

SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

# SBTi MONITORING REPORT 2023

Looking back at 2023 and moving  
forward to 2024 and beyond

PUBLISHED JULY 2024

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# ABOUT THE SBTi

THE SCIENCE BASED TARGETS INITIATIVE (SBTi) IS A CORPORATE CLIMATE ACTION ORGANIZATION THAT ENABLES COMPANIES AND FINANCIAL INSTITUTIONS WORLDWIDE TO PLAY THEIR PART IN COMBATING THE CLIMATE CRISIS.

We develop standards, tools and guidance which allow companies to set greenhouse gas (GHG) emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at latest.

The SBTi is incorporated as a charity, with a subsidiary which will host our target validation services. Our founding partners are CDP, the United Nations Global Compact, the We Mean Business Coalition, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF).

## OUR JOURNEY

The SBTi was founded in 2014 with the ambition of encouraging 100 companies to commit to setting GHG emissions reduction targets in line with climate science. Since then, our impact and reach have grown significantly, and in 2023 we took steps to become an independent voluntary standard-setter with a separate entity for target validation services.

The SBTi incorporated in the UK in June 2023, and was subsequently recognized as a charity by the Charity Commission for England and Wales. It created SBTi Services Limited, also in the UK, to house target validation services, with standard-setting housed in the charity. Any profits generated by SBTi Services Limited (that is, from the target validation fee) will be gifted to the charity. The SBTi registered its mark in 2024.

## OUR GOALS

The SBTi's theory of change is based on the diffusion of innovation theory. We work with the assumption that 20% of businesses in a particular territory or sector approximates critical mass, so our goal is to reach this 20% threshold by 2025.

This means:

- \$20 trillion of the global economy covered by approved 1.5°C targets.
- 5GT of corporate emissions covered with science-based targets or commitments.
- 10,000 companies committed to or setting science-based targets.

Our first priority is enabling maximum emissions reduction, so our sector-specific guidance focuses on the highest-emitting sectors and enabling sectors like power, maritime and aviation. The target related to coverage of the global economy will push science-based targets into large companies in all sectors, mainstreaming ambitious corporate climate action and creating scaled demand for the transformation of our energy, food, built environment, transport and mobility, and manufacturing sectors that a net-zero world requires. This mainstreaming approach is reinforced by our third target of 10,000 companies with science-based targets or commitments, and will be achieved in large part through the supply chains of large companies. We believe this three pronged approach is a winning strategy to accelerate private sector emissions reduction at large scale in line with the requirements of the Paris Agreement.

## OUR GOVERNANCE

As a newly-formed organization in its own right, the SBTi introduced a Board of Trustees in 2023. The Board of Trustees has overall responsibility for the governance of the SBTi. The SBTi's Executive Leadership Team is responsible for implementing the SBTi's strategy and for the day-to-day running of the initiative.

During 2023, we also strengthened our technical governance, including with the appointment of a Technical Council. This is an independent deliberation and technical decision-making body

that reviews, approves, and recommends adoption of SBTi standards, and other normative technical documentation. The Board of Trustees has delegated independent standards approval to the Technical Council.

For more information about the evolution of our technical governance, visit our [website](#).

As the SBTi's evolution to a standard-setter continues, the standard-setting division is being functionally separated from target validation services, with each having its own staff and leadership team. SBTi Services has started the process of appointing its own Board, issuing an open call for nominations/applications via the SBTi website, with applications managed by a recruitment and headhunting consultancy. In June 2024 it announced the members of its independent Validation Council.

## STANDARD-SETTING

The SBTi's standard-setting arm, including its Technical Department, is accountable for developing and revising SBTi standards, plus Impact and Engagement and Communications Departments and a stand-alone Compliance Unit. The Technical Department houses a Research Unit and a Quality Management Unit, who, together with other technical colleagues, work closely with the Compliance Unit.

The Technical Department convenes other groups of experts with a wide range of skills, expertise and approaches who support the Department's work, including by reviewing scientific research papers and providing feedback on drafts of the SBTi standards, guidance or other related instruments. The Technical Department's annual workplan is approved by the Board of Trustees.

## PUBLIC CONSULTATIONS AND INFORMATION SESSIONS

The SBTi holds regular public consultations about new and significant updates to standards, guidance and other standardized instruments. Any interested party is encouraged to participate in these consultations, details of which are made available on the website and in the SBTi newsletter.

We also host public calls for organizations to participate in the pilots needed when developing and adjusting the draft standards. To help inform the public, interested parties and stakeholders, the SBTi periodically hosts public webinars when issuing updates to standardized instruments or to build capacity around these instruments. These virtual sessions are scheduled for various timezones and recorded to ensure global accessibility and reach.

## OUR FUNDING

The SBTi is committed to transparency regarding our funding. We receive funding from several sources, including charitable trusts and foundations. We also receive project-specific funding. You can find a list of all our funders on our website.

The SBTi target validation service charges a service fee for validating targets set by businesses and financial institutions in conformity to the SBTi standards and related instruments. For eligible companies that cannot afford fees, the SBTi offers a fee discount. More information is available on [our website](#).

## ABOUT THIS REPORT

This report outlines the key trends in companies and financial institutions setting science-based targets in 2023, together with the SBTi's major updates and publications during the year. It uses a number of data sources as detailed in Appendix 1. In addition, clarifications regarding analyses and data sources are provided throughout via footnotes. Data used in the report have a cut-off date of December 31, 2023.

## SCOPES 1-3 EXPLAINED

The The Greenhouse Gas Protocol (GHGP) Corporate Standard classifies a company's greenhouse gas (GHG) emissions into three 'scopes'. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.<sup>1</sup>

<sup>1</sup> Source: [ghgprotocol.org/sites/default/files/2022-12/FAQ.pdf](https://ghgprotocol.org/sites/default/files/2022-12/FAQ.pdf)

# FOREWORD



## DR LUIZ FERNANDO DO AMARAL

CHIEF EXECUTIVE OFFICER,  
SCIENCE BASED TARGETS INITIATIVE

Looking back at 2023 the signs of climate change were all around. The State of Global Climate report from the World Meteorological Organization states that 2023 was the hottest year on record by “a clear margin,”<sup>2</sup> while records were broken around ocean heat, sea level rise and glacier retreat. On an average day last year, nearly a third of the global ocean was in a state of marine heatwave<sup>3</sup> – wreaking havoc on everything from marine life to weather patterns.

The impact of climate change has been seen in terms of human deaths, floods, heatwaves, wildfires and rapidly intensifying tropical cyclones. Up to half a million indigenous people were affected as waterways on the Amazon river dried up, leaving communities stranded without access to fuel, food and drinking water.<sup>4</sup> Scientists have said the 2023 summer floods in the Mediterranean which fell so badly on Greece, Türkiye and Libya, were made up to 50 times more likely by climate change.<sup>5</sup>

The changes are no temporary aberration, as it has been the warmest ten-year period on record.<sup>6</sup> In fact, the UN has warned that the world is now more likely than not to breach the 1.5°C limit by 2027.<sup>7</sup> We must now fight harder than ever to keep the 1.5°C ambition alive.

Against this backdrop it can be a struggle to stay optimistic and proactive. However, if we are to be able to sleep at night when we think about the world we will pass on to our children, it is more important than ever that we retain our agency, and pursue radical change in thought and deed.

There are green shoots of promise, from the COP28 deal making an unprecedented call to “transition away” from fossil fuels,<sup>8</sup> to the UN’s adoption of the world’s first treaty to protect the high seas and preserve marine biodiversity.<sup>9</sup>

The SBTi’s own efforts have also meant that more corporations, financial institutions and SMEs than ever before have set science-based targets. It is imperative that we continue this work to drive corporate decarbonization, with energy, perseverance, and most of all, optimism.

By placing our faith in science we can make a measurable difference, harnessing innovation to drive change.

**Please [click here](#) to find out more about how you can be a part of that change.**

<sup>2</sup> [wmo.int/media/news/climate-change-indicators-reached-record-levels-2023-wmo](https://www.wmo.int/media/news/climate-change-indicators-reached-record-levels-2023-wmo)

<sup>3</sup> [wmo.int/news/media-centre/climate-change-indicators-reached-record-levels-2023-wmo](https://www.wmo.int/news/media-centre/climate-change-indicators-reached-record-levels-2023-wmo)

<sup>4</sup> [earth.org/up-to-500000-indigenous-people-could-be-affected-by-historic-amazon-river-drought-local-authorities-warn/](https://earth.org/up-to-500000-indigenous-people-could-be-affected-by-historic-amazon-river-drought-local-authorities-warn/)

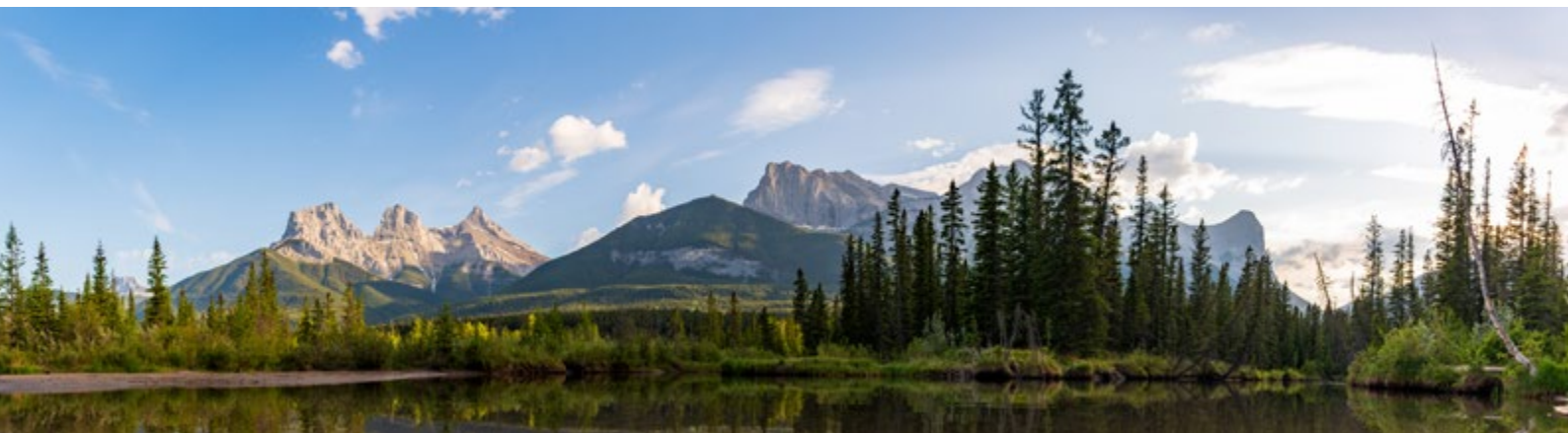
<sup>5</sup> [www.worldweatherattribution.org/interplay-of-climate-change-exacerbated-rainfall-exposure-and-vulnerability-led-to-widespread-impacts-in-the-mediterranean-region/](https://www.worldweatherattribution.org/interplay-of-climate-change-exacerbated-rainfall-exposure-and-vulnerability-led-to-widespread-impacts-in-the-mediterranean-region/)

<sup>6</sup> [wmo.int/media/news/climate-change-indicators-reached-record-levels-2023-wmo](https://www.wmo.int/media/news/climate-change-indicators-reached-record-levels-2023-wmo)

<sup>7</sup> [www.theguardian.com/environment/2023/jan/16/return-of-el-nino-will-cause-off-the-chart-temperature-rise-climate-crisis](https://www.theguardian.com/environment/2023/jan/16/return-of-el-nino-will-cause-off-the-chart-temperature-rise-climate-crisis)

<sup>8</sup> [wmo.int/media/news/climate-change-indicators-reached-record-levels-2023-wmo](https://www.wmo.int/media/news/climate-change-indicators-reached-record-levels-2023-wmo)

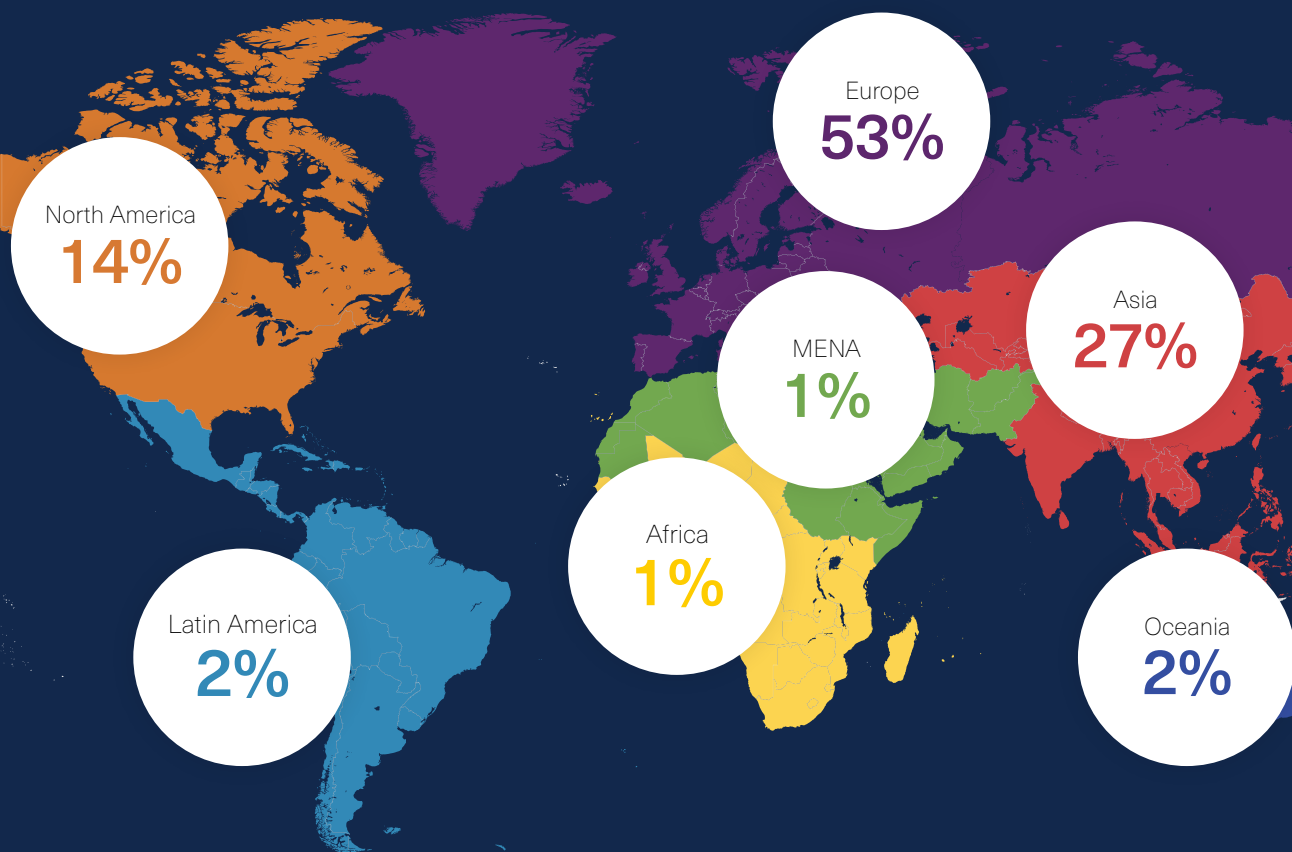
<sup>9</sup> [www.un.org/sg/en/content/sg/statement/2023-06-19/secretary-generals-remarks-the-intergov-conference-intl-legally-binding-instrument-under-the-un-convention-the-law-of-the-sea-the-conservation-and-sustainable-use-of](https://www.un.org/sg/en/content/sg/statement/2023-06-19/secretary-generals-remarks-the-intergov-conference-intl-legally-binding-instrument-under-the-un-convention-the-law-of-the-sea-the-conservation-and-sustainable-use-of)



# EXECUTIVE SUMMARY

## GEOGRAPHIC SPREAD OF SCIENCE-BASED TARGETS

Distribution of companies and financial institutions with validated targets by region as of December 2023.<sup>10</sup>



<sup>10</sup> The share per region of total companies with validated science-based targets

4,205

The number of companies and financial institutions with science-based targets validated by the SBTi by the end of 2023.



For the second year running, Japan led as the country with the highest number of companies setting science-based targets.

520%

The increase in the number of organizations in India setting targets in 2023 compared to 2022.

102%

The increase in the number of companies with science based targets by the end of 2023 compared to the end of 2022.

39%

Companies with science-based targets or commitments increased from 37% to 39% of global market cap.<sup>11</sup>

16%

The market cap of companies with science-based targets or commitments grew 16%, compared to 11% of all global market cap growth.



<sup>11</sup> Analysis provided courtesy of Oliver Wyman using data from LSEG Datastream



# 2023 IN NUMBERS



Photo by Randy Paton on Unsplash



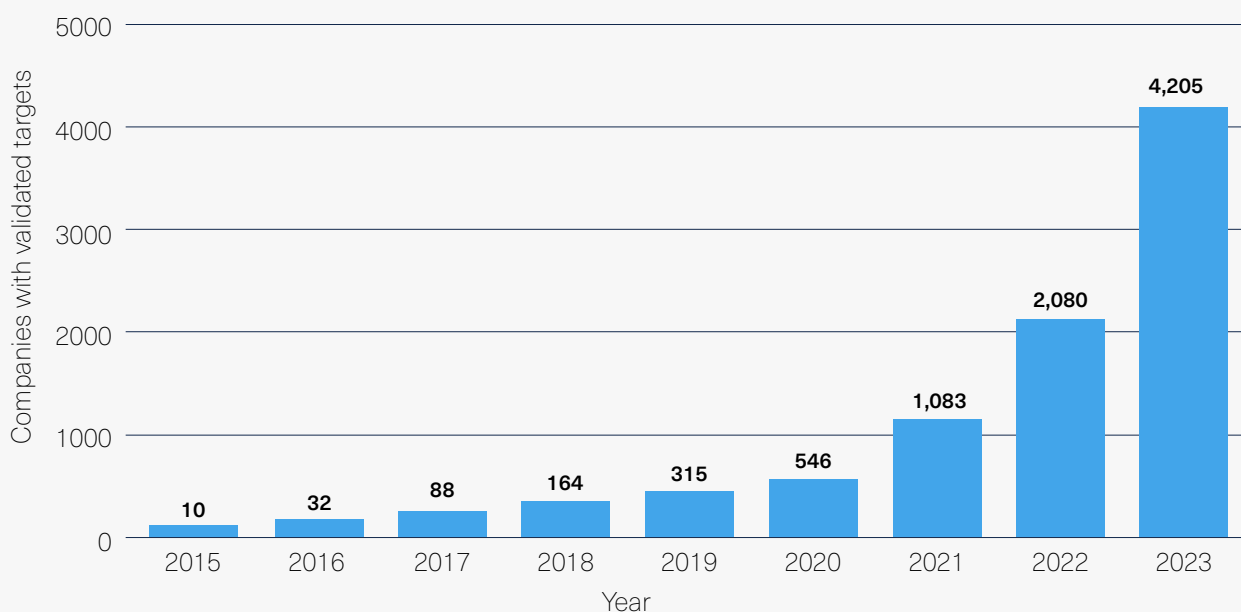
## CONTINUED GROWTH IN THE NUMBER OF COMPANIES SETTING TARGETS

Uptake of science-based targets continued growing on an exponential trajectory, more than doubling from 2022. 2,080 companies had validated science-based targets by the end of 2022, with that growing to 4,205<sup>12</sup> total in 2023, representing a 102% increase in the total number of companies and financial institutions with science-based targets. 2,125 companies set science-based targets for the first time in 2023, compared to 996 companies in 2022, representing a 113% increase in the number. 142 companies updated their targets in 2023, so the total number of companies to set or update their targets in the year was 2,267.

# 102%

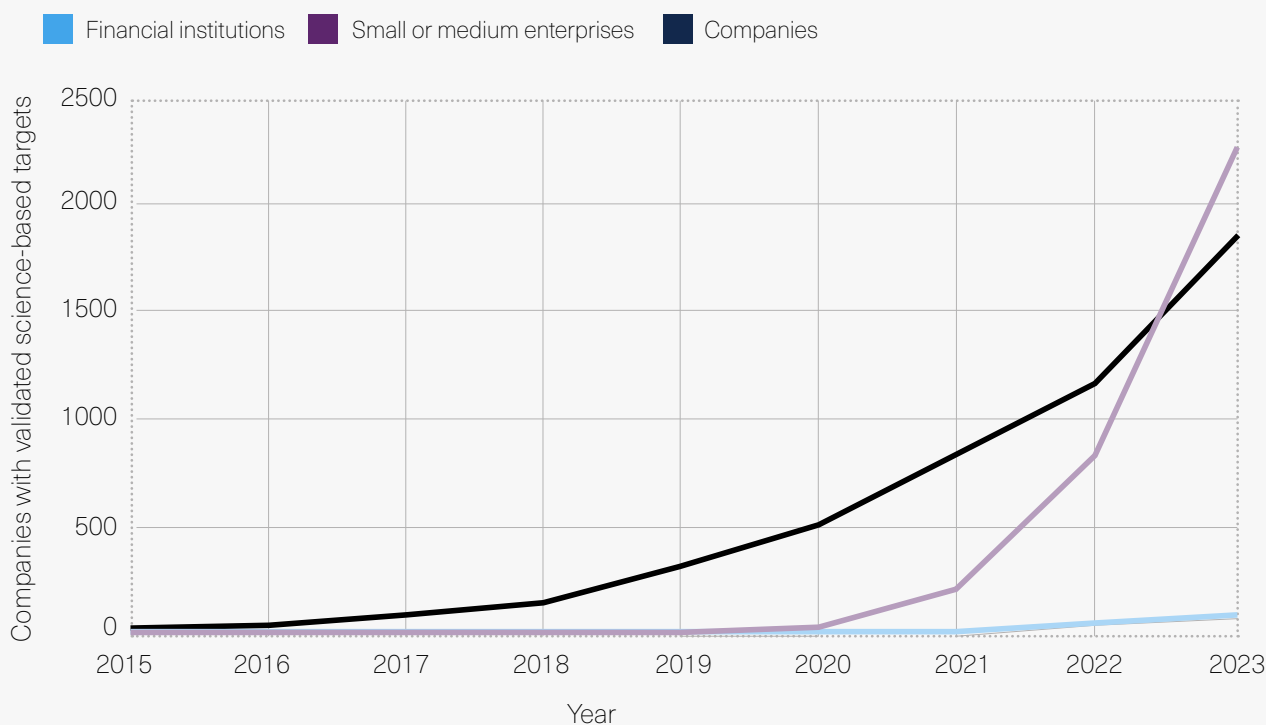
Increase in the total number of companies and financial institutions with science-based targets in 2023.

## ANNUAL CUMULATIVE NUMBER OF COMPANIES WITH APPROVED TARGETS AND COMMITMENTS, 2015–2023



<sup>12</sup> In January 2024, it was reported that 4,204 companies had validated targets.

## ANNUAL CUMULATIVE NUMBER OF COMPANIES WITH APPROVED SCIENCE-BASED TARGETS BY ORGANIZATION TYPE



## PROPORTION OF GLOBAL MARKET CAPITALIZATION COVERED BY SCIENCE-BASED TARGETS OR COMMITMENTS INCREASED

The proportion of the global market cap represented by companies that had set or committed to set science-based targets increased by two percentage points between 2022 and 2023. By the end of 2023, companies with science-based targets or commitments represented 39% of the global economy by market capitalization,<sup>13</sup> compared to 37% by the end of the previous year.<sup>14</sup> In absolute terms, the market cap value of companies with science-based targets increased 16% in 2023 from the previous year, in contrast to the global economy which grew by nearly 11%.

North America had the biggest market cap coverage of companies with science-based targets or commitments to setting them, with \$26.6 trillion. Despite 16% growth of SBTi companies in absolute terms there, market penetration fell from 50% to 48% year on year. Penetration in all other regions grew between 2-4 percentage points

# 39%

By the end of 2023, companies with science-based targets or commitments represented 39% of the global economy by market capitalization.

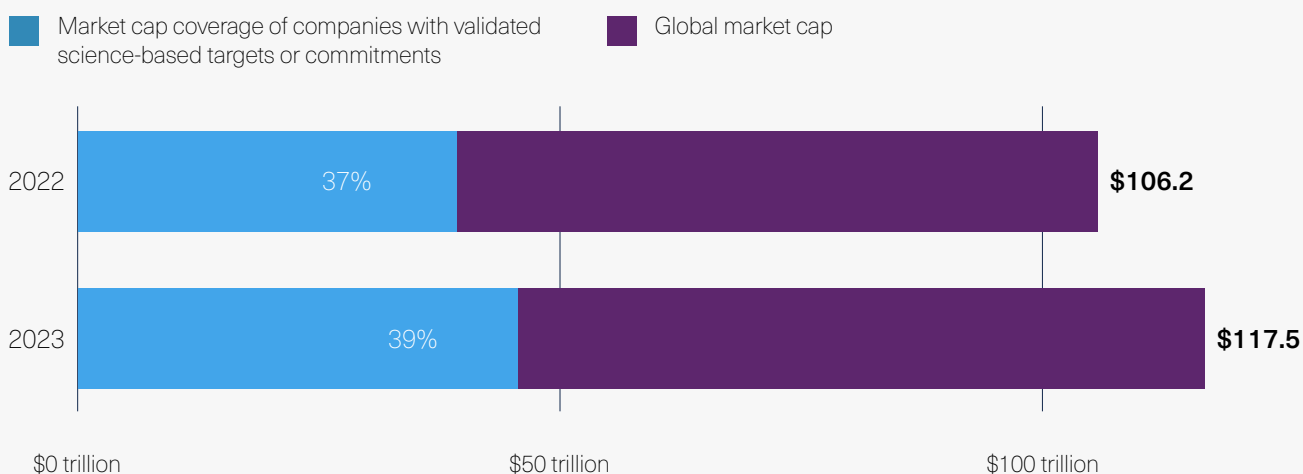
<sup>13</sup> Data could be retrieved from 2,014 publicly available companies, corresponding to 29% out of 6,957 companies listed in the SBTi Target Dashboard (including SMEs) as of December 31, 2023.

<sup>14</sup> This differs slightly from the figure reported in the 2022 Monitoring Report, for which the analysis was performed using Bloomberg Finance L.P. data source.

## GLOBAL MARKET CAPITALIZATION OF COMPANIES WITH COMMITMENTS OR VALIDATED SCIENCE-BASED TARGETS

Global region	Global Market Cap – Dec 2022 (trillion \$)	Global Market Cap – Dec 2023 (trillion \$)	Global growth	Market Cap SBTi 2022 (trillion \$)	Market Cap SBTi 2023 (trillion \$)	Growth SBTi 2022-2023	% Penetration SBTi 2022	% Penetration SBTi 2023
Africa	\$0.52	\$0.58	11%	\$0.09	\$0.12	26%	18%	20%
Asia	\$32.32	\$32.50	1%	\$4.77	\$5.74	20%	15%	18%
Europe	\$19.56	\$20.76	6%	\$11.09	\$12.55	13%	57%	60%
Latin America and the Caribbean	\$2.07	\$2.19	6%	\$0.36	\$0.42	16%	17%	19%
MENA	\$4.11	\$4.22	3%	\$0.06	\$0.15	159%	1%	4%
North America	\$45.83	\$55.45	21%	\$22.96	\$26.55	16%	50%	48%
Oceania	\$1.76	\$1.80	3%	\$0.35	\$0.44	23%	20%	24%
<b>Total</b>	<b>\$106.17</b>	<b>\$117.49</b>	<b>10.67%</b>	<b>\$39.69</b>	<b>\$45.97</b>	<b>16%</b>	<b>37%</b>	<b>39%</b>

## MARKET CAPITALIZATION PENETRATION OF COMPANIES WITH SCIENCE-BASED TARGETS OR COMMITMENTS VS. GLOBAL DATA



## JAPAN, UK AND US HAVE THE HIGHEST NUMBERS OF COMPANIES WITH APPROVED TARGETS

Progress in adopting science-based targets was particularly strong in developed economies.

Japan had the highest number of companies setting targets in 2023 (453), followed by the United Kingdom (385) and the United States (214). By the end of 2023, Japan had the highest number of validated companies of any nation (768), overtaking the previous leader the UK (693), and the US (465), which was previously the country with the second highest number of companies with targets.

By the end of 2023, there were companies with validated science-based targets in 76 countries, with companies in 14 countries, including Argentina, Bangladesh, Morocco, Saudi Arabia and Slovakia setting targets for the first time. Companies in a further 6 countries committed to setting targets for the first time. These included Gabon, Qatar and Ukraine.

It is important to acknowledge that the country designation refers to the location of a company's headquarters and does not necessarily correlate with the location of the majority of its operations or supply chain.

# 768

Japan had the highest number of validated companies of any nation (768), overtaking the previous leader, the UK (693).

## NEW COUNTRIES PARTICIPATING

### Validated targets ●

Argentina  
Bangladesh  
Bolivia  
Bulgaria  
Croatia  
Cyprus  
Ecuador  
Estonia  
Iraq  
Liechtenstein  
Morocco  
Saudi Arabia  
Slovakia

### Commitments ●

Ukraine  
Gabon  
Slovenia  
Tanzania  
Qatar  
Oman



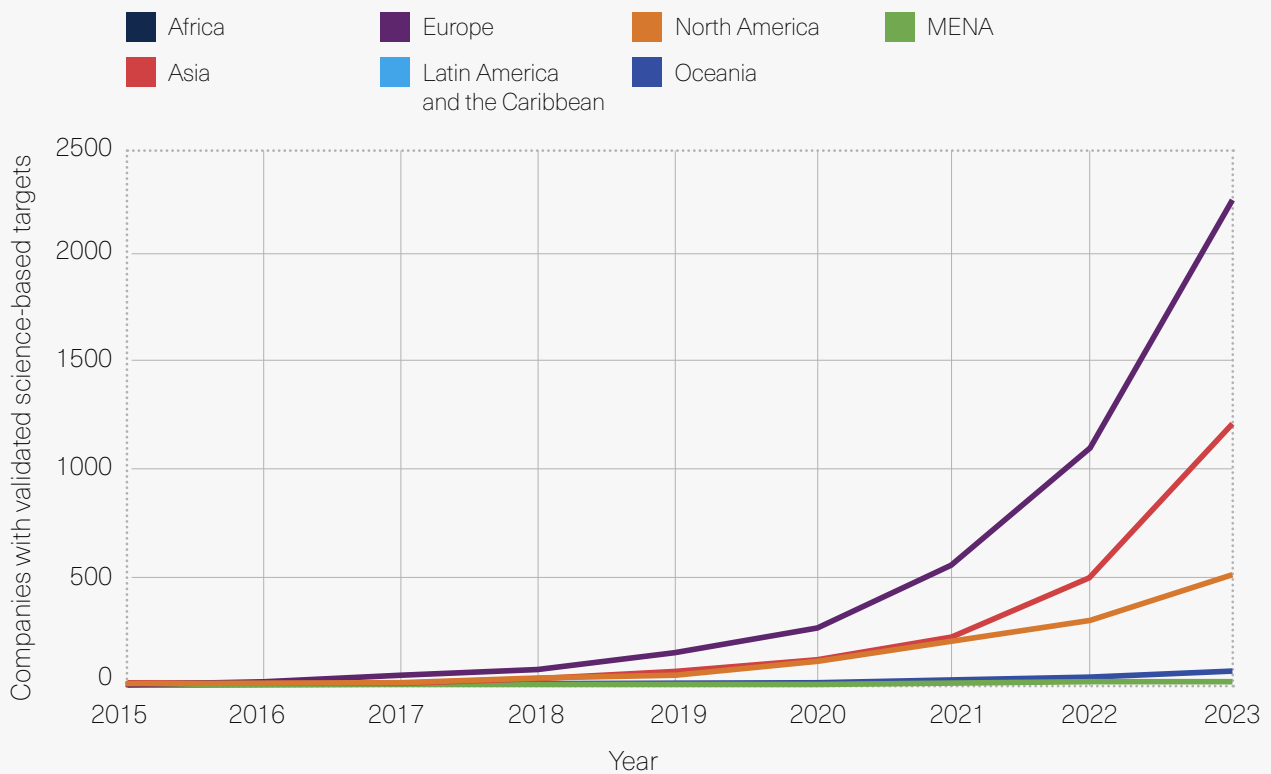
## G20 UPTAKE CONTINUES TO GROW

Growth in the cumulative number of companies with validated science-based targets was strong in G20 countries, with 214% growth in India (from 43 to 135 companies), 200% growth in Korea (from 9 to 27 companies), 167% in Mexico (from 6 to 16), 141% growth in China (from 97 to 234 companies), 136% growth in Türkiye (from 11 to 26 companies), 131% growth in Japan (from 333 to 768 companies), 110% growth in South Africa (from 10 to 21 companies), 109% in Italy (from 44 to 92 companies), 104% growth in the UK (from 340 to 693 companies) and a 3-fold increase in Indonesia from just 1 to 4 companies with validated targets. Even those G20 countries which showed lower growth compared with other G20 members, such as Brazil with 82% growth (from 17 to 31 companies), 65% growth in the USA (from 281 to 465 companies), 65% growth in Canada (from 34 to 56 companies) and 58% growth in Australia (from 31 to 49 companies) showed strong growth compared to all countries outside the G20. The low number of companies in Saudi Arabia (from 0 to 1 company) and Argentina (from 0 to 2 companies) with validated targets indicates that there may be room to grow in those markets.<sup>15</sup>

# 214%

Growth in the cumulative number of companies with validated science-based targets increased fastest in India with 214% growth.

## ANNUAL CUMULATIVE NUMBER OF COMPANIES WITH VALIDATED SCIENCE-BASED TARGETS BY REGION



<sup>15</sup> The Russian Federation is not included in this analysis

## SPOTLIGHT ON ASIA

During 2023, Asia was the continent which saw the second greatest proportional growth in the number of organizations setting science-based targets. 741 companies headquartered in Asia set a science-based target in 2023, bringing the total to 1,228 for the region. This represented a 140% increase in the number of Asian companies setting a science-based target compared with 2022. In total 27% of all companies with targets and commitments are headquartered in Asia (2015-2023).

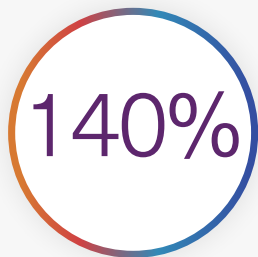
Japan had the highest number of companies setting targets worldwide (453), representing a 124% growth in companies with targets validated. India's growth curve was the steepest with a 520% increase in the number of companies setting targets in 2023 compared to the previous year. As many companies in India are part of the value chains of large companies headquartered elsewhere, growth in India can have a powerful effect on the scope 3 emissions of companies all over the world.

# 520%

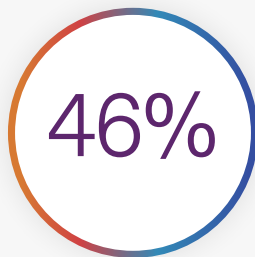
India's growth curve was the steepest with a 520% increase in the number of companies setting targets in 2023 compared to the previous year.

## GROWTH IN THE NUMBER OF ORGANIZATIONS SETTING SCIENCE-BASED TARGETS BY G20 COUNTRY

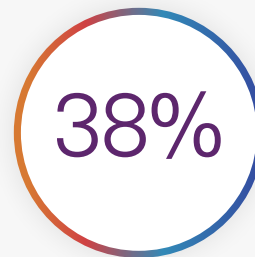
Country	Growth 2022-2023	Number of companies setting science-based targets in 2023	Number of companies setting science-based targets in 2022
India	520%	93	15
Mexico	450%	11	2
Indonesia	200%	3	1
Republic of Korea	171%	19	7
Italy	167%	56	21
Türkiye	167%	16	6
Japan	124%	453	202
United Kingdom	113%	385	181
China	104%	141	69
Australia	100%	20	10
United States of America	96%	214	109
Canada	92%	25	13
France	91%	101	53
Germany	62%	115	71
South Africa	57%	11	7
Brazil	8%	14	13
Saudi Arabia	n/a	1	0
Argentina	n/a	2	0
African Union	45%	16	11
European Union	85%	716	388



There was a 140% increase in the number of Asian companies setting a science-based target compared to 2022.

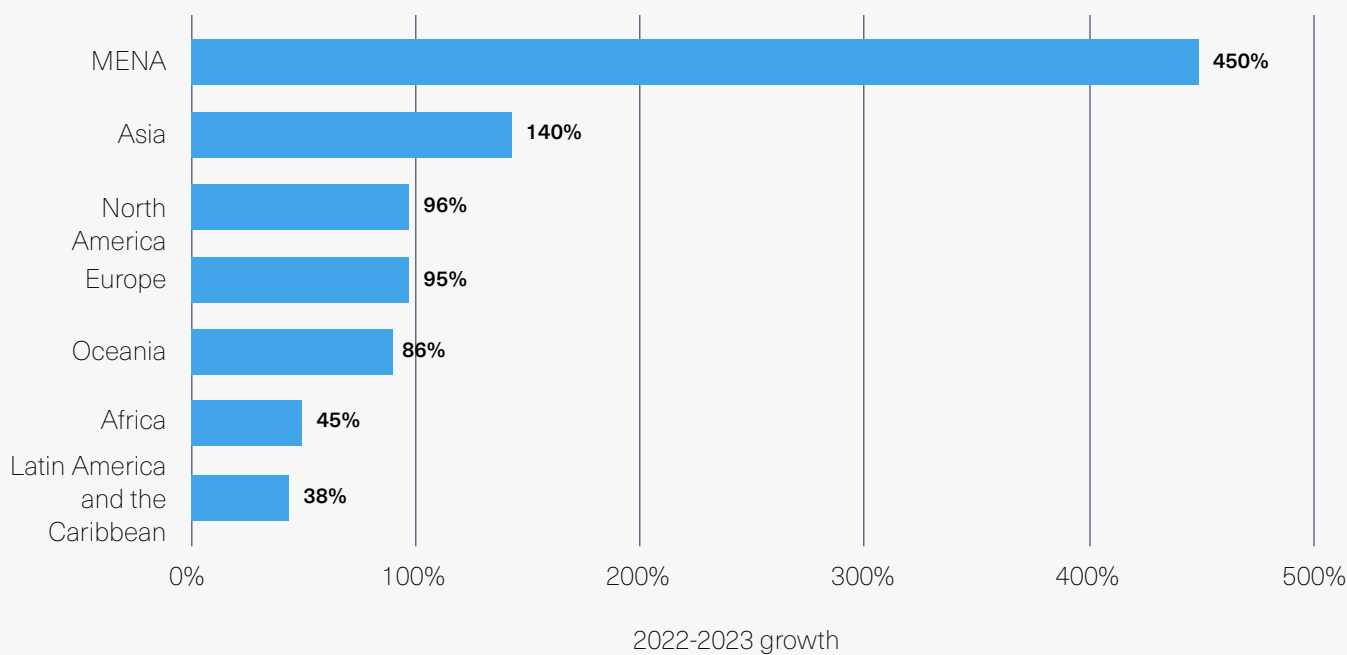


Organizations in Africa setting or updating targets in 2023 increased by 46% compared to 2022, from 11 to 16.



Organizations in Latin America and the Caribbean setting or updating targets in 2023 increased by 38% compared to 2022, from 24 to 33.

## GROWTH RATE OF COMPANIES SETTING TARGETS BY REGION 2022-2023





## SPOTLIGHT ON MENA

While the number of companies with science-based targets in the Middle East and North Africa remained low, there were encouraging signs from the region as the number of companies setting targets increased from two in 2022 to 11 in 2023, representing a 450% increase.

# 450%

The number of MENA companies setting targets increased from two in 2022 to 11 in 2023.

## SPOTLIGHT ON THE GLOBAL SOUTH

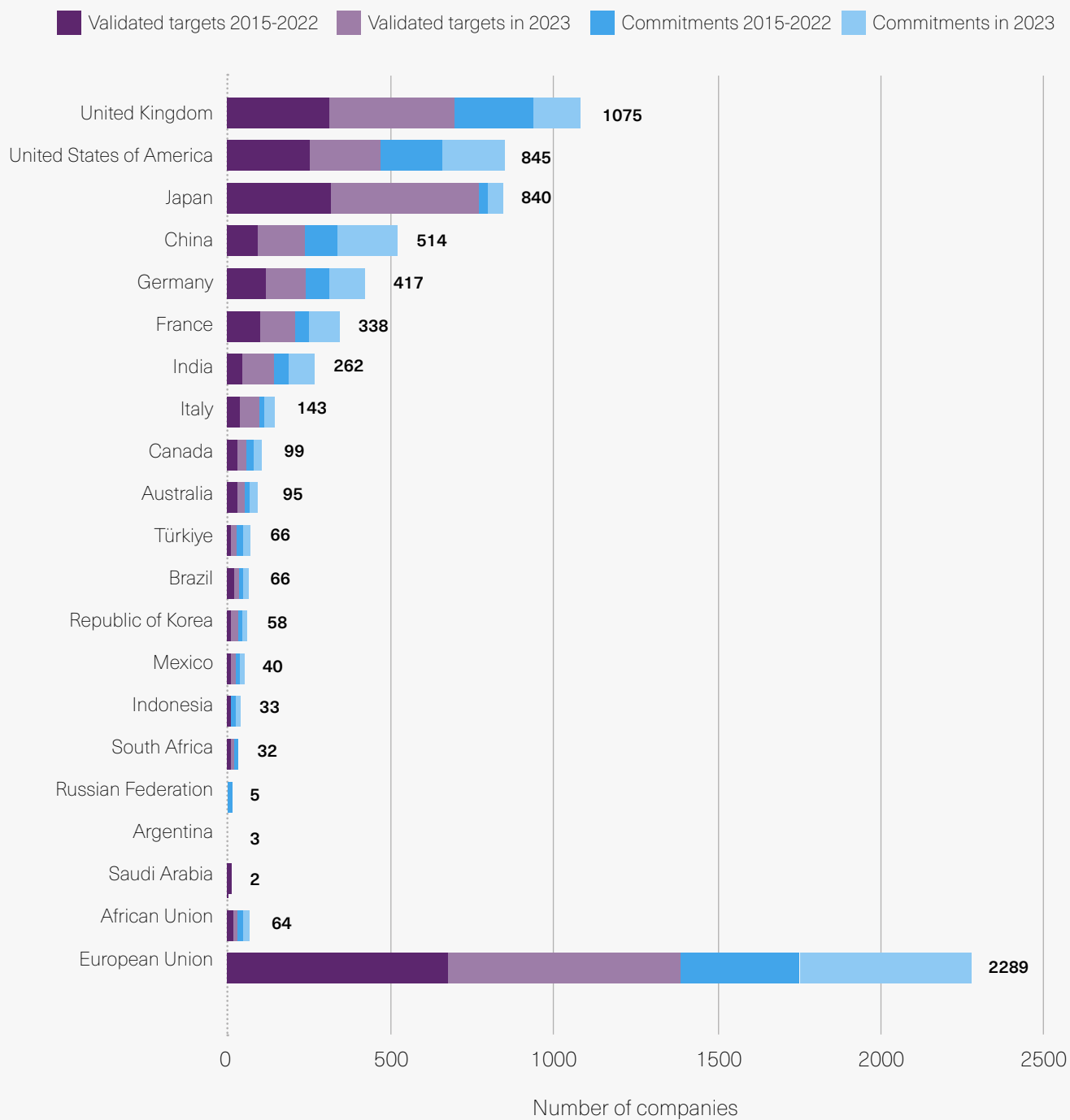
There was also strong growth in the number of companies in both Africa and Latin America setting science-based targets. 16 companies in Africa and 33 companies in Latin America set targets in 2023, an increase of 46% and 38% respectively. Despite this strong growth in the Global South, the majority of companies with science-based targets continued to be found in countries with more developed economies.

# 46%

16 companies in Africa set targets in 2023.

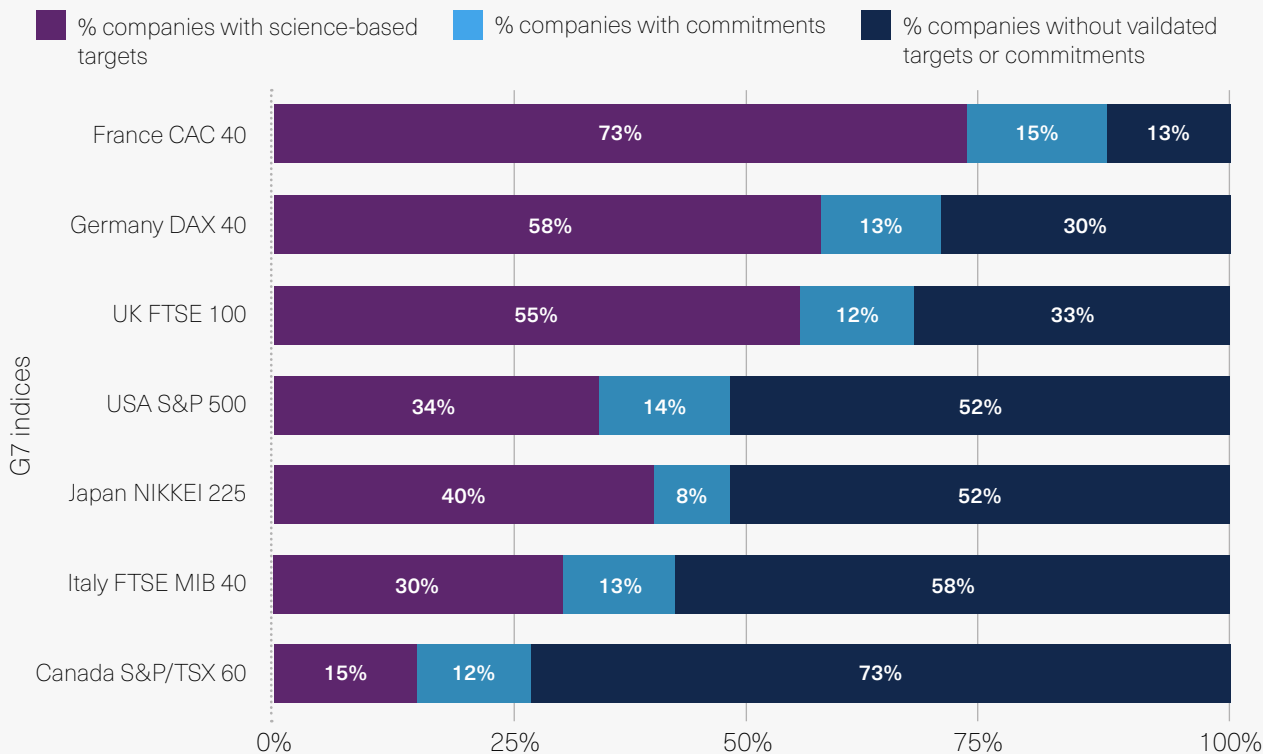


## G20 BREAKDOWN OF COMPANIES WITH COMMITMENTS AND VALIDATED TARGETS



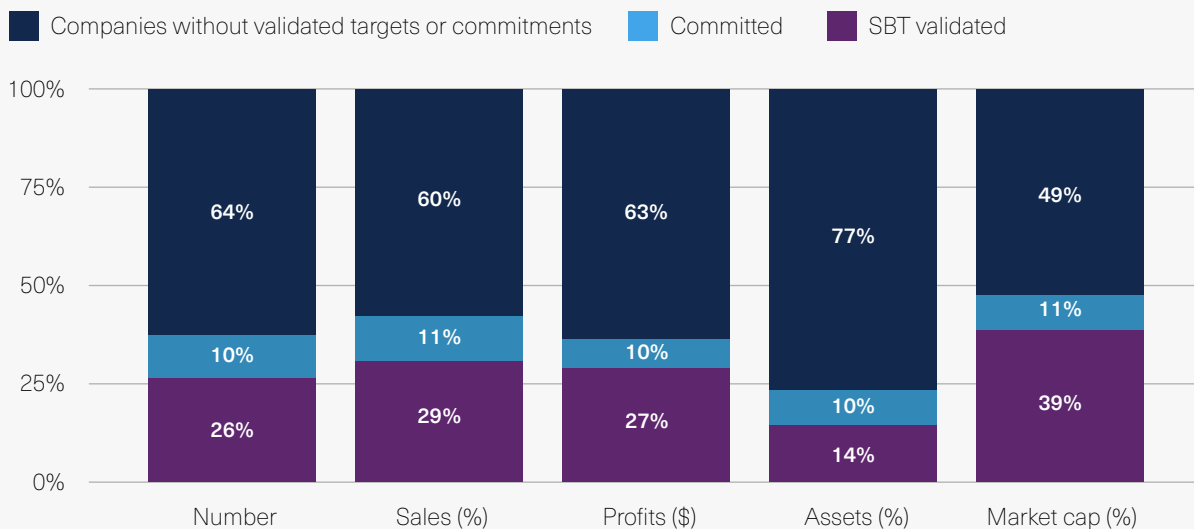
## SBTi PENETRATION IN LEADING EQUITY INDICES OF THE G7

By the end of 2023, 54% of all companies which had set or committed to set a science-based target were based in Europe.



## FORBES 2000 PENETRATION

More than a quarter of the Forbes 2000 had validated science-based targets by the end of 2023, accounting for nearly 40% of its market cap and 27% of its profit.<sup>16</sup>



<sup>16</sup> Forbes data is updated annually in June.

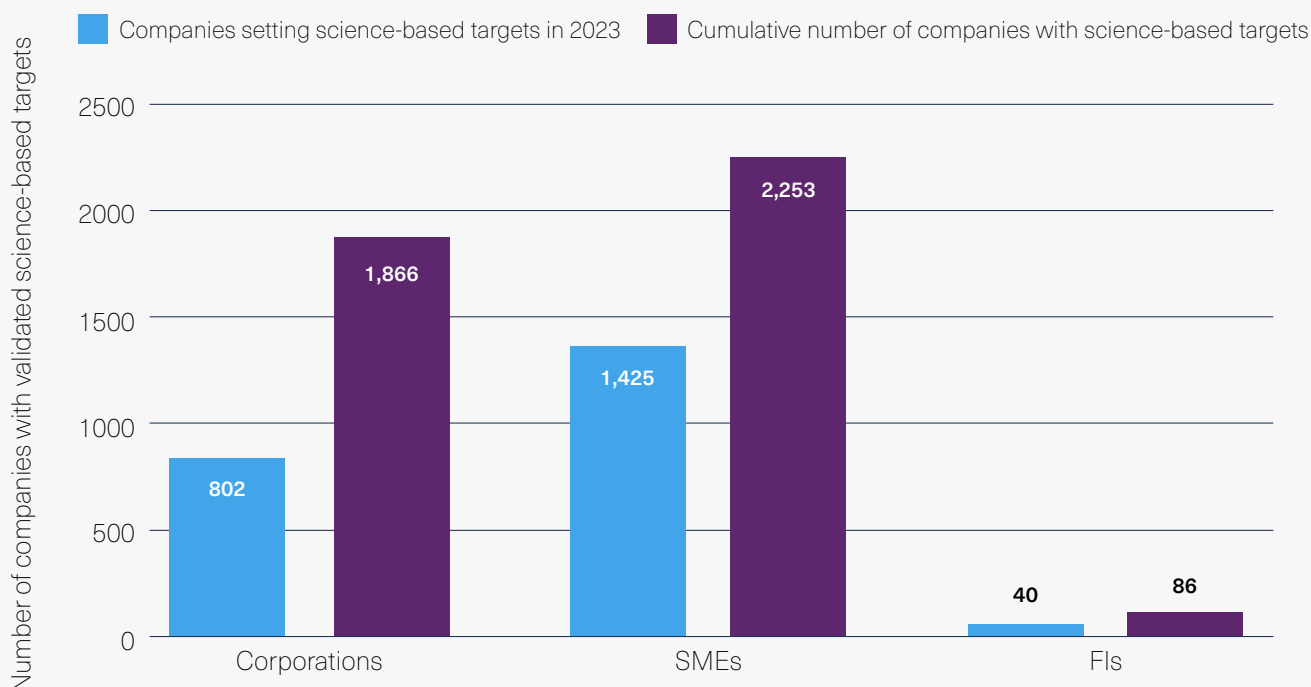
## CORPORATE GROWTH

The growth in the number of large companies (excluding SMEs and FIs) globally with validated targets continued to increase. 2020 to 2022 saw an increase in the total number of companies (excluding FIs and SMEs) with validated targets of 37% from 865 to 1,187, while there was a 57% increase by the end of 2023, with 1,866 in total.

# 57%

Increase in the number of large companies globally with validated targets by the end of 2023.

## CORPORATE GROWTH BY BUSINESS TYPE



## GREATEST GROWTH FROM SMES

Of the 2,267 companies with targets validated in 2023, 1,425 were classed as small or medium-sized enterprises (SMEs). This total was greater than the cumulative total of SMEs 2020 - 2022, with 2020 being the first year in which we introduced an SME route for target validation. 219 of the 1,425 SMEs which set targets in 2023 set net-zero targets.

# 1,425

Of the 2,267 companies with targets validated in 2023, 1,425 were classed as small or medium-sized enterprises.

## FINANCIAL INSTITUTION VALIDATIONS GATHER PACE

40 financial institutions set science-based targets in 2023, compared to 38 in 2022. This brought the total number of financial institutions with science-based targets to 86, an 83% growth in the number of FIs with science-based targets. The SBTi is working to encourage greater uptake of science-based targets by financial institutions because of the exponential potential they have to drive down GHG emissions across entire sectors and economies. Financial institutions awaiting updates to the Financial Institution Near Term criteria and the Financial Institution Net-Zero Standard are permitted to retain their commitments on the SBTi website while they wait. Visit our website for the latest information.

83%

Growth in the number of financial institutions with science-based targets in 2023.

## STEADY GROWTH OF NET-ZERO TARGETS

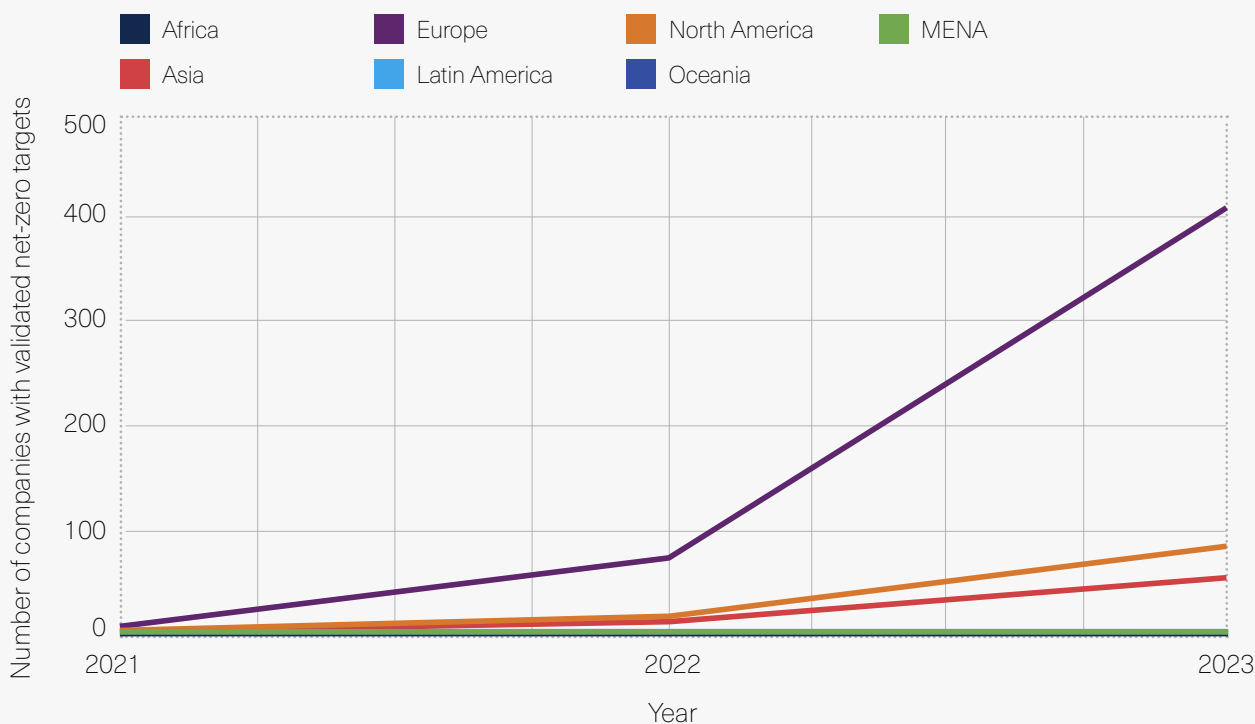
2022 was the first full year in which companies could have their targets validated against the SBTi's Corporate Net-Zero Standard, which was introduced in October 2021. However it was in 2023 that we saw the number of companies setting net-zero targets take off, with 449 organizations setting net-zero targets, compared to 130 in 2022 (245% growth). Of that 449, 230, or 51%, were corporations and the remaining 49% were SMEs. Financial institutions are not currently able to set net-zero targets, although a Financial Institutions Net-Zero Standard is in development.

20%

20% of companies setting targets in 2023 set net-zero targets.

20% of companies setting targets in 2023 set net-zero targets, and by the end of the year 14% of all companies with validated targets set to date had net-zero targets.

## ANNUAL CUMULATIVE NUMBER OF COMPANIES WITH NET-ZERO TARGETS BY REGION



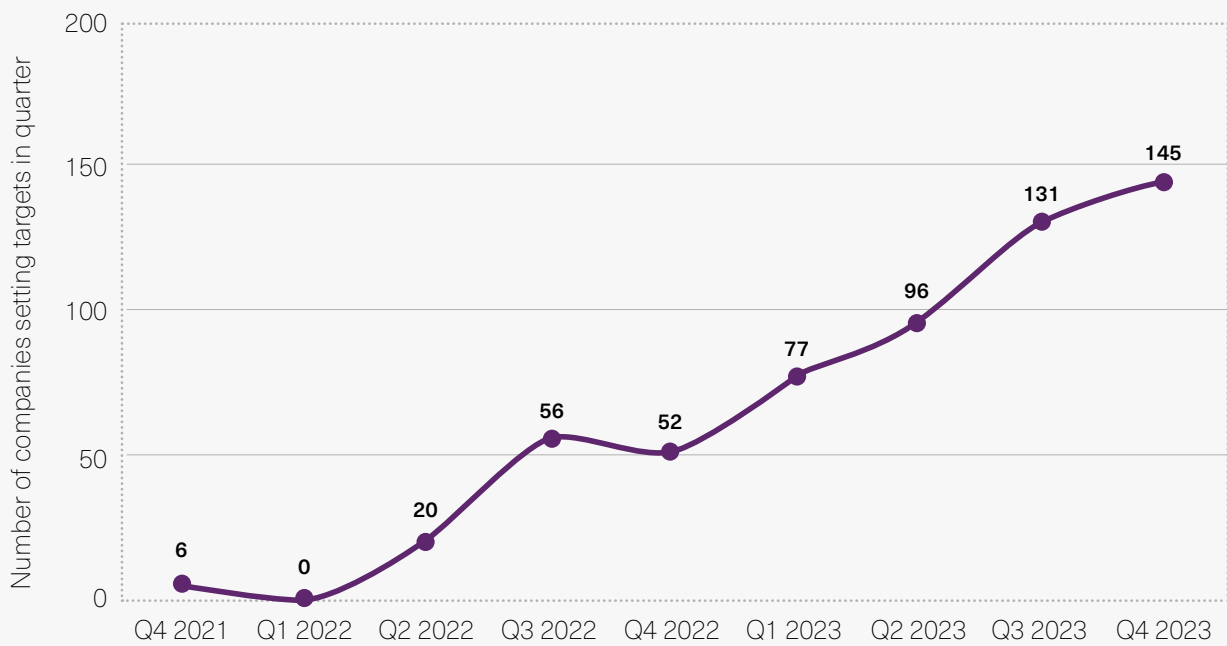


A total of 449 organizations set net-zero targets in 2023, of which 230, or 51%, were classed as corporations and the remaining 49% as SMEs.



20% of companies setting science-based targets in 2023 set net-zero targets.

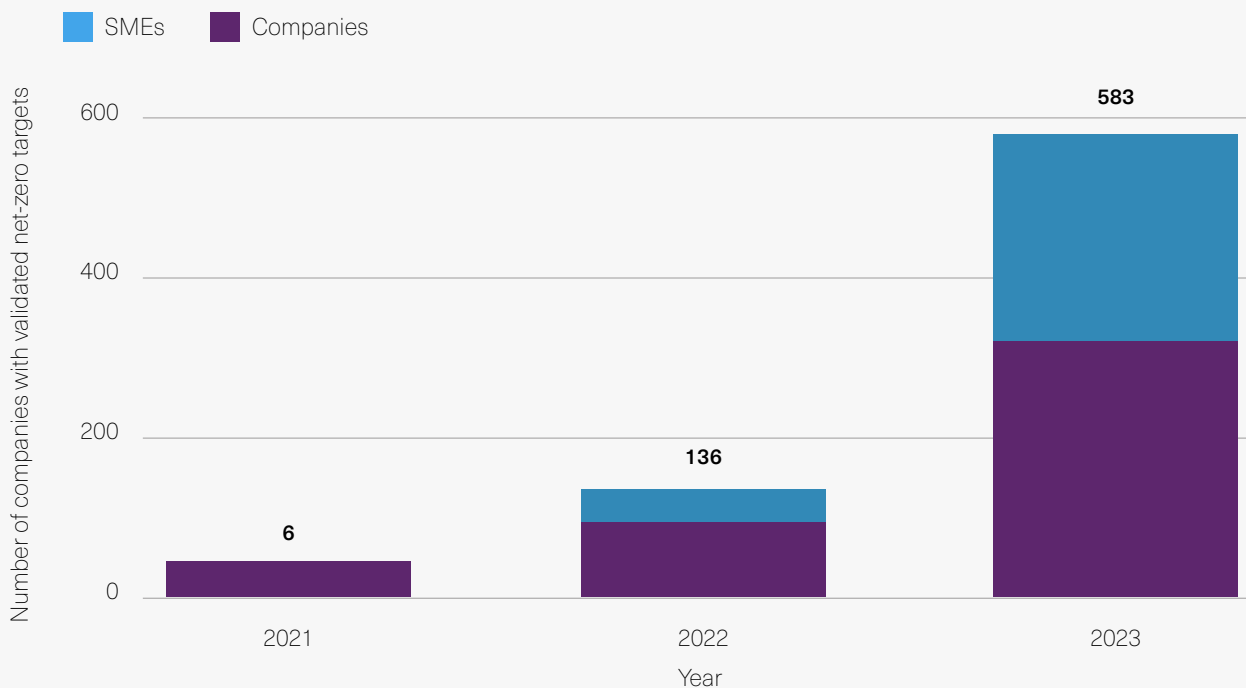
## COMPANIES SETTING NET-ZERO TARGETS PER QUARTER<sup>17</sup>



<sup>17</sup> This graph shows the number of companies with validated science-based targets per quarter.



## TOTAL NUMBER OF COMPANIES AND SMEs WITH NET-ZERO TARGETS



## HALF OF COMPANIES WITH VALIDATED TARGETS IN SERVICES AND MANUFACTURING INDUSTRIES

As in 2021 and 2022, the services and manufacturing industries saw the highest numbers of companies setting targets in 2023. With 741 and 568 companies respectively, these industries accounted for 58% of all companies setting targets in the year.

The biotech, healthcare and pharma sector saw the greatest proportional year on year growth (222%) in the total number of companies setting targets, from 23 to 74 companies. This is in contrast to 2022's data; between 2021 and 2022 the number of companies in this sector increased by just 10%, making it the sector with the tenth highest proportional growth year on year.

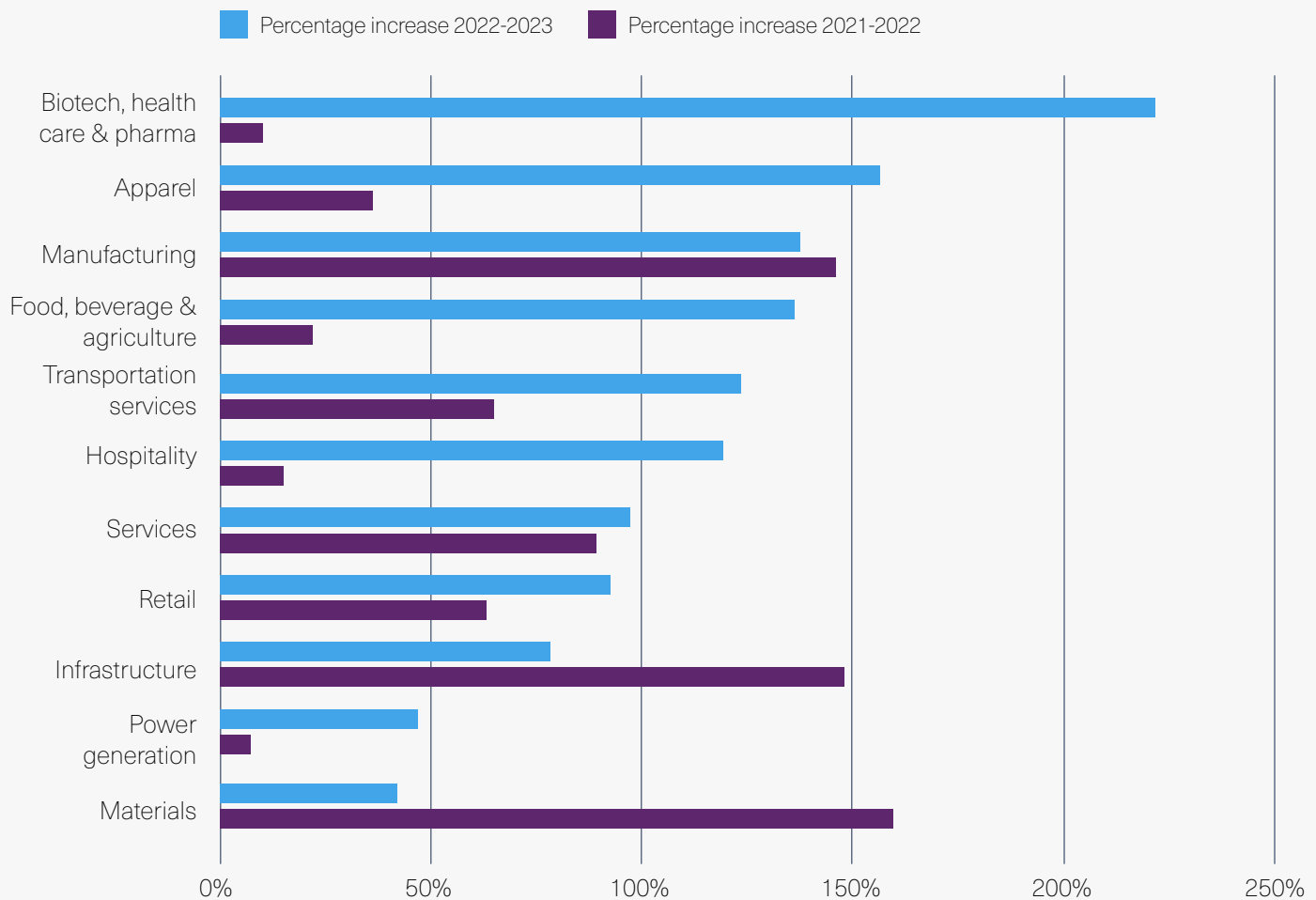
Conversely, materials went from first to eleventh place in terms of proportional growth, with a 160% increase in the number of companies setting targets in 2022 compared with 2021 and a 41% increase from 2022 to 2023 (109 companies and 154 companies respectively).

# 58%

The services and manufacturing industries saw the highest numbers of companies setting targets in 2023, accounting for 58% of all companies setting targets.



## INCREASE IN COMPANIES SETTING TARGETS BY SECTOR



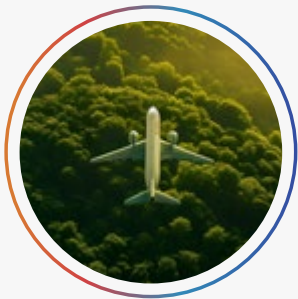


## TOTAL NUMBER OF COMPANIES BY INDUSTRY WITH APPROVED TARGETS AS OF DECEMBER 2023



# 2023 KEY MILESTONES



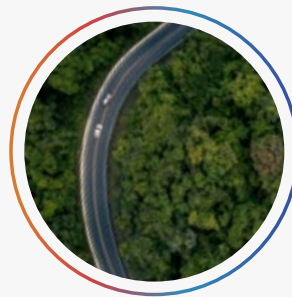


## FEBRUARY

Publication of the [Interim 1.5°C Aviation Pathway](#). This pathway, designed to harmonize [existing sector guidance](#) with the SBTi's current criteria, allows aviation companies to meet the minimum ambition levels required by the criteria, and provides a short-term, accessible option for them to set science-based net-zero targets.

## APRIL

Completion of executive leadership team with the [Appointment of a Compliance Director](#). On its path to becoming a voluntary standard-setter, the SBTi created a compliance department which oversees the obligations of the SBTi, headed up by a Compliance Director who joined from an independent third-party standards-based certification scheme.



## JUNE

First meeting of the [Technical Council](#). The independent Technical Council oversees technical decision-making at the SBTi, approves standards and other normative documents as per its [Terms of Reference](#). Minutes of all meetings are made available on our [website](#).

## JUNE

SBTi incorporated as an independent entity in its own right, recognized by the Charity Commission for England and Wales by year end.



## JULY

Commitment compliance policy grace period ended. A new policy to mark expired commitments as removed on the SBTi database had a galvanizing effect, motivating some to submit targets for validation. Companies have two years to set targets after making a commitment, after which time their target is marked as removed, but they are still welcome and encouraged to submit a target for validation at any time.

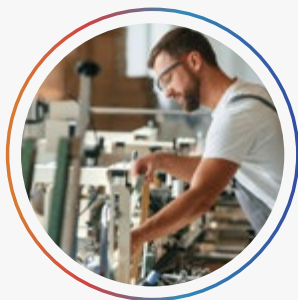


## SEPTEMBER

Announcement on the SBTi's transformation as an independent entity, including plans for a separate validation services entity and the appointment of a Board of Trustees.

## SEPTEMBER

Publication of Steel Guidance. Steel, a heavy emitting sector accounting for up to 9% of global emissions, had its first science-based decarbonization target framework published, critical because of how essential steel is for manufacturing, construction, infrastructure, transportation and renewable energy technologies including solar panels and wind turbines.



## NOVEMBER

Announcement of the change to the SME definition to align with CSRD in Europe. The change then took place on 1 January.

## APPENDIX: DATA SOURCES AND METHODOLOGY

The analysis included in this report presented in the form of texts, graphs and tables is based primarily on data from the following sources:

1. Information on companies with validated targets and commitments was extracted from the [SBTi target dashboard](#) as of December 31, 2023 and December 31, 2022 for growth comparison.
2. For the year-on-year analysis, the snapshots of SBTi target dashboard (legacy version) were extracted as a snapshot at the end of each year since 2015.
3. Industries were defined by assigning each company sector as reported to the SBTi under an industry category from the CDP's [Activity Classification System \(CDP-ACS\)](#).
4. Market capitalization data for companies with commitments or validated science-based targets, as well as estimated global market capitalization was retrieved using LSEG Datastream by Oliver Wyman. The data was extracted for all publicly available companies as of December 2023 (2,014 companies from 2023 SBTi target dashboard) and December 2022 (1,634 companies from 2022 SBTi target dashboard).
5. Composition of G7 equity indices was retrieved from public sources with the date of December 2023.

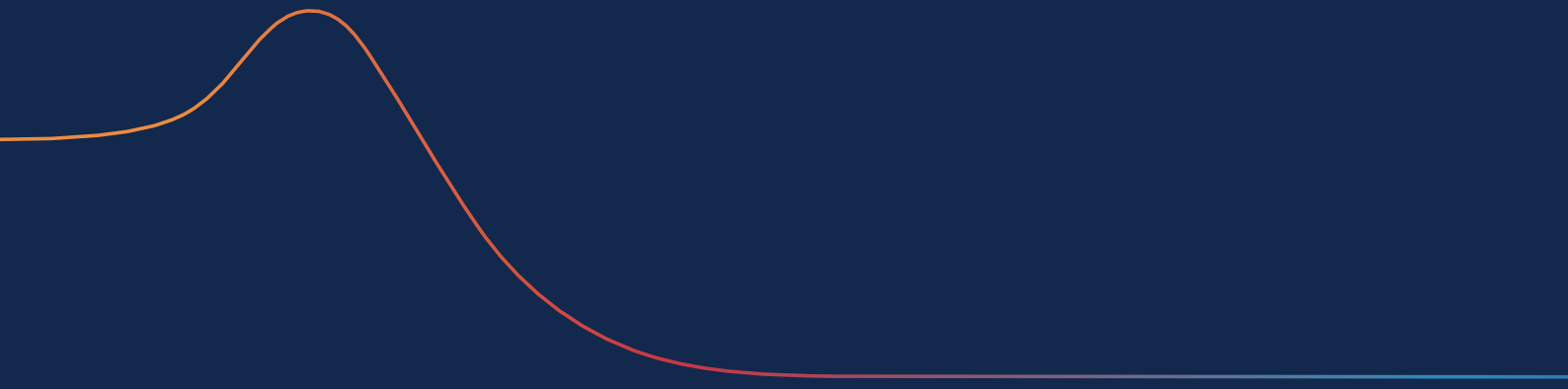
### Methodological approach

- Annual cumulative number of companies with science-based targets over the years and total number of companies were calculated using the snapshots of the SBTi target dashboard at the end of each year. Note that removed companies are included in the years their targets were active.
- Figures showing the numbers of companies with validated science-based targets in 2023 and 2022 include companies setting targets for the first time and updating their previous targets in the corresponding year.
- All data points showing commitments data exclude companies with removed commitments. Companies that have both committed and set a target are only counted as a company setting a target, including the cases when a company has an active, more ambitious commitment (e.g. near-term target and net-zero commitment).
- Market capitalization coverage from SBTi computed using the sum of SBTi listed companies market capitalization and total global market capitalization data as of end of December 2022 and end of December 2023. SBTi companies' market capitalization has been found using companies' names, ISIN and LEI.

## ACKNOWLEDGEMENTS

The authors would like to thank Oliver Wyman for its contribution to this report in the form of the Market Cap analysis, using source data from LSEG Datastream.





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