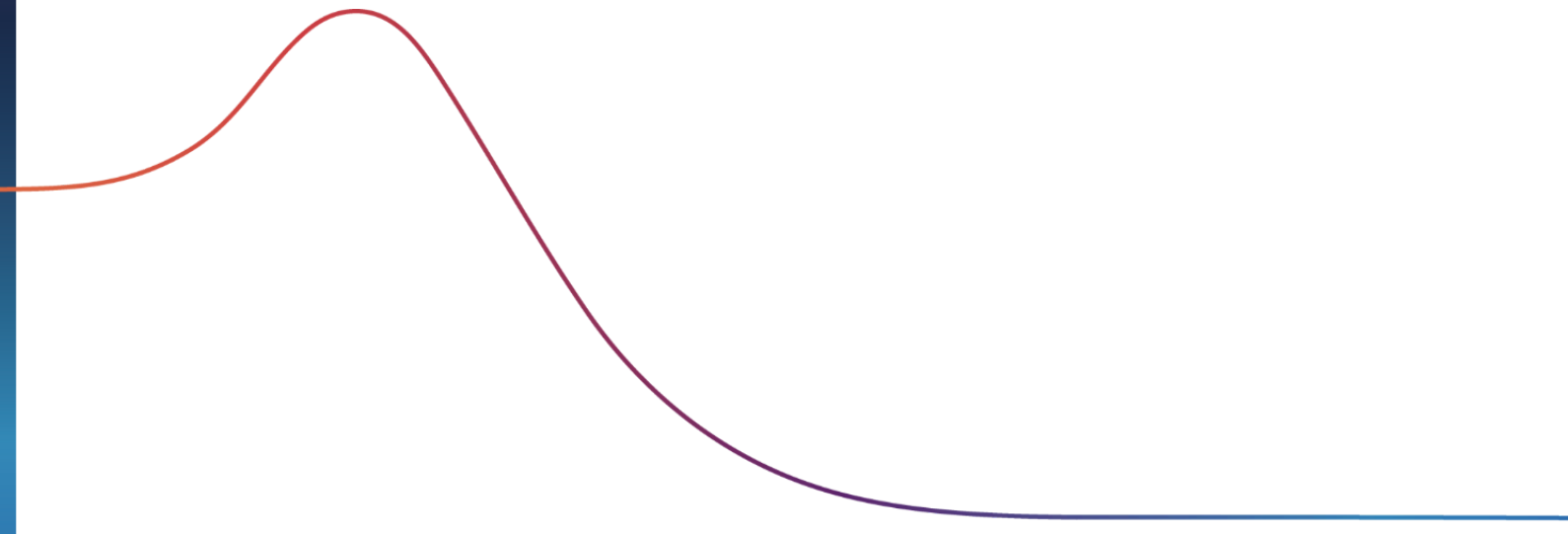
SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi CORPORATE NET-ZERO STANDARD VERSION 2.0

Draft for Second Public Consultation

November 2025



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VERSION HISTORY

Version	Change/update description	Release date	Effective dates
1.0		28 October 2021	28 October 2021 to 10 April 2023
1.1	Non-substantive revision. For a detailed list of revisions made in Version 1.1, please refer to Annex I of the Main Changes document for Version 1.2 of the Corporate Net-Zero Standard.	11 April 2023	From 11 April 2023 to 12 March 2024
1.2	Non-substantive revision. Relevant elements of the Target Validation Protocol and Corporate Manual (both retired) were consolidated into this version of the Corporate Net-Zero Standard. For a detailed list of revisions made to develop Version 1.2, please refer to Table 1 of the Main Changes document for Version 1.2 of the Corporate Net-Zero Standard.	13 March 2024	From 13 March 2024
1.3	Non-substantive revision. Correction to bioenergy accounting requirements (C11), clarification of sold and/or distributed fossil fuels target applicability (C37), clarification of near-term target timeframe (C17 and C23), and clarification on long-term target years for companies in the power and maritime sectors. Introduction of near-term target year recommendation (R6) to support alignment of near-term target years with the mandatory transition period of the forthcoming update to SBTi's Corporate Net-Zero Standard V2.0.	15 September 2025	From 15 September 2025
2.0	First consultation draft	18th March 2025	N/A
2.0	Second consultation draft	6th November 2025	N/A

CONTENTS

EXECUTIVE SUMMARY

***Disclaimer**: The executive summary is intended to provide an overview and guidance for stakeholders and does not constitute a normative part of this Standard. For the full scope of requirements, users should refer to the main body of the Standard. Any translation of this document is for informative purposes only. Users should refer to the original document in English in case of any inconsistency.*

Introduction

Companies are at the heart of the global transition to net zero. Through their operations, supply chains, and customer relationships, they can shape markets and drive the systemic change needed to transition to a net-zero economy. The Science Based Targets initiative (SBTi) has developed the Corporate Net-Zero Standard to provide a clear and robust framework enabling companies to set and implement science-based targets aligned with achieving net-zero emissions by 2050 at the latest.

The Corporate Net-Zero Standard is being revised in line with the Standard Operating Procedure for Development of SBTi Standards (SOP), following an open and transparent, multi-stakeholder approach, including two public consultations and pilot testing. This draft has been shaped by incorporating feedback from the first public consultation, as well as input from the project's Expert Working Groups.

This update strengthens the SBTi's cross-sector standard, enabling companies to set, validate, and renew targets that set the pace for reaching a net-zero state by no later than 2050. It clarifies ambition, expands the range of credible mitigation levers, and embeds a cyclical validation model that drives continuous improvement and accountability.

Scope of the Standard

The Standard applies to commercially operated companies worldwide and distinguishes between Category A and Category B companies, reflecting differences in size and operating context. Category B companies, which are typically smaller and based in low-income countries, are granted proportionate flexibility in implementation. The Standard operates alongside relevant Sector Standards and the Financial Institutions Net-Zero Standard.

Key elements of the Standard

- **Enhanced clarity on purpose and scope:** Updates the cross-sector net-zero framework to align with the latest science and best practice, while enabling a clean interface with sector-specific and financial institution standards.

- **Cyclical validation system:** Introduces a new three-stage process (Entry Check → Initial Validation → Renewal Validation) with optional spot checks to drive continuous improvement and accountability across target cycles.

- **Reinforced ambition:** Requires company-backed net-zero ambition, clear internal accountability, and provides a strong link with transition planning and transparency over dependencies.

- **Diversified scope 1 target-setting methods:** Includes three approaches for setting scope 1 ambition: reducing emissions on a linear pathway to net-zero; increasing the share of low-carbon activities over time; or the Asset Decarbonization Plan. The Asset Decarbonization Plan includes a roadmap to decarbonize assets based on technological readiness and is backed by a company-specific carbon budget to reflect sectoral realities while preserving science-based ambition.

- **Tightened integrity for low-carbon electricity (scope 2):** Strengthens the credibility of scope 2 targets and requires companies to align ambition with 100% low-carbon electricity by 2040 at the latest. It strengthens the use of contractual instruments to meet this goal, requires geographic matching, and establishes temporal matching as a “north star”, implemented through a phased approach beginning with the largest electricity consumers.

- **Focused and flexible scope 3 framework:** Refocuses target setting on the highest-priority value chain emission sources, allowing exclusions for lower-impact activities and areas where influence is limited. Three target-setting approaches address the diversity of value chain emissions: emissions intensity, activity alignment, and counterparty alignment, including cascading engagement through the supply chain. Acknowledges a range of implementation options to catalyze value chain decarbonization, including at the emission source, counterparty, activity-pool, and sector levels, and introduces the limited use of high-quality environmental attribute certificates.

- **Progressive responsibility for ongoing emissions:** Introduces a new recognition mechanism with two tiers, Recognized and Leadership, to highlight companies taking early, voluntary action to address their ongoing emissions. From 2035, it is intended that Category A companies assume responsibility for an increasing share of their ongoing emissions each year, progressively building toward complete neutralization at the point of net-zero. The draft includes an illustrative approach from 2035 onwards, which will be subject to further consultation and finalization in Version 3 of the Corporate Net-Zero Standard.

- **Clarified disclosure and renewal expectations:** Annual progress reporting reinforces transparency as a driver of accountability, requiring companies to disclose and explain any deviations from planned trajectories and to outline corrective actions to remain aligned with their net-zero ambitions. Companies are expected to set new targets for the following period before or at the end of each target cycle, and to undertake performance assessments to support claims of continued progress toward net-zero.[1]

Purpose of the second consultation draft

Public consultation is one of the mechanisms designed to invite broad stakeholder input, in addition to Expert Working Groups and pilot testing. We invite all interested parties to review this draft and provide views on its content, clarity, and applicability through this survey. Your

[1] NOTE: Eligible claims will be subject to legal review.

feedback will play a key role in ensuring that the Standard is effective, inclusive, and fit for purpose.

The SBTi welcomes feedback from all interested parties, including industry professionals, business associations and collectives, academics and think tanks, public sector bodies and regulators, civil society organizations, other voluntary standard setters and actors across the corporate sustainability ecosystem. Your input can help refine this draft, ensuring it meets the needs of its intended users and serves the SBTi's mission to drive science-based climate action in the corporate sector.

Stakeholders can participate in the public consultation by:

- Reviewing this draft Standard.
- Submitting your feedback via an online survey **by midnight Pacific Time on December 8, 2025 (9:00 AM GMT)**.

When reviewing this draft Standard and submitting feedback, stakeholders should be aware of the following:

- Text marked in red and enclosed in parentheses (i.e., [TEXT]) indicates a topic on which the SBTi is particularly interested in receiving feedback, usually because it is still under development or has not yet been resolved through prior consultations.
- When "[shall / may]" appears, it means that the SBTi is seeking feedback on whether to require (shall) or include as an allowable option (may) this element (e.g., see CNZS-C10.3).
- In some instances, multiple options are presented for consideration. These are marked by the word "Option" in bold text (e.g., see C18.6). The consultation survey will seek stakeholder feedback on the preferred approach.

Next steps

Feedback and consultation are critical to the development of a Standard that is relevant, robust, and practical. This document serves as the second consultation draft of the SBTi Corporate Net-Zero Standard Version 2.0. It proposes updates and revisions to the current version of the Standard (Version 1.3) and serves as a means to gather input from all stakeholders.

Following the public consultation period, all feedback received will be carefully reviewed and analyzed. The SBTi will assess the comments to determine where adjustments or clarifications may be needed to improve this draft Standard.

A summary of the feedback and how it has been addressed will be published for transparency. The draft will then undergo review and refinement, and may also be subject to further public consultation before it is submitted for approval by the Technical Council and adoption by the Board of Trustees.

A. INTRODUCTION

A.1 About the Science Based Targets initiative

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 reduction targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at the latest.

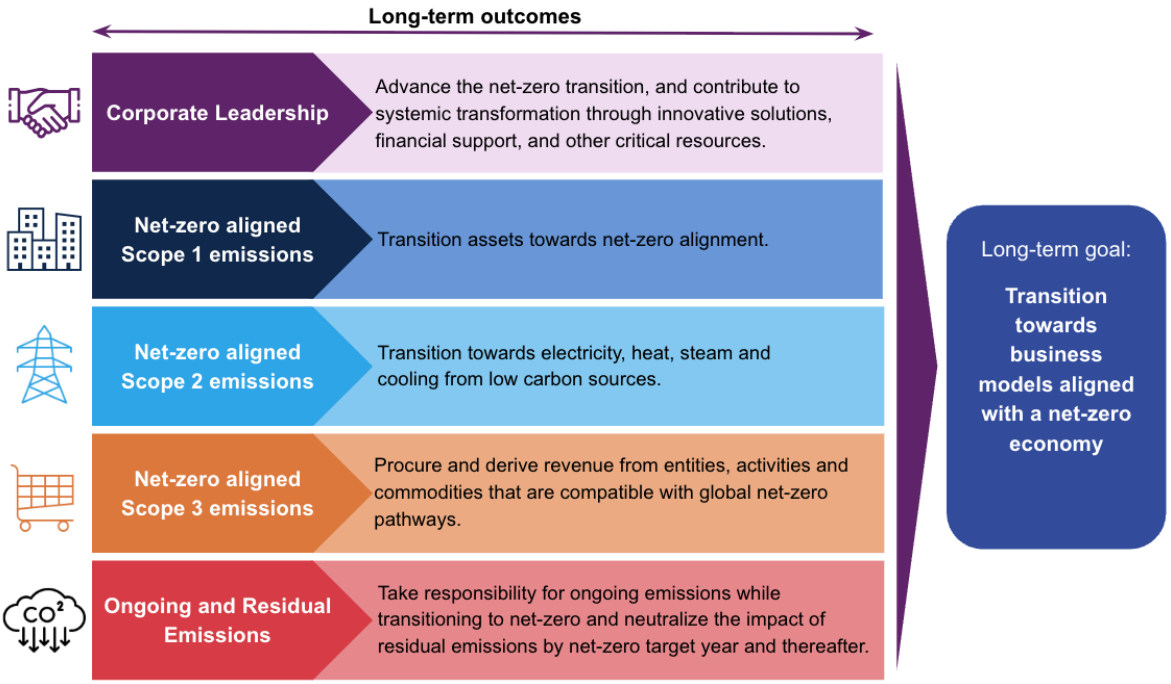
The SBTi is incorporated as a UK charity, with a subsidiary SBTi Services Limited, which hosts target validation services (together with SBTi, the "SBTi Group").

A.2 Purpose of this Standard

The 2015 Paris Agreement set the goal of limiting global temperature rise to well below 2°C above pre-industrial levels and pursuing efforts to limit it to 1.5°C by the end of the century. Climate science shows that achieving this requires rapid and deep reductions in greenhouse gas emissions to avoid irreversible impacts.

Meeting the Paris Agreement's goals requires achieving global net-zero carbon dioxide (CO_2) emissions by mid-century and implementing fundamental changes in how energy and resources are produced and utilized. Companies are central to this effort. The SBTi's Standards help companies transition toward business models compatible with a net-zero economy by addressing emissions across their operations and value chains, and by aligning their activities with a net-zero future. SBTi targets require companies to achieve net-zero greenhouse gas emissions by 2050, ensuring consistency with the Paris Agreement's long-term temperature goal while comprehensively addressing all major greenhouse gases.

Figure 1. Outcomes incentivized through SBTi Standards



The SBTi's vision is: "By 2050, the world will have transitioned towards a net-zero and equitable economy that serves the needs of the population within the limits of the planet". The Corporate Net-Zero Standard (CNZS) supports the SBTi's vision by incentivizing companies to deliver ambitious, science-based climate action.

CNZS Version 2.0 (V2.0) builds upon its earlier versions, aiming to provide a more comprehensive framework for science-based decarbonization and system transformation. It outlines steps for companies to rapidly reduce emissions, transform their business models, and scale up their net-zero aligned activities.

A.3 Terminology

Within the SBTi's criteria, the terms "shall," "should," and "may" are used as follows:

1. "Shall" indicates criteria and sub-criteria that are required as conditions for organizations that decide to submit science-based targets to the SBTi for validation.
2. "Should" indicates a recommendation. Recommendations are important as they reflect adherence to good practices, but are not required for validation.
3. "May" indicates an option that is permitted, allowed, or permissible.

The term "**can**" indicates possibility or capability, referring to options or actions available to the user. "**Must**" denotes external constraints that are not requirements of this document but are provided for informational purposes. For instance, "must" could pertain to compliance with applicable laws in a user's country, region, or sector, while "can" might describe permissible actions that do not affect validation–such as using a specific technology or approach to mitigate GHG emissions.

The SBTi Glossary provides a list of terms, definitions, and acronyms used in the SBTi's technical resources.

A.4 Framework of SBTi Standards

SBTi Standards are structured in a modular framework, comprising two cross-sector standards, the SBTi CNZS and the SBTi Financial Institutions Net-Zero (FINZ) Standard. The suite of SBTi Standards also includes multiple Sector Standards intended for use by the highest-emitting industries to complement the cross-sector standards. The term "Sector Standards" in this document refers to sector-specific SBTi documents, which may be variably entitled sector standards, sector criteria, or sector guidance.

The CNZS provides cross-sector requirements and recommendations for scope 1, scope 2, and scope 3 emissions, categories 1–14. The FINZ Standard provides requirements and recommendations for financial activities (scope 3, category 15).

All companies shall use CNZS 2.0 as their starting point, in which they are required to determine the applicability of SBTi Sector Standards (CNZS-C9). When a company falls within the applicability scope of an SBTi Sector Standard, it shall conform to that standard in addition to CNZS to seek validation. Companies also apply all criteria within CNZS, unless otherwise stipulated within the applicable Sector Standard. The Sector Resources Summary provides an overview of the available and planned Sector Standards and resources.

A.5 Scope of the SBTi Corporate Net-Zero Standard Version 2.0

SBTi Standards are intended for commercially operated private and public companies and financial institutions globally.

CNZS V2.0 includes two company categories based on company size[2] and geography[3] as set out in Tables 1 and 2, respectively:

- **Category A**:
  - Large companies
  - Medium-sized companies in high-income countries
- **Category B**:
  - Medium-sized companies in upper-middle, lower-middle, and low-income countries
  - Small & micro-sized companies

Table 1. Company size definitions and thresholds.

	Thresholds			
Company size	**Emissions**	**Balance sheet (US Dollars or Euros)**	**Net turnover worldwide (US Dollars or Euros)**	**Employee number**
Large *If at least one threshold is met.*	Not applicable	Not applicable	Over 450 million	Over 1,000
Medium *If at least two thresholds are met.*	Not applicable	Over 25m	Between 50 - 450 million	Between 250 - 1,000
Small & micro *If the emissions threshold and at least two other thresholds are met.*	Less than 10,000 tons CO_2e (scopes 1+2 combined)	Less than 25m	Less than 50 million	Less than 250

Table 2. Categorization by company size and geographical location.

Size	**Geography**	
	High-Income countries	**Low, lower-middle, and upper-middle income countries**
Large	A	A
Medium	A	B
Small & micro	B	B

[2] The USD and Euros figures are the same without conversion rate to avoid fluctuations.
[3] Countries are classified using the World Bank economic income categories.

A.6 Structure of the SBTi Corporate Net-Zero Standard

This Standard includes six chapters that aim to address the following:

1. NET-ZERO AMBITION: Companies agree, at the highest level, to set an ambition to work towards net-zero emissions by 2050 or earlier across their operations and value chain, embedding this goal within their commercial strategy. They commit to take near-term actions aligned with long-term objectives, signaling climate ambition to stakeholders and guiding business strategy, targets, investments, and conduct.

2. BASE YEAR ASSESSMENT: Companies define organizational and operational boundaries and develop a thorough understanding of climate-related performance in the target base year to help establish priority areas for action.

3. TARGET SETTING: Companies set science-based, measurable, and time-bound targets to improve their climate performance consistent with reaching net-zero emissions by mid-century.

4. TAKING RESPONSIBILITY FOR ONGOING EMISSIONS: Companies are incentivized to take responsibility for ongoing emissions through an optional recognition model. By 2035, Category A companies will be required to address a portion of their ongoing emissions. At the net-zero target year and beyond, all companies are required to neutralize the impact of their residual emissions.

5. ASSESSING PERFORMANCE AND RENEWING TARGETS: Companies evaluate and disclose performance against their targets at the end of each target cycle and set new targets to continue their net-zero transition.

6. SBTi CLAIMS: Companies ensure that all claims related to this Standard are accurate, verifiable, and adhere to high-integrity best practices and applicable regulations.

Structure

Each chapter in SBTi Standards includes a short background and describes how the criteria support its intended outcomes.

- **Criteria (CNZS-C#) and sub-criteria (C#.##**) indicate the requirements that companies shall conform to to be validated by the validation body.
- **Recommendations** (**R#**) indicate best practices that companies are encouraged to follow, but that are not validated.

Some criteria are marked “optional”, meaning companies may choose to follow them. If optional criteria are adopted, they shall be followed in full, including all related subcriteria, and shall be validated by the validation body.

The **Method Documentation**, which provides detailed explanations of the algorithms used in the target-setting methods of this Standard, and the **Pathway Documentation**, which

outlines the rationale for determining the pathways used for target-setting in this Standard, are available as reference materials.

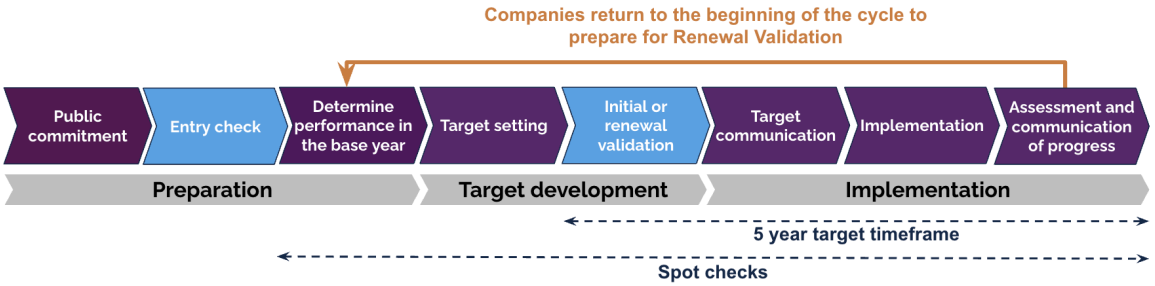
A.7 Validation model

This version of the CNZS introduces a cyclical validation model to support continuous improvement in companies' net-zero journey, with three assessment stages with potential for additional spot checks:

- **Entry Check:** Confirms a company's readiness and intention to set science-based targets by reviewing foundational criteria. This step represents an evolution of the SBTi's current "commitment" phase.
- **Initial Validation:** First full target validation against target-setting criteria, due within 12 months (for Category A entities) or 24 months (for Category B) of the Entry Check. May be combined with the Entry Check.
- **Renewal Validation:** Reviews progress against previously validated targets and sets new targets for validation. This assessment can also be triggered earlier due to significant changes such as a merger or acquisition.
- **Spot checks:** SBTi may carry out spot checks on companies and targets to confirm conformity with this Standard as a result of complaints, allegations, or as a follow-up from previous non-conformities.

This Standard indicates when each criterion is assessed under the "Assessment stage" sub-heading.

Figure 4. SBTi conformity assessment cycle.



In line with the Standard Operating Procedure for Development of SBTi Standards, the SBTi will develop criteria assessment indicators (CAIs) based on the criteria included in its standards to evaluate whether a company has met the required criteria. Conformity assessments will be carried out as described in the Standard Operating Procedure for Validation of SBTi Targets. Companies shall provide the validation body with all information required to assess conformance with this standard as stipulated by the CAIs. Companies shall also consent to the publication of key information on the SBTi website, as indicated within this standard.

A.8 Development process

Version 2.0 of the SBTi Corporate Net-Zero Standard is being developed through a formal and transparent multi-stakeholder process in accordance with the Standard Operating

Procedure for Development of SBTi Standards. A more detailed outline of the revision process can be found in the Project Terms of Reference.

The SBTi invites stakeholders to review the draft and share feedback via a public survey to help identify potential challenges or opportunities for improvement. In parallel, this draft is also undergoing pilot testing.

Stakeholders can submit feedback outside of the public consultation survey using the Project Feedback Form. Responses to feedback will be published in the Public Consultation Feedback Report. A Basis for Conclusions Report will be published alongside the final CNZS 2.0 to summarize the feedback and how it was addressed.

Within a maximum of five years and a minimum of one year of the date of approval of an SBTi Standard, the SBTi shall oversee a formal consultation to undertake a review of the Standard to ensure continued relevance and effectiveness. Review timing will be determined based on the evolving needs of stakeholders and advancements in the field.

A.9 Compliance with regulatory requirements

In addition to meeting the criteria within SBTi Standards, companies are responsible for meeting or exceeding national, subnational, and regional legislation and regulation in the countries where the Standards are applied on topics covered in the SBTi Standards.

A.10 Language and translations

The working language for SBTi Standards is English. As necessary, the SBTi may arrange translations of SBTi Standards into languages other than English. Translated versions of a Standard are for information only. In case of doubt, the official English-language version shall be deemed definitive.

Intended transition to the SBTi Corporate Net-Zero Standard Version 2.0

Companies setting new targets

Version 1.3 of this Standard continues to be a credible, well-established framework for companies worldwide to set science-based targets. Companies that have not yet set targets are encouraged to do so now, as efforts undertaken under Version 1.3 will continue to be relevant and provide a strong foundation for future alignment with Version 2.0.

Companies may continue to set new targets under the current Corporate Net-Zero Standard (V1.3) and Near-Term Criteria (V5.3) until December 31, 2027.

Once published, companies are encouraged to adopt the Corporate Net-Zero Standard Version 2.0. From January 1st, 2028, all companies will be required to use Version 2.0.

Companies with existing commitments

Companies with existing commitments are required to use a version of the Standard that is in effect at the time of submission.

Companies with existing near-term targets

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

The SBTi will provide further details through publication of transition guidance in due course.

1. NET-ZERO AMBITION

Background: Demonstrating corporate climate leadership requires embedding net-zero ambition into operations, signaling accountability toward global goals. Strong climate action is underpinned by robust governance, transparent reporting, and alignment of core business practices.

Intent: To position the company's ambition to be net-zero by 2050 as its guiding north star for target setting, ensuring that near-term actions align with long-term goals, supported by credible transition plans that demonstrate climate ambition to stakeholders.

CNZS-C1. 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.[4]

Company category: *Category A, Category B (optional)*
Assessment stage: *Entry Check, Initial Validation, Renewal Validation*

C1.1. **Boundary:** All operations, business units, subsidiaries, affiliates, and joint ventures covered within the company's organizational boundary, as defined in CNZS-C3, shall be included.

C1.2. **Mitigation targets**: Prior to completing the Initial Validation assessment, companies shall state their intention to set and implement targets to mitigate operational and value chain emissions in line with pathways consistent with reaching net-zero global CO_2 emissions by 2050.

C1.3. **Neutralization:** Companies shall state their intention to neutralize the impact of all residual emissions at and beyond their net-zero target year.

C1.4. **Responsibility:** Companies shall assign responsibility within their governance structures and/or leadership (e.g., C-suite level).

C1.5. **Approval:** The company's net-zero ambitions shall be formally approved and adopted by the company's highest governing body responsible for its strategic direction and public statements (e.g., the Board of Directors or equivalent), including agreement to embed this in commercial strategy.

C1.6. **Review mechanisms:** Companies shall develop mechanisms for periodic review, adjustment, and progress disclosure, acknowledging the ongoing and dynamic nature of the ambition.

C1.7. **Publication:** Companies [should / shall] publish their net-zero ambition in a publicly available and easily accessible location (e.g., company website or annual sustainability report).[5]

[4] For companies that operate in sectors that are expected to reach net-zero before 2050 (e.g. power generation), the net-zero ambition shall align with the target year specified within the applicable SBTi Sector Standard(s).
[5] Throughout this Standard, the terms "public", "publish" or "publicly" refer to publication through free and publicly available platforms such as the company's websites or annual reports, ensuring it is free of access barriers.

Recommendations:

R1.1. **Earlier net-zero:** Companies in high-income countries should set a net-zero ambition well before 2050, reflecting their greater institutional, financial, and technological capacity to lead the transition.

R1.2. **Policy engagement:** Companies should ensure that all public policy engagement, lobbying activities, and advocacy efforts are consistent with and supportive of their net-zero ambitions. Companies may follow policy engagement guidelines from best practice frameworks such as InfluenceMap, the UN Guide for Responsible Corporate Engagement in Climate Policy, or the Global Standard on Responsible Corporate Climate Lobbying.

CNZS-C2. Companies shall publish a transition plan to substantiate their targets and net-zero ambition within 12 months of Initial Validation.

Company category: *Category A, Category B (optional)*
Assessment stage: *Renewal Validation*

C2.1. **Applicability:** Category A companies shall develop a transition plan; Category B companies are strongly encouraged to do so.

C2.2. **Plan content:** Transition plans shall include a roadmap of the actions and corresponding timeframes to meet targets in a way that is consistent with reaching net-zero in 2050.[6] The plan shall include the following components:

a. **Target details:** All targets, including those required by applicable SBTi Sector Standard(s).[7]
b. **Actions:** How targets will be met, including through energy efficiency improvement, fuel switching, retrofitting assets, and replacing existing emitting assets with low-carbon alternatives at or before the end of their life; with a high-level roadmap beyond the near-term towards net-zero.
c. **Assumptions and dependencies:** Key assumptions and external dependencies.
d. **Fossil fuel phase out:** Description of approach to phase out the use and support of unabated fossil fuels, allowing only limited residual uses that will be neutralized to achieve net-zero.
e. **Costing:** The plan shall include costings and an indicative approach to financing.

C2.3. **Approval:** Transition plans shall be formally approved and adopted by the highest level of governance within the company (e.g., the Board of Directors or equivalent).

C2.4. **Review:** Companies shall review their transition plans every five years and update them as appropriate.

[6] The expected level of detail varies by timeframe, with concrete actions are expected for the near term (0–5 years), indicative actions for the medium term (5–15 years), and for the long term (beyond 15 years) the emphasis is on consistency with the net-zero target.
[7] The term “Sector Standards” in this document refers to sector-specific SBTi documents which may be variably entitled sector standards, sector criteria, or sector guidance.

Recommendations:

R2.1. **Guidance:** Companies should develop and publish transition plans in line with international standards and/or applicable national or sub-national regulatory frameworks, such as the Transition Planning Taskforce (TPT) Disclosure Framework, the disclosure requirements set out in ESRS E1-1 (“Transition plan for climate change mitigation”), and the accompanying implementation guidance published by the European Financial Reporting Advisory Group (EFRAG).

R2.2. **Transition support:** Category A companies should support Category B companies within their value chain in developing and implementing a transition plan through financial cooperation, capacity building, and/or technology transfer.

2. BASE YEAR ASSESSMENT

Background: By tracking a comprehensive set of metrics, including leading indicators that capture the transition of key activities and lagging indicators like absolute GHG emissions, companies can effectively manage their decarbonization progress. By monitoring these metrics, companies can focus on near-term actions where they will have the greatest impact, while using absolute emissions to confirm long-term progress over time.

Intent: Companies set clear organizational boundaries and select a base year that reflects their typical operations.

2.1 Organizational boundary and base year

CNZS-C3. **Companies shall define organizational boundaries that determine the scope for applying all SBTi Standards' criteria.**

Company segment: *All companies*
Assessment stage: *Entry Check*

C3.1. **Boundary definition:** Organizational boundaries shall be defined in accordance with the GHG Protocol Corporate Standard or aligned with financial statements.

C3.2. **Activity coverage:** Organizational boundaries shall include all relevant activities, including activities falling within the applicability scope of SBTi Sector Standard(s).

C3.3. **Subsidiaries:** Parent or group companies shall include the activities of all subsidiaries in their target submission.

C3.4. **Subsidiary-level targets:** Targets set at the subsidiary level shall explicitly state which legal entity is submitting a target.

Recommendations:

R3.1. **Group-level submission:** Companies should establish their organizational boundary at the parent or group level.

CNZS-C4. **Companies shall select a target base year that accurately reflects the company's structure and performance.**[8]

Company segment: *All companies*
Assessment stage: *Initial Validation, Renewal Validation*

[8]A target base year is not necessarily the same as an inventory base year. The inventory base year, as defined by the GHG Protocol (2004), is "a historic datum against which a company's emissions are tracked over time." In contrast, the target base year is the reference year chosen when setting targets. Unlike the inventory base year, the target base year is not fixed; it resets at the start of each new target cycle depending on the target-setting approach used.

C4.1. **Base year selection:** Companies shall select the most recent year with comprehensive data on emissions and other applicable metrics as their base year.[9]

C4.2. **Most recent year exception:** Companies may select a different target base year if the most recent year does not accurately reflect the company's structure and performance, and publicly report the justification for selecting this base year.[10]

C4.3. **Consistent base year:** Companies shall apply the target base year consistently across all targets, including the targets set by applicable Sector Standard(s).

C4.4. **Reference year communication:** Companies may choose to communicate their targets relative to an earlier reference year (e.g., base year from a previous target cycle).[11]

Recommendations:

R4.1. **Reporting consistency:** Reporting periods should align with the company's financial reporting cycle to ensure consistency between financial and emissions data.[12]

2.2 Determining performance in the target base year

CNZS-C5. **Companies shall determine the value of each applicable metric for the target base year.**

Company segment: *Category A, Category B (optional)*
Assessment stage: *Initial Validation, Renewal Validation*

C5.1. **Applicable metrics:** Companies shall use Tables A.1 and A.3 in Annex A to identify the metrics applicable to their operations and value chain.

C5.2. **Current performance:** Companies shall measure their current level of performance by calculating the values for the applicable metrics.

CNZS-C6. **Companies shall calculate an emissions inventory in accordance with the GHG Protocol Standards for the target base year.**

Company segment: *All companies*
Assessment stage: *Entry Check, Initial Validation, Renewal Validation*

[9] See the activity list in Table A.1-A.3, Annex A to identify which activities occur within operations and the value chain, and apply the specified metrics to those activities.
[10] For example, years with anomalies such as extended shutdowns, natural disasters, one-off events, or unusual economic conditions that have a significant impact on the company's climate performance.
[11] For example, if a company had previously set a target with a 2020 base year and a 2025 target year, it would use 2025 as the new base year when setting its next target (to establish the 2030 ambition). However, the company could still communicate this as an overarching target from 2020 to 2030.
[12] For example, if a company's financial year runs from April to March, then the data used for target-setting should also cover April to March, rather than the calendar year.

C6.1. **Inventory coverage:** The GHG emissions inventory shall:

a. **Scopes and gases:** Include all emission scopes and all GHGs (carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3), as well as the groups of hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs)).

b. **Sector requirements:** Include GHGs as required by applicable SBTi Sector Standard(s).

c. **Land, bioenergy, and removals:** Separately account for forest, land, and agriculture (FLAG) emissions and removals, bioenergy emissions, and both biogenic and technological removals in line with the GHG Protocol Draft Land Sector and Removals Standard.

d. **Scope 3 minimum boundary:** Define the minimum scope 3 boundary as per Table 5.4 of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

e. **Attributional accounting:** Account for emissions on an attributional basis.

f. **Complete accounting:** Account for all emissions, even if the activity does not meet the GHG Protocol principle of "relevance".[13]

C6.2. **Significant scope 3 emissions:** Companies shall identify:

a. **Scope 3 categories:** Scope 3 categories that individually account for at least five percent (≥5%) of the company's total scope 3 emissions.

b. **Priority emission sources:** Emission sources listed in Annex A.2 that fall within significant scope 3 categories and contribute equal to or greater than five percent (≥5%) of total scope 3 emissions. If the same emission source appears across multiple categories (e.g., freight transport in both upstream and downstream transportation) and its combined total exceeds the ≥5% threshold, companies may report it as significant, but this is not required.

C6.3. [**Bioenergy and bio-based feedstocks:** Companies using or producing bioenergy products and/or products from bio-based feedstock shall provide evidence of the following:

a. **Relevant data:** The data on land-related emissions and removals represent the relevant biomass feedstock.

b. **No deforestation:** The production of the biomass feedstock is not linked to deforestation.

c. **Certification:** The biomass is certified as sustainable by recognized external certification scheme(s), when available.[14]]

Recommendation:

R6.1. **Optional scope 3 categories:** Companies should account for optional emissions that fall outside the minimum boundary of scope 3 categories if they are expected to be significant.

[13] Emissions may be estimated where primary data is not available.
[14] The SBTi is currently developing a recognition framework for third-party certification schemes which will be used in the application of SBTi Standards when available.

CNZS-C7. Companies shall obtain third-party assurance of the calculated values for metrics used in target setting.

Company segment: *Category A, Category B (optional)*
Assessment stage: *Initial Validation, Renewal Validation*

C7.1. **Assurance coverage:** The assurance shall, at a minimum, cover scopes 1, 2, and significant scope 3 emissions categories and, where feasible, for other relevant target-setting metrics.

C7.2. [**Assurance level:** Companies shall obtain, at a minimum, limited assurance.]

C7.3. **Assurance body:** Assurance shall be conducted by an independent third-party organization, accredited by a recognized body, and in accordance with internationally recognized standards.[15]

C7.4. **Reporting:** Companies shall publicly report the information specified in Table B.1 (Annex B) in relation to their assurance process.

CNZS-C8. Companies shall publicly report on the target base year and target information.

Company segment: *All companies*
Assessment stage: *Entry Check, Initial Validation, Renewal Validation*

C8.1. **SBTi reporting:** At Entry Check, companies shall consent to the public release by the SBTi of the information specified in Annex B.

C8.2. **Public reporting:** Information about targets shall be published in a free, publicly available, and easily accessible location (e.g., company website or annual sustainability report).

C8.3. **Reporting requirements:** Companies shall publicly report the information specified in Annex B.

C8.4. **Timeframe:** Companies shall publicly report this information within six months of completing the validation process.

2.3 Applicability of SBTi Standards

CNZS-C9. Companies shall conform to all applicable SBTi Standards.

Company segment: *All companies*
Assessment stage: *Initial Validation, Renewal Validation*

C9.1. **Sector Standards:** Companies shall assess the applicability of SBTi Sector Standards. Where a Sector Standard applies and is mandatory, companies shall conform. Where Sector Standards are not mandatory (e.g., Steel Guidance), adoption is encouraged but optional.[16]

[15] The SBTi provisionally considers the CDP list of accepted verification standards as recognized standards.
[16] The applicability of each sector standard is provided in Table A.1, Annex A

C9.2. **FINZ Standard applicability:** Companies that generate 5% or more of their revenue from financial activities shall apply the FINZ Standard for their scope 3, category 15 emissions.

C9.3. **Criteria conformance:** Where criteria in a mandatory SBTi Sector Standard supersede those in this Standard, companies shall instead follow the Sector Standard.[17]

Recommendations:

R9.1. **Financial activities:** Companies generating less than 5% of their revenue from financial activities are recommended to use the FINZ Standard. This recommendation applies irrespective of whether emissions from these financial activities constitute more or less than 5% of their total scope 3 emissions.

[17] The SBTi plans to revise Sector Standards where relevant to ensure compatibility with this Standard.

3. TARGET SETTING

Background: After assessing climate performance, companies set targets to align with net-zero. Comparing performance to science-based benchmarks ensures targets are ambitious, credible, and tailored to companies' context.

Intent: 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.

3.1 General target setting

CNZS-C10. Companies shall set targets to address emissions from their operations and value chain consistent with their net-zero ambition.

Company segment: *All companies*
Assessment stage: *Initial Validation, Renewal Validation*

C10.1. **Separation of scopes:** Companies shall set separate targets to address scope 1, 2, and 3 emissions.

C10.2. **Target timeframe:**

a. Near-term targets shall cover a five-year period from the date of submission. At Initial Validation, companies may set targets with a shorter timeframe to align with their business or reporting cycle.

b. Long-term targets shall be set for 2050 at the latest, or earlier as required.

C10.3. **Mid-term targets:** Companies [shall / may] set mid-term targets covering a 10-year period from the date of submission to ensure continuity at the end of the 5-year timeframe

C10.4. **Target metrics:** Companies shall set targets using the metrics specified in Annex A and consistently apply those metrics throughout the target cycle.

C10.5. **Target ambition:** The target ambition shall meet or exceed the level applicable to the target metric and method specified in Annex A.

C10.6. **Maintaining net-zero alignment:** Where companies have already reached the net-zero aligned performance for a portion of activities or emission sources within their value chain, they shall maintain or further improve that level of performance.

C10.7. **Aggregation of GHGs:** Companies may aggregate distinct GHGs into a single CO_2-equivalent (CO_2e) metric unless otherwise specified in applicable Sector Standard(s).

C10.8. **Separation of FLAG targets:** FLAG targets shall be kept separate from (non-FLAG) targets.

C10.9. **Sector-specific targets:** When a company falls within the scope of an SBTi Sector Standard(s), companies shall set targets as required by these Standards.[18]

[18] Companies are not required to set separate targets for the same emissions already covered under an applicable Sector Standard. The SBTi intends to revise Sector Standards to ensure full compatibility with CNZS V2.0 upon publication.

C10.10. **Dependencies:** Companies shall publicly disclose the key dependencies that could significantly affect their ability to achieve their targets.

Recommendations:

R10.1. **Accelerated ambition:** Companies with the capacity to transition faster should establish targets that surpass the minimum requirements.

3.2 Scope 1 targets

CNZS-C11. Companies shall set near-term targets to reduce or eliminate emissions from sources owned or controlled by the company.

Company segment: *All companies*
Assessment stage: *Initial Validation, Renewal Validation*

C11.1. **Coverage**: Near-term targets shall cover 100% of scope 1 emissions through this Standard and any applicable Sector Standard(s).

C11.2. **Target-setting approach:** Companies shall set near-term scope 1 targets using any one of the eligible target-setting approaches (and associated metrics, methods, and pathways as defined in Table A.1, Annex A):[19]

a. **Emissions metric targets:** Targets to reduce scope 1 emissions, set on an absolute basis using the Linear Contraction method and/or on an intensity basis using the Sectoral Decarbonization Approach.

b. **Alignment targets:** Targets to increase the share of low-carbon activities in scope 1 at a rate consistent with the reference pathways.[20]

c. **Asset decarbonization plan targets:** Targets to reduce absolute emissions based on an asset decarbonization plan within a defined carbon budget. Companies using this approach shall:

i. **Determine emissions from relevant activities:** Quantify absolute emissions for each applicable scope 1 activity in the base year.

ii. **Carbon budget:** Establish a carbon budget covering the period from the target base year to 2050. Carbon budgets are derived using the Linear Contraction and/or Sectoral Decarbonization Approach (SDA) pathway(s) applicable to the company's scope 1 activities.

iii. [**Asset decarbonization strategy:** Develop a plan to abate, replace, or phase out the applicable assets that is consistent with the carbon budget. The asset decarbonization strategy shall be disclosed during Initial Validation, and include the measures, timelines, and investment plans to decarbonize assets, including efficiency

[19] Target-setting approaches are designed to address specific emission generating activities. If companies cannot meet the required coverage of 100% of scope 1 activities with a particular target-setting approach then it cannot be used.

[20] This method applies to space and water heating, medium temperature process heating, and operation of owned transport, phase out.

measures, fuel-switching, and asset replacement, phase-out, or abatement plans.[21]]

iv. **Cumulative emissions assessment:** Demonstrate how the intended measures maintain cumulative emissions within the company-specific carbon budget.

v. **Five-year milestones:** Companies shall estimate the emission reductions resulting from the implementation of their asset decarbonization plan based on five-year milestones.

C11.3. **Target aggregation:** Companies may aggregate their emission reduction targets across multiple activities for the purpose of communication.

Box 1: Asset Decarbonization Plan

This draft introduces a new option for addressing scope 1 emissions by combining a top-down budget allocation for target setting with a bottom-up Asset Decarbonization Plan for implementation. Linking the plan to a company's emissions budget ensures that decarbonization proceeds at a pace consistent with its net-zero ambition.

Straight-line reduction methods offer simplicity and comparability but fail to reflect sector-specific mitigation opportunities, barriers, and transition dynamics. In reality, emissions from capital-intensive assets decline in stepwise patterns as assets are retired, replaced, or retrofitted in discrete cycles rather than through continuous reduction. The asset decarbonization method accounts for these cycles, providing flexibility in decarbonization pathways while ensuring companies remain aligned with their long-term budget (defined by a Linear Contraction or Sectoral Decarbonization Approach).

CNZS-C12. Companies shall set long-term targets to reach residual emissions levels across all owned and operated assets by 2050 or earlier.

Company segment: *Category A, Category B (optional)*
Assessment stage: *Initial Validation, Renewal Validation*

C12.1. **Coverage**: Long-term targets shall cover 100% of scope 1 emissions through this Standard and any applicable Sector Standard(s).

C12.2. **[Applicability:** Companies with more than 5% of emissions from emissions-intensive activities listed in metrics 1e-1k, Table A2 (heavy industry and transport), and companies using the Asset Decarbonization Plan approach shall set long-term targets. Other companies are encouraged to set long-term scope 1 targets.]

C12.3. **Target-setting approach:** Companies shall set long-term scope 1 emissions metric targets on each applicable activity to reach the residual benchmark value (Table A.1, Annex A).[22]

[21] The SBTi is exploring the guardrails for asset replacement through further consultation, for example rules for asset replacement beyond a cut-off date, limits on investment prior to this date, and data requirements related to age of capital.

[22] The residual benchmark value corresponds to the lowest (most stringent) benchmark available in Table A.2, which is typically the 2050 value. However, for some activities (e.g., power generation), the lowest benchmark may occur at an earlier year.

C12.4. **Target aggregation:** Activity-specific targets may be aggregated into a single scope 1 emissions metric target.

CNZS-C13. Companies shall implement scope 1 targets using credible measures that are eligible under the applicable target-setting approach.

Company segment: *All companies*
Assessment stage: *Renewal Validation*

C13.1. **Accurate representation:** When sourcing low-carbon feedstocks or fuels, companies shall demonstrate that the applied emission factor (or applicable attribute) accurately represents the characteristics of the feedstock or fuel sourced.

C13.2. [**Integrity principles:** Contractual instruments conveying energy attributes for purchased low-carbon fuels or feedstocks shall, at a minimum, meet the relevant integrity principles (see illustrative principles in Annex E for initial guidance).]

3.3 Scope 2 targets

Disclaimer*: Scope 2 target formulation and related claims are subject to further in-depth technical and legal review.*

Box 2: Ongoing revisions to the Greenhouse Gas Protocol and their impact on scope 2 targets in CNZS V2.0

This draft introduces scope 2 criteria that include provisions for physical deliverability, hourly matching, and a commissioning or re-powering date limit. These provisions are informed by research demonstrating their increased impact on grid decarbonization when compared to current annual matching practices without deliverability restrictions or a facility age limit.

The Greenhouse Gas Protocol is also exploring related provisions in its ongoing multistakeholder revision process. The RE100 initiative and 24/7 Carbon-Free Coalition already specify hourly matching, physical deliverability, and a facility age limit phase-ins, exemptions, and legacy clauses. This draft currently references these as examples of how the SBTi could manage change in scope 2, but will seek to align with the Greenhouse Gas Protocol for the final Standard where possible.

CNZS-C14. Companies shall set near-term targets to address emissions from the electricity, steam, heat, and cooling they purchase and consume.

Company segment: *All companies*
Assessment stage: *Initial Validation, Renewal Validation*

C14.1. **Coverage:**

a. **Electricity:** ***Options for consultation***

i. [**Option 1:** Targets shall cover 100% of electricity (MWh) consumed, with the optional exclusion of markets where there is neither any

eligible low-carbon electricity product available from any electricity supplier meeting the relevant integrity principles[23], nor any Energy Attribute Certificate system for electricity generation.]

ii. [**Option 2:** Targets shall cover 100% of electricity (MWh) consumed, with the optional exclusion of markets where there is no eligible low-carbon electricity product available from any electricity supplier meeting the relevant integrity principles[24]]

iii. [**Option 3:** Targets shall cover at least 95% of electricity, i.e., allowing consumption in non-liberalized markets to be excluded.]

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

c. **Disclosure of exclusions:** Companies shall publicly state the proportion and amount of their total scope 2 emissions (location-based and market-based) and electricity consumption that are excluded and from which markets.

C14.2. **Target-setting approach:**

a. **Low-carbon electricity targets:** Companies shall set targets to linearly increase the percentage of low-carbon electricity purchased or matched through EACs to 100% by 2040 (metric 2e, Table A.1, Annex A).

b. **Emissions metric targets:** Companies may set additional targets on electricity using either the location-based or market-based scope 2 emissions metrics (2a or 2b, Table A.1, Annex A).

c. **Steam, heat, and cooling:** Where applicable, targets on steam, heat, and cooling shall be set using either location-based or market-based emissions metrics (2c or 2d, Table A.1, Annex A).

Recommendations:

R14.1. **Responsibility for scope 2 exclusions:** Companies should take responsibility for emissions excluded from scope 2 targets (see Chapter 4).

CNZS-C15. Companies shall set one or more long-term targets to address emissions from their purchased[25] and consumed electricity, heat, steam, and cooling.

Company segment: *Category A, Category B (optional)*
Assessment stage: *Initial Validation, Renewal Validation*

C15.1. **Coverage:** Long-term scope 2 targets shall cover 100% of the electricity, heat, steam, and cooling consumed by the company through this Standard and any applicable Sector Standard(s).

C15.2. **Target-setting approaches:** Long-term scope 2 targets shall be set using the low-carbon electricity (metric 2e, Table A.1, Annex A) and/or scope 2

[23] See illustrative integrity principles in Annex E for initial guidance.
[24] See illustrative integrity principles in Annex E for initial guidance.
[25] "Purchased" refers to energy that is purchased or otherwise brought into the organizational boundary.

emissions metrics, either location-based or market-based (metrics 2a, 2b, 2c, and 2d, Table A.1, Annex A).

CNZS-C16. Companies shall implement scope 2 targets using measures that are eligible under the applicable target-setting approach and satisfy quality criteria.

Company segment: *All companies*
Assessment stage: *Renewal Validation*

C16.1. **Eligible low-carbon electricity:** Electricity generated with direct GHG emissions equal to or less than 0.024 kg CO_2/kWh shall be considered as low-carbon[26].

C16.2. **Eligible contractual instruments:** Contractual instruments for low-carbon electricity purchased or matched shall convey exclusive use of the low-carbon attributes, and shall meet the GHG Protocol Scope 2 Quality Criteria (Table 7.1) as a minimum, and meet relevant integrity principles (see illustrative principles in Annex E for initial guidance).

C16.3. **Commissioning or re-powering date limit:** Low-carbon attributes shall be from generation facilities commissioned or re-powered in the past ten years, with a progressive tightening of this requirement to [five years by 2035].

a. **Eligible exemptions:** Companies may make exclusions from this limit as specified by Section 5 of the RE100 technical criteria for annual matching (C16.5), and by 3.2 of Section 5 of the 24/7 Carbon-Free Coalition Technical Criteria V1.0 for hourly matching (C16.6).

C16.4. **Physical deliverability:** Low-carbon electricity or attributes purchased shall be from electricity generated within the same region of physical deliverability as the company's electricity consumption, using the region definitions in the 24/7 Carbon-Free Coalition Technical Criteria V1.0.

a. **Electricity consumed from a non-grid source:** 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.[27]

C16.5. **Annual matching:** Low-carbon attributes shall be volumetrically matched with electricity consumption on an annual basis, or in conformance with vintage limitations in practice in the markets where the attributes are matched, for consumption years before 2030. For consumption years starting in 2030, C16.6 shall apply.

C16.6. **Phased introduction of hourly matching:** To promote best practices, this criterion will initially apply to a limited number of companies with significant influence. Companies with aggregate annual electricity consumption of ≥10 GWh within a single region of physical deliverability in the target base year shall phase in hourly matching in that region. *De minimis* sites (annual electricity purchasing <100 MWh) may be excluded. The phase-in shall follow

[26] Note: This is a conservative estimate of natural gas CCS with a 95% capture rate. Also note: The net-zero benchmark (long-term) for electricity purchasing is 0.001 kg CO_2/kWh in line with the SBTi Power Sector pathway, which reflects a mix of low-carbon sources.
[27] This is inconsistent with the 2015 GHG Protocol Scope 2 Guidance which requires these sources to be accounted for using their direct emissions factor in the market-based method.

this schedule, which will be kept under review with respect to technology and market developments and GHG Protocol revisions:

a. From 2030: at least [50%]
b. From 2035: at least [75%]
c. From 2040: at least [90%]

C16.7. **Eligible implementation approaches:** Companies may purchase low-carbon electricity or match their consumption of grid electricity with low-carbon energy attribute certificates. Where low-carbon electricity is purchased, its attributes shall be retired by or on behalf of the reporting company.

C16.8. **Disclosure of implementation approach:** For transparency in how the target is implemented and to ensure credible claims, companies shall publicly disclose the volume of low-carbon electricity purchased and the volume of electricity matched with low-carbon attributes.[28]

3.4 Scope 3 targets

Intent: Companies achieve a level of performance across their value chains that is compatible with a net-zero economy. Their procurement and production choices align with the goal of reaching net-zero by 2050.

CNZS-C17. Companies shall set near-term targets consistent with achieving net-zero value chain emissions by 2050 or earlier.

Company segment: *Category A, Category B (optional)*
Assessment stage: *Initial Validation, Renewal Validation*

C17.1. **Coverage:** Near-term targets shall cover significant scope 3 categories (i.e., those that represent ≥5% of total scope 3, as identified in CNZS-C6.2).

C17.2. **Exclusions:** Companies may exclude activities or emissions specified below:

a. Emissions from micro-SME suppliers[29]
b. Purchase of second-hand goods
c. Upstream emissions from purchased fuels and electricity, where emissions are already addressed through scope 1 and scope 2 targets
d. Transport where no contractual and other means of influence exist (e.g., on mode, route, or fuel type)
e. Employee commuting
f. Upstream leased assets where the company has no operational control.
g. Downstream emissions from sold intermediate products, where the end use is unknown
h. Processing of sold products where there is no contractual relationship with the processor

[28] The SBTi plans to provide more clarity on when low-carbon electricity can be considered “purchased” versus matched with attributes.
[29] Micro enterprises are defined as those with fewer than 10 employees and an annual turnover (the amount of money taken in a particular period) or balance sheet (a statement of a company's assets and liabilities) below €2 million (from EU definition).

i. Emissions from franchisees operating as independent businesses under license, where the franchisor cannot influence facility management, or where franchisees lease space and lack control over energy use

C17.3. **Reporting**: Companies shall publicly report exclusions with underlying justification as displayed in Annex B.

C17.4. **Overarching ambition:** Companies shall establish a headline target that defines the percentage of total scope 3 emissions they commit to address, together with the associated target date.

C17.5. **Intervention level:** Companies may take action and demonstrate performance against targets with interventions at the activity, value chain counterparty, activity pool, or sector level, subject to the conditions in CNZS-C19 and CNZS-C20 below.

CNZS-C18. Companies shall set targets using any target-setting approach eligible for the corresponding scope 3 category.

Company segment: *Category A, Category B (optional)*
Assessment stage: *Initial Validation, Renewal Validation*

Purchased Goods and Services (Category 1) and Capital Goods (Category 2)

C18.1. **Priority commodities:** Companies shall set individual targets for priority commodities that each represent ≥5% of total scope 3 [and for which they can reasonably influence these emissions (e.g., through direct procurement, sourcing of semi-finished products, or influence over product design and material specifications)]. Priority commodities, specified in Table A.2 (Annex A), include energy-intensive industrial commodities and land-use-intensive FLAG commodities. Eligible approaches to address each commodity include:

a. **Emission intensity target:** The average emissions intensity (tCO_2e/t) of the commodity meets the reference intensity benchmarks (see Table A.3).

b. **Volume alignment target:** At least 95% of purchased volume of commodities meet the reference intensity benchmarks for the milestone year (see Table A.3).

c. **Supplier alignment target with cascade:** At least 95% of purchased volume comes from suppliers that have aligned status.[30] If priority commodities (see Table A.3) are produced beyond tier 1, tier 1 suppliers shall demonstrate that they have cascaded this requirement to their suppliers through, e.g., contracts or supplier codes of conduct.

C18.2. **Other activities:** Companies shall set targets to address emissions from other activities. Eligible approaches include:

a. **Supplier alignment target:** Targets to increase the share of spend with tier 1 suppliers that have aligned status according to the thresholds in Table A.3 (e.g., 80% alignment by 2035).

b. **[Supplier energy alignment target:** Targets to increase the share of low-carbon energy in the supply chain based on best estimates of suppliers' energy use (MWh). The share of low-carbon energy shall

[30] See Glossary for definition of aligned counterparty.

increase in line with the milestones in Table A.3 (e.g. [x]% of low-carbon energy by 2035), reaching 100% by 2050. Targets shall be implemented through eligible measures adhering to scope 1 (CNZS-C13) or scope 2 criteria (CNZS-C16.1-16.5) as applicable.]

Upstream (Category 4) and Downstream (Category 9) Transportation and Distribution, and Business Travel (Category 6)

C18.3. Eligible approaches include:

a. **Emission intensity target:** The average emissions intensity (e.g., $gCO_2e/t{\cdot}km$) of transport activities (road, aviation, maritime) meets the reference intensity benchmarks (see Table A.3).

b. **Volume alignment target:** At least 95% of transport activity (measured in ton-km or vehicle-km) meets the reference intensity benchmarks (see Table A.3).

c. **Supplier alignment target with cascade:** At least 95% of transport activity comes from suppliers that have aligned SBT status. If transport activities are performed on the company's behalf beyond tier 1 suppliers, these tier 1 suppliers shall demonstrate that they have cascaded this requirement upstream to their suppliers through, e.g., contracts or supplier codes of conduct.

d. [**ZEV adoption:** Increase in the percentage of total transport activity (measured in ton-km or vehicle-km) delivered through zero tailpipe emission vehicles (ZEVs), consistent with sectoral readiness by mode (as defined in IEA NZE and ICCT transport pathways),[31] or in line with the weighted average milestones in Table A.3.]

Waste Generated in Operations (Category 5) and Upstream Leased Assets (Category 8)

C18.4. Eligible approaches include:

a. **Supplier alignment target:** Increase the share of procurement spend covered by suppliers with aligned SBT status in line with the thresholds in Table A.3.

b. [**Supplier energy alignment target:** Targets to increase the share of low-carbon energy in the supply chain based on best estimates of suppliers' energy use (MWh). The share of low-carbon energy shall increase in line with the milestones in Table A.3 (e.g., [x]% of low-carbon energy by 2035), reaching 100% by 2050. Targets shall be implemented through eligible measures adhering to scope 1 (CNZS-C13) or scope 2 criteria (CNZS-C16.1-16.5) as applicable.]

[31] Companies should report this metric as the percentage of total transport activity (ton-km or vehicle-km) delivered through ZEVs, disaggregated by mode where data allow, and may calculate a weighted average for overall progress in terms of average % ton-km or vehicle-km across modes carried out with ZEV.

Use of Sold Products (Category 11) and Downstream Leased Assets (Category 13)

C18.5. **Use of sold product emissions from fossil fuels:**[32] Companies shall address emissions from the sale of i) fossil fuels (coal, oil, gas)[33] 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, and iv) products that contain or form GHGs that are emitted during use phase using any of the following eligible approaches:

a. [**Option 1 - Revenue phase out:** Phase out revenue on a linear trajectory from the target base year to 0% by 2050.]
b. [**Option 2 - Sales alignment plan:** Companies demonstrate their measures, timelines, and investment plans to phase out the sale of fossil fuels and related products/services and grow the share of revenue from net-zero aligned products to 100% by 2050 with 5-year milestones.]

C18.6. **Use of sold product emissions from electrified products:** Companies shall address emissions from the use of sold electrified products using any of the following eligible approaches:

a. **Customer alignment target:** Increase the share of revenue covered by customers with aligned status in line with the thresholds in Table A.3;
b. **Energy efficiency alignment target:** Increase the share of revenue or units sold from electrified products that meet best-practice energy efficiency standards (e.g., EU Energy Label "A" rating) on a linear trajectory from the target base year to at least 95% by 2040.
c. [**Customer electricity alignment target:** Targets to increase the share of low-carbon electricity used for sold products (MWh). The share of low-carbon electricity shall increase in line with the milestones in Table A.3 (e.g. [x]% of low-carbon energy by 2035), reaching 100% by 2040. Targets shall be implemented through eligible measures adhering to scope 2 criteria (CNZS-C16.1-16.5).[34]]

End-of-Life Treatment of Sold Products (Category 12)

C18.7. **Circularity target:** Set targets to increase the share of products sold (by revenue or units) that have verified circular end-of-life solutions following a linear trajectory from the target base year to at least 95% by 2050. Circular end-of-life solutions shall be demonstrated through credible circular economy product standards, such as *Cradle to Cradle*, *ISO 59040*, or *WRAP Circular Living Standards*.

Processing of Sold Products (Category 10) and Franchises (Category 14)

C18.8. Eligible approaches include:

[32] Product types i) fossil fuels and ii) services are subject to product specific significance thresholds. Products iii) and iv) are subject to the same ≥5% Scope 3 significance threshold at the category level as other categories.
[33] This requirement does not apply to companies in the fossil fuel sector that are subject to the SBTi's Oil and Gas Policy.
[34] The SBTi will monitor ongoing developments in the GHGP Scope 2 and Scope 3 TWGs to inform this criterion.

a. **Customer engagement target:** Increase the share of revenue covered by customers, downstream processors, or franchises with aligned SBT status.
b. [**Customer energy alignment target:** Targets to increase the share of low-carbon energy used by processors and/or franchisees based on best estimates of their energy use (MWh). The share of low-carbon energy shall increase in line with the milestones in Table A.3 (e.g., [x]% of low-carbon energy by 2035), reaching 100% by 2050. Targets shall be implemented through eligible measures adhering to scope 1 (CNZS-C13) or scope 2 criteria (CNZS-C16.1-16.5) as applicable.]

Recommendations:

R18.1. **Third-party validation of supplier/customer SBT status:** Counterparties (e.g., suppliers and customers) should set targets in alignment with recognized science-based standards and obtain third-party validation.
R18.2. **Significant optional scope 3 emissions:** Companies should set separate targets on optional scope 3 emissions (see Table 5.4, GHG Protocol Scope 3 Standard) when they represent 5% or more of total scope 3 emissions. When setting targets on optional scope 3 emissions, companies shall follow the eligible approaches for the corresponding category outlined in C18.

CNZS-C19. **Where an activity is embedded within an activity pool[35] and traceability to the individual emission source is not feasible, companies may take action and demonstrate performance against alignment targets at the activity pool level.**

Company segment: *Category A, Category B (optional)*
Assessment stage: *Initial Validation, Renewal Validation*

C19.1. **Demonstrating performance:**
a. **Emission intensity target:** Companies shall rely on average emissions intensity at the activity pool level to show alignment with Table A.3 reference intensity benchmarks.
b. **[Volume or counterparty energy/electricity alignment target:** Companies may:
i. Rely on average emissions intensity at the activity pool level to show alignment with Table A.3 reference intensity benchmarks.
ii. Where companies are unable to source aligned commodities from the individual source, they may support the scale-up of low-carbon alternatives at the “activity pool” level by procuring unbundled energy and commodity environmental attribute certificates (EACs) from low-carbon sources originating from the pool to meet alignment targets, meeting the following requirements:

[35] E.g., upstream supply shed or transport operation category, or downstream electricity grid.

1. Energy and commodity EACs shall represent performance in line with Table A.3 reference intensity benchmarks for the relevant activity.
2. The volume of energy and commodity EACs shall correspond to the cumulative target volume over the target period and should be purchased progressively, provided the full requirement is met by the target year.[36]
3. Energy and commodity EACs shall be issued and retired within the same 24-month period in which the equivalent purchased product was produced.
4. Energy and commodity EACs shall correspond to the same activity pool from which the company sources or feeds into.
5. Companies shall purchase energy and commodity EACs generated as close as possible to the location where the corresponding activity in the company's value chain physically occurs.]

c. **Supplier alignment target:** Companies may drive the adoption of science-based targets [or net-zero aligned practices] in the activity pool from which the activity is sourced or to which it is sold to a level that is commensurate with the volume sourced from the pool.

C19.2. **Justification:** Companies shall:

a. Provide a justification for addressing the emissions source at the activity pool level.
b. Demonstrate that the emissions source falls within the defined activity pool boundary.
c. Credibly establish the activity pool's climate performance through robust and transparent data and methods.
d. [Placeholder for further credibility safeguards and options for activity pool interventions - see Box X.]

C19.3. **Reporting**: If companies choose to report on the emissions impact from activity pool interventions beyond what is allocated to the company according to attributional accounting, these impacts shall be reported separately from the company's GHG inventory, in accordance with GHG inventory accounting rules.

Box 3: Activity pools

The information below is informed by a forthcoming paper from the Value Change Initiative: Activity pools exploration by VCI.

Recognizing the difficulty companies face in tracing every value chain activity, this draft includes the concept of activity pools (Brander & Bjørn, 2023) as part of the target-setting framework. Activity pools provide functionally equivalent goods or services within a clearly

[36] For example, if a company has set an alignment target to reach ≥95% aligned steel by 2030 and the company purchases 100 tons of steel during their target period (2025–2030), in order to address the equivalent volume through the purchase of EACs, the company would need to purchase EACs demonstrating the specified steel intensity benchmark value matched to ≥95 tons of steel. If the company had already purchased 20 tons of steel directly from aligned sources, the company would only need to purchase EACs for at least the remaining 75 tons by 2030.

defined geographic or operational boundary. An activity pool reflects a physical area or network that serves the reporting entity, with goods or services that can be considered interchangeable. Examples include:

- **Land-based supply shed** (e.g., LSRG)**:** A specific area supplying biogenic raw materials to the first collection or processing point.
- **Transport operation categories** (GLEC): Group of transport operations with shared features (mode, route, cargo, or trade line).
- **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.

By taking action at the pool level, companies may more feasibly address scope 3 emissions within their target boundary. This draft proposes that companies may address emissions covered by targets at the activity pool level by:

- Sourcing from pools that meet a specified reference intensity benchmark.
- Supplier engagement targets that drive the adoption of science-based targets [or net-zero aligned practices] in the activity pool.
- Purchasing aligned EACs for commodities from the pool, matched to the annual physical volume of goods or services covered by targets.

The SBTi is seeking feedback on:

- Additional potential activity pool interventions (e.g., company contributions that directly improve the performance of a sourcing pool).
- Credibility safeguards for defining pool boundaries and ensuring claims. These include:
  - **Functional equivalence:** Goods/services are substitutable and provide the same utility.
  - **Physical connectivity:** Demonstrable probability that purchases/services are physically served by the pool.
  - **Geographic and operational clarity:** Pools represent real sourcing regions, logistics routes, factory clusters or grids, and avoid overly broad or overlapping pools. Boundaries must be disclosed.
  - **Temporal relevance:** Emission factors (EFs) quantifying pool performance correspond to the reporting year. Where unavailable, data from within the past three years is used, with justification and an update plan. Short-lived interventions (e.g., fuels) correspond to the same reporting period.
  - **Emission factors:** Use the most representative, minimally disaggregated emission factor available, together with justification.
  - **Double-counting safeguards:** Apply residual averages for non-participating actors and consider independent registries (or equivalent controls) to manage claims where multiple buyers share a pool.
  - **Transparency & MRV:** Public disclosure of pool boundaries, emission factor methodology, chain of custody models, allocation rules, and reconciliation periods. Third-party verification is required for pooled claims.

CNZS-C20. **Where companies are unable to source sufficient volumes of aligned goods or services, they may support the scale-up of low-carbon alternatives at the sector level by procuring unbundled energy or commodity EACs from low-carbon sources to meet volume alignment targets.**

Company segment: *Category A, Category B (optional)*
Assessment stage: *Initial Validation, Renewal Validation*

C20.1. **Unbundled EACs:** When energy and commodity EACs are used, companies shall purchase EACs equivalent to the remaining share of activity required to meet their volume alignment target, after taking into account volumes procured from aligned sources.
   a. Energy and commodity EACs shall represent performance in line with Table A.3 reference intensity benchmarks for the relevant activity.
   b. The volume of energy and commodity EACs shall correspond to the cumulative volume over the target period and should be purchased progressively, provided the full requirement is met by the target year.[37]
   c. Energy and commodity EACs shall be issued and cancelled within the same 24-month period in which the equivalent purchased product was produced.
   d. Companies shall purchase energy and commodity EACs generated as close as possible to the location where the corresponding activity in the company's value chain physically occurs.

C20.2. **Integrity principles:** Energy and commodity EACs shall meet the relevant integrity principles (see illustrative principles in Annex E for initial guidance).

C20.3. **Timeframe:** Companies shall only use energy and commodity EACs on an interim basis and shall progressively reduce reliance on energy and commodity EACs, transitioning towards actions with direct physical connectivity to their value chain.

C20.4. **Reporting:** If companies choose to report on the emissions impact from energy and commodity EACs, these impacts shall be reported separately from the company's GHG inventory, in line with GHG inventory accounting rules.

C20.5. **Justification:** Where energy and commodity EACs are used, companies shall justify and publicly disclose their use, demonstrating that low-emission alternatives are not accessible, due to:
   a. **Early-stage solutions:** The activity depends on solutions identified on recognized readiness lists (e.g., *AIM Platform Critical Technologies, IEA ETP*) that are not yet commercially available at scale; or
   b. **Location-bound activities:** Alternatives are unavailable due to region-specific infrastructure, regulatory, or supply constraints.

[37] For example, if a company has set an alignment target to reach ≥95% aligned steel by 2030 and the company purchases 100 tons of steel during their target period (2025–2030), in order to address the equivalent volume through the purchase of EACs, the company would need to purchase EACs demonstrating the specified steel intensity benchmark value matched to ≥95 tons of steel. If the company had already purchased 20 tons of steel directly from aligned sources, the company would only need to purchase EACs for at least the remaining 75 tons by 2030.

Additional reporting requirements

C20.6. **Target aggregation:** Companies may aggregate targets for communication purposes as (i) the total percentage of upstream and downstream volume, (ii) the total percentage of spend on aligned tier 1 suppliers, and/or (iii) the total percentage of revenue from aligned customers, [(iv) total percentage (MWh) counterparty low-carbon energy alignment.]

C20.7. **Transition plan:** Companies shall describe intended actions at each level (activity, supplier/customer, activity pool, sector) in their transition plans and the share of total scope 3 emissions addressed.

C20.8. **Alignment targets:** Companies shall report the portion of scope 3 alignment targets addressed at each level (activity, supplier/customer, activity pool, sector).

C20.9. **Emissions intensity targets:** Companies shall report progress against emissions intensity targets in accordance with GHG Protocol inventory accounting standards.

CNZS-C21. Companies may set one or more long-term targets to reach net-zero emissions across their value chains by 2050 or earlier.

Company segment: *Optional for all companies*
Assessment stage: *Initial Validation, Renewal Validation*

C21.1. **Target-setting approach:** Scope 3 long-term targets shall be set on an absolute emissions metric basis.

C21.2. **Coverage:** 100% of scope 3 emissions shall be covered within long-term targets, through this Standard and any applicable Sector Standard(s).

4. TAKING RESPONSIBILITY FOR ONGOING EMISSIONS

Background: Companies will continue to emit GHGs on the path to net-zero. By taking responsibility for these ongoing emissions, they can help limit temperature overshoot, reduce transition risks, and support climate solutions. To encourage this, the SBTi is launching an optional recognition program for ongoing emissions responsibility.

Taking responsibility for ongoing emissions will remain optional until 2035, after which Category A companies will be required to take increasing responsibility for these emissions. By their net-zero year, all companies shall neutralize 100% of their residual emissions or, in the case of indirect value chain emissions, ensure that these emissions are neutralized by their value chain counterparties.

Intent: Companies take responsibility for the impact of their ongoing emissions as they transition to net-zero and neutralize the impact of their residual emissions by their net-zero target year and thereafter.

Box 4: Ongoing emissions framework summary

Companies will be publicly recognized for voluntarily taking responsibility for their ongoing emissions ahead of their net-zero target year by delivering supplementary mitigation outcomes and deploying climate finance. Companies can earn recognition across two labels - Recognized and Leadership - which are distinguished by the level of responsibility demonstrated:

1. **Recognized**: All companies that take responsibility for a share of their ongoing emissions through supplementary climate contributions will receive the “Ongoing Emissions Responsibility Recognized” status, provided they meet a minimum threshold. The threshold is intentionally set low (1% of ongoing scopes 1–3 emissions over the target timeframe) to ensure feasibility and accessibility across sectors.

2. **Leadership**: Companies that fully internalize the cost of climate change will receive the “Ongoing Emissions Responsibility Leadership” status. Companies must deploy a minimum volume of finance towards climate action and deliver a minimum volume of mitigation outcomes. The minimum funds shall be determined by applying a carbon price to 100% of ongoing emissions. The minimum volume of mitigation outcomes shall be equivalent to 40% of ongoing emissions.

Companies are further differentiated through transparent disclosure across two contribution types: Mitigation Impact Contributions, which are recorded in metric tons of CO_2 equivalent (tCO_2e), and Climate Finance Contributions, which are recorded as financial expenditures (in a specific unit of currency). This disclosure is designed to enable fair peer comparison and provide a reputational incentive for companies to increase ambition over time.

From 2035, a mandatory minimum responsibility requirement will be introduced for all Category A companies. This requirement sets the expectation for companies to build toward the long-term neutralization rules that apply at their net-zero target year by taking

responsibility for a portion of their ongoing emissions through the delivery of quantified mitigation outcomes, including a defined share of long-lived removals (e.g., capable of retaining carbon for centuries to multiple millennia). The SBTi is consulting on what mandatory responsibility level is appropriate to introduce in 2035. Furthermore, as this requirement is operational from 2035, this version of the Standard does not specify the required share of long-lived removals, which is expected to change in line with emerging science over the coming decade. This detail will be specified in future revisions of the Standard – prior to 2035 – in line with the best available science at the time.

The recognition model described above will operate in parallel to the 2035 requirement and will be available to all companies that surpass the minimum requirement.

At the net-zero target year, all companies, regardless of category, shall neutralize 100% of their residual emissions across scopes 1, 2, and 3.

SBTi integrity principles will define the minimum attributes that mitigation outcomes and finance are required to meet, clarifying what qualifies for recognition and future requirements. Initial high-level integrity principles for pilot testing and consultation are presented in Annex E.

4.1 Ongoing emissions responsibility disclosure

CNZS-C22. **During validation, companies shall disclose whether they plan to take responsibility for the impact of their ongoing emissions during the upcoming near-term target timeframe.**

Company segment: *All companies*
Assessment stage: *Initial Validation, Renewal Validation*

C22.1. **Level of participation:** Companies shall disclose to the SBTi whether they plan to take responsibility for the impact of at least 1% of ongoing scopes 1–3 emissions within the next target timeframe.[38]

C22.2. **Rationale:** Companies that do not plan to do so shall provide an explanation.

4.2 Optional recognition program

CNZS-C23. **Companies seeking "Recognized" status shall take responsibility for the impact of 1% or more of ongoing emissions (scopes 1, 2, and 3) over the near-term target timeframe through supplementary climate contributions.**

Company segment: Optional for *all companies*
Assessment stage: *Renewal Validation*

[38] As per C25.1 and Table B.2 in Annex B, this information will be disclosed to the SBTi, and publicly displayed by the SBTi,,,.

C23.1. **Eligibility:** The following target performance conditions shall apply for companies to be eligible for recognition:

a. **No previous performance assessment**: Companies without a previous performance assessment against an SBTi validated target are eligible for recognition.

b. **Previous performance assessments:** Companies with a previous performance assessment against an SBTi validated target shall only be eligible for recognition if they have delivered a minimum of 90% performance on all targets within the applicable target cycle.

C23.2. **Responsibility approaches:** Companies shall select one of the following approaches:

a. **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.

b. **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.

C23.3. **Eligible activities:** Companies shall take the following measures and ensure they meet the relevant integrity principles *(see illustrative principles in Annex E for initial guidance)*:

a. **Ex-post mitigation:** Activities that deliver ex-post measurable and verifiable mitigation outcomes expressed in metric tons of CO_2 equivalent, deriving from any of the following activities:

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

ii. Activities that conserve, protect, and enhance natural carbon sinks; and/or

iii. Activities that capture and store carbon in storage pools.

b. **Carbon price approach:** Support for any of the following climate action categories (that are defined in the SBTi glossary):

i. Ex-post mitigation activities (per C23.3a)

ii. Ex-ante (i.e., forward-looking) mitigation funding

iii. Low/zero-carbon R&D and innovation funding

iv. Funding for mitigation-enabling outcomes

v. Funding for adaptation and resilience outcomes

vi. Loss and damage finance

C23.4. **Carbon price disclosure:** Companies following this approach (C23.3b) shall publicly report their chosen carbon price and the method used to determine it.

C23.5. **Shared responsibility for ongoing scope 3 emissions:** Companies may share responsibility for scope 3 ongoing emissions using either one of the following approaches:

a. **Value chain collaboration:** Responsibility may be co-claimed or co-financed by multiple value chain partners for emissions that appear in more than one company's GHG inventory[39], provided there is credible evidence that at least one party has actively assumed responsibility**.**

[39] For instance, where an emission is reported as scope 1 by one company and as scope 3 by another.

b. **Carbon price differentiation:** Companies may apply a differentiated internal carbon price to their scope 3 emissions, relative to scopes 1 and 2, if they can demonstrate that another value chain partner has also taken responsibility for the same emissions.

C23.6. **Claims:** Companies that meet the above recognition criteria and public reporting criteria in CNZS-C25 shall be eligible to make claims related to Ongoing Emissions Responsibility as per Annex D.

Recommendations:

R23.1. **Prioritization:** Companies should prioritize funding mitigation outcomes that maximize climate outcomes, address financing gaps (particularly by funding mitigation in lower-income countries with concessional finance to support and enhance Nationally Determined Contributions - NDCs), provide social and environmental co-benefits, and advance climate equity.[40]

R23.2. **Minimum carbon price:** Companies following the carbon pricing approach should apply an average carbon price of at least USD 20/tCO_2e across their ongoing emissions (scopes 1, 2, and 3). This price is not intended to reflect best practice, but is based on current corporate practice and SBTi research showing it can incentivize a mix of lower- and higher-cost mitigation actions.[41]

CNZS-C24. Companies seeking "Leadership" status shall take responsibility for the impact of 100% of their ongoing emissions (scopes 1, 2, and 3) over the near-term target timeframe through supplementary climate contributions.

Company segment: *Optional for all companies*
Assessment stage: *Renewal Validation*

C24.1. **Eligibility:** Companies shall only be eligible for "Leadership" status if they meet the target performance conditions outlined in C23.1.

C24.2. **Determining a financial budget:** Companies shall apply a carbon price to 100% of their ongoing emissions (scopes 1, 2, and 3) over the near-term target timeframe to determine a financial budget.

a. **Carbon price requirements:** Based on well-established carbon pricing methodologies, companies shall apply a price of at least USD 80/tCO_2e and disclose the details according to the reporting requirements in Annex B, Table B.2.[42]

C24.3. **Minimum ex-post mitigation requirement:** Companies shall use the financial budget determined in C24.2 to support activities that deliver ex-post

[40] See Annex B of the SBTi Above and Beyond Report for further details on these principles.

[41] This recommended minimum price will be kept under review.

[42] The SBTi has reviewed different approaches for determining a science-based carbon price, including the social cost of carbon (SCC) and the target-consistent carbon price. . These approaches produce a wide range of estimates and are subject to inherent uncertainties. Based on this assessment, the SBTi has selected a price of at least USD 80/tCO_2e as the benchmark for "Leadership" recognition. This value reflects the lower end of estimates and will be reviewed and updated in line with evolving science and international best practice.

mitigation outcomes (per C23.3a) equivalent to at least 40% of ongoing (scopes 1, 2, and 3) emissions over the near-term target timeframe.

C24.4. **Additional funding for climate action:** Companies shall deploy any remaining financial budget after meeting C24.3 to fund outcomes to support any of the climate action categories listed in C23.3b.

C24.5. **Shared responsibility for ongoing scope 3 emissions:** Companies may share responsibility for scope 3 ongoing emissions per C23.5.

C24.6. **Category B company applicability:** Category B companies may take responsibility for 100% of scopes 1 and 2 ongoing emissions for "Leadership" recognition status.

C24.7. **Claims:** Companies that meet the above recognition criteria and public reporting criteria in CNZS-C25 shall be eligible to make claims related to Ongoing Emissions Responsibility as per Annex D.

Recommendations:

R24.1. **Prioritization:** Companies should follow R23.1.

CNZS-C25. Companies seeking recognition for their ongoing emissions responsibility shall disclose their actions and contributions to the SBTi for public display and ensure that all contributions adhere to integrity principles.

Company segment: *All companies (optional)*
Assessment stage: *Initial Validation and Renewal Validation*

C25.1. **Reporting:** Companies shall publicly report the information outlined in Annex B, Table B.2.

C25.2. **Integrity principles:** All contributions made under CZNS-C23 and CNZS-C24 shall meet the relevant integrity principles *(see illustrative principles in Annex E for initial guidance)*.

C25.3. **Disbursement**: Companies shall fully disburse all funds towards climate action under CZNS-C23 and CNZS-C24 within the target timeframe.

C25.4. **Independent Verification:** Companies shall obtain independent third-party verification, at a minimum limited assurance, to confirm compliance with the relevant integrity principles *(see illustrative principles in Annex E for initial guidance)* and disbursement of funds within the target timeframe.

Recommendations:

R25.1. **Strategic alignment:** Companies should indicate to the SBTi how their funding of mitigation outcomes aligns with the prioritization principles described in R23.1.

CNZS-C26. **Companies seeking recognition for taking responsibility for ongoing emissions shall ensure that the resulting mitigation outcomes are not counted towards value chain targets.**

Company segment: *All companies (optional)*
Assessment stage: *Initial Validation and Renewal Validation*

C26.1. **No double counting:** Companies shall not count mitigation outcomes delivered for ongoing emissions responsibility towards SBTi value chain targets (scope 1, 2, or 3).

C26.2. **No netting:** Companies shall not net mitigation outcomes delivered for ongoing emissions responsibility from their GHG inventory.

C26.3. **Inventory reductions:** Emission reductions reported in the company's scope 1, 2, or 3 inventory, in line with GHG Protocol accounting rules, shall not be counted toward ongoing emissions responsibility. Reductions associated with Scope 3 Category 15 (Investments) fall outside the Corporate Net-Zero Standard and are covered under the SBTi Financial Institutions Net-Zero Standard if significance thresholds are met.

C26.4. **Inventory outcomes for financed activities:** If a company finances an activity reported as a Climate Finance Contribution (e.g., R&D, innovation, or ex-ante mitigation) that subsequently results in reductions or removals within the company's own inventory boundary, those outcomes shall be reported in the inventory, not as a Mitigation Impact Contribution.

C26.5. **Inventory removals:** Removals reported in the company's inventory may count toward ongoing emissions responsibility only if they are not also counted toward progress against other SBTi targets.

CNZS-C27. **Companies seeking recognition shall ensure that mitigation outcomes counted toward ongoing emissions responsibility are not simultaneously claimed by another entity for compliance, offsetting, or compensation purposes.**

Company segment: *All companies (optional)*
Assessment stage: *Initial Validation and Renewal Validation*

C27.1. **Credit retirement:** When purchasing carbon credits for the purpose of ongoing emissions responsibilities, companies shall ensure that credits are permanently retired and cannot be resold or transferred for further use.

C27.2. **Credit-generating activities:** When companies provide climate finance that supports activities generating carbon credits, the associated mitigation outcomes may only be recorded as a Mitigation Impact Contribution if those credits are not subsequently sold or used by others for offsetting, compensation, or compliance purposes. In such cases, only the financial contribution may be recognized as a Climate Finance Contribution.

4.3 Post-2035 Responsibility Requirement

Disclaimer: *This illustrative requirement sets the intention for companies to gradually take responsibility for the impact of their ongoing emissions from 2035 onwards. The requirement and accompanying information (Box 5) are provided for illustrative purposes only. As this requirement is expected to take effect from 2035, the criteria will be reviewed in the next major revision of the Standard (Version 3) to reflect the best available science at the time. The SBTi is seeking feedback on the proposed approach as part of this consultation.*

CNZS-C28. **From 2035, companies shall take responsibility for the impact of a portion of their ongoing emissions by undertaking supplementary mitigation action.**

NOTE: *This criterion is subject to revision before it takes effect.*

Company segment: *Category A (mandatory); Category B (optional)*
Assessment stage: *Validations or revalidations after 2035*

C28.1. **Responsibility level:** From 2035, companies shall take responsibility for at least **[X]%** of their ongoing emissions (scopes 1, 2, and 3), rising linearly to 100% by 2050.[43]

C28.2. **Eligible activities:** To meet C28.1, companies shall support activities that deliver short-lived removals (e.g., capable decadal storage) and long-lived removals (e.g., capable of retaining carbon for centuries to multiple millennia), following the storage classification provided in the IPCC AR6 WGIII report (Chapter 12, Box 8).[44]

C28.3. **Mitigation outcome share:** A defined portion of the portfolio of mitigation outcomes used to meet C28.1 shall be long-lived removals. The minimum required share of long-lived removals shall increase over time, informed by the best available scientific evidence.[45]

[43] The SBTi is exploring what level of mandatory responsibility is appropriate to introduce from 2035 onwards for Category A companies. Initial economic feasibility analysis indicates that 1% of scopes 1, 2 and 3 ongoing emissions could be a reasonable starting point.
[44] The SBTi is exploring an atmospheric like-for-like option for the FLAG sector for emissions covered by the FLAG Guidance. This would mean that short-lived residual emissions from land-based activities (e.g., methane from agriculture) could be addressed through removals stored in short-lived reservoirs. This is to avoid placing expectations on farmers and land managers on financing removals with long-lived storage and avoid placing an undue financial burden on the agricultural sector.
[45] The potential storage timescale of a carbon pool is determined by the natural physical, chemical, and biological properties of the storage medium – for example, whether carbon is stored in rock, soil, or biomass. However, actual permanence may be affected by human or natural disturbances. This applies even to storage types with high durability potential (e.g. geological storage, per IPCC AR6 WGIII Chapter 12, Box 8). There is, however, growing interest in whether contractual, financial, or stewardship mechanisms could provide credible guarantees to ensure continuity of storage over climate-relevant timescales (e.g., centuries to millenia) and thus whether these could offer climate-equivalent permanence to that achieved IPCC classified “long-lived reservoirs. The SBTi intends to issue a call for evidence on their potential role.

Box 5: Illustrative Post-2035 Responsibility Requirement

CNZS-C28 proposes a requirement for Category A companies to take responsibility for a portion of their ongoing emissions from 2035 onward, through the delivery of supplementary ex-post removal outcomes. As per C28.3, a minimum share of these outcomes must be stored in long-lived carbon reservoirs, reflecting the need to build and scale durable carbon removal capacity over time. However, this current draft does not specify the required share of long-lived removals.

If implemented in line with current scientific understanding, CNZS-C28 would, for illustrative purposes, result in long-lived removal outcomes representing approximately 17% of mitigation outcomes in 2035. This share would be expected to increase over time, as shown in the table below. These indicative values are based on the median share of long-lived removals observed in IPCC climate scenarios consistent with limiting warming to 1.5°C with no or limited overshoot.

	2035	2040	2045	2050
Illustrative share of total mitigation outcomes delivered as removals stored in long-lived reservoirs	17%	26%	32%	41%

The SBTi has not yet integrated this level of specificity into CNZS-C28, as the role of removals within mitigation pathways is likely to evolve with new scenario evidence and emerging developments in this rapidly advancing field. Moreover, the SBTi is exploring whether differentiated responsibility for removals may be required by geography and sector.

In line with the SBTi Standard Operating Procedure, the Corporate Net-Zero Standard will be formally updated at least once before 2035, and future revisions will reflect the best available scientific evidence at that time.

The SBTi is consulting on whether companies would benefit from including this illustrative level of detail in Version 2, even if subject to change, to support planning, strategy development, and early action. Illustrative criteria are included below for consultation. These criteria would build on C28.1-C28.3, which are included in the main body of the document.

C28.1. **Responsibility level** *(as proposed)***:** From 2035, companies shall take responsibility for at least **[X]%** of their ongoing emissions (scopes 1, 2, and 3), rising linearly to 100% by 2050.

C28.2. **Eligible activities** *(as proposed)***:** To meet C28.1, companies shall support activities that deliver short-lived removals (e.g, capable decadal storage) and long-lived removals (e.g., capable of retaining carbon for centuries to multiple millennia), following the storage classification provided in the IPCC AR6 WGIII report (Chapter 12, Box 8).

C28.3. **Mitigation outcome share** *(further specificity provided than in the main body)*: Mitigation outcomes shall reach the following minimum proportions:

a. Long-lived removals: 17% stored in long-lived reservoirs in 2035, increasing over time to 26% by 2040, 32% by 2045, and 41% by 2050, in line with 1.5°C scenarios with no or limited overshoot.
b. Other eligible outcomes: The remaining portion of mitigation outcomes in each milestone year may comprise short-lived removals or additional long-lived removals.

C28.4. **Temporal consistency:** Mitigation activities must deliver outcomes within the same period as the emissions they address.

C28.5. **Shared responsibility for scope 3**: Companies may share responsibility for ongoing scope 3 emissions with value-chain partners reporting the same emissions, provided credible evidence shows at least one partner has assumed responsibility. In the absence of such evidence, the company shall assume full responsibility.

C28.6. **Reporting:** From 2035, companies shall disclose the required information to the SBTi.

4.4 Neutralization and state of net-zero

***Disclaimer**: The SBTi will continue to review and update the criteria in this section in line with scientific advancements.*

CNZS-C29. **Companies shall achieve a state of net-zero through the reduction of their scope 1, 2, and 3 emissions to zero or residual levels, and the neutralization of all residual emissions at the net-zero target year and thereafter.**

***Company segment:** All companies*
***Assessment stage:** Net-Zero target year validation*

C29.1. **Eligible activities:** All residual emissions (scopes 1-3) shall be neutralized using carbon dioxide removals at the net-zero target year and beyond.

C29.2. **Storage durability**[44,45,46]**:** At the net-zero target year, residual emissions (across all gases) shall be neutralized according to the following thresholds:
a. **Mandatory long-lived removals:** 41% shall be removed and stored in long-lived reservoirs.
b. **Other removals:** The remaining 59% shall be removed and stored in short-lived reservoirs, further removals in long-lived reservoirs, or a combination of the two.

C29.3. **Direct responsibility for scope 1 residual emissions:** Scope 1 residual emissions shall be neutralized by the company itself.[47]

C29.4. **Responsibility for scope 3 residual emissions:** Companies shall ensure all their residual scope 3 emissions are neutralized at the net-zero target year and thereafter by:

[46] The proportion of removals from shorter- and longer-storage is presented for illustrative purposes. The SBTi will revise these illustrative values as part of future revision processes and in line with the latest climate science available at the time of revision.
[47] Scope 2 emissions are projected to be negligible beyond 2040, reflecting the expected decarbonization of the global electricity grid.

a. **Shared responsibility:** Undertaking neutralization jointly with value chain partners (e.g., through joint procurement of removal credits), or recognizing credibly evidenced neutralization already delivered by another value chain partner that reports the same emission in its GHG inventory, provided there is credible evidence that the neutralization has occurred.[48]
b. **Direct responsibility:** Undertaking or enabling neutralization itself where no value chain partner has neutralized the emission, or there is a lack of credible evidence that a value chain partner has done so.

C29.5. **Integrity principles:** Removal activities used by companies to address residual emissions at or beyond the net-zero target year shall meet the relevant integrity principles *(see illustrative principles in Annex E for initial guidance)*.

C29.6. **Double counting and corresponding adjustment**s: Removals used for neutralization shall not be simultaneously claimed by another entity for compliance or NDC accounting purposes. Where removals are authorized for use under Article 6 of the Paris Agreement, a corresponding adjustment by the host country shall be demonstrated. In the absence of such adjustment, the activity may only be reported as a contribution under the Ongoing Emissions Responsibility recognition framework, not as neutralization.

C29.7. **Reporting:** From the net-zero target year onwards, companies shall disclose the required information to the SBTi.

[48] The SBTi does not expect smallholder farmers in value chains to assume responsibility; this obligation rests with companies.

5. ASSESSING PERFORMANCE AND RENEWING TARGETS

Background: Clear and transparent communication of performance against targets strengthens credibility by demonstrating measurable progress toward net-zero goals. While companies are expected to make best efforts to achieve their targets, they should also disclose any deviations openly, explain the underlying causes, and outline corrective actions to realign with their net-zero trajectory. This principle applies both to annual performance reporting and at the end of each target cycle. Companies should assess progress and establish new targets, ideally before the current cycle concludes, and subsequently publish an end-of-cycle performance report.

Intent: Companies regularly report on their progress, assess and transparently disclose their performance against targets, and set new targets to ensure continued alignment with their net-zero transition.

CNZS-C30. Companies shall track and publicly report progress against metrics that are used to set targets on an ongoing basis.

Company segment: *All companies*
Assessment stage: *Initial Validation, Renewal Validation*

C30.1. **Target metrics:** Companies shall publicly report progress on their targets annually, ensuring that aggregated headline targets are also reported at a disaggregated sub-target level.

C30.2. **Scope 1 & 2:** Companies shall publicly report scope 1 emissions, and both market-based and location-based scope 2 emissions annually.

C30.3. **Scope 3:** Companies shall publicly report significant scope 3 emissions annually, and their full scope 3 emissions inventory at the target base year and at least every 5 years after Initial Validation.

C30.4. **Barriers and emerging gaps:** Companies shall publicly report an assessment of areas where progress has been achieved and where challenges remain, identify any emerging gaps, and clearly set out the actions planned to address challenges.

CNZS-C31. **Companies shall recalculate their target base year GHG emissions and other metrics and, if necessary, their targets, in response to significant changes.**

Company segment: *All companies*
Assessment stage: *Renewal Validation*

C31.1. **Triggered recalculation events:** Companies shall re-evaluate the continued relevance of target base year emissions and other metrics in the event of any of the following:
   a. Changes in organizational structure (e.g., mergers, acquisitions, or divestments) or operational boundaries;
   b. Changes in company activities that cause emissions to shift across scopes;
   c. Changes to methodologies used, data quality improvements, or recalculations that affect the accuracy of the target base year emissions and/or other metrics;
   d. Data or calculation error discoveries.

C31.2. **Significance threshold:** Companies shall recalculate their target base year and most recent year (if applicable) GHG emissions inventory if cumulatively there is a variation of 5% or more for each of scopes 1 and 2, and 10% or more for scope 3.

C31.3. **Assurance:** The target base year GHG inventory recalculation shall be subject to independent third-party assurance as per CNZS-C7.

C31.4. **Target recalculation:** Companies shall recalculate their targets when significant changes compromise the validity of existing targets.

C31.5. **Notification and revalidation:** Companies shall inform the validation body about the target base year recalculation and, if necessary, seek revalidation within 6 months of completing the recalculation.

C31.6. **Valid standard:** Companies shall conform to a valid version of this Standard when recalculating targets.

C31.7. **Public reporting:** Companies shall publicly report these changes and the underlying reasons.

CNZS-C32. **Companies shall substantiate performance against targets with mitigation measures that are accurate, permanent, transparent, and verifiable.**

NOTE: *This criterion includes adjustments to accommodate Category B companies.*

Company category: *All companies*
Assessment stage: *Renewal Validation*

C32.1. **Evidence:** Companies shall substantiate performance against targets in an accurate, transparent, and verifiable manner.

C32.2. **Recalculation triggers:** Significant organizational boundary changes, methodological changes, and/or errors in the underlying data shall require a target base year recalculation (see CNZS-C31) and shall not be counted towards target achievement.

C32.3. **Performance beyond the value chain - emissions metric:** Changes in the GHG emissions inventory shall exclusively be substantiated by actions that result in verifiable emission reductions within the company's value chain. Mitigation outcomes that occur beyond the company's value chain shall not be netted against, or deducted from, the company's GHG emissions inventory.

C32.4. **Performance beyond the value chain - non-emissions metric:** Progress towards net-zero for value chain activities using non-emissions metrics (e.g., increased sourcing from low-carbon sources) shall exclusively be substantiated by verifiable changes within the company's value chain. Actions or outcomes occurring beyond the company's value chain shall not be reflected as progress towards the target(s).

C32.5. **Assurance:** Category A companies shall provide evidence of third-party assurance for data substantiating target performance.

Recommendations:

R30.1. **Category B assurance:** Category B companies should provide evidence of third-party verification for data substantiating target performance.

CNZS-C33. Companies shall determine performance against their targets at the end of the target timeframe and set new targets based on their current performance.

Company category: *All companies*
Assessment stage: *Renewal Validation*

C33.1. **Eligibility:** Companies shall demonstrate conformance with this, or earlier versions of the Corporate Net-Zero Standard against which they have been validated, and applicable Sector Standard(s) to be eligible for Renewal Validation.

C33.2. **Base year recalculation:** Companies shall confirm that the target base year information and the targets calculated using that information remain valid. Where necessary, companies shall adjust their target base year information and recalculate targets (see CNZS-C31) before undertaking the performance assessment.

C33.3. **Separate assessment:** Performance shall be assessed separately for each target, using formulas in Annex C and in applicable Sector Standards.

C33.4. **New targets:** Companies shall assess their performance against the net-zero benchmark and identify any gaps. Where such gaps are identified, new targets shall be established in accordance with the latest SBTi Corporate Net-Zero Standard and relevant Sector Standard(s). For metrics that already meet the net-zero benchmark, companies shall set targets to maintain or further enhance their performance.

C33.5. **[Timing:** Companies are encouraged to submit targets for Renewal Validation as early as possible, and may do so up to 24 months before the end of their current target timeframe, based on expected progress. Submissions shall occur no later than 12 months after the end of the previous target timeframe.]

CNZS-C34. Companies shall publicly report on their performance against targets at the end of their target cycle.

Company category: *All companies*
Assessment stage: *Renewal Validation*

C34.1. **Timing:** Within 6 months after completing the renewal validation process, companies shall publicly report (i) targets for the new cycle, and (ii) the level of performance achieved against targets from the previous cycle.

C34.2. **Reporting elements:** Companies shall publicly report the information outlined in Annex B separately for each target.

C34.3. **SBTi disclosure:** Companies shall consent for the information specified in Annex B to be made publicly available through the SBTi.

C34.4. **Disclosure of barriers:** Where targets have not been achieved, companies shall provide an explanation detailing the reasons for this and planned actions to address relevant internal and external barriers.

C34.5. **Claims guidelines:** Any communication related to target progress or renewal validation shall adhere to the requirements of the Claims Section of this Standard and applicable SBTi policies.

6. SBTi CLAIMS

Background: This chapter introduces general criteria for substantiating claims related to science-based target setting and SBTi validation. The aim is to enable companies to substantiate claims related to their target-setting and target progress, and communicate their efforts in a clear and credible way. A company that has completed the performance assessment and set a new target will be able to make claims regarding its continuing progress to net-zero. The SBTi is exploring ways to recognize companies that have credibly met their targets, and how to highlight those showing leadership beyond the minimum requirements of target setting.

***NOTE**: Eligible claims will be subject to legal review. Only claims made in association with, or referencing, the SBTi are subject to these requirements.*

Intent: Companies ensure that all claims relating to this Standard are accurate, verifiable, and adhere to high-integrity standards and applicable regulations.

CNZS-C35. Companies shall ensure that all claims are accurate, transparent, verifiable, and compatible with the SBTi Standard's requirements and policies.

***Company segment:** All companies*
***Assessment stage:** Entry Check, Initial Validation, Renewal Validation*

C35.1. **Initial eligibility:** Companies shall refrain from making any claims that could imply association with the SBTi until their application has been formally accepted following the Entry Check assessment.

C35.2. **Timing:** Companies shall refrain from making any claims beyond those available at their current stage in the target cycle as outlined in Table D.1, Annex D.

C35.3. **Adherence to system requirements:** Companies shall adhere to all relevant SBTi policies and procedures, including but not limited to SBTi Claims, Brand, and Validation policies (forthcoming).

C35.4. **Avoid misrepresentation:** Companies shall ensure that all claims are accurate, verifiable, and transparent, avoiding language that may mislead stakeholders or misrepresent the company's ambition or performance.

C35.5. **Distinction from value chain reductions:** Companies shall clearly distinguish between contributions from outside the value chain and value chain inventory reductions to avoid confusion about the company's actual emissions performance.

C35.6. **Regulatory alignment:** Companies shall ensure that claims meet or exceed regulatory requirements.

C35.7. **Transparent substantiation:** All claim content shall be fully substantiated with relevant and verifiable evidence, which shall be accessible to the SBTi, third parties, and/or regulatory bodies upon request.

C35.8. **Claims language:** Companies shall follow the language as stipulated in Table D.1 and D.2, Annex D.

CNZS-C36. Companies shall ensure that conformance claims are accurate and up-to-date.

Company category: *All companies*
Assessment stage: *Initial Validation, Renewal Validation*

C36.1. **Eligibility:** Companies shall not make conformance claims until the Initial Validation has been passed.

C36.2. **Monitoring:** Upon completion of the Initial Validation, companies shall continuously monitor their conformance with all applicable SBTi requirements.

C36.3. **Regular updates:** Claims relating to conformance status shall be reviewed and, if necessary, updated at least once per 12-month period.

C36.4. **Correction of nonconformance:** When nonconformance is identified, companies shall correct and update their conformance claim within 6 months.

KEY TERMS

A complete list of SBTi terms, definitions, and acronyms is available in the SBTi Glossary. This Annex provides a list of new or updated terms used in the SBTi Corporate Net-Zero Standard Version 2.

Table A.1 - Key terms and definitions

Term	Definition
Activity	An individual source of emissions. The term is used throughout this standard to refer to commodities, products, services, and activities, such as cement or steel for category 1 emissions, or the mode of transport (e.g., maritime or aviation) for category 4 emissions (adapted from the GHG Protocol - WRI, WBCSD, 2021).
Activity pool	The set of emissions sources that may physically serve the reporting entity, but within which further traceability to the specific physical sources used by the reporting entity is not possible (Brander & Bjørn, 2023). Examples include an upstream supply pool, such as a supply shed from which companies source a specific commodity, or a downstream activity pool, such as the electricity grid that powers the products the company brings to market.
Adaptation and resilience funding (revised)	Funding of actions that reduce vulnerability or increase resilience to climate impacts, particularly in climate-vulnerable regions and communities. Funding of adaptation and resilience outcomes is an eligible category of climate action in the CNZS V2 Ongoing Emissions Responsibility Framework, provided actions are aligned with defined integrity principles.
Alignment	Alignment is the process of adjusting performance to be consistent with benchmarks in reference pathways.
Alignment targets	Targets that are designed to achieve a specific outcome aligned with the long-term global goal of reaching net-zero emissions by a defined point in time.
Aligned counterparty	A counterparty (e.g., supplier, customer, franchisee, lessor, or lessee) that has set or is implementing a target consistent with reaching net-zero GHG emissions by 2050, and demonstrates measurable progress over time in accordance with recognized science-based standards.
Assessment stage	Refers to the specific conformity assessment within the target cycle that the company has reached.
Attributional accounting	Quantifying and assigning greenhouse gas emissions to an entity, based on its share of responsibility for an emissions-generating process.
Avoided emissions	Avoided emissions are decreases in emissions that occur because an intervention prevents the release of emissions that would otherwise have happened in a counterfactual scenario during the same time period. They are quantified using consequential accounting, which compares observed project performance with what would have occurred in the absence of the intervention.
Base year (inventory)	A historic datum (a specific year or an average over multiple years) against which a company's emissions are tracked over time (GHG Protocol, 2004).
Base year (target) / target base year	The base year is used for defining a GHG target, e.g., to reduce CO2 emissions by 25% from 2000 levels (target base year) by 2010 (GHG Protocol, 2004).
Benchmark (revised)	A reference point against which a company's performance can be compared.

Term	Definition
Beyond value chain mitigation (BVCM) (revised)	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. In Corporate Net-Zero Standard V1, companies were encouraged to support global mitigation through BVCM. In the draft Corporate Net-Zero Standard V2, this has been reframed as a recognition program for climate contributions, through which companies can take responsibility for their ongoing emissions. BVCM measures remain one way to do so, but the framing has been broadened. The value chain distinction was problematic, since removals may occur inside or outside a company's value chain, and companies may also contribute to climate actions beyond mitigation, such as adaptation or loss and damage. The emphasis is therefore placed on supplementary mitigation when discussing mitigation, while accommodating a wider set of climate contributions. Strong integrity principles ensure these contributions are made above and beyond value chain targets and prevent double-counting.
Carbon storage pool/reservoir	Non-atmospheric medium in which carbon, once removed from the atmosphere, is stored for a characteristic timescale.
Criteria	Mandatory requirements that a company must meet to be in conformity with the standard.
Criteria Assessment Indicators (CAIs)	Verifiable control points that are used to evaluate submitted information during the conformity assessment process.
Conformity assessment	Refers to the process of determining whether a company meets the requirements of the specified standard.
Counterparty	Any upstream or downstream value chain partner (e.g., suppliers, customers, franchisees, lessors/lessees) with whom the company has a demonstrable contractual relationship.
Electricity: low-carbon electricity	Electricity produced by an individual generator that is characterized by direct GHG emissions less than or equal to 0.024 kg CO_2/kWh. In contrast, a net-zero aligned electricity system with a mix of low-carbon generation sources is characterized by direct GHG emissions less than or equal to 0.001 kg CO_2/kWh.
Emissions-intensive activities	Refers to activities, products, services, or processes that significantly contribute to global GHG emissions or otherwise exacerbate climate change. This includes activities in energy-intensive and land-use-intensive sectors.
Emissions source	Commodities, products, services, or activities that release GHG emissions, with physical connectivity to the company's value chain.
Emissions reductions (revised)	Anthropogenic activities taken to reduce or eliminate sources of GHG emissions compared to a historic baseline. Examples include reducing energy consumption, switching to renewable energy sources, and reducing the use of chemical fertilizers.
EAC system	A system issuing Environmental Attribute Certificates (EACs). EACs are instruments that certify and communicate the environmental and/or climate-related attributes associated with commodities, activities, or projects.
Ex-ante mitigation funding	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.

Term	Definition
	Ex-ante mitigation funding is an eligible category of climate action in the CNZS V2 Ongoing Emissions Responsibility Framework, provided actions meet the defined integrity principles.
Ex-post mitigation outcomes	Within the Ongoing Emissions Responsibility Framework, mitigation outcomes refer to human-induced activities that contribute to climate mitigation in one or more of the following ways: a) emission reductions from sources outside the company's value chain, b) carbon sequestration or carbon dioxide removal; or c) protection, conservation, and enhancement of natural carbon sinks. Mitigation outcomes are expressed in metric tonnes of CO_2e. Ex-post means that the assessment is backward-looking: ex-post mitigation outcomes are observed and measurable rather than forecasts or anticipated effects. For example, an industrial fuel-switch project can only generate recognized outcomes once monitoring data confirm that actual emissions from the new configuration are lower than those from the baseline system during the reporting period. Likewise, a reforestation or peatland restoration project can only report ex-post outcomes once verified monitoring demonstrates an increase in carbon stocks relative to the baseline condition. This contrasts with projecting the expected savings or removals at the point of project initiation. Ex-post mitigation outcomes are an eligible category of climate action in the CNZS V2 Ongoing Emissions Responsibility Framework, provided actions meet the defined integrity principles.
Emissions Avoidance Carbon Credits	Carbon credits that deliver avoided emissions are certificates/tradeable units that represent one tonne of GHGs that are issued from activities that prevent the potential release of emissions compared to a counterfactual baseline scenario. The number of credits eligible for issuance in any given year results from comparing the emissions performance of an activity with the level of emissions in the counterfactual scenario in that year. Carbon credits that deliver ex-post avoided emissions are issued after a monitoring period is completed and the project data have been verified. For example, in a forest protection project, satellite and ground-based monitoring can demonstrate that deforestation has not occurred in areas that would otherwise have been logged. The avoided emissions are quantified as the difference between the actual forest carbon stock and the pre-defined counterfactual scenario of continued deforestation. This means that the comparison is contemporaneous, i.e., the project's monitored emissions are compared to what would have occurred in the same period. But the counterfactual is defined ex-ante, i.e., the "no-project" baseline (e.g., deforestation rates) is set before the monitoring period begins, using transparent and conservative methods.
Emissions metrics targets (revised from the definition of *GHG emissions reduction targets (for corporates)*)	Targets to reduce operational or value chain GHG emissions by a specified amount in percentage terms.
Fixed milestone year	A predetermined target year that occurs at regular intervals, specifically ending in either 0 or 5. For example, the fixed milestone years between now and 2050 are 2030, 2035, 2040, 2045, and 2050.
Free, Prior, and Informed Consent (FPIC)	FPIC refers to the rights of Indigenous Peoples to give or withhold consent for any action or project that may affect them, their lands, territories, or rights. ● "Free" means that indigenous peoples' consent cannot be given under force or threat. ● "Prior" indicates that indigenous groups must receive information on the activity or project and have enough time to review it before the activity or

Term	Definition
	project begins. ● "Informed" means that the information provided is detailed, emphasizes both the potential positive and negative impacts of the activity or project, and is presented in a language and format understood by the community. ● "Consent" refers to the right of the community to agree or not agree to the activity or project before it begins and throughout the life of the activity or project.
Informative elements	Informative elements are those that are descriptive, developed to enable companies, including applicants for validation, to understand the concepts presented in the normative elements. They contain examples or suggestions that explain the meaning and implications of the requirements, as well as giving suggestions on the application of the requirements. Informative resources cannot be used to assess conformance with SBTi standards.
Long-lived removals	Carbon dioxide removal activities that are capable of retaining carbon for centuries to millennia, following the storage classification provided in the IPCC AR6 WGIII report (Chapter 12, Box 8).
Low/zero-carbon R&D and innovation funding	Providing 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. For example, this might include funding of research that addresses system bottlenecks (e.g., energy storage, hydrogen infrastructure, carbon capture and storage, low-carbon materials). This is an eligible category of climate action in the CNZS V2 Ongoing Emissions Responsibility Framework, provided that the action is aligned with defined integrity principles.
Loss and damage funding	Providing funds to address unavoidable climate-related losses and damages, prioritizing those least responsible for emissions and most affected by impacts. 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). Loss and damage finance is an eligible category of climate action in the CNZS V2 Ongoing Emissions Responsibility Framework, provided the action is in line with the defined integrity principles.
Mitigation-enabling outcomes funding	Providing funds for interventions that enable structural or system-level change, which unlock or accelerate mitigation at scale. These interventions do not directly reduce emissions in a company’s own operations or value chain, but instead change the conditions (policy, market, institutional, or infrastructure) that are necessary for widespread decarbonization. For example, a company might provide grants to a regional planning authority to develop spatial plans that allocate land for renewable energy deployment, or it might contribute pooled capital into a collective action platform that accelerates grid interconnection and shared infrastructure. Mitigation-enabling activities are an eligible category of climate action in the CNZS V2 Ongoing Emissions Responsibility Framework, provided the action is in line with defined integrity principles.
Near-term targets (revised)	Goals set by companies on a five-year time horizon or based on milestone years toward achieving net-zero emissions.

Term	Definition
Net-zero aligned benchmark	Benchmarks that stipulate the required level of performance to be compatible with achieving a net-zero economy by 2050 (i.e., end-point value of the indicator).
Net-zero aligned product	A net-zero aligned product is any good or service that fulfills a credible intensity threshold per functional unit for a net-zero world, such as those set out in a credible taxonomy or based on other scientific evidence. Net-zero aligned products may have zero or negative emissions, or may still emit some level of GHGs.
Normative	Normative elements are those that are prescriptive and shall be followed by companies, including those applying for target validation, to conform with the requirements of SBTi's standards.
Ongoing emissions	Ongoing emissions are the GHG emissions across all scopes that continue to be released into the atmosphere within the target timeframe. Before 2050, ongoing emissions fall into two categories: those that are expected to remain at the net-zero year after all feasible abatement has been achieved (i.e., "residual emissions"), and those that we expect will be abated ahead of the net-zero year.
Performance (revised)	Outcome of an established target at the end of the target timeframe, relative to the ambition of that target
Performance assessment	Systematic process of determining performance at the end of a target timeframe.
Physical connectivity	When the physical relationship between a material and its specified characteristics is not guaranteed by the type of chain of custody in use by the processing company, physical connectivity highlights the likelihood that there is a connection between the material and its characteristics (adapted from ISEAL, Chain of Custody Models and Definitions, v2, 2025).
Physical deliverability	The ability of a source of electricity generation to reasonably serve a source of electricity consumption. A physical deliverability region definition balances the following aspects of an area in the electricity system: (1) synchronous grid boundaries, (2) transmission congestion, and (3) regional connectivity.
Primary data	Primary data includes data provided by suppliers or others that directly relate to specific activities in the reporting company's value chain.
Progress (revised)	Level of advancement towards an established target, relative to the ambition of that target, prior to the end of the target timeframe.
Progress assessment	Systematic process of determining progress made against a target at any given point prior to the end of the target timeframe.
Public reporting	Refers to the sharing of information or data with the general public in a transparent and accessible manner, for instance, on an SBTi-owned or SBTi-recognized website, a company website, a company annual report, or through other means.
Significant scope 3 emissions sources	Significant scope 3 emissions sources include: ● Scope 3 categories representing 5% or more of total scope 3 emissions; and ● Priority activities representing 5% or more of the total scope 3 emissions.
Reduction carbon credits	Carbon credits that deliver emissions reductions are certificates/tradeable units that represent one tonne of GHGs that are issued from activities that reduce greenhouse gas emissions compared to the base year. The number of credits eligible for issuance in any given year results from comparing the emissions performance of an activity in a given year with the level of emissions in that base year. Ex-post emission reduction credits can only be issued once monitoring shows that emissions within the project or entity boundary are actually lower than in the baseline year. The comparison is backward-looking and grounded in observed

Term	Definition
	emissions data, not forecasts. For example, an industrial fuel-switch project generates credits after verified data confirm that ongoing operations now emit less than the historic baseline fossil-fuel configuration.
Removal carbon credits	Carbon credits that deliver removals are certificates/tradeable units that represent one tonne of GHGs that are removed from the atmosphere and stored. Ex-post credits are issued only after monitoring confirms that carbon has actually been removed and stored. These differ from ex-ante removal credits, which are issued in anticipation of future removals that have not yet been delivered. Ex-ante removal credits carry higher uncertainty because they depend on assumptions about what will happen, whereas ex-post credits are backed by verified outcomes. Ex-post issuance of removal credits requires measured data (e.g., verified carbon stock increases in a reforested area, or tonnes of CO_2 injected into a geological reservoir), conservative baselines (to demonstrate additionality, e.g., a "no reforestation" scenario for afforestation), and verification (i.e., independent third-party assurance that removals have already occurred and storage is being maintained).
Residual emissions	Residual emissions are a subset of ongoing emissions that are expected to remain unabated at the net-zero target year, after all feasible abatement measures have been implemented in line with the company's SBTi-validated pathway.
Reversal	A reversal means that the underlying mitigation benefit is lost or undone after the substantiation mechanism has been used by a company to make a claim.
Risk of reversal	The possibility that carbon stored in a pool is prematurely released back to the atmosphere. The risk of reversal is relevant across all mitigation types. For removals, the risk arises when stored carbon is subsequently released (e.g., through forest fires, soil disturbance, or storage failures). For reductions and avoidance, the risk arises when abatement is not maintained over time (e.g., a facility reverts to higher-emission processes, or deforestation resumes after protection efforts end).
SBTi claim	Public communications about a company's association with the SBTi. This includes but is not limited to communications regarding a company's validation status, approved science-based targets, and progress made on science-based targets. Throughout this Standard, the term "claim" is used to indicate SBTi claims.
SBTi pre-approved pathway	Pre-approved pathways are those that have been incorporated into SBTi standards after being assessed against pathway selection criteria
SBTi system	Refers to the SBTi's collective framework to develop standards, validate companies against those standards, and allow for claims and communications in relation to those standards.
Scenario envelope	The set of emissions reduction scenarios derived from applying principled filtering criteria across a database of mitigation pathways published by scientific bodies. The scenario envelope defines the cross-sector pathway and emissions reduction levels of critical GHGs.
Scenario reference year	A specific year is chosen as a baseline or standard for comparison. This may indicate the start year of the scenario or pathway used in target setting, or the year from which a benchmark is derived.
Second-hand goods	Goods that have been previously owned or used by a first owner or user, and are subsequently acquired by another owner or user for continued use in their current condition or following minor repair or refurbishment, without being newly manufactured for that transaction. Such goods retain their original form and function, and are not considered remanufactured, recycled, rebuilt, or newly produced.
Short-lived removals	Carbon dioxide removal activities that are capable of retaining carbon for decades, following the storage classification provided in the IPCC AR6 WGIII report (Chapter 12, Box 8).

Term	Definition
Significant	An activity, emissions source, or scope is considered significant when it meets the relevance thresholds as defined in SBTi standards.
Sourcing	The process by which an organization obtains energy, materials, or services, whether directly from producers, indirectly through intermediaries or market instruments (such as certificates, credits, or contractual claims to environmental attributes), or internally through its own operations.
Target cycle	An iterative process encompassing determining base year performance, target setting, validation, communication, implementation, and assessment and communication of progress. Each cycle concludes with a performance assessment and communication of progress, starting anew with determining the base year performance.
Target timeframe (revised from target period)	The duration of a target from the target base year to the target end year. Near-term targets, for example, have a target timeframe of 5 years.
Tier 1 supplier	Tier 1 suppliers are companies with which the reporting company has a purchase order for goods or services (e.g., materials, parts, components, etc.). Tier 1 suppliers have contractual obligations with the reporting company, providing the leverage needed to request GHG inventory data (GHG Protocol, Scope 3 Frequently Asked Questions).
Transition plan (climate-related)	A climate-related transition plan is an aspect of an entity's overall strategy that lays out the entity's targets, actions, or resources for its transition towards a lower-carbon economy, including actions such as reducing its GHG emissions (IFRS S2 Appendix A).
Unabated fossil fuels	Fossil fuels that are produced and used without direct interventions that substantially reduce the amount of GHG emitted throughout the life cycle (adapted from IPCC, 2023). Fossil fuel generation with CCS, where the capture rate is less than 95% is included in the 'unabated' fossil fuel category for the purpose of this Standard.
Value chain	A value chain encompasses the activities, resources, and relationships the undertaking uses and relies on to create its products or services from conception to delivery, consumption, and end-of-life (EFRAG IG 2: Value Chain Implementation Guidance).

ANNEX A: METRICS, METHODS & PATHWAY BENCHMARKS

Table A.1: Scope 1 and 2 metrics, reference pathway, net-zero aligned benchmarks, and target-setting methods.

Activity	Metric code	Metric	Unit	Reference pathway	Net-zero benchmark	Net-zero benchmark year	Target-setting method	Relevant Sector Standard[49]
Scope 1								
Space and water heating	1a	Emissions generated from space and water heating	t CO_2e	IEA NZE Scenario (2023)	0	2050	Linear contraction	N/A
Medium temperature process heating	1b	Emissions generated from process heating	t CO_2e	IEA NZE Scenario (2023)	5% (vs. baseline value)	2050	Linear contraction	N/A
Operation of owned or controlled transport	1c	Emissions generated from the operation of owned or controlled transport fleet (tank to wheel)	gCO2/vkm	IEA NZE Scenario (2021)	Vehicle dependent	2050	Linear contraction	N/A
Non-combustion activities	1d	Fugitive fluorinated gas emissions generated from equipment operation and processes	t CO2e	IPCC AR6 scenarios envelope	11% (vs. baseline value)	2050	Linear contraction	N/A
Cement production	1e	Physical emission intensity for cement production	t CO_2e/t cement	IEA NZE Scenario (2021)	0.033	2050	SDA	SBTi Cement Guidance (Optional)
Steel Production	1f	Physical emission intensity for steel production	t CO_2e/t steel	IEA NZE Scenario (2021)	0.11	2050	SDA	SBTi Steel Guidance (Optional)
Electricity generation	1g	Physical emission intensity for electricity	kg CO_2/ kWh	SBTi power sector pathway[50]	0.001	2050	SDA	SBTi Power Sector Guidance

[49] Optional / mandatory label refers to the status of the sector document and its associated metrics, methods, and pathways, if and when the applicability thresholds included in the document are met by the company.

Activity	Metric code	Metric	Unit	Reference pathway	Net-zero benchmark	Net-zero benchmark year	Target-setting method	Relevant Sector Standard[49]
		generation						(Mandatory)
Operation of maritime transportation vehicles	1h	Emissions generated from maritime transport	Energy Efficiency Operational Index (g CO_2/t.nm)	SBTi Maritime pathway[51]	Vessel dependent	2040	SDA	SBTi Maritime Guidance (Optional)
Operation of commercial aviation	1i	Emissions generated from aviation transport	gCO_2e/ RPK	SBTi Aviation pathway[52]	25.61	2050	SDA	SBTi Aviation Guidance (Optional)
Road vehicle manufacturing and use	1j	Emissions generated from road vehicle manufacturing (global)	g CO_2 /v.km	SBTI Automotive pathway[53]	Vehicle dependent	2050	SDA	SBTi Automotive Standard (Mandatory)
Chemical production	1k	Emissions generated from chemical production	t CO2e/ t	IEA NZE Scenario (2021)[14]	Chemical dependent	2050	SDA	SBTi Chemical Guidance (Optional[54])
FLAG commodity production	1l	Emissions generated from FLAG commodity production	t CO_2e/ t	SBTi FLAG Commodity Pathways	Commodity dependent	2050	SDA	SBTi FLAG Guidance (Mandatory)
Buildings in-use operations	1m	Emissions generated from buildings in use	kg CO_2e/ m^2	SBTi Buildings Pathway	Building type dependent	2050	SDA	SBTi Buildings Standard (Mandatory)
Space and water heating	1n	Share of low-carbon space and water heating	%	IEA NZE Scenario (2023)	100%	2050	Index Alignment	N/A
Medium temperature process heating	1o	Share of low-carbon process heating	%	IEA NZE Scenario (2023)	95%	2050	Index Alignment	N/A

[50] The pathway is currently under public consultation and may be subject to revision before final adoption.
[51] The pathway is scheduled for revision to align with updated scientific evidence.
[52] The pathway is scheduled for revision to align with updated scientific evidence.
[53, 14] The pathway is currently under public consultation and may be subject to revision before final adoption.
[54] The SBTi Chemicals guidance is planned to be released at the end of Q4 2025.

Activity	Metric code	Metric	Unit	Reference pathway	Net-zero benchmark	Net-zero benchmark year	Target-setting method	Relevant Sector Standard[49]
Operation of owned transport	1p	Electric vehicle share in two/three-wheeler fleet	%	IEA NZE Scenario (2021)	100%	2050	Index Alignment	N/A
	1q	Electric vehicle share in light-duty vehicle fleet	%	IEA NZE Scenario (2021)	86%	2050	Index Alignment	N/A
	1r	Electric vehicle share in heavy-duty vehicle fleet	%	IEA NZE Scenario (2021)	79%	2050	Index Alignment	N/A
Scope 2								
Electricity purchasing	2a	Scope 2 GHG emissions, location-based	t CO_2	SBTi Power Sector pathway	0.2% (vs. baseline value)	2040 (Cat. A) 2050 (Cat. B)	Linear contraction	N/A
Electricity purchasing	2b	Scope 2 GHG emissions, market-based	kg CO_2/ kWh	SBTi Power Sector pathway	0.001	2040	Index alignment	N/A
Heat, steam, and cooling purchasing[55]	2c	Scope 2 GHG emissions, location-based	kg CO_2/ kWh	IEA NZE (2023)	0	2040	Index alignment	N/A
Heat, steam, and cooling purchasing	2d	Scope 2 GHG emissions, market-based	kg CO_2/ kWh	IEA NZE (2023)	0	2040	Index alignment	N/A
Electricity purchasing	2e	Low-carbon electricity	%	SBTi Power Sector pathway	100%	2040	Index alignment	N/A

[55] The SBTi is conducting research on future decarbonization of heat steam cooling generation to inform more accurate benchmarking, including the review of available pathways.

Table A.2: List of scope 3 priority emission sources.

Note: The list of priority emissions sources may expand over time to reflect ongoing SBTi sector guidance and pathways development. Only priority sources that have available reference pathways are to be addressed by targets.

Sector	Activity	Relevant processes
Industry	Cement production	Emissions from cement and cementitious production, including emissions from clinker production (calcination), fuel combustion in kilns
	Ammonia production: intended for all uses	Emissions from primary chemical production, including energy use and process emissions in the production of ammonia (e.g., hydrogen generation and ammonia synthesis)
	Ammonia production: non-energy use	Emissions from primary chemical production, including energy use and process emissions in the production of ammonia (e.g, hydrogen generation and ammonia synthesis)
	Methanol production	Emissions from primary chemical production, including energy use and process emissions in the production of methanol (e.g., syngas or hydrogen generation, and methanol synthesis),
	HVC production (ethylene, propylene, benzene, toluene, and xylene)	Emissions from primary chemical production, including energy use and process emissions in the production of high-value chemicals (e.g, steam cracking)
	Aluminium production	Emissions from aluminium production, including electricity use in electrolytic smelting, process emissions from anode consumption, and energy use in alumina refining
	Steel production	Emissions from ironmaking and steelmaking (blast furnaces, basic oxygen furnaces, or direct reduction and electric arc furnaces); energy use in finishing processes
Transport	Road	Emissions from fuel combustion in passenger vehicles
		Emissions from mobile combustion (light-duty vehicle fleet)
		Emissions from mobile combustion (heavy-duty vehicle fleet)
	Rail	Emissions from fuel combustion in locomotives
	Aviation	Emissions from jet fuel combustion during flight
	Maritime	Emissions from oil and marine diesel combustion in ship engines
Forest, Land, and Agriculture	Commodity Production	Emissions from farming of the raw commodities: Cattle, Chicken, Cocoa, Coffee, Dairy, Leather, Palm, Pork, Rubber, Maize, Rice, Wheat, Soy, Timber/ Wood Fiber. *Note: For Leather & dairy: emissions from farming the underlying raw commodity (cattle, goats, etc.).*

Sector	Activity	Relevant processes
Sold Products (Non-vehicle)	Sale of fossil fuel for combustion (coal, oil, gas)	Emissions from fuel combustion during the use phase
	Services that support fossil fuel extraction, processing, distribution, marketing, sales, or expansion	Includes services that support fossil fuel extraction, processing, distribution, and professional services (legal, consulting, PR/advertising, data/IT, assurance, architecture, IP services).
	Sale of products that consume fossil fuels	Emissions from fuel combustion during the product use phase (including capital goods, e.g., buildings).
	Products that consume electricity	Emissions from electricity consumed during the product use phase (including capital goods, e.g., buildings).
	Products that contain or form greenhouse gases that are emitted during use	Release of refrigerants (e.g., HFCs, PFCs) from cooling equipment; nitrous oxide from fertilizer application

Table A.3: Scope 3 metrics, reference pathway, net-zero aligned benchmarks, and target-setting methods.

Activity	Metric code	Metric	Unit	Reference pathway	Target-setting method	Benchmark values[56] [57]				
						2030	2035	2040	2045	2050
Priority commodities (categories 1 and 2)	3a	**Average Emissions Intensity** of value chain commodities	tCO_2e/ t commodity	Commodity dependent	Index Alignment	See reference intensity benchmarks for the relevant commodity				
	3b	**Volume Share Alignment** (meeting the intensity benchmark for each relevant commodity)	% volume meeting sector intensity benchmarks	N/A	Index Alignment	≥95%	≥95%	≥95%	≥95%	≥95%
	3c	**Supplier Share Alignment** (volume of suppliers with aligned status)	% volume delivered by aligned suppliers	N/A	Index Alignment	≥95%	≥95%	≥95%	≥95%	≥95%
	Reference commodity intensity benchmarks	Steel intensity benchmark	tCO_2e/t steel	IEA NZE (2021)	Index Alignment	1.71	1.25	0.77	0.44	0.11
		Cement intensity benchmark	tCO_2e/t cement	IEA NZE (2021)	Index Alignment	0.446	0.334	0.219	0.127	0.033
		Aluminium intensity benchmark	tCO_2e/t aluminium	IEA NZE (2021)	Index Alignment	Pathway values under development				
		Chemicals intensity benchmark	tCO_2e/ t chemical	IEA NZE (2021)	Index Alignment	Chemical dependent: see Pathways Documentation appendix for all benchmarks				
		FLAG intensity benchmark	tCO_2e/ dry weight	SBTi FLAG pathways	Index	Pathway values under development				

[56] Values represent minimum thresholds for alignment.
[57] Where a company's target date falls between milestone years, thresholds and benchmarks for alignment is determined by linear interpolation between the surrounding milestone values. For example, if a company sets an alignment target year of 2031, the applicable 2031 level of alignment and intensity benchmark can be estimated through linear interpolation between the 2030 and 2035 benchmark values.

Activity	Metric code	Metric	Unit	Reference pathway	Target-setting method	Benchmark values[56] [57]				
						2030	2035	2040	2045	2050
			tonne		Alignment					
Priority transport (categories 4, 6, and 9)	3d	**Average Emissions Intensity** of value chain transportation	tCO_2e/ t.km	Transport mode dependent	Index Alignment	See reference intensity benchmarks for the relevant transport mode				
	3e	**Volume Share Alignment** (meeting the intensity benchmark for each relevant transport mode)	% volume meeting sector intensity benchmarks	N/A	Index Alignment	≥95%	≥95%	≥95%	≥95%	≥95%
	3f	**Supplier Share Alignment** (volume of suppliers with aligned status)	% volume delivered by aligned suppliers	N/A	Index Alignment	≥95%	≥95%	≥95%	≥95%	≥95%
	3g	**Share of ZEV** (volume share of transportation delivered via zero-emission vehicles)	% volume delivered by aligned ZEVs	N/A	Index Alignment	≥70%	≥80%	≥90%	≥95%	≥95%
	Reference transport mode intensity benchmarks	Light-duty vehicles (tank to wheel)	gCO_2e/ v.km	IEA NZE (2021)	Index Alignment	137.3	98.3	59.2	31.6	4.1
		Heavy goods vehicles (tank to wheel)	gCO_2e/ t.km	IEA NZE (2021)	Index Alignment	35.9	27.3	18.8	13.5	8.3
		Aviation	gCO_2e/ RTK	SBTi Aviation pathway	Index Alignment	697.6	486	265.6	113.1	25.6
		Shipping	gCO_2e/ t.n.m	IEA NZE (2021)	Index Alignment	Vessel dependent: see pathways appendix for complete pathway details				
Upstream remainin	3h	**Supplier Share Alignment** (spend on suppliers with aligned	% $ procurement spend (tier 1)	N/A	Index Alignment	≥70%	≥80%	≥90%	≥95%	≥95%

Activity	Metric code	Metric	Unit	Reference pathway	Target-setting method	Benchmark values[56] [57]				
						2030	2035	2040	2045	2050
g emission sources		status)								
	3i	**Supplier Energy Alignment** (share of supplier energy that is low-carbon)	% MWh	NA	Index Alignment	≥70%	≥80%	≥90%	≥95%	≥100%
Product use-phase alignment (categories 11 and 13: fossil fuels and related products / services)	3j	**Revenue Phase Out** (from the sale of fossil fuels, fossil fuel-related services, fossil fuel-consuming products, and products that emit GHGs during use phase)	% annual revenue	NA	Linear Alignment	Linear alignment from baseline to 0% revenue by 2050				
	3k	**Sales Alignment Plan**	NA	NA	N/A	N/A: no interim benchmarks				
Product use-phase alignment (categories 11 and 13: electricity-consuming products)	3l	**Customer Share Alignment** (revenue from customers with aligned status)	% annual revenue from aligned customers	NA	Index Alignment	≥70%	≥80%	≥90%	≥95%	≥95%
	3m	**Product Share Alignment** (sold units that meet best-practice energy efficiency standards)	% annual revenue or unit sales	N/A	Index Alignment	≥70%	≥80%	≥90%	≥95%	≥95%
	3n	**Customer Electricity Alignment**	% MWh covered	N/A	Index Alignment	≥70%	≥80%	≥90%	≥95%	≥95%

Activity	Metric code	Metric	Unit	Reference pathway	Target-setting method	Benchmark values[56] [57]				
						2030	2035	2040	2045	2050
		(share of customer electricity that is low-carbon)								
Product EoL alignment (category 12)	3o	**Product Circularity** (sold units that have circular end-of-life options)	% annual revenue or unit sales	N/A	Index Alignment	≥70%	≥80%	≥90%	≥95%	≥95%
Downstream remaining emissions	3p	**Customer Share Alignment** (revenue from customers with aligned status)	% annual revenue to aligned customers	N/A	Index Alignment	≥70%	≥80%	≥90%	≥95%	≥95%
	3q	**Customer Energy Alignment** (share of customer energy usage that is low-carbon)	% MWh covered	NA	Index Alignment	≥70%	≥80%	≥90%	≥95%	≥95%
All value chain activities	3r	**Absolute Gross Scope 3 GHG Emissions**	tCO_2e	SBTi cross-sector pathway	Linear Contraction	Linear contraction from baseline to cross-sector residual emissions value by 2050				

ANNEX B: REPORTING REQUIREMENTS

This annex summarizes the reporting requirements referenced throughout the document. All information designated with reporting locations of "Public" or "Both" within Tables B.1 and B.2 must occur in a publicly available and easily accessible location, ensuring it is clearly referenced and free of access barriers. Reporting locations listed as "SBTi Dashboard" are permitted to only be disclosed on the Target Dashboard and are not required to be reported in the companies' own materials.

Table B.1: Criteria-specific reporting requirements.

Criteria reference	**Reporting topic**	**Mandatory reporting content**	**Reporting timing**	**Reporting location** (SBTi Dashboard[58], Public or Both)
CNZS-C1	Net-zero ambition	Organization-wide net-zero ambition.	Prior to Entry Check, update as needed	[Public]
CNZS-C2, CNZS-C18.4	Net-zero transition plan	Entirety of the transition plan, including: ● All approved targets ● Key assumptions and external dependencies associated with targets ● Timing for switching operations to low-carbon fuels where feasible, retrofitting or converting assets where possible, and phasing out assets at the end of life. ● Strategy to phase out the use and support of fossil fuels ● Scope 3: ○ Intended actions by boundary level (activity, counterparty, activity pool, sector) ○ Share of total scope 3 emissions addressed	Within 12 months of Initial Validation, update as needed	Public
CNZS-C4	Base year is not the most recent year	Justification for this selection	Within 6 months of Initial or Renewal Validation	Public

[58] The intention is to display this information on the SBTi Target Dashboard, but this is subject to change.

Criteria reference	Reporting topic	Mandatory reporting content	Reporting timing	Reporting location (SBTi Dashboard[58], Public or Both)
CNZS-C7	Assurance process outcome	Time period	Within 6 months of completing the third-party base year assurance	Public
		Scope, including boundaries, emissions covered, and specific exclusions or limitations		
		The methodology and standards used by the provider, along with any assumptions and data limitations		
		The type of assurance (e.g., limited, reasonable, or high)		
		A summary of findings, including any recommendations from the provider		
CNZS-C8	Base year information	GHG accounting consolidation approach	Within 6 months of Initial or Renewal Validation	Public
		Target base year period		
		GHG inventory for the target base year		
		GHG inventory of the most recent year		
		Type of GHGs covered in the GHG inventory		
		Measurement approach and data sources for scope 1, 2, and 3 GHG emissions, including clear explanations of possible limitations and associated uncertainties		
		For low-carbon electricity targets, the percentage of purchased low-carbon electricity in the base year that meets all of C16, except for C16.6 and C16.7		
		For low-carbon electricity targets, the percentage of low-carbon electricity matched to electricity consumption in the base year		
		All emissions-intensive activities that account for ≥5% of total scope 3 emissions		
		All scope 3 categories that individually account for ≥5% of the company's total scope 3 emissions.		
		FLAG-related emissions, with emissions and removals reported separately.		
		Biogenic and technological removals, separately from GHG emissions		
		Percentage of annual revenue generated from coal, oil, and natural gas (incl. feedstocks) distribution and sales or related services (including professional services [legal, consulting, PR/advertising, data/IT, assurance, architecture, IP services,		

Criteria reference	Reporting topic	Mandatory reporting content	Reporting timing	Reporting location (SBTi Dashboard[58], Public or Both)
		etc.] when these support fossil fuel extraction, processing, distribution, marketing, sales, or expansion)		
CNZS-C10	Target dependencies	Key dependencies that could significantly affect their ability to achieve their targets.	Within 6 months of Initial or Renewal Validation	Public
CNZS-C14	Scope 2 exclusions	Proportion and amount of their total scope 2 emissions (location-based and market-based) and electricity consumption that are excluded, and from which markets.	Within 6 months of Initial or Renewal Validation	Both
CNZS-C17	Headline target	Percentage of total scope 3 emissions included	During Initial or Renewal Validation	Both
	Justification for exclusion	Justification for the emission sources excluded from the target boundary.	During Initial or Renewal Validation	SBTi Dashboard
CNZS-C20	Justification for EACs	Demonstration that low-emission alternatives are not accessible	During Initial or Renewal Validation	SBTi Dashboard
	Intervention levels	Intended actions at each intervention level (activity, counterparty, activity pool, sector)	Within 6 months of Initial or Renewal Validation	Public
CNZS-C30	Annual progress reporting	Target progress, including disaggregated progress of targets expressed in aggregate	Annually	Public
		Gross scope 1 emissions		
		Market-based and location-based scope 2 emissions		
		Significant scope 3 emissions		
		Barriers and emerging gaps		
	5-year progress reporting	Complete scope 3 emissions inventory	At least once per 5-year period	Public
CNZS-C31	Base year recalculation	Updated base year GHG inventory	Within 6 months of any base year recalculation	Public
		Reason(s) for recalculation		

Criteria reference	Reporting topic	Mandatory reporting content	Reporting timing	Reporting location (SBTi Dashboard[58], Public or Both)
CNZS-C34	Performance reporting	Target formulation (including version of the SBTi criteria, target-setting tool, and name of underlying emissions pathway used)	Within 6 months of Renewal Validation	Public
		Target and target base year information, update history, and reasons for update, if applicable		
		Target base year		
		Target year		
		Emissions for each scope in the target base year after recalculations, if applicable		
		Emissions for each scope in the target end year after recalculations, if applicable		
		Measurement approach and sources of scope 1, 2, and 3 data used to determine the GHG emissions data for performance assessment, with clear emphasis on their possible limitations and associated uncertainty		
		Values in the target base year and in the target year for other applicable indicators that are used to set targets		
		Third-party assurance status of the GHG inventory		
	Disclosure of barriers	Reasons for not achieving targets, if applicable		
		Planned actions to address internal and external barriers that prevented target achievement, if applicable		

Table B.2: Ongoing emissions reporting requirements.

Applicability	Mandatory reporting content	Unit	Reporting timing	Reporting location (SBTi Dashboard[59], Public or Both)
All companies	Disclosure of whether or not the company plans to take responsibility for at least 1% of ongoing scopes 1–3 emissions over the 5-year target timeframe.	Text-based	Within 6 months of any Initial or Renewal Validation	SBTi Dashboard

[59] The intention is to display this information on the SBTi Target Dashboard, but this is subject to change.

Applicability	Mandatory reporting content	Unit	Reporting timing	Reporting location (SBTi Dashboard[59], Public or Both)
Companies seeking ● "Recognized" Status *(CNZS-C23)* ● "Leadership" Status *(CNZS-C24)*	Total ongoing emissions across the target timeframe, per emissions scope (for this target timeframe and cumulatively across all past targets)	tCO_2e	Within 6 months of any Renewal Validation	Public
	Volume of ongoing emissions, per emissions scope, for which the company has taken responsibility for across the target timeframe (for this target and cumulatively across all past targets).	tCO_2e/year and total tCO_2e	Within 6 months of any Renewal Validation	Both
	Percentage of ongoing emissions, per emissions scope and in total, for which the company has taken responsibility for across the target timeframe (for this target and cumulatively across all past targets).	Percentage	Within 6 months of any Renewal Validation	Both
	Value and percentage of finance deployed toward: (a) quantified ex-post mitigation outcomes meeting integrity principles[60]; (b) other high-quality climate contributions meeting integrity principles, including (and broken down by) ex-ante mitigation, low-carbon R&D and innovation, mitigation-enabling outcomes, climate adaptation and resilience outcomes, and loss and damage finance.	Monetary unit (e.g., USD) and percentage	Within 6 months of any Renewal Validation	Both
	Mitigation Impact Contribution: Total volume of eligible independently verified ex-post mitigation outcomes meeting the integrity principles delivered in the cycle and those from prior climate finance contributions that have since resulted in ex-post mitigation outcomes.	tCO_2e	Within 6 months of any Renewal Validation	Both
	Climate Finance Contribution: Total value of eligible high-quality climate finance contributions meeting the integrity principles committed during the target timeframe, across all C23.3.b or C24.4 activity types, as well as finance directly funding ex-post mitigation outcomes reported for C23.3.a or C24.3.	Monetary unit (e.g., USD)	Within 6 months of any Renewal Validation	Both
Companies seeking ● "Recognized" Status *(CNZS-C23.2.b carbon*	Finance budget calculation: the carbon price applied (disaggregated per emissions scope if price is differentiated across scopes), the volume of ongoing emissions (scopes 1,	Monetary unit (e.g., USD) and	Within 6 months of any Renewal Validation	SBTi Dashboard (carbon price), Public (calculation & rationale of carbon

[60] *See illustrative principles in Annex B for initial guidance.*

Applicability	Mandatory reporting content	Unit	Reporting timing	Reporting location (SBTi Dashboard[59], Public or Both)
pricing approach) • "Leadership" Status *(CNZS-C24)*	2, and 3) used in the calculation, and the resulting total financial budget for the target timeframe. Companies seeking "Recognized" status shall report the rationale and evidence base for the selected carbon price. Companies seeking "Leadership" Status that apply a carbon price different from that required by C24.2.a (i.e., greater than $80 USD) shall disclose the price and provide a brief rationale, including reference to any credible academic that informed its determination.	tCO_2e		price)
	Budget allocation: Value and percentage of financial budget allocated to: ex-post mitigation outcomes; ex-ante mitigation funding; low-carbon R&D and innovation; mitigation-enabling outcomes; climate adaptation and resilience outcomes; loss and damage finance.	Monetary unit (e.g., USD) and percentage	Within 6 months of any Renewal Validation	Both
	Credible pathway to climate impact: For eligible climate finance contribution activities (ex-ante mitigation, low-carbon R&D and innovation, mitigation-enabling outcomes, climate adaptation and resilience outcomes, and loss and damage finance), report on the progress made toward achieving the intended climate impact in their annual reports	Text based	Annually	Public
Companies seeking • "Recognized" Status *(CNZS-C23.2.a ex-post mitigation route)* • "Leadership" Status (CNZS-C24) **Companies seeking** • "Recognized" Status *(CNZS-C23.3.a ex-post mitigation route)*	Total volume of ex-post outcomes delivered in the target timeframe expressed as a percentage of ongoing emissions for that target timeframe and cumulatively, to demonstrate compliance with the minimum 1% requirement in C23.2.a or the 40% requirement in C24.3, depending on which recognition status the company is pursuing. Total volumes and percentages should be reported across each of the following mitigation activity types: emission reductions, carbon removals, sink protection/enhancement, or a combination (relevant where it is not possible to separate out the mitigation outcome type).	t CO_2e	Within 6 months of any Renewal Validation	Both

ANNEX C: PERFORMANCE ASSESSMENT FORMULAS

This annex provides SBTi's formulas for performance assessment for both emissions reduction and alignment targets. These formulas shall be followed to undertake the performance assessments that are necessary for companies seeking revalidation in conformity with SBTi standards. Please note that the formulas shall be applied only after any necessary recalculations have been undertaken.

C.1 Emissions metric targets

The SBTi's formulas for performance assessment of emissions metric targets calculate (1) the % of target achieved and (2) the change in total emissions (in t CO_2e).

Equation C.1. Percentage of target achieved for emissions metric targets.

To establish the percentage of target achieved for emissions metric targets, the following equation shall be used:

$$\%\ target\ achieved\ = \left(\frac{Emissions\ reductions\ achieved}{Targeted\ emissions\ reductions}\right) \times 100$$

Where:

$$Emissions\ reductions\ achieved\ = Target\ base\ year\ emissions\ - Emissions\ in\ the\ target\ year$$

$$Targeted\ emissions\ reductions\ = Target\ base\ year\ emissions\ \times Targeted\ \%\ reduction\ over\ target\ timeframe\ (e.$$

C.2 Alignment targets

The SBTi's formulas for performance assessment of alignment targets calculate (1) the % of the target achieved and (2) the change from the target base year.

Equation C.2. Percentage of target achieved for alignment targets.

To establish the percentage of target achieved for alignment targets, the following equation shall be used:

$$\%\ target\ achieved\ = \left(\frac{Achieved\ value}{Targeted\ value}\right) \times 100$$

ANNEX D: CLAIMS LANGUAGE

This Annex presents example claims currently under consideration. The SBTi is proposing three broad categories of claims: **Commitment**, **Performance**, and **Conformance**.

- **Commitment claims** express intent, for example, a company's pledge to set targets or anticipated future outcomes. They do not represent realized actions or outcomes.
- **Performance claims** convey achieved results, such as progress toward a company's targets or the quantified impact or contribution recognized under Ongoing Emissions Responsibility.
- **Conformance claims** indicate that a company is aligned with SBTi requirements corresponding to its stage within the target cycle.

NOTE: These claims are subject to refinement through the public consultation and pilot testing process, as well as in-depth legal review. Only claims made in association with or reference to the SBTi are subject to these requirements.

Table D.1. Summary of claims

Applicable target types	Headline claim example and elements	Mandatory supplement to headline[61]
Commitment (i.e., forward-looking) claims, available at Entry Check or after Initial or Renewal Validation		
Scope 1: Emission metric (absolute or intensity)	"We intend to reduce our scope 1 emissions by X% by 2030." Mandatory elements: • Specification of scope • Inclusion of "reduce" or a synonym • Target ambition (%) • Target year • If intensity, specification of the unit	"As part of this, we commit to reduce scope 1 emissions associated with cement production X% per tonne of cement, all other scope 1 emissions X%, by 2032, relative to a 2024 base year." Mandatory elements: • Base year • Target year • For priority activities or SDA targets, the activity that is covered • If applicable, exclusions from the target boundary

[61] Supplementary information is required to be accessible anywhere the headline claim is made. For example, a presentation slide containing a headline claim contains a footnote with a link to an ESG disclosure that contains all mandatory supplemental information.

Applicable target types	Headline claim example and elements	Mandatory supplement to headline[61]
Scope 1: Alignment	"We intend for X% of our owned and operated assets to be low-carbon by 2030." Mandatory elements: ● Target year ● Target ambition (%) ● Inclusion of "Owned [and/or] operated assets"	"As part of this, our goal is that X% of our vehicle fleet will be electric and X% of our heating will be powered by low-carbon fuels by 2030." Mandatory elements: ● Target year ● Target ambition (%) by activity ● If applicable, exclusions from the target boundary ● If not captured in the headline, the percentage of assets to be addressed
Scope 1: Asset decarbonization plan	"We intend to reduce our scope 1 emissions by X% by 2030 and decarbonize all our emitting assets by 2050." Mandatory elements: ● Percentage reduction for the first five-year milestone ● Net-zero target year ● Inclusion of "asset decarbonization" or synonymous phrasing ● Specification of scope	"As detailed in our asset decarbonization plan, we will implement efficiency improvements, fuel switching, and the replacement or retirement of high-emitting assets to stay within our company-specific carbon budget." Mandatory elements: ● Link to asset decarbonization plan ● High-level summary of intended levers ● Inclusion of "company-specific carbon budget."
Scope 2: low-carbon electricity	"XYZ Corp intends to increase the share of low-carbon electricity in scope 2 to X% by 2033." Mandatory elements: ● Inclusion of "low-carbon electricity" ● Specification of scope ● Target year	"As part of this, our company intends to directly purchase low-carbon electricity as well as match with low-carbon attributes. " XYZ Corp plans to directly purchase an estimated X% low-carbon electricity and match an estimated X% with low-carbon attributes." (optional) Mandatory elements: ● Target year ● Implementation type (direct purchase, matching, or both) ○ Optional: estimated proportion of each implementation type ● Inclusion of "low-carbon electricity"

Applicable target types	Headline claim example and elements	Mandatory supplement to headline[61]
Scope 2: Emission metric (location-based or market-based)	"We intend to reduce our scope 2 emissions X% by 2032." Mandatory elements: ● Inclusion of "reduce" or a synonym ● Specification of scope ● Target year ● Ambition (percentage)	"We aim to reduce our location-based scope 2 emissions X% by 2032, relative to a 2025 base year." "Our goal is to reduce our market-based scope 2 emissions X% by 2031, relative to a 2024 base year." Mandatory elements: ● Scope 2 method (market-based or location-based) ● If applicable, exclusions from the target boundary ● Base year ● Target year
Scope 3: Overarching target	"We intend to address X% of our scope 3 emissions by 2033." Mandatory elements: ● Percentage of total scope 3 emissions within the target boundary ● Target year ● Inclusion of "address"	See other scope 3 target examples in this table. Mandatory elements: ● List of all scope 3 targets
Scope 3: Volume share alignment	"We will address X% of our steel procurement with net-zero aligned actions by 2030." "We will address X% of our value chain transportation activities with net-zero aligned actions by 2032." Mandatory elements: ● Ambition (percentage) ● Target year ● Priority activities covered	"We intend to address X% of our steel procurement with net-zero-aligned actions by 2030. As part of this, we will ensure that at least X% of our steel procurement is from direct low-carbon sources." Mandatory elements: ● Ambition (percentage) ● Target year ● Priority activities covered

Applicable target types	Headline claim example and elements	Mandatory supplement to headline[61]
Scope 3: Counterparty share alignment	"By 2030, our goal is to procure from suppliers covering X% of our spend/volume that are net-zero aligned." "By 2030, we aim for X% of our revenue to come from customers that are net-zero aligned." Mandatory elements: ● Target year ● Percentage of spend, volume, or revenue covered	N/A
Scope 3: Low-carbon electricity/energy	"By 2035, our goal is for X% of our suppliers' energy use to come from low-carbon sources." Mandatory elements: ● Specification of categories covered ● Use of "low-carbon energy/electricity"	"We'll work with our suppliers to understand the level of low-carbon electricity use that is currently within the supply chain, and support them to directly purchase low-carbon electricity or otherwise match their consumption with low-carbon energy attribute certificates." Mandatory elements: ● Use of "low-carbon energy/electricity" ● Implementation type (direct purchase, matching, or both) ○ Optional: estimated proportion of each implementation type
Scope 3: Emission metric (intensity)	"ABC Corp commits to reach an emissions intensity of 0.446 tCO_2e/tonne of cement procured by 2030." Mandatory elements: ● Target year ● Targeted emissions intensity ● Specification of priority activity covered	N/A
N/A	"ABC Corp commits to take responsibility for its ongoing emissions throughout its upcoming target cycle."	N/A

Applicable target types	Headline claim example and elements	Mandatory supplement to headline[61]
	Mandatory elements: ● Inclusion of “taking responsibility” or synonymous phrasing ● Inclusion of “ongoing emissions”	
Performance (i.e., backward-looking) claims, available after Renewal Validation		
Scope 1: Emission metric (absolute or intensity)	“We achieved X% of our scope 1 target.” Mandatory elements: ● Percentage achieved ● Specification of scope	“We reduced our total operational emissions X% from a 2025 base year.” “Our company reduced steel-related scope 1 emissions X% relative to a 2024 base year.” Mandatory elements: ● Link to substantiation evidence ● Base year ● Reduction percentage ● If applicable, specification of activities included
Scope 1: Alignment	“XYZ Corp achieved X% of its scope 1 target.” Mandatory elements: ● Percentage achieved ● Specification of scope	“As part of this, we transitioned X% of our fleet to electric vehicles and switched X% of our heating systems to biogas.” Mandatory elements: ● Link to substantiation evidence ● Types of assets transitioned, and the percentage of each type addressed
Scope 1: Asset decarbonizati on plan	“We achieved X% of our scope 1 target.” Mandatory elements: ● Percentage achievement ● Specification of scope	“In line with our asset decarbonization plan, X% of assets are now low-carbon, and we remain within our carbon budget.” “In line with our asset decarbonization plan, we retrofitted X% of our emitting assets to stay within our company-specific carbon budget.” “In line with our asset decarbonization plan, we converted X% of the fuel consumption of our emitting assets to low-carbon alternatives, to stay within our company-specific carbon budget.”

Applicable target types	Headline claim example and elements	Mandatory supplement to headline[61]
		Mandatory elements: ● Link to substantiation evidence ● Reference to “company-specific carbon budget” ● Percentage of assets decarbonized ● High-level description of actions ● Inclusion of “asset decarbonization”
Scope 2: Low-carbon electricity	“Our company achieved X% of our scope 2 low-carbon electricity target.” Mandatory elements: ● Percentage achievement ● Specification of scope	“To do this, we purchased X% low-carbon electricity and matched X% with low-carbon attributes.” “X% of our electricity was matched hourly, and X% was from new assets.” Mandatory elements: ● Link to substantiation evidence ● Percentage of low-carbon electricity purchased and percentage matched with low-carbon attributes ● Percentage of electricity that was matched hourly and from new assets
Scope 2: Emission metric (location-based or market-based)	“ABC Corp achieved X% of its scope 2 target.” “We reduced our scope 2 emissions X% from a 2023 base year.” Mandatory elements: ● Percentage achievement **or** reduction percentage ○ If reduction percentage, specification of the base year ● Specification of scope	“We did so by reducing location-based scope 2 emissions X% compared to a 2024 base year.” “We reduced our market-based scope 2 emissions X% from a 2025 base year.” Mandatory elements: ● Link to substantiation evidence ● Base year ● Scope 2 method (market-based or location-based) ● Reduction percentage
Scope 3: Overarching target	“We addressed X% of our scope 3 emissions.” Mandatory elements:	Mandatory elements: ● List of all scope 3 targets ● Performance on each scope 3 target

Applicable target types	Headline claim example and elements	Mandatory supplement to headline[61]
	• Percentage of total scope 3 emissions addressed • Inclusion of “addressed”	
Scope 3: Volume alignment	“We addressed X% of our procurement of steel with net-zero aligned actions.” “We achieved X% of our scope 3 target covering [insert priority activities].” Mandatory elements: • Percentage achievement • Percentage of spend/revenue addressed • Inclusion of “priority activities” or specification of priority activities covered	“To achieve our target of addressing X% of our steel procurement, we sourced X% of steel from direct low-carbon sources, X% from a lower-carbon alternative within our activity pool, and X% by investing in expanding low-carbon steel availability where such options were not yet accessible.” Mandatory elements: • Link to substantiation evidence • Activities included • Proportion of implemented actions at each intervention level (activity, activity pool, sector)
Scope 3: Counterparty alignment	“X% of our suppliers are net-zero aligned.” “XYZ Corp achieved X% of our target to address X% of counterparties in our value chain.” Mandatory elements: • Percentage achievement and/or percentage of counterparties, spend, or revenue aligned	“As part of this, X% of our suppliers are aligned with net-zero commitments.” Mandatory elements: • Link to substantiation evidence • If not covered in the headline claim, the percentage of counterparties aligned
Scope 3: Low-carbon electricity/energy	“We achieved X% of our target to increase the share of low-carbon electricity in scope 3 category 1 (purchased goods & services), which has now reached X%.” Mandatory elements: • Percentage of target achievement • Percentage of low-carbon electricity/energy coverage	“We worked with our suppliers to understand that X% of electricity in our supply chain is low-carbon. For the remaining, X% of energy was covered by directly purchasing low-carbon electricity, and X% was matched with attribute certificates.” Mandatory elements: • Link to substantiation evidence • Percentage of low-carbon electricity purchased and percentage matched with low-carbon attributes

Applicable target types	Headline claim example and elements	Mandatory supplement to headline[61]
	• Specification of categories covered	
Scope 3: Emission metric (intensity)	"We achieved X% of our target to reduce scope 3 emissions from purchased cement by X% to X tCO_2e/tonne." Mandatory elements: • Percentage of target achievement • Percentage reduction in emissions intensity • Emissions intensity reached • Specification of scope or inclusion of "value chain" • Activity covered	"To achieve our target addressing cement procurement, we procured cement from sources where the average emissions intensity was X tCO_2e/tonne." Mandatory elements: • Link to substantiation evidence • Specification of activities within the target
Ongoing Emissions Responsibility	**SBTi Ongoing Emissions Responsibility Recognized claim:** "Between 2025 and 2030, we took responsibility for 50% of our ongoing emissions over the five-year target timeframe as a contribution to global net-zero, achieving SBTi Ongoing Emissions Responsibility Recognized status." Mandatory elements: • Timeframe of contributions • Percentage of ongoing emissions addressed • Tier of recognition **SBTi Ongoing Emissions Responsibility Leadership claim:** "Between 2025 and 2030, we took responsibility for 100% of our ongoing emissions over the	**SBTi Ongoing Emissions Responsibility Recognized claim examples:** • "Finance contribution claim: "We disbursed $10 million in reforestation efforts in the Amazon rainforest to take responsibility for 50% of our ongoing emissions as a contribution to global net-zero." • Mitigation impact contribution claim: We funded 100,000 t CO_2e of third-party verified emissions reductions beyond our value chain to take responsibility for 50% of ongoing emissions as a contribution to global net-zero." Mandatory elements: • Total volume of mitigation (tCO_2e) or finance delivered (currency unit) • Activity type **SBTi Ongoing Emissions Responsibility Leadership claim:** • "Mitigation Impact Claim: We supported 800,000 tCO_2e of verified ex-post mitigation outcomes (40% of our total ongoing emissions) through emission reductions and carbon removals. • Finance Contribution Claim: We allocated the remaining $60 million to renewable energy R&D and climate adaptation projects."

Applicable target types	Headline claim example and elements	Mandatory supplement to headline[61]
	five-year target timeframe as a contribution to global net-zero, achieving SBTi Leadership status." Mandatory elements: ● Timeframe of contributions ● Percentage of ongoing emissions addressed ● Tier of recognition	Mandatory elements: ● Total volume of mitigation (tCO_2e) or finance delivered (currency unit) ● Activity type

Conformance claims are available as complements to other claims, and communicate procedural compliance with SBTi requirements. They are available after each stage of the Validation Cycle and can be combined with other claims. For example, a company that has passed the Renewal Validation may wish to combine a conformance, performance, and ambition claim into a single headline of "We continue to progress towards net-zero, have met our SBTi targets for [year], and have set new targets."

Table D.2: Conformance claims that can be made after successful completion of each assessment type.

Assessment stage	Example language
Entry Check	"We have completed the SBTi's Entry Check assessment, and will undergo validation against the SBTi Corporate Net-Zero Standard within 12 months by [date]." Mandatory elements: ● Current validation cycle stage (Entry Check) ● Timeframe in which targets will be submitted for validation
Initial Validation	“We have completed the Initial Validation assessment and are in conformance with all SBTi requirements at this stage.”
Renewal Validation	“We have completed the Renewal Validation assessment and remain in conformance with all SBTi requirements at this stage.”
Spot Check	“We passed our latest spot check and remain in conformance with SBTi requirements.”

ANNEX E: ILLUSTRATIVE HIGH-LEVEL INTEGRITY PRINCIPLES

Disclaimer:

*This annex reflects **initial high-level principles**, which have been developed through research and consultation with the CNZS V2.0 Expert Working Groups. The content will continue to be refined through subsequent technical work and broader stakeholder engagement, likely to extend beyond the launch of the Corporate Net-Zero Standard, Version 2.0.*

*The content presented herein is **illustrative and provisional**, and does not represent a final or endorsed position of the SBTi. All elements remain **subject to further refinement, consultation, and approval** as part of the standard's ongoing development process.*

*The elements outlined below are **not presented as normative components** of this Standard against which companies are validated, but rather as high-integrity principles that underpin the use of Environmental Attribute Certificates (EACs) for scope 1, 2, and 3 targets, and contributions to take responsibility for ongoing emissions.*

*As part of the Corporate Net-Zero Standard second public consultation and pilot testing phase, the SBTi will assess whether companies can reasonably provide evidence against these integrity principles. The SBTi is considering the extent to which these principles may inform future normative elements of the Standard, with a view to determining whether normative provisions may ultimately be derived from them. The SBTi is therefore **seeking feedback on these principles, including** further targeted input from existing standards systems, assurance providers, and chain of custody/sector traceability experts to inform the progression of this resource further.*

Environmental Attribute Certificate (EAC): EACs are instruments that are used to convey environmental- or sustainability-related characteristics of a given activity or commodity. Within the context of the SBTi, they fall into two broad categories:

1) Carbon credits: These certify the mitigation outcomes of projects that reduce, avoid, or remove carbon emissions.
2) Energy and commodity certificates: These convey the environmental performance of activities with three main types, including electricity, fuel, and commodity certificates

Substantiating performance on scope 1, 2, and 3 targets using energy and commodity EACs

This section presents initial integrity principles for substantiating performance of specific targets in the CNZS through the use of energy and commodity Environmental Attribute Certificates (EACs) covering topics of **fuels, commodities, and electricity**.

For robust and credible substantiation using energy and commodity EACs, certain integrity principles need to be met. The integrity principles specify the quality requirements to follow during the issuance (creation and registration) of the low(er) carbon attribute recorded in the EAC and the transaction of the EAC stages.

High-level principles during issuance

1. **Accuracy:** EACs accurately represent the climate performance of the underlying activity. EACs that convey the emission factor of an activity are issued using attributional accounting principles[62], addressing a homogenous functional unit.
2. **Exclusive issuance:** The instrument conveys all climate-relevant environmental attributes associated with the underlying activity and should be issued only once. The same activity should also not issue two different types of instruments that convey the environmental attributes of the underlying activity (e.g., carbon credits and certificate commodities).
    a. *For electricity*: This includes (but is not limited to) both the direct GHG emissions rate of the generation (used for market-based scope 2 emissions accounting and associated matching claims under the index alignment approach) and any ownable avoided GHG emissions attribute associated with the generation. It is possible that the avoided emissions attribute is not ownable or is zero, if, for example, the energy system in which the generation participates is subject to a cap-and-trade mechanism, and there is no set-aside program that retires allowances on behalf of voluntary purchasers of low-carbon energy.
3. **Verifiability:** The environmental performance of the underlying activity is supported by transparent, traceable, and auditable evidence. For example, EACs issued for low-carbon electricity are issued based on revenue-grade metering.
4. **Traceable chain of custody model (internal):** Tracking attributes through different processing requires credible chain of custody models based on physical constraints, i.e., the attribute should not be developed via cross-product averaging, as in the case with “carbon bank” models.
    a. *For electricity:* EACs issued to low-carbon electricity are therefore traceable to distinct generation facilities. Both dynamic and static data can be tracked by an EAC, such as the vintage of generation (the hour, date, week, or month the generation occurred). Static data includes (without being limited to) the generation technology, the location, and the commissioning or re-powering year of the generator.
    b. [For fuels/commodities: Potential chain of custody models for EACs used to

[62] Attributional GHG accounting is a method for quantifying and assigning greenhouse gas emissions to an entity, product, or activity based on its share of responsibility or benefit from an emissions-generating process.

address emissions at the emissions source, activity pool, and sector level will be explored during the consultation.]

5. **Attribution integrity**: Certificates represent the emissions or environmental performance of an activity based on a complete and representative allocation of emissions (e.g., mass, energy, or economic basis) across all relevant outputs of that activity.
6. **Expiry:** EACs are issued within systems that have provisions for certificate expiry. Expiry prevents any individual beneficiary from claiming the attributes if the certificate is not cancelled within its validity period. Certificates not cancelled within their validity period shall expire, and their attributes shall be assigned to the residual mix[63] (add definition).

High-level principles during transaction

1. **Transparent and verifiable:** Environmental attribute certificates generation and transactions are publicly disclosed, transparent, and in a secure registry that records the issuance, transfer, redemption, cancellation, or retirement of certificates.
2. **Double claiming:** Certificate registries enable transparency in both direct and indirect transactions, ensuring that multiple value chain partners can co-claim where appropriate, while avoiding double counting.

[63] A residual mix is the calculated composition of environmental attributes remaining within a defined market or region after all tracked and claimed certificates have been removed. It represents the unallocated or unclaimed share of attributes associated with the production and consumption of a given physical or energy commodity, reflecting the average environmental characteristics of that untracked portion.

Illustrative integrity principles for ongoing emissions responsibility

The content presented in this section reflects research that SBTi has conducted as part of this process and for the development of the Above and Beyond report (2024). The content is presented to illustrate initial thinking, and is expected to undergo **further refinement, consultation, and approval.**

This section is structured into two sections to present the illustrative integrity principles for:

1. Mitigation impact contributions;
2. Climate finance contributions.

The activities described in the following two sections represent contribution claims, reflecting a company's support for measurable and verifiable climate action beyond its value chain. These claims do not imply a one-to-one equivalence with the company's own emissions, nor do they require exclusive ownership of the resulting mitigation outcomes. Instead, they are grounded in the delivery of quantifiable climate benefits, acknowledging that emission reductions and removals are not fully fungible and that their impact depends on context, durability, and additionality.

1. Mitigation impact contribution

The general principles below apply to all mitigation impact contributions, regardless of classification.

General integrity principles

1. Issuance integrity

1.1. **Ex-post delivery:** The underlying activity has already taken place, and its results, expressed in metric tonnes of CO_2e, have been verified using observed monitoring data.

1.2. **Robust quantification:** Mitigation outcomes are quantified in metric tonnes of CO_2 equivalent (tCO_2e) using transparent, scientifically rigorous methods. Quantification is conservative in its assumptions, complete in its coverage of all relevant gases, pools, and sources, and consistent with recognized standards and good practice. This includes ensuring baselines are aligned with the principles of the Paris Agreement and established transparently and conservatively, using credible, verifiable evidence. Speculative counterfactual baselines that depend on unobservable changes in customer behaviour - such as avoided emissions from product use - are not eligible. Reported results will clearly document data sources, methods, and assumptions, include an assessment of uncertainty and its treatment, and be reproducible by independent third parties.

1.3. **Additionality:** The outcome would not have occurred without the intervention. This generally means showing that activities are not already financially viable, legally mandated, or fully financed under existing policies. To avoid creating barriers to investment in lower-income countries, activities

can be aligned with, or contribute toward, a host country's Nationally Determined Contribution (NDC), provided there is credible evidence that company support enables mitigation beyond what is already funded or committed under existing policies and measures. Corresponding adjustments under Article 6 of the Paris Agreement would not apply, since mitigation outcomes are framed as "Mitigation Impact Contribution" claims.

1.4. **Transparency and disclosure:** Disclosure of the underlying activity type, methodology, key assumptions, uncertainty ranges, monitoring period, and the specific mitigation outcome delivered (emission reductions, carbon removals, or sink protection/enhancement, or mixed if there is no breakdown of outcomes).

1.5. **Vintage:** Mitigation outcomes are generated in respect of or represent mitigation from 2021 onward to ensure that recognized outcomes reflect recent and relevant climate action, aligned with the timeframe of 1.5°C-consistent pathways and current standards of integrity.

1.6. **Avoidance of leakage:** The substantiation mechanism demonstrates how leakage has been assessed, quantified, and addressed. Mitigation outcomes are designed and implemented to avoid or minimize leakage in accordance with recognized standards and good practice.

1.7. **Risk of reversal safeguards:** Measures are in place to manage the risk of reversal. This includes ongoing monitoring and transparent reporting on permanence and reversal events; and compensation mechanisms to address reversals when they occur, such as use of buffer pool, contractual make-good obligations, or insurance solutions. In land-based contexts, safeguards are designed and implemented in line with social and environmental safeguards and the principles of Free, Prior and Informed Consent (FPIC), to ensure they do not result in adverse impacts on rights or livelihoods.

1.8. **Social and environmental safeguards:** Underlying mitigation activities are designed and implemented in accordance with internationally recognized safeguards that are embedded in the design and verification of the mechanism. This includes (1) respect for Free, Prior and Informed Consent (FPIC) of affected communities and landholders; (2) protection of human rights, biodiversity, and environmental integrity; (3) fair and transparent benefit-sharing or compensation where applicable.

1.9. **Independent verification:** Claimed mitigation outcomes are subject to credible, high-quality, independent assurance. Verification is either performed by an accredited third party or the substantiation mechanism provides sufficient, transparent information for such verification to be independently carried out. All verification opinions are public to enable external scrutiny and challenge.

1.9.1. For carbon credits, this means validation and verification in line with recognized standards; neutral allocation of verification bodies to reduce conflicts of interest and oversight mechanisms to review verifier performance, including meta-audits and sanctions for underperformance.

1.9.2. For other mechanisms, equivalent assurance processes are in place (e.g., independent audit, accredited third-party review, or peer-reviewed monitoring protocols).

2. *Transaction integrity*
    2.1. **No double issuance or allocation:** The systems underpinning the substantiation mechanism include safeguards to ensure that the same mitigation outcome cannot be issued or allocated more than once.
        2.1.1. For carbon credits, this means unique serialization, transparent tracking, and single retirement within registry systems.
        2.1.2. For other substantiation mechanisms, an equivalent traceability system confirms that outcomes are recorded once, allocated once, and cannot be duplicated across different transactions or ledgers.
    2.2. **Transparency of value distribution:** The systems underpinning the substantiation mechanism ensure transparency of financial flows. This includes clear disclosure of the share of value reaching implementing entities and beneficiaries, as well as the design and operation of any benefit-sharing mechanisms where relevant.

2. Climate finance contribution

The following section indicates cross-cutting integrity principles that apply to climate action categories listed in C23.3b, apart from ex-post outcomes, which are covered in the section above. How these principles apply to specific categories is described where relevant.

Integrity principles specific to eligible climate action categories

1. **Clear categorization and avoidance of double counting:** Each unit of financial contribution is clearly assigned to one recognized category of climate action.[64]
    1.1. **Adaptation**: Disbursed funds are categorized to reflect their primary objective (i.e., adaptation or mitigation). When a single disbursement supports both, it is transparently apportioned between the two or reported under the most relevant category.
    1.2. **Loss and damage:** Contributions are aligned with the priorities of the host country and/or of a legitimate community-led structure (especially in the absence of a functioning government, where funding can be channeled through the Fund for responding to Loss and Damage).
2. **Additionality:** All funding is new and additional, and not part of business-as-usual spending or legally required activities.
    2.1. **Low/zero-carbon R&D and innovation:** R&D spend is incremental to business-as-usual research budgets and is directed specifically toward innovations that accelerate mitigation or enable climate solutions, rather than routine product development or compliance-driven research.
    2.2. **Ex-ante mitigation:** Forward finance is new and enables or accelerates the implementation of mitigation activities that would not otherwise proceed at the same scale or speed. This excludes routine procurement or capital expenditure.
    2.3. **Mitigation-enabling activities:** Routine expenditures, including existing

[64] I.e. funding for: ex-post mitigation, ex-ante mitigation, low/zero carbon R&D and innovation, mitigation-enabling activities, adaptation and resilience, or loss and damage.

policy staff costs, lobbying budgets, or generic government relations, are not included. Funds are ring-fenced to a defined intervention with clear deliverables and subject to independent review.

3. **Credible pathway to climate impact:** How each contribution will deliver intended outcomes is clear, including defined milestones and measurable indicators to track progress.
    3.1. **Mitigation-enabling activities:** There is evidence of a plausible causal link between the activity (e.g., policy reform, capacity building, infrastructure deployment) and future mitigation outcomes.
    3.2. **Adaptation:** Contributions are based on documented local climate risk assessments and alignment with adaptation plans.
    3.3. **Loss and Damage:** Contributions are based on documented evidence of (1) the climate change-induced damages addressed, (2) the actions taken to address those climate damages, including how they contribute to resilience to ongoing climate ("build back better"), and (3) alignment with loss and damage priorities and adaptation plans.
4. **Delivery safeguards:** Disbursements include delivery safeguards to manage the risk of non-performance, such as milestone-based payments, escrow arrangements, performance guarantees, or insurance mechanisms.
    4.1. **Ex-ante mitigation:** Ex-ante purchases and offtake agreements include measures to manage delivery risk, including escrow or milestone-based payments, performance guarantees or insurance, and make-good provisions.
    4.2. **Low/zero-carbon R&D and innovation:** Safeguards include milestone-based funding linked to technical progress and independent review of deliverables.
5. **Transparency:** Clear disclosure of (i) the purpose, amount, beneficiaries, and disbursement of funds; (ii) the funding mechanism used (e.g., grant, results-based or concessional finance, commercial investment, in-kind support, market-based or blended finance) and whether a financial return is expected. If returns are expected, specify how the contribution remains additional and climate-aligned, and whether returns will be reinvested in climate activities; and (iii) for co-funded projects, the share of total funding to avoid overstating contributions.
    5.1. **Ex-ante mitigation:** Transparent disclosure of key contract terms, including expected volumes, and the anticipated delivery period for future verified mitigation units.
    5.2. **Low/zero-carbon R&D and innovation:** Transparent disclosure of intellectual property arrangements, conflicts of interest, and any public co-funding.
6. **Environmental and social safeguards:** Activities comply with recognized social and environmental safeguards, including respect for human rights, protection of biodiversity, Free, Prior and Informed Consent (FPIC) where relevant, and access to grievance mechanisms.
    6.1. **Adaptation:** Contributions are based on local climate risk assessments and aligned with national, sub-national, or municipal adaptation plans. This could include making contributions to the UNFCCC Adaptation Fund or national or sub-national adaptation funds.
    6.2. **Loss and damage:** Finance is channelled through mechanisms with strong fiduciary safeguards and transparent criteria for allocating support. Reporting

should include how quickly and how much funding reaches affected communities, while ensuring those communities participate in decision-making and have access to grievance mechanisms.

7. **Independent review:** Disbursement of funds is reviewed or assured by qualified third parties. Independent review confirms that committed funds were transferred as reported and that the funded activities meet the applicable integrity principles.
8. **Temporal relevance:** Funded climate actions should be initiated and disbursed promptly (i.e., within the target timeframe), with activities designed to deliver measurable outcomes within a reasonable timeframe and avoid dependence on impacts that materialize only in the distant future.

Illustrative integrity principles for neutralization at the net-zero target year

To achieve a state of net-zero, companies are required to reduce their scope 1, 2, and 3 emissions to zero or to residual levels, and to neutralize all residual emissions at the net-zero target year and thereafter through verified carbon removal activities.

Integrity principles for neutralization differ in important ways from those for mitigation impact and climate finance contributions. A neutralization claim implies a one-to-one equivalence with the company's own residual emissions and requires exclusive ownership of the resulting mitigation outcomes to ensure environmental integrity and prevent double claiming.

The integrity principles for mitigation impact contributions (*Principles 1.1 to 2.2 in Mitigation Impact Contribution*) apply to neutralization, except where specific conditions must be superseded to reflect the unique requirements of neutralization with regard to eligible mitigation outcomes and their additionality.

The superseded principles and details are shown below. All other Mitigation Impact Contribution principles apply at neutralization, unless a superseding clause is explicitly stated here.

General integrity principles

1. *Issuance integrity*

    1.2. **Robust quantification:** Mitigation outcomes are quantified in metric tonnes of CO_2 equivalent (tCO_2e) using transparent, scientifically rigorous methods. Quantification is conservative in its assumptions, complete in its coverage of all relevant gases, pools, and sources, and consistent with recognized standards and good practice. This includes ensuring baselines are aligned with the principles of the Paris Agreement and established transparently and conservatively, using credible, verifiable evidence. Only outcomes that demonstrate removal in tCO_2e are eligible for neutralization.

    1.3. **Additionality:** The outcome would not have occurred without the intervention. This generally means showing that activities are not already financially viable, legally mandated, or fully financed under existing policies. To avoid creating barriers to investment in lower-income countries, activities can be aligned with, or contribute toward, a host country's Nationally Determined Contribution (NDC), provided there is credible evidence that company support enables mitigation beyond what is already funded or committed under existing policies and measures and it can be demonstrated that corresponding adjustments, under Article 6 of the Paris Agreement, have been applied by the host country.

    1.4. **Transparency and disclosure:** Disclosure of the underlying activity type, methodology, key assumptions, uncertainty ranges, and monitoring period.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION