

This document provides a high-level, step-by-step roadmap to help companies navigate the key decision points and requirements of the Corporate Net-Zero Standard V2.0 (CNZS V2.0) based on their company categorization and emissions profile. This document is designed as a practical guide to support companies in understanding the target cycle and target-setting process, and in identifying the criteria that may apply to them. It does not constitute a normative part of the Standard. For the full scope of requirements, users shall refer to the main body of the CNZS V2.0.

**KEY:**

- Applies to all companies
- Required for Category A companies, optional for Category B companies
- Optional for the company

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## TARGET CYCLE

For companies entering the SBTi framework for the first time, the process begins with registering and identifying their company categorization (A or B) based on geography, size, and emissions, and optionally making a commitment\* which will be displayed on the Target Dashboard. If a commitment is set, the company is required to submit its targets for validation ahead of the commitment deadline.

Where applicable, companies identify and apply any relevant SBTi Sector Standards and/or guidance in accordance with the associated requirements.

For companies with existing validated targets transitioning to CNZS V2.0, the process begins with re-registration to determine company category under the new Standard.

Once targets are validated, companies implement them and report progress annually over a five-year cycle, before undergoing an end-of-cycle assessment and submitting new targets.

\* A commitment is a formal expression of intent to develop science-based targets and submit these for validation within 24 months.

## FOUNDATIONS

Companies are classified as Category A or Category B based on size and geography, with Category A companies facing more stringent requirements, such as mandatory scope 3 targets and third-party assurance of emissions data.

At the start of each target cycle, companies select the most recent year for which comprehensive data is available as their target base year. Target years are also selected: a five-year period is applied for near-term targets, and the target year for long-term targets and net-zero targets is no later than 2050.

The greenhouse gas (GHG) inventory boundary is defined in line with GHG Protocol Standards and, for Category A companies, assured by an independent third party.

## TARGET SELECTION

Companies may optionally set a net-zero target, which includes targets to reduce emissions across all scopes to residual levels by 2050 or sooner, and neutralize what remains. In which case, near-term and long-term targets are required for scopes 1, 2, and 3.

If no net-zero target is set, all companies set near-term scope 1 and scope 2 targets, with Category A companies also required to set scope 3 near-term targets.

Long-term targets are optional for both categories, except where Category A companies use scope 1 emissions intensity or asset transition methods for their near-term targets, in which case a scope 1 long-term target is also required.

## SCOPE 1 TARGET SETTING

Companies have three options for setting scope 1 targets: an absolute emissions reduction along a straight-line trajectory to net-zero; an emissions intensity reduction following sector-specific pathways; and/or an asset transition approach for companies whose capital stock does not follow a linear pathway, based on planned asset phase-out milestones and/or a science-based carbon budget. All three approaches work toward a net-zero year of 2050 at the latest.

## SCOPE 2 TARGET SETTING

Companies have two options for setting scope 2 targets: a low-carbon electricity (LCE) alignment target aiming to increase the share of low-carbon sourced and/or matched electricity consumption and/or an absolute emissions reduction along a straight-line trajectory to net-zero.

Where the company has emissions from heat, steam, and cooling, an absolute emissions reduction target is required to cover these emissions.

Where the company has projected average annual electricity consumption growth exceeding 20% over the target cycle, an absolute emissions reduction target is required and, optionally, an additional LCE target.

Companies that can show their electricity use is matched with low-carbon power on an hourly basis meeting certain thresholds can earn recognition from the SBTi on the Target Dashboard.

## SCOPE 3 TARGET SETTING

Companies identify scope 3 categories individually representing 5% or more of total scope 3. These are referred to as significant categories and are required to be covered in the target boundary. Scope 3 categories which are not significant may be additionally included in scope 3 targets.

Certain activities are eligible for exclusion from the target boundary regardless of their size, and companies should identify whether they want to exclude these activities. For each exclusion, companies shall report the applicable exclusion condition, the volume of excluded emissions in absolute and percentage terms, and the actions they intend to take to mitigate those emissions.

Companies have three options for setting scope 3 targets: an overarching absolute emissions reduction target, an overarching supplier or customer alignment target, and/or category- or activity-specific targets.

For category- or activity-specific targets, the Standard sets out methods tailored to the specific characteristics of each category or activity, including emissions-intensive activities. The available options differ depending on whether emissions are upstream or downstream, and whether sector-specific pathways exist for the relevant commodity or activity. Companies may use alternative options to address category 11 emissions. If it can be proved that none of the downstream target-setting options can reasonably be applied.

Where the same target method is used, targets may be aggregated across categories. Where multiple scope 3 targets are set, companies may consolidate them into a single headline ambition figure for communication purposes only.

The goal across all approaches is to transition the value chain to net-zero by 2050 at the latest.

## ONGOING EMISSIONS RESPONSIBILITY

While companies reduce their emissions over time, they will continue to emit GHGs on the path to net-zero. To encourage companies to take responsibility for these ongoing emissions through delivering climate contributions, the Standard introduces a voluntary Ongoing Emissions Responsibility (OER) recognition program, under which companies are publicly recognized on the SBTi Dashboard.

Recognition may be granted at three levels: Engaged (covering at least 1% of ongoing emissions), Advanced (covering 100% scope 1 and 2, and at least 10% total ongoing emissions), or Leadership (100% Engaged and Advanced companies can choose to deliver climate contributions through the support of verified mitigation outcomes, or by establishing and using a contribution budget to support climate action. Leadership companies use the contribution budget approach to deliver climate contributions.

Companies can use the target-setting tool to calculate their indicative emissions target, helping determine which recognition level is feasible for them.

Climate contributions under the OER framework are in addition to actions taken to implement science-based targets. This program is a complement to, not a substitute for, reducing emissions, which remains the core of the SBTi framework.

From 2035, Category A companies will be required to support eligible carbon removals.

## IMPLEMENTATION HIERARCHY

When taking action to decarbonize their operations and value chains, companies shall follow a defined implementation hierarchy, assessed at the end of each target cycle.

Companies first prioritize direct, activity-level actions that reduce emissions at the source. Where emissions arise within shared systems such as electricity grids, supply sheds, or logistics networks, companies may take action within those activity pools. Only where structural barriers prevent sufficient action at the activity or activity pool level may companies resort to broader sector-level actions in geographically or systemically relevant systems. This may include purchasing energy and commodity certificates. Examples of structural barriers include technology not yet available at scale, or infrastructure and market constraints.

Companies shall document and report any structural constraints and explain how sector-level actions complement rather than substitute for direct action.

