



Setting 1.5°C Aligned Targets

Introduction

This guide outlines the steps involved in setting emissions reduction targets in line with the global ambition to keep climate change below 1.5°C. Establishing targets aligned with a 1.5°C future demonstrates a company's commitment to reducing its contribution to climate change and provides a structured framework for its climate action. This is crucial for facilitating the necessary transition.

Organisations should commit to achieving net-zero emissions by 2030, 2040, or 2050 at the latest, with a near-term goal of halving emissions within 10 years. There are multiple frameworks available for setting these targets:

- **The SME Climate Hub:** A free, simplified pathway designed for SMEs (below 500 employees). Ideal for SMEs with lower emissions and/or those beginning their climate journey. The SME Climate Hub also provides resources and guidance tailored for SMEs to take climate actions. By joining, businesses are recognised by the Race to Zero campaign and become part of a growing international community of SMEs dedicated to climate action.
- **Science Based Targets initiative (SBTi):** SBTi is an organization which develops standards, tools and guidance to allow companies to set greenhouse gas (GHG) emissions reductions targets. SBTi offers a dedicated SME pathway, allowing SMEs to set credible, science-based emissions reduction targets through a streamlined validation process, for which there is a fee to pay. Recommended for more mature, higher-emitting medium-sized businesses, especially those playing a strategic role in global supply chains.

If your business grows beyond an SME, you can transition to SBTi's standard validation process, which involves a more detailed assessment and ensures stronger alignment with corporate climate expectations and reporting standards.

- **Other initiatives:** Businesses can also explore other, more specific initiatives related to a given sector or location. Examples include [Japan Climate Initiative](#) (for Japan based businesses), [Tech Zero](#) (for tech companies), or [Exponential Roadmap Initiative](#) (for qualified [climate solutions companies](#)).

Selecting the right framework depends on a company's size, sector, maturity, and resources. Regardless of the pathway chosen, targets should be ambitious, actionable, and integrated into the organisation's long-term strategy.

To establish emissions reduction targets, follow the six steps outlined below. It is important to involve individuals from different areas of your organisation in the process, so that all relevant input is considered and potential trade-offs and costs are discussed. Additionally, it is recommended to define specific key performance indicators in crucial areas, such as transitioning to renewable energy and engaging suppliers, to deliver on the overarching targets.

Get Senior Management on Board

Setting targets is a common practice that helps keep issues on senior management's radar and influences business decisions. Achieving targets requires changes across the organisation, making management's support crucial.

Choose Your Target Type

There are three main target types:

Absolute targets – reach XX tCO₂e by year YY

Intensity targets – reach XX tCO₂e per unit by year YY

Net zero targets – reach net zero by year YY

Reducing absolute emissions and achieving net zero is most important, but intensity targets can be appropriate for organisations that are solely focused on climate solutions, or those with fewer than 50 employees.

Get the details right

Long-term targets should cover all emissions from your organization's value chain, including all greenhouse gases, every part of the organization, and emissions categories across all scopes, even land-based ones. Interim targets might only cover a smaller subset if baseline data isn't available or reliable. You can also set subsidiary targets for specific greenhouse gases (like methane), certain parts of the organisation, and particular emission categories. This helps break down the main target and encourages action.

Select Target Base Year

It is highly recommended to use a fixed target base year—a year to which future emissions will be compared. The target base year should be one with reliable baseline data available to ensure meaningful comparisons. If an organisation changes significantly year-to-year, the baseline may need to be recalculated. If an organisation's emissions vary cyclically over several years, a multi-year baseline may be appropriate.

Set your level of ambition

Organisations need to set short-term and long-term targets to establish their roadmap for halving emissions within 10 years and reaching net zero. The UN-backed Race to Zero Campaign and the SME Climate Hub require a net zero target by 2050 and an interim target to halve emissions within 10 years. Climate action should be included in business planning, and so it's useful to set interim targets for every 3–5 years. Longer-term targets help when planning for large capital investments but they can also be affected by uncertain future developments.

Track and Communicate Progress

Once emissions reduction targets are set, communicate them internally and externally, and begin tracking progress. Annually review plans for actions to reduce emissions in light of progress made, new climate science, and global goals. In all communications, present your data and your progress transparently. If you have reported emissions in previous years, make clear how emissions have changed compared to those years, noting the reasons for changes and deviations from set targets, as well as the corrective actions being taken. If you are not achieving at least a 7% year-on-year reduction, it is particularly important to highlight hard-to-abate emissions, identify key blockers that need removal, and suggest collaborative actions required.