



SBTN Freshwater Technical FAQs

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1. Why do the target-setting methodologies focus on individual company actions? Isn't collective action across basins required for target attainment?

SBTN recognizes that collective action is necessary in order to achieve the environmental outcomes that SBTs relate to: water security and improved water quality for biodiversity and people. However, our target setting methodology is designed for use by companies, and assumes that target setting will occur at the level of an individual company. This is because individual actions are the cornerstone of mobilizing broader action and holding individual stakeholders accountable for their own contributions and responsibilities. The process of setting and achieving these individual targets is designed to promote collective action throughout the basins and economic systems that companies operate within. In conducting their initial impact assessments and collecting baseline data to set targets, companies are required to work with upstream actors in their supply chain, and are recommended to engage suppliers in target setting directly when they are better suited to manage ground-level impacts.

We encourage companies to enter into dialogue with stakeholders, mobilize others to contribute to collective efforts, and maximize collective action wherever possible. The complementary [Stakeholder Engagement Guidance v0.1](#), also part of the first release in 2023, will help companies build on existing environmental knowledge, set targets that are aligned with local needs, and establish the basis for a collaborative relationship during target implementation and beyond.

In addition, the process of target setting involves first identifying basin thresholds, which in themselves could be leveraged as a rallying point or 'collective target' for companies engaging in collective action in Step 4: Act. In subsequent releases, SBTN's "Act" and "Track" steps – the final two steps in our 5-step target-setting framework – will provide guidance on implementing targets and tracking progress to achieve targets. These will provide practical response options for companies that are aligned with existing approaches, metrics, and indicators that are sensitive to actions both at the company and basin level, facilitating collective action in basins where many companies are co-located.

2. Could SBTN explore a better approach than “equal contraction of efforts to allocation” for allocating responsibility?

Due to technical limitations and data gaps, the only approach that is implementable right now is the equal contraction of efforts approach to allocation. This approach requires all actors within a given basin to contract or reduce their pressures (e.g., water use and



water pollution) at the same rate over the same period. SBTN is aware of the shortcomings of this approach – in particular, the potential for perverse incentives, entrenching economic inequalities that may arise from it, and recognizing efforts already made by some companies in a basin. We are working to identify alternative allocation approaches that can be implemented in a practical manner in the next version of the methodologies. While we develop and enable the implementation of these alternative approaches to allocation, we must make use of the approach that is readily available. While not ideal, equal contraction is a valid and generally used approach in target setting, and its use can help early adopters set initial targets. We expect that as newer versions of the SBTN methodologies are published in the future and companies renew their targets, the immediate shortcomings of equal contraction will be overcome.

3. Will SBTN include methodologies to assess downstream business activities?

Methodologies to assess freshwater impacts occurring downstream in the value chain (at a company's site and beyond)- which themselves are tools to identify what activities may fall within the organizational sphere of influence and responsibility in the downstream part of the value chain - are under development. Downstream impacts are thus, for the time being, not a part of the first release of science-based targets for nature in May 2023 for Assess and Prioritize (Steps 1 and 2), and can't be subject to target-setting (Step 3). We did pilot some of the steps with one company that included downstream considerations, so that the learning from that pilot will be brought into the development of approaches to enable target-setting for downstream activities in future development.

4. Could you make sure you allow for future reserves when developing the methodology around available capacity allocation?

This is a valid suggestion to be considered in future updates to the methodology. However, doing so in a manner that is equitable requires further discussion and consideration within the SBTN team.

5. How will freshwater biodiversity be included in the Freshwater SBTs v1, 2023?

While biodiversity does not appear explicitly as part of the Step 3 Freshwater methods, it is embedded implicitly within them. SBTN recognizes that the health of freshwater biodiversity and that of freshwater systems are interlinked and, in some contexts, may not even be distinguishable. Hence, all actions to maintain or improve the state of nature will effectively support biodiversity. In Steps 1 and 2, companies must incorporate biodiversity state of nature metrics to prioritize action on Freshwater targets in basins



critical for mitigating biodiversity loss. An example of a biodiversity metric indicated in these methods that is relevant for freshwater systems includes range-size rarity for freshwater species.

In Step 3 Freshwater guidance, the sub-step by which desired environmental conditions are set, considers biodiversity needs and issues. The water quantity threshold accounts for the maintenance or enhancement of the freshwater ecosystems, including the needs of specific species, through the use of environmental flow requirements. Similarly, water quality thresholds for nutrients used in this method are linked to eutrophication of freshwater ecosystems to avoid impacts on freshwater species and ecosystems. Further explanation on the inclusion of biodiversity is provided in a supplemental [Biodiversity short paper](#) to be followed by a more detailed gap analysis following the first release of the methods.

6. Could SBTN avoid the use of global models as they do not accurately represent local conditions?

Target-setting methods prefer local models but allow for global models where they are not available. This is because the models provide different advantages – namely, they require companies to set targets in more precise ways where local models are available and provide a back-up of global model application when a local model is unavailable. We acknowledge that, with water being a local issue, global models will lack precision. With this in mind, we've investigated global models in terms of conservativeness to facilitate targets that are as appropriate as possible in terms of direction and ambition when global models are used. SBTN will continue to assess the robustness of the globally developed model approach and will consider additional measures to increase robustness or safeguards to apply this approach based on the results of that assessment.

7. Could SBTN switch to the use of global models as the default approach?

While global models can support rapid assessments at large scales, there are limitations in their application (see question 6) given that the local nature of hydrological processes and associated variables that influence the timing and status of water availability and quality may not be accurately characterized in the databases used to develop the global models. Thus, the default, if available, are local models and thresholds.

8. Can SBTN provide a database of existing local models that would be approved for use in setting freshwater SBTs?



Although this resource is not yet available, SBTN plans to develop a basin threshold tool in 2024 to provide information on available models and thresholds that have been approved for use in setting freshwater SBTs.

9. What if other companies in the same basin choose not to reduce their pressure?

SBTN recognizes that free-riding (using public resources without abiding by the rules, while others are mandated to do so) is a universal issue, particularly in environmental governance. To mitigate free-riding, companies are encouraged to engage stakeholders to bolster the participation of local champions (communities, governments, NGOs, and other actors) who can help ensure better outcomes at the basin level. Companies and the stakeholders they engage can even encourage other corporations or non-corporate actors to set SBTs in order to increase the number of actors working together to meet basin-level objectives of water availability and quality. Over time, SBTN envisions science-based targets for nature becoming common practice, such that a majority of companies set science-based targets. Guidance for Act and Track (Steps 4 and 5) will allow companies to get credit for their individual efforts independently of the actions of others; these steps will also allow companies to pursue (and get credit for) collective action. Regardless, reluctance from other actors at the basin level to participate today should not hinder a company's ability or willingness to act today; companies can still start making a positive change and have ripple effects on others in the basin.

10. How do companies set SBTs for freshwater in transboundary water basins?

Companies will apply the same methods as they would in a non-transboundary basin. This is possible by using a transboundary model if using the locally developed approach and with the provided model in the globally developed approach.

11. What happens if, during the stakeholder engagement process, stakeholders suggest focusing on other issues (e.g., pollutants of local concern, species or habitat restoration, water access)?

This should not change the focus of the targets. The methods are designed to provide an indication of how to address two specific pressures (water use and pollution). If the process concludes that these two pressures are not relevant, the companies should document this consultation to explain why science-based targets for these pressures are not being set. Though companies cannot make claims on this work, we recommend that



companies apply context-based water targets in these scenarios. They shouldn't replace these pressures with others, as withdrawals and pollution are the pressures for which SBTN has methods and validation criteria in place. If other pressures are related to Land, Biodiversity, or Oceans, companies should refer back to Steps 1 & 2 for guidance toward setting Step 3 targets for those earth systems where SBTN methods are available or complementary guidance where it is not. For other pressures considered important, companies can take action to prevent, control, and manage them, but this will be outside the scope of the first iteration of SBTs (SBTs for nature v1, 2023).

12. What about water targets for companies that do not collect water for production but use it? For example, hydropower energy companies.

This should not change the focus of the targets. The methods are designed to provide an indication of how to address two specific pressures (water use and pollution). If the process concludes that these two pressures are not relevant, the companies should document this consultation to explain why science-based targets for these pressures are not being set. Though companies cannot make claims on this work, we recommend that companies apply context-based water targets in these scenarios. They shouldn't replace these pressures with others, as withdrawals and pollution are the pressures for which SBTN has methods and validation criteria in place. If other pressures are related to Land, Biodiversity, or Oceans, companies should refer back to Steps 1 & 2 for guidance toward setting Step 3 targets for those earth systems where SBTN methods are available or complementary guidance where it is not. For other pressures considered important, companies can take action to prevent, control, and manage them, but this will be outside the scope of the first iteration of SBTs (SBTs for nature v1, 2023).

13. How does the Freshwater guidance relate to the AWS Standard and our company's water stewardship plans?

Targets and Standards are mutually reinforcing. Setting targets strengthens the outcomes of standards; setting and achieving targets is enhanced by the consistency of practice which standards instill. The AWS Standard and Freshwater science based targets (SBTs) are highly complementary. First, they may both be applied at the same scales: within operational sites and in the catchments they reside in. Second, they approach similar questions from different perspectives. The AWS Standard helps



operations to gather site and catchment data to develop robust water stewardship plans, which can and should include target-setting. The Step 3: Freshwater guidance provides a robust method for setting targets that recognizes catchment thresholds. Put simply, applying the AWS Standard will help with setting Freshwater SBTs, and setting Freshwater SBTs will strengthen the outcomes of the water stewardship plans developed through AWS.