

The SBTi's Net-Zero Standard Pre-Launch Public Consultation

Feedback Report

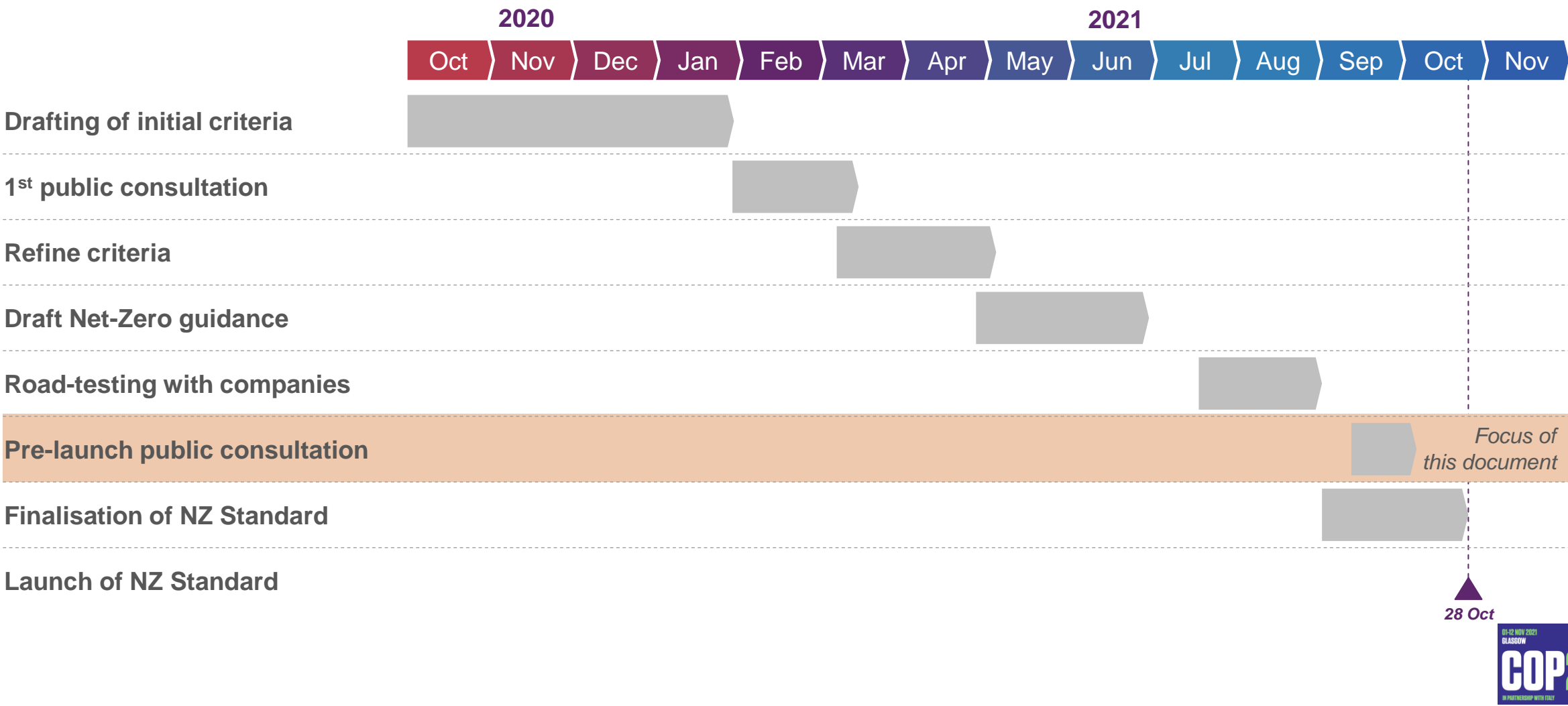
October 2021

Contents of the Net-Zero Standard **Pre-Launch Consultation** feedback report

➤ Context

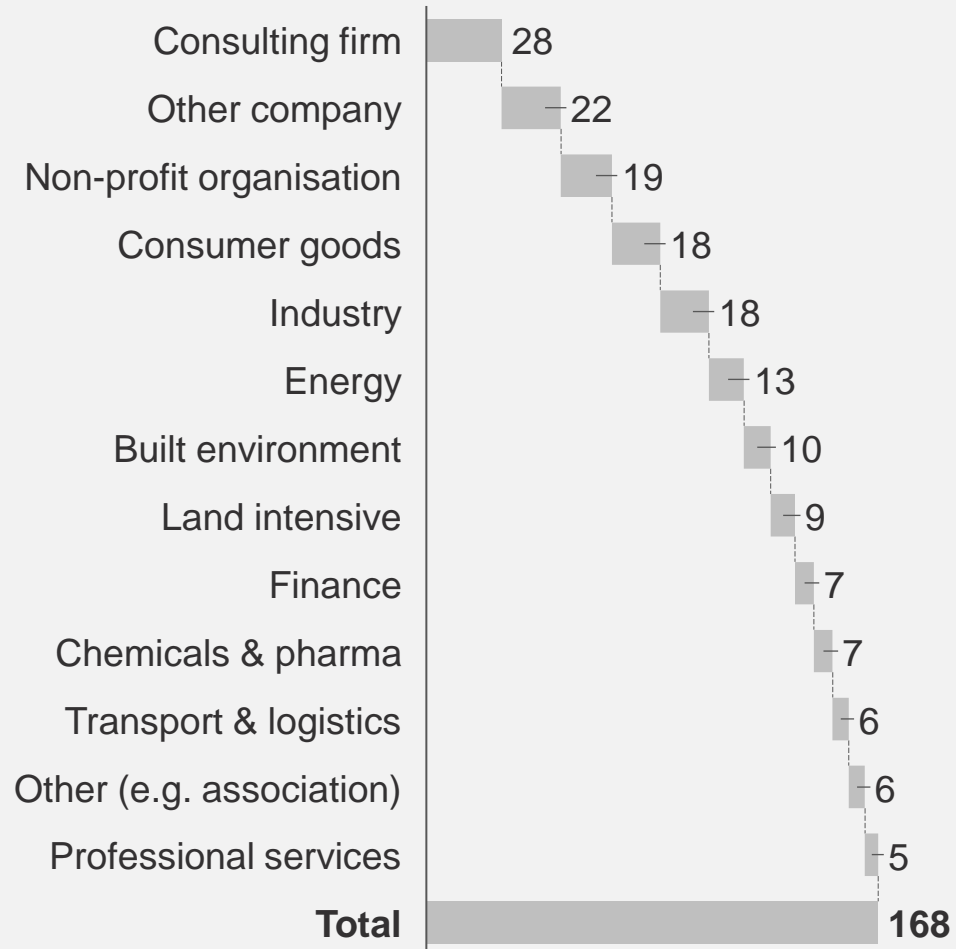
Feedback report

Net-Zero Standard development process timeline: this document focusses on the feedback from the pre-launch public consultation

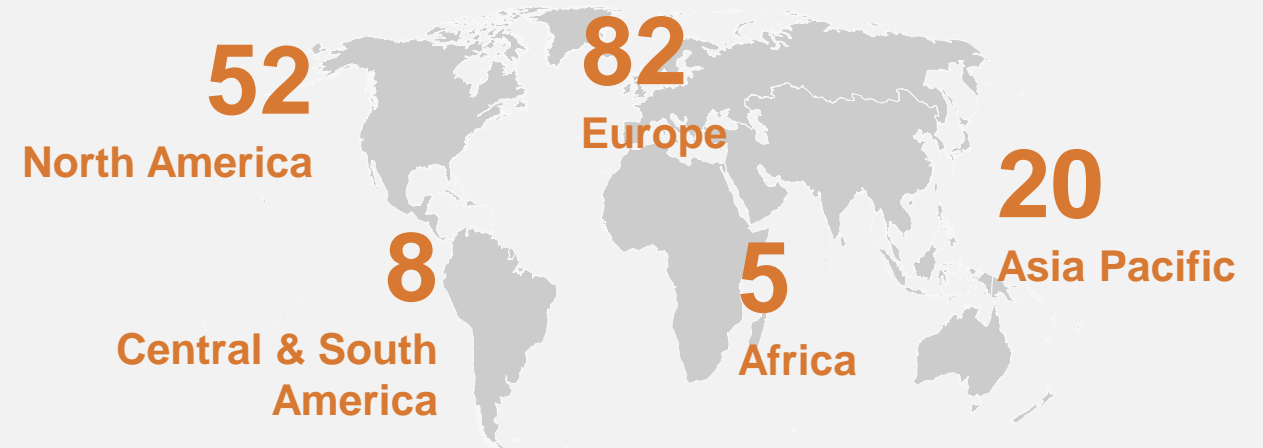


168 responses received to pre-launch publication

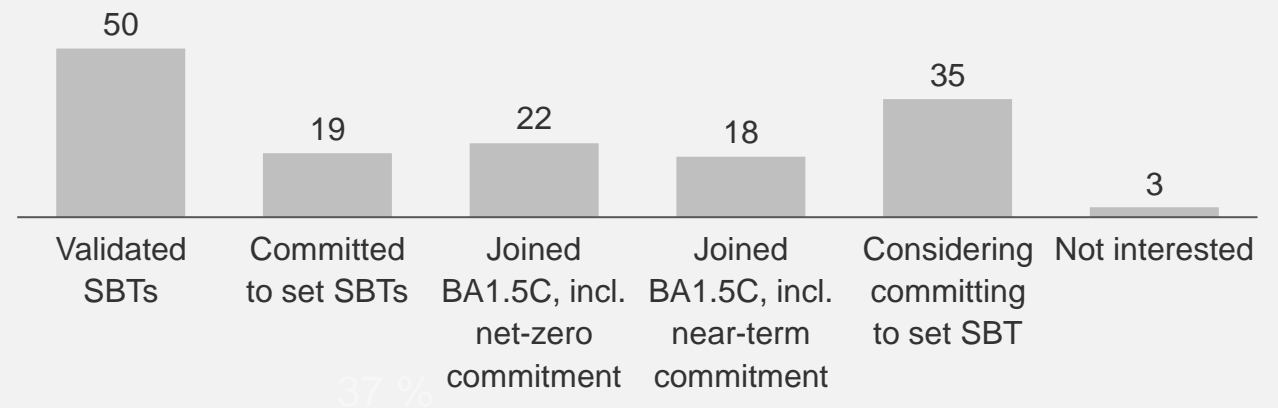
Type / sector



Geographies



Current targets



Contents of the Net-Zero Standard **Pre-Launch Consultation** feedback report

➤ Context

Feedback report

3

Key focus
areas of the
pre-launch
consultation

Executive summary



Tested support of overall method

- High level of support for added value of NZ Standard (70%), with >50% interested in gaining SBTi validation on their net-zero targets
- Participants strongly agree on importance of mitigation hierarchy as underlying principle for NZ Standard; 60% believes that companies should go further and invest in beyond value chain mitigation



Gathered input on materials & guidance

- ~40% feel more work needs to be done on expanding current range of methods and sector guidance
- Additional support on a variety of topics would be useful, e.g. removal accounting, scope 3 data quality and how to commit to unknowns
- Supporting materials in general rated good, room for improvement in simplification and reducing length

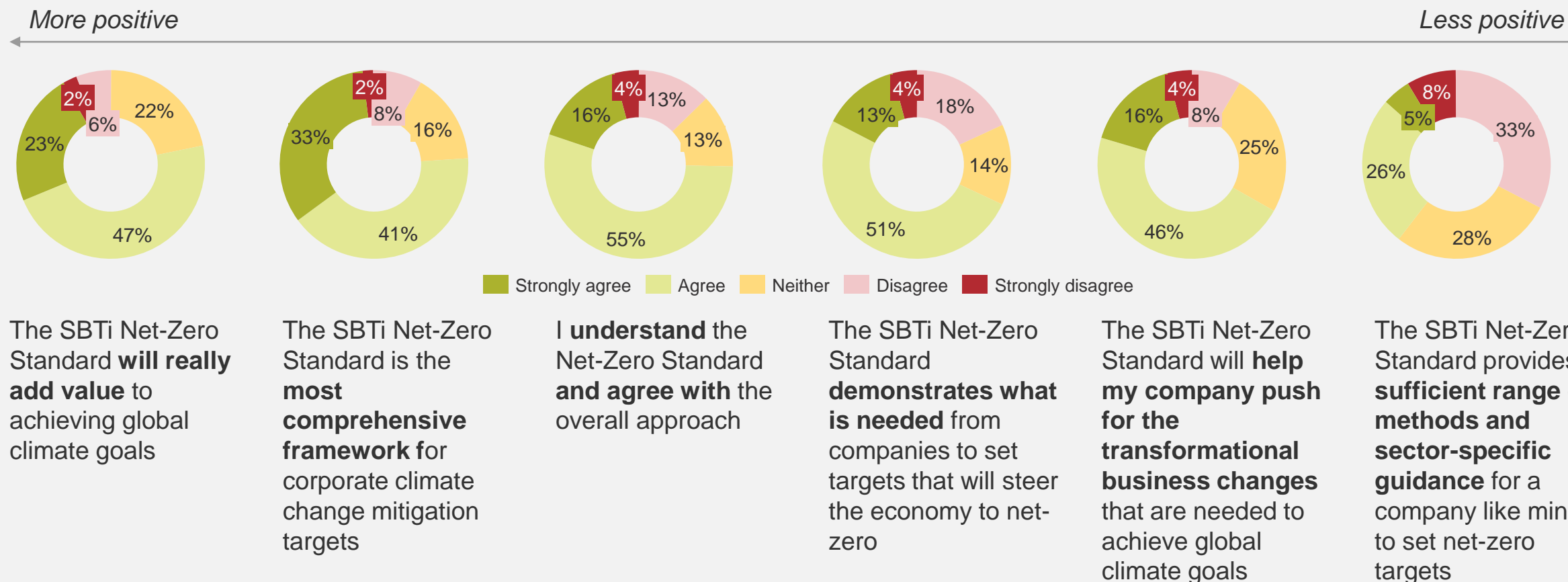
Solicited open feedback from wide range of stakeholders



- Compared to the first public consultation, participants do now better understand the mitigation hierarchy underlying SBTi's method.
- Feedback was mainly focused on beyond value chain mitigation, guidance on FLAG/Scope 3, and uncertainty around claims and communications



Respondents agree on added value of NZ Standard; but do indicate need for additional guidance and methods

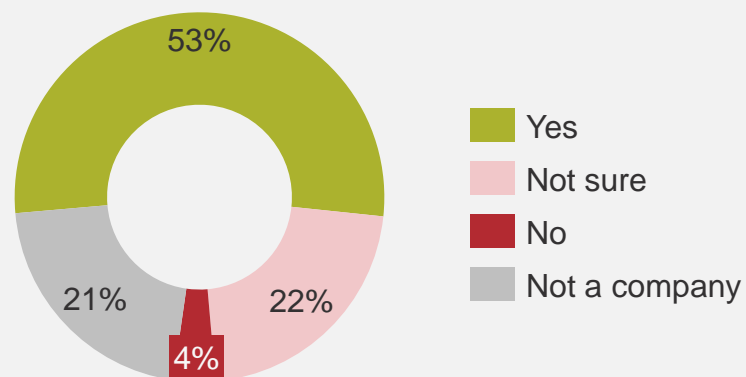




>50% would be interested in gaining SBTi validation of their NZ commitment, but most not before 2023

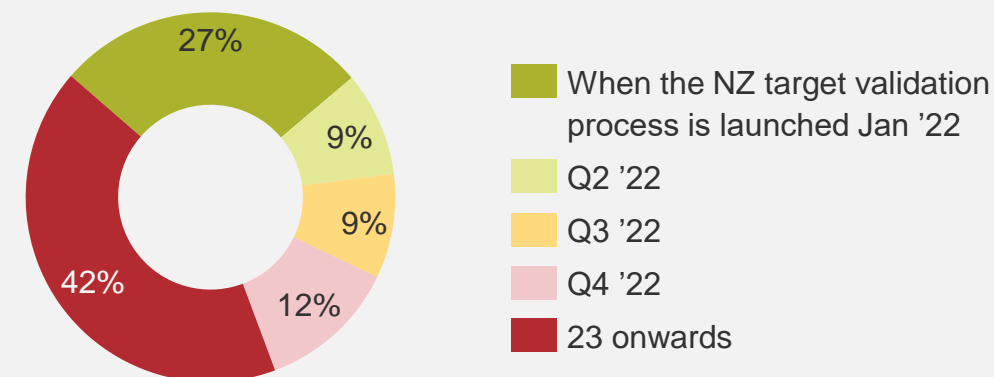
Most companies would be interested in gaining validation

Would you be interested in gaining SBTi validation for your net-zero commitment in line with the SBTi NZ Standard?
(N=164)



But do not expect to go through validation within a year from now

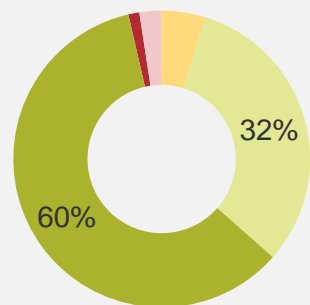
When do you anticipate going through the net-zero target validation process with the SBTi?



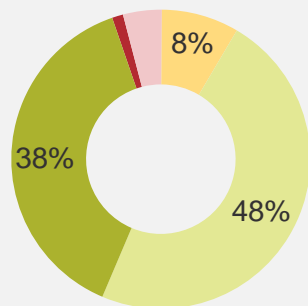


Participants strongly agree on the importance of abatement following the mitigation hierarchy...

Questions on mitigation hierarchy,
N = 167



Companies must follow the mitigation hierarchy that prioritizes **abatement** of their value chain emissions **over activities to mitigate emissions** beyond their value chains



Do you feel that the **SBTi Net-Zero Standard** reflects the "mitigation hierarchy"?

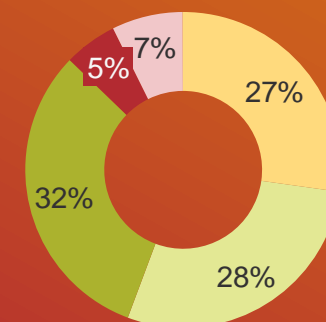
Strongly disagree Disagree Neither Agree Strongly agree

Source: SBTi Net-Zero Standard Pre-Launch Consultation Survey, N=167, results retrieved 07-10-2021

...But do also believe beyond value chain mitigation is important

Questions on beyond value chain mitigation,
N = 165

How important is it for companies to go beyond their science-based targets and **invest or take action to mitigate for unabated emissions** outside their value chain?



SCIENCE
BASED
TARGETS

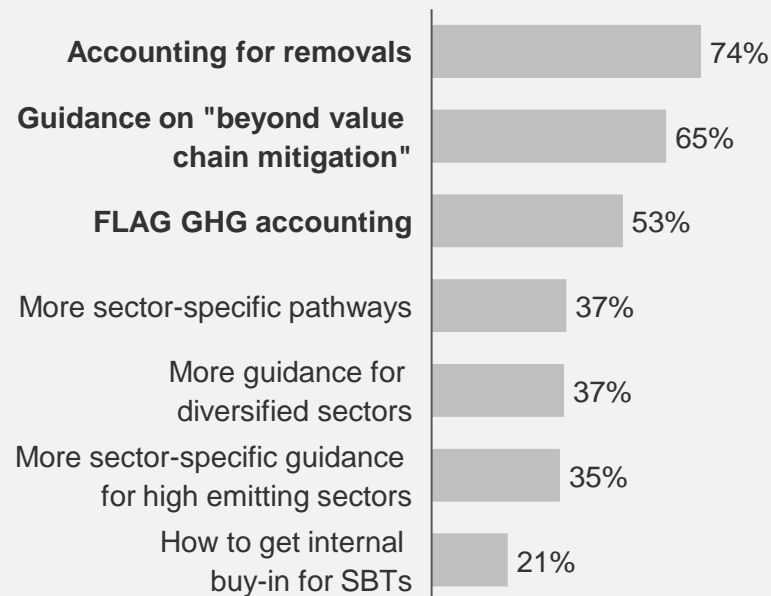


Additional guidance and support in several areas required

In which areas do you feel companies need further guidance to **align with the Net-Zero Standard?**

Please select all that apply

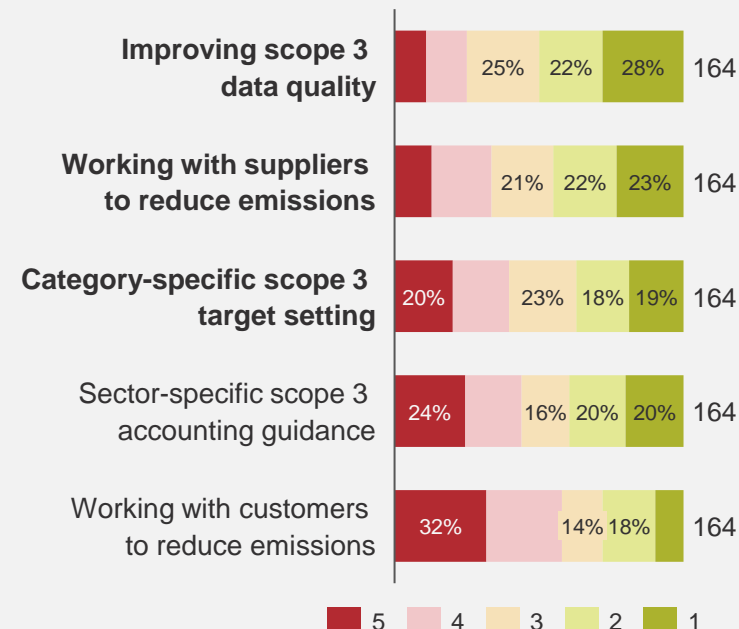
% of respondents that picked this option



In which areas do you feel companies need further support to **set and achieve net-zero targets, related to scope 3?**

Please rank in order of importance

Ranking, 1 being most important



In which areas do you feel SBTi could provide more support on **implementation and communication** of targets?

Please select all that apply

% of respondents that picked this option

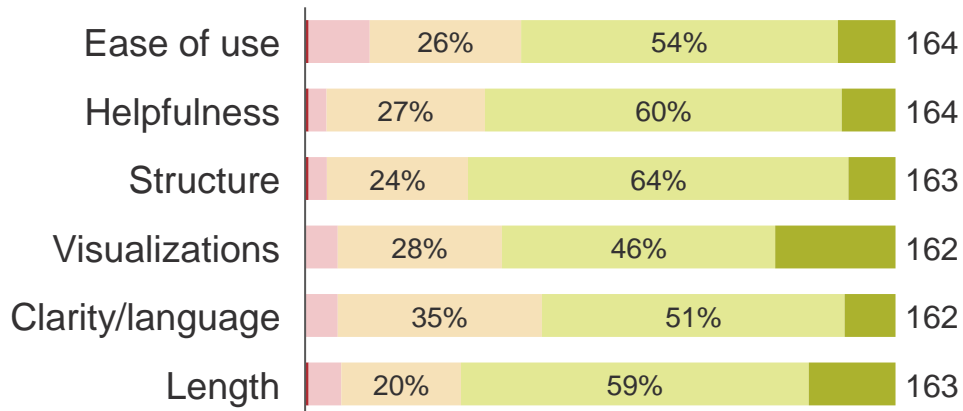




Participants in general rate materials as "good" or useful, but still need to be shortened and simplified

Getting Started guide

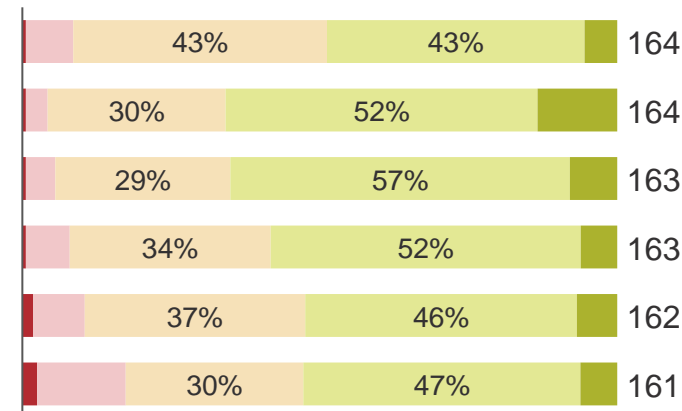
How would you rate the following aspects?



- Suggestions**
- “ Would be useful to have an introduction before launching into the decision tree
 - “ An interactive online tool with similar content would be really helpful
 - “ Figure on page 4 is difficult to understand

Corporate Manual

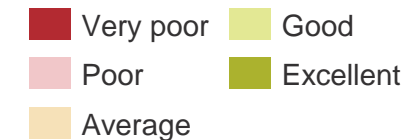
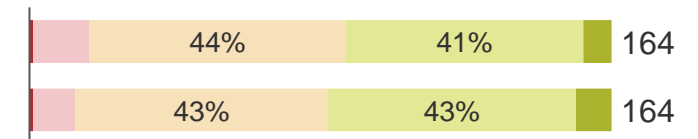
How would you rate the following aspects?



- “ Clarify information on FLAG, sector intensity pathways, base year and Box 1
- “ Include specific examples, illustrations and visual schemes
- “ Simplify language and list of contents

Criteria

How would you rate the following aspects of the criteria (integrated in the corporate manual)?

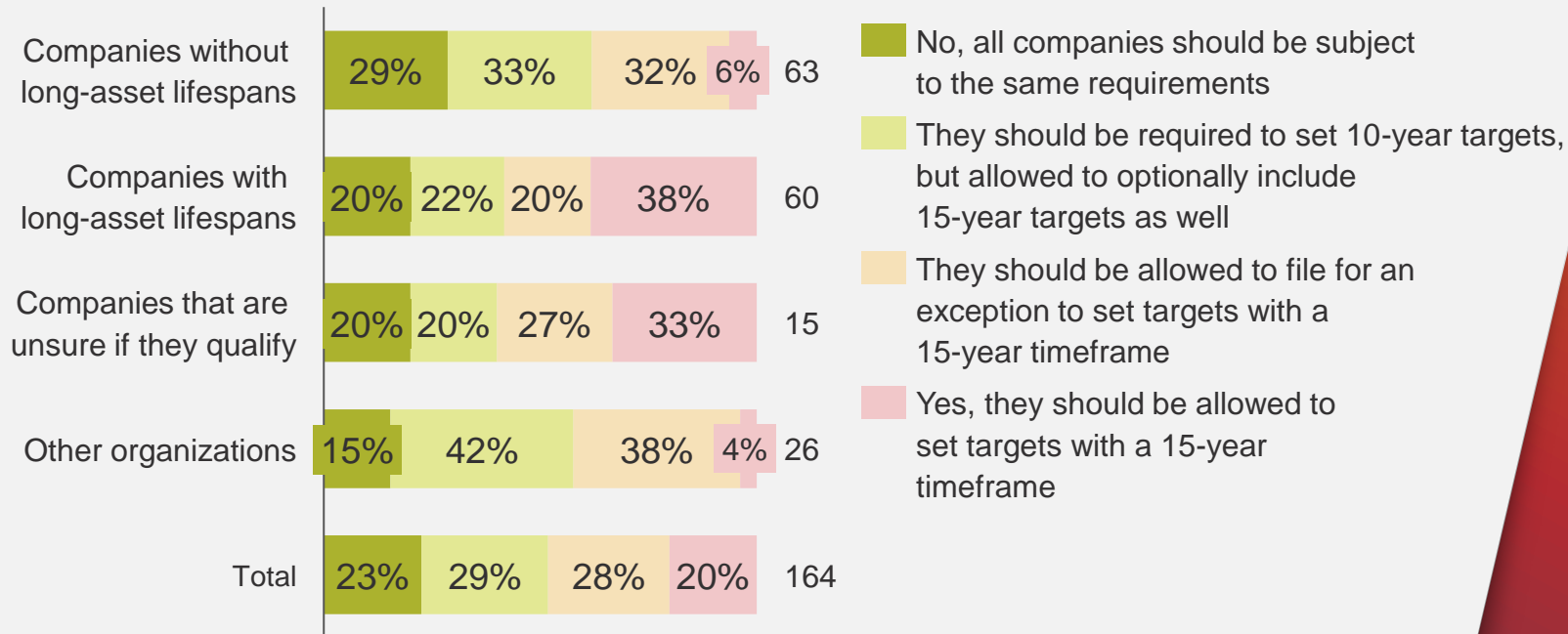


- “ Consolidate all the criteria into one master document



Only 20% of respondents think companies in high emitting sectors should be allowed to set targets with a 15-year timeframe

Should the SBTi make an **exception** for sectors where emissions reductions over a 10-year period are limited by **long asset lifespans in eligible 1.5°C scenarios** and allow near-term SBTs with a **15-year timeframe**?¹



Choosing a 10-year timeframe as default option, but creating a process for exceptional requests, might satisfy most parties

1. Self-reported if companies consider themselves to have long-asset lifespans, sectors with exception still to be defined by SBTi
Source: SBTi Net-Zero Standard Pre-Launch Consultation Survey, N=167, results retrieved 07-10-2021





Open feedback |
~100 companies
took the opportunity
to write open
feedback

Compared to the first public
consultation, participants do
now better understand the
mitigation hierarchy
underlying SBTi's method.
Feedback was mainly
focused on **3 key topics**:

Beyond value chain mitigation

- “ The SBTi standard should avoid seeking perfection now to the detriment of preventing action in the near term - allow companies to have ambitious abatement targets and support investment in high quality removal solutions
- NGO
- “ With the new Net Zero standards, we believe that SBTi has a fantastic opportunity to catalyze demand for critical component of carbon removal to solving climate change
- Other organization
- “ What about high value nature-based removal credits that are traceable, ex-post and have a social impact in addition to carbon removal?
- Finance

Guidance on Scope 3 and FLAG

- “ I am still really unclear as to how our FLAG emissions and removals will be treated by SBTi
- Land intensive
- “ Many industries have diversified S3 emissions and are merely able to conduct comprehensive measurements. 95% will turn the feasibility of committing to net-zero very low.
- Industry company

Claims and communications

- “ It would be great if you could outline how you will be assessing progress and publicly disclose the data you're using to assess the company performance against goals.
- Non-profit
- “ Some companies started their decarbonization journey long before 2015 and they are being penalized by the requirement to have a baseline no earlier than 2015.
- NGO
- “ We are concerned about the lack of a 'transient' state of net-zero emissions (i.e. achieving a balance between emissions and removals before residual emissions have been reached)
- Professional services
- “ Is the SBTi planning on following-up on performance and put in place some form of consequences for companies not achieving reductions fast enough?
- Fashion

