SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Foreword and Executive Summary

SBTi Corporate Net-Zero Standard

Version 2.0

June 2026

FOREWORD

Foreword from Francesco Starace, Chair, Science Based Targets initiative

When the Science Based Targets initiative (SBTi) was founded over a decade ago, the challenge was straightforward to state, if not to solve: Help companies to commit to reducing their emissions in line with climate science. Thousands did. The growth of our network, which now includes more than 11,000 companies with validated targets worldwide, exceeded every expectation. That growth continues, with record numbers of companies submitting targets for validation in 2024 and 2025.

But a decade of working alongside those companies has taught us something important. Commitment is not the hardest part. Delivery is.

Company after company told us the same thing: They had set their targets in good faith, and then found themselves navigating supply chains about which they had limited information and could not fully control, technologies not yet available at scale, investment cycles that did not align with target periods, and scope 3 emissions that depended on the decisions of thousands of suppliers and customers at very different stages of their own journeys. The barriers were real. And a standard that did not reckon with those barriers would not serve the companies, or the transition, as well as it should.

This updated Standard is our response to ten years of learning and listening.

It is also our response to a world that has changed considerably in recent years. Geopolitical conditions have shifted in ways that have made the transition more turbulent but also more compelling as a means of achieving energy security and hedging price volatility associated with fossil fuels. Regulatory frameworks have been developed in many countries and transition planning has quickly been adopted by thousands of companies around the world. Costs for key technologies such as solar and wind power and energy storage have fallen far beyond expectations, electrification of vehicles and heating has started to dent fossil fuel demand, while progress is being made on developing carbon capture and hydrogen technologies.

In this world, the economic case for net-zero business transformation is stronger than ever: This is essential for companies to manage their transition risk, strengthen business resilience, and remain competitive. Science-based targets complement regulatory and policy frameworks, with clear benefits for companies that set them in terms of strategic planning, cost savings, process innovation, and improved reputation with customers and financial institutions.

The Corporate Net-Zero Standard Version 2.0 is designed to be a navigation tool for companies to manage their transition risk and unlock economic benefits in the world as it actually is.

A partner for net-zero business transformation

For the first decade, our role was primarily to set the bar for what was achievable under science-based principles and to validate targets set against it. That work continues, and the integrity of this Standard remains non-negotiable. But we are now becoming something more: A transition partner. That means providing guidance not only on target setting, but target implementation, and gathering data on what is working across our network. It means surfacing systemic barriers and helping to escalate them to governments and regulators. It means creating the pre-competitive spaces where companies can learn from each other. And it means continuing to engage with you, on all these fronts; not just in the assessment phase.

That shift is reflected in our new strategy. And it is reflected in this Standard.

From ambition to action

The most important shift in Version 2.0 is this: **It is an action framework designed to help decision-making.**

This means connecting climate ambition to the choices that actually determine emissions: Capital allocation, technology investment, procurement decisions, supplier engagement, and the management of long-lived assets across their full lifecycle. It means providing science-based approaches that align with the realities of different sectors, geographies, and business models. And it means a Standard that sits inside the business – integrated into how boards, Chief Financial Officers (CFOs), operations teams, and procurement functions make decisions – rather than sitting alongside it as a predefined algorithm.

For boards and CFOs, that means targets connected directly to strategic planning and investment cycles. For operations and procurement teams, that means clearer and more actionable guidance on what counts and how to prioritize. For sustainability leads, a Standard that can be embedded into core business processes and defended at board level as a tool for managing transition risk and creating value.

Best efforts, real barriers

We have also made an explicit choice to recognize that companies do not control everything, and that pretending otherwise does not serve anyone. The updated Standard is built on a best-efforts framework. The expectation is clear: Set targets based on science accompanied by reasonable implementation plans, deploy every lever within your control, be transparent about where barriers have limited what was possible, and demonstrate what you are doing to address those barriers over time. Companies that do this can continue to progress towards net-zero within the SBTi framework.

Catalyzing market development and system transformation

We have clarified the role for market instruments in driving decarbonization beyond the direct supply chain. Where companies have genuinely exhausted the levers available within their operations and value chains, the updated Standard introduces an implementation hierarchy that enables broader, shared systems and, where appropriate, sector-level actions. These actions may be supported by market instruments, including energy and commodity certificates based on different chain-of-custody models (e.g., mass balance, book-and-claim), subject to the guardrails set out in the Standard. This allows companies to meet targets while supporting market development to pull through technologies that will be critical in the next phase of the net-zero transition.

We also want to recognize companies that go further: Not just those managing their own transition but actively working to change the systems that make decarbonization hard for everyone. The voluntary Ongoing Emissions Responsibility program is designed for those organizations. It is a complement to reducing your own emissions, not a substitute for it. But companies willing to support carbon finance, which is necessary to achieve international climate objectives, deserve to be recognized for it – and this Standard now does that.

Part of a coherent system

This Standard does not stand alone. Rather, it provides an overarching framework to set ambition and drive action, which is interoperable with accounting approaches and other standards. For example, we have worked closely with the GHG Protocol throughout the development of Version 2.0 and will continue to do so, particularly on time-matching of scope 2 emissions and use of market instruments. We also continue to work closely with ISO on development of their net-zero standard, which we see as complementary to Version 2.0 – where it may be attractive to companies as they first engage with the net-zero transition. We will also be interoperable with emerging frameworks for the integrity of market instruments, where we will develop a framework for third-party recognition.

Working with the SBTi adds business value

What does that mean for businesses? Working with the SBTi should make your business stronger, not just more credible. We will remain the gold standard that financial institutions, customers, and regulators recognize – giving companies in our network a real advantage in accessing capital, winning customers, and reducing transition risks. We will back that up with something new: Actionable data on what is working across our network, peer learning, pre competitive collaboration, and active engagement with governments on the systemic barriers that no single company can resolve alone. The goal is simple: SBTi validation should be something your board sees as a strategic asset.

The next five years will be decisive for the corporate net-zero transition. We look forward to being your partner on this journey, supporting you to unlock business benefits and contribute to achievement of international climate objectives.

Francesco Starace, *Chair, Science Based Targets initiative*

> This foreword does not form part of the normative requirements of the Standard.

EXECUTIVE SUMMARY

Disclaimer: *This overview is intended to provide a summary of the Corporate Net-Zero Standard Version 2.0 (CNZS V2.0) and does not constitute a normative part of this Standard. For the full scope of requirements, users shall refer to the main body of the Corporate Net-Zero Standard.*

Introduction

The mission of the Science Based Targets initiative (SBTi) is to accelerate science-based corporate climate action consistent with net-zero by 2050 or sooner, contributing to international efforts aimed at limiting temperature change to 1.5°C by the end of the century. Over 11,000 companies have set targets with the SBTi to date, and in doing so have realized clear business benefits while contributing to the achievement of international climate objectives.

We know from widespread consultation that there remains a need for a common standard to guide corporate climate action, supporting companies to manage transition risk, strengthen business resilience, and remain competitive in a carbon-constrained world. The Corporate Net-Zero Standard V2.0 allows for a diversity of corporate contexts, with associated opportunities and challenges to reduce emissions; it aligns with levers that companies have for decarbonization; it is interoperable with developing frameworks, e.g., for carbon accounting and market instruments; and it provides continuity with the approach to date. The revised Standard reflects ten years of experience and learning, wide consultation, and pilot testing, and represents a major step forward for the SBTi.

Version 2.0 of the Corporate Net-Zero Standard includes the following key innovations:

- **Differentiated approaches across markets:** The Corporate Net-Zero Standard V2.0 includes accommodations for small and medium-sized enterprises, and companies in lower-income countries.
- **Set actionable, context-specific targets:** Companies set targets 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, 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.

The Standard includes both requirements and recommendations, along with two areas for voluntary recognition (scope 2 hourly matching and ongoing emissions responsibility). Table 1 summarizes specific requirements and options for target setting.

Table 1. *An overview of target types and requirements.*

	Scope 1	Scope 2	Scope 3
Near-term targets (5-year targets)	Required for all companies	Required for all companies	Required for Category A companies
Long-term targets (targets to reach residual emissions levels by 2050 at the latest)	Dependent on target-setting method	Optional for all companies	Optional for all companies
Net-zero targets combine scope 1, 2, and 3 near-term and long-term targets, together with the neutralization of residual emissions at the net-zero target year. Net-zero targets are optional for all companies.[1]			

Many of the elements of the Corporate Net-Zero Standard V2.0 are or will be available under the Corporate Net-Zero Standard Version 1 through transitional arrangements. Forward-looking target setting based on the latest data is already available. Company categorization, approaches to target implementation, progress assessment, and ongoing emissions responsibility will be available. Version 1 will remain attractive to many companies as an on-ramp to the SBTi, for example, through its combined scopes 1 and 2 targets and approaches to scope 3 emissions.

[1] The optionality of net-zero targets maintains consistency with previous approaches, as the Corporate Net-Zero Standard V2.0 consolidates and replaces both the SBTi Near-Term Criteria and earlier versions of the Corporate Net-Zero Standard.

Therefore, for companies that have commitments to set targets and have been planning against Version 1, we encourage them to submit targets on this basis. Version 1 of the Standard will remain open for setting targets until the end of 2027. For more information, refer to the accompanying documentation.

Companies that already have 2030 targets should start to set targets for the next cycle (2030–2035) under the Corporate Net-Zero Standard V2.0 from 2028, in order to allow sufficient lead time for implementation. In the meantime, and for the remainder of the target cycle, companies will be able to use elements of V2.0 as set out in the paragraph above.

The SBTi standards framework is anchored by the Corporate Net-Zero Standard, which establishes cross-sector requirements for scope 1, scope 2, and scope 3 emissions (categories 1–14), as defined by the GHG Protocol Corporate Standard. The framework also includes the Financial Institutions Net-Zero Standard and a suite of sector standards and approaches for high-emitting industries.[2] The SBTi is updating its sector standards to ensure compatibility with the Corporate Net-Zero Standard V2.0, while adding new sectors. During this transition period, companies will continue to use existing sector standards.

The Corporate Net-Zero Standard is supported by three sets of complementary documents that are published separately from the Standard:

- **Methods and Pathways:** Provides technical details for setting targets.
- **Assurance:** Explains the process for Target Validation and End-of-cycle Assessment.
- **Claims:** Sets out how companies communicate about their SBTi targets.

What follows provides more details on the various sections of the updated Standard.

Company category definition

There are two categories of companies within the Corporate Net-Zero Standard. Category A comprises large companies from all countries and medium-sized companies from high-income 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.

While certain requirements for Category A companies are optional for Category B companies – for example, disclosure of transition plans, assurance of target base year data, and scope 3 target setting – the SBTi strongly encourages Category B companies to go beyond these minimum requirements.

Subsidiary companies within conglomerates may be regarded as separate companies where they operate as distinct businesses.

[2] In this document, “Sector Standards” refers to sector-specific SBTi documents, which may include sector standards, sector criteria, or sector guidance.

Net-zero governance

Chapter 1 aims to secure senior leadership buy-in across the organization for target setting and implementation, and to establish governance to support this.

It starts by noting what the setting of an SBTi near-term target entails: Working toward net-zero; producing a transition plan that sets out key actions to implement the targets; and reporting regularly on progress. It requires the highest levels of governance within a company to sign off on SBTi targets, with supporting governance to oversee target implementation, and to join up carbon and commercial strategies.

All companies are required to have a transition plan that covers key actions to implement targets and their associated dependencies, and sets out a high-level path to net-zero. For Category A companies, this should be disclosed when targets are validated, with flexibility to disclose up to 15 months later where needed. The SBTi validates the presence of a transition plan and confirms that it includes the required elements set out in the Corporate Net-Zero Standard V2.0. Transparency about transition plans will allow relevant parties to assess them.

Target base year assessment

This is the foundation for setting targets in the Standard, using the latest data for the target base year in contrast to the historical base year in the Corporate Net-Zero Standard Version 1, ensuring ongoing alignment to net-zero. A minimum of limited assurance of target base year data is required for Category A companies and recommended for Category B companies. Companies may continue to communicate their targets relative to an earlier base year if they choose.

Scope 1 target setting

This aims to transition companies to net-zero scope 1 emissions by 2050 or sooner. There are three options for companies to choose from when setting near-term targets:

- **Absolute emissions reduction:** This is a straight-line emissions trajectory from the target base year to the net-zero year.
- **Emissions intensity reduction:** Companies may choose to follow sector emissions-intensity pathways designed to reflect sector-specific emissions reduction opportunities (e.g., for steel, cement, or chemicals).
- **Asset transition:** This is for companies whose capital stock turnover does not follow a linear or sector pathway. Companies design their transition plan to operate existing assets efficiently and replace them with low-carbon assets, using predetermined milestones (e.g., timelines to phase out investment in new greenhouse gas (GHG)–emitting assets and operation of existing assets) and/or a carbon budget derived from (a) science-based pathway(s). This approach will entail setting a quantitative target, namely, the emissions reduction for the target cycle, defined within the transition plan. The SBTi does not expect companies to publish detailed investment plans, given commercial sensitivity.

All three approaches work toward a net-zero year of 2050 at the latest. Companies may choose to set a long-term scope 1 target for 2050 or earlier. Where a near-term emissions intensity or asset transition target is set, companies are required to set a long-term target.

Scope 2 target setting

The target-setting options for scope 2 emissions support the transition toward low-carbon electricity use over time. Low-carbon electricity may include renewable and nuclear energy, as well as electricity generation fitted with carbon capture and storage. Companies may choose to set targets based on emissions reductions and/or increases in the share of low-carbon electricity, including optional long-term targets to reach 100% low-carbon electricity or residual levels of scope 2 emissions.

Targets can be implemented either through investment in low-carbon power generation or contracts (e.g., power purchase agreements, contracts for difference, renewable energy certificates). Contracts for plants up to 15 years of age are allowed, to align with other frameworks and match project business cases or finance periods; power purchase agreements can be longer where these are for plants less than 36 months into operation. Existing contracts will be grandfathered for the duration of the contract, meaning they will not need to meet new requirements.

There are conditions about procurement being in the same system as consumption, defined on the basis of deliverability regions. One exception to this is where a company can show it has transmission interconnection rights to a neighboring deliverability region. Similarly, when it is more practical to aggregate load across regions and sign a single long-term contract, companies may do so. Where structural barriers exist, such as insufficient supply of low-carbon electricity relative to demand, companies may take sector-level actions (e.g., purchasing from other systems).

Hourly matching of power contracts with consumption is generally preferable to annual matching, as it can support more effective price signals for load shifting and investment in low-carbon generation and storage, and better align electricity demand with low-carbon supply. To improve transparency as practices develop, companies with significant electricity use are required to report the share of electricity consumption matched with low-carbon electricity on an hourly basis. Companies demonstrating leadership in this area may seek SBTi recognition for achieving certain levels of hourly matching.

Scope 3 target setting

The intention is to transition companies to net-zero by 2050 or sooner for their scope 3 emissions.

Companies may choose to make limited, justified exclusions from their near-term targets to focus on the most material emissions sources in their value chain and areas where they have influence. Examples of these exclusions include:

- Any categories that individually account for less than 5% of total scope 3 emissions.
- Category 3 (fuel- and energy-related activities), provided these emissions are mitigated through energy consumption reductions under scope 1 or scope 2 targets.

- Activities lacking practical influence, for example, when companies have no operational control over leased assets or processing of sold products.

They then choose from three options for setting near-term targets:

- **Overarching emissions reduction targets:** Targets are constructed as a linear contraction of emissions in the target boundary from the target base year to residual emissions of approximately 10% or less in a net-zero year of 2050 or sooner.
- **Overarching supplier/customer alignment targets:** Under this approach, targets are set to reach a benchmark consistent with a growing share of tier 1 suppliers/customers setting and, over time, progressing against science-based targets toward the net-zero target year.
- **Category- or activity-specific targets:** This option is for companies with concentrated emissions in certain scope 3 categories or from high-emitting activities, allowing for tailored target-setting options. It is designed to encourage the procurement of lower-carbon commodities and a gradual transition toward lower-carbon products and services. It differentiates between upstream emissions for which sector pathways exist (e.g., steel, cement, transport) and which companies may choose to use; all other upstream emissions; and downstream emissions. It offers tailored approaches to target setting for these three different groups, reflecting available mitigation levers.

These approaches work toward a net-zero year of 2050. While companies are generally not required to set long-term targets, they can choose to do this for scope 3.

Implementing targets

The Corporate Net-Zero Standard V2.0 introduces a hierarchy to define what credible target delivery looks like so that companies prioritize actions to decarbonize their operations and value chains over time:

- **Direct actions (activity level):** Reducing emissions at source within company operations and value chains (e.g., efficiency improvements, fuel switching, and engaging suppliers and customers to reduce their emissions).
- **Actions within shared systems (activity pools):** Where emissions relate to shared systems (e.g., electricity or gas grids, supply sheds, and logistics networks), companies may take action within those systems. This may be supported by market instruments that convey low-carbon attributes (e.g., for electricity, biomethane, or materials such as steel or cement), and includes decarbonization activities within the same system (e.g., landscape or other agricultural interventions within a supply shed).
- **Sector-level actions:** Where options at the activity or activity-pool level are constrained, companies may take sector-level actions. The Corporate Net-Zero Standard V2.0 requires that these actions relate to the same type of activity and occur in a relevant geographic or system context, so that they meaningfully contribute to reducing the emissions the company is responsible for.

Actions and market instruments are required to meet minimum integrity criteria, as set out in the Corporate Net-Zero Standard V2.0 and to be further elaborated in future guidance. These include an additionality requirement for projects and a requirement for programs issuing market instruments to demonstrate system-level impact. The SBTi plans to recognize relevant third-party frameworks where appropriate. Claims will depend on the outcomes of the actions taken: where an action results in emissions reductions within the company's physical inventory, this may be reflected in a company-level claim; whereas actions that support decarbonization at the activity-pool or sector level would result in system contribution claims.

Assessing progress against targets

Targets are pursued on a best-efforts basis, subject to dependencies. Companies are expected to use all available levers to drive emissions reductions. Companies go through a continuous process of progress assessment, highlighting successes and identifying any emerging gaps and related barriers, along with how these will be addressed. Companies then set targets for the next cycle to ensure ongoing alignment toward net-zero. Higher emissions in the target year result in steeper reductions required in the next target cycle and an accelerated pace of action. Minimum progress criteria for companies setting new targets in subsequent cycles will be set out in the SBTi Assurance Manual. Companies following this process can continue to be part of the SBTi framework for target setting and implementation and progressing to net-zero.

Ongoing emissions responsibility

The intent here is to reflect the need for accelerated climate contributions to achieve global climate objectives. This is a complement, not a substitute, for companies reducing their own emissions, which remains the core of the SBTi framework.

Voluntary recognition is offered for companies that see value in taking responsibility for their ongoing emissions as part of a holistic net-zero strategy. The approach is flexible regarding the level of ambition, which can be from 1% to 100% of ongoing emissions; and the means to achieve this, for example through emissions reductions or removals, whether removals are long-lived or not, as well as other climate actions (e.g., ex-ante mitigation funding, low-carbon research and development, adaptation and resilience, and loss and damage).

Minimum criteria aligned with high-integrity frameworks have been set for activities recognized under the Ongoing Emissions Responsibility program, and the SBTi will develop an approach to recognize relevant third-party frameworks. The intention is to mandate ongoing emissions responsibility from 2035, with requirements to neutralize residual emissions at net-zero.

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