



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi Technical Council Meeting Minutes

7 December 2023 - 9:00-18:00 GST

Dubai

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
FINT - Financial Institution Near Term
BVCM - Beyond Value Chain Mitigation

Meeting participants

Technical Council Members

Kornelis Blok (Chair) - Present
Laura Draucker (Vice Chair) - Present
Maria Virginia Vilariño - Present
Owen Hewlett - Present
Pankaj Bhatia - Present
Mandy Rambharos - Present
Pedro Faria - Present
Nicole Roettmer - Present
Micheal Gillenwater - Present
Doreen Stabinsky - Present
Anders Bjørn - Present (remote)
Steven Davis - Present
Simi Thambi - Present
Stephanie Roe - Present
Benjamin Caldecott - Present

SBTi

Alberto Carrillo Pineda (CTO, SBTi)
Hussein Kassir (Technical Team Coordinator, SBTi)
Scarlett Benson (BVCM Lead)

Observers Virtual

Nate Aden (Finance Lead)
Howard Shih (Technical Manager, Financial Institutions)
Emma Watson (Head of Standards)

Meeting Agenda

1. Welcome and Agenda
2. Discussion Near Term Financial Sector Guidance
3. Discussion Beyond Value Chain Mitigation Guidance
4. Decision Near Term Financial Sector Guidance
5. Recommendation for Beyond Value Chain Mitigation Guidance
6. Presentation: Principles and Meta Criteria
7. Next Step and Closing

Meeting Minutes

Session 1: Welcome & Agenda

Presenter / Facilitator:

Kornelis Blok (Technical Council Chair)

Purpose of the session:

Presentation of agenda for the day

Summary:

Agenda was reorganized, discussing BVCM first

Agenda item “SBTi’s Role in the Ecosystem” replaced “Principles and Meta Criteria”, which was moved to the January meeting

Clarifications:

N/A

Decisions:

N/A

Actions:

N/A

Session 2: Beyond Value Chain Mitigation Report

Presenter / Facilitator:

Laura Draucker (Technical Council Vice Chair)

Purpose of the session:

For Discussion

Summary:

It is to be noted that the BVCM report is an informal report and not a standard. Due to the lack of consensus identified throughout the consultation processes, the Technical Council reviewed and

provided comments to this report. Since the previous meeting the SBTi has decided it will not validate BVCM targets and claims.

There was a discussion on the extent to which the SBTi should be prescriptive in providing informative resources on BVCM. There was a recognition that there are a wide range of activities that need funding, including mitigation, adaptation, and enabling environment activities. These wide ranging activities should be considered by companies in the context of the transition plans.

The recommendations regarding carbon pricing were discussed, including the appropriateness of different carbon price types such as the social cost of carbon and sector or regional specific target-consistent pricing.

A number of other related topics were discussed including the SBTi's role in high-integrity voluntary carbon markets and the SBTi's call for evidence on environmental attribute certificates.

Clarifications:

The SBTi Technical team provided clarifications on the rationale for the proposed design of a minimum floor recommendation on BVCM, versus a best practice recommendation on taking responsibility for unabated emissions, highlighting where these could be defended as science-based versus negotiated proposals taking into account a wide set of views.

Decisions:

N/A

Actions:

Technical Council members to provide comments on the BVCM report by the end of 2023.

Session 3: Near-Term Financial Sector Guidance

Presenter / Facilitator:

Kornelis Blok (Technical Council Chair)

Purpose of the session:

For Discussion

Declaration of conflict of interest:

A Technical Council member made a declaration of being involved as an advisor of financial institutions.

Summary:

At the start of the discussion the SBTi Technical Team shared context around the proposed methods, the adapted exclusion and coverage criteria and clarified the reasoning and implications of requirements, optional elements and recommendations (See: Clarification). The team emphasized the feedback received from Financial Institutions related to non-material requirements in the portfolio and the proposed shift to prioritize the most emissions-intensive sectors while noting that implementing a 67% coverage minimum floor - as proposed - represents a significant increase in overall coverage requirement.

The SBTi secretariat also highlighted the need for taxonomies to align financing with the net-zero transition, recognizing that would be a major overhaul and is being considered in the context of the Financial Institutions Net-Zero Standard.

Discussions evolved around the specific reasoning behind different methods being allowed for asset classes including the portfolio coverage and temperature rating and SDA methods. It was highlighted that to avoid potential inconsistencies between criteria the long term goal is to move to a method agnostic approach.

There were questions around the alignment to HLEG recommendations and the reliance on third-party assets such as temperature ratings.

During the session, the section FI-FC17.4 addressing fossil fuel finance targets was debated in detail. It was clarified that financial institutions are currently limited to using the temperature-rated method for oil and gas, and introducing a new option for fossil fuels is more built for purpose. However companies can still use the existing method.

Discussions included phase-out dates for coal by 2030 (OECD) and 2040 (rest of the world), consistent with HLEG. It was pointed out that during the consultation phase, Financial Institutions preferred the simpler OECD/rest of world approach compared to what was proposed in the consultation during the summer which included a more detailed categorization of countries for phase-out pathways.

There was discussion on methane disclosure, arrest obligations, and an optional 75% reduction target this decade. Equity considerations were raised, emphasizing differentiated responsibilities between the Global North and South in phasing out coal versus oil and gas.

Questions were also posed around "abated" fossil fuel definitions and concerns about leakage.

Clarifications:

Clarification that Near-Term Financial Sector Guidance is distinct from the Net-Zero Standard for FIs. This update is seen as an interim step on the way to the Net-Zero Standard for FIs. It is about addressing loopholes in advance of a major overhaul.

Decisions:

The Technical Council agreed with the applicable methods as outlined requesting for more information on the rationale of certain choices and with support for moving towards a method-agnostic approach in the future.

Actions:

The updated criteria will be pilot tested, adjusted and brought back to the Technical Council in the first quarter of 2024.

In early 2024 the SBTi technical team will provide a discussion paper to the technical council on how scenarios are used, developments since AR6, addressing equity in these scenarios as well as the role of CCS

The Technical Council will review the updated version with comments in early January 2024 .

Session 4: SBTi's Role in the Ecosystem

Presenter / Facilitator:

Kornelis Blok (Technical Council Chair)

Purpose of the session:

This was an additional agenda item raised for priority discussion at the start of the meeting.

Summary:

The discussion revolved around the role of SBTi in the corporate climate action ecosystem and emphasized its ongoing significance in driving impactful contributions.

Clarifications:

The SBTi clarified it will move from ambition to performance to assess performance against targets and to manage risks related to non-compliance of targets. In this context the SBTi published a [research report in November on MRV](#) with the goal of verifying target delivery. The SBTi has separated out target validation from standard setting in a separate legal entity in line with best practice.

Decisions:

N/A

Actions:

N/A

Session 5: Next Steps and Closing

Presenter / Facilitator:

Kornelis Blok (Technical Council Chair)

Purpose of the session:

Closing of the session and next steps

Summary:

N/A

Clarifications:

N/A

Decisions:

N/A

Actions:

N/A