SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi GLOSSARY

Version 1.4

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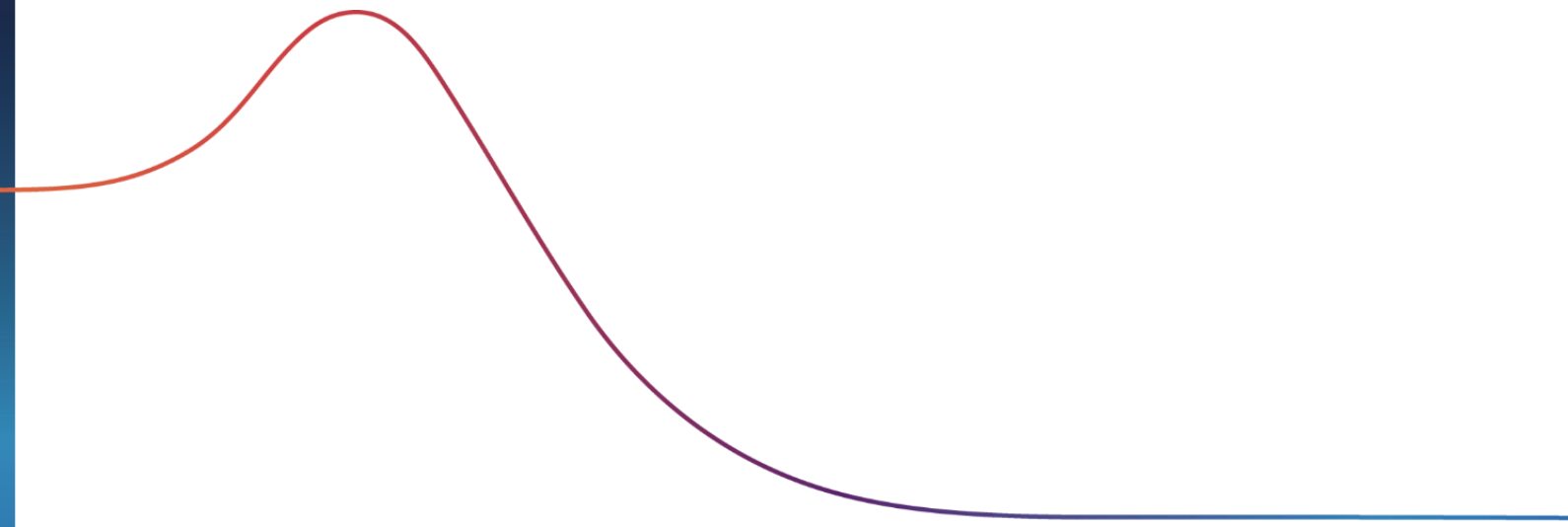

ABOUT SBTi

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).

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VERSION HISTORY

Version	Key changes from earlier version	Release date	Effective dates
1.0	First version of the SBTi Glossary	28 February 2024	28 February 2024 - 13 May 2024
1.1	Minor change to the definition of Environmental Attribute Certificates	14 May 2024	14 May 2024 - 29 July 2024
1.2	Several additions and minor changes mostly related to the publication of the “Evidence Synthesis Report - Part 1. Carbon credits”	30 July 2024	30 July 2024 - 1 Dec 2025
1.3	Several additions and changes mostly related to the publication of the “Financial Institution Net-Zero Standard”, “SBTi Criteria for the Implementation of Chemicals Sector Pathways” and “Engaging Supply Chains on the Decarbonization Journey: A Guide to Developing and Achieving Scope 3 Supplier Engagement Targets V1.1”.	2 Dec 2025	2 Dec 2025
1.4	Several additions and changes mostly related to the publication of “Forest, Land and Agriculture Science-Based Target-Setting Guidance V1.2”.	19 March 2026	19 March 2026

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INTRODUCTION

The SBTi Glossary collects a non-comprehensive list of terms and definitions, and a list of acronyms used within the technical resources of the Science Based Targets initiative (SBTi). The SBTi aims to align its terms and definitions with the most reputable standards and resources. Whenever the definitions differ from other external standards and resources, this is generally the result of a deliberate decision taken by the SBTi. The terms and definitions contained in this Glossary refer to how the SBTi interprets and uses the terms within its resources and users should refer to them to understand the SBTi framework.

In case of contrasting definitions across different resources, the terms and definitions contained in this document supersede those found in other resources (e.g., SBTi Corporate Net-Zero Standard, Financial Institutions Near-Term Guidance, sector-specific guidance, Procedure for Validation of SBTi Targets, etc.).

This is an informative document. Definitions may contain some normative content that is already public in SBTi's normative resources (i.e. standards).

The "Further comments" column includes additional information and references to terms that are related, but not necessarily synonyms. The information in the "Further comments" column is not intended to indicate what counts and does not count towards target ambition, coverage, progress, performance, etc. Please refer to the SBTi's normative resources (i.e., standards) for this information.

TERMS AND DEFINITIONS

Term	Definition	Further comments
#		
1.5°C aligned scenario	Scenario in which global average temperature is limited to 1.5°C above pre-industrial levels with no or limited overshoot.	Related terms: ● Scenario
A		
Abatement	Measures that companies take to prevent, reduce, or eliminate sources of GHG emissions within their value chain. Within the SBTi Financial Institutions Net Zero Standard, abatement is defined as at least 90%-95% reduction, relative to pre-abatement levels of direct emissions (scopes 1 and 2) of coal-fired power generation assets.	The term “abatement” includes non-CO_2 mitigation, while “decarbonization” refers only to CO_2 mitigation. Abatement includes: ● Phasing out activities that produce emissions ● Taking measures to reduce the intensity and/or extent of impacts that cannot be completely avoided (e.g., increase fuel or resource efficiency) ● Biogenic value chain removals in FLAG (forest, land and agriculture) SBTs. Related terms: ● Avoidance (of corporate value chain emissions) ● Decarbonization ● Mitigation ● Emissions reductions
Absolute contraction approach (ACA)	Method used to calculate absolute emissions reduction targets that requires organizations to reduce annual absolute emissions by an amount consistent with underlying mitigation pathways. Also known as “Absolute reduction approach” (ARA), and “Cross-sector	Related terms: ● Absolute emissions ● Cross-sector pathway

Term	Definition	Further comments
	absolute reduction”.	• Method • Sector-specific absolute reduction method or approach / Sector-specific absolute contraction method or approach • Sector-specific intensity convergence method / intensity convergence / Sectoral decarbonization approach (SDA)
Absolute emissions	Expression of a quantity of greenhouse gas (GHG) emissions in terms of mass of GHG or tonnes of carbon dioxide equivalent (CO_2e). In contrast with emissions intensity.	Related terms: • Absolute contraction approach (ACA) • Emissions intensity
Absolute emissions target	A target that aims to reduce absolute GHG emissions (tCO2e) from a specific GHG emissions source by a specific target year, relative to levels in a selected base year.	Related terms: • Absolute emissions • Absolute contraction approach (ACA) • Base year (or base period) • Target period • Target year
Achievement (of science-based targets)	The state of having met the required emission reductions and other actions stated in a company’s science-based target in the target year or earlier.	Related terms: • Performance • Science-based targets (SBTs)
Acquisition	An acquisition is a transaction wherein one company purchases most or all of another company's shares to gain control of that company.	Related terms: • Divestment • Merger

Term	Definition	Further comments
Adaptation	Adjustments in ecological, social or economic systems in response to actual or expected climatic stimuli and their effects or impacts. Adaptation refers to changes in processes, practices and structures to moderate potential damages or to benefit from opportunities associated with climate change (International Organization for Standardization, 2022).	Related terms: ● Loss and damage ● Mitigation
Additionality	Additionality is the extent to which something happens as a result of an intervention that would not have occurred in the absence of that intervention. Additionality is a defining concept of interventions quantified with consequential accounting, including carbon credit projects and programs.	Carbon credits produced by a project are additional if the activity would not have taken place in the absence of the purchase of the carbon credits. Conversely, if the project and associated emissions reductions or removals would have occurred regardless of the payment for carbon credits, the resulting credits are not additional. Related terms: ● Carbon credit ● Intervention (or project) accounting
Agriculture, forestry and other land use (AFOLU)	Common terminology in the scientific community for what is also called the land sector and Forest, land and agriculture (FLAG) in the case of the SBTi. The AFOLU category combines the LULUCF (land use, land use change and forestry) and agriculture sectors.	Related terms: ● Forest, land and agriculture (FLAG) ● Land use change (LUC)
Alignment metrics	Indicators that measure the extent to which an organization's strategies, operations, and business model are in line with global climate goals. Examples may include metrics relating to renewable energy usage, and the ambition of suppliers and other value chain counterparties.	Related terms: ● Measurement (of science-based targets) ● Progress (of science-based targets)

Term	Definition	Further comments
Ammonia as an energy carrier	Ammonia that is produced for the purpose of being used as a low-emissions fuel, fuel additive, or for energy storage as a hydrogen carrier. For example, ammonia that is used as maritime fuel or as a long-distance energy carrier for hydrogen.	Related terms: ● Primary chemicals
Annual unabated emissions	The emissions that remain in a given year as a company progresses towards the delivery of its near- and long-term science-based target.	Related terms: ● Progress (of science-based targets) ● Residual emissions
Applicable financial activities	For the Financial Institutions Net-Zero Standard, the term refers to the following in-scope financial activities: asset owner investing, asset manager investing, lending, insurance underwriting, and capital markets.	Related terms: ● Financial activities ● In-scope financial activity
Asset	An item of property, such as land, buildings, equipment, owned by a company and used to produce income for the company (Cambridge Dictionary, 2021). The term assets also includes financial assets such as ownership of businesses, real estate or infrastructure assets, or financial products, such as loans and bonds.	Related term: ● Asset class
Asset class	A group of financial instruments that have similar financial characteristics (PCAF, 2022).	Related term: ● Asset
Attribution factor / attribution share	The share of total GHG emissions of the borrower or investee that are allocated to the loan or investment (PCAF, 2022).	Related terms: ● Absolute emissions ● Enterprise Value Including Cash (EVIC) ● Facilitated emissions ● Financed emissions ● GHG accounting of financial portfolios

Term	Definition	Further comments
		• Insured emissions
Avoidance (of corporate value chain emissions)	Measures taken by companies to avoid creating value chain emissions from the outset (WWF, 2020) (e.g., manufacture of electric vehicles instead of internal combustion engines).	Related terms: • Abatement • Avoided emissions (product-level accounting) • Mitigation • Mitigation hierarchy • Mitigation strategy • Value chain emissions
Avoided emissions (product level accounting)	Product-related avoided emissions are emission reductions that occur outside of the life cycle or value chain of a product or service, but as a result of the use of that product (Greenhouse Gas Protocol, 2017). Avoided emissions account for the favorable differences in the GHG emissions impact of a product (good or service) relative to the situation where that product does not exist (WRI, 2019).	Product-related avoided emissions fall under a separate accounting system from corporate inventories. Related terms: • Avoidance (of corporate value chain emissions) • Mitigation • Mitigation hierarchy • Mitigation strategy
B		
Base year (or base period)(BY)	A historic datum (a specific year or, in the case of a base period, an average over multiple years) against which a company's emissions are tracked over time.	Related terms: • GHG inventory / Emissions inventory • Target period

Term	Definition	Further comments
Base year emissions recalculation	Retroactive recalculation of a target base year GHG inventory to reflect changes that have occurred since it was originally calculated, for example, a change in company structure or accounting methodology used, to ensure the consistency and relevance of the reported GHG emissions information (adapted from (WRI & WBCSD, 2004).	Related terms: ● Base year (or base period) ● Consolidation approach ● GHG inventory / Emissions inventory
Benchmark	A reference point against which an organization's performance can be compared. In the context of science-based target setting, benchmarks are informed by methods and reference pathways such as the 1.5°C pathways, which outline the necessary performance levels to limit global temperature increase to 1.5°C above pre-industrial levels.	Related terms: ● Method ● Pathway ● Performance
Benchmark divergence assessment	In the context of the SBTi Financial Institutions Net-Zero Standard, the term refers to an assessment of a counterparty or asset's performance relative to a benchmark at discrete points in time (e.g., above for technology share or below for emissions intensity), yielding a binary assessment of alignment or non-alignment.	Related terms: ● Alignment metrics ● Benchmark ● Method ● Pathway
Benefit sharing	Benefit sharing is the allocation of the proceeds from carbon credits to local stakeholders involved in a carbon credit project or program (VCM Primer, 2023).	Related terms: ● Carbon credit
Beyond value chain mitigation (BVCM)	Mitigation action or investments that fall outside a company's value chain, including activities that avoid or reduce GHG emissions, or remove and store GHGs from the atmosphere.	Please refer to the Beyond value chain mitigation report (SBTi, 2024) for details. Related terms: ● Carbon dioxide removals (CDR) / Carbon removals ● Direct air capture (DAC) ● Direct air carbon dioxide capture and storage (DACCS)

Term	Definition	Further comments
		/ Direct air capture and storage (DACS) ● Investment ● Emissions reductions ● GHG removals / Removals/ Emissions removals ● Mitigation ● Mitigation hierarchy ● Mitigation strategy ● Value chain emissions
Biobased feedstock	Biobased feedstocks are those containing biogenic carbon, defined as carbon derived from living organisms or biological processes, but not fossilized materials or from fossil sources.	Related terms: ● Biogenic CO_2 emissions ● Biogenic CO_2 removals ● Biomass
Biochar	Carbon-rich material produced from the thermochemical conversion of biomass in an oxygen-limited environment. Biochar may be added to soils to improve soil functions and to reduce GHG emissions from biomass and soils, and for carbon sequestration. This definition builds from the International Biochar Initiative (IBI, 2018) (adapted from (IPCC, 2018).	Related terms: ● Biomass ● Carbon sequestration / Sequestered emissions
Bioenergy	Energy derived from any form of biomass or its metabolic by-products (IPCC, 2018). This may include but is not limited to energy generated from the combustion of biomass and energy derived from recently living organisms.	Related terms: ● Biochar ● Biogenic CO_2 emissions ● Biogenic CO_2 removals ● Biomass ● Bioenergy with carbon capture and storage (BECCS)

Term	Definition	Further comments
Bioenergy with carbon capture and storage (BECCS)	Bioenergy with carbon capture and storage (BECCS) involves any energy pathway where CO_2 is captured from a biogenic source and permanently stored (International Energy Agency, 2023).	Related terms: ● Bioenergy ● Carbon dioxide capture and storage (CCS) ● Permanence / Durability
Biogenic CO_2 emissions	CO_2 emissions resulting from the combustion or biodegradation of, or other losses from, biogenic carbon pools to the atmosphere (Greenhouse Gas Protocol, 2022).	Related terms: ● Biochar ● Bioenergy ● Bioenergy with carbon capture and storage (BECCS) ● Biogenic CO_2 removals ● Biomass ● Carbon stock ● FLAG (Forestry, land, and agriculture)
Biogenic CO_2 removals	CO_2 removals resulting from atmospheric CO_2 transferred via biological sinks to storage in biogenic carbon pools, primarily photosynthesis (Greenhouse Gas Protocol, 2022).	Emissions reductions and biogenic CO_2 removals play an important role in the AFOLU (agriculture, forestry & other land use) sector in achieving net-zero pathways. Companies required to set FLAG (forest, land, and agriculture) science-based targets should refer to the SBTI FLAG guidance to understand how biogenic removals can be used in FLAG target-setting. The activities that have the highest potential of delivering biogenic CO_2 removals toward the delivery of FLAG targets include the following: ● Forest restoration that occurs on working lands only (e.g., silvopasture).

Term	Definition	Further comments
		• Improved forest management (e.g., optimizing rotation lengths and biomass stocks, reduced-impact logging, improved plantations and forest fire management). • Agroforestry: Carbon sequestration from the integration of agroforestry into agricultural and grazing lands. • Enhancing soil organic carbon: Shifting from current soil management to activities such as erosion control, use of larger root plants, reduced tillage, cover cropping, restoration of degraded soils (e.g., implementing integrated crop-livestock systems) and biochar amendments. Companies should refer to the FLAG guidance and to the bioenergy criterion and recommendations in the Corporate Net-Zero Standard to understand how to address biogenic CO_2 removals from the production and end use of bioenergy. SBTi may revise this definition once the final version of the GHG Protocol's Land Sector and Removals Guidance is released. Related terms: • Biochar • Bioenergy • Biogenic CO_2 emissions • Biomass • Carbon dioxide removals (CDR) / Carbon removals • Carbon sequestration / Sequestered emissions • Carbon stock • Forest, land and agriculture (FLAG) • FLAG (Forestry, land, and agriculture) targets
Biomass	Living or recently dead organic material (IPCC, 2018). Biomass includes organic material both aboveground and belowground, both living and dead, e.g., trees, crops, grasses, tree litter, roots etc.	Related terms: • Biochar

Term	Definition	Further comments
		• Bioenergy • Biogenic CO_2 emissions • Biogenic CO_2 removals
Blue carbon	Blue carbon is the carbon captured by living organisms in coastal (e.g., mangroves, salt marshes, seagrasses) and marine ecosystems, and stored in biomass and sediments (IPCC, 2018).	Related terms: • Biomass • Carbon stock
Borrower	The company or individual to whom capital is loaned.	Related terms: • Business / corporate loan • Consumer loan • Debt • Lender
Bulk carrier	A bulk carrier is a type of maritime vessel. It includes: • Aggregates carrier • Bulk carrier • Bulk carrier (with vehicle decks) • Bulk carrier, laker only • Bulk carrier, self-discharging • Bulk carrier, self-discharging, laker • Bulk/Caustic soda carrier (CABU) • Bulk/Oil carrier (OBO) • Cement carrier • Limestone carrier • Ore carrier • Ore/Oil carrier • Powder carrier • Refined sugar carrier • Stone carrier	Related terms: • Chemical tanker • Container • Cruise • Ferry (passenger only) • Ferry (RoPax) • General cargo • Liquified gas tanker • Oil tanker • Other liquid tankers • Refrigerated bulk • Roll on/off (RoRo) • Vehicle carrier

Term	Definition	Further comments
	● Urea carrier ● Wood chips carrier	
Business / corporate loan	Loans and lines of credit with unknown use of proceeds to businesses and any other structures of an organization. Revolving credit facilities and overdraft facilities are also included in the business loan asset class.	Related terms: ● Asset ● Asset class ● Borrower ● Consumer loan ● Debt
Buyout	In a buyout investment, the investor often has complete or majority ownership and control of the company. Unlike leveraged buyouts (LBO), buyouts can also have a minority stake of the company being purchased (adapted from (Pregin, 2021).	Related terms: ● Equity (in financial services) ● Investment ● Leveraged buyout (LBO)
C		
Capital markets	Capital markets describe any exchange marketplace where financial securities and assets are bought and sold.	Related terms: ● Asset ● Debt ● Equity (in financial services)
Carbon budget / Global carbon budget	This term refers to three concepts in the literature: 1. An assessment of carbon cycle sources and sinks on a global level, through the synthesis of evidence for fossil fuel and cement emissions, land-use change emissions, ocean and land CO_2 sinks, and the resulting atmospheric CO_2 growth rate. This is referred to as the global carbon budget. 2. The estimated cumulative amount of global CO_2 emissions that is estimated to limit global surface temperature to a given level above a reference period, taking into account global surface temperature contributions of other GHGs and climate forcers.	Related terms: ● Greenhouse gasses (GHGs) ● Paris Agreement

Term	Definition	Further comments
	3. The distribution of the carbon budget defined under (2) to the regional, national, or sub-national level based on considerations of equity, costs or efficiency (IPCC, 2018).	
Carbon credit	A carbon credit is a tradable unit that represents one metric tonne of GHG emission reductions or removals. When a carbon credit is purchased and retired for offsetting purposes, it is sometimes referred to as a carbon offset credit.	Carbon credits are uniquely serialized, issued, tracked, and retired by means of an electronic registry. Carbon credits in the voluntary carbon market (VCM) are generated by the activities of projects and programs that are certified by carbon standards. Credited GHG reductions or removal enhancements are quantified using project or intervention accounting methods, which quantify system-wide GHG impacts relative to a counterfactual baseline scenario or performance benchmark that represent the conditions most likely to occur in the absence of the mitigation project or program that generates the credit. Standards require that programs and projects pass an additionality test to demonstrate that the project or program activities face barriers that would prevent them from otherwise going ahead. In other words, activities and credits are additional if they would not have happened in the absence of carbon finance. Related terms: ● Abatement ● Additionality ● Carbon dioxide removals (CDR) / carbon removals ● Emissions reductions ● Fungibility ● Offsetting

Term	Definition	Further comments
Carbon dioxide capture and storage (CCS)	A process in which a relatively pure stream of CO_2 from industrial and energy-related sources is separated (captured), conditioned, compressed and transported to a storage location for long-term isolation from the atmosphere. Sometimes referred to as carbon capture and storage (IPCC, 2018). Usually the CO_2 is captured from large point sources, such as power generation or industrial facilities, and then stored permanently in an underground geological formation.	Related terms: ● Carbon dioxide capture and utilization (CCU) / Carbon capture and utilization / Carbon capture and use ● Carbon dioxide capture, utilization and storage (CCUS) / Carbon capture, utilization and storage / Carbon capture, use and storage ● Permanence / Durability
Carbon dioxide capture and utilization (CCU) / Carbon capture and utilization / Carbon capture and use	A process in which CO_2 is captured and then used to produce a new product. CCU is sometimes referred to as carbon dioxide capture and use (adapted from IPCC, 2018). CCU differs from carbon dioxide capture and storage (CCS) in that CCU does not aim nor result in permanent geological storage of carbon dioxide. Instead, CCU aims to convert the captured CO_2 into more valuable substances or products, where CO_2 could be sequestered short-term (such as in fuels) or long-term (for example in building materials).	Related terms: ● Carbon dioxide capture and storage (CCS) ● Carbon dioxide capture, utilization and storage (CCUS) / Carbon capture, utilization and storage / Carbon capture, use and storage
Carbon dioxide capture, utilization and storage (CCUS) / Carbon capture, utilization and storage / Carbon capture, use and storage	CCUS involves the capture of CO_2, generally from large point sources such as power generation or industrial facilities that use either fossil fuels or biomass as fuel. If not being used on-site, the captured CO_2 is compressed and transported by pipeline, ship, rail or truck to be used in a range of applications, or injected into deep geological formations such as depleted oil and gas reservoirs or saline aquifers (International Energy Agency, 2023). In other words CCUS is a broad term that covers both CCU and CCS, where CO_2 can be either used or stored.	Related terms: ● Carbon dioxide capture and storage (CCS) ● Carbon dioxide capture and utilization (CCU) / Carbon capture and utilization / Carbon capture and use

Term	Definition	Further comments
Carbon dioxide equivalent (CO_2e)	The amount of CO_2 emissions that would cause the same integrated radiative forcing or temperature change, over a given time horizon, as an emitted amount of a GHG or a mixture of GHGs. There are a number of ways to compute such equivalent emissions and choose appropriate time horizons. Most typically, the CO_2e emission is obtained by multiplying the emission of a GHG by its global warming potential (GWP) for a 100-year time horizon. For a mix of GHGs, it is obtained by summing the CO_2e emissions of each gas. CO_2e emission is a common scale for comparing emissions of different GHGs but does not imply equivalence of the corresponding climate change responses. There is generally no connection between CO_2e emissions and resulting CO_2e concentrations (IPCC, 2018). In other words, CO_2e is a metric used to place emissions of various radiative forcing agents on a common footing by accounting for their effect on climate. It describes, for a given mixture and amount of GHGs, the amount of CO_2 that would have the same global warming ability when measured over a 100 year time horizon. Conversion factors vary based on the underlying assumptions and as the science advances.	Related terms: • Greenhouse gasses (GHGs)
Carbon dioxide removals (CDR) / Carbon removals	Anthropogenic activities removing CO_2 from the atmosphere and durably storing it in geological, terrestrial, or ocean reservoirs, or in products (IPCC, 2018).	CDRs include existing and potential anthropogenic enhancement of biological or geochemical CO_2 sinks and direct air carbon dioxide capture and storage (DACCS) but exclude natural CO_2 uptake not directly caused by human activities (IPCC, 2018). CDRs differ from carbon sequestration as in CDR the CO_2 must be captured (either directly or indirectly) from the atmosphere, while carbon sequestration also includes processes that capture CO_2 from fossil fuels (i.e. CCS).

Term	Definition	Further comments
		Related terms: ● Biogenic CO_2 removals ● Beyond value chain mitigation (BVCM) ● Carbon sequestration / Sequestered emissions ● Direct air carbon dioxide capture and storage (DACCS) / Direct air capture and storage (DACS) ● Neutralization ● Permanence / Durability ● Sink (GHG)
Carbon pricing	Carbon pricing is an instrument that captures the external costs of GHG emissions—the costs of emissions that the public pays for, such as damage to crops, health care costs from heat waves and droughts, and loss of property from flooding and sea level rise—and ties them to their sources through a price, usually in the form of a price on the CO_2 emitted (The World Bank, 2017).	Related terms: ● Internal carbon pricing ● Science-based carbon price ● Social cost of carbon
Carbon sequestration / Sequestered emissions	The process of storing carbon in a carbon pool (IPCC, 2018). Carbon sequestration differs from carbon dioxide removals (CDR) in that in the latter the CO_2 must be captured (either directly or indirectly) from the atmosphere, while carbon sequestration also includes processes that capture CO_2 from fossil fuels (i.e. CCS).	Related terms: ● Carbon dioxide removals (CDR) / Carbon removals ● Carbon stock ● GHG removals / Removals/ Emissions removals
Carbon stock	The quantity of carbon in a “pool,” meaning a reservoir or system, which has the capacity to accumulate or release carbon.	Related terms: ● Forest, land and agriculture (FLAG) ● Biogenic CO_2 emissions ● Biogenic CO_2 removals
Chemical recycling technologies	Technologies that utilize heat, chemical agents, or both, to alter the basic chemical structure of a material. Chemical recycling of polymer based materials (e.g. plastics) involves breaking down the polymer into smaller molecules.	Related terms: ● Alternative feedstock

Term	Definition	Further comments
Chemical tanker	A chemical tanker is a type of maritime vessel. It includes: ● Bulk/sulphuric acid carrier ● Chemical tanker ● Chemical tanker, inland waterways ● Chemical/Products tanker ● Chemical/Products tanker, inland waterways ● Compressed natural gas (CNG) tanker ● Edible oil tanker ● Glue tanker ● Latex tanker ● Molten sulphur tanker ● Vegetable oil tanker ● Wine tanker ● Beer tanker	Related terms: ● Bulk carrier ● Container ● Cruise ● Ferry (passenger only) ● Ferry (RoPax) ● General cargo ● Liquified gas tanker ● Oil tanker ● Other liquid tankers ● Refrigerated bulk ● Roll on/off (RoRo) ● Vehicle carrier
Climate change mitigation	A human intervention to reduce emissions or enhance the sinks of GHGs (IPCC, 2018).	Related terms: ● Abatement ● Emissions reductions ● Mitigation strategy ● Sink (GHG)
Climate compensation claim	Claims which convey to audiences that the organization has delivered BVCM proportional to a stated percentage of unabated value chain emissions and that the BVCM outcomes counterbalance or “net out” that stated percentage of unabated value chain emissions. The draft GHG Protocol Land Sector and Removals Guidance describes “compensation targets” related to the use of carbon credits as “a target for achieving mitigation external to the target boundary through purchasing and retiring GHG credits (also called offsets or carbon credits) to compensate for annual or cumulative	Related terms: ● Annual unabated emissions ● Beyond value chain mitigation (BVCM) ● Carbon credit ● Climate contribution claim ● Climate neutral claim ● Mitigation ● Offsetting ● Target boundary ● Value chain emissions

Term	Definition	Further comments
	unabated emissions in the target boundary, if allowed under the relevant target setting program or target setting policy." (Greenhouse Gas Protocol, 2022) An example of a compensation claim is the carbon neutrality claim.	
Climate contribution claim	Claims which convey to audiences that the organization has provided support or finance to actions beyond the company's value chain (including through collective action) with an expected climate mitigation outcome (where the actions are relevant to the expected performance outcome). Unlike compensation claims, the contribution claim does not imply that the BVCM outcomes are netting out or counterbalancing the claimants' remaining value chain emissions, but instead are communicated as a contribution to global climate mitigation efforts or even the efforts of a country.	Related terms: ● Beyond value chain mitigation (BVCM) ● Climate compensation claim ● Mitigation ● Value chain emissions
Climate impact	In the context of the Financial Sector Guidance framework, climate impact refers to the GHG emissions that occur as a result of mitigation actions by the financial institution, including financing of loans and investments.	Related terms: ● Business / corporate loan ● Consumer loan ● Financial institutions (FIs) ● Investment ● Mitigation
Climate justice	Justice that links development and human rights to achieve a human-centered approach to addressing climate change, safeguarding the rights of the most vulnerable people and sharing the burdens and benefits of climate change and its impacts equitably and fairly (IPCC, 2022).	Related terms: ● Co-benefit ● Equity (in climate change) ● Just transition

Term	Definition	Further comments
Climate neutral claim	The IPCC defines climate neutrality as the concept of a state in which human activities result in no net effect on the climate system. Achieving such a state would require balancing of residual emissions with emission (carbon dioxide) removal as well as accounting for regional or local biogeophysical effects of human activities that, for example, affect surface albedo or local climate (IPCC, 2018). Typically companies use the term climate neutral to describe the practice of purchasing and retiring carbon credits equivalent to the volume of unabated emissions – either at the organizational or product level - in a given period.	There are several perspectives on when or if the term can be used credibly by companies. One view is that when companies purchase and retire carbon credits in an amount equal to their unabated/remaining emissions, the “climate neutral” claim can facilitate increased BVCM and climate action. Another such view is that the claim conceals or downplays the remaining climate impact of businesses that have not fully decarbonized, and/or that the mitigation outcomes associated with the purchase and retirement of carbon credits are not necessarily fungible with the unabated emissions. Related terms: ● Annual unabated emissions ● Carbon credit ● Carbon dioxide removals (CDR) / Carbon removals ● Climate compensation claim ● Fungibility ● Residual emissions
Climate-related financial risks	Risks for financial institutions related to the physical impacts of climate change as well as the transition to a low-carbon economy (e.g., legal, technology, reputation) (adapted from (TCFD, 2017)	
Climate solution	In the SBTi Financial Institutions Net Zero Standard, climate solutions are an alignment category that includes “activities that are necessary for the economy-wide transition to net-zero”. Climate solutions are identified in the Standard and via climate or green taxonomies listed in the FINZ Implementation List.	Related terms: ● Portfolio climate alignment
Climate tipping point	Climate tipping points represent a certain temperature threshold where there is unstoppable and self-perpetuating change in a climate system – change which would take effect on timescales varying from a few years to centuries (McKay et al., 2022).	

Term	Definition	Further comments
Co-benefit	A positive effect that a policy or measure aimed at one objective has on another objective, thereby increasing the total benefit to society or the environment. Co-benefits are also referred to as ancillary benefits (IPCC, 2022).	Related terms: ● Climate justice ● Equity (in climate change) ● Just transition
Commercial real estate loans	Loans for the purchase, refinance, maintenance, or operation of commercial real estate (CRE). For the purposes of target validation, this includes all real estate loans (i.e., residential and service buildings) that are not provided to consumers.	Related terms: ● Business / corporate loan ● Consumer loan ● Debt ● Real estate ● Real estate debt
Commitment (of science-based targets)	Announcement to show intention to submit a near-term or net-zero science-based emissions reduction target in accordance with SBTi standards within a specific period.	Related terms: ● Near-term science-based target ● Net-zero science-based target ● Standard
Compensation (legacy terminology used in earlier versions of the SBTi Corporate Net-Zero Standard)	Actions companies take to help society avoid or reduce emissions outside of their value chain.	SBTi is eliminating the term from use within its documentation.
Conformity	Demonstration that requirements of a standard are fulfilled (ISEAL, 2023a).	Related terms: ● Standard

Term	Definition	Further comments
Consensus	General agreement, characterised by the absence of sustained opposition to substantial issues by any important stakeholder group. Note: Consensus should be the result of a process seeking to take into account the views of interested stakeholders, particularly those directly affected, and to reconcile any conflicting arguments. It need not imply unanimity (ISEAL, 2025).	
Consolidation approach	Refers to how an organization sets boundaries for GHG accounting. Types of consolidation approaches are equity share, financial control and operational control as per the GHG Protocol Corporate Standard (WRI & WBCSD, 2004).	Related terms: ● Control approach ● Equity share approach ● Financial control approach ● Operational control approach
Consumer chemicals	Chemicals for use in personal care and household purposes such as cleaning products, cosmetics and hygiene products.	Related term: ● Non-primary chemicals
Consumer loan	A loan given to consumers to finance specific types of expenditures. A consumer loan is any type of loan made to a consumer by a creditor. For example, a mortgage or a motor vehicle loan.	Related terms: ● Asset class ● Borrower ● Business / corporate loan ● Debt
Container	Container is a type of maritime vessel. It includes: ● Container ship (fully cellular) ● Container ship (fully cellular), inland waterways ● Container ship (fully cellular/RoRo facility)	Related terms: ● Bulk carrier ● Chemical tanker ● Cruise ● Ferry (passenger only)

Term	Definition	Further comments
		• Ferry (RoPax) • General cargo • Liquified gas tanker • Oil tanker • Other liquid tankers • Refrigerated bulk • Roll on/off (RoRo) • Vehicle carrier
Control approach	A consolidation approach used for GHG inventories defined in the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. Under the control approach, a company accounts for 100 percent of the GHG emissions from operations over which it has control. It does not account for GHG emissions from operations in which it owns an interest but has no control (WRI & WBCSD, 2004).	Control can be defined in either financial or operational terms. When using the control approach to consolidate GHG emissions, companies choose between either the operational control or financial control criteria. Related terms: • Consolidation approach • Equity share approach • Financial control approach • Operational control approach
Conversion (of land)	Change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure or function. Deforestation is one form of conversion (conversion of natural forests). Conversion includes severe degradation or the introduction of management practices that result in a substantial and sustained change in the ecosystem's former species composition, structure or function. Change to natural ecosystems that meets this definition is considered to be conversion regardless of whether or not it is legal.	Related terms: • Deforestation • Degradation • Direct land use change (dLUC) • Indirect land use change (iLUC) • Land use change (LUC) • Minimal level of deforestation or conversion

Term	Definition	Further comments
Convertible preferred equity investments	Corporate hybrid securities an investor can choose to turn into a certain number of shares of the company's common stock after a predetermined time span or on a specific date (Investopedia, 2023).	Related terms: ● Equity (in financial services) ● Investment
Corporate bonds	This asset class includes all investments in debt securities without known use of proceeds (regardless of how they are traded) that are issued by listed companies (i.e., those that have equity listed and traded on a stock exchange, including financial institutions).	Related terms: ● Asset ● Asset class ● Corporate debt ● Debt ● Investment ● Private credit / Private debt
Corporate climate targets	Goals set by a corporation to reduce its impact on the climate. Targets may include a variety of GHG emissions across different corporate activities (i.e., operations, value chain, or products) and may focus on emissions abatement, neutralization, or beyond value chain mitigation.	Related terms: ● Abatement ● Beyond value chain mitigation (BVCM) ● Greenhouse gasses (GHGs) ● Long-term science-based target ● Mitigation ● Near-term science-based targets ● Net-zero science-based targets ● Neutralization ● Value chain emissions
Corporate debt	Money that is owed by companies rather than by governments or individual people.	Related terms: ● Borrower ● Business / corporate loan ● Corporate bonds ● Debt ● Private credit / private debt

Term	Definition	Further comments
Corrective action	An action to eliminate the cause of a non-conformity or another undesirable situation and to prevent recurrence (ISEAL, 2025).	
Counterfactual baseline	Carbon credits can be quantified through a baseline and credit system that compares actual GHG emissions to a counterfactual baseline emissions scenario. The differences between actual and counterfactual emissions are accounted for as mitigation outcomes that would not have occurred in a business-as-usual scenario. This business-as-usual scenario is a counterfactual scenario that will not actually occur, but would have occurred in an alternative reality without the carbon credit-generating project or program. This makes the definition of conservative reference scenarios essential for the credibility of baselines (Climate Focus, 2023a).	Related terms: ● Additionality ● Baseline emissions ● Baseline scenario ● Carbon credit ● Intervention (or project or consequential) accounting
Counterparty	The entity (other than the financial institution itself) that is a part of a financial contract or transaction (e.g., client of a bank or insurance company, portfolio company of an investor). The term can also be used to refer to a group or collection of counterparties as a single unit.	Related terms: ● Borrower ● Entity ● Portfolio company ● Net-zero achieved counterparty ● Net-zero aligned counterparty
Cradle-to-gate (CTG)	All emissions that occur in the life cycle of purchased products or services, up to the point of receipt by the reporting company (excluding emissions from sources that are owned or controlled by the reporting company) (WRI & WBCSD, 2011).	Related terms: ● Indirect emissions ● Supply chain
Criterion (criteria)	Criteria indicate the requirements that companies shall conform with to be validated by the validation body.	Related terms: ● Requirement ● Conformity
Cross-sector pathway	One-size-fits-all pathway for companies to calculate near-term and long-term absolute reduction science-based targets (SBTs) eligible	Related terms:

Term	Definition	Further comments
	for all companies except where a sector-specific pathway is mandatory.	• Long-term science-based target • Near-term science-based target • Pathway • Sector-specific pathway
Cruise	Cruise is a type of maritime vessel. It includes: • Cruise ship, inland waterways • Passenger/Cruise	Related terms: • Bulk carrier • Chemical tanker • Container • Ferry (passenger only) • Ferry (RoPax) • General cargo • Liquified gas tanker • Oil tanker • Other liquid tankers • Refrigerated bulk • Roll on/off (RoRo) • Vehicle carrier
Cutoff date of the no-deforestation commitment	The date after which deforestation or conversion renders a given area or production unit non-compliant with no-deforestation or no-conversion commitments, policies, goals, targets, or other obligations (Accountability Framework initiative, 2024).	Related terms: • No-deforestation • Deforestation
D		
Data	Reinterpretable representation of information in a formalised manner suitable for communication, interpretation or processing. Note: Data can be qualitative or quantitative (ISEAL, 2025).	Related terms: • Data quality • Spend-based data

Term	Definition	Further comments
Data quality	The degree to which data is valid (i.e., the data is an accurate representation of what it is intended to represent) and is fit for its intended use (ISEAL, 2025).	Related terms: ● Data
Debt	A financing instrument that normally requires repayment of a specified amount by the borrower at a certain date in the future, often with interest payments being made by the borrower in the interim.	Related terms: ● Borrower ● Debt finance ● Equity (in financial services) ● Lender
Debt finance	In contrast to equity finance, debt finance is a method of raising capital by selling debt instruments, such as bonds or notes. Typically, the funds are paid off with interest at an agreed upon later date.	Related terms: ● Corporate bonds ● Debt ● Equity finance ● Private credit / Private debt
Decarbonization	The process by which countries, individuals or other entities aim to achieve zero fossil carbon existence. Typically refers to a reduction of the carbon emissions associated with electricity, industry and transport (IPCC, 2018).	Please note that the term “decarbonization” refers only to CO_2 mitigation, while “abatement” also includes non-CO_2 mitigation. Related terms: ● Abatement ● Mitigation ● Mitigation strategy
Deforestation	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.	Related terms: ● Degradation ● Forest ● Forest restoration ● Land use change (LUC)

Term	Definition	Further comments
		• Reforestation • No-deforestation
Deforestation-linked commodities	Agricultural and forestry commodities whose production may cause or contribute to deforestation. Drivers of deforestation are context-specific, commodities may pose deforestation risks globally, regionally or locally.	Related terms: • Deforestation • Degradation • Forest • Forest restoration • Land use change (LUC) • Reforestation
Degradation	Changes within a natural ecosystem that significantly and negatively affect its species composition, structure and/or function and reduce the ecosystem's capacity to supply products, support biodiversity and/or deliver ecosystem services. Degradation may be considered conversion if it: a) is large-scale and progressive or enduring; b) alters ecosystem composition, structure, and function to the extent that regeneration to a previous state is unlikely; or c) leads to a change in land use (e.g., to agriculture or other use that is not a natural forest or other natural ecosystem) (Accountability Framework initiative, 2019).	Related terms: • Conversion • Deforestation • Land use change (LUC) • Indirect land use change (iLUC) • Direct land use change (dLUC)
Direct air capture (DAC)	Chemical process by which CO_2 is captured directly from the ambient air, with or without subsequent storage.	Related terms: • Carbon dioxide capture and storage (CCS) • Direct air carbon dioxide capture and storage (DACCS) / Direct air capture and storage (DACS)

Term	Definition	Further comments
Direct air carbon dioxide capture and storage (DACCS) / Direct air capture and storage (DACS)	Chemical process by which CO_2 is captured directly from the ambient air, with subsequent storage. Also known as direct air capture and storage (DACS) (IPCC, 2018). The captured CO_2 can be injected into geological reservoirs or used to make long-lasting products.	Related terms: ● Carbon dioxide capture and storage (CCS) ● Direct air capture (DAC)
Direct GHG emissions / Direct emissions	Emissions from sources that are owned or controlled by the reporting entity (WRI & WBCSD, 2004).	Related terms: ● Indirect emissions ● Operational boundary ● Scope 1 emissions
Direct land use change (dLUC)	Direct land use change (dLUC) occurs when a new land use displaces a different former land use. From the perspective of a company, dLUC is defined as a recent (previous 20 years) carbon stock loss due to land conversion directly on the area of land under consideration.	Related terms: ● Carbon stock ● Conversion ● Land use change (LUC) ● Indirect land use change (iLUC)
Disclosure	Public sharing of information by companies. In the context of the SBTi, information related to science-based targets and metrics that inform the target. Disclosure is a mechanism for transparency.	
Distressed debt	Debt normally involving securities purchases in the secondary market – rather than new origination of debt or structured equity (PitchBook, 2024).	Related terms: ● Debt ● Investment

Term	Definition	Further comments
Divestment	Process of selling subsidiary assets, investments, or divisions of a company in order to maximize the value of the parent company. Also known as divestiture, divestment is effectively the opposite of an investment (adapted from (Investopedia, 2021). In the context of SBTi, divestment is often associated with highly emitting assets, e.g., fossil fuel assets and it can be a strategy to decarbonize the operations, value chain, and/or portfolio of a company.	Related terms: ● Asset ● Decarbonization ● Investment
Double claiming	A type of double counting in which the same emission reduction or removal is claimed by two different entities towards achieving mitigation targets or goals. The double claiming of emissions reductions and removals often happens between a company's GHG inventory and the national inventory where that mitigation outcome occurred. In the context of voluntary carbon markets, double claiming can occur between a country, jurisdiction or other entity that reports lower emissions or higher removals for the purpose of demonstrating achievement of a mitigation target or goal, and the entity retiring the carbon credit for the purpose of making a claim (adapted from ICVCM, 2022).	Related terms: ● Carbon credit ● Double counting ● Offsetting
Double counting	A situation in which a single emission reduction and/or removal is counted more than once towards achieving mitigation targets or goals (adapted from (ICVCM, 2022). Double counting may refer to a situation in which a quantity of GHG emissions is included in more than one organization's GHG inventory. This can occur across scopes (scope 1, 2 and 3) and within a single scope due to differing consolidation approaches, differing emissions calculation methodologies, and the intentional design of emissions accounting standards.	Related terms: ● Consolidation approach ● Double claiming ● GHG inventory / Emissions inventory
E		

Term	Definition	Further comments
El Niño	El Niño refers to the above-average sea-surface temperatures that periodically develop across the east-central equatorial Pacific Ocean. It represents the warm phase of the El Niño-Southern Oscillation (ENSO) cycle. El Niño episodes typically occur every 3 to 5 years, and last 9 to 12 months, affecting patterns of rainfall, atmospheric pressure, and global atmospheric circulation (National Weather Service & NOAA, 2017).	Related term: ● La Niña
Embodied emissions	The GHG emissions, measured in carbon dioxide equivalent (CO_2e), associated with extraction, production and transport of materials or products over a defined period (e.g. cradle-to-gate or cradle-to-grave). In the buildings sector, the term usually refers to the emissions from materials and construction processes throughout the whole life cycle of a building to distinguish them from in-use (operational) emissions from energy used in operating the building. Upfront embodied emissions mean emissions that are generated before the building is used. In the context of the SBTi buildings project, upfront embodied emissions refer to the emissions in the life-cycle stage A1-A5, which include emissions from construction materials and a construction site of a new building.	Related term: ● Cradle-to-gate
Emissions intensity	Emissions per a specific unit, for example: tCO_2e/$million invested, tCO_2e/MWh, tCO_2e/ton produced, tCO_2e/$million company revenue.	Related terms: ● Absolute emissions
Emissions Intensity Target	A target that aims to reduce GHG emissions relative to a specific business metric, such as production output or a company's financial performance (e.g. tonne CO2 e per tonne product produced or value added) by a specific target year,	Related terms: ● Base year (or base period) ● Emissions intensity

Term	Definition	Further comments
	relative to levels in a selected base year.	• Metric • Target period • Target year
Emissions reductions	Measures that companies take to prevent, reduce, or eliminate sources of GHG emissions within or beyond their value chain. Examples include reducing energy use, switching to renewable energy, and reducing chemical fertilizer use.	Related terms: • Abatement • Decarbonization • Mitigation • Mitigation strategy
Emission reduction levers	The underlying mechanisms through which a company reduces its greenhouse gas emissions. These may involve lowering the emission intensity of activities (e.g., through efficiency improvements, technology shifts, or fuel substitution), reducing the scale of emission-generating activities, or replacing high-emission products and services with low- or zero-emission alternatives.	Related terms: • Carbon dioxide equivalent (CO_2e) • Emissions reductions • GHG emission reduction targets • Greenhouse gasses (GHGs)
Employees	Refers to workers contracted by, or employees of entities and facilities owned, operated or leased by the reporting company. Companies may include employees of other relevant entities (e.g., franchises or outsourced operations) in this category, as well as consultants, contractors, and flexible or temporary workers (amended from GHGP, 2013).	Related terms: • GHG inventory boundary
Enhanced oil recovery (EOR)	Enhanced oil recovery, also called tertiary recovery, is the extraction of crude oil from an oil field that cannot be extracted otherwise. There are three major techniques of EOR: gas methods, thermal methods, and chemical methods.	

Term	Definition	Further comments
Enhanced weathering	Enhancing the removal of CO_2 from the atmosphere through dissolution of silicate and carbonate rocks by grinding these minerals to small particles and actively applying them to soils, coasts or oceans (IPCC, 2018).	
Environmental attribute certificates	Instruments used to quantify, verify and track the environmental benefits associated with commodities, activities or projects.	Related term: ● Mitigation
Environmentally extended input output (EEIO) data	Refers to EEIO emissions factors that can be used to estimate cradle-to-gate (all upstream) GHG emissions for a given industry or product category.	EEIO data is particularly useful in screening emissions sources when prioritizing data collection efforts. Related terms: ● Cradle-to-gate ● GHG screening / Screening
Enterprise Value Including Cash (EVIC)	The sum of the market capitalization of ordinary shares at fiscal year-end, the market capitalization of preferred shares at fiscal year-end, and the book values of total debt and minorities' interests. No deductions of cash or cash equivalents are made to avoid the possibility of negative enterprise values (PCAF, 2022a).	Related terms: ● Attribution factor / attribution share ● Financed emissions ● GHG accounting of financial portfolios
Entity	A commercially operated organization that is legally and financially independent.	Related terms: ● Borrower ● Counterparty ● Portfolio company ● Supplier
Equity finance	Equity financing is the process of raising capital through the sale of shares.	Related terms: ● Debt finance ● Equity (in financial services) ● Listed equity

Term	Definition	Further comments
		● Private equity
Equity (in climate change)	Equity is the principle of fairness in burden sharing and is a basis for understanding how the impacts and responses to climate change, including costs and benefits, are distributed in and by society in more or less equal ways. It is often aligned with ideas of equality, fairness and justice and applied with respect to equity in the responsibility for, and distribution of, climate impacts and policies across society, generations, and gender, and in the sense of who participates and controls the processes of decision-making (IPCC, 2018).	Related terms: ● Climate justice ● Just transition
Equity (in financial services)	Ownership in a company or project. There are various types of equity, but equity typically refers to shareholder equity, which represents the amount of money that would be returned to a company's shareholders if all of the assets were liquidated and all of the company's debt was paid off (PCAF, 2022a).	Related terms: ● Debt ● Equity finance
Equity share approach	A consolidation approach used for GHG inventories under which a company accounts for the GHG emissions from operations according to its share of equity in the operation. The equity share reflects economic interest, which is the extent of rights a company has to the risks and rewards flowing from an operation (WRI & WBCSD, 2004).	Related terms: ● Consolidation approach ● Financial control approach ● Operational control approach
Exception	Exceptions are specific provisions or clauses, for a temporary and specified period, that deviate from the general requirements or guidelines outlined in a particular standard.	Related terms: ● Requirement ● Standard

Term	Definition	Further comments
Exclusions (GHG inventory)	GHG emissions that are not disclosed within the annual GHG inventory in absolute emissions terms, but are relevant to a company's operations (if scope 1 and 2) and/or value chain (if scope 3) as per the accounting principles outlined in GHG Protocol.	Related terms: ● Exclusions (target boundary) ● GHG inventory / Emissions inventory
Exclusions (target boundary)	GHG emissions that are disclosed within the annual GHG inventory, but are not covered by the target(s) set.	Related term: ● Exclusions (GHG inventory)
F		
Facilitated Emissions	Facilitated emissions refer to GHG emissions associated with activities performed by financial institutions when arranging finance, such as securitization and advisory services (IFRS, 2022). Facilitated emissions and financed emissions differ from each other in that facilitated emissions are off-balance sheet (e.g., insurance underwriting, capital markets underwriting, brokerage, mandated asset management), whereas financed emissions are derived from on-balance sheet exposure (representing direct financing) (PCAF, 2022a). Generally, facilitated emissions activities are fee-generating and do not provide direct financing.	Related terms: ● Absolute emissions ● Attribution factor / attribution share ● Financed emissions ● Insured emissions
Ferry (passenger only)	Ferry (passenger only) is a type of maritime vessel. It includes: ● Passenger ship ● Passenger ship, inland waterways	Related terms: ● Bulk carrier ● Chemical tanker ● Container ● Cruise ● Ferry (RoPax) ● General cargo ● Liquified gas tanker ● Oil tanker

Term	Definition	Further comments
		• Other liquid tankers • Refrigerated bulk • Roll on/off (RoRo) • Vehicle carrier
Ferry (RoPax)	Ferry (RoPax) is a type of maritime vessel. It includes: • Air cushion vehicle passenger • Air cushion vehicle passenger/RoRo (vehicles) • Passenger/Container ship • Passenger/Landing craft • Passenger/RoRo ship (vehicles) • Passenger/RoRo ship (vehicles), inland waterways • Passenger/RoRo ship (vehicles/rail)	Related terms: • Bulk carrier • Chemical tanker • Container • Cruise • Ferry (passenger only) • General cargo • Liquified gas tanker • Oil tanker • Other liquid tankers • Refrigerated bulk • Roll on/off (RoRo) • Vehicle carrier
Final Investment Decision (FID)	Within the SBTi Financial Institutions Net Zero Standard, the Final Investment Decision (FID) is the formal approval by a project sponsor's or joint venture's governing board, senior management, or investors to commit the necessary, typically substantial, capital resources to proceed with the development and construction of a project. It is the moment a project is effectively "greenlighted," transitioning from an idea with detailed planning into a tangible asset under construction.	Related terms: • Investment
Financial activities	Within SBTi, financial activities refer to a broad group of transactions and events that are used to fund operations and	Related terms:

Term	Definition	Further comments
	growth. In the context of the SBTi Financial Institutions Net Zero Standard, the following financial activities and corresponding actors are covered: ● Lending : Entities that provide loans, such as retail or commercial banks, as well as non-bank lenders. ● Asset Owner Investing : Entities that own investments, such as asset owners, re/ insurance companies (asset side), banks (direct investing activities), pension funds, family offices, etc. ● Asset Manager Investing: Entities that manage investments on behalf of clients, such as asset managers, wealth managers, and private equity firms. ● Insurance Underwriting: Entities that provide insurance underwriting services, such as primary insurers, reinsurers, or captives (i.e., all entities that have a license to be a risk carrier). ● Capital Market Activities : Entities such as investment banks that facilitate the primary issuance of capital market instruments.	● Financial exposure ● Financial institution(s) ● Financial intermediaries
Financed emissions	Absolute emissions that banks and investors finance through their loans and investments (PCAF, 2022a). Financed emissions can be calculated and disclosed by financial institutions at an asset class level or at portfolio level. Financed emissions are separate from “facilitated emissions” and should be separately reported.	Related terms: ● Absolute emissions ● Attribution factor / attribution share ● Facilitated emissions ● Insured emissions
Financial control approach	A consolidation approach used for GHG inventories defined in the Greenhouse Gas Protocol (GHGP) Corporate Accounting and Reporting Standard. A company has financial control over the operation if it has the ability to direct the financial and operating policies of the operation with a view to gaining economic benefits from its activities (adapted from WRI & WBCSD, 2004).	Related terms: ● Consolidation approach ● Operational control approach ● Equity share approach

Term	Definition	Further comments
Financial exposure	Financial exposure refers to the monetary value of assets, capital, or contractual obligations that are subjected to potential loss or reduction in value because of changes in economic variables or counterparty failures.	Related terms: ● Financial activities ● Financial institution(s) ● Financial intermediaries
Financial institutions (FIs)	The SBTi defines a financial institution as an entity that generates 5% or more of its revenue from investment, lending, or insurance activities. It is intended for commercially operated private and public financial institutions globally (including public pension funds and sovereign wealth funds). This includes, but is not limited to, banks, asset managers, private equity firms, asset owners, and re/insurance companies.	Related terms: ● Facilitated emissions ● Financed emissions ● Financial exposure
Financial intermediaries	A financial intermediary is an institution or individual that acts as a middleman in a financial transaction to channel funds between two parties with opposing needs: those with a surplus of capital (savers/investors) and those with a deficit of capital (borrowers/firms).	Related terms: ● Financial activities ● Financial exposure ● Financial institution(s)
FLAG demand-side company	As per SBTi FLAG Guidance (Anderson et al., 2022) , FLAG demand-side companies are generally: ● Companies with the majority of FLAG emissions in scope 3 of their inventory; ● Companies who are selling directly to end-use customers or governments; ● Companies with significant business activities categorized as consumer product goods;	Related terms: ● Forest, land and agriculture (FLAG) ● FLAG supply-side company

Term	Definition	Further comments
	Please note that this is a non-exhaustive list of FLAG demand-side companies.	
FLAG (Forestry, land, and agriculture) targets	A target that applies to a company's GHG emissions from AFOLU (agriculture, forestry, and other land use), including GHG emissions associated with land use change (LUC), emissions from land management, and biogenic removals.	Related terms: ● Agriculture, forestry and other land use (AFOLU) ● Forest, land and agriculture (FLAG)
FLAG supply-side company	As per SBTi FLAG Guidance (Anderson et al., 2022), FLAG supply-side companies are generally: ● Companies with significant FLAG emissions in scope 1 ● Companies whose primary business activity is agricultural or forestry commodity production. Please note that this is a non-exhaustive list of FLAG supply-side companies.	Related terms: ● Forest, land and agriculture (FLAG) ● FLAG demand-side company
Fluorinated gasses (F-Gas)	The five main types of fluorinated GHGs are hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), nitrogen trifluoride (NF_3), and other fully fluorinated GHGs. These fluorinated GHGs can be emitted from F-gas production as by-products, reactants, intermediates, or products, and from process vents, leaks, container venting, or destruction processes (U.S. EPA, 2023).	Related terms: ● Greenhouse gasses (GHGs)
Forest	Land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10% or trees able to reach these thresholds in situ. It does not include land that is predominantly under agricultural or other land use. Forest includes natural forests and tree plantations. For the purpose of	Related terms: ● Conversion ● Deforestation

Term	Definition	Further comments
	implementing "'no-deforestation"' supply chain commitments, the focus is on preventing the conversion of natural forests (Accountability Framework initiative, 2019).	• Degradation • Forest restoration • Reforestation • No-deforestation
Forest, land and agriculture (FLAG)	FLAG designates the SBTi Forest, Land and Agriculture project, sectors, methodologies and targets. The terms "FLAG-related emissions" and "Agriculture, Forestry and Other Land Use (AFOLU) emissions" are used interchangeably in the SBTi FLAG Guidance.	Related terms: • Agriculture, forestry and other land use (AFOLU) • Land use change (LUC)
Forest restoration	The process of assisting the recovery of a forest (natural or managed), as well as its associated conservation values, which has been degraded or damaged but is still above 10% canopy cover.	Related terms: • Degradation • Forest • Reforestation
Forward looking ambition adjustment	An adjustment applied by SBTi target-setting tools to calculate the ambition of near-term scope 1 and 2 absolute and intensity targets that do not use the most recent reporting year as the base year.	The forward looking ambition (FLA) adjustment enables companies to count early emission reductions towards achieving their near-term SBTs, while at the same time prevents companies from setting targets that have already been achieved. The FLA adjustment works by increasing target ambition to the point that ensures scope 1 and scope 2 reductions from the most recent year (MRY) to the target year align with the long term 1.5°C trajectory. This corresponds to 90% absolute reduction from the base year by 2050 for the cross-sector approach. Related terms: • Base year (or base period) • Scope 1 emissions • Scope 2 emissions

Term	Definition	Further comments
Fugitive emissions	Emissions of GHGs that are not produced intentionally by a stack or vent. Fugitive emissions may include leaks from industrial plants and pipelines (IPCC, 2006)	Related term: ● Scope 1 emissions
Fully diluted shares	A company's total number of common shares that will be outstanding and potentially transferable after all possible sources of conversion, such as convertible bonds and employee stock options, are exercised (Investopedia, 2021).	Related terms: ● Equity (in financial services)
Fund of funds	This refers to a pooled investment fund that invests in other funds. Its portfolio consists of the different underlying portfolios of other funds, rather than investments in securities/assets directly.	Related terms: ● Hedge fund ● Investment ● Multi-strategy funds
Fungibility	Being of such a nature that one part or quantity may be replaced by another equal part or quantity in the satisfaction of an obligation.	Related terms: ● Carbon credit
G		
General cargo	General cargo is a type of maritime vessel. It includes: ● Barge carrier ● Deck cargo ship ● General cargo ship ● General cargo ship (with RoRo facility) ● General cargo ship, self-discharging ● General cargo, inland waterways ● General cargo/passenger ship ● General cargo/passenger ship, inland waterways ● General cargo/tanker ● Heavy load carrier ● Heavy load carrier, semi-submersible	Related terms: ● Bulk carrier ● Chemical tanker ● Container ● Cruise ● Ferry (passenger only) ● Ferry (RoPax) ● Liquified gas tanker ● Oil tanker ● Other liquid tankers ● Refrigerated bulk

Term	Definition	Further comments
	• Livestock carrier • Munitions carrier • Nuclear fuel carrier • Nuclear fuel carrier (with RoRo facility) • Open hatch cargo ship • Palletised cargo ship • Yacht carrier, semi-submersible	• Roll on/off (RoRo) • Vehicle carrier
General partner	General partner refers to private equity fund management firms since most private equity funds take the form of limited partnerships that are required by law to have a general partner responsible for the operation of the limited partnership. General partner can refer to the management entity or to individual partners within such entities. General partners raise capital from third-party investors, into a specific fund which will then be invested into certain types of assets according to an investment strategy. General partners thus identify the assets to be invested in, execute those investments, and then manage them until eventual exit (Fraser-Sampson, 2010).	Related terms: • Limited partner (LP) • Private equity • Private equity firm
Global warming potential (GWP)	A factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given GHG relative to one unit of CO_2 over a given time horizon.	Related terms: • Carbon dioxide equivalent (CO_2e)
Global warming potential 100 (GWP-100)	GWP on a 100-year time horizon basis.	Related terms: • Carbon dioxide equivalent (CO_2e)
GHG accounting of financial portfolios	The annual accounting and disclosure of GHG emissions associated with loans and investments at a fixed point in time in line with financial accounting periods.	Related terms: • Absolute emissions • Attribution factor / attribution share • Financed emissions • Investment

Term	Definition	Further comments
GHG emission reduction targets (for corporates)	Goals set by an organization to reduce direct or indirect emissions by a specified amount.	Related terms: ● Corporate climate targets ● Direct GHG emissions / Direct emissions ● Greenhouse gasses (GHGs) ● Indirect emissions ● Science-based targets (SBTs)
GHG externality	Most of the impacts of GHG emissions do not fall on those conducting the activities – instead they fall on future generations or people living in developing countries, for example – so those responsible for the emissions do not pay the cost. The adverse effects of GHGs are therefore “external” to the market. This leads to the market failure of climate change. The GHG externality is accompanied by a number of other market failures, including those arising from a lack of information about how to reduce emissions, network effects and a lack of innovation incentives (LSE, 2014).	Related terms: ● Climate justice ● Equity (in climate change) ● Just transition
GHG inventory / Emissions inventory	The exhaustive calculated GHG emissions arising from activities within a company's organizational boundary and value chain corresponding to scope 1 and 2 GHG emissions and scope 3 GHG emissions respectively, displayed with all scope 1 emissions aggregated, all scope 2 emissions aggregated and scope 3 GHG emissions disaggregated by categories 1-15. GHG inventories also include biogenic emissions, but these are reported separately from the scopes.	Related terms: ● GHG inventory boundary ● GHG inventory coverage ● GHG screening / Screening ● Operational boundary ● Organizational boundary ● Scope 1 emissions ● Scope 2 emissions ● Scope 3 categories ● Scope 3 emissions ● Value chain emissions
GHG inventory boundary	The activities and their associated direct and indirect emissions that are included in the GHG inventory. It results from the chosen organizational and operational boundaries (adapted from WRI & WBCSD, 2004).	Related terms: ● GHG inventory / Emissions inventory ● GHG inventory coverage ● Target boundary

Term	Definition	Further comments
		• Employees
GHG inventory coverage	Expresses the GHG inventory boundary as the percentage of emissions in the GHG boundary out of total emissions (i.e., including exclusions). This total can be one or multiple emissions scopes and categories and may vary depending on the accounting year.	Related terms: • Target boundary coverage • GHG inventory boundary
GHG inventory rebaselining	The recalculation of an organization's base-year GHG emissions to align with updated boundaries, methods or material structural changes so that year-on-year comparisons remain consistent and meaningful.	Related terms: • Base year emissions recalculation
GHG removals / Removals / Emissions removals	Withdrawals of a GHG and/or a precursor from the atmosphere by a sink (IPCC, 2018).	In the context of the SBTi, GHG removals are measures that companies take to remove GHGs from the atmosphere and store them (not necessarily permanently) within or beyond the value chain. Examples of GHG removals include, but are not limited to: • DAC and storage • Bioenergy with carbon capture and storage (BECCS) • Biochar • Afforestation and reforestation • Improved soil management • Improved forest management • Land restoration, e.g., of peatland, terrestrial forests or mangroves Within the value chain, companies in the FLAG sectors are expected to deliver biogenic carbon removals as well as abatement as part of their science-based targets. Related terms: • Beyond value chain mitigation (BVCM) • Biochar • Bioenergy with carbon capture and storage (BECCS) • Biogenic CO_2 removals

Term	Definition	Further comments
		• Carbon dioxide removals (CDR) / Carbon removals • Carbon sequestration / Sequestered emissions • Direct air carbon dioxide capture and storage (DACCS) / Direct air capture and storage (DACS) • Forest restoration • Reforestation
GHG screening / Screening	A preliminary method to estimate GHG emissions, typically using lower quality data and calculation methods, to determine the size of GHG emissions in each of the scope 3 categories (WRI & WBCSD, 2013).	Related terms: • Environmentally extended input output (EEIO) data • GHG inventory / Emissions inventory • Scope 3 categories • Scope 3 emissions
Governance structure	The roles, responsibilities and relationships of the decision-making bodies that have the responsibility and accountability for the SBTi Standards and components (adapted from ISEAL 2025).	Related terms: • Scheme
Greenhouse Gas (GHG) Protocol	Comprehensive global standardized frameworks to measure and manage GHG emissions from private and public sector operations, value chains, and mitigation actions. The GHG Protocol supplies the world's most widely used GHG accounting standards. The Corporate Accounting and Reporting Standard provides the accounting platform for virtually every corporate GHG reporting program in the world.	Related terms: • Consolidation approach • Operational boundary • Organizational boundary • Scope • Scope 1 emissions • Scope 2 emissions • Scope 3 emissions

Term	Definition	Further comments
Greenhouse gasses (GHGs)	Gasses which absorb and re-emit infrared radiation, thereby trapping it in Earth's atmosphere and causing the GHG effect. They include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3).	Related terms: ● Fluorinated gasses (F-Gas)
Green financing	Financial flows (such as lending, equity positions, or underwriting and advisory services) associated with zero- or low-carbon assets or activities. This term is often used to reflect non-climate-specific "green" activities as well, such as "green" bonds, which can support climate relevant activities or water conservation, and other related activities.	~~Related term:~~ ~~● Grey financing~~
Green premium	The green premium is the extra price producers can extract – and customers are willing to pay – over and above other price "extras" such as those relating to the physical characteristics or carbon costs associated with producing a commodity.	
Greenwashing	Greenwashing is the act of making false or misleading statements about the environmental benefits of a product or practice. It can be a way for companies to continue or expand their polluting as well as related harmful behaviors, all while gaming the system or profiting off well-intentioned, sustainably minded consumers (NRDC, 2023).	
Growth capital	Also known as growth equity or expansion capital, this is a type of often minority private equity investment in relatively mature companies looking for primary capital to expand and improve operations or enter new markets to accelerate business growth. Growth capital is separate from venture capital (Investment Council, 2021).	Related terms: ● Buyout ● Investment ● Private equity ● Venture capital
H		

Term	Definition	Further comments
Headline climate claim	Headline climate claims are short, marketing-focused claims used to convey climate-related achievements and they should be supported by narrative claims which are, typically, longer descriptive claims made to convey more detailed progress or status-based achievements, for example, describing actions undertaken or planned and sharing data about achievements made (Gold Standard, 2023).	Related term: ● Narrative claim
Hedge fund	A pooled alternative investment fund often characterized by its more complex investment strategies that generally can only be marketed to accredited investors (with a high net worth).	Related terms: ● Fund of funds ● Investment ● Multi-strategy funds
High-carbon technology or infrastructure lock-in	High-carbon technology or infrastructure lock-in occurs when fossil fuel-intensive systems perpetuate, delay or prevent the transition to low-carbon alternatives (WRI, 2021).	
High value chemicals (HVCs)	The following chemicals are considered HVCs for the purpose of the SBTi Criteria for the Implementation of Chemicals Sector Pathways: ethylene and propylene (together classified as olefins), benzene, toluene, and mixed xylenes (together classified as aromatics).	Related terms: ● Primary chemicals
Hydrogen - Blue	Blue hydrogen is produced mainly from natural gas, using a process called steam reforming. Carbon dioxide is also produced as a by-product but is captured and permanently stored.	Related terms: ● Hydrogen - Grey ● Hydrogen - Green ● Hydrogen - White
Hydrogen - Grey	Grey hydrogen is the most common form of hydrogen production. It is formed from natural gas, or methane using steam methane	Related terms: ● Hydrogen - Blue

Term	Definition	Further comments
	reformation, but without capturing the GHG made in the process (National Grid plc., 2023).	● Hydrogen - Green ● Hydrogen - White
Hydrogen - Green	Green hydrogen is defined as hydrogen produced from electrolysis of water using renewable electricity (National Grid plc., 2023).	Related terms: ● Hydrogen - Blue ● Hydrogen - Grey ● Hydrogen - White
Hydrogen - White	White hydrogen is a naturally occurring, geological hydrogen found in underground deposits and created through fracking. There are no strategies to exploit this hydrogen at present (National Grid plc., 2023).	Related terms: ● Hydrogen - Blue ● Hydrogen - Grey ● Hydrogen - Green
I		
IMAGE Model	IMAGE is an integrated assessment model framework that simulates global and regional environmental consequences of changes in human activities.	Related terms: ● FLAG (Forestry, land, and agriculture) targets ● Integrated assessment models (IAMs)
Indicator	Quantitative or qualitative factor or variable of interest that provides a means to track and understand changes and performance (ISEAL, 2025).	Related terms: ● Performance ● Scheme
Indirect emissions	Emissions that are a consequence of the activities of the reporting entity but occur at sources owned or controlled by another entity (WRI & WBCSD, 2004). Indirect emissions are accounted for in scope 2 and scope 3 inventories.	Related terms: ● Direct GHG emissions / Direct emissions ● Operational boundary ● Scope 2 emissions ● Scope 3 emissions

Term	Definition	Further comments
Indirect land use change (iLUC)	Indirect land use change (iLUC) occurs outside the area of focus as a consequence of change in use or management of land within the area of focus. iLUC is often mediated by markets or driven by policy shifts in land use that cannot be directly attributed to land-use management decisions of individuals or groups. From the perspective of a company, iLUC is defined as a recent carbon stock loss (i.e., previous 20 years) due to land conversion on lands not owned or controlled by the company or in its supply chain, induced by a change in demand for products produced or sourced by the company.	Related terms: ● Carbon stock ● Conversion ● Direct land use change (dLUC) ● Land use change (LUC)
Informative documents	Informative documents are those that are descriptive, developed to enable entities, including applicants for validation, to understand the concepts presented in the normative documents. They contain examples or suggestions that explain the meaning and implications of the requirements in normative documents as well as giving suggestions on the application of the requirements. Informative resources cannot be used to assess compliance with SBTi Standards.	Related terms: ● Normative documents ● Requirement
Infrastructure debt	Like private debt, infrastructure debt is not traded or issued in an open market. Private infrastructure debt can be loaned to both listed and unlisted companies. Infrastructure debt funds invest in debt linked directly to projects and to corporate entities dependent on the debt strategy. Infrastructure debt funds target project finance—however, there is no single definition among investors of what constitutes infrastructure. As a result, sector and risk exposures of funds differ (Cambridge Associates, 2018).	Related terms: ● Corporate bonds ● Debt ● Investment ● Private credit / Private debt ● Project finance
Infrastructure private equity	Investing in the equity of infrastructure assets to gain ownership and control. Examples of infrastructure assets include utilities (e.g., gas, electric, water distribution), transportation (e.g., airports, roads, bridges), social infrastructure (e.g., hospitals, schools), and energy (e.g., power plants, pipelines, solar and wind farms) (Mergers & Inquisitions, 2021).	Related terms: ● Equity (in financial services) ● Infrastructure debt ● Investment ● Listed equity

Term	Definition	Further comments
		• Private equity • Project finance
In-scope financial activity	For the Financial Institutions Net-Zero Standard, the term refers to the following applicable financial activities: asset owner investing, asset manager investing, lending, insurance underwriting, and capital markets.	Related terms: • Applicable financial activity • Financial institution
Insetting / supply chain interventions	Used to describe climate mitigation projects or programs wholly contained within the scope 3 value chain boundary of a company or projects partially within its scope 3 supply chain boundary (spanning their supply chain and other companies' supply chains).	There are multiple definitions for the term "insetting" in use and no standardization of the term. Related terms: • Scope 3 emissions • Supply chain
Insurance claims	A formal request submitted by a policyholder to an insurance company seeking coverage or compensation for a loss or event.	
Insured emissions	Emissions associated with a financial institution's insurance underwriting and related activities. Insured emissions are a subset of scope 3 category 15 emissions. The PCAF Standard describes insured emissions as a category of facilitated emissions.	Related terms: • Absolute emissions • Attribution factor / attribution share • Facilitated emissions • Financed emissions
Integrated assessment models (IAMs)	Models that seek to combine knowledge from multiple disciplines in the form of equations and/or algorithms in order to explore complex environmental problems. As such, they describe the full chain of climate change, from production of GHGs to atmospheric responses. This necessarily includes relevant links and feedback loops between socioeconomic and biophysical processes.	Related term: • IMAGE Model

Term	Definition	Further comments
Intergovernmental Panel on Climate Change (IPCC)	United Nations body for assessing the science related to climate change.	Related terms: ● IPCC Special Report on 1.5˚C (SR15) ● Paris Agreement
Intermediate chemicals	Chemicals that typically utilize primary and other base chemicals as inputs and are often used as inputs for additional products or are sold directly to consumers. Intermediate chemicals include propylene oxide, urea, ammonium nitrate, polymers, styrene, acetone and formaldehyde.	Related terms: ● Non-primary chemicals ● Primary chemicals
Internal carbon pricing	Internal carbon pricing is a tool an organization uses internally to guide its decision-making process in relation to climate change impacts, risks and opportunities (The World Bank, 2017).	Related terms: ● Carbon pricing ● Climate-related financial risks
Intervention (or project) accounting	Intervention (or project) accounting methods which measure system-wide GHG impacts relative to a counterfactual baseline scenario or performance benchmark that represent the conditions most likely to occur in the absence of the mitigation project that generates the credit (Greenhouse Gas Protocol, 2022).	Related terms: ● Additionality ● Carbon credit
Investment	The term investment (unless explicitly stated otherwise) is used in the broad sense: “Putting money into activities or organizations with the expectation of making a profit.” Most forms of investment involve some form of risk taking, such as investment in equities, debt, property, projects, and even fixed interest securities which are subject to inflation risk, among other risks (PCAF, 2022).	Related terms: ● Debt ● Equity (in financial services) ● Project finance

Term	Definition	Further comments
IPCC Special Report on 1.5˚C (SR15)	An IPCC special report on the impacts of global warming of 1.5°C above pre-industrial levels and related global GHG emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty.	Related terms: ● Intergovernmental Panel on Climate Change (IPCC) ● Paris Agreement
J		
Joint venture (JV)	Business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task. This task can be a new project or any other business activity (Investopedia, 2023).	Related terms: ● Equity share approach
Just transition	Greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind (International Labour Organization (ILO), 2023). A just transition incorporates key principles, such as respect and dignity for vulnerable groups, the creation of decent jobs, social protection, employment rights, fairness in energy access and use, and social dialogue and democratic consultation with the relevant stakeholders, while coping with the effects of asset-stranding and the transition to net-zero (IPCC, 2022).	Related terms: ● Climate justice ● Equity (in climate change)
K		
L		
La Niña	La Niña refers to the periodic cooling of ocean surface temperatures in the central and east-central equatorial Pacific Ocean. Typically, La Niña events occur every three to five years, but on occasion can occur over successive years, affecting	Related term : ● El Niño

Term	Definition	Further comments
	patterns of rainfall, atmospheric pressure, and global atmospheric circulation. (National Weather Service & NOAA, 2012).	
Land use change (LUC)	Transformation from one land use category (e.g., cropland, grassland, forest/woodland, urban/industrial, wetland/tundra) to another category (e.g., transformation from natural forest to cropland).	Related terms: ● Direct land use change (dLUC) ● Indirect land use change (iLUC)
Lead time	The total time required between conception and commissioning of a facility (International Energy Agency, 2023).	
Leakage (of GHG emissions)	When a mitigation activity carbon crediting project or program displaces emission-creating activities outside the project or program boundary rather than halting them in actual terms. Leakage of GHG emissions can occur when mitigation activities: (a) shift location (activity-shifting leakage); (b) indirectly affect areas that are hydrologically connected (ecological leakage); (c) impact the supply or demand of an emissions-intensive product or service (market leakage); or (d) impact upstream or downstream emissions (upstream/downstream emissions leakage) (ICVCM, 2023).	Related term: ● Mitigation
Lender	The firm lending capital to the borrower via credit or loans.	Related terms: ● Borrower ● Business / corporate loan ● Consumer loan ● Debt
Leveraged buyout (LBO)	A private equity fund's acquisition of a portfolio company using relatively significant levels of debt finance to meet the cost of acquisition. A leveraged buyout usually sees the buyer take a majority stake and gain control of the portfolio company.	Related terms: ● Acquisition ● Buyout ● Equity (in financial services)

Term	Definition	Further comments
		• Portfolio company (PC) • Private equity
Life cycle assessment (LCA)	Compilation and evaluation of the inputs, outputs, and potential environmental impacts of a product system throughout its life cycle (International Organization for Standardization, 2006). LCA is a tool for the analysis of the environmental burden of products at all stages in their life cycle - from the extraction of resources, through to the production of materials, product parts and the product itself, and the use of the product to the management after it is discarded, either by reuse, recycling or final disposal (Guinee, 2002).	
Limited Partner (LP)	Investors in private equity funds are also known as limited partners, since most private equity funds take the form of limited partnerships (Fraser-Sampson, 2010).	Related terms: • Private equity • General partner
Linear annual reduction (LAR)	Percentage of emissions that, on average, must be reduced annually to be consistent with an emissions pathway from a fixed base year.	Related term: • Pathway
Liquified gas tanker	Liquified gas tanker is a type of maritime vessel. It includes: • CO_2 tanker • Combination gas tanker (liquefied natural gas, LNG/liquefied petroleum gas, LPG) • LNG tanker • LPG tanker • LPG tanker, inland waterways • LPG/Chemical tanker	Related terms: • Bulk carrier • Chemical tanker • Container • Cruise • Ferry (passenger only) • Ferry (RoPax) • General cargo • Oil tanker

Term	Definition	Further comments
		• Other liquid tankers • Refrigerated bulk • Roll on/off (RoRo) • Vehicle carrier
Listed equity	Asset class that includes all investments in equity securities (regardless of how they are traded) that are issued by listed companies (i.e., those that have equity listed and traded on a stock exchange, including financial institutions).	Related terms: • Asset class • Equity (in financial services) • Investment • Private equity
Location-based accounting for scope 2	A method to quantify scope 2 GHG emissions based on average energy generation emission factors for defined locations, including local, subnational, or national boundaries (WRI & WBCSD, 2015).	Related terms: • Market-based accounting for scope 2 • Scope 2 emissions
Long-term science-based target	GHG reduction targets established over longer time periods (10+ years in the future) that are in line with what the latest climate science deems necessary to reach net-zero and limit warming to 1.5°C above pre-industrial levels at the global or sector level and that are achieved by 2050 at the latest.	Related terms: • Near-term science-based target • Net-zero science-based target
Loss and damage	While there is no internationally agreed upon definition for loss and damage, it usually refers to the negative effects of climate change that go beyond what people can adapt to (“hard limits” to adaptation), or where adaptation options exist but a community doesn’t have the resources to access or utilize them (“soft limits” to adaptation) (adapted from (WRI, 2022).	Related terms: • Adaptation
Low-emission hydrogen	Hydrogen produced through water electrolysis with electricity generated from a low-emissions source such as renewables or nuclear, or biomass or hydrogen produced from fossil fuels equipped with CCS technology. Production from fossil fuels with	Related terms: • Carbon dioxide capture and storage (CCS)

Term	Definition	Further comments
	CCS is included only if upstream emissions are sufficiently low, if capture, at high rates, is applied to all CO_2 streams associated with the production route, and if all CO_2 is permanently stored to prevent its release to the atmosphere[1].	
M		
Maintenance targets	Targets that maintain the same emissions reductions reached after achieving a science-based target over time .	Maintenance targets are intended for companies that plan to achieve net-zero ambition levels well before the 2040 or 2050 end-date prescribed by their chosen methodology. Maintenance targets require companies to maintain reductions through 2040 or 2050 that are at least as ambitious as the original ambition selected, or otherwise to increase ambition beyond that of the initial target. Related terms: ● Long-term science based target ● Near-term science based target ● Net-zero science based target
Market-based accounting for scope 2	A method to quantify the scope 2 GHG emissions of a reporter based on GHG emissions emitted by the generators from which the reporter contractually purchases electricity bundled with contractual instruments, or contractual instruments on their own (WRI & WBCSD, 2015).	Related terms: ● Location-based accounting for scope 2 ● Scope 2 emissions
Measurement (of science-based targets data)	The accounting of companies' GHG and non-GHG metrics associated with science-based targets. This may entail direct physical measurement of GHG emissions, estimating emissions or emissions reductions utilizing activity data and emission factors, calculating changes relevant to sustainable development, and	Related terms: ● Alignment metrics ● GHG inventory / Emissions inventory ● GHG screening / Screening

[1] The SBTi does not contain criteria that rely on a quantitative definition of low-emissions hydrogen. However, certain jurisdictions have developed maximum regulatory thresholds for the amount of GHG emissions allowed in the production process for hydrogen to be considered 'low carbon hydrogen', for example the United Kingdom's (UK) Low Carbon Hydrogen Standard.

Term	Definition	Further comments
	collecting information about support for climate change mitigation (WRI, 2016).	
Mechanical recycling technologies	Recycling technologies that do not alter the basic chemical structure of a material.	Related term: ● Alternative feedstock
Merchant hydrogen	Hydrogen produced by one company to sell to others.	
Merger	A merger is an agreement that unites two existing companies into one new company.	Related term: ● Acquisition
Meta-criterion	A specific, unambiguous rule that must be met by a pathway, method, or criterion/standard to be compliant with a principle.	Related terms: ● Method ● Pathway ● Principle ● Standard
Methanol as an energy carrier	Methanol that is produced for the purpose of being used as a fuel or – as methanol – as fuel additive. Methanol converted to fuel additives, such as MTBE, is not considered an energy carrier in this definition.	Related term: ● Primary chemicals
Method	A mathematical formula or algorithm used to calculate benchmarks, expressed in terms of a target metric, which serves as the reference for entities to set targets.	Methods are independent from, but related to, the pathway and metric. In the past, “methods” have been called also “allocation approach”, “model”, “formula allocation”, and “target equation”. Related terms: ● Benchmark ● Metric ● Pathway

Term	Definition	Further comments
Metric	A target-setting metric is a quantifiable indicator used to assess, manage, compare, and communicate the past, current or intended climate-related performance of an organization. Metrics provide the common, objective data necessary for scientific reporting, policy formulation, financial risk management, and corporate accountability.	Related terms: ● Alignment metrics ● Method ● Pathway ● Sector-specific metric
Mezzanine debt	Subordinated debt repaid after senior debtors are repaid in full. Mezzanine debt is often used in buyouts and thus can include embedded equity instruments (PitchBook, 2021).	Related terms; ● Buyout ● Debt ● Equity (in financial services) ● Investment
Minimal level of deforestation or conversion	A small amount of deforestation or conversion that is negligible in the context of a given site because of its small area and because it does not significantly affect the conservation values of natural ecosystems or the services and values they provide to people (Accountability Framework initiative, 2024).	Related terms: ● Deforestation ● No-deforestation
Mitigation	A human intervention to reduce emissions or enhance the sinks of GHGs (IPCC, 2018).	Related terms: ● Adaptation ● Mitigation hierarchy ● Mitigation strategy
Mitigation hierarchy	The mitigation hierarchy consists of a hierarchy of steps, in the following order of priority: avoidance, GHG emissions reduction, contribution to climate mitigation beyond the value chain, and counterbalancing residual GHG emissions. An organization should prioritize actions to avoid releasing GHG emissions into the atmosphere and reduce GHG emissions when avoidance is not possible (GRI, 2023).	Related terms: ● Abatement ● Avoidance (of corporate value chain emissions) ● Beyond value chain mitigation (BVCM) ● Emissions reductions ● GHG removals / Removals / Emissions removals ● Mitigation ● Mitigation strategy

Term	Definition	Further comments
		• Neutralization • Residual emissions
Mitigation strategy	A set of measures planned and implemented by a company to avoid and reduce emissions or to remove and store GHG emissions from the atmosphere. Mitigation can occur within or beyond a company's value chain.	Related terms: • Abatement • Avoidance (of corporate value chain emissions) • Beyond value chain mitigation (BVCM) • Emissions reductions • GHG removals / Removals / Emissions removals • Mitigation • Mitigation hierarchy • Neutralization
Money-for-money method	This is a method for determining the scale of a beyond value chain mitigation (BVCM) pledge. Using this method, a company would allocate a share of revenue or profit towards funding climate mitigation beyond the value chain. The volume of finance deployed towards BVCM would be determined by the chosen denominator (e.g., profit or revenue) and the chosen percentage.	Related terms: • Beyond value chain mitigation (BVCM) • Money-for-ton method • Ton-for-ton method
Money-for-ton method	This is a method for determining the scale of a beyond value chain mitigation (BVCM) pledge. Using this method, a company would channel finance into BVCM based on predefined reference price of the unabated GHG emissions of that company in a defined period (e.g., in a given year or since the inception of the company). The volume of finance deployed towards BVCM would be determined by the chosen cost of carbon (e.g., a social cost of carbon or otherwise) and the unabated emissions in that defined period.	Related terms: • Beyond value chain mitigation (BVCM) • Money-for-money method • Ton-for-ton method
Mortgage	On-balance sheet loans used to purchase residential property, including multifamily properties with no limit on the number of units. This definition implies that the property is used for residential purposes.	Related terms: • Business / corporate loan • Consumer loan

Term	Definition	Further comments
		• Debt • Real estate • Real estate debt
Most recent year (MRY)	A complete inventory provided for a year no earlier than two years prior to the date of a company's target submission, which is used to assess forward looking ambition of targets. For companies that select a base year within two years of the submission date, the base year may be the same as the most recent year.	Related terms: • Base year (or base period) • Forward looking ambition • Target year • Target period
Motor vehicle loan	Loans that are used to finance one or several motor vehicles.	Related terms: • Business / corporate loan • Consumer loan • Debt
Multi-strategy funds	Multi-strategy funds engage in a variety of investment strategies (Eurekahedge, 2021).	Related terms: • Fund of funds • Hedge fund • Investment
N		
Narrative claim	In contrast to headline claims, narrative claims are descriptive claims made to convey more detailed progress or status-based achievements, for example, describing actions undertaken or planned and sharing data about achievements made (Gold Standard, 2023).	Related terms: • Headline climate claim
National oil company (NOC)	Organizations that have the largest shares of their value held by their parent governments (Al-Fattah, 2013). Many large oil-producing countries have NOCs that control most or all of the oil	

Term	Definition	Further comments
	industry activities in their domestic markets (McKinsey & Company, 2024).	
Natural forest	A forest that is a natural ecosystem. Natural forests possess many or most of the characteristics of a forest native to the given site, including species composition, structure and ecological function. Natural forests include: (i) Primary forests that have not been subject to major human impacts in recent history. (ii) Regenerated (second growth) forests that were subject to major impacts in the past (for instance by agriculture, livestock raising, tree plantations or intensive logging) but where the main causes of impact have ceased or greatly diminished and the ecosystem has recovered much of the species composition, structure and ecological function of prior or other contemporary natural ecosystems. (iii) Managed natural forests where much of the ecosystem's composition, structure, and ecological function exist in the presence of activities such as: harvesting of timber or other forest products, including management to promote high-value species and low intensity, small-scale cultivation within the forest, such as less-intensive forms of swidden agriculture in a forest mosaic. iv) Forests that have been partially degraded by anthropogenic or natural causes (e.g., harvesting, fire, climate change, invasive species, or others) but where the land has not been converted to another use and where degradation does not result in the sustained reduction of tree cover below the thresholds that define a forest or sustained loss of other main elements of ecosystem composition, structure and ecological function" (Accountability Framework initiative, 2019).	Related terms: ● Conversion ● Deforestation ● Degradation ● Forest ● Forest restoration ● Reforestation ● No-deforestation
Nature-based Solutions (NbS)	Nature-based Solutions (NbS) are actions to protect, sustainably manage and restore natural and modified ecosystems in ways that address societal challenges effectively and adaptively, to provide	Related terms: ● Beyond value chain mitigation (BVCM)

Term	Definition	Further comments
	both human well-being and biodiversity benefits" (IUCN, 2020). In some cases NbS can be Natural Climate Solutions (NCS) and be a form of land-based emissions reductions and/or removals. As such, NbS could count towards FLAG (forestry, land, and agriculture) targets or as BVCM (Beyond Value Chain Mitigation).	• Carbon dioxide removals (CDR) / Carbon removals • Co-benefit • Compensation • Forest, land and agriculture (FLAG) • Insetting / supply chain interventions
Near-term science-based target	GHG reduction targets that are in line with what the latest climate science deems necessary to limit warming to 1.5°C above pre-industrial levels and that are achieved within a 5-10 year timeframe from the date of submission to the SBTi.	Related terms: • Long-term science-based target • Net-zero science-based target
Negative emissions	Removal of GHGs from the atmosphere by deliberate human activities, i.e., in addition to the removal that would occur via natural carbon cycle processes (IPCC, 2018).	Related terms: • Carbon dioxide removals (CDR) / Carbon removals
Net-Zero	A state in which a company has reduced its greenhouse gas emissions to the residual levels defined by net-zero pathways and neutralizes those remaining emissions, achieving and maintaining this balance at its net-zero target year and beyond.	Related terms: • Net-zero emissions • Net-zero science-based target
Net-zero achieved counterparty	A counterparty that has reached zero or net-zero emissions, and whose activities do not result in the accumulation of GHG in the atmosphere, i.e., existing residual emissions have been neutralized.	Related terms: • Portfolio climate alignment • Net-zero aligned counterparty

Term	Definition	Further comments
Net-zero aligned counterparty	A counterparty that has reduced emissions across their operations and value chains to reach residual emissions levels consistent with a net-zero pathway.	Related terms: ● Portfolio climate alignment ● Net-zero achieved counterparty
Net-zero emissions	Net zero emissions are achieved when anthropogenic emissions of GHGs to the atmosphere are balanced by anthropogenic removals over a specified period (IPCC, 2018). While the term net-zero primarily refers to balancing CO_2 emissions with removals, the SBTi definition encompasses all greenhouse gases as a broader signal of comprehensive climate ambition.	Net-zero emissions is a climate goal at the global level. The SBTi translates the global goal of net-zero emissions into net-zero science-based targets at the corporate level. Related terms: ● Carbon dioxide removals (CDR) / Carbon removals ● Long-term science-based target ● Near-term science-based target ● Net-zero science-based target ● Neutralization ● Residual emissions
Net-zero science-based target	A net-zero science-based target is a GHG mitigation target that implies: ● Reducing scope 1, 2, and 3 emissions to zero or a residual level consistent with reaching global net-zero emissions or at a sector level in eligible 1.5°C-aligned pathways; and ● Permanently neutralizing any residual emissions at the net-zero target year and any GHG emissions released into the atmosphere thereafter.	Related terms: ● 1.5°C aligned scenario ● Beyond value chain mitigation (BVCM) ● Long-term science-based target ● Near-term science-based target ● Net-zero emissions ● Neutralization ● Residual emissions
Neutralization	Measures that companies take to counterbalance the climate impact of unabatable (i.e., residual) GHG emissions which are released into the atmosphere at and after net-zero target date through permanent removal and storage of CO_2 from the atmosphere.	CO_2 removals for the purposes of neutralization of residual emissions can be implemented within or beyond the value chain. Related terms:

Term	Definition	Further comments
		• Carbon credit • Carbon dioxide removals (CDR) / Carbon removals • Residual emissions
New financial activity	For the SBTi Financial Institutions Net-Zero Standard, the term 'new financial activity' is related to entities, projects, and assets that the financial institution was not previously involved with, and any new or additional in-scope financial activities related to entities, projects, and assets that the financial institution is already involved with. For a detailed definition, see Annex A of the SBTi Financial Institutions Net Zero Standard.	Related terms: • Financial activities • Financial institution(s) • Financial intermediaries • In-scope
No-deforestation	Commodity production, sourcing, or financial investments that do not cause or contribute to deforestation (Accountability Framework initiative, 2024).	Related terms: • Deforestation • Minimal level of deforestation or conversion
Non-primary chemicals	All chemicals, other than primary chemicals or nitric acid, that fall within the chemicals sectoral boundary as defined in the SBTi Criteria for the Implementation of Chemicals Sector Pathways.	Related terms: • Chemical recycling technologies • Consumer chemicals • Intermediate chemicals • Pharmaceuticals • Primary chemicals • Other base chemicals • Specialty chemicals
Non-substantive revision	A minor revision that would not significantly impact the manner in which entities conform with a standard (SBTi, 2023).	Related terms: • Revision (of a standard)

Term	Definition	Further comments
Normative documents	Normative documents are those that are prescriptive and shall be followed by an entity, including those applying for target validation, to comply with the requirements of SBTi's Standards.	Related terms: ● Informative documents
O		
Offsetting	The term "offsetting" refers to actions that a company takes to deliver mitigation outside of its value chain as a substitute for abatement of value chain emissions.	Companies cannot achieve their science-based targets through offsetting. Related terms: ● Abatement ● Carbon credit ● Mitigation ● Value chain emissions
Oil tanker	Oil tanker is a type of maritime vessel. It includes: ● Asphalt/Bitumen tanker ● Oil tanker ● Coal/Oil mixture tanker ● Crude oil tanker ● Crude/Oil products tanker ● Oil tanker, inland waterways ● Products tanker ● Shuttle tanker ● Tanker (unspecified)	Related terms: ● Bulk carrier ● Chemical tanker ● Container ● Cruise ● Ferry (passenger only) ● Ferry (RoPax) ● General cargo ● Liquified gas tanker ● Other liquid tankers ● Refrigerated bulk ● Roll on/off (RoRo) ● Vehicle carrier

Term	Definition	Further comments
Operational boundary	The boundaries that determine the direct and indirect emissions associated with operations owned or controlled by the reporting company. This assessment allows a company to establish which operations and sources cause direct and indirect emissions, and to decide which indirect emissions to include that are a consequence of its operations (WRI & WBCSD, 2004).	Related terms: ● Control approach ● Direct GHG emissions / Direct emissions ● Equity share approach ● Financial control approach ● Indirect emissions ● Operational control approach
Operational control approach	A consolidation approach used for GHG inventories defined in the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. A company has operational control over an operation if the former or one of its subsidiaries has the full authority to introduce and implement its operating policies at the operation (WRI & WBCSD, 2004).	Related terms: ● Consolidation approach ● Control approach ● Equity share approach ● Financial control approach
Operational emissions (buildings)	Emissions associated with the operation of a building in its use stage.	
Organizational boundary	The boundaries that determine the operations owned or controlled by the reporting company, depending on the consolidation approach taken (equity or operational control or financial control approach) (WRI & WBCSD, 2004).	Related terms: ● Consolidation approach ● Control approach ● Financial control approach ● Equity share approach ● Operational control approach
Other base chemicals	Base chemicals not included in the definition of primary chemicals, such as acids, bases, alkalis, and industrial gases.	Related term: ● Primary chemicals

Term	Definition	Further comments
Other liquid tanker	An other liquid tanker is a type of maritime vessel. It includes: ● Alcohol tanker ● Caprolactam tanker ● Effluent carrier ● Fruit juice carrier, refrigerated ● Molasses tanker ● Water tanker ● Water tanker, inland waterways	Related terms: ● Bulk carrier ● Chemical tanker ● Container ● Cruise ● Ferry (passenger only) ● Ferry (RoPax) ● General cargo ● Liquified gas tanker ● Oil tanker ● Refrigerated bulk ● Roll on/off (RoRo) ● Vehicle carrier
Outcomes	Short-term and medium-term results or changes resulting from the outputs of SBTi Standards or resources (adapted from ISEAL, 2025).	
Out of scope financial activity	This term refers to activities that are not addressed by any required or optional criteria in the SBTi Financial Institutions Net-Zero Standard.	Related terms: ● In-scope financial activity
Outsourcing	The contractual obtaining of goods or services from a third party (ISEAL, 2025).	
Overshoot pathways	Pathways in which greenhouse gas concentrations, radiative forcing, or global mean temperature exceed a specified stabilization level during a given period (e.g., before 2100) and subsequently decline toward that level by the end of the time horizon. Such pathways involve a temporary exceedance of the target, though the associated impacts may persist or be irreversible.	Related terms: ● Greenhouse gasses (GHGs) ● Pathway ● Sink (GHG) ● Temperature overshoot

Term	Definition	Further comments
Oversight	Responsibility for ensuring that assurance providers are competent, impartial and consistent when performing specific assurance activities (ISEAL, 2025).	
P		
Parent company	An entity that has one or more subsidiaries (WRI & WBCSD, 2011).	Related term: ● Subsidiary
Paris Agreement	Legally binding international treaty on climate change adopted within the United Nations Framework Convention on Climate Change (UNFCCC) in December 2015. The Paris Agreement commits participating countries to limit global temperature rise to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C, adapt to changes already occurring, and regularly increase efforts over time.	Related terms: ● 1.5°C aligned scenario ● IPCC Special Report on 1.5˚C (SR15) ● Mitigation
Passenger-kilometer	A passenger-kilometer, abbreviated as “pkm”, is the unit of measurement representing the transport of one passenger by a defined mode of transport (road, rail, air, sea, inland waterways etc.) over one kilometer.	Related terms: ● Emissions intensity ● Sector-specific metric ● Tonne-kilometer
Pathway	A quantitative trajectory of change in a climate-relevant metric over time, based on an internally consistent set of assumptions about key drivers, such as patterns of economic and population growth and technology development.	Related terms: ● Benchmark ● Method ● Scenario
Payment for ecosystem services (PES)	Payments for ecosystem services is the name given to a variety of arrangements through which the beneficiaries of environmental services, from watershed protection and forest conservation to carbon sequestration and landscape beauty, reward those whose	

Term	Definition	Further comments
	lands provide these services with subsidies or market payments (WWF, 2024).	
Performance	In the context of science-based targets, performance refers to the assessment of metrics specified in approved targets - between target and base years - against multiple parameters, which include: target boundaries, target language, applicable criteria valid at the time of target approval, target setting methods, data quality, GHG accounting requirements and sector-specific requirements.	The SBTi does not currently assess performance, but is conducting research on this topic. Related terms: ● Method ● Science-based targets (SBTs)
Permanence / Durability	The longevity of a carbon pool and the stability of its stocks, given the management and disturbance environment in which it occurs.	Storage duration can differ significantly, depending on the type of reservoir. For example, concentrated CO_2 stored in geologic formations deep underground is effectively permanent (thousands of years), whereas forest carbon stocks can release carbon back into the atmosphere due to wildfire or tree harvesting (adapted from (Wilcox et al., 2021). Related terms: ● Carbon stock ● Neutralization ● Sink (GHG)
Pharmaceuticals	Operations involved in the discovery, development, and manufacture of drugs and medications.	Related term: ● Non-primary chemicals
Phase-out (natural resources, assets)	Phase-out indicates the time bound commitment to cessation of additional new infrastructure related to the resource as well as the reduction of production from an asset to zero over a period of time.	Related terms: ● Asset ● Decarbonization ● Mitigation ● Mitigation strategy

Term	Definition	Further comments
Phase-out method (financial activities)	The approach whereby a financial institution sets a timeline to eliminate exposure to applicable value chain companies, projects, and assets, typically of a certain sector for a certain geography.	Related terms: ● Asset ● Decarbonization ● Mitigation ● Mitigation strategy
Physical emissions intensity	A metric describing the emissions per physical unit of an activity (e.g., tonne CO_2e / tonne of cement production).	Related terms: ● Absolute emissions ● Decarbonization ● Emissions intensity ● Paris Agreement
Polluter pays principle	The polluter pays principle set out in the 1992 Rio Declaration signifies that those who produce pollution should bear the costs of managing it to prevent damage to human health or the environment.	Related terms: ● Climate justice ● Equity (in climate change) ● Just transition
Portfolio	A collection of an entity's financial assets, entities, and projects. Portfolios can extend across multiple asset classes, including loans, investments, and underwriting.	Related terms: ● Asset class ● Financial activities ● Financial institution(s) ● Financial intermediaries
Portfolio climate alignment	Portfolio climate alignment represents the assessment of entities, projects, and assets in a financial institution's portfolio that can be considered in transition, climate solutions, or to have achieved a net-zero state. Portfolio climate alignment is the aggregated assessment at the portfolio level, expressed as a percentage share (%) of total financial activities.	Related terms: ● Metric ● Portfolio climate-alignment method

Term	Definition	Further comments
Portfolio climate-alignment method	A method to assess whether a specific entity, project or asset can be considered either 1) in transition, 2) a climate solution, 3) or to have achieved a net-zero state. The SBTi Financial Institutions Net-Zero Standard elaborates on these categories and presents eligible third-party methodologies in the Implementation List.	Related terms: ● Portfolio climate alignment ● Method
Portfolio company (PC)	A company that has received an investment or a loan from a financial institution.	Related terms: ● Business / corporate loan ● Corporate bonds ● Listed equity ● Private credit / Private debt ● Private equity
Portfolio Index Alignment	An approach that applies to technology share metrics, and requires convergence to a sector benchmark value in the desired target year (independent of the portfolio starting point).	Related terms: ● Benchmark ● Financial institution(s) ● Financial intermediaries ● Method
Primary chemicals	Ammonia, methanol, ethylene, propylene, benzene, toluene, or mixed xylenes (the latter five chemicals collectively known as HVCs).	Related terms: ● Ammonia as an energy carrier ● High-value chemicals ● Methanol as an energy carrier
Primary data	Data from specific activities within a company's value chain (e.g. data provided by suppliers related to their specific activities). (GHG Protocol, 2011)	Related terms: ● Scope 3 emissions
Principle	An overarching statement that guides SBTi's technical developments.	Related terms: ● Method

Term	Definition	Further comments
		• Pathway
Private credit / Private debt	This asset class includes all loans to private companies (i.e., those that do not have equity listed and traded on a stock exchange, including financial institutions) as well as investments in debt securities without known use of proceeds (regardless of how they are traded) that are issued by private companies.	Related terms: • Asset class • Corporate bonds • Debt • Investment • Private equity
Private equity	This asset class includes all investments in equity securities (regardless of how they are traded) that are issued by private companies (i.e., those that do not have equity listed and traded on a stock exchange, including financial institutions). The term is also used to refer to the private equity fund management industry, which is the raising and investment of funds consisting principally of third-party institutional capital into the share capital of private companies. A private equity fund, distinct from a venture capital fund, will typically take large minority (30%+) or majority equity positions in relatively mature companies.	Related terms: • Asset class • Investment • Listed equity • Private equity direct investment • Private equity (PE) firm
Private equity direct investment	Medium to long-term finance provided in return for an equity stake in unlisted companies. As well as investment in more mature companies through buyouts, private equity direct investments can be broken down into growth capital and venture capital, for less mature and/or smaller businesses (British Private Equity and Venture Capital Association, 2021).	Related terms: • Buyout • Equity (in financial services) • Growth capital • Investment • Private equity (PE) firm • Venture capital
Private equity (PE) firm	A private equity fund management firm. Private equity fund manager, private equity firm, and general partner are terms that are commonly used interchangeably.	Related terms: • General partner • Private equity

Term	Definition	Further comments
Progress (of science-based targets)	Advancement towards achieving an established target prior to the target year and after the base year. Progress refers to actions and/or improvements in performance that demonstrate, or serve as credible proxies for, positive change towards fulfilling commitments (SBTi & EY, 2023).	Related term: ● Measurement (of science-based targets)
Project finance	Asset class that includes loan or equity with known use of proceeds that is designated for a clearly defined asset, activity, or set of activities, such as the construction of a gas-fired power plant, a wind or solar project, or energy efficiency projects.	Related terms: ● Asset class ● Debt finance ● Equity finance ● Investment
Project insurance	Project insurance refers to the comprehensive suite of policies and risk transfer instruments acquired by the entity to protect all stakeholders—especially the lenders—from catastrophic risks that could jeopardize the project's cash flow. In project finance, insurance is a compulsory contractual obligation, dictated by the lenders.Asset class or insurance product(s) with a known use of proceeds for financing or insuring a specific or ring-fenced set of, on- or off-balance sheet, assets and activities.	Related terms: ● Lender ● Insured emissions
Proprietary data	Information for which the rights of ownership are restricted so that the ability to freely distribute the data is limited (ISEAL, 2025).	Related terms: ● Data
Publicly available	Obtainable by any person, via free and publicly available platforms such as the company's websites or annual reports, without unreasonable barriers of access (ISEAL, 2025).	
Q		

Term	Definition	Further comments
R		
Real estate	Property consisting of land and resources attached to it. In the context of the Financial Sector Guidance and Private Equity Sector Guidance, real estate refers to loans and/or investments related to service and residential buildings (Investopedia, 2022).	Related term: ● Real estate debt
Real estate debt	The most common real estate debt strategy is direct lending for real estate acquisitions. This includes buying and selling securitized real estate loans in the secondary market (PitchBook, 2023).	Related terms: ● Debt ● Investment ● Real estate
REDD and REDD+	Countries established the “REDD+” framework to protect forests as part of the Paris Agreement. “REDD” stands for reducing emissions from deforestation and forest degradation in developing countries. The “+” stands for additional forest-related activities that protect the climate, namely sustainable management of forests and the conservation and enhancement of forest carbon stocks. Under the framework with these REDD+ activities, developing countries can receive results-based payments for emission reductions when they reduce deforestation.	Related terms: ● Carbon stock ● Deforestation ● Degradation ● Forest ● Forest restoration ● Reforestation
Reforestation	The regrowth of forests after a temporary (less than 10 years) condition with less than 10% canopy cover due to human-induced or natural perturbations.	Related terms: ● Deforestation ● Forest ● Forest restoration
Refrigerated bulk	Refrigerated bulk is a type of maritime vessel. It includes: ● Refrigerated cargo ship	Related terms: ● Bulk carrier ● Chemical tanker ● Container ● Cruise

Term	Definition	Further comments
		• Ferry (passenger only) • Ferry (RoPax) • General cargo • Liquified gas tanker • Oil tanker • Roll on/off (RoRo) • Vehicle carrier
Reporting (of science-based targets data)	Presenting data to internal management and external users, such as regulators, shareholders, the general public or specific stakeholder groups, of GHG and non-GHG metrics associated with a science-based target or targets (adapted from (WRI & WBCSD, 2004).	Related terms: • Measurement (of science-based targets data) • Progress (of science-based targets)
Requirement	A need or expectation that is stated in normative documents such as standards, criteria or technical specifications (adapted from ISEAL, 2025).	Related terms: • Normative documents • Standard
Residual emissions	Residual emissions represent the emissions that cannot be completely eliminated despite implementing all available mitigation measures contemplated in pathways that limit warming to 1.5°C with no or limited overshoot. In the context of science-based targets, residual emissions refer to the company's scope 1, scope 2 and scope 3 emissions that remain once its long-term emissions reduction target has been achieved.	Related terms: • Annual unabated emissions • Long-term science-based target • Net-zero emissions • Net-zero science-based target • Neutralization • Paris Agreement
Reversal (of a removal)	An emission from a carbon pool that stores carbon associated with a removal that was previously reported by the reporting company (Greenhouse Gas Protocol, 2022).	Related terms: • Carbon dioxide removals (CDR) / Carbon removals

Term	Definition	Further comments
Review (of a standard)	A formal assessment of an element of a standard that determines if a revision of that element is necessary (adapted from ISEAL, 2025).	Related terms: ● Revision (of a standard) ● Standard
Revision (of a standard)	The process of updating a standard component or element (adapted from ISEAL, 2025).	Related terms: ● Review (of a standard) ● Standard
Risk	The chance of something happening that will have an impact on objectives. It is measured in terms of a combination of the probability of an event and the severity of its consequences (ISEAL, 2025).	
Roll on/off (RoRo)	Roll on/off (RoRo) is a type of maritime vessel. It includes: ● Container/RoRo cargo ship ● Infantry landing craft ● Landing craft ● Landing ship (dock type) ● Rail vehicles carrier ● RoRo cargo ship ● RoRo cargo ship, inland waterways	Related terms: ● Bulk carrier ● Chemical tanker ● Container ● Cruise ● Ferry (passenger only) ● Ferry (RoPax) ● General cargo ● Liquified gas tanker ● Oil tanker ● Refrigerated bulk ● Vehicle carrier
S		
Scenario	A plausible description of how the future may develop based on a coherent and internally consistent set of assumptions about key	Related terms: ● 1.5°C aligned scenario

Term	Definition	Further comments
	driving forces (e.g., rate of technological change, prices) and relationships.	• Pathway • Scenario analysis
Scenario analysis	A process of analyzing future events by considering alternative possible outcomes.	Related term: • Scenario
Scheme	The collective set of decisions and strategies carried out by an organisation or group of organisations to: • Establish standards or similar tools focused on one or more sustainability issues • Measure, monitor, or verify performance or progress against these tools • Allow for claims Note: A scheme can also undertake additional strategies that contribute to its sustainability outcomes and impacts, such as capacity-building or advocacy work (ISEAL, 2025).	Related terms: • Standard • Sustainability
Science-based carbon price	A carbon price that represents the economic value of GHG emissions. The SBTi considers science-based carbon prices to be those which are based on: (a) robust scientific assessment of the external cost of GHG emissions (the costs of emissions that the public pays for, such as damage to crops, health care costs from heat waves and droughts, and loss of property from flooding and sea level rise); (b) robust scientific assessment of the expected costs associated with achieving a 1.5°C pathway, and/or (c) the true and complete cost to fully and permanently abate a given GHG emission.	Related term: • Carbon pricing
Science-based targets (SBTs)	Corporate targets to mitigate GHG emissions that are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement – to pursue efforts to limit warming to 1.5°C.	Science-based targets show companies how fast and how much they need to reduce GHGs emissions to be in line with the latest climate science. Related terms:

Term	Definition	Further comments
		• 1.5°C aligned scenario • ~~1.5°C aligned target~~ • Long-term science-based target • Near-term science-based target • Net-zero science-based target • Paris Agreement
Scientific Advisory Group (SAG)	Advisory body to the SBTi consisting of recognized experts in climate change mitigation, integrated assessment modeling, energy system and land-use dynamics, and other topics contributing to developing the SBTi's scientific foundations.	Related term: • Technical Advisory Group (TAG) within the SBTi
Scope	Term used in GHG accounting to indicate the classification of an organization's GHG emissions according to the GHG Protocol Corporate Standard (WRI & WBCSD, 2004).	Related terms: • Greenhouse gasses (GHGs) • GHG inventory / Emissions inventory • GHG screening / Screening • Scope 1 emissions • Scope 2 emissions • Scope 3 emissions
Scope 1 (S1) emissions	Direct GHG emissions from operations owned or controlled by the reporting company.	For example, for a company that operates owned vehicles with combustion engines, scope 1 emissions are those derived from the combustion of fossil fuels in those vehicles. Related terms: • Greenhouse gasses (GHGs) • Scope • Scope 2 emissions • Scope 3 emissions

Term	Definition	Further comments
Scope 2 (S2) emissions	Indirect GHG emissions associated with the generation of purchased or acquired electricity, steam, heating or cooling consumed by the reporting company.	For example, for a company that operates owned electric vehicles and does not generate power, scope 2 emissions are those derived from the combustion of fossil fuels to produce electricity that is consumed in a vehicle. Related terms: ● Greenhouse gasses (GHGs) ● Location-based accounting for scope 2 ● Market-based accounting for scope 2 ● Scope ● Scope 1 emissions ● Scope 3 emissions
Scope 3 (S3) categories	Fifteen distinct categories as defined by the Greenhouse Gas Protocol (WRI & WBCSD, 2011) intended to provide companies with a systematic framework to organize, understand, and report on the variety of scope 3 activities within a corporate value chain.	Scope 3 categories are designed to be mutually exclusive, such that, for any one reporting company, there is no double counting of emissions between scope 3 categories. Each scope 3 category comprises multiple scope 3 activities that individually result in emissions. Please refer to the GHG Protocol Value Chain Accounting and Reporting Standard (Scope 3 Standard) for the definitions of each category and to the 'Technical Guidance for Calculating Scope 3 Emissions for guidance for calculating emissions from each category. Related terms: ● Greenhouse gasses ● Scope 3 emissions
Scope 3 (S3) emissions	Indirect GHG emissions (other than those covered in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.	For example, emissions associated with the extraction and production of purchased materials, transportation of purchased fuels, and using sold products and services.

Term	Definition	Further comments
		Related terms: ● Greenhouse gasses (GHGs) ● Scope ● Scope 1 emissions ● Scope 2 emissions ● Scope 3 categories
Secondary data	Data that is not from specific activities within a company's value chain (e.g. industry averages, proxy data, etc.) (GHG Protocol, 2011).	Related terms: ● Scope 3 emissions
Secondary interest	A secondary interest is an ownership position in an existing fund which may or may not be fully invested but has not been fully exited and wound up. Such interests are usually transferable, subject to certain conditions, and a secondary market has grown up to cater for such transactions, a number of specialist firms having been set up for the purpose (Fraser-Sampson, 2010).	Related terms: ● Equity (in financial services) ● Investment ● Private equity
Sector-specific absolute reduction method or approach / Sector-specific absolute contraction method or approach	The sector-specific absolute reduction method assigns to companies the same percentage of absolute emission reductions as is required for the sector selected within a given time period.	Related terms: ● Absolute contraction approach (ACA) ● Method ● Sector-specific intensity convergence method / intensity convergence / Sectoral decarbonization approach (SDA)

Term	Definition	Further comments
Sector-specific intensity convergence method / intensity convergence / Sectoral decarbonization approach (SDA)	Method used to calculate emissions intensity targets based on the principle of converging to a sector-wide physical emissions intensity in a future year of a mitigation pathway. Also referred to as "physical intensity convergence" or "sectoral decarbonization approach (SDA)".	Related terms: ● Absolute contraction approach (ACA) ● Method ● Sector-specific absolute reduction method or approach / Sector-specific absolute contraction method or approach
Sector-specific metric	An energy or carbon intensity metric that uses a physical unit as a denominator and is applicable to a specific sector. Examples include $kgCO_2/MWh$ (power), MWh/m^2 (real estate), etc.	Related terms: ● Alignment metrics ● Emissions intensity
Sector-specific pathway	Absolute emissions or emissions intensity pathways for a specific sector that may be used for calculating near-term and long-term intensity targets—as well as long-term absolute targets, in most cases.	Related terms: ● Cross-sector pathway ● Long-term science-based target ● Near-term science-based target ● Pathway ● Sector-specific absolute reduction method or approach / Sector-specific absolute contraction method or approach ● Sector-specific intensity convergence method / intensity convergence / Sectoral decarbonization approach (SDA)
Significance threshold	A qualitative and/or quantitative criterion used to define any significant change to the data, inventory boundary, methods, or any other relevant factors (WRI & WBCSD, 2004).	"Significant" is defined as a change of 5% or more of the relevant denominator. Related term:

Term	Definition	Further comments
		• GHG inventory / Emissions inventory
Sink (GHG)	Any biological or technological process, activity or mechanism that removes GHGs from the atmosphere (Greenhouse Gas Protocol, 2022).	Related term: • GHG removals / Removals / Emissions removals
Small and medium-sized enterprises (SMEs)	Businesses that maintain revenues, assets, or a number of employees below a certain threshold.	SME validation route: The SBTi considers SMEs to be companies that meet all of the following criteria: • Have less than 10,000 tCO_2e across scope 1 and location-based scope 2 • Are not classified in the financial institution (FI) sector and oil and gas (O&G) sector • Are not required to set targets using sector-specific criteria (such as the SDA) developed by the SBTi (see the SBTi's sector guidance documents for requirements) • Are not a subsidiary of a parent company whose combined businesses fall into the standard validation route. And that meet three or more of the following: 1. Employ less than 250 employees 2. Turnover of less than €50 million 3. Total assets of less than €25 million 4. Are not in a mandatory FLAG sector. Please note that the SME definition has been effective from 1 January 2024. Before then, the SBTi defined SMEs as companies with fewer than 500 employees. Related term: • SME validation route For the Financial Institutions Net-Zero Standard only: As the definition of SMEs may vary from region to region, financial

Term	Definition	Further comments
		institutions shall use either the SBTi definition as defined in the SBTi Glossary or the relevant national or regional regulatory definition(s).
SME validation route	The specific process for validation of science-based targets for SMEs.	Related term: ● Small and medium-sized enterprises (SMEs)
Social cost of carbon	Estimated as the net present value of climate change impacts over the next 100 years (or longer) of one additional metric ton of carbon emitted to the atmosphere today; the marginal global damage costs of carbon emissions (Defra, 2005).	Related term: ● Carbon pricing
Specialty chemicals	Chemicals for bespoke purposes not included in other categories, such as chemicals used to produce additives, adhesives, solvents, catalysts, dyes, flavourings, ink, lubricants, paints and advanced materials (adapted from CDP, 2025).	Related term: ● Non-primary chemicals
Spend-based data	Data on the amount of money a company spends on various purchased goods and services which can be used for calculating emissions under a spend-based method (adapted from GHG Protocol, 2013).	Related terms: ● Supplier
Standard	Document that provides a set of criteria and/or guidelines established by an authority, organization, or consensus, to ensure uniformity, consistency, and interoperability in a particular context (adapted from ISEAL, 2023b).	

Term	Definition	Further comments
Statistical land use change (sLUC)	Statistical land use change (sLUC) is a measure of carbon stock loss due to recent (previous 20 years or more) land conversion, related to a specific land use, within an area or jurisdiction. sLUC can serve as a proxy for dLUC where specific sourcing lands are unknown or when there is no information on the previous states of the sourcing lands.	Related terms: ● Carbon stock ● Direct land use change (dLUC) ● Land use change (LUC)
Structural change	A change in the organizational or operational boundaries of a company that results in the transfer of ownership or control of emissions from one company to another. Structural changes usually result from a transfer of ownership of emissions, such as mergers, acquisitions and divestitures, but can also include outsourcing/insourcing (WRI & WBCSD, 2004).	Related terms: ● Acquisition ● Divestment ● Merger ● Operational boundary ● Organizational boundary
Subsidiary	An entity over which the parent company has control, including incorporated and non-incorporated joint ventures and partnerships over which the parent company has control (WRI & WBCSD, 2011).	Related term: ● Parent company
Supplier	An entity that provides or sells products to another entity (i.e., a customer) (WRI & WBCSD, 2011).	Related term: ● Supply chain
Supply chain	A supply chain is the entire system of processes and resources required to produce and sell a product from start to finish, typically starting with raw materials and ending with the customer in possession of the product.	Related terms: ● Cradle-to-gate ● Supplier

Term	Definition	Further comments
Sustainability	Meeting the needs of the present without compromising the ability of future generations to meet their own needs. Sustainability has three main interdependent dimensions: social, environmental, and economic (ISEAL, 2025).	Related terms: ● Adaptation ● Carbon budget ● Climate change mitigation ● Climate solution
T		
Tank-to-wheel / Tank-to-wake (TTW)	Tank-to-wheel (or tank-to-wake for air and sea transport) refers to the section of the energy carrier's life cycle where the energy carrier is converted to propulsion energy.	Related terms: ● Life cycle assessment (LCA) ● Wheel-to-Wheel / Well-to-Wake (WTW) ● Well-to-tank (WTT) emissions ● Well-to-wheel / Well-to-wake (WTW) emissions
Target base year adjustment	Mechanism through which target ambition is adjusted to align targets with minimum ambition requirements, rather than arbitrarily between their base year and target year.	Related terms: ● Base year (or base period) ● Forward looking ambition adjustment ● Target period
Target boundary	The activities and their associated emissions that are included in a target in the target base year and subsequent years within the timeframe of the target.	Related terms: ● Base year (or base period) ● Target boundary coverage
Target boundary coverage	Expresses the target boundary as the percentage of emissions in the target boundary out of the total. This total can be one or multiple emissions scopes and categories and may vary depending on the accounting year.	Related terms: ● GHG inventory boundary ● GHG inventory coverage ● Target boundary

Term	Definition	Further comments
Target-consistent approach to carbon pricing / marginal abatement cost (MAC) approach	The target-consistent approach to carbon pricing determines the most cost-effective way to reach an agreed upon goal, such as a temperature limit for global warming. The costs associated with abating GHG emissions are used to inform the calculation of a time path of carbon prices that reflects the least-cost pathway to meeting these goals (Stern et al., 2022).	
Target period	The time frame between the base year and target year.	Related terms: ● Base year (or base period)
Target-setting method	A target-setting method is a foundational technical framework used to calculate the magnitude and pace of greenhouse gas emission reductions required to align with a specific global climate goal. At its core the method is a mathematical formula or algorithm used to determine the benchmark for a relevant metric. Some metrics (e.g., disclosure metrics) do not require interim performance values and therefore do not need a target-setting method.	Related terms: ● Metric ● Method ● Pathway
Target Year	The year by which a company intends to meet the performance value committed to in a target.	Related terms: ● Base year (or base period)
Technical Advisory Group (TAG) within the SBTi	An advisory body of members with in-depth knowledge of climate change mitigation or expertise in science-based target setting that provides expert advice to inform the development and revision of SBTi standards, methods, guidance and other technical outputs.	Related terms: ● Scientific Advisory Group (SAG) within the SBTi

Term	Definition	Further comments
Temperature overshoot	The temporary exceedance of a specified level of global warming, such as 1.5°C. Overshoot implies a peak followed by a decline in global warming, achieved through anthropogenic removal of CO2 exceeding remaining CO2 emissions globally (IPCC, 2018).	Related terms: ● 1.5°C aligned scenario ● Carbon dioxide equivalent (CO_2e) ● Greenhouse gasses (GHGs) ● Overshoot pathways
Threat	Any event, action, potential action, or inaction that could prevent an organisation from achieving its objectives. Quantifying the likelihood and severity of a threat in a specific context creates the risk categorisation (ISEAL, 2025)	
Tier 1 supplier	A supplier that provides or sells products directly to the reporting company. A tier 1 supplier is a company with which the reporting company has a purchase order for goods or service (WRI & WBCSD, 2011).	Related terms: ● Supplier ● Supply chain ● Tier 2 supplier
Tier 2 supplier	A supplier that provides or sells products directly to the reporting company's tier 1 supplier. A tier 2 supplier is a company with which the reporting company's tier 1 supplier has a purchase order for goods and services (WRI & WBCSD, 2011).	Related terms: ● Supplier ● Supply chain ● Tier 1 supplier
Ton-for-ton method	This is a method for determining the scale of a BVCM pledge. Using this method, a company would deliver mitigation beyond its value chain proportional to the climate impact of some percentage of the GHG emissions of that company in a defined period (e.g., in a given year or since a reference year). The volume of finance deployed towards BVCM would be determined by the price that a company pays per tCO_2e of BVCM (in the case of carbon credits, this would be determined by market	Related terms: ● Beyond value chain mitigation (BVCM) ● Money-for-money method ● Money-for-ton method

Term	Definition	Further comments
	prices) and the percentage of unabated emissions that are being "matched" with BVCM in that defined period.	
Tonne-kilometer	A tonne-kilometer, abbreviated as tkm, is a unit of measure of freight transport which represents the transport of one tonne of goods (including packaging and tare weights of intermodal transport units) by a given transport mode (road, rail, air, sea, inland waterways, pipeline etc.) over a distance of one kilometer.	Related terms: ● Emissions intensity ● Passenger-kilometer ● Sector-specific metric
Total balance sheet value	A balance sheet is a financial statement that reports a company's assets, liabilities, and shareholders' equity. The balance sheet value refers to the sum of total equity and liabilities, which is equal to the company's total assets (PCAF, 2022).	Related terms: ● Asset
Total emissions	Total emissions are equal to reported and excluded emissions. E.g., total scope 3 emissions = total reported and excluded scope 3 emissions.	Related terms: ● Exclusions (GHG inventory) ● GHG inventory / Emissions inventory ● Scope 1 emissions ● Scope 2 emissions ● Scope 3 emissions
Traceability	The ability to track with complete information, and verify the history and location of a material's movement through every step in defined stages of production, processing and distribution (adapted from ISEAL, 2025).	
(In) Transition Counterparty	Within the SBTi Financial Institutions Net-Zero Standard, the term indicates whether a counterparty is demonstrably transitioning toward reaching net-zero emissions by 2050 following credible 1.5°C low/no overshoot pathways.	Related terms: ● Portfolio climate alignment ● Counterparty ● Pathway

Term	Definition	Further comments
Transition plan	A time-bound action plan that outlines how an organization will pivot its existing assets, operations and business model toward a trajectory aligned with established science-based targets.	According to CDP, transition plans are considered credible if they support a strategy for climate transition, contain verifiable and quantifiable key performance indicators (KPIs) which are tracked regularly, are integrated into an organization's existing mainstream filings, and provide an accountability mechanism (adapted from (CDP, 2023). Related terms: ● Decarbonization ● Mitigation strategy
U		
Uncertainty	A cognitive state of incomplete knowledge that can result from a lack of information or from disagreement about what is known or even knowable. In the context of GHG accounting, uncertainty can arise when the underlying science is not fully understood or when GHG emissions are estimated.	Uncertainty associated with GHG inventories can arise when the science underpinning the actual emissions and /or removal process is not fully understood (scientific uncertainty). Uncertainty can also arise when GHG emissions are estimated and quantified. This is due to uncertainty associated with mathematical equations used to quantify emissions (model uncertainty) and/or uncertainty associated with quantifying the input parameters such as activity date or emissions factors (parameter uncertainty). (Greenhouse Gas Protocol, 2017). Related terms: ● GHG inventory / Emissions inventory
V		
Value chain emissions	A company's scope 1, 2, and 3 emissions as defined by the GHG Protocol Corporate Accounting and Reporting Standard (WRI & WBCSD, 2004).	Related terms: ● Scope 1 emissions ● Scope 2 emissions ● Scope 3 emissions

Term	Definition	Further comments
Vehicle carrier	Vehicle carrier is a type of maritime vessel. It includes: ● Car park ● Vehicle carrier	Related terms: ● Bulk carrier ● Chemical tanker ● Container ● Cruise ● Ferry (Passenger only) ● Ferry (RoPax) ● General cargo ● Liquified gas tanker ● Oil tanker ● Other liquid tankers ● Refrigerated bulk ● Roll on/off (RoRo)
Venture capital	Professional minority investments in small and micro companies, where no single professional investor owns more than 50%.	Related terms: ● Growth capital ● Investment ● Private equity ● Venture debt
Venture debt	Debt financing extended to companies with venture capital backing. For entrepreneurs, venture debt serves to extend the runway to exit without further diluting ownership (PitchBook, 2023).	Related terms: ● Investment ● Private credit / Private debt ● Venture capital

Term	Definition	Further comments
Verification (of science-based targets data)	The process for evaluating a statement of historical data and information related to GHG and non-GHG metrics to determine if the statement is materially correct and conforms to specified criteria.	
Vintage	The year in which the carbon emission reduction or removal associated with a carbon credit or an environmental attribute certificate took place. Because the verification process can take two to three years from project/program inception, projects/programs may generate credits for already-reduced or removed emissions. In the context of scope 2 accounting, vintage reflects the date of energy generation from which the contractual instrument is derived (WRI & WBCSD, 2015).	Related terms: ● Carbon credit ● Environmental attribute certificates
Voluntary carbon market	A marketplace that encompasses all transactions of carbon credits that are not purchased with the intention to surrender into an active regulated carbon market. It includes carbon credits purchased with the intent to resell or retire to meet certain environmental claims.	Related term: ● Carbon credit
W		
Well-to-tank (WTT) emissions	Well-to-tank (WTT) is the portion of transport related fuels and electricity that occur in the value chain before combustion e.g., gasoline, diesel, electricity for electric vehicles, extraction, production, refining, and distribution of the fuel.	Related terms: ● Life cycle assessment (LCA) ● Tank-to-wheel / Tank-to-wake (TTW) ● Well-to-wheel / Well-to-wake (WTW) emissions

Term	Definition	Further comments
Well-to-wheel / Well-to-wake (WTW)	WTW refers to a specific scope or boundary used for measuring GHG emissions from transportation activities. It encompasses the full life cycle of the fuel used by a vehicle, from: ● Well-to-tank (WTT): the extraction, production, refining, and distribution of the fuel (e.g., gasoline, diesel, electricity for electric vehicles). ● Tank-to-wheel or Tank-to-wake (TTW): the combustion of the fuel in the vehicle's engine and the resulting emissions released at the tailpipe. Therefore, WTW emissions essentially capture the total climate impact of a vehicle's fuel use, going beyond just the immediate exhaust emissions at the tailpipe.	Related terms: ● Life cycle assessment (LCA) ● Tank-to-wheel / Tank-to-wake (TTW) ● Well-to-tank (WTT) emissions
X		
Y		
Z		
Zero-emission vehicle	A vehicle with zero tailpipe emissions during its use phase.	Related terms: ● Climate solution ● Greenhouses gasses (GHGs) ● Sector-specific metric ● Tank-to-wheel / Tank-to-wake (TTW)
Zero-emissions generation capacity	Any technology that generates zero or near-zero emissions (less than 0.001 tCO_2e/MWh) during the production of electricity (e.g., wind, solar, hydro, nuclear). While these technologies still have lifecycle emissions (e.g., via the embedded materials), the indicator only references the electricity generation phase.	Related terms: ● Climate solution ● Greenhouse gasses (GHGs) ● Sector-specific metric

ACRONYMS

Acronym	Explanation
ACA	Absolute contraction approach
AFOLU	Agriculture, forestry and other land use
ARA	Absolute reduction approach
AUM	Assets under management
BECCS	Bioenergy with carbon capture and storage
BF-BOF	Blast furnace-basic oxygen furnace
BVCM	Beyond value chain mitigation
BY	Base year
CCS	Carbon dioxide capture and storage
CCU	Carbon dioxide capture and utilization

CCUS	Carbon dioxide capture, utilization and storage
CDR	Carbon dioxide removal
CNG	Compressed natural gas
CO_2	Carbon dioxide
CO_2e	Carbon dioxide equivalent
CRE	Commercial real estate
CRREM	Carbon risk real estate monitor
CTG	Cradle-to-gate
DAC	Direct air capture
DACCS	Direct air carbon dioxide capture and storage
DACS	Direct air capture and storage
dLUC	Direct land use change
EAF	Electric arc furnace
EAC	Energy attribute certificate
EAG	SBTi Expert Advisory Group
EEIO	Environmentally extended input output

ENSO	El Niño-Southern Oscillation
EOR	Enhanced oil recovery
EVIC	Enterprise Value Including Cash
F-gas	Fluorinated gas
FI	Financial institution
FID	Final Investment Decision
FLA	Forward looking ambition
FLAG	Forest, land and agriculture
GGBS	Ground granulated blast-furnace slag
GHG	Greenhouse gas
GHGP	Greenhouse Gas Protocol
GLEC	Global Logistics Emissions Council
GRESB	Global real estate sustainability benchmark
GWP	Global warming potential
GWP-100	Global warming potential 100
HBI	Hot briquetted iron

HVAC	Heating, ventilation and air conditioning
HVCs	High value chemicals
ICT	Information and Communications Technology
iLUC	Indirect land use change
IMO	International Maritime Organization
IOC	Integrated Oil Company
IPCC	Intergovernmental Panel on Climate Change
JV	Joint venture
KPI	Key performance indicator
LAR	Linear annual reduction
LBO	Leveraged buyout
LCA	Life cycle assessment
LNG	Liquefied natural gas
LP	Limited partner
LPG	Liquefied petroleum gas
LUC	Land use change

LULUCF	Land use, land use change and forestry
MAC	Marginal abatement cost
MRV	Measurement, reporting and verification
MRY	Most recent year
NbS	Nature-based Solutions
NCS	Natural Climate Solutions
NOC	National oil company
NZE	IEA's Net Zero Emissions by 2050 Scenario
O&G	Oil and Gas
PC	Portfolio company
PCAF	Partnership for carbon accounting financials
PE	Private equity
PES	Payment for ecosystem services
Pkm	Passenger-kilometer
REC	Renewable energy certificate
REDD	Reducing emissions from deforestation and forest degradation

REIT	Real estate investment trust
RCP	Representative concentration pathway
RPK	Revenue passenger kilometer
RTK	Revenue tonne kilometer
RoPax	Roll on/off and passenger
RoRo	Roll on/off
SAF	Sustainable aviation fuel
SAG	SBTi Scientific Advisory Group
SBT	Science-based target
SBTi	Science Based Targets initiative
SDA	Sectoral decarbonization approach
sLUC	Statistical land use change
SME	Small and medium-sized enterprise
SR15	IPCC Special Report on 1.5˚C
SSP	Shared socioeconomic pathway
S1	Scope 1

S2	Scope 2
S3	Scope 3
T&D	Transmission and distribution
TAG	SBTi Technical Advisory Group
TEU	Twenty-foot equivalent unit
tkm	Tonne-kilometer
TR	Temperature rating
TTW	Tank-to-wheel / Tank-to-wake
TY	Target year
UNEP	The United Nations Environment Program
UNFCCC	United Nations Framework Convention on Climate Change
VCM	Voluntary carbon market
vPPA	Virtual power purchase agreement
WRI	World Resources Institute
WTT	Well-to-tank
WTW	Well-to-wheel / Well-to-wake

WWF	World Wide Fund for Nature
ZEV	Zero-emission vehicle
ZEGC	Zero-emissions generation capacity

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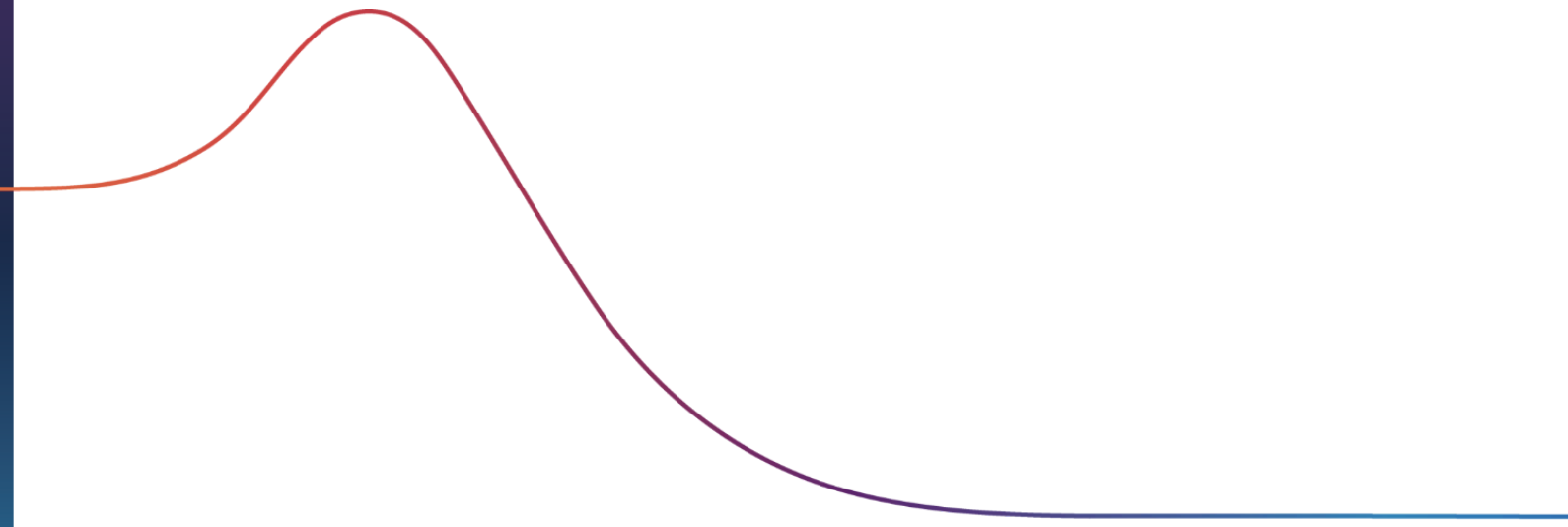
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION