



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi FOREST, LAND AND AGRICULTURE (FLAG) STANDARD V2.0 TERMS OF REFERENCE

Version 1.0 of the Terms of Reference

July 2026



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ABOUT SBTi

The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

We develop standards, tools and guidance which allow companies to set greenhouse gas (GHG) emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at latest.

The SBTi is incorporated as a charity, with a subsidiary which will host our target validation services. Our partners are CDP, the United Nations Global Compact, the We Mean Business Coalition, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF).

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The information and any proposed change or modification within this document is preliminary and subject to change based on stakeholder input, organisational needs and other considerations as applicable.

The SBTi reserves the right to revise this document according to a set revision schedule or as advisable to reflect the most recent emissions scenarios, regulatory, legal or scientific developments, and GHG accounting best practices.

“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.

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VERSION HISTORY

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INTRODUCTION

This Terms of Reference describes the key information related to the SBTi Forest Land and Agriculture (FLAG) Standard V2.0 revision project (hereafter referred to as ‘this Project’) to ensure that the SBTi continues to provide credible standards for setting and delivering on ambitious, science-based corporate targets aimed at achieving GHG emissions at levels compatible with net-zero emissions globally in the FLAG sector at the global level by 2050. The project will be carried out according to the SBTi’s [Standard Operating Procedure \(SOP\) for Development of SBTi Standards](#) and other applicable SBTi procedures.

1. OBJECTIVES

In line with the recently launched [SBTi 2026-2030 strategy](#), the SBTi’s new flagship Corporate Net-Zero Standard (CNZS V2.0) is designed to give businesses worldwide the tools they need to successfully manage transition risks and opportunities, while remaining competitive in an increasingly carbon-constrained world—building on lessons learned from implementation, evolving science, and stakeholder feedback. It moves the focus from ambition to action, and gives companies a wide suite of options for setting targets and how to meet them.

In this context, the [SBTi FLAG Guidance](#) will be updated to incorporate key principles from the CNZS V2.0 and provide direction on mitigating FLAG emissions. This builds on the success of the initial FLAG guidance which has seen over 400 companies adopt science-based targets since launch in 2022. This project aims to update the FLAG guidance and the framework of target setting options for FLAG emissions via the following objectives:

- **Align with the latest science and best practice**
 - Ensure a standardized and robust approach for companies to set near-term and long-term FLAG targets aligned with the latest scientific findings (e.g. [IPCC Sixth Assessment Report](#)).
- **Improve the structure and interoperability**
 - Update the structure and format to align with standard-setting best practice.
 - Clarify the relationship between the FLAG Standard and other SBTi standards, particularly the new [CNZS V2.0](#).
 - Implement novel concepts introduced in CNZS V2.0, such as alignment targets and the implementation hierarchy.
 - Review and update relevant documents to ensure interoperability with the [GHG Protocol Land Sector and Removals Standard](#) V1.0, launched in 2026.
- **Expand the suite of tools available for FLAG target setting and implementation**
 - Revise existing FLAG target pathways to enable long-term target setting.
 - Evaluate opportunities to increase the number of commodity pathways available to focus on key hotspots in supply chains, with a goal of adding at least five key commodity pathways.

- Assess options for incentivizing increased investment and action in interventions to deliver nature-based solutions and regenerative practices in agri-food supply chains.
- Explore the development of a credible, regionally appropriate framework of action based targets (i.e. alignment targets per CNZS V2).
- Provide clarity on the use of actions and market instruments for FLAG target implementation, including concepts such as activity pools, sector-level interventions and project-based interventions.
- **Improve usability, particularly for key regions**
 - Gather insights from FLAG companies across the supply chain and use them to directly inform version 2 of the FLAG Standard.
 - Better reflect the operational realities facing FLAG companies today while maintaining scientific rigor.
 - Initiate a structured engagement program to gather high-quality, real-world feedback and evidence.
 - Systematically identify region-specific barriers and opportunities to setting FLAG targets.
 - Explore whether and how these regional specific contexts can be addressed through the revision.

2. STEPS FOR DEVELOPING THE STANDARD

The standard revision process aims to be transparent in decision-making, striving for input from any interested stakeholder through public consultation and more targeted stakeholder outreach to enable the widest possible consideration of content.

Based on the [Standard Operating Procedure \(SOP\) for Development of SBTi Standards](#), the following steps will be followed for revising the Standard:

- Initiation
- Research
- Drafting
- Consultation, including public consultation and pilot testing
- Approval
- Implementation
- Monitoring and Evaluation

Please refer to the Timeline section below for details on the approximate timing of each development phase.

3. SCOPE

4.1 Applicability

The SBTi FLAG Standard V2.0 revision will apply to companies worldwide operating in the supply-side and/or demand-side of a FLAG designated sector, as well as any company in any other sector with FLAG-related emissions that total more than 20% of overall emissions across scopes 1, 2 and 3.¹ FLAG designated sectors are as follows: Forest and paper products (forestry, timber, pulp and paper); food production (agricultural production); food production (animal source); food and beverage processing; food and staples retailing; and tobacco. The revision will apply to FLAG related emissions and removals within company value chains for companies within these designated sectors, or who meet the FLAG emissions threshold.

4.2 Deliverables

The SBTi FLAG Standard V2.0 revision project includes the following deliverables, which will be made public to aid transparency and help engage stakeholders (with expected timelines that may be subject to change):

Interim deliverables

- Project Terms of Reference (this document)
- SBTi FLAG Call for Evidence Summary Report
- Informative document(s) on technical foundations (e.g., target setting, carbon removals, and target implementation actions such as market instruments)
- Public Consultation Draft(s) of Methods, Metrics and Pathways specification(s) and synthesis report(s)
- Public Consultation Draft Standard
- Public Consultation Feedback Report
- Draft Target-setting Tool
- Pilot Testing Feedback Report

Final deliverables

- SBTi FLAG Standard V2 and explanatory guidance, as needed
- Associated Methods, Metrics and Pathways specification(s) and synthesis report(s)
- Basis For Conclusions Report
- Target-setting Tool
- Minimum Evidence Requirements

4.3 Exclusions

The following items are not within the scope of the SBTi FLAG Standard V2.0 revision project and may be considered for future revisions of the Standard:

- Any changes on targets for bioenergy
- Energy and industrial emissions associated with agriculture and forestry products
- Requirements in target setting for Carbon Dioxide Removal relating to Ongoing Emissions Responsibility for energy and industrial emissions

¹ The appropriateness of all FLAG thresholds will be considered during the project.

4.4 Geographic application

The SBTi FLAG Standard V2.0 revision project aims to apply to organizations with emissions and activities worldwide.

4. JUSTIFICATION OF NEED FOR THE SBTi FLAG STANDARD V2.0 REVISION

The Science Based Targets initiative (SBTi) is conducting a review of its FLAG Guidance in line with its 2026-2030 strategy and its Standard Operating Procedure for Development of SBTi Standards.

With this update, we intend to make the FLAG Standard more interoperable with the new Corporate Net-Zero Standard V2. We also plan to better reflect the operational realities facing FLAG companies today while maintaining scientific rigor.

The SBTi is conducting a structured engagement program to gather high-quality, real-world feedback and evidence. These insights will directly inform version 2 of the FLAG Standard.

FLAG companies operate in diverse geographic, environmental and regulatory contexts with varying supply chain structures, commodity exposure and implementation challenges. We want to build a deep understanding of these contexts - particularly for underrepresented regions that are central to FLAG supply chains like Latin America and South East Asia - to ensure the Standard is globally relevant and practical.

5. RELATED STANDARDS AND INITIATIVES

The SBTi is part of a growing ecosystem of standards and initiatives addressing corporate climate change action from different angles. The SBTi recognizes the value of working to harmonize with other actors in this ecosystem.

The SBTi has identified organizations that are relevant to the scope of the SBTi FLAG Standard V2.0 revision project. The list of organizations is presented in Annex A of this document. This list is not intended to be exhaustive of all initiatives in this subject area.

6. INTENDED SUSTAINABILITY OUTCOMES

The SBTi mission is to accelerate science-based corporate climate action consistent with achieving net-zero by 2050 or sooner. This will contribute to international efforts aimed at limiting temperature increase to 1.5°C by the end of the century.

Business has a vital role to play in driving down greenhouse gas emissions and building the resilient, zero-emissions economy we urgently need. This action must be grounded in science. Science-based targets show companies and financial institutions how much and how quickly they must decarbonize to prevent the worst impacts of climate change. By the

end of 2022, companies with science-based targets or which had committed to set targets represented over a third of the global economy by market capitalization, and the total committed annual emissions reductions across all approved targets was 76 million tonnes of CO₂e.²

A key criterion the SBTi uses in prioritizing the projects it chooses to undertake is the impact the project will have in addressing greenhouse gas emission-reduction from key sectors or activities. To that end, FLAG represents about 22% of net anthropogenic GHG emissions in tonnes of CO₂ equivalent (~13 GtCO₂e per year), with about half from agriculture and half from land use, land-use change and forestry (LULUCF) (IPCC, 2022). In terms of mitigation, the land sector could contribute up to 37% of the emissions reductions and removals needed through 2030, and 20% through 2050 (Griscom et al., 2017).

7. INTENDED CLAIMS

As part of the revision process, the SBTi will develop claims companies can make after being validated against SBTi FLAG Standard V2. Once finalized, these claims will be integrated in the (upcoming) SBTi Claims Policy and will be consistent with the typology of claims that are being developed as part of the broader SBTi Claims System. The aim is that companies are enabled to make credible claims around the targets that they have set and that have been validated by the SBTi, as well as claims around the achievement of those targets, where appropriate.

8. ENGAGEMENT

8.1 How to engage?

The SBTi values stakeholder input to inform the development of its standards. There are a variety of channels through which stakeholders can engage with and input into the SBTi FLAG Standard V2.0 revision.

- **Project feedback form:** Over the course of the whole project, any stakeholder is welcome to submit feedback on documents that have been released through the [Project Feedback Form](#). All feedback will be carefully considered and published on the SBTi website, with personal information removed. This form is not intended as a complaints form.³
- **Call for evidence:** At the same time as the publication of this Terms of Reference the SBTi is launching an open [call for evidence](#). The open call for evidence will remain open for 10 weeks with the aim of gathering insights to inform the development of the SBTi FLAG Standard V2.

² SBTi, 2023. [SBTi Monitoring report 2022](#).

³ Please note that stakeholders who wish to submit complaints related to the SBTi existing standards or guidance documents, or standard development processes, including the Standard Operating Procedure for Development of SBTi Standards, may do so by emailing standardscomplaints@sciencebasedtargets.org.

- **Public consultation:** The SBTi FLAG Standard V2.0 revision will go through a minimum of one round of public consultation. The consultation will last for a duration of 60 days. During the consultation period, stakeholders will have the opportunity to submit feedback to the consultation questionnaire via a survey. These resources will be available on the [SBTi FLAG page](#).
- **Webinars:** During the SBTi FLAG Standard V2.0 revision development process, the Project Team will host webinars for interested stakeholders to join and ask questions. Planned dates and times for webinars are to be determined.
- **Regional Stakeholder Convenings:** These are regional convenings of businesses (i.e. the intended users of SBTi's FLAG resources) to provide market insights on the opportunities and challenges of implementing science-based targets, with particular focus on regional context. An open call for participation in these groups will be published at the same time as this document and held via the SBTi website.
- **Consultative Groups for draft guidance:** These are groups of volunteer experts set up to provide advice and input during the development of thematic or project-specific resources and bring a breadth and balance of stakeholder opinions and interests. The individuals in the groups bring an informed perspective from a stakeholder or interest group and could be independent or work for relevant organizations. An open call for participation in these groups will be held via the SBTi website.
- **Pilot testing:** The SBTi FLAG Standard V2.0 revision will go through a pilot testing, to be conducted in parallel to the public consultation. This approach ensures that potential issues in target validation are identified early and that the revisions are thoroughly tested for effectiveness.

8.2 Who should engage?

The SBTi FLAG Standard V2.0 revision team welcomes input from all stakeholders with an interest in this project development, including but not limited to:

- Academic and research institutions
- Civil society organizations
- Technical experts
- Corporates
- Governments and regulators
- Standard-setting organizations
- Sustainability practitioners
- Associations
- Underrepresented groups that are affected by climate change and/or the implementation of our Standard
- All other stakeholders with an interest in this project development

8.3 How to keep informed?

Stakeholders can stay up to date with the SBTi FLAG Standard V2.0 revision development process, opportunities to provide input, and planned events by monitoring the [SBTi's website](#) for updates, signing up for the [SBTi newsletter](#), and following the SBTi on [LinkedIn](#).

For any general queries relating to the SBTi FLAG Standard V2.0 revision project and how to engage please contact flag@sciencebasedtargets.org.

9. LANGUAGES

All documents relating to the SBTi FLAG Standard V2.0 revision project, including consultation drafts, will be published in English (this is the SBTi working language). The SBTi may translate the final deliverable into key languages to accommodate important regions within this sector. Further details will be communicated at a later stage.

10. RISK MITIGATION

The SBTi and governance bodies shall undertake a risk assessment alongside the Standard development, to identify potential risks in implementing the draft Standard and how to mitigate these (e.g., unintended consequences that could arise from the implementation of the Standard, factors that could have a negative impact on the ability of the Standard to achieve its objectives, and possible corrective actions that could be taken to address these potential risks).

11. GOVERNANCE STRUCTURE AND DECISION MAKING

The [Standard Operating Procedure \(SOP\) for Development of SBTi Standards](#) sets out in detail the governance and decision making processes that apply to standards development and revisions.

12. TRANSITION

FLAG companies should set targets now using [version 1.2 of the Guidance](#). FLAG companies that set targets with the current version of the FLAG Guidance can begin building internal capabilities, including robust inventories, traceability, supplier engagement and governance.

There will be a managed transition between version 1.2 and version 2. Companies using the current guidance will be well placed to align with the new standard once it is complete and can benefit from enhanced resilience and competitiveness without delay.

Full details to support entities with validated targets, targets under validation, or active commitments to prepare for conformity to the SBTi FLAG Standard V2.0 revision will be communicated in a timely manner before its launch.

13. EXPECTED TIMELINE AND LAUNCH

The final SBTi FLAG Standard V2.0 is expected to be published by or before Q1 2028 along with:

- Associated Methods, Metrics and Pathways specification(s) and synthesis report(s)
- Basis For Conclusions Report
- Updated FLAG target-setting tool
- Minimum Evidence Requirements

Due to the iterative nature of consensus-based, multi-stakeholder standard development, the expected timeline for the SBTi FLAG Standard V2.0 revision project is subject to change based on the phases outlined in the [Standard Operating Procedure \(SOP\) for Development of SBTi Standards](#). The expected timeline can be found on the [Technical Work Program](#) section of the [Standards and Guidance](#) page of the SBTi website.

ANNEX A: LIST OF RELEVANT ORGANIZATIONS FOR THE FLAG STANDARD V2.0 REVISION

Table 1. Non-exhaustive list of relevant organizations for the FLAG revision project.

Organization Name	Description
<u>The Accountability Framework initiative (AFi)</u>	Has produced a framework for companies to achieve ethical supply chains that protect forests, natural ecosystems and human rights. Companies setting FLAG targets are recommended to align their no-deforestation commitment with the AFi guidance.
<u>The Food and Agriculture Organization of the United Nations (FAO)</u>	Provides key global resources including data, guidance and analysis on agrifood and forestry systems.
<u>The Forest Stewardship Council (FSC)</u>	Develops standards for sustainable forestry and the sourcing of forest products throughout the value chain.
<u>Global Forest Watch (GFW)</u>	Provides an online map and several other tools to monitor forests, identify impacts and analyze trends through time.
<u>The Science Based Targets Network (SBTN)</u>	Develops science-based targets for nature both for companies and cities.
<u>Global Canopy</u>	Provides innovative open-access data, clear metrics, and actionable insights to leading companies, financial institutions, governments and campaigning organisations worldwide on nature, forests and people.
<u>WWE</u>	Founding partner of SBTi and organisation that was primary author of the FLAG guidance when first published.
<u>CDP</u>	SBTi founding partner and key organisation for corporate disclosure.
<u>GHG Protocol</u>	Establishes comprehensive global standardized frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions. The Land Sector and Removals Standard is the first GHG Protocol Standard to provide greenhouse gas (GHG) accounting requirements and guidance that equip companies with the methods needed to quantify, report, and track land emissions, CO ₂ removals, and other key metrics.
<u>WBCSD</u>	The WBCSD Agriculture & Food program supports its members to strengthen their performance, build value chain

	and landscape collaborations, and advocate for enabling policy environments.
<u>Value Change Initiative (VCI)</u>	A platform for companies, NGOs, and technical experts to work through how GHG accounting standards apply to value chain interventions. The VCI Food & Agriculture Working Group VI unites climate leaders to develop clear, practical solutions for credible Scope 3 accounting, advancing decarbonization and integrity across global food and agriculture value chains.
<u>OECD</u>	Inclusive Forum on Carbon Mitigation Approaches and global database and knowledge sharing platform (PIMA-AFOLU) for agricultural decarbonisation policies adopted at regional and national level governments.
<u>Taskforce for Nature-related Financial Disclosures (TNFD)</u>	Building on their LEAP (Locate, Evaluate, Assess, Prepare) approach to demonstrate mitigation to nature and land-related risks (supported by UNDP, GFI, Global Canopy, UNEP FI, WWF).
<u>SAI (Sustainable Agricultural Initiative) Platform</u>	Network of over 170 global food and drink companies. Developed the farm sustainability assessment, which explores mitigations in practice.
<u>Sustainable Food Trust</u>	Developed Global Farm Metric; a holistic sustainability assessment tool for suppliers.
<u>CGIAR (Consultative Group on International Agricultural Research)</u>	Public-funded global research entity that could provide useful agronomic data for pathways in target regions.
<u>FAIRR Initiative</u>	Investor network and research organisation supporting investors to assess, quantify and transition the agricultural sector in line with net zero targets.
<u>World Farmers Organisation</u>	Provides a practical-side view on implementation feasibility.



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