What is the initiative and what are its objectives?

Mind the Science, Mind the Gap aims to facilitate corporate adoption of voluntary GHG reduction pledges aligned with a low global emissions scenario leading to a maximum global average temperature increase of 2°C. The scientific community has called for action to reduce GHG emissions 20-40% by 2020 and up to 85% by 2050 to keep the planet below a 2°C temperature rise. World governments agreed at COP16 in Cancun in 2010 to keep global temperature increase below 2°C. The Mind the Science, Mind the Gap initiative addresses the key role played by corporations in successfully tackling this climate threat by limiting, and eventually curtailing GHG emissions. As part of this collaborative effort, including CDP, WRI, and WWF, we are developing a target-setting methodology to provide companies with a useful sector-specific, tool to align their GHG targets with emissions levels demanded by science.

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1 IPCC, 5th Assessment Report – Representative Concentration Pathway 2.6 (2014) [...]“stabilizing greenhouse gas levels at 445-490 ppm — the most ambitious target that was assessed — would require global CO₂ to peak by 2015 and to fall to 50-85 per cent of 2000 levels by 2050.”
What will be delivered by the initiative?

The initiative will deliver work over 4 phases:

1. Development of a methodology, guidance, and tool to set science-based targets;
2. Mind the Science, Mind the Gap report;
3. Outreach, implementation, and capacity building
4. Monitoring and reporting

The first phase has already begun with analysis of the current situation in terms of company science-based climate targets. This phase will introduce a sector-based method that incorporates physical indicators and compare it with value-added and other existing approaches. During this phase it is expected that many of the issues with the application of different methodologies will be raised, allowing a thorough discussion of key decisions points and differences between the methodologies. The first phase will end with the creation of a methodological guidance that will articulate why companies should set science based targets, the fundamental characteristics of those targets, how they can establish the target, and how to navigate the pitfalls of leading such an initiative internally within a company. The guidance will also present case studies of different approaches taken by leading companies. The first phase of the project will culminate with production of a tool for companies to establish science-based targets based on science and climate scenarios.
What is the timeline of this initiative?

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb – May 2014</td>
<td>Development of goal setting methodology</td>
<td>Final Draft of methodology completed</td>
</tr>
<tr>
<td>May 2014</td>
<td>Stakeholder Workshops in Washington DC and Europe</td>
<td>Feedback from Stakeholders incorporated into methodology</td>
</tr>
<tr>
<td>June 2014 – Sept 2014</td>
<td>Drafting of target setting guidance by WRI, CDP and WWF</td>
<td>Draft of target-setting guidance is released at UN Global Compact Summit</td>
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<tr>
<td>Oct 2014</td>
<td>Public stakeholder comment period</td>
<td>Incorporate feedback from stakeholders into guidance</td>
</tr>
<tr>
<td>Jan 2015</td>
<td>Publication of Target Setting Guidance</td>
<td>Guidance is available for companies to use</td>
</tr>
<tr>
<td>Sept 2014 – Dec 2015</td>
<td>Corporate Engagement Strategy</td>
<td>A pool of companies commit to long term targets</td>
</tr>
<tr>
<td>Sept 2014 – Sept 2018</td>
<td>Reporting, Monitoring and Verifying</td>
<td>Over 100 companies use Target setting guidance and set targets for 2050</td>
</tr>
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</table>

Who is the audience for the Guidance on science-based climate targets?

The main audience is company decision makers and sustainability practitioners. Other audiences might also benefit from the publication such as consultants, policy makers, academics, environmental groups and the general public.

What are the expected outcomes of the initiative?

Within 1-2 years, following the stakeholder process and guidance publication, CDP will integrate the recommended target setting approaches into their Climate Change performance scoring methodology. Companies will be scored based on the level of ambition of their target. This rating approach will increase both the companies and their stakeholders’ awareness of reduction targets and provide added incentive to raise the ambition of GHG reduction targets.
By 2018 more than 100 multi-national companies will be setting targets based on the proposed methods and annually reporting their results to CDP. This initial set of companies will establish ambitious goal setting as best practice and influence other companies to follow suit, helping to facilitate and drive broader adoption by businesses worldwide.

**Which existing science-based methodologies are included?**

The initiative aims to acknowledge all existing methods for setting science based climate targets. Several target setting methodologies have already been developed and constitute the starting point for our work. To the best of our knowledge, existent methodologies or applications are:

- **GEVA (GHG emissions per value added)** developed by Jørgen Randers, a climate strategist from the Norwegian Business School (Randers, 2012). It uses value added as a measure, estimates future economic growth and uses a convergence approach based on intensity of emissions per value added. BT used this approach to set its climate targets.
- **C-FACT**, developed by Emma Stewart and Aniruddha Deodhar, at Autodesk, also based on value added (gross profits) and also proposing convergence to a calculated intensity in 2050, considering expected growth and a reduction of 85% of GHG emissions.
- **Center for Sustainable Organizations**, developed a method based on allocating future emissions based on the base year emissions from a company. This method is also based on value added contributions to GDP.
- **WWF US and CDP** develop a methodology for companies in the US in their 3% solution report, to calculate a 2020 GHG emissions target. A sectoral approach is used to determine sector reduction opportunities and sector emissions change projections. These are then used to calculate an emissions target for a company based on its current emissions and its growth ambition (CDP & WWF, 2013).
- **Ford** developed a methodology for setting their targets in line with limiting the concentration of CO₂ to 450 ppm;
- **Mars**, set their climate targets to be in line with what the IPCC agreed to be necessary to keep global warming below 2°C – 80% reduction up to 2050 compared to baseline year in 2007 for emissions within their direct operations;

The initiative will assess benefits and shortcomings of each method.

**Why is the initiative proposing to create a new methodology?**

As explained above, there are already several methods available, but they all hinge on generic approaches that do not take full consideration of:
• The different abatement costs between companies and sectors;
• The knowledge that is available in terms of modeling at economy (macro) level the transition to a low carbon economy and that is embedded in the IPCC scenarios and in the policy decisions of governments worldwide;
• Different levels of responsibility for emissions, namely: direct and indirect emissions.

This initiative commissioned Ecofys to explore a different approach to target setting based on physical intensities, as it considered its non-existence as a gap in science based target setting. CDP/WWF had a first positive experience with the 3% solution report with the use of methodologies grounded on the potential abatement of different sectors. Overall, it was considered that a method that could consider not only the different abatement potential between companies (and its costs) but also incorporate the considerable amount of work that has already been done in terms of constructing scenarios for a transition to a low-carbon economy would be highly beneficial. The challenge is enormous: trying to bridge the gap between the macro policy analysis and the micro implementations of those policies by companies.

**How does the initiative balance carbon reduction with other environmental concerns?**

In terms of the new methodology proposed, we don’t plan to consider other environmental concerns. However, we recognize that this balancing needs to be done, so it will be addressed through recommendations in the guidance document.