



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

TERMS OF REFERENCE: URGENT REVISION OF CRITERIA 1 AND 4 IN SBTi FLAG GUIDANCE V1.1

Version 1.0

October 2025



sciencebasedtargets.org



[/science-based-targets](https://www.linkedin.com/company/science-based-targets)



[@sciencetargets](https://twitter.com/sciencetargets)



info@sciencebasedtargets.org

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 UK charity, with a subsidiary SBTi Services Limited, which hosts our target validation services. Partner organizations who facilitated SBTi's growth and development 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).

DISCLAIMER

Although reasonable care was taken in the preparation of this document, the Science Based Targets initiative (SBTi) affirms that the document is provided without warranty, either expressed or implied, of accuracy, completeness or fitness for purpose. The SBTi hereby further disclaims any liability, direct or indirect, for damages or loss relating to the use of this document to the fullest extent permitted by law.

The information (including data) contained in the document is not intended to constitute or form the basis of any advice (financial or otherwise). The SBTi does not accept any liability for any claim or loss arising from any use of or reliance on any data or information in the document.

This document is protected by copyright. Information or material from this document may be reproduced only in unaltered form for personal, non-commercial use. All other rights are reserved. Information or material used from this document may be used only for the purposes of private study, research, criticism, or review permitted under the Copyright Designs & Patents Act 1988 as amended from time to time ('Copyright Act'). Any reproduction permitted in accordance with the Copyright Act shall acknowledge this document as the source of any selected passage, extract, diagram, content or other information.

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.

© SBTi 2025

VERSION HISTORY

Version	Change/update description	Publication date
1.0	Initial publication	October 7, 2025

CONTENTS

ABOUT SBTi	2
DISCLAIMER	3
VERSION HISTORY	4
CONTENTS	5
1. INTRODUCTION	6
2. OBJECTIVES	6
3. PROCESS FOR REVISING THE GUIDANCE	7
4. SCOPE	7
4.1 Applicability	7
4.2 Deliverables	8
4.3 Exclusions	8
4.4 Geographic application	8
5. JUSTIFICATION OF NEED FOR REVISING THE GUIDANCE	9
6. RELATED STANDARDS AND INITIATIVES	10
7. INTENDED SUSTAINABILITY OUTCOMES	10
8. INTENDED CLAIMS	11
9. ENGAGEMENT	11
9.1 How to engage?	11
9.2 Who should engage?	12
9.2 How to keep informed?	12
10. LANGUAGES	12
11. RISK MITIGATION	13
12. GOVERNANCE STRUCTURE AND DECISION MAKING	13
13. TRANSITION	14
14. EXPECTED TIMELINE AND LAUNCH	14

1. INTRODUCTION

This Terms of Reference describes the key information related to the urgent revision of SBTi FLAG Guidance V1.1 Criteria 1 and 4. The project will be carried out according to the SBTi's [Standard Operating Procedure \(SOP\) for Development of SBTi Standards](#).

2. OBJECTIVES

This urgent revision project aims to update parts of SBTi FLAG Guidance V1.1 Criteria 1 and 4. The current wording and the reasons for revising them are as follows:

FLAG-C1 Companies required to set FLAG targets:

[...] Companies that meet i) or ii) above and submit targets for recalculation based on SBTi target recalculation criteria must add a FLAG target within six months after the release of the final version of the GHG Protocol Land Sector and Removals Guidance.

Reasons for revising criterion 1: As the GHG Protocol expects to release the Land Sector and Removals Standard (LSRS) in Q4 2025, the resulting timelines have come to have unintended consequences. It is estimated that the resulting deadline to set FLAG targets could potentially come within months of releasing CNZS V2 and is also outside the operational control of SBTi.

FLAG-C4 No-deforestation commitment – target language:

Companies setting FLAG targets are required to publicly commit to no-deforestation covering all scopes of emissions. Commitment language will be posted on the SBTi website, along with the SBT target language; it should take the following form: "[Company X] commits to no-deforestation across its primary deforestation-linked commodities, with a target date of [no later than December 31, 2025]".

Reasons for revising criterion 4: From 2026 onwards, the current framing would imply that companies need to commit to an action that must have been fulfilled in the past. Acknowledging these implementation challenges, SBTi is planning to undertake this urgent revision process.

The objectives of this urgent revision project are outlined below:

- Amend criterion 4 of the FLAG guidance to ensure companies can continue setting FLAG targets and have deliverable commitments for eliminating deforestation in their supply chains after 2025.
- Engage with external stakeholders to make changes to FLAG that increase engagement, ambition and accountability for companies taking action to eliminate deforestation in their supply chains.

- Deliver minor adjustments to maintain the functionality of criterion 1 in the FLAG guidance, delink the required timelines for setting FLAG targets from an external publication process and align them with SBTi timelines.

3. PROCESS FOR REVISING THE GUIDANCE

The revision process is deemed an urgent revision of one aspect of an existing guidance document. While the process for this revision is not fully addressed in the [Standard Operating Procedure \(SOP\) for Development of SBTi Standards](#), SBTi aims to follow a transparent process, striving for input from any interested stakeholder through public consultation and more targeted stakeholder outreach to enable the widest possible consideration of content.

The following steps will be followed for revising these two criteria in the FLAG Guidance V1.1:

- Initiation
- Research and drafting
- Consultation
- Review and approval by the SBTi Technical Council
- Implementation (incorporation into current FLAG Guidance)
- Monitoring and Evaluation

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

4. SCOPE

4.1 Applicability

The scope of changes we are proposing to make to the SBTi FLAG Guidance V1.1 are based solely on maintaining the operationality of the current FLAG target-setting process for companies required to set FLAG targets using version 1 of the SBTi [Corporate Net-Zero Standard](#) (CNZS). The SBTi has introduced new concepts and proposals for improvements to our target-setting framework as part of the ongoing [consultation regarding SBTi Corporate Net-Zero Standard V2](#) which is due for release in 2026. A wider revision of the SBTi requirements for target setting with respect to FLAG emissions will need to take place after SBTi Corporate Net-Zero Standard V2 is finalised to align with that framework and update the SBTi FLAG Guidance V1.1 within the 5 year timeframe for revising standards outlined in SBTi's Standard Operating Procedure (SOP) for Development of SBTi Standards. This means the proposed changes to criterion 4 are designed only to update and clarify the current requirements for companies to make no-deforestation commitments when setting FLAG targets. The changes proposed under this urgent revision are therefore intended to avoid any significant expansion of the scope of criterion 4 for companies, for instance by expanding the criterion to cover other types of land conversion within their commitments.

The changes we are proposing on criterion 4 are intended to apply to both companies setting new targets and those with existing FLAG targets and associated no-deforestation commitments.

The changes we propose for criterion 1 will only impact companies with existing near term or net zero targets who meet the relevant criteria that requires them to set FLAG targets but do not yet have a validated FLAG target.

4.2 Deliverables

The FLAG criteria 1 and 4 revision 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)
- Public Consultation Draft
- Basis For Conclusions Report

Final deliverables

- Revision of the SBTi FLAG Guidance V1.1 Criterion 4 (no-deforestation commitments).
- Revision of the SBTi FLAG Guidance V1.1 Criterion 1 (companies required to set FLAG targets)

4.3 Exclusions

The following items are not within the scope of this project and may be considered for future revisions of the SBTi FLAG Guidance:

- The changes proposed under this urgent revision will not significantly expand the scope of SBTi FLAG Guidance V1.1 Criterion 4 for companies for instance by introducing new reporting requirements directly with SBTi for companies against their no deforestation commitments or expanding the criterion to cover other types of land conversion within the commitments.

4.4 Geographic application

The SBTi FLAG Guidance V1.1 Criteria 1 (companies required to set FLAG targets) and 4 (no-deforestation commitments) revision aims to apply to organizations with emissions and activities worldwide.

5. JUSTIFICATION OF NEED FOR REVISING THE GUIDANCE

No Deforestation Target Date

The SBTi FLAG sector pathway was developed including emissions from all types of land use change (LUC)—deforestation, forest degradation, and conversion of peatlands, wetlands, savannas and grasslands (Roe et al., 2019), with deforestation alone being responsible for 45% of total AFOLU emissions ([IPCC AR6](#)). As such, under criterion 4 of the SBTi FLAG Guidance V1.1, companies setting FLAG targets are currently required to publicly commit to no deforestation covering all scopes of emissions across their primary deforestation-linked commodities, with a target date of no later than December 31, 2025. The deforestation pathway modelled as part of the overall FLAG sector pathway reduces linearly to zero in 2030 ([see figure 1 of the FLAG methods addendum](#)). To set an ambitious goal representing the progress needed by leading organisations to achieve this pathway globally, the 2022 FLAG Guidance required companies to commit to eliminate deforestation in primary deforestation linked commodity supply chains sooner than this: by 2025.

As laid out in recent data presented by the WRI [Global Forest Watch](#) initiative, SBTi recognizes that since the publication of the FLAG guidance there has been insufficient global progress in halting deforestation, with forest loss remaining a [significant source of global emissions](#). However, we believe the FLAG target-setting process must be open to companies that want to make ambitious commitments on reducing their land based emissions. Over 300 companies have set FLAG targets since the guidance was launched with significant acceleration in the number of companies setting FLAG targets in the last 12 months. Without an update to the language of criterion 4, there will lack a mechanism for companies to publicly commit to eliminating deforestation in supply chains as part of their FLAG target where this has not yet been achieved. This would not leave space within the SBTi target-setting framework for companies who still need to act to publicly set clear commitments on this vital issue for land based global emissions.

These changes to criterion 4 are also intended to align where possible SBTi's FLAG requirements with evolving guidance on deforestation commitments from key organizations — including the **Accountability Framework Initiative (AFI)** and the **Science Based Targets Network (SBTN)** — as well as key regulatory frameworks such as the **EU Deforestation Regulation (EUDR)**.

A secondary objective of this project is to deliver minor changes that maintain the functionality of criterion 1 in the FLAG guidance. Criterion 1 of the SBTi FLAG Guidance V1.1 defines which companies are obliged to set FLAG targets when setting a science based target. Criterion 1 also contains some information regarding the deadline for companies that meet the stated thresholds to set FLAG targets if they had set SBTs prior to this requirement. This language includes the following statement:

“Companies that meet i) or ii) above [criteria on which companies must set FLAG targets] and submit targets for recalculation based on SBTi target recalculation criteria must add a

FLAG target within six months after the release of the final version of the GHG Protocol Land Sector and Removals Guidance.”

This reference to a deadline following the release of the GHGp Land Sector and Removals guidance was included at the launch of FLAG in 2022 when its release was expected to follow the launch of FLAG within a matter of months. As GHGp expects to release the LSRS in Q4 2025, the resulting timelines have come to have unintended consequences. We estimate at the time of releasing this consultation that nearly 500 companies may be impacted by this deadline which could potentially come within months of releasing SBTi Corporate Net-Zero Standard V2 and is also outside the operational control of SBTi. We will seek feedback during this consultation on simplifying the situation for companies at a time where many changes to important standards for target setting and reporting are happening simultaneously.

6. 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.

Within the scope of the SBTi FLAG Guidance V1.1 Criterion 4 (no-deforestation commitments) revision project, the following organizations are relevant to the extent of the project. This list is not intended to be exhaustive of all initiatives in this subject area.

- The [Accountability Framework initiative](#) (AFi) 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.
- [Global Forest Watch](#) (GFW) provides an online map and several other tools to monitor forests, identify impacts and analyze trends through time.
- The [Science Based Targets Network](#) (SBTN) develops science-based targets for nature both for companies and cities.
- [Global Canopy](#) - provide innovative open-access data, clear metrics, and actionable insights to leading companies, financial institutions, governments and campaigning organisations worldwide on nature, forests and people.
- [WWF](#) - founding partner of SBTi and organisation that was primary author of the FLAG guidance when first published
- [CDP](#) - SBTi founding partner and key organisation for corporate disclosure

7. INTENDED SUSTAINABILITY OUTCOMES

In 2018, the Intergovernmental Panel on Climate Change (IPCC) warned that global warming must not exceed 1.5°C above pre-industrial temperatures to avoid the catastrophic impacts of climate change. 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.

FLAG represents about 22% of net anthropogenic GHG emissions in tonnes of CO₂ equivalent (~13 GtCO₂e per year). The FLAG sector pathway was developed including emissions from all types of land use change (LUC)—deforestation, forest degradation, and conversion of peatlands, wetlands, savannas and grasslands (Roe et al., 2019), with deforestation alone being responsible for 45% of total AFOLU emissions ([IPCC AR6](#)).

The no-deforestation commitment highlights the urgency of eliminating agriculture- and forestry-driven deforestation as a critical first step in the mitigation hierarchy. Its goal is to ensure companies keep focusing on these essential actions and don't slow or delay efforts to achieve deforestation-free operations and supply chains.

Through this project, the SBTi proposes to update the SBTi FLAG Guidance V1.1 for companies who will set no-deforestation commitments after 2025 to encourage rapid progress towards eliminating deforestation.

8. INTENDED CLAIMS

Further guidance on claims is being developed under SBTi Corporate Net-Zero Standard V2 project. Nevertheless, as part of the SBTi FLAG Guidance V1.1 Criteria 1 and 4 revision process which aligns to SBTi Corporate Net-Zero Standard V1, guidance or criteria on how companies must substantiate their commitments through detailed published plans will be explored.

9. ENGAGEMENT

9.1 How to engage?

The SBTi values stakeholder input to inform the development of its technical outputs. There are a variety of channels through which stakeholders can engage with and input into the revision of SBTi FLAG Guidance V1.1 Criteria 1 and 4.

- **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 [FLAG 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.¹

¹ 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 Guidance V1.1 Criteria 1 and 4 revision will go through a minimum of one round of public consultation (expected for Q3 - Q4 2025). The consultation will last for a duration of 30 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 [FLAG page](#).
- **Expert Working Groups (EWGs):** This project will consult relevant experts from the pre-existing Corporate Net-Zero Standard EWGs and the Timber and Wood Fiber Pathway EWG, where appropriate.

9.2 Who should engage?

This project 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 standards

9.2 How to keep informed?

Stakeholders can stay up to date with the SBTi FLAG Guidance V1.1 Criteria 1 and 4 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 [X \(formerly Twitter\)](#) and [LinkedIn](#).

For any general queries relating to the urgent revision of SBTi FLAG Guidance V1.1 Criteria 1 and 4 and how to engage please contact flag@sciencebasedtargets.org. For queries related to the target validation process or getting started with SBTi FLAG Guidance V1.1, please contact info@sciencebasedtargets.org.

10. LANGUAGES

All documents relating to the urgent revision of SBTi FLAG Guidance V1.1 Criteria 1 and 4, 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.

11. 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).

12. 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.

This urgent revision is in line with SOP clause 100 and aims to be transparent in decision-making, striving for input from any interested stakeholder through public consultation to enable the widest possible consideration of content as well as more targeted expert stakeholder outreach. It will undergo the following process:

- After approval by the Technical Council, the project will undergo a minimum of one round of public consultation. The consultation will last for a minimum of 30 days.
- In parallel, we will conduct targeted expert consultation with experts from the current membership of the Corporate Net-Zero Standard and the Timber and Wood Fiber Pathway Expert Working Groups (EWGs). This step will ensure additional expert scrutiny of the final proposals for necessary changes to important criterion of FLAG target setting. The composition for this targeted expert consultation will see a balance across stakeholder groups and diversity in line with the [Terms of Reference for the SBTi Corporate Net Zero Expert Working Group](#).
 - Selected members have deforestation-related expertise, such as:
 - Forest risk and land-use change
 - Forest governance and policy
 - Indigenous rights and land tenure, communities affected and impacted by deforestation
 - Supply chain assessment or due diligence related to deforestation/conversion risks
 - Gender diversity, using the 40:40:20 rule (40% female, 40% male and 20% flexible to any gender, including other gender identities)
 - Organizational diversity, including representatives from corporates, financial institutions, academia, research, non-profit, civil society, impacted communities and multilateral organizations, with:
 - A maximum of 50% representation from corporates and financial institutions (including business networks, business membership organizations and consultancies)
 - A minimum of 30% representation from civil society organizations

- Striving for a minimum of 40% representation from low, lower-middle, or upper-middle-income countries for diversity and balance.²
- After all external and internal feedback is addressed, final approval will be done by the Technical Council.
- Once approved by the Technical Council, the Board of Trustees will be informed and the SBTi will publish the revision of our FLAG Target-Setting Guidance.

13. TRANSITION

Full details to support entities with validated targets, targets under validation, or active commitments to prepare for conformity to the urgent revision of SBTi FLAG Guidance V1.1 Criteria 1 and 4 will be communicated in a timely manner before its launch.

14. EXPECTED TIMELINE AND LAUNCH

The final draft of the FLAG Criteria 1 and 4 revision project is expected to be published no earlier than Q1 2026 along with the Basis for Conclusions report.

Due to the iterative nature of consensus-based, multi-stakeholder standard development, the expected timeline for the FLAG Criteria 1 and 4 revision project is subject to change based on the phases outlined in the [Standard Operating Procedure \(SOP\) for Development of SBTi Standards](#).

² The World Bank classifies economies into four income groups: low, lower-middle, upper-middle, and high income. See: <https://datatopics.worldbank.org/world-development-indicators/the-world-by-income-and-region.html>.

