



# Understanding net zero & setting net zero targets

FIBS webinar

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 south pole The Climate Company

# Your hosts today



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**Offices and representations worldwide:**

*Amsterdam, Bangkok, Beijing, Bogotá, Brussels, Copenhagen, Hanoi, Helsinki, Jakarta, London, Madrid, Medellín, Melbourne, Mexico City, Milan, New Delhi, New York, Paris, Singapore, Stockholm, Sydney, Zurich.*

# Who we are

South Pole partners with climate action projects and corporate clients worldwide to drive finance towards sustainable practices



## Innovative solutions

We have a 17-year history of providing innovative, efficient sustainability solutions



## Project developer

Largest developer of emission reduction, avoidance and removal projects globally



## Diverse expertise

We know Climate. Our global team of 1300+ sustainability advisors, scientists, and engineers are leading experts in their fields



## Regional presence

A local team of 30 in the Nordics; Sustainability consultants, business developers, sourcing & project experts, communication & marketing specialist.

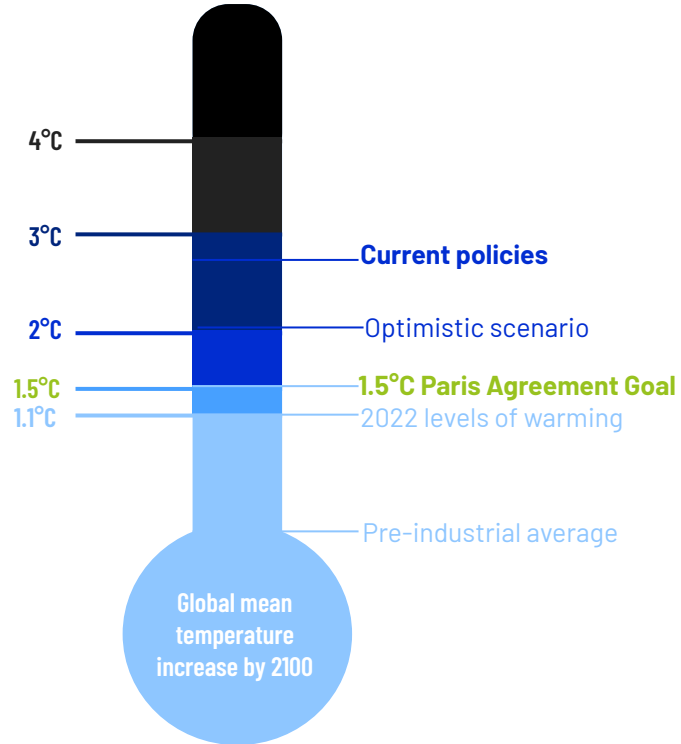
# Outcome of this webinar

## You will understand:

- what it means to set a net zero target
- what kind of targets are in line with climate science
- how to get started on the target setting process



# Understanding Net Zero



# 1.1°C

is the level of warming the world is at today.

# What difference does 0.5°C actually make?

## Rising sea levels

~**10 million** fewer people lose their homes to rising seas

## Thawing permafrost ecosystems

~**2 million km<sup>2</sup>** of permafrost is saved over centuries

## Access to clean water

~**50% reduction** in global population experiencing water scarcity

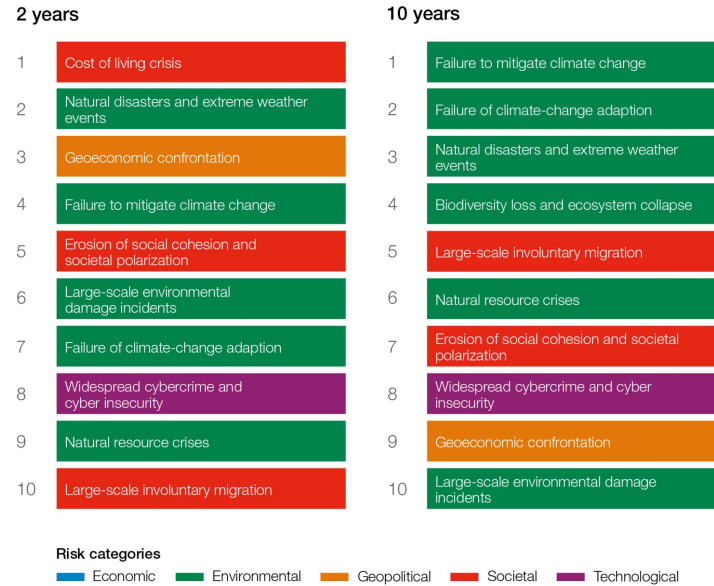
## Species loss

~**50% reduction** in species losing half of their geographic range

Global Risks Report 2023

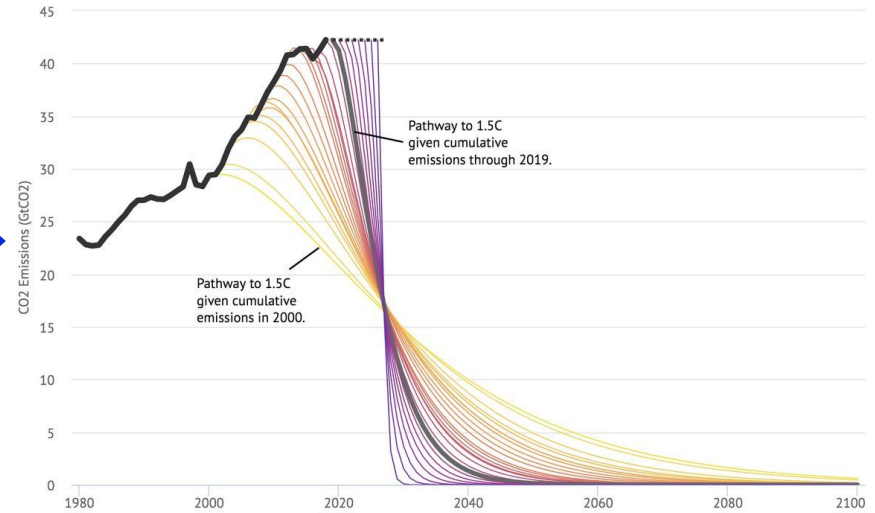
## Top 10 Risks

“Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period”



Source: World Economic Forum, Global Risks Perception Survey 2022-2023

# So how do we achieve the 1.5°C goal set out in the Paris Agreement?



Source: Carbon Brief - Will global warming 'stop' as soon as net-zero emissions are reached?





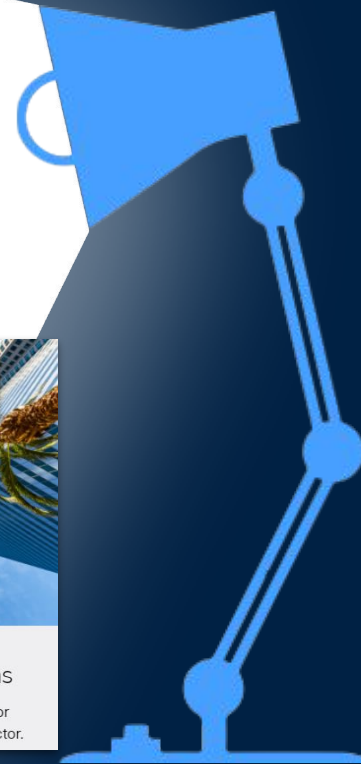
# SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



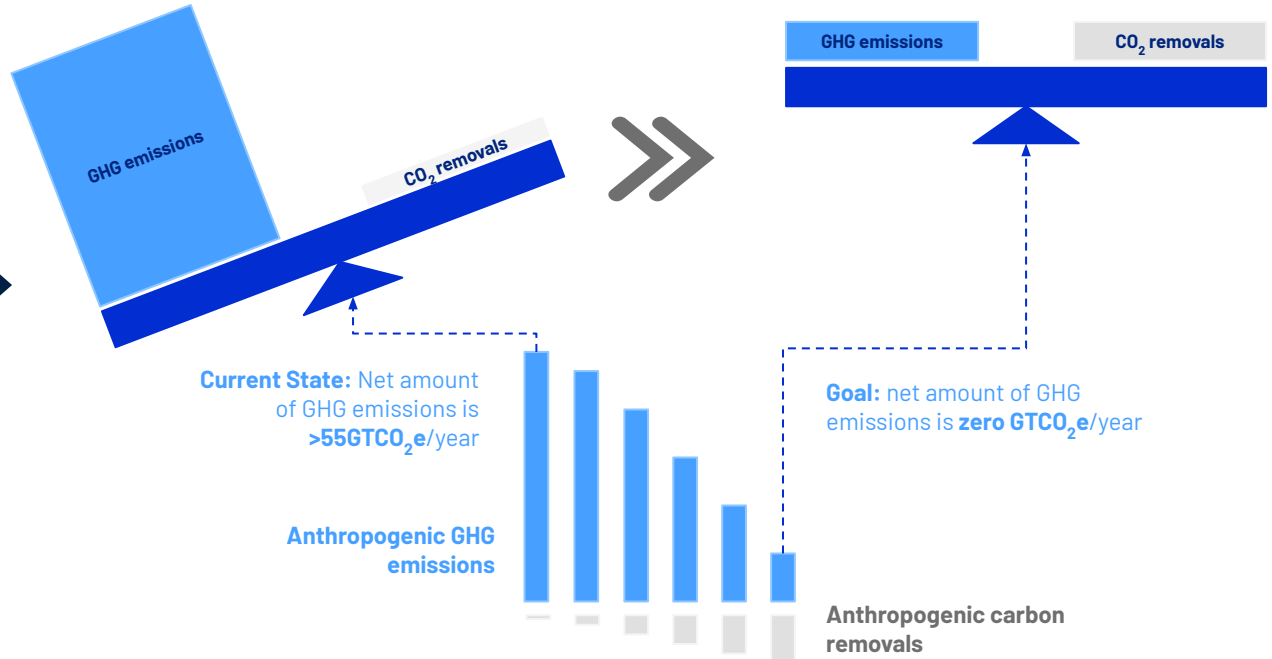
## Net-Zero for Financial Institutions

The SBTi is developing the world's first standard for science-based net-zero targets in the financial sector.



# What does net-zero mean?

(according to the SBTi)



# Net-zero

All **avoidable emissions have been reduced** and **residual emissions** have to be **removed** from the atmosphere.

Based on SBTi's Corporate Net-Zero Standard

Cannot be achieved without reducing emissions first



*South Pole proposes the term  
"Funding Climate Action"*

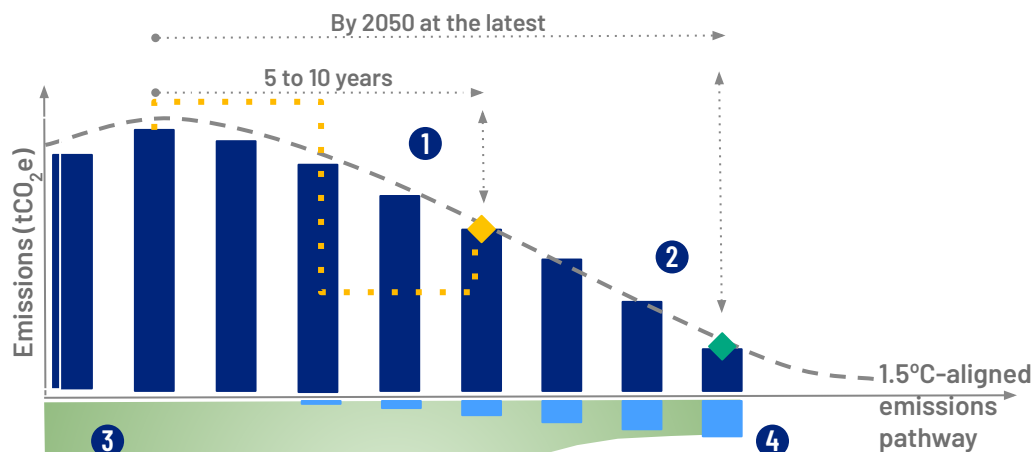
# Carbon neutral

Achieved by **balancing emissions** with **carbon credits** from projects that **avoid or remove** emissions from the atmosphere.

Usually based on PAS2060

No defined amount of emission reductions needed to claim carbon neutrality

# Breaking down the elements of net zero



- 1 Set near-term SBTs
- 2 Set long-term SBTs
- 3 Beyond value chain mitigation (BVCM)
- 4 Neutralisation of residual emissions

Source: [SBTI](#)

■ Abatement within the value chain

■ Removals

■ Abatement or removals beyond a company's value chain

◆ Net zero emissions

◆ Near-term science-based target



# Why should you have a net-zero target and a decarbonization strategy?

## Future-proof your business

Stay ahead of future mandatory regulations (e.g. CSRD)



## Long-term competitiveness

Align with a zero-carbon economy

Capitalize on opportunities, mitigate climate risks and increase your competitiveness



## Credibility & reputation

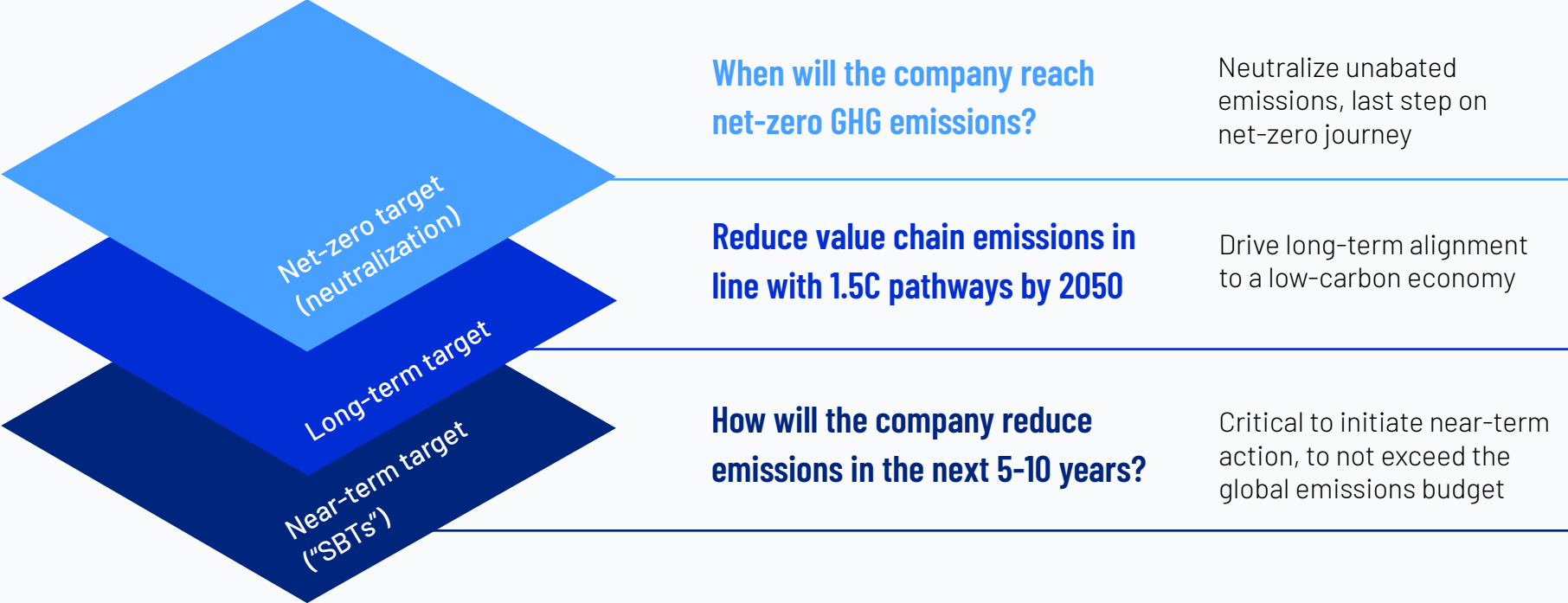
Serve as a safe option for investors seeking to hedge climate-related risks

Improve your reputation with stakeholders



# Setting Net Zero targets

# Understanding Net Zero targets



*“A company is only considered to have reached **net-zero** when it has achieved its **long-term science-based target** and **neutralized any residual emissions.**” (SBTi)*



# The journey to net-zero



## Base year GHG inventory

What are your emission hotspots?



## Set targets

Ambitious yet realistic targets



## Develop reduction roadmap

How will you reach your targets?



## Develop BVCM strategy

How will you handle your unavoidable emissions on the way to Net zero?



## SBTi validation

SBTi verifies that your targets are in line with science



## Implement reduction measures

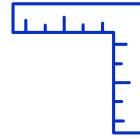
Reduce emissions in your operations and in your value chain

Mandatory for SBTi validation

Recommended parts of a credible decarbonisation strategy

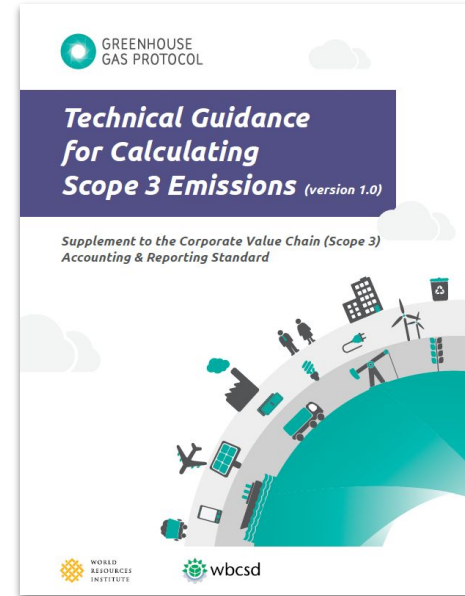
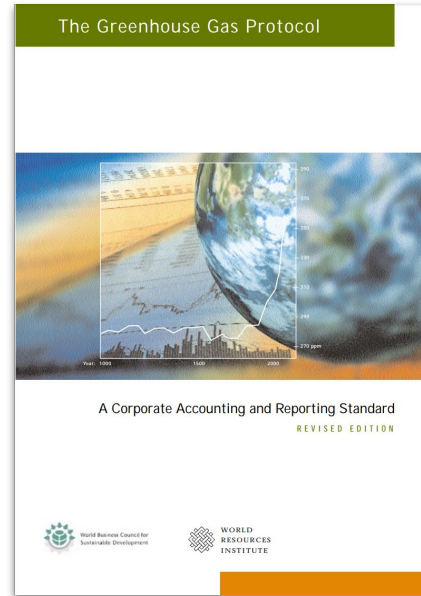


# How to get started?

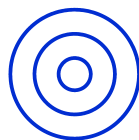


## Base year

- GHG inventory, in line with GHG Protocol
- Covering scope 1, 2 and complete scope 3



# How to get started?



## Target setting

- Ensure that targets are in line with science
- Base targets on SBTi guidance
  - SBTi's sector-specific guidances
    - e.g. transport, buildings, aviation, agriculture, financial institutions

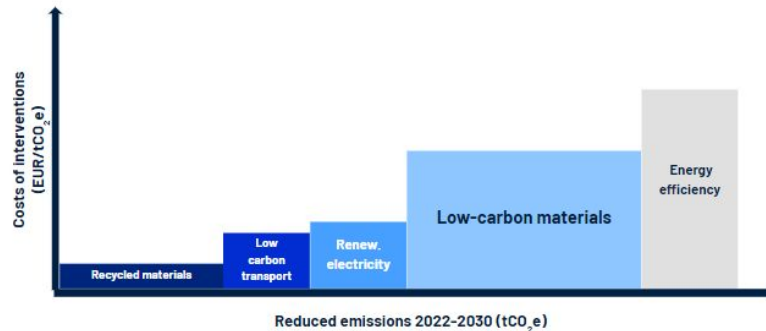
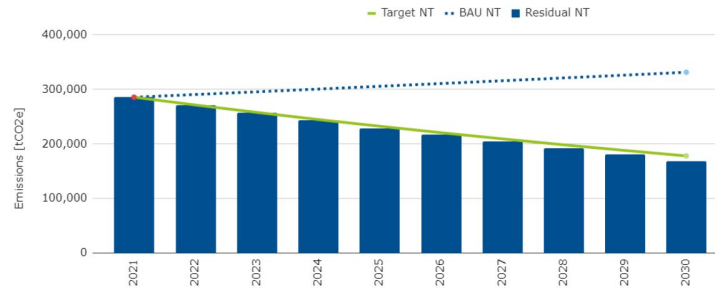


# How to get started?



## Reduction roadmap

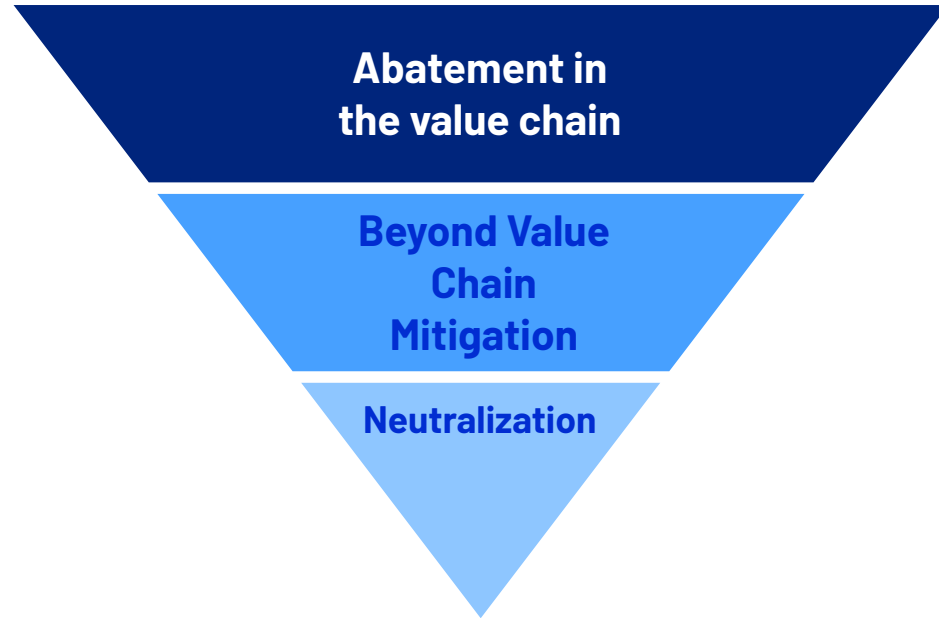
- Quantify reduction potentials (& costs)
- Create plan to implement reduction measures and engage affected teams
- BVCM and neutralization strategy



# Role of climate action credits

# Mitigation hierarchy

*"companies should go further and invest in mitigation outside their value chains **now** to contribute towards reaching societal net-zero" (SBTi, 2022)*



# Beyond Value Chain Mitigation

- BVCM refers to mitigation action or investments outside of a company's value chain
- BVCM includes but is **not limited to carbon removals**: investments in reducing and avoiding emissions are critical right now.
- Companies are not able to purchase carbon credits as a replacement for reducing value chain emissions in line with their near and long-term science-based targets.
- SBTi's BVCM Guidance for Corporates is expected to be published in Q4 2023

## Avoided Emissions

Avoidance & removal credits can be used towards BVCM

## Carbon Removals

Removal credits can be used towards Neutralization

# Climate Action Project Types

Carbon Avoidance



Forest Protection



Renewable Energy



Cookstoves & clean water

Both avoidance and removals



Soil Carbon



Wetlands  
(incl. blue carbon)

Carbon Removals



Afforestation/  
Reforestation



Direct Air Capture



CO<sub>2</sub> to Durable Carbon



Biochar





# Neutralization

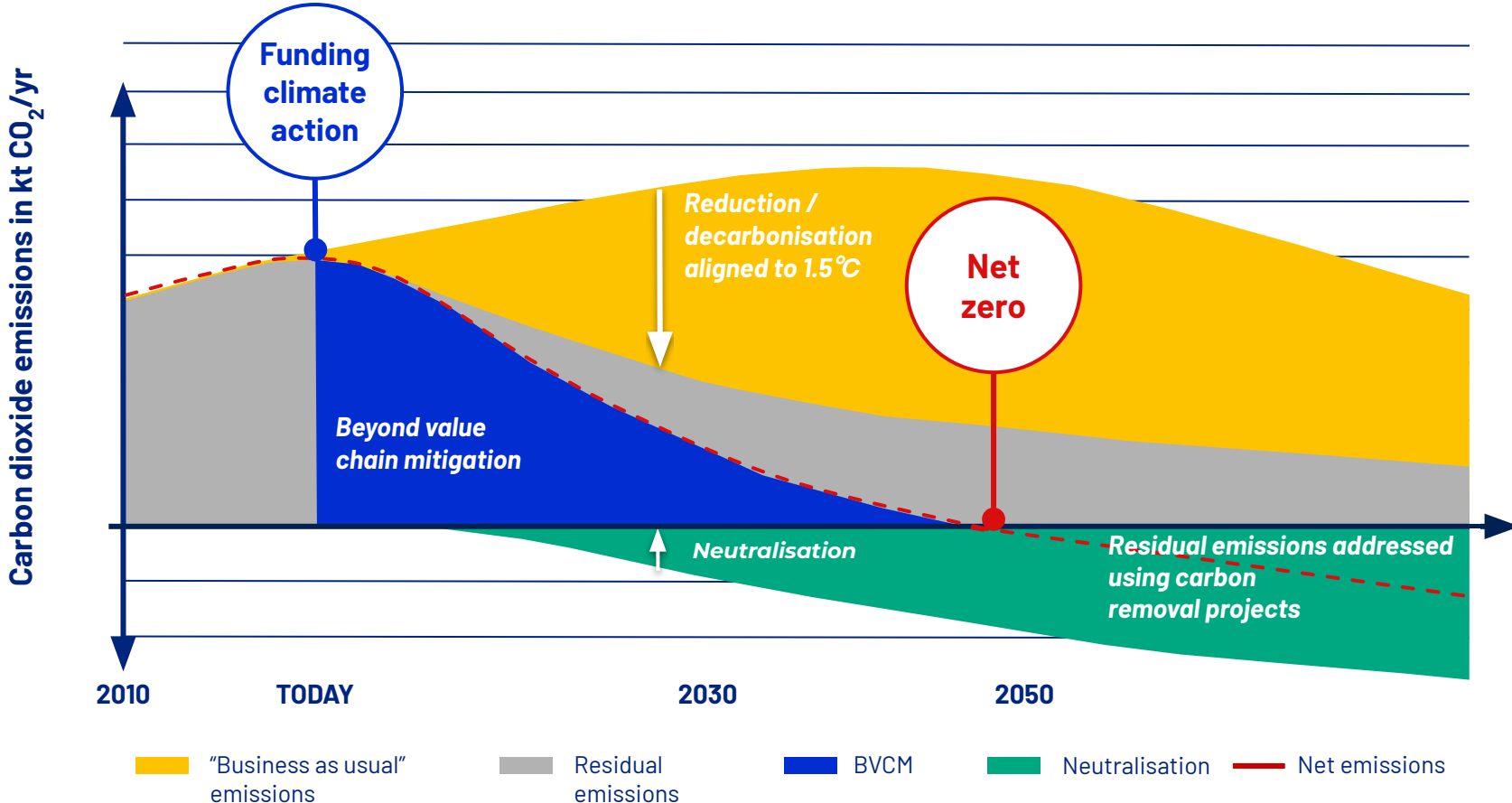
## At net-zero

Companies with **residual emissions** within their value chain are expected to **neutralize** those emissions with an equivalent amount of carbon dioxide removals at their net-zero target date.

These **removals can be sourced from carbon credits**



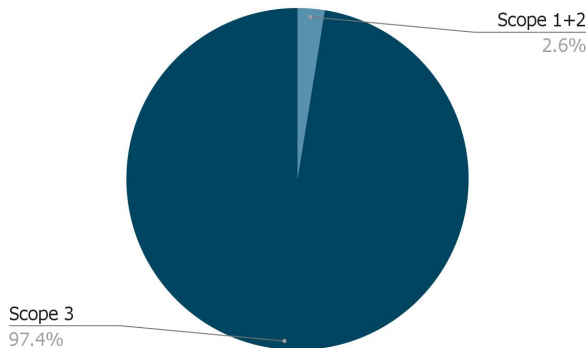
# The role of climate action projects for corporations



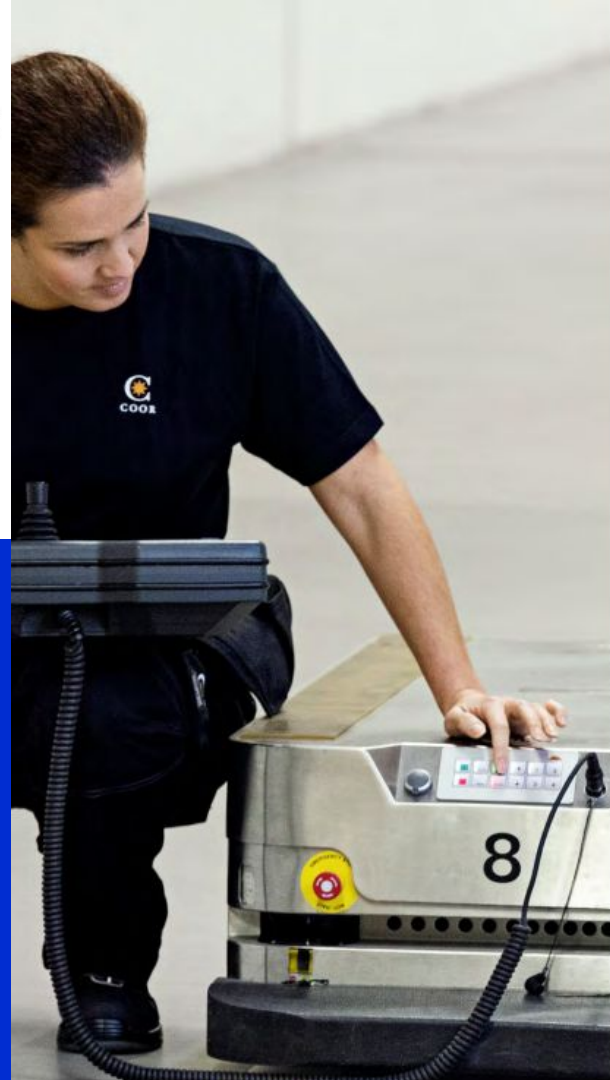
# Case study



# Case Study Coor Service Management



- The leading facility management provider in the Nordics
- Leading specialist competence in more than 100 service areas
- Revenue 2022: 11,300 MSEK
- 13 000 employees
- net-zero by 2040



# Case study: Coor Service Management



# Coor's net-zero journey



## Base year & data granularity adjustments

- Align with SBTi's FLAG guidance
  - Forest, Land and Agriculture
- Set FLAG targets
- More granular spend-based calculations
- Supplier-specific emission factors
- Emission reports for Coor's customers



## Decarbonization strategy implementation

- Electrify car fleet and procure more renewable electricity
- Engage suppliers to set SBTs
- More sustainable diets in Coor's restaurants
- Promote circular economy activities

# Key milestones

**2023**

Set baseline  
Set targets  
Invest in BVCM

**2030**

**-50%** value chain emissions  
Invest in BVCM

**2030-2050**

**-90%** value chain emissions  
Invest in BVCM  
Neutralize residual emissions

*Net Zero*



**south pole**

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# Questions?

## **For all FIBS Pro members:**

November 14th FIBS Pro training  
Approaching science-based net zero – What to do  
now & how to prepare for the future?