SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Scope 3 Expert Working Group Meeting Minutes

31st July 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.

“Science Based Targets initiative” and “SBTi” refer to the Science Based Targets initiative, a private company registered in England number 14960097 and registered as a UK Charity number 1205768.

Meeting participants

Expert Working Group Members present:

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

[Option A]

1. Leonardo I. Boeri, A.P. Møller-Maersk
2. Lydia Elliott, We Mean Business Coalition
3. Kaya Axelsson, Oxford Net Zero
4. Silvana Paniagua, VCI
5. Aditya Misra, Proforest Europe
6. Eve Fraser, New Climate Institute
7. Asmita Marathe, Bureau Veritas
8. Inigo Wyburg, Carbon Market Watch
9. Miriam Kugele, Aga Khan University
10. Laura Hutchinson, Center for Green Market Activation
11. Lachlan Wright, Rocky Mountain Institute

[Option B]

1. Eleanor Bastian, Amazon
2. Krutarth Jhaveri, Apple
3. Quintin Barnes, Smart Freight Centre
4. Alissa Benchimol, Greenhouse Gas Management Institute
5. Andres Chang, University of Toronto
6. Derik Broekhoff, Stockholm Environment Institute

SBTi:

[Option A]

1. Hugo Ernest-Jones (Value Chains Lead)
2. Giulia Camparsi (SME Value Chains)
3. Eoin White (Research Lead)
4. Clare Murray (Research Manager)
5. Olga Swiatek (Technical Team Coordinator) - Observer
6. Sophie Fitzgerald (Research Partnership Lead) - Observer

[Option B]

1. Hugo Ernest-Jones (Value Chains Lead)
2. Giulia Camparsi (SME Value Chains)
3. Eoin White (Research Lead)
4. Clare Murray (Research Manager)
5. Mike Danielson (Sector Standards Industry Lead) - Observer
6. Erin Lasher (MRV Manager) - Observer

Technical Council Observers:

[Option A]

1. Doreen Stabinksy

[Option B]

No TC observers

External Experts:

[Option A]

1. Joshua Taylor, ISEAL

[Option B]

1. David Rich, GHG Protocol
2. Martha Stevenson, WWF - Observer from Claims EWG

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 Option A and Option B meetings.

Meeting Agenda

1. Recap of the findings on the traceability requirement of direct mitigation
2. Background information on indirect mitigation
3. Discussion on justification for indirect mitigation
4. Discussion on timelines for indirect mitigation
5. Discussion on guardrails for indirect mitigation

Meeting Objective

The goal for this meeting was to establish a shared understanding of the minimum requirements to credibly substantiate progress against scope 3 targets when using indirect mitigation.

1. Recap of the findings on the traceability requirements for direct mitigation

SBTi outlined a refined approach to support credible direct mitigation claims, structured around three key concepts. First, there is the proposal to shift from the concept “traceability” to “physical connectivity,” emphasising the need for a demonstrable link between a company’s mitigation action, such as a sourcing decision, and the associated emissions within its value chain. This connectivity should ensure that the claimed sustainability attribute (e.g., emissions intensity) could plausibly be present in the product or service sourced. Second, while companies are not required to fully adhere to formal chain of custody models, these frameworks offer valuable conceptual guidance. The principles of consistency in geography, time, quantity, and function, drawn from the Value Change Initiative, serve as useful reference points to define what meaningful physical connectivity looks like, without imposing rigid or inefficient requirements. Third, the role of mass balance systems was clarified: those with some degree of physical linkage may support direct mitigation claims, whereas systems with complete detachment of product and attribute, such as pure book-and-claim or multi-site mass balance, would be classified as indirect mitigation. SBTi emphasised the importance of sector-specific pragmatism and committed to drafting updated requirements for feedback ahead of the next workshop.

2. Background information on indirect mitigation

The current draft of CNZS v2.0 requires companies to prioritise direct emissions mitigation within their value chains. However, where direct mitigation is not immediately feasible, companies may make use of indirect mitigation measures, provided they can offer a valid justification. This use must be time-bound and is intended as a transitional strategy to support the long-term goal of driving physical emissions reductions in companies’ inventories. While indirect mitigation does not immediately alter a company’s reported emissions, it is expected to help scale low-carbon technologies, such as sustainable fuels or materials, by aggregating demand and unlocking investment. Over time, this market transformation is intended to enable broader adoption of these technologies for direct mitigation purposes.

An example included in the standard is the use of sustainable aviation fuel (SAF) through a book-and-claim system, where the environmental benefits of SAF are claimed by purchasers even if the physical fuel is consumed elsewhere. For such approaches to be credible, robust quality criteria must be met, including chain of custody safeguards, prevention of double claiming, certified registries, and transparent accounting rules. These criteria ensure that claimed reductions are measurable, traceable, and legitimate.

SBTi has proposed that indirect mitigation may be most appropriate within alignment targets for emissions-intensive activities, given the accounting complexities in attributing them to absolute emission reduction targets or supplier engagement targets. However, feedback from Expert Working Group members indicates that there is a preference for it to be recognized also toward the progress of emission reduction targets, to strengthen incentives

for investment, and broaden its applicability. Further work is needed to assess whether this can be done in a credible and methodologically sound manner.

3. Justification for the use of indirect mitigation measures

As part of its evolving guidance on indirect mitigation, SBTi has proposed two key conditions under which companies may justifiably use this approach: (1) the lack of physical connectivity between the company and the emissions source (as explored in a previous session), and (2) the lack of access to low-carbon alternatives, which remains an open topic. Building on these criteria, SBTi has developed a high-level decision tree intended to help companies assess whether indirect mitigation is appropriate in their specific circumstances. This framework introduces the concept of a company's level of influence over upstream or downstream actors, and SBTi is now exploring whether additional indicators should be incorporated to strengthen the justification framework.

Provided these justification, in the cases when indirect mitigation would be allowed, a further open point is around whether there should be a preferred hierarchy between engaging with suppliers to set SBTs and using indirect mitigation. Responses were mixed: some stakeholders favoured prioritising supplier engagement, citing its greater credibility and its role in laying the groundwork for future direct mitigation. Others argued that indirect mitigation may lead to faster emissions reductions and that supplier engagement is likely to be preferred anyway due to its relatively lower cost. One respondent suggested maintaining both options as equal, acknowledging the financial incentive to engage suppliers without formally disincentivising indirect mitigation. There was also disagreement over whether the standard should prescribe a clear hierarchy or retain flexibility, allowing companies to choose the most effective route for their context. Given the diversity of views, SBTi will continue engaging stakeholders on this issue in future discussions.

Respondents were asked to answer 3 questions on the Miro board:

- Should the two justifications (availability and Connectivity) follow an "and" or an "or" logic?
- Is there a reliable way to assess the availability of low-carbon alternatives in the market?
- Should other justifications be included?

[Group A discussion]

Should the two justifications (availability and Connectivity) follow an "and" or an "or" logic?

One EWG member raised a concern about the potential for loopholes if indirect mitigation is permitted without requiring physical connectivity. They argued for a stricter "and" approach, where both access limitations and lack of connectivity must be present to justify indirect mitigation. They warned that allowing mitigation based solely on availability could result in companies sourcing globally and bypassing supplier decarbonisation, weakening the incentive to engage value chain actors. They emphasised the importance of ensuring credibility and integrity in how indirect mitigation is linked to emissions reductions.

One EWG member expressed support for using indirect mitigation in scenarios where suppliers lack access to mitigation technologies but emphasised maintaining supplier relationships rather than replacing them. They proposed a practical approach: allowing companies to support suppliers in sourcing mitigation instruments (e.g. EACs) while they work toward implementing low-carbon technologies, within a **time-bound framework**.

One EWG member - unable to express a clear opinion - suggested thinking about which option would encourage suppliers to develop more and better net-zero compatible product in more global geographies. Any decision based on this point of view would increasingly fulfil the physical connectivity criteria.

Another EWG member supported the “or” logic to avoid halting climate action when direct mitigation is not immediately feasible but recognised the risk of discouraging supplier engagement. They emphasised the value of pairing indirect mitigation with supplier-specific engagement targets to sustain local decarbonisation momentum.

Another EWG member offered concrete examples from the food and agriculture sectors to illustrate the limits of direct mitigation. He described how highly processed inputs like palm oil fractions or feed-related emissions in dairy have complex, opaque supply chains with many intermediaries, limiting the buyer’s influence. He highlighted that the degree of processing and embeddedness of raw materials increases supply chain complexity, which should be considered when evaluating a company’s ability to influence upstream mitigation.

Availability indicators

This point was not discussed during the meeting, but this is a summary of the inputs from the Miro board:

- Concerns around how to assess the availability of the product with specific characteristics (the raw commodity might be the same, but certain product specification might not have alternatives and this makes it difficult to draw the line between what is available and what is not);
- Concerns around the lack of definition of what is low-carbon in agriculture;
- Concerns on whether the proof of burden is on the buyer or the supplier;
- Request to follow AIM proposal on list of technologies that need to be scaled;
- Proposal: assess whether the project that produces the EAC would have been able to happen without the revenue from the EAC itself

Should other justifications be included?

General feedback from the discussion is that influence is difficult to measure and that there might be other proxies to take into consideration.

In the discussion on additional indicators, one EWG member suggested that sector-specific maturity and infrastructure readiness are key contextual factors that influence the feasibility of mitigation, and highlighted the need for an open yet practical framework that can work across sectors.

Another EWG member argued against adding further complexity. He viewed availability and connectivity as already sufficiently challenging criteria and believed they are appropriate if restricted to emissions-intensive activities.

An EWG member highlighted the difficulty of measurement, especially downstream, and proposed focusing on tangible indicators such as share of procurement or investment commitment. She cautioned against overly generic tier-based definitions and encouraged developing practical metrics to evaluate influence robustly.

Another EWG member reinforced the idea that volume of procurement alone does not equal influence. He explained that even large buyers of core commodities may lack meaningful leverage if their purchases are distributed across a wide base of suppliers. He argued that influence should be considered at the site level, not just at the corporate tier level. They supported incorporating influence cautiously and suggested using more nuanced indicators, such as product specificity or customer–supplier integration, as proxies for influence.

[Group B discussion]

Should the two justifications (availability and Connectivity) follow an "and" or an "or" logic?

One EWG member expressed deep concern about the credibility of indirect mitigation, calling it a potential loophole that allows companies to maintain business-as-usual operations under the guise of ambition. They proposed that companies should first demonstrate efforts to reduce reliance on emissions-intensive activities (e.g. via material switching or modal shifts) before pursuing indirect mitigation. They strongly questioned the legitimacy of using virtual certificates and advocated for a collective decarbonisation strategy by large corporations rather than individual offsetting.

Another EWG member encouraged participants to reflect on the intended outcomes of the framework. He highlighted the trade-off between immediate action (via indirect mitigation supporting new technologies in nascent markets) and long-term investments (in less mature local contexts). They emphasised the importance of aligning incentives with transformational outcomes, not just short-term reductions, and argued that this framing could help clarify whether the "and/or" logic is fit for purpose.

Availability indicators

An EWG member raised a critical distinction between claiming an emission profile improvement (e.g. using a cleaner product) and claiming an emission reduction, cautioning that these are not equivalent. They also questioned whether availability should be a gatekeeper criterion, suggesting that switching to widely available alternatives may not deliver meaningful global impact. They emphasised the need for careful framing of claims and a clear theory of change, particularly in contexts like SAF markets, where some claim structures may be more credible than others.

Should other justifications be included?

- Consider a strategy to decrease reliance on EIAs rather than proposing indirect mitigation

- Consider the complexity of mitigation actions required, i.e. capital investment required of policy impediments.
- Consider risk strategy, risk should be based on what drives action toward direct rather than indirect mitigation

4. Time limits for the use of indirect mitigation measures

The SBTi proposes a high-level framework in which indirect mitigation can be used to address a portion of emissions sources, with the expectation that this portion will progressively decline over time. By 2050, all emissions sources would be mitigated through direct mitigation measures. The SBTi is seeking feedback on whether a specific cut-off date should be established, beyond which indirect mitigation would no longer be permitted.

[Session A Discussion]

The conversation highlights significant concerns about imposing a **blanket, hard time limit on the use of indirect mitigation approaches**.

Key reasons for this apprehension include:

- **Varying Realities**: A single time limit is deemed impractical due to "vastly varying kind of realities across technologies, even within sectors" and different market conditions and regulatory frameworks across countries. It's seen as a "blunter instrument" that could lead to unanticipated outcomes.
- **Impact on Investment**: Many energy-intensive sectors rely on **long-term offtake agreements (5-20 years)** to make new technologies "bankable" and "get these technologies to scale and come down the cost curve," which will "enable direct mitigation later on". Forcing an early or prescriptive time limit would **"cool corporate willingness" to sign these essential agreements**, hindering necessary climate finance and investment in industrial decarbonisation.
- **Technological Uncertainty**: Especially in hard-to-abate sectors like steel, the "technology set maybe is not already defined or clearly defined," making even sector-specific timelines difficult.
- **SBTi Risks**: For SBTi, setting hard deadlines creates a "ticking time bomb" if companies are unable to transition to direct mitigation within those limits, potentially affecting membership and target validation.

Instead of a blanket time limit, more nuanced approaches are suggested:

- **Sector-Specific Requirements**: If a time limit is to be considered, it "would have to be sector specific" and "needs to be spelled out in sectoral standards".
- **Conditional or Qualitative Requirements**: This could involve expecting companies to move towards direct mitigation once a solution reaches a "5% market penetration threshold" or seeing "more emissions moving from indirect to direct" each time a target is validated.
- **Linking to Net Zero Claims**: One idea is to make the time-bound nature dependent on a company's desire to make a net-zero claim, potentially requiring that the

"majority of your mitigation to be from direct" for such claims. This "incentivize[s] the shift through the type of claim that you can make".
- **Creating Incentives for Direct Mitigation**: The focus should be on creating incentives rather than just setting limits, such as providing evidence that direct mitigation is "potentially cheaper in the long term" or ensuring indirect mitigation is properly reflected in greenhouse gas inventories, which would encourage direct action.

The overall sentiment is that while "all action is needed right so direct indirect contributions etc.", a prescriptive, universal time limit is problematic, and more flexible, incentive-driven mechanisms are preferred to encourage the eventual transition to direct mitigation.

[Session B Discussion]

The second session discussion also expresses **significant caution against imposing a blanket, hard time limit on the use of indirect mitigation approaches**.

Key points raised include:
- **Practicality and Unintended Consequences**: Setting a specific year for a limit is deemed impractical and could lead to unintended outcomes, similar to how industries adjust financial models to policy end dates rather than fostering long-term change. It's seen as "very hard to set a singular phased approach that applies to all sectors" due to diverse realities.
- **Industry Preference for Direct Mitigation**: Most companies **desire and actively seek direct mitigation** and secure direct supply. There is a "consistent drive over time to move from EAC's to direct procurement" as it offers more influence and negotiation power with suppliers. Procurement teams often struggle with the systems needed for indirect mitigation.
- **Risks of Strict Thresholds**: Strict time limits or thresholds can be problematic, potentially **hindering nascent technologies** that haven't matured or leading to **greenwashing** if technologies develop faster than anticipated but companies aren't incentivised to switch.
- **Role of Policy and Sectoral Approaches**: Ideally, policy, especially at a regional level, could provide clear guidelines. If time limits are considered by standards bodies like SBTi, they would likely need regular updates based on market conditions and be integrated into **sectoral decarbonisation pathways**.
- **Focus on Incentives and Claims**: Instead of a hard time limit, there's strong support for indicating indirect mitigation as an **"interim measure"**. A key emerging conclusion is to **"provide an incentive to shift as soon as possible, maybe based on the claims framework"**. This means that linking the ability to make **"more credible claims," such as showing a reduction in Scope 3 inventory**, to direct mitigation would naturally encourage companies to move away from indirect methods.
- **Definition of Aligned Technology**: Allowing **"technologies that are in transition"** (rather than just net-zero end states) to count as aligned direct mitigation could also reduce the immediate reliance on indirect mitigation.
- **Integration with Eligibility Criteria**: There's a discussion about whether a time limit should be a separate "additional safeguard" or if it could be integrated with existing

eligibility criteria for indirect mitigation, such as **availability and physical connectivity**. It is also noted that an "artificial time limit" might be necessary if there's a lack of confidence that the market will naturally transition to direct mitigation

5 . Quality criteria for the use of indirect mitigation measures

SBTi proposed guardrails for the use of book-and-claim certificates, referred to here as Environmental Attribute Certificates (EACs), focusing on cases where indirect mitigation is applied. The criteria, inspired by existing frameworks in the carbon market, are organised into three core categories: how the certificates are generated (including boundaries and accounting methods), how to ensure equivalent climate impact, and how certificates are transacted. SBTi is favouring attributional accounting over consequential or project-based approaches and is seeking to avoid risks such as double counting or environmental “carbon banking.” The presentation highlighted expectations such as LCA-based emissions factors, generation by a single entity at a single site, and transparent additionality assessments, drawing from experience in the removals space. The challenge of ensuring robust registry systems and third-party verification was also raised, particularly since EAC registries for some sectors are currently less developed than in traditional carbon credit markets. SBTi acknowledged that some of the proposals may be ahead of current market maturity but encouraged stakeholders to engage with the details, noting areas requiring further input, such as sector differentiation, minimum criteria, and feasibility concerns.

[Group A Discussion]

Key Discussion Points:

- **Operationalising Certificate Criteria and EAC Readiness** An EWG member expressed concern that while some certificate criteria "look great in practice," they may be **very hard to reach or operationalise**, especially for commodity certificates. Examples given include the requirement for every EIC (Emissions Intensity Certificate) to come from the same site or intervention, or the same point of aggregation, test, or sourcing region. It was noted that **EACs are not currently "there"** in terms of having a common line or being fully ready, particularly compared to carbon markets. An EWG member also stated there is no full definition for what an EAC is.
- **Single Site Limitation and System Boundaries** An EWG member highlighted that the **"single site" limitation is restrictive for EACs**, particularly in sectors like sustainable aviation fuel (SAF) where emission benefits often come from upstream processes (e.g., feedstock characteristics, transport footprint). A similar issue exists in the cement and concrete sector, which involves a conglomeration of energy input, feedstock choice, sequestration, and production processes that inherently happen upstream. It was suggested that instead of a strict single-site framing, it might be valuable to think about this in terms of **mass balance**, where physical implementation in a supply chain, including upstream processes embodied in the

product conveyed through a single site, would be eligible. The core issue was identified as the strict "site-level system boundary" for emissions profiles, not necessarily a site-level mass balance framing.

- **GHG Accounting Approaches (Attributional vs. Consequential/Project-Based)** An EWG member raised that the criterion stating **GHG accounting shall be attributional and not consequential or project-based** deserves a "double click". This was viewed as more of a **claims issue** or how to handle different ledgers and methods. In the experience of an EWG member, **agricultural products often use consequential accounting**, and some project types are better conveyed through project or consequential-based accounting. It was suggested that instead of fundamentally limiting to an attributional approach, a better method might be to **require separate reporting for variant accounting approaches** and to figure out how to "mesh" different methodologies cohesively, rather than barring them entirely. This is a **topic of deep discussion in the Greenhouse Gas Protocol** actions and market instruments technical working group, and deferring to their output was preferred. Another EWG member added that while purists might advocate for attributional accounting, companies often struggle with traceability for project accounting (e.g., getting perfect footprints from farmers but being unable to claim them). They believed it's "okay to kind of like allow different things" given the complexity of methodology discussions. There is **no clear rule set for EACs** regarding how different methodologies should mix.
- **Registry Requirements and Infrastructure for EACs** The criteria propose that **EACs shall use a publicly disclosed, transparent, and secure registry** that records issuance, transfer, retirement, and/or cancellation. However, an EWG member noted that EACs do **not currently require a central registry or established infrastructure**, and efforts to create one (e.g., BCI for 5 years) have not moved forward significantly. Another EWG member questioned the degree to which a transition pathway towards an ideal end-state registry would be suggested, proposing to identify **minimal requirements for a simpler system of record** for interim or indirect mitigation scenarios, where perfect solutions don't yet exist. It was acknowledged that while some EACs have centralised systems and brand credibility, others are emerging with perhaps less credible first or second-party verification, but they involve significant effort (e.g., collecting information directly from farmers, which is beneficial from a Scope 3 perspective).
- **Consistency Framework for EACs** An EWG member suggested that it might be better to have **some sort of consistency framework for EACs**, similar to the one for indirect mitigation, or an extended version with different variables. They noted that current RECs (Renewable Energy Certificates) are often **considered not credible due to lack of consistency**, but discussions around "hourly matching" are attempts to bring consistency.
- **Trade-off Between Rigour and Strategic Investments** An EWG member highlighted the **trade-off between robustness/rigour of the criteria and the desire for companies to support certain certificates or instruments** that currently fall outside these criteria. Companies are already supporting these instruments as a **strategic investment** to stimulate markets and drive down emissions over time, even if they don't immediately meet Scope 3 target requirements.
- **Overlap with BVCM (Beyond Value Chain Mitigation) Working Group** An EWG member asked about **collaboration with the BVCM working group**, noting that

these "Scope 3 solutions" might have **two roles** – on the BVCM side and within target accounting – which could be confusing but also accurate given what companies are being prioritised for. An EWG member also requested an update from the BVCM working group to understand "where the solid landing is for things that fall outside" these criteria

[Group B discussion]

Key Discussion Points:

- **Registries for Environmental Attribute Certificates (EACs)** An EWG member raised concerns about **distrust in private registries**. There is a perceived need for a **third-party, non-profit, independent, global, and universal registry** that could apply across different interventions or types of EACs. While there has been interest in developing such a system, it has not progressed towards a formal proposal or an organisation willing to undertake it. Currently, this leaves the market with **sector-specific registries**, some of which have governance managed in part by non-profit institutions but are limited to certain use cases, leading to multiple registries within a single sector due to the lack of a clear central system. It was noted that registries for EACs are still **nascent**, and there is an expectation for a universal non-profit global registry.
- **Fungibility of Direct and Indirect Mitigation Efforts** An EWG member contended that making direct and indirect mitigation efforts fungible, even on a limited basis, **is not grounded in evidence**. This is because these efforts require different strategies and costs, leading to distinct real-world outcomes, unless one accepts the premise that they yield the same emissions outcome. While there's no objection to using markets to **catalyse investment in net-zero commodities**, the idea that companies simply need to invest proportionally to their footprint in certain activities is not evidence-based. An EWG member asserted that companies might need to invest significantly more than an amount proportional to their footprint. They strongly believe that **targets should always trace back to a company's physical emissions footprint**. Market instruments like EACs, if effective, should play a functional role reflected at the system-wide level, suggesting companies should collaborate to collectively decarbonise entire sectors, rather than capping investments proportionally to their footprint.
- **Attributional vs. Consequential Accounting and Additionality** An EWG member sought clarification on the use of **attributional accounting**. They noted that EACs essentially convey an **emission factor or profile**. In such a market, existing suppliers might not need a subsidy to produce but can still issue certificates based on their emission factor, while others might require the subsidy. There could be collective additionality, but not necessarily a direct mitigation intervention associated with every emissions attribute. The criteria seem to presume that **only a subset of certificates linked to an additional mitigation intervention would count**. This was questioned, as pure emission attribute certificate markets typically do not impose specific additionality screens; they simply reflect an emission profile. The core question was whether **attributional accounting is limited to attributes associated with facilities or producers that have undertaken actions "above and beyond"** what they would have done without the ability to sell certificates. It was also suggested that

"EACs + additionality do not really go together, unless consequential accounting is used," describing it as an "odd (and challenging) combo" to use attributional accounting while also expecting a mitigation intervention. While additionality is considered a "tricky term," the underlying principle of ensuring **"new, additional impact" is sound**, though the burden of demonstration should not be prohibitive. Regarding GHG accounting, the criteria propose it "shall be attributional and not consequential or project based" and that there shall be "no free allocation of environmental attributes between products". However, comments suggest the option to **clearly articulate both attributional and consequential values** in the certificate. For certificate generation, the quantification of reduction or enhanced removals might be better suited for **consequential accounting**. Another perspective allows for "Attributional at the minimum" with "Consequential" being optional.

- **Like-for-Like Approach** An EWG member highlighted the importance of **industry differences** for a "like-for-like" component, using the example of sustainable aviation fuel (SAF) where the difference lies in the transportation activity itself, not just the creation of the fuel. They argued for **keeping the attribute close to the actual activity** (e.g., the transportation service) to avoid perverse incentives, such as incentivising SAF use in less efficient planes to create a larger reported difference. This "like-for-like" approach, purchased for the same type of activity that is physically sourced, is considered **very important for credibility**.
- **System Boundary and Single Site Limitation** The criteria state that EACs shall be "generated by a single company," within "a 12 month period following the mitigation activity," and "only represent mitigation activities that have occurred within a single site". An EWG member questioned whether the mitigation activity is prohibited from stemming from process efficiencies or insignificant emissions reductions. There was also a query about what "single company" means, especially when multiple companies might co-invest in a project, stressing the need for criteria to prevent double counting.
- **Verification of EACs** EAC programs are proposed to require **independent third-party verification** of environmental attributes, following recognised certification standards and sector-specific methodologies. Verification must confirm that claimed attributes are accurately quantified and not claimed elsewhere (e.g., residual emission factors used for equivalent volumes physically). It was noted that verification needs to extend beyond merely the data associated with the certificate to ensure the purchase results in an **offsetting to the market value**. Questions were raised about how **additionality can be established or guaranteed** through verification. It was also stated that "No double claiming is most responsible for a lack of trust" and that "True verification will always come from the AB (NAB-approved entities; aligned schemes)".
- **Cost Analysis of Certificates** An EWG member expressed difficulty with the idea of **cost being analysed**, particularly concerning additionality. They found it administratively and philosophically challenging to apply, citing examples like the Clean Development Mechanism or situations where extremely high cost makes a solution effectively unavailable.

Summary and next steps

Topics requiring further clarification and refinement by the SBTi

- ☐ Connectivity and availability are good indicators for justification of the use of indirect mitigation. Despite some concerns, the majority of the EWG members thinks that the approach should be “OR” to allow for indirect mitigation measures.
- ☐ The concept of influence was introduced but remains contentious due to measurement difficulties; some support practical proxies like share of procurement or product specificity.
- ☐ When direct mitigation is not possible, companies can decide to set either supplier engagement targets or pursue indirect mitigation. There is consensus around keeping the two as valuable options. Some stakeholders suggest prioritization of supplier engagement for its credibility and link to future direct mitigation.
- ☐ Most of the EWG members oppose a universal cut-off date for indirect mitigation. Consideration around sectors and market maturity are required instead of a blanket cut-off date.
- ☐ The EWG would like to explore the link with the claim framework: recognizing indirect mitigation also depends on what the company can claim over their effort.
- ☐ Refine and simplify the quality criteria for EACs.
- ☐ Provide real-case examples of EACs and how they would count towards targets