

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

Addressing Ongoing Emissions and BVCM Session III

03/06/2025 -

Session A 10:00-12:00 CEST

Session B 16:00-18:30 CEST

Virtual

# INTERNAL

## 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.

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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.

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**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:

#### Session A

- |   |                                       |
|---|---------------------------------------|
| 1. Daniel Schneiders, Bayer AG                | 5. Robert Höglund, Marginal Carbon AB |
| 2. Gilles Dufrasne, European Commission       | 6. Sophie Louise Gladov, Ørsted       |
| 3. Giulia Carbone, WBCSD                      | 7. Tim Clairs, Forest Integrity       |
| 4. Morten Rossé, Lombard Odier Asset Managers |                                       |

#### SBTi

- |  |  |
|--|--|
| 1. Alice Farrelly (BVCM SME, SBTi)         | 4. Humphrey Adun (SME Research, SBTi)              |
| 2. Scarlett Benson (BVCM EWG Lead, SBTi)   | 5. Emma Watson (Head of Corporate Standards, SBTi) |
| 3. Piera Patrizio (Head of Research, SBTi) |  |

#### Observers

6. Doreen Stabinsky TC Member - Observer
7. Michael Gillenwater TC Member - Observer

## Meeting agenda

SBTi team presentation: Pre-read recap	25 min
Questions and comments on pre-read	15 min
Responsibility frameworks and feasibility	35 min
Ability to pay	40 min
Closing & next steps	5 mins

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

## 1. Welcome & Introductions

The SBTi Team welcomed members and provided an overview of the session objectives, agenda, and housekeeping points, including antitrust reminders and confidentiality of materials.

The SBTi Team introduced the session by explaining its place within the broader BVCM EWG series. The focus was on progressing the group's collective understanding of “how much is enough” regarding companies' responsibility for ongoing emissions, a question inherently linked to previous discussions on what counts.

## 2. Meeting Objectives

The session aimed to:

- Present and gather feedback on the proposed ongoing emissions responsibility ratio.
- Explore frameworks to operationalize this responsibility ratio in the CNZS V2, while still incentivizing action towards BVCM Goal 2 (i.e. harder-to-measure systemic outcomes).
- Discuss tension between responsibility and feasibility
- Discuss ability-to-pay considerations

## 3. Agenda Overview

- SBTi team presentation: Pre-read recap (25 min)  
Questions and comments on pre-read (15 min)
- Responsibility frameworks and feasibility (35 min)
- Ability to pay (40 min)  
Closing & next steps (5 min)

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

A science-based ongoing emissions responsibility ratio was presented, developed by the research team using IPCC scenarios limiting warming to 1.5°C. The ratio, calculated as the cumulative removals required over cumulative gross emissions minus residual emissions, yielded a median of approximately 0.4. This suggests that for each ton of ongoing emissions, companies would need to deliver measurable mitigation outcomes equivalent to at least 0.4 tons of CO<sub>2</sub>.

The team highlighted key tensions arising from this ratio, that would be discussed in the session:

- Between science-based logic and feasibility for companies (i.e. ability to pay)
- Between quantifiable mitigation outcomes and harder-to-measure, systemic contributions aligned with BVCM Goal 2

## 5. Topic 2: Questions and comments on pre-read

### Session A

- Several EWG emphasized that the responsibility ratio introduces the implicit message that existing science-based targets may not be sufficient to stay within global carbon budgets.
- It was also mentioned that by including responsibility for global overshoot within BVCM puts the onus to address it only on the companies that are opting to go for recognition, noting that this might deter companies from pursuing recognition. This raised concerns about communication clarity and possible perceptions among companies that they were being presented with a new liability.
- Questions were also raised as to why the SBT target pathway is not updated to account for responsibility for future overshoot.
- EWG members highlighted the role of historical emissions and the challenge of translating national-level responsibility concepts to the corporate level.
- EWG members discussed whether reductions, as well as removals, should contribute toward meeting this responsibility. SBTi clarified that reductions would be eligible because, as specified in the pre-read, additional reductions now reduce future overshoot.
- EWG members cautioned against the term "avoided emissions" due to definitional confusion in the market.
- The tension between aligning the framework with scientific integrity while keeping it adoptable by companies was frequently raised. There were calls for clear and transparent positioning of this additional responsibility within SBTi's broader framework.

### Session B

- The discussion opened with reactions to the proposed ongoing emissions responsibility ratio (OERR), introduced in the pre-read materials. Several EWG

members expressed both support for the conceptual framing and sought clarification on its calculation and implications.

- One EWG member welcomed the link between BVCM and managing global temperature overshoot, appreciating the scientific basis and the suggestion that pre-2050 emissions reductions can still play a significant role in avoiding future removals. They sought clarification on the calculation of the OERR, especially how a median value of 0.4 was derived from selected IPCC scenarios.
- In response, the SBTi Team explained that the 0.4 figure is the median ratio of total removals to gross emissions from IPCC AR6 pathways. The ratio represents a global average and is not differentiated by sector or geography. However, the possibility of adjusting frameworks for sectoral differences was flagged for later discussion.
- Another EWG member raised concerns about the potential complexity and feasibility of the OERR approach, especially given the voluntary nature of BVCM. They advocated for a tiered approach that recognizes companies' varied capacities and stages of readiness. The SBTi Team agreed and noted the tension between a science-based bar and practical implementation, which would be explored further in the session.
- Concerns were also raised about the emphasis on ton-for-ton mitigation, with one EWG member suggesting this could undervalue systemic, non-quantifiable contributions. Another member added that forward-looking investments, though not immediately measurable, can ultimately result in verifiable outcomes and should be recognized within the framework.
- The importance of equity and differentiation was underscored, with suggestions to incorporate considerations of company size, sector, and geography. One member proposed sectoral guidance similar to SBTi's decarbonization pathways to ensure relevance and feasibility across industries. Comments were made that a one-size-fits-all ratio could be inappropriate and that flexibility and contextualization were critical.
- Finally, concerns around double counting and transparency were highlighted. EWG members noted the risk of greenwashing if the same investment was claimed for both BVCM and decarbonization targets. The potential for tiered recognition approaches to clarify and segment such claims was welcomed, pending more detail.

## 6. Topic 3: Responsibility frameworks and feasibility

The SBTi Team presented four initial framework options for operationalizing the responsibility ratio:

1. Tiered Recognition Approach
  - Ex-post, verified mitigation equivalent to 40% of ongoing emissions required for Tier 1 recognition
  - Science-based carbon price applied to the remaining 60% of ongoing emissions to fund a portfolio of climate contributions for additional Tier 2 recognition

2. Full Responsibility for Recognition
  - Both ex-post, verified mitigation equivalent to 40% of ongoing emissions *and* science-based carbon price applied to the remaining 60% of ongoing emissions to fund a portfolio of climate contributions, required for recognition.
3. Integration with Above and Beyond
  - Science-based carbon price applied to 100% of ongoing emissions
  - Portion used to deliver ex-post, verified mitigation equivalent to 40% of ongoing emissions; remainder of budget used to fund a portfolio climate contributions
4. Flexible Either-Or Approach
  - Companies choose between delivering ex-post, verified mitigation equivalent to 40% of ongoing emissions or applying science-based carbon price to 40% of ongoing emissions to fund a portfolio of climate contributions.

## Session A

- One EWG member highlighted the challenge of combining feasibility with scientific integrity. They supported the "either/or" approach but cautioned that any ton-for-ton model should not exclude high-impact actions that are harder to quantify. They also flagged the need to ensure broad accessibility for companies, including those that cannot meet a strict 40% verified mitigation threshold.
- Another EWG member questioned how claims could be made and communicated under the different frameworks. They expressed concern that if money-for-ton approaches were not clearly tied to measurable outcomes, this could reduce credibility and confuse stakeholders.
- A further EWG member emphasized that clear definitions and consistent claims frameworks will be critical. Without them, stakeholders may be unclear on what recognition tiers actually represent, potentially leading to greenwashing or reputational risk.
- There was general agreement among EWG participants that verified mitigation should remain the "gold standard," and care must be taken to avoid creating unintended hierarchies that reward less impactful contributions. Some members suggested additional tiers or categories could help address these concerns, allowing space for diverse forms of contribution while maintaining transparency and rigor.
- One participant also pointed out that companies are unlikely to engage meaningfully unless the initial entry point is credible but achievable - stressing the importance of designing a pathway that encourages progression without penalizing those just beginning to engage with BVCM.

## Session B

- During the temperature check poll, several EWG members abstained, citing concerns that critical elements were scattered across multiple options and not represented in a single choice. One participant emphasized the need for verified mitigation outcomes to be recognized as the highest standard, cautioning against frameworks that might elevate unverified financial contributions.

- A participant questioned whether verified mitigation should always be required, noting that market-based mechanisms and forward-looking investments also contribute meaningfully. Another emphasized that decoupling finance from outcomes increases greenwashing risk and may reduce the ability of third parties to audit and validate claims.
- There was broad recognition that flexibility is necessary, particularly to account for sectoral diversity and differing financial capabilities.

## 7. Topic 4: Ability to pay

The *SBTi Team* introduced two conceptual approaches:

- Variable-based adjustment: Modify carbon price or emissions coverage based on factors like sector, emissions profile, company size, profit per ton.
- Design-based adjustment: Use recognition tiers or recommendations with differentiated ambition levels.

### Session A

- Some opposed adjusting based on ability to pay, arguing it risked creating inequity (e.g. discounting responsibility for high-emitting but lower-profit sectors).
- Others proposed a pragmatic path: earlier net zero targets could serve as a way to reflect higher responsibility for companies with greater capacity.
- Several EWG members drew parallels with the VCM tiered approach, cautioning against public claims that could create perverse incentives or confuse stakeholders.
- One EWG member recommended that external claims remain standardized, with internal differentiation not visible to consumers.
- Another supported making disclosure of actions on ongoing emissions mandatory (opt-out), even if actions taken were minimal, to promote transparency and benchmarking.

### Session B

- EWG members emphasized that any framework must incentivize participation, not discourage it and it must also mitigate greenwashing risk. The climate finance gap is large, and barriers to voluntary BVCM engagement should be kept low.
- One EWG member emphasized that the narrative should frame verified outcomes as the best practice and not “lower tier”.
- Several members stressed that quality must be prioritized over cost. Low-cost, high-impact options (e.g. methane destruction) were cited as effective, and concern was raised about frameworks that might favor cheaper but less credible contributions.
- EWG members commented that the focus should be on quality of outcomes, and not on the cost of the credits stating that the market can determine the price.
- Another EWG member responded that it is important to differentiate the carbon price used by the company to determine its financial contribution budget from the market price of carbon credits, noting that the internal carbon price should be used to raise



ambition. They also noted that using a money-for-ton approach does not prevent the financing of verified mitigation outcomes, it allows these outcomes as well as allowing for a broader range of outcomes.

- Legal and reputational risks were also flagged. Companies must be able to communicate their actions credibly without legal exposure, especially in jurisdictions with litigious regulatory environments.
- Participants supported creating space for self-reported contributions that don't yet meet verification thresholds, alongside clear pathways toward full recognition.

## 6. Actions & Next Steps

- The SBTi Team will:
  - Share the meeting slides and minutes.  
Circulate either a follow-up survey or a pre-read summarizing current thinking ahead of the next EWG session.
  - Continue developing framework options with consideration of feedback received.
- EWG members are encouraged to:
  - Provide additional written feedback on the presented options.
  - Suggest specific adjustments or considerations for addressing ability to pay.
  - Participate in upcoming pilot activities and next EWG sessions.

Next sessions are already scheduled, with upcoming topics including claims frameworks and a joint session with the Removals EWG.