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DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

# SBTi Technical Council Meeting Minutes

8 May - 15:00-19:00 CET

Virtual

Public



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**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.

While every effort has been made to respect the confidentiality of sensitive information, please be aware that the meeting minutes may contain references to discussions or materials considered confidential or privileged. The unauthorized disclosure, distribution, or use of such information is strictly prohibited. If you believe any sensitive information has been improperly disclosed, please contact the Technical Council Chair.

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 Technical Council Chair and Vice-Chair.

**Abbreviations:**

CEO	Chief Executive Officer
CFE	Call for Evidence
CTO	Chief Technical Officer
CNZ	Corporate Net-Zero
CoC	Code of Conduct
EACs	Environmental Attributes Certificates
EAG	Expert Advisory Group
EWG	Expert Working Group
FI	Financial Institution
FINT	Financial Institutions Near-Term
FINZ	Financial Institutions Net-Zero
OC	Oversight Committee
O&G	Oil and Gas
RECs	Renewable Energy Certificates
SAG	Scientific Advisory Group
SBT	Science Based Target
SBTi	Science Based Targets initiative
SOP	SBTi Procedure for Development of Standards v1.0
TAG	Technical Advisory Group
TC	Technical Council
TD	Technical Department
ToR	Terms of Reference

# Meeting participants

## Technical Council Members

Kornelis Blok (Chair) (Joined in session 5)  
Laura Draucker (Vice Chair)  
Stephanie Roe  
Micheal Gillenwater (absent on session 5)  
Anders Bjørn  
Doreen Stabinsky  
Nicole Roettmer  
Owen Hewlett  
Maria Virginia Vilariño  
Nicole Roettmer  
Steven Davis (Joined in session 4)  
Pankaj Bhatia

## Absent TC members

Benjamin Caldecott  
Mandy Rambharos  
Simi Thambi  
Pedro Faria

## SBTi

Nate Aden (Head of FI)  
Jana Mintenig (FINZ Project Lead)  
Eoin White (Research Lead)  
Alberto Carrillo Pineda (CTO)  
Hussein Kassir (TC Secretary)  
Howard Shih (Technical Manager, FI)

## Session note takers

Juan Rivera (Project Manager, FI)  
Hunter Bell (Senior Technical Analyst - FI)  
Hussein Kassir (TC Secretary)

## SBTi Observers

David Kennedy (SBTi CEO)  
Mona Karraoui (Head of Quality)

## Meeting Agenda:

1. Welcome and Agenda
2. Financial Institutions Net Standard (FINZ) - Deforestation Criteria
3. Financial Institutions Net-Zero Standard (FINZ) - Fossil Fuel Policy
4. Financial Institutions Net-Zero Standard (FINZ) - Neutralization Criteria

## Meeting Objectives:

The Technical Council (TC) met virtually to discuss and finalize components of the Financial Institutions Net-Zero (FINZ) Standard version 1. The meeting focused on reviewing deforestation, fossil fuel, and neutralization criteria, addressing final adjustments to the standard, and confirming the next steps toward publication. The meeting also welcomed the new SBTi CEO, who attended as an observer.

## High-level summary of feedback and decisions:

The following summarizes the key feedback discussed during the meeting and related decisions or actions agreed during the meeting:

### **I. Financial institutions Net-Zero Standard (FINZ) - Deforestation Criteria**

#### Summary of feedback and discussions:

Summary of feedback and discussions: The TC reviewed and approved updated deforestation criteria following in-depth deliberations. Members agreed to two criteria for deforestation exposure disclosure: First, mandating financial institutions (FIs) to assess, monitor, and publicly disclose their exposure to portfolio entities that are linked to, at a minimum, the loss of natural forest as a result of (1) conversion to agriculture or other non-forest land use, (2) conversion to a tree plantation, or (3) severe and sustained degradation, stemming from deforestation-linked commodities (beef, palm oil, soy, cocoa, and timber/wood fiber) within two years of target validation or by 2030 at the latest. Annual disclosure is required thereafter. Second, mandating an engagement plan at revalidation at the latest in case of significant exposure.

Council members emphasized the need to simplify the language, ensure the definition of "deforestation exposure" is clear and included in the main text, and clarify the requirements for engagement plans when significant exposure is identified. Members noted that improved clarity will drive early implementation while allowing flexibility for institutions facing data limitations.

#### Summary of actions and decisions:

1. Deforestation exposure to contain two sub criteria
2. Engagement plans remain required if significant exposure is found.
3. Definitions and expectations to be clarified in the main text.

4. References to the FLAG Standard and relevant updates will be maintained.

## **II. Financial Institutions Net-Zero Standard (FINZ) - Fossil Fuel Policy**

The Technical Council (TC) reviewed the revised fossil fuel policy proposal for the Financial Institutions Net-Zero (FINZ) Standard. The updated proposal aimed to balance scientific alignment with practical implementation by financial institutions (FIs). Key elements included:

- Maintaining a prohibition on new project finance for fossil fuel expansion activities.
- Phasing out new corporate finance to oil and gas companies engaged in expansion activities by 2035.
- Adjusting fossil fuel alignment target timelines to an interim milestone in 2030 on a linear path to 95% alignment in developed economies and 85% in developing economies by 2035.
- Requiring either a fossil fuel alignment target or sector emissions target, rather than both, when excluding unknown use of proceeds from fossil fuel-related restrictions.

The proposal was intended as a strategic compromise to support engagement pathways for financial institutions with significant fossil fuel exposure while maintaining ambition. However, TC members raised multiple concerns, particularly around the scientific credibility of the 2035 phase-out, clarity of terminology, and potential reputational risks.

Specific discussions addressed:

- The limited availability of carbon capture and storage (CCS) infrastructure and whether CCS-equipped fossil infrastructure should be treated differently.
- National regulatory obligations that may legally require FIs to provide fossil-related financing.
- The need to clarify definitions such as "unknown use of proceeds," derived from the Greenhouse Gas Protocol, and how these apply to corporate versus project finance.
- Proposals to introduce transition-related metrics, such as capital expenditure (CapEx) analysis, to evaluate counterparty alignment.

There was broad agreement that clearer terminology, a stronger scientific framing, and more transparent articulation of trade-offs were needed. While some members advocated for a stricter 2030 deadline, others supported maintaining flexibility to reflect market realities and engagement opportunities.

#### Summary of actions and decisions:

1. No agreement on the 2030 vs. 2035 milestone; a new proposal will be drafted and submitted to the TC for further deliberation, with potential need for EAG or public consultation to validate the proposal.
2. Terminology such as “unknown use of proceeds” and “suitably ambitious targets” to be clarified and aligned with existing SBTi frameworks.
3. A future explanatory document to be developed to provide implementation examples and enhance transparency.

### III. Financial Institutions Net-Zero Standard (FINZ) - Neutralization Criteria

#### Summary of feedback and discussions:

Summary of feedback and discussions: The TC reviewed a simplified proposal for neutralization (criterion C16), which aligns with the Corporate Net-Zero Standard. Members supported the removal of previously included sub-criterion, which had caused confusion, and agreed to focus the requirement on counterparties neutralizing residual emissions by the net-zero target year.

Clarifications were made that the responsibility lies with counterparties—not FIs—and that FIs are expected to engage with counterparties rather than ensure outcomes. The wording was adjusted accordingly. Members agreed to remove vague or redundant references, including “carbon reduction removals” and “quality criteria.”

Some members raised the need for a clearer definition of residual emissions and questioned whether Scope 3 emissions should be included in neutralization requirements. These issues were noted for consideration in future updates following CNZS version 2. The previously planned explanatory note was paused and may resume after CNZS v2 is finalized.

#### Summary of actions and decisions:

1. Clarified that counterparties must neutralize their residual emissions by the net-zero year.
2. FIs are not responsible for directly neutralizing emissions.
3. Supporting materials and further guidance will follow in future updates.

### IV. Next Steps

#### Summary of feedback and discussions:

After a break, the TC reviewed revised text for the deforestation criterion and confirmed alignment on language and expectations. The discussion reinforced earlier agreements on the simplified structure, exposure definitions, and annual disclosure requirements.

The next TC meeting would focus on the Automotive Sector Standard and serve as a fallback discussion point for any remaining FINZ issues.

### Summary of actions and decisions:

1. The revised FINZ Standard will incorporate all agreed-upon changes from the meeting.
2. SBTi to circulate updated extracts on Deforestation, Neutralization and Fossil Fuel Policies for final TC approval.
3. A follow-up TC meeting is tentatively scheduled for later in May.



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