SCIENCE BASED TARGETS NETWORK
GLOBAL COMMONS ALLIANCE

SBTN Validation Pilot Summary Report

July 2024

Version History

Version	Update description	Release Date	Effective Dates
1.0	First release	10 July, 2024	10 July, 2024

Letter from SBTN's Validation Director

Dear Reader,

We are deeply grateful to our pioneering companies, supporting consultancies and NGO partners for their participation in the first validation pilot for corporate science-based targets for nature. This has been an enriching learning experience for everyone involved throughout the network.

Our updated technical guidance, informed by the validation pilot, has now been released. This report provides an overview of the pilot itself, initial learnings, key benefits and insights into best practices. Looking ahead, we look forward to sharing full outcomes and strategic insights in September 2024, as well as highlighting piloting companies' experiences.

Validating companies' targets is an important part of the target-setting process. An independent expert review process checks companies' compliance against requirements to ensure their targets are robust and in line with what science requires. Ultimately, this supports the public claims companies can make once their targets are validated. A key outcome of the pilot was our recent announcement that the Global Commons Alliance Accountability Accelerator will host the validation of the new targets. This move has been welcomed by the corporate sustainability community as a vital step in safeguarding the integrity of the targets.

By definition, science-based targets for nature are ambitious; focusing on place-based action where nature needs it most. As we turn towards the development of the next generation of targets, we will continue to develop a validation process that follows key principles to help deliver the Science Based Targets Network vision and mission.

Thank you for your interest and support in our validation pilot!

Paola Delgado Luna

Target Validation Director

Science Based Targets Network

Table of contents

1. Introduction 2
2. Validation pilot overview 3
3. Pilot target setting requirements 5
4. Benefits of target setting 7
5. Lessons learned from the pilot 9
6. Best practices for target setting 17
7. Pilot deliverables 18
8. Next steps 19
Appendix I: Minimum target-setting requirements 21
Appendix II: Pilot exceptions and clarifications 22
Appendix III: Method revisions 26

1. Introduction

The Science Based Targets Network (SBTN) released the first corporate science-based target setting methods for nature in May 2023. The first release from SBTN equips companies to assess and prioritize their environmental impacts and to set freshwater and land targets. This is enabling companies to both reduce their negative impacts and increase positive ones for nature including people.

Pilot overview

In order to set and implement science-based targets companies must have them first validated. This is an independent process involving expert review to ensure the integrity of the target(s). Companies with validated targets meet all requirements set out in the methods and are aligned with what science requires.

In May 2023 a target validation pilot commenced with a group of 17 pioneering companies. The pilot companies were required to prepare and submit freshwater and land targets for validation in alignment with the current SBTN methods. The scope of the pilot validation included the following steps:

SBTN's target setting methodology increases ambition and drives action:

"Piloting science-based targets for nature has helped us identify areas where we can strengthen our existing climate focused initiatives ... to better respond to nature-related risks and opportunities across our value chain"

- piloting company

- Step 1: Assess – companies screen their portfolios of economic activities for materiality and then estimate contributions toward key issues through an assessment of pressures and states/impacts associated with each category of activity
- Step 2: Interpret and Prioritize – companies identify the locations where action is needed most urgently for nature and people and then prioritize locations based on other factors (e.g., strategic importance)
- Step 3: Measure, Set, Disclosure - Target-setting methods for land and freshwater pressures, which are key drivers of biodiversity loss and climate change

Companies first completed Steps 1 and 2 and then submitted their targets for validation in February-March 2024.

Objectives

The objectives of the pilot were to:

1. ***Test validation requirements:*** ensuring these are clear, feasible, robust and ambitious before a broader roll-out
2. ***Test validation processes and resources***: including interaction with companies, use of submission forms and templates, development of validation reports and fine-tuning of claims guidance
3. ***Inform the investigation of alternative validation models***: including validation governance and companies' target-setting journey
4. ***Learn about the effort, resources and skills needed:*** for companies, for the validation team and for supporting groups

This pilot summary report shares some of the initial learnings from the pilot, particularly for objectives one and four, that have been used in the optimization of validation requirements and have served as a basis to inform best practices for companies.

2. Validation pilot overview

Pilot company overview

SBTN publicly invited companies to apply to be part of this group from January 6 – February 3, 2023, and received applications from 55 companies across 26 countries. There were three criteria for selection:

1. ***Readiness:*** Degree to which company has appropriate data as specified in the methods, technical capacity, understanding of the methods, and C-Suite and internal business support
2. ***Representativeness***: Covering sector, geography of target-setting and value chain position
3. ***Impact on nature:*** Potential to have a positive impact on nature

The details of the initial group of companies selected to be involved in the pilot are described in the table below.

Pilot companies have told us that SBTN's methods bring credibility:

"We want our targets to be backed by science. We would recommend that organizations do SBTN because it gives credibility to the company. It is not a target that is set with your finger in the air - the methodology is robust, logical and prescriptive."

- piloting company

Table 1. Validation pilot company overview

Company	Sector	Value chain	HQ location
AB InBev	Food and Beverage Processing	Midstream	Belgium
Alpro (Danone)	Food and Beverage Processing	Midstream	Belgium
Bel	Food and Beverage Processing	Midstream / Upstream	France
Carrefour	Food and Staples Retailing	Downstream	France
Corbion	Chemicals	Midstream	Netherlands
GSK	Pharmaceuticals, Biotechnology and Life Sciences	Midstream	United Kingdom
H&M	Textiles, Apparel, Footwear and Luxury Goods	Downstream	Sweden
Hindustan Zinc Limited (Vedanta)	Mining - Iron, Aluminum, Other Metals	Upstream	India
Holcim	Construction Materials	Upstream	Switzerland
Kering	Textiles, Apparel, Footwear and Luxury Goods	Downstream	France

Company	Sector	Value chain	HQ location
L'Occitane	Consumer Durables, Household and Personal Products	Midstream	Switzerland
LVMH	Textiles, Apparel, Footwear and Luxury Goods	Downstream / Upstream	France
Neste Corporation	Energy	Upstream	Finland
Nestle	Food and Beverage Processing	Midstream	Switzerland
Suntory Holdings Limited	Food and Beverage Processing	Midstream	Japan
Tesco	Food and Staples Retailing	Downstream	United Kingdom
UPM	Forest and Paper Products - Forestry, Timber, Pulp and Paper, Rubber	Upstream	Finland

SBTN's pilot validation team structure

THE TARGET VALIDATION TEAM

SBTN convened a specialized team for the expressed purpose of validating pilot company submissions against existing SBTN methods. This team is referred to in this report as the Target Validation Team (TVT) and consisted of five members: four staff seconded from professional services firms, and one director with validation expertise. The team has also designed validation materials and processes, and documented learnings throughout the pilot.

ADDITIONAL SUPPORT TEAMS

In addition to the TVT, other SBTN-related bodies and individuals performed select duties in relation to the SBTN pilot program.

- ***Technical team (TT):*** Led by SBTN Technical Director, this team provided clarity on Step 1 and 2 guidance where needed and responded to validation-related issues.
- ***Issue Hubs (Freshwater and Land):*** There are four different hubs that sit within SBTN: the biodiversity hub, the freshwater hub, the land hub, and the ocean hub. These hubs are developing the different methods that feed into SBTs for nature. Selected Issue Hub representatives for freshwater and land supported the target validation pilot by responding to questions and validation-related issues.

Both the TT and the Issue Hub representatives shared the learnings from the pilot with advisory groups and other members of the Issue Hubs to improve the methods.

3. Pilot target setting requirements

Minimum target-setting requirements

Companies in the target validation pilot were required to assess and prioritize their impacts on nature (Steps 1 & 2) and set targets on freshwater and/or land (Step 3) including submitting targets for official validation to SBTN. The intention was to help SBTN pilot its target submission and validation process, and to ensure the pilot would yield useful insights and learnings to strengthen the methods. For this purpose, SBTN developed minimum validation pilot target-setting requirements (Appendix I). For freshwater targets, the aim was for two water quality and two water quantity targets to be set. For land targets, the aim was to try to set all required targets. See Appendix I for more details. Where possible, pilot companies were encouraged to go beyond these minimum pilot requirements.

Validation process

SBTN established a pilot validation process aiming to ensure the robustness, impartiality and consistency of all validations. The steps involved in the validation process are outlined below:

1. ***Submission:*** Pilot companies were required to submit their assessments and targets using the SBTN provided submission forms to the dedicated TVT email. Companies were required to complete Steps 1 and 2 of the methods and submit for validation, before submitting Step 3 targets for validation.
2. ***Validation:*** Upon submission, validators first screened the company submission for completeness against the validation requirements. They then completed a desktop review of pilot company evidence for adherence to SBTN method requirements (including deviations with appropriate justification). When needed, validators organized calls with the companies and their supporting partners to clarify the information provided.
3. ***Discussion*:** The TVT met twice a week to discuss company submissions and calibrate validations. In addition, check-ins with the Technical Team during Step 1 and 2 validations, and with Issue Hub representatives during Step 3 validation were organized to discuss situations that were not described in the methods and that could become new guidance.
4. ***Reports:*** Validators prepared a non-public report summarizing the requirements from the methods and documented the extent to which companies met each of the validation requirements. SBTN's validation is binary, Pass or No Pass. To pass validation companies must fulfill all minimum validation requirements. All reports were reviewed by the Validation Director.

Due to the tight pilot timeline, SBTN introduced several exceptions, only applicable to the pilot. Pilot exceptions are deviations from the method requirements that were approved by SBTN. Their main objective was to help companies progress through the pilot where common challenges were found. They also became the basis of discussion for changes to the methods. The pilot exceptions are detailed in Appendix II.

All information was stored in SBTN's protected file system. However, during the pilot, SBTN also got additional support from an IT company to ensure additional safeguards were in place to protect company data.

Throughout the pilot SBTN conducted two pulse checks with the support of an independent consulting partner. Companies participated in interviews and answered surveys to inform SBTN team about methodological roadblocks and key challenges with meeting timelines. These efforts helped SBTN identify and deploy resources and strategies to help companies move forward in the pilot. These included training on the use of specific tools, 1:1 calls with companies, and as mentioned above, the introduction of pilot exceptions.

Implementing SBTN methods leads to strategic decisions:

"We believe in the power of the output and that is what makes it worth embarking on the journey. Returns should be thought of from the decision-making perspective ... SBTN's assessment helped in conversations about capital allocation and procurement, and there is benefit in that."

- piloting company

4. Benefits of target setting

Companies, consultancies and NGO partners highlighted key benefits of target-setting as they progressed through the pilot; reinforcing that SBTN is closing a critical gap in corporate sustainability:

1. Increases ambition and drives action on nature; creating change to outlive leadership transitions

"We now know where to focus our efforts and where action is needed most. SBTN allowed us to move from improvements based on only our own experience to targets that we know are good enough for the planet."

"The SBTN No conversion target has raised the bar on sustainable sourcing, and our sustainable sourcing program will evolve over time to meet SBTN's best practices."

"This was a mindset shift, and it was transformative on its own, especially if you are a company at the beginning of your journey."

"SBTN has had a tremendous change because our water ambition has a lot of legacy in it... it was always driven by reduction, metric efficiency, and regulation, not eutrophication."

2. Leads to strategic discussions across business functions at a leadership level; generating value

"Returns should be thought of from the decision-making perspective ... SBTN's assessment helped in conversations about capital allocation and procurement, and there is benefit in that."

"SBTN also gave us an opportunity to build our strategy in a much more holistic way. We are no longer carbon only-it is super important to integrate all the topics of nature."

"The target setting-process initiated discussions, highlighted gaps and raised ambition."

3. Provides credibility and a common language to advance engagement with stakeholders

"SBTN really provides that valuable framework for us to package our plans in the right way, so that we have one common language as well when we talk about it."

"The investors are asking for this. The extended stakeholders are waiting for it."

4. Serves as a trusted compass, a "source of truth" for companies to get to the right solutions

"Leadership knows about carbon and setting climate targets–the next phase is to extend it to other nature spaces and SBTN is providing this framework to enable us to set the right targets that are informed by science."

"We chose to join to really give robustness to the nature strategy we have and confirm that we are acting on the right topics at the right scale."

"We engaged with SBTN because it is science-based, and it really helped give us a north star."

"Close to 100% of the companies we work with are using SBTN... companies are attracted to SBTN because of the science-based argument. SBTN's framework is well developed ... and with SBTN everything needs to be included in your assessment."

5. Lessons learned from the pilot

Overview of lessons learned

SBTN gathered numerous learnings throughout the pilot: via Q&As, the validation process, feedback from piloting companies and their consulting partners, and other preparer groups outside the pilot (WBCSD, UNGC).

As outlined in the preceding section, companies derived significant value from the piloting experience, despite some challenges, particularly regarding feasibility. These challenges offered valuable learning opportunities for everyone involved, especially SBTN. SBTN has already addressed some of these in the methods released in July 2024; namely enhancing confidence in prioritization and outputs, improving interoperability, providing additional support and resources, and clarifying methods (see below for more specifics). Additionally, SBTN identified learnings that require greater collaboration within the nature sphere, such as upstream traceability and local model availability. Some topics are already on the product roadmap, including implementation guidance, while others, such as providing more flexibility in pathways to targets, need further deliberation due to their strategic implications. Overall, SBTN will continue to respond and adapt to improve feasibility and practicality while maintaining scientific rigor.

SBTN methods are a driver for traceability, but it will need a concerted effort:

"We need more structured work in this space, to figure out the traceability. […] It will put traceability throughout the value chain into focus for companies and industries."

– piloting company

Integration of initial lessons learned into method revisions

Based on the validation pilot SBTN has made a number of enhancements across the methods. Learnings have informed V1.1. of the Step 1: Assess, Step 2: Prioritize and Step 3: Freshwater methods, and V1.0 of the Step 3: Land methods[1], published in July 2024.

Having undergone internal review (including the review of SBTN's Product Development Council), select revisions with strategic relevance were identified for decision making by SBTN's Network Council. Specifically, method revisions aimed to:

- **Improve feasibility: Improve company ability to implement the method guidelines and meet the validation requirements.** Additional tools, datasets, case studies and best-practice guidance has been provided to support users.
- **Improve clarity: Improve company ability to clearly interpret the method guidelines and validation requirements**. SBTN has reduced ambiguity and provided

[1] SBTN published the beta version (V0.3) of the Land Methods in May 2023.

clarifications and prescriptive guidance on tools and datasets where possible (notably with regards to biodiversity). A task-oriented approach has been introduced to align with the corporate manual and make it easier to navigate the method documents.

- **Robustness: Strengthen validation requirements to ensure the method has been completely and correctly applied, protecting the method against misuse and greenwashing.** For example, the methods continue to apply a lens of prioritization throughout the methods to drive action for nature through place-based science-based targets.
- **Ambition: Strengthen validation requirements to ensure targets are ambitious.** Targets should lead companies to act where nature most need it.

A summary of the key method revisions for each step of the methods is presented below.

Step 1: Assess & Step 2: Prioritize Learnings

All companies within the pilot were required to complete Steps 1&2 of the methods before moving on to target setting. Companies have reiterated the value of completing Steps 1 and 2 as a foundation and mechanism to understand nature-related impacts in their value chains. Through a combination of user feedback, empirical testing and validation findings, a series of key learnings have been identified by SBTN. These have formed the basis of the revisions for V1.1 of the Step 1&2 methods.

Most of the Step 1&2 method revisions were associated with improving the ***feasibility*** and ***clarity*** of the methods. The top five lessons learned in the pilot on Steps 1&2 are detailed below. See Appendix III for detail of the method revisions.

1. ***Material screening tools are fundamental to get started on the right foot in a standardized way.*** The prescriptive materiality screening approach developed by SBTN was the preferred option of piloting companies (instead of the *flexible approach*). It provides a standardized way to assess sector-based materiality during the screening phase. The list of sectors, processes and pressures in the Materiality Screening Tool (MST), which is part of the prescriptive approach, were a strong foundation for identifying key material pressures. It also allowed a like for like comparison among companies in the same sector.

- Feasibility method improvement: MST improvements

  SBTN has invested resources in improving the scope, navigation and functionality of the Materiality Screening Tool (MST), to make it easier for companies. This is just the first step, and companies should better reserve their effort for developing a comprehensive value chain assessment, which is the next step in SBTN's stepwise framework. Particularly, SBTN created a new function to automate the identification of material upstream activities when introducing a list of sectors in direct operations. Piloting companies didn't get to use this new tool, but other companies can now easily identify their upstream activities and check the automated results for accuracy.

2. ***The value chain assessment is one of the most eye-opening steps that can help companies uncover impacts on nature but is also the most resource intensive step requiring an effective data management strategy.*** Companies in the pilot leveraged the data they have from previous efforts to quantify their impacts of nature but were also challenged to assess new metrics for water pollution, land use change and soil pollution. Companies were also asked to use the suite of recommended tools to assess state of nature indicators for the places they operate in or source from. Although this can be a cumbersome process, requiring the collection of large amounts of data, modeling of locations when there's a lack of traceability and the interpretation of nature indicators, it is deemed as a worthwhile exercise by piloting companies and other support groups working with SBTN methods. Companies can use this information for managing risks within their direct operations and supply chains and it can inform long-term investment planning and strategy for nature.

- Feasibility method improvement: Adjustment of the value chain assessment scope

  Based on companies' feedback, SBTN made some changes to narrow the scope of economic activities and commodities to enter the value chain assessment. Now, only economic activities associated with production inputs in the upstream value chain segment must be included, and services and capital goods can be excluded. This allows companies to focus their attention initially where the most material impacts are. SBTN also changed the requirement around the inclusion of High Impact Commodities (HICs) in the upstream value chain segment, to allow the exclusion of up to 10% of the volumes across commodities. The intent of these changes is to facilitate the initial analysis, while continuing to strive for a full value chain assessment over time. SBTN will continue to investigate how companies can estimate the pressures associated to services, capital goods, and relatively small volumes of HICs in their supply chain.

3. ***The value chain assessment has advanced company biodiversity impact assessments, yet to ensure state of biodiversity is accurately impacting the outcome of the value chain assessment, further guidance is needed to ensure appropriate selection and use of data inputs.*** Companies noted that in completing the biodiversity state of nature assessment, they increased their knowledge of biodiversity metrics, gained scientific understanding of impacts on biodiversity and better understood how to measure it. Ultimately, this analysis helps companies prioritize locations to start their target-setting journey. Science-based targets help protect biodiversity by focusing on key drivers and pressures that lead to biodiversity loss, resource depletion and ecosystem degradation, and by integrating landscape approaches. Though V1.0 of the method required companies to select metrics appropriate to terrestrial and freshwater systems, companies did not always choose appropriate datasets, in part due to the availability of this type of datasets.

- Feasibility method improvement: Additional guidance on State of Nature Biodiversity (SoNB)

  Based on the conversations with companies and the review of the metrics used for SoNB during the pilot, SBTN added guidance in Step 1 V1.1 and its Appendix 1. SoNB indicators - minimum approach, to help companies navigate and better understand the coverage and limitations, when selecting SoNB indicators. The aim is to reduce the time and effort required to find this information, mitigate the risk of introducing errors and increase the value of this assessment for companies even more.

4. ***The lack of traceability was the most pervasive challenge that companies experienced from Steps 1 and 2 (materiality assessment) to Step 3 (target-setting)***. The premise of science-based targets for nature is to use the best available scientific data on impacts and state of nature in each location at a given time. This is not an invention of SBTN, but rather the conclusion of the global scientific community. During the pilot, companies struggled to identify the locations for their upstream activities and commodities for the most impactful stage of the value chain and raised a number of challenges associated with collecting this information. Although Steps 1&2 V1.0 allowed for the completion of the assessment using modeled locations, companies had little to almost zero traceability to raw material extraction or production phases. This was a limitation for implementing Step 3, where for baselining companies had to choose basins with sufficient information to meet the pilot's target-setting requirements, and in the land method, it limited the ability of companies to locate production sites in the Natural Lands Map.

- Feasibility method improvement: Prioritization guidance to increase traceability

  During the pilot, SBTN created a working group on the so-called Target Boundary B in the methods (where companies only have multinational or continent-scale visibility on a given commodity). This group of experts helped create the guidance in Step 2 V1.1. and Appendix 3. Actions for upstream target boundary B, with a proposed prioritization approach for commodities or activities with insufficient traceability for target-setting to implement alternative measures alongside gaining more traceability, such as product design. The prioritization approach uses tiers that are a function of existing conditions to facilitate traceability to points of origin. Although the additional guidance is aimed at helping companies, the task is titanic and is one that is cross-cutting to sustainability work. Numerous efforts worldwide are occurring in this space, yet SBTN would like to make a call to continue to work together to accelerate progress. SBTN has also introduced timelines in Step 2 to move upstream volumes of commodities in scope, to the level of traceability required in Step 3 methods. This will help companies develop time-bound plans to gain traceability. SBTN will continue to develop guidance, including guidance for recycled content and waste streams that were also raised in the pilot as key challenges.

5. ***Whilst the prioritization of locations for target setting is an important step, some companies found that the results of the prioritization step did not align with their expectations of the most impactful locations.*** SBTN recognizes the need for the output of the prioritization activity to better reflect a company's combined pressure on nature, existing state of nature, and the ability to act. While we initially did allow for optional, additional filters that could impact overall prioritization, we recognize it lacked specificity which was disabling companies from taking the holistic perspective to prioritization that we know they need.

- Feasibility method improvement: simplification and standardization of Step 2 prioritization

  To continue to allow this feasibility mechanism that reduces barriers for entry, SBTN merged some substeps in the previous version and introduced new rules and guidance for Step 2 optional prioritization protecting its rigorousness. These must be used after completing impact-based rankings, which may incorporate factors beyond environmental and societal materiality, such as stakeholder engagement, human rights, business dependencies on nature, and financial or strategic interests. These additions, if followed by companies (since they are optional), would be aligned with CSRD principals e.g., integrating financial considerations for a double materiality approach.

Step 3 Freshwater Learnings

If freshwater was identified as a material pressure in Step 1 &2, pilot companies were encouraged to set two water quality and two water quantity targets. As with Steps 1&2 learnings from companies setting freshwater targets through the pilot have formed the basis of revisions for V1.1 of the Step 3 Freshwater target setting method.

Most of the Step 3 Freshwater method revisions were associated with improving the ***feasibility*** of the methods. The top three lessons learned in the pilot on Steps 3 Freshwater are detailed below. See Appendix III for details of the method revisions.

1. ***Stakeholder consultation for model selection can be time and resource-intensive; however, when successful it paves the way for collaboration.*** We found from the pilot that some companies could not identify a suitable local model for high-priority basins for various reasons, including that relevant local-level stakeholders were unresponsive during the pilot timeframe. Furthermore, in some cases, companies could not confirm with stakeholders whether the global model was acceptable for target setting in the basin. However, in cases where stakeholder consultation was successful, it helped companies better understand the needs in the basin and, in some cases, the projected trends.

- Feasibility method improvement: stakeholder consultation improvements

  Based on pilot findings, going forward, SBTN will allow consultation with just one relevant local-level stakeholder in top priority basins, as long as the stakeholder can refer to an appropriate local model and threshold with supporting evidence. SBTN recommends consultation with several stakeholders, and the list of relevant local-level stakeholder types remains unchanged. SBTN has also introduced new recommendations on completing stakeholder consultations in the guidance and in resource materials (e.g. suggestions for questionnaires, identification of synergies with the Landscape Engagement target when relevant) to support companies in this exercise.

2. ***Local hydrological models are hard to find and do not always meet the needs of SBTN target-setting methods.*** The pilot highlighted that there are limited local models. When identified, they are not always appropriate for target-setting. We also saw cases where a local model was found, but there was no reduction threshold derived using ecological considerations to pair it as specified in the Freshwater method. Furthermore, the stakeholders consulted were not always able to confirm the appropriateness of a local model. Therefore, many companies were required to use a global model and confirm the appropriateness of that model with local stakeholders.

- Feasibility method improvement: global model acceptance

  For top-priority basins, if the company is unable to identify an appropriate local model and cannot engage with local stakeholders to confirm the appropriateness of the global model for target setting, companies can still proceed with using the global model for the purpose of target setting. Companies must demonstrate they have attempted to find a local model and contacted national and local stakeholders (providing the validation team with the specifics on the basin, organization, and title of those contacted). Companies are required to continue the consultation process, and the public target dashboard will display any incomplete consultations. SBTN also recommends disclosuring incomplete consultations in company communications.

  However, even when global water models are a useful tool to set directionally meaningful targets based on the available science, they do not substitute for the

need to develop more contextual, locally developed models. Companies are encouraged to help develop these models, and it is important to find synergies with other frameworks and societal actors to create the conditions for their development.

3. ***Companies may need to set longer than 5-year target dates for various internal and external reasons (including alignment to local goals and timing to achieve deep reductions).*** The current Freshwater Step 3 guidance (v1.0) states, "Companies must submit their targets with a target year of five years from the date that the target is submitted." However, several pilot companies requested that their target year be 2030, six years from the submission date. Their rationale is that it better aligns with organizational goals and is easier to communicate internally and externally with stakeholders. Another reason was to align with the target year of locally set targets by water authorities. Separately, several pilot companies determined a reduction in pressure >25%, which might need a longer timeframe to be reached.

- Feasibility method improvement: expansion of the 5-year target date

  SBTN are expanding the 5-year target date for the following two cases:

  - For a pressure reduction target of 25% or less: 5-year target date applies, (up to 10 years with adequate justification)
  - For a pressure reduction target above 25%, up to a 10-year target date applies.

  Companies may choose to set longer (or shorter) target dates for various internal and external reasons. This update provides a framework for addressing those needs and the time that may be needed to achieve higher reduction targets. The threshold between a five- and ten-year target is intended to discourage deferred action on lower reduction targets. 25% was selected based on judgment to reasonably implement response options.

Step 3 Land Target Learnings

Where land use and land use change, or soil pollution was a material pressure, companies were encouraged to try to set all required targets. Given that the land methods were released as a beta version (V0.3), learnings from the pilot have informed the development of V1.0 of the methods. Positively, we found in the pilot that the suite of land targets is raising the ambition of companies' mitigation actions on their land use and land use change.

1. ***Target 1 – No conversion of natural ecosystems: target boundaries and dates.*** This target goes beyond no deforestation and covers no conversion of other natural ecosystems of great relevance such as grasslands. Companies were encouraged to expand their ambition; however, the pilot has highlighted that there is a need to continue to align to other external frameworks with respect to coverage and target dates (e.g. the EUs Regulation on Deforestation-free products or EUDR). This will simplify the target-setting process for companies and allow them to focus initial where the greatest impact is occurring.

- Feasibility method improvement: simplification and alignment of target dates to other external frameworks

  SBTN has further strengthen the alignment of the No Conversion target with external frameworks. As before, companies must meet the no-deforestation component of these requirements by 2025, for all stages of the value chain. In alignment with EUDR, the 2025 no deforestation requirement is now focused on the following commodities: soy, cattle, oil palm, wood, cocoa, coffee, and rubber. This

requirement is aligned with AFi, the SBTi FLAG requirements and the European Deforestation Regulation (EUDR EU 2023/1115).

2. ***Target 1 - No conversion of natural ecosystems: challenges when estimating conversion baselines, mainly due to limited traceability and the spatial granularity in tools.*** V0.3 of the land methods requires that, at the point of submission for validation, companies should include a baseline estimate of conversion for all volumes of commodities purchased where companies know the spatial scale at either the site or sourcing area (i.e., Target Boundary A). However, not all commodities categorized within Target Boundary A for the pilot were traceable to the sourcing or site area. Therefore, companies within the pilot struggled to assess conversion for all commodities in Target Boundary A.

- Feasibility method improvement: Conversion estimates for Target Boundary A

  In the revised methods, all volumes that cannot be traced at least to subnational level remain in Target Boundary B. For these commodities, companies will have until the target date to assess conversion. For all volumes in Target Bounday A land use change (i.e. conversion) must be assessed. To support companies in completing this exercise, SBTN has provided more flexible guidance on the way in which land use change can be assessed based on traceability levels.

3. ***Target 1 - No conversion of natural ecosystems: challenges in the prioritization of high ecological value areas:*** Core Natural Lands, a subset of natural areas in the SBTN Natural Lands Map, were introduced as an effort to prioritize area of higher ecological value and reconcile existing priority locations for no deforestation and conversion commitments. The result has been a layer that required traceability to production unit to differentiate between sourcing from core and non-core. Hence, the approach was not suitable to the actual data availability of companies.

- Feasibility method improvement: Introduction of new conversion hotspots (in substitution of previous Core Natural Lands)

  A new simplified approach based on coarser areas of conversion hotspots was introduced as a solution to address the traceability issue, whilst bridging it with an approach that focuses early efforts on those areas that are more at risk of conversion. Conversion hotspots refer to places with pressures that have resulted in the conversion of natural land classes to non-natural land classes between 2000 and 2020 (applicable to sourcing commodities in Annex 1a in the SBTN Land Method). This prioritization is separate from and additional to the spatial prioritization that companies complete in Step 2. This change also affects sectors who belong to the list of MICE sectors (previously identified as the IFC SP6 pathway). Companies in these sectors now have two options: 1) committing to no conversion of areas identified through the IFC SP6 environmental assessment process as "critical habitat" or "high conservation value" areas, or 2) commiting to no conversion of areas identified as core natural lands in the Natural Lands Map. This includes "Key Biodiversity Areas" and "Protected Areas" (all classes) found within the Integrated Biodiversity Assessment Tool (IBAT) and areas identified as critical habitat in the UNEPWCMC (2017) Global Critical Habitat screening layer to identify areas for no conversion. Areas identified as protected areas or key biodiversity areas in IBAT and likely critical habitat in the UNEP-WCMC Critical Habitat map shall be included as no-conversion areas whether they are identified as natural land in the SBTN Natural Lands Map or not.

4. ***Target 2 - Land footprint reduction:*** This target can be perceived as incompatible with regenerative agricultural strategies that would require more land to yield co-benefits, however, adopting comprehensive strategies with a systemic view on trade-offs, demand & supply levers and innovation are necessary.

- Robustness method improvement: Intensity vs absolute targets

  Given the benefits and challenges with both absolute and intensity approaches, for V1.0 of the Land targets, SBTN has left open the option for producer and consumer companies to set either type of target. However, absolute targets are recommended for large consumer companies such as retailers given their greater ability to reduce land footprint through demand-side measures such as shifting their portfolios to less-land-intensive products. It is aknowledged that for both types of Land Footprint Reduction targets, there is a risk that they incentivize unsustainable types of agricultural intensification, and/or that these targets incentivize consumer companies to shift their sourcing from lower- to higher-yielding areas. SBTN has provided further guidance on how companies can manage trade-offs and unintended consequences through response option planning, the setting of complementary environmental targets, and social safeguards.

5. ***Target 3 – Landscape engagement***: ***providing additional clarity to the landscape initiative minimum requirements.*** We found in the pilot that many companies leveraged their existing initiatives, but there's the need to work on strengthening their engagement with stakeholders, their goals, their baselines and their reporting systems.

- Clarity method improvement: updated maturity matrix and compliance guidance for the four key minimum criteria for landscape initiatives

  SBTN has introduced an updated maturity matrix from CDP, ISEAL, Landscale, and, based on the updated matrix, four new minimum criteria for landscape initiatives have been added. These four criteria provide the basis for the self-assessment that companies need to do to understand whether the landscape initiatives they are submitting are meeting the minimum requirements for the structure of the initiative. Looking ahead, the Land Hub is working on V2: more prescribed indicators companies can use. This could also help with additionality.

6. Best practices for target setting

To prepare for implementation and validation, companies through the pilot recommend the following advice. The Corporate Manual can be referenced for additional tips.

1 Have a good understanding of the methodologies, tools and datasets associated with setting science-based targets for nature from the get-go.

This will help you plan the resources needed to complete the task efficiently. An overview of the data requirements for each step is provided at the front of each method. Resources such as SBTN's Step 1 Toolbox also provides information to support companies in completing each step of the methods.

2 Ensure sufficient resources are available and that buy-in is sought across the business.

Be mindful that the collection and analysis of data, and the stakeholder engagement is time and effort consuming. Collaboration and alignment between the group's teams is important (sustainability, procurement, etc.) to gain buy-in, support data collection and facilitate action for target-setting.

3 Understand whether you have the required analytical skills in-house to be able to implement the methods.

The piloting companies have consistantly cited the need to have sound data anltyical skills, including the ability to manipulate and assess spatial data. You can use external consultants to support your target-setting if you don't have the expertise in house, especially on spatial analytics, footprinting and state of nature assessments.

4 Start with gaining traceability as this is fundamental for target-setting.

Start with getting a good understanding of your value chain and focus on locations for target-setting where you have the required traceability. However, don't let perfection stop you starting the work – the methods provide a pathway for increased scope of target setting as traceability improves over time.

5 Ensure you understand the connections between method steps.

Data collected and analyzed in Steps 1 and 2 of the methods, can and should be used for step 3 baselining. The data requirements within Steps 1&2 specifically call out where data will be used or should be improved for Step 3.

7. Pilot deliverables

Technical guidance

The following material has been updated or created during the pilot to support companies setting science-based targets for nature. Materials can be found in SBTN's Resource Library.

- **Technical guidance**: SBTN has released version 1.1 of the Step 1: Assess and Step 2: Prioritize, and Step 3: Freshwater guidance. Version 1.0 of the Step 3: Land guidance has also been released. Alongside the methods, SBTN has updated the Step 1a Materiality Screening Tool and the High Impact Commodity List.
- **SBTN Corporate Manual**: A new manual providing a practical overview of all existing technical guidance from the Science Based Targets Network for target setting.
- **Technical FAQs:** New technical FAQs on setting corporate science-based targets for nature have been created, based on learnings from the pilot.
- **Steps 1 & 2 Self-Assessment Tool:** A tool to enable companies to assess their level of readiness and get prepared to submit the final submission form to Science Based Targets Network (SBTN) on Step: 1 Assess and Step 2: Prioritize.
- **SBTN Natural Lands Map:** A tool for all companies setting No Conversion targets, to estimate natural ecosystem conversion since 2020 that is associated with the company's operations or commodity volumes in its supply chains.
- **Water Footprint Assessment Tool:** This tool can be used to assist companies in completing Step 1: Assess and Step 2: Interpret & Prioritize, using the "Accounting" function to gather data on water pressures, and the Step 3: Freshwater method for target setting (v1), using the "Sustainability" function to establish a baseline and target using the globally developed modelling approach.
- **SBTN State of Nature Water Layers App:** In the context of SBTN steps 1 and 2, this app helps companies assessing the State of Nature for Water Availability and Water Pollution around their operations and supply chain locations. Companies can also use the app for Step 3: target setting when using a global modelling approach.

Validation resources

To support companies in streamlining the validation process, the following resources have been developed:

- **Validation submission forms:** A document for companies to develop their targets and submit them for validation.
- **Validation data templates:** Excel templates for companies to share their data in a clear and standardized way (i.e., pressure estimates and target baselines) for validation.
- **Claims guidance:** A guidance document detailing permissible claims after obtaining validation.
- **Requirements and recommendations:** compilation of the requirements and recommendations across all steps of the methods which companies will need to meet to have targets validated.

8. Next steps

SBTN's validation pilot for the first suite of methods for science-based targets for nature has brought valuable learnings. As explained in this report, methods, tools and other resources were improved or created to help companies in their target-setting journey. The effort of pilot companies and their supporting partners paved a clearer and more feasible pathway for future companies.

Near-term activities

SBTN will continue to work on key challenges that have not been addressed in the released method versions in July 2024. Although internal work to tackle these may have already started during the pilot, more time is needed to further distill the learnings, understand root causes, identify potential synergies with other organizations, and draw the connections to **SBTN's Theory of Change**.

An example is the request from companies to provide **guidance on certifications** that meet the minimum requirements to demonstrate no conversion of natural ecosystems in the land method. This would help companies demonstrate the progress they have done already through their sustainability journey and help them plan their next steps for implementation. While SBTN's guidance to date focuses on corporate target-setting based on the best available science, this work would help sustainability practitioners make the case internally ensuring top management buy-in. This will require collaborative work, planning and resourcing.

Another example relates to supporting companies to improve **traceability**. Although SBTN has added new guidance in the methods, this remains a challenge that is cross-cutting in the methods. Some questions are: How does traceability differ across sectors? What are the best examples available that demonstrate progress? What other actors are actively working on improving traceability? What role can / should SBTN play in improving traceability?

Other examples of remaining challenges are:

Local freshwater models – Even when global water models are a useful tool to set directionally meaningful targets based on the available science, it does not substitute the need for developing more accurate models that are locally-developed. It is important to find synergies with other frameworks and societal actors to create the conditions for their development.

Target-setting journey – SBTN methods are designed to work in a sequential way (Steps 1, 2 and 3), and allow for prioritization approaches. However, based on the feedback received during the pilot from pilot companies and other preparer groups, it's important to define the pace at which companies should progress in their target-setting journey in the short-term to help companies plan their strategies. SBTN has not yet defined the expected pace of progression and is calling on companies to start their journey in the meantime. In SBTN's view, this is a strategic topic that requires a robust analysis of considerations such as sectors, position in the value chain, distribution of impacts across the value chain for different pressure categories, company operations in critical habitats, etc., and that must be intimately connected to the organization's Theory of Change.

Implementation guidance (including accounting rules) – Apart from certifications guidance, pilot companies expressed their interest in having more guidance on target implementation (Step 4 in SBTN's framework). This would also entail developing accounting guidance for reporting progress against the target indicators.

SBTN will communicate the outcomes of the pilot in September this year, alongside a discussion of lessons learned during the pilot that is informing SBTN's strategic planning. Although there are remaining challenges as explained here, the pilot has proven that SBTN methods can be implemented today by corporates. Science-based targets for nature is nevertheless a commitment to continuous action and improvements, based on evidence.

Recommendations for companies interested in setting targets

Here are the actions SBTN recommends to companies outside the pilot group:

1. **Reference SBTN's Corporate Manual** which provides a distillation of SBTN's technical guidance as well as best practices before getting started.
2. SBTN recommends all companies **get started with a comprehensive materiality assessment** using its Step 1: Assess and Step 2: Prioritize methods.
3. If you fulfill the criteria to submit targets for validation later this year**, fill-out and send your expression of interest.**
4. If you're not yet part of **SBTN's Corporate Engagement Program**, **here** you can find more information.
5. **Build the business case** for your company and get ready by referencing our **How to get started** section on our website.

Appendix I: Minimum target-setting requirements

Minimum target-setting requirements – Freshwater methods

Companies were asked to meet the following minimum requirements for freshwater target setting where possible. All targets submitted were validated as part of the pilot.

Table 2. Minimum freshwater target setting requirements

Requirement	Detail
Two freshwater quantity targets	At least one target must be for a top-priority basin (using either type of model, following the complete stakeholder consultation process). One of the two targets must be for direct operations and the other one must be for upstream.
Two freshwater quality targets	If your company has nutrient pollution impacts in direct operations, please follow the same logic than for freshwater quantity If your company does not have nutrient pollution impacts in direct operations, then: One target for a top-priority basin (using either type of model, following the complete stakeholder consultation process). One target for a non-top-priority (using the global model).

Minimum target-setting requirements – Land methods

Companies must use the guidance provided in the Land Methods (pages 18-27) to determine which targets they are required to set.

Table 3. Minimum land target setting requirements

Requirement	Detail
No conversion of natural ecosystems	Covering the totality of the direct operation target boundary and upstream activities for land use and change.
Land footprint reduction target	Covering the totality of the direct operation and upstream activities for agricultural lands. Note: applicable only to the company's agricultural land footprint.
Landscape engagement target	Option 1. One Landscape Engagement Initiative that covers: Direct operations: 10% of the area of the target boundary related to LU&LUC and soil pollution, AND Upstream (target boundary A): 10% of the area of the target boundary related to LU&LUC and soil pollution. Option 2. One Landscape Engagement initiative, regardless of size, in materially relevant landscapes (during the pilot timeframe). Note: If your company chooses Option 2, you'll be required to set and validate another Landscape Engagement target following the validation pilot (as specified in the methods). This would impact on claims that can be made at the completion of the pilot. Therefore, where possible, we encourage you to aim for setting two landscape targets within the pilot timeframe.

Appendix II: Pilot exceptions and clarifications

Overview

Throughout the pilot, SBTN communicated method clarifications and introduced some exceptions for validation. Exceptions to method requirements were approved by SBTN on different dates throughout the pilot for the pilot only. The introduction of pilot exceptions and clarifications were necessary when companies faced challenges for validation submission or when the methods lacked specificity.

SBTN is using these as a basis to analyze and test potential changes to method requirements, balancing scientific rigor and feasibility. The reviewed methods published alongside this report, override some of these pilot exceptions. Others remain open for further discussion and evaluation.

Targets approved during the validation pilot are required to observe specific rules in SBTN's Claims Guidance, with respect to method alignment.

Step 1: Assess & Step 2: Prioritize

Table 4. Step 1&2 pilot exceptions

Method step	Pilot exception	Rationale	Status
1a: materiality screening	**Exclusion of "Supporting goods and services" from a company's organizational boundary** Pilot companies were allowed to exclude supporting activities (i.e., activities not related to production or the main business operation) from their organizational boundary. Supporting activities may include office activities, administration, marketing, IT, etc. Justifications for these exclusions were required by validators.	Feasibility	Addressed in V1.1 of the methods
1a: materiality screening	**Exclusion of soil pollution associated with "infrastructure holdings"** Pilot companies were able to exclude providing data in Step 1b and Step 2 for the soil pollution pressure associated with the "Infrastructure holdings" production process based on the Materiality Screening Tool (MST) outputs. Pilot companies challenged the materiality and highlighted the difficulty in collecting relevant pressure data for this activity-pressure pairing.	Feasibility	Not yet addressed
1b: value chain assessment	**Allowing the 67% upstream coverage to be across pressures** In the context of the pilot, the minimum required scope for the Step 1b value chain assessment was 67% of sourced commodities (by tonnage or spend). The percentage is calculated considering that 100% refers to the sum of all (upstream) volumes that were material for at least one pressure category in the Step 1a materiality screening. This was allowed in the pilot, as it wasn't clear in the method that it should be 67% of the tonnage or spend, for each pressure category.	Clarity	Addressed in V1.1 of the methods

1b: value chain assessment	**Allowing the scoping of 90% of High Impact Commodities (HICs) to be either per commodity or across commodities** The Step 1b requirements state that companies must assess at least 90% of sourced volume/spend but are recommended to address as close to 100% as possible using modeled estimates. For the pilot, companies were able to calculate the 90% threshold either per commodity or as an aggregated net volume/spend interpretation across commodities. Companies were required to transparently disclose and justify where a lower than 100% amount of each commodity volume was included due to calculation challenges.	Feasibility	Addressed in V1.1 of the methods
1b: value chain assessment	**Allowing working on Step 3 Land target before completion of Land Use and Land Use Change (LULUC) evaluation in Steps 1 and 2** Several companies experienced challenges completing the value chain assessment (Step 1b) for land use and land use change. This included either: not using the appropriate state of nature data to quantify land use change (e.g., using tree cover loss or deforestation data instead of a dataset reflecting broader terrestrial ecosystem loss beyond forested areas) or using a single pressure indicator for both land use and land use change. A pilot exception was made to allow companies to continue working on Step 3 for land target-setting despite not having yet completed the LULUC evaluation in Steps 1 and 2. The baseline data collected as part of the Step 3 land methods fulfilled the Step 1b requirements.	Feasibility	Addressed in V1.1 of the methods
1b: value chain assessment	**Allowing the use of only terrestrial biodiversity state of nature** Several companies used terrestrial biodiversity data in the prioritization for both land and freshwater pressures instead of a separate freshwater biodiversity metric (e.g. freshwater species rarity-weighted richness as suggested in the methods). For the pilot companies were allowed to use only terrestrial biodiversity metrics of their choosing that adhere to the guidelines and recommendations for biodiversity data selection (across all relevant categories of metrics provided in Step 1).	Clarity Feasibility	Addressed in V1.1 of the methods

Step 3: Freshwater

Table 5. Step 3: Freshwater pilot exceptions

Method step	Pilot exception	Rationale	Status
Model selection	**Use of global models for priority basins where stakeholders are unable to confirm the acceptability of the model** For top-priority basins, if a company was unable to identify an appropriate local model and could not engage with local stakeholders to confirm the appropriateness of the global model for target setting, companies could still proceed with using the global model for the purpose of target setting. Companies must have demonstrated that they have attempted to find a local model and contacted national and local stakeholders (providing the validation	Feasibility	Addressed in V1.1 of the method

	team with the specifics on the basin, organization, and title of those contacted). Companies must continue the consultation process throughout and beyond the pilot.		
Baseline values on relevant pressures	**Use of secondary data for point source pollution** The methods require that pollutants discharged from a facility via a confined discharge pipe (i.e., a point source) must be calculated from primary data. For the purposes of the pilot, it is acceptable for companies to use secondary data to estimate pollution from point sources.	Feasibility	Not yet addressed
Target setting	**Use of 2030 as a target date** The SBTN guidance specifies that FW target dates should be within 5 years of the submission year. Thus, technically the target year should be 2029. However, SBTN recognizes the benefit of adopting a 2030 target year and therefore will accept this for the pilot.	Ambition	Addressed in V1.1 of the method

Step 3: Land

Table 6. Step 3: Land pilot exceptions

Method step	Pilot exception	Rationale	Status
Target 1: No Conversion	**Discrepancies in the High Impact Commodities List in Steps 1&2 vs the Step 3 Land Annex 1** There were minor discrepancies between the High Impact Commodity list in Step 1&2 and the Step 3 List of Conversion Driving Commodities (Annex 1). Companies were required to use the list of commodities in Step 3 Land Annex 1 for setting Target 1 (no conversion of natural ecosystems).	Clarity	Addressed in V1.0
Target 1: No Conversion	**Estimation of conversion for embedded commodities** Companies with embedded commodities for which conversion (or land use change) is difficult to estimate can leave them out for this pilot submission but will be required to observe future guidance on this regard.	Feasibility	Addressed in V1.0
Target 1: No Conversion	**Alignment with the EUDR commodity list** The European Union's Deforestation Regulation- EUDR (released after SBTN methods) covers the following seven commodities: soy, leather, palm oil and palm oil derivatives, wood and wood derivatives, rubber. If a piloting company was unprepared to set 2025 targets for all SBTN Annex 1a deforestation driving commodities, at the minimum they must set 2025 targets for the seven commodities covered by the EUDR. Other deforestation-driving commodities must still be covered under one of the other 2027 and 2030 targets.	Ambition	Addressed in V1.0
Target 1: No Conversion	**Year of assessment for land use change calculations** The methods indicate that companies should assess their LUC up until the year of submission for validation. If companies could not assess conversion for the target year (i.e. 2023) because of lack of data and time, it was acceptable to use 2022 data.	Feasibility	Addressed in V1.0
Target 1: No Conversion	**Use of the Natural Lands Map (NLM) for certified volumes** Companies were exempted from using the NLM for commodity-volumes "claimed" to be conversion free. However, they were required to submit evidence showing that certified volumes are meeting the requirements of	Feasibility	Addressed in V1.0

	the no conversion target. SBTN did not validate certification schemes during the pilot, but additional guidance on certification schemes will be incorporated in subsequent method version.		
Target 1: No Conversion	**Obtaining geospatial boundaries of production sites** Where companies had been unable to obtain geospatial boundaries for direct operation or upstream production sites >10ha, SBTN allowed companies to use a buffer around one point coordinate so long as the buffer was at least 1.5x the area of the production unit. Companies using this approach must obtain geospatial boundaries for these sites before their next submission and/or to prove achievement of the no conversion target.	Feasibility	Addressed in V1.0

Appendix III: Method revisions

Step 1: Assess & Step 2: Prioritize Revisions

Table 7. Revisions to Step 1a – Materiality Assessment

	Revision Type	Rationale	Detail
Task 1. Define your organizational boundary	Clarification	Clarity	Clarified the definition of organizational boundary (in line with GHGP) and provided examples.
Task 3. Identify High Impact Commodities	Clarification	Clarity	Clarified the classification of purchased goods for which companies need to screen for high impact commodities (production inputs).
	Tool enhancement	Feasibility	Added land conversion driving commodities to the high impact commodities list to improve alignment between Steps 1 and 3 (Land).
Task 4. Screen for materiality	Tool enhancement	Feasibility	Developed a new interface for the MST Tool.
	Tool enhancement	Feasibility	Developed a new upstream functionality to the Materiality Screening Tool.
	Change in recommendation	Feasibility	Removed the flexible materiality approach (appeared not necessary).

Table 8. Revisions to Step 1b – Value Chain Assessment

	Revision Type	Rationale	Detail
Task 7. Map your value chain activities and locations	Clarification	Feasibility	Clarified the scope of the value chain upstream assessment: only production inputs are required; services, capital goods and nonproductive goods are excluded.
Task 8. Quantify the environmental pressures of your activities	Change in requirement	Ambition and Feasibility	For every pressure category, the required scope of the assessment is 100% of direct operations sites material for that pressure category and at least 67% of the total upstream production input volumes, including at least 90% of the total high impact commodity volumes (instead of 90% of volume for each Hight Impact Commodity in V1).
	Clarification	Clarity and	Clarified the scope of included commodities: only the ones physically present in the

		Feasibility	production inputs plus the embedded EUDR commodities in the associated animal feed.
Task 9. Assess the State of Nature in each geographical location	Clarification	Clarity and Feasibility	Refined the list of biodiversity metrics, reflecting the specific pressures relevant for each target setting method and representing biodiversity at different levels (ecosystems and species).

Table 9. Revisions to Step 2a – Determine Target Boundaries

	Revision Type	Rationale	Detail
Task 1. Determine target boundaries for each pressure category	Clarification	Clarity and Feasibility	Changed the definition of target boundary to improve alignment with SBTi and the GHGP. Target Boundary refers to the economic activities that have material pressures for the indicators used for a target (instead of spatial definition in V1).
	Change in requirement	Feasibility	Introduced tiered prioritization based on data availability: level 1 (Step 3 compatible) and level 2 (subnational level, not yet ready for Step 3) fall into Target Boundary A, and level 3 (national or global resolution data) falls into Target Boundary B.
	New requirement	Ambition	Companies purchasing raw commodities are required to obtain or estimate data consistent with requirements for upstream Target Boundary A for >0% of their upstream activities and commodities before proceeding with Step 3 method.
Task 2. Set aside volumes with insufficient value chain traceability	Change in requirement	Feasibility and Ambition	Volumes with country level data to be included in Target Boundary B since they are insufficient for target setting. Introduced time-bound requirement to transition all volumes from Target Boundary B to Target Boundary A in 5 years for Freshwater, and by target date for Land.
Task 3. Harmonize spatial units	Clarification	Feasibility	Clarified both what "harmonization" is, and which data needs to be harmonized.

Table 10. Revisions to Step 2b – Interpret and Rank

	Revision Type	Rationale	Detail
Task 4. Normalize pressure and State of Nature	Clarification	Clarity	Added explicit language in the method to clarify common misinterpretations and errors we observed during the pilot: clarified that normalization is the process of

(SoN) indicators			transforming and scaling data to fit within a consistent range (traditionally from 0 to 1).
Task 5. Create index values for all pressure categories	Clarification	Clarity	Added new language and guidance materials on Ip (pressure specific index value) and SoNb (Biodiversity State of Nature data) rankings (developed a case study and a corporate manual that include examples).
	Clarification	Feasibility	Clarified criteria to allow for exclusion of negligible pressures for Freshwater targets. In situations when companies have data at spatial granularity to set targets in Step 3; the pressure accounts for less than 1% of the total pressure for that specific pressure category; and the state of nature in the location is healthy, indicating little to no need for change. The total exclusions for a specific pressure, however, cannot account for more than 10% of a company's total pressure.

Table 11. Revisions to Step 2c and 2d – Prioritize

	Revision Type	Rationale	Detail
Task 6 - Task 9	Clarification	Clarity	Combined Steps 2c and 2d for increased clarity in methods and increased robustness.
Task 9. Prioritize within target boundaries	New Requirement	Clarity Robustness	Added requirement to justify reprioritization conclusions based on at least one of the three criteria in this analysis (stakeholder engagement, company dependencies on nature, and other considerations such as feasibility and strategic interest), e.g., why these are most relevant for their company, which information sources were used, and why these were selected.

Step 3: Freshwater Method Revisions

Table 12. Revisions to Step 3 - Measure, Set, and Disclose Freshwater Targets

	Revision Type	Rationale	Detail
Stakeholder consultation for hydrological model selection	Change in Requirement	Feasibility	Consultation with one relevant local-level stakeholder is also permissible in top priority basins, as long as the stakeholder can refer to an appropriate local model and threshold with supporting evidence. The SBTN list of relevant local-level stakeholder

			types remains unchanged, and consultation with several stakeholders is recommended.
	Clarification	Clarity	Stakeholder consensus on each of the criteria for assessing the appropriateness of a model is not a target validation requirement.
	New Recommenda -tion	Clarity Feasibility	New recommendations on how to complete stakeholder consultations are introduced in the guidance and in resource materials (e.g. suggestions for questionnaires, identification of synergies with the Landscape Engagement target when relevant).
	Clarification	Clarity Robustness Feasibility	For top-priority basins, if the company is unable to identify an appropriate local model and cannot engage with local stakeholders to confirm the appropriateness of the global model for target setting, companies can still proceed with using the global model for the purpose of target setting. Companies must demonstrate they have attempted to find a local model and contacted national and local stakeholders (providing the validation team with the specifics on the basin, organization, and title of those contacted). Companies must continue the consultation process, and incomplete consultations will be included in the public target dashboard. The disclosure of incomplete consultations is also recommended in company communications.
Target Date	Change in requirement	Feasibility	Expansion of the 5-year target date: For a pressure reduction target of 25% or less: 5-year target date applies, (up to 10 years with adequate justification). For a pressure reduction target above 25%, up to a 10-year target date applies.

SCIENCE BASED TARGETS NETWORK

GLOBAL COMMONS ALLIANCE