

Bristol Myers Squibb Supplier  
Decarbonization Accelerator:  
A Supplier's Guide to Target Setting



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For questions on BMS Supplier Decarbonization Accelerator please contact: [BMSDecarbAccelerator@TrioAdvisory.com](mailto:BMSDecarbAccelerator@TrioAdvisory.com).

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### 4

BMS' commitment to climate action

### 7

Your sustainability journey

- 9 What are greenhouse gases and why are they important?
- 10 The business case for decarbonizing
- 11 What is the Science-Based Targets Initiative and why is BMS requesting validated targets?

### 13

Target setting - Step by step guide

- 14 Step 1: Identify key stakeholders and understand company priorities
- 15 Step 2: Measure baseline greenhouse gas emissions
- 17 Step 3: Create a strategy to reduce emissions
- 19 Step 4: Develop greenhouse gas emissions reduction targets
- 21 Step 5: Validate targets with SBTi
- 23 Step 6: Communicate targets, report progress and align for the future

# BMS' commitment to climate action

“Suppliers are critically important in helping us bring life-saving medicines to patients across the globe, but they also represent the largest source of emissions for BMS. We are committed to working together to drive innovation and support suppliers with their target-setting to help us meet our collective emissions-reduction ambitions. Together we can help people live longer, healthier lives.”

Karin Shanahan, Executive Vice President of Global Product Development & Supply,  
Bristol Myers Squibb

# BMS' commitment to climate action



Climate change is a multi-faceted issue that not only threatens the health of our planet and its ecosystems, but is also one of the single greatest threats to human health and well-being. A growing number of businesses are taking action to deliver a zero-carbon economy because they know it is critical for their long-term success; it can future-proof growth, reduce cost, provide resilience against regulation, boost investor confidence, and spur innovation and competitiveness.

We know that greenhouse gas (GHG) emissions are increasing the concentration of greenhouse gases in our atmosphere, causing rising temperatures and global warming. At Bristol Myers Squibb (BMS), we recognize the role we have to play when it comes to reducing emissions, which is one of the reasons we have set ambitious targets validated by the Science Based Targets Initiative (SBTi).

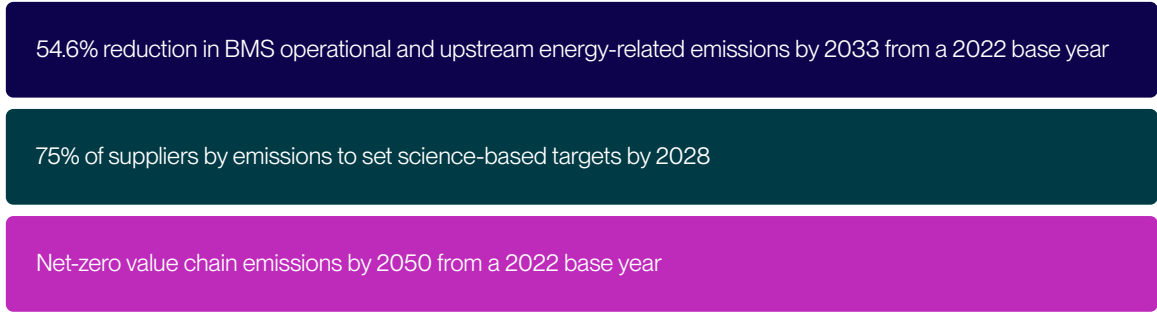


Figure 1: BMS' Science-Based Targets <sup>1,2</sup>

<sup>1</sup> The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks; the Scope 3 target is from fuel and energy related activities (FERA).

<sup>2</sup> The target is limited to suppliers by emissions covering purchased goods and services, capital goods, and upstream transportation and distribution.

# BMS' commitment to climate action



Taking climate action and delivering on our public targets is paramount to BMS business strategy. An essential part of this approach is striving to reach net-zero GHG emissions across our value chain by 2050, which includes partnering with our suppliers.

To realize this, BMS is requesting that top emitting suppliers set science-based GHG emissions reduction targets by 2028. We will prioritize doing business with suppliers that are setting climate targets and progressing toward their climate commitments.

BMS understands that setting a science-based target is a long-term journey. Having recently gone through the target-setting process ourselves, we know that establishing a climate target is a significant step. This is why we established the Bristol Myers Squibb Supplier Decarbonization Accelerator to support you. We encourage you to engage with the program and our implementation partner, global sustainability and energy advisory company Trio, as you embark on your climate journey.



Figure 2: BMS' Drivers

# Your sustainability journey

# Your sustainability journey



Establishing and achieving climate commitments is a long-term effort, and meeting certain milestones, like effectively measuring your GHG footprint, can take years. We recognize that no matter where you are on your journey, taking climate action can be challenging. That's why we approach this as a partnership, providing you with the needed support and resources through the BMS Supplier Decarbonization Accelerator.

This technical guide serves as a resource for suppliers who are considering, or actively working toward setting greenhouse gas reduction targets. It includes information on why target setting is important, what to consider when getting started, and how to set and validate science-based greenhouse gas emissions reduction targets.





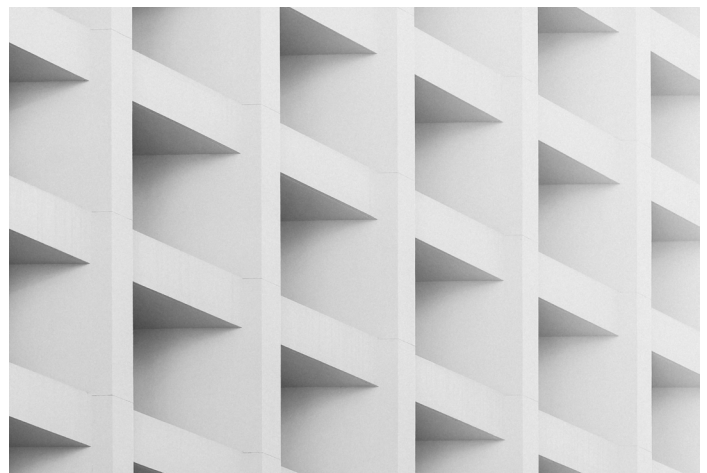
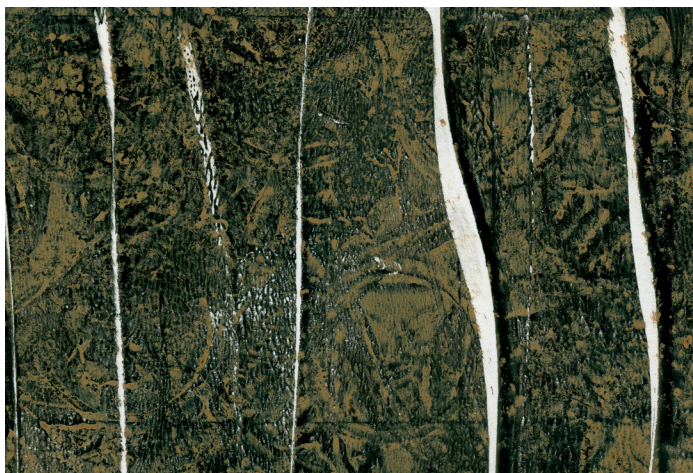
# What are greenhouse gases and why are they important?

Greenhouse gases (GHGs) form a layer around the earth that lets in light and heat from the sun while preventing all the Earth's own heat from escaping back out into space. This causes what is known as the "greenhouse effect," which works in a similar way to the greenhouses in our own backyards.

There are many gases that are defined as GHGs, such as carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorinated compounds, sulfur hexafluoride and nitrogen trifluoride. Each of these gases has a different lifespan in the atmosphere, with varying abilities to keep heat from escaping. Carbon dioxide is the most commonly discussed GHG because of its prevalence in our society and its lifespan in the atmosphere, which can last anywhere from hundreds to thousands of years. It is released when we burn fuels and during many manufacturing processes. As human activities increase the amount of these gases in the Earth's atmosphere, the average temperature of the globe is increasing over time, resulting in various changes to our climate.

Limiting warming is critical because of the risks to human health and well-being that it poses. The Intergovernmental Panel on Climate Change (IPCC) is the United Nations body for assessing the science related to climate change and provides regular assessments and reports on the implications and future risks related to climate change.

The most recent IPCC report, which discusses the latest science on the state of observed warming and climate change, urges the public to limit warming to 1.5°C compared with pre-industrial temperature averages. Some of the risks of global warming include increased frequency and severity of heatwaves and droughts, increases in fire weather, increased intensity and variability of monsoon precipitation and tropical cyclones, global sea level rise and increased ocean acidification. While each increment of global warming will intensify these hazards to human life, deep, rapid, and sustained reductions in GHG emissions will slow warming and reduce risks.



# The business case for decarbonizing

Climate action and business imperatives are not opposing forces. In fact, they are becoming inextricably linked as the overlap between climate risk and business risk grows. These risks can include financial and reputational risks that may result from the broader transition to a low-carbon economy. There are also physical risks from climate change including potential damage to property, infrastructure, and people. Understanding these risks and creating a strategic plan to reduce emissions can help you meet the evolving expectations and preferences of consumers and customers, ensure regulatory compliance, realize cost savings, mitigate physical risks to the business, and ensure supply chain resilience.

There is also an increasing number of regulations being enacted to curb emission-intensive activities and mandate climate disclosures. Participating early can ensure that you are on track

and help avoid potential negative impacts of non-compliance. In addition, making a commitment to sustainability can often improve your reputation, as consumers are increasingly prioritizing engaging with companies that are taking steps to protect the environment and people. Decarbonizing can even help realize cost savings including energy savings from implementation of energy efficient equipment.

As a supplier, there is a clear business case for reducing emissions. Many companies, like BMS, are prioritizing sustainability as a core business imperative and are making changes to their business and processes in order to support the transition to a low-carbon economy. Companies are not only setting targets for their direct emissions but are also engaging their entire supply chains to align on sustainability priorities and set greenhouse gas emissions reduction targets.



Figure 3: Core Business Drivers for Climate Action

# What are Science Based Targets and why is BMS requesting validated targets?

To ensure greenhouse gas emissions reduction targets are meaningful, the industry needs a standard for determining what reductions are needed to effectively limit the worst impacts of climate change. The Science Based Targets Initiative (SBTi) is a global framework designed to help companies set GHG emissions reduction targets that align with the latest climate science. Its goal is to support businesses in setting emissions reduction targets consistent with the global objective of limiting the average temperature increase to well below 2°C, with an aspirational target of 1.5°C, compared to pre-industrial levels. This aligns with the targets outlined in the Paris Agreement.

The SBTi provides companies with a clearly defined pathway to meeting their climate goals, using scientifically robust methods to determine these pathways. SBTi also provides target validation services, which help to ensure an organization's targets are in line with the science-based criteria. By doing so, it offers companies a credible and measurable approach to decarbonization, helping them to contribute effectively to global efforts to mitigate climate change.



# Why is SBTi Validation important for BMS' Suppliers?

1. Alignment with global climate goals:

By setting and validating science-based targets, suppliers ensure their emissions reduction efforts align with global climate goals

2. Credibility and transparency:

Validation by SBTi Services provides third-party verification that a supplier's emissions reduction targets are based on the latest climate science.

3. Regulatory compliance and risk mitigation:

Suppliers with validated science-based targets are better positioned to comply with current and future regulations, reducing the risk of non-compliance.

4. Investor confidence and competitive advantage:

Suppliers that set validated science-based targets demonstrate a strong commitment to sustainability, which is increasingly critical for investors.

5. Customer expectations and business opportunities:

Many organizations - like BMS - are increasingly requesting that their suppliers set and meet science-based climate targets.

6. Long-term resilience and innovation:

Suppliers who commit to science-based targets are more likely to invest in cutting-edge, low-carbon technologies and operational improvements.

Please note this guidance is focused on suppliers seeking target validation with the Science-Based Targets Initiative. While formal SBTi validation is strongly encouraged, it is not a requirement if validating your targets with SBTi is not a feasible pathway for your organization. Suppliers can meet BMS' target setting request by setting a science-based target without formal SBTi validation.

Please note target setting criteria for a non-SBTi validated target remains the same as the SBTi criteria, however, the validation process will differ. Therefore, steps 1, 2, 3, 4 and 6 of this guide is relevant to all suppliers. More information on how suppliers who are not undergoing the formal validation process can demonstrate their commitment and validate targets independently with BMS is forthcoming.

# Target Setting - Step by step guide



# Step 1: Identify key stakeholders and understand company priorities

## Identify stakeholders and understand company priorities to inform the business case for decarbonization

When measuring emissions, creating a decarbonization strategy, or setting targets, it is important to ensure that all relevant stakeholders are aligned on responsibilities, goals and progress. You should designate a core team to drive progress and have them coordinate across different groups.

One of the most important steps for alignment is engaging leadership and the ultimate decision makers; identify all the relevant stakeholders, identify their departments, and distinguish who the decision makers are. From there, you can work with the stakeholders to understand and document their feedback, motivations, and drivers on the topic of climate action.

## Why do you need to measure emissions for target setting?

You can't set GHG reduction targets until you have a comprehensive understanding of what your GHG emissions are. Once you have a cross-functional team in place, you can start to gain an understanding of what your emissions profile looks like by calculating baseline emissions. The Greenhouse Gas Protocol (GHGP) has developed internationally recognized standards and frameworks to account for your GHG emissions. Its frameworks provide guidance and best practices for measuring and managing emissions. The GHGP emphasizes five core principles when it comes to GHG accounting: relevance, completeness, consistency, transparency and accuracy.



# Step 2: Measure baseline GHG emissions

How are GHG emissions reported?

There are three different scopes of GHG emissions, and each will be measured and calculated differently.

<p><b>Scope 1 GHG Emissions</b></p> <p>GHG emissions directly from your company. Examples include emissions from combustion onsite like furnaces and boilers, emissions from vehicle exhaust, process emissions, and emissions from equipment leaks.</p>	<p><b>Scope 2 GHG Emissions</b></p> <p>GHG emissions from the generation of purchased electricity, steam, heating, or cooling.</p>	<p><b>Scope 3 GHG Emissions</b></p> <p>Indirect GHG emissions that occur in your value chain, including both upstream and downstream emissions.</p>
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The GHGP categorizes Scope 3 emissions into 15 categories (see Figure 4: Scope 1, 2, and 3 explained below). Examples include the emissions from your suppliers associated with the production of purchased products, the associated emissions from transportation of purchased products, and emissions from use of sold products.

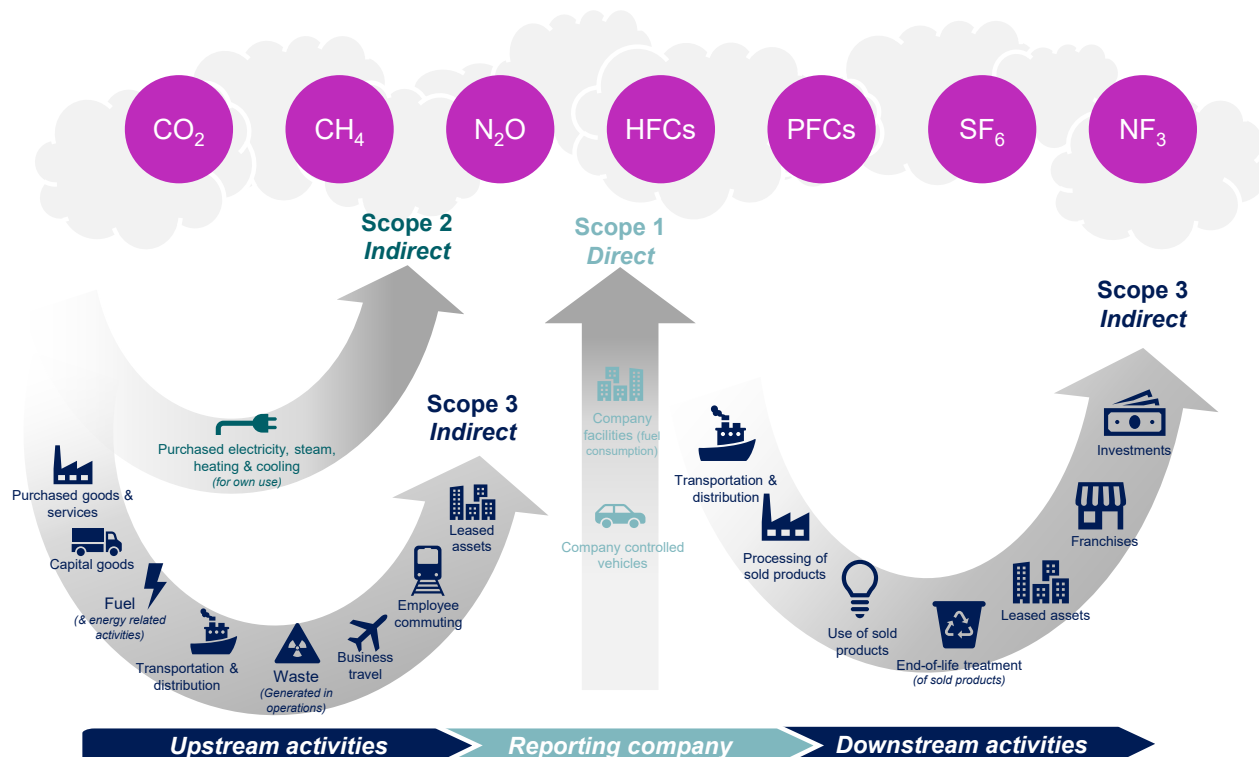


Figure 4: Scope 1, 2, and 3 explained

Source: GHG Protocol Corporate Value Chain Standard

# Step 2: Measure baseline GHG emissions

## How are GHG emissions calculated?

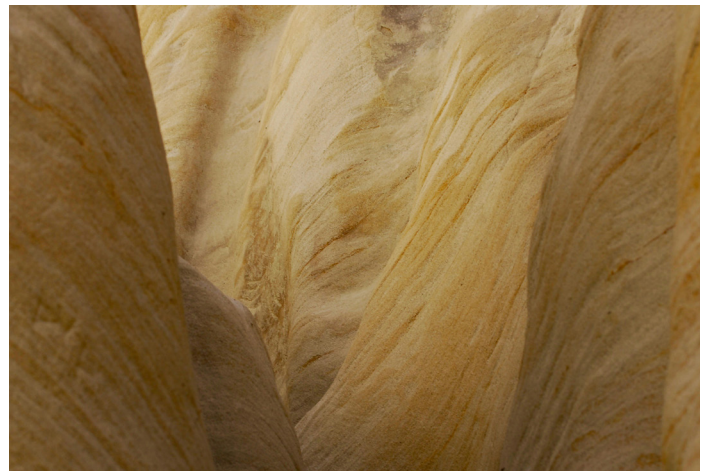
Before you can begin calculating emissions, it is important to note that you'll need to place a clear boundary to define which activities should be accounted for within your inventory and which activities should be excluded. You should be aware that the GHGP allows companies to set this boundary based on operational control or equity share. In other words, you will need to decide whether the activities included in your inventory are those over which your company has some level of control or authority, or activities over which your company has formal financial ownership.

Once you have identified sources of GHG emissions within your boundary and determined the scope each source falls under, you can start the measurement process. This generally is done by collecting activity data and then applying an emissions factor. Most companies estimate emissions using their consumption data, which is generally in more readily measurable units. For example, fuel consumption in gallons or electricity consumption in kWh can be monitored and reported. Then you can estimate your GHG emissions based on this data and industry standard assumptions of the GHG emissions that are associated with each unit of consumption.

This measurement strategy works well when you have access to the consumption data. For Scope 3, however, this data is often unavailable, so other strategies are required for measurement including a spend-based approach, gathering supplier specific data, and calculating fuel/distance-based emissions, among others. Different Scope 3 categories will be more conducive to different estimation methods. For more guidance on GHG accounting, we encourage you to review the [GHG Protocol Corporate Standard](#).

## What to consider for future reporting

Remember, just like financial accounting, your GHG accounting needs to be re-calculated on an annual basis. This is critical for measuring and tracking your progress in relation to your base year of emissions. Publicly disclosing your annual GHG emissions in your sustainability report, CDP submission, or other disclosure platforms is essential to demonstrating commitment to your stakeholders, customers, and shareholders.





# Step 3: Create a strategy to reduce emissions

After GHG emissions have been measured, it is important to understand what it will take to reduce these emissions in the long term. You should aim to answer the following questions, which will ultimately inform your strategy:

**What are your GHG emissions now and how will they change over time?**

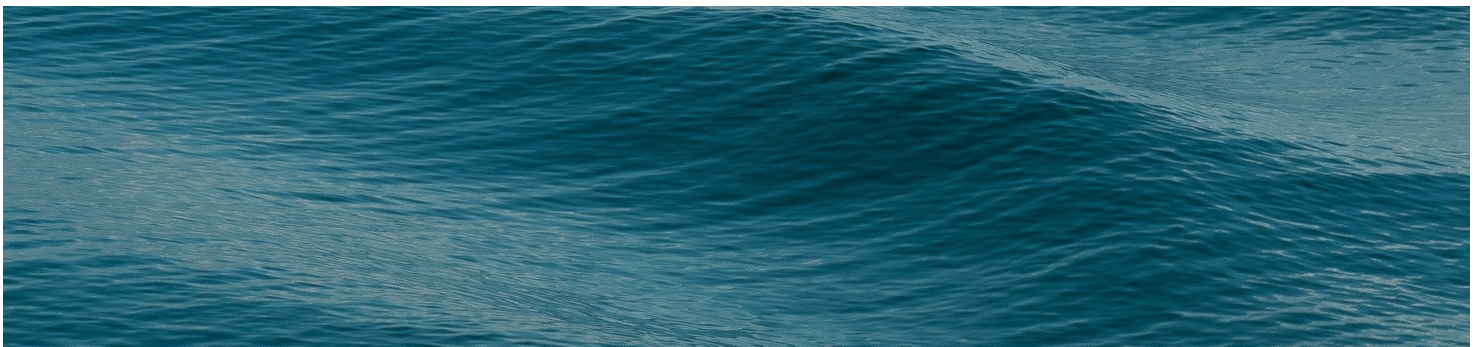
Your baseline GHG emissions inventory and your expected emissions growth rate will inform your business-as-usual (BAU) emissions. Beyond understanding your current or typical GHG emissions, estimating how those emissions will grow over time is critical when developing reduction targets. Emissions growth is often estimated using 'expected annual production volume growth rate' or 'expected annual revenue growth rate.' While these may not be right for everyone, it is a good place to start.

**What options are available to you to reduce emissions and what are the highest impact activities you can invest in?**

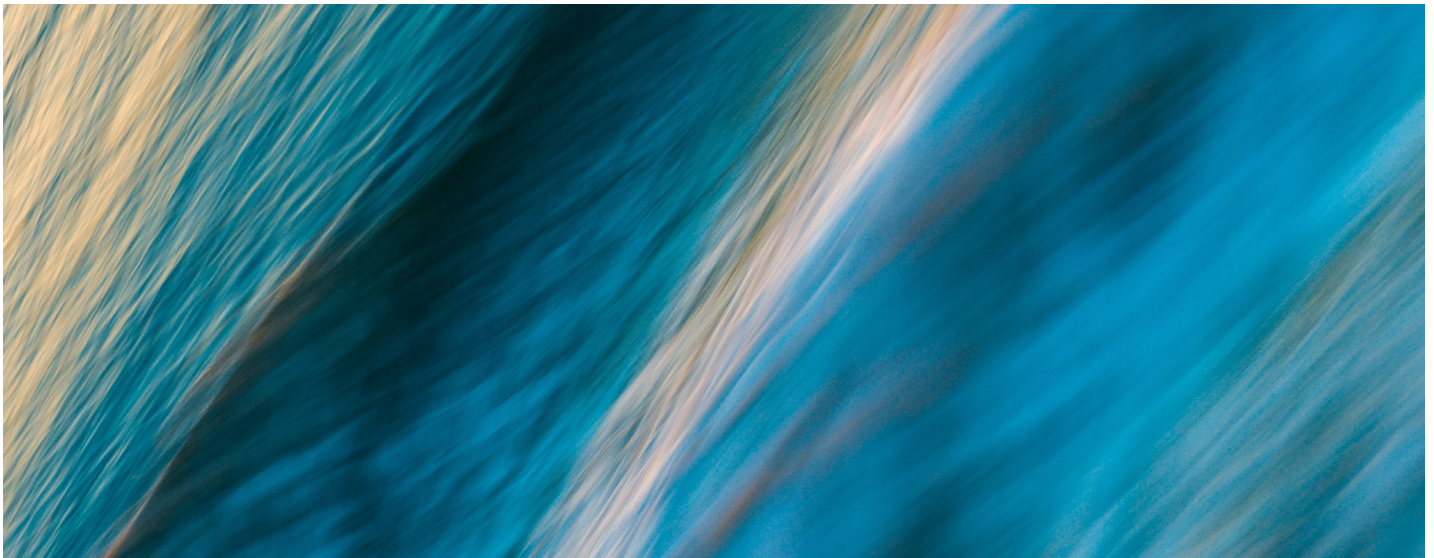
Understanding that targets are not just a number, but an achievable path forward, is important in order to feel confident committing to targets. There are many measures you can take to reduce emissions. Different actions affect companies differently, and some may be a better fit financially and logistically than others.

Some examples of measures include:

- Energy efficiency - these opportunities are a great place to start to reduce emissions and realize cost savings. This could include replacing old equipment with more efficient models, or rethinking processes.
- Electrification - this involves the replacement of equipment that consumes fossil fuels with equipment that uses electricity. An example of this is switching out a natural gas boiler with an electric boiler.
- Transportation electrification - this is the process of transitioning vehicles from internal combustion engines to either hybrid electric or fully electric vehicles.
- Fuel switching - this includes the transition from fossil fuels to bio-based alternative fuels.
- Onsite solar generation - this can be a great way to reduce emissions by replacing the electricity drawn from the grid, which may be produced with fossil fuels, with a cleaner source.
- Offsite renewable energy - if producing electricity onsite is not feasible, you can procure renewable electricity using Power Purchase Agreements (PPAs), Virtual Power Purchase Agreements (VPPAs), Utility Programs, and Renewable Energy Certificates (RECs).



# Step 3: Create a strategy to reduce emissions



There are financial considerations when determining which decarbonization levers to pull. Consider capital investment versus annual expense impact. Energy efficiency, onsite solar and electrification are better suited for companies with available capital, while renewable electricity procurement through PPAs, VPPAs, utility programs and RECs may be better suited to companies with lower available capital but more flexibility with operating expenses. If you don't fit into either of these categories, decreasing emissions may be more challenging. However, please keep in mind that there are many potential avenues specific to your industry and your business – we encourage you to get creative!

## How do I use this information to create a strategy?

Once you've identified which measures are viable for your company, you should calculate what impact each of these measures has on your BAU emissions, discussed above. Understanding your company and customer goals, determine what measures will be necessary to meet these requirements, taking into consideration the financial implications for doing so. The end result will be a high-level understanding of which measures your company will need to pursue and what investment will be required to reduce emissions to targeted levels. This information will support your next step of setting formal greenhouse gas reduction targets.

# Step 4: Develop GHG emissions reduction targets

The SBTi provides many resources to support you on your target-setting journey. The [SBTi Resource Library](#) provides a wealth of resources including Getting Started guides, criteria guidance, and the science-based target-setting tool that you will use to calculate your targeted emissions reduction required. Please note all suppliers will need to set targets aligned to SBTi criteria; therefore the following steps are important for all suppliers, regardless of whether you are pursuing formal validation with SBTi services.

## Register and determine your organization type

Determining your organization's SBTi category is your first step, as this will help inform any additional guidance or requirements for target setting, and whether SBTi validation is available. Once you register your organization on SBTi Services validation portal, SBTi will confirm your organization type and eligibility to set targets. Your company will fall under one of the following organization types:

### SBTi Organization Type

- Corporate
- Small and Medium Enterprise (SME): Companies that qualify as small and medium based on their employee numbers, net turnover, assets, and sector criteria. For more detailed information on the updated SME criteria, please visit [SBTi SME Criteria](#)
- Financial Institution
- Non-profit (set targets that align with SBTi criteria, no formal validation available)

Most suppliers will fall under the Corporate designation. If you classify as one of the other organization types, please refer to the relevant [SBTi standard](#). The following section outlines the most recent core criteria for the Corporate Net-Zero Standard V1.2, which is up to date as of January 2025. Please note that an update to the Corporate Net-Zero Standard is expected in 2025 - please refer to [SBTi](#) for the latest guidance.

More information on SBTi Services can be found in Step 5.

## Select a base year

Targets must include a starting point, which is why having a complete and accurate baseline GHG emissions inventory is crucial for setting GHG reduction targets. To determine where the emissions reductions will be measured from, you will select a base year.

There are some important questions to consider when deciding which year to use, including:

### Base Year Considerations

- Did your most recent GHG inventory meet the GHG Protocol's recommendations on relevance, completeness, consistency, transparency and accuracy?
- Are all GHG emission scopes included?
- Was the inventory verified by a third party?
- Is this year what a typical year looks like for you? Were there any anomalies that could misrepresent your baseline emissions (i.e., Covid pandemic)?

## Determine whether to set a near-term target or net-zero target

Next, you'll decide the timeframe for which you want to set a target and the reduction percentages you intend to achieve over that timeframe. According to SBTi, near-term science-based targets are defined to be 5 to 10 years from when your target is submitted and must be in line with scientifically determined annual emissions reduction rates (called the 1.5oC reduction pathway for Scope 1 and 2 and the Well-Below 2oC pathway for Scope 3). This means that the pace of your annual GHG reductions will be on track to mitigate global temperature rise in line with the latest climate science. These near-term goals serve as milestones on your GHG reduction journey and give you a target to work towards immediately. It also serves as an opportunity to reevaluate emissions at that goal term and adjust your strategy as needed. Once the first set of milestone targets are achieved (after a brief celebration), you will set new milestones and continue on your decarbonization journey.

# Step 4: Develop GHG emissions reduction targets

A net-zero target, on the other hand, is typically a longer-term target. It still requires that you set near-term SBTs as described above, while also requiring you to set long-term SBTs. Long-term SBTs are targets to reduce emissions >90% by 2050 or sooner. Finally, to claim net-zero emissions, you agree to neutralize the remaining residual emissions with carbon removals.

## A note on target boundaries and target-setting methods

SBTi recognizes that there may be a small subset of emissions calculated within your inventory that has limited data availability or otherwise jeopardize the credibility or practicality of consistent reporting. Because of this, in **Figure 5: SBTi Target Criteria**, you'll notice that SBTi defines the target "boundary" as the percentage

required for emissions inventory coverage. SBTi allows a small portion of your inventory emissions to be excluded from the set of emissions for which you are setting your target. This is to help improve the credibility and consistency of your targets over the long term.

Additionally, you'll also see in **Figure 5: SBTi Target Criteria** that there are various methods by which you can set a target. You'll want to take time to explore the details of these requirements to ensure that your target aligns with the appropriate SBTi methodology. SBTi recommends selecting the most ambitious methods, which will ultimately lead to the earliest and largest reductions. You should strive to use the most aggressive methods while ensuring operational feasibility and alignment with your decarbonization strategy.

Figure 5: SBTi Target Criteria

		Boundary	Ambition	Timeframe	Methods
		What percentage is required for the emissions inventory coverage?	What is the ambition level of limiting temperature rise?	What is the timeframe to meet targets?	What are the eligible methods to set targets?
Near-term SBTs	Scope 1 and 2	95%	1.5 °C	5-10 years	Cross-sector absolute reduction Sector-specific absolute reduction Sector-specific intensity convergence Renewable electricity
	Scope 3	if >40% of total emissions 67% coverage	Well-below 2 °C		Cross-sector absolute reduction Sector-specific absolute reduction Sector-specific intensity convergence Supplier/customer engagement Scope 3 economic intensity reduction Scope 3 physical intensity reduction
Long-term SBTs	Scope 1 and 2	95%	1.5 °C	2050 at the latest	Cross-sector absolute reduction Sector-specific absolute reduction Sector-specific intensity convergence Renewable electricity (maintenance target)
	Scope 3	90%			Cross-sector absolute reduction Sector-specific absolute reduction Sector-specific intensity convergence Scope 3 economic intensity reduction Scope 3 physical intensity reduction

Source: SBTi

To learn more please visit: [Net Zero Standard](#)



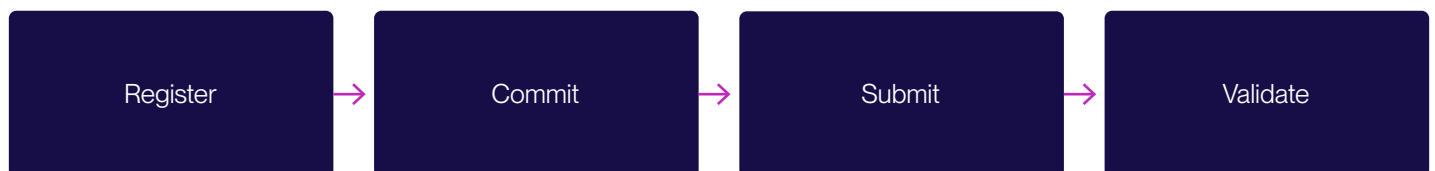
# Step 5: Validate targets with SBTi Services



SBTi Services, a wholly owned subsidiary of SBTi, provides target validation services. Validating targets with SBTi Services provides global credibility for stakeholders and ensures that targets are comprehensive and aligned with each industry's standards. SBTi has extensive criteria that must be met in order to receive validation. They have outlined the minimum requirements for near-term and net-zero targets to be validated using Criteria

Assessment Indicators, which are sets of criteria that include applicability, descriptions, and minimum documentation required. Examples include disclosure of organization boundaries, written confirmation of any GHG exclusions, demonstration of objective evidence, written explanations, and more. The core steps of the SBTi target-setting process are outlined below:

Figure 6: SBTi Services Target Setting Core Steps



Please note this section is specific to suppliers who are seeking validation with SBTi Services. For suppliers who are not following an SBTi validation pathway, more information on how you can demonstrate your commitment and validate targets independently with BMS is forthcoming.

# Step 5: Validate targets with SBTi Services

## Register

You must register your organization on SBTi Services validation portal by providing general company information. This allows SBTi to confirm your organization type and eligibility to have targets validated. Note that registration should occur when you begin the target development process, as detailed in Step 4.

## Commit

The portal provides you with the option to “commit” to submit targets. This triggers a 24-month timeframe for you to submit targets for validation and adds them to SBTi’s public list of companies that are committed to setting targets during the next two years. While an optional step that occurs before you begin the target development process, this is a tangible way to publicly demonstrate your timebound commitment to target setting.

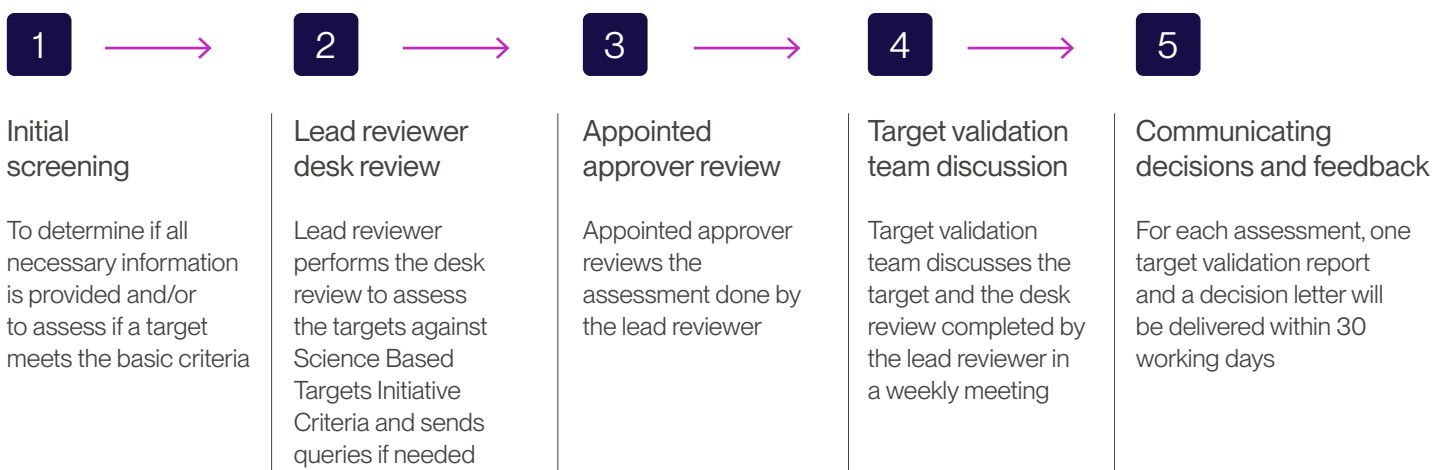
## Submit

The next step is to submit targets to SBTi for validation. You must first complete the relevant target submission forms, providing detailed information about your GHG inventory and proposed targets. Once complete, upload the submission forms and completed target- setting tools to the validation portal.

## Validation

Your targets and associated supporting documentation will be assessed by SBTi Services. They will evaluate the accuracy, relevance, completeness, consistency, and transparency of your submission and reach out to you with questions and clarifications. These queries can include GHG inventory questions, clarification of assumptions, questions about subsidiaries, and more. The validation process takes 30 business days for near-term targets and 60 business days for net-zero targets. During the validation process, you will be expected to respond to SBTi Service’s inquiries within two business days or the timeline will be extended.

Figure 7: SBTi Validation Process



Source: SBTi Services

# Step 6: Communicate targets, report progress, and align for the future

## Communicate targets to public and stakeholders

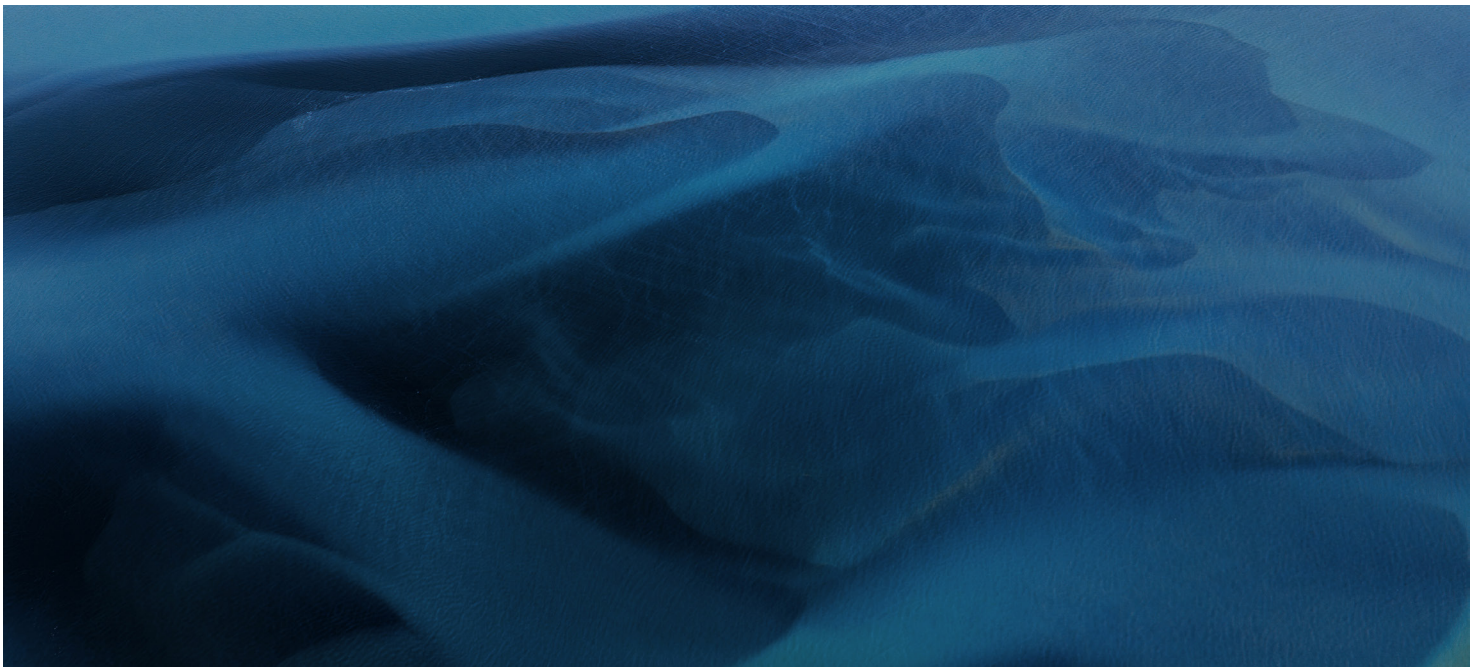
Once your targets have been validated, there are specific requirements for wording targets and how they are publicly communicated. This improves comparison and increases transparency. After validation, reference SBTi's resources for how to communicate targets. More information on BMS' requirements for communicating targets is also forthcoming.

## Disclose emissions and progress

After targets have been validated and communicated, you must publicly disclose GHG emissions and communicate your progress against the targets on an annual basis.

## Align on future management of emissions reduction

Finally, you should plan to continue to measure your emissions, quantify emissions reductions, and implement decarbonization projects. This will be an ongoing initiative, so it's important to create good processes, train employees, and keep leadership informed. Measuring emissions, setting targets, and creating a decarbonization strategy will take investment and action. It is also one of the most impactful things you can do for your customers, stakeholders, and community.



*\*\*The information in this white paper is current as of 01/15/2025. Please reference SBTi Services for the most recent information*





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