

SBTi Expert Advisory Group for beyond value chain mitigation (BVCM) project

Terms of Reference

Version 1.0

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INTRODUCTION

1. The Science Based Targets initiative (SBTi) is a joint initiative by CDP, the United Nations Global Compact (UN Global Compact), the World Resources Institute (WRI), and the World Wildlife Fund for Nature (WWF) in collaboration with the We Mean Business Coalition (WMB).
2. The Science Based Targets initiative (SBTi) is the leading standard setting and certification body driving decarbonization in the real economy in line with our global climate goals. The SBTi develops climate alignment standards, based on the best available science, and independently assesses targets from companies and financial institutions against these standards following publicly available protocols.
3. This document outlines the Terms of Reference for the SBTi Expert Advisory Group (EAG) for the development of guidance on Beyond Value Chain Mitigation (BVCM).

ABOUT THE BEYOND VALUE CHAIN MITIGATION PROJECT

4. The objective of this project is to provide guidance on beyond value chain mitigation and to explore the incentives for investment into these activities. For the Terms of Reference for the BVCM Guidance project, please see Annex I.
5. In anticipation of the formal initiation of this project with the EAG, the SBTi appointed a consultant to undertake preliminary research ([see the outputs of that work here](#)).
6. The expected impact outcome of this project is to increase the flows of climate finance from the private sector into mitigation actions beyond their value chains as a **supplement** to abatement within their value chains.
7. The key output of this project is a guidance document for companies, which will be supported by a discussion paper on the incentives for BVCM.
8. An estimated timeline of deliverables, milestones and meetings can be found in Annex II of this document.

PROJECT GOVERNANCE STRUCTURE

9. This project will be developed through a transparent and inclusive multi-stakeholder process following the high-level governance structure described in this section. The SBTi will provide extensive opportunities for external feedback so that all outputs are subject to comprehensive and rigorous review. The SBTi will act as convening agent and project manager in this process.
10. The key bodies in SBTi's governance are described below:
 - Project Team: This team includes staff from the partner organizations and is accountable to the SBTi for project delivery.
 - Working Group: This group includes SBTi staff, as well as additional experts employed by SBTi partner organizations that provide guidance and may contribute to deliverables.
 - Expert Advisory Group (EAG): This group is an advisory body set up to provide technical advice on specific topics and development or revision of related resources over time.
 - Technical Advisory Group (TAG): This is a group of volunteer expert advisors from business, academia, government, non-profit and multilateral organizations. Members have in-depth knowledge of global climate change mitigation and/or expertise in science-based target setting from a diversity of perspectives.
 - Scientific Advisory Group (SAG): This is a group of volunteer expert advisors in climate change mitigation from the scientific community. They provide support developing benchmarks that enable companies to set near- and long-term emissions reduction targets, and credible net-zero target models.
 - Executive Leadership Team (ELT): The ELT makes day-to-day decisions and is responsible for designing and overseeing implementation of the initiative's overall strategy and providing guidance and quality control. The Chief Technical Officer oversees and is accountable for the SBTi's technical developments.
 - Technical Council: The technical decision-making body that reviews and approves, or provides recommendation of approval for SBTi standards, guidance and other relevant technical decisions.
 - Executive Board: The Executive Board approves SBTi strategy and work plan, approves SBTi protocols and the Terms of Reference for Technical Council, appoints and oversees Technical Council, and approves adoption of new standards and other major technical decisions following deliberation from Technical Council.
11. The SBTi may also consult with the SBTi's Technical Advisory Group (TAG) and Scientific Advisory Group (SAG), and engage with wider stakeholders through public consultation.

12. The SBTi's governance structure is detailed within the SBTi Governance Handbook (forthcoming) and more information can be found on the [SBTi website](#).¹

ABOUT THE EXPERT ADVISORY GROUP

13. The SBTi creates thematic EAGs to provide technical advice on specific topics and development or revision of related resources over time.
14. The BVCM EAG is a group of volunteer advisors with in-depth knowledge of global climate change mitigation and/or expertise in science-based target setting from a diversity of perspectives that acts in an advisory capacity to the SBTi over the duration of the project.
15. The EAG will be managed by the SBTi Project Lead. The Project Lead is responsible for providing periodic updates and defining the topics to be covered in each meeting in advance.
16. EAG members are expected to participate in all meetings to ensure continuity and progress on the project of interest. Where necessary, additional external experts may be invited to thematic meetings to contribute to the discussion.

COMPOSITION

17. The EAG includes representatives from corporates, finance, academia, research, government, non-profit, and multilateral organizations. Ideally, representatives of companies or financial institutions taking part in the EAG should be, at minimum, committed to setting science-based targets.²
18. The BVCM EAG members are experts in one or more of the following areas:
- Climate science (IPCC pathways, modelling approaches).
 - Expertise across a diverse range of mitigation levers (including both academia and practitioners), including knowledge of abatement cost curves and risks of carbon lock-in.
 - Tipping points (ecological as well as societal/ technological tipping points).

¹ Please note that the SBTi is in the process of strengthening and formalizing its governance structure, and it is therefore subject to change. The EAG will be informed of any updates to this document, or any other relevant changes.

² More information on the commitment process can be found at <https://sciencebasedtargets.org/step-by-step-process>

- Climate/ environmental justice including representatives from marginalized groups most impacted by climate change.
- Ethics and climate (including consideration of allocating responsibility for mitigation and adaptation).
- Environmental economics including carbon pricing.
- Climate finance (adaptation and mitigation), including but not limited to carbon markets e.g. blended finance mechanisms, equity and debt investments etc.
- Compliance and voluntary carbon markets including demand and supply side environmental and social integrity/ guardrails, benefit sharing mechanisms etc.

19. As far as possible, the composition of the EAG should be gender equitable, reflect the viewpoints of different actors within the climate action ecosystem, and, where feasible, should be regionally balanced so that advice provided to the SBTi is inclusive and measured.

20. The SBTi shall use best endeavors to achieve balance and diversity amongst EAG members, however, the work of the EAG shall not be invalidated by its inability to achieve an optimum level of diversity.

APPOINTMENT

21. The SBTi will inform members of the TAG of all technical developments and TAG members may apply to the EAG.

22. Candidates outside of the TAG will be invited to apply directly or through an open call for individuals with specific expertise on a topic.

23. Applications will be assessed through an evaluation of relevant qualifications and the needs of the SBTi Technical Department.

24. In addition to meeting desired composition metrics above, the criteria below will be used to evaluate all EAG applications:

- Demonstrated technical competence and knowledge of climate mitigation: All members, regardless of whether they are practitioners, advocates, or academics, should have demonstrated a high level of knowledge and technical competence in climate mitigation, including a general understanding of climate science, carbon accounting, and science-based target setting. A broad base of skills, experience, and perspectives is needed;

- therefore, members may have backgrounds that reflect a diverse range of expertise and roles that are relevant to the mission of the SBTi.
- Communication skills: Effective oral and written communication skills are necessary. Communication skills also include the ability to listen to and consider the views of others with an open mind and without prejudice and discrimination.
 - Awareness of the climate action landscape: Members should understand the climate action landscape in which SBTi operates. This should include awareness of sustainability, climate mitigation, business and financial reporting issues that are relevant to the mission of the SBTi.
 - Ability to work in a collegial and collaborative atmosphere: Members should be able to show respect, tact, and consideration for one another's views and those of third parties.
 - Integrity, objectivity, and discipline: The credibility of members should be demonstrated through their integrity and objectivity. This includes intellectual integrity as well as integrity in dealing with fellow members of the EAG and others.
 - Commitment to the SBTi's mission and public interest: Members should be committed to achieving the objective of the SBTi to drive ambitious climate action in the private sector. Members should also be committed to serving the public interest.
25. EAG members serve in their individual capacity as experts, and therefore changes of members are discouraged and ad hoc alternatives will only be considered in rare instances.
26. Members of the EAG retain their position for the duration of the project, but can also resign at any point by informing the Project Team.
27. The SBTi retains the right to terminate membership of any EAG member.
28. In case of changes in the professional affiliation or termination of the membership, the following requirements and measures will apply:
- EAG members will inform the SBTi of changes to their professional affiliation during their commitment period. In this situation, the SBTi will reevaluate continued involvement of the member and whether the member should be replaced by another expert from the original organization in the EAG.
 - EAG members will inform the SBTi if they would like to terminate their membership before the commitment period expires. The member will be removed from SBTi communications and should be replaced by a new expert.
 - EAG members that join one of the SBTi partner organizations as an employee will be removed from the EAG and should be replaced by a new expert.

- EAG members that resign or are terminated during the commitment period will not be recognised in final deliverables.

29. The SBTi may supplement the EAG with additional members during the development of the project.

COMMITMENT

30. In general, members are expected to:

- Actively participate and share technical expertise during conference calls.
- Dedicate the necessary time offline to review and contribute to drafts and outputs presented by SBTi and its technical partners.
- Provide inputs in a constructive spirit, namely in improving clarity and scientific or technical accuracy.
- Optionally participate in activities intended to promote the adoption of science-based targets, amplify development processes and final deliverables of technical resources, and occasionally speak on the SBTi's behalf when opportunities arise.
- Optional participation in virtual and in-person events (e.g., workshops, launch events, etc.).

31. Commitment for EAG activities:

- Estimated four conference calls over the course of the project (60-120 minutes each), with optional participation in additional conference calls in sub-groups or round tables as needed.
- Estimated commitment of three to four days during 2023.

32. The SBTi will endeavor to arrange meetings with sufficient notice and hold meetings at a reasonable time of day so that as many members are able to attend as possible. If EAG members cover a wide range of time zones, the SBTi may repeat EAG meetings.

33. Members that are unable to make EAG meetings should inform the SBTi in advance. Members found to repeatedly miss EAG meetings may be terminated, based on a three strikes policy.

34. Meetings shall be conducted under the Chatham House Rule. Participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.

35. Members shall not distribute materials in advance of publication without the permission of the SBTi. Members agree to treat as confidential any information provided in the course of participating the EAG which is (i) marked as confidential or (ii) ought reasonably to be treated as such.
36. Members shall not engage in any discussion, activity or conduct that may infringe on any local or international antitrust or competition law. For example, the following shall not be discussed during any meeting of the EAG:
- Current or future prices, pricing strategies, or price related information
 - Output, capacity, inventory levels, or costs
 - Data related to market share
 - Current or future marketing strategies

ACKNOWLEDGEMENT AND REMUNERATION

37. Members of the EAG will be acknowledged by name and organizational affiliation on the SBTi website and in any relevant publications.
38. EAG members must consent to the use of their organization name in relation to the EAG, but not for any additional purpose.
39. Funding provided by EAG members or their affiliated organizations does not confer any special status in the EAG or project governance.
40. The organizations and SBTi (together the “participants”) will use the following language when referring to participation in the initiative and will not portray or imply any other association or collaboration between the participants:
- “[Organization name] participates in the Expert Advisory Group of the Science Based Targets initiative (SBTi) contributing to the development of [PROJECT NAME]. The Expert Advisory Group has an advisory role, and decisions on final technical resources will be made by the Technical Council or the Executive Board of the Science Based Targets initiative.”

41. Being a member of the EAG is a voluntary, part-time position and EAG members do not receive any financial remuneration.
42. For those participating in in-person workshops, travel costs must be covered by the EAG members' own organizational budget.

DECISION-MAKING

43. The Project Team retains the authority to make decisions to advance project execution and deliverables.
44. General input, advice, agreement and contentious issues shall be recorded, and main opposing views and rationales noted. If issues cannot be resolved within the EAG, the Project Team will consult within the Technical Department to propose a way forward, recording the pros and cons of the proposal as well as alternatives proposed.
45. The decision over and approval of final decisions and deliverables rests solely with the SBTi's Technical Council or the Executive Board.

ANNEX I: BVCM PROJECT TERMS OF REFERENCE

Background and Rationale

There is an urgent need to scale up near-term climate finance to address the emissions gap. According to the Intergovernmental Panel on Climate Change (IPCC), the remaining ‘carbon budget’ for a 50% chance of limiting warming to 1.5°C is only 500 gigatons CO₂. That budget is reduced to 400 gigatons if we want a 2-in-3 chance of achieving the 1.5°C goal. Even under optimistic projections, there is an enormous gap between where we are headed by 2030 and where we need to be ([UN Environment Program, 2022](#)). Estimates suggest that annual climate finance needs to increase by at least seven times to meet internationally agreed upon climate objectives by 2030. This translates to at least USD 4.3 trillion in annual finance flows compared to approximately USD 665 billion today of which around 20% is deployed by the corporate sector ([Climate Policy Initiative, 2022](#)).

SBTi companies are already deploying climate finance towards the achievement of their own science-based targets. However, in recognition that a) there is still a significant number of companies without science-based targets, that b) there are important sources of emissions outside corporate value chains and that c) government policies are not yet sufficiently ambitious to deliver a 1.5°C future, the SBTi **strongly recommends** that companies go above and beyond their science-based targets, to also invest in mitigation beyond their value chains and contribute to societal net-zero— what is referred to as “beyond value chain mitigation”/BVCM ([SBTi, 2021](#)).

There is a growing expectation for companies do this, and companies are expressing interest in doing so. Analysis conducted by Systemiq for the SBTi showed that almost 70% of surveyed companies felt that the private sector should be doing more than abatement of value chain emissions for society to achieve net-zero, but that there was a need for more guidance on best practice beyond value chain mitigation activities and investments ([Systemiq, 2021](#)).

Scope

In response to calls for guidance, the SBTi has assembled a team over 12 months to explore models, guardrails and incentives for corporate investment into BVCM. Critical research topics that will be addressed include: (a) the scale of the finance gap for 1.5°C; (b) building the case for companies investing in BVCM; (c) the differing cost of abatement between sectors and the implications of this with regards to their role in BVCM; (d) assessment of the role of different mechanisms in channeling corporate finance; (e) priorities for where finance is most urgently and critically needed; and (f) mechanisms for transparency.

By Q4 2023, the SBTi intends to publish a BVCM Guidance Paper which will build on this research and provide recommendations for companies investing in BVCM covering the minimum benchmarks for credibility and best practices for transparency in these activities and investments. As part of a separate discussion paper, SBTi will explore the role of climate claims and other incentive mechanisms. As part of this process, the SBTi will also consider its role in further incentivizing BVCM, including, but not limited to, the development of an SBTi standard.

Figure 1: Outputs from the SBTi BVCM project

BVCM Guidance document for corporates	Incentives for scaling private sector finance via BVCM
<ul style="list-style-type: none"> • Primary audience: companies • What will this guidance cover? <ul style="list-style-type: none"> • How SBTi drives climate finance within company value chains (quantification if possible) • Why there is a need to raise the bar and increase climate finance from the private sector through BVCM • The business case for BVCM • What counts as BVCM? • What does ambition look like and how does that differ e.g., according to sector? • Guidance for companies to allocate BVCM investment (prioritization principles) • Guidance for claims, reporting & transparency 	<ul style="list-style-type: none"> • Primary audience: NGOs and policymakers • What will this discussion paper cover? <ul style="list-style-type: none"> • Insights from corporate survey and interviews on the business case for BVCM and the potential impact of different incentive mechanisms for different types of companies/ different business units within companies • Identification of the policy tools that could be used to incentivize investment such as disclosure requirements and tax incentives • Recommendations for governments on how to govern claims

Risks & Mitigation

Table 1: Assessed risks and proposed mitigation measures

Risk	Mitigation measure
The BVCM Project Team cannot come to agreement on critical issues within the BVCM guidance.	<ul style="list-style-type: none"> • Get buy-in during goal and scoping phase and alignment on outline and key messages. • Establish clear decision-making structure from the outset; identify decision makers to intervene where consensus is not feasible.

<p>The BVCM guidance is not seen as credible by key stakeholders and is thought to be either too stringent or lacking in stringency.</p> <p>Examples:</p> <ul style="list-style-type: none"> • Social/Development NGOs accuse SBTi of supporting land tenure grabs/greenwash • Conservation NGOs seek to prioritize BVCM approaches above abatement. 	<ul style="list-style-type: none"> • Reaffirm SBTi's theory of change. • Engage a broad range of stakeholders in the Expert Advisory Group and in the consultation process to ensure accounting for a wide range of perspectives. • Targeted outreach during development to share decisions, rationale and get 1:1 feedback - deeper insights on climate science and abatement focus. • Highlight developing MRV standard and the role it will play in corporate accountability on climate targets.
<p>Lack of alignment with parallel initiatives (e.g. Integrity Council for the Voluntary Carbon Market and the Voluntary Carbon Market Integrity Initiative) creating confusion for corporates</p>	<p>Ensure regular engagement with representatives of these initiatives.</p>
<p>Companies with low margins and lack the ability to pay and reject BVCM notion as their abatement targets are difficult enough.</p>	<ul style="list-style-type: none"> • Engage reps from these companies in the EAG, conduct surveys and interviews with businesses on the business case and use their guidance on messaging. • Ensure guidance is nuanced to reflect different capacities of different sectors.
<p>Confusion in communications/messaging about the differences between abatement and BVCM. Confusion remains with regard to the prioritization and treatment of reductions and removals within BVCM.</p>	<p>Address areas of marketplace confusion directly and dedicate significant comms budget.</p>
<p>The Greenhouse Gas Protocol Land Sector and Removals guidance is not yet complete and two critical decisions will impact the scope of BVCM – double claiming and boundary conditions.</p>	<p>The BVCM team will work closely with the GHG Protocol team on these two issues and work to bring clarity to the guidance on the topics.</p>

ANNEX II: ESTIMATED TIMELINE OF DELIVERABLES, MILESTONES AND MEETINGS

Time	Key milestones
Feb 2023	Selection of EAG members
March 2023	1st EAG meeting (welcome, overview of project plan)
April 2023	2nd EAG meeting (EAG to provide feedback on the first draft of guidance)
May/ June 2023	Public consultation
July 2023	3 rd EAG meeting (summarize findings from consultation, discuss approach for finalization)
August /September 2023	4 th EAG meeting (SBTi to present the final draft and get feedback before finalization)
September 2023	Final meeting of the EAG to discuss communications, dissemination and next steps.