SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

INTRODUCING THE CORPORATE NET-ZERO STANDARD

Version 2.0

Webinar

July 14, 2026

SBTi Corporate Net-Zero Standard

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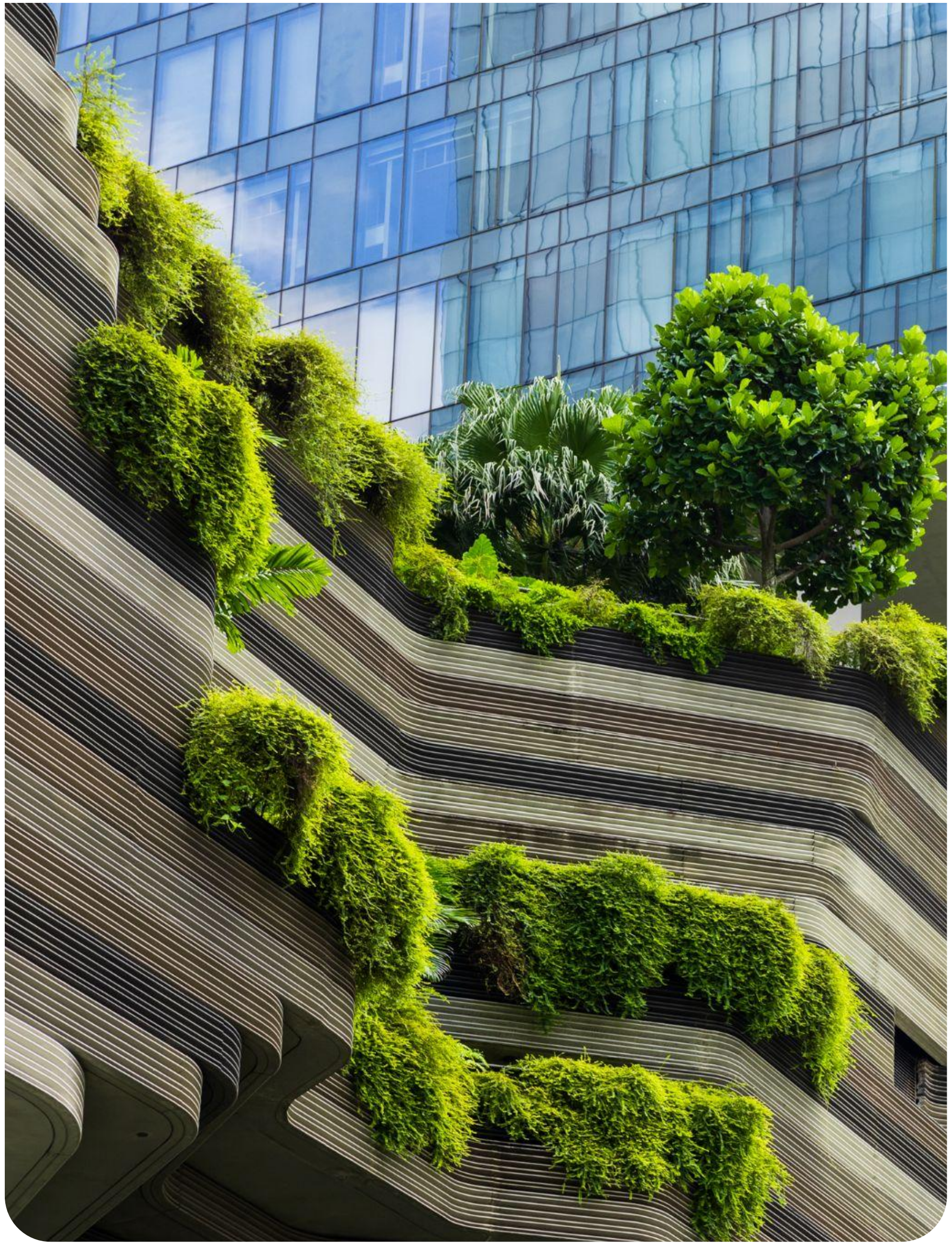
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi Corporate Net-Zero Standard

HOUSEKEEPING

- This is a **Zoom webinar**, your camera and microphone are automatically muted.
- A **recording** will be published on YouTube.
- The **slides** will be published on our website.
- Today we'll be answering your pre-submitted **questions**.
- You can **ask more questions** throughout the session and in the feedback survey at the end of the session.



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LANGUAGE INTERPRETATIONS

This webinar is being **interpreted live** into different languages:

- **Session 1 (10:00 am CEST):**
  - Chinese
  - Japanese
  - Korean
- **Session 2 (4:00 pm CEST):**
  - Spanish
  - Portuguese
  - French

Choose your preferred language using the “Interpretation” button at the bottom of your screen.

SPEAKERS

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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SBTi
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SBTi
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SBTi Corporate Net-Zero Standard

AGENDA

1. Opening remarks
2. Deep-dive into the Corporate Net-Zero Standard V2.0
3. Implementing the Standard
4. Q&A session
5. Closing remarks

OPENING REMARKS

David Kennedy

Chief Executive Officer
SBTi

Introduction to Version 2.0

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THE STANDARD IS STRUCTURED TO **IMPROVE CLARITY**

Version 2.0 builds upon the strong foundation established by the first Corporate Net-Zero Standard.

1 NET-ZERO GOVERNANCE

- ✓ Target approval and governance requirements
- ✓ Criteria related to transition plans

2 TARGET BASE YEAR ASSESSMENT

- ✓ Target base year selection
- ✓ GHG inventory and required data preparation
- ✓ Third-party assurance requirements

3 TARGET SETTING

- ✓ Target-setting methods for scopes 1-3
- ✓ Applicability of near-term vs. long-term targets
- ✓ How to set a net-zero target

4 TARGET IMPLEMENTATION

- ✓ Applies to all scopes
- ✓ Hierarchy of activity, activity pool and sector
- ✓ Integrity criteria for actions
- ✓ Optional recognition for scope 2 hourly matching

5 REPORTING & ASSESSING TARGET PROGRESS

- ✓ Annual tracking and reporting on progress
- ✓ Criteria for assessing and reporting progress at the end of the target cycle

6 ONGOING EMISSIONS RESPONSIBILITY

- ✓ Optional recognition program for OER
- ✓ Post-2035 requirements for Category A
- ✓ Neutralization requirements

V2.0 RECOGNIZES **DIFFERENT BUSINESS CONTEXTS**

The Standard establishes two distinct categories of companies: **Category A** and **Category B.** Throughout the Standard, criteria is applied based on company categorization.

Any Country

A

Net turnover ≥ €450 million

Full-time equivalents (FTEs) ≥ 1,000

High-Income Countries

A

Scope 1+2 are ≥ 10,000 tCO_2e

or meets at least **two** of the following:

Balance sheet ≥ €25 million

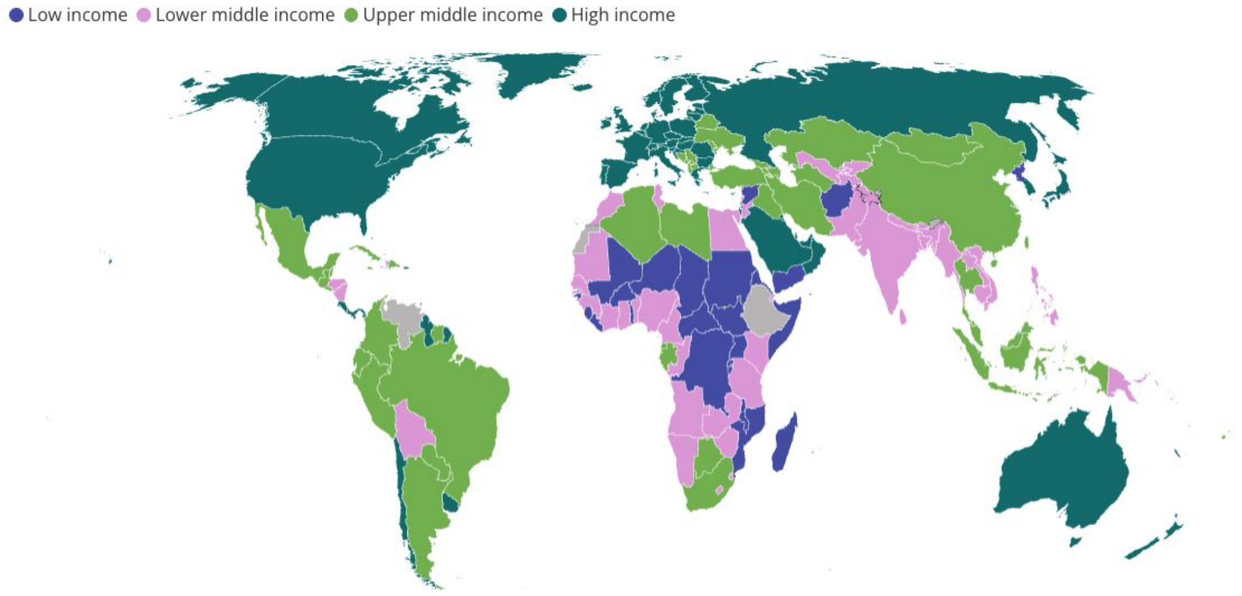
Net turnover ≥ €50 million

FTEs ≥ 250

B

Any company that does not meet Category A criteria.

Geography is determined by the jurisdiction of incorporation of the ultimate parent company and is classified using the World Bank economic income categories.



Map of [World Bank Classification by Income](#) - *updated July 1, 2025*

STRENGTHENING **ACCOUNTABILITY**

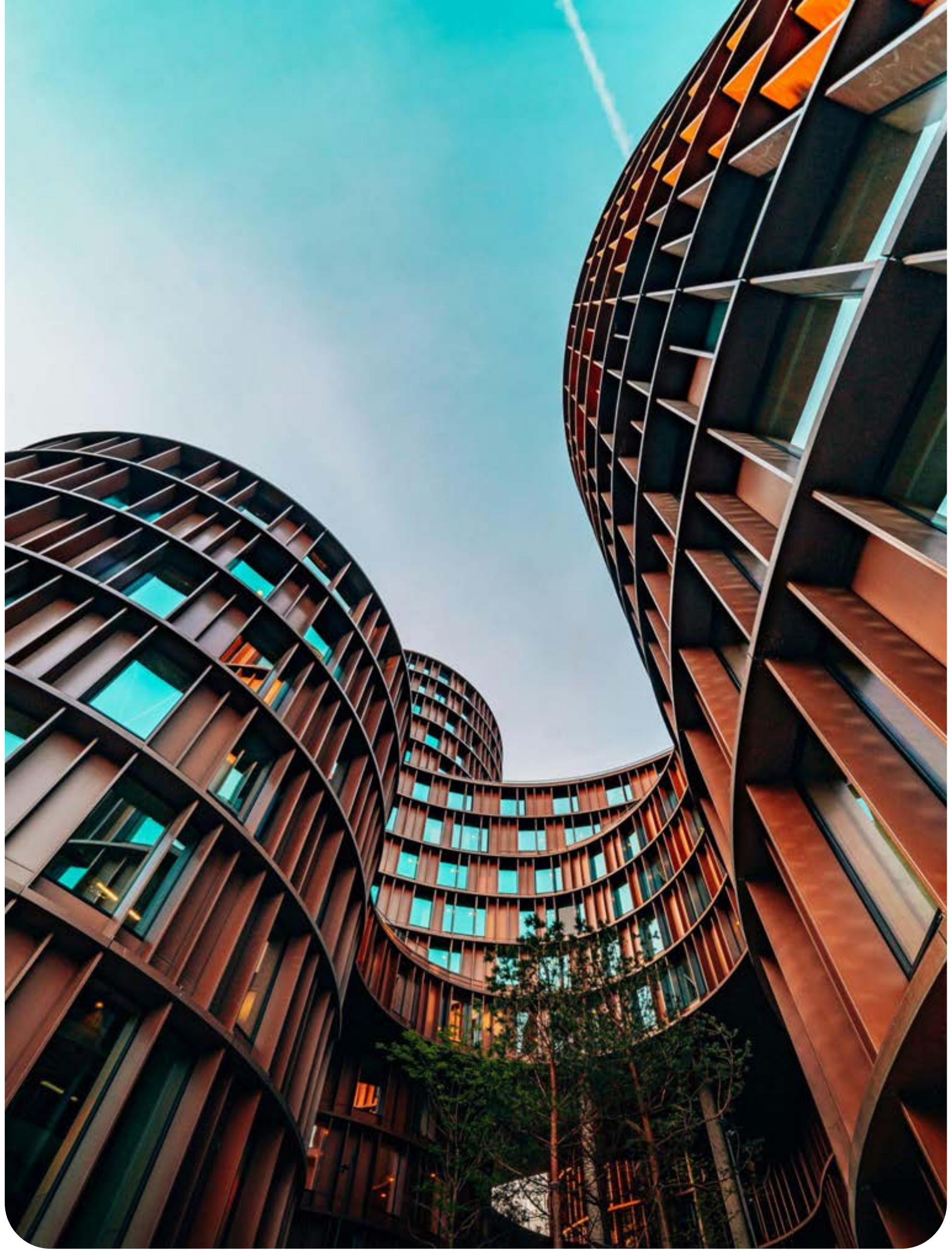
Validated targets are supported by appropriate governance and credible implementation planning.

The company's highest level of governance must agree to overall accountability for targets.

Submit and report a description of the governance structures responsible for overseeing and implementing targets.

Establish documented processes for reporting progress and conducting periodic review and adjustment to targets.

Develop and maintain a transition plan focusing on actions and timelines required to deliver the company's validated targets.



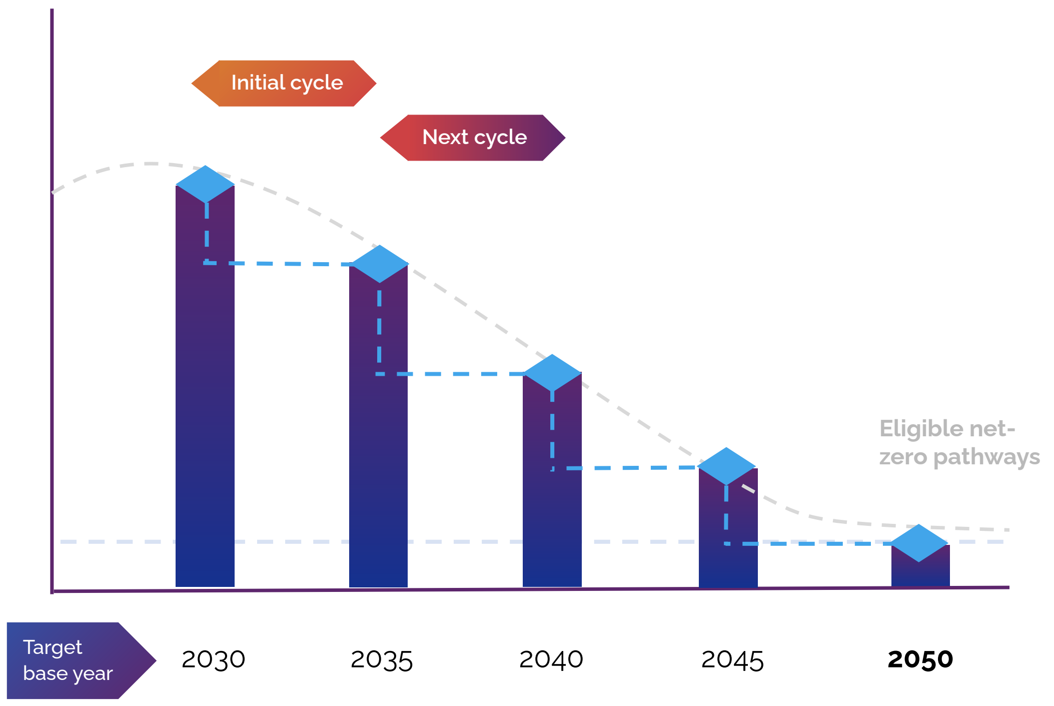
SETTING THE RIGHT **FOUNDATION**

A comprehensive and accurate assessment of base year emissions is foundational to determining ambition and eligible target-setting methods for each cycle of targets in the net-zero framework.

During the target validation phase, all companies submit:

TARGET BASE YEAR	Based on the most recent year with comprehensive GHG emissions and other applicable data
GHG INVENTORY	Physical inventory aligned to GHG Protocol Standards[1]
ACTIONS & MARKET INSTRUMENTS	A separate account of actions and market instruments not reflected in the physical GHG inventory[2]
ELECTRICITY CONSUMPTION	Total consumption of electricity, including from generation within and outside of company control
	Percentage of low-carbon electricity (LCE) consumption

Illustrative example of target-setting cycle to the net-zero year



[1] Companies account for FLAG emissions, bioenergy emissions, and both biogenic and technological removals in line with the GHG Protocol Land Sector and Removals Standard.
[2] In accordance with relevant GHG accounting standards, where available. Actions and market instruments must meet integrity criteria set out in Chapter 4, Target Implementation.

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SHARPENING OUR APPROACH TO **TARGET SETTING**

Separate targets are required for each scope, where applicable, to ensure actions are directed towards all relevant emission sources.

	Scope 1	Scope 2	Scope 3
Near-term targets (5-year targets)	A B	A B	A B
Long-term targets (to reach residual emissions levels by 2050 at the latest)	*Depending on near-term target method chosen*	A B	A B
Net-zero targets (optional for all companies)	*Requires scope 1, 2 and 3 near-term and long-term targets, as well as neutralization of residual emissions at net-zero target year*		

A Required for Category A

B Required for Category B

A Optional for Category A

B Optional for Category B

TARGET-SETTING METHODS FOR **SCOPE 1**

One new target type has been included for scope 1, focused on decarbonizing high-emitting assets.

ABSOLUTE EMISSIONS

Decrease absolute emissions linearly at a rate consistent with reaching residual levels by 2050 at the latest

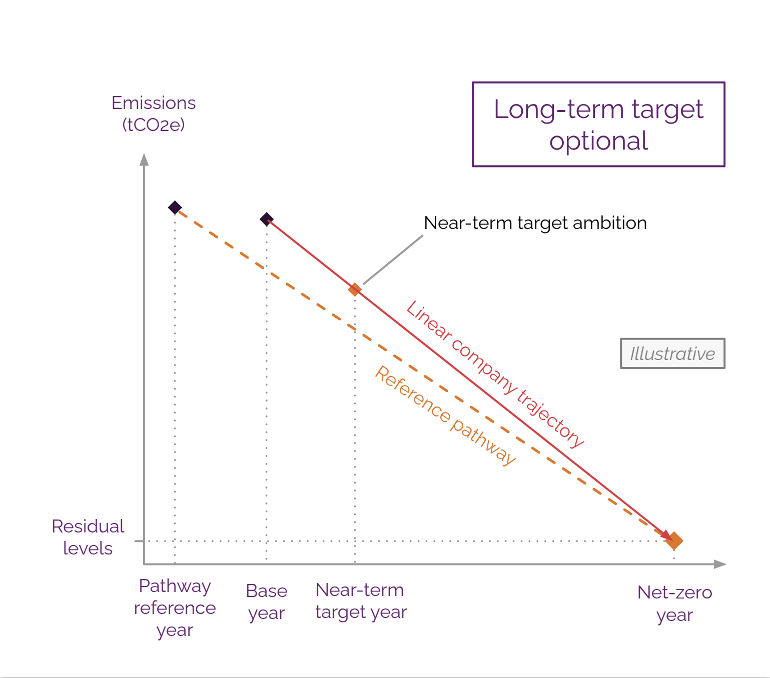
EMISSIONS INTENSITY[2]

Reduce emissions intensity at a rate consistent with an underlying net-zero aligned sectoral pathway, where available[1]

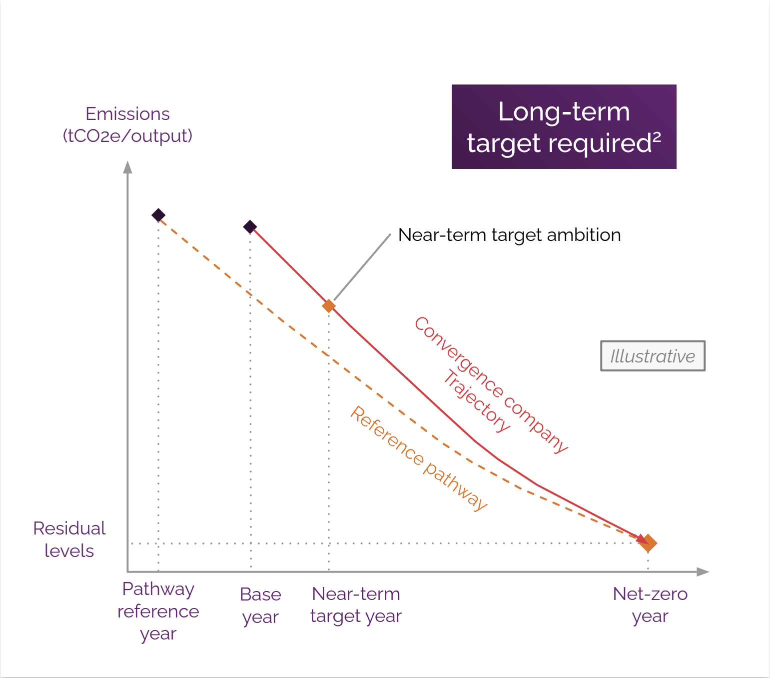
NEW ASSET TRANSITION[2]

Reduce absolute emissions in line with an Asset Decarbonization Plan (ADP) based on a Carbon Budget or a Milestone Approach, both derived from reference pathways[1]

Visual: Absolute Emissions Target



Visual: Emissions Intensity Target



1. Subject to final [Methods, Metrics, and Pathways (MMPs) publication] following public commenting period.
2. Long-term scope 1 targets are required when using these near-term methods. Long-term targets must cover all emissions, use emission reductions methods (absolute or intensity), and align with net-zero residual levels by 2050.

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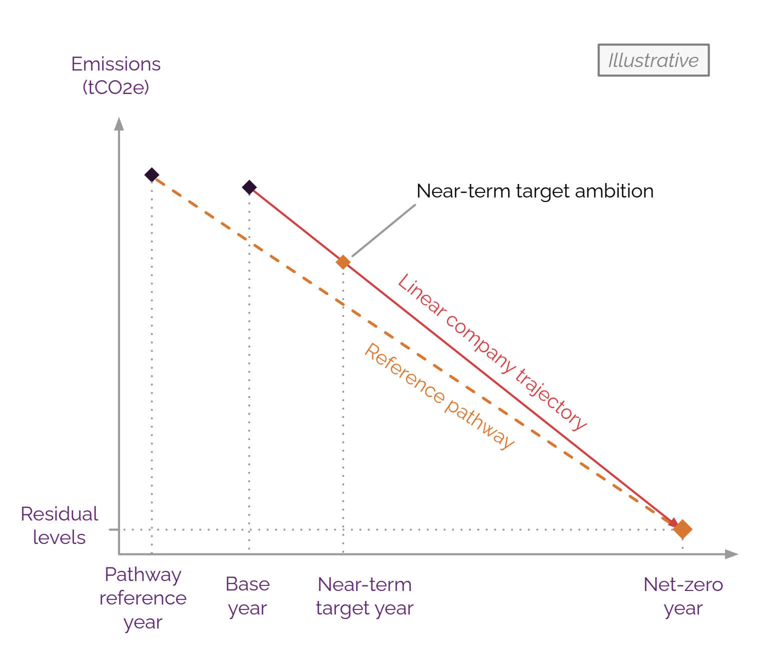
TARGET-SETTING METHODS FOR **SCOPE 2**

Version 2.0 introduces two approaches to set mandatory near-term and optional long-term targets.[1]

ABSOLUTE EMISSIONS REDUCTION

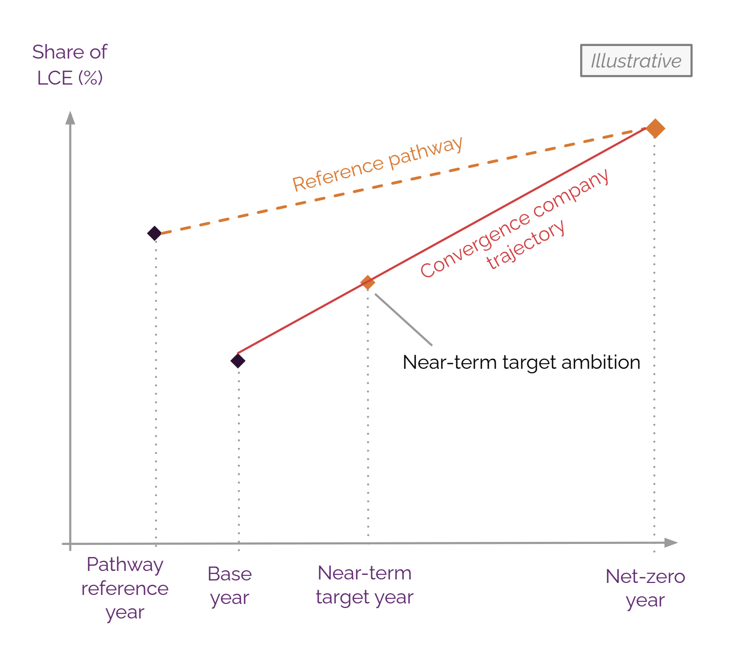
Reduce scope 2 absolute emissions on a linear trajectory to a defined residual level that is consistent with an eligible net-zero pathway



NEW LOW-CARBON ELECTRICITY (LCE) ALIGNMENT

Increase the percentage of LCE used, contracted or matched on a linear trajectory in line with an eligible net-zero pathway

LCE is defined by an individual generator that has direct GHG emissions ≤ 0.048kg CO_2/kWh.[2]



A

Companies are required to:

1. **Estimate expected growth in electricity consumption** over the target timeframe
2. **Set absolute emissions reduction target** if growth exceeds 20% per year

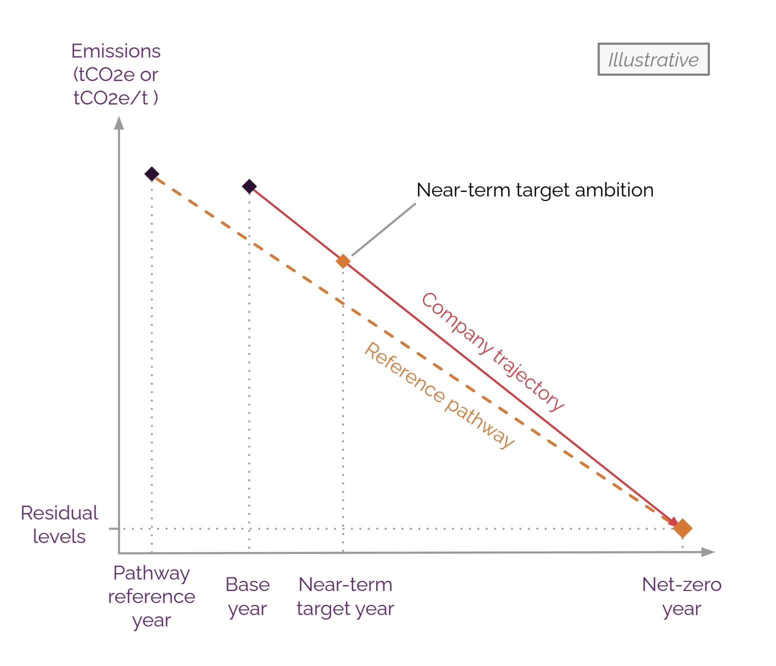
[1]Long-term target setting for scope 2 is optional for both Category A and Category B companies. [2]From 2035, LCE will be defined as ≤ 0.024kg CO_2/kWh.

TARGET SETTING IN **SCOPE 3**

Version 2.0 presents two broad target types for addressing scope 3 emissions.

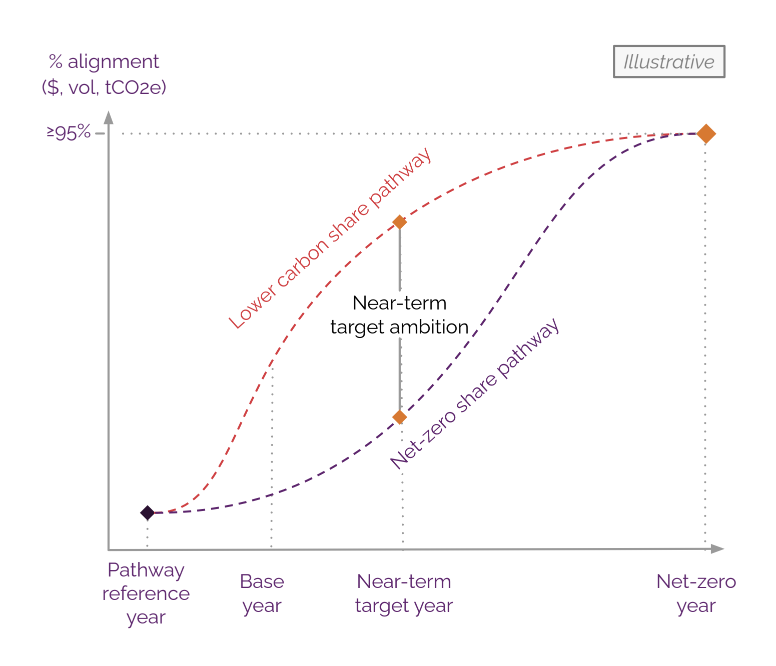
EMISSIONS REDUCTION TARGETS

Reduce scope 3 emissions on an absolute or intensity basis to a defined residual level following cross-sector or sector-specific pathways



ALIGNMENT TARGETS

Increase the share of lower carbon and net-zero aligned upstream and downstream activities or counterparties, measured as a percentage of spend, revenue, volume or emissions



UPDATED Supplier/customer alignment

Grow share of T1 suppliers/customers that are in transition or net-zero aligned

NEW Volume alignment

Grow share of purchased commodities (e.g., steel, cement) or transport that are lower carbon or net-zero aligned

NEW Product use alignment

Grow share of sold products with lower carbon or net-zero aligned use phases

NEW Product end-of-life alignment

Grow share of products designed with circular end-of-life solutions

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INTRODUCING THE **IMPLEMENTATION HIERARCHY**

The Standard defines four levels of action that a company may take to support decarbonization, requiring companies to prioritize actions closest to the emissions source first before pursuing less direct actions.

Companies assess and implement feasible activity-level actions before proceeding to less direct action

1 Activity Level

Actions that directly target emission sources and are fully reflected in the physical GHG inventory.

When all feasible activity-level actions have been exhausted

2 Activity Pool

Actions that target emission sources within shared systems that companies source from or feed into.

If structural constraints prevent action at the activity or activity pool level

3 Sector Level

Actions that target emissions sources within a relevant market or geography where a company operates or sources from.

If sufficient decarbonization is not achieved within the target timeframe

4 Enabling Actions*

Actions taken to address structural constraints to enable future decarbonization.

*Enabling actions do not contribute towards target progress, but are **recommended** as best practice when sufficient decarbonization is not achieved within the target timeframe.

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IMPLEMENTATION FOR **ELECTRICITY**

Version 2.0 introduces new requirements that apply to the use of market instruments for electricity.

DELIVERABILITY

Market instruments are limited to **deliverability regions**[1]

- ✓ Exceptions made for existing long-term contracts prior to the effective date of V2.0
- ✓ Deliverability between regions permitted in certain cases (e.g., physical transmission, PPAs)

AGE LIMIT

Limited to generators commissioned or re-powered within 15 years of application. Forthcoming guidance will stipulate exemptions for PPAs with new LCE projects and region-by-region options.

TEMPORAL MATCHING

Attributes must meet a **12-month matching** requirement. All companies may receive *optional recognition* for meeting specified hourly thresholds.

A **Category A** companies are required to calculate and report percent of scope 2 electricity consumption that is matched on an hourly basis in activity pools with significant electricity use (where annual consumption $\geq$ 10 GWh).

The SBTi intends to conduct further research on how hourly matching should be deployed in the context of target setting.

[1]Defined as a geographical area throughout which all sources of electricity generation connected to a synchronous grid can be reasonably expected to serve sources of electricity consumption connected to that grid.

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REPORTING & ASSESSING **TARGET PROGRESS**

Reporting and disclosure occur on two distinct timelines to enable transparency and continuous improvement:

Annual Reporting
Consisting of public disclosure of target progress and barriers via a company's own communication channels

End-of-Cycle Assessment
Companies submit required information substantiating target progress to the SBTi to be formally assessed. Companies are enabled to make claims upon a successful assessment.

Companies pursue targets on a best-efforts basis, implementing all available decarbonization levers and transparently disclosing barriers to implementation.

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CONTINUING THE **TARGET-SETTING JOURNEY**

At the end of each target cycle, companies undertake a formal assessment of target progress, submitting substantiated progress information to the SBTi and transparently disclosing results.

End of the target cycle

Companies can set targets for the next cycle

To set new targets, companies are expected to use all available levers, disclose barriers, and demonstrate credible actions to address them.

Up to 24 months prior and 12 months after the target cycle ends

End-of-cycle assessment

All companies conduct and submit an assessment of target progress to the SBTi.

Within 12 months

Companies disclose progress against targets

Companies consent to relevant progress information being displayed publicly on the SBTi Target Dashboard.

Within 6 months of assessment

Companies publicly disclose information required by end-of-cycle assessment.

At next reporting cycle following assessment

Minimum progress criteria for companies seeking to set new targets following their first cycle under 2.0 will be set out in the forthcoming **SBTi Assurance Manual.**

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THE **ONGOING EMISSIONS RESPONSIBILITY** FRAMEWORK

The framework consists of three phases with distinct, but complementary goals.

CNZS V2.0 — **2030** — **2035** — **2040** — **2045** — **2050**

PHASE 1 **Optional Recognition Program**

Companies that opt to cover a share of ongoing emissions with eligible approaches and actions can earn recognition on the SBTi Target Dashboard.[1]

Recognition is awarded at three levels:

- ENGAGED
- ADVANCED
- LEADERSHIP

PHASE 2 **Post-2035: Responsibility Requirement**

A **Category A** companies are **required** to support an increasing volume of eligible carbon removals, increasing the share of removals with greater durability over time.

PHASE 3 **Neutralization**

A B At the net-zero target year and thereafter, **all companies are required to neutralize.** 100% of residual emissions across all scopes.

[1]*Provided demonstration of substantial progress against targets for targets set under Version 2.0.*

Implementing the Standard

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THE TRANSITION TO VERSION 2.0 WILL BE GRADUAL

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The SBTi will continue to issue supplementary guidance and resources to guide companies through comprehension, adoption and implementation of the new Standard.

Targets set with previous versions of SBTi Standards remain valid.[1]

Companies can and should continue setting targets using existing Standards and Criteria.

Throughout 2027, companies can choose between Version 1 and Version 2 of the Corporate Net-Zero Standard.

[1] Companies validated against current and historic SBTi Standards are required to review and if necessary update targets formally through a validation process every five years. Companies may also voluntarily update their targets. Targets submitted for validation must always be aligned with the SBTi criteria in effect at the time of submission.

INTRODUCING THE **READINESS ASSESSMENT SERVICE**

Forthcoming service to be delivered by the Target Validation Team at SBTi Services.

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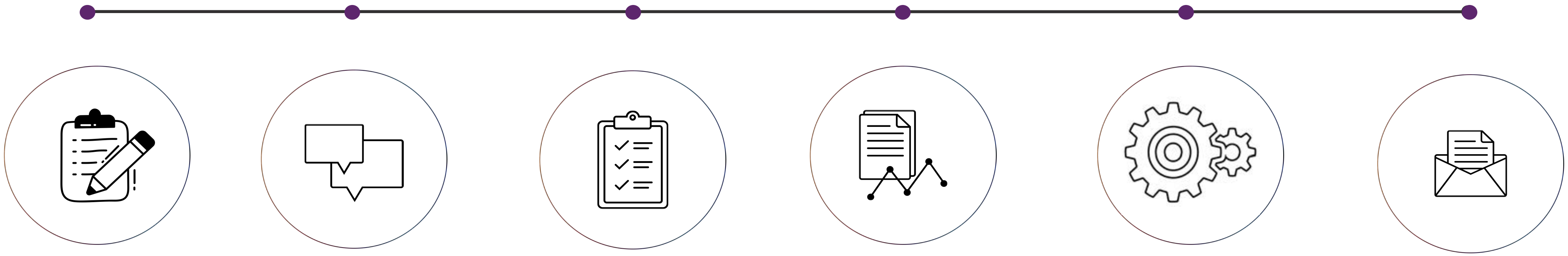
V2 Readiness Assessment Service

A structured, evidence-based assessment that gives each company a factual picture of where it stands against the latest Corporate Net-Zero Standard Version 2.0 requirements, and the specific steps required to submit a target for validation under the new Standard.

Who is this for?

The Readiness Assessment Service is available to companies* with validated targets under any previous version of SBTi's corporate criteria.



ELIGIBILITY CHECK

ONBOARDING CALL & INITIAL ASSESSMENT

COMPLETE FORM WITH FURTHER DATA

RECEIVE DRAFT REPORT

REVIEW CALL WITH ANALYST

RECEIVE FINAL REPORT

Launching with cross sector and SMEs

Q&A Session

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Version 2.0

What's Next?

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LOOKING TO LEARN MORE?

Check out the additional explanatory resources

1 Blog Detailing Key Features of V2

Introducing the SBTi Corporate Net-Zero Standard Version 2.0

Jun 11th 2026

Version 2.0 of the SBTi's flagship Corporate Net-Zero Standard supports the next phase of the net-zero transition; a move from ambition to real-world implementation. Emma Watson, the SBTi's Head of Corporate Standards, walks through the key features of Version 2.0 and what companies need to know.

2 Actions and Market Instruments

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FROM AMBITION TO ACTION: ACTIONS AND MARKET INSTRUMENTS IN THE CORPORATE NET-ZERO STANDARD VERSION 2.0

June 2026

3 New Approach to Scope 2

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UNDERSTANDING SCOPE 2 IN THE UPDATED CORPORATE NET-ZERO STANDARD V2.0

June 2026

4 Transition to V2 for Existing Targets

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

June 2026

THE LAUNCH IS ONLY THE BEGINNING

The SBTi will continue to develop guidance and supplemental resources to strengthen and expand upon key elements introduced in the Corporate Net-Zero Standard V2.0.

Methods, Metrics, and Pathways	Details the methods and pathways used to develop the target-setting options underpinning Version 2.0. *This is under public comment until July 31, 2026.*
SBTi Assurance Framework	Policies, processes, and requirements established by the SBTi that seek to ensure that applicable criteria in SBTi Standards for validation and assessment processes are consistently fulfilled.
SBTi Claims Policy	Rules, conditions and processes for companies to make claims related to their targets against the SBTi Standards, ensuring that all communications are accurate, consistent, credible and transparent.
Interoperability & Third-Party Recognition	Process to define technical criteria and principles for formal eligibility and recognition of third-party tools and certification frameworks.
Sector-Specific Resources	Suite of sector standards and approaches for high-emitting sectors. The SBTi is updating its sector standards to align with the Corporate Net-Zero Standard V2.0 and expand coverage.[1]

[1] *Current sector standards remain in effect until updated versions become available.*

LEARN MORE & GET INVOLVED

Stay up to date with the latest developments by registering your interest and learn more by exploring the dedicated resources on our website designed to help you navigate the next phase of net-zero.

Register to have tailored V2.0 resources delivered straight to your inbox

Explore the Standard and relevant resources on our dedicated Version 2.0 webpage

Submit feedback on the clarity of SBTi's Metrics, Methods, and Pathways (MMPs)

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Thank you.

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