



CONTINUING USE OF CORPORATE NET-ZERO STANDARD VERSION 1.3.1 AND TRANSITION TO CORPORATE NET-ZERO STANDARD VERSION 2.0

June 2026

As the Science Based Targets initiative (SBTi) embarks on its most significant system transition to date, this document aims to provide a high-level approach to the continuing use of Corporate Net-Zero Standard Version 1.3.1 and near-term criteria, and the transition to Corporate Net-Zero Standard Version 2.0. It highlights that many of the innovations in Corporate Net-Zero Standard V2.0 will be available under Corporate Net-Zero Standard V1.3.1 and near-term criteria (referred to as V1 for this document), in order to support a smooth transition. This guidance recognizes that companies are at varying stages in their decarbonization journeys with the SBTi, whether managing commitment timelines, preparing a target submission, or approaching a mandatory five-year review.

Companies setting or updating targets before 2028:

Companies setting or updating targets during this window are encouraged not to delay target-setting, and are welcome to continue to use Corporate Net-Zero Standard V1 for target setting until January 2028. This may be attractive given flexibilities in V1 (e.g., setting a combined scopes 1 and 2 target, scope 3 target boundary, data assurance requirements); and that key innovations under V2.0 will apply to V1 (see below). The targets of companies following this approach will remain valid for the full target cycle; companies will then set targets under Corporate Net-Zero Standard V2.0 for the subsequent cycle.

Companies with target years 2030 onwards:

Companies with existing targets set for 2030 or later, as well as those falling under the mandatory five-year review in 2028, are advised to maintain their current targets. They should plan to transition to Corporate Net-Zero Standard V2.0 for the next cycle (2030-35), setting new targets from 2028. This lead time is intended to allow companies sufficient time to plan for implementation of projects and programmes to reduce emissions. In the meantime, and for the remainder of the current cycle, key innovations under the Corporate Net-Zero Standard V2.0 will apply to V1 (see below).

Corporate Net-Zero Standard V2.0 innovations that will apply to Corporate Net-Zero Standard V1:

Company categorization

In order to maintain consistency between versions of the Standard, companies that do not meet 'Category A' thresholds in Corporate Net-Zero Standard V2.0 may request to adopt an SME categorization under the current Standard.

Target Pathways

A key element pulled forward from Corporate Net-Zero Standard V2.0 is the integration in V1 of the updated absolute contraction methodology, which was operationalized in the SBTi system in Q2 2026. Specifically, companies set targets based on annual emissions reductions applied to a base year reflecting the most recent emissions data. This update supports a smooth transition for companies to move between the Standards over time. It is already integrated into all SBTi tools and submission materials, requiring no additional action for companies to take advantage of ensuring their targets remain aligned with the most current science-based criteria in the transition to Corporate Net-Zero Standard V2.0.

Taking Action on Targets

Corporate Net-Zero Standard V2.0 introduces a hierarchy for target implementation, from actions that directly reduce a company's physical carbon footprint, to actions that support decarbonization of shared systems and the sectors in which companies operate. The hierarchy includes the use of market instruments in the context of activity pools and sector approaches. This hierarchy may be applied to meeting targets set using the current standard, subject to requirements as set out in Corporate Net-Zero Standard V2.0 and related guidance.

Progress Reporting

Companies are currently required to disclose their annual GHG inventories and progress against targets, and the SBTi will have increased focus ensuring that this requirement is met. Corporate Net-Zero Standard V2.0 introduces an enhanced transparency framework including end-of-cycle progress assessments, with third party assurance required for Category A companies. To ensure a seamless transition, the SBTi recommends that companies proactively adopt third-party assurance requirements for their end-of-cycle progress reporting under Corporate Net-Zero Standard V1.

Pursuing Targets on Best Efforts Basis

As the SBTi framework evolves from ambition to action, science-based targets are clarified to be pursued on a 'best efforts' basis, acknowledging the significant external uncertainties and systemic dependencies that companies navigate. Companies are expected to employ all available levers to drive emissions reductions and proactively address implementation barriers. Companies are already required to report annually on progress under the current standard, and should do so together with any barriers to progress and targets, including how implementation barriers will be addressed. Companies meeting these requirements can continue to use the SBTi framework and progress towards net-zero. This approach applies to Corporate Net-Zero Standard V1 and V2.0. While the intention is to introduce minimum progress criteria in the

future, they will not apply until the end of the first cycle under Corporate Net-Zero Standard V2.0 related to the assured progress assessment.

Ongoing Emission Responsibility (OER)

With the upcoming launch of the Ongoing Emissions Responsibility (OER) framework in 2027, companies with targets under both the current Standard and Corporate Net-Zero Standard V2.0 will be eligible to participate in OER for their ongoing emissions, and will be recognized for their contributions, provided they meet defined integrity criteria. This framework represents a critical step in enabling companies to take immediate responsibility for the emissions they continue to produce while progressing toward setting targets under Corporate Net-Zero Standard V1 or V2.0. Details regarding the broader framework and its implementation will be released in the second half of 2026.

*

The SBTi remains dedicated to enabling companies to set ambitious science-based targets that drive the global economy toward a net-zero future. Further resources regarding the specific elements highlighted above will be released in due course.