



# Net Zero Emissions

## 10 Key Takeaways

The Institute of Corporate Responsibility and Sustainability (ICRS) Ireland Hub in association with Davy Horizons hosted a practitioner-focused session to demystify Science Based Targets and Net Zero Emissions in the business world. In order to avoid the most catastrophic impacts of climate change, global warming must be limited to 1.5°C. The latest IPCC report published in August 2021, has reinforced the urgency to limit emissions flagging the current situation as a Code Red for Humanity. Our panelists, Amir Safaei, Manager of Climate Taxonomy in the Climate and Energy team at the World Business Council for Sustainable Development (WBCSD) and Olwen Smith, UK and Worldwide Regional Lead for Net Zero Campaigns at CDP gave us their thoughts on how organisations that are serious about tackling climate change are focusing on the one target that really matters- achieving Net Zero emissions by 2050.

### What does Net Zero emissions mean?

Put simply, Net Zero is when the volume of Greenhouse gasses (GHG's) produced in any one year, it can be removed from the atmosphere through either natural processes like trees or artificial carbon sinks.

### What is the 'New Normal' in setting SBT's?

In July of this year the Science Based Targets Initiative (SBTi) announced that they will be raising the minimum ambition for "near term" science-based targets from July 2022 onwards. Corporate targets will need to be aligned with this 1.5°C degree trajectory.

### What does this mean for business?

There are three key changes that will come into force for near-term criteria, impacting on business. The first is on the ambition level of Scope 1 and 2 targets, which is being raised from well below 2°C to 1°C. The second is on Scope 3 targets, where the ambition has been ratcheted up from a minimum level of 2°C to well below 2°C for Scope 3 near term targets. The final change is on the timeframe of near-term targets, companies must now set a science based target that is minimum five years and limited to a maximum of ten years.

### What is the WBCSD Carbon Transparency Partnership?

To support improved Scope 3 data, WBCSD have launched this network for exchange of confidential and secure emissions data across value chain actors.

### What is the Net Zero Corporate Standard?

The Net Zero Corporate Standard will provide much needed clarity and credibility to Net-zero claims amidst the current confusion and accusations of greenwashing in the corporate Net-Zero

landscape. The focus of the Net Zero standard will be on deep decarbonisation across all scopes and the standard will require companies to set near-term 1.5°C-aligned science-based targets

### **What are the key criteria organisations should focus on to have robust claims that they can Achieve in practice?**

**Trajectory:** Align level of ambition to the Paris Agreement, to the science and to regulation; timing must demonstrate tangible near term ambitions and interim goals.

**Governance:** Define clear roles & responsibilities; Disclose targets in transparent claims; Report on absolute and/or intensity metrics.

**Boundary and scope:** Include Scope 1 and 2 emissions as well as emissions from all material Scope 3 categories. Scope 3 needs to be more comprehensively addressed going forward.

**Internal reduction strategy:** Follow the abatement hierarchy, prioritizing direct emissions reductions.

**External reduction strategy:** Align the external strategies and high-quality standards.

### **What are Scope 3 emissions?**

Scope 3 emissions are from business activities, products and services not owned or controlled by the reporting organisation. For this reason, there can be data limitations for primary emissions data across the supply chain. Secondary estimates however can be used if they are credible and reliable.

### **How can organisations overcome scope 3 challenges?**

To overcome data challenges, verified primary data from tier one suppliers should be used in your Scope 3 calculation where available. If not estimates should be from fully verified Life Cycle Assessment databases and reliable sources, this will result in a more accurate number.

### **What is the CDP Science-Based Targets (SBT) Campaign with investors?**

Over 220 financial institutions whose collective assets are worth more than \$29.4 trillion sent a letter to over 1,600 companies warning that only science-based targets to reduce emissions will be deemed appropriate in the global drive to tackle the climate crisis. The recipient companies are directly responsible for more than 11.9 billion tonnes of GHG annually – more than the entire US and EU combined. The campaign offers CDP investor signatories the opportunity to play a key role in accelerating the adoption of science-based climate targets in the corporate sector, by collaboratively engaging companies on this matter.

### **What are the first steps for organisations who wish to set Science Based Targets?**

An organisation must measure their Scope 1,2, and 3 GHG emissions creating a full GHG inventory. They can then set meaningful reduction targets with a clear plan and accountability to meet and disclose them.

## **Contact us**

For further insights on how you can define your sustainable future please contact the Davy Horizons Team.

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