

Science Based Targets - Transition to Low Carbon Economy

What is the issue?

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Science Based Targets, an environmental initiative, could go a long way in driving companies to contribute to tackling climate change.

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What is 'Science Based Targets'?

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- Science Based Targets is a joint initiative of CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI) and WWF.

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- It is an initiative to drive corporate climate actions globally.

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- It sets emissions reduction targets to ensure that the transformational action is aligned with current climate science.

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- It is 'science-based' as it is in line with the scale required to keep global temperature increase below 2°C compared to pre-industrial temperatures.

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- 'Science-based target setting' is a way of boosting companies' competitive advantage in transition to a low-carbon economy.

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What is the rationale?

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- In 2015 Climate Conference, 195 countries signed the Paris Agreement.

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- The goal is to limit global temperature rise to below two degrees Celsius.

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- This signalled an acceleration in the transition to a low carbon economy.

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- However, the private sector needs to take the lead towards this transition.
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- Science Based Targets is an effort at this front.
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What is the significance?

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- **India** - India has committed to generate at least 40% of its electricity from non-fossil fuel sources.
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- A decrease in carbon emission intensity of GDP by 33 to 35% by 2030 has also been committed.
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- Indian companies and multinationals operating in India have a major role in this.
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- Sixteen Indian companies have committed to set science-based targets.
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- They have secured themselves competitive advantage in the transition.
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- Some of the world's biggest companies with significant supply chains in India have also committed.
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- These include Kering, Walmart and others.
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- **Global** - Unique to the initiative is the criterion that companies need to commit to setting supply chain or 'scope 3' targets.
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- If more than 40% of a company's emissions occur in its supply chain, then it has to commit to reducing those emissions as well as its direct emissions.
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- Notably all companies operate within a value chain.
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- This has the potential to rapidly escalate the impact of science-based target setting on global emissions.
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Source: Business Line

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