

TARGET VALIDATION APPLICATION CHECKLIST FOR SMES

Version 3.0

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SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



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ABOUT SBTi SERVICES

SBTi Services Limited is a wholly owned subsidiary of the Science Based Targets initiative, a corporate climate action organization and standard-setter that enables companies and financial institutions worldwide to play their part in combating the climate crisis. SBTi Services is a distinct legal entity and operates independently from the standard-setter, the Science Based Targets initiative.

SBTi Services checks and validates climate targets, validating the decarbonization goals of corporations, financial institutions and SMEs worldwide. By validating their climate targets, businesses demonstrate an understanding of their minimum decarbonization requirements by which customers and investors can measure them.

To be validated, companies must create greenhouse gas inventories and apply the Science Based Targets initiative's thorough methodologies for calculating decarbonization targets and submit these to SBTi Services for validation. Validators at SBTi Services check companies' and financial institutions' climate targets with standards developed by the Science Based Targets initiative.

SBTi Services is a trading subsidiary company, with any profits generated from commercial activities passed to its parent the Science Based Targets initiative, a charity registered in England and Wales.

VERSION HISTORY

Version	Change/update description	Release date	Effective dates
Version 3	<ul style="list-style-type: none"> Updated format Updated Scope 1 and 2 profile questions Updated base year, target year and ambition selection possibilities for NT and NZ target validation 	October 2024	29 October 2024
Version 2	<ul style="list-style-type: none"> Updated eligibility questions related to updated SME definition Services fees updates and fee waiver threshold 	14 December 2023	1 January, 2024
Version 1	<ul style="list-style-type: none"> First check-list based on existing definition 'SMEs are independent non-subsidiary companies with less than 500 employees 	April 2023	31 December 2024

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1. Overview

The checklist below is designed to provide SMEs and consultancies submitting targets to SBTi Services with a quick reference to assess their readiness to complete a full submission for the SME Tailored Target Validation Route. This checklist will help ensure that all necessary information is in place before submitting to the SBTi for target validation.

Please note that to join the SBTi, SMEs should complete the requested information on the below sections steps through our SBTi Services Validation Portal. The SBTi will not accept any submissions via email.

In this document, all references to specific criteria or particular criteria will be denoted as "NT C" followed by a number for near-term criteria and "NZ C" followed by a number for net-zero criteria. For detailed explanations and definitions of these criteria, please refer to the [SME Criteria Assessment Indicators](#) document.

All fields marked with an asterisk (*) throughout this document indicate mandatory requirements that must be completed.

1.1 SME Registration Information.

All entities must provide the information detailed in the [Registrations Manual](#). During the due diligence process, SBTi Services ensures that each entity is assigned the correct organization type based on its responses to the provided questions. For entities categorized as SMEs, SBTi Services confirms their eligibility for the target validation route specifically tailored for SMEs. For the latest SME eligibility criteria, please click [here](#). It's important to note that SMEs can also choose to set targets using the Corporate Validation Route, in which case this checklist would not apply.

1.2 SME Target Validation Service Selection.

As outlined in section 2 below, it requires information relevant to the selection of a validation service. Options include setting new near-term targets (including maintenance targets), replacing previous near-term targets, or setting net-zero targets (only available to companies with previously validated 1.5°C near-term targets or a target year within a 5-10

year timeframe). Companies can also opt to set both near-term and net-zero targets simultaneously.

1.3 SME's Emissions Profile.

As outlined in section 3 below, it requires details on the entity's emissions inventory necessary for validation, including activities and emissions, in line with the [Greenhouse Gas Protocol](#) and the [SME Criteria Assessment Indicators](#).

1.4 Contractual and Payment Information.

As outlined in section 4, it covers the Terms and Conditions of our services, as well as administrative details required for invoicing.

2. SME Target Validation Service Selection

This section outlines the various target validation options available for SMEs submitting targets through the SBTi Validation Portal. Depending on the nature of your targets and your organization's climate goals, you can select one of the four available options. Each option is tailored to different levels of ambition, from setting near-term reduction targets to net-zero target setting options. Please review the descriptions below to ensure you select the appropriate target-setting route for your entity.

2.1 SME Target Validation Types

When submitting targets for validation, entities must select one of the following options: Option 1, 2, 3, or 4. Please review each option carefully to choose the one that best fits your entity's climate ambitions.

2.1.1 Option 1. Set new or update existing reduction near-term targets.

- **Target year selection* (NT C13):** Targets must cover a minimum of 5 years and a maximum of 10 years from the date of submission. If the target is submitted for validation in the first half of the year (i.e., by the end of June), the time frame

includes the year of submission. If submitted in the second half of the year, the time frame begins from the start of the following year.

- Base year selection* (NT C13):** The choice of base year must be no earlier than 2015. Scope 1 and scope 2 targets must use the same base year. (NT C13)*. Is your base year a calendar year or a financial/fiscal year? If financial/fiscal, please enter the start and end dates of the financial/fiscal year in the following format: DD/MM/YYYY - DD/MM/YYYY.
- Target ambition selection* (NT C13):** Based on your chosen base year and target year for near-term scope 1 and scope 2 absolute reduction targets, select an ambition reduction rate that meets or exceeds the minimum absolute reduction rates specified in Table 1 below. This ensures alignment with emissions scenarios consistent with the 1.5°C goal. (NT C16). If your entity's ambition selection, including Scope 1+2+3 emissions, reaches 90% or higher, please refer to Option 2 b) below for further guidance.

Target template: *Our company commits to reduce absolute scope 1 and scope 2 GHG emissions __% by 20__ from a 20__ base year, and to measure and reduce its scope 3 emissions.*

Table 1. Minimum near-term scope 1 and 2 ambition

Base / Target Year	2028	2029	2030	2031	2032	2033	2034
2015	54.6%	58.8%	63.0%	67.2%	71.4%	75.6%	79.8%
2016	50.4%	54.6%	58.8%	63.0%	67.2%	71.4%	75.6%
2017	46.2%	50.4%	54.6%	58.8%	63.0%	67.2%	71.4%
2018	42.0%	46.2%	50.4%	54.6%	58.8%	63.0%	67.2%
2019	37.8%	42.0%	46.2%	50.4%	54.6%	58.8%	63.0%
2020	33.6%	37.8%	42.0%	46.2%	50.4%	54.6%	58.8%
2021	33.6%	37.8%	42.0%	46.2%	50.4%	54.6%	58.8%
2022	33.6%	37.8%	42.0%	46.2%	50.4%	54.6%	58.8%
2023	33.6%	37.8%	42.0%	46.2%	50.4%	54.6%	58.8%
2024	33.6%	37.8%	42.0%	46.2%	50.4%	54.6%	58.8%

2.1.2 Option 2. Set only net-zero targets

This option is available exclusively to SMEs that meet one of the following conditions:

- a. SMEs with a long-term net-zero ambition that already have an SBTi-approved near-term target at the time of application, meeting all prerequisites for net-zero validation.

or

- b. SMEs that have the capability to achieve net-zero emissions within a 5-10 year timeframe.

- **Target year selection (NT C13)*:**

- If (a) aiming for a long-term timeframe, ensure that the target year aligns with achieving net-zero emissions by 2050 at the latest, following a linear absolute reduction trajectory extending beyond 10 years from the date of submission.
- If (b) aiming for a net-zero near-term timeframe, targets should span a minimum of 5 years and a maximum of 10 years from the date of submission. If submitting the target for validation by the end of June, the timeframe includes the year of submission. If submitting in the second half of the year, the timeframe starts from the beginning of the following year.

- **Base year selection (NT C13)*:** The choice of base year must be no earlier than 2015 for your net-zero target. For SMEs with an approved near-term target (a). Once companies select a base year, that base year must be used consistently for both near-term and long-term target setting for targets of the same scope. Is your base year a calendar year or a financial/fiscal year? If financial/fiscal, please enter the start and end date of the financial/fiscal year in the following format: DD/MM/YYYY - DD/MM/YYYY

- **Ambition selection*:** For a net-zero target, any percentage from 90% to 100%.

Target template: *Our company commits to reach net-zero latest by 20___. As part of this, it commits to reduce absolute scope 1, 2 and 3 GHG emissions ___% by 20__ from a 20__ base year.*

2.1.3 Option 3. Set new or update existing near-term targets AND submit net-zero targets (near-term + net-zero package).

- **Near-term target setting*:** Follow process depicted on Option 1.
- **Base year selection*:** For your net-zero target (2015-2023). Once companies select a base year, that base year must be used consistently for both near-term and long-term target setting for targets of the same scope. Is your base year a calendar year or a financial/fiscal year? If financial/fiscal, please enter the start and end date of the financial/fiscal year in the following format: DD/MM/YYYY - DD/MM/YYYY
- **Target year selection (NT C13)*:** Ensure that the target year aligns with achieving net-zero emissions by 2050 at the latest, following a linear absolute reduction trajectory extending beyond 10 years from the date of submission.
- **Ambition selection*:** For a net-zero target, any percentage from 90% to 100%.

Target template: *Our company commits to reduce scope 1 and scope 2 GHG emissions ___% by 20__ from a 20__ base year, and to measure and reduce its scope 3 emissions. Our company commits to reach net-zero by 20___. As part of this, commits to reduce scope 1, 2, and 3 emissions ___% by 20__ from a 20__ base year.*

2.1.4 Option 4. Set new near-term maintenance targets

- **Target year selection (NT C13)*:** Targets must cover a minimum of 5 years and a maximum of 10 years from the date of submission. If the target is submitted for validation in the first half of the year (i.e., by the end of June), the timeframe includes the year of submission. If submitted in the second half of the year, the timeframe begins from the start of the following year.

- **Base year selection (NT C13)*:** The choice of base year must be no earlier than 2015. Scope 1 and scope 2 targets must use the same base year. (NT C13)*. Is your base year a calendar year or a financial/fiscal year? If financial/fiscal, please enter the start and end date of the financial/fiscal year in the following format: DD/MM/YYYY - DD/MM/YYYY

- **Maintenance target option selection*:** Select the maintenance target option (1, 2 or 3 below) that aligns with your scope 1 and scope 2 emissions profile, taking into account Table 1, which illustrates the minimum absolute reduction ambition rate for near-term Scope 1 or Scope 2 targets*

1. Our company accounts for scope 1 emissions = 0 and scope 2 emissions >0:

Target language template: *"Our company commits to maintain zero scope 1 emissions through 20__. Our company also commits to reduce absolute scope 2 GHG emissions __% by 20__ from a 20__ base year, and to measure and reduce its scope 3 emissions"*

2. Our company accounts for scope 1 emissions >0 and scope 2 emissions = 0:

Target language template: *"Our company commits to reduce absolute scope 1 emissions __% by 20__ from a 20__ base year. Our company also commits to maintain zero scope 2 emissions through 20__, and to measure and reduce its scope 3 emissions from a 2022 base year."*

3. Our company accounts for scope 1 and scope 2 emissions = 0:

Target language template: *"Our company commits to maintain zero scope 1 and scope 2 emissions through 20__, and to measure and reduce its scope 3 emissions from a 20__ base year"*.

- **Maintenance ambition selection for maintenance Options 1 & 2:** Select an ambition reduction rate that meets or exceeds the minimum absolute reduction rates specified in 'Table 1' above: Minimum near-term scope 1 and 2 ambition' above depending on the maintenance option you selected. This ensures alignment with emissions scenarios consistent with the 1.5°C goal. (NT C16). If your entity's ambition selection, including Scope 1+2+3 emissions, reaches 90% or higher, please refer to Option 2 b) below for further guidance.

3. SME's Emissions Profile

Complete the emissions profile section

- For your emissions accounting your entity must follow the GHG Protocol standards for our accounting expectations unless specifically stated in our criteria or guidance documents. We therefore encourage you to consult the GHG Protocol [Corporate Standard](#) and the [Scope 2 Guidance](#) to perform a recent, comprehensive greenhouse gas emissions inventory of your entity. Note that you cannot exclude more than 5% of scope 1 and scope 2 emissions combined*.
- Confirm if your GHG inventory contains all 7 GHGs as required by the [GHG Protocol](#). Note that the seven GHGs are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃). In case of exclusions, companies need to inform which GHGs are excluded from your emissions accounting and why* NT C2.
- Confirm that your entity agrees to follow the GHG Protocol Corporate Standard guidelines for inventory recalculation and the SBTi guidelines for target recalculation as needed to reflect significant changes*.
- Confirm that you will review, and if necessary, recalculate and revalidate your targets to ensure consistency with most recent climate science and best practices at a minimum every 5 years*.
- Confirm that your entity will publicly announce the targets within 6 months of approval* NT C28.
- Confirm the consolidation approach you are selecting for determining the organizational boundaries (Operational control, Financial control, Equity share). Your entity should select a single approach for determining the organizational boundaries, based on a range of company-specific considerations, and apply that approach consistently across its corporate structure for both the corporate inventory and the

target. The [GHG Protocol Corporate Accounting and Reporting Standard \(WRI & WBCSD 2004\) Chapter 3](#) provides further guidance* NT C1.

- Confirmation that the use of carbon credits or avoided emissions will not count as emission reductions toward the progress of near-term or long-term science-based targets. Carbon credits may only be considered as an option for neutralizing residual emissions* NT 11 & NZ 12.
- Confirm that your entity commits to annual public reporting of emissions data and progress towards targets. Specify the platform or location for reporting (e.g., entity website, sustainability report, CDP, GRI, TCFD, etc.)* NT 25.
- Provide a description of your entity's business activities*.
- Provide a description of the products and/or services sold by your entity*.

Scope 1 emissions inventory*:

- Scope 1 emissions in your chosen base year calculated in tCO₂e. Please use decimal point as decimal separator and do not use commas. For example, the number '3.1416' represents the mathematical constant pi (π)*. If '0', please explain how this value was achieved or why scope 1 emissions are not applicable to your entity's emissions profile. Additionally, describe your entity's plan to maintain its zero-emission status* NT C3.
- Primary operations and activities brief description accounting for emissions in scope 1*.
- Please specify the percentage of scope 1 and 2 emissions that have been excluded from the inventory. Enter 0 if no emissions have been excluded from the reported emissions* NTC5.
- Please specify the percentage of scope 1 and 2 emissions that are covered by the target*.

- Provide the amount of emissions (in tCO₂e) associated with stationary combustion in the base year*.
- Provide the amount of emissions (in tCO₂e) associated with mobile combustion in the base year*.
- Provide the amount of fugitive emissions (in tCO₂e) in the base year*.
- Provide the amount of process emissions (in tCO₂e) in the base year*.
- Provide the source(s) of emission factors used to calculate scope 1 emissions in the base year*.
- Provide a description of the reduction levers your entity plans to implement to reduce its scope 1 emissions*.

Scope 2 emissions inventory*:

- Scope 2 location-based emissions in your chosen base year calculated in tCO₂e. Please use decimal point as decimal separator and do not use commas. For example, the number '3.1416' represents the mathematical constant pi (π)*. If your Scope 2 emissions are equal to zero, please provide an explanation detailing how this value was achieved or why Scope 2 emissions are not applicable to your entity's emissions profile. Additionally, describe your entity's plan to maintain this zero-emission status.
- Confirmation of which scope 2 method will be used for tracking target progress (market-based or location-based)* NT C8. If you choose the market-based method, please provide your market-based scope 2 emissions calculation in tCO₂e.
- Primary operations and activities brief description accounting for emissions in scope 2*.
- Please specify the percentage of Scope 2 emissions that have been excluded from the inventory. Enter 0 if no emissions have been excluded from the reported emissions* NT C5.

- Provide the amount of emissions (in tCO₂e) associated with purchased electricity in the base year*.
- Provide information on whether your entity purchases any heating or cooling and if relevant, the amount of emissions (in tCO₂e) associated with purchased heating and cooling in the base year*.
- Confirm that renewable energy instruments such as renewable energy certificates (RECs) would only be used to meet reductions of scope 2 emissions using the market based approach. Please see the [GHG Protocol Scope 2 Guidance](#) for further guidance on scope 2 accounting*.
- Companies setting targets over their market-based scope 2 emissions must include their market-based Scope 2 emissions calculation in addition to the location-based data:
 - Confirm that all market-based instruments reflected in the base year inventory adhere to the [Scope 2 Quality Criteria](#).
 - Confirm that all future market-based instruments will adhere to the Scope 2 Quality Criteria.
- Provide a description of the reduction levers your entity plans to implement to reduce its scope 2 emissions*.

Scope 3 emissions inventory (applicable for any net-zero service validation):

- For Scope 3 emissions accounting, companies must follow the GHG Protocol standards, we therefore encourage you to consult the [Greenhouse Gas Protocol Value Chain \(Scope 3\) Accounting and Reporting Standard](#) to perform a recent, comprehensive greenhouse gas emissions inventory of your entity. Companies shall not exclude more than 5% of emissions from their total scope 3 GHG inventory NZ 10.2.
- Scope 3 emissions in your chosen year measured in metric tons of CO₂ equivalent (tCO₂e) for the selected reporting year. Please use decimal point as decimal

separator and do not use commas. For example, the number '3.1416' represents the mathematical constant pi (π)^{*} NZ 10.

- Specify the percentage of Scope 3 emissions that have been excluded from the inventory. Enter 0 if no emissions have been excluded from the reported emissions^{*} (NZ C7).
- Please describe all the categories and activities that account for emissions in your entity's Scopes 3^{*}.
- Confirmation that your entity will report progress towards its emissions reduction targets separately from any actions taken to neutralize emissions or pursue beyond value chain mitigation^{*}.
- Confirmation that your entity will neutralize the impact of any source of any residual emissions by permanently removing an equivalent volume of atmospheric CO₂ when reaching net-zero^{*}.
- Provide a description of the reduction levers your entity plans to implement to reduce its scope 3 emissions^{*}.

Supporting documentation ((required for all target validation service options))^{*}:

Make sure that you upload any supporting documentation that shows that your entity has followed the [GHG Protocol Corporate Standard](#) and [Scope 2 Guidance](#) and the [Greenhouse Gas Protocol Value Chain \(Scope 3\) Accounting and Reporting Standard](#) for net-zero validation services (e.g. inventory calculation results through tools based on the GHGP, consultancies' reports, RECs, etc). If your entity does not upload any relevant file, your target application would be rejected.

4. Contractual and Payment Information

This information is required for all entities, even if you are seeking a payment discount.

- Company's legal name: indicate the entity's legal name that we should use for issuing the invoice. If the company who will pay the invoice is different from the

company receiving validation, please explain why and the relationship between the two entities*.

- Client’s VAT number (if applicable).
- Corporate address for contractual and invoicing purposes (Street address, City, State/Province, Zip Code)*.
- Client’s Purchase Order (PO) number (if necessary).
- Provide details of specific additional information to reference within the invoice, or if your company will need the SBTi to perform any additional actions related to the invoice (ex: completing a vendor registration form). If these details are provided after the invoice is issued, there may be delays in issuance of an updated invoice.
- First and last name of client representative, title, email and phone number for contractual purposes*.
- Review and accept the SBTi Terms and Conditions to complete your submission.

Table 2. Services cost

Selected service	Price
Set new near-term targets or update near-term targets (reduction or maintenance targets)	\$1,250 USD**
Set new net-zero targets ONLY (only companies with previously set 1.5°C near-term targets are eligible for this option or selecting a target year within a 5-10 year timeframe)	\$1,250 USD**
Set near-term targets AND net-zero targets	\$2,500 USD**

***These fees are reduced fee options compared to the standard fee of \$9,500 USD and up (+applicable VAT). Companies with yearly gross revenue of under \$10 Million USD who are headquartered in developing countries and economies in transition, as defined by*

the [United Nations Secretariat's Department of Economic and Social Affairs](#) listed in Table B and C on page 153-154, will have the option to request a fee discount for their target submission validation. A fee discount option for these companies will be applicable for both the near-term and net-zero target validation services. We encourage large, multinational companies based in developing countries to pay the normal service fee to ensure the exemption can be reserved for companies that would benefit most from the waiver.

5. Additional Information

Upon completing the form and pending SBTi's due diligence review and payment confirmation, your entity's approved target will be published on the [SBTi website](#). Additionally, your entity will be recognized on our partner platforms, including [We Mean Business](#) and the [UN Global Compact](#) (if already engaged with them). Once approved, your entity will receive a communications welcome pack and gain permission to use the SBTi logo on your website and in communications.

The SBTi reserves the right to remove an entity from its list of companies with approved targets as well as from partner websites at its discretion, for reasons including reputational concerns, non-compliance with the requirements laid out in this form, or failure to update the SBTi on business changes (e.g. no longer existing as an entity due to merger or dissolution).

In cases where an entity ceases to exist (e.g. through a merger or an acquisition), we kindly request you inform the SBTi of this change to ensure the public list of companies stays up to date.

If an SME has additional questions regarding target setting, please refer to our FAQs specifically tailored for SMEs. If the required information is not found, or if the entity no longer wishes to be publicly recognized as having approved science-based targets, it must contact us via email at info@sbtiservices.com

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SBTI Services Limited is a limited company registered in England and Wales (15181058). Registered address: First Floor, 10 Queen Street Place, London, England, EC4R 1BE. SBTI Services Limited is a wholly owned subsidiary of Science Based Targets Initiative.