

Addressing the impact of ongoing emissions – beyond value chain mitigation (BVCM)

EWG virtual session IV on 25th June

Bringing together “what counts” and “how much is enough”

Presentation deck

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Introduction | Our goal for today is to attempt to forge a consensus EWG position on “what counts” and “how much”...

Today's questions

... and outcomes

1. What are the SBTi team proposing for what counts and how much?

Establish a shared understanding of the proposal made in the pre-read

2. Where has the group has reached agreement?

Clarify and confirm areas of consensus

3. Where have we not reached consensus?

Understanding of why we have not reached consensus and exploration of workable compromises

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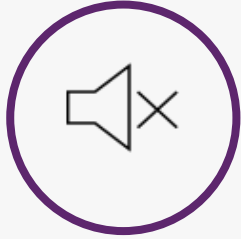
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 - Potential: Where a Party has personal or private interests that could conflict with their duties with the SBTi, or where it is foreseeable that a conflict may arise in future.
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VIDEO-CONFERENCE GUIDELINES

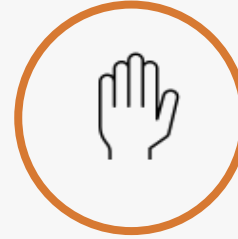
Participant guidelines



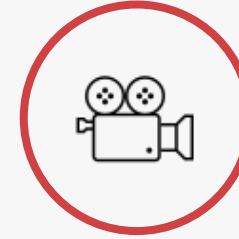
Mute during presentations



Use the chat box



Use the raise hand function



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Notes from us



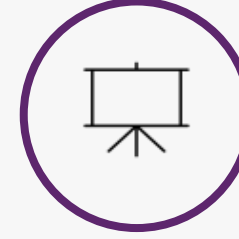
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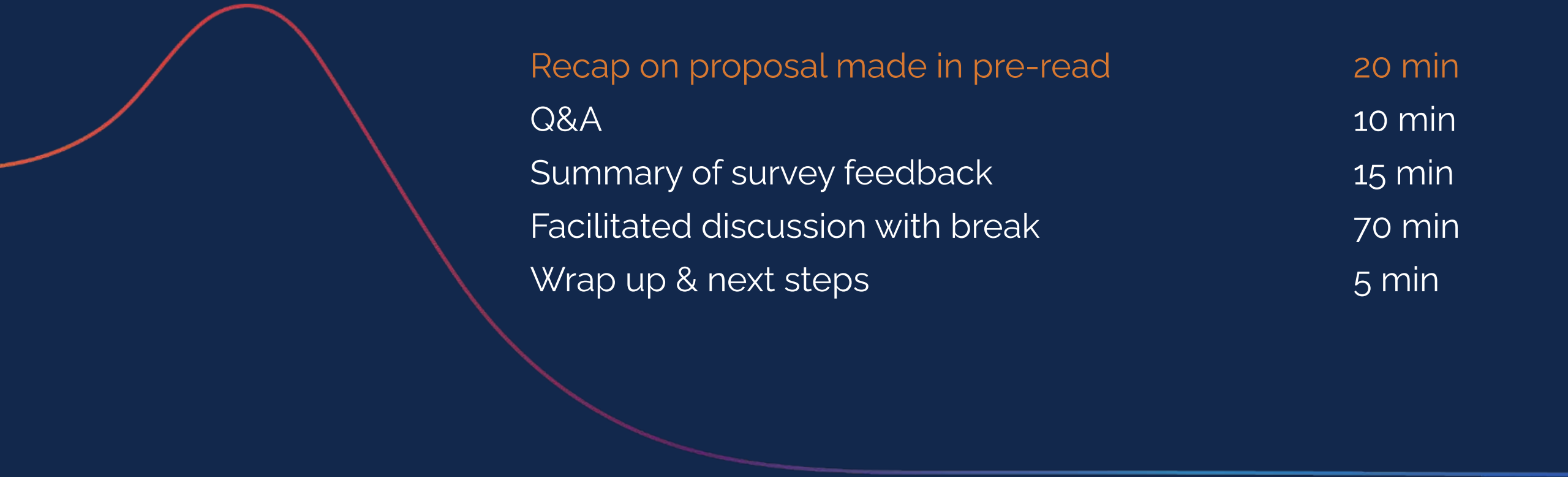


We will follow up with minutes...



..And we will follow up with slides!

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

Proposal on “how much” and “what counts”..

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 set at a bar that is accessible and achievable for most sectors to encourage broad participation. The illustrative criteria in the pre-read proposed: <i>\$50 per tCO₂e to at least 5% of scope 1 emissions.</i>
3	High ambition Full Responsibility recognition tier	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	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.
6	Transparent communications on trade-offs	Communicate clearly the trade-off that entry level will not be fully aligned with scientific responsibility. Publish a document that sets the direction of travel and clearly explains the need to progressively move towards full responsibility – both from a climate science perspective and from a business resilience standpoint.

Summary of proposed requirements per recognition tier..

	 Entry-Level recognition requirements
Threshold for recognition	Apply a carbon price >\$[50]/tCO₂e to ≥5% of [Scope 1] emissions to generate a mitigation budget, which must be fully disbursed within 5 years.
Eligible mitigation types	Ex-post outcomes (from 2021 onward) or ex-ante investments with expected impact by 2035.
Exclusions	Outcomes in the company's inventory, outcomes counted toward SBTi targets, or product-level avoided emissions.
Quality criteria	Additionality, no double counting, no leakage, environmental and social safeguards, and reversal risk management.
Commitment-stage reporting	Companies submit emissions data, internal carbon price, budget, and MRV/implementation plans.
Renewal-stage reporting	At 5-year renewal: companies report budget disbursed, verified outcomes, ex-ante investment evidence, and substantiated claims.

	 Full Responsibility recognition requirements
	Apply a science-based carbon price to 100% of Scope 1, 2, and 3 emissions to calculate a budget for taking full responsibility. This budget must be fully disbursed within a 5-year target period.
	Ex-post outcomes (from 2021 onward) or ex-ante investments with expected impact by 2035. Volume of mitigation must equal at least 40% of ongoing emissions during the target period. - Remaining financial budget shall be used to support additional high-quality climate contributions with long-term or systemic climate impact (e.g. R&D and innovation; mitigation-enabling outcomes) and/or additional verified ex-post mitigation outcomes or ex-ante mitigation investments.
	<i>Per Entry-Level requirements</i>
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	<i>Per Entry-Level requirements</i>

In addition to the requirements that companies must meet to be eligible for recognition at each tier, we also proposed several best-practice recommendations....

Recommendations



Entry Level recognition

- Recommended to **go beyond the Entry-Level requirements** by supporting a wider portfolio of high-quality climate-related contributions.
- **Apply a diversified portfolio approach** in line with the principles of Scale; Financing Need; Co-benefits; Climate Justice.
- **Report on broader climate contributions** publicly and to SBTi.



Full Responsibility recognition

- Apply a **diversified portfolio approach** in line with the principles of Scale; Financing Need; Co-benefits; Climate Justice.
- **Report on broader climate contributions** publicly and to the SBTi.

We explored the feasibility of these thresholds across a range of sectors and found....

Many sectors already meet the proposed threshold for Entry Level recognition....

- With the **exception of utilities, all sectors have carbon credit expenditure at levels already aligned with the estimated cost of Entry Level recognition.**
- When comparing the mitigation volume required for Entry Level recognition (5% of scope 1 emissions) with actual volumes of credits purchased and retired, **all sectors, except utilities, already exceed this mitigation volume threshold.**

All sectors are significantly below the proposed threshold for Full Responsibility recognition....

- **Current carbon credit expenditure of all sectors is far below the estimated costs of Full Responsibility recognition.** Sectors would need to increase carbon credit spending from anywhere between 80% (e.g. media) to 99% (e.g. utilities, energy).
- The estimated mitigation volume required for Full Responsibility recognition with actual volumes of credits purchased and retired, all sectors are **significantly below the Full Responsibility recognition mitigation volume threshold.** A 96% or more increase in purchase and retirement volumes to align with the coverage threshold.

Based on the feasibility assessment, the pre-read presented three alternative proposals in Annex A- one for Entry Level recognition and two for Full Responsibility recognition - to balance ambition with achievability.

AGENDA

Recap on proposal made in pre-read

20 min

Q&A

10 min

Summary of survey feedback

15 min

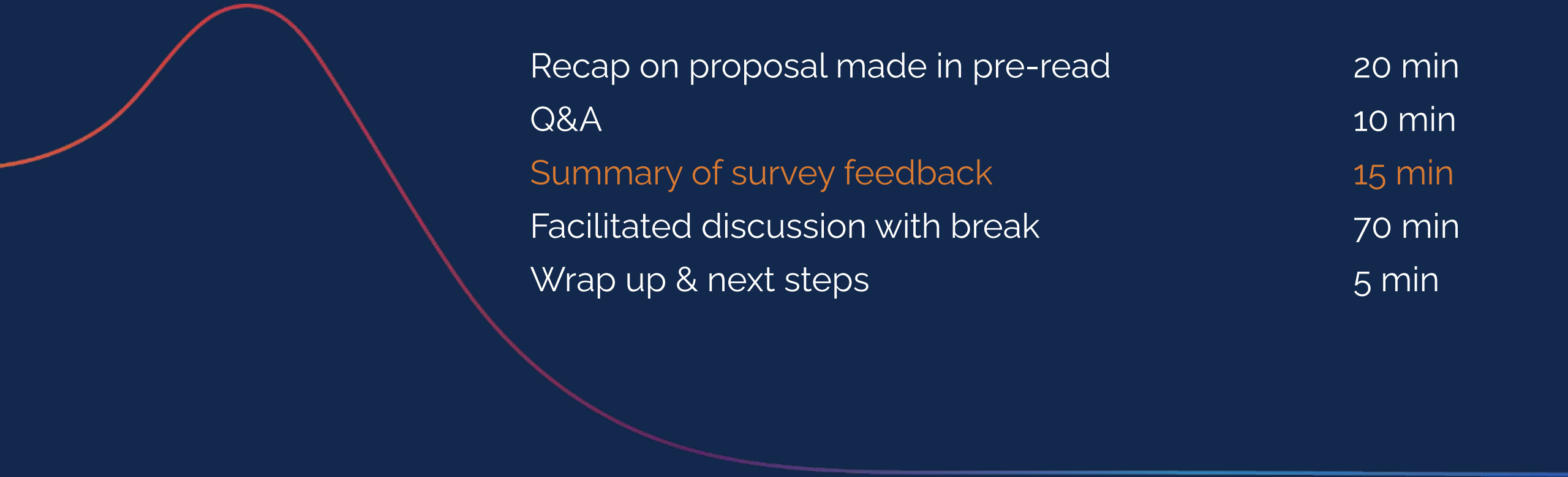
Facilitated discussion with break

70 min

Wrap up & next steps

5 min

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Survey results: Some areas highlight emerging consensus.....

Transparency & Accountability	Low-bar Entry Level recognition	Full Responsibility recognition tier as a high-ambition tier	Excluding avoided product-related emissions
Consensus on mandatory public disclosure for all companies and using transparency to create a "race to the top". 100%: support mandatory public reporting on opt-in/out. 100%: support dashboards and public transparency to foster ambition.	Majority support the concept of a low-bar entry recognition (70%). 20% oppose, preferring BVCM to remain high ambition.	Strong majority (89%) support the introduction of a "Full Responsibility" recognition tier as a high-ambition benchmark.	Emerging consensus to exclude product-related avoided emissions (90%).
Third party frameworks	Diversified portfolio approach	Reporting requirements and recommendations	
Majority (80%) support the standard defining specific eligible third-party frameworks for verified outcomes.	Majority (80%) support recommending a diversified portfolio approach aligned with the principles of scale, financing needs, co-benefits, and climate justice.	Majority support for proposed reporting requirements and recommendations. 80% support commitment-stage and renewal stage reporting requirements. 90% support encouraging public reporting on broader contributions; 80% support reporting to SBTi these contributions.	

While other areas highlight diverging viewpoints.....

Entry Level recognition threshold

No clear consensus.

70% oppose the proposed Entry Level recognition threshold.

Preference for a more ambitious threshold, but mixed views on preferred approach: 30% favor scenario 2; 40% propose alternatives.

Full Responsibility recognition threshold

No clear consensus.

30%: Prefer the proposed Full Responsibility recognition threshold.

20% : Prefer scenario 4.

30% Disagree with all proposed options.

Differentiating what counts between tiers

Respondents are divided on the proposal to differentiate what counts as eligible contributions between recognition tiers:

40% supporting differentiation

40% oppose it.

Avoided emissions as an eligible outcome

Broad for support including avoided emissions as eligible outcomes for ex-post mitigation for both Entry and Full Responsibility levels respectively.

Smaller group (20%) strongly oppose their inclusion.

Ex-ante investments

Mixed views.

70% broadly support including ex-ante investments in the Entry Level and Full Responsibility tiers;

20% oppose this raising concerns over greenwashing and credibility.

Quality criteria

Broad agreement (80%) on additionality being essential in the context of contribution claims.

50/50 split on the importance of avoiding double counting between Corporate & countries.

Mixed views on the importance of avoiding double counting between corporate inventories,

Risk of greenwashing for "other, credible, additional contributions"

Respondents are split:

50% perceive high risk,

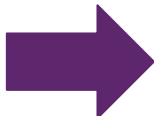
30% perceive medium risk,

20% perceive low risk.

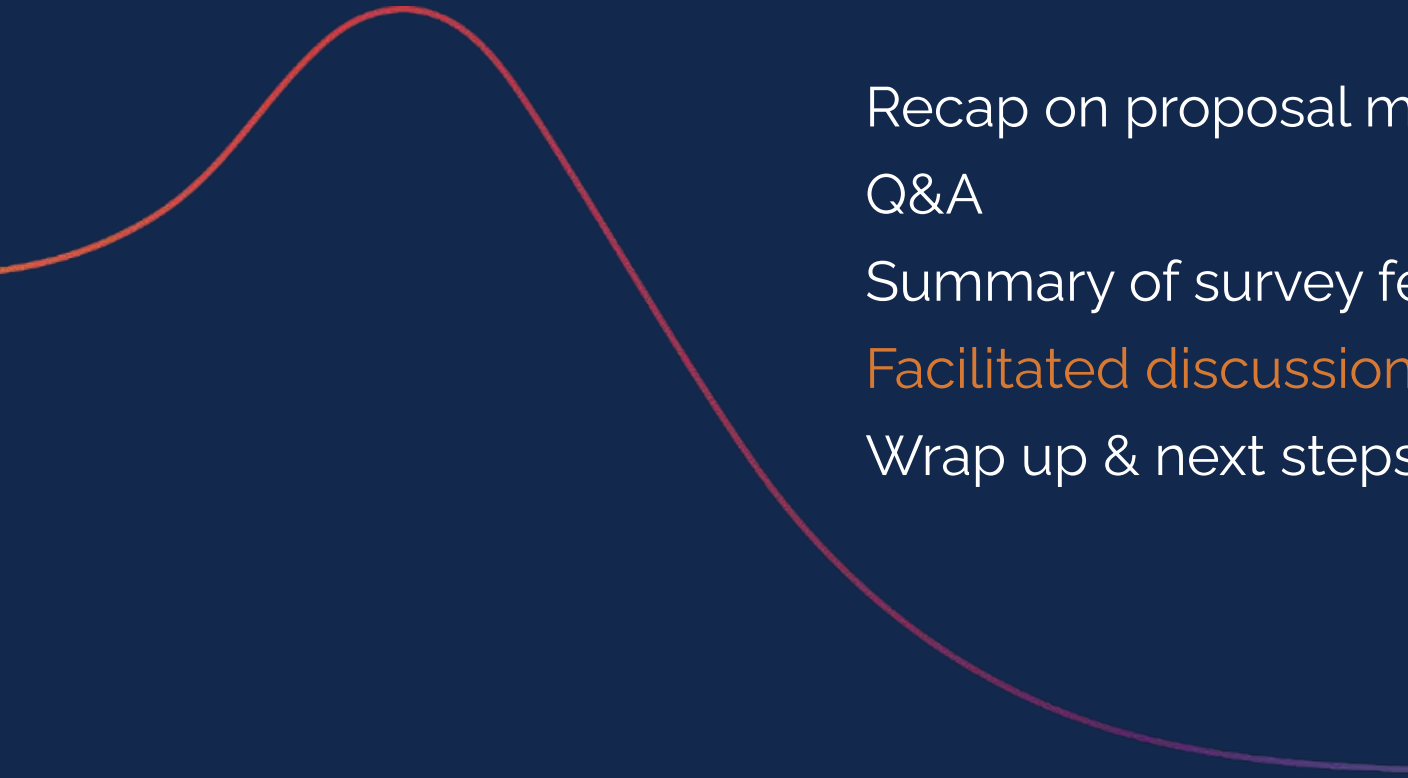
Today’s discussion will focus on three key areas of “what counts” and “how much” that lack a clear EWG consensus position...

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DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

	 Entry-Level recognition requirements	 Full Responsibility recognition requirements
 Threshold for recognition	Apply a carbon price >\$[50]/tCO₂e to ≥5% of [Scope 1] emissions to generate a mitigation budget, which must be fully disbursed within 5 years.	Apply a science-based carbon price to 100% of Scope 1, 2, and 3 emissions to calculate a budget for taking full responsibility. This budget must be fully disbursed within a 5-year target period.
 Eligible mitigation types	Ex-post outcomes (from 2021 onward) or ex-ante investments with expected impact by 2035.	- Ex-post outcomes (from 2021 onward) or ex-ante investments with expected impact by 2035. Volume of mitigation must equal at least 40% of ongoing emissions during the target period. - Remaining financial budget shall be used to support additional high-quality climate contributions with long-term or systemic climate impact (e.g. R&D and innovation; mitigation-enabling outcomes) and/or additional verified ex-post mitigation outcomes or ex-ante mitigation investments
Exclusions	Outcomes in the company's inventory, outcomes counted toward SBTi targets, or product-level avoided emissions.	Per Entry-Level requirements
 Quality criteria	Additionality, no double counting, no leakage, environmental and social safeguards, and reversal risk management.	Per Entry-Level requirements
Commitment-stage reporting	Companies submit emissions data, internal carbon price, budget, and MRV/implementation plans.	Per Entry-Level requirements
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Discussion: Entry Level and Full Responsibility recognition thresholds

How much: Entry Level and Full responsibility thresholds

What was proposed:

Entry-level recognition: 5% of scope 1 emissions at \$50/tCO₂e

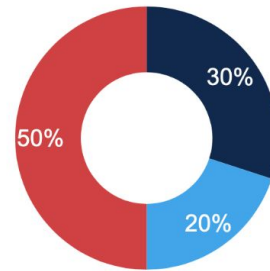
Full responsibility recognition: Apply a science-based carbon price to 100% of Scope 1–3 emissions; deliver 40% as quantified mitigation (ex-post or near-term ex-ante); use remaining budget for other climate-related contributions or additional mitigation

What the survey said:

Entry Level: Limited support - 70% opposed. Many respondents favored more ambitious alternatives (e.g., Scenario 2 or custom thresholds).

Full Responsibility: Mixed views. Three respondents select proposed option as their preferred approach. Several agree with 100% coverage from an ambition perspective but raise feasibility concerns. Some prefer Scenario 4 (40% coverage); others opposed all options presented. Several respondents suggest 60% for other climate-contributions is too high.

Which entry-level option do you prefer?



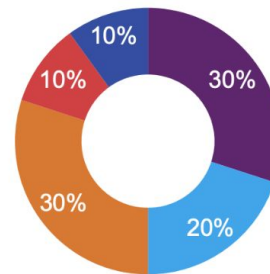
- As proposed in EL-C-1: 5% of Scope 1 emissions at \$50/ton
- Scenario 2: 5% of Scope 1, 2 and 3 emissions at \$50/ton (Please see Annex A for further details)
- I don't agree with any of the proposed options
- Unsure
- Other

"Other" included alternative proposals:

- Remove sole focus from scope 1, instead require 5 or 10% of the scope with the highest emissions;
- Require Full coverage on all scopes but with a lower carbon price

N=10

Which full responsibility option do you prefer?



- As proposed in FR-C-1: 100% of ongoing emissions (scopes 1-3) at a science-based carbon price, with at least 40% addressed via third-party verified mitigation outcomes
- Scenario 3: Science-based carbon price applied to 40% ongoing scope 1 emissions
- Scenario 4: Science-based carbon price applied to 40% ongoing scope 1, 2 and 3 emissions
- I don't agree with any of the proposed options
- Unsure
- Other

'Don't agree' comments and "Other" included alternative proposals:

- Cover 100% of Scope 1 and 2; apply a science-based carbon price to Scope 3.
- Cover 100% of Scope 1–3; address 50% via verified mitigation, apply science-based carbon price to the remaining 50%.

N=10

Discussion: Eligible outcomes and quality criteria

What counts: Eligible and incentivized outcomes

What was proposed

Companies shall deliver ex-post (quantified, verified reductions/removals/avoided emissions) and/or ex-ante mitigation with expected impact before 2035.

Entry Level: encouraged - and Full Responsibility: required - to support a broader portfolio of "other credible, additional climate-related contributions."

What the survey said

Avoided emissions: 'Support (78–90%) for including as eligible ex-post outcomes.

Ex-ante investments: 70% support inclusion; 20% raise concerns over greenwashing and credibility.

Other climate contributions: Mixed views on greenwashing risk - 50% high, 30% medium, 20% low.

Some see low to medium risk if framed clearly as a contribution claim with safeguards; others view it as vague and potentially a way to channel funds to NGOs without sufficient accountability.

What counts: Quality criteria

What was proposed

All mitigation outcomes must meet key quality criteria: Additionality, No double counting, No leakage, Safeguards, and Reversal risk mitigation.

What the survey said

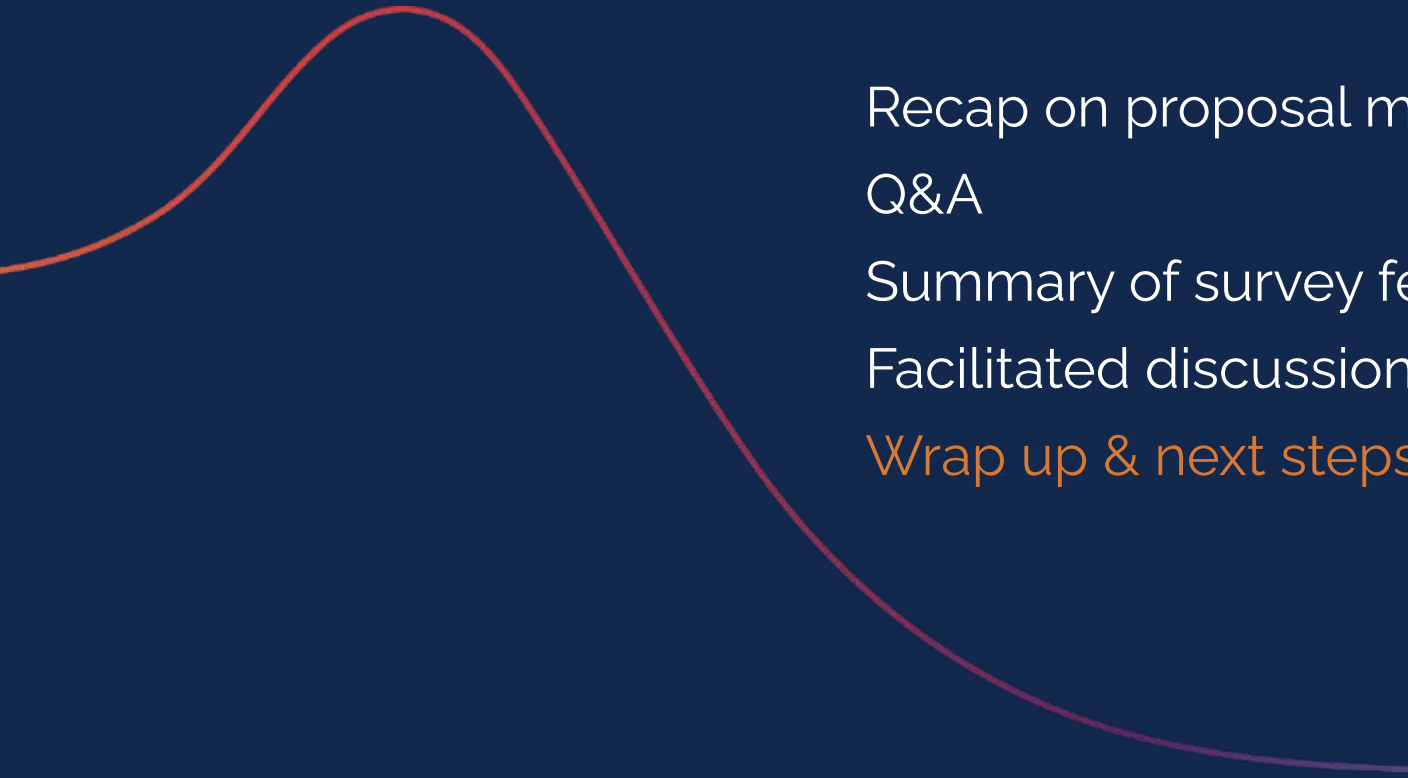
Additionality: 80% see it as essential; one respondent warns it may limit support for NDC-aligned actions in developing countries.

Avoiding double counting between..

Corporate vs. country inventories: 50/50 split on importance to avoid this.

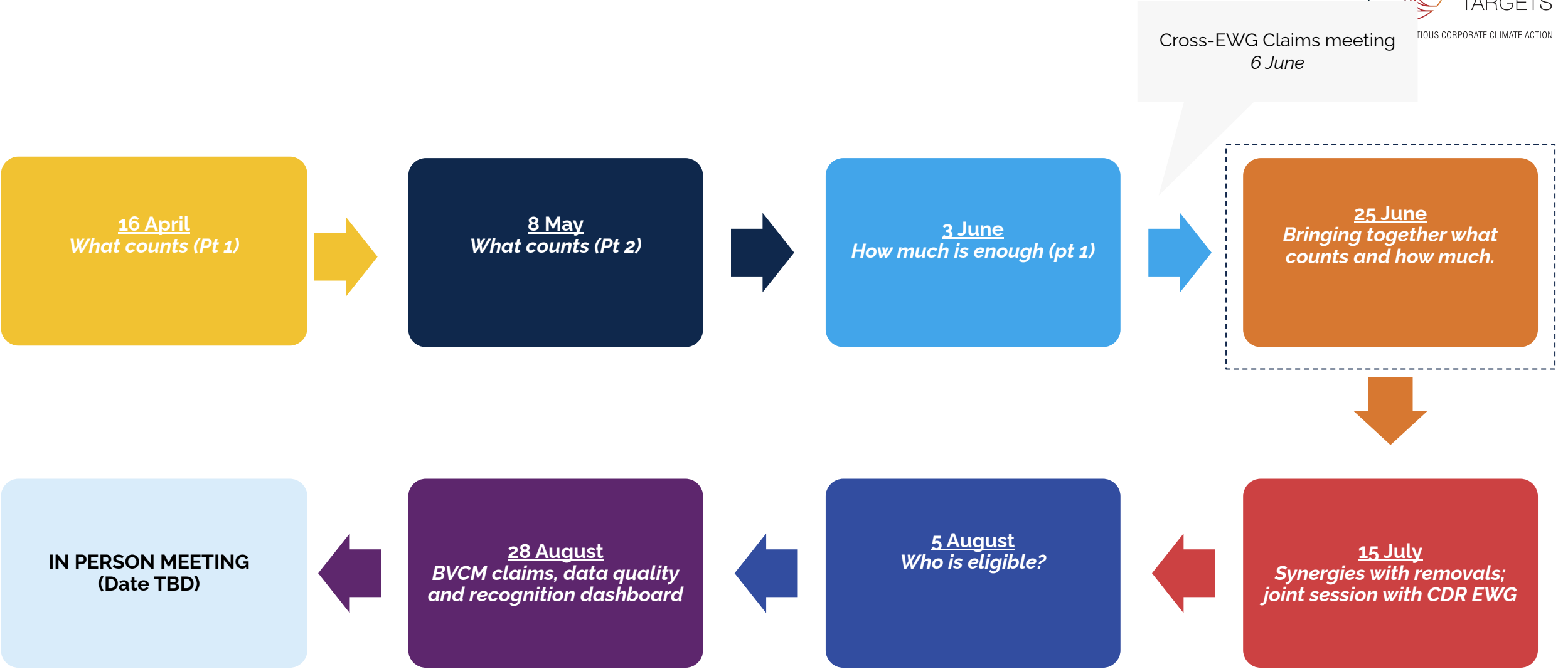
Corporate inventories: Mixed views - 70% see it as essential to avoid, 20% others less so.

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Revised BVCM EWG meeting schedule



What to expect between now and our next meeting on 15th July...



Today's **slides and minutes** will be uploaded to our shared folder



Pre-reads for our next meeting will be shared 5 days in advance

Any questions? You can reach us at alicefarrelly@sciencebasedtargets.org and scarlettbenson@sciencebasedtargets.org

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