



SCIENCE BASED TARGETS NETWORK
GLOBAL COMMONS ALLIANCE

SBTN Validation Requirements and Recommendations for Science- based Targets for Nature

Version 1.1

July 2024

Version History

Version	Update description	Release Date	Effective Dates
1.0	First version of the SBTN Validation Requirements and Recommendations – based on Step 1 and 2 methods V1.0	July 2024	10 July 2024 – 31 December 2024
1.1	Updated version (post pilot May 2023-June 2024) SBTN Validation Requirements and Recommendations - based on Step 1 and 2 methods V1.1	July 2024	10 July 2024 - indefinite

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Introduction

The purpose of this document is to list the minimum requirements companies must fulfill when developing their science-based targets for nature as described in SBTN Technical Guidance. The methods covered in this document are:

- Step 1: Steps 1: Assess V1.1 - Released July 2024
- Step 2: Interpret & Prioritize V1.1 - Released July 2024

NOTE: Step 3 requirements and recommendations will be added after SBTN's July release.

All the requirements listed below must be met and validated to be recognized by the Science Based Targets Network (SBTN). SBTN recommendations are important for transparency and best practice but are not required.

Effective Dates of Updated Criteria

This validation requirements version 1.1 will be in effect as of the 10th of July 2024.

General Requirements

0.1. REPORTING

Requirement 1. Frequency.

The company shall publicly report its pressure indicators and progress against published targets on an annual basis.

Requirement 2. Disclosure of 2025 targets achievement.

The earliest target date in current SBTN methods is 2025 to ensure the no conversion of natural ecosystems in direct operations, natural forests and conversion hotspots. This requirement is aligned with the Accountability Framework, the SBTi FLAG requirements and the European Deforestation Regulation (EUDR EU 2023/1115). Companies must prepare to disclose their achievement of this target and should use future guidance developed for this purpose.

Recommendation 1. Where to disclose.

There are no specific requirements regarding where progress against published targets should be disclosed, as long as it is publicly available. The SBTN recommends disclosure through standardized, comparable data platforms such as CDP's Water Security and or Forests annual questionnaire, though annual reports, sustainability reports and the company's website are acceptable.

Recommendation 2. Disclosure guidance.

Companies should use disclosure guidance from reputable sources including but not limited to:

- Accountability Framework initiative
- Draft Greenhouse Gas Protocol Land Sector and Removals Guidance
- ISEAL guidance for making jurisdictional claims
- AWS International Water Stewardship Standard
- UN Global Compact CEO Water Mandate

0.2. TARGET RECALCULATION

Requirement 3. Mandatory target recalculation.

To ensure consistency with the most recent science and best practices, targets must be reviewed, and if necessary, recalculated and revalidated, at a minimum every 5 years.

Requirement 4. Triggered target recalculation.

Targets should be recalculated, as needed, to reflect significant changes that could compromise relevance and consistency of the existing target.

The following changes should trigger a target recalculation:

- Significant changes in company structure and activities (e.g., acquisition, divestiture, merger, insourcing or outsourcing, shifts in goods or service offerings).
- Significant adjustments to baseline(s) resulting from data quality improvements, changes in data sources or calculation methodologies. This includes the discovery of significant errors or several cumulative errors that are collectively significant.
- Significant changes to growth projections used in the target language for intensity targets. This is currently only applicable to the land footprint reduction target.
- When a company couldn't find an appropriate freshwater local model and threshold after stakeholder consultation and used the global model for target-setting and validation, it is required to consult the SBTN basin threshold tool every year to see if a local water model and threshold have been included. If a new model and threshold are found, the company will be required to use it to set targets and substitute pre-existing ones, unless it can prove that current targets are more ambitious than those resulting from the application of the local model and threshold.

Requirement 5. Significant changes.

Companies should apply a policy of 5% change or less as the threshold to trigger a target recalculation (also known as significance threshold). This is consistent with best practice in GHG accounting, reporting and target-setting.

Requirement 6. Recalculation and revalidation.

Companies should aim to recalculate and revalidate their targets within maximum a year from the moment the change or adjustment has occurred.

0.3. METHOD VALIDITY AND TARGET VALIDITY

Requirement 7. Method validity.

Companies must use the latest version of methods and tools approved by SBTN. Submissions for validation that use previous versions of the tools or methods can only be submitted for validation within 6 months of the publication of the revised method or tool.

Requirement 8. Target validity.

Companies with approved targets must announce their target publicly on the SBTN website within 6 months of the approval date.

Step 1: Assess

1.1. Step 1a: Materiality Screening

1.1.1. ORGANIZATIONAL BOUNDARY

Requirement 1. Definition of the organizational boundary.

Companies must indicate their organizational boundary and determine whether each of their business operations is part of it following one of the three approaches laid out by the GHGP. Companies must demonstrate that, depending on the approach selected, their organizational boundary is comprehensive of all their business operations at the time of submission.

Recommendation 1. Preferred organizational boundary approaches for science-based targets for nature.

Companies that have already set science-based targets for climate using the GHG Protocol are recommended to use the same organizational boundary for setting science-based targets for nature. This means that if a company is using the equity control approach for its science-based targets for climate, then it may use the same one for its science-based targets for nature.

Companies that have not defined an organizational boundary in the past are recommended to use either the financial or operational control approach.

1.1.2. HIGH IMPACT COMMODITIES

Requirement 2. High impact and conversion-driving commodities.

Companies must report all High Impact Commodities and Conversion-driving commodities (as defined by SBTN's High Impact Commodity List) that they produce or extract as part of their direct operations activities.

Companies must also report all HICs and conversion-driving commodities in their production inputs procured in the last five years, indicating whether they are in raw or processed forms, as well as any EUDR-listed commodities used as feed in the production of any animal-derived products in the production inputs.

1.1.3. MATERIALITY SCREENING

Requirement 3. Screening of full scope of business in direct operations.

Companies must begin setting science-based targets by first screening for material pressures across the entirety of their business, as determined using the organizational boundary.

Requirement 4. Screening of upstream value chain segment.

Companies must identify their upstream activities and their associated material pressure categories from the MST. Companies must ensure, with appropriate justification, that this

list contains any activities associated with their production inputs (as defined in Task 7).

Requirement 5. Screen all required pressure categories.

Companies are required to screen their activities against eight pressure categories of land use and land use change; freshwater ecosystem use and use change; marine ecosystem use and use change; water use; other resource use; GHG emissions; water pollutants; and soil pollutants. Companies that have validated (or have submitted for validation) SBTi targets may forgo screening of GHG emissions.

Recommendation 2. Screen additional pressures if possible.

Companies should screen their activities against the pressure categories of non-GHG air pollutants, solid waste, other ecological disturbances, and biological alterations and interferences.

1.1.4. INTERPRETING MATERIALITY SCREENING RESULTS

Requirement 6. Pressures to carry forward to value chain assessment.

For each value chain segment, companies must continue to assess all pressures within the current SBTN methods scope, for which they have any activities whose materiality values are greater than or equal to the given threshold for materiality in the MST, using either the Production Process- or Group-level scoring thresholds (prescriptive approach), also noted as material (1) in the MST.

Requirement 7. Restrictions on use of ISIC Group level materiality threshold for direct operations.

Though companies using the ISIC Group level materiality rules (calculated as the mean of all relevant production processes for each group in scope for the screening) to interpret the MST can submit scores at the ISIC Group level, they must note which production processes in their direct operations exceed the materiality threshold at the ISIC Group level. This scenario may occur when the Group is eliminated from further screening (materiality score = 0), but one or more production processes within that group are determined to require further screening (materiality score = 1).

Companies may only eliminate a required production process (materiality score = 1) from the value chain assessment if they can provide additional evidence that the production process is not relevant to the company and meets validation requirements.

Requirement 8. Submission of evidence for exclusion of pressures.

Companies that have determined that a pressure category is not material must submit evidence as specified by SBTN.

Recommendation 3. Interpretation of “no data” values in the MST.

“No data” values are an indication of the current evidence level for a given sector and pressure category in the tool and not an indication of a lack of environmental impact. For this reason, companies should submit evidence supporting the inclusion or exclusion of relevant pressures with no data values in the MST.

1.2. Step 1b: Value Chain Assessment

1.2.1. BUSINESS UNIT APPROACH

Requirement 9. Documentation and Justification of the business unit(s) selection.

Companies must complete the materiality screening (Step 1a) for their full organizational boundary, ensuring that the selected business unit(s) has material elements applicable for target setting.

Companies must provide evidence of the business unit's capacity to drive the science-based targets process: e.g. sufficient operational autonomy (P&L authority, decision-making authority), leadership buy-in, and the relative size of the business unit (% revenue); and justify their selection following the criteria laid out in the methods or other evidence specific to their company operations.

Recommendation 4. Criteria for business unit(s) selection.

Companies should select the business unit(s) based on environmental impacts.

Recommendation 5. Traceability improvements for excluded business unit(s).

Companies are encouraged to expand and improve the traceability of other business units, where possible starting with the most material ones.

1.2.2. VALUE CHAIN MAPPING

Requirement 10. Direct operations inventory.

Companies must identify and describe all sites and off-site activities within their direct operations (i.e., within their organizational boundary, depending on the approach selected in Step 1a) and provide at least subnational locations for all activities (although precise locations are strongly recommended, especially for on-site activities).

Requirement 11. Upstream value chain mapping.

Companies must identify sourcing locations for any value chain stage (such as the most recent production and transformation stage) for at least 67% by total volume of their production inputs (including that of high-impact commodities) material for each pressure category for their representative year.

Companies must identify sourcing locations for the most impactful value chain stage in each pressure category (in general, primary production) for at least 90% of their total combined volume of procured high-impact commodities for their representative year.

Requirement 12. Include IUCN threatened and CITES listed species.

Companies that source IUCN threatened species (40) (species that are classified as vulnerable: VU; endangered: EN; or critically endangered: CR), or CITES listed species (41) must include these in their scope of assessment. When compiling their data, companies should prepare to submit the species' names, quantities, and sourcing location for their representative year.

Requirement 13. Spatial resolution of activity location data.

Companies must provide activity location data at a minimum of subnational scale for direct operations. Conducting Steps 1 and 2 at this scale will satisfy SBTN requirements but may mean a more difficult transition to Step 3 target-setting methods, which must be conducted at a finer spatial resolution.

For upstream activity location data, it is required that companies attempt to collect or model location data to at least subnational level. Companies may only use data at country level or coarser when locations cannot be refined past a geographic region or set of possible countries of origin (this may be the case when sourcing commodities through a wholesaler) but must include an explanation in their submission.

Recommendation 6. Retrieve precise location data if possible.

Traceability is critical for setting SBTs for nature. Companies that are able to quantify pressures and state values at the appropriate resolution for target setting, should use this data in Step 1b to obtain the most accurate results for prioritization in Step 2 and target-setting in Step 3.

Recommendation 7. Suggestions for retrieving upstream location data.

Companies are encouraged to model these sourcing locations using information from suppliers (solicited through questionnaires) or global datasets reflecting typical sourcing profiles for certain commodities (e.g., FAOSTAT (46) or Trase (47)). For upstream activities, data gaps on likely sourcing locations can also be addressed by modeling data using environmentally extended input-output (EEIO) tables (e.g., EXIOBASE (34) or Eora (48)), or life cycle impact inventories (e.g., ecoinvent (43)).

1.2.3. PRESSURE ASSESSMENT

Requirement 14. Assessment of material pressures.

Companies must assess their direct operations and upstream activities against the pressure categories of land use and land use change, water use, water pollution, and soil pollution if they were flagged as material in Step 1a. Application of SBTi methods can be used for GHG emission assessment instead of new analysis using SBTN methods.

Requirement 15. Direct operations assessment scope.

Companies must assess 100% of direct operations locations (i.e., locations of sites and off-site activities) for each of their material pressures.

Requirement 16. Upstream assessment scope.

Companies must demonstrate that they have estimated the pressures associated with at least 67% of all production volumes (including the high impact commodities) and at least 90% of the sourced high impact commodity volumes for each pressure category (including 100% of volumes associated with EUDR commodities).

Requirement 17. Priority use of measurements.

SBTN requires that companies use measurement data, where available. This requirement holds for both the direct operations and upstream value chain assessment (where those data would be coming from a supplier or other relevant source in-situ).

When the use of measurements is not available or feasible, companies may estimate the pressures using quantitative models.

Requirement 18. Use of required indicators.

Pressure quantifications (whether measurements or estimates) must be provided with the indicators shown in Table 2. Activities material for land use and land use change must be assessed using both indicators shown in the table.

Requirement 19. Upstream representativeness.

Pressures must be estimated based on the activities and commodities/goods that companies source from upstream suppliers.

Requirement 20. Activities to consider when estimating upstream pressures.

When estimating upstream pressures, companies must focus on the activities that are expected or known to be the greatest contributors to a given pressure category. Note that this may mean that multiple unit processes and locations need to be included for a given commodity if they are the most important for different pressures.

Recommendation 8. Alignment with climate assessment scope.

Companies with full GHG inventories prepared for climate science-based targets should assess impacts associated with at least 95% of their upstream activities.

Recommendation 9. Spatial resolution and scale of assessment.

The spatial resolution of pressure data should match the finest spatial resolution available for the activity's location data (as defined in Task 7). When using measurements, they should be collected at the site scale, allowing for aggregation to appropriate scales for further analyses, see guidance on tool and data criteria (32). Companies should assume that pressures occur in the same locations as their activities; where they know or suspect this is not the case, they should adjust the pressure location data to match the expected location. For example, this may be the case where a company's water withdrawals come from a different basin than where their facility is located.

For both direct operations and upstream impacts, in cases where companies have collected primary data for some of these pressure indicators (e.g., GHG emissions for operational sites), they must opt for utilizing these pressure quantifications rather than using modeled estimates. See how a company can format results for their direct operation pressure assessment in the worked examples available through SBTN's Resource Library.

1.2.4. STATE OF NATURE ASSESSMENT

Requirement 21. Use of the most recent SoN data.

Companies must use the most recent versions of SoN datasets to represent current environmental conditions. Validators may ask for revision or additional justification if more recent versions of datasets are known to be available for the locations being evaluated.

Requirement 22. Selection of pressure-sensitive SoN indicators.

Companies must assess the SoNP in their value chain locations for water use and water pollution using the indicators (and, where relevant, the models) described in Table 7, depending on the pressure indicators assessed at the location and the spatial resolution known for the location.

Companies must assess the SoNP in their value chain locations for land use and land use change and soil pollution, following the guidance in Table 7 and using any relevant database available in the Step 1 toolbox.

Requirement 23. Biodiversity indicators (SoNB) requirement.

Companies must use at least two biodiversity SoN indicators (a species and an ecosystem indicator) in this analysis to accompany pressure and pressure-sensitive SoN data (except in cases where the SoNP indicator already incorporates an ecosystem level indicator of biodiversity).

1.2.5. LINKING PRESSURE AND SoN DATA

Requirement 24. State and pressure data needed for each activity-location pair.

To complete Step 1, companies must record this SoN information alongside their pressure data for each activity-location pair in their direct operation dataset and for each commodity-location or activity-location pair in their upstream dataset. The key here is that each location is recorded with its associated SoN and pressure data. This information will then be analyzed in Step 2 to determine which locations are highest priority for target-setting.

Requirement 25. Precision of pressure data considered before SoN data collection.

Before beginning the SoN assessment, companies must consider the level of precision in their pressure data in their activity location and pressure data to determine the locations to use for the SoN assessment (e.g., the country or set of countries estimated as probable sourcing locations).

Requirement 26. Check appropriateness of SoN data.

For the upstream analysis, SoN estimates must be associated with companies' procurement or upstream activity data and be consistent with guidance on spatial resolution of pressure data (Table 4).

Recommendation 10. Ensure compatible spatial and temporal resolution.

When completing the value chain assessment, companies are strongly recommended to use SoN data that are compatible with the spatial and temporal scale of the pressure data they have collected (i.e., data which are delineated along similar political and natural boundaries, and cover a similar period of time). When the spatial resolution of pressure and recommended SoN data for a specific location are not equal, the finer-scale data should be aggregated to the coarser of the two scales.

Because of the potential inconsistency of spatial scales between these data sources, SBTN recommends that companies use datasets and resources for the SoN assessment that have a broader spatial extent (this refers to coverage across company sites, not to be confused with spatial scale). This may help companies avoid having to harmonize datasets before proceeding with the analysis.

Recommendation 11. Data structure for upstream value chain assessment.

For ease of analysis in Step 2, it is recommended that companies sort their data by commodity or activity category, though other options are possible.

Step 2: Interpret and Prioritize

2.1. Step 2a: Target Boundary Delineation

2.1.1. TARGET BOUNDARIES

Requirement 1. Materiality in Step 1 determines scope of target boundary exercise.

Companies must set target boundaries for each pressure category defined as material in Step 1 for both their direct operations and, separately, for their upstream activities.

Requirement 2. Processing and evaluation of data by pressure category.

When applying SBTN methods, companies must not combine different pressure categories, as the data (values, units) are not compatible.

Requirement 3. Separate target boundaries for upstream and direct operations.

To determine target boundaries (Step 2a), companies must separate data on upstream from direct operations.

Requirement 4. Separation of upstream data by spatial resolution and data: target boundaries A and B.

When applying Step 2 methods for their upstream value chain, companies must separate their data based on spatial resolution. Data at subnational or finer resolution must be separated into target boundary A for upstream, while location data at the national, multinational, or global level (i.e., limited certainty about the actual activity location) must be separated into target boundary B for upstream.

Within these target boundaries, companies must apply the Step 2 prioritization by data levels shown in Table 3.

Requirement 5. Adequate justification for boundary selection.

For locations that companies include within target boundary B, adequate documentation is required to justify that the company cannot gather more accurate and precise data for these goods/commodities within a reasonable timeframe. Companies may use evidence of procurement practices as well documented quantities of embedded and highly transformed volumes of commodities.

Requirement 6. Transparency and traceability for unknown locations.

Companies must move volumes from target boundary B to A, consistent with the requirements of each target setting method. Companies must have or be able to obtain sufficiently accurate and spatially resolved information by target date for Land targets and within five years of target setting for Freshwater targets. This may still exclude some volumes that are not currently traceable within that time frame.

Requirement 7. More than 0% of upstream activities must be included within target boundary A for companies sourcing raw commodities.

Companies purchasing raw commodities are required to obtain data consistent with requirements for upstream target boundary A, in order to enable the application of all Step 3 methods. Companies must include >0% of their upstream activities/commodities before proceeding with the Step 2 method.

This functionally means that these companies purchasing raw commodities must be able to at least estimate subnational locations in Steps 1 and 2 for some portion of their upstream, using modeling approaches or direct observation, and then refine and identify their sourcing at the subnational resolution for target setting in Step 3. Companies do not need to have plot level data in Steps 1 and 2 to proceed with target setting.

Companies more than 1 tier from raw commodity do not have a requirement for Target Boundary A coverage to proceed to Step 3.

Recommendation 1. At least 50% of upstream activities should be included within target boundary A.

Where possible, companies are recommended to obtain data consistent with requirements for upstream target boundary A, in order to enable the application of all Step 3 methods. Companies should aim to include at least 50% of their upstream activities/commodities before proceeding with the Step 2 method.

2.2. Step 2b: Interpretation and Ranking

Requirement 8. Two types of state variables for each target boundary.

Interpretation and ranking within the boundary will require use of both pressure and state of nature information. For each target boundary, companies must use the pressure-sensitive state of nature variable (SoNP), as well as at least two (a species-level and an ecosystem-level variables) or more additional biodiversity variables (SoNB) relevant to the pressure assessed.

2.2.1. SUMMARY OF THE INDEX VALUE CALCULATION PROCESS

Requirement 9. Pressure index values for each pressure boundary.

The index value must be calculated independently for each material pressure for each location.

Requirement 10. Restrictions on use of index calculation method.

This calculation process must only be applied in the following cases:

Direct operations— To locations within any pressure target boundary, 1) assuming the company has data consistent with the spatial resolution requirements for Step 3 and separately for 2) assuming the company has subnational data coarser than the Step 3 requirements but consistent with Step 1b requirements.

Upstream A— To locations within any pressure target boundary, 1) assuming the company has data consistent with the spatial resolution requirements for Step 3 and separately for 2) assuming the company has subnational data coarser than the Step 3 requirements but consistent with Step 1b requirements.

Requirement 11. Index values are required for each location.

The index value must be calculated for each site for each material pressure, and as such, must use data for each variable associated with compatible (i.e., harmonized) spatial scales (see Task 3 of Step 2a).

Requirement 12. Datasets for use of index calculation methods.

To calculate this index value, companies must use the datasets indicated in the Step 1 method (see Appendix 2 of this method for ease of reference). Companies must document their selected datasets with references when reporting the results of their ranking, and ensure that the choice is consistent with the metrics suggested and SBTN's tool and data criteria (3).

Requirement 13. Understand the interpretation guidance for each dataset used.

Before calculating index values, companies are required to review the interpretation guidance for each pressure and state of nature dataset. This is typically provided by developers in supporting documentation (e.g., ReadMe file). If companies cannot obtain this information for a selected dataset, they should first contact the tool or dataset developers and, if that is not successful, please contact the SBTN team.

Requirement 14. Harmonize and normalize Step 1 pressure and state of nature data before calculating index.

Companies must normalize (i.e., scale the data to fit within a consistent range, typically from 0 to 1) and harmonize the spatial resolution of both the pressure and state of nature datasets before multiplying to ensure that both values are weighted equally within the index. Companies that used multiple state of nature metrics for a given pressure category in their value chain assessment (Step 1b) must harmonize the spatial scale between datasets and normalize the data before combining into a single state of nature dataset to calculating the index value before ranking.

Requirement 15. Exclusion of activities with negligible freshwater pressure values.

If a company excludes any sites that are material for water use or water pollution, due to negligible pressures, they must submit the three required pieces of information for validation: they have Level 1 spatial data at the site(s); 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. Exclusions may not exceed 10% of the company's total pressure.

Requirement 16. Apply a precautionary approach when interpreting state of nature data.

After normalizing data to ensure a consistent range, companies must take the highest estimated state of nature value within a given spatial unit of analysis (e.g., water basin or ecoregion).

Recommendation 2. Record metric of highest value.

When using multiple state of nature datasets as described above, companies should record which dataset the highest value in a given location corresponds to for best interpretation of the ranked index values.

2.2.2. SUMMARY OF THE SoNB CALCULATION PROCESS

Requirement 17. Harmonize and normalize Step 1 state of nature biodiversity data before using them in Step 2.

Companies must use multiple metrics of biodiversity in their value chain assessment (Step 1b) for each pressure category (representing both species and ecosystem dimensions of biodiversity). Before proceeding to the Step 2 prioritization, companies must harmonize the spatial scale between datasets and normalize the data (i.e., transform the data to fit within a consistent range) before combining into a single state of nature biodiversity (SoNB) dataset for use in the ranking process.

Recommendation 3. Specify which biodiversity indicator is driving prioritization at each location.

Companies are recommended to record the specific biodiversity metric to which the highest value corresponds (e.g., rarity-weighted richness or an ecosystem condition metric) to better understand the dimension of biodiversity that is being prioritized for a given location.

2.2.3. SUMMARY OF THE COMBINING VALUES PROCESS

Requirement 18. Apply method only where there is sufficient location certainty.

This ranking approach must only be applied in cases where the company has sufficient certainty of location data to inform place-based target setting, such as in their direct operations and in their target boundary A for upstream. An alternative prioritization approach for upstream target boundary B is described in Appendix 3.

Requirement 19. Combine pressure index and biodiversity values using the prescriptive approach.

Companies must combine their rankings based on pressure-specific index values (composed of pressure and SoNP) and their rankings based on biodiversity (SoNB) values for all locations within a given boundary by following the provided methodology.

Requirement 20. Maintain separation in data between pressures, value chain segments, and locations based on certainty.

Companies must maintain the separation among pressures, value chain segments (including upstream boundaries A and B), and data levels for location data while carrying out their interpretation and ranking of information within their target boundaries.

2.3. Step 2c: Prioritization

Requirement 21. Ranking before prioritization.

Before using the prioritization approach for direct operations and upstream target boundary A, companies must first have defined their target boundary and ranked locations for each material pressure via Ip and separately for SoNB (see Tasks 1-5 of Steps 2a, 2b and 2c).

Requirement 22. Justify and explain exclusion of high-priority locations from first target-setting efforts.

Companies must submit additional information (e.g., stakeholder relationships, dependencies, or strategic interest) to validators to explain why any highly ranked locations (according to the impact-based prioritization in Step 2b) are not able to be addressed by companies in their current round of target setting. Examples of sites that companies might find to be high priority after 2b include those where the company has a high footprint and the state of nature indicators show the greatest needs for nature. Example justification for exclusion of such sites may include documentation supporting local stakeholder benefits from setting and achieving a science-based target for nature in a different location.

Requirement 23. Justify conclusions based on at least one of the three criteria in this analysis.

Companies must record the evidence for their revised ranking based on which factors were considered, with at least one required (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.

Requirement 24. Complementary information is additional to rankings and priorities established earlier in the Step 2 method.

Companies must retain the full ranked list of locations and activities identified as priority in Step 2b. They can then provide this with the results of their evaluation, e.g., as a column of additional information in a table of ranked locations.

Requirement 25. Documentation to support prioritization plans.

Companies must submit adequate information to support their prioritization efforts for target boundaries compatible with science-based targets in line with realm-specific Step 3 methods. Prioritizations for direct operations and upstream target boundary A should be conducted in accordance with the Step 3 Freshwater and Land methods.

Requirement 26. Provide details on plans for overcoming hurdles to target setting for high-impact locations.

If deprioritizing locations (e.g. the company started with a lower-ranked location from an impact perspective because of high dependencies), the company must also submit information on when they plan on addressing these sites (e.g. high-impact, low-dependency locations).

Recommendation 4. Apply the same complementary evaluation approach to all target boundaries.

Once an approach is determined for a given target boundary, we recommend that the same approach should be used for each pressure category and target boundary.

Recommendation 5. Co-benefits should be used in the ranking and prioritization process.

Companies may use co-benefits to rank their sites, in addition to the required criteria mentioned, to more efficiently address their negative impacts on nature.

Recommendation 6. Prioritization Within Upstream Target Boundary B.

Companies may submit a prioritization for upstream target boundary B to describe how the company will gain adequate traceability to move volumes from target boundary B to A. Recommendations for this prioritization are included in accordance with the guidance in Appendix 3.



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