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DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

# Addressing ongoing emissions and BVCM Expert Working Group Meeting Minutes

Session IV: What counts & how much is enough

25 June 2025

09:00 - 11:00 BST [Session A]

15.00 - 17.00 BST [Session B]

Virtual

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## 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. Billie Wilcox Brooke, ISEAL
2. Daniel Schneiders, Bayer AG
3. Nathan Truitt, American Forest Foundation
4. Nicolas Kreibich, Wuppertal Institute
5. Omonigho Erigha, Persistent Energy Capital
6. Robert Höglund, Marginal Carbon AB
7. Sophie Louise Gladov, Ørsted
8. Tim Clairs, Forest Integrity

#### *Option B*

1. Abigail Paris, As You Sow
2. Aisha Rodriguez, VCMI
3. Cindy Chiang, Netflix
4. Gilles Dufrasne, European Commission
5. Jacqueline Persson, Oxfam
6. Morten Rossé, Lombard Odier Asset Managers
7. Sunita Purushottam, Mahindra Lifespaces

### **SBTi**

1. Alice Farrelly (BVCM SME, SBTi)
2. Scarlett Benson (BVCM EWG Lead, SBTi)
3. Emma Watson, Head of Corporate Standards

### **Technical Council Observers:**

1. Doreen Stabinsky TC Member - Observer
2. Michael Gillenwater TC Member - Observer

## Meeting agenda

Recap on proposal made in pre-read	20 min
Q&A	10 min
Summary of survey feedback	15 min
Facilitated discussion with break	70 min
Wrap up & 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:

- Work toward a consensus EWG position on what counts and how much is enough for addressing ongoing emissions through BVCM.
- Present and recap on the draft tiered recognition framework and criteria proposed in the pre-read.
- Clarify areas of alignment and divergence in EWG views based on the pre-read survey survey, understand why there is disagreement in certain areas and move towards solutions and workable compromises.

### 3. Agenda Overview

1. Recap on proposal made in pre-read
2. Q&A
3. Summary of survey feedback
4. Facilitated discussion with break
5. Wrap up & next steps

## Topic 1: SBTi team presentation: Pre-read recap

The SBTi Team outlined the six elements of the pre-read proposal:

1. Mandatory reporting requirement for all companies: All companies would be required to report whether or not they are taking responsibility for any of their ongoing emissions. This ensures that companies that opt out do so visibly, creating a reputational incentive to engage.
2. Achievable Entry Level recognition tier: Entry-level criteria for recognition would be set at a bar that is accessible and achievable for most sectors to encourage broad participation. The illustrative criteria in the pre-read proposed \$50 per tCO<sub>2</sub>e to at least 5% of Scope 1 emissions.
3. High ambition Full Responsibility recognition tier: The Full Responsibility recognition tier would serve as an ambition benchmark for leadership recognition. The illustrative criteria proposed thresholds that integrate the ongoing emissions responsibility ratio in line with the Above and Beyond report framing.
4. Ambition incentivized through transparency: A public dashboard would display companies' reported contribution levels and verified mitigation outcomes. This would allow leadership to be recognized without requiring all companies to meet a high ambition threshold from the outset.
5. Differentiate what counts across tiers: The proposal suggests distinguishing the types of actions that count across the entry-level and full responsibility tiers, recognizing the varying levels of ambition.
6. Transparent communications on trade-offs: The proposal recommends clear communication that entry-level contributions are not fully aligned with scientific responsibility, alongside publishing a direction-of-travel document explaining the need to progress toward full responsibility based on climate science and business resilience.

The SBTi team presented a summary of the tiered recognition criteria that were proposed in the pre-read. The illustrative criteria covered the following elements:

- Threshold for recognition
- Eligible mitigation types
- Exclusions
- Quality criteria
- Commitment-stage reporting
- Renewal-stage reporting

The SBTi recapped the feasibility assessment that was included in the pre-read. Notably that feasibility assessment indicated most sectors already meet entry-level spend thresholds; however, all fall significantly short of full responsibility targets.

## Topic 2. Q&A on pre-read

### Session A

- An EWG member asked whether the five-year disbursement requirement for the mitigation budget would be applied on a rolling annual basis or fixed per cycle. The SBTi Team clarified that it aligns with the five-year target validation cycle used for value chain targets, and companies would calculate a projected five-year emissions budget upfront.
- Clarification was sought on whether the "other" contributions in the full responsibility tier are conditional upon fulfilling the 40% mitigation threshold first. The SBTi Team confirmed that all additional actions follow this primary threshold.
- An EWG member requested a clearer definition of a "science-based carbon price." The SBTi Team shared their framing from the Above and Beyond Report: either the social cost of carbon, the target-consistent carbon price for 1.5°C pathways, or the cost to fully and permanently abate emissions, with companies required to justify their selected price accordingly.

### Session B

- An EWG member raised concerns about the complexity of the proposal and requested access to a session recording for further review. The SBTi Team agreed and reiterated that survey responses are non-binding and meant to support reflection.
- A question was raised about the assurance process: whether SBTi would verify all aspects of contribution claims. The SBTi Team explained that SBTi would validate alignment with criteria and may require third-party verification but would not conduct primary verification itself.
- Another participant asked how recognition claims would be structured if companies opted for a disclosure-only approach. The SBTi Team indicated this topic would be explored in future sessions dedicated to validation and dashboard design.

## Topic 3: Summary of survey feedback

Survey responses (10 received by session date) showed:

- Strong support for transparency, dashboards, mandatory disclosure, diversified portfolio recommendations, and exclusion of avoided product emissions.
- Broad support for a full responsibility tier; general agreement on defining third-party verification frameworks.
- Divergence over entry-level thresholds (with many finding the current proposal too low), full-responsibility recognition thresholds, inclusion of ex-ante investments as allowable quantified mitigation, differentiating what counts across tiers, and the risk of greenwashing from "other credible.." contribution category.
- Mixed views on the importance of avoiding double counting between corporate and national inventories, the importance of additionality in contribution claims, the inclusion of avoided emissions as an ex-post mitigation outcome.

## Topic 4: Facilitated discussion

Discussion focussed on several key areas of “what counts” and “how much” that have diverging EWG positions:

- How much: Entry level and Full Responsibility recognition thresholds
- What counts: Ex ante investments, avoided emissions, “other credible” contributions category
- What counts: Quality criteria: Additionally, avoiding double counting between corporate inventories and between corporate and country inventories

### **Option A: 09:00-11:00 BST**

#### *Discussion: Entry-Level and Full Responsibility Thresholds*

- An EWG member opened by strongly endorsing the reporting requirement, viewing it as a transformative signal that all companies should contribute to climate mitigation. They see this as foundational with the rest being more granular detail. The member emphasized keeping the system simple and flexible, especially regarding what qualifies as acceptable action.
- Multiple EWG members expressed support for a low entry threshold to encourage widespread participation. However, there was concern over being overly prescriptive - for instance, requiring 5% of scope 1 emissions at \$50/ton. One EWG member suggested allowing flexibility on the carbon price, relying instead on transparency and reputational incentive. Another emphasized that setting a price was less important than ensuring the system drives real emission reductions.
- An EWG member noted the value in retaining a simplified formula (e.g., 5% of something at \$50/ton), especially for entry-level companies with limited internal expertise. Others flagged reputational concerns, noting that if many companies already meet the proposed threshold, entry-level recognition might be perceived as greenwashing.
- A suggestion was raised to allow sector-specific adjustments to carbon pricing or to play with the pricing element within the tiers. However, the SBTi Team noted the complications this would introduce, including year-to-year variability and comparability challenges.
- One EWG member proposed using the entry tier to set full scope coverage and allow flexibility on the carbon price only -highlighting transparency through a dashboard as the mechanism to drive ambition. The SBTi Team acknowledged the potential appeal but expressed concern about allowing companies to claim high coverage with negligible carbon prices.
- Several EWG members flagged the significant jump between the proposed entry-level and full responsibility tiers. They proposed the introduction of a “middle tier” as a bridge, which could, for example, require 40% coverage of scope 1 emissions. This was framed as both ambitious and achievable, allowing for gradation and movement without overwhelming companies.
- An EWG member argued for full responsibility over 100% of emissions but suggested allowing shared responsibility for Scope 3 through a reduced carbon price, e.g., 25%

of the science-based level. This, they argued, would preserve integrity while improving feasibility.

- Concerns were raised that requiring companies to achieve 40% mitigation outcomes (in tons) might incentivize purchasing cheap credits. Several EWG members proposed redefining the 40% in terms of budget spent rather than physical volume of credits. The SBTi Team explained that this “ton-for-ton” approach was adopted to reflect the ongoing emissions responsibility ratio (OEERR), ensuring near-term climate impact.
- Multiple EWG members raised the challenge of high-quality credit supply. The SBTi Team noted that this concern was more pressing in the context of requirements than recommendations, though the supply/demand dynamic remains relevant. Ongoing research, including by new Oxford-affiliated fellows, will address feasibility in more depth.

#### *Discussion: Adaptation Finance*

- An EWG member proposed that a specific portion of the climate budget should be earmarked for adaptation from the outset, rather than relying on residual funds after mitigation. The SBTi Team noted the difficulty of setting a science-based percentage and acknowledged SBTi’s mitigation focus, though they were open to setting a minimum recommended amount.
- Another EWG member supported incorporating adaptation via a dashboard that highlights and rewards companies allocating finance to adaptation without making it a strict requirement.
- EWG members reiterated strong support for using a dashboard as a core accountability and ambition-driving tool. There was a suggestion to simplify the entry tier by focusing on one parameter (e.g., price) while requiring full emissions coverage. The SBTi Team acknowledged the idea but highlighted risks of minimal actions being over-rewarded, and challenges with extremely low thresholds.

#### *Discussion: Ex-Ante Mitigation Outcomes*

- The SBTi Team raised the potential removal of ex-ante outcomes from the 40% mitigation budget due to delivery uncertainty. An EWG member - initially a strong opponent - indicated openness if ex-ante were limited to durable Carbon Dioxide Removal (CDR) with safeguards to prevent double-counting.
- Another EWG member proposed including jurisdictional REDD+ in a similar category to CDR. Others stressed that any ex-ante investment must be verified ex-post to validate claims and suggested future accountability mechanisms.
- Concerns about double counting and credibility were widely shared. One approach proposed was allowing ex-ante outcomes to count only once: either at time of investment or when outcomes are delivered, not both. There was general convergence on introducing safeguards, timeframes, and MRV requirements to make ex-ante investments eligible.

#### *Discussion: “Other Credible Additional Climate Contributions” Category*

- The group discussed whether to retain the category: *Other credible, additional climate-related contributions that contribute to long-term climate impact and/or*

*systemic transformation*. The SBTi Team and EWG members agreed it was unnecessary, posed greenwashing risks and created validation challenges.

- The explicit categories (ex-post, ex-ante, adaptation, loss and damage) were seen as sufficient. Consensus emerged to remove the “other” category for clarity and simplicity.

#### *Discussion: Additionality in Contribution Claims*

- The SBTi Team framed the question: how important is additionality in a contribution context (as opposed to compensation)? Some EWG members argued that additionality is less relevant when companies aren't offsetting, particularly if the goal is to channel climate finance to the Global South for NDC implementation. Others disagreed, cautioning that loose additionality standards could undermine credibility and lead to wasteful spending.

#### *Discussion: Double Counting: Corporate and National Inventories*

- There was division on whether contribution claims should require corresponding adjustments. Some EWG members favored prioritizing finance flow into lower-income countries and saw double counting as acceptable in that context.
- Others raised reputational and integrity concerns. The SBTi Team highlighted that no consensus exists in the voluntary market on this issue and noted the tension between environmental integrity and incentivizing action in the Global South.

#### *Discussion: Double counting: Between Corporate Inventories*

- The SBTi Team presented a scenario involving a farmer selling carbon credits to Microsoft while supplying produce to Unilever. In such cases, one company's claim could remove the mitigation from another's inventory. The group leaned toward discouraging such double counting to maintain integrity and encourage collaboration within value chains. It was acknowledged, however, that the systems to fully prevent this type of double counting are not yet in place.

### **Option B: 15:00–17:00 BST**

#### *Discussion: Entry-Level and Full Responsibility Thresholds*

- EWG members expressed strong opposition to the proposed Entry Level threshold, criticizing it as budget-based rather than results-oriented. They argued that it risks enabling greenwashing in an increasingly permissive global policy context and emphasized the need for SBTi to set a high-ambition benchmark.
- In response, the SBTi Team explained the low threshold was designed to recognize companies making mitigation investments beyond their direct emissions footprint, such as in shared supply chains.
- Further critiques centered around the use of a dollar-per-ton model, which EWG members felt lacks focus on quality, measurable outcomes, or assurable standards. An alternative disclosure-based model was suggested - where companies report quantitative mitigation contributions without requiring a set bar, enabling transparency and competition.

- The SBTi Team acknowledged these concerns and noted the potential for research into thresholds based on company inventories, while also voicing practical concerns about verifying very small contributions if no minimum is set.
- Clarifying the 40% ton-for-ton requirement in the full responsibility tier, the SBTi Team explained that it was derived from a science-based methodology to reflect temperature overshoot responsibility, rather than a reduction in ambition.
- EWG members noted that the current 5% scope 1 requirement would have very different implications across sectors. A suggestion was made to base thresholds on the scope with the highest emissions to increase comparability.
- While acknowledging issues with a budget-based model, some participants emphasized it remains one of the few practical tools to measure corporate contributions. Several stressed the importance of also defining what counts, not just how much is spent.
- EWG members raised concerns that carbon price-based models don't reliably signal quality or climate impact. Cheaper options like landfill methane destruction were highlighted as highly impactful, whereas expensive projects like poorly executed biochar initiatives could be ineffective.
- Others emphasized that corporate carbon pricing is highly variable and opaque, making standardization risky. The preference was expressed for separating financing from mitigation outcomes - e.g., distinguishing between "climate contributions" and verifiable mitigation actions.
- EWG members called for better data on climate action costs and regional project variation. Examples were provided of companies conducting in-house projects with third-party verification.
- A broader call was made to integrate social outcomes and co-benefits into the framework. It was suggested that SBTi explore collaboration with CDP to enhance data access and transparency, including a dashboard to support public visibility and peer comparison.
- The SBTi Team described the rationale for the original money-for-ton approach: allowing flexibility, encouraging diverse investments, and enabling companies to fund based on their business cases. This approach was meant to facilitate a portfolio aligned with principles such as scalability, climate justice, and co-benefits.
- While some saw this as enabling broader action, others felt it created greenwashing risk. A ramp-up model was proposed - using ton-for-ton at entry level and reserving the carbon price for higher tiers to ease accessibility for companies not yet using internal carbon pricing.
- Debate continued on whether setting minimum spend levels hampers creativity or innovation. EWG members warned that fixed carbon prices could discourage participation and would be difficult to justify in fluctuating markets.
- Others clarified that the proposal is not about setting minimum prices for carbon credits but establishing a contribution budget, with companies free to choose how to spend it.
- There was broad agreement that clearer separation is needed between the level of ambition (how much is contributed) and the method of delivery (what it's spent on).

### *Discussion: Defining Mitigation and What Counts*

- Participants agreed that the framework must clearly define what constitutes a valid mitigation outcome. Several emphasized the need to avoid conflating mitigation with general climate finance, which could deter adoption.
- Avoided emissions were a key point of contention. While initially supported by many, one EWG member highlighted confusion around the term and advocated focusing solely on reductions and removals, which are already well understood and standardized.

### *Discussion: Ex-Ante Mitigation Outcomes*

- There was general alignment on excluding ex-ante mitigation (i.e., projected future impact) from the 40% ton-for-ton requirement, while still allowing it in the broader, discretionary budget. Concerns centered around unverifiable claims and past failures in ex-ante crediting systems.
- Some noted that while investment in early-stage removals is essential, it should not be claimed as mitigation until outcomes are realized.
- A recommendation was made to harmonize spending rules across tiers - i.e., define required percentages for verified outcomes and flexible spending, regardless of ambition level.

### *Discussion: “Other Credible Additional Climate Contributions” Category*

- Members debated whether to keep the “other high integrity contributions” category. While some argued it left room for innovation, most preferred a clearer, exhaustive list to prevent misuse.
- There was skepticism about including “just transition” due to definitional and assurance challenges. However, some EWG members stressed not to dismiss the concept prematurely and offered to explore more robust definitions.
- Leadership actions - like corporate investments in energy-efficient labs or collaborative value chain decarbonization charters - were raised as examples of important but hard-to-classify contributions.
- SBTi Team clarified that such efforts could be included as finance-based claims for transparency, without asserting mitigation impact.

## Topic 5: Wrap up & Next Steps

- The survey that was circulated to accompany the proposal will remain open indefinitely. EWG members are invited to submit feedback if they haven’t done so already, or they may amend their feedback if their opinions have changed based on the discussion.
- The SBTi Team will revise the proposal to reflect EWG feedback.
- An anonymized Excel file of survey responses will be shared.
- Upcoming sessions:
  - 15 July: Joint session with CDR EWG (removals and ongoing/residual emissions)
  - 5 August: Eligibility, dashboard claims, and timings

- 28 August: Claims, data quality, and recognition
- September (TBD): In-person session in London