TECHNICAL GUIDANCE

STEP 2

INTERPRET & PRIORITIZE



SCIENCE BASED TARGETS NETWORK

Version 2.0
October 2026

Acknowledgments

FUNDING ACKNOWLEDGMENTS

SBTN acknowledges the support of past and current funders that make this work possible, including ClimateWorks Foundation, Finance for Biodiversity Initiative, Generation Foundation, Global Commons Alliance, Global Environment Facility, Gordon and Betty Moore Foundation, Laudes Foundation, MAVA Foundation, Norway's International Climate and Forest Initiative, Oak Foundation, Robert Bosch Stiftung, Rockefeller Foundation, Taskforce for Nature-related Financial Disclosures, Tiina and Antti Herlin Foundation, Walton Family Foundation, William and Flora Hewlett Foundation, and the World Wildlife Fund.

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ACKNOWLEDGMENTS

SBTN acknowledges the support of colleagues in the SBTN Network Hub, led by Erin Billman, and including Abby Litchfield, Arabella Stickels, Avery Conybeare, Erin O'Grady, Paul Olawale-Johnson, and Sophie Lacombe, who provided strategic, editorial, communications, operational, and corporate engagement support in the development and publication of these methods.

SBTN also acknowledges the engagement and advice of partner organizations Accountability Accelerator, led by Paola Delgado Luna, and including Alessandro Passaro, Douglas Teni-son-Collins, Heidi Lampén, and Kathryn Oldfield; and ERM, including Carly Sibilia.

Thank you also to SBTN corporate engagement program members, including those who provided feedback through focus groups in the development of Version 2, and members of the public and broader community who participated in our public consultation process

Finally, we are grateful for the support and guidance of SBTN's Product Development Council and Network Council, composed of representatives from our core partner organizations.

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SEE Design.

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2. These guidelines are intended to direct voluntary corporate actions in line with company commitments to science-based targets for nature and do not represent a regulatory framework.

3. The guidelines are written in technical language; the primary audience of this document should have the technical knowledge necessary to engage with this content.

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"Step 2: Interpret & prioritize guides companies on how to interpret the data gathered in Step 1 to prioritize where to set science-based targets first."

Introduction

Introduction

Purpose and architecture of Step 2

Following from Step 1: Assess, where companies identify material activities and pressures, map these to potential target-setting locations, and assess environmental pressures, the state of nature, and dependencies, Step 2: Interpret & prioritize guides companies on how to interpret this data to prioritize where to set science-based targets. Step 2 maintains the impact materiality perspective established in Step 1 while introducing guidance to account for financial materiality, including dependencies on ecosystem services, and related strategic risks and opportunities.

Step 2: Prioritize helps companies to prioritize where to set targets for nature first or in the current round of action. The results should be understood as sequencing, where deprioritized locations are not meant to be permanently excluded from target setting.

The prioritization is based on the locations that may experience the greatest positive impact from setting targets, both in terms of benefits to nature as well as to the company's own operational and supply chain resilience. This includes locations where high environmental pressures coincide with a degraded state of nature (SoN) and locations with high biodiversity importance or vulnerability, as well as locations with greater nature-related risks and opportunities.

Step 2 is organized into three parts.

1. **Step 2a:** Integrated priority ranking produces a standardized ranking of target-setting priorities that integrates pressure, state of nature, biodiversity, and dependency data. This provides a standardized approach to compare potential target-setting locations.

2. **Step 2b:** Selection of target-setting locations supports companies in selecting locations that will proceed to target setting, assessing the results of Step 2a alongside strategic, social, and feasibility considerations. This allows companies to interpret the integrated priority ranking within their own strategic context.

3. **Step 2c:** Enabling targets provides complementary targets for upstream volumes with insufficient traceability to implement the Step 3 methods directly, including Supplier Engagement targets and Traceability Improvement targets. These enabling targets remain optional and help companies expand action where the Step 3 methods would otherwise not be applicable, providing pathways for science-based target setting in the future.

Together, Steps 2a and 2b take companies from an environmental ranking of all material locations with full traceability to a shorter list of locations selected to proceed to Step 3. Step 2c, in contrast, focuses on material upstream locations with insufficient traceability to use the Step 3 methods directly.

In acknowledgement of the large number of target-setting locations that many companies will have in their value chains, SBTN does not expect companies to cover their entire target boundaries immediately. Locations that are not selected remain material for target setting; any company making claims on their targets will disclose their target coverage, as well as the locations that still require targets in future rounds of target setting.

Given that **Step 2** focuses on spatial prioritization, it is not required for any of the three **Step 3** methods implemented at the company level, including No Conversion of Natural Ecosystems, Land Footprint Reduction, and Highly Hazardous Pesticide Cessation targets. Any activities and locations that are material for these targets, based on the results of **Step 1,** should be taken directly to **Step 3** and implemented for all locations at once. While these targets are set at the company level from the beginning, companies can use the prioritization methodology to prioritize action as part of the **Step 4** guidance.

The outputs of Step 2 are connected to other steps in the SBTN process in different ways. The locations selected for science-based targets in Step 2b are taken forward to implement the Step 3 methods for Freshwater, Land, and Ocean targets, depending on the pressure category. Any upstream locations and volumes selected for enabling targets, instead, are taken to Step 3 only when the traceability conditions are acquired by the company and/or the associated suppliers agree to implement the Step 3 methods themselves.

Once targets are set, Step 4 guides companies to implement responses, while Step 5 provides guidance on how to keep track of progress on the targets. Companies should note that the five-step process is iterative and are encouraged to return to the earlier steps whenever new information becomes available, operational conditions change, or additional parts of the target boundary are selected for target setting.

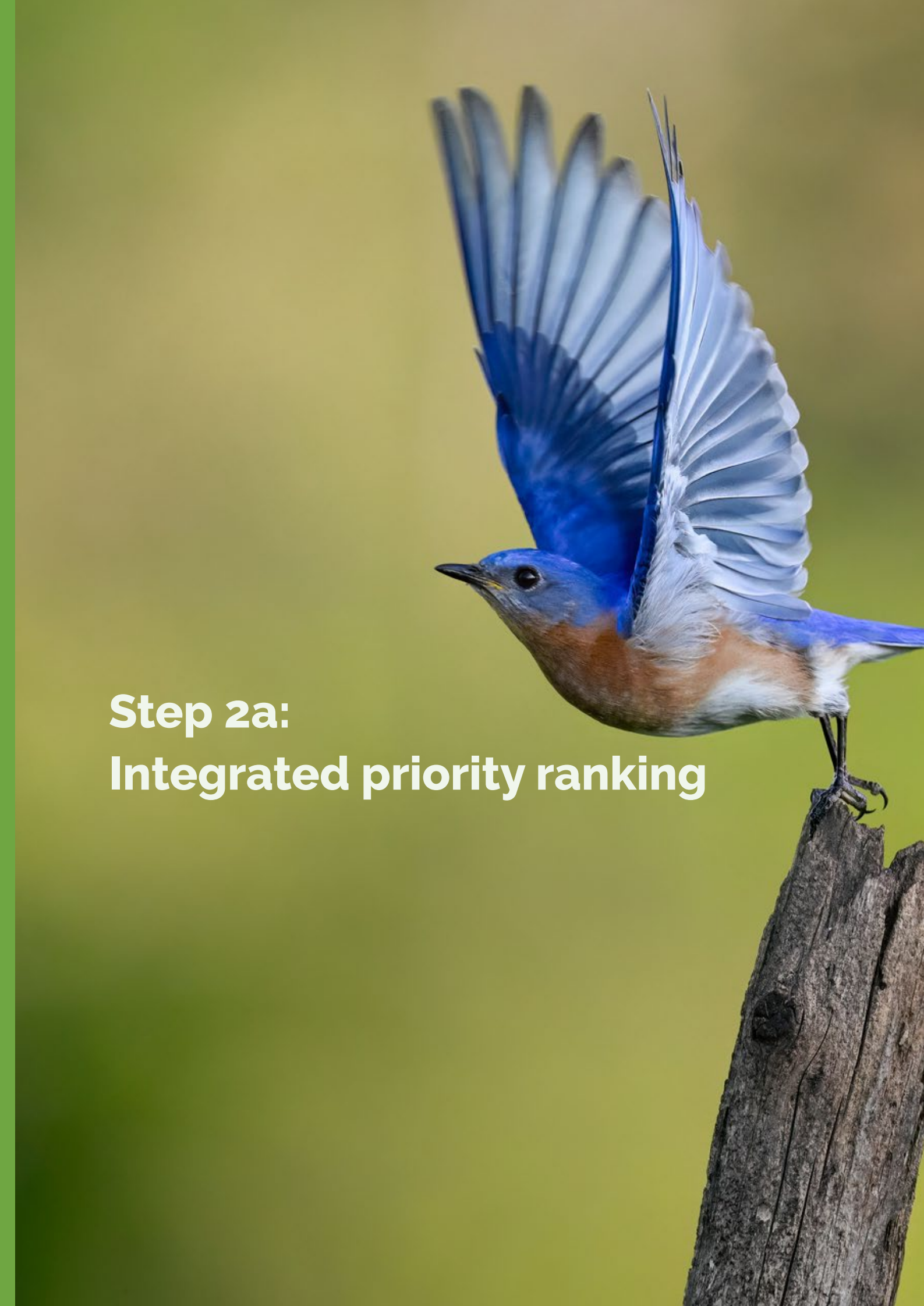
Scope and application of Step 2

In Step 2, the concept of "locations" refers to a target-setting (spatial) unit. For freshwater, this means a specific basin (and includes all activities happening in the basin); for land, it can mean one or more specific production units, a primary point of aggregation, or a sourcing area, depending on data availability; and for ocean, it will mean a marine management area (including the extraction and aquaculture activities happening in the area).

The relevant spatial unit therefore depends on the target-setting method being applied. A single company may work with different types of locations and levels of spatial granularity for their Freshwater, Land, and ocean targets.
The guidance in **Steps 2a and 2b** addresses prioritization for science-based target setting for direct operations and upstream "target boundary A" locations; **Step 2c** provides guidance for enabling targets, focused on supplier engagement and traceability improvements for upstream locations in "target boundary B."

Because different pressure categories are associated with different Step 3 targets, the Step 2 prioritization methods are applied separately for each pressure category and value chain segment. The same location may be high priority for one realm and lower for another. The Step 2b guidance allows companies to consider multiple criteria when selecting locations for target setting, including opportunities to address multiple pressures and obtain co-benefits across different realms of nature in the same location.

As a result, Step 2 does not produce a single priority ranking that defines priorities across pressure categories and value chain segments for all activities in scope. Instead, the methodology results in individual, pressure-specific, and value chain segment-specific lists of priorities to take forward to target setting.



Step 2a: Integrated priority ranking

Overview

In Step 2a, companies translate the data gathered in Step 1 into a structured ranking of locations, combining pressure-specific, biodiversity, and dependencies perspectives into a single, integrated ranking of target-setting priority locations.

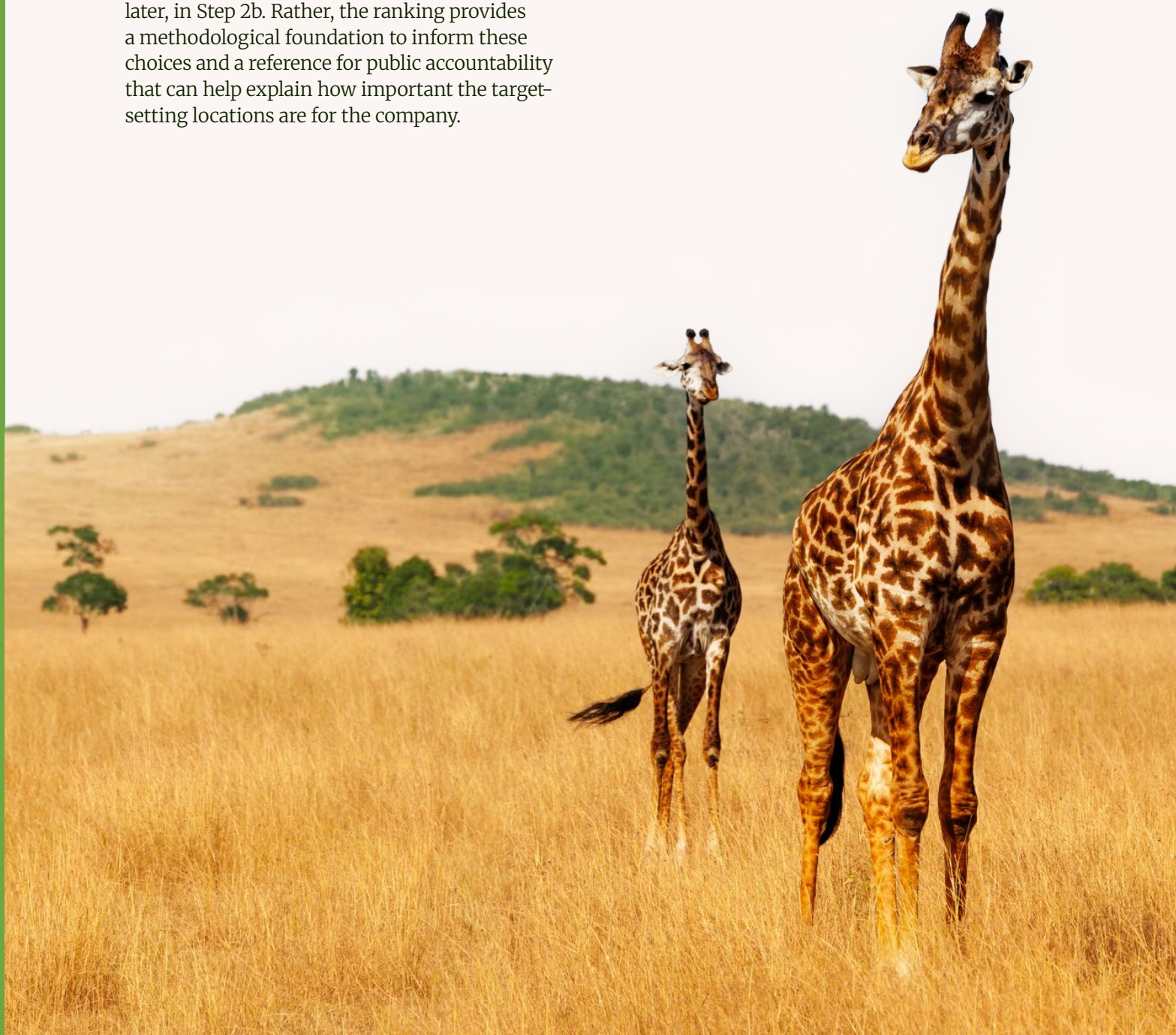
This ranking provides a standardized approach to determine where to act first, based primarily on environmental priorities, i.e., where pressure reductions are expected to have the greatest benefit for nature and for biodiversity, while also accounting for companies' dependencies on nature.

The ranking is not a definitive or prescriptive list that determines where companies are required to set and validate targets first; these decisions come later, in Step 2b. Rather, the ranking provides a methodological foundation to inform these choices and a reference for public accountability that can help explain how important the target-setting locations are for the company.

To produce these rankings, companies address each pressure category and value chain segment separately (i.e., direct operations and upstream).

Companies:

1. Pair each pressure indicator with the relevant pressure-sensitive SoN indicator.
2. Normalize both indicators to a comparable scale.
3. Calculate pressure-based priority scores.
4. Combine these with biodiversity-based scores.
5. Rank locations by impact-based priority.
6. Incorporate dependency data to produce the integrated priority ranking.



Task 1: Rank direct operations and upstream target boundary A locations by pressure-based action priority

With this task, companies produce a ranking of locations with sufficient traceability for target setting (i.e., those in the direct operations target boundary and upstream target boundary A), based on where company pressures coincide with a degraded SoN (i.e., ecosystems and their components). The ranking reflects where, among all their material locations, a company has the most potential to address their environmental impacts by setting targets that reduce a particular pressure. This ranking is produced independently for each value chain segment (direct operations and upstream) and each material pressure category identified and assessed in Step 1.

Confirm indicator pairs to calculate priority scores

Companies calculate a pressure-based index value for each in-scope material location with full traceability, except those determined to be negligible in Step 1b. These index values combine pressure (P) and the corresponding pressure-sensitive SoN (SoNP) data for the location, using the data gathered in Step 1b.

As shown in Table 1, the corresponding P-SoNP pairs combined in this task depend on the pressure category. The table shows the pressure-sensitive SoN indicators recommended in Step 1b. However, companies who used different indicators to complete their value chain assessment should use those instead when confirming the indicator pairs to calculate priority scores. For example, companies may use nutrient-related data as a proxy for pesticides in Step 1b. In such cases, companies should use the nutrient-related P-SoNP pair to complete Step 2a.

Please note that, in Step 1b, companies also assess highly hazardous pesticide (HHP) trade and production. This indicator is not used in Step 2, because the associated target (HHP Cessation) is not subject to spatial prioritization. In Step 1b, companies may also assess agricultural land footprint. This indicator is not used in Step 2, because the associated target (Land Footprint Reduction) is not subject to spatial prioritization.

Furthermore, spatial prioritization is optional for the No Conversion of Natural Ecosystems target. Companies wishing to understand spatial priorities for this target may implement the Step 2 guidance as for the other targets, using the pressure and SoNP indicators included in the table, but should note that this work remains out of scope from the validation process.

Normalize indicator pairs

Companies should begin by normalizing pressure and SoN data to a common scale. This ensures that both indicators in the pair will be equally weighted to produce the pressure-based index value for the location.

This is done for each pressure–state of nature pair. The suggested approach for normalization is a rescaling process known as min-max, which remaps the data to a comparable range typically from 0–1.

In this approach, pressures are normalized against the highest value in the company data (i.e., the location with the highest company pressure in the target boundary receives a value of 1), while SoN values are normalized against the maximum possible value available in the dataset. Companies should consult the methodology information for each SoN dataset they use to confirm which is the maximum possible value. For companies using categorical state of nature data, this process should be used to match the range of pressure data to the encoded state of nature categories. For example if the state of nature is encoded as low=1, medium=2, high=3 then the pressure data should range 0-3.

Companies use the following formula:

$$X_{norm} = (X - \min(X)) / (\max(X) - \min(X))$$

where max(X) represents the highest value in the dataset and min(X) represents a value of zero for pressure datasets and the lowest global value for SoN datasets.

While there are other valid statistical approaches to normalization, the min-max rescaling approach is recommended because of its simplicity and ability to address scale differences, while maximizing variability in the data for prioritization.

Table 1: P-SoNP pairs used in Step 2a, and associated targets.

Material pressure category	Applicable Step 3 target	Minimum spatial resolution to set Step 3 targets	P-SoNP pairs	
			Pressure indicator	Corresponding SoNP indicator
VOLUME OF WATER USE	Water withdrawals	Pfafstetter level 5 basin	Water withdrawals	Water availability
EMISSIONS OF NUTRIENTS TO WATER AND SOIL	Water quality (nutrients)	Pfafstetter level 6	Nutrient discharge to freshwater ecosystems or gray water footprint	Nutrient concentration in freshwater
EMISSIONS OF TOXIC POLLUTANTS TO WATER AND SOIL	Water quality (pesticides)	Pfafstetter level 6	Pesticide ecotoxicity impact	Risk of pesticide pollution
AREA OF LAND USE AND/ OR AREA OF FRESHWATER USE	Land targets (as applicable)	Production units, primary points of aggregation, or sourcing areas	Conversion of natural ecosystems	Non-natural ecosystem cover in ecoregion
			Non-natural land cover	
			Soil organic carbon	Soil organic carbon level, average levels in ecoregion
			Soil erosion rate	Soil erosion rate, average levels in ecoregion
			Terrestrial acidification or emissions of acidifying compounds	Terrestrial acidification, average levels in ecoregion
OTHER BIOTIC RESOURCE EXTRACTION AND/OR AREA OF SEABED USE	All ocean targets (as applicable)	Marine management area	Total marine biomass extraction, by species and stock	Wild capture stock health
			Total surface area of aquaculture or volume of marine biomass production	Extent of natural marine habitats

Ensure common direction for all indicators

Companies should review the documentation of each SoN dataset used in Step 1 and confirm that higher values indicate a more degraded or sensitive ecological condition. For datasets with the opposite logic (i.e., where lower values indicate this), companies need to transform the normalized values to the opposite direction to standardize the logic across indicators. Companies use the following formula:

$$X_{inv} = 1 - X_{norm}$$

Alternative normalization approaches

Companies with statistical expertise may use alternative normalization approaches that are more appropriate for the distribution of their datasets.

For example, when datasets are highly skewed, companies may first wish to apply a statistical transformation to their data in order to correct the skew. For example, companies may consider a logarithmic transformation or a Box-Cox transformation, depending on their data.
Once the data has been transformed, companies implement the min-max normalization approach described above.
While SBTN does not require a single approach to normalization, the approach used must result in a common range between a given pressure and SoN pair. Companies should note that SBTN and the Accountability Accelerator cannot offer individual support to review the appropriateness of different statistical transformations or other approaches to their data and have to rely on their internal expertise before proceeding.
Approaches that result in negative numbers (e.g standardization/z-score scaling) should be avoided because numbers will be multiplied in the index calculation.

Calculate pressure-based index values

Once the indicators have been normalized, companies calculate a pressure-based index for each location, using the following formula:

$$IP = P_{norm} \times SoNP_{norm}$$

This means that the pressure-based index of a given location is the product of the normalized pressure (Pnorm) multiplied by the relevant normalized pressure-sensitive SoN value (SoNPnorm) at the location.

This index indicates where high pressure coincides with more degraded ecological conditions and represents higher potential impacts to be addressed through science-based targets and is calculated separately for each indicator pair.

Rank locations by pressure-based priority

Once the index values have been calculated, companies rank locations from highest to lowest.

This results in a pressure-based priority ranking where higher positions (i.e., closer to the first rank or position) indicate greater priority to set targets. Companies produce these rankings separately for each in-scope pressure category and value chain segment.

Validation and claims requirements

To have this task validated, SBTN requires companies to proceed as follows:

> **Req. 1.1**
>
> **Pressure-based priority ranking:**
> Provide the list of the locations for each pressure category. These should be ranked and noted alongside their individual pressure-based index value.

No information related to this task is required to be disclosed in SBTN's target dashboard in order to make claims.

Task 2: Rank locations by biodiversity priority

The pressure-based priority values produced in the previous task do not capture all dimensions of importance for biodiversity. In this task, companies produce a complementary, biodiversity-based priority ranking for all their material locations.

Normalize or categorize state of biodiversity values

In Step 1b, Task 13, companies gathered two or more different datasets on the state of biodiversity in their value chain locations. These datasets include at least one species-level indicator, one ecosystem-level indicator, and, optionally, a proximity-based indicator, each of these appropriate to the realm they are addressing (freshwater, terrestrial, marine).

These datasets will be used to inform a ranking of locations based on their biodiversity importance or significance. Because the datasets used may not have the same distribution or range of values, companies must first ensure that they are comparable using one of two different approaches: either **normalization** or **categorization**.

Companies that are normalizing each dataset may use the approach described in the previous task or another statistically appropriate approach, as long as it results in a common range of data (e.g., values ranging from 0 to 1 with the min-max approach). Each biodiversity dataset must be normalized separately.

Companies that are categorizing their datasets will convert each biodiversity dataset into a number of ordered categories (e.g., 1 = very low, 2 = low, 3 = medium, 4 = high, and 5 = very high). Using a categorical ranking may allow companies to more easily combine different dimensions of biodiversity within their prioritization. Companies utilizing this approach apply an algorithm or data clustering method designed to group numerical data into different classes. The most appropriate algorithm or clustering method may vary depending on the dataset (e.g., Jenks natural breaks, quantile and equal interval).

Companies should only select a categorization approach where they have the statistical expertise to determine the appropriate algorithm or clustering method to apply to their databases; otherwise, they should use the normalization approach described above. Users should note that the thresholds used for the categorization may be dataset-specific and therefore cannot be used across multiple datasets. Companies must use the same number of categories for each biodiversity dataset to ensure these will be comparable.

Whether using the normalization or categorization approach, companies must ensure that the highest numerical or categorical values correspond to the conditions of highest biodiversity risk, ecological sensitivity, or biodiversity significance (for example, locations with higher biodiversity rarity) for each dimension of biodiversity. This process is applied separately for each SoNB indicator.

Define biodiversity-based priority values

Having either normalized or categorized the species-level, ecosystem-level and, where applicable, proximity-based indicators for each environmental realm, companies can now combine them into a single priority value for each location and realm.

After either categorizing or normalizing their biodiversity datasets (note that, as described above, when following a categorization approach, companies should encode each categorical rank with a numerical value before proceeding e.g., 1 = very low, 2 = low, 3 = medium, 4 = high, 5 = very high).

Companies should then add the species-level and ecosystem-level values at each location to produce the biodiversity priority value for the location. This allows the company to consider both dimensions of biodiversity in their decision-making. For example, if a location has a categorized species-level value of 3 and a categorized ecosystem-level value of 5, its biodiversity priority value will be 8. Regardless of the approach followed, higher biodiversity priority values will indicate higher priority for target setting.

Companies that collected proximity-based biodiversity indicators in Step 1 should integrate this information as a third component of the biodiversity priority value. However, to maintain comparability across locations, these indicators should only be included if they are available for all locations in the ranking an d should be normalized or categorized to the same range as the species-level and ecosystem-level indicators. Where proximity-based indicators are available for only a subset of locations, companies should instead use this information to inform their selection of target-setting locations in Task 7.

Rank locations by biodiversity-based priority

Once the biodiversity priority values have been calculated for each location, companies rank them from highest to lowest.

This results in a biodiversity-based ranking where higher positions indicate greater priority to set targets. Companies produce these rankings separately for each realm and value chain segment in scope.

Validation and claims requirements

To have this task validated, SBTN requires companies to proceed as follows:

Req. 2.1

Biodiversity-based priority ranking:
Provide the list of the locations for each realm. These should be ranked and noted alongside their biodiversity-based priority scores.

No information related to this task is required to be disclosed in SBTN's target dashboard in order to make claims.

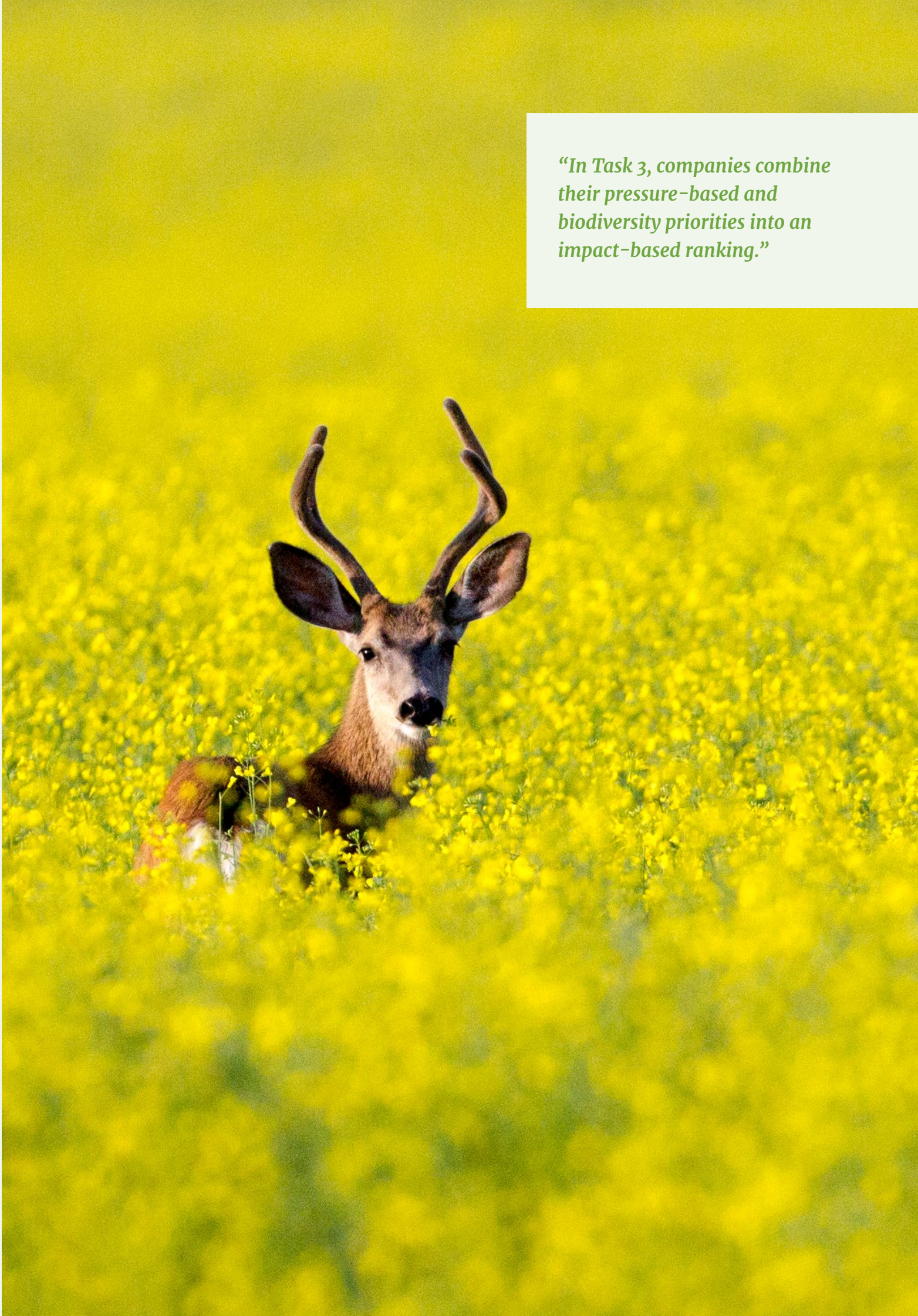
Recommendations

Rec. 2.1

Use of proximity-based biodiversity information:
Where available, use proximity-based biodiversity information to complement species- and ecosystem-level biodiversity indicators in the biodiversity priority scores.



"In Task 3, companies combine their pressure-based and biodiversity priorities into an impact-based ranking."



Task 3: Rank locations by impact-based target-setting priority

In the previous tasks, companies produced rankings to indicate the locations with the highest priorities for action, based on two different criteria:

1. **Pressure-based priorities** where high pressures coincide with the degraded SoN indicators affected by those pressures. These represent clear opportunities for improvement in ecological conditions.

2. **Biodiversity-based priorities** where biodiversity is more vulnerable or more significant. These represent locations where company action may result in the greatest benefit for, e.g., critical, threatened, or unique species or ecosystems.

In this task, companies combine both rankings to produce an **impact-based target-setting priority ranking.** This ranking reflects impact-based priorities only; dependencies are incorporated in Task 4 to produce the integrated priority ranking.

Integrate pressure-based and biodiversity-based priorities

To integrate the two rankings, companies add the rank (position in the ranking) of each location in the pressure-based ranking and in the biodiversity-based ranking, producing an impact-based priority value, as follows:

Impact-based priority value = pressure-based priority rank + biodiversity-based priority rank

This impact-based target-setting priority ranking must be produced separately for each pressure category, matching the pressure with the biodiversity-based ranking of the appropriate realm where that pressure exerts impacts (freshwater, terrestrial, marine). Then, companies rank the locations by their impact-based priority value.

Validation and claims requirements

To have this task validated, SBTN requires companies to proceed as follows:

Req. 3.1

Impact-based target-setting priority ranking: Provide the list of locations for each pressure category. These should be ranked and noted alongside their impact-based priority value.

No information related to this task is required to be disclosed in SBTN's target dashboard in order to make claims.

Task 4: Integrate dependencies into prioritization

When prioritizing locations for target setting, dependencies must be integrated as a consideration, **following the use of pressure and SoN data.** This preserves the overall logic of impact-led prioritization while also encouraging companies to consider dependencies, providing a direct linkage to the companies' nature-related physical, transition, and systemic risks.

Companies should assess locations by their dependencies, based on the ecosystem services most closely related to the pressures they are acting on, using science-based targets. The guidance for this pairing is provided in Step 1b. In this task, companies incorporate dependency data (typically a categorical ranking, e.g., low to high, especially if companies used ENCORE in Task 14 of Step 1b) alongside their impact-based ranking produced in Task 3. Together, these considerations produce the integrated priority ranking, which is the final output of Step 2a.

The integrated priority ranking can guide companies on where to set targets first, but it can be applied beyond the purposes of SBTN to determine environmental action priorities. The ranking informs sequencing; it does not indicate that locations with lower positions do not require action from companies. This approach ensures the final ranking is actionable, favoring locations with meaningful impacts to address and accounting for companies' dependencies on nature.

For locations that have the same impact-based priority ranking, companies should use dependency information to break the tie, prioritizing locations with higher dependencies on nature. In practice, this means that companies will emerge from prioritization with an understanding of their business dependencies in locations with high potential for impact reduction, but will not rank locations based on these business dependencies alone.

Beyond their use to break ties, dependencies can help companies identify locations where action presents both a high potential for benefits for nature and where business operations have a high reliance on ecosystem services.

Information on dependencies may be used to complement impact-led prioritization and to discern priority locations among several with similar impact-based priority values. Companies should not, however, consider a location with high dependency but low impact to be of high priority for target setting. Task 5 provides further guidance on the consideration of dependencies, and their connection to financial materiality.

Companies should annotate their integrated priority ranking when their review of dependencies increases the relevance of setting targets in a particular location and may justify its selection for target setting. The final selection of locations will be made only in Task 7 using this information, as well as any information gathered in Tasks 5 and 6.

Companies that already have detailed information on their dependencies from previous nature-related assessments or disclosures should use this information to complement and refine the dependency information gathered in Step 1b and support the selection of locations in Step 2b.

Validation and claims requirements

To have this task validated, SBTN requires companies to proceed as follows:

Req. 4.1

Dependency-based re-rankings:
Provide the integrated priority ranking and, where dependencies have been used to break ties in the impact-based priority ranking, the relevant dependency information.

Req. 4.2

Dependency data considerations:
Annotate the integrated priority ranking where dependency information for a location may inform its inclusion or exclusion in the final selection of target-setting locations in Task 7, without adjusting its position in the ranking.

No information related to this task is required to be disclosed in SBTN's target dashboard in order to make claims.

Recommendations

Rec. 4.1

Use of spatially explicit dependency information:
Where available, use spatially explicit dependency information to complement sector-level dependency assessments when selecting target-setting locations.



Step 2b: Selection of target-setting locations

Overview

Step 2b: Selection of target-setting locations builds on the analytical foundation provided by Step 2a to guide companies toward selecting target-setting locations before proceeding to Step 3. Step 2b includes requirements and recommendations for companies to integrate complementary perspectives, including strategic and social issues, that may impact a company's capacity to set and achieve their targets and hence are relevant considerations. SBTN considers these to be important factors influencing the importance of the target, which can significantly impact companies' journeys to setting and achieving targets.

Contrary to other steps in the guidance, Step 2b is not a prescriptive method with specific validation requirements. Instead, companies should approach it as a set of best practices aimed at supporting decision-making and providing guidance to integrate other perspectives. Tasks 5 and 6 should be implemented to the extent that they are feasible and informative for companies, depending on their context and the information available.

Task 7 guides companies to integrate these complementary perspectives using the ranking produced in Step 2a. This task is the final validation point in Step 2b and acts as a final decision point where companies will proceed to set targets using the Step 3 guidance. Step 2b is also where companies return to adjust their list of intended locations for target setting, either to include additional locations or to revisit their original plans if they find out that target setting is not suitable. SBTN recommends that companies consult the resources on stakeholder engagement found in the Step 4: Act guidance to inform their implementation of Step 2b and before they start their target setting under Step 3.



Task 5: Consider social and strategic risks and opportunities for target setting

Companies may face different internal capacities, data maturity, regulatory contexts, and strategic opportunities across different locations. These are important factors to consider when making prioritization decisions, as they influence companies' ability to take effective action. Such factors include data availability and target-setting readiness, regulatory and reputational risks, and strategic significance.

Companies are also encouraged to refer to the Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations (2026) on incorporating nature-related risks and opportunities into strategic planning and the TNFD Nature-related Risk and Opportunity Registers, as well as the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct as well as resources on stakeholder engagement from SBTN (available in dedicated guidance and in Step 4 resources). Companies may wish to utilize this task to incorporate considerations of financial materiality within their target-setting prioritization. Both impacts and dependencies influence financial materiality due to business risks and opportunities linked to companies' reliance on nature (e.g. through supply chain disruptions).

While this task may offer important insights, there is no associated prescriptive methodology. Companies should implement this task in locations that they consider of higher priority for target setting, including those that are highly ranked as top priorities in Step 2a.

Consider target-setting readiness

1. **Data availability and target-setting readiness**
   Companies may wish to start target setting on sites with better data quality (i.e., where, in Step 1b, pressures have been quantified through measurements as opposed to estimations) or where they are confident in their ability to access the information needed to set targets. Data availability may influence which locations are prioritized first for target setting.

2. **Regulatory and reputational risks**
   When determining where to act first, companies may also wish to consider current and changing policies in the different locations where their value chains extend.
   For example, regulatory changes regarding impact disclosure would signal that companies need to invest in increasing supply chain transparency and impact monitoring capacity in these locations.

Companies have, for decades, been aware of the risks associated with the potential for negative publicity, stakeholder opinion regarding their brands, or loss of face due to events and disasters. If companies want to consider reputation risks to inform their prioritization, the following questions may be helpful:

- Are there certain locations within the company's target boundaries where the company is more likely to be scrutinized?
- Are there certain commodities or types of activities within their target boundaries for which the company is more likely to be thrust into the spotlight?
- Are there locations or activities within their target boundaries with opportunities for business leadership that could lead to reputational gain?

Consider strategic significance

When choosing where to act first, it may be relevant to consider preferences and requests from company-level stakeholders such as shareholders and investors for action in certain locations or in certain areas of the business.

For many companies, these preferences may be reflected in their internal strategy documents or in reports on materiality compiled according to the Global Reporting Initiative (GRI), the LEAP approach (v2.0, 2026) and TNFD disclosures, or other frameworks.

Prioritizing in this manner can help the company ensure buy-in around its chosen targets, thereby potentially increasing the resources available to set, meet, and monitor these targets, as well as encouraging support from internal stakeholders involved in setting targets, throughout the learning process.

The following questions can help inform prioritization decisions based on strategic significance.

ALIGNMENT WITH COMPANY MISSION AND GOALS

- Which locations are associated with strategic commitments or priorities defined by the company?
- In which locations would taking action help advance the company's sustainability or business objectives, or help demonstrate progress toward its long-term vision?

BUSINESS RISKS AND OPPORTUNITIES

- In which locations would targets help to manage strategic and environmental risks (e.g., supply chain disruption) associated with company impacts and dependencies?
- In which locations would targets help to create opportunities (e.g., cost reductions or new market opportunities) associated with addressing company impacts and dependencies?

CAPACITY AND LEVERAGE FOR CHANGE

- In which locations does the company have sufficient influence and adequate relationships with relevant actors to achieve environmental improvements?
- In which locations can the company participate in existing sector initiatives, landscape or jurisdictional approaches, or other collaboration platforms, to support target setting and achievement?
- In which locations does the company have existing management systems, partnerships, or monitoring programs that could support target setting and achievement?

ORGANIZATIONAL READINESS AND SCALING OPPORTUNITIES

- Which locations have the strongest internal ownership and interest in setting targets?
- Which locations could provide the best testing and learning opportunities for the company, with a view to eventually expanding target setting to other locations?

Consider social context and implementation conditions

Social conditions can influence the feasibility, legitimacy, and long-term success of science-based targets, as well as the company's ability to implement the actions needed to achieve their targets in an effective and equitable manner. Understanding social conditions can help identify opportunities for effective collaboration and implementation challenges. This can help companies identify locations that are more appropriate for successful target setting and achievement.

STAKEHOLDER RIGHTS AND VULNERABILITY

- In which locations do Indigenous Peoples, local communities and other individuals have known land and other natural resource rights which must be respected in the target-setting process?
- In which locations are Indigenous Peoples, local communities, and other rightsholders likely to be (positively or negatively) affected by target setting and the actions needed to achieve targets?
- Which locations are associated with greater social vulnerability or unresolved land and resource tenure issues?

EXISTING STAKEHOLDER RELATIONSHIPS AND COLLABORATION

- Which locations have established positive relationships with local stakeholders that could lend themselves to collaboration on target achievement?
- Which locations offer the greatest opportunities to collaborate with diverse actors across civil society, private sector, and government on target setting and achievement?

SOCIAL RISKS AND OPPORTUNITIES

- In which locations could target achievement bring about the most important contributions to local social needs and priorities, through biodiversity conservation or safeguarding nature's contributions to people?
- In which locations could social conflicts or governance conflicts complicate target implementation?

Validation and claims requirements

This task is not required for Step 2b validation, but SBTN requires companies using social and strategic risks and opportunities to inform their target selection in Task 7 to proceed as follows:

Req. 5.1

Strategic and social considerations:
Annotate the ranked list of locations from Step 2a with any information gathered in this task that may inform the inclusion (or exclusion) of particular locations in the final selection of target-setting locations in Task 7 (without adjusting the ranking itself).

No information related to this task is required to be disclosed in SBTN's target dashboard in order to make claims.



Task 6: Multi-criteria prioritization

Having completed the pressure-based rankings in Step 2a, companies who completed a holistic assessment and prioritization (across pressures and realms) may wish to better understand the potential for maximizing progress and benefits across science-based targets and their implementation. This perspective can allow companies to focus on the added benefits for nature that can be achieved when companies simultaneously address multiple pressures in a single location with science-based targets. When this approach is applied, companies should designate locations that emerge as high priorities for multiple pressure categories as those in which to act first (e.g., companies may use this approach to prioritize within target boundaries for water use and water pollution).

SBTN recommends that companies consider opportunities for co-benefits when selecting locations for target setting. This means giving additional priority to locations that rank highly for multiple pressure categories or where a single set of interventions could address multiple pressures simultaneously. For example, agricultural locations may see benefits across land and freshwater pressures through improved management practices.

Companies focusing on prioritizing co-benefits are encouraged to advance multiple science-based targets in these locations. Addressing locations with higher potential for co-benefits within the current round of targets potentially creates a larger net local benefit for nature (see the Jurisdictional Approaches Resource Hub), introduces additional safeguards for nature, and may also have additional benefits for local stakeholders and the companies applying the targets. The interactions and co-benefits of holistic target setting may be difficult to assess in some cases but could be approximated through information gathered for the purposes of Sustainable Development Goals (SDGs) (e.g., access of local populations to clean water) or the Social Progress Index (SPI), or through primary data collected through social or environmental impact assessments for specific sites/projects. Through this approach, companies may be able to take coordinated action to more thoughtfully engage with local stakeholders, reducing burden and providing more transparency regarding the company's overall actions. This approach may also allow companies to build efficiencies in resourcing and to progress more rapidly when setting targets across multiple pressure categories.

For companies setting Landscape Engagement targets, it is strongly recommended to prioritize co-benefits across realms. A more integrated approach allows companies to identify, early on in the methods, where landscape initiatives may address cross-realm pressures. As emphasized above, this can be particularly critical when addressing related pressures, such as those in agricultural or manufacturing processes.

Validation and claims requirements

This task is not required for Step 2b validation, but SBTN requires companies using multi-criteria prioritization to inform their selection of target-setting locations in Task 7 to proceed as follows:

> **Req. 6.1**
>
> **Multi-criteria considerations:**
> Annotate the ranked list of locations from Step 2a with any information gathered in this task that may inform the inclusion (or exclusion) of particular locations in the final selection of target-setting locations in Task 7 (without adjusting the ranking itself).

No information related to this task is required to be disclosed in SBTN's target dashboard in order to make claims.



“In Task 7, companies select where to set targets based on environmental, biodiversity, strategic, and social considerations.”

Task 7: Select locations for target setting

This task integrates all prioritization-supporting information from Steps 2a and 2b into a final list of intended locations for target setting. These locations will be the companies' first or next target-setting locations, depending on whether they are proceeding to target setting for the first time or working on expanding their coverage.

Produce list of target-setting locations

Companies produce a list of the locations identified to set targets for. Companies are recommended to select at least ten locations for each pressure category they are working on. This will provide alternatives in case some locations are not suitable for target setting, for unexpected reasons. This selection is based on the locations that are considered to have the best combination of factors, including position in the target-setting priority ranking (the output of Step 2a) and all information gathered on strategic readiness and risks, social priorities and opportunities, and opportunities for co-benefits (the results of Step 2b).

Companies with available proximity-based biodiversity information that has not been integrated into the biodiversity priority ranking in Task 2 should consider this information as an additional factor when selecting locations for target setting.

The rankings of Step 2a are linked to different methods in Step 3 as shown in Table 2. Please note that this table does not indicate the biodiversity and dependency layers, which are part of the process. Priorities for the Landscape Engagement targets can be defined based on the rankings produced for the Working Land Regeneration and Restoration target or in landscapes that are material for the No Conversion of Natural Ecosystems land target (which is not part of the prioritization process).

As noted in the earlier task, companies are recommended to consider co-benefits when selecting locations for the Landscape Engagement target. For the Pesticide Landscape Engagement targets, companies should follow the same rankings as those produced for the water quality targets (e.g., Pesticide Impact Reduction). Companies are strongly recommended to prioritize selecting the locations ranked highest in the integrated priority ranking (i.e., the output of Step 2a), but there are no restrictions in the validation criteria linked to these choices. Following Step 3 validation, any claims linked to set targets will also disclose which position in the ranking is covered by the selected location.



Ip Index		Target
Pressure component	**State of Nature (SoN) component**	
TOTAL WATER WITHDRAWALS (WITHOUT DISAGGREGATED SOURCES)	Surface water flows	Freshwater quantity
WITHDRAWALS FROM SURFACE WATER SOURCES		
WITHDRAWALS FROM WATER UTILITY PROVIDERS		
WITHDRAWALS FROM GROUNDWATER SOURCES	Groundwater levels	
NUTRIENT DISCHARGE TO FRESHWATER SYSTEMS	Nutrient concentration in freshwater	Water quality (nutrients)
NUTRIENT APPLICATION TO SOILS		
PESTICIDE IMPACT (USAGE)	Risk of pesticide pollution	Water quality (Pesticide Impact Reduction) + (Pesticide) Landscape Engagement
NON-NATURAL LAND COVER	Non-natural ecosystem cover in ecoregion	Working Land Regeneration and Restoration (land area) + Landscape Engagement
SOIL ORGANIC CARBON	Soil organic carbon level, average levels in ecoregion	Working Land Regeneration and Restoration (land quality) + Landscape Engagement
SOIL EROSION RATE	Soil erosion rate, average levels in ecoregion	
TERRESTRIAL ACIDIFICATION	Terrestrial acidification, average levels in ecoregion	
EMISSIONS TO AIR OF ACIDIFYING COMPOUNDS		
TOTAL MARINE BIOMASS EXTRACTION, BY SPECIES AND STOCK	Wild capture stock health	Avoid and reduce overexploitation
		Protect structural habitats
		Reduce risks to ETP marine wildlife populations
TOTAL SURFACE AREA OF AQUACULTURE OR VOLUME OF MARINE BIOMASS PRODUCTION	Extent of natural marine habitats	Protect structural habitats
		Reduce risks to ETP marine wildlife populations

For clarity, the targets that are not subject to spatial prioritization are not included in this table (i.e., No Conversion of Natural Ecosystems, Land Footprint Reduction, and the Highly Hazardous Pesticide Cessation targets).

Once the locations have been selected, companies compile, for each location, the location's name and all data gathered in Steps 1b and 2, including:

- Inventory of company sites in the location or of volumes sourced from the location (for direct operations or upstream, respectively), as gathered in Step 1b, Task 9
- Spatial data definition for the location (such as coordinates or polygon), as gathered in Step 1b, Task 11
- Total base pressure from the company's activities or sourcing in the location, as calculated in Step 1b, Task 12
- The corresponding pressure-sensitive SoN for the location (depending on the pressure category covered), as gathered in Step 1b, Task 13
- The species- and ecosystem-level state of biodiversity in the location, for the appropriate realm (depending on the category covered), as gathered in Step 1b, Task 14
- The location's index pressure value and biodiversity values (results of Step 2a, Tasks 1 and 2)
- Position in the integrated target-setting priority ranking and the total number of locations in the ranking (results of Step 2a, Task 4)
- Any information about dependencies on ecosystem services, relevant to target setting, that may have influenced its selection, as gathered in Step 2b, Task 4
- Any information about strategic readiness and risks in the location, relevant to target setting, that may have influenced its selection, as gathered in Step 2b, Task 5
- Any information about social priorities and opportunities in the location, relevant to target setting, that may have influenced its selection, as gathered in Step 2b, Task 6
- Any co-benefits or other advantages resulting from interactions between the multiple locations selected that may have influenced their selection, based on Step 2b, Task 7

This information is presented as the final data required for Step 2b validation.

Adjust list of locations

The list of locations is not considered binding. There are no validation requirements linked to covering all locations, neither in order nor at once. Companies may find out, once they start implementing Step 3, that a particular location is not suitable or relevant for target setting for a variety of reasons. For example, companies may improve their traceability and realize that the originally estimated locations are not actually in their value chains or, through the use of hydrological models, terrestrial ecological thresholds, or fishing stock models in Step 3, they may find that the location actually requires minimal pressure reductions. In these or other cases companies may forgo setting targets in those locations and instead decide to switch to others.

If this happens, companies return to Step 2b to expand or review their initial list. Companies can then make the necessary changes to include additional locations and re-submit the changes to Step 2b for a validation update. This step is required before implementing Step 3 for any locations beyond those initially selected. As part of this new submission, companies are required to include a brief rationale noting why target setting was abandoned in any initially selected location. As target setting is a voluntary process, there are no validation requirements that restrict the circumstances under which a company does this. The brief rationale requested is for informative and learning purposes only, as it helps companies articulate a more implementable and actionable target-setting strategy to its stakeholders, and allows SBTN to better understand the considerations driving actions for nature. If operational conditions have changed significantly in any value chain locations, such that the previous results of Steps 1b and 2a are no longer accurate, companies are required to make the necessary changes and include these details as part of their submission.

Validation and claims requirements

To have this task validated, SBTN requires companies to proceed as follows:

Req. 7.1

Selection of target-setting locations:
Produce a list of locations for target setting, including the information detailed in this task; SBTN recommends that companies include at least ten locations per pressure category, but there is no minimum number of locations required.

Req. 7.2

Adjustments to selection of locations:
In cases where companies make adjustments to this list, they must also indicate the reasons why they decided not to proceed to target setting.

This task must be completed and validated to make any claims associated with Step 2; however, no information from this task is required to be disclosed in SBTN's target tracker to enable claims.

Recommendations

Rec. 7.1

Expansion of target-setting coverage:
Expand target-setting coverage to additional material locations over time, including locations not selected in the initial implementation of Step 2.



Task 8: Consider accountability models for upstream target setting

Upstream targets focus wholly or partly on the operations activities and geographic locations of the company's suppliers. This makes, in most cases, collaboration with suppliers an important success condition for setting and implementing targets. Once companies have selected their priority locations for upstream target setting in Task 7, SBTN recommends that they consider different collaboration and accountability models to share responsibility and credit with their suppliers.

As noted in Step 1, the SBTN methods have been designed primarily to be implemented by larger and multinational companies, although they are available to use by any company with capacity (noting that validation is restricted to certain sectors, see Step 1a for more information). Suppliers can differ considerably in their capacity to participate in the SBTN process. Some may have limited resources or technical capacity to implement the methods themselves, while others may have the information, expertise, resources, and capacity to take a leading role in setting targets and taking action. Purchasing companies and their suppliers may also differ in their ability to influence action, their visibility to external stakeholders, and their interest in receiving recognition for progress and can, in certain cases, take complementary and mutually supportive roles in target implementation.

These differences have implications for accountability. SBTN uses the concept of a target holder or target owner to identify the entity that formally holds or owns a validated science-based target. Validation unlocks public claims and recognition through SBTN's target tracker for the target owner. In turn, target owners are expected to report on and make progress toward their targets and are publicly accountable for that progress.

For direct operations, the company will, for all intents and purposes, take full ownership of their targets, make public claims following validation, and is responsible for progress. The target tracker will display the company as the sole target owner of direct operations targets.

For upstream targets, on the other hand, the purchasing company does not necessarily have to be the sole target owner. Depending on the capacity of the supplier and the relationship between the parties, companies can consider three alternative accountability models:

1. **Direct ownership,** where the purchasing company is the sole target holder (as in direct operations) and takes full credit and responsibility.
2. **Shared ownership**, where the purchasing company and supplier are both target holders and share credit and responsibility.
3. **Delegated ownership**, where the supplier is the sole target holder and takes full credit and responsibility.

Direct and shared ownership can be used for upstream target-setting locations selected in Step 2b. Delegated ownership is implemented only through the Supplier Engagement targets described in Step 2c.

The sections below describe the implications of each model and the circumstances in which each may be appropriate.

Direct ownership

Direct ownership is the standard model. Under this model, the purchasing company retains primary responsibility for setting and validating the science-based target, implementing or enabling the actions necessary to achieve it, tracking and reporting progress, and making claims associated with the target. Following validation, only the purchasing company is mentioned as target holder.

This model is suitable for purchasing companies that want to take primary responsibility for implementing actions on the ground with suppliers or that have sufficient influence with suppliers or resources to support them to make changes. It may be particularly appropriate where suppliers do not have the capacity to implement the SBTN methods or independently participate in target setting and validation.

Suppliers may nevertheless play an important role in implementing actions and providing information necessary for target setting and progress tracking, but their involvement does not make them accountable for the targets.

Shared ownership

Shared ownership is the model for cases where the supplier and purchasing company want to share responsibility and make claims together on targets set and progress achieved. This model is suitable for companies that have good relationships and long-term collaboration opportunities with suppliers, and especially in cases where suppliers have sufficient capacity to take action on their side.

Under this model, the purchasing company and supplier can take complementary roles in implementing Steps 3, 4, and 5. Depending on their respective capacities and their relationship, this may include sharing responsibility for calculating and validating targets, implementing or enabling actions, covering associated costs, monitoring progress, and reporting against the targets.

Both parties are recognized as target holders, participate in validation, are featured in the target tracker, and share accountability for the target. Importantly, the parties make shared claims associated with the target and progress achieved. Companies and suppliers considering this model should therefore agree on their respective roles and responsibilities before proceeding to target setting, including cost sharing agreements.

Delegated ownership

Delegated ownership is the model for cases where suppliers have the capacity to act on their own and take primary responsibility for the target and progress made. Unlike direct and shared ownership, this accountability model is reserved for upstream locations in target boundary B, where the purchasing company will lack the traceability necessary to implement the Step 3 methods itself and may instead set enabling Supplier Engagement targets (following the Step 2c methods, in the next section of this guidance).

Under this model, the purchasing company engages its supplier to set science-based targets covering activities or production linked to the purchasing company's value chain. If they agree, the supplier takes the lead in setting targets and participates directly in validation as the submitting entity. The supplier is subsequently accountable for implementation and progress and is enabled to make claims and to be featured in the target tracker.

The target tracker will, in these cases, recognize the supplier as the sole target holder but will also recognize the role of the purchasing company in the engagement process. The purchasing company does not take credit for the supplier's science-based target or for progress against it. Instead, it can make claims associated with its Supplier Engagement target and report the proportion of its upstream pressures that has been covered by validated supplier targets, in accordance with the requirements described in Step 2c.

The delegated model is only suitable where suppliers have sufficient capacity to implement the SBTN methods themselves. Purchasing companies may nevertheless play an important supporting role, including by providing incentives, resources, technical support, or other forms of assistance that encourage suppliers to adopt and implement science-based targets.

Within this model, suppliers implement the methods and participate directly in validation. Following an engagement process, a supplier may opt to implement the full suite of SBTN methods (Steps 1 through 5) or, exceptionally, may implement Step 3 directly. Step 2c contains additional guidance on the implementation of the steps and the associated implications on target claims and coverage.

Selecting an accountability model

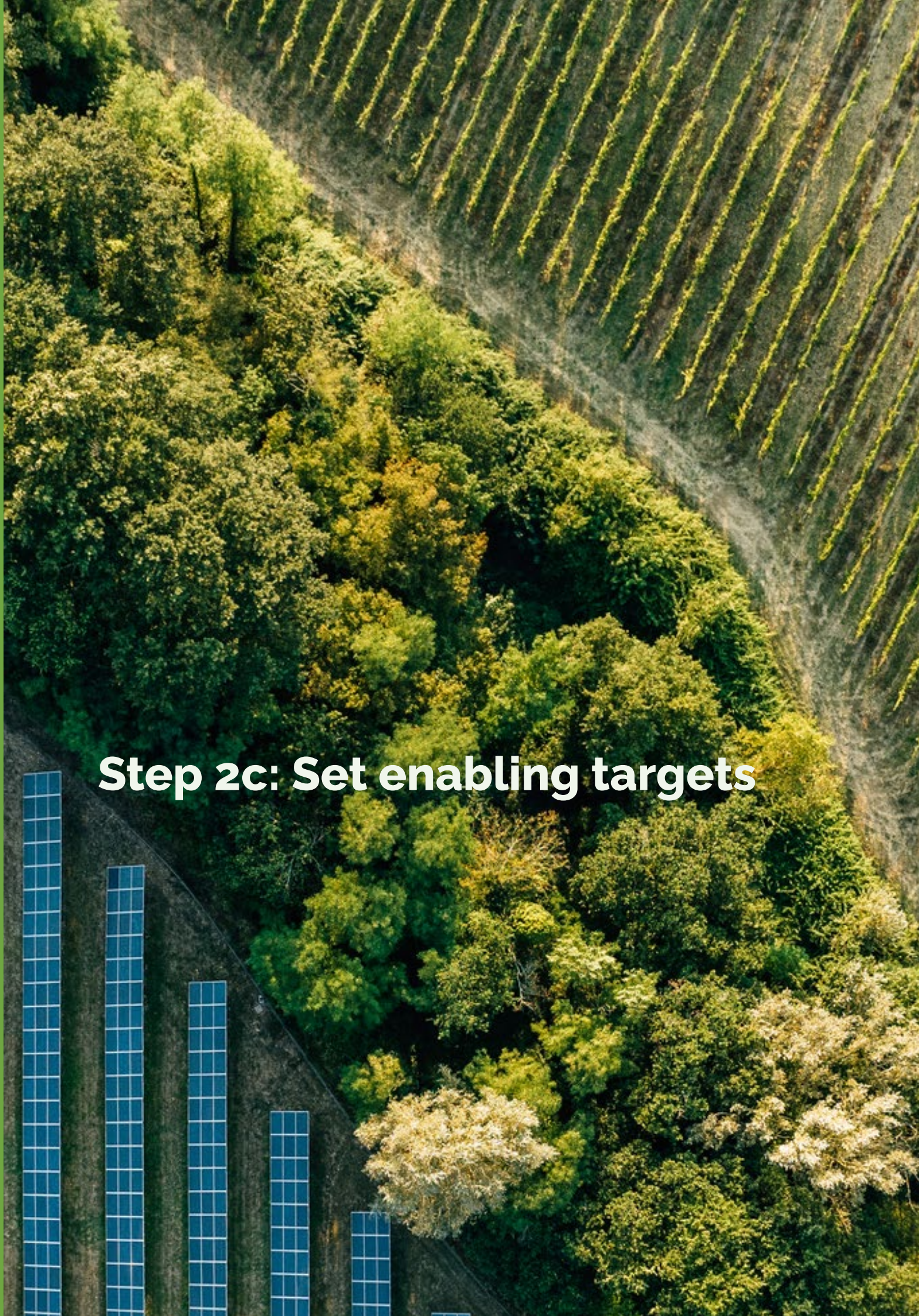
The appropriate accountability model may differ across a company's upstream target-setting locations and suppliers. Companies should consider, among other factors: their influence and relationship with the supplier, the supplier's willingness and capacity to implement the SBTN methods and participate in validation, and their respective ability to implement or enable actions and monitor progress. In all cases, the models do not affect the science underlying the Step 3 methods nor the principles and guidance in Step 2 to determine priority target-setting locations. Instead, the accountability models concern only the sharing of responsibility and credit for the targets.

Validation and claims requirements

There are no validation requirements or justifications needed to select the direct or shared model for upstream target boundary A locations; while the delegated model is restricted to upstream target boundary B locations.

When submitting Step 3 targets for validation, companies and/or their suppliers indicate the name(s) of the target holder(s) company(-ies) and, if applicable, whether the target is set by a supplier following an engagement process by a purchasing company. The target tracker will display the name of the target owner(s) associated with each target.





Step 2c: Set enabling targets

Overview

In Step 1, Tasks 9 and 11, all locations with insufficient traceability to use the Step 3 methods were designated as falling within target boundary B. The specific minimum granularity required to set targets varies by method and is outlined in Step 1.

As the Step 3 methods cannot be implemented for target boundary B locations, SBTN proposes two optional pathways through which companies can overcome traceability challenges and set targets:

- Through **Supplier Engagement targets,** companies (i.e., purchasers) engage with their suppliers to set and validate science-based targets covering the activities and production linked to the purchasing company's value chain.
- Through **Traceability Improvement targets,** companies improve the traceability of procurement volumes from target boundary B levels to target boundary A levels (i.e., to the levels necessary to implement the Step 3 methods).

These targets remain voluntary and are set in addition to science-based targets, using the Step 3 methods. They are not equivalent to science-based targets and therefore have a distinct accountability and claims structure. However, they can be validated through the Accountability Accelerator and disclosed through the target tracker, which enables public claims.

In the case of the Land methods, validating Land targets requires companies to set all three targets (No Conversion, Working Lands, and Landscape Engagement). In cases where the company is setting upstream land targets but has insufficient traceability to set the Working Lands target itself, a Supplier Engagement target must be used in lieu of this target to proceed to validation. In all other cases, these targets are optional but provide an important means for companies to address their value chain pressures when they lack the traceability to do so directly.



Figure 1: Pathways from Step 1: Assess to Step 3: Measure, Set, & Disclose.
This figure illustrates how activities and locations identified as material in Step 1a proceed through subsequent steps of the SBTN methods according to their value chain position and, for upstream locations, their level of traceability. Steps 2a and 2b are implemented for direct operations and upstream target boundary A locations in order to determine in which locations to set science-based targets for nature. In contrast, upstream target boundary B locations, which lack sufficient traceability for target setting, are ranked based on procurement and eligible for Traceability Improvement or Supplier Engagement targets.

Pathways from Step 1: Assess to Step 3: Measure, Set, & Disclose

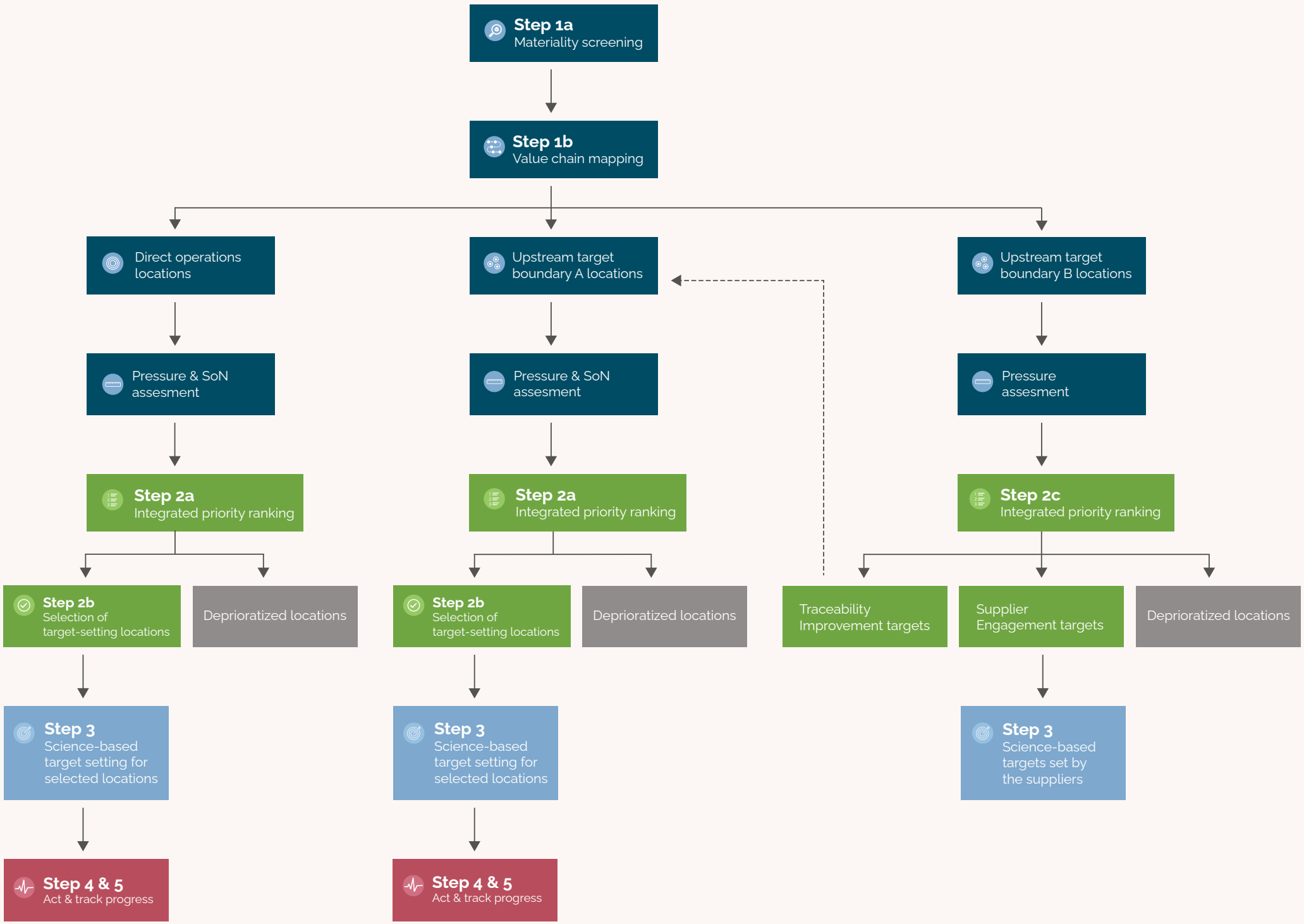
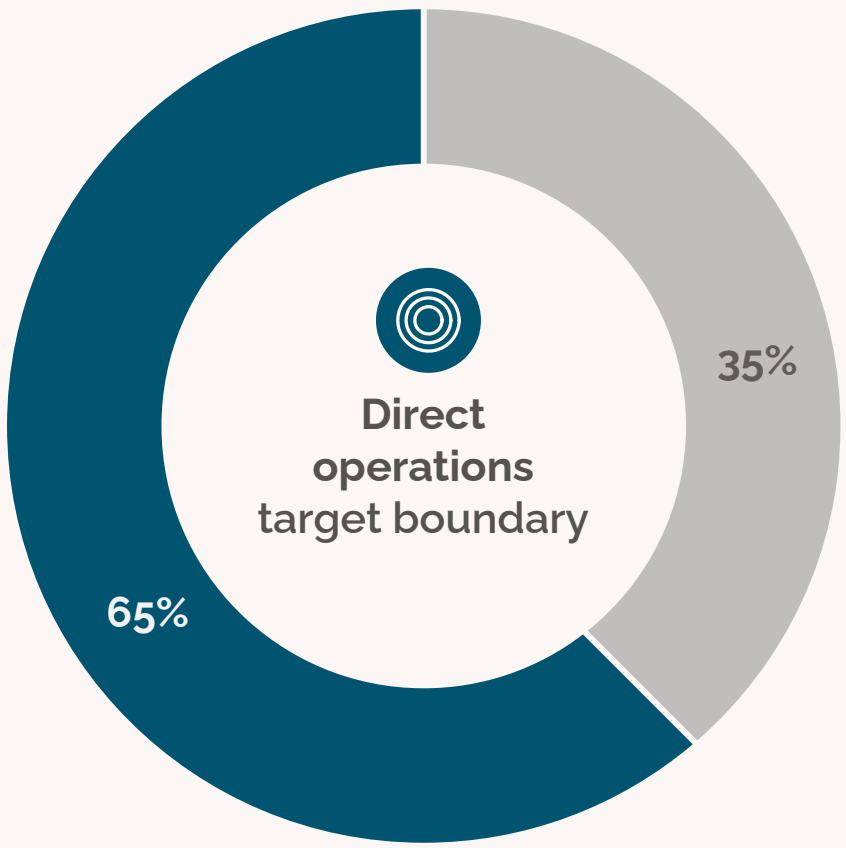
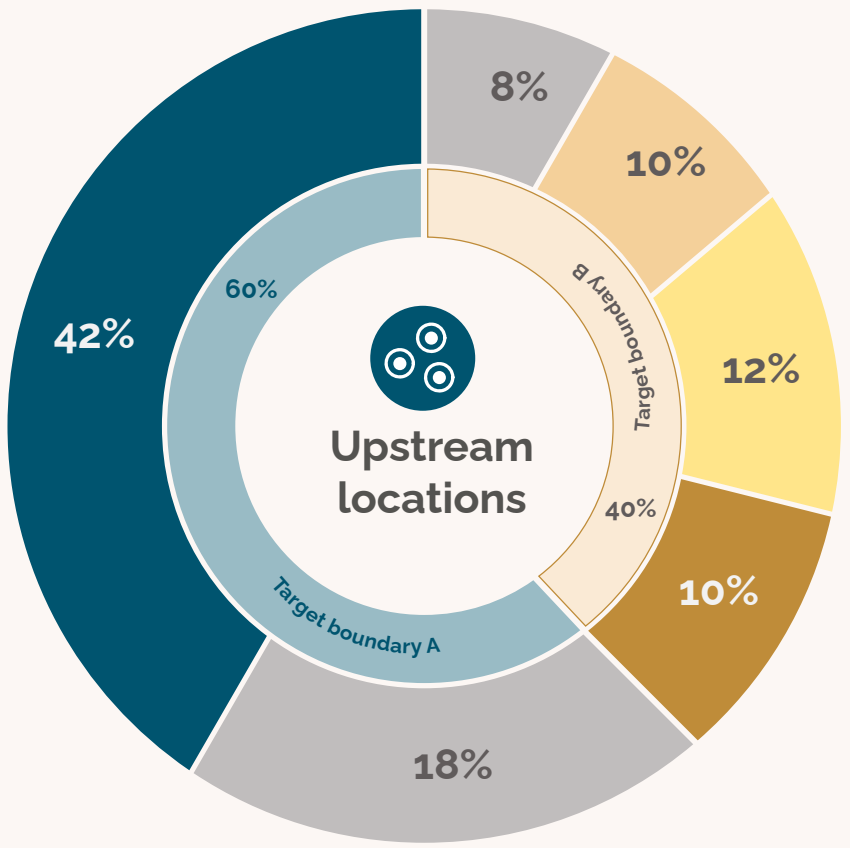


Figure 2: Illustrative coverage of direct operations and upstream activities by science-based and enabling targets: This figure shows illustrative levels of target boundary coverage by targets. For upstream activities, coverage can be distributed across science-based targets (in blue), applicable for target boundary A locations, and two different types of enabling targets (Supplier Engagement and Traceability Improvement), applicable for target boundary B locations. In this illustrative case, the company has already worked with its suppliers, and some have set their own targets. This helps expand the purchasing company's upstream coverage (dark brown). The image also shows (in gray) the extent of activities that are not covered by targets of any type.

Illustrative coverage of direct operations and upstream activities by science-based and enabling targets:





- Covered with validated SBTs
- Not covered with validated SBTs

- Covered with validated SBTs
- Not covered with validated SBTs
- Covered with SBTs set by suppliers
- Covered with Supplier Engagement targets
- Covered with Traceability Improvement targets
- Not covered with targets

Task 9: Rank upstream locations with insufficient traceability by pressure

Companies produce a simple ranking of all volumes in target boundary B by the estimated environmental pressures associated with each location, based on the data gathered in Step 1b, Task 12. Companies produce a separate ranking for each pressure indicator. Volumes with higher pressures are considered of higher environmental importance and should be prioritized for Supplier Engagement and Traceability Improvement targets. Though not required, companies that have SoN data for a given location may also consider it when determining the urgency of actions in a given location, depending on whether the location is in a healthy or degraded state.

Target boundary B will, in most cases, include volumes for which companies' sourcing locations have been identified at different levels of spatial aggregation. For example, a company may, in its inventory of production inputs, have commodities listed as coming from different global regions, countries, or subnational locations, as well as others identified as coming from specific river basins or ecoregions, or having unknown sourcing locations.

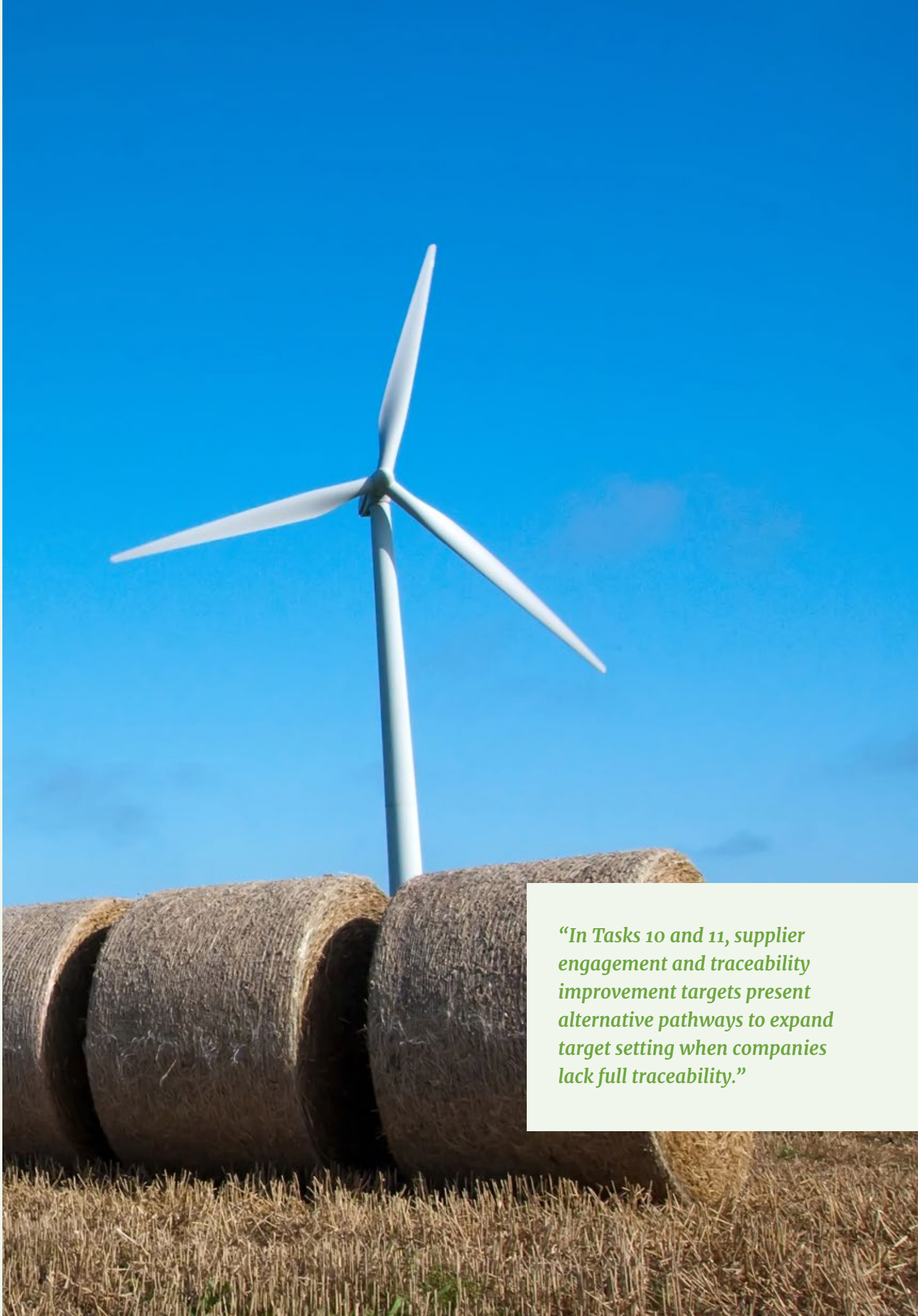
It is possible that the locations associated with volumes in target boundary B may differ significantly in terms of spatial scale; for example, some locations may be associated with subnational regions while others with national regions. Where the pressure metric is highly dependent on the area in question, SBTN recommends that companies consider the surface area of each location and calculate its pressure per unit of area (e.g., pressure units/km2) within the location. This calculation makes comparison between locations with different areas possible on equivalent, density-based terms.

This initial impact ranking will be further refined as the company chooses their pathway for action.

Validation and claims requirements

This task is not part of the validation procedure, and no information associated with this task is part of the target tracker disclosures required to make claims.





"In Tasks 10 and 11, supplier engagement and traceability improvement targets present alternative pathways to expand target setting when companies lack full traceability."

Task 10: Set Supplier Engagement targets

Understand Supplier Engagement targets

As a general principle, any upstream value chain activities with science-based targets (set by the suppliers) are considered to be covered for any downstream companies (i.e., the purchasers). For downstream companies considering the target coverage of their upstream activities, this presents an alternative pathway to expand target setting, which can be leveraged when companies lack full traceability.

Companies may set targets to engage their suppliers so that they set science-based targets to cover their own (direct) operations or those of their own suppliers, such that the value chain focus stages identified for target setting in Step 1 can be covered with targets. The purchasing company does not set targets directly for their upstream activities.

The target is expressed in terms of embedded pressures that will be covered by supplier-set science-based targets within a period of up to five years.

Suppliers are asked to identify the activities and locations in their organizational boundary (or in their own upstream activities) associated with the goods or materials acquired by the purchasing company leading the engagement and ensure that at least these activities are covered with science-based targets. Depending on the activities, this may mean identifying specific locations or sites supplying the purchasing company or determining a proportional share of production from specific sites (and hence a share of the associated environmental pressures) linked to the purchaser's procurement. Because impacts on nature and the associated target-setting requirements are spatially explicit, this linkage between supplier site and purchasing procurement must also be spatially explicit and cannot be established solely on company-level assessments based on footprinting or LCA approaches.

Suppliers may define a minimal target scope matching the purchasing company's procurement and implement Step 3 directly, but are encouraged to cover additional activities and implement Steps 1 and 2 consistent with general target-setting requirements. Potential claims on the side of the supplier are dependent on the approach taken and will be further clarified as needed when Supplier Engagement targets are adopted. The following section, how to determine the scope of supplier targets, provides more information.

The purchasing company is then required to report annual progress on their target based on the share of their upstream pressures that are covered by validated, supplier-set targets. Validation of this task is required to enable any public claims for the purchasing company associated with Supplier Engagement targets.

Identify upstream volumes associated with success factors for engagement

The scope of upstream activities (i.e., procurement volumes) that must be covered by the target is flexible and determined by the company. SBTN recommends that companies consider their ranked list of production input and other procurement volumes (from the previous task) to identify the volumes that account for most embedded pressures and, additionally, to consider the following success factors associated with each procurement.

Companies are expected to be more likely to be successful when:

- The commodities they source are part of relatively simple supply chains, e.g., they are not highly transformed or embedded commodities with multiple value chain stages
- They are directly sourcing or, at least, are not far removed from the suppliers that control or own the value chain focus stages identified for target setting in Step 1
- They maintain long-term and trust-based relations with their suppliers, with a history of collaboration on sustainability, reporting, or other efforts
- They represent a significant portion of their suppliers' sales or a strategic relationship for the supplier

- The suppliers are public-facing companies with potential interest in setting targets and making claims on them, or facing potential public scrutiny regarding their own activities
- The supplier's activities have high dependencies on nature or face environmental risks
- The suppliers are at least medium-sized companies (not small and medium-sized enterprises [SMEs]) with the capacity to implement the methods and act on their targets
- The company is able to offer additional incentives or support for the supplier to adopt the targets
- The supplier has regulatory reporting requirements or voluntary disclosures

In contrast, SBTN recommends that companies exclude volumes from their targets where engagement is not likely to be successful. The following may be barriers to successful engagement:

- Procurement happens through spot markets, opportunistic procurement models, or short-term contracts
- The supplier is an SME with limited technical capacity or resources to implement the methods
- The company represents a relatively small share of the supplier's sales
- The supply chain is complex, with a high number of intermediaries between the company and the value chain focus stage, or includes stages where volumes are mixed in ways that obscure sourcing locations
- The procurement volumes are highly transformed or embedded commodities

Additionally, SBTN recommends that companies prioritize suppliers from which they source multiple commodities and suppliers with the greatest potential for change.

Suppliers engaged through this route are only expected to cover the portion of their activities or production volumes linked to the purchasing company's value chain. Suppliers do not have to submit Step 1 or 2, as the selection of the activities to be covered has already been done by their customers. Instead, they implement Step 3 directly.

Suppliers may also decide to implement the methods in full, implementing Steps 1 and 2 for their full organizational boundary, as any other company would.

Determine Supplier Engagement targets

Based on the factors above, companies determine the percentage of their upstream sourcing (measured in terms of environmental pressures) that they consider can be feasibly covered by validated science-based targets for nature within five years.

Companies prepare a short **supplier engagement plan** detailing potential suppliers to engage with, the total pressures linked to their sourcing (expressed in absolute and percentage terms), and rationale for their selection.

Companies express their supplier Engagement target using the following language: [Company name] commits to have [X]% of the upstream [pressure category] associated with its procurement covered by validated science-based targets for nature set by its suppliers by [target year].

The target is considered achieved when the percentage of upstream volumes covered by validated targets is reached, regardless of which suppliers are ultimately involved in setting targets. In other words, companies are not restricted to engaging with the specific suppliers that they identified as priorities in the supplier engagement plan. The engagement plan must also describe how the company intends to engage and, where relevant, support the identified suppliers to set and implement their targets, including main actions and engagement mechanisms, as well as an indicative timeline for implementation. Purchasing companies are not required to support their suppliers in implementing the targets, but SBTN recommends that they do so to accelerate adoption and increase the likelihood of successful implementation. As part of the validation process, the Accountability Accelerator may require additional information to confirm the feasibility of the engagement plan.

Validation and claims requirements

To have this task validated, SBTN requires companies to proceed as follows:

Req. 10.1

Supplier engagement target:
Define the percentage of upstream sourcing, measured in terms absolute pressure and as a percentage of the total upstream pressures of the company, that will be covered by validated supplier-set targets and the target period (with a maximum duration of five years).

Req. 10.2

Supplier Engagement plan:
Present their supplier engagement plan including the potential suppliers to engage, pressures linked to procurement from each of them (in absolute and percentage terms), rationale for their selection, planned actions and engagement mechanisms, and indicative timeline, as well as any other data required by the Accountability Accelerator to confirm the feasibility of the plan.

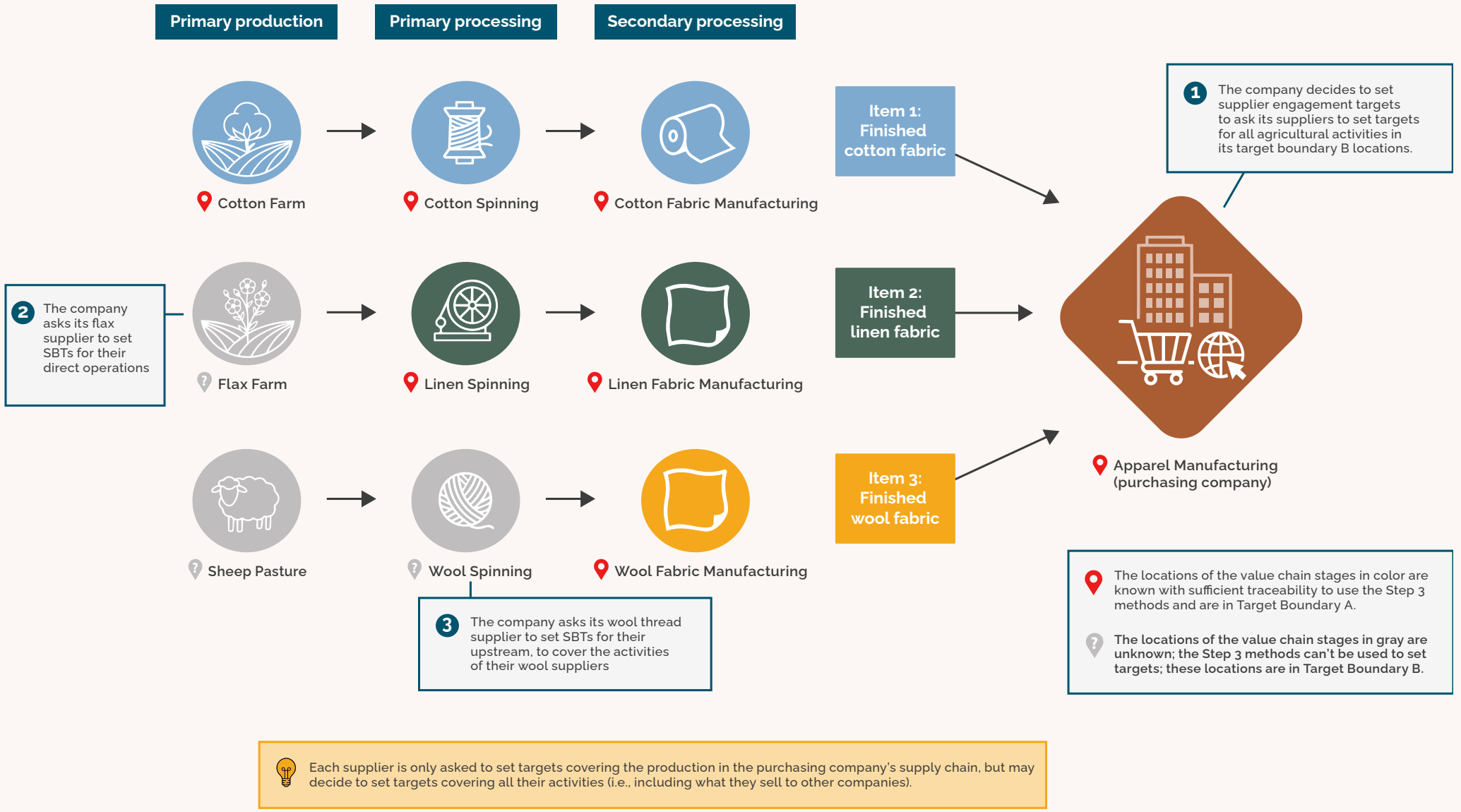
To make claims, companies are required to disclose their targets in SBTN's target tracker and to report annually on a public platform on their progress (tracked in terms of percentage of upstream pressures covered by targets validated by suppliers).

Companies may update their supplier engagement targets every year or as they achieve them.



Figure 3: Illustrative application of Supplier Engagement targets across value chain tiers. This example illustrates how Supplier Engagement targets can address material activities occurring at different tiers of upstream value chains. Depending on the purchasing company's visibility into its value chain and its relationship with suppliers, engagement may focus on targets covering a supplier's direct operations (linen example) or require suppliers to engage further upstream (wool example) so that targets cover material activities. The company also sets its own upstream targets (cotton example), showing different approaches to setting targets for material value chain stages.

Illustrative application of Supplier Engagement targets across value chain tiers.



Each supplier is only asked to set targets covering the production in the purchasing company's supply chain, but may decide to set targets covering all their activities (i.e., including what they sell to other companies).

Additional guidance and clarifications

How to determine the scope of supplier targets

Following an engagement by their clients, the upstream company (the supplier) has two main approaches to setting the scope of their targets: A standard and a minimal approach.

With the standard approach, the company essentially acts like any other company adopting the methods, including the potential application of the accelerated pathways. The company implements Steps 1 and 2 in full for their operations and determines priorities for target setting based on the existing technical guidance. In this case, the supplier gets to make full claims for their process and coverage (like any other company). The supplier can, as part of Step 2b, determine that their priority is to cover the activities linked to the client that engaged them, or they can determine that other activities are more important. The supplier could also define a business unit or other approach in the accelerated pathways that covers the activities or production associated with the purchaser's procurement. For suppliers operating in a single country, this can include defining the business unit based on one or more subnational regions that include the relevant production. For the purchaser, the advancement of their upstream coverage depends on whether (or to what extent) their supplier decides to cover these activities with targets.

Alternatively, the supplier can choose a **minimal approach.** In this case, the supplier is not asked to implement the methods, because the choice of where to set targets has already been made by their clients. As a minimum, the supplier will set targets to match the activities linked to the client's procurement, but they can potentially cover additional activities.

The supplier is required to determine which of their sites are linked to the client and must be able to guarantee to their client that—going forward and for as long as the commercial relationship continues—the client will be sold the output from these sites. For example, the supplier could implement a chain-of-custody system. It is not necessary for the client to have visibility of the locations—this may be protected for strategic reasons by the supplier—but the information may need to be shared with the Accountability Accelerator for validation purposes.

In cases where the supplier is unable to segregate flows and to ensure that specific production volumes will be set aside for the client, the supplier will be required to cover a proportion of their activities, equivalent to the output sold to the client. The supplier will have to implement Steps 1 and 2 in order to determine priority activities to cover with targets, according to the SBTN guidance. If the supplier can partially segregate flows, then Steps 1 and 2 are only implemented for the activities that are potentially linked to the client. For example, this may happen in industries where certain production processes require mixing different sources of raw materials into a single processing step. If the client purchases X tons of soy per year, then the supplier needs to set targets on activities producing X tons of soy per year. If the supplier can guarantee that only the production of a given country is, and will remain, linked to the client, then Steps 1 and 2 can be applied to that country only.

Task 11: Set Traceability Improvement Targets

Understand Traceability Improvement targets

Companies can set targets to improve the traceability of any number of procurement items, such that they reach the spatial granularity associated with target boundary A (i.e., the levels necessary to set targets). These targets are defined for a period of one to two years.

Validation of this task is optional but required to enable any public claims associated with these targets.

Identify upstream volumes associated with success factors for traceability

As with the Supplier Engagement target, the scope of upstream activities (i.e., procurement volumes) that must be covered by the target is flexible and determined by the company. SBTN recommends that companies consider their ranked list of production inputs and other upstream volumes in their target boundary (from the first task of Step 2c) to identify the volumes that account for most embedded pressures and, additionally, to consider the following success factors associated with each procurement.

Companies are expected to be more likely to be successful when:

1. The commodities are part of relatively simple supply chains, e.g., they are not highly transformed or embedded commodities with multiple value chain stages
2. They are directly sourcing or are, at least, not far removed from the suppliers that control or own the value chain focus stages identified for target setting in Step 1
3. They maintain long-term and trust-based relations with their suppliers, with a history of collaboration on sustainability, reporting, or other efforts
4. There are dedicated certification or traceability systems for the commodities in question
5. The company has close collaboration and trust with their suppliers, such that they may be willing to disclose their own sourcing locations

In contrast, SBTN recommends that companies exclude volumes where engagement is not likely to be successful from their targets. The following may be barriers to successful engagement:

- The supply chain is complex, with a high number of intermediaries between the company and the value chain focus stage, or includes stages where volumes are mixed in ways that obscure sourcing locations
- The procurement volumes are highly transformed or embedded commodities

Traceability Improvement targets can apply to procurement obtained through spot markets or other similar procurement models with changing sourcing locations. In these cases, achieving the target would mean moving to a different type of procurement model that allows the company to identify their sourcing locations at target boundary A levels.

Determine Traceability Improvement targets

Based on the factors above, companies determine a percentage of their upstream sourcing (measured by the environmental pressures) that they consider can feasibly advance from target boundary B to target boundary A levels within two years.

Companies express their Traceability Improvement target using the following language:

> **[Company name] commits to improve the traceability of procurement associated with [X]% of its upstream [pressure category] from target boundary B to target boundary A levels by [target year].**

Companies prepare a short **traceability improvement plan** detailing potential procurement volumes to trace, the pressures associated with them (expressed in absolute and percentage terms), and rationale for their selection.

The target is considered achieved when the traceability levels have been reached, regardless of which procurement volumes are ultimately traced to target boundary A levels. In other words, companies are not restricted to focusing on the specific commodities that they identified as priorities in the traceability improvement plan.

The traceability improvement plan must also describe how the company intends to improve traceability for the selected procurement, including the main actions and mechanisms it expects to use. This may include, for example, engagement with suppliers and other value chain actors, changes to procurement practices or requirements, and the introduction of chain-of-custody systems.

As part of the validation process, the Accountability Accelerator may require additional information to confirm the feasibility of the traceability improvement plan.

Validation and claims requirements

To have this task validated, SBTN requires companies to proceed as follows:

Req. 11.1

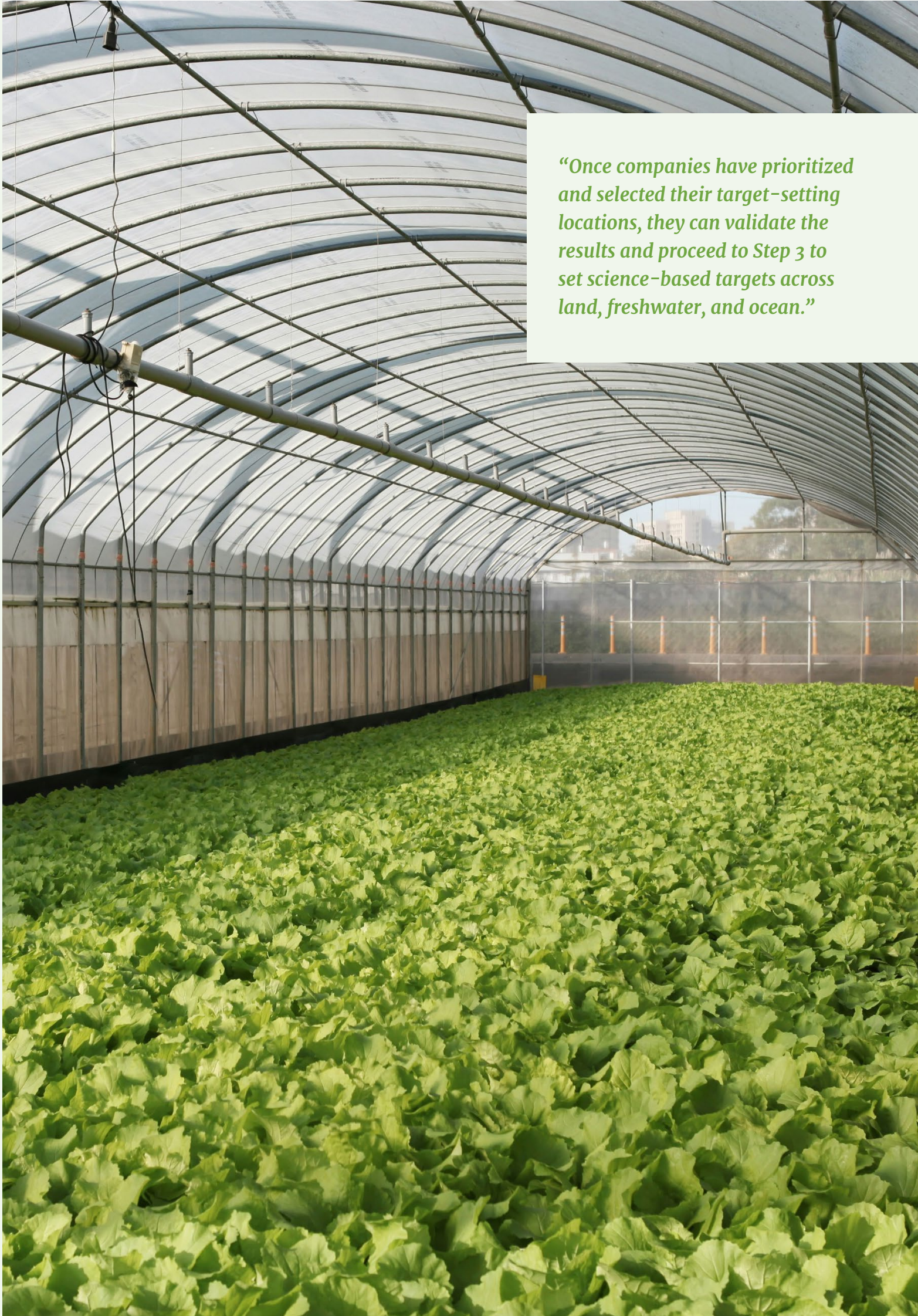
Traceability Improvement target:
Define the percentage of upstream sourcing, measured in terms of absolute pressure and as a percentage of the total upstream pressures of the company, that will be advanced from target boundary B traceability levels to target boundary A traceability levels and the target period (with a maximum duration of two years).

Req. 11.2

Traceability improvement plan:
Present their traceability improvement plan including the potential procurement volumes included in the target, the associated pressures in absolute and percentage terms, rationale for their selection, planned actions and mechanisms, and indicative timeline, as well as any other data required by the Accountability Accelerator to confirm the feasibility of the plan.

To make claims on their targets, **companies are required to disclose their targets in SBTN's target tracker and to report annually on a public platform on their progress** (tracked in terms of percentage of upstream pressures shifted from target boundary B to target boundary A levels, per pressure category).

Companies may update their Traceability Improvement targets every year.



"Once companies have prioritized and selected their target-setting locations, they can validate the results and proceed to Step 3 to set science-based targets across land, freshwater, and ocean."



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