Context

Summary of feedback

Appendix: Detailed survey responses
Appendix: Detailed survey responses

Context

Summary of feedback

Appendix: Detailed survey responses
Net-Zero Standard development process timeline: this document focusses on the company road test

- Drafting of initial criteria
- 1st public consultation
- Refine criteria
- Draft Net-Zero guidance
- Road testing with companies
- Pre-launch public consultation
- Finalisation of NZ Standard
- Launch of NZ Standard

Focus of this document

Oct 2020
Nov 2020
Dec 2020
Jan 2021
Feb 2021
Mar 2021
Apr 2021
May 2021
Jun 2021
Jul 2021
Aug 2021
Sep 2021
Oct 2021
Nov 2021
Companies were invited to take part in the road test in May 2021. Companies that either already had science-based targets aligned to 1.5°C validated by the SBTi or had committed to the SBTi's Business Ambition for 1.5°C campaign were invited via email. From the group of companies that applied, the SBTi then selected companies aiming for diversity in region, sector and emissions profile. The SBTi invited all road test companies to take part in the pilot validation, but were only able to validate seven companies on a first-come, first-served basis due to resource constraints. Thus, participation in the pilot validation is not a reflection on the performance of any other company in the road test.

Source: Road-testing participants SBTi Net-Zero Standard development process participation survey; GRI sectors
Feedback received through multiple engagements

<table>
<thead>
<tr>
<th>Total # of participants</th>
<th>Webinars, workshops &amp; office hours</th>
<th>Questions logged in database(^1)</th>
<th>One-to-ones</th>
</tr>
</thead>
<tbody>
<tr>
<td>84</td>
<td>14</td>
<td>300+</td>
<td>40+</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Survey respondents</th>
<th>Tool outputs submitted</th>
<th>Applications for early validation</th>
<th>Deep-dive interviews, of which ~10 will be used to develop case studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>54</td>
<td>41</td>
<td>34</td>
<td>20</td>
</tr>
</tbody>
</table>

64% Of total participants

48% Of total participants

40% Of total participants

24% Of total participants

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1. All questions received during road-testing process, either during office hours/workshops, or via e-mail
Contents of the Net-Zero Standard road-testing feedback report

Context

Summary of feedback

Appendix: Detailed survey responses
Road-testing feedback summary is organized in three sections

Overall method and open feedback
Feedback on the added value of the overall method, the importance of out of value chain action and room for open feedback

Feasibility and key challenges
Feedback on adoption interest of near-term SBTs and long-term SBts, greatest areas of divergence with current targets are, and biggest challenges in adopting these targets

Use of tool and supporting materials
Feedback on the ease of use of the basic and pro-tool, the overall target-setting and the helpfulness of each of the materials

Source: SBTi Net-Zero Standard Road-test Feedback Survey, N=54, results retrieved 02-09-2021
Overall | Participants positive about added value of NZ Standard; but road testers would like more methods and sector guidance

The SBTi Net-Zero Standard will really add value to achieving global climate goals

The SBTi Net-Zero Standard is the most comprehensive framework for corporate climate change mitigation targets

I understand the Net-Zero Standard and agree with the overall approach

The SBTi Net-Zero Standard demonstrates what is needed from companies to set targets that will steer the economy to Net-Zero

The SBTi Net-Zero Standard will help my company push for the transformational business changes that are needed to achieve global climate goals

The SBTi Net-Zero Standard provides a sufficient range of methods and sector-specific guidance for a company like mine to set Net-Zero targets

Source: SBTi Net-Zero Standard Road-test Feedback Survey, N=54, results retrieved 02-09-2021
### Feasibility and key challenges | Summary of feedback and follow-up actions

<table>
<thead>
<tr>
<th>Theme</th>
<th>Feedback</th>
<th>Follow-up</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Near-term SBTs</strong></td>
<td>- Most companies already meet upgraded near-term criteria (40%) or are planning to upgrade (75% of others)</td>
<td>- SBTi has waived the requirement for companies that already have SBTs to update targets to meet 5-10 year timeframe requirements</td>
</tr>
<tr>
<td></td>
<td>- 85% of participants are willing to use limited scope 3 methods (SDA / supplier engagement) if economic and physical contraction methods were excluded</td>
<td>- SBTi will continue to allow GEVA &amp; physical intensity but upgrade to align with WB2°C (pathway under development)</td>
</tr>
<tr>
<td></td>
<td>- No strong preference for 10 or 15-year timeframe, with ~50% of companies neither disagree/agree</td>
<td>- SBTi has included this criteria open for in the second public consultation</td>
</tr>
<tr>
<td></td>
<td>- 62% of participants are interested in SBTi validated NZ targets and 38% are already planning to adopt long-term SBTs</td>
<td>- SBTi will provide more clarity on timelines for additional guidance to come out in the next version of guidance</td>
</tr>
<tr>
<td></td>
<td>- Participants mention a lack of sector-specific guidance and disagreement with the method often as a reason not to adopt</td>
<td>- SBTi is reviewing and reconsidering some of the key challenges that were identified with the eligible methods and (e.g., demand/supply split, &quot;other industry&quot; method)</td>
</tr>
<tr>
<td></td>
<td>- Challenges with scope 3 was the single most raised issue with 54% of respondents indicating this as the key challenge in the process</td>
<td>- SBTi will release a supplier engagement toolkit by this year, and is kicking off a project to further develop scope 3 target setting methods</td>
</tr>
<tr>
<td><strong>Long-term SBTs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Theme</td>
<td>Feedback</td>
<td>Follow-up</td>
</tr>
<tr>
<td>---------------</td>
<td>--------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Tool</td>
<td>- Basic tool was used by &gt;80% of participants and evaluated easy to very easy to use (82%), but companies did often mention it was too simplistic</td>
<td>➤  The basic tool will be updated enhanced with additional features to help companies see what a 90% reduction means for them</td>
</tr>
<tr>
<td></td>
<td>- Pro tool was also used by &gt;80% of participants and rated neutral to easy (71%), companies would like to see demos and instructions included in tool</td>
<td>➤  Technical issues and bugs were found and resolved</td>
</tr>
<tr>
<td></td>
<td>&quot;Other industry&quot; method was used by 13 companies, of which 1 company found the method helpful</td>
<td>➤  The pro-tool and near-term SBT tool will be combined in 2022, in the meantime instructions will be included in tool</td>
</tr>
<tr>
<td>Methods</td>
<td>- More than 50% rated process as good or better</td>
<td>➤  SBTi is reviewing the &quot;other industry&quot; method for improvement</td>
</tr>
<tr>
<td></td>
<td>- 42% thinks SBTi does not yet provide a sufficient range of methods and sector-specific guidance</td>
<td>➤  SBTi has included a clear overview of release dates of different pathways/guidance in the new version of the corporate manual</td>
</tr>
<tr>
<td>Support</td>
<td>- While other supporting materials are in general rated good, participants suggest simplifying, shortening and avoiding duplication</td>
<td>➤  &quot;How-to&quot; has been renamed &quot;Getting Started&quot; guide</td>
</tr>
<tr>
<td>materials</td>
<td></td>
<td>➤  SBTi plans to publish a PowerPoint version of the Net-Zero Standard that provides a clear and concise overview on how to set your NZ targets and which materials to refer to</td>
</tr>
<tr>
<td></td>
<td></td>
<td>➤  Corporate manual has been shortened and de-duplicated</td>
</tr>
</tbody>
</table>
Overall positive feedback on Criteria

How would you rate the following aspects of the Criteria? (N=53)

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Excellent</th>
<th>Good</th>
<th>Average</th>
<th>Poor</th>
<th>Very poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of use</td>
<td>8%</td>
<td>55%</td>
<td>26%</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Helpfulness</td>
<td>11%</td>
<td>62%</td>
<td>23%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Structure</td>
<td>8%</td>
<td>64%</td>
<td>26%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Clarity/language</td>
<td>8%</td>
<td>62%</td>
<td>25%</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Length</td>
<td>8%</td>
<td>53%</td>
<td>36%</td>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>

Selection of suggestions to improve criteria

- You referred to lots of other documents and sometimes you get lost on what to read to understand the whole picture. Perhaps, you could make another chapter that is called: recommended reading.
- Simplify? Compared to the other supporting material, this one is my least favourite resource as it seems to overcomplicate and make any target-setting challenging (and daunting).
- Clarity about criteria to be evaluated at the approval process (i.e. checking targets against last available year or not).
- Improve links & navigation—e.g. as a collapsible chapter web page.
- Give industry-specific examples straight away. SBTi documentation seems to be written in a very academic style, which is very process-orientated and reaches a conclusion at the end. A conclusion upfront is helpful for time-pressed staff in corporates!
- Combine the Criteria and Manual into one document.

Source: SBTi Net-Zero Standard Road-test Feedback Survey, N=54, results retrieved 02-09-2021
How-to Guide | How-to Guide is a good introduction to NZ Standard, but a table of contents would be helpful

Overall positive feedback on How-to

How would you rate the following aspects of the How-to guide? (N=53)

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Excellent</th>
<th>Good</th>
<th>Average</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of use</td>
<td>19%</td>
<td>58%</td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td>Helpfulness</td>
<td>26%</td>
<td>57%</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Structure</td>
<td>15%</td>
<td>66%</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>Clarity/language</td>
<td>13%</td>
<td>68%</td>
<td>15%</td>
<td>-4%</td>
</tr>
<tr>
<td>Length</td>
<td>25%</td>
<td>58%</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Visualizations</td>
<td>25%</td>
<td>53%</td>
<td>23%</td>
<td></td>
</tr>
</tbody>
</table>

Selection of suggestions to improve How-to Guide

- Add a table of contents to navigate easier throughout the guide
- The diagrams are good but quite intense and it takes a long time to digest them. Try to find a way to "ease people in" to these – maybe split some of them up into several diagrams, which get gradually more complex.
- I find the titles of the How to Guide and the Corporate Manual a little confusing. The How to Guide sounds like it’s a guide on how to use the tool but those details are in the Corporate Manual. I think the titles could be reworked to better define the content. I think the How to Guide is simply near term and long term SBTs in a nutshell. The Corporate Manual is more explanatory of the pathways and then also has the user guide for the tool.
- Clarify the distinction between sectors in terms of Supply or Demand. E.g., if my company is in the professional services sector, & if most of my emissions are from air travel, can I use the aviation intensity convergence method to set my company’s LT targets?

Source: SBTi Net-Zero Standard Road-test Feedback Survey, N=54, results retrieved 02-09-2021
Corporate manual | Although participants recognize importance of the document, length and clarity could be improved

## Overall positive feedback on Manual

_How would you rate the following aspects of the Corporate Manual? (N=53)_

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Excellent</th>
<th>Good</th>
<th>Average</th>
<th>Poor</th>
<th>Very poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of use</td>
<td>5%</td>
<td>47%</td>
<td>43%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Helpfulness</td>
<td>17%</td>
<td>58%</td>
<td>21%</td>
<td>4%</td>
<td>2%</td>
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<tr>
<td>Structure</td>
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<td>62%</td>
<td>28%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Clarity/language</td>
<td>2%</td>
<td>60%</td>
<td>34%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Length</td>
<td>8%</td>
<td>30%</td>
<td>40%</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>Visualizations</td>
<td>13%</td>
<td>47%</td>
<td>34%</td>
<td>6%</td>
<td></td>
</tr>
</tbody>
</table>

## Selection of suggestions to improve Criteria

- I found the mitigation pathway section very confusing: for example, you say that there are two main SBT pathways (see Figure 5) 6: Universal and Agriculture Pathway and then you show 4 pathways on figure 5? The description of the activity intensity sectors is very confusing.
- Create an online version with collapsible chapters/sections.
- Consider if more elements should be in the appendix.
- I found some of the guidance on NBS and insets lacking in clarity.
- On page 26 for the ‘mandatory Scope 3 categories’, it said ‘detailed information on mandatory Scope 3 emissions to include is located on the SBTi Target Validation Protocol (page 46)’—could not find the guidance here. Some reassurance, that the category guidance has not changed would be good.

Source: SBTi Net-Zero Standard Road-test Feedback Survey, N=54, results retrieved 02-09-2021
Appendix: Detailed survey responses

Context
Summary of feedback

Contents of the Net-Zero Standard road-testing feedback report
54 respondents across different industries, many of them can be considered leaders in climate action.

### Near-term SBT

- 1.5C: 16%
- WB2C: 7%
- 2C: 9%
- Other: 68%

### FLAG emissions

- No FLAG emissions: 7%
- FLAG emissions: 76%
- Unclear: 17%

### Net-Zero pledge

**Multiple options possible**

- RtZ via BA1.5: 31
- RtZ via Climate Pledge: 5
- RtZ via sector initiative: 3
- Climate Pledge: 10
- Pledge to net Zero: 3
- We haven’t committed yet: 16
- Other: 11

Source: SBTi Net-Zero Standard Road-test Feedback Survey, N=54, results retrieved 02-09-2021
Near-term SBTs | Most participants already aligned or planning to upgrade near-term SBTs

~40% already aligned to upgraded requirements

What near-term emission reduction targets does your company currently have in place? (N=54)

- 1.5°C, in line with new requirements
- 1.5°C, not yet aligned
- WB2°C
- 2°C
- Other

- SBTi has raised the bar for near-term SBTs in the NZ Standard:
  - Minimum 1.5°C ambition for Scope 1+2,
  - Minimum WB2°C ambition for Scope 3,
  - A 10-year timeframe

~75% of the others planning to adopt

If your near-term SBTs do not align with the updated criteria, do you plan on upgrading your near-term SBT? (N=54)

- Yes
- No

- Companies that are not planning on upgrading near-term SBTs already have a 1.5°C aligned target but do not meet the other upgraded requirements (e.g. WB2C for Scope 3, timeframe)

8 companies not planning to adopt or still undecided

If not, why not? Please select all that apply. (N=8)

- Other
- Level of ambition
- No sector-specific guidance
- Disagreement with method
- No added value
- Commitment fatigue

- Some companies are still undecided because of the process/stakeholder management, while others are not planning to adopt due to S3 ambition level or SDA method

Road testing participants are in general leaders in climate change efforts and therefore a higher willingness/readiness to adopt the NZ Standard might be expected.

Source: SBTi Net-Zero Standard Road-test Feedback Survey, N=54, results retrieved 02-09-2021
Near-term SBTs | Most companies willing to use SDA or supplier engagement

85% willing to use SDA or supplier engagement methods for Scope 3 target setting

Would your company be willing to set near-term S3 targets using Absolute Contraction (WB2C), SDA, and/or supplier engagement? (N=53)

- We already have
- Yes
- Not sure
- No

<table>
<thead>
<tr>
<th></th>
<th>60%</th>
<th>25%</th>
<th>11%</th>
<th>4%</th>
</tr>
</thead>
</table>

- Question was included because SBTi is considering to remove the economic intensity target-setting method for Scope 3

Key issues

We are a solution (technology, service & digital) provider to two hard-to-abate industries; cement and mining. For those two industries, we provide a broad range of solutions (...). With an absolute scope 3 target, simply selling less will appear to get us closer to reaching the target, our ambition is to make better solutions for our customers; to by 2030 have the solutions ready for them to move towards zero emissions in cement and mining. For these reasons(...) an economic intensity target seems the most appropriate way of expressing real GHG benefits

- Equipment & engineering

We already engaged the organisation on our current targets and it might be very challenging to review it and change our communication

- Consumer goods

Splitting our S3 emissions into available SDA sectors would be impracticable and also require to determine growth projections for the relevant intensity metrics. An additional challenge is that all available area measurements (gross, net, heated area, etc.) are defined differently between companies/countries

- Built environment

Given the relatively high growth rate of our company, the absolute contraction methodology would require us to increase our recently validated -xx%/FTE ambition (which we set using the physical intensity method). (...) A professional services SDA might address some of the challenges but more critical would be a specific guidance that recognizes the ‘fast growing firms’ specific guidance

- Professional services

Source: SBTi Net-Zero Standard Road-test Feedback Survey, N=54, results retrieved 02-09-2021
Near-term SBTs | No strong preference on a 10 or 15 year timeframe for companies with long-asset lifespans

Almost half of participants do not have a clear opinion on the 10 vs 15 year timeframe

Do you agree that SBTi should continue allowing near-term SBTs with a 15-year timeframe for sectors where emissions reductions over a 10-year period are limited by long asset lifespans in eligible 1.5°C scenarios?

<table>
<thead>
<tr>
<th>Companies without long-asset lifespans</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>4%</td>
<td>17%</td>
<td>48%</td>
<td>26%</td>
</tr>
<tr>
<td>Disagree</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neither</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agree</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly agree</td>
<td>23</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Companies with long-asset lifespans</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>
| Strongly disagree | 17% | 48% | 26% | 9%
| Disagree | | | | |
| Neither | | | | |
| Agree | | | | |
| Strongly agree | 23 |

<table>
<thead>
<tr>
<th>Companies that are unsure if they qualify</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>29%</td>
<td>43%</td>
<td>29%</td>
</tr>
<tr>
<td>Disagree</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neither</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agree</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Strongly agree</td>
<td>7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>19%</td>
<td>47%</td>
<td>26%</td>
</tr>
<tr>
<td>Disagree</td>
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<td></td>
</tr>
<tr>
<td>Neither</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agree</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly agree</td>
<td>53</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

No clear difference between companies with or without long-asset lifespans in opinion

- All companies should have the same criteria. However we are not aware whether a specific industry would have the issue
  - Automotive (long-asset lifespans)

- Enabling airlines to set 15-year science-based targets would enable them to be more ambitious—(...) this should increase the uptake of SBTi’s methods
  - Aviation (long-asset lifespans)

- We strongly disagree because, per the IPCC, action is required sooner to stay within a 1.5°C scenario. (...) If SBTi does allow the 15-year timeframe, they should be very specific about what these sectors are and make these rules clear. The rules should also be reconsidered in a few years
  - Professional services (no long-asset lifespans)

- It is better to have some commitment than none from sectors with long asset lifespans.
  - Electronics (no long-asset lifespans)

---

1. Self-reported if companies consider themselves to have long-asset lifespans

Source: SBTi Net-Zero Standard Road-test Feedback Survey, N=54, results retrieved 02-09-2021
Long-term SBTs | More than half of participants already set a net-zero target but their targets differ in offsets and Scope 3 ambition

More than half of participants already set a net-zero target

What long-term emission reduction targets does your company currently have in place? Please select all that apply (N=54)

- Net-zero target: 54%
- Pledge, standard or initiative: 28%
- None: 28%
- Long-term emission reduction target: 22%

Only 6 companies already meet SBTi requirements

Are your current Net-Zero commitments sufficient to meet the SBTi requirements? (N=52)

- Yes: 19%
- Not sure: 31%
- No: 11%
- No commitment yet: 39%

- Most of the companies that indicated ‘not sure’ do not meet all requirements for the NZ Standard (e.g. only near-term, less than 95% S3)

Offsets and Scope 3 are key areas of divergence

What are the greatest areas of divergence/similarities for your own long-term targets compared to modelled SBTs?

- Offsetting: 21% Very different, 35% Quite different, 29% Quite similar, 15% Same
- Ambition level S3: 16% Very different, 39% Quite different, 32% Quite similar, 13% Same
- Timeframe: 14% Very different, 17% Quite different, 25% Quite similar, 44% Same
- Method to calculate targets: 17% Very different, 25% Quite different, 39% Quite similar, 19% Same
- Ambition level S1+2: 5% Very different, 46% Quite different, 46% Same

1. No near-term targets yet, in the process or own targets
Source: SBTi Net-Zero Standard Road-test Feedback Survey, N=54, results retrieved 02-09-2021
Long-term SBTs | 38% of companies are already planning to adopt long-term SBTs

38% already planning to adopt long-term SBTs

Does your company plan to adopt the long-term SBTs modelled in the road-test? (N=53)

38% Yes
15% Not sure
6% If methods won’t change
42% No

Road testing participants are in general leaders in climate change efforts and therefore a higher willingness/readiness to adopt the NZ Standard might be expected.

Lack of sector-specific guidance and disagreement with method mentioned often

If not, why not? Please select all that apply (N=25)

- No sector-specific guidance
- Disagree with proposed method
- Need assurance method won’t change
- Level of ambition too high
- Commitment fatigue
- No added value
- Process is too lengthy/difficult
- Current target already more ambitious

- Absolute contraction for high growth companies not viable
  - Retail
- I’d like to see a pathway that effectively accepts/incentivizes business model change and divestment
  - Retail
- We don’t want to exclude use of removals from our targets at this stage
  - Aviation
- We need confidence in FLAG pathways and ability to consolidate the multiple FLAG commodity pathway targets into a single FLAG target. It’s also vitally important that the supply and demand side FLAG targets align to ensure we can meet our objectives in partnership with suppliers
  - Hotels & restaurants

Source: SBTi Net-Zero Standard Road-test Feedback Survey, N=54, results retrieved 02-09-2021
Scope 3 | Scope 3 ambition level regarded as a key challenge for several reasons

More than 50% of participants selects scope 3 ambition as key challenge

What have been the biggest challenges for your company in this road-test? Please select all that apply (N=53)

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambition for Scope 3 too high</td>
<td>54%</td>
</tr>
<tr>
<td>Updating Near-Term SBTs</td>
<td>26%</td>
</tr>
<tr>
<td>No guidance on FLAG or GHG accounting</td>
<td>24%</td>
</tr>
<tr>
<td>Understanding NZ Criteria</td>
<td>20%</td>
</tr>
<tr>
<td>Communicating changes with stakeholders</td>
<td>20%</td>
</tr>
<tr>
<td>Using the Net Zero tool</td>
<td>19%</td>
</tr>
<tr>
<td>Internal sign-off processes</td>
<td>17%</td>
</tr>
<tr>
<td>No defined strategy so difficult to determine target year</td>
<td>15%</td>
</tr>
<tr>
<td>Ambition in general too high</td>
<td>13%</td>
</tr>
<tr>
<td>Understanding Corporate Manual</td>
<td>11%</td>
</tr>
<tr>
<td>No significant challenges</td>
<td>7%</td>
</tr>
<tr>
<td>Ambition for Scope 1+2 too high</td>
<td>4%</td>
</tr>
</tbody>
</table>

Reduction target, boundary and eligible methods all mentioned as issues

- A target >10 years away is difficult to plan for – particularly on S3 side: e.g., data quality provides limited reliability and questionable foundation
- Level of ambition for S3 is very high and we don’t even know how to adequately measure or monitor our scope 3 emissions
- It is hard to commit on 90% of reduction, knowing we have very low impact on this part and are not confident in our ability to reduce those.
- It’s not the 'ambition' of S3 that is challenging, it’s the boundary inclusion of 95% - takes the target well outside of impacts that we can influence
- 95% seems very high as by definition these emissions are double counted
- The biggest part of our scope 3 emissions is embedded carbon from building material, for which the SDA ambition is too dependent on removal/offsetting methods not yet available
- For multiactivity companies, revenues intensity targets are more representative than absolute ones.

Source: SBTi Net-Zero Standard Road-test Feedback Survey, N=54, results retrieved 02-09-2021
SBTi validation | ~60% would be interested in gaining SBTi validation of their NZ commitment

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=53)

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>62%</td>
</tr>
<tr>
<td>Not sure</td>
<td>5%</td>
</tr>
<tr>
<td>No</td>
<td>32%</td>
</tr>
</tbody>
</table>

We perceive the 2050 reduction of 90% as too ambitious and currently don’t see the ability to convince our senior management. Longer analysis will be required to identify preconditions under which this would be.
- Manufacturing & engineering

[…] expects to over-deliver on the SBTi well-below-2C requirements of a 65% improvement in emissions intensity by 2050, but the suggested 1.5C-aligned requirements of a 90% improvement in emissions intensity by 2050 is out of reach
- Aviation

Without sector guidance and clarity on maritime reductions requirements there is no point.
- Maritime transport

Source: SBTi Net-Zero Standard Road-test Feedback Survey, N=54, results retrieved 02-09-2021

Internal sign-off would typically take a few months

How long would the internal sign off process take? (N=51)

<table>
<thead>
<tr>
<th>Duration</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A few weeks</td>
<td>20%</td>
</tr>
<tr>
<td>More than a year</td>
<td>10%</td>
</tr>
<tr>
<td>A few months</td>
<td>8%</td>
</tr>
<tr>
<td>Not feasible at all</td>
<td>14%</td>
</tr>
<tr>
<td>Almost a year</td>
<td>49%</td>
</tr>
</tbody>
</table>

Since we just set the near-term SBT, there might be a desire to see how we progress against those targets before setting much more aggressive emissions reduction targets (especially for scope 3 emissions)
- Professional services

Due to challenging communications with internal and external stakeholders
- Retail

Near-term SBT recently validated, need to determine if we will pursue validation of a long-term SBT
- Pharmaceuticals
Basic tool | Basic tool easy to use, but an explanation of the background would be useful

>80% of participants used the basic tool

What tool did you use? (N=53)

To what extent did you find the basic tool clear and easy to use? (N=43)

Did you encounter any technical issues? (N=46)

Key issues / suggestions

1. Tool is very simplistic as it does not show anything else than the 90% reduction – this created confusion for multiple companies

2. Include a worksheet that allows users to see all components of emissions and plot out what 90% means for them

3. Allow for additional base years where targets are established for separate scopes

Source: SBTi Net-Zero Standard Road-test Feedback Survey, N=54, results retrieved 02-09-2021
Pro tool | Several issues encountered with pro-tool, participants would like to see the tool integrated with near-term SBT tool

>80% of participants used the pro tool

What tool did you use? (N=53)

To what extent did you find the pro tool clear and easy to use? (N=46)

Did you encounter any technical issues? (N=46)

Key issues / suggestions

- Some technical issues (e.g. compatibility, other languages, bugs in graphs, linked cells)
- Not clear what to do with power generation
- Include instructions in the tool instead of manual, and provide a step-by-step walkthrough of the tool with completed examples
- Combine the long-term SBT target-setting tool with the near-term SBT tool
- Make the tool more intuitive, (e.g. change default colors of graphs; highlight when incompatible selections have been made
- Increase the number of available rows
- Enable automatic materiality assessment of FLAG emissions based on input and enable consolidated FLAG/other targets on enterprise level

Source: SBTi Net-Zero Standard Road-test Feedback Survey, N=54, results retrieved 02-09-2021
Other industry method | Only ~25% of companies used “Other industry method”, most did not find it helpful

Only 1 company found method useful

If your company has used the “other industry method”, did you find it well-suited to your company’s industry? (N=53)

- Didn’t use it: 9%
- No: 11%
- Not sure: 2%
- Yes: 77%

Some participants would need more guidance to understand

It would be useful to describe or provide more guidance on which types of industries should use this method and to provide guidance to companies to separate out different buckets of emissions like transport emissions and use the various methods available

- Food & beverage

Manual guidance would need to be extended to support the use of this method

- Built environment

Others would prefer a more specific option

Would prefer to have a guidance/tool specific for IT industry (hardware)

- Electronics

I considered options for us to use this method, but it does not fit to us, due to lack of meaningful physical “standard” units to compare to

- Equipment & engineering

Source: SBTi Net-Zero Standard Road-test Feedback Survey, N=54, results retrieved 02-09-2021
Overall process | Target-setting process rated "good" by >50%, could be improved with Scope 3 and sector-specific guidance

More than half of respondents rated process at least "good"

Overall, how would you rate the process to set long-term SBTs? (N=53)

- Good: 51%
- Average: 34%
- Poor: 8%
- Very poor: 6%

Additional guidance mostly required on Scope 3 and specific sectors

Please rank the following topics in order of importance for the SBTi to develop clearer or more in-depth guidance (N=53)

1. Category specific S3 target-setting
2. Sector-specific
3. Defining activity-specific boundaries
4. Use of SBT tool and methods
5. Creating internal buy-in

Other suggestions for guidance:

- Our insight is that we really need the FLAG guidance to be able to effectively roadtest the Net Zero Standard.
- It would be helpful if companies that are not directly in a FLAG industry received methodologies to estimate and allocate their FLAG emissions.
- A collection of projects/initiatives other companies are doing to achieve their net-zero goals.
- It would be good to understand the SBTi’s definition of Net-Zero as compared to other global definitions. It seems as if Net-Zero in this context is just an extended long-term 1.5D target, rather than a Zero emissions target which may include removals and/or neutralisation.
- One validation package for near and long-term targets
- Assuming we had used the universal contraction method (90%), we would still have millions of tons of CO2e emissions left at “net zero”. What is your guidance on neutralizing this (what type of removal offset is robust enough)

Source: SBTi Net-Zero Standard Road-test Feedback Survey, N=54, results retrieved 02-09-2021
Companies find action beyond value chain important

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?

But there is no consensus on the role that SBTi should take regarding compensation

- SBTI should develop an approval process and publicize which companies have voluntarily mitigated
  - Professional services

- Launch sectoral working groups in order to facilitate knowledge transmission and share case studies
  - Equipment & engineering

- SBTI should promote climate financing. SBTI should provide guidance on what is considered a high quality both for avoidance as well as removal credits and explain the worth of both.
  - Pharmaceuticals

- SBTI should advocate for this, but their focus should be on driving companies to create tangible carbon reductions in line with climate science within the value chain
  - Built environment

- SBTI is not the right organization to incentivize this action-doing so would actually undermine the Net Zero system that SBTi is trying to establish
  - Food & beverage

- Not sure incentivization is necessary. If companies are committing to Net Zero, they are already aggressively working on mitigating environmental impact both within and outside of their boundaries.
  - Professional services

Source: SBTi Net-Zero Standard Road-test Feedback Survey, N=54, results retrieved 02-09-2021