

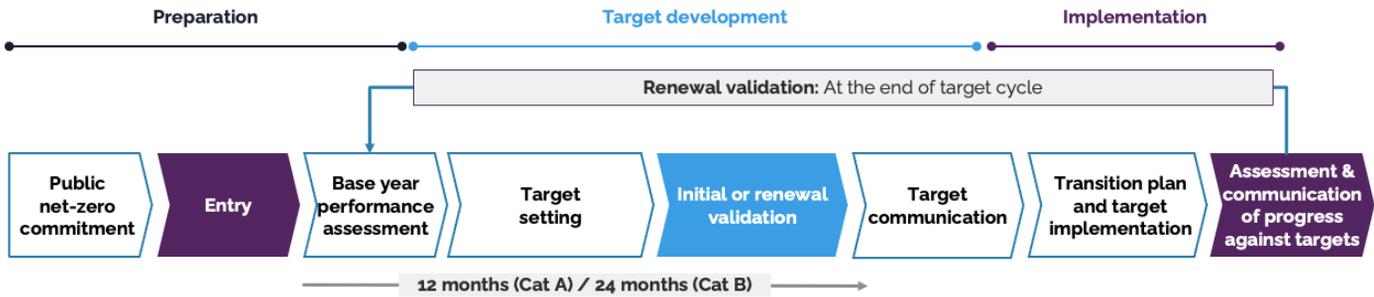
SBTi Corporate Net Zero Standard V2.0

Initial Consultation Draft



DISCLAIMER: All proposed changes or modifications to the SBTi standards presented here are preliminary and subject to the process outlined in the SBTi's Standard Operating Procedure for Development of SBTi Standards.

Company journey and validation cycle

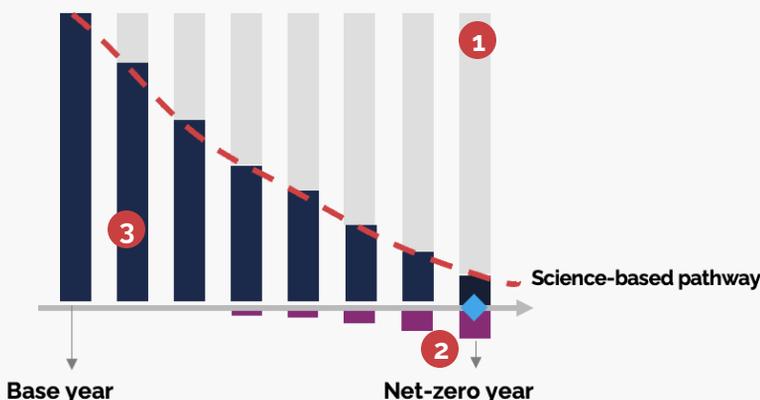


Overview of key changes

Commitment		Public commitment to near-zero (when starting process) and disclosure of transition plan (after setting targets)		
Scope 1 Separate scope 1 and 2 targets Updated scope 1 absolute contraction method accounting for historical performance Updated pathways in line with IPCC AR6 and IEA NZE scenarios	Scope 2 Two separate scope 2 targets: <ul style="list-style-type: none"> Location-based Market-based OR zero-carbon electricity Clearer guidance on use of energy attribute certificates (e.g., RECs)	Scope 3 Updated target boundary based on emissions relevance Greater emphasis on alignment targets and metrics (e.g., % of net-zero aligned procurement) Activity pools and indirect mitigation for hard to trace emissions	Removals Role of removals in lead up to net-zero target year Minimum durability requirements	BVCM Option to obtain additional recognition for beyond value chain mitigation (BVCM) activities
Categorization		New system to tailor requirements based on company size and geography		
Validation Cycle		End-to-end framework to enhance accountability and recognition Clear guidance on assessing progress against targets and target renewal process		
Data quality and assurance		New mechanisms incentivize gradual shift toward higher data quality Limited assurance required for large companies		

Underlying impact model

Illustrative net-zero pathway for company



- Emissions released into the atmosphere
- Abated emissions
- Carbon removals

- 1 Target-setting:** Companies are **required** to set targets to abate the emissions associated with their operations, products and supply chains.
- 2 Residual emissions:** Companies are **incentivized** to address the impact of projected residual emissions from the net-zero target year and, increasingly, in the period leading up to it through removals and/or additional scope 1 emissions reductions (options under consultation) (**new**).
- 3 Ongoing emissions:** Companies are **recognized** for taking responsibility for the emissions released into the atmosphere during their transition to net-zero by contributing to mitigation outside their value chains (**new**).