

# Guidance Document Short Version



## Achieving the SBTi standards for Near-term Science-based Targets and the Net Zero Targets in Cocoa

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Swiss Platform for  
Sustainable Cocoa



## Acknowledgements

This publication was prepared by Dominique Gangneux from 2030 Regen Advisory in collaboration with Sustainable Food System Expert Manuel Holzer, Head of Sustainability at Chocolat Stella Bernrain and Monitoring and Climate Manager Fabienne Bauer from the SWISSCO Coordination Office, all of whom contributed to this briefing paper.

**Important Note:** across the report we will interchangeably use the language of greenhouse gases emissions (GHGs), GHG emissions, and carbon emissions with equal meaning. This is quite common in the marketplace. CO<sub>2</sub> is the most common GHG but “carbon emissions” is shorthand for “GHGs” or “equivalent carbon dioxide (CO<sub>2</sub>e) emissions”.

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# 1 Introducing Science-based Climate Action

**This guidance document is part of SWISSCO's overall approach to support members to tackle the challenges in the areas of climate and forest protection.**

The global chocolate and cocoa sector not only contributes to an annual carbon footprint of 65-75 million tCO<sub>2</sub>e/year (high-level calculation based on Konstantas, 2018) but is also directly impacted by climate change. Changes in rainfall patterns and temperatures can intensify challenges in cocoa farming, leading to increased costs, reduced yields, and potential disruptions in logistics efficiency. To adapt to climate change, the sector may have to invest in new cocoa farming supply sheds in the coming 10 to 20 years.

To address climate change, the Science Based Targets initiative (SBTi) provides businesses with tools to help them halve their carbon footprint by 2030 and achieve Net Zero by 2050 at the latest. This paper advocates that cocoa and chocolate companies commit to the standards of the SBTi to meet these targets.

The Greenhouse Gas (GHG) Protocol, which has become the global standard for companies' greenhouse gas accounting and reporting over the past 20 years, has defined three "Scopes" (Scope 1, Scope 2, and Scope 3). These Scopes help delineate direct and indirect greenhouse gas (GHG) emission sources, improve transparency, and provide utility for different types of organisations and various climate policies and business goals. When measuring the company's emissions, these Scopes indicate which emitting activities can be limited to the company's own actions (Scope 1 and 2) and which activities are extended to actions in the company's value chain (Scope 3).

**The purpose of this guidance document is to:**

1. Assist SWISSCO members in comprehending how SBTi standards can support the implementation of climate change strate-

gies and drive the reduction of greenhouse gas (GHG) emissions across their value chain (i.e., Scope 1/2/3 of the GHG Protocol) in the short and long-term to attain Climate Net Zero performance by 2050 at the latest.

2. Share good implementation practices that have emerged over the past five years for both large organisations and Small & Medium Enterprises (SMEs).
3. Identify key topics that should be collectively addressed in the cocoa and chocolate sector to facilitate a more successful Climate Net Zero transformation.

**What advantages do companies have if they lead the transition to a Climate Net Zero economy?**

Businesses can experience numerous advantages, including reduced risks and costs by anticipating emerging climate regulations and taxes, enhanced efficiencies across the value chain, and increased business continuity and resilience to the impacts of climate change. Additionally, such businesses can build trust and promote growth by exceeding stakeholders' expectations, responding positively to evolving customer preferences for lower-carbon products, and driving innovation and competitiveness.

**Why is the SBTi so important for SWISSCO's climate targets?**

SWISSCO's collective strategic objective is for Swiss cocoa supply chain partners to be well on their way towards Climate Net Zero emissions by 2030, aligning with initiatives such as SBTi or equivalent efforts.

The SBTi standards for corporates (both large organisations and SMEs) have become the most widely used and trusted GHG emissions reduction target standards over the past decade.

The purpose of the standards is to drive ambitious corporate climate action by enabling businesses and financial institutions globally to set science-based GHG emissions reduction targets aligned with the goals of the Paris Agreement.

As of early February 2024, over 7,500 companies worldwide, representing more than 35% of the global economy, have committed to the SBTi standards. They actively engage with their value chain partners, encouraging and, ultimately, requiring them to take climate actions in alignment with the SBTi standards, fostering an economy-wide transformation across sectors.

It is advised that companies align with marketplace practices and stakeholder expectations by committing directly to a Net Zero target and the corresponding SBTi Net Zero Standard. This approach aligns with climate science and the targets of SWISSCO. Developing a near-term target is crucial, as it forms the foundation for building a long-term Net Zero target over the years. Embracing a long-term perspective is strategic for companies, recognising that transitioning to a low-carbon business necessitates vision, strategy, planning, and sustained investments.

### **The SBTi has issued two standards:**

- (1) Near-Term Science-based Targets (SBTs),
- (2) Net Zero standard.

### **Key requirements Near-Term SBTs standard:**

- Submit targets at parent/group level, covering all subsidiaries' emissions.
- Cover company-wide Scope 1 and Scope 2 emissions, with relevant Scope 3 emissions included if they constitute 40% or more of the total.
- Include all relevant greenhouse gases (GHGs), with allowances for excluding a small percentage of emissions.

- Align Scope 1 & 2 targets with a 1.5°C decarbonisation pathway; Scope 3 targets can align with either 1.5°C or well-below 2°C pathways.
- Targets must span 5 to 10 years from submission, with base year no earlier than 2015.
- Avoided emissions and carbon credits cannot count toward targets.
- Publicly report GHG emissions and target progress annually, with targets recalculated as needed due to significant business changes.

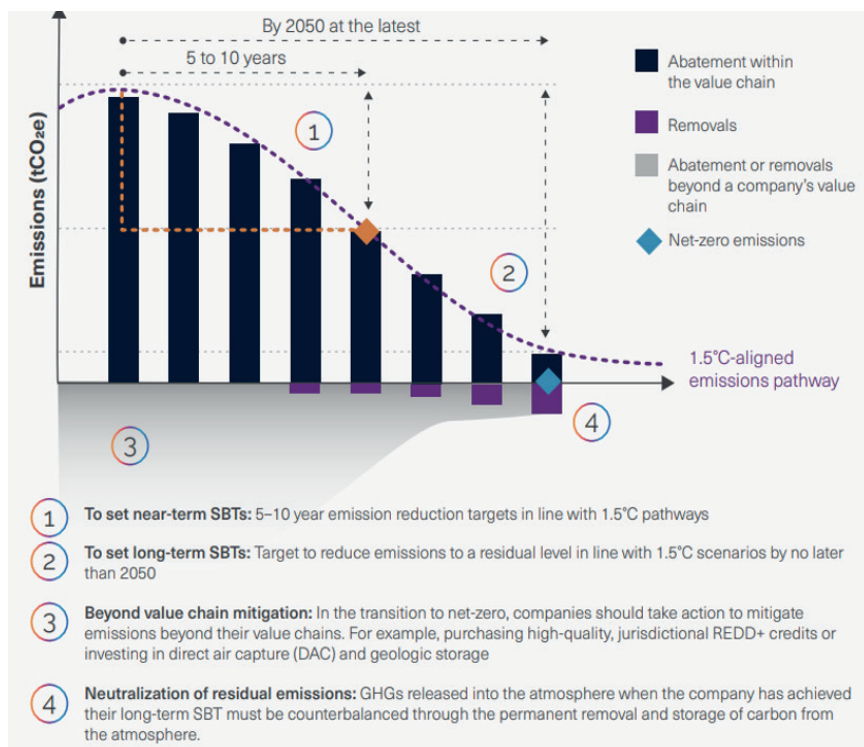
On the other hand, the Net Zero standard requires deep decarbonisation in the near and long term, neutralising residual emissions, and investing in climate impact beyond the value chain. Adherence implies decarbonisation targets of about 35-45% by 2030 and 80-90% by 2050 for cocoa and chocolate companies, depending on their activities and emissions.

**Key requirements of the Net Zero standard:**

- Submit targets at the parent- or group-level, including all subsidiary emissions.
- Cover all relevant GHGs, with allowances for excluding up to 5% of emissions in certain cases.
- Set both near-term and long-term science-based targets aligned with the 1.5°C decarbonisation pathway, aiming for rapid emission cuts, including halving emissions by 2030.

- Only claim Net Zero status once long-term targets are met, with a focus on deep emission cuts and using carbon removals for any remaining emissions.
- Consider investments beyond their value chain to mitigate climate change, while prioritising emissions reduction within the value chain.
- Ensure avoided emissions and carbon credits don't count towards targets.
- Publicly report GHG emissions and target progress annually, recalculating targets as needed.

**Figure 1: Key elements of the SBTi Net Zero Standard. Source: SBTi Net Zero Standard, 2021**



## 2 Supporting SWISSCO members on their journey towards Net Zero

**SWISSCO recommends a five-step approach to developing and implementing the SBTi Net Zero targets:**

### 1. Assess

Define climate impact and dependencies, assess Scope 1/2/3 carbon footprint, understand climate risks and opportunities, and confirm material climate priorities and business case for taking climate action at pace and scale.

### 2. Develop

Craft a Net Zero and Climate Transition strategy and action plan, identify short and long-term decarbonisation interventions, explore a long-term neutralisation strategy, and identify the required resources.

### 3. Commit

Gain buy-in and support from senior management and potentially other key stakeholders (investors, employees, suppliers/customers). Officially commit to the SBTi, declaring the company's intention to set Science-Based Targets (SBTs)/Net Zero (NZ) targets and obtain SBTi official validation within the set two-year timeframe.

### 4. Implement

Initiate the implementation of the Net Zero strategy and sustain its delivery across quick wins and transformational initiatives for the three key components of a Net Zero action plan: decarbonisation, neutralisation, and Beyond Value Chain Investment (BVCI). Engage with stakeholders, and communicate the company's Net Zero commitment, strategy, and roadmap with key milestones, along with the associated investment plan over the next five years.

### 5. Monitor, Communicate Progress, Improve, and Transform

Evaluate, learn, share successes/challenges, and propose solutions. Improve and accelerate the transformation to achieve Climate Net Zero and a just and inclusive transition.

## 3 Important Information for Small and Medium Sized Enterprises

The Science Based Targets initiative (SBTi) acknowledges that Small and Medium Sized Enterprises (SMEs) possess fewer resources and influence in their value chains compared to larger companies. Consequently, the SBTi has adapted its Near-Term SBT and Net Zero Target standards to accommodate the constraints faced by SMEs.

### **SMEs have three target-setting options:**

#### **1. Near-term targets**

Near-term science-based targets are absolute Scope 1 and 2 GHG emissions reduction targets that should be achieved by 2030, from a predefined base year. SMEs often lack the resources and capabilities needed to set scope 3 targets. Because of this, SMEs are not required to set near-term targets for their Scope 3 emissions. Instead, they must commit to measuring and reducing these emissions.

#### **2. Near-term maintenance targets**

Enable companies that have achieved zero Scope 1 and/or 2 emissions to sustain their efforts and continuously improve. SMEs choosing this option must follow GHG Protocol standards, report their progress annually, and provide supporting documentation for target validation. Additionally, they can select the maintenance approach that aligns with their specific emissions profile.

#### **3. Net-zero targets**

To be eligible to set a net-zero target, SMEs must first set near-term targets aligned to a 1.5°C pathway. Net-zero targets include:

- Long-term science-based targets, which are absolute scope 1, 2 and 3 GHG emissions reduction targets that should be achieved by 2050, from a predefined base year.
- A commitment to neutralise any unabated emissions when the long-term science-based target is achieved.

Recognising the strategic importance and complexity of climate and carbon management for SMEs, it is advisable to develop internal expertise and leverage external support providers and solutions. This includes employing carbon accounting and reporting software, utilising SME climate advisory platforms, and sourcing certified sustainable and low-carbon ingredients.

For SMEs embarking on their Climate Net Zero journey, the long version of this guidance document provides further information.

## 4 Strategic Topics

For large companies, achieving Net Zero involves not only decarbonising their own operations (Scope 1 & 2) but also addressing the greenhouse gas impact of their ingredients (cocoa, dairy, oils, sugar, packaging). Actions may include avoiding deforestation, implementing climate-smart farming practices, optimising processing and logistics, and exploring innovations such as plant-based alternatives and eco-friendly packaging.

For SMEs, the initial priority under the SBTi standard is to decarbonise their own operations (Scope 1 & Scope 2) over the next 5-10 years. Key strategies include enhancing energy and materials efficiency, transitioning to renewable energy sources, ensuring low GHG impact in cooling systems, adopting electric vehicles, and reinvesting cost savings into broader climate actions (e.g., engaging suppliers, investing in climate-smart farming, addressing other ingredients, and packaging impacts, optimising logistics, reducing business travel, and prioritising suppliers taking climate actions).

### **These strategic topics are identified for collective action:**

1. Cross-company collaboration across the cocoa and chocolate value chain for the Net Zero Transition
2. Developing sector-specific GHG accounting and reporting guidelines, optimizing efforts and costs for overall GHG data management
3. Evolving Good Agriculture Practices in the cocoa sector by integrating sustainable and regenerative farming practices for low GHGs and resilient cocoa farming systems.
4. Reinventing finance mechanisms for a Just and Inclusive Net Zero Transition.