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info@sciencebasedtargets.org
www.sciencebasedtargets.org



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Sectoral Decarbonization Approach Tool Summary of feedback from beta testing

Background

Accompanying the Sectoral Decarbonization Approach (SDA) methodology, a tool was developed by Ecofys in collaboration with the partners of the Science Based Targets Initiative: CDP, UN Global Compact, WRI and WWF. The tool was initially developed as an Excel spreadsheet format and the final version is intended to be freely available online for interested companies to support the process of setting greenhouse gas targets.

Survey Distribution and Response

The SDA tool was distributed to a limited number of interested stakeholders during the beta testing (February 2nd to 27th, 2015). Since the number of confirmed beta testers grew during this period, an extension to provide feedback was allowed until March 16th.

Invitations were sent to stakeholders who participated in the initial consultation workshops of the SDA methodology, in CDP's Road to Paris outreach and the online consultation process of the SDA methodology during 2014. These stakeholders have previously expressed interest in the initiative and are currently part of its email list. Additionally, the members of the initiative's Technical Advisory Group received a formal invitation to beta test the tool. Other invitations were channelled to some WRI's Corporate Consultative Group members, members of the Caring for Climate Initiative (C4C) of the UN Global Compact, current and potential partners of interested WWF National Offices and partner companies of CDP.

Confirmed beta testers represented a wide range of companies, NGOs and other organizations that have an interest or expertise in the topic. Also, the beta testing process was announced on the [Science Based Targets Initiative website](http://www.sciencebasedtargets.org) to make it open to the general public. Invitations were sent through the initiative's email (info@sciencebasedtargets.org), or directly from the partner organizations to their corporate partners. Upon confirmation, beta testers received a toolkit that included: instructions for beta testing, the Excel spread sheet (tool), a printed version of the survey questions and the link to the online survey.

Feedback was collected through several avenues, primarily through the online survey and secondarily through email. The survey included questions on the clarity and usability of the tool, as well as questions interrelated to the SDA methodology.

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The survey consisted of 10 key questions (multiple choice with follow up questions and open questions). Additionally, feedback was received through a few phone discussions with members of the initiative’s steering committee.

Approximately 60 organizations received the toolkit and half provided feedback during the beta testing process. In the online survey (25 respondents) “Other Industry”¹ was dominant, followed by Service Buildings and Chemical industries. Representative companies for the sectors “Light Road Passenger”, “Heavy Road Passenger”, “Rail Passenger Transport” and “Other Transport” were absent.

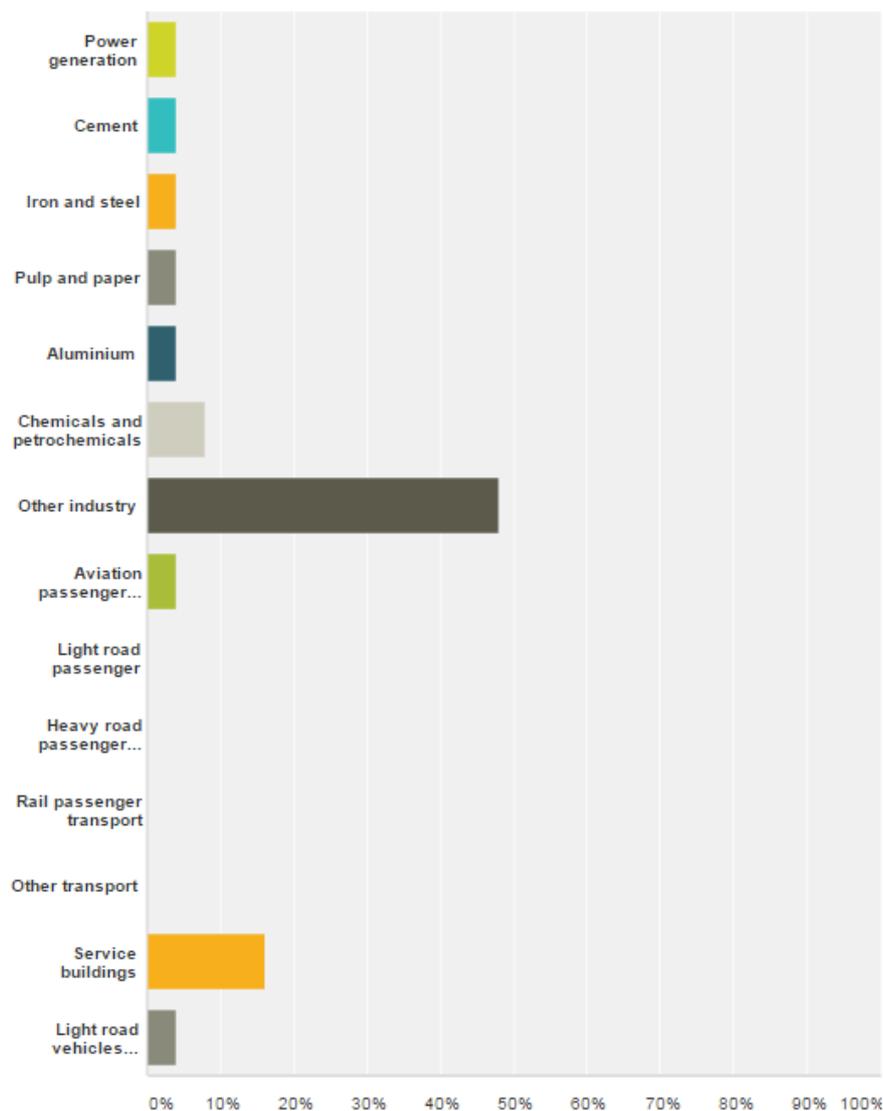


Figure 1. Sectoral representation of online feedback (Question 2)

¹ “Other industry” in the SDA refers to heterogeneous sectors that have not been refined in the methodology due to the lack of disaggregated data from climate model scenarios.

Process to evaluate survey results

All responses were reviewed thoroughly by the partner organizations. Feedback deemed appropriate will be incorporated into the SDA online tool where feasible, or will be addressed in future versions of the SDA methodology and tool. Information deemed not appropriate may be infeasible to incorporate, not backed by credible sources, and/or already included.

Incorporation of Feedback into the SDA

The feedback received by email and the online survey revealed the main issues below, which were brought up by multiple respondents. Less substantial suggestions may be incorporated in the SDA online tool, though not explicitly discussed in this report.

Input data & results (Questions 3 & 4)

Summary of feedback:

Approximately 76% of respondents stated that instructions are helpful and easy to understand and 80% stated that the tool is clearly structured. However, recommendations to improve the tool were provided:

- Provide more detailed guidance insight on the activity data to be input for the different sectors, as well as on the activity growth rate.
- Provide more detailed guidance on how to consider emissions from heat & steam, electricity in the base year, own power generation and scope 2 emissions. The use of heat & steam is non-negligible for certain sectors (e.g. chemicals); therefore, clarity on the method is important.
- Allow for earlier base years than 2010, and later base years than 2015.
- Provide more detailed guidance for companies operating in different sectors.
- Provide more detailed guidance on how to consider non-CO₂ gases (e.g. NF₃ added as a greenhouse gas).
- Provide information on how sectoral decarbonization pathways were constructed and budgets.
- Provide interpretation of results (e.g. graphs' behaviour; negative and positive numbers for GHG reductions)
- Allow to print graphs and tables for comparison of scenarios.
- Insert a comments box, in order to allow the organization to provide an explanation of emission reductions.

Assumptions (Questions 5 & 6)

Summary of feedback:

Approximately 52% of respondents stated that the SDA methodology assumptions were not accurately represented in the tool and 48% stated that they found the assumptions unreasonable (Figure 2).

- Mostly companies expressed unconformity with the following assumption:

“The SDA methodology intrinsically accounts for regional differences regarding level of activity and carbon intensity but not explicitly in relation to historical responsibility.”



Apart from the issue on historical responsibility (explained in the SDA methodology consultation summary), the statement seems to be not accurately explained.

- The other two assumptions that seem to be misrepresented in the tool are: a) Road vehicles are assumed to have a lifetime of 15 years; b) Man-made non-CO2 GHGs are already considered in the budget and are assumed to reduce as well.
- In general, respondents stated that there is the need to describe the rationale used in the assumptions and supportive evidence.

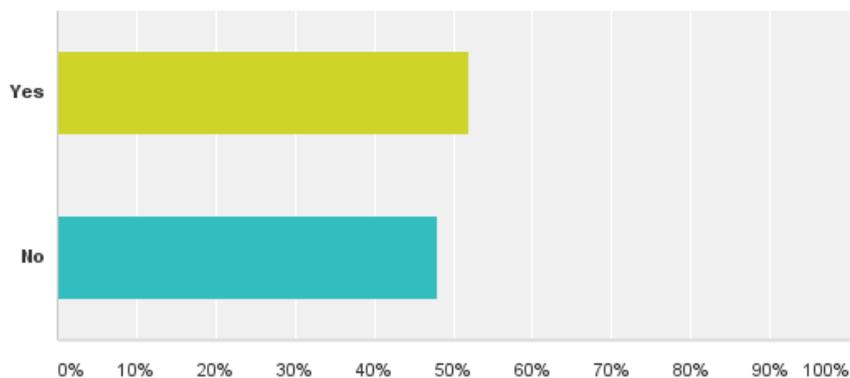


Figure 2. Percentage of respondents who found the assumptions unreasonable

Activity indicators & units (Question 7)

Summary of feedback:

Approximately 60% of respondents stated that activity indicators for the sectors in which their company operates are appropriate. Nevertheless, the following recommendations were provided:

- Turnover is more frequently used rather than value added for emissions' normalization. Although some companies indicated they are currently using value added.
- Include a currency converter in the tool, or present results in different currencies.
- For scope 3 emissions in the "Light road vehicle manufacturing" sector it is more common to use grams per kilometre than grams per passenger kilometre.
- Value added for heterogeneous sectors is not only attributable to activities that generate greenhouse gas emissions.
- Value added could be misleading for sectors such as "Mining & metals" because it does not account for commodity pricing.

SDA emissions reduction ambition (Question 8)

The survey included a question to test the SDA emissions reduction ambition against current corporate practices or methods. The question answered was: "When using the SDA-tool, do the results exceed the level of ambition on other GHG reduction targets developed for your organization?"

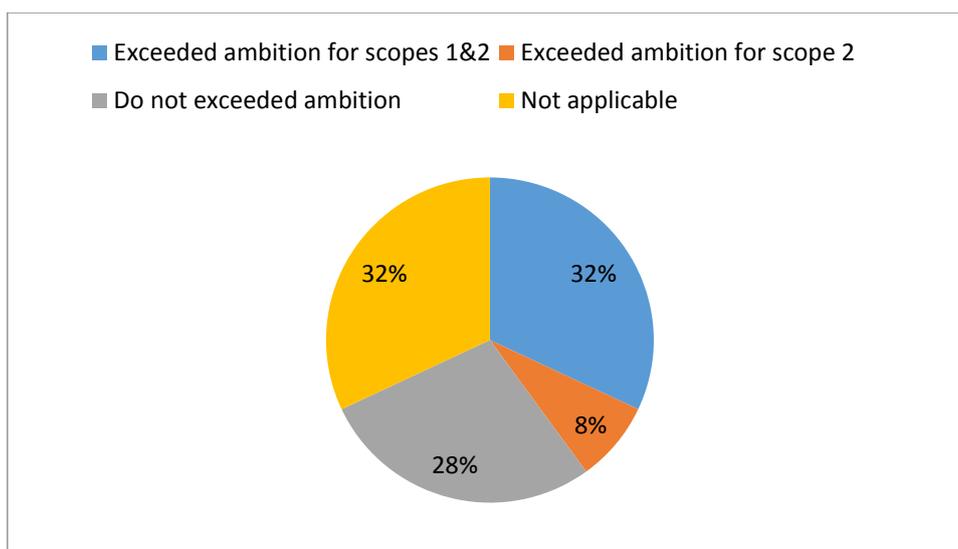


Figure 3. For over 32% of respondents the SDA tool exceeded the level of ambition for scope 1&2 targets

Interest in science-based targets (Question 9)

The survey also included a question to probe the respondents' level of interest in the SDA (Figure 3). After testing the SDA tool, 44% of respondents said they would use the SDA to define a science based target. General comments were to: a) increase transparency in the underneath data and methods and b) provide better guidance on the use of the tool and interpretation of results. Some companies commented that the tool can be used as a benchmark or reference when defining a target but other methodologies can also be used and other factors can intervene. Finally, some companies stated that they are currently using other science based methodologies that better suit their organization/company.

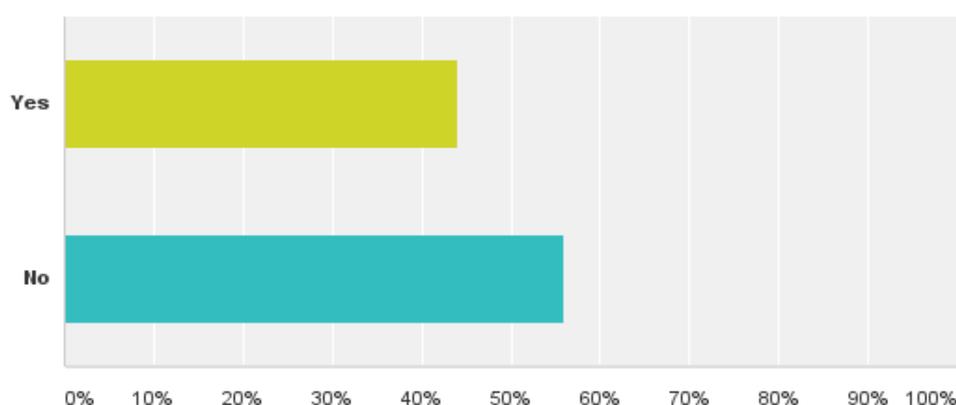


Figure 4. Over 44% of respondents would use the SDA tool to define a science based target

Survey Outcome

Based on the analysis of the survey results and emails received, the Steering Committee of the Science Based Targets Initiative is currently developing the online version of the SDA tool, to be launched at the initiative's side event during the UN Climate and Business Summit on the 20th of May. After the event, a comments period will be opened to the general public.

For questions on the survey results please contact info@sciencebasedtargets.org.