SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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

Session VI: Joint BVCM and CDR EWG session

5 August 2025

09:00 – 11:30 BST [Session A]

15.00 – 17.30 BST [Session B]

Virtual

DISCLAIMER

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.

While every effort has been made to respect the confidentiality of sensitive information, please be aware that the meeting minutes may contain references to discussions or materials considered confidential or privileged. The unauthorized disclosure, distribution, or use of such information is strictly prohibited. If you believe any sensitive information has been improperly disclosed, please contact the SBTi.

Meeting minutes are subject to revision and amendment. The content may be updated or modified based on corrections, additions, or clarifications deemed necessary by the SBTi.

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.

Note on the format of these minutes: This meeting was held twice to accommodate the time zones of the Expert Working Group (EWG) members. The content presented by the SBTi team was consistent across both sessions, and participants in each meeting engaged with the same interactive exercises. To avoid duplication, these meeting minutes present the shared content (presentations and framing) once, followed by separate summaries of participant discussions from the Session A and Session B meetings.

Meeting participants

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

Expert Working Group Members present:

Option A

1. Giulia Carbone, WBCSD
2. Sophie Louise Gladov, Ørsted
3. Robert Höglund, Marginal Carbon AB
4. Injy Johnstone, University of Oxford
5. Nicolas Kreibich, Wuppertal Institute
6. Sarita Severien, Suzano
7. Eva Masa Pinto, Cemex
8. Silke Mooldijk, NewClimate Institute
9. Clare Murray, SBTi
10. Aisha Rodriguez, VCMI
11. Morten Rossé, Lombard Odier Asset Managers
12. Louis Uzor, Carbon Gap (formerly Climeworks)

Option B

1. Nathan Truitt, American Forest Foundation
2. Ryan Maloney, Apple
3. Abigail Paris, As You Sow
4. Louis Uzor, Carbon Gap (formerly Climeworks)
5. Eve Tamme, Climate Principles
6. Thea Lyngseth, ECOS - Environmental Coalition on Standards
7. Gilles Dufrasne, European Commission
8. Kelly McNamara, Food System Innovations
9. Tim Clairs, Forest Integrity
10. Fiona Perera, Gold Standard
11. Hannah Hunt, Heineken
12. Billie Wilcox Brooke, ISEAL
13. Sunita Purushottam, Mahindra Lifespaces
14. Cindy Chiang, Netflix
15. Sifa Kinoti, Octavia Carbon
16. Thuy Phung, PepsiCo
17. Omonigho Erigha, Persistent Energy Capital
18. John Dulac, Saint-Gobain
19. Mai Bui, Supercritical
20. Noel Gurwick, University of Maryland
21. Toby Bryce, Yale Center for Natural Carbon Capture

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Option A and B

1. Alice Farrelly (BVCM SME, SBTi)
2. Scarlett Benson (BVCM EWG Lead, SBTi)
3. Piera Patrizio (Head of Research, SBTi)
4. Humphrey Adun (SME Research, SBTi)
5. Emma Watson (Head of Corporate Standards, SBTi
6. Olga Dorota Swiatek (Technical Team Coordinator, SBTi) - Observer
7. Stephen Mackenzie (AFOLU Lead, SBTi) - Observer

Technical Council Observes:

N/A

Meeting agenda

Welcome & housekeeping	10 min
SBTi presentation: Phased approach proposal	15 min
Presentation and discussion: Recognition only phase	60 min
Presentation and discussion: Recognition and requirement phase	60 min
Next steps	5 min

Note: Please refer to the meeting slide deck for accompanying material

1. Welcome & Introductions

The SBTi Team opened both sessions with informal greetings, reminders on confidentiality and antitrust guidance, and housekeeping. No new conflicts of interest were raised.

2. Meeting Objectives

The session aimed to:

- Build a shared EWG position on the way forward for the ongoing emissions and residual emissions frameworks within the Corporate Net-Zero Standard V2.0.
- Clarify the rationale behind the phase approach proposal.
- Discuss how to structure and design the recognition model during the recognition only phase.
- Discuss when the mandatory component should commence, and what it should entail.

3. Agenda Overview

1. Welcome & housekeeping
2. SBTi presentation: Phased approach proposal
3. Presentation and discussion: Recognition only phase
4. Presentation and discussion: Recognition and requirement phase
5. Next steps

4. Topic 1: Phased approach proposal

The SBTi team presented the proposed phased structure:

Phase 1: Recognition Only

- Recognition for companies addressing ongoing and residual emissions through a single framework.
- Aimed at early engagement, providing lead time for the market to scale and reduce costs.

Phase 2 – Requirement and Recognition:

- From a defined compliance date, companies would be required to address residual and/or ongoing emissions.
- This would be accompanied by continued recognition for voluntary actions.
- Aimed at sending a clear demand signal to support long-term investments in mitigation.

The rationale for this approach reflects:

- Evidence from consultation that mandatory removal targets could pose a barrier to entry.
- Economic assessments indicating that costs would fall disproportionately on hard-to-abate sectors.
- A need to balance simplicity, clarity, and distinct climate objectives of residual vs. ongoing emissions frameworks.

5. Topic 2: Recognition only phase

The SBTi team led an in-depth exploration of design options for the recognition-only phase, emphasizing that how this stage is designed will impact what companies fund. Two core models were presented:

1. Ton-for-Ton Model

- Companies deliver a mitigation volume equivalent to a percentage of their ongoing emissions.
- This model provides clear, verifiable metrics but may lead companies to prioritize low-cost mitigation options and underinvest in longer-term enabling measures.
- By its nature, this approach is limited to ex-post, quantified mitigation outcomes and does not allow for investments R&D, ex-ante innovations or enabling conditions.

2. Money-for-Ton Model

- Companies establish a financial contribution budget based on a carbon price and percentage of ongoing emissions for which they take responsibility.
- This enables portfolio diversity (e.g. R&D, ex-ante finance, enabling environment) but is more complex to explain, and guaranteed mitigation is not required.

Based on the drawbacks of each model, the SBTi team discussed possible adaptations to each:

- Ton-for-ton with a minimum average carbon price to incentivize investment into a mix of higher and lower cost solutions.
- Money-for-ton with a minimum ton delivery to incentivize investment into ex-post mitigation outcomes.

The SBTi team highlighted that if we do want to hard-to-measure or non-quanitifable outcomes (R&D, ex-ante innovations or enabling conditions) as well as ex-post outcomes, then the model we need to follow is the money-for-ton with minimum ton-for-ton delivery, because the ton-for-ton alternative option is limited to ex-post verified mitigation. Following this logic, there are three things which would need to be defined:

1. The science-based carbon price
2. The % of emissions to be covered on a ton-for-ton basis (e.g. 50% per Above & Beyond Report or 40% per the ongoing emissions Responsibility ratio)
3. Whether there should be defined splits between avoidance, reductions, and removals (e.g. should we require companies to allocate at least 10% of their mitigation portfolio to removals, reflecting the share of a company's ongoing emissions that is conventionally considered residual/hard to abate).

The SBTi team concluded the session by presenting some feasibility assessments using vase study companies. They noted that doing this in a genuinely science-based way – with a high benchmark carbon price and wide coverage of ongoing emissions – comes at a significant cost for companies. To improve feasibility without sacrificing integrity, we should explore adaptive models, such as:

- Differentiated carbon pricing (e.g. lower for scope 3, higher for scope 1&2)
- Tiered frameworks with a clear "entry level" and a ladder of ambition toward full responsibility

At the end of the discussion session in Option A and B Mentimeter poll was conducted to collect views on:

- Whether the standard should support Goal 2 of BVCM (i.e., enabling actions).
- Preferences between ton-for-ton and money-for-ton.
- Whether to have tiered recognition (ie. entry level and a full responsibility tier) or just a single entry threshold.
- Preferred percentages for ton-for-ton coverage (e.g., 40%, 50%).
- Whether to require at least 10% removals
- Whether to introduce differentiated carbon pricing for scope 3 emissions.

Discussion and Feedback

[Option A]

- An EWG member asked whether the standard's theory of change prioritizes participation breadth or scientific stringency. The SBTi team confirmed that both objectives must be balanced, aiming to signal scientific ambition while keeping the standard feasible and accessible.
- Another EWG member raised concerns about enforcing minimum carbon prices, suggesting they might distort the market and result in inflated prices. The SBTi team clarified that the intention is to ensure diverse solution funding, and that they are not consider price as a proxy for quality. The quality criteria will be used to determine quality.
- The same EWG member expressed preference for the Ton-for-Ton model if ti s was possible to develop an approach to allow forex-ante purchases within that model.
- Concerns were also raised about the risk of misuse in cases where companies invest in unverifiable R&D or ex-ante actions. The SBTi team acknowledged this and noted that claims guidance framework is under development as well as ongoing research to understand what verification mechanisms exist for these activities.
- An EWG member emphasized the importance of differentiating removal types, particularly ensuring support for high-durability removals, and suggested tailored requirements by company category.
- Another EWG member raised the issue of removal targets being off the table, questioning alignment with the 'science aligned' objective of the original terms of reference, noting that to be science aligned there would be stringency on removal targets. The SBTi team explained that the high cost burden and consultation responses had led to a proposed delay in mandatory removal requirements, rather than abandoning them.
- A separate EWG member emphasized the need to expose companies not taking action, particularly on removals efforts, for investor visibility.
- Another EWG mentioned that while they like the simplicity of the merged framework, they are concerned that there is less focus on durable removals. They call for distinguishing between durable and less durable removals within the merged framework.

- An EWG member suggests maintaining a link between residual emissions and removal obligations.
- One EWG member suggests having conditional targets for hard-to-abate sectors, given that these sectors are so reliant on e.g. government policies.

[Option B]

- One EWG member noted that if the proposal is difficult for the EWG to fully grasp, it is likely to be significantly more difficult for corporate implementation. They also raised a question regarding the large financial burden faced by companies with high emissions and low profits (e.g. mining companies), compared to high-profit, low-emission tech companies.
- The SBTi team explained that the apparent disparity arises not from the carbon price per ton, but from the differing emissions-to-profit ratios across sectors. SBTi acknowledged this imbalance but pointed out that attempts to account for affordability via differentiated carbon pricing based on profit were previously rejected by the EWG due to the added complexity it would introduce.
- Another EWG member emphasized that the quality of mitigation actions should not be equated with price. They warned that expensive projects might still be ineffective, while cost-efficient ones could be impactful. The member cautioned against unintentionally discouraging lower-cost high-quality interventions or innovation due to over-reliance on cost as a proxy for quality.
- They also raised the idea of decoupling recognition for early removals and innovation investments. Instead of blending multiple goals (early removals, scale-up, R&D) into a single mechanism, the member proposed developing separate recognition paths. They argued that requiring early removals would, by necessity, drive innovation without mandating it explicitly.
- In response, the SBTi team explained that price is not being used as a quality measure. The goal is to prevent companies from only choosing the cheapest mitigation solutions and encourage a diversified portfolio approach. This could be done either via a minimum average carbon price or by requiring a minimum split between types of mitigation (e.g. removals, reductions, avoidance).
- Another member acknowledged the overall effort to simplify the framework and affirmed that while it remains complex, it has become more understandable. They raised concerns around ex-ante outcomes and warned that including these in the accounting could open the door to greenwashing. In practice, such investments can secure future carbon credit supply at a lower price, but these early investments shouldn't count toward targets today due to the associated delivery risk. They emphasized that companies expect a lower cost per ton in exchange for that delivery risk.
- A further point was raised that money-for-ton models could be helpful for setting overall budgets, but that they should not be conflated with permitting non-ton-denominated outcomes to count toward targets. A member expressed concern that trying to manage all these goals in one model adds unnecessary complexity and risk.
- Another EWG member cautioned against allowing R & D to count, emphasizing that from their perspective, if the right demand signal is there, the market will naturally innovate and therefore R&D is not an issue the SBTi needs to solve for.

- Several EWG members expressed support for a tiered recognition framework that includes an entry-level option with room to climb the ladder of ambition. One highlighted the value of using transparency on the dashboard signaling to investors which companies are structurally aligned - or not - with a future carbon-regulated world.
- Another member expressed strong support for differentiated carbon pricing, particularly for Scope 3 emissions, given the known double-counting issues. They suggested adjusting carbon prices proportionally to the number of times Scope 3 emissions are counted across inventories, which would significantly ease participation for high-emissions sectors with limited profits.
- Two EWG members expressed concern that the proposal has moved away from mandatory removal targets and noted that they didn't feel this direction of travel was aligned with previous discussions had by the CDR EWG.
- One EWG member noted that if the aim is simplicity, having a requirement from the outset could be considered more simple than transitioning from recognition to requirement.
- Some concerns were raised about whether scope-specific carbon prices would be easy to implement and whether simplicity would again be sacrificed in the process. The SBTi team recognized this challenge but highlighted that adaptive models (like differentiated pricing or tiered recognition) may help balance feasibility and ambition.
- Another EWG member emphasized the importance of transparency on the dashboard, noting that transparency could be as effective as a requirement.
- The SBTi Team clarified that the dashboard would be discussed at the in-person session.

6. Topic 3: Recognition and requirement phase

The SBTi team presented two options for mandatory action under Phase 2:

Option A – Mandatory Scope 1 Residual Targets

- Companies would be required to set interim removal targets from a specified year (e.g., 2035), with a linear trajectory to net zero.
- Builds on current CNZS drafts but may not address cost distribution inequities across sectors.

Option B – Full Responsibility for Category A Companies from 2040

- From 2040, Category A companies (large/medium firms in high-income economies) would be required to address 100% of their ongoing emissions.
- This proposal aims to ensure high-capacity actors lead, while recognizing historical responsibility and global carbon budget overshoot.

The SBTi team shared global climate indicators and budget projections, highlighting the urgency of action and the limitations of current emissions trajectories. Option B was positioned as a method to accelerate above-and-beyond ambition without needing to revise existing abatement targets.

Discussion and Feedback
[Option A]

- An EWG member asked about the difference between taking full responsibility and reaching net-zero, and whether net-zero claims would be permitted under Option B. The SBTi team clarified that this would be addressed in the claims framework.
- The same EWG member questioned the feasibility of Option B, especially for companies with high Scope 3 emissions. They also noted that basing the assignment of responsibility on an approach which equates company to country could raise issues. The SBTi team acknowledged both points and noted that future assessments would quantify likely costs and mitigation volumes in 2040 to refine the recommendation.
- Based on the points raised in the SBTi team's presentation on realigning ambition with 1.5 pathways, an EWG member suggested that the SBTi instead validate multiple temperature outcome targets or update the pathways to use high overshoot scenarios.
- Another EWG member proposed a third option, which would combine options A and B whereby he removal target switches for category A companies to full responsibility, i.e.: removal targets are required from 2030 onwards, then from 2040 onwards, all category A companies become fully responsible for 100% of ongoing emissions.
- A separate EWG member stated their preference for Option A, and also emphasized that unless removal targets are required, the Net-Zero standard will not be in-line with AR6. They cautioned that presumption of availability at 2035 or 2040 without a mandatory onramp of removals is a significant risk.

[Option B]

- An EWG member endorsed the ambition and rationale of Option B, particularly its integration of equity considerations and full-scope mitigation. However, they raised concerns about whether companies would accept it as a requirement, given its significantly more ambitious scope.
- Another member supported Option B for its ambition and equity framing but questioned whether increasing the removals ratio over time (from 2040 to 2050) was meaningful given the short window.
- A third participant asked whether 2030 was definitively off the table as a compliance start date for removal targets, raising concern that delaying the start date to 2035 or 2040 would effectively be "kicking the can down the road". The SBTi team clarified that many members of the morning session had indeed favored a 2030 requirement and welcomed further input to support higher ambition.
- Another member expressed preference for Option B based on its potential to drive higher mitigation impact and better reflect scientific responsibility. They encouraged exploring intermediate levers like earlier start dates (e.g. 2035), differentiated requirements for different company categories, and increased flexibility within Option B's structure.
- One member raised a concern that a 2040 start date could result in companies deferring action until then. They noted that in the absence of earlier interim targets, momentum could stall.

- Another member emphasized the need to ensure practitioner input from companies with large Scope 1 emissions. The SBTi team confirmed that they had received strong feedback from high Scope 1 emitters in earlier sessions, underscoring the difficulty such requirements pose.
- Suggestions were made to enable collaboration across the value chain to incentivize nearer-term action - for instance, creating mechanisms where Scope 1 removals can be credited toward Scope 3 buyers' inventories. This would encourage investment and partnership across upstream and downstream actors and better reflect double-counting dynamics.
- Another EWG member noted that this proposal would effectively have the same outcome as introducing a differentiated carbon price for scope 3.
- One participant urged caution against over-engineering frameworks for sector differentiation. While some adjustment may be necessary, part of SBTi's value lies in its ability to signal which companies—and sectors—will fundamentally not be aligned with a net-zero world.
- Several members reinforced that demand signals are crucial for building durable carbon removal (CDR) supply. While supply constraints exist today, it was argued that demand is what ultimately drives scale..
- Another EWG member reiterated that while demand signals are necessary, they may not be sufficient. Small deals today are essential for emerging suppliers to survive and grow. Without them, many innovators will exit the market before maturity.
- On the topic of removal type splits (e.g. removal vs. avoidance), one member expressed concern about overly prescriptive requirements, particularly given that nature-based solutions often combine both attributes.

6. Actions & Next Steps

The SBTi team committed to:

- Synthesizing feedback from this session.
- Using it to draft the relevant chapter of CNZS V2.0.
- Providing additional information and discussion points, including on claims, durability thresholds, and public disclosure mechanisms, at the upcoming in-person meeting.

Slides and minutes will be shared with all EWG members following the session.