



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi Technical Council Meeting Minutes

3 November 2023 - 16:00 - 19:00 CET

Information Session - 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.

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
CTO - Chief Technical Officer
SBT - Science Based Target
SBTi - Science Based Targets initiative
TD - Technical Department
TC - Technical Council
ToR - Terms of Reference
OC - Oversight Committee
EAG - Expert Advisory Group
CoC - Code of Conduct
FI - Financial Institutions
FINT - Financial Institutions Near-Term
BVCM - Beyond Value Chain Mitigation

Meeting participants

Technical Council Members - Present

Kornelis Blok (Chair)

Laura Draucker (Vice Chair)

Maria Virginia Vilariño

Owen Hewlett

Pedro Faria

Nicole Roettmer

Benjamin Caldecott

Micheal Gillenwater

Steven Davis

Stephanie Roe

Technical Council Members - Absent

Doreen Stabinsky

Anders Bjørn

Pankaj Bhatia

Mandy Rambharos

Simi Thambi

SBTi

Alberto Carrillo Pineda (CTO, SBTi)

Emma Watson (Head of Standards, SBTi)

Hussein Kassir (Technical Team Coordinator, SBTi)

Nate Aden (Financial Institution Team Lead, SBTi)

Howard Shih (Project Lead, SBTi)

Scarlett Benson (Project Lead, SBTi)

Observers

Ginger Kowal (Research Team, SBTi)

Eoin White (Research Team, SBTi)

Pendar Ostovar (Finance Team, SBTi)

Hugo Ernest-Jones (Standards Team, SBTi)

Hunter Bell (Finance Team, SBTi)

Meeting Agenda

1. Welcome and Agenda Presentation
2. Presentation Near-Term Financial Sector Guidance
3. Q&A - Financial Sector Guidance
4. Presentation Beyond Value Chain Mitigation
5. Q&A - Beyond Value Chain Mitigation
6. Next Steps and Closing

Meeting Minutes

Session 1: Welcome and Agenda

Presenter / Facilitator:

Kornelis Blok (Chair, Technical Council)

Purpose of the session:

Presentation of agenda for the day

Summary:

Chair announced that this meeting is for information and not for decision making and it will be recorded and shared with the absent TC members.

Clarifications:

N/A

Decisions:

N/A

Actions:

N/A

Session 2: Presentation Financial Institution Near-Term Guidance

Presenter / Facilitator:

Nate Aden (Head of Financial Institutions, SBTi)
Howard Shih (Project lead Financial Sector Near-Term Guidance, SBTi)

Purpose of the session:

Presentation covering:

1. Version 1.1 (current existing version)
2. Version 2.0 draft (consultation draft)
3. Context and background: slides and summary of stakeholder feedback
4. Summary of Criteria Changes

Summary:

An overview of the Near-Term Guidance update was presented, along the four points covered in the “Purpose of the session” section above. An overview of the financial institutions work, including milestones and timelines, at SBTi was provided along with an overview on the proposed criteria updates in the Near-Term Financial Institutions guidance that are to be submitted for review.

A deep-dive into the current guidance as well as suggested changes for review were walked through in the presentation, along with how they were grounded in the feedback received from the over 60 days long stakeholder consultation period run over the summer. A Q&A session was held following the overview presentation.

Clarifications:

An overview of the guidance available for financial institutions was provided and clarification was provided that this session explicitly covers the updates to the existing near-term guidance and not the upcoming Financial Institutions Net-Zero Standard.

Clarifications on why alignment & ambition, alignment, and fossil fuels were focused on for this update, along with an overview of the existing near-term guidance were focused on in the proposed updates, along with the historic context and points of contention faced with practitioners, were provided.

Decisions:

No decisions were made in this session as it was informational.

Actions:

A full draft of the proposed financial institutions near-term guidance update along with an accompanying normative document of criteria and recommendations is to be provided for review before final decisions are to be made in the next Technical Council meeting.

Session 3: Q&A Session - Financial Institution Near-Term Guidance

Presenter / Facilitator:

Laura Draucker (Vice Chair, Technical Council)

Purpose of the session:

Moderated Q&A session - Financial Institution Near-Term Guidance

Summary:

Questions were posed to the content presented in the section above.

Clarifications:

A clarification was provided to delineate the difference between the public consultation proposal and the guidance decided on after the consultation.

The background research used to provide differentiated phase-out timelines in the public consultation for coal, oil and gas was elaborated on.

The reasoning underpinning the 5% revenue threshold for fossil fuel companies was elaborated on.

Further information on the public consultation results, particularly around fossil fuels and asset management considerations was provided. Practicality, legal restrictions, and lack of influence were noted as integral factors informing the proposed changes to asset management requirements. Further clarifications on how these considerations were applied to the fossil fuel and asset management requirements were provided.

Further clarifications on the details on the consultation feedback around the fossil fuel financing methodology in terms of spread of responses across financial institution type, along with qualitative feedback, were provided. Collaborations with leading financial institutions to exemplify the proposed guidance on publication were also shared.

A clarification on the definition of short-term & long-term loans as well as the time frame behind long-lead time fossil fuel projects was provided.

A clarification on where the phase-out dates for the consultation draft of the Fossil Fuel Finance Policy Paper was requested. The relevant [Tyndall Centre paper](#) was provided to TC members.

A request for clarification through the climate impact on proposed changes, potentially through theoretical or in-practice examples, was requested. The context of how linking real world emissions reductions from a financial institutions' perspective was elaborated on, particularly through the Portfolio Coverage Approach method as a lever to exercise financial institutions' influence against their counterparties.

A clarification on data quality provisions was requested around in-scope companies in the fossil fuel value chain. The scope of the fossil fuel value chain was clarified ([GCEL 2023 | Global Coal Exit List/Home | gogel](#)) or as another option for self-identification by FIs against the recommended revenue threshold) for financial institutions in the financial institutions near-term guidance.

A clarification on the fairness of feedback received and the decision to split phase-out dates for coal was requested. Fairness was difficult to provide reasoning for due to the partial position of SBTi in the wider ecosystem, but an overview of the feedback that was received was provided focusing on the regional differentiation of pushback against phase out splits proposed.

Decisions:

No decisions were made in this session as it was informational.

Actions:

N/A

Session 4: Presentation Beyond Value Chain Mitigation Guidance

Presenter / Facilitator:

Scarlett Benson (BVCM Lead, SBTi)

Purpose of the session:

Presentation covering:

1. Results from the BVCM public consultation
2. Progress on finalizing the deliverables and next steps
3. Key topics for discussion

Summary:

The SBTi described the rationale for providing further guidance on BVCM - a concept that was introduced in the 2021 V1 Corporate Net-Zero Standard. The guidance development process was set out alongside the anticipated next steps in terms of finalizing the guidance.

The high-level results of the nine public consultation topics were presented, indicating the extent to which feedback was consistent and, in turn, the extent to which it was straightforward to address.

The two topics where there was a high degree of polarization in the consultation responses were discussed in further detail - 1) defining BVCM and 2) methods for determining the nature and scale of BVCM commitments.

The results from the more recent consultation with the EAG and Working Group to further explore these two topics were presented, again highlighting the polarization in perspectives.

Finally, a proposed path forward was presented based on the definition of a “minimum floor” recommendation for BVCM, alongside a best practice approach wherein companies take responsibility for their unabated emissions.

Clarifications:

BVCM Definition - Examples were provided on the types of investments that would not necessarily have guaranteed mitigation outcomes. For example, innovation, research and

development, landscape readiness, policy advocacy, etc. Limiting the definition to quantifiable mitigation essentially limits BVCM to carbon markets.

Definitions of ton-for-ton, money-for-ton and money-for-money were provided as the three different models for BVCM.

Decisions:

N/A

Actions:

N/A

Session 5: Q&A - Beyond Value Chain Mitigation Guidance

Presenter / Facilitator:

Laura Draucker (Vice Chair, Technical Council)

Purpose of the session:

Moderated Q&A session

Summary:

Questions were posed to the content presented in the section above. Technical Council Members were invited to send any further questions via email.

Clarifications:

The BVCM Project Lead was asked whether there was analysis conducted on which of the three methods (ton-for-ton, money-for-ton and money-for-money) would deliver the most finance into the system and what the cost implications would be for a company across the methods. The BVCM Project Lead referenced analysis conducted by Systemiq in 2021 which looked at a fictional food and beverage company and compared the different approaches ([slides 34 and 35](#)).

A question was posed as to where demand-side activities might fall (for example, a company investing into cold storage infrastructure beyond the value chain or a non-FLAG company investing to support dietary shift). These activities would be eligible for BVCM and dietary shift is referenced in the context of the Principles for aligned investments.

A clarification question was raised as to whether measurable/quantifiable mitigation is constrained to carbon credits or whether direct investments might count. The BVCM Lead highlighted the

desire to facilitate financing through mechanisms other than credits but highlighted that the MRV mechanisms in that space are more nascent.

Technical Council members expressed support for the science-based approach using the polluter pays principle and the social cost of carbon, whilst recognizing that this might not be feasible for companies.

A question was raised as to whether the guidance would provide detailed recommendations on accounting. The team explained that there is no plan to provide further information on accounting but that this would be highlighted in a “further research” section.

A comment was made about the issue with double counting in scope 3. The team acknowledged there may be a case for a lower cost of carbon to be used for scope 3.

Decisions:

N/A

Actions:

N/A

Session 6: Next Steps and Closing

Presenter / Facilitator:

Kornelis Blok (Chair, Technical Council)

Purpose of the session:

Summary next steps

Summary:

Chair clarified that the focus of the upcoming meeting will be the approval of the FI near-term guidance and the BVCM guidance.

Clarifications:

N/A

Decisions:

N/A

Actions:

N/A