

# CLIMATE LEADERSHIP AWARDS: RESTRUCTURING FOR THE FUTURE



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PRESENTED BY



Workshop  
May 24, 2022

# Workshop Agenda

- Introductions
- Overview of Awards Program and Market Engagement
- Revised Award Categories – Detailed Discussion
  - Overview
  - Eligibility Requirements
  - Evaluation Criteria
- Timeline and Next Steps
- Q&A

# Presenters

**Matt Clouse** – Chief, Energy Supply and Industry Branch, U.S. Environmental Protection Agency

**Christopher Kent** – Center of Corporate Climate Leadership, U.S. Environmental Protection Agency

**Dan Krekelberg** – Policy Director, The Climate Registry

**Verena Radulovic** – VP, Business Engagement, Center for Climate and Energy Solutions (C2ES)

# OVERVIEW OF AWARDS PROGRAM AND MARKET ENGAGEMENT



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# A Co-Sponsored Awards Program

Since 2012, the Climate Leadership Awards (CLA) have recognized the outstanding voluntary work that organizations and individuals pursue in reducing greenhouse gas emissions and building resilience to climate change.

The U.S. EPA's Center for Corporate Climate Leadership, the Center for Climate and Energy Solutions (C2ES), and The Climate Registry have, at times, co-sponsored, annually since 2012.

Now in its eleventh year, the program has honored more than 150 recipients; the awards highlight leadership in addressing climate change by reducing carbon pollution and implementing adaptation planning initiatives.



# CLA and Market transformation

- In 2011, the joint recognition program sought to recognize:
  - A broader range of organizational leaders
  - Aggressive GHG reduction target setting and achievement
  - Leadership in supply chain GHG management
  - Leadership of individuals at leading organizations
  - Outstanding organizational leadership
- The Awards:
  - Elevated great examples of leadership, innovation and best practices
  - Recognized organizations that exemplify leadership both in their internal response to climate change and through engagement of their peers, competitors, partners, and value chain



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# CLA and Market transformation

- A broad and diverse set of American organizations, including many companies leading on climate action, have relayed to EPA, C2ES, & TCR that the Climate Leadership Awards program serves to highlight for work and their industry
- Companies' voluntary actions (e.g., completing inventories, establishing reduction goals, demonstrating goal achievement) will:
  - Reduce air pollutant emissions and other environmental impacts, and thus reduce the costs to achieve environmental and energy policies.
  - Improve resource and operations management, which benefits the participating companies' bottom lines, thereby increasing their competitiveness.



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# Value of CLA Awards

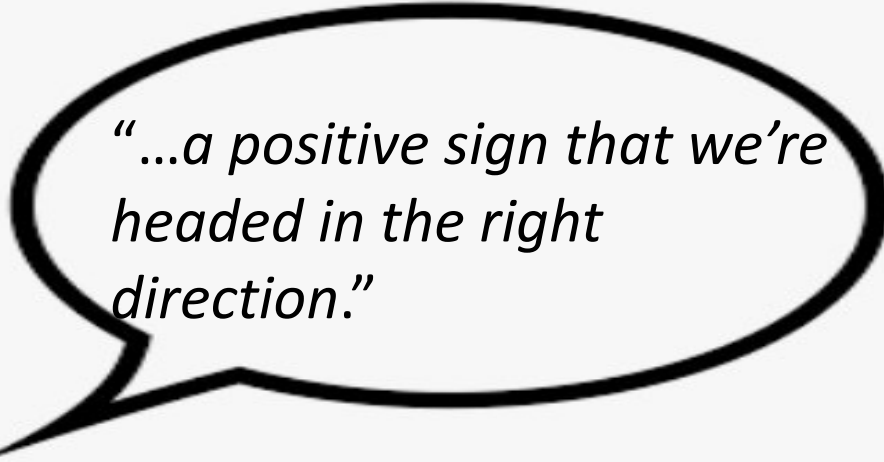
- Provides external validation of innovative efforts to address climate change
- Provides social proof on innovative and practical ways to reduce greenhouse gas emissions from a diverse set of industry leaders
- Provides positive marketing opportunity to differentiate winning organizations
- Provides an opportunity to celebrate achievements both internally by boosting internal employee morale and engagement, and externally by providing a greater opportunity to engage with, and gain legitimacy with, key stakeholders.




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# Past awardees have noted:

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*“...a positive sign that we’re headed in the right direction.”*

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*“ The award will serve to fortify our continued efforts..”*

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*“...honored to be recognized”*

# QUESTION - FEEDBACK

- 1 - To what extent do the CLA award help drive leadership in reducing emissions? How are these award distinct as compared to other award programs in the marketplace?
- 2 - Which of your internal and external stakeholders value whether your organization achieves a CLA?
- 3 - Tell us if you have leveraged award(s) within your organization. Specifically, how do the awards help to support and/or increase your organization's action on climate?
- 4 - Provide us feedback on the current award categories and structure. What did you like about it and what did you not like about it. How can we make them the most impactful to drive change in the marketplace.

# QUESTION - FEEDBACK

5 – How can the CLAs best to continue to highlighting leadership in addressing climate change by reducing carbon pollution? Are awards needed to highlight leadership in addressing climate change, given that many new business leadership initiatives or coalitions have emerged in recent years? How should the CLAs complement these business leadership initiatives or coalitions?

6 - How can the CLAs incentivize exemplary corporate, organizational, and individual climate leadership? Are awards needed to incentivize exemplary corporate, organizational, and individual climate leadership?

7 – Are there other awards programs or initiatives highlighting leaders in the management and reduction of GHG emissions—both in internal operations and throughout the supply chain?

# CLIMATE LEADERSHIP AWARD CATEGORIES



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# Award Categories

- Organizational Leadership Awards (Large and Midsize)
- Individual Leadership Award
- Supply Chain Leadership Award
- Excellence in Greenhouse Gas Management (Goal Setting Certificate)
- Excellence in Greenhouse Gas Management (Goal Achievement Award)
- Innovative Partnership Certificate



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# Revised Award Categories

- Organizational Leadership Awards (Large and Midsize)
  - Individual Leadership Award
  - Supply Chain Leadership Award
  - Excellence in Greenhouse Gas Management (Goal Setting Certificate)
  - Excellence in Greenhouse Gas Management (Goal Achievement Award)
  - Innovative Partnership Certificate
- Organizational Leadership
  - Individual Leadership
  - Innovative Partnerships



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# Revised Award Categories

- Organizational Leadership Awards (Large and Midsize)
  - Individual Leadership Award
  - Supply Chain Leadership Award
  - Excellence in Greenhouse Gas Management (Goal Setting Certificate)
  - Excellence in Greenhouse Gas Management (Goal Achievement Award)
  - Innovative Partnership Certificate
- Organizational Leadership
  - Individual Leadership
  - Innovative Partnerships
- Diagram illustrating the mapping of specific award categories to broader revised award categories:
- Organizational Leadership Awards (Large and Midsize) maps to Organizational Leadership.
  - Individual Leadership Award maps to Individual Leadership.
  - Supply Chain Leadership Award maps to Individual Leadership.
  - Excellence in Greenhouse Gas Management (Goal Setting Certificate) maps to Individual Leadership.
  - Excellence in Greenhouse Gas Management (Goal Achievement Award) maps to Innovative Partnerships.
  - Innovative Partnership Certificate maps to Innovative Partnerships.



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# QUESTION - FEEDBACK

8 – Provide us feedback on the proposed award categories and structure. What do you like about it? What do you not like about it?

9 – Fewer award categories and the removal of certificate awards will mean fewer awards distributed annually. What are your thoughts on this?

10 - Do you support the integration of supply chain leadership criteria, resilience and mitigation efforts into Organizational and Individual Leadership in lieu of a separate award categories?



# Proposed Eligibility Requirements

- Applicants must have significant operations in the United States.
  - Given the global nature of climate change, the majority of greenhouse gas (GHG) emissions reductions do not have to occur in the U.S.
- Leadership activities must have taken place between **January 1, 2020 and December 31, 2021** and must be currently active.
  - Applications may refer to actions that commenced before that time and continued into the application period and the length of time an action has been in practice, or which explains how that prior activity served as a foundation for ongoing and more current activities.
- Finalists must pass an environmental, civil rights and a financial impropriety screening in order to be selected.



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# QUESTION - FEEDBACK

11 - Provide us feedback on the basic eligibility requirements of all categories. Is it too lenient? Is it too broad?

12 - Are there other requirements we should include?

13 - Is the reporting time frame appropriate for the award cycle?



# ORGANIZATIONAL LEADERSHIP AWARD CATEGORY



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# Organizational Leadership – Draft Objectives

- Recognizes organizations who exemplify extraordinary leadership in addressing climate change and shown leadership in accelerating the transition to a clean energy future through their actions and investments
- Leading the way in reducing GHG emissions in their operations and their supply chains
- Completed their own comprehensive greenhouse gas inventories
- Set aggressive emissions reduction targets
- Have a track record of having achieved prior GHG emissions reductions targets
- Demonstrated commitment to supporting resilience and adaptation efforts
- Follow market best practices for reducing their GHG emissions and
- Educated others on their reductions in their greenhouse gas emissions



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# Organizational Leadership – Proposed Eligibility Requirements

- Applicants must have significant operations in the US.
  - Given the global nature of climate change, the majority of GHG emissions reductions do not have to occur in the United States
- Must be a legally recognized corporate organization, governmental entity or academic institution with an annual budget over \$10 million and at least 100 employees.
- All CLA applications are reviewed and evaluated by CLA Steering Committee members.
  - Applications may be denied if the applicant/organization is found to be in serious violation of environmental regulations, civil rights, or financial impropriety. CLA applicants will undergo an EPA compliance screening process prior to receiving recognition. Where areas of concern are identified, additional follow up may be conducted.



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# Additional Proposed Eligibility Requirements

- GHG Inventory & Verification Requirements
  - GHG inventory must be publicly reported and include both scope 1 and 2 emissions.
  - The organization must report both location-based and market-based scope 2 emissions for all years.
  - Applicants must conduct a Scope 3 screening in line with the GHG Protocol.
  - Inventories must be third-party verified to a limited level of assurance, at a minimum.
  - Third-party verified GHG inventory statements are required for both base year and achievement year, if applicable.
  - Applicant must conduct a scope 3 screening, in line with this [GHG Protocol](#), to assess the relevance of scope 3 categories.
  - Must retain RECs from renewable energy purchases to substantiate the claim.
- Detailed GHG inventory and verification requirements are included in supplemental slides 43 - 45



# Additional Proposed Eligibility Requirements

- GHG Reduction Target Requirements
  - The target must be publicly announced.
  - The geographic boundaries of the target and GHG inventory must include all U.S. operations, all North America operations, or all global operations.
  - The target must be an absolute reduction target. Intensity targets will only be accepted if accompanied by a publicly announced absolute reduction target.
  - The base year for a first-generation target may not be more than four years prior to the year the target was publicly announced.



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# Organizational Leadership - Proposed Evaluation Criteria

- Demonstrated emissions reductions.
- Innovation and thought leadership in developing operational strategies that exceed business-as-usual to address climate change.
- Disclosure of climate-related material risks and opportunities.
- Strategic integration of climate mitigation, adaptation, and resilience activities into applicant's operations, including establishing management structures, verifying performance, allocating budget, engaging the supply chain, and demonstrating a track record of establishing and achieving GHG reduction and climate risk mitigation goals.
- Active engagement with external stakeholder, including non-profit partners, governmental organizations, and communities, particularly those disproportionately burdened by environmental harm and risks, such as minority, low-income, tribal communities, among others.
- Education and training of internal staff and management, as well as external stakeholders, partners, suppliers, competitors, and/or others



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# QUESTION - FEEDBACK

14 - Provide us feedback on the Objective of the Organizational Leadership award category.

15 - Provide us feedback on the proposed Eligibility Requirements of the Organizational Leadership award category.

16 - Provide us feedback on the proposed evaluation criteria of the Organizational Leadership award category.

17 - As we expand the evaluation criteria to include equity, underserved communities, and climate justice, what sort of verification would be needed to validate claims?

# INDIVIDUAL LEADERSHIP AWARD CATEGORY



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# Individual Leadership – Draft Objectives

- Recognizes individuals exemplifying extraordinary leadership both in addressing climate change and engaging their organization, peers, partners, and communities.
- Winning applications demonstrate outstanding leadership by an individual who is leveraging their influence, or position in expanding the management and reduction of greenhouse gas emissions.
- Winning applications recognizes individuals who have developed or implemented strategies/practices that advance climate adaptation and mitigation.



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# Individual Leadership – Proposed Eligibility Requirements

- Applicant's employer must have significant operations in the US.
  - Given the global nature of climate change, the majority of GHG emissions reductions do not have to occur in the US.
- Applicant's employer must meet one of the following descriptions:
  - Legally-recognized corporate organization, governmental entity or academic institution with annual budget over \$100 million.
  - Applicants must have been employed and reside within the United States.
- All CLA applications will be reviewed and evaluated by the CLA Steering Committee members.
  - Applications may be denied if the applicant/organization is found to be in serious violation of environmental regulations, civil rights, or financial impropriety. CLA applicants will undergo an EPA compliance screening process prior to receiving recognition.
- Exemplary climate leadership activities must have taken place between **January 1, 2019 and December 31, 2021.**
  - However, applications may also refer to actions that commenced before that time and continued into the application period and the length of time an action has been in practice, or which explains how that prior activity served as a foundation for ongoing and more current activities.



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# Individual Leadership – Proposed Evaluation Criteria

- Innovation, strategic management, and thought leadership in addressing climate change.
- Key climate initiatives led by the applicant, and subsequent targets, benchmarks and plans for measuring success implemented by applicant.
- Quality of engagement with non-profit partners, government organizations, local vulnerable and under-resources communities, particularly those disproportionately burdened by environmental harm and risks, such as minority, low-income, tribal communities, among others.
- Quality of collaboration with peers to develop best practices, influence behavior change, establish standards, and engage in public education.
- Education and training of internal staff and management, as well as external stakeholders, partners, and suppliers.



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# QUESTION - FEEDBACK

18 - Provide us feedback on the Objective of the Individual Leadership award category.

19 - Provide us feedback on the proposed Eligibility Requirements of the Individual Leadership award category.

20 - Provide us feedback on the proposed evaluation criteria of the Individual Leadership award category. How would we measure qualitative metrics?

# INNOVATIVE PRACTICES AND PARTNERSHIP AWARD CATEGORY



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# Innovative Partnership – Draft Objectives

- Recognizes individuals or organizations :
  - working collaboratively through innovative practices and partnerships with aggressive GHG emission reductions,
  - that align with scientific targets, and
  - are providing leadership with their climate initiatives.
- The collaborative results and best practices on targets and pathways are shared with others.
- Demonstrate progress on reducing significant amount of GHG emissions that leverages the strengths and positions of all parties involved.
- Partnerships should be comprised primarily of stakeholders from government, academia and/or the private sector
  - worked collaboratively on leading edge climate initiatives that are above and beyond business as usual, and through which extraordinary outcomes are achieved.



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# Innovative Partnership - Proposed Eligibility Requirements

- Open to partnerships comprised of two or more primary stakeholders from government entities, academic institutions, and/or the private sector.
  - Partnerships exclusively comprised of private sector stakeholders may be considered if the nature of the activity is not a business relationship and is sufficient in magnitude of GHG emissions reduction and/or adaptation implementation to merit recognition.
- Partnerships must be:
  - Currently active;
  - Based upon or supported by a legal agreement/arrangement that addresses governance, roles, funding, etc.;
  - Publicly described as being driven and/or motivated by an imperative to take climate action.
- Activities must be located in the United States
  - though the primary stakeholders are not necessarily required to be headquartered in the United States.
- Partnerships must have:
  - Conducted an assessment of all attributes related to the primary objectives of the partnership (e.g., vulnerability assessment if on resilience, GHG inventory, energy consumption) in order to establish a baseline;
  - Achieved significant, verifiable results in reducing emissions and/or implementing adaptation and resilience to protect a specific population;
  - Significant leadership activities and partnership accomplishments between January 1, 2019 and December 31, 2021.



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# Innovative Partnership - What is not Eligible?

- Partnerships undertaking an action that falls within the normal scope of business activity/mission of any organization are not eligible.
- Arrangements between organizations that are based on procurement of services are not eligible (e.g., a government entity contracting an engineering consultant to do adaptation planning work).



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# Innovative Partnership – Proposed Evaluation Criteria

- Innovation, strategic management, and thought leadership in addressing climate change.
- Partnership achieved significant, verifiable results in reducing emissions and/or implementing adaptation and resilience to protect a specific population.
- Quality of engagement with partners includes diverse communities including non-profit partners, government organizations, local vulnerable and under-resources communities, particularly those disproportionately burdened by environmental harm and risks, such as minority, low-income, tribal communities, among others.
- Quality of collaboration with peers to develop best practices, influence behavior change, establish standards, and engage in public education.
- Education and outreach of results to internal and external stakeholders, partners, and suppliers



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# QUESTION - FEEDBACK

21 – Provide us feedback on the Objective of the Innovative Partnership award category.

22 - Provide us feedback on the proposed Eligibility Requirements of the Innovative Partnership award category.

23 - Provide us feedback on the proposed evaluation criteria of the Innovative Partnership award category.

# Proposed Time Line for 2023 CLAs

May 24, 2022

- CLA webinar outlining changes

July 31, 2022

- **Comments due on feedback questions on draft requirements and criteria**

September 2022

- Award criteria finalized. Webinar to summarize feedback, criteria and next steps

October 1, 2022

- 2023 CLA Application period opens - **anticipated**

December 31,  
2022

- 2023 CLA Application period closes - **anticipated**

March/May 2023

- 2023 CLC CLA Awards ceremony – **anticipated**

# QUESTION - FEEDBACK

24 – Provide us feedback on the proposed time line for implementing the changes to the Climate Leadership Award categories, requirements and evaluation criteria.

25 - Provide us feedback on an additional items related to the Climate Leadership Awards. Other items to consider providing feedback on – timing, additional recognition opportunities, needed tools and resources?

26 - Ultimately, how can these awards be updated to serve in 2023 and beyond and inform corporate climate leadership



# Contacts & Online Resources

- Send Awards feedback to:
  - [questions@climateleadershipawards.org](mailto:questions@climateleadershipawards.org)
- Awards Website
  - <https://climateleadershipconference.org/awards/>
- Climate Leadership Conference Website
  - [ClimateLeadershipConference.org](https://ClimateLeadershipConference.org)



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**QUESTIONS?**



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# THANK YOU

**Matt Clouse**

US EPA

[clouse.matt@epa.gov](mailto:clouse.matt@epa.gov)

**Christopher Kent**

US EPA

[kent.christopher@epa.gov](mailto:kent.christopher@epa.gov)

**Dan Krekelberg**

The Climate Registry

[dkrekelberg@theclimateregistry.com](mailto:dkrekelberg@theclimateregistry.com)

**Verena Radulovic**

The Center for Climate and Energy Solutions

[RadulovicV@c2es.org](mailto:RadulovicV@c2es.org)

**REMEMBER:**

**COMMENTS AND RESPONSES TO CLA QUESTIONS ARE DUE ON JULY 31**



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# SUPPLEMENTAL SLIDES



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# Organizational Leadership – Proposed Eligibility Requirements

- Applicants must have significant operations in the US.
  - Given the global nature of climate change, the majority of GHG emissions reductions do not have to occur in the United States
- Meet one of the following descriptions:
  - Legally recognized corporate organization with annual revenue \$10 million and at least 100 employees;
  - or
  - Governmental entity or academic organization with annual budget over \$10 million and at least 100 employees.
- All CLA applications are reviewed and evaluated by CLA Steering Committee members.
  - Applications may be denied if the applicant/organization is found to be in serious violation of environmental regulations, civil rights, or financial impropriety. CLA applicants will undergo an EPA compliance screening process prior to receiving recognition. Where areas of concern are identified, additional follow up may be conducted.



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# Organizational Leadership – Proposed Eligibility Requirements GHG Inventory & Verification Requirements

- GHG inventory must be publicly reported and include both scope 1 and 2 emissions. The organization must report both location-based and market-based scope 2 emissions for all years.
  - Organizations may track progress toward a target using a single base year or a base period that reflects an average of annual emissions over several consecutive years.
- Applicants must conduct a Scope 3 screening in line with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standards, and use the criteria for relevance (outlined [in this document, Table \[6.1\], pg. 61](#)) to assess the relevance of Scope 3 categories. If Scope 3 emissions comprise over 40% of total entity-wide emissions, applicants should measure and publicly report those emissions.
- Inventories must be third-party verified to a limited level of assurance at a minimum. If scope 3 or direct or indirect biogenic emissions are included as part of the applicant's target, these must also undergo third-party verification.
- Third-party verified GHG inventory statements are required for BOTH base year and achievement year(if applicable).
- If purchases of renewable energy (demonstrated by the ownership and retirement of renewable energy instruments, such as renewable energy certificates) and/or offsets have been accounted for in the applicant's base year or current year inventory, information about the (1) quantity (in units of MWh and/or CO<sub>2</sub>e, respectively), (2) description or project types, (3) certification/quality (e.g., Green-e certified), and (4) product vintage must be provided. These purchases should be incorporated into the applicant's verified GHG inventory and the third-party review documentation submitted alongside the application.
- An applicant's annual GHG inventory must include all scope 1 and 2 sources, with the exception of small sources that are cumulatively equal to or less than 10% of total emissions.
  - Similarly, up to 10% of an inventory can be accounted for using simplified estimation methods.
  - For organizations that have determined certain sources are immaterial and do not include them in their inventory, those sources should be documented in their inventory management plan and verification statement.
- If base year emissions have changed by 5% or more as a result of structural change, a change in calculation methodologies, or because of a discovered error, applicants must adjust the base year inventory to reflect this correction or change. The organization must include both location-based and market-based scope 2 emissions in its reported GHG inventory for the base year, regardless of the magnitude of the change from previously reported scope 2 emissions.
- If adjustments of 5% or more are made to the base year emissions, a third-party verification body must attest to the accuracy of the base year adjustment. This requirement also applies if the difference between newly reported base year location-based or market-based scope 2 emissions and previously reported base year scope 2 emissions is 5% or more.
- If an organization changes its reporting approach (e.g., from a calendar year to a fiscal year-basis) during the target period it must provide emissions data for the period of time not reflected in the achievement year inventory so as to demonstrate that the organization would have still achieved the original target had the reporting approach not changed. While verification of that data is recommended, it is not required. Alternately, organizations can elect to adjust the base year to conform to the reporting approach of the achievement year – in which case verification of the adjustment would be needed if the change in emissions is 5% or greater.



# Organizational Leadership – Proposed Eligibility Requirements

## GHG Reduction Target Requirements

- The target must be publicly announced.
- The geographic boundaries of the target and GHG inventory must include all U.S. operations, all North America operations, or all global operations. Within the chosen geographic boundaries, the reduction target should include all scope 1 and 2 (either location-based or market-based) emissions sources that are included in the inventory. If Scope 3 emissions comprise over 40% of total entity-wide emissions (after conducting a Scope 3 screening in line with the GHG Protocol standards), applicants should include at least one third of relevant Scope 3 categories in their GHG reduction target or justify their exclusion. Applicants may also provide information on plans for addressing relevant Scope 3 emissions categories in the future. The target boundaries must remain consistent throughout the target period.
- The target must be an absolute reduction target. Intensity targets will only be accepted if accompanied by a publicly announced absolute reduction target.
- The base year for a first-generation target may not be more than four years prior to the year the target was publicly announced. For instance, for first generation targets set in 2017, 2013 would be the earliest base year accepted. Subsequent targets may use the same base year as a previous target, provided that the new target extends the target period by three years at a minimum.
- The target period (the time between the base year and achievement year) should be no less than three and no more than 15 years for a first-generation target. Subsequent targets that use the same base year may extend the previous target period by no fewer than three and no more than 15 years.
- The timeframe between the target being set and achieved should be at least three years to demonstrate ambitious and aggressive action.
- Targets must represent an aggressive reduction, which is defined as follows:
  - An organization's first target must commit to at least a 2.5% reduction per year over the life of the target. For example, a 5-year target must commit to at least 12.5% total reduction. The 2.5% annual reduction requirement is intended to align with the Science Based Targets Initiative's (SBTi) minimum ambition threshold for a 'Well Below 2 °C' temperature target. While organizations will be required to have goals that align with SBTi's ambition threshold for a 'Well Below 2 °C' temperature target (2.5% linear annual reduction), applicants are encouraged to align with the SBTi threshold associated with a 1.5 °C temperature target (4.2% linear annual reduction).
  - A subsequent target with a new base year must also commit to at least a 2.5% reduction per year over the life of the target. For example, a 5-year target must commit to at least 12.5% total reduction. An organization may substantiate their case for a subsequent target that is below the required 2.5% threshold but that has ≥1.8% reduction per year, such as a target considered aggressive in a specific sector.
- GHG reduction targets publicly set by applicants whose Scope 3 emissions comprise over 40% of total entity-wide emissions (after conducting a Scope 3 screening in line with the GHG Protocol standards) **after January 1, 2021** must address at least one third of relevant Scope 3 categories. This update will impact future applicants beginning in the 2022 Climate Leadership Award application cycle.
- A target publicly set after **January 1, 2020** must commit to at least a 2.5% reduction per year over the life of the target. For example, a 5-year target must commit to at least a 12.5% reduction. Targets set prior to January 1, 2020 must have achieved at least a 1.8% average annual reduction. As of January 1 2025, all recognized targets (including those recognized in the Goal Achievement category) must have achieved at least 2.5% average annual reductions. Targets achieved prior to January 1, 2025 must have achieved at least a 1.8% average annual reduction.



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