets and Net-zero targets

Sections I through to VII set out the criteria specific for near-term target setting. Companies wishing to seek validation for near-term targets[1] only may still do so, but the SBTi encourages companies contemplating setting net-zero targets in the future to consider the implications of the formulation of their near-term targets for long-term target setting.

This document explains the criteria, which are requirements that companies must follow, and uses precise language to indicate requirements, recommendations, and allowable options that companies may choose to follow.

- The terms "shall" or "must" are used throughout this document to indicate what is required for targets to be in conformance with the criteria.
- The term "should" is used to indicate a recommendation, but not a requirement.
- The term "may" is used to indicate an option that is permissible or allowable.

[1] Near-term targets were previously termed mid-term targets.

I. GHG Emissions Inventory and Target Boundary

I.I Target boundary

Criteria

C1 — Organizational boundary: It is recommended that companies submit targets only at the parent- or group-level, not at the subsidiary level. Parent companies must include the emissions of all subsidiaries in their target submission, in accordance with boundary criteria above. In cases where both parent companies and subsidiaries submit targets[2], the parent company's target must also include the emissions of the subsidiary if it falls within the parent company's emissions boundary given the chosen inventory consolidation approach.

Recommendations and additional guidance

*R1 – Setting organizational boundaries: The SBTi recommends that a company's organizational boundary, as defined by the GHG Protocol Corporate Standard, is consistent with the organizational boundary used in the company's financial accounting and reporting procedures.

I.II GHG coverage

Criteria

C2 — Greenhouse gases: The targets must cover all relevant GHGs as required per the GHG Protocol Corporate Standard.

I.III Scope coverage

Criteria

C3 — Scope 1 and scope 2: The targets must cover company-wide scope 1 and scope 2 emissions, as defined by the GHG Protocol Corporate Standard.

*C4 — Requirement to have a scope 3 target: If a company's relevant scope 3 emissions are 40% or more of total scope 1, 2, and 3 emissions, a scope 3 target is required. All companies involved in the sale or distribution of natural gas and/or other fossil fuels shall set scope 3 targets for the use of sold products, irrespective of the share of these emissions compared to the total scope 1, 2, and 3 emissions of the company.

[2] This criterion applies only to subsidiaries. Brands, licensees, and/or specific regions or business divisions of a company will not be accepted as separate targets unless they fall outside of a parent company's chosen consolidation approach.

I.IV Emissions coverage

Criteria

C5 — Scope 1 and 2 significance thresholds: Companies may exclude up to 5% of scope 1 and scope 2 emissions combined in the boundary of the inventory and target.[3]

*C6 -– Scope 3 emissions coverage for near-term targets: Companies must set one or more emission reduction targets and/or supplier or customer engagement targets that collectively cover(s) at least two-thirds (67%) of total scope 3 emissions considering the minimum boundary of each scope 3 category in conformance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Recommendations and additional guidance

R2 – Targets covering optional scope 3 emissions: Targets to reduce scope 3 emissions that fall outside the minimum boundary[4] of scope 3 categories are not required, but are encouraged when these emissions are significant. This can include targets to influence the behavior of end-users (e.g. education campaigns) or to drive the adoption of science-based targets on customers (e.g. customer engagement targets). Companies may cover these emissions with a scope 3 target, but such targets cannot count towards the two-thirds threshold defined in C6 for scope 3 emissions (i.e., these targets are above and beyond the company's scope 3 targets). For reference, consult page 48 in the GHG Protocol Scope 3 Standard and the Target Validation Protocol for a list of products that generate direct and indirect use-phase emissions.

II. Method validity

Criteria

C7 — Method validity: Targets must be modelled using the latest version of methods and tools approved by the initiative. Targets modelled using previous versions of the tools or methods can only be submitted to the SBTi for validation within 6 months of the publication of the revised method or the publication of relevant sector-specific tools.

[3] Where a company's scope 1 or 2 emissions are deemed immaterial (i.e. under 5% of total combined scope 1 and 2 emissions), companies may set their SBT solely on the scope (either scope 1 or scope 2) that covers more than 95% of the total scope 1 and 2 emissions. The company must continue to report on both scopes and adjust their targets as needed, in accordance with the GHG Protocol's principle of completeness.
[4] For a definition of the minimum boundaries of scope 3 categories and emissions sources that fall outside the minimum boundaries, see Table 5.4 (page 35) of the Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

III. Emissions accounting requirements

Criteria

C8 — Scope 2 accounting approach: Companies shall disclose whether they are using a location- or market-based accounting approach as per the GHG Protocol Scope 2 Guidance to calculate base year emissions and to track performance against a science-based target. GHG Protocol requires measuring and reporting scope 2 emissions using both approaches. However, a single and consistent approach shall be used for setting and tracking progress toward a SBT (e.g., using location-based approach for both target setting and progress tracking).

*C9 – Scope 3 screening: Companies must complete a scope 3 inventory covering gross scope 3 emissions for all its emissions sources as set out as the minimum boundary[5] of each scope 3 category per the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

*C10 — Bioenergy accounting: CO2 emissions from the combustion, processing and distribution phase of bioenergy and the land use emissions and removals[6] associated with bioenergy feedstocks, shall be reported alongside a company's GHG inventory. Furthermore, CO2 emissions from the combustion, processing and distribution phase of bioenergy and the land use emissions and removals associated with bioenergy feedstocks shall be included in the target boundary when setting a science-based target (in scopes 1, 2, and/or 3, as relevant) and when reporting progress against that target.

Land-related emissions accounting shall include CO2 emissions from direct land use change (LUC) and non-LUC emissions, inclusive of N2O and CH4 emissions from land use management. Including emissions associated with indirect LUC is optional.

Companies are expected to adhere to any additional GHG Protocol Guidance on bioenergy accounting when released in order to maintain compliance with criterion 10.

C11 — Carbon credits: The use of carbon credits must not be counted as emission reductions toward the progress of companies' near-term science-based targets. Carbon credits may only be considered to be an option for neutralizing residual emissions (see Net-Zero C30) or to

[5] For a definition of the minimum boundaries of scope 3 categories and emissions sources that fall outside the minimum boundaries, see Table 5.4 (page 35) of the Corporate Value Chain (Scope 3) Accounting and Reporting Standard.
[6] The positive impact of exceeding zero emissions due to biogenic removals shall not be accounted for in a company's target formulation or as progress towards SBTs. In addition, removals that are not directly associated with bioenergy feedstock production are not accepted to count as progress towards SBTs or to net emissions in a company's GHG inventory.

finance additional climate mitigation beyond their science-based emission reduction targets (see Net-Zero R3).

C12 — Avoided emissions: Avoided emissions fall under a separate accounting system from corporate inventories and do not count toward science-based targets.

Recommendations and additional guidance

*R3 – Biofuel certification: The SBTi recommends that companies using or producing biofuel(s) for transport should support their bioenergy GHG accounting with recognized biofuel certification(s) to disclose that the data on land-related emissions and removals represents the relevant biofuel feedstock production.

*R4 — Bioenergy data reporting: The SBTi recommends that companies report direct biogenic CO2 emissions and removals from bioenergy separately. Emissions and removals of CO2 associated with bioenergy shall be reported as net emissions according to C10, at a minimum, but companies are encouraged to also report gross emissions and gross removals from bioenergy feedstocks.

IV. Target Formulation

IV.I Timeframe

Criteria

*C13 — Base and target years: Targets must cover a minimum of 5 years and a maximum of 10 years from the date the target is submitted to the SBTi for validation[7]. The choice of base year must be no earlier than 2015.

C14 — Progress to date: The minimum forward-looking ambition of targets is consistent with reaching net-zero by 2050, assuming a linear absolute reduction, linear intensity reduction, or intensity convergence between the most recent year and 2050 (not increasing absolute emissions or intensity).[8]

[7] For targets submitted for an official validation in the first half of 2022, the valid target years are 2026-2031 inclusive. For targets submitted in the second half of 2022, the valid target years are between 2027 and 2032 inclusive.
[8] For targets submitted for validation in 2022, the most recent inventory data submitted must be for 2019 at the earliest. Historically, the SBTi has only allowed two years prior as valid most recent year inventories, however, due to the COVID-19 pandemic, the SBTi will accept 2019 inventories in 2022.

Recommendations and additional guidance

R5 — Long-term target year: Targets that cover more than 10 years from the date of submission are considered long-term targets. Companies are encouraged to develop such long-term targets up to 2050 in addition to near-term targets required by C13 (see Net-Zero C17). At a minimum, long-term targets must be consistent with the level of decarbonization required to keep global temperature increase to 1.5°C compared to pre-industrial temperatures to be validated and recognized by the SBTi.

R6 — Consistency: It is recommended that companies use the same base years for all near-term targets.

V. Ambition

V.I Scope 1 and 2 near-term targets

Criteria

C15 — Level of ambition for scope 1 and 2 targets: At a minimum, scope 1 and scope 2 targets must be consistent with the level of decarbonization required to keep global temperature increase to 1.5°C compared to pre-industrial temperatures.

C16 — Absolute targets: Absolute reductions must be at least as ambitious as the minimum of the approved range of emissions scenarios consistent with the 1.5°C goal.

C17 — Intensity targets: Intensity targets for scope 1 and scope 2 emissions are only eligible when they are modelled using an approved 1.5°C sector pathway applicable to companies' business activities.

Recommendations and additional guidance

R7 — Choosing an approach: The SBTi recommends using the most ambitious decarbonization scenarios that lead to the earliest reductions and the least cumulative emissions.

V.II Scope 3 near-term targets

Criteria

*C18 — Level of ambition for scope 3 emissions reductions targets: At a minimum, near-term scope 3 targets (covering the entire value chain or individual scope 3 categories) must be aligned with methods consistent with the level of decarbonization required to keep global temperature increase well-below 2°C compared to pre-industrial temperatures.

C19 – Supplier or customer engagement targets: Near-term targets to drive the adoption of science-based emission reduction targets by their suppliers and/or customers are in conformance with SBTi criteria when the following conditions are met:

- Boundary: Companies may set engagement targets around relevant and credible upstream or downstream categories.
- Formulation: Companies shall provide information in the target language on what percentage of emissions from relevant upstream and/or downstream categories is covered by the engagement target or, if that information is not available, what percentage of annual procurement spend is covered by the target.[9]
- Timeframe: Companies' engagement targets must be fulfilled within a maximum of 5 years from the date the company's target is submitted to the SBTi for an official validation.[10]
- Level of ambition: The company's suppliers/customers shall have science-based emission reduction targets in line with SBTi resources.

Recommendations and additional guidance

*R8 –- Supplier engagement: Companies should recommend that their suppliers use the SBTi guidance and tools available to set science-based targets. SBTi validation of supplier science-based targets is recommended but not required. It is recommended that suppliers classified as small- and medium-sized enterprises (SMEs), submit targets through the SME streamlined route.

V.III Combined targets

Criteria

*C20 — Combined scope targets: Targets that combine scopes (e.g. 1+2 or 1+2+3) are permitted. When submitting combined targets, the scope 1+2 portion must be in line with at least a 1.5°C scenario and the scope 3 portion of the target must be in line with at least a well-below 2°C scenario. For sectors where minimum target ambition is further specified for companies' scope 3 activities, C24 supersedes C20.

[9] If measuring coverage by spend, the company should provide an estimate of the emissions coverage associated with that spend for validation purposes to demonstrate that criterion C6 has been met, by the supplier or customer target alone or together with other scope 3 target(s).

[10] For targets submitted for an official validation in the first half of 2022, the valid target years are up to 2026 inclusive. For those submitted in the second half of 2022, valid target years are up to 2027 inclusive.

V.IV Renewable electricity targets

Criteria

C21 — Renewable electricity: Targets to actively source renewable electricity at a rate that is consistent with 1.5°C scenarios are an acceptable alternative to scope 2 emission reduction targets. The SBTi has identified 80% renewable electricity procurement by 2025 and 100% by 2030 as thresholds (portion of renewable electricity over total electricity use) for this approach in line with the recommendations of RE100. Companies that already source electricity at or above these thresholds shall maintain or increase their use of renewable electricity to qualify.

Recommendations and additional guidance

R9 — Purchased heat and steam: For science-based target modelling purposes using the SDA, it is recommended that companies model purchased heat and steam related emissions as if they were part of their direct (i.e. scope 1) emissions.

*R10 — Efficiency considerations for target modelling: If companies are using a method that does not already embed efficiency gains for the specific sector, market, and the decarbonization projected for the power sector based on 1.5°C scenario, it is recommended that these factors be taken into account when modelling electricity-related scope 2 targets.

V.V Fossil fuel sales, distribution, and other business

Criteria

C22 — Fossil fuel sales or distribution: All companies involved in the sale or distribution of natural gas and/or other fossil fuels products shall set near-term and long-term scope 3 targets that are at a minimum consistent with the level of decarbonization required to keep global temperature increase to 1.5°C, irrespective of the share of these emissions compared to the total scope 1, 2, and 3 emissions of the company. Customer engagement targets as described in C19 are not eligible for this criterion. More guidance is detailed in C23 on the 50% revenue threshold for companies with fossil fuel activities.

C23 – Companies in the fossil fuel production business or with significant revenue from fossil fuel business lines: Companies involved in exploration, extraction, mining and/or production of oil, natural gas, coal as well as other fossil fuels cannot get their targets validated at this stage, irrespective of percentage revenue generated by these activities. Companies that derive 50% or more of their revenue from fossil fuels cannot have their targets validated at this time, and must follow the respective sector methodology once published.

VI. Sector specific guidance

Criteria

C24 — Requirements from sector-specific guidance: Companies must follow requirements for target setting and minimum ambition levels as indicated in relevant sector-specific methods and guidance at the latest, 6 months after the sector guidance publication. A list of the sector-specific guidance and requirements is available below, in the Target Validation Protocol, and the Corporate Manual.

VII. Reporting and recalculation

Criteria

C25 —Frequency: The company shall publicly report its company-wide GHG emissions inventory and progress against published targets on an annual basis.

C26 — Mandatory target recalculation: To ensure consistency with the most recent climate science and best practices, targets must be reviewed, and if necessary, recalculated and revalidated, at a minimum every 5 years. For companies with targets approved in 2020 or earlier, the latest year targets must be revalidated is 2025. Companies with an approved target that requires recalculation must follow the most recent applicable criteria at the time of resubmission.

C27 — Target validity: Companies with approved targets must announce their target publicly on the SBTi website within 6 months of the approval date. Targets unannounced after 6 months must go through the approval process again, unless a different publication time frame has been agreed in writing with the SBTi.

Recommendation and additional guidance

R11 — Where to disclose: There are no specific requirements regarding where the inventory and progress against published targets should be disclosed, as long as it is publicly available. The SBTi recommends disclosure through standardized, comparable data platforms such as CDP's climate change annual questionnaire, though annual reports, sustainability reports and the company's website are acceptable.

R12 — Triggered target recalculation: Targets should be recalculated, as needed, to reflect significant changes that could compromise relevance and consistency of the existing target. The following changes should trigger a target recalculation:

- Scope 3 emissions become 40% or more of aggregated scope 1, 2 and 3 emissions;

- Emissions of exclusions in the inventory or target boundary change significantly;
- Significant changes in company structure and activities (e.g. acquisitions, divestitures, mergers, insourcing or outsourcing, shifts in goods or service offerings);
- Significant adjustments to the base year inventory or changes in data to set targets such as growth projections (e.g. discovery of significant errors or a number of cumulative errors that are collectively significant);
- Other significant changes to projections/assumptions used in setting the science-based targets.

R13 — Validity of target projections: The SBTi recommends that companies check the validity of target-related projections on an annual basis. The company should notify the SBTi of any significant changes and report these major changes publicly, as relevant.

4. Sector-Specific Requirements

Sector-specific guidance and methods are currently available for many sectors. All new, sector-specific guidance that becomes available will be uploaded to the sector development page on the SBTi website. The SBTi has sector-specific requirements related to the use of target-setting methodologies and minimum ambition levels.

Sector	Scope 1 and 2	Scope 3	Guidance/Notes
All other sectors	Sufficient ambition if in line with the absolute contraction approach.	Ambition must be in line with criteria C20.	
Apparel and footwear	Sufficient ambition if in line with the absolute contraction approach.	Ambition must be in line with C20.	Companies across the apparel and footwear value chain should consult the Apparel and Footwear sector SBT guidance for detailed guidance on target setting.
Aviation	Sufficient ambition if in line with the absolute contraction approach or 1.5°C SDA pathway, when available.	Sufficient ambition if in line with the SDA Transport Tool or absolute contraction approach, aligned to the well-below 2°C pathway.	Aviation target formulation and communication must explicitly state that targets are exclusive of non-CO_2 factors. Aviation target formulation must include a footnote stating that non-CO_2 factors which may also contribute to aviation-induced warming are not included in this target and whether the company has publicly reported or commits to publicly report its non-CO2 impacts. Emissions inventory data and target boundary should be set on a Well-to-Wake basis - the sum of both scope 1 emissions from jet fuel combustion and scope 3 category 3 “fuel- and energy-related activities” emissions from upstream production and distribution of jet fuel.
Chemical	Sufficient ambition if in line with the absolute	Ambition must be in line with C20.	The chemical sector pathway in the SDA tool cannot be used at present. SBTi has launched an ongoing scoping

	contraction approach or 1.5°C SDA pathway, when available.		project to develop sector-specific methods, to guide chemical and petrochemical companies in setting ambitious targets and begin decarbonization. Companies that produce or sell fluoro gases (or products that use HFCs) must account for and report emissions during the use of these gases in cooling units/refrigerants or in industrial applications in their GHG inventory under scope 3 category 11 “use of sold products”. Companies must also account for and report HFC emissions associated with the disposal of products that use HFCs in scope 3 category 12 “end of life treatment of sold products”.
Financial Institutions	Sufficient ambition if in line with the Absolute contraction approach or relevant SDA pathways (e.g. Services/ Commercial buildings).	Sector-specific criteria and methods are available for financial institutions to align their investments and lending with Paris-aligned climate stabilization pathways.	The SBTi guidance for financial institutions outlines in detail the target setting requirements for setting both scope 1+2 and scope 3 targets for investment and lending activities. SBTi is developing separate guidance for private equity firms to set targets on their most relevant asset classes, using methods available in the SBTi finance guidance. The private equity guidance will be available in November 2021.
Fossil fuel exploration, extraction, mining and/or production	The SBTi is developing targets setting methods for oil & gas companies and cannot officially validate targets for this sector before the guidance is completed.	The SBTi is developing targets setting methods for oil & gas companies and cannot officially validate targets for this sector before the guidance is completed.	For the target validation by the SBTi, “Oil & Gas” includes, but is not limited to, integrated Oil & Gas companies, Integrated Gas companies, Exploration & Production Pure Players, Refining and Marketing Pure Players, Oil Products Distributors, Gas Distribution and Gas Retailers. The SBTi will assess companies on a case-by-case basis to determine sector

	Other companies that explore, extract, mine and/or produce coal or other fossil fuels cannot get their targets validated at this stage, irrespective of percentage revenue generated by these activities.	Other companies that explore, extract, mine and/or produce coal or other fossil fuels cannot officially validate targets at this stage, irrespective of the percentage revenue generated by these activities.	classification for SBTi validation purposes. Therefore, the SBTi reserves the right to not move forward with a company's validation, until methods / guidance have been developed / completed. About fossil fuel service companies: Service companies are defined as companies that support exploration, extraction, mining or production of fossil fuels, and other significant activities along the fossil fuels value chain, not covered by sale, transportation, or distribution category. The expectation is that such companies need to account for the indirect emissions related to the fossil fuels directly or indirectly managed by the company. Given the limitation of accounting standards and target setting methods for these sectors, the SBTi reserves the right to not move forward with a company's validation. The SBTi expects that the O&G sector guidance will help inform the rules for these. About fossil fuel assets: Companies that have dormant or active fossil fuel assets (e.g. coal mine, lignite mine, etc.) for extraction activities with commercial purposes (meaning sales), cannot officially validate targets at this stage, until further specific methods and guidance.

			The SBTi recommends companies to decommission fossil fuel assets, instead of divesting, as this approach better reflects the need to phase-out fossil fuels in our global economy, as science indicates is necessary. If a company completely decommissions/divests from fossil fuel assets, they will no longer be considered under these rules, and can submit targets as per standard route. The SBTi recommends companies to follow the GHG Protocol for base year recalculations.
Fossil Fuel Sale/Transmission/ Distribution* **This information is only applicable to companies that receive less than 50% of their revenue from fossil fuel sale, transmission, or distribution.*	N/A – follow guidance for the primary sector.	In addition to guidance for the primary sector, scope 3 targets must be set on scope 3 category 11 “use of sold products” using absolute emissions contraction or intensity targets in line with absolute contraction, aligned with at least 1.5°C ambition thresholds.	Targets must be set for category 11, irrespective of the share of these emissions compared to the total S1+S2+S3 emissions of the company. Separate scope 3 targets must be set in this case. About companies with more than 50% of their revenue from fossil fuel sale, transmission, or distribution: Companies with more than 50% of their revenue from fossil fuel sale, transmission, or distribution cannot officially validate targets at this stage. The SBTi expects that the O&G sector method and guidance will help inform the rules for companies in this situation.
Fossil fuel infrastructure/ services (dedicated vs non-dedicated)	Companies with non-dedicated infrastructure involved in the sale, transportation,	The following companies can get their scope 3 use of sold product (or use-phase emissions) target validated in	Dedicated infrastructure & services for these purposes is defined as infrastructure or services with unique characteristics (made for the sole purpose) to extract, process, manipulate or transport fossil fuels. In other words, all physical assets that the

	and/or distribution of fossil fuels (e.g. freight train companies that transport coal among other things, etc.) can have their targets validated as per normal standard. Companies with non-dedicated infrastructure/ services, with less than 50% revenue from fossil fuel activities (e.g. tech companies, consultancies, non-exclusive trading companies) can have their targets validated as per normal standard.	alignment with 1.5°C ambition thresholds (see also C20.2): -Companies with less than 50% revenue from sale, transportation, and/or distribution of fossil fuels with dedicated infrastructure (e.g. supermarkets that sell gas, utilities that transport natural gas, etc.) -Companies with more than 50% revenue from sale, transportation, and/or distribution of fossil fuels with non-dedicated infrastructure (exception for freight train companies or any others that are required by regulation to transport these goods) -Companies with non-dedicated infrastructure, with more than 50% revenue from fossil fuel activities (e.g.	company possesses for the sole purpose of supporting fossil fuel value chains, or specialized services. Assets that can be used interchangeably for other products or services are not considered dedicated infrastructure. Companies with more than 50% revenue from sale, transportation, and/or distribution of fossil fuel with dedicated infrastructure (e.g. utilities that transport natural gas etc.) cannot get their targets validated at this stage and should await further specific methods and guidance. Oil and gas services companies with dedicated infrastructure/services, regardless of revenue (e.g. exclusive trading companies) cannot get their targets validated at this stage and should await further specific methods and guidance.

		tech companies, non-exclusive trading companies)	
Information and communication technology providers	Sufficient ambition if in line with the Absolute contraction approach or if it meets the minimum requirements of the relevant 1.5°C ICT pathways.	Ambition must be in line with C20.	The SBTI guidance for ICT companies including mobile networks operators, fixed networks operators, and data centers operators outlines in detail the target setting requirements for setting scope 1+2 targets.
Industrial Sectors: Iron and Steel Cement Aluminium Pulp and Paper	Sufficient ambition if in line with available 1.5°C SDA pathway or absolute contraction approach.	Ambition must be in line with C20.	
Original Equipment Manufacturers (OEMs)/ Automakers	Sufficient ambition if in line with the absolute contraction approach.	Targets covering 'use of sold products' must meet the minimum level of ambition determined by the SDA Transport tool, covering Well-to-Wheel (WTW) emissions of sold vehicles, and aligned to the well-below 2°C pathway. Furthermore, targets covering 'use of sold products' must cover company-wide sales of new vehicles with no exclusions of	Tested vs Real emissions for OEMs original equipment manufacturers: Original equipment manufacturers must convert their base year emissions figures for the use-phase of their products into real emissions with the use of global standards (e.g., Worldwide Harmonized Light Vehicle Test Procedure - WLTP) when available. In the absence of a normalized test procedure for certain vehicle types, companies are invited to present and justify their own estimates/simulations based on fuel consumption-specific duty cycles to the SBTi.

		regions or road vehicle.	
Power Generation	The Sectoral Decarbonization Approach (SDA) power generation pathway defines the minimum forward-looking ambition the company must use to set targets. The timeframe and forward-looking ambition must be, at a minimum, aligned with the 1.5°C pathway. Companies operating in the power sector must adhere to the guidance for electric utilities	Ambition must be in line with C20	Based on the sector guidance for electric utilities, companies submitting targets in this sector with scope 3 emissions that represent 40% or more of overall emissions will be required to include an emissions reduction target covering all sold electricity (including purchased and resold electricity in scope 3 category 3), in addition to a target covering power generation in scope 1, for new target submissions. This target must use the SDA pathway and must be, at a minimum, aligned with a 1.5°C pathway.
Services/Commercial Buildings	Sufficient ambition if in line with available 1.5°C SDA pathway or absolute contraction approach.	Ambition must be in line with C20. Inclusion of emissions from use of sold products for architecture/design firms	Real Estate Investment Trusts (REITs) wishing to set targets must specify if they are a mortgage-based REIT or equity-based REIT. Equity REITs must pursue the regular target validation route for companies. Mortgage REITs must instead utilize the Financial Institutions guidance for setting SBTs.
Transport Services	Sufficient ambition if in line with the absolute contraction	Sufficient ambition if in line with the SDA Transport Tool or absolute contraction	Refer to the SBTi Transport guidance for a description of all transport sub-sectors covered by the SDA Transport

	approach or 1.5°C SDA pathway, when available.	approach, aligned to the well-below 2°C pathway.	tool and to learn about best practices in target-setting for transport activities. For companies in the maritime transport sector, please consult the SBTi transport resources for further information on sector-specific transport methodologies. Well-to-wheel boundary: For all transport-related emissions across all sectors, companies should report these emissions on a well-to-wheel (WTW) basis in their GHG inventory. Companies setting targets for transport-related emissions should cover well-to-wheel emissions in their target boundary to accurately capture emissions shifts between the tank-to-wheel (TTW) and the well-to-tank (WTT), for example, due to changes in power train technologies.

For the most up-to-date information on sector developments, please refer to the Sector Development page of the SBTi website.

5. Document History

Version	Change/update description	Date finalized	Effective Dates
1.0	Original version of Science Based Targets initiative Criteria and Recommendations	May 2015	May 2015 to April 16, 2017
2.0	Updated version of Criteria and Recommendations to reflect current best practice and latest experience.	February 24, 2017	From February 24, 2017
3.0	Updated version of Criteria and Recommendations to provide greater clarity and reflect current best practices.	May 23, 2018	From May 23, 2018
Guidance for 3.0	Supplementary guidance and clarifications to V3.0.	February 28, 2019	From May 23, 2018
4.0	Updated version of Criteria and Recommendations to reflect current developments of climate science and best practices. This version integrates clarifications to relevant criteria included in Guidance for 3.0.	April 17, 2019	From October 15, 2019
4.1	Updated version of Criteria and Recommendations to provide greater clarity and reflect current best practices.	April 15, 2020	From July 15, 2020
4.2	Updated version of the Criteria and Recommendations that includes minor wording changes to improve clarity in C4, C16-18, C23, and R10. No changes or updates to criteria content have been made. Additionally, the section on annual timeline of updates was removed as it was out of date, and sections 3 and 4 have been added from other SBTi resources to provide the information directly in this criteria document.	April 15, 2021	From April 15, 2021

5.0	Updated version of the Criteria and Recommendations that reflects current developments in climate science and best practices. This version integrates changes in alignment with SBTi's new strategy, including the integration of the Net-zero Standard.	October 27, 2021	From July 15, 2022