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DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi Corporate Net-Zero Standard Scope 3 Expert Working Group (EWG) Meeting Minutes

14 May 2025

10:00 - 12:00 BST [Option A]

16.00 - 18.00 BST [Option 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.

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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.

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Meeting participants

Expert Working Group Members present:

[Option A]

1. Aditya Misra, Proforest Europe
2. Frederic Hans, NewClimate Institute
3. Asmita Marathe, Bureau Veritas
4. Alan Lewis, Smart Freight Centre
5. Kaya Axelsson, Oxford Net Zero
6. Gibran Vita, Rabobank
7. Leonardo I. Boeri, A.P. Møller-Maersk
8. Lydia Elliott, We Mean Business Coalition
9. Miriam Kugele, Aga Khan University
10. Nicolas Clerget-Etchandy, The Heineken Company
11. Sam Van Den Plas, Carbon Market Watch
12. Sriram Rajagopal, IKEA
13. Silvana Paniagua, VCI
14. Svend Hansen, Ørsted
15. Gibran Vita, Rabobank
16. Krutarth Jhaveri, Apple

[Option B]

1. Laura Hutchinson, Center for Green Market Activation
2. Lachlan Wright, RMI
3. Eleanor Bastian, Amazon
4. Derik Broekhoff, Stockholm Environment Institute
5. Andres Chang, Greenpeace USA
6. Alissa Benchimol, Greenhouse Gas Management Institute
7. Alli Devlin, ResponsibleSteel

SBTi:

[Option A]

1. Hugo Ernest-Jones (Value Chains Lead)
2. Giulia Camparsi (SME Value Chains)
3. Eoin White (Research Lead)
4. Clare Murray (Senior Research Manager)
5. Emma Watson (Head of Corporate Standards) - Observer
6. Louisa Kolovos (Project Manager) - Observer

[Option B]

1. Hugo Ernest-Jones (Value Chains Lead)
2. Giulia Camparsi (SME Value Chains)
3. Eoin White (Research Lead)
4. Clare Murray (Senior Research Manager)
5. Emma Watson (Head of Corporate Standards) - Observer
6. Marco Swan (Financial Institutions Engagement Manager) - Observer

Technical Council Observers:

[Option A]

N/A

[Option B]

1. Doreen Stabinsky
2. Stephanie Roe

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) and include summaries of participant discussions from the Option A and Option B meetings.

Meeting agenda

1. Welcome
2. Recap of the previous session
3. Discussion topics:
 - a. How to prioritize suppliers for alignment
 - b. Defining what supplier alignment looks like over time
 - c. Review and discussion of alignment metrics for procurement
4. Next steps

Meeting objective

The goal of this meeting was to evaluate and refine approaches for prioritizing suppliers for net-zero alignment within the draft CNZS v2.0, define what supplier alignment looks like over time including interim expectations, and assess the feasibility and credibility of alignment metrics for procured goods and services.

1. Welcome & logistics

The session was opened by the SBTi EWG leads, who welcomed participants and introduced the agenda. Attendees were reminded of the session's focus on supplier alignment with net-zero targets, and confidentiality and antitrust guidance was reiterated.

Key administrative points:

- Participants were asked to report any new conflicts of interest.
- The next session will focus on net-zero aligned revenue (June 4) and further sessions are planned for summer.

- A reminder was given about the open consultation closing on June 1.

2. Recap of previous session

A brief recap was given on the foundational principles discussed in the prior session, including:

- Feasibility of implementation
- The need for scientific integrity
- Equity for suppliers with fewer resources
- Clarity of terminology
- Flexibility to support innovation

Both sessions noted the lack of consensus on whether supplier engagement targets should be mandatory or optional, and further discussion was expected in future meetings once the process for prioritisation and milestones for alignment had been refined. Both sessions also highlighted a general preference for keeping supplier-level and activity-level alignment targets separate, to enable better tracking and flexibility in target-setting options, though some participants suggested that combining the approaches into an overarching framework could enable simplification and avoid target proliferation.

3. Prioritization of suppliers for alignment

Participants considered how to prioritize suppliers for alignment with net-zero targets, balancing:

- Emission intensity of supplier activities
- Supplier contribution to a company's total Scope 3 emissions
- Spend size and buyer influence
- Proximity to emissions sources
- Geographic and sectoral factors

Survey results from before the meeting indicated that emissions-intensive activities and the percentage of scope 3 emissions represented by suppliers were considered the most sensible prioritization indicators. The survey also indicated support for a minimum cumulative coverage for prioritized suppliers. The suitability of an individual supplier emissions threshold was less clear in the survey responses.

One notable suggestion in the feedback was to seek data on the average distribution of emission shares across suppliers by sector to better understand the number of suppliers that might need to be engaged on average under a given emissions coverage threshold. The SBTi will investigate what data sources might be available (e.g. from CDP and SBTi target validation data).

One participant highlighted the need for clarity on “the order of operations”, and the recommendation that supplier alignment targets are only required on counter-parties

associated with emissions that are identified as being “relevant” under the relevance assessment process in CNZS-C7 (i.e. not total emissions or spend base). There were no objections to making this clarification in the draft standard.

Thresholds for priority suppliers

a) Based on relative contribution to scope 3 emissions:

Participants supported using contribution to scope 3 emissions as a threshold for prioritization. Participants discussed the scope 3 emissions threshold, with a cumulative threshold of 70-90% being considered a good benchmark for prioritisation. Some proposed fixed thresholds (e.g., top 200 suppliers), while others cautioned the use of set absolute thresholds as being less applicable across companies and favoured a more dynamic approach, such as ranking by contribution or intensity. Participants also referenced the “80/20” rule as a potential rule of thumb to consider.

One participant also suggested including “durability” of the supplier relationship and the percentage of scope 3 they represent year-over-year as a way to remove outliers and ensure suppliers included are a consistent contributor to scope 3.

One participant highlighted that for the transport sector there are a lot of “one man bands” particularly in road and inland waterway, and that it would likely be infeasible to engage with all of them. For example, a big logistics provider might be contracting 25,000 individual companies, some of which might be very small. Though the participant agreed an 80/20 prioritisation rule would help to filter out the “long tail”.

One participant suggested that including a supplier-specific threshold (e.g. 0.5-1%) to cover at least 80% of emissions might be a suitable solution. Another participant also suggested ranking all suppliers by percentage contribution until the minimum coverage threshold is reached, and in addition including those that are most emissions intensive to maximise marginal returns from engagement.

b) Based on annual spend:

Spend was seen as a reasonable proxy when emissions data is lacking in both sessions, though it is clearly not preferred to emissions data. Spend may also reflect buyer influence, e.g. relative spend to revenue of the supplier, though accessing supplier revenue data may be challenging.

Concerns were raised in Option B about the precision of spend as an indicator, especially because spend shifts occur regularly. Spend was seen as less “scientific” than emissions data, but quicker to implement as a potential prioritization approach and could be a useful input for companies to use to inform their engagement strategies.

c) Based on emission-intensive activities:

Strong support was voiced in both sessions for prioritisation based on emissions-intensive sectors or activities.

One participant suggested including a minimum coverage threshold for suppliers in emissions-intensive activities, e.g. requiring that suppliers representing at least 80% of emissions for each emissions-intensive activity emissions should be prioritised. One participant suggested that considering the amount of scrap used by steel suppliers could also be a relevant metric to assess alignment.

Concerns were raised in Option B about targeting only Tier 1 suppliers, as intermediaries often lack control over emissions-intensive activities further upstream.

Participants suggested identifying key "gateway" suppliers, and taking a more nuanced approach focussing on specific emissions-intensive processes within the suppliers' control within emissions-intensive sectors, or considering control points further upstream or downstream in the value chain.

d) Other suggestions:

One participant highlighted that prioritisation could be based on contribution to global emissions. This approach would allow for collective pressure from multiple companies to influence the highest-emitting suppliers globally. The idea was to draw on models like the CDP non-disclosure campaign, focusing industry pressure on major emitters to drive systemic decarbonization.

4. Supplier alignment over time

The groups discussed how to define supplier alignment over time, distinguishing between 'transitioning' suppliers—those setting and beginning to implement science-based targets—and 'net-zero aligned' suppliers that have achieved net-zero emissions.

Milestones and expectations over interim periods (e.g., 2030–2040) were seen as necessary to ensure measurable progress, although clarity beyond 2040 was viewed as challenging, at least until the point at which net-zero must be achieved by suppliers by 2050.

Milestones for high- and low- priority suppliers

Participants contributed views on interim actions expected from different priority groups.

For high-priority suppliers:

- Early signs of alignment such as setting targets, initial implementation, data sharing, and pilot investments were expected in the next five years.
- Some participants indicated that there should be flexibility in terms of what kinds of targets are accepted for alignment (i.e. perhaps not requiring formal validation by SBTi) and other possible metrics, e.g. adoption of low carbon technologies/solutions if not an SBT.
- A phased progression from willingness to implement, followed by performance tracking and scaling of climate solutions and specific actions, e.g. setting a transition plan.

- One participant flagged that there should be flexibility in meeting the 2030 milestone if a company only sets their SBT close to 2030 (e.g. they should still be granted 5 years or so to hit their supplier alignment target)
- Another participant said that setting strict targets on percentage alignment over time could be challenging for companies to meet and recommended a “best practice” or “guidance” approach, as they may not be able to influence some suppliers to improve performance over time. Companies cannot guarantee their suppliers will do as they ask or there is a risk that companies will only target the “easy” suppliers they can influence and not those that are significant in terms of emissions.
- Two participants indicated a strong preference to keep supplier engagement targets as either best practice or optional.
- One participant suggested that instead of making supplier engagement targets mandatory, companies are required to disclose their level of supplier alignment and aim for best practice. This could drive change but remove the roadblock of mandatory targets.

For lower-priority suppliers:

- Similar expectations but on a delayed timeline.
- Some suggested earlier engagement even for low-priority suppliers to avoid last-minute challenges and ensure long-term transition planning.

Transition plans and capital investment considerations

The discussion acknowledged that some industrial sectors may require substantial capital investments, which may delay emissions reductions but still indicate alignment. Participants highlighted the importance of recognizing steps. There was interest in exploring how such early actions could be validated, potentially involving third-party auditors to verify transition progress before full emissions reductions are visible.

5. Alignment metrics and approaches

The groups reviewed different methods to assess supplier alignment:

- Physical emissions intensity metrics (most widely supported)
- Technology type and deployment levels
- Third-party certification schemes
- Government-recognized taxonomies

Most participants supported a flexible, hierarchical approach—starting with physical intensity and optionally allowing in other methods. Concerns were raised about over-relying on book-and-claim systems, and about ensuring that certification schemes used robust emissions methodologies.

Participants emphasized the importance of technology agnosticism to avoid premature lock-in and to promote innovation in industrial sectors.

6. Activity-specific application of metrics

A final Miro exercise and discussion focused on applying alignment metrics to specific supply chain activities: industrial commodities, transport, agricultural products, and buildings.

Sector-specific insights included:

- Physical intensity:
 - Steel and cement require nuanced metrics beyond overall physical intensity. For example, cement may require a breakdown of intensity metrics for clinker, concrete, etc. Steel should have alternative pathways as a function of scrap content.
 - Physical intensity metrics for transport would need to be done on a mode by mode level to be meaningful.
- Technology:
 - One participant recommended avoiding the term “zero emissions” vehicles (consider low emissions vehicles instead as defined in the automotive standard).
 - The IEA pathways could be used as a reference point for identifying net-zero compatible technologies.
- Certification:
 - The role of certification was debated—some saw it as a data assurance tool rather than a core alignment metric.
 - Several participants saw a need for the SBTi to develop qualifying criteria to define applicable certification standards and methodologies that the SBTi would accept, but that this may be more relevant to “claims” than metrics.
 - Many certification bodies on the market may be new to incorporating emissions data.
 - Full certification for a particular product may also take several years, so the SBTi may also want to consider where limited assurance or partial completion of a component of a certification might be sufficient.
- Taxonomies:
 - One participant questioned whether the EU Taxonomy could be applied at a global level, or whether it could only be used regionally.

Participants agreed that SBTi should allow tailored metric choices by sector, provided they are backed by credible data. A number of participants were in favour of allowing flexibility in the choice of metrics where possible.

7. Summary and next steps

The SBTi team summarized the next steps:

- The SBTi will synthesize insights and develop refined proposals as set out below where possible for circulation prior to the next session on June 4
- Participants were encouraged to complete the public consultation (open until June 1)

Topics requiring further clarification and refinement by the SBTi

The following topics related to the framework for addressing upstream emissions were identified during the meeting as areas that may require further clarification or refinement, including through subsequent expert working group meetings. These topics will also 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. **Refinement of supplier prioritisation criteria:** including how to encompass emissions contribution, spend, buyer influence, and emissions-intensive activities at a more granular level (e.g. emissions-intensive processes), appropriate thresholds and clarifying the order of operations (e.g. only including suppliers in the “relevant emissions” assessment versus all spend).
2. **Refinement of milestones for alignment over time:** clarify definitions and expectations for ‘transitioning’ vs. ‘aligned’ suppliers; the recommendation vs requirement for third-party validated targets and accepted target-setting frameworks; interim milestones and further discussion on whether supplier engagement targets should be mandatory, optional or treated as best practice and a disclosure metric.
3. **Refine table of alignment metrics for procurement:** propose a hierarchy of available metrics; consider the role of “certifications” as an assurance mechanism versus a metric type; clarify use of regional frameworks like the EU Taxonomy globally; consider sector-specific indicators (e.g. steel: scrap content; cement: metrics by sub-component [e.g. clinker vs. concrete]; transport: mode-specific intensity metrics; agriculture: certification credibility).