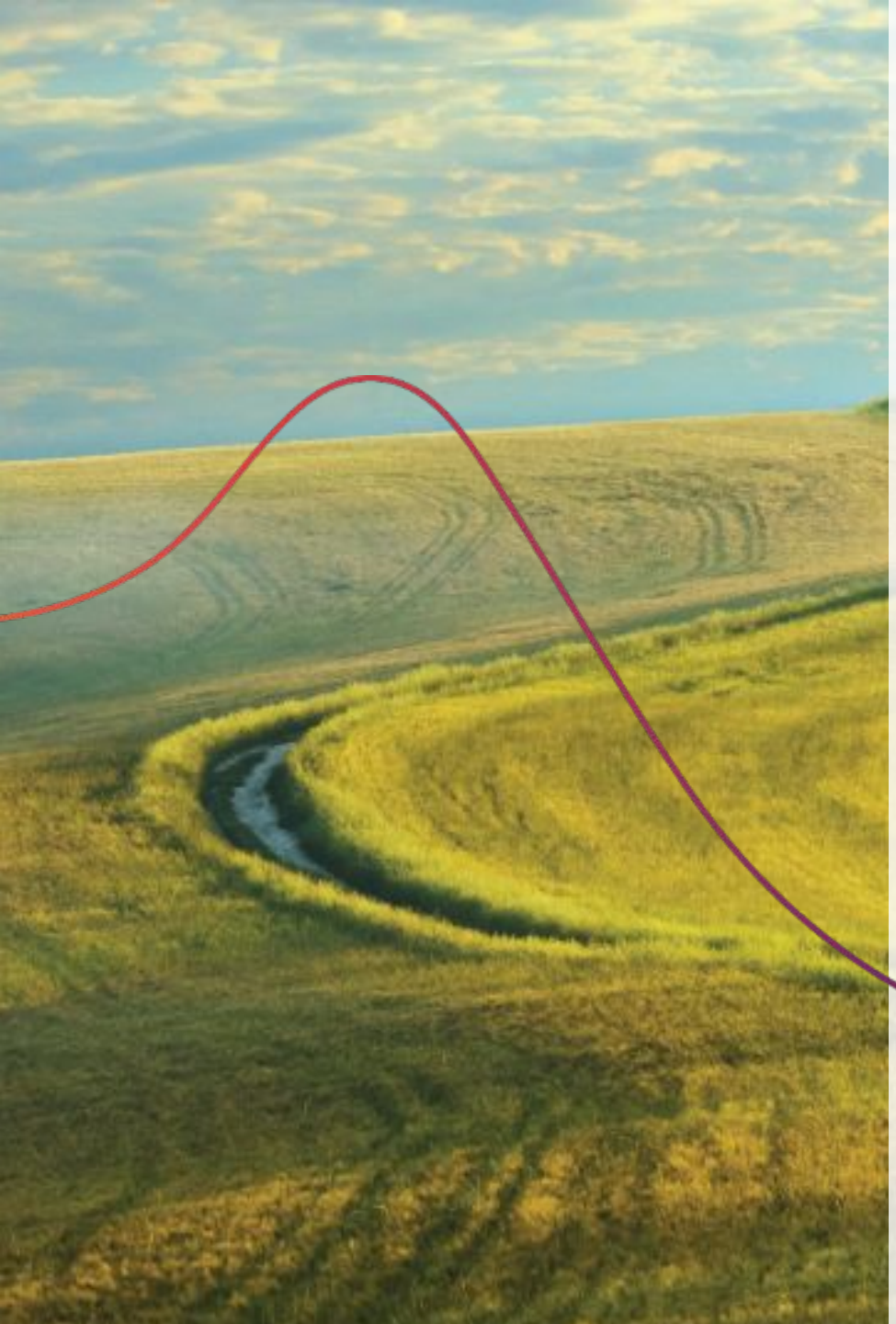


SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

CHEMICALS SECTOR CRITERIA

Second Public Consultation Feedback Report

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 UK charity, with a subsidiary SBTi Services Limited, which hosts our target validation services. Partner organizations who facilitated SBTi's growth and development 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).

PARTNERS

CDP

UN GLOBAL COMPACT United Nations Global Compact

WE MEAN BUSINESS COALITION

WORLD RESOURCES INSTITUTE

WWF

ABOUT THIS DOCUMENT

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

This document presents a summary of the feedback received during the second round of public consultation on the SBTi Chemicals Sector Target-setting Criteria and the SBTi Chemicals Target-Setting Tool.

It outlines an overview of the feedback received and how this feedback will inform the final draft of the SBTi Chemical Sector Pathways and Implementation Criteria and Target-Setting Tool. The full log of feedback received during this consultation round can be found here: Chemicals Sector Guidance Feedback Log. Please note that the feedback log refers to this Feedback Summary Report for certain consolidated comments that have been addressed in this report.

Thank you to all stakeholders that submitted feedback in response to the public consultation, or engaged in any way during the public consultation. If you would like to provide input but faced barriers in doing so, please get in contact at chemicals@sciencebasedtargets.org.

Image by Andreluiz Cunha from Pixabay

SCIENCE BASED TARGETS

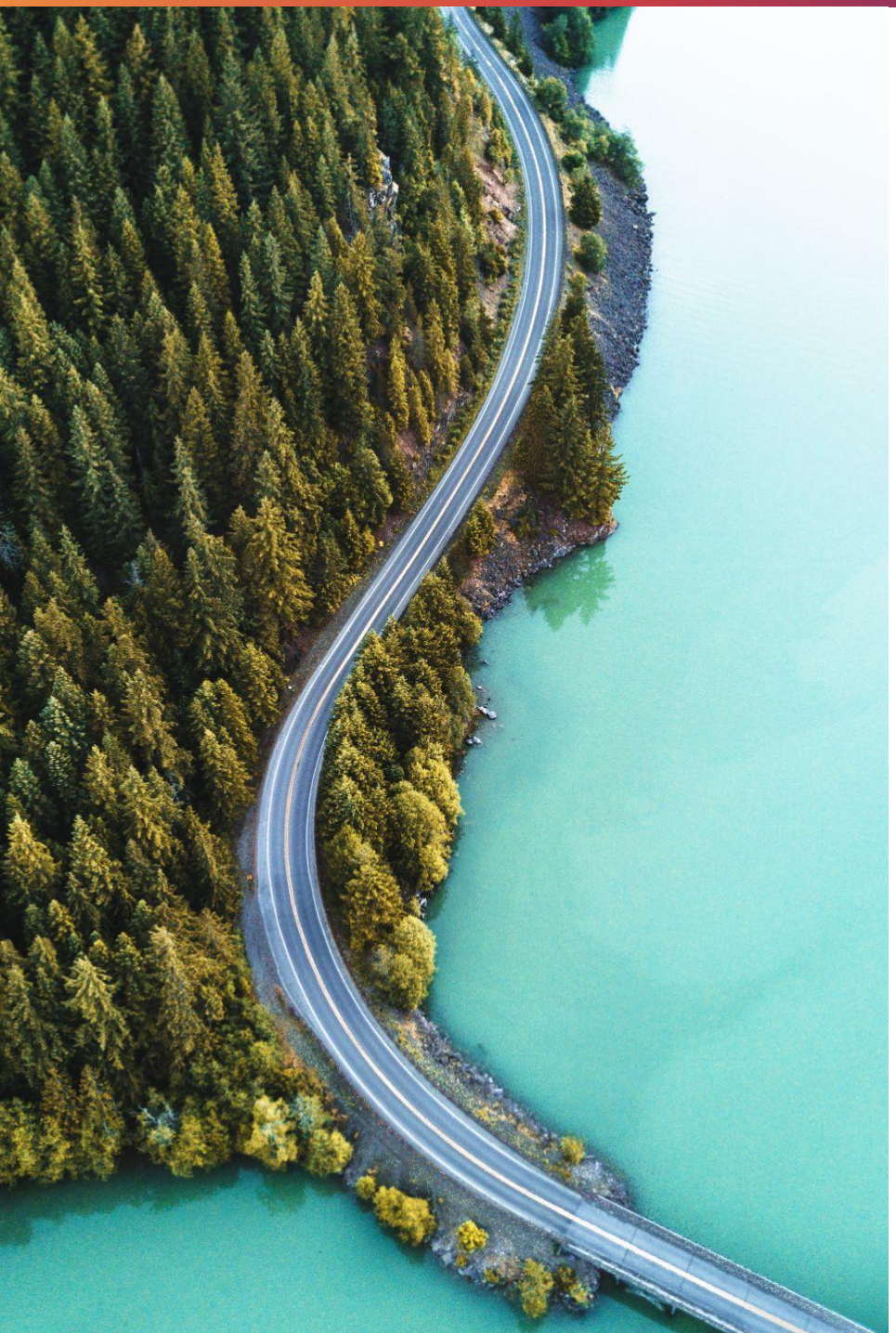
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

CONTENTS

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BACKGROUND INFORMATION



SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

ABOUT THE CHEMICALS SECTOR DEVELOPMENT PROJECT

- The SBTi Chemical Sector Pathways and Implementation Criteria is intended to **help companies in the chemicals industry set science-based climate targets** by addressing the sector's unique challenges in the climate transition, while maintaining alignment with the ambition needed to prevent catastrophic warming.
- Chemicals Sector Status Report (January 2023).
- Chemicals Sector Guidance Development Terms of Reference (April 2024).

CHEMICALS SECTOR DEVELOPMENT PROCESS

AN OVERVIEW OF THE 2nd PUBLIC CONSULTATION PROCESS:

- The second round of public consultation was **open for 59 days**, from November 12, 2024 until January 10, 2025.
- Feedback was sought primarily through an **open survey** which consisted of 5 informational questions, 7 multiple choice questions on technical content and several questions on general feedback. Responders were able to add written comments for all technical survey questions. Feedback was also accepted via direct email.
- The **objective** of the consultation was to gather feedback on the primary revisions made to the 1st Consultation Draft of the Chemicals Sector Guidance* and Chemicals Sector Target-Setting Tool consultation drafts to inform the development of the final drafts.

Visit the chemicals sector page to see the public consultation materials:

- Chemicals Sector Guidance Consultation Draft.
- Chemicals Sector Target-Setting Tool Consultation Draft.
- Data Supplement for Reviewers of the Chemicals Sector Guidance Consultation Draft.

For questions related to this feedback report and the Chemicals Sector Development Project in general, please contact:

chemicals@sciencebasedtargets.org

*As part of the revisions to the 1st consultation draft, the title of the main document was changed from the *Chemicals Sector Guidance* to the *Chemicals Sector Target-setting Criteria*

CHEMICALS SECTOR DEVELOPMENT PROCESS

HOW FEEDBACK IS ADDRESSED

SCIENCE BASED TARGETS
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In this report, the SBTi provides a **summary of the responses to the consultation questions**, organized by stakeholder group.

Also included are the main themes of the written comments from respondents. Individual written comments have been included in the **2nd Public Consultation Feedback Log**. In some cases, similar comments were aggregated with an indication of the number of respondents that provided the comment.

As part of the final publication of the project outputs, **the SBTi has published a full Basis of Conclusions Report**, which will include a summary of all major comments received from stakeholders during the project, and the rationale behind the final decisions made.

Revisions to the draft were made by the SBTi project team and approved by the SBTi's Chief Technical Officer and the SBTi Technical Council. Please see the project's **Basis for Conclusions Report** for more detail on the development process.

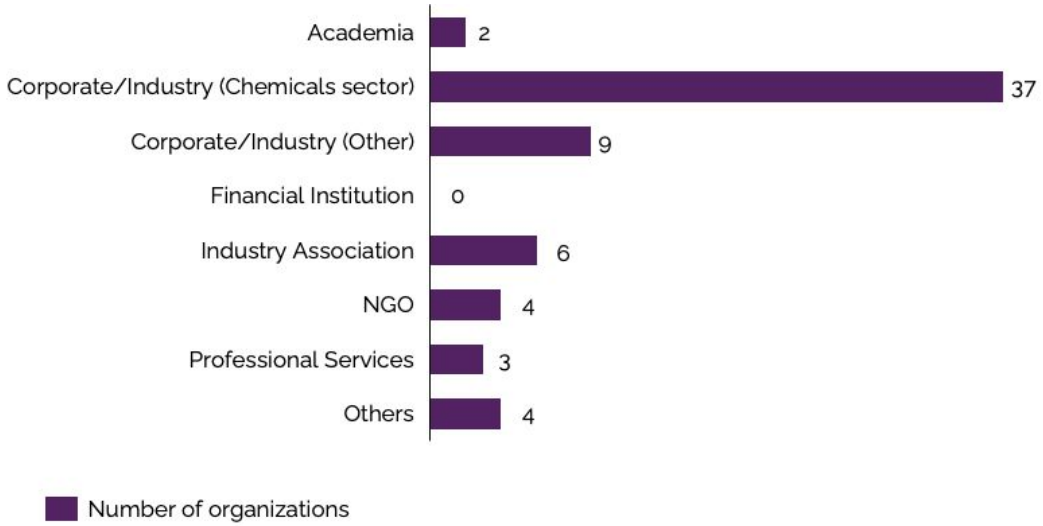
PARTICIPANTS | 68 TOTAL RESPONSES RECEIVED FROM STAKEHOLDERS

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

65
Responses to the survey

3
Responses through email and one-on-ones

Organizations



Geographies

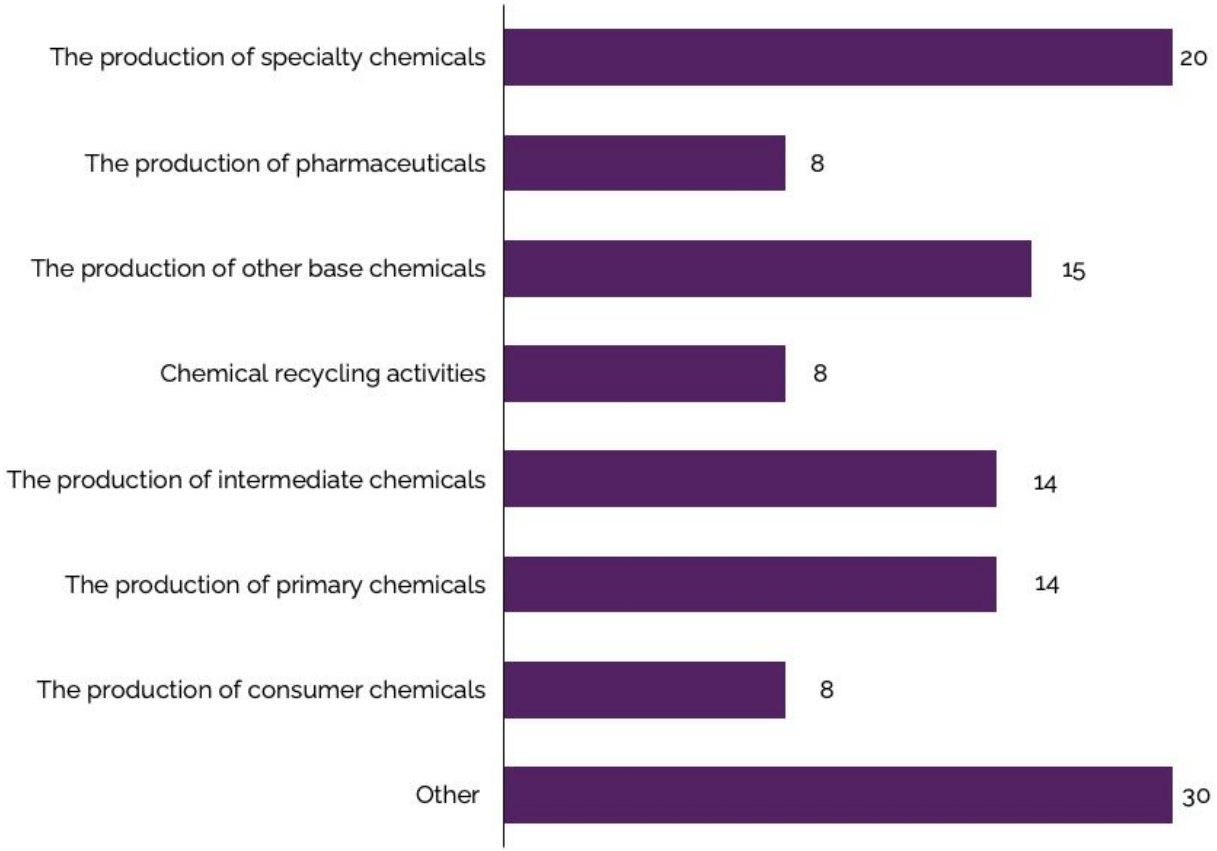
23
Countries

Status with respect to SBTs

PARTICIPANTS | 65 TOTAL RESPONSES RECEIVED FROM STAKEHOLDERS

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Organizations operating in chemicals sector



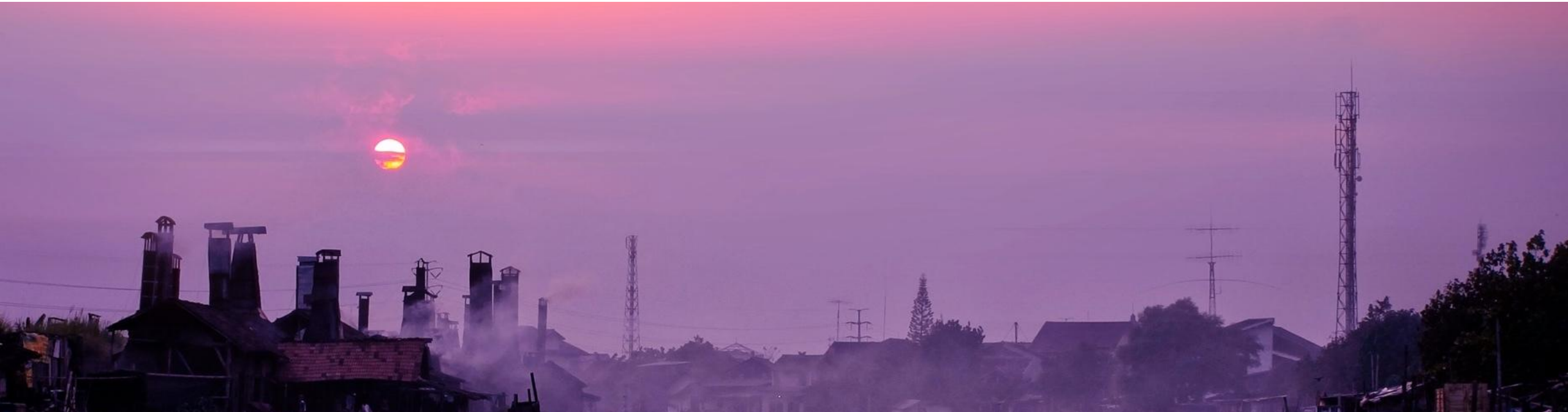
Note, many respondents chose 2 or more areas they operate in within the chemicals sector, therefore the values shown indicate the sum of all respondents who chose each area.

Therefore some organizations may be represented in more than one area, and the total responses is greater than the number of respondents.

PARTICIPANTS | GAPS IN PARTICIPATION

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

A plurality of respondents were from the chemicals sector, however, feedback was received from all relevant stakeholder groups, including other industrial sectors, NGOs, researchers.



SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

CONSULTATION FEEDBACK

STRUCTURE OF CHEMICALS SECTOR GUIDANCE CONSULTATION

The Chemicals Sector Guidance consultation was structured around the following key consultation questions

SCIENCE BASED TARGETS
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1. **Chemicals Sector Target-setting Criteria 2nd Consultation Draft**
   The Chemicals Sector Guidance aims to support GHG emissions reduction by providing a sector-specific set of criteria for companies with activities related to the chemicals sector to use to set science-aligned emissions reduction targets.

2. **Supplemental Data Memorandum for the Chemicals Sector Target-setting Criteria 2nd Consultation Draft**
   This document provides a summary of how the SBTi and Guidehouse have estimated direct emissions, electricity and production values for the total chemicals sector, and for ammonia, methanol and high value chemicals (HVCs).

3. **SBTi Chemicals Target-Setting Tool 2nd Consultation draft**
   This tool is intended to enable companies to develop appropriate science-based emissions reduction targets, as well as assist companies and interested third parties in assessing and evaluating companies' targets.

Survey questions

1. Contact information
2. Which best describes the **sector you work in**?
3. If you have identified as being part of the chemicals sector, what **areas of the sector does your organization operate in**?
4. What **country is your organization** headquartered in, or if you are responding in a personal capacity please select the country where you are based?
5. What is the **status of your organization with respect to the SBTi**?
6. Do you agree that criterion **CHEM-C5 presents an appropriate option** for companies to combine SDA targets and other scope 1 and 2 targets?
7. Do you agree that criterion **CHEM-C10 presents an appropriate option** for companies to combine SDA targets in scope 3 and other scope 3 targets?

STRUCTURE OF CHEMICALS SECTOR GUIDANCE CONSULTATION

The Chemicals Sector Guidance consultation was structured around the following key consultation questions

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Survey questions continued

9. Do you think that the **proposed near-term absolute emissions reduction pathways presented in criterion CHEM-C8** of the consultation draft is an appropriate level of ambition for N2O emissions from the use of sold nitrogen fertilizers in scope 3 category 11?
10. Do you think that the **proposed long-term absolute emissions reduction pathways presented in criterion CHEM-C9** of the consultation draft is an appropriate level of ambition for N2O emissions from the use of sold nitrogen fertilizers in scope 3 category 11?
12. Do you agree with the inclusion of an option to allow for chemical companies to include mechanically recycled feedstocks using a higher target threshold that accounts for these materials?
13. Do you agree with the proposed minimum thresholds of sourced alternative feedstocks that are presented in the draft Chemicals Sector Target-Setting Tool? Note there are different thresholds depending on whether mechanically recycled materials are included.
15. Do you think criterion CHEM-C12 presents appropriate requirements for the use of the mass balance approach for chemical companies, pending future requirements from the SBTi and/or GHG Protocol?

SUMMARY OF CONSULTATION FEEDBACK

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

This feedback summary report is organized according to the consultation questions summarized on the preceding slides. For each consultation question the following information is included:

- A summary of the responses to each multiple choice consultation question.
- An AI generated summary of the main themes from the written comments received on each topic, with a focus on common topics that were submitted by multiple responders.

Alongside this report, the SBTi has published a Feedback Log that contains all written comments received.

As part of the final publication of the SBTi Chemical Sector Pathways and Implementation Criteria, the SBTi has published a Basis for Conclusions Report that summarizes the considerations of the SBTi in developing the criteria and the SBTi's responses to the significant issues raised during its development.

All feedback, including answers to multiple choice questions and written comments, have been anonymized.

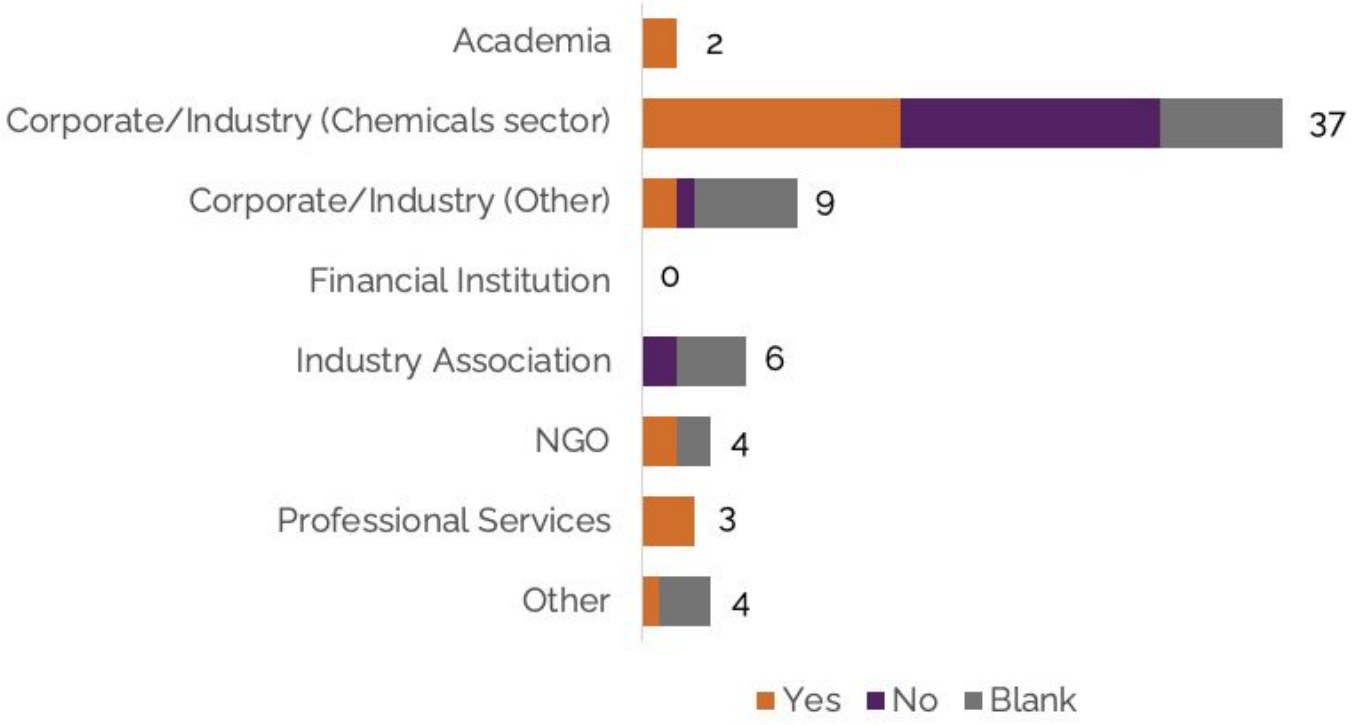
[Q6] - DETAILED SURVEY RESPONSES

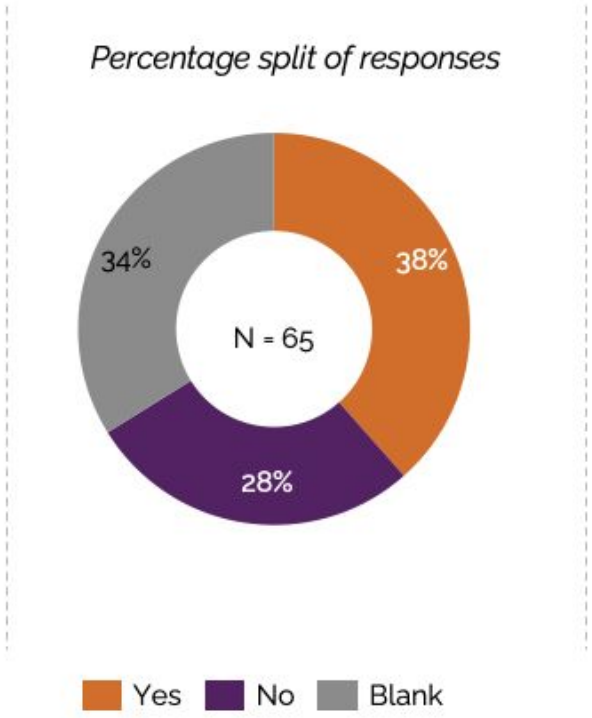
SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Feedback received

There was not a clear preference amongst stakeholders that responded to this question. Responders from the chemicals industry were more likely to answer "No". Please see the SBTi's responses to written comments on this question in the 2nd Public Consultation Feedback Log.

Q6. Do you agree that criterion CHEM-C5 presents an appropriate option for companies to combine SDA targets and other scope 1 and 2 targets?





Source: Chemicals Sector Guidance 2nd Public Consultation Survey
N = [Number of responses to this question]

FEEDBACK SUMMARY BY CONSULTATION QUESTION

Consultation Question 6

Do you agree that criterion CHEM-C5 presents an appropriate option for companies to combine SDA targets and other scope 1 and 2 targets?

The main themes of written feedback are presented below:

"Cradle-to-gate" target boundary is favored: A significant number of comments advocate for a "cradle-to-gate" approach to the SDA target boundary, combining SDAs, ACAs, and upstream scope 3 emissions into a single target.

CHEM-C5 complexity is a concern: Several commenters express concerns about the complexity and feasibility of implementing CHEM-C5 as currently proposed, particularly regarding multiple targets and alignment with company boundaries.

Scope 3 inclusion is desired: There's a recurring theme of wanting scope 3 targets to be included more explicitly in the target-setting process.

Flexibility is important: Commenters emphasize the need for flexibility in how companies set and achieve their targets, given the diverse nature of the industry.

Data and national context are crucial: Data availability, sharing, and consideration of national circumstances are highlighted as important factors in setting realistic and achievable targets.

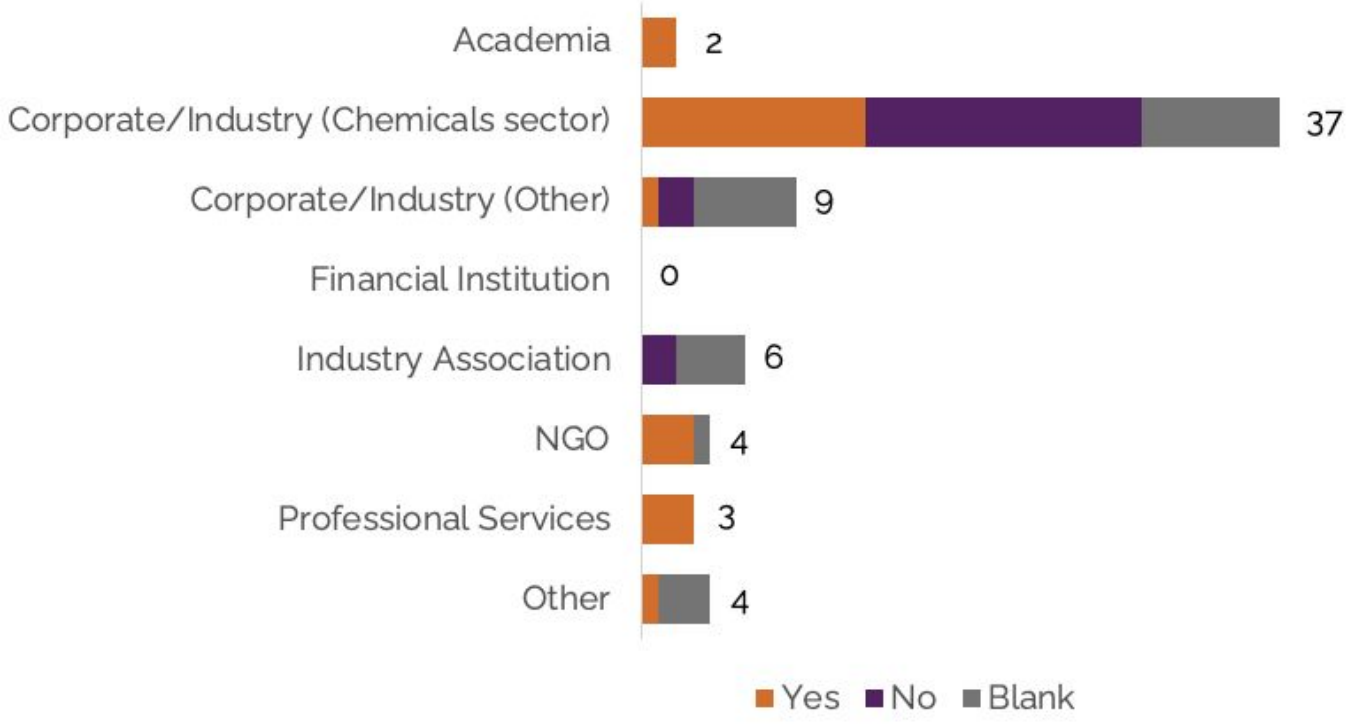
[Q7] - DETAILED SURVEY RESPONSES

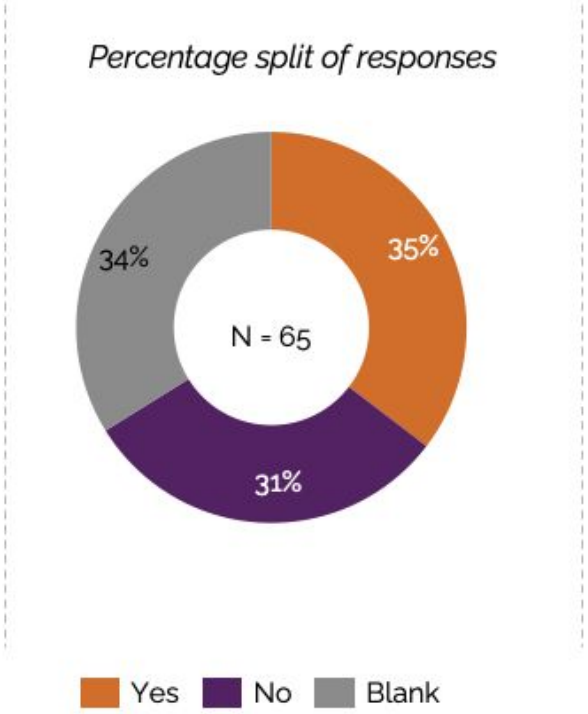
SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Feedback received

There was not a clear preference amongst stakeholders that responded to this question. Responders from the industry were more likely to answer "No". Please see the SBTi's responses to written comments on this question in the 2nd Public Consultation Feedback Log.

Q7. Do you agree that criterion CHEM-C10 presents an appropriate option for companies to combine SDA targets in scope 3 and other scope 3 targets?





Source: Chemicals Sector Guidance 2nd Public Consultation Survey
N = [Number of responses to this question]

FEEDBACK SUMMARY BY CONSULTATION QUESTION

Consultation Question 7

Do you agree that criterion CHEM-C10 presents an appropriate option for companies to combine SDA targets in scope 3 and other scope 3 targets?

The main themes of written feedback are presented below:

Data availability is a major hurdle: The most prominent theme is the difficulty in obtaining the necessary data, especially from the upstream value chain, to effectively implement Scope 3 target setting.

CHEM-C10 complexity is a concern: Similar to CHEM-C5 in the previous set of comments, commenters express concerns about the complexity and feasibility of CHEM-C10, particularly regarding the need for detailed upstream information.

Flexibility is still important: Commenters continue to emphasize the need for flexibility in Scope 3 target setting, given the challenges and varying circumstances of different companies.

Combining targets needs careful consideration: While combining targets is seen as potentially beneficial, there are concerns about scope leakage, double counting, and how to ensure the combined target maintains the desired level of ambition.

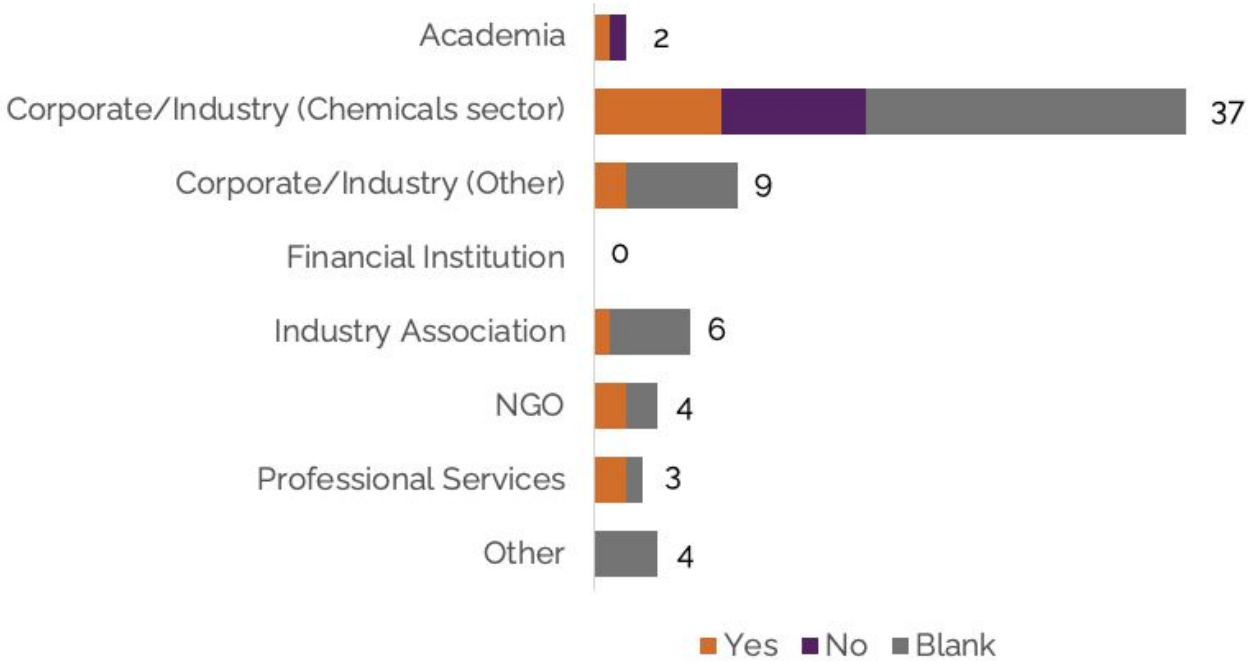
[Q9] - DETAILED SURVEY RESPONSES

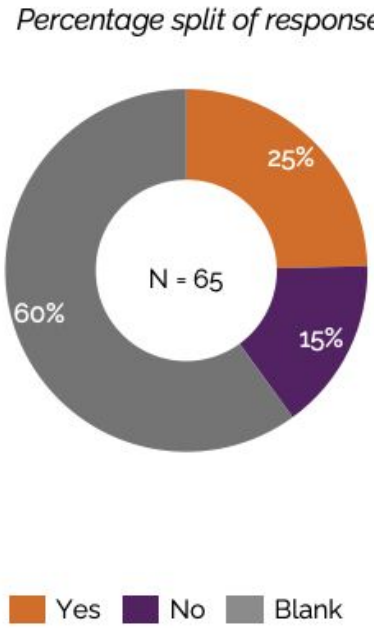
SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

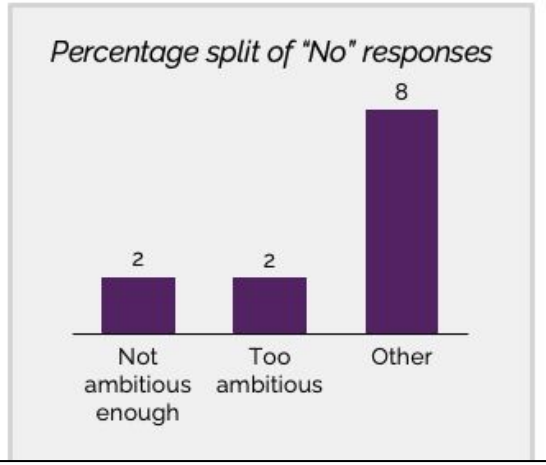
Feedback received

A majority of stakeholders did not answer this question. Of those that answered, most answered "Yes", with approximately half of the respondents from the chemicals industry answering "No".

Q9. Do you think that the proposed near-term absolute emissions reduction pathways presented in criterion CHEM-C8 of the consultation draft is an appropriate level of ambition for N2O emissions from the use of sold nitrogen fertilizers in scope 3 category 11?







Source: Chemicals Sector Guidance 2nd Public Consultation Survey
N = [Number of responses to this question]

Respondents that answered "No" and "Other" gave written reasons that:

- The question was not applicable to their business;
- Their preference is for an intensity-based metric; or
- Questioned the ambition level of the pathway

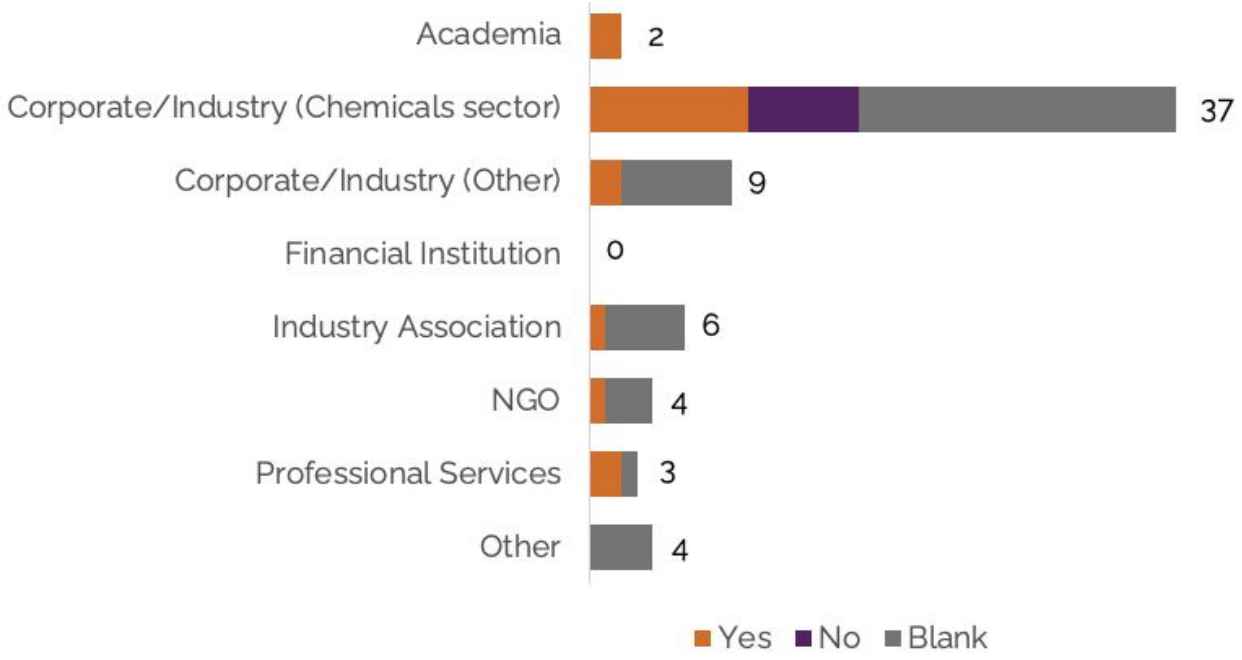
[Q10] - DETAILED SURVEY RESPONSES

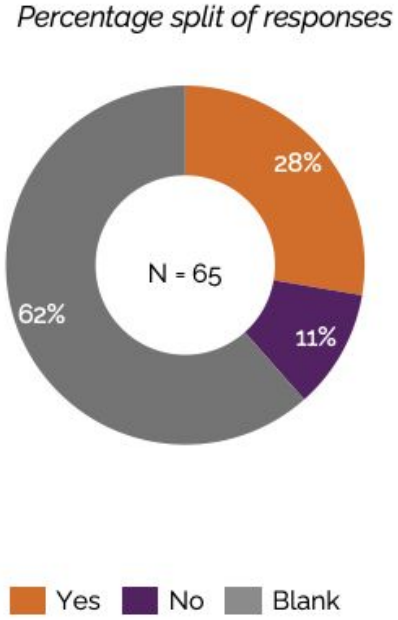
SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

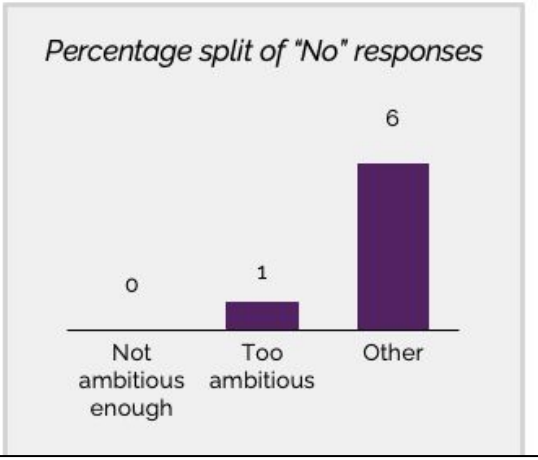
Feedback received

A majority of stakeholders did not answer this question. Of those that answered, most answered "Yes".

Q10. Do you think that the proposed long-term absolute emissions reduction pathways presented in criterion CHEM-C9 of the consultation draft is an appropriate level of ambition for N2O emissions from the use of sold nitrogen fertilizers in scope 3 category 11?







Respondents that answered "No" and "Other" gave written reasons that:

- The question was not applicable to their business; or
- Their preference is for an intensity-based metric or non-emissions metric.

Source: Chemicals Sector Guidance 2nd Public Consultation Survey
N = [Number of responses to this question]

SUMMARY OF CONSULTATION FEEDBACK BY CONSULTATION QUESTION

Consultation Questions 9 and 10

Do you think that the proposed near-term absolute emissions reduction pathways presented in criterion CHEM-C8 of the consultation draft is an appropriate level of ambition for N2O emissions from the use of sold nitrogen fertilizers in scope 3 category 11?

Do you think that the proposed long-term absolute emissions reduction pathways presented in criterion CHEM-C9 of the consultation draft is an appropriate level of ambition for N2O emissions from the use of sold nitrogen fertilizers in scope 3 category 11?

The main themes of written feedback are presented below:

Feasibility of near-term targets: Several comments express concern about the feasibility of achieving the proposed near-term targets, especially for developing nations, in the context of continued food security.

Flexibility is crucial: There is a strong call for flexibility in target-setting approaches, particularly to accommodate the needs of developing nations and to address food security concerns.

Intensity-based targets are preferred: Many commenters favor intensity-based targets for the metric over absolute reduction targets, arguing that they allow for economic growth and food security while still promoting emissions reductions. One commenter specifically emphasizes the need for crop intensity targets to account for the essential role of fertilizers in food production.

MRV (Measuring, Reporting, and Verifying) challenges: One comment highlights the challenges associated with Measuring, Reporting, and Verifying emissions from fertilizer use, suggesting that this could hinder target achievement.

Broader pathways: One comment supports the use of a broader set of emission pathways that were considered after the 1st public consultation, suggesting that this allows for a more comprehensive consideration of potential scenarios.

Absolute reduction targets: One commenter expresses support for absolute reduction targets, suggesting they are more effective in driving deep decarbonization.

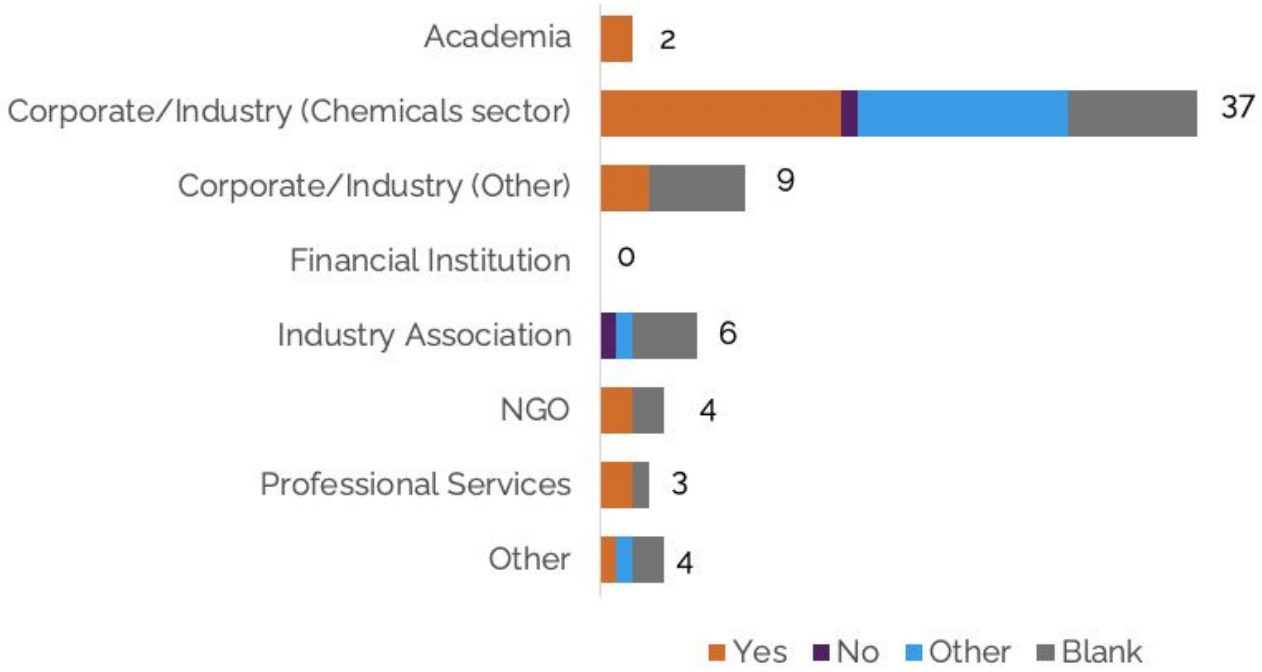
[Q12] - DETAILED SURVEY RESPONSES

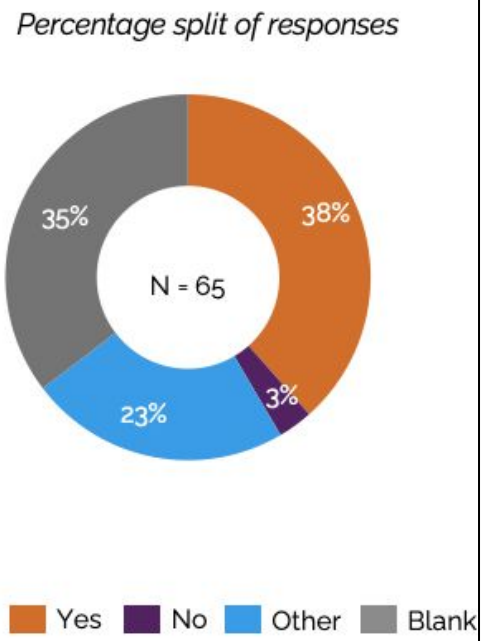
SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Feedback received

Among the stakeholders that responded to this question, the majority answered "Yes". Responders from the chemicals industry were more likely to answer "Other".

Q12. Do you agree with the inclusion of an option to allow for chemical companies to include mechanically recycled feedstocks using a higher target threshold that accounts for these materials?





Respondents that answered "Other" gave written comments that:

- Indicated a lack of data in forecasting the availability of alternative feedstocks;
- Objected to the concept of mandatory targets on alternative feedstocks;
- Objected to the requirement target that includes mechanically recycled feedstocks is higher than if they are excluded; or
- Objected to the currently available scope 3 accounting guidance relevant to purchased and sold products.

Source: Chemicals Sector Guidance 2nd Public Consultation Survey
N = [Number of responses to this question]

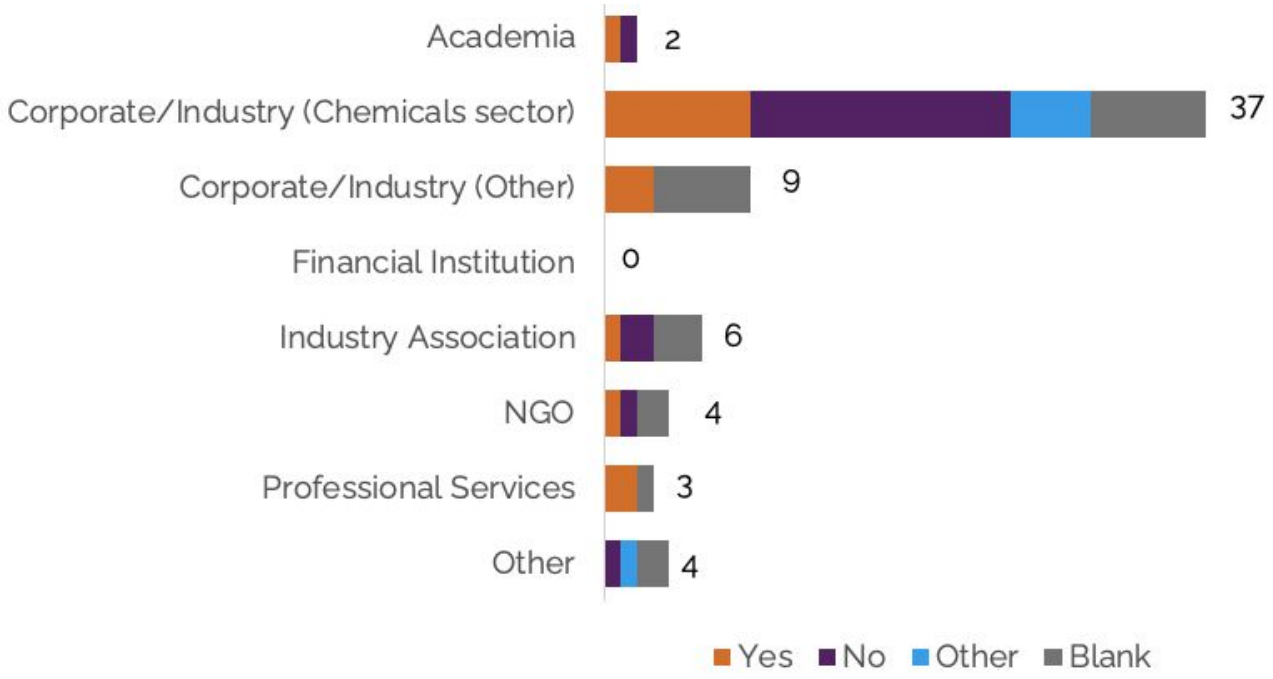
[Q13] - DETAILED SURVEY RESPONSES

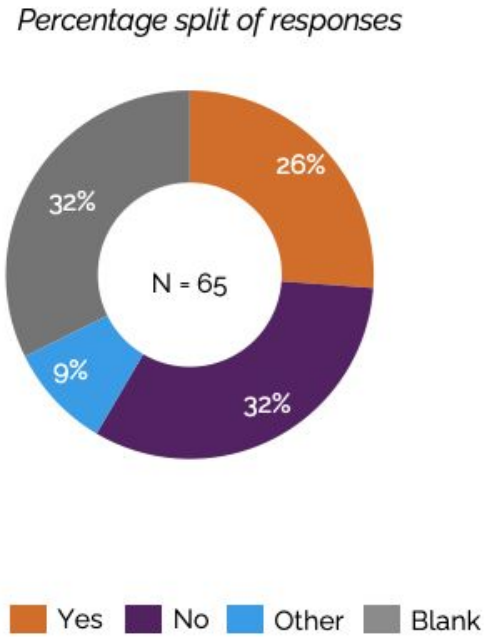
SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Feedback received

Among the stakeholders that responded to this question, the majority answered "No". Responders from the chemicals industry were more likely to answer "No" or "Other".

Q13. Do you agree with the proposed minimum thresholds of sourced alternative feedstocks that are presented in the draft Chemicals Sector Target-Setting Tool? Note there are different thresholds depending on whether mechanically recycled materials are included.





Source: Chemicals Sector Guidance 2nd Public Consultation Survey
N = [Number of responses to this question]

SUMMARY OF CONSULTATION FEEDBACK BY CONSULTATION QUESTION

Consultation Questions 12 and 13

Do you agree with the inclusion of an option to allow for chemical companies to include mechanically recycled feedstocks using a higher target threshold that accounts for these materials?

Do you agree with the proposed minimum thresholds of sourced alternative feedstocks that are presented in the draft Chemicals Sector Target-Setting Tool? Note there are different thresholds depending on whether mechanically recycled materials are included.

The main themes of written feedback are presented below:

Complexity and feasibility: The complexity and feasibility of setting targets for alternative feedstocks remain a major concern, with commenters highlighting the need for clearer definitions, guidance, and consideration of different contexts.

Flexibility and context: The need for flexibility in target-setting approaches is reiterated, particularly when alternative feedstock targets are proposed in addition to emissions targets, as proposed in the criteria.

Mechanically recycled feedstocks: While the inclusion of mechanically recycled feedstocks is supported, there are questions about the higher threshold and the potential impact on the development of other alternative feedstocks.

Support for "Circular Content Cut-off" method: This scope 3 accounting method for scope 3 category 1 and 12 continues to be seen as a potential solution for addressing emissions from recycled content and has received industry-wide support.

Data availability: Concerns about data availability are raised, particularly for forecasting the use of mechanically recycled feedstocks and calculating the carbon content of materials.

Definitions and accounting: There is a need for clearer definitions of alternative feedstocks, alignment with established conventions, and appropriate accounting methods that incentivize the use of alternative feedstocks.

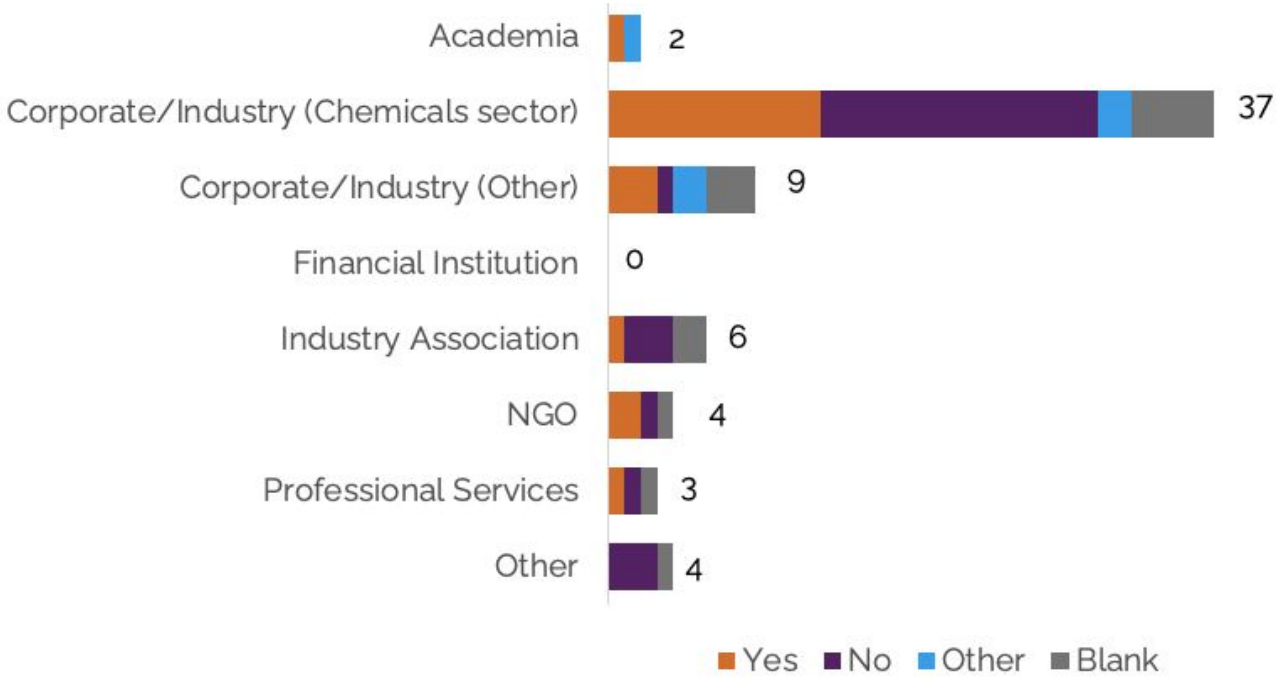
[Q15] - DETAILED SURVEY RESPONSES

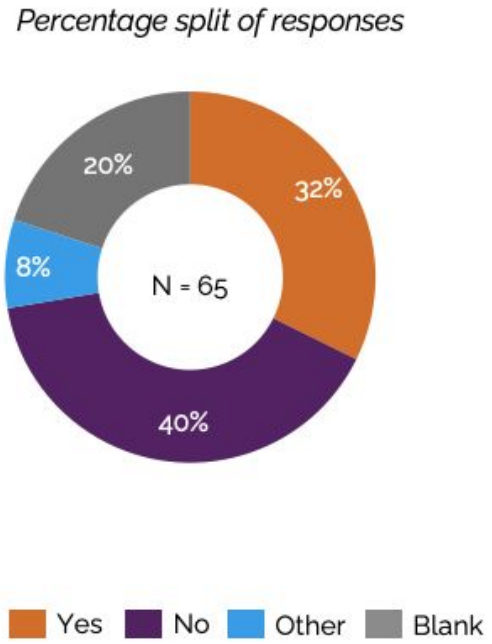
SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Feedback received

Among the stakeholders that responded to this question, the majority answered "No". Responders from the chemicals industry were more likely to answer "No" or "Other". Summarized comments and the SBTi's responses are included in the following slides.

Q15. Do you think criterion CHEM-C12 presents appropriate requirements for the use of the mass balance approach for chemical companies, pending future requirements from the SBTi and/or GHG Protocol?





Source: Chemicals Sector Guidance 1st Public Consultation Survey
N = [Number of responses to this question]

SUMMARY OF CONSULTATION FEEDBACK BY CONSULTATION QUESTION

Consultation Question 15

Do you think criterion CHEM-C12 presents appropriate requirements for the use of the mass balance approach for chemical companies, pending future requirements from the SBTi and/or GHG Protocol?

The main themes of written feedback are presented below:

Standardization is paramount: A large number of comments emphasize the need for alignment with existing and emerging standards like ISO 13662, Together for Sustainability (TfS), and ISCC. This highlights the importance of harmonization and avoiding conflicting requirements.

Book and claim is contentious: Although book-and-claim models are different from mass balance schemes there is significant debate about the use of book and claim, with many comments expressing concern or outright opposition, while others argue for its limited use to stimulate market development, especially in early stages.

Scope 3 and value chain considerations are crucial: Extending the mass balance approach to scope 3 accounting and the broader value chain is seen as essential for driving real impact, but there are concerns about how to implement this effectively.

Clarity and traceability are essential: Many commenters stress the need for clear definitions, specific requirements, robust traceability, and physical/chemical connectivity to ensure the integrity of the mass balance system and prevent greenwashing.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

DISCLAIMER

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DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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