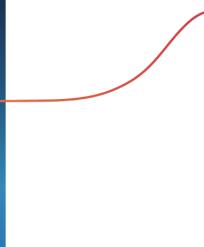


SBTi Corporate Net-Zero Standard Expert Working Group (EWG) Meeting Minutes

EWG CDR First Session

15 April 2025 - 14:00-16:00 CEST

Virtual







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The meeting notes provided herein are intended to capture the discussions, decisions, and actions taken during the meeting to the best of the note-taker's ability. While efforts have been made to accurately represent the proceedings, it is essential to acknowledge that these minutes are a summary and may not capture every detail or nuance of the discussions held.

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Session decisions which are deemed interim, unresolved items or confidential will not be shared publicly to protect the confidentiality of the Standard before publication and to prevent sending premature signals to the market.

As per clause 6 in the EWG Terms of Reference, members serve on the EWG in their individual capacity as technical experts.

"Science Based Targets initiative" and "SBTi" refer to the Science Based Targets initiative, a private company registered in England number 14960097 and registered as a UK Charity number 1205768.

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Meeting participants

Expert Working Group Members

As per clause 6 in the EWG Terms of Reference, members serve on the EWG in their individual capacity as technical experts.

- 1. Louis Uzor, Climeworks
- 2. Hannah Hunt, Heineken
- 3. Fiona MacIver-Jones, Gold Standard
- 4. Toby Bryce, Yale Centre for Natural Carbon Capture
- 5. Lene Petersen, WWF
- 6. Shantanu Agarwal, Mati Carbon **PBC**
- 7. Ryan Maloney, Apple
- 8. Kelly McNamara, Food System Innovations

- 9. Phung Thuy, PepsiCo
- 10. Matt Ramlow, WRI/GHG Protocol
- 11. Hilde Stroot, Oxfam
- 12. Fabiola De Simone, Carbon Market Watch
- 13. Noel Gurwick, University of Maryland
- 14. Injy Johnstone, Oxford Net Zero
- 15. Fiona Perera, Gold Standard
- 16. Thea Lyngseth, Environmental Coalition on Standards
- 17. Sifa Kinoti, Octavia Carbon

SBTi

- 1. Piera Patrizio, Head of Research
- 2. Humphrey Adun, SME Research
- 3. Emma Watson, Head of Corporate Standards

Meeting agenda

Welcome and introductions	5 min
Introduction to SBTi principles	20 min
Residual emissions framework	10 min
Questions and answers	15 min
Miro board exercise (postponed)	20 min
Discussion and next steps	30 min

1. Welcome & Introductions

The meeting opened with a welcome from SBTi's Head of Research, who thanked participants for their involvement. Attendees who were absent during the welcome meeting held on April 10 were introduced. The Technical Council members present as observers were also welcomed.

2. SBTi Guiding Principles Overview

The SBTi principles guiding the development of the technical foundation were introduced. These six guiding principles were further discussed in relation to the removal options.

- Ambition: Align with the 1.5°C goal and net-zero by 2050 or earlier.
- Responsibility: Reflect sector-specific contexts and synergies
- Robustness: Account for uncertainty in techno-economic modelling.
- Actionability: Consider economic feasibility and ability to act
- Rigor: Prioritise near-term actions and CDR scaling.
- Transparency: Ensure clarity and openness in framework design.

Some members requested clarification on certain principles. Participants asked for clarification on several key areas:

- The connection between the responsible principle and planetary boundaries. Specifically, how the framework ensures that CDR deployment respects environmental limits
- SBTi's technology neutrality approach in removals, questioning how different removal pathways (e.g., engineered vs. nature-based solutions) are treated under the responsible principle, and whether certain technologies receive implicit preference.
- Whether the actionable principle sufficiently accounts for technical feasibility, accounting challenges, and policy landscapes, beyond just economic viability. Participants sought clarity on how these factors influence a company's ability to meet removal targets under varied regional and sectoral contexts.
- Methodological challenges under the robustness principle for measuring CDRs, including how uncertainties in quantifying removals are addressed and incorporated into target-setting frameworks.
- The potential role of financial removal targets as a mechanism to incentivise innovation in the removals space. Participants asked if such financial commitments could help stimulate market growth and ensure diverse participation.
- Whether the definition of residual emissions is dynamic or sector-specific. Questions focused on whether residual emissions adjust over time based on sector decarbonization potential or if they are fixed, and how this definition shapes removal requirements across industries.

3. Discussion: Residual Emissions Framework Options

The definitions of residual emissions, neutralisation, ongoing emissions, and interim removals were explained.

The mechanisms for addressing a company's residual emissions were explained:

- Set Removal Targets (mandatory).
- Recognition for Removal Targets (incentivised but optional).
- Flexible Action: Combines additional mitigation or removals (with required targets).

These mechanisms were then presented in quantitative terms as option 1 (requirement), option 2 (recognised), and option 3 (additional mitigation or removals).

The conversation raised several critical points:

- There was concern raised over the cumulative nature of removal targets. Participants flagged that cumulative interim removal targets might unintentionally disincentivise early net-zero target dates. This sparked a question: why not adopt non-cumulative removal targets instead?
- There was also a question about focusing only on Scope 1 emissions and excluding the FLAG sector. A participant asked how the removal target addresses non-FLAG emissions in FLAG companies. There were also concerns about the implications for scope 3 neutralisation.
- There were calls for flexibility in addressing previously excluded emissions using removals.
- A question was raised on the planetary limits of CDR culled from the scenarios.

- Participants suggested that quantitative examples and hypothetical company scenarios be presented to facilitate a clearer assessment of the removal options.
- Concerns were raised about large companies potentially dominating removal credit markets, inflating prices, and limiting access for smaller companies. Suggestions included introducing caps or regulatory mechanisms to ensure fair participation.
- A question was raised on whether exceeding removal targets in one cycle could offset obligations in the next. This highlighted the need to clarify how residual emission options interact with the target cycle structure.

4. Miro Board Exercise (Postponed)

 A Miro board exercise was planned to assess the three removal options against the five SBTi principles. However, the exercise experienced technical issues, leading to a decision to complete the analysis offline.

5. Next Steps

SBTi to clarify the meeting schedule and send the exercise to the participants to be completed offline

Topics requiring further clarification and refinement by the SBTi

The following topics related to the framework for addressing residual emissions were identified during the meeting as areas that may require further clarification or refinement. These topics will be taken for consideration by the SBTi during the revision process of the draft Standard, together with the feedback received from the public consultation:

- 1. Examine whether the proposed framework may influence corporate decisions on the timing of net-zero commitments, especially for companies aiming to achieve net zero earlier than 2050.
- 2. Explore the implications of S1 emission reduction target **over performance**, specifically:
 - a. Whether over performance can count towards achievement of subsequent emission reduction target
 - b. Explore implications on proposed framework for addressing residual emissions, including potential recalculation of projected residual emissions
- 3. Clarify how the requirement for addressing residual emissions should be delivered after the net zero target year.
- 4. Explore potential adjustment to the framework in cases where companies set targets after the first milestone year (e.g. in 2031)

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