SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BASIS FOR CONCLUSIONS REPORT

Corporate Net-Zero Standard Version 2.0

Version 1.0

June 2026

ABOUT SBTi

The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

We develop standards, tools and guidance which allow companies to set greenhouse gas (GHG) emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at latest.

The SBTi is incorporated as a charity, with a subsidiary which will host our target validation services. Our partners are CDP, the United Nations Global Compact, the We Mean Business Coalition, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF).

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“Science Based Targets initiative” and “SBTi” refer to the Science Based Targets initiative, a private company registered in England number 14960097 and registered as a UK Charity number 1205768.

VERSION HISTORY

Version	Change/update description	Release date
Version 1.0	Version for initial publication.	June 11th, 2026

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1. INTRODUCTION

1.1 About this document

This Basis for Conclusions report accompanies the Science Based Targets initiative (SBTi) Corporate Net-Zero Standard Version 2.0 (CNZS V2.0). It documents how the standard evolved throughout its development process and explains the reasoning behind key decisions reflected in the final framework.

The report summarizes the feedback received during the development of CNZS V2.0 through multiple engagement channels, including the first public consultation (March to June 2025), the second public consultation (November to December 2025), two phases of pilot testing conducted between April and December 2025, and technical and implementation-focused input from the CNZS V2.0 Expert Working Groups. All feedback and issues raised during these processes were reviewed and assessed by the SBTi CNZS Project Team.

This document highlights the main themes that emerged from stakeholder feedback and outlines how these were considered in shaping the final standard. Topics are organized into significant and minor issues.[1] For each issue, the report summarizes the feedback received, describes how the approach evolved across draft versions where relevant, and explains the rationale for the final conclusions adopted in CNZS V2.0.

The report also provides transparency on how the Procedure for Development of SBTi Standards[2] was applied throughout the process and how stakeholder input informed the final design of the Corporate Net-Zero Standard Version 2.0.

1.2 Objectives for the development of CNZS V2.0

The objectives of the Corporate Net-Zero Standard V2.0 project are:

- Align with latest science and best practice;
- Enhance the SBTi's approach to addressing value chain (scope 3) emissions;
- Integrate continuous improvement and assessment of target achievement and;
- Improve the document's structure, as well as interoperability between CNZS and other SBTi standards and with other relevant standards and frameworks.

The CNZS V2.0 project contributes to the SBTi's efforts to achieve its mission of accelerating science-based corporate climate action consistent with net-zero by 2050 or sooner,

[1] For the purposes of this Basis for Conclusions report, issues are considered significant where they involve substantive technical or conceptual changes between draft versions and or where stakeholder feedback revealed strongly diverging viewpoints. Topics are categorized as minor where they did not involve substantive technical or conceptual changes between draft versions, but still benefit from an explanation of the final approach.
[2] A detailed mapping between the CNZS V2.0 and the Standard Operating Procedure (SOP) for Development of SBTi Standards is presented in Annex C of this document.

contributing to international efforts aimed at limiting temperature change to 1.5°C by the end of the century.

A detailed description of the objectives of this project is outlined in the CNZS V2.0 Terms of Reference, available publicly from the beginning of the project.

2. CNZS V2.0 DEVELOPMENT PROCESS

The SBTi formally initiated the major revision of the CNZS in April 2024 per the Board-approved 2024 Standards Development Plan. The CNZS V2.0 was developed based on the Project Terms of Reference that were published in May 2024.[3] Annex B provides a detailed timeline of the key development stages and milestones of CNZS V2.0 project.

Over the duration of the project, external stakeholders were invited to provide feedback on iterations of the CNZS V2.0 through two public consultations, two phases of pilot testing, and participation in five thematic Expert Working Groups (EWGs). The sections below provide an overview of each of these feedback channels. Annex A provides links to the relevant consultation resources as well as details on the objectives and scope of the consultation phases.

2.1 Expert working groups

In February 2025, the SBTi opened a public call for experts to join five thematic Expert Working Groups (EWGs) on the following key topics:

1. Scope 2: Addressing emissions from purchased or acquired electricity to ensure effective decarbonization.
2. Scope 3: Target-setting approaches, strategies and interventions for scope 3 emissions.
3. Removals: Neutralization and carbon dioxide removal (CDR).
4. Ongoing emissions and BVCM: Addressing ongoing emissions in the transition to net-zero through beyond value chain mitigation (BVCM) activities.
5. Data quality, data assurance and claims: Data quality and assurance and substantiation of claims.

Groups comprising approximately 20 members each were convened in March 2025 and played a consultative role, providing technical and implementation inputs on the relevant topics over the course of the consultation and pilot testing periods. The membership of the EWG was balanced across stakeholder groups and technical perspectives. Members adhered to the EWG Terms of Reference. Meeting minutes are made publicly available on the SBTi website.

2.2 Public consultation

Feedback to both public consultations was collected primarily through an online survey available on the Developing the Corporate Net-Zero Standard Version 2 webpage. An offline Excel version was provided for accessibility. Stakeholders could also submit additional feedback via email. Stakeholders were not required to respond to all survey questions. The scope and content of email feedback were at stakeholders' discretion.

2.2.1 First public consultation

- The first public consultation took place between March 18 to June 1, 2025 and comprised 117 questions.

[3] The CNZS V2.0 Terms of Reference was initially published in May 2024, with subsequent revisions published in September 2024 and February 2025.

- 857 public submissions were received via the online and offline surveys, with an additional 58 items of feedback submitted via email.
- Survey submissions were received from industry (75%), civil society (10%), industry associations (7%), academia (4%), public sector (2%) and others (3%).
- Geographically, respondents were spread across 60 countries, from respondents with significant operations or value chain activities in Europe (585), North America (474), Asia (404), Central & South America (273), Oceania (190), and Africa (185). Despite this, responses were heavily skewed towards Europe (54%) and North America (29%). 93% of respondents were located in high-income countries.
- 53% of respondents were Category A companies, and 19% were Category B companies.
- Further details on the first public consultation process, including stakeholder composition and response analysis, can be found in the First Public Consultation Report.

2.2.2 Second public consultation

- The second public consultation took place from November 6 to December 12, 2025 and comprised 97 questions.
- 915 public submissions were received via online and offline surveys, with an additional 86 items of feedback submitted via email.
- Survey submissions were received from industry (75%), industry associations (9%), civil society (8%), academia (3%), public sector (1%), and others (4%).
- Geographically, respondents were spread across 61 countries, from respondents with significant operations or value chain activities in Europe (468), North America (230), Asia (152), Central & South America (34), Oceania (16), and Africa (12).
    - Despite efforts to engage stakeholders in Brazil, East Asia, and India through stakeholder outreach activities, these figures represent a drop from the first public consultation.
    - Again, responses were heavily skewed toward Europe (51%) and North America (25%), although an increase in responses from Asia was seen (up from 8% to 17%).
    - 86% of respondents were located in high-income countries.
- 60% of respondents were Category A companies, and 11% were Category B companies.
- Further details on the second public consultation process, including stakeholder composition and response analysis, can be found in the Second Public Consultation Report.

2.3 Pilot testing

To assess the feasibility of the CNZS V2.0 draft and maximize the potential of its adoption, pilot testing was conducted. Pilot testing involved two sequential phases.

2.3.1 Pilot test phase one

- Phase one took place between April to August 2025 and consisted of a public survey available on the Developing the Corporate Net-Zero Standard Version 2, open to companies across all sectors and regions to gather essential input to further refine the draft Standard.
- 323 companies provided feedback via the public survey.

    - Geographically, respondents were spread across 44 countries. Responses were heavily skewed toward Europe (48%), with significant representation from North America (18%), Asia (16%), and Latin America (15%). 78% of respondents were located in high-income countries.
    - 94% of respondents were from Category A companies.
- Insights from the survey were used to inform the development of the second public consultation draft and to identify the Phase Two pilot sample.
- Further details on the pilot test phase one survey, including responder composition and response analysis, can be found in the Pilot Test Feedback Report.

2.3.2 Pilot test phase two

- Phase two took place between October to December 2025, in parallel to the second public consultation and consisted of a mock-validation using real-world data to test the second public consultation draft of CNZS V2.0.
- The sample consisted of 52 companies, selected to cover a diverse range of companies in terms of sector, size, region, SBTi status, business model, and emissions profile.
- Phase two companies were spread across 22 countries and 6 global regions, with one-third of participants from lower-middle- or upper-middle-income countries, and represented more than 30 sectors.
- Phase two participants adhered to the Pilot Test Phase 2 Terms of Reference.
- Further details on the pilot test phase one survey, including responder composition and response analysis, can be found in the Pilot Test Feedback Report.

3. SIGNIFICANT ISSUES AND CONCLUSIONS

This section outlines the key issues and concerns raised during the development of the CNZS V2.0 project and how the SBTi addressed them. It summarizes the most significant topics identified through stakeholder feedback across multiple channels, including public consultations, Expert Working Group (EWG) discussions, webinars, workshops, and direct stakeholder correspondence. For the purposes of this Basis for Conclusions report, issues are considered significant where they involve substantive technical or conceptual changes between draft versions and or where stakeholder feedback revealed strongly diverging viewpoints.

SBTi Assurance Model

SIGNIFICANT ISSUE 1 - Establishing the SBTi Assurance Model	
Relevant section & criteria	B.4 SBTi Assurance Model, CNZS-C20, CNZS-C36, CNZS-C37
Summary of final conclusion	The CNZS V2.0 introduces an assurance model to support the assessment of continuous improvement throughout companies' net-zero journeys. This represents an evolution of the SBTi's role in assurance from validating target ambition at the point of Target Validation through an SBTi-recognized validation body, to also recognizing company-reported progress against validated targets during subsequent target cycles, based on independent third-party assured data in specified instances. The Assurance Model is structured around two main assessments: Target Validation and End-of-cycle Assessment. Companies are required undergo the End-of-cycle assessment within a maximum of 12 months after the end of a target timeframe and subsequently establish new targets, with the option to initiate set targets for the next cycle up to 24 months before the end of the current cycle to ensure continuous target coverage. Whilst the CNZS V2.0 establishes the foundations of this model, further details on the Assurance Model will be set out in further normative assurance documents after the publication of the CNZS V2.0 and in advance of the Standard's effective date.
Evolution of topic	● Legacy model: ○ Validation focused primarily on ex-ante assessment of target ambition. ○ No standardized mechanism to assess company progress against targets over time. ○ No formal requirement existed for companies to set new targets after completing a target cycle, however, companies are required to review and update targets every 5 years. ● PC1 proposal:

	○ Introduced a cyclical validation model to strengthen accountability and continuous improvement. ○ Proposed multiple stages including Entry Check, Initial Validation, Renewal Validation, and ex-post Performance Assessment. ○ Consultation results showed strong support, with 70% of respondents indicating it was feasible to undergo performance assessment and submit new targets within 12 months after a target cycle. ● PC2 draft: ○ Maintained the cyclical validation model and explored the potential use of spot checks to support integrity. ○ Stakeholders emphasized the importance of avoiding gaps between target cycles and supported allowing early renewal of targets. ○ This feedback highlighted the need to separate Performance Assessment from Renewal Validation to allow companies to renew targets before the end of the current cycle. ● Final draft: ○ Streamlined the process by removing the Entry Check as a formal conformity assessment stage, and instead referred to the already-existing “registration” phase. ○ Defines two stages in the assurance model: ■ Target Validation, where target ambition and other criteria related to the target-setting stage are assessed ■ End-of-cycle Assessment to review company-reported progress against targets, due within a maximum 12 months after the target timeframe ○ Shifted from “Performance Assessment” to “End-of-cycle Assessment” to avoid overstating the role of the SBTi-recognized validation body. This is because the company assesses its progress at the end of the target cycle, which is then assured by a third-party for Category A companies. ○ Shifted from use of the term "performance" more broadly across the standard towards “progress”. ○ Allows companies to initiate validation for the subsequent cycle up to 24 months before the end of their current target timeframe.
Rationale for final conclusion	The final CNZS V2.0 establishes the foundation for a structured and continuous Assurance Model that strengthens accountability but minimizes the number of different assessment types. Streamlining the model by removing the Entry Check and two validation stages simplifies the process to maintain practical feasibility for SBTi operationally and for companies, while maintaining assurance rigor and oversight of companies actions. “Progress” was preferred over “performance” because CNZS V2.0 recognizes implementation actions and market instruments whose impacts may not be fully reflected in the physical GHG inventory, making a simple assessment of “performance” less appropriate. “Performance” also carries stronger connotations in standard-setting and assurance contexts, where it can imply a definitive judgment on achievement, impacts or compliance. This feedback was received through multiple channels, including internal Quality review, external Legal review and from the Technical Council. The final draft standard also clarifies the language

	and definitions of the different types of assurance required by the standard for precision and user clarity. Allowing early renewal provides companies with flexibility and helps prevent gaps between target cycles, ensuring continuous target coverage and sustained momentum toward net zero.

Net-zero governance

SIGNIFICANT ISSUE 2 - Shift from a mandatory "net-zero public commitment/ambition" to an "internal approval for setting science-based targets"	
Relevant criterion	CNZS-C1
Summary of final conclusion	The final CNZS V2.0 standard replaces the proposed requirement for a public net-zero commitment with a governance-based requirement, whereby companies obtain formal internal approval for their targets from the highest governing body before submitting them to the SBTi, requiring that body to take overall accountability for the targets and oversight of progress. This approach ensures strong leadership support while avoiding the risks of requiring a public pledge before target validation.
Evolution of topic	● PC1 proposal: ○ Introduced a requirement for a company-wide public commitment to reach net zero greenhouse gas emissions by no later than 2050 before companies could proceed with target validation. ○ This proposal aimed to replace the current SBTi commitment letter with a stronger public commitment model. ○ Consultation feedback showed broad support for this commitment, but some industry stakeholders raised concerns about feasibility and reputational risks in some geographies. ● Stakeholder feedback: ○ While many respondents supported public commitments to build trust and accountability, some stakeholders warned that requiring a public pledge before target validation could expose companies to legal and reputational risk and discourage participation. ● PC2: ○ The terminology was changed from “commitment” to “ambition” to address legal and reputational concerns. ○ The consultation tested whether public disclosure of ambition should be mandatory or recommended. ○ Feedback remained mixed, 86% of respondents supported the public disclosure of net-zero ambitions, but 30% noted that public scrutiny could deter participation. 18% of respondents raised concerns about the risks of publishing ambitions before targets are officially validated, a finding that was consistent across all stakeholder groups (e.g., industry 18%, civil society 20%, academia 21%). ○ Confusion emerged around the term “ambition,” which companies often interpret as a quantified emissions reduction rather than a qualitative pledge. ● Pilot testing and legal review: ○ Pilot participants reported significant confusion with the “ambition” terminology, and many companies struggled to meet the

	requirement. ○ Legal counsel highlighted the risks that public net-zero ambitions without substantiated transition plans could expose companies to greenwashing claims. ● Final draft: ○ The requirement for a public commitment or ambition was removed. ○ The criterion was reframed as “Leadership accountability for science-based targets.” ○ Companies are now required to obtain approval from their highest governing body before submitting targets, and to disclose the governance structures responsible for oversight and progress review.
Rationale for final conclusion	Despite strong support in the public consultation for public disclosure, CNZS-C1 was reformulated to mitigate potential barriers to adoption, as well as reputational or legal risks associated with public net-zero commitments before they are substantiated with targets and plans. The final approach ensures strong top-level corporate accountability while addressing stakeholder concerns about reputational and legal risks associated with premature public commitments. Requiring formal approval from the highest governing body embeds responsibility for target setting and implementation within corporate governance structures, ensuring leadership oversight. At the same time, removing the requirement for a public pledge prior to validation avoids confusion around terminology, reduces barriers to participation, and mitigates potential greenwashing risks associated with unsubstantiated public claims.

Scope 1 target-setting methods

SIGNIFICANT ISSUE 3 - Scope 1 target-setting methods	
Relevant criterion	CNZS-C10
Summary of final conclusion	The final CNZS V2.0 framework adopts three emissions-based methods for setting near-term scope 1 targets and removes the previously proposed Budget Conserving Contraction (BCC) and alignment methods. The decision prioritizes methodological simplicity, transparency, and method applicability to specific company types and sectors. Linear Contraction (applicable to all companies) is complemented by other sector-relevant options, including emissions-intensity (via the Sectoral Decarbonization Approach) and asset transition targets (via an Asset Decarbonization Plan), which incorporates the “budget” logic of the previously proposed under the Budget Conserving Contraction method.
Evolution of topic	**Public Consultation 1** ● PC1 proposal: The first consultation draft introduced two options for scope 1 emissions reduction targets: ○ Budget Conserving Contraction (BCC), which adjusted the target ambition based on a company’s historical emissions performance to conserve the company's allocated carbon budget. ○ Linear Contraction (LC) is a simpler method that applies a consistent emissions-reduction trajectory over time. ● Stakeholder feedback during PC1: ○ Stakeholders expressed a clear preference for the simpler LC method (47%) compared with the BCC method (31%). ○ The BCC approach was widely viewed as overly complex, as it required historic data that was not always feasible to obtain, and it

	was difficult to apply across diverse companies and sectors. ○ Stakeholders also showed fragmented views on how to address target underperformance, with limited support for enforcing BCC based corrections to manage carbon budget overshoot. ● Further SBTi analysis: ○ Internal analysis showed that requiring companies to use a more recent base year significantly reduces the difference in ambition between the BCC and LC methods. ○ This reduced the practical value of maintaining a more complex methodology. **Public Consultation 2** ● PC2 proposal: the 2nd consultation draft introduced 4 methods, 3 emissions-based (LC, SDA, ADP) and 1 alignment-based method. ○ ADP: built on the BCC logic but enabled a company-specific trajectory that reflected their asset transition timeline ○ Alignment: modeled on S2 and S3 methods to increase procurement of low-carbon fuels and transport ● Stakeholder feedback during PC2: ○ Stakeholders expressed a clear preference for alignment targets (e.g., targets for low-carbon heat or EV fleet adoption) to be used in a supporting role, rather than as a standalone option to address scope 1 emissions, with less than a third of responders supporting alignment targets as an alternative option to emissions-based targets. Many stakeholders viewed them as overly complex, potentially technology-prescriptive, and at risk of distracting from absolute emissions reductions. ○ Scope 1 alignment targets were not used by any companies during pilot-testing. Pilot companies also reported that the required data disaggregation was administratively burdensome, as most organizations track energy use by fuel type rather than by end-use activities, leading most to continue using traditional emissions-based targets. ○ ADP was supported by stakeholders as providing a more practical target-setting approach, enabling non-linear company trajectories. Additional clarity was requested on the guardrails and the granularity of company input data. The method was further refined via stakeholder workshops and internal testing. **Final Standard:** ● Final draft: ○ The alignment method was removed as an option for scope 1 target setting. ○ Linear Contraction and ADP were retained as the main cross-sector emissions-based methods for Scope 1 targets, applicable to all companies. These methods are complemented by sector-specific emissions-intensity targets using the SDA,
Rationale for final conclusion	Stakeholder feedback strongly indicated a preference for emissions-based methods for scope 1 targets. Feedback highlighted the need for “non-linear” approaches to address scope 1 emissions, especially given the separation of scope 1 and scope 2 targets. This was needed to reflect different asset phase-outline timelines. Retaining Linear Contraction and asset transition targets (ADP) as the primary cross-sector methods, therefore, enables consistent and broadly applicable target setting while reducing administrative burden and improving accessibility for companies across sectors. The final approach prioritizes methodological simplicity, transparency, and usability while maintaining comparable levels of ambition.

Target implementation for electricity

SIGNIFICANT ISSUE 4 - Geographic matching for electricity	
Relevant criterion	CNZS-C29
Summary of final conclusion	The final CNZS V2.0 includes a “deliverability” criterion for action at the activity pool level (i.e., the grid level) to decarbonize electricity consumption. Deliverability is demonstrated by geographic matching within ‘deliverability regions’ (individual activity pools, which are regions defined by a balanced consideration of synchronous grid boundaries, transmission congestion and regional connectivity), or by using contractual arrangements that include necessary transmission rights from the point of generation to the point of consumption. Flexibility is added for power purchase agreements with new LCE projects, which may be exempt from the requirement to secure transmission rights between deliverability regions in a wide-area synchronous grid. A clause is also added to exempt market instruments used to decarbonize electricity consumption that were in place before the effective date of CNZS V2.0 (renewal of these instruments does not extend their deliverability).
Evolution of topic	● PC1 proposal: ○ The first consultation draft introduced a requirement for companies to source zero-carbon electricity from the geographic location of their electricity consumption. ○ Where local sourcing was not possible, companies could use an “indirect mitigation” approach by supporting the development of zero-carbon electricity in other grids as an interim measure. ● PC2 draft: ○ The concept of physical deliverability was formalized using regional definitions aligned with the 24/7 Carbon Free Coalition technical criteria. ○ The concept of “indirect mitigation” was removed, and emissions that could not be addressed by procuring deliverable electricity were instead directed to the Ongoing Emissions Responsibility (OER) framework. ● Pilot testing: ○ Companies raised concerns that some regions with fragmented or isolated grids (such as Hong Kong, Singapore, and parts of India, Indonesia, and the Philippines) lack sufficient renewable capacity to meet strict deliverability requirements. ○ Stakeholders warned that strict geographic matching could penalize companies operating in developing markets with limited infrastructure. ○ Companies also raised concerns about protecting existing long-term power purchase agreements and requested grandfathering provisions to avoid stranded investments. ○ Stakeholders emphasized the need to align with existing frameworks, such as RE100 and the 24/7 Carbon Free Coalition, to avoid conflicting market definitions. ● Final draft: ○ Explicit deliverability region definitions were removed in favor of defining deliverability regions in a principled way (synchronous grid boundaries, transmission congestion, regional connectivity) with further guidance expected to be developed and / or referenced. Deliverability can also be demonstrated with market instruments crossing deliverability regions where transmission rights are included. ○ Safeguards for power purchase agreements with new LCE

	projects were introduced to allow the existing practice of aggregating load across a wide region in order to execute a PPA. ○ A legacy clause allows existing long-term contracts (meaning they are being used for target implementation before the effective date of CNZS V2.0) to continue being used throughout the regions where they are currently used. ○ Companies facing structural supply constraints at the activity pool may pursue sector-level actions where low-carbon electricity cannot be contracted within their deliverability region, provided they also act to enable access to deliverable LCE in the future (for example, local policy engagement or grid investment). This flexibility does not extend to behind-the-meter generation, which is required to be decarbonized at the activity level.
Rationale for final conclusion	The final approach supports credible scope 2 decarbonization by ensuring that low-carbon electricity procurement reflects electricity that is physically deliverable to the company's operations. At the same time, the framework addresses stakeholder concerns about feasibility and fairness across regions with differing infrastructure and market maturity. The introduction of deliverability regions, legacy provisions for existing contracts, and pathways for companies operating under structural supply constraints ensures that the requirement remains credible while avoiding unintended penalties for companies in constrained electricity markets. The SBTi will continue to monitor developments in the GHG Protocol on this topic and may revise the CNZS V2.0 to seek alignment where possible.
SIGNIFICANT ISSUE 5 - Temporal Matching	
Relevant criteria	CNZS-C31-33
Summary of final conclusion	The final CNZS V2.0 uses annual matching as the basis for scope 2 target progress but introduces additional transparency and incentives for improved temporal alignment. Category A companies consuming more than 10 GWh of electricity within a deliverability region are required to calculate and report the share of their electricity consumption that is matched hourly with low-carbon electricity. An optional recognition program is introduced for companies that voluntarily achieve high levels of hourly matching, with thresholds of 50% up to 2030, 75% until 2035, and 90% from 2035. To inform future developments and to contribute to the ecosystem's understanding and consensus on this topic, the SBTi will conduct a Call for Evidence to better understand under what circumstances hourly matching delivers the most additional impact over annual matching, aiming to explore varied local energy policy and voluntary market contexts.
Evolution of topic	● PC1 draft: ○ Did not explicitly introduce hourly matching, but required companies to match low-carbon electricity attributes to electricity use in time and geographic location, where possible. ● PC2 draft: ○ Introduced a proposed requirement for hourly matching for companies consuming at least 10 GWh annually within a deliverability region. ○ Proposed a phase-in pathway requiring 50% hourly matching from 2030, 75% from 2035, and 90% from 2040.

	○ Included a de minimis exemption for sites within regions consuming less than 100 MWh annually. ● Stakeholder feedback and pilot testing: ○ Strong opposition emerged during consultation. Academia was the only stakeholder group showing some net preference for one of the proposed phase-in options for hourly matching, while all other stakeholder groups (and over 50% overall) showed net disagreement with all of the options. ○ Concerns focused on infrastructure and data limitations, including lack of renewable capacity, limited availability of hourly load data, and immature tracking systems in many markets. ○ Stakeholders warned that mandatory hourly matching could undermine existing long-term power purchase agreements and discourage participation in SBTi. ○ Pilot testers highlighted practical challenges in fragmented or infrastructure-constrained grids. ● Final draft: ○ Removed hourly matching as a requirement for Scope 2 target compliance. ○ Retained a disclosure requirement for Category A companies consuming at least 10 GWh in a deliverability region to measure and report their hourly matched LCE share. ○ Removed the de minimis provision to avoid disincentives for electrification. ○ Introduced an optional recognition program for companies achieving high levels of hourly matching, with recognition thresholds of at least 50% until 2030, 75% until 2035 and at least 90% from 2035.
Rationale for final conclusion	The decision to move to a reporting-and-recognition approach for hourly matching, rather than making it a requirement for target progress, was based on feedback from the second public consultation. Nearly half of all respondents provided feedback on the hourly matching criterion, and over two-thirds of respondents who commented on hourly matching expressed concerns. The most common opposed feedback cited the lack of existing tools for hourly matching and the cost of using them. Less commonly, respondents cited fundamental technical concerns, based on a variety of sources whose quality the SBTi has not been able to assess systematically. However, a recurring theme among these concerns is that hourly matching could undermine power purchase agreements, which are among the main sources of the voluntary market's recent contributions to the decarbonization of power. Some members of the Technical Council expressed similar reservations about hourly matching, noting that consensus has not yet been reached on its impact, questioning the assumptions used in studies showing its effectiveness, and raising risks related to the financial accounting treatment of power purchase agreements that could arise under an hourly matching requirement. The reporting and recognition framework is designed to be a first step towards hourly matching for companies with science-based targets. Without affecting target progress, the framework requires companies to begin undertaking the exercise to understand their hourly matching performance. In the process, they will help drive innovation in tools and access to data that will be necessary for hourly matching to become more widely adopted and easier to perform. They will also be more transparent about their activities by disclosing a more meaningful metric for the share of LCE attributes matched to their electricity consumption.

	To inform future revisions of the Corporate Net-Zero Standard, the SBTi intends to launch a Call for Evidence to better understand how hourly matching should be deployed in the context of a target-setting program, and, specifically, how voluntary action can complement market dynamics and policy incentives. GHG Protocol is undertaking its own process to revise scope 2, and has proposed an hourly matching criterion. Its decisions will not be finalized until 2027 at the earliest. Since the Corporate Net-Zero Standard requires that companies use the most recent effective versions of GHG Protocol standards to report on their emissions, the outcome of GHG Protocol's deliberations on scope 2 will impact the application of the Corporate Net-Zero Standard.

Scope 3 target boundaries

SIGNIFICANT ISSUE 6 - Scope 3 Target Boundaries	
Relevant criterion	CNZS-C14
Summary of final conclusion	The final CNZS V2.0 framework replaces the legacy minimum percentage scope 3 coverage requirement with a relevance-based target boundary. Companies are required to set targets covering all scope 3 categories that individually represent at least 5% of their scope 3 emissions across categories 1-14. The threshold for identifying Emissions Intensive Activities (EIAs) is aligned with the same 5% level, and the framework introduces specific optional exclusions where companies have limited operational or contractual influence. This approach ensures broad coverage of scope 3 emissions while focusing action on the most material sources.
Evolution of topic	● Legacy standard (Version 1.2): ○ Companies were required to cover at least 67% of Scope 3 emissions for near-term targets and 90% for long-term targets. ○ This fixed percentage boundary was considered arbitrary and often incentivized companies to prioritize easier-to-abate emissions rather than the most material sources. ● PC1 proposal: ○ Introduced a relevance-based approach to replace the fixed boundary. ○ Required companies to include all scope 3 categories representing at least 5% of total scope 3 emissions. ○ SBTi analysis of CDP self-reported data indicated that the 5% threshold would lead to an average target coverage of >90% of annual scope 3 emissions per sector at the company level (see Annex D of the CNZS V2.0 first public consultation draft). ○ Introduced an additional threshold requiring targets for EIAs representing at least 1% (or 10,000 tCO2e) of total scope 3 emissions. ○ Consultation results and Expert Working Group feedback showed support for the 5% category threshold. ○ Stakeholders raised strong concerns that the 1% EIA threshold was overly granular and administratively burdensome. ● Pilot testing:

	○ Companies reported that the level of disaggregation required would significantly increase reporting complexity without proportionate benefit. ○ Separate independent analysis of EEIO data indicated that the 5% threshold would cover >90% of global annual scope 3 emissions. ● PC2 adjustments: ○ The EIA threshold was aligned with the category threshold at 5% to reduce complexity. ○ The draft introduced practical exclusions for areas where companies have limited influence. ● Final draft: ○ The relevance-based approach was formally adopted and the legacy 67% boundary was removed. ○ Companies must include scope 3 categories representing at least 5% of total Scope 3 emissions. ○ A clarification was added that the CNZS focuses the 5% significance threshold on categories 1-14 to enable a clean interface with the SBTi Financial Institutions Net-Zero Standard, which sets the requirements for Category 15 and uses a different revenue-based significance threshold. Including Category 15 would also create unnecessary quantification burdens for non-financial companies. ○ The EIA threshold was finalized at the same 5% level. ○ Specific optional exclusions were formalized for certain emissions sources where companies lack operational or contractual influence.
Rationale for final conclusion	The 5% category threshold ensures broad coverage of scope 3 emissions while maintaining a practical and widely applicable approach to target setting. Analysis using CDP data and independent external research indicates that this threshold captures a large majority of corporate Scope 3 emissions across sectors. At the same time, category-level measurement aligns with common practices in corporate greenhouse gas inventories, reducing the reporting burden compared with more granular activity level thresholds. The final approach therefore, shifts the focus from meeting arbitrary coverage percentages toward addressing the most material emissions sources within a company's value chain.

Ongoing Emissions Responsibility

SIGNIFICANT ISSUE 7 - Merging of Interim Removals and BVCM for near-term recognition and mid-term removals requirements	
Relevant criteria	CNZS-C40 & CNZS-C45
Summary of final conclusion	The previously separate concepts of interim removal targets and Beyond Value Chain Mitigation introduced in PC1 were combined into a single, unified Ongoing Emissions Responsibility (OER) recognition framework in CNZS V2. Under this framework, Category A companies will be required from 2035 to support eligible

	carbon removals equivalent to at least 1% of their ongoing scope 1, 2 and 3 emissions, including a minimum share of long-lived removals.
Evolution of topic	● PC1 draft: ○ Introduced two distinct frameworks: interim removal targets to proactively address scope 1 residual emissions and recognition for taking responsibility for ongoing emissions through BVCM. Consultation sought feedback on whether interim removals should be required or recognition-based. ○ 60% of PC1 respondents considered required removals to be a barrier to entry, leading to a proposal to include them on a recognition-based model in CNZS V2. ● EWG consultation: ○ BVCM and CDR EWGs broadly supported integrating the two concepts into a single recognition framework with a forward-looking requirement for companies to support removals at a specified future date, though some continued to advocate for separate removal targets. ○ EWG discussions highlighted that concerns related to separate removal targets could be balanced by embedding a minimum long-lived removals component and expanding scope coverage beyond scope 1. ○ Views diverged on the timing of the future removal requirement (CNZS-C28 in PC2), with the majority supporting 2030, with some considering 2035 an appropriate cross-sector compromise. ● PC2 draft: ○ Consulted on target setting entity's perspective on a 2030 effective date, highlighting mixed views: 28% said no impact on likelihood to seek validation, while 45% said reduced interest/readiness or deterrence.
Rationale for final conclusion	A recognition-based model in the near term addresses feasibility concerns raised during consultations, while the 2035 requirement - combined with broader emissions scope coverage and a minimum long-lived removals component - signals clear future expectations for companies and balances stakeholder concerns regarding deletion of separate removal targets with the risk of target validation deterrence associated with an earlier (i.e., 2030) date.
SIGNIFICANT ISSUE 8 - Creation of an Optional Tiered Recognition Model for Ongoing Emissions Responsibility	
Relevant criterion	CNZS-C40
Summary of final conclusion	The recognition program for Ongoing Emissions Responsibility introduces three recognition levels - Engaged, Advanced and Leadership - reflecting different scales of voluntary climate contributions.
Evolution of topic	● PC1 draft: ○ Built on SBTi's Above and Beyond Report best practice recommendation by introducing optional recognition for

	companies that take responsibility for total scope 1, scope 2 and scope 3 emissions through voluntary climate contributions. ○ Half of PC1 respondents supported full ongoing emissions coverage as an ambitious level for recognition. Those opposed raised concerns over the economic feasibility of full coverage, suggesting a tiered approach to address this. ● PC2 draft: ○ Introduced two recognition levels which sought to balance feasibility and wide participation with “north-star” ambition: ■ Recognized - covering 1% of ongoing scope 1, 2 and 3 emissions; and ■ Leadership - covering 100% scope 1, 2 and 3 emissions; with Category B Leadership coverage set at 100% scope 1 and 2. ● PC2 feedback: ○ Results showed that over half of the target-setting entities interested in the Recognized level would be incentivized to participate at a more ambitious coverage level if a mid-tier were introduced. Total scope 1 and 2 coverage was the most mid-tier preferred option, which was echoed by pilot test companies. ○ Other stakeholder groups voiced concerns that the lack of differentiation between Recognized and Leadership could disincentivize action. ● Final draft: ○ Introduces a middle recognition level - Advanced - covering 100% of scope 1 and 2 emissions and additional scope 3 emissions so that total coverage is at least 10% of ongoing scope 1, 2, and 3 emissions.
Rationale for final conclusion	The tiered recognition structure responds to stakeholder feedback on the need to recognize voluntary climate contributions at different scales of capability while maintaining a clear progression toward full ongoing emissions coverage.
SIGNIFICANT ISSUE 9 - Durability Approaches for Neutralization	
Relevant criterion	CNZS-C46
Summary of final conclusion	At the net-zero target year, long-lived GHGs (e.g., fossil CO_2 emissions) are required to be neutralized with removals that are capable of retaining carbon for centuries to millennia (i.e., long-lived removals), remaining emissions can be neutralized with removals capable of storing carbon on decadal scales (i.e., short-lived removals) or a combination of short and long-lived removals. The criteria for determining which removal activities can deliver climate-equivalent permanence to long-lived removals and neutralize long-lived GHGs will be further explored through a call for evidence.
Evolution of topic	● PC1 draft ○ Proposed two distinct options for the minimum durability threshold of removals at the net-zero year: a "like-for-like" approach (matching removal durability to the specific GHG's atmospheric

	lifetime) and a "gradual transition" approach (durability thresholds increase over time, based on IPCC 1.5°C scenarios) ○ Results showed that 61% of respondents favored the gradual transition, but views diverged on specific CO_2 storage timeframe with no clear consensus. ● EWG consultation: ○ Recommended adopting the IPCC's broader classifications of "short-lived" (decades) and "long-lived" (centuries to millennia) storage instead of fixed numeric thresholds. ● PC2 draft ○ Using these classifications, introduced a portfolio approach: requiring 41% of all residual emissions to be neutralized with long-lived removals at net-zero, reflecting the median share observed in 1.5°C IPCC climate scenarios, with the remaining 59% neutralized through short-lived removals or a combination. ● EWG and legal review: ○ While the majority (64%) of PC2 respondents supported the portfolio approach, EWG members and external legal counsel cautioned that it technically allowed fossil CO_2 to be neutralized by short-lived removals, creating greenwashing and litigation risks, and undermining the integrity of net-zero. ● Final draft: ○ Includes a phased-in durability approach ○ A formal call for evidence will be undertaken to explore arrangements where short-lived removals can deliver climate-equivalent permanence to long-lived removals and neutralize long-lived GHGs through contractual, financial, or stewardship mechanisms, which received broad support from the BVCM and CDR EWGs.
Rationale for final conclusion	The final approach balances the consultation preference for a portfolio approach with the scientific need for fossil CO_2 emissions to be neutralized with long-lived storage. A technology-agnostic framework, combined with a call for evidence on whether shorter-lived carbon removals can deliver climate-equivalent permanence to long-lived removals and neutralize long-lived GHGs through contractual, financial, or stewardship mechanisms.
SIGNIFICANT ISSUE 10 - Corresponding adjustments at net-zero	
Relevant criterion	C46.6, R46.1
Summary of final conclusion	At the net-zero year, companies are recommended to use removals that are not simultaneously claimed against countries' Nationally Determined Contributions. Companies are required to disclose whether the removals used for neutralization are correspondingly adjusted.
Evolution of topic	● Corresponding adjustments (CAs) were not explicitly formalized as a distinct, standalone criterion in the initial high-level PC1 draft.

	● PC2 introduced a requirement for corresponding adjustments for neutralization at the net-zero target year (C29.6), based on internal technical research aimed at strengthening net-zero claim integrity. ● Open text and unstructured feedback received outside of the consultation survey in PC2 revealed strong pushback from stakeholders on the C29.6 requirement, with many highlighting severe supply concerns regarding the availability of CA-backed credits and warning of risks to public-private funding partnerships and risking blocking investment in the Global South. ● EWG members also raised significant concerns regarding the requirement for corresponding adjustments. The majority considered the mandate impractical and irrelevant in a corporate context, though a smaller minority of members supported retaining the requirement from the perspectives of ambition-raising and claim integrity.
Rationale for final conclusion	The requirement for corresponding adjustments was revised from a mandate to a recommendation in response to consultation feedback highlighting limited current supply and uncertainty regarding host-country authorization decisions, which remain outside companies' control. Given that neutralization applies at the net-zero target year, often several decades in the future, the recommendation signals a high-integrity practice while recognizing current market and governance constraints. The final recommendation was re-framed to recommend that removals used for neutralization are not simultaneously claimed against countries' Nationally Determined Contributions. This is to clarify that the encouraged outcome is no double claiming, of which corresponding adjustments is one tool to achieve this. Mandatory disclosure of whether removals are correspondingly adjusted provides transparency and aligns with approaches adopted by other emerging frameworks.

Projects to support target implementation

SIGNIFICANT ISSUE 11 - Projects to support target implementation	
Relevant criterion	CNZS-C5, CNZS-C26, CNZS-C7
Summary of final conclusion	A specific criterion was included for projects in the final draft. Projects implemented by or on behalf of the target setting companies in their operations or value chain, related to the same activity that appear in the company's inventory, accounted for in proportion to the company's funding and actual emission reductions, can be used to support target progress.
Evolution of topic	● Feedback from PC1 and PC2, as well as the pilot test, indicated strong support of recognition of projects as a tool to support target implementation, however such a criterion was not included in earlier drafts due to a lack of clarity on how these would be accounted for. ● The accounting approach adopted in the final version of the standard requires companies to account for and report a physical GHG inventory and, where applicable, to separately account for and report actions and market instruments that are not reflected in the physical GHG inventory. This approach was agreed upon in the Technical Council's April 2026 in-person meeting.

	● With the addition of separate reporting of actions and market instruments outside the physical inventory, the SBTi and the Technical Council agreed that it was necessary to introduce guardrails for the eligibility of projects. ● Internal research informed the proposal. The criterion went through one round of review with the Technical Council with further feedback provided during an online meeting. ● To support credible claims, a criterion (CNZS-C37.10) was added in relation to “system contribution claims” for actions at the activity pool or sector level that are not reflected in the physical inventory. ● Further work is required to understand how projects accounted for outside the physical inventory contribute towards company progress assessment, and this is expected to be explored through a pilot test and development of reporting guidance, whilst the GHG Protocol process to standardize reporting of actions and market instruments is underway.
Rationale for final conclusion	During both the public consultation and pilot testing phases, stakeholders provided significant feedback supporting the inclusion of consequential accounting projects. In response to this feedback, and in recognition of broader actions beyond the physical inventory, this requirement has been incorporated with robust guardrails to ensure the credibility and integrity of claims.

4. MINOR ISSUES

This section addresses additional topics raised during the development of the CNZS V2.0 project that, while not considered major, warranted clarification. It summarizes the feedback received through consultations, pilot testing, and other engagement channels, outlines any relevant evolution in the approach, and explains the rationale for the final conclusions reflected in CNZS V2. For the purposes of this Basis for Conclusions report, topics are categorized as minor where they did not involve substantive technical or conceptual changes between draft versions, but still benefit from an explanation of the final approach.

MINOR ISSUE 19 - Avoiding gaps in targets	
Relevant CNZS V2 section	A.5 SBTi Assurance Model
Rationale for final conclusion	The final standard introduces a recommendation for early target renewal and separates End-of-cycle Assessment from subsequent Target Validations to reduce the risk of gaps between target cycles. Earlier consultations identified the potential for companies to experience periods without active validated targets and explored options such as mandatory mid-term targets or early renewal. Stakeholder feedback showed limited support for mandatory mid-term targets, with many industry respondents citing administrative burden, while civil society and public sector respondents viewed them as useful checkpoints. PC2 therefore, focused on early renewal, which received the strongest support as a flexible solution. Legal review also highlighted potential greenwashing risks if companies could claim participation without active targets during gaps. The final framework addresses this by introducing a renewal window that allows validation from 24 months before to 12 months after the end of the target timeframe and encourages companies to renew targets early, maintaining continuous coverage while preserving flexibility and feasibility.
MINOR ISSUE 2 - Transition plans for science-based targets	
Relevant criterion	CNZS-C2
Rationale for final conclusion	While most PC1 respondents supported requiring transition plans within 12 months of validation, industry, particularly smaller Category B companies, raised feasibility concerns. At the same time, legal review during PC2 emphasized that public net-zero ambitions without a transition plan could create greenwashing and litigation risks. The final framework therefore requires transition plan disclosures for Category A companies and companies using emissions intensity or asset transition scope 1 target-setting options, while recommending them for Category B, encourages companies to submit plans during initial Target Validation and integrate them into corporate strategy, and extends the disclosure deadline for Category A companies to 15 months. The final approach reflects consultation feedback, legal review, and pilot testing, and balances credibility and legal robustness with greater feasibility and flexibility in disclosure timelines. Further guardrails for the disclosure of transition plans will be explored through the ongoing development of the SBTi Claims System.
MINOR ISSUE 3 - Organizational boundary setting	

Relevant criterion	CNZS-C3
Rationale for final conclusion	The final standard requires companies to define organizational and operational boundaries in alignment with the GHG Protocol Standards or as required for regulatory compliance. The SBTi consulted on the option to align with the GHG Protocol or financial statements through the first public consultation. There was an overall preference (49%) for allowing companies to decide between the GHG Protocol requirement or consistency with financial statements. Further review flagged the risk of allowing companies to set boundaries in alignment with the financial statements, as it could risk inconsistency, and pilot testing showed that the vast majority (90%) of companies preferred using the GHG Protocol approach. However, the Technical Council raised concerns about misalignment with regulatory frameworks; this additional option (i.e., as required by regulatory frameworks) was therefore included in the final version.
MINOR ISSUE 4 - Emission-intensive activities in the value chain	
Relevant sections & criteria	CNZS-C5, CNZS-C6, CNZS-C7.1, R15.2, R15.3, R35.1, CNZS-C36.4, Annex A
Rationale for final conclusion	The threshold for emissions-intensive activities (EIAs) was raised from 1% of emissions or 10,000 tCO2e to ≥5% to reduce exposure to calculation errors and improve the practicality of the framework. The final version balances the need to focus on the most material sources of emissions with the practical limitations of data availability and calculation accuracy. This adjustment reflects consultation and pilot feedback highlighting the high uncertainty and administrative burden associated with highly granular thresholds, particularly in complex value chains. At the same time, the framework continues to prioritise action on the most significant emission sources by simplifying requirements and improving implementability. To maintain incentives for action and transparency, the standard introduces complementary measures, including mandatory disclosure of exposure to, assessment of EIA performance and the requirement to publish plans to decarbonise significant EIAs, as well recommending optional target-setting methods that specifically target EIAs, ensuring that companies remain accountable for addressing the most impactful areas of their value chains.
MINOR ISSUE 5 - Assurance requirements	
Relevant criteria	CNZS-C7, CNZS-C36
Rationale for final conclusion	While PC1 showed strong overall support for independent third-party assurance, stakeholders, particularly during PC2, raised feasibility concerns around cost and access to qualified auditors, especially for less mature or smaller companies. Although most respondents agreed assurance is important for credibility, many favored a phased or tiered approach rather than requiring it for all companies immediately. As a result, the final framework maintains mandatory limited assurance for the base-year GHG inventory and supporting target performance data for Category A companies, while recommending it for Category B companies. This balances the need for credible emissions data and accountability among larger emitters with cost and capacity considerations for smaller companies.

MINOR ISSUE 6 - Recognition of market instruments as actions to support target implementation	
Relevant criterion	CNZS-C5
Rationale for final conclusion	Acknowledging the ongoing work of the GHG Protocol's Action and Market Instruments (AMI) Technical Working Group (TWG) and stakeholder requests from both corporates and civil society to include market-based instruments within the SBTi framework, the SBTi recognizes projects and market instruments, such as certificates, as possible actions to support target implementation. The standard requires that any instrument not included in the physical inventory be reported separately, in accordance with the GHG Protocol Standards, and allows for future alignment once the AMI TWG defines clear reporting requirements. The aim of this approach is to remain compatible with the evolving GHG Protocol accounting architecture.
MINOR ISSUE 7 - Scope 2 target-setting approaches	
Relevant criterion	CNZS-C12
Rationale for final conclusion	PC1 debated whether companies should be required to set both location-based and market-based electricity targets, with civil society and academia generally supportive, but industry raising concerns that mandatory location-based targets could create perverse incentives against electrification, and that the physical emissions intensity of consumed electricity (primarily the grid mix) is impossible to influence. The framework was developed to provide optionality in the target-setting approach. In the final draft, optionality in the target-setting approach is retained, but if companies choose emissions targets, those targets are tracked solely in the physical inventory, with the use of market instruments to support target implementation set out in Chapter 4. A final scope 2 target-setting criterion addresses fast-growing electricity users (those with annual electricity consumption growth exceeding 20%), who are required to set emissions reduction targets (and optionally LCE alignment targets). Heat, steam, and cooling are included in scope 2 emissions reduction targets where applicable.
MINOR ISSUE 8 - Scope 2 target coverage	
Relevant criterion	CNZS-C12.1
Rationale for final conclusion	The final approach requires Scope 2 targets to cover 100% of Scope 2 emissions to ensure consistency with the coverage requirements applied to Scopes 1 and 3. Earlier consultation drafts explored different mechanisms to address feasibility challenges. PC1 maintained full coverage while proposing contributions to decarbonization in other grids as an interim measure, but stakeholder feedback was divided, with civil society opposing the approach and industry more supportive. PC2 instead introduced exclusions where low-carbon electricity (LCE) was not deliverable or where emissions were de minimis, which received stronger support, particularly for exclusions based on market conditions such as the absence of an EAC registry or LCE product. Following further consideration, the final draft reinstates 100% coverage and addresses feasibility through the implementation hierarchy, which outlines a range of actions companies can take to drive decarbonization across all Scope

	2 emissions while positioning actions in other grids as broader sector-level interventions.
MINOR ISSUE 9 - Zero vs. low-carbon electricity	
Relevant criterion	CNZS-C12.2
Rationale for final conclusion	The final approach adopts low-carbon electricity (LCE) as the basis for Scope 2 alignment targets to reflect a technology-neutral pathway to power sector decarbonization. Earlier drafts evolved from renewable electricity (RE) in the existing standard to zero-carbon electricity (ZCE) in PC1, an approach that stakeholders generally supported to recognize technologies such as nuclear power. PC2 further broadened this to LCE to also account for generation with carbon capture and storage (CCS), proposing a direct emissions threshold aligned with natural gas power equipped with CCS achieving a 95% capture rate. Subsequent external feedback indicated that a 90% capture rate is currently investable, with higher capture rates expected in the future. The final draft therefore defines LCE based on a 90% capture rate, tightening to 95% from 2035, ensuring the standard remains practical in the near term while aligning with long-term net-zero power sector pathways.
MINOR ISSUE 10 - Sector-level actions for electricity	
Relevant CNZS V2 criterion	CNZS-C29.4
Rationale for final conclusion	The final approach allows sector level actions to address emissions from purchased electricity only where companies can demonstrate structural supply constraints in their deliverability region. Earlier drafts explored allowing contributions to decarbonization in other grids, which received mixed stakeholder feedback and was later removed in favor of stricter low-carbon electricity criteria. With the introduction of the implementation hierarchy, the standard reassessed whether such actions could be permitted while maintaining system integrity. Because electricity systems are geographically constrained and highly regulated, cross-system interventions generally do not meet the system consistency criteria applied to sector-level actions. However, the SBTi recognized that in some markets with limited low-carbon electricity supply and high demand from companies with science-based targets, structural constraints could arise. The final framework, therefore, permits sector-level actions in these circumstances, provided companies demonstrate the constraint and undertake enabling actions to support the expansion of low-carbon electricity within the affected system.
MINOR ISSUE 11 - Scope 3 optional exclusions	
Relevant CNZS V2 criterion	CNZS-C14.1
Rationale for final conclusion	The final standard introduces a set of limited, transparent, optional exclusions to balance broader scope 3 target coverage with a focus on emissions where companies have meaningful influence. Building on PC2 proposals and pilot testing feedback, the standard retains exclusions for Category 7 (employee commuting) and for certain emissions within Categories 1 & 2 (second-hand goods), 8, 9, 10, and 14 (where companies lack operational or contractual influence), while allowing a conditional exclusion for Category 3 only where those emissions are directly addressed through Scope 1 or Scope 2 energy reductions. Stakeholder feedback highlighted risks that some proposed

	exclusions, particularly for micro-SME suppliers and a broad Category 3 exclusion, could create significant loopholes or inconsistencies with lifecycle (well-to-wheel) reporting. In response, the final draft removes the micro-SME exclusion entirely and narrows the Category 3 exclusion to avoid increases in upstream emissions that result from fuel switching being excluded. Overall, the approach maintains robust scope 3 coverage while reducing administrative burden and avoiding gaps in accountability.
MINOR ISSUE 12 - Scope 3 methods	
Relevant CNZS V2 criterion	CNZS-C15
Rationale for final conclusion	The final standard introduces five scope 3 target-setting options (emissions reduction, supplier/customer alignment, volume alignment, product use alignment, and product end-of-life alignment) to provide companies with flexible approaches suited to different value chain activities. Earlier drafts explored alternatives to traditional emissions-based targets due to challenges such as data quality and complex supply chains. PC1 initially relied on mandatory supplier engagement targets, but consultation feedback indicated these requirements were widely seen as infeasible, leading PC2 to make supplier engagement optional and introduce several alignment-based approaches. However, pilot testing and stakeholder feedback showed that relying solely on alignment metrics would overlook key decarbonization levers, such as reducing overall material demand or substituting products, prompting strong support for reinstating absolute emissions targets. The final framework, therefore, combines multiple target-setting approaches while restoring the option to set an overarching absolute scope 3 emissions reduction target, ensuring companies retain flexibility while enabling comprehensive decarbonization across diverse value chains. The scope 3 economic & physical intensity methods (based on a 7% year-on-year intensity reduction in annual compounded terms) were removed due to the lack of science-based reference pathways for these metrics. Two approaches from PC2 have also been replaced: low-carbon energy alignment targets have been removed following pilot feedback on impracticality, as the same outcomes can be driven through emission reduction targets; and fossil fuel phase-out targets have been replaced with a requirement to commit to phasing out revenue from products and services relating to the use of unabated fossil fuels, with actions disclosed in the transition plan.
MINOR ISSUE 13 - Alternative options for use of sold products emissions	
Relevant CNZS V2 criterion	CNZS-C15.4
Rationale for final conclusion	During PC2, several options were explored to address downstream emissions from fossil fuel products and energy-consuming products, including revenue phase-out plans and sales alignment approaches. Stakeholder feedback showed a slight preference for the more flexible sales alignment plans, though uncertainty remained high (~30% neutral responses). Feedback also noted that for heavily regulated sectors like utilities, linear reduction targets may be impractical given their dependence on macroeconomic policy. The sales alignment plan was consequently repositioned as a tightly bound exception, which was proposed by SBTi Executive Leadership. Companies may only use it if they can demonstrate that no standard downstream scope 3 target-setting option can reasonably apply to their Category 11 emissions. Companies are required to then either address an equivalent portion of emissions from another category using an eligible option, or apply for the

	exception directly. The exception excludes companies covered by the fossil fuel policy, and does not waive decarbonization obligations; eligible companies are still required to commit to reducing Category 11 emissions to residual levels by 2050. In lieu of a near-term quantitative target, they are required to develop a plan with specific actions and interim milestones, submitted with their transition plan at Target Validation, and annually report absolute Category 11 emissions and progress against those milestones.
MINOR ISSUE 14 - Aggregated headline ambition	
Relevant CNZS V2 criterion	CNZS-C19
Rationale for final conclusion	The final standard introduces an optional “headline ambition” metric to help companies communicate their overall scope 3 ambition more clearly while preserving detailed sub-target accountability. Earlier consultation drafts required companies to set multiple category- or activity-specific targets using different metrics, but aggregation was limited to targets that shared the same metric type. Pilot testing found this approach overly complex and difficult to communicate, leaving companies with fragmented targets and no clear overarching message. In response, the final standard reinstates the option to set an overarching absolute scope 3 target in CNZS-C15 and introduces CNZS-C19, under which companies may consolidate the ambition of all scope 3 targets by converting them into a common emissions unit (tCO2e) using SBTi methods. When the headline ambition consolidates only emissions-reduction targets, it communicates the overall change in total scope 3 emissions over the target timeframe. When consolidating a mix of emissions and non-emissions targets, companies are required to use language that clearly indicates that the figure represents the proportion of scope 3 emissions expected to be reduced or aligned. To ensure integrity and prevent double-counting, overlapping targets covering the same emissions are only counted once toward this figure. The headline ambition is for communication purposes only and does not constitute a separate target for progress assessment, which continues to be tracked and reported at the individual target level, preserving technical rigor.
MINOR ISSUE 15 - Formalization of the Implementation Hierarchy	
Relevant section	Target Implementation Chapter
Rationale for final conclusion	The final standard introduces a formalized implementation hierarchy for Scopes 1, 2, and 3, covering Activity, Activity Pool, Sector, and Enabling actions to prioritize direct emissions reductions and long-term decarbonization. Earlier consultation drafts addressed these concepts primarily in the Scope 3 section, creating confusion about how mitigation approaches and market-based instruments should apply across other scopes. Stakeholder feedback and pilot testing also called for clearer recognition of market instruments alongside stronger guardrails to maintain credibility. In response, the final draft elevates and clarifies the hierarchy across all scopes and integrates minimum quality criteria, previously included in Annex E and strengthened through legal review, into the core requirements. The framework, therefore, recognizes the role of market instruments where direct emission reductions are not feasible, while requiring strict conditions and robust quality standards to enable credible and responsible claims.
MINOR ISSUE 16 - Generator age limit (electricity)	

Relevant CNZS V2 criterion	CNZS-C30.3
Rationale for final conclusion	The final draft introduces a fifteen-year generator commissioning or repowering age limit for market-based instruments used to decarbonize electricity consumption. Earlier drafts did not include an age limit, while PC2 proposed a ten-year threshold to encourage demand for newer low-carbon electricity generation and reduce reliance on attributes from older facilities that do not depend on voluntary market support. Stakeholder feedback showed mixed views. Some supported the proposal as a way to strengthen market integrity, while others raised concerns about misalignment with existing frameworks, potential impacts on long-term contracts, and practical challenges, such as limited tracking of generator commissioning dates. In response, the final draft extends the limit to fifteen years.
MINOR ISSUE 17 - Mandatory Disclosure of Underperformance Barriers	
Relevant CNZS V2 criterion	CNZS-C36.6, CNZS-C37.8
Rationale for final conclusion	The final standard strengthens accountability by requiring companies to disclose the barriers and dependencies affecting progress, including structural constraints, and the corrective actions planned to address them. Earlier drafts introduced requirements to explain underperformance and outline corrective actions, which pilot testing showed were broadly feasible. Consultation feedback on disclosing dependencies was more mixed, with strong support from civil society and the public sector and greater caution from industry. PC2 expanded transparency expectations by proposing disclosure of challenges, gaps, corrective actions, and dependencies, while external legal review highlighted the risk of greenwashing if companies could repeatedly underperform without clear transparency requirements. In response, the final standard formalizes these disclosures, requiring companies to report material barriers and dependencies when targets are not met and to substantiate cases where sector-level actions are relied upon due to structural constraints. Furthermore, the SBTi will introduce progress criteria for target setting in subsequent cycles in the SBTi Assurance Manual. This approach strengthens transparency and credibility while helping stakeholders understand the factors affecting progress and the actions taken to address them.
MINOR ISSUE 18 - Removals for performance gaps	
Relevant CNZS V2 criterion	CNZS-R37.2
Rationale for final conclusion	The final standard recommends, but does not require, the use of high-integrity carbon removals if targets are not met, while prohibiting these removals from counting toward target progress itself. In PC1, mandatory permanent removals were proposed as a mechanism to address scope 1 underperformance, but consultation feedback showed limited support, with most respondents preferring to address gaps through stronger ambition in the following target cycle. PC2 expanded the discussion across all scopes and tested whether removals should be required, recommended, or permitted, revealing significant divergence in stakeholder views. Industry stakeholders generally favored flexibility, while civil society expressed strong opposition, arguing that allowing removals could weaken incentives for value chain abatement. Given the lack of consensus, the final framework adopts a recommendation rather than a requirement, enabling companies to voluntarily address performance gaps while preserving the integrity of the standard by ensuring removals cannot

	substitute for direct emissions reductions.
MINOR ISSUE 19 - Revision of target performance assessment conditions for Ongoing Emissions Responsibility recognition	
Relevant CNZS V2 criterion	CNZS-C39.1
Rationale for final conclusion	The final standard replaces the requirement proposed in PC2 for companies with previous performance assessments to deliver 90% performance against all validated targets to be eligible for OER recognition, with a requirement to demonstrate substantial progress toward its validated near-term targets, supported (i) progress consistent with expected trajectory and (ii) by credible implementation of actions. The numeric threshold presented in PC2 was removed in the final version to reflect the fact that a single target-achievement benchmark is difficult to operationalize, given the diversity of target types and actions eligible for target-setting.
MINOR ISSUE 20 - Shared responsibility for scope 3 emissions	
Relevant CNZS V2 criterion	CNZS-C40.7 / CNZS-C45.6 / CNZS-C46.4
Rationale for final conclusion	Within the OER recognition, post-2035 and neutralization criteria, the final standard sets out conditions for companies to share responsibility for coverage and neutralization of scope 3 emissions with value chain partners that report the same emissions. The PC2 draft introduced shared responsibility for scope 3 emissions in the OER recognition program through either co-claiming, co-financing, or carbon price differentiation. This reflected discussions with the BVCM EWG over “ability to pay” for OER across sectors (based on differing profit margins) and the feasibility of covering total scope 3 emissions, which was raised as a concern by stakeholders during the first public consultation. It was determined that while adjusting criteria based on ability to pay (e.g., sector-specific or profit-based carbon prices) would add complexity to the framework, allowing shared coverage of scope 3 emissions could achieve the same end and also encourage value chain collaboration. The PC2 survey sought stakeholder input on whether the shared scope 3 responsibility concept should be applied to neutralization of residual emissions at the net-zero year. This received majority support and has been reflected in the final draft.
MINOR ISSUE 21 - Mitigation threshold at Leadership level	
Relevant CNZS V2 criterion	CNZS-C40.5
Rationale for final conclusion	The final standard requires companies seeking Leadership level within the OER recognition program to apply a carbon price to 100% of ongoing emissions and use the resulting budget to support third-party assured, ex-post mitigation outcomes equivalent to 100% of ongoing emissions, with any surplus available for additional eligible climate actions. While PC1 and PC2 feedback reflected differing stakeholder preferences between “money-for-ton” and “ton-for-ton” approaches, the final standard adopts a balanced position by retaining the best practice model of money-for-ton with an embedded minimum ton-for-ton established in the “Above and Beyond” report while increasing the required share of ex-post mitigation outcomes from the 40% proposed in PC2 to strengthen the focus on near-term climate impact. Any financial budget remaining after delivering the

	ex-post mitigation can be used toward additional eligible climate actions.
MINOR ISSUE 22: Consolidation of Annex E integrity principles for Ongoing Emissions Responsibility into main body of the standard	
Relevant CNZS V2 criterion	CNZS-C41
Rationale for final conclusion	The final standard incorporates minimum integrity criteria for OER directly into the main normative text while committing to develop a future process for recognizing established third-party verification frameworks. Earlier drafts proposed that beyond value chain mitigation actions should follow high-integrity environmental and social standards, but consultation feedback strongly favored relying on existing third-party verification programs rather than creating a new SBTi-specific framework. In PC2, Annex E introduced illustrative integrity principles as interim guidance, which stakeholders broadly supported as guardrails against greenwashing but encouraged closer alignment with established frameworks. Pilot testing further highlighted the need for clear, assessable criteria to support validation. The final approach therefore consolidates refined minimum integrity criteria into the core standard while aligning them with existing external frameworks and committing to develop a formal recognition process for third-party systems in the future. This sets the foundation for credibility and consistency while allowing a more comprehensive verification framework to be developed over time.
MINOR ISSUE 23 - Regulatory surplus	
Relevant CNZS V2 criterion	C42.2f
Rationale for final conclusion	In response to PC2 feedback that excluding legally mandated activities would penalize companies operating in compliance markets, the final standard introduces a distinction between project-level additionality and regulatory surplus at the corporate entity level. C42.2f states that at the entry-level tier, contributions must be strictly surplus to regulatory or legal obligations to ensure companies cannot rely solely on existing compliance costs to achieve recognition. At higher ambition tiers, compliance-related verified mitigation may count, recognizing that, given the required coverage at these levels, companies will already be required to go beyond minimum obligations. This approach balances stakeholder feedback while maintaining safeguards that all activities must adhere to the criteria in this section regarding eligible activity types and integrity requirements.

ANNEX A: PUBLIC CONSULTATION AND PILOT TESTING DOCUMENTS, QUESTIONNAIRES AND REPORTS

The following resources were published on the Developing the Corporate Net-Zero Standard Version 2 webpage:

First public consultation documents and questionnaires:

- SBTi Corporate Net-Zero Standard Version 2.0 first consultation draft
- Documentation of target-setting methods
- Documentation of cross-sector pathway
- First public consultation survey questions
- First public consultation feedback report

Second public consultation documents and questionnaires:

- SBTi Corporate Net-Zero Standard Version 2.0 second consultation draft
- Second public consultation survey questions
- Second consultation Standard draft Target-Setting Methods Documentation
- Second consultation Standard draft Pathways Appendix
- Second public consultation feedback report

Pilot test documents and questionnaires:

- Pilot test phase one company survey
- Pilot test feedback report

Overview of scope of external consultations and pilot testing.

	First public consultation	Pilot test phase one	Second public consultation	Pilot test phase two
Duration	18 March - 1 June 2025	16 June - 15 August 2025	6 November - 12 December 2025	6 October - 5 December
Objectives	Obtain feedback on: • Clarity of content • New target setting methods • Preferred approach when	• Gather insights from a broad range of companies to inform the development of the	Obtain feedback on: • Clarity of content and • Specific technical aspects (detailed below in next row)	Objectives were to: • Identify implementation challenges across a range of companies that

	First public consultation	Pilot test phase one	Second public consultation	Pilot test phase two
	multiple options where presented for consultation e.g. durability thresholds for removals • Scope of normative elements and applicability of requirements to company categories	second consultation draft, ensuring it is robust and practical. • Assess organizational interest in participating in Phase 2 of the pilot test.		operate in any sector globally. • Test feasibility of validating companies against the standard and the clarity of the written requirement. • Gather detailed feedback from the intended users of the standard, to inform the final version of the standard.
Content on which feedback was sought	SBTi Corporate Net-Zero Standard Version 2.0 initial consultation draft Feedback was welcomed on all aspects of the draft, with the following topics of particular interest: • Company categorization approach. • Scopes 1 and 2 target setting • Scope 3: identifying relevant emissions sourced and alignment targets • Carbon removals • Claims related to conformity assessment throughout the validation model cycles.	Feedback was not sought on a particular draft, rather the survey questions built on topics introduced in the PC1 draft with questions focussed on the feasibility and practicality of these elements.	SBTi Corporate Net-Zero Standard Version 2.0 second consultation draft Feedback was welcomed on all aspects of the draft, with the following topics of particular interest: • Alignment metrics for scope 1 target setting • Exclusions and hourly matching within scope 2 target setting • Low-carbon energy alignment, fossil fuels and activity pools within the scope 3 framework • Optional recognition for ongoing emissions responsibility • Post-2035 carbon removals and neutralization criteria • Claims • Illustrative integrity principles for EACs and Ongoing	SBTi Corporate Net-Zero Standard Version 2.0 second consultation draft Draft target setting tool Draft submission form Draft Criteria Assessment Indicators

	First public consultation	Pilot test phase one	Second public consultation	Pilot test phase two
			Emissions Responsibility	
Feedback channels	• Online survey • Excel survey for manual, offline submission • Email	• Online survey • Excel survey for manual, offline submission	• Online survey • Excel survey for manual, offline submission • Email	• Online Q&A board • Weekly plenary calls • Deep dive interviews on select topics • SBTi services submission form
Outreach channels	Estimated stakeholder reach of 12,000 during PC1 achieved through delivering and planning more than 60 CNZS V2 events, including: • 3 global SBTi-hosted webinars • 3 in-person SBTi-hosted events (e.g. LATAM workshop)		Estimated stakeholder reach of 20,900 during PC2 achieved through email and events including 30 CNZS V2 webinar and events delivering. In-person events included: • 5 presentations in East Asia (Japan, China, Korea) with 670 attendees • Workshop in India with 45 attendees. • COP30 Workshop in Brazil with 40 attendees, Webinars, presentations and round tables: • Impact-hosted 7 CNZS V2 webinars with 1000 registrants overall, including two sessions in Spanish and Portuguese and Live interpretation and recordings into Mandarin, Japanese, Portuguese, and Spanish. Technical workshop held in Paris on November 13th to explore the	2 Onboarding calls 12 drop-in Q&A calls 15 Deep dive interviews on selected topics (scope 3)

	First public consultation	Pilot test phase one	Second public consultation	Pilot test phase two
			Scope 1 Asset Decarbonization Plan target-setting option.	
Number of survey respondents	857 respondents	323 companies	915 survey respondents	52 participant companies
Items of additional qualitative feedback	58 items submitted via email	n/a	87 items submitted via email	n/a

ANNEX B: DETAILED TIMELINE OF CNZS V2.0 DEVELOPMENT PROCESS

The development process of CNZS V2.0 followed the procedures outlined in the *Standard Operating Procedure (SOP) for Development of SBTi Standards*.

Key Development Stages	**Dates**
Research and drafting. Along with internal research, input for research and drafting was received via the following channels: ● In-person workshop with expert stakeholders on value-chain emissions (May 2024) ● In-person workshop with expert stakeholders on Carbon Dioxide Removals (November 2024) ● A call for evidence on the effectiveness of environmental attribute certificates (launched Sept 2023, analysed 2024) ● The Scientific Advisory Group (SAG) and Technical Advisory Group (TAG), were consulted.[4]	April - December 2024
Publication of technical research outputs: ● Scope 3 discussion paper ● Evidence received on the effectiveness of Environmental Attribute Certificates ● Synthesis report of evidence on the effectiveness of Environmental Attribute Certificates in corporate climate targets – Part 1: Carbon credits ● Findings of independent systematic review on the effectiveness of carbon credits in corporate climate targets ● Evidence Synthesis Report Part 2: Energy Carriers And Commodities Certificates (March 2025)	July 2024 and March 2025
Technical Council first public consultation draft: Information meeting	18 October 2024
Technical Council first public consultation draft: Discussion meetings	22 November 2024 5/6 December 2024 20 December
Technical Council first public consultation draft: Approval meeting	19 February 2025
CNZS V2.0 First Consultation Draft and public consultation published	18 March 2025

[4] Note, the term of both of these advisory bodies ended in March 2025.

Expert Working Groups (EWG) were convened to provide advice to inform the development of the CNZS V2.0 across five priority areas: • Scope 2 • Scope 3 • BVCM & ongoing emissions • Carbon dioxide removals • Data quality & claims Meetings with the EWG commenced during the first public consultation period. Please find the composition of the EWGs here.	March 2025
Analysis and consolidation of consultation results, further research and drafting alongside advisory meetings with the EWGs. This included a 3 day in-person EWG workshop in September.	June - October 2025
Technical Council second public consultation draft: Approval meeting	31st October 2025
CNZS V2.0 Second Consultation Draft and public consultation published	6 November 2025
Pilot testing phase 1: Broad survey open to all companies to gather input and identify pilot test phase 2 participants.	June - August 2025
Pilot testing phase 1: Analysis of survey responses; selection and outreach to phase 2 companies.	September 2025
Provision of draft to Expert Working Group members for comment in advance of in-person workshop	August 2025
Pilot testing phase 2: Hands-on trial with the selected companies using real-world data to test CNZS V2.0 Second Consultation Draft	October - December 2025
Consolidation and synthesis of the second public consultation and pilot testing feedback	December 2025 - March 2026
Consultation of Target Implementation Chapter with selected members of the Expert Working Groups	March 2026
CTO Approval of CNZS V2.0 final draft	March 2026
Provision of draft to Expert Working Group members for review to feedback to Technical Council	March 2026
Technical Council meetings to prepare for approval	April 2026
Technical Council approval of the SBTi CNZS V2.0 Final Draft	8th May 2026
Board of Trustees Adoption	21st May 2026

ANNEX C: MAPPING BETWEEN CNZS V2 AND SBTI SOP REQUIREMENTS

The objective of SBTi Standards is stated in paragraph 11 of the Standard Operating Procedure (SOP) for Development of SBTi Standards. It is to provide requirements and guidelines to non-state economic actors to set and implement targets to mitigate their value chain emissions and to align business practices with the transformation needed to reach net-zero emissions at the global level consistent with pathways that limit warming to no more than 1.5°C by the end of the century with no or limited overshoot in a manner that strives for equity and does not compromise environmental sustainability outcomes.

Requirement	**Description of how the Standards meets this requirement**
Be developed to be applicable to entities operating in corporate and financial sectors, and entities in a specific sector or cluster of subsectors	As the SBTi's foundational cross-sector standard, it is intended for companies globally. There are two categories of companies within the Corporate Net-Zero Standard. Category A comprises large companies from all countries, while Category B comprises small companies from all countries and medium-sized companies from lower-income countries, as defined by revenue and other criteria. The CNZS V2.0 criteria and recommendations have been developed in consultation with stakeholders globally, thematic exports and practitioners, including company pilot testing with over 50 companies covering a representative sample of business models and activities.

Be consistent with the objective of SBTi standards as stated in paragraph 11 of the *Standard Operating Procedure (SOP) for Development of SBTi Standards*	The CNZS V2.0 provides criteria to enable corporates to set and implement near- and long-term targets in line with reaching net-zero by the end of the century. V2.0 includes the following key innovations which are intended support corporates in aligning their business models with the transformation needed to achieve net-zero by mid-century: ● Differentiated approaches across markets: The Corporate Net-Zero Standard V2.0 includes specific accommodations for small and medium-sized enterprises, and companies in lower-income countries. ● Set actionable, context-specific targets: Companies set targets for scopes 1–3 that reflect their opportunities to reduce emissions in different contexts, including capital stock, supply/value chains, sectors, and geographies. It also strengthens the link to transition planning, which has quickly become established as best practice for the corporate net-zero transition. Companies set two or more near-term targets and can choose to set an overarching net-zero target. ● Act transparently on a best-efforts basis: Targets are pursued on a best-efforts basis, with transparency over key assumptions and dependencies. Companies are expected to use all available levers to reduce emissions and address any implementation barriers. This will be ensured through alignment with commercial incentives; transparent, regularly scrutinized progress reporting, including periodic assurance; and minimum progress criteria for target setting in subsequent cycles. ● Mobilize all available levers to deliver emissions reductions: After setting science-based targets, companies take action to implement them. The Corporate Net-Zero Standard V2.0 introduces an implementation hierarchy that prioritizes actions, from those directly reducing emissions in company operations and value chains to broader activity pool and sector-level actions where appropriate. These actions may be supported by market instruments, including energy attributes and commodity certificates based on different chain-of-custody models (e.g., mass balance, or book-and-claim), subject to guardrails. ● Continuously assess, disclose, and strengthen progress: A process of annual reporting and periodic assessment of progress, barriers to implementation, and actions to address these; and for setting new

	targets before or at the end of a cycle – including where there are gaps between emissions and targets – to ensure ongoing alignment with net-zero pathways. Through this continuous improvement process, companies can continue progressing within the SBTi framework toward net-zero. ● Maintain ongoing emissions responsibility: The Corporate Net-Zero Standard V2.0 takes a balanced approach to the use of high-integrity carbon credits and other climate contributions as a complement and not a substitute to companies reducing their carbon footprint, through a voluntary recognition program. By introducing company categorization that differentiates criteria applicability based on company size and geography, CNZS V2.0 acknowledges different capabilities of corporations due to size and geography. CNZS V2.0 places further emphasis on equity by encouraging companies in high-income countries to adopt earlier net-zero dates given their historic role in climate change, and to support the transition of their value chain partners located in low-income countries through financial support, capacity building and technology transfer. **Not compromise environmental sustainability outcomes** The pathways which underpin all CNZS V2.0 are based on the SBTi Principles for Standards and Technical Foundations. These include the 'Responsible' principle, which requires a transition to net zero that emphasizes the low risk of adverse outcomes for broader sustainability. In the context of CNZS V2.0 this means that the pathways which underpin the target setting methods have been selected to stay within the sustainability limits of bioenergy in primary energy consumption in any year before and by 2050, reflecting current scientific consensus on the amount of bioenergy that can be sustainably produced while minimizing detrimental impacts on food production, livelihoods, and biodiversity.
Be informed by the best available science, as defined by international consensus bodies like the Intergovernmental Panel on Climate Change (IPCC), and best practice in climate target setting and climate mitigation at the time of standard development	The CNZS V2.0 is underpinned by the technical foundations set out in the Methods, Metrics and Pathways (MMPs) supporting documentation. These include the methods and eligible pathways used to develop science-based targets. The eligible pathways are informed by the best available climate science and are consistent with reaching global net-zero emissions by 2050 at the

	latest, in line with limiting global warming to 1.5°C by the end of the century. The metrics used in the standard are also benchmarked against companies and activities aligning to specific milestones established in these pathways. By relying on these underlying pathways, the CNZS V2.0 ensures companies' targets are supported by the latest climate science and that their ambition is consistent with what is required at a global level to reach net-zero emissions by 2050.
Include relevant quantitative and qualitative metrics to deliver on the objective of the SBTi standards	The CNZS V2.0 is built on metrics, methods and pathways benchmarks as described above for use by companies to measure progress against their targets.
Be auditable, verifiable and/or measurable	Criteria and sub-criteria in the CNZS V2.0 form the requirements and recommendations that companies shall/should, respectively, adhere to, to then be validated by an SBTi-recognized validation body. They stipulate a variety of conditions that shall or should be met and evidenced. As part of the target validation process, Minimum Evidence Requirements (MERs), which translate each requirement and recommendation into conformity assessment control points, are then used by an SBTi-recognized validation body to evaluate and determine conformance. The auditability and verifiability of the CNZS V2.0 and associated CAIs were assessed during the pilot testing phase. The results of the pilot testing led to modifications to the CNZS V2.0 and CAIs to further improve auditability and verifiability. This pilot largely focused on criteria associated with the Target Validation, as it was not feasible for companies to have already implemented targets at this stage. Further testing is expected to develop MERs for End-of-Cycle Assessment. Please note that the language of "CAI's" - conformity assessment indicators, is being replaced by "MER" - minimum evidence requirements to reflect the evolving assurance framework.
Be easily understood by all relevant stakeholders	The CNZS V2.0 has undergone a series of thorough reviews, from both a technical content and language perspective by providing the opportunity for both internal and public feedback. Both rounds for public consultation

	sought specific feedback on the clarity and readability of the relevant draft. Additionally, while the working and official language for SBTi Standards is English, the SBTi shall arrange translations of the CNZS V2.0 into languages other than English to support company implementation.
Meet or exceed the requirements in the countries where the standard is applied, including at a minimum meeting all regulatory requirements as applicable	In addition to meeting the criteria within CNZS V2.0, companies are responsible for meeting or exceeding national, subnational, and regional legislation and regulation in the countries where the CNZS V2.0 is applied on topics covered therein.
Be designed to support accurate, specific and transparent claims supported by evidence, avoiding misleading statements or claims	The CNZS V2.0 (see CNZS-C37) requires companies to communicate about target implementation actions and their associated outcomes in a transparent and credible manner, in accordance with applicable SBTi claims guidance. Claims may only be made for actions that meet all applicable criteria in the Target Implementation chapter. Further guidance will be provided as part of the SBTi Claims System, which is being developed following the adoption publication of the CNZS V2.0 standard.
Be designed to support the generation and submission of data necessary to assess and monitor performance against science-based targets and demonstrate the efficacy of the SBTi Standards in achieving their objectives	As described under “SIGNIFICANT ISSUE 1 - Establishing the SBTi Assurance Model” (pg 9) the SBTi shifted from the use of “performance” towards” progress in later stages of drafting. The CNZS V2.0 introduces the SBTi Assurance Model to support the assessment of continuous improvement throughout companies’ net-zero journeys. This represents an evolution of the SBTi Assurance Framework: from validating target ambition at the point of Target Validation through an SBTi-recognized validation body, to now also recognizing company-reported progress against validated targets during subsequent target cycles, based on independent third-party-assured data in specified instances. The validation cycle includes two main assessments: Target Validation and End-of-cycle Assessment. At the End-of-cycle Assessment an SBTi-recognized validation body assesses a company’s conformance with applicable Corporate Net-Zero Standard End-of-cycle Assessment criteria. The relevant data points are required to be submitted to the validation body as part of this process.

	Public-facing documentation clearly outlining the processes, validation points and governance of the assurance system will give transparency to users and stakeholders, and will be published for the credible operationalization of the standard.
Be developed in accordance to the process described in the *Standard Operating Procedure (SOP) for Development of SBTi Standards*	Section 2 of this Basis for Conclusions report details the development process of the CZNS V2.0.
Aim for compatibility with other relevant standards.	As set out in the CNZS V2.0 TOR, a key objective of this revision was to align the CNZS with relevant standards and best-practice frameworks (e.g., UN High-Level Expert Group recommendations). A benchmarking exercise was conducted during the project scoping phase to assess the CNZS V2.0 interoperability with other climate target-setting frameworks or roadmaps to reconfirm SBTi's positioning in the landscape and to assess and enhance the CNZS V2.0 interoperability. To further enhance compatibility with other standards and ongoing developments within the wider ecosystem, the SBTi sought to include individuals from relevant standard setters within the composition of the CNZS V2.0 Expert Working Groups. Where possible, the SBTi has been represented on working groups of other standard setters.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION