Corporate Net-Zero Standard (CNZS) V2

Public Consultation #2

Key Updates and Areas Under Consultation

November 2025

Contents

ABOUT THE SBTi

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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 that 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.

SBTi SERVICES

SBTi Services is a wholly-owned subsidiary of the SBTi. Organizations develop science-based targets using the SBTi's standards, and SBTi Services checks and validates the targets of corporates, financial institutions, and small and medium enterprises (SMEs) across the globe.

FOUNDING PARTNERS

CDP

United Nations Global Compact

WE MEAN BUSINESS COALITION

WORLD RESOURCES INSTITUTE

WWF

10 YEARS OF THE SBTi

11,900+

businesses with science-based targets and commitments

45%
total growth in validated targets from 2024

56%
growth in net-zero targets from 2024

9,300+
with science-based targets

2,200+
validated net-zero targets

1,200+
active net-zero commitments

170+
financial institutions with science-based targets

DISCLAIMER

All proposed changes or modifications to the SBTi standards discussed herein are speculative and subject to the process outlined in the SBTi's *Standard Operating Procedure for Development of SBTi Standards*.

This includes, but is not limited to: research, public consultation and pilot testing, evaluation and approval by the SBTi Technical Council, and final adoption by the SBTi Board.

CNZS V2
About the Project

Overview | The Corporate Net-Zero Standard Revision

SBTi's Corporate Net-Zero Standard (CNZS) has been the gold standard for credible net-zero targets since 2021, with **2,200+** net-zero targets validated today.

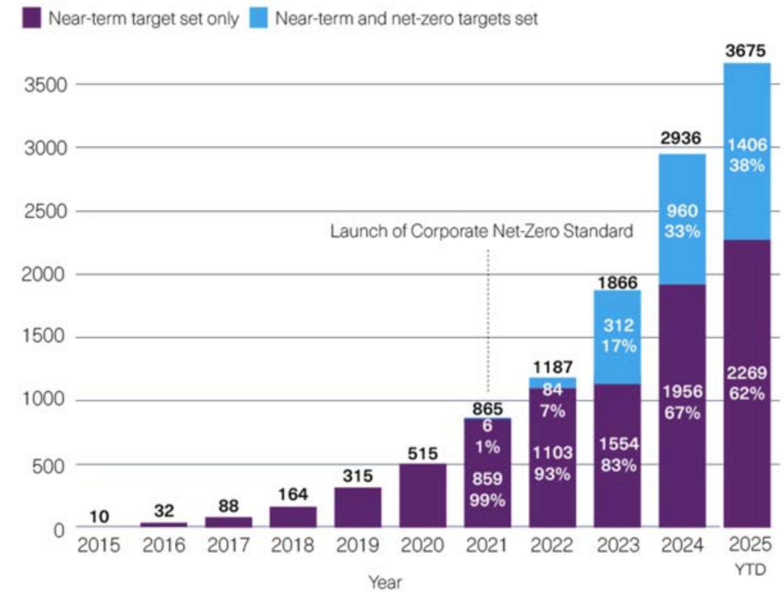
Why is the standard being revised now?

1. This is the **first major revision*** in alignment with SBTi's Standard Operating Procedures (SOP) that all standards must be updated every 2-5 years

2. To ensure the standard is aligned with the latest climate science and best practice, and **addresses key challenges** to implementing and achieving net-zero emissions targets

Rising Ambition: Net-Zero Targets are Increasingly the Choice for Corporates

Corporates with SBTi targets, cumulative, split by target type



Note: Date excludes SMEs and financial institutions. Percentages indicate share of total for that year.
Source: SBTi (data correct up to end of Q2 2025)

*Three minor updates to the Corporate Net-Zero Standard Version 1 have occurred (2022, 2023, 2025).

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Objectives | The Corporate Net-Zero Standard Revision

Our goal is to produce an updated Standard that maintains scientific ambition while being more **inclusive, actionable, and adaptable** - making science-based climate action accessible to more companies worldwide.

OBJECTIVE #1

Reflect **updated climate science** and emissions scenarios towards 2050

OBJECTIVE #2

Enhance approach to addressing **value chain emissions**

OBJECTIVE #3

Incorporate cycles of **continuous improvement**

OBJECTIVE #4

Improve **structure, interoperability + practicality**

Timeline | The Corporate Net-Zero Standard Revision

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Project kick-off and research

- Project formally initiated
- Research conducted & published to inform draft
- Consultation draft reviewed and approved by SBTi's independent Technical Council

18th March 2025
Initial draft published

Public consultation #1

- Consultation draft & survey published
- Explanatory materials and informational videos shared on SBTi website
- Convening five thematic Expert Working Groups (EWGs)

1st June 2025
End of public consultation 1

Interim revision & pilot testing kick-off

- Analyze survey responses and other feedback
- Deliberation with EWGs
- Produce revised draft based on stakeholder feedback, EWGs, and Technical Council
- Pilot testing phase 1 (company survey) deployed

20th Oct 2025
Kick-off pilot testing

6th Nov 2025
Kick-off public consultation 2

Public consultation #2 and pilot testing

- Release of revised draft, second consultation survey, and explanatory materials
- Informational webinars
- Pilot testing phase 2 launched and will continue through Dec 2025

12th Dec 2025 (11:59 PM PT)
End of public consultation 2

19th Dec 2025
End of pilot testing

Final revision and approval

- Final draft approved by Technical Council and Board
- Final draft published with feedback summary report and basis for conclusions

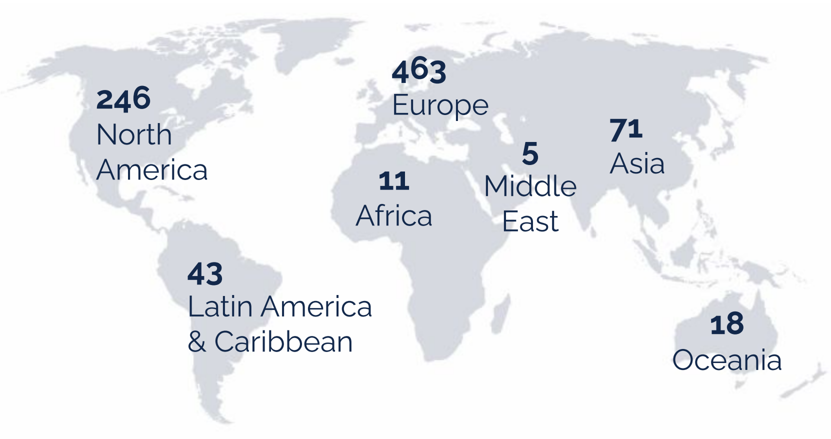
2026

Timelines are subject to change

Public Consultation 1 | Who did we hear from?

860 RESPONSES TO FIRST PUBLIC CONSULTATION SURVEY

RESPONSES BY REGION



Source: [First Public Consultation Feedback Report]

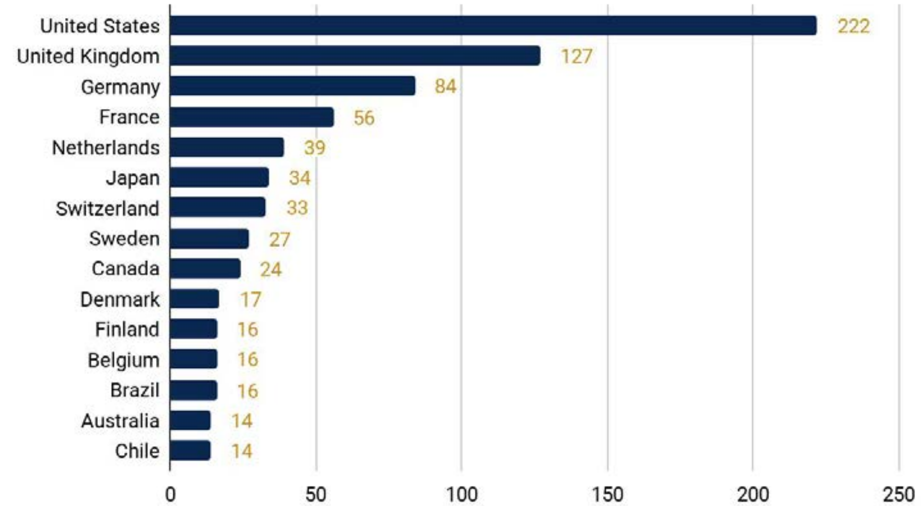
STAKEHOLDER TYPE

82% Industry, inclusive of associations

13% Civil society and academia

4% Public sector and other

TOP 15 TERRITORIES



Key Public Consultation Materials

- SBTi CNZS V2 Digital consultation guide
- Launch video
- Corporate Net-Zero Standard Version 2.0 Second Public Consultation Draft
- Corporate Net-Zero Standard Version 2.0 Second Public Consultation Executive Summary with translations into Arabic, French, Japanese, Korean, Mandarin, Portuguese, and Spanish.
- Methods documentation
- Pathways documentation
- Explanatory research series:
    - How to use the SBTi Corporate Net-Zero Standard Version 2 alongside other SBTi Standards
    - Deep dive: Evolving approaches to address scope 1 emissions
    - Integrating a decade of learning in voluntary low-carbon energy markets
    - Towards a focused and flexible framework for scope 3 targets
    - Ongoing emissions responsibility: A framework for credible and competitive climate action
    - Nature and CDR: How SBTi's Ongoing Emissions Responsibility framework incentivizes both
- Ongoing Emissions Responsibility Tool
- Corporate Net-Zero Standard V2 First Public Consultation Feedback Report

Key Updates
Public Consultation #2

Transition Timeline | For Companies with Validated Targets

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Existing near-term targets are expected to remain valid until the end of the target timeframe*.

2026 — 2027 — 2028 — 2029 — 2030

CNZS V2

Operational and available for use starting in 2026, once published.

Corporate Net-Zero Standard V2 is in effect and mandatory from **January 1st, 2028**.

CNZS V1

Corporate Near-term Criteria V5

Remain eligible for use until **December 31, 2027**.

Retired from January 1st, 2028. Targets set against V1 remain valid until their next mandatory five year review*, voluntary or triggered target update, or the end of the target time frame, whichever is sooner.

Companies validated against current and historic SBTi standards are required to* ***review and if necessary update targets formally through a validation process every five years**. Companies may also voluntarily update their targets.* ***Targets submitted for validation must always be aligned with the SBTi criteria in effect at the time of submission****.*

SBTi will provide further details in the upcoming transition guidance.

Introduction | Scope of the CNZS V2

SBTi Standards are intended for commercially operated private and public companies and financial institutions globally. CNZS V2.0 includes two company categories:

	Company Size				Geography	
	Number of employees	**Net annual turnover** ($ or €)	**Balance sheet** ($ or €)	**Scope 1 + 2 emissions** (tCO_2e)	**High** income countries	**Low, lower-middle and upper-middle** income countries
Large At least one threshold met	Over 1,000	Over 450 million	n/a	n/a	A	A
Medium At least 2 thresholds are met	250 – 1,000	50 – 450 million	Over 25 million	n/a	A	B
Small & Micro At least 2 criteria and under CO_2e threshold	Under 250	Under 50 million	Under 25 million	Under 10,000	B	B

*Countries are classified using the World Bank economic income categories.

Overview | Base Year, Assurance & Target Setting

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Base Year

- A B — Groups to include all subsidiaries (C3.3)
- A B — Should be most recent representative year (C4.2) with comprehensive data (C4.1)
- A B — Should be consistent across all targets (C4.3)
- A — All applicable metrics shall be determined for the base year (C5)
- A B — Emissions inventory shall be compiled in line with GHG Protocol (C6)
- A B — Bioenergy & bio-based feedstocks require additional evidence (C6.3) — **Under Consultation**

Assurance

- A — To cover, at minimum, scope 1, 2 & significant scope 3
- A — At minimum, limited assurance — **Under Consultation**

Target Setting

- A B — Companies to confirm with all applicable SBTi standards inc. sector- & FINZ standards (C9)
- A B — Near-term targets shall cover 5-year period
- A — Mandatory long-term targets set for 2050 latest
- B — Optional long-term targets set for 2050 latest
- A B — Mid-term targets, covering 10-year periods may be set to ensure continuity at the end of 5-year cycles
- A B — FLAG targets shall be kept separate (C10.8)
- A B — Companies in scope of sector standards shall comply with applicable sector standard (C10.9)
- A B — Where net-zero aligned performance is achieved, this shall be maintained or improved going forward (C10.6)

Overview | General Requirements of the Standard

Company Categorization

Companies are categorized as A or B based on company size and geography. Criteria applicability depends on categorization.

CATEGORY A

CATEGORY B

Under Consultation
Throughout the consultation survey, companies are asked for feedback on how criteria is being applied to category A and/or B companies.

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Net-Zero Ambition

Companies shall set an ambition to transition their operations and value chains in alignment with the goal to be net-zero by no later than 2050.

Optional for Category B companies.

Under Consultation
The consultation survey seeks qualitative feedback on the impacts of a public disclosure requirement and whether this is important for credibility and accountability.

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Climate Transition Plan

Companies are required to publish a transition plan to substantiate their targets and net-zero ambition within 12 months from Initial Validation. Please consult **CNZS-C2** for detailed requirements related to transition plan content and governance.

Optional for Category B companies.

No dedicated questions in the second consultation.

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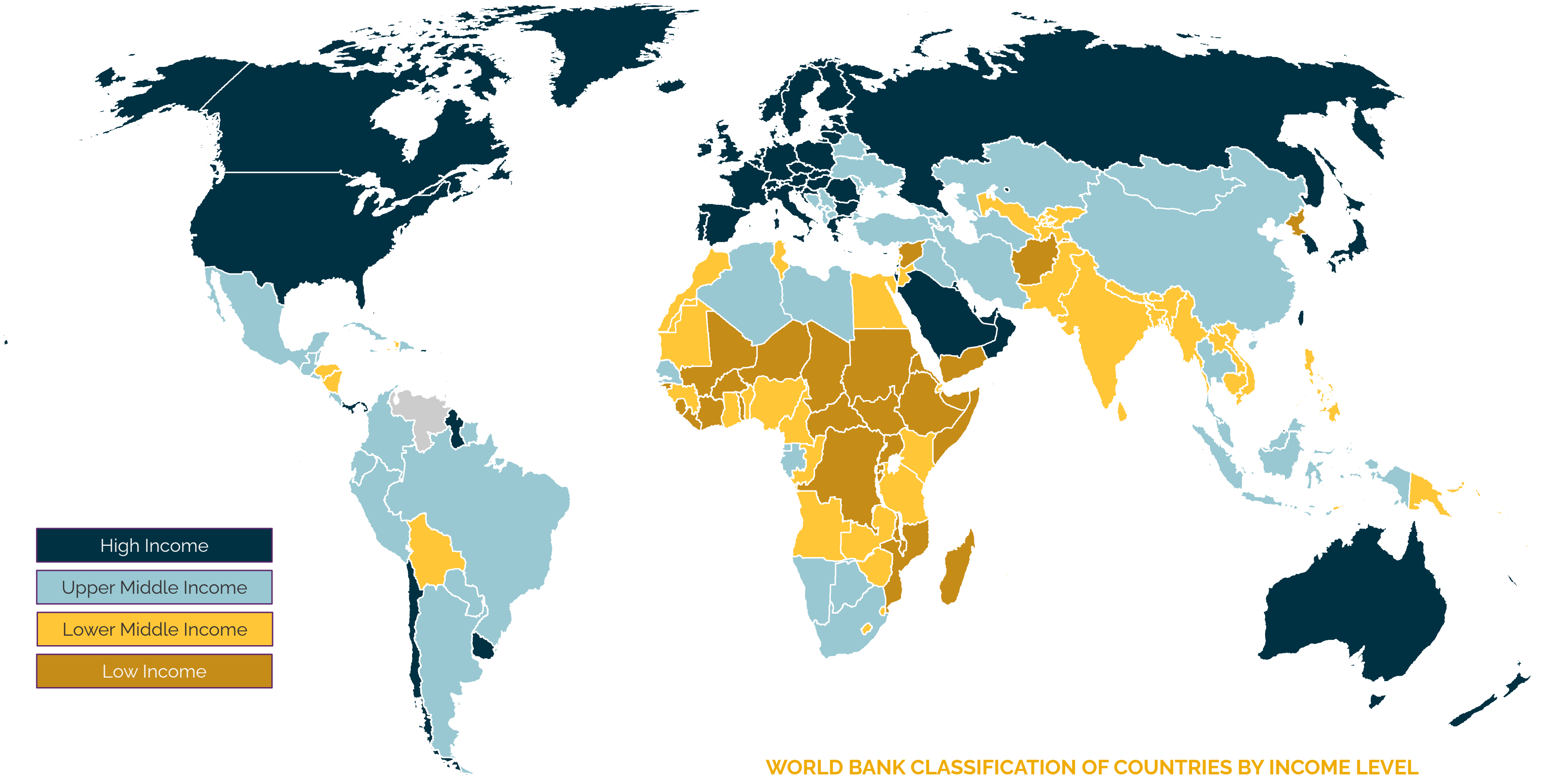
Detail | Company Categorization



Source: World Bank
Note: Venezuela is not classified due to insufficient data

Overview | Structure of the Corporate Net-Zero Standard

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Net-Zero Ambition

Companies shall **set an ambition** to transition their operations and value chains in alignment with the goal to be net-zero by no later than 2050. Companies shall **publish a transition plan** to substantiate their targets and net-zero ambition.

Base Year Assessment

Companies set **clear organizational boundaries** and **select a base year** that reflects their typical operations. Companies shall obtain **third-party assurance** of values relevant to target-setting.

Target-Setting

Companies **set public, science-based, measurable, and time-bound targets** to improve climate performance and align with pathways consistent with the global goal of reaching net-zero emissions by mid-century.

Scope 1

Separate scope 1 targets

Updated and new methods:
- Emissions reduction (linear contraction or SDA)
- Asset decarbonization plan
- Alignment

Updated pathways in line with IPCC AR6 and IEA NZE scenarios

Scope 2

Updated target boundary with **potential exclusions**

Near-term requirement of **low-carbon electricity alignment** target. Emissions reduction targets (market-based <u>or</u> location-based) are optional and additional.

Introduction of **quality criteria** and **integrity principles** for **EACs**

Scope 3

Updated **target boundary** based on **significant categories** and **priority emissions sources**

Expanded set of target-setting methods with focus on alignment

Intervention levels expanded to include **activity pools** and **sector level** (with guardrails)

Ongoing Emissions

Companies can earn **recognition** for taking responsibility for ongoing emissions during near-term target timeframe

In 2035, Category A companies would be required to address a portion of ongoing emissions (scopes 1, 2, and 3) through removals

Assessing Performance

Clear **target recalculation requirements** and guidance for **assessing and transparently disclosing progress** against targets, including performance at the end of the target cycle when setting new targets to ensure continued alignment with their net-zero transition **Requires disclosure of any barriers or emerging gaps.**

SBTi Claims

Introduces **general criteria for substantiating claims** related to science-based target setting and SBTi validation.

Target Setting
Scopes 1, 2, and 3

All Scopes | Key Target-Setting Updates

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Topic	From CNZS V1	To CNZS V2
Base year selection (14)	Any base year can be selected back to 2015	Target base year must be most recent year with comprehensive data on emissions[1].
Target timeframe (19)	Near-term targets have to cover a 5-10 year timeframe	Near-term targets shall cover a five-year period. At Initial Validation, companies may set targets with a shorter time frame to align their business or reporting cycle.
	Long-term targets set for 2050 at the latest	*No change to long-term target timeframes.*

Under Consultation: Whether to recommend or require mid-term targets covering a 10-year period from the date of Initial Validation.

[1] Companies may select a different base year if the most recent year does not accurately reflect the company's structure and performance, but they shall publicly disclose the justification for selecting any base year that is not their most recent reporting year.

Scope 1 | Key Updates from the 1st Public Consultation

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

CONSISTENT WITH 1ST DRAFT

SEPARATE TARGETS

Companies set **separate targets** for Scope 1

TARGET BOUNDARY

Targets cover **100%** of Scope 1 emissions

REVISIONS TO 2ND DRAFT

TARGET METHODS

- **Linear contraction approach** selected over budget-conservation approach
- Two **new target methods** are introduced in addition to emissions metrics targets (i.e. linear contraction & sectoral decarbonization)

TARGET TYPES

- **Long-term targets** potentially mandatory for all Category A companies or for all companies using specific target methods and/or with certain emissions sources

Under Consultation:
Long-term scope 1 target requirements.

Scope 1 | How to Set a Target with New Methods

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Step 1: Map all scope 1 **activities.**

100% of emissions sources must be included in target boundary.

Step 2: Select target-setting method.

Step 3: Determine if long-term targets are **mandatory***

Criteria under consultation.

EMISSIONS METRICS

Linear Contraction Approach

- Based on **linear annual reduction rate** (LARR) between base year & net-zero year

Sectoral Decarbonization Approach

- Reductions in **emissions intensity** (t CO_2e/t output) of activity or product over time
- Requires modeling of anticipated production levels for future years to reach net-zero benchmarks

ALIGNMENT-BASED

NEW

- Targets to **increase share of low-carbon activities** over the target timeframe.
- Companies first calculate the share of the activity that qualifies as low-carbon in the base year then calculate the required linear annual **increase** to reach the net-zero benchmark in the target year (Annex A)

ASSET DECARBONIZATION

NEW

- Targets to **reduce absolute emissions** based on an asset decarbonization plan within a defined carbon budget.
- **Establish carbon budget,** from base year to 2050, using Linear Contraction and/or Sectoral Decarbonization pathways.
- Develop plan, with 5-year milestones, **to abate, replace, or phase out assets** that is consistent with the carbon budget

25-27

*Mandatory long-term targets have been proposed for certain types of target methods and/or emissions sources.

Scope 1 | Target Setting Examples

LINEAR CONTRACTION

Company #1 uses **natural gas for space and water heating**.

In its 2020 base year, natural gas accounted for 100 tCO_2e. The net-zero benchmark for natural gas is 0 tCO_2e by 2050.

Company #1 plots the LARR over 30 years and calculates it needs to reduce emissions by 3.34% per annum.

Its near-term target is therefore 3.34% x 5 years = reduce natural gas emissions by 16.7%.

SECTORAL DECARBONIZATION

Company #2 **produces cement.**

In the base year, it produces 10m tons of cement and has a scope 1 emissions intensity of 0.65 tCO_2e/ton.

It anticipates production will rise to 11m tons by 2030.

It uses the SBTi tool to calculate its required 2030 emission intensity target of 0.481 tCO_2e/ton and thus establishes a near-term target of -26%.

ASSET DECARBONIZATION

Company #3 has a fleet of **heavy-duty vehicles on long term lease**.

It plans to replace these vehicles with low-carbon alternatives as leases come up for renewal.

It calculates a carbon budget using the LC approach and models vehicle emissions out to 2050 based on the replacement schedule to ensure emissions do not exceed the carbon budget.

ALIGNMENT-BASED TARGETS

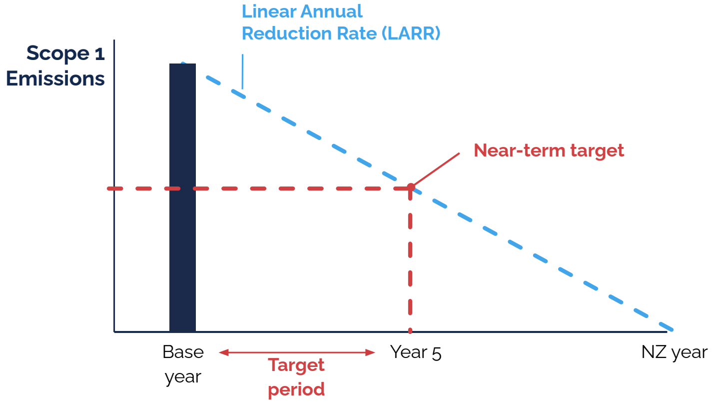
Company #4 uses natural gas for space and water heating. In the 2020 base year, **10% of this natural gas is paired with CCS achieving a 95% capture rate**.

To reach the net-zero benchmark of 100% by 2050, it calculates that it needs to increase the low-carbon proportion by an additional 90% over 30 years, equating to a 3% increase per year.

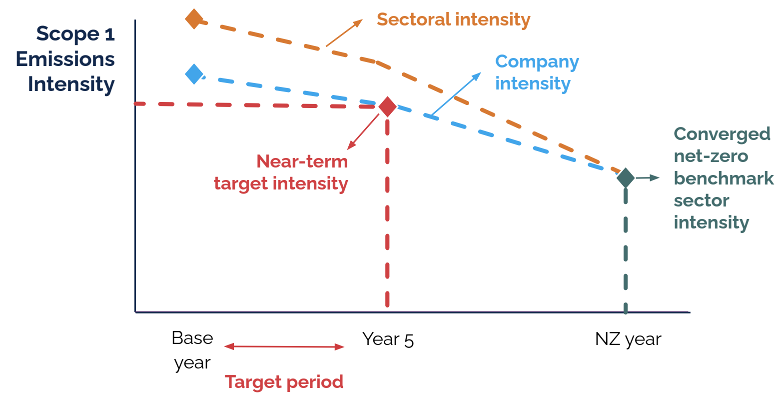
It sets its near-term target: 10% existing + (3% x 5 years) = 25%

Visual Depiction of Scope 1 Approaches - Illustrative Only

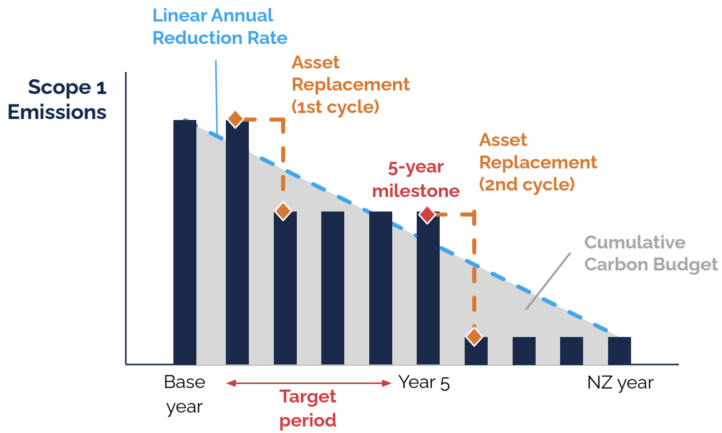
LINEAR CONTRACTION APPROACH



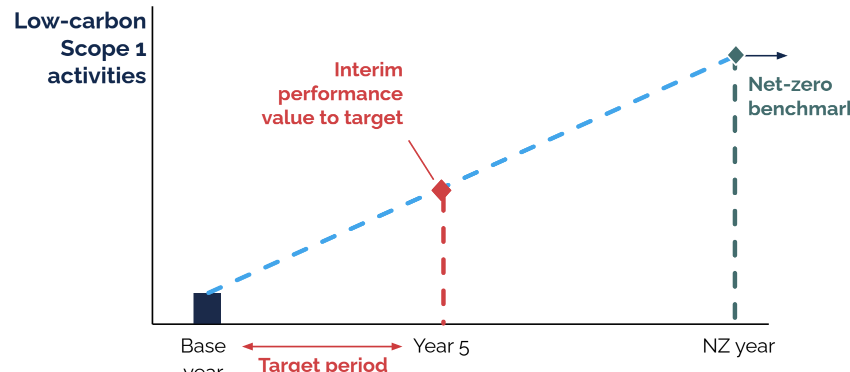
SECTORAL DECARBONIZATION APPROACH



ASSET DECARBONIZATION PLAN



ALIGNMENT-BASED TARGETS



Scope 2 | What's new in this draft?

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

TARGET BOUNDARY

- **100% coverage of electricity emissions** with the introduction of potential limited exclusions from the target boundary
- **Differentiation** for electricity vs. heat, steam, and cooling

Under Consultation:
Potential mechanisms for exclusions from the near-term target boundary

TARGET METHODS

- Electricity alignment targets have changed from zero-carbon to **low-carbon** ($\leq$ 0.024 kg CO_2/kWh)
- Focus on **alignment target-setting** method for near-term targets over electricity emissions
- **Emissions reduction targets** using location- or market-based accounting are **optional**
- Mandatory **location-based target** has been removed

PURCHASING REQUIREMENTS

- Hourly matching to be gradually phased in, beginning with largest annual consumers (**≥10 GWh**) **in 2030**

  De minimus sites (annual electricity purchasing <100MWh) may be excluded.

- Introduction of quality criteria and integrity principles for **EACs**

Scope 2 | Target-Setting Methods

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

ELECTRICITY

ALIGNMENT-BASED TARGETS

Required

Companies shall set targets to linearly increase the percentage of **low-carbon** electricity purchased or matched through EACs to 100% by 2040.

Reference: SBTi Power Sector Pathway

EMISSIONS METRIC TARGETS

Optional

Companies may set additional targets on electricity using either the location-based or market-based scope 2 emissions metrics.

STEAM, HEAT, AND COOLING

ALIGNMENT-BASED TARGETS: N/A

EMISSIONS METRIC TARGETS: **Required***

Where applicable, targets set on steam, heat, and cooling shall be set using **either** location- based or market-based emissions metrics.

Reference: IEA NZE Pathway

Long-Term Targets

Required for Cat. A companies

Shall cover 100% of purchased electricity, heat, steam and cooling

*Companies may exclude steam, heat, and cooling emissions from near-term targets when they represent less than 5% of scope 2 emissions (location-based)

Scope 2 | Quality Criteria for Eligible Measures

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

LOW-CARBON ELECTRICITY

Electricity generated with direct GHG emissions equal to or less than **0.024 kg CO_2/kWh**

IMPLEMENTATION

Where low-carbon electricity is purchased, its attributes shall be retired by or on behalf of the reporting company.

ELIGIBLE CONTRACTUAL INSTRUMENTS

Must convey **exclusive use** of the low-carbon attributes

Meet GHGP Scope 2 Quality Criteria

Meet relevant integrity principles (Annex E)

COMMISSIONING OR RE-POWERING DATE

Low-carbon attributes shall be from generation facilities commissioned or re-powered in the **past 10 years**.

Exemptions:

- RE 100: Section 5
- 24/7 Carbon-Free Coalition V1.0 - Section 5, 3.2

Under Consultation:

Progressive tightening of this requirement to **5 years by 2035.**

PHYSICAL DELIVERABILITY

LCE or attributes shall be from electricity generated within the **same region of physical deliverability** as the company's electricity consumption, using the region definitions in 24/7 Carbon-Free Coalition Criteria V1.0

Attributes from low-carbon electricity sold to the grid **shall not be matched** to electricity consumed from on-site generation or through a direct line

TIME MATCHING

Before 2030:
Low-carbon attributes shall be volumetrically matched with electricity consumption on an **annual basis**

Starting in 2030:
Companies with aggregate annual electricity consumption of **≥10 GWh** within a single region in the target base year shall **phase in hourly matching** in that region.

Under Consultation:

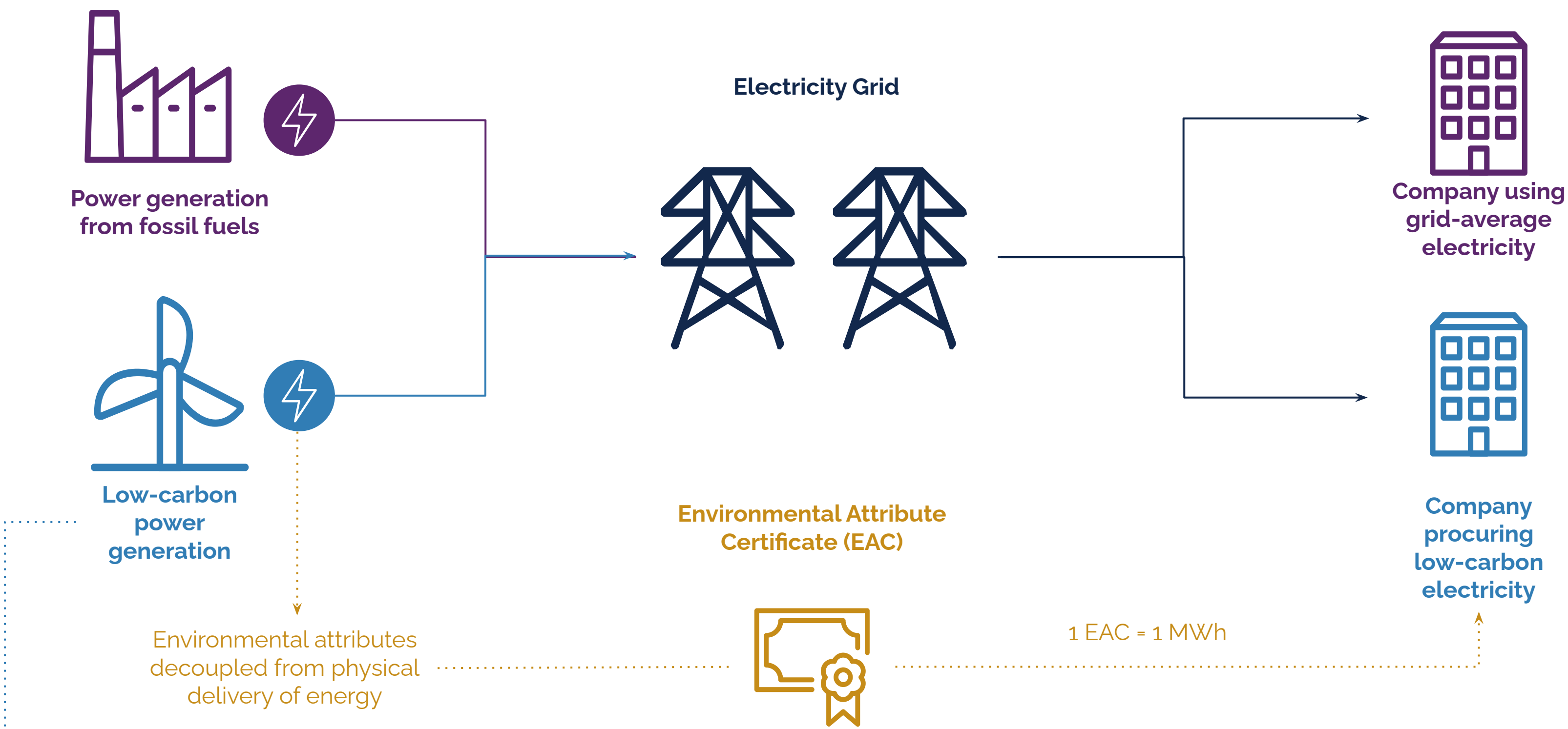
Percentage of **hourly matching to be phased in** from 2030, 2035, and 2040.

Scope 2 | Quality Criteria Explained

	Requirement	Term Explanation	Ambition	Example
COMMISSIONING OR RE-POWERING DATE LIMIT	Ten years, tightening to five by 2035; for eligible exemptions see RE100 and 24/7 Carbon-Free Coalition Technical Criteria[1]	Age limit for LCE power plants starting commercial operation (commissioning) or last substantial equipment replacement (re-powering).	Old plant → New plant	The construction of the wind farm producing electricity for Company X was completed 5 years ago and thus meets SBT's LCE quality criteria.
PHYSICAL DELIVERABILITY	Electricity generated in same region as company consumes, using region definitions of 24/7 Carbon-Free Coalition Technical Criteria V1.0[1]	LCE is generated within the same region that it is used and its energy attributes are claimed, i.e., power plant and site are connected via the same electricity grid.	Non-connected grid → Physically connected grid	The LCE purchased via an EAC is produced in the same region as Company X is located with access to the same electricity grid. Note: An EAC on electricity produced from geothermal energy in Iceland does not fulfill "physical deliverability" for Company X's site in Germany.
ANNUAL AND HOURLY MATCHING	Annual matching with hourly matching requirement starting in 2030 for large sites (≥10 GWh within same region)	Matching power generation and consumption on an annual or hourly basis.	Annual matching → Hourly matching	Company X cannot hourly-match all its electricity consumption with LCE due to a lack of sunlight during night. Instead, it consumes electricity generated from natural gas to meet its demand during night.

Scope 2 | Procurement of Low-Carbon Electricity and EACs

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



Must meet quality criteria:

- Equal to or less than 0.024 kg CO_2/kWh
- Facility not more than 10 years old
- Annual matching before 2030, hourly matching phased-in
- Power produced in same grid as consumption

Scope 3 | Key Updates from the 1st Public Consultation

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

CONSISTENT WITH 1ST DRAFT

TARGET BOUNDARY

Boundary based on significant scope 3 categories (defined as contributing ≥5% of total scope 3)

APPLICABILITY

Near-term scope 3 targets are required for Cat. A (optional for Cat. B)

Long-term scope 3 targets are optional for all companies

REVISIONS IN 2ND DRAFT

TARGET BOUNDARY

✓ Focused targets required on **priority emissions sources**

TARGET METHODS

✓ Expanded set of target-setting methods for near-term targets

PROGRESS

✓ Companies may pursue targets with **interventions at the activity, value chain counterparty, activity pool, or sector level**

✗ Mandatory **supplier engagement target** has been removed

*Please consult the draft for eligible exclusions at the category level.

Scope 3 | Expanded Set of Eligible Target-Setting Methods

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Cross- category

Emissions Intensity

Average emission intensity (tCO_2e/t) of the activity at or below the reference intensity benchmark for the target year

SUITABLE FOR: Companies with reliable activity-level data on key purchased / sold products

Volume Alignment (NEW)

Share of activity's total volume at or below the reference intensity benchmark, consistent with the target year alignment threshold

SUITABLE FOR: Where company can track % volume or spend aligned to low-carbon benchmarks

Counterparty Alignment

Share of suppliers / customers that have aligned status, consistent with the target year alignment threshold

SUITABLE FOR: Companies engaging value chain partners directly through supplier / customer programs

Counterparty Energy Alignment (NEW)

Volume of low-carbon energy usage by suppliers / customers as a % of total supplier/customer energy usage in MWh

SUITABLE FOR: Entities purchasing energy-intensive goods or selling products that use energy

Category specific

Zero Tailpipe Emission Vehicles (ZEVs) Adoption (NEW)

Increase the percentage of total transport activity (measured in ton-km or vehicle-km) delivered through zero tailpipe emission vehicles (ZEVs)

SUITABLE FOR: Companies with significant logistics / distribution emissions

Revenue Phase Out / Sales Alignment Plan (NEW)

Linear phase out of revenue from fossil fuels related activities by 2050 OR share detailed plan to phase out fossil fuel sales and grow net-zero aligned revenue

SUITABLE FOR: Energy producers / companies selling fossil fuels or fossil fuel derived products

Energy Efficiency (NEW)

Increase the share of electrified products sold (by revenue/units) that meet best-practice energy efficiency standards (e.g., EU Energy Label "A" rating)

SUITABLE FOR: Manufacturers of energy-using products

Circularity (NEW)

Increase the share of products sold (by revenue/units) that have verified circular end-of life solution (as per credible circular economy product standards)

SUITABLE FOR: Companies with material, packaging or consumer goods footprints

Emissions intensity | Volume alignment | Counterparty alignment

31-33

Scope 3 | How to Set a Target

Step 1: Complete scope 3 **inventory.**

Companies must include 100% of emissions in their scope 3 inventory.

Step 2: Identify **significant scope 3 categories** (categories contributing ≥5% of scope 3 emissions) and **priority emissions sources**.

Step 3: Apply eligible **exclusions**.

PRIORITY EMISSIONS SOURCES

Each source shall be addressed with individual targets through eligible target-setting methods, detailed on following slide.

Priority commodities (C18.1)

Emissions from **priority industrial and land-use intensive commodities** that each represent ≥5% of total scope 3.

Electrified products (C18.6)

Emissions from the use of **sold electrified products**.

Fossil fuel emissions (C18.5)

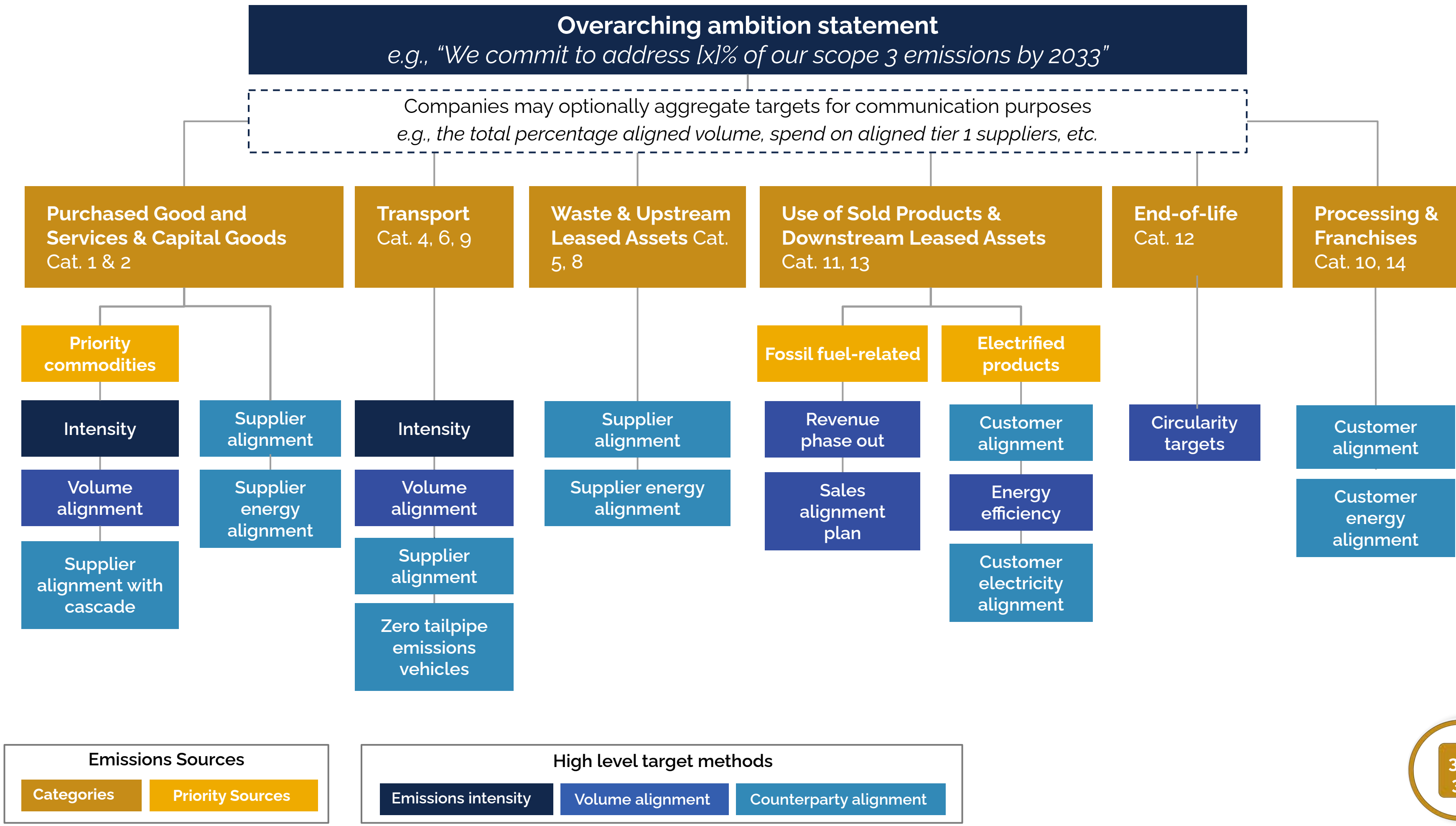
Companies shall **address emissions from**:

I. Sale of fossil fuels (representing >1% of scope 3 emissions)
II. Services that support fossil fuel extraction, processing, distribution, marketing, sales or expansion representing ≥5% of revenue
III. Products that consume fossil fuels
IV. Products that contain or form GHGs that are emitted during use phase

The SBTi is consulting on:

1. Whether certain **services should be excluded** in this criterion
2. The **revenue threshold**

Scope 3 | How to Set a Target



31-33

Scope 3 | Demonstrating Performance

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Step 5: Apply actions at **intervention levels**:

- **Activity** (e.g., direct reductions)
- **Counterparty** (e.g., SBT status of suppliers)
- **Activity pool** (e.g., pool performance or pool EACs)
- **Sector** (e.g., interim use of unbundled EACs)

ACTIVITY POOLS (illustrative)

LAND-BASED SUPPLY SHED

A specific area supplying biogenic raw materials to the first collection or processing point.

Reference: GHGP Land Sector and Removals Guidance

TRANSPORT OPERATION CATEGORIES

Group of transport operations with shared features (mode, route, cargo, or trade line).

Reference: Global Logistics Emissions Council (GLEC)

FACTORY SHED

Cluster of factories producing equivalent goods in a defined area, coordinated at the program or regional level.

ENERGY SHED

A defined electricity grid or sub-grid where renewable energy interventions can be credibly linked to consumption.

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Under consultation: The SBTi is seeking feedback on activity pools and sector-level interventions, including questions related to guardrails and quality criteria.

Case Study | Consumer Electronics Manufacturer

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This consumer electronics manufacturer has $50 billion in annual revenue (category A) and 95% of total emissions are scope 3. They are using a base year of 2020.

Step 1: Set Target Boundary

Identify significant categories & eligible exclusions.

- Cat 1 (60% of scope 3)
- Cat 11 (30% of scope 3)
- No exclusions

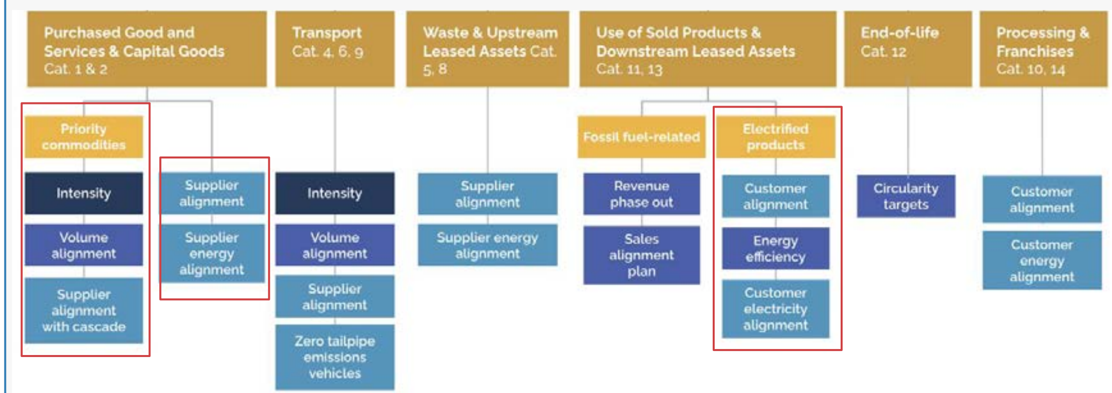
Identify any priority emission sources:

- Steel is a *priority commodity* (≥ 5% emissions)
- Cat 11 includes emissions from *electrified products*

Identify targets in scope:

- Target covering priority commodity (steel)
- Targets covering remaining emissions from Category 1
- Target for use phase emissions from electrified products

Step 2: Determine eligible target methods.



Step 3: Set Targets

Category 1 **Priority Commodities** **Volume Alignment**	By 2030, 95% of steel purchases will meet a 1.71 tCO_2e/t benchmark.
Category 1 **Supplier Alignment**	By 2030, 70% of PG&S suppliers by spend will have validated SBTs.
Category 11 **Electrified Products** **Customer Electricity Alignment**	By 2030, 70% product use-phase electricity will be matched with low-carbon attributes.

Step 4: Demonstrate Progress

Activity: Directly source lower intensity steel from aligned steel producers in Canada and the EU (30% volume)

Activity Pool: Partner with regional steel suppliers' consortium to improve smelting efficiency, bringing pool intensity below benchmark (40% volume)

Sector: Purchase steel EACs for remaining 25% volume (justification: low-carbon steel not yet available in required quantities in China) + purchase downstream grid EACs for 70% of use phase electricity

Counterparty: Launch supplier engagement program with top 100 PG&S suppliers representing 70% spend

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Ongoing Emissions
Recognition & Responsibility

Ongoing Emissions | Key Updates

Beyond Value Chain Mitigation (BVCM) and removals have been combined into a single integrated framework known as **Ongoing Emissions Responsibility.**

NEUTRALIZATION

- All companies required to **neutralize 100%** of residual emissions across all scopes at net-zero target year
- Neutralization to occur through a portfolio of carbon removal activities, including 41% long-lived removals

Under Consultation:
Approach for neutralization at net-zero year: proposed portfolio or like-for-like

RECOGNITION PROGRAM

- Mandatory disclosure whether company will seek recognition or not
- Companies can gain recognition across two levels: **"Recognized"** and **"Leadership"**
- Companies must meet **90%** performance threshold on value chain targets to be eligible.

2035 RESPONSIBILITY REQUIREMENT

- From 2035, Category A companies **required** to take responsibility for a portion of scopes 1-3 ongoing emissions

Under Consultation:
Timing of requirement and level of minimum responsibility

- Companies support **carbon removal** activities, with a defined share of long-lived removals
- The criteria for removals will be reviewed in the next major revision (V3)

Ongoing Emissions | Responsibility & Recognition Framework

SCIENCE BASED TARGETS
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All companies can gain public recognition for taking responsibility for ongoing emissions ahead of their net-zero target year by **delivering supplementary mitigation outcomes** and **deploying climate finance.**

2026 | **2030** | **2035** | **2040** | **2045** | **2050**

2026: Corporate Net-Zero Standard V2 is operational and available for use

2035: Category A companies **required** to take increasing responsibility for ongoing emissions by undertaking supplementary mitigation action.

Under Consultation:

The **percentage** of ongoing emissions that Category A companies should be required to take responsibility for in 2035.

2050: At net-zero target year, all companies required to **neutralize 100%** of residual emissions across all scopes

Ongoing Emissions | Recognition Framework

DISCLOSURE & COMMITMENT

Companies **disclose whether they plan** to take responsibility for at least 1% of ongoing emissions during upcoming target timeframe

TAKING RESPONSIBILITY

Companies seeking recognition undertake **eligible supplementary climate contributions**.

Recognized

1% or more
of ongoing emissions

Leadership

100% of ongoing emissions

RENEWAL VALIDATION

Contributions to take responsibility for ongoing emissions are **validated at the renewal validation**.

FUTURE VALIDATIONS

Once a company has undergone performance assessment, recognition in the upcoming cycle **depends on achieving at least 90% of targets** within the previous cycle.

Ongoing Emissions | Recognition Framework

SCIENCE BASED TARGETS
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ELIGIBLE APPROACHES

Recognized

1% or more of ongoing emissions

1. **Ex-Post Mitigation:** Support activities that deliver ex-post mitigation outcomes (i.e., outcome already occurred) equal to at least 1% of their ongoing emissions over the near-term target timeframe.

2. **Carbon Pricing:** Apply a carbon price to at least 1% of ongoing emissions over the near-term target timeframe and use the financial budget to **support eligible climate action categories.***

   Note: Recommendation to set carbon price of at least USD 20/tCO_2e. Companies can select own carbon price, but are required to publicly report chosen price and methodology used.

Leadership

100% of ongoing emissions

1. **Carbon Pricing:** Companies apply a price of at least USD 80/tCO_2e to 100% of ongoing emissions over the near-term target timeframe.

   Note: Companies required to disclose details according to reporting requirements.

   Companies use the financial budget to support activities that deliver ex-post mitigation outcomes equivalent to **at least 40%** of ongoing emissions over the near-term target timeframe, and any remaining financial budget to fund outcomes to support additional eligible climate actions.

Climate action categories are defined in the SBTi Glossary

Recognition Framework | Eligible Climate Action Activities

EX-POST MITIGATION APPROACH

Activities that **reduce emissions** from emission sources not located within the company's value chain

Activities that conserve, protect, and **enhance natural carbon sinks**

Activities that **capture and store carbon** in storage pools

"Recognized" companies can exclusively deliver ex-post mitigation activities if using this approach.

"Leadership" companies must deliver at least 40% ex-post mitigation activities.

CARBON PRICING APPROACH

Ex-post mitigation activities are eligible to fund under carbon pricing approach.

Low/Zero-Carbon R&D and Innovation: Finance for research, development, demonstration, and early deployment of technologies or practices that accelerate the availability, scalability, and cost-effectiveness of climate solutions consistent with a 1.5˚C pathway.

Ex-Ante Mitigation: Financial or contractual commitments made before mitigation outcomes have been generated, to enable or accelerate the development of projects or activities expected to deliver quantified mitigation outcomes in the future.

Loss and Damage Finance: Providing funds to address unavoidable climate-related losses and damages, prioritizing those least responsible for emissions and most affected by impacts.

Mitigation-Enabling Outcomes Funds for interventions that enable structural or system-level change, which unlock or accelerate mitigation at scale.

Adaptation & Resilience: Funding of actions that reduce vulnerability or increase resilience to climate impacts, particularly in climate-vulnerable regions and communities.

Full definitions of all eligible climate action activities can be found in the SBTi Glossary

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Making Claims
On the Path to Net-Zero

Claims | Key Updates

Three categories are being proposed to support companies to make credible claims:

COMMITMENT

Forward-looking claims that express intent, e.g. a company's pledge to set targets or anticipated future outcomes.

Sub-types: **Entry, Ambition, Contribution**

"To address our scope 1 emissions, we intend to decarbonize all our emitting assets by 2050."

"We commit to address X% of our scope 3 emissions by 2033."

PERFORMANCE

Backward-looking claims that convey achieved results, such as progress toward a company's targets or contribution under OER.

Sub-types: **Achievement; Contribution**

"XYZ Corp achieved x% of our scope 1 target."

"Between 2025 and 2030, XYZ Corp took responsibility for 50% of our ongoing emissions, achieving SBTi Ongoing Emissions Responsibility Recognized status."

CONFORMANCE

Procedural claim indicates that a company is aligned with SBTi requirements corresponding to its target validation cycle stage.

Sub-types: **Available after each stage of the Validation Cycle**

"We have completed the SBTi's Entry Check assessment, and will undergo validation against the SBTi Corporate Net-Zero Standard within 12 months"

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

How to Participate
In the Public Consultation

Roadmap | How to Get Involved in the 2nd Public Consultation

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

READ & REFLECT

Read up on the new standard and check out the associated materials on the SBTi's website.

Discuss the impact of proposals with your colleagues and peers.

RESPOND

Submit a response to the survey on behalf of your organization by Dec. 12 at 11:59 PM PT.

SHARE

Share this opportunity with your networks!

The SBTi is seeking the broadest range of responses across the climate ecosystem.

Thank you.

Your feedback is essential to ensure that the next version of the Corporate Net-Zero Standard continues to make science-based climate action more accessible and actionable for businesses operating around the globe.

To stay informed on the latest updates from the SBTi and the Corporate Net-Zero Standard, sign up for our newsletter.