



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



SBTi
Corporate
Net-Zero
Standard

Version 2.0

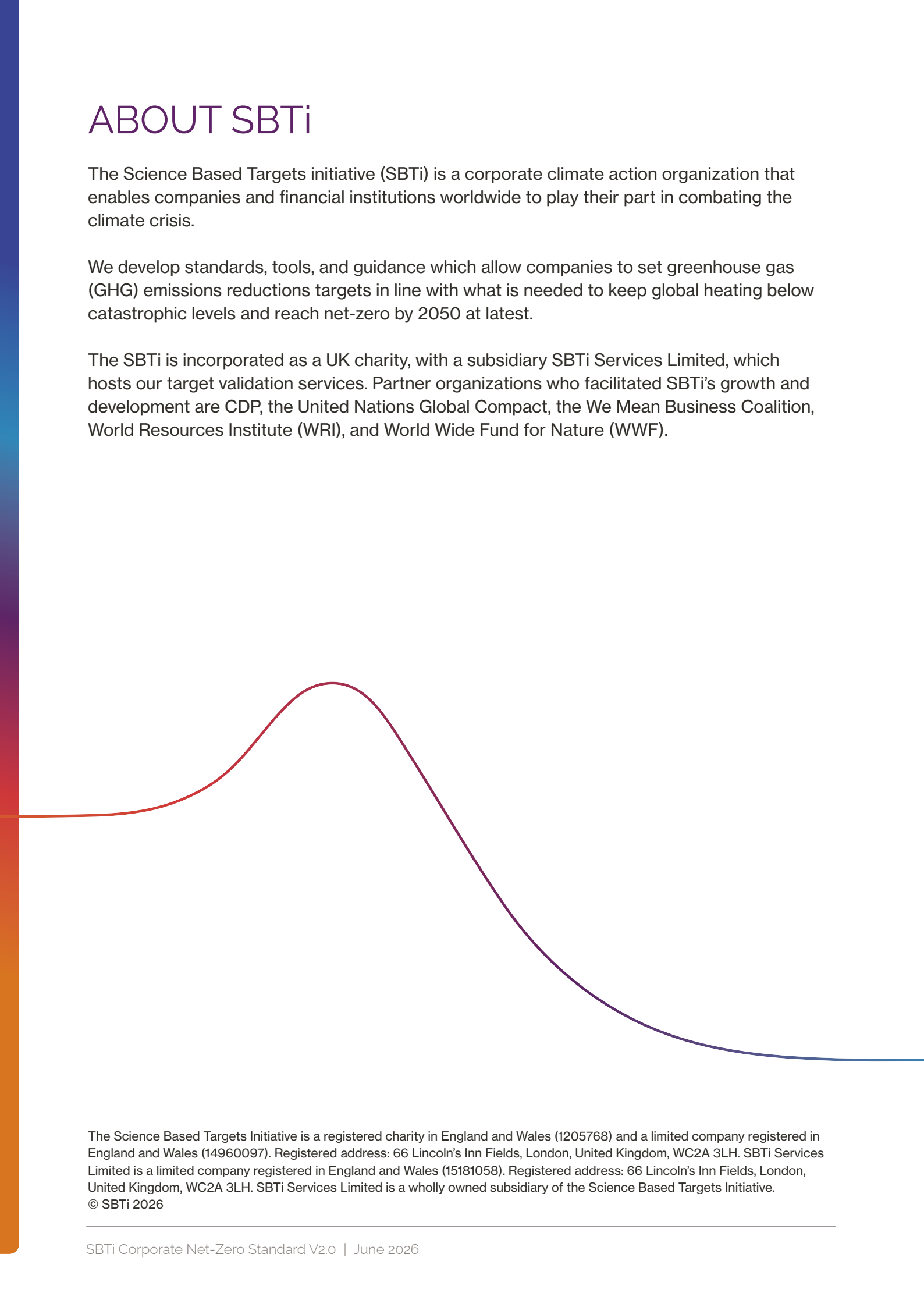
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ABOUT SBTi

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 UK charity, with a subsidiary SBTi Services Limited, which hosts our target validation services. Partner organizations who facilitated SBTi's growth and development are CDP, the United Nations Global Compact, the We Mean Business Coalition, World Resources Institute (WRI), and World Wide Fund for Nature (WWF).



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The SBTi reserves the right to revise this document according to a set revision schedule or as advisable to reflect the most recent emissions scenarios, regulatory, legal, or scientific developments, or changes to GHG accounting best practices.

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VERSION HISTORY

Version	Change/update description	Release date	Effective dates
1.0		October 28, 2021	October 28, 2021 to April 10, 2023
1.1	Non-substantive revision. For a detailed list of revisions made in Version 1.1, please refer to Annex I of the Main Changes document for Version 1.2 of the Corporate Net-Zero Standard.	April 11, 2023	From April 11, 2023 to March 12, 2024
1.2	Non-substantive revision. Relevant elements of the Target Validation Protocol and Corporate Manual (both retired) were consolidated into this version of the Corporate Net-Zero Standard. For a detailed list of revisions made to develop Version 1.2, please refer to Table 1 of the Main Changes document for Version 1.2 of the Corporate Net-Zero Standard.	March 13, 2024	From March 13, 2024
1.3	Non-substantive revision. Correction to bioenergy accounting requirements (C11), clarification of sold and/or distributed fossil fuels target applicability (C37), clarification of near-term target timeframe (C17 and C23), and clarification on long-term target years for companies in the power and maritime sectors. Introduction of near-term target year recommendation (R6) to support alignment of near-term target years with the mandatory transition period of the forthcoming update to SBTi's Corporate Net-Zero Standard V2.0.	September 15, 2025	From September 15, 2025
1.3.1	Non-substantive revision. Update to absolute contraction method for near-term targets, to accommodate targets set using more recent target base years. Addition of recommendations listed in Corporate Near-Term Criteria (R5, R8) for consistency across documents and updates to subsequent recommendation numbers.	April 14, 2026	From April 14, 2026
2.0	Full revision. A first consultation draft of this document was released on March 18, 2025, and a second consultation draft on November 6, 2025. For a detailed list of revisions made to develop Version 2.0, please refer to Table 1 of the Main Changes document for Version 2.0 of the Corporate Net-Zero Standard.	June 11, 2026	February 1, 2027

Version 2.0 of the SBTi Corporate Net-Zero Standard has been developed through a formal and transparent multi-stakeholder process in accordance with the [Standard Operating Procedure for Development of SBTi Standards](#). A more detailed outline of the revision process can be found in the [Project Terms of Reference](#). Stakeholders can submit feedback on the Corporate Net-Zero Standard V2.0 using the [Feedback Form](#). Within a maximum of five years and a minimum of one year of the date of approval of an SBTi Standard, the SBTi shall oversee a formal consultation to undertake a review of the Corporate Net-Zero Standard to ensure continued relevance and effectiveness.

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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.

A. 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.

A.1 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.

A.2 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.

A.3 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.

A.4 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.

A.5 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.

A.6 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.

A.7 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.

A.8 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.

A.9 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.

This concludes the overview of the Corporate Net-Zero Standard V2.0, which is now set out in full through the remainder of this document.

B. STANDARD & SYSTEM OVERVIEW

B.1 Language & terminology

The working language for SBTi Standards is English. As necessary, the SBTi may arrange translations of SBTi Standards into languages other than English. These translated versions of Standards are for information only; in case of doubt, the official English-language version shall be deemed definitive.

This document includes a table of key terms used in the Corporate Net-Zero Standard V2.0. The SBTi Glossary provides a comprehensive list of terms and acronyms used across the SBTi's technical resources.

Important terms used within the Corporate Net-Zero Standard Version 2.0 are described below:

1. **“Shall”** indicates required conditions for companies that submit science-based targets to an SBTi-recognized validation body for assessment.
2. **Recommendations** are expressly drafted as such, i.e., “Companies are recommended to”. Recommendations are important as they reflect good practices, but they are not required.
3. **“May”** signifies a permission expressed by the Standard.
4. **“Can”** refers to the ability of a user of the Standard or to a possibility open to the user.
5. **“Must”** denotes external constraints that are not Standard requirements, but are provided for informational purposes. For instance, “must” could pertain to compliance with applicable laws in a user’s country, region, or sector.
6. **“Submit”** refers to providing information to an SBTi-recognized validation body for review or decision as part of an assessment process.
7. **“Report”** refers to public disclosure of information in free and publicly accessible locations, such as company websites or annual reports, without access barriers. Where companies are required to consent to displaying information through the “SBTi Dashboard”, this information will be published by the SBTi, and companies are not required to report this information separately unless specified.

The **criteria (CNZS-C#)** and **sub-criteria (C#.#)** are the Corporate Net-Zero Standard’s requirements; companies shall conform to them to be assessed by an SBTi-recognized validation body. Each criterion indicates the following elements:

- **Company category** indicates the applicability of the criterion, its sub-criteria, and recommendations to each category of company.
- Some criteria are marked as **“optional”** next to the company categorization. If a company chooses to follow an optional criterion, it shall do so in full, including all sub-criteria.
- **Assessment stage** indicates when the criterion is assessed (see Section B.4).

Criteria may be accompanied by **recommendations (R#.#)**, which indicate best practices that companies are encouraged to follow.

B.2 Framework of SBTi Standards

The SBTi Standards are structured as a modular framework anchored by the Corporate Net-Zero Standard, which establishes the foundational cross-sector requirements for all companies in relation to 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, which provides requirements for financial institutions in relation to their financial activities (scope 3, category 15 as defined in the GHG Protocol Corporate Standard); and multiple Sector Standards designed for high-emitting industries.³ The Sector Resources Summary provides an overview of the available and planned Sector Standards and resources.

All companies shall use the Corporate Net-Zero Standard V2.0 as the foundational standard, and determine if any SBTi Sector Standards, including the Financial Institutions Net-Zero Standard, also apply. Where another applicable SBTi Standard specifies that certain Corporate Net-Zero Standard requirements are modified, superseded, or not applicable, companies shall follow that Standard's criteria. In such cases, the applicable SBTi Standard governs the relevant emissions sources or activities. Companies are not required to set duplicative targets (i.e., more than one target covering the same emissions sources) where those emissions are already addressed under the Corporate Net-Zero Standard or another applicable SBTi Standard, unless otherwise specified.

³ In this document, "Sector Standards" refers to sector-specific SBTi documents, which may be titled sector standards, sector criteria, or sector guidance.

B.3 Scope of the SBTi Corporate Net-Zero Standard Version 2.0

The Corporate Net-Zero Standard is intended for companies globally.

Company categorization

The Corporate Net-Zero Standard V2.0 includes two company categories based on company size and geography⁴ as set out in Table 2.

Table 2. *Company category thresholds, conditions, and geographies.*

Thresholds and conditions	Geography ⁵	Company category
Meets at least one of the following: • Net turnover: ≥ €450 million • FTE⁶: ≥ 1,000	Any country	Category A
Scope 1 and 2 emissions are ≥ 10,000 tCO ₂ e, or at least two of the following: • Balance sheet: ≥ €25 million • Net turnover: ≥ €50 million • FTE: ≥ 250	High-income countries	Category A
Does not meet the Category A criteria in the rows above	Any country	Category B

The following notes apply to the thresholds and conditions set out in Table 2 above:

- **Company category determination:** A company's classification as Category A or Category B shall be determined at the time of registration,⁷ shall be reconfirmed at the time of Target Validation, and shall apply for the duration of the five-year target cycle. Companies shall redetermine their company category when setting new targets.
- **Consolidated figures:** If the company is part of a corporate group structure, the employees, turnover, balance sheet, and emissions thresholds shall be assessed based on consolidated figures for the group as a whole.⁸
- **Emissions:** Emissions thresholds shall be assessed using figures derived from the company's physical greenhouse gas (GHG) inventory.

⁴ Geography is determined by the jurisdiction of incorporation of the ultimate parent company and is classified using the World Bank economic income categories.

⁵ Based on the jurisdiction in which the ultimate parent company is incorporated.

⁶ Full-time equivalents (FTEs), representing the annual average number of employees, adjusted to reflect full-time working hours.

⁷ A company shall first register with the SBTi to confirm whether the company is eligible to set targets and whether it is classified as a Category A or B company. Companies may publicly communicate their intent to set science-based targets at this stage. See the SBTi Services Standard Operating Procedure for Entities Registration for more information.

⁸ The requirement to calculate the thresholds on a consolidated basis for the group as a whole applies even if the organizational boundary is set at a lower level of the group. The rationale for this is to ensure that there is comparability and fairness between large corporate groups, regardless of the level of group at which their targets are set.

- **Currency:** Thresholds shall be applied in the currency of the company's consolidated financial statements. If the company does not report in euros, it shall convert the relevant reported figures into euros for the purpose of assessing the threshold.⁹
- **Previous two years:** Thresholds shall be assessed using average figures drawn from the company's two most recent financial statements or annual reports.

Fossil fuel companies

Companies that have any level of direct involvement in exploration, extraction, mining, and/or production of oil, natural gas, coal, or other fossil fuels cannot validate targets at this stage until methods and/or guidance for the sector are finalized. This includes, but is not limited to, integrated oil and gas companies, integrated gas companies, exploration and production pure players, refining and marketing pure players, oil products distributors, gas distributors and retailers, and traditional oil and gas service companies.

Exceptions apply, including for companies that derive less than 50% of revenue from: (i) the sale, transmission, and distribution of fossil fuels; or (ii) providing equipment or services to fossil fuel companies. For the full scope, definitions, and exceptions, refer to the [SBTi Fossil Fuel Policy](#).

B.4 SBTi Assurance Model

The Corporate Net-Zero Standard 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.

Neither the SBTi nor any SBTi-recognized validation body independently verifies the emissions data or other information provided by companies. Responsibility for the accuracy and completeness of data submitted to the SBTi during any assessment remains with the company and any [third-party assurance provider](#) it uses. Where required under the Corporate Net-Zero Standard V2.0, companies are expected to obtain [independent third-party assurance](#) of specified information.

The validation cycle includes two main assessments:

- **Target Validation:** Through this process, an [SBTi-recognized validation body](#) assesses a company's conformance with the applicable Corporate Net-Zero Standard Target Validation criteria from which a company's targets are validated. The first Target Validation occurs after the company registers with the SBTi. When setting targets for subsequent cycles, companies that have set targets using the Corporate Net-Zero Standard V2.0 shall submit new targets for validation no earlier than 24 months before and no later than 12 months after the end of the timeframe of the previously validated targets.

⁹ For the purposes of converting one currency into another, companies shall use the rate of exchange quoted by [Reuters](#) on the date of publication of the relevant financial statement.

- **End-of-cycle assessment:** Through this process, an SBTi-recognized validation body assesses a company's conformance with applicable Corporate Net-Zero Standard End-of-cycle Assessment criteria. This evaluation is based on a company-submitted target progress assessment (which, for a Category A company, has been assured by an independent third party). The assessment takes place at the end of the target cycle, and shall be completed within 12 months of the target timeframe. The SBTi intends to introduce minimum progress criteria for companies seeking to revalidate targets after their first cycle under the Corporate Net-Zero Standard V2.0; these will be set out in the SBTi Assurance Manual.

At the time of any Target Validation or End-of-cycle Assessment, companies are expected to apply the applicable version of the Corporate Net-Zero Standard and any mandatory SBTi Sector Standards (see Section [B.2](#)).¹⁰ Companies are expected to resolve any material non-conformances identified through previous assessments before Target Validation can be approved.

Companies seeking validation shall adhere to the requirements established by the SBTi Assurance Model and corresponding SBTi [normative](#) assurance documents, when available.

B.5 SBTi Claims System

Any communication related to the Corporate Net-Zero Standard and any other applicable SBTi Standards shall adhere to the requirements established by the SBTi Claims System and corresponding [SBTi claims](#) normative documents and related guidance, when available. The SBTi Claims Policy and related guidance shall define the conditions under which companies may make claims related to validated targets, progress against those targets, and participation in recognition programs under the Corporate Net-Zero Standard. The SBTi Assurance Model does not constitute assurance of companies' broader environmental performance or responsibility [claims](#). Companies remain responsible for ensuring that any public claims they make are accurate, appropriately substantiated, and consistent with applicable regulations and guidance.

¹⁰ More than one version of an SBTi Standard may be in effect at the same time, and companies may apply any version that is effective for use, in accordance with transition provisions, applicable Sector Standards, and their specific circumstances.

1. NET-ZERO GOVERNANCE



Background: By setting SBTi targets, companies signal their intention to reduce emissions in line with science-based pathways toward global net-zero emissions by mid-century. This requires companies to take near-term action, as set out in a transition plan, and report regularly on their progress. To support accountability, targets are to be approved at the highest levels of governance within each company and integrated into corporate strategy and decision-making.

This chapter establishes requirements to ensure that companies' validated targets are supported by appropriate governance and credible implementation planning. Transition plans translate targets into forward-looking implementation pathways: they outline the actions, timeframes, assumptions, and dependencies associated with achieving emissions reductions. Transparent transition planning is therefore key to implementing any company's climate strategy, and lets stakeholders see how the company intends to deliver its targets.

The SBTi validates the presence of a transition plan and confirms that it includes the required elements set out in this chapter. However, this does not constitute an assessment or endorsement of the overall quality, completeness, or feasibility of the transition plan, including its compliance with applicable legal or regulatory requirements. Responsibility for the design, implementation, and delivery of the transition plan rests with the company.

1.1 Leadership accountability for science-based targets

Intent: To ensure that companies' science-based targets are supported by strong governance, with oversight at the highest level of the organization, clear management responsibility for implementation, and integration of climate targets into corporate strategy and decision-making.

Criteria

Assessment stage: Target Validation

CNZS-C1.	Companies shall obtain internal approval at the highest level of governance to set and submit SBTi targets, and ensure oversight of target implementation at that level.	Company category	
		A	B
C1.1.	Accountability: The company's highest governing body (i.e., Board of Directors or equivalent) shall agree to assume overall accountability for SBTi targets, including setting and submitting targets for validation, and overseeing target implementation.	✓	✓
C1.2.	Governance disclosure: Companies shall submit and report a description of the governance structures responsible for overseeing and implementing their targets.	✓	✓
C1.3.	Review mechanisms: Companies shall establish documented processes for reporting progress, periodic review and adjustment of targets to reflect evolving science, company performance, and best practice.	✓	✓

✓ Required ✓ Optional

Recommendations

R1.1.	Responsibility: Companies are recommended to assign clear roles and responsibilities for overseeing and implementing targets within senior management and governance structures (e.g., C-suite leadership supported by dedicated governance).
R1.2.	Policy engagement: Companies are recommended to ensure that public policy engagement, lobbying activities, and advocacy efforts are consistent with and supportive of their climate targets. Companies are recommended to follow best-practice frameworks such as InfluenceMap , the Guide for Responsible Corporate Engagement in Climate Policy , or the Global Standard on Responsible Corporate Climate Lobbying .

1.2 Developing a transition plan

Intent: To ensure that a company's validated targets are supported by a credible, time-bound transition plan that outlines how targets will be implemented, identifies key assumptions and dependencies, and provides transparent governance and accountability for implementation. *For the purposes of the Corporate Net-Zero Standard V2.0, the transition plan focuses on the actions and timelines required to deliver the company's validated targets.*

Criteria

Assessment stage: Target Validation

CNZS-C2. Companies shall develop and maintain a transition plan that demonstrates how they will implement their science-based targets.		Company category	
		A	B
C2.1.	Plan content: Transition plans shall describe the actions and corresponding timeframes required to implement the company's targets in a manner consistent with reaching net-zero by no later than 2050. The plan shall include the following: a. Target details: All SBTi-validated science-based targets, including any targets validated under applicable SBTi Sector Standards. b. Scope: Transition plans shall include all <u>emissions sources</u> and activities covered by the company's validated targets.¹¹ c. Actions: A description of the actions expected to meet <u>near-term targets</u>, indicative actions over the following 5 years, and, for <u>Category A companies</u> and companies using applicable scope 1 methods, a high-level roadmap over the long term toward net-zero.¹² d. Assumptions and dependencies: Key assumptions and external dependencies that could materially affect the company's ability to implement its targets, and a description of the actions they will take to actively manage those dependencies. e. Unabated fossil fuel phase out: If relevant, a commitment to phase out revenue from products and <u>services</u> from the use of <u>unabated fossil fuels</u> in line with <u>net-zero pathways</u>.¹³ f. Emissions-intensive activity plan: If companies have identified significant <u>emissions-intensive activities</u> (EIAs) in their <u>value chain</u> (see CNZS-C6), they shall develop a plan to decarbonize these emissions.		

¹¹ For example, Category A companies are required to cover scope 1-3 targets; Category B companies that have set near-term targets for scopes 1 and 2 are only required to cover those targets.

¹² Companies setting near-term scope 1 emissions intensity or asset transition targets are subject to additional long-term target and transition planning requirements.

¹³ This means that emissions from unabated fossil fuel use are reduced as far as possible, leaving only a limited level of residual emissions.

C2.2.	Approval: Transition plans shall be formally approved and adopted by the company's highest governing body (e.g., the Board of Directors or an equivalent body).		
C2.3.	Company strategy: Companies shall ensure that their transition plans are aligned with or integrated into their corporate strategies.		
C2.4.	Plan disclosure (Category A only): Category A companies shall publish a disclosure of their transition plan, including, at a minimum, the elements described in CNZS-C2.1, within 15 months of completing Target Validation, or sooner if required for compliance with applicable national or subnational regulatory frameworks. ¹⁴		
C2.5.	Regular review: Companies shall review their transition plans at least every five years and update them as necessary. ¹⁵		

 Required  Optional

Recommendations

R2.1.	Additional plan content: Companies are recommended to demonstrate how their transition plans are supported by financial planning and robust governance structures, with clear accountability, incentives, and oversight mechanisms.
R2.2.	Plan disclosure (all companies): While Category A companies are required to publish a disclosure of their transition plan within 15 months, all companies are recommended to do so upon completing Target Validation.
R2.3.	Guidance: Companies are recommended to develop transition plans in line with international standards such as the Transition Planning Taskforce (TPT) Disclosure Framework. When applicable, companies must ensure compliance with applicable national or subnational regulatory frameworks, such as the disclosure requirements set out in ESRS E1-1 ("Transition plan for climate change mitigation"), and the accompanying implementation guidance published by the European Financial Reporting Advisory Group (EFRAG).
R2.4.	Transition support: Category A companies are recommended to support <u>Category B companies</u> within their value chain in developing and implementing a transition plan through financial cooperation, capacity building, and/or technology transfer.

¹⁴ Companies are recommended to obtain independent legal advice to ensure compliance with applicable regulatory requirements regarding transition plan publication.

¹⁵ For existing plans available at the time of Target Validation, the review cycle is calculated from the plan's original publication date.

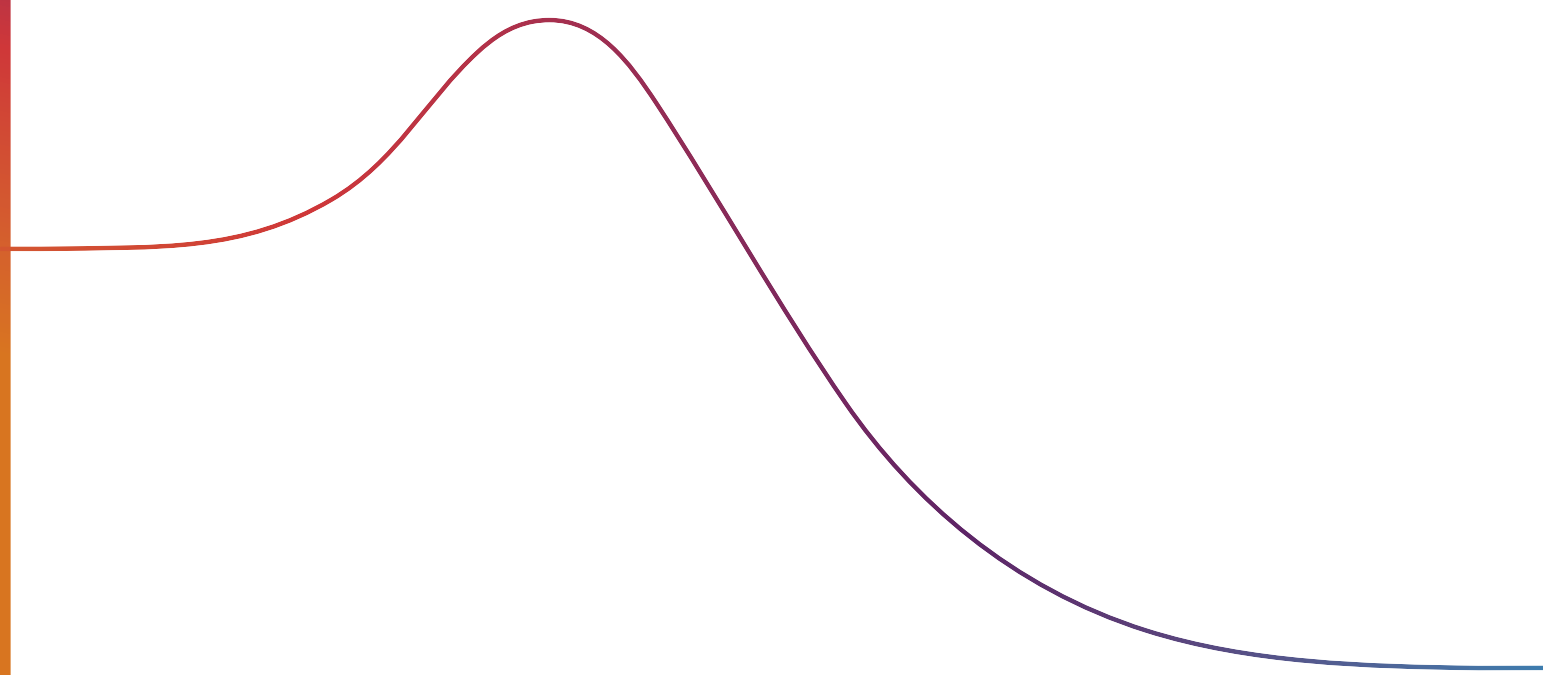
2. TARGET BASE YEAR ASSESSMENT



Background: This chapter establishes the foundational requirements for determining a company's target base year emissions and associated required metrics under the SBTi Standards. The process begins with defining organizational and operational boundaries, which ensure that all subsequent calculations and targets accurately reflect the company's structure and activities.

Target setting operates in defined cycles. For each new target cycle, a company is required to select the most recent year with comprehensive data as the target base year for near-term targets. This reflects changes in company structure and emissions over time and aligns with SBTi target-setting methods that determine ambition based on a company's current emissions profile rather than historical base year emissions. Updating the target base year represents a continuation, not a reset, of the decarbonization journey: the company is expected to demonstrate continued progress across successive target cycles.

The chapter further sets out requirements for preparing a comprehensive GHG emissions inventory aligned with the GHG Protocol Standards, calculating required metrics such as low-carbon electricity (LCE), identifying emissions-intensive activities (EIAs), and applying third-party assurance. Together, these provisions provide the technical and governance foundations for credible cycle-based target setting and progress tracking.



2.1 Organizational & operational boundaries

Intent: To establish clear and comprehensive organizational and operational boundaries as the foundation for the consistent application of all SBTi Standards, including Sector Standards, and for setting, tracking, and assessing progress against targets.

Criteria

Assessment stage: Target Validation

CNZS-C3.	Companies shall define organizational and operational boundaries to which all applicable SBTi Standards <u>criteria</u> shall be applied.	Company category	
		A	B
C3.1.	Boundary definition: Organizational and operational boundaries shall be defined in alignment with applicable GHG Protocol Standards, using the most recent and effective versions available, or as required for compliance with applicable national or subnational regulatory frameworks.		
C3.2.	Group-level boundary: Companies shall establish their organizational boundary at the ultimate parent company level. If <u>subsidiaries</u> operate as distinct businesses, they may establish their organizational boundary at the subsidiary level, provided they can justify that approach. ¹⁶		
C3.3.	Subsidiary coverage: Companies shall include the activities of all subsidiaries within their organizational boundary. Where a subsidiary sets its own target, it shall also include the activities of any subsidiaries within its own organizational boundary.		
C3.4.	Parent disclosure: If a company setting targets is a subsidiary, it shall submit the full legal name of its <u>ultimate parent company</u> as part of the Target Validation process.		
C3.5.	Reporting: Companies shall report the selected consolidation approach used to define organizational boundaries in the next <u>reporting cycle</u> following Target Validation.		

 Required  Optional

¹⁶ As set out in [Section B.3](#), company categorization thresholds are determined based on the consolidated group, regardless of the level at which the organizational boundary is set. This ensures comparability and fairness across large corporate groups.

2.2 Selecting a target base year

Intent: To ensure that, at the start of each target cycle, companies select a target base year that reflects their current organizational structure and emissions profile. This aligns with SBTi target-setting methods, which determine ambition based on current emissions rather than historical base years, while maintaining accountability and building on achieved emissions reductions.

Criteria

Assessment stage: Target Validation

CNZS-C4. Companies shall select a target base year that accurately reflects the company's structure and activities. ¹⁷		Company category	
		A	B
C4.1.	Near-term target base year: Companies shall select the most recent year for which comprehensive emissions and other applicable data are available as the target base year for near-term targets.	✓	✓
C4.2.	Target base year for subsequent target cycles: In each subsequent target cycle, companies shall set a new target base year corresponding to the most recent year for which comprehensive data are available at the time of renewal.	✓	✓
C4.3.	Most recent year exception: Where the most recent year does not accurately reflect the company's structure and activities, companies shall select a different target base year that is representative of the company's structure and activities, and shall report the justification for doing so in the next <u>reporting cycle</u> following Target Validation.	✓	✓
C4.4.	Consistency across targets: Companies shall apply the target base year consistently across near-term targets.	✓	✓
C4.5.	Earlier base year communication: Companies may communicate their targets relative to an earlier reference year (e.g., inventory base year), provided that the equivalent ambition relative to that reference year has been reviewed and confirmed during validation.	✓	✓

✓ Required ✓ Optional

Recommendations

R4.1.	Consistency between emissions and financial data: Companies are recommended to align their GHG accounting periods with their annual financial reporting period to ensure consistency between financial and emissions data.
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¹⁷ A target base year is not necessarily the same as an inventory base year. The inventory base year, as defined by the GHG Protocol (2004), is "a historic datum against which a company's emissions are tracked over time." In contrast, the target base year is the reference year chosen when setting targets.

2.3 Target base year GHG inventory

Intent: To ensure companies establish a robust and transparent foundation for credible target setting and end-of-cycle progress assessment by accounting for and reporting a base year GHG inventory aligned with the GHG Protocol and other target-setting metrics.

Criteria

Assessment stage: Target Validation

CNZS-C5.	Companies shall account and report a GHG emissions inventory aligned with the GHG Protocol Standards.	Company category	
		A	B
C5.1.	GHG Protocol Standards: Companies shall account and report their GHG inventory in accordance with the GHG Protocol Standards and Guidance, using the most recent and effective versions available.	✓	✓
C5.2.	Scope coverage: Category A and Category B companies shall account and report scope 1 and scope 2 emissions, and Category A companies shall also report scope 3 emissions within their GHG inventory.	✓	✓
C5.3.	GHG coverage: Companies shall include all GHGs covered under the Kyoto Protocol, including carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), sulfur hexafluoride (SF ₆), nitrogen trifluoride (NF ₃), and the groups of hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs) within their GHG emissions inventory.	✓	✓
C5.4.	Inventory accounting approach: Companies shall account for and report a <u>physical GHG inventory</u> . Where applicable, companies shall separately account for and report actions and <u>market instruments</u> that are not reflected in the physical GHG inventory, in accordance with relevant GHG accounting standards, where available. All such actions and market instruments shall meet the integrity criteria set out in <u>Section 4.2</u> of the Target Implementation chapter. ¹⁸	✓	✓
C5.5.	Land, bioenergy, and removals: Companies shall account for and report forest, land, and agriculture (FLAG) emissions; bioenergy emissions; and both biogenic and technological removals in line with the <u>GHG Protocol Land Sector and Removals Standard (LSRS)</u> , ensuring separation of emissions and removals and following all requirements related to <u>GHG credits</u> . ¹⁹	✓	✓

¹⁸ Targeted amendments to GHG accounting aspects in the standard, and any associated transitional arrangements related to updates of the GHG Protocol, will be considered upon conclusion of the GHG Protocol revision process.

¹⁹ Until the GHG Protocol LSRS provides applicable accounting guidance for forestry emissions, companies may use an alternative methodology, provided that the methods and the underlying assumptions are robust and transparently reported.

C5.6.	Minimum boundary for scope 3 categories (categories 1–14): Companies shall define and report scope 3 emissions according to the minimum boundaries for scope 3 categories described in Table 5.4 of the <u>GHG Protocol Corporate Value Chain (Scope 3) Standard</u> . a. WTW transport emissions: In addition to the minimum boundary defined in Table 5.4, companies shall account for and report all transportation-related scope 3 emissions on a well-to-wheel or well-to-wake (WTW) basis. b. Optional scope 3 emissions: Where companies account for scope 3 emissions outside the minimum boundary, these emissions shall be reported separately and shall not be included in the determination of significant scope 3 categories (CNZS-C5.7).		
C5.7.	Significant scope 3 categories (Category A only): Companies shall determine and report the scope 3 categories, as defined in the GHG Protocol Corporate Value Chain (Scope 3) Standard, that account for 5% or more of scope 3 categories 1–14 based on the physical GHG inventory. ²⁰		
C5.8.	Total electricity consumption: Companies shall report their total consumption of electricity. ²¹		
C5.9.	Low-carbon electricity (LCE): Companies shall calculate and report the percentage of total electricity consumption ²² that meets the threshold to be considered low-carbon, and, where applicable, the criteria in Sections 4.2 and 4.3 of the Target Implementation chapter.		
C5.10.	Data gaps and limitations: Companies shall report material data gaps, methodological limitations, uncertainties, and the use of estimates or proxy data in preparing the GHG inventory.		
C5.11.	Reporting timeframe: Companies shall report the information required by C5.1–C5.10 in the next <u>reporting cycle</u> following Target Validation, and consent to the relevant information being publicly displayed on the <u>SBTi Dashboard</u> within six months of completing Target Validation.		

 Required  Optional

²⁰ The target boundary for scope 3 target-setting is based on significant scope 3 categories and is presented in CNZS-C14, which describes some allowable exclusions within significant categories.

²¹ Including from generation sources controlled by the company (scope 1) and from generation sources not controlled by the company (scope 2).

²² Ibid.

2.4 Identification of EIAs

Intent: To ensure that the most emissions-intensive value chain activities are explicitly visible and addressed through targets or transition planning, the identification and quantification of EIAs is required separately from broader scope 3 categories, with dedicated target-setting options available under [CNZS-C15](#).

Criteria

Assessment stage: Target Validation

CNZS-C6. Companies shall identify and quantify emissions from emissions-intensive activities (EIAs) within their value chains.		Company category	
		A	B
C6.1.	Exposure to EIAs: Companies shall identify EIAs listed in Table A.1 that are present in their value chains.		
C6.2.	Quantification of EIA emissions: Companies shall quantify scope 3 physical GHG inventory emissions from EIAs using the best available data. Where this quantification cannot be completed at the time of Target Validation, companies shall explain which EIAs have not been quantified, describe the data limitations, and complete the quantification in the next update to their transition plan. Companies shall not assume the absence of an EIA without having conducted the relevant analysis.		
C6.3.	Identification of significant EIAs: Companies shall consider an EIA significant if it represents 5% or more of scope 3 emissions (categories 1–14) in the physical GHG inventory, irrespective of the scope 3 category or categories in which it is reported. Companies may aggregate EIAs across scope 3 categories where the same EIA occurs across multiple categories.		
C6.4.	Reporting significant EIAs: For each identified significant EIA, companies shall report both the associated absolute emissions and the percentage of total scope 3 emissions they represent in the physical GHG inventory.		
C6.5.	Reporting timeframe: Companies shall report this information in the next reporting cycle following Target Validation. Where the company can credibly demonstrate that this is not feasible, it shall report the information in the second reporting cycle following Target Validation.		

 Required  Optional

2.5 Third-party assurance

Intent: To strengthen the credibility and reliability of the target base year GHG emissions inventory and related calculations through independent third-party assurance. Assurance is required for Category A companies and strongly encouraged for Category B companies as a key mechanism to enhance transparency and confidence in reported emissions.

Criteria

Assessment stage: Target Validation

CNZS-C7.	Companies shall obtain independent third-party assurance of the target base year GHG emissions inventory and associated required metrics.	Company category	
		A	B
C7.1.	Assurance coverage: Assurance shall cover scope 1, scope 2, and scope 3 emissions for the target base year; low-carbon electricity calculations; emissions from significant emissions-intensive activities; and any other metrics used for target setting.	✓	⊙
C7.2.	Assurance level: Companies shall obtain independent <u>third-party assurance</u> at a minimum level of <u>limited assurance</u> .	✓	⊙
C7.3.	Assurance provider: Assurance shall be conducted by an accredited independent third party in accordance with internationally recognized assurance standards. ²³	✓	⊙
C7.4.	Reporting: Companies shall report the following information in relation to their assurance process: a. Time period. b. Scope, including boundaries, emissions covered, and specific exclusions or limitations. c. The methodology and standards used by the provider, along with any assumptions and data limitations. d. The type of assurance (e.g., limited, reasonable, or high). e. A summary of findings, including any recommendations from the provider.	✓	⊙
C7.5.	Reporting timeframe: Companies shall report the information in C7.4 in the next <u>reporting cycle</u> following the Target Validation, and give consent for the <u>level of assurance</u> to be publicly displayed on the <u>SBTi Dashboard</u> within six months after completing Target Validation.	✓	⊙

✓ Required ⊙ Optional

²³ The SBTi will develop criteria and processes for recognizing third-party frameworks, standards, and programs, where applicable. Where no recognized frameworks are available, the SBTi Assurance Framework will define the scope of assurance to be used in the process by the third-party assurance provider.

2.6 Target base year recalculation

Intent: To ensure that target base year emissions and associated required metrics remain accurate, representative, and comparable over time by requiring recalculation in response to material structural or methodological changes.

Criteria

Assessment stage: Target Validation (revalidation)

CNZS-C8. Companies shall recalculate their target base year GHG emissions inventory and associated required metrics in response to significant changes.		Company category	
		A	B
C8.1.	Ongoing evaluation: Companies shall evaluate whether a recalculation is required when any of the following events occur at any time during the <u>target timeframe</u> : - Changes in organizational or operational boundaries (e.g., mergers, acquisitions, or divestments). - Changes in the consolidation approach (e.g., from an equity share approach to an operational control approach). - Changes in company activities that cause emissions to shift across scopes. - Changes in company activities that cause emissions to shift across scope 3 categories.		
C8.2.	End-of-cycle evaluation: At the end of the target cycle, companies shall evaluate whether a recalculation is required due to the following events that may have occurred at any time during the target timeframe: - Changes to methodologies used and/or data quality improvements. - Data or calculation errors.		
C8.3.	Significance threshold: Companies shall apply a 5% significance threshold to determine whether recalculation is required; this threshold is met when the cumulative effect of identified changes results in a variation of 5% or more in total emissions for any individual scope (scope 1, 2, or 3) in the target base year. For scope 3, companies shall also assess whether changes cause any category to newly meet or cease to meet the 5% threshold for target coverage.		
C8.4.	Base year recalculation: Where the significance threshold is exceeded, companies shall: - Recalculate the target base year GHG emissions inventory; and - Update any associated required metrics accordingly.		

		A	B
C8.5.	SBTi review: Where recalculation is required, companies shall submit the revised target base year GHG emissions inventory and other metrics to the SBTi for review. As part of this process, the <u>SBTi-recognized validation body</u> shall assess whether the company's existing targets remain conformant with the Corporate Net-Zero Standard and any applicable SBTi Sector Standards (see <u>CNZS-C20</u>).		
C8.6.	Assurance (Category A only): Companies shall obtain independent <u>third-party assurance</u> for the recalculated GHG emissions inventory and other metrics at a minimum level of limited assurance in accordance with <u>CNZS-C7</u> .		
C8.7.	Reporting: Companies shall: - Report any target base year recalculations and the reasons for such recalculations in the next <u>reporting cycle</u> following the recalculation. - Provide consent for relevant information to be publicly displayed on the <u>SBTi Dashboard</u> within six months of completing the recalculation.		

 Required  Optional

3. TARGET SETTING



Background: After defining organizational and operational boundaries and understanding current performance, companies set targets to reduce emissions from their operations and value chains in line with net-zero pathways. This chapter sets out the requirements for establishing measurable targets across scope 1, scope 2, and scope 3 emissions.

When setting targets, companies determine their ambition based on their physical GHG inventory, including, where applicable, the location-based method for scope 2. This ensures that targets are grounded in emissions associated with the underlying emissions-generating activities within each company's operations and value chain.

To enable recognition of a broader range of actions that support target implementation, companies separately account for and report actions and market instruments not reflected in their physical GHG inventories, in accordance with relevant GHG accounting standards set out in Chapter 2. This approach preserves the physical GHG inventory as the basis for target setting, while enabling companies to transparently report additional actions they take to implement targets and support decarbonization.

Companies set targets using SBTi-defined metrics and methods calibrated to science-based net-zero pathways. These are designed to support consistency across reporting and target-setting frameworks. Additional science-based target-setting methods and pathways may be proposed to the SBTi for consideration in accordance with applicable procedures (forthcoming).

SBTi targets are expected to be pursued on a best-efforts basis, subject to clearly stated assumptions and external dependencies. Companies are expected to actively use all available levers within their control or influence to implement their targets and to actively work to address barriers and dependencies, including operational improvements, procurement choices, supplier engagement, and product or service innovation.

Together, these requirements ensure that targets reflect companies' current emissions profiles and remain aligned with eligible net-zero pathways, providing a credible basis for tracking company-level progress toward emissions reductions and contributing to broader efforts to achieve a net-zero economy by 2050 or earlier.²⁴

²⁴ Alignment with net-zero pathways reflects consistency with scientific reference trajectories used to calibrate target ambition at the time of target setting. Such alignment does not constitute a prediction, guarantee, or assurance that implementation of an individual company's targets will, on its own, be sufficient to deliver economy-wide or sector-wide net-zero outcomes, which depend on broader system-level factors beyond the control of any single company.

3.1 General target setting

Intent: To ensure companies set robust targets for their operational and value chain emissions that drive measurable progress using standardized metrics and methods aligned to science-based net-zero pathways and established accounting approaches.

Criteria

Assessment stage: Target Validation

CNZS-C9. Companies shall set targets for emissions from their operations and value chain that are consistent with science-based net-zero pathways.		Company category	
		A	B
C9.1.	Separation of scopes: Category A companies shall set separate scope 1, scope 2, and scope 3 targets. Category B companies shall set separate scope 1 and scope 2 targets.		
C9.2.	Near-term target timeframe: Near-term targets shall cover a five-year period beginning at the start of the most recent reporting period at the time of submission for validation. a. Initial Target Validation: Companies may optionally set targets that cover a period of less than five years to align with their business or <u>reporting cycle</u> when setting targets for the first time under the Corporate Net-Zero Standard V2.0. b. Subsequent Target Validations: For subsequent target cycles, near-term targets shall cover the subsequent five-year period beginning in the year immediately following the previous target year.		
C9.3.	Long-term target timeframe: Long-term targets shall be set for 2050 at the latest.		
C9.4.	Inventory basis for target setting: Companies shall determine target ambition based on the physical GHG inventory, including the location-based method for scope 2.		
C9.5.	Target metrics, methods, and pathways: Companies shall set targets using applicable and eligible SBTi metrics, methods, and pathways, and shall apply them consistently throughout the target timeframe. ²⁵		
C9.6.	Target ambition: Targets shall be set to meet performance levels aligned with eligible net-zero pathways for the relevant year.		

²⁵ Additional science-based target-setting methods and pathways may be proposed to the SBTi for consideration in accordance with applicable procedures (forthcoming).

C9.7.	Target dependencies: Companies shall submit a description of the dependencies (e.g., technology readiness, supply chain capacity, finance, policy) that could materially affect the company's ability to implement its targets. ²⁶		
C9.8.	Separation of FLAG targets: Where companies set forest, land, and agriculture (FLAG) targets, these shall be set and reported separately from non-FLAG targets and shall not be aggregated within a single target.		
C9.9.	Target aggregation: Companies may aggregate targets within or across scopes for communication purposes, provided the targets are based on the same metric (e.g., emissions). These aggregated targets shall not constitute separate targets for assessing progress. ²⁷		
C9.10.	Maintaining net-zero performance: Where companies have already reached the <u>net-zero benchmark</u> for a portion of activities or emissions sources within their operations or value chain, they shall maintain or further improve that level of performance year on year.		

 Required  Optional

Recommendations

R9.1.	Accelerated ambition: Companies with the capacity to transition faster are recommended to set targets that surpass the corresponding minimum requirements for target setting (e.g., the minimum target coverage or <u>benchmark</u>).
R9.2.	Financial activities: Companies with scope 3, category 15 emissions that do not meet the revenue threshold for mandatory application of the <u>Financial Institutions Net-Zero Standard</u> are recommended to apply that Standard when setting targets for these emissions.

²⁶ Disclosure of dependencies is for transparency purposes and does not alter the company's responsibility to pursue its targets on a best-efforts basis. Material dependencies are also addressed in the company's transition plan (see CNZS-C2.1.d), including actions to manage associated risks.

²⁷ See CNZS-C19 for requirements in relation to consolidating scope 3 targets.

3.2 Scope 1 targets

Intent: To ensure companies set comprehensive targets to reduce and ultimately eliminate scope 1 emissions from sources they own or control. Companies use standardized target-setting options appropriate to their activities, including absolute emissions reduction, sector-specific emissions intensity, or company-specific asset transition targets, all consistent with reaching net-zero emissions by 2050 at the latest.

Criteria

Assessment stage: Target Validation

CNZS-C10. Companies shall set near-term scope 1 targets for emissions from sources owned or controlled by the company.		Company category	
		A	B
C10.1.	Coverage: Near-term targets shall cover 100% of scope 1 emissions.	✓	✓
C10.2.	Target-setting options: Companies shall set one or more near-term targets using any of the following options: Scope 1 absolute emissions reduction: Targets to reduce absolute scope 1 emissions on a linear trajectory to <u>residual levels</u> by 2050 at the latest. Scope 1 emissions intensity reduction: Targets to reduce scope 1 emissions intensity from applicable sector activities to reach residual levels by 2050 at the latest. Asset transition targets: Targets to reduce scope 1 emissions in line with a trajectory defined by an Asset Decarbonization Plan. The plan shall set out a schedule to abate, retire, or decommission GHG-emitting <u>assets</u> in a manner consistent with reaching net-zero emissions by 2050 or earlier, using predetermined milestones (e.g., timeline to phase out investment in new GHG-emitting assets and operation of existing assets) and/or a carbon budget derived from one or more reference science-based pathways.	✓	✓
C10.3.	Transition plan disclosure: Where companies set scope 1 near-term emissions intensity reduction or asset transition targets, a transition plan shall be published at the time of Target Validation.	✓	✓
C10.4.	Target aggregation: Companies that set more than one scope 1 near-term target shall aggregate those targets into a single consolidated scope 1 emissions target. This target is for communication purposes only and shall not constitute a separate target for assessing progress.	✓	✓

✓ Required ✓ Optional

Criteria

Assessment stage: Target Validation

CNZS-C11. Companies setting near-term scope 1 emissions intensity or asset transition targets shall set long-term scope 1 targets to reduce emissions from sources owned or controlled by the company to residual levels by 2050 at the latest.		Company category	
		A	B
C11.1.	Applicability: Companies setting near-term scope 1 emissions intensity or asset transition near-term targets shall set long-term scope 1 targets.	✓	✓
C11.2.	Coverage: Long-term targets shall cover 100% of scope 1 emissions.	✓	✓
C11.3.	Target ambition: Long-term scope 1 targets shall be set to reach residual levels in line with applicable net-zero pathways.	✓	✓
C11.4.	Target aggregation: Companies that set more than one scope 1 long-term target shall aggregate those targets into a single consolidated scope 1 emissions target. This target is only for communication purposes and shall not constitute a separate target for assessing target progress.	✓	✓

✓ Required ✓ Optional

Recommendations

R11.1.	Applicability: Companies that set near-term scope 1 absolute emissions reduction targets are recommended to set long-term scope 1 targets.
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3.3 Scope 2 targets

Intent: To enable companies to decarbonize their purchased electricity, heat, steam, and cooling, and contribute to the decarbonization of the energy systems that supply them, through the setting of comprehensive scope 2 targets. *Requirements for implementing scope 2 targets, including geographic and temporal matching, are covered in the Target Implementation chapter, Sections 4.3 and 4.4.*

Criteria

Assessment stage: Target Validation

CNZS-C12. Companies shall set near-term scope 2 targets for emissions from their purchased and consumed electricity, heat, steam, and cooling. ²⁸		Company category	
		A	B
C12.1.	Coverage: Near-term targets shall cover 100% of scope 2 emissions.		
C12.2.	Target-setting options: Companies shall set one or more near-term targets using either of the following options: a. Low-carbon electricity (LCE) alignment targets: Targets to increase the percentage of LCE used, contracted, or matched on a linear trajectory in line with an eligible net-zero pathway. b. Scope 2 absolute emissions reduction: Targets to reduce scope 2 absolute emissions on a linear trajectory to a defined residual level that is consistent with an eligible net-zero pathway.		
C12.3.	Electricity consumption projections (Category A only): Companies shall estimate and submit projected electricity consumption over the target timeframe, based on reasonable and transparent assumptions.		
C12.4.	Scope 2 targets for companies with high electricity demand growth (Category A only): Companies with projected average annual electricity consumption growth exceeding 20% over the target cycle shall set a scope 2 emissions target, and optionally, an additional LCE alignment target.		

 Required  Optional

²⁸ "Purchased" refers to energy that is purchased or otherwise brought into the organization boundary.

Criteria

Assessment stage: Target Validation

CNZS-C13. Companies that choose to set long-term scope 2 targets shall reduce emissions from their purchased and consumed electricity, heat, steam, and cooling to residual levels by 2050 at the latest.		Company category	
		A	B
C13.1.	Coverage: Long-term targets shall cover 100% of scope 2 emissions.		
C13.2.	Target-setting options: Companies shall set one or more long-term targets using either of the following methods: a. Low-carbon electricity (LCE) alignment targets: Targets to reach 100% of LCE generation used, contracted, or matched at a rate consistent with eligible net-zero pathways. b. Scope 2 absolute emissions reduction: Targets to reach residual levels of scope 2 absolute emissions in line with an eligible net-zero pathway.		

 Required  Optional

3.4 Scope 3 targets

Scope 3 near-term target boundary

Intent: To ensure companies focus their scope 3 targets on the most material emissions sources in their value chains and where they can credibly take action, while allowing limited, justified exclusions for emissions where companies lack the practical ability to influence outcomes.

Criteria

Assessment stage: Target Validation

CNZS-C14. Companies shall set near-term scope 3 targets that cover significant scope 3 categories.		Company category	
		A	B
C14.1.	Significant categories: Near-term targets shall cover at least all scope 3 categories that individually represent 5% or more of the company's scope 3 emissions in categories 1–14 based on the physical GHG inventory. ²⁹		
C14.2.	Optional exclusions: Companies may exclude the following emissions from their near-term targets, regardless of whether they fall within a significant category: a. Categories 1 and 2 (Purchased goods and services; Capital goods): Cradle-to-gate emissions of <u>second-hand goods</u>. b. Category 3 (Fuel- and energy-related activities):³⁰ These emissions may be excluded where they are mitigated through reductions in energy consumption under scope 1 or scope 2 targets. Companies shall include category 3 emissions where required by applicable SBTi Sector Standards. c. Category 7 (Employee commuting): Entire category. d. Category 8 (Upstream leased assets): Emissions from leased assets where the company does not have operational control over the leased asset and has no contractual or practical means to influence its energy use or emissions performance, including through energy procurement decisions, fit-out specifications, or operational practices. e. Category 9 (Downstream transportation and distribution): Emissions from transport activities where the company does not hold contractual or other direct means to influence the fuel type, transportation route, or mode of transport.		

²⁹ This excludes optional emissions sources (except WTW transport emissions), i.e., those outside of the minimum scope 3 boundary.

³⁰ This exclusion does not affect the WTW reporting requirement for transportation-related emissions.

	f. Category 10 (Processing of sold products): Emissions where downstream processing steps are unknown, or the company has no contractual relationship with the processor. g. Category 14 (Franchises): Emissions where either: (i) franchisees operate as independent businesses under license and the franchisor cannot influence facility management; or (ii) franchisees lease space and do not control energy use.		
C14.3.	Reporting and justifying exclusions: For each excluded activity, companies shall report: a. The applicable exclusion condition from CNZS-C14.2 and explain why it applies to their specific circumstances. b. The amount of excluded emissions, both in absolute terms and as a percentage of scope 3 emissions (categories 1–14). c. A description of the actions they intend to take to mitigate these excluded emissions.		

 Required  Optional

Scope 3 target-setting options

Intent: To drive supplier, customer, and product performance compatible with a net-zero economy by ensuring that companies set comprehensive scope 3 targets using practical and science-based approaches. *When scope 3 activities are covered by targets set through applicable SBTi Sector Standards, including for forest, land, and agriculture (FLAG), companies are not required to set scope 3 targets for those same activities under the Corporate Net-Zero Standard.*

Criteria

Assessment stage: Target Validation

CNZS-C15. Companies shall set near-term scope 3 targets for value chain emissions using one of the eligible options.		Company category	
		A	B
C15.1.	Option 1 – overarching scope 3 absolute emissions reduction target: Target to reduce absolute scope 3 emissions on a linear trajectory to a defined residual level that is consistent with an eligible net-zero pathway.		
C15.2.	Option 2 – overarching supplier and/or customer alignment target: Target to increase the share of <u>tier 1 suppliers</u> and/or <u>customers</u> (based on emissions, spend, or revenue) that are <u>in transition</u> or <u>net-zero aligned</u> . ³¹		

³¹ This target may cover suppliers, customers, or both within a single target and applies to scope 3 categories where the company has direct relationships with identifiable tier 1 suppliers or customers. It does not extend to categories where no such direct relationship exists or where supplier/customer alignment is not a valid option as set out in Table 3. Where targets are set using financial metrics (spend and revenue), companies shall set separate targets for spend (upstream) and revenue (downstream).

**C15.3.**

Option 3 – category- or activity-specific targets: Targets applied to specific scope 3 categories or activities within categories (e.g., steel, cement, chemicals), individually or in combination.³² Eligible target-setting options are stated below in three groups and summarized in Table 3, which specifies scope 3 category eligibility.

Group A: Upstream emissions for which sector-specific or commodity pathways exist. *Applicable for category 1 (Purchased goods and services – commodities for which pathways exist), category 2 (Capital goods – commodities for which pathways exist), category 4 (Upstream transportation and distribution), category 6 (Business travel), and category 9 (Downstream transportation and distribution).³³ The following options are eligible:*

- a. **Scope 3 emissions reduction:** Targets to reduce absolute scope 3 emissions or emissions intensity to a defined residual level on a trajectory specified in sector pathways.
- b. **Volume alignment:** Targets to increase the share of purchased commodities or transport that are lower carbon or net-zero aligned.
- c. **Supplier alignment:** Targets to increase the share of tier 1 suppliers (based on emissions or spend) that are in transition or net-zero aligned.

Group B: Upstream emissions not covered by targets using group A options. *The following options are eligible:*

- d. **Scope 3 emissions reduction:** Targets to reduce absolute scope 3 emissions on a linear trajectory to a defined residual level that is consistent with an eligible net-zero pathway.
- e. **Supplier alignment:** As described in C15.3.c above.

Group C: Downstream emissions. *The following options are eligible:*

- f. **Scope 3 emissions reduction:** Targets to reduce absolute scope 3 emissions or emissions intensity to a defined residual level on a trajectory specified in an eligible net-zero pathway.
- g. **Product use alignment:** Targets to increase the share of sold products (based on volume or revenue) that are lower carbon or net-zero aligned.
- h. **Product end-of-life alignment:** Targets to increase the share of products (based on volume or revenue) designed with circular end-of-life solutions.
- i. **Customer alignment:** Targets to increase the share of tier 1 customers (based on emissions or revenue) that are in transition or net-zero aligned.

³² Targets that use the same method, metric, and pathway may be combined across categories.

³³ Category 9 (Downstream transportation and distribution) is listed under “upstream emissions” as methods are the same as for category 4 (Upstream transportation and distribution).

C15.4.	Alternative options for use of sold products emissions: Companies shall consider all downstream scope 3 target-setting options. Where they can demonstrate that none of these options can reasonably be applied to category 11 (use of sold products), companies may address an equivalent amount of emissions from a different category³⁴ through any of the eligible target-setting options³⁵ or apply for an exception³⁶ for this portion of emissions. Through this exception, companies shall: - Set a long-term target for category 11 emissions to reach residual levels by 2050 at the latest. - Develop a plan outlining the actions and interim milestones the company will pursue to reduce category 11 emissions over time, consistent with reaching a state of net-zero by 2050 at the latest. This plan shall be included in the transition plan at the time of Target Validation³⁷ and updated at each subsequent Target Validation. - Annually report the absolute category 11 emissions and progress against the actions and milestones set out under C15.4.b.		
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 Required  Optional

³⁴ For clarity, the volume of emissions addressed in a different category shall be in addition to any applicable target-setting requirements and minimum coverage for that category.

³⁵ Additional science-based target-setting methods and pathways may be proposed to the SBTi for consideration in accordance with applicable procedures (forthcoming).

³⁶ Any use of this provision is subject to review and approval in accordance with SBTi exceptions procedures (forthcoming). This option is not available to companies that are covered under the SBTi Fossil Fuel Policy.

³⁷ This differs from the general transition plan disclosure requirement in **CNZS-C2.4**, under which Category A companies are required to publish a transition plan within 15 months following Target Validation. In this case, no grace period is permitted, and the plan shall be provided at the time of Target Validation.

Table 3. Summary of target-setting options by scope 3 category.

Category	Emissions reduction	Volume alignment	Supplier/customer alignment	Product use alignment	Product end-of-life alignment
Upstream emissions					
Cat. 1 – Purchased goods and services (commodities for which pathways exist)	✓	✓	✓		
Cat. 1 – Purchased goods and services (all)	✓		✓		
Cat. 2 – Capital goods (commodities for which pathways exist)	✓	✓	✓		
Cat. 2 – Capital goods (all)	✓		✓		
Cat. 3 – Fuel- and energy-related activities	✓				
Cat. 4 – Upstream transportation and distribution	✓	✓	✓		
Cat. 5 – Waste generated in operations	✓				
Cat. 6 – Business travel	✓	✓			
Cat. 7 – Employee commuting	✓				
Cat. 8 – Upstream leased assets	✓		✓		
Downstream emissions					
Cat. 9 – Downstream transportation and distribution	✓	✓	✓		
Cat. 10 – Processing of sold products	✓		✓		
Cat. 11 – Use of sold products	✓		✓	✓	
Cat. 12 – End-of-life treatment of sold products	✓				✓
Cat. 13 – Downstream leased assets	✓		✓	✓	
Cat. 14 – Franchises	✓		✓		

Recommendations

R15.1.	Third-party assurance of supplier/customer targets: Companies are recommended to implement mechanisms to encourage their suppliers and customers to obtain independent third-party assurance of their targets.
R15.2.	Priority tier 1 supplier alignment: Companies are recommended to prioritize aligning <u>tier 1 suppliers</u> whose primary activities correspond to one or more emissions-intensive activities (EIAs, as identified in <u>CNZS-C6</u>).
R15.3.	Significant EIAs: Companies are recommended to set separate targets for significant EIAs. Where the same EIA occurs across multiple scope 3 categories, companies may set a single target covering that EIA across all relevant categories, provided a consistent metric is applied throughout.
R15.4.	Optional scope 3 emissions: Companies are recommended to set separate targets on optional scope 3 emissions that fall outside the minimum boundary when these emissions represent 5% or more of total scope 3 emissions, including both minimum boundary and optional emissions.

Criteria

Assessment stage: Target Validation

CNZS-C16. Companies that choose to set long-term scope 3 targets shall reduce value chain emissions to residual levels by 2050 at the latest.		Company category	
		A	B
C16.1.	Coverage: Long-term targets shall cover 100% of scope 3 emissions.	☑	☑
C16.2.	Target ambition: Scope 3 long-term targets shall be set to reach residual levels in line with applicable net-zero pathways.	☑	☑
C16.3.	Target progress: Long-term alignment targets shall only be met when entities or activities have reached zero or near-zero emissions levels, or when products meet a net-zero-compatible intensity threshold or eliminate end-of-life emissions. Long-term emissions targets shall be met only when emissions have reached residual levels, as determined by the physical GHG inventory.	☑	☑

☑ Required ☐ Optional

3.5 Net-zero targets

Intent: To ensure that any company setting a net-zero target does so on the basis of comprehensive near-term and long-term targets covering all scope 1, scope 2, and scope 3 emissions, and reaches a state of net-zero through deep emissions reductions and the neutralization of residual emissions.

Criteria

Assessment stage: Target Validation

CNZS-C17. Companies that choose to set a net-zero target shall establish near-term and long-term targets covering scope 1, scope 2, and scope 3 emissions, and neutralize any residual emissions.		Company category	
		A	B
C17.1.	Near-term targets: Companies (including Category B companies) shall set near-term targets on scope 1, scope 2, and scope 3 emissions in accordance with the Corporate Net-Zero Standard or any applicable SBTi Sector Standard, using any eligible target-setting method.		
C17.2.	Long-term targets: Companies shall set long-term targets to reach residual scope 1, scope 2, and scope 3 emissions in accordance with the Corporate Net-Zero Standard or any applicable SBTi Sector Standard, using any eligible target-setting method.		
C17.3.	Long-term target coverage: Long-term targets shall cover 100% of the company's scope 1, scope 2, and scope 3 emissions, as defined by the GHG Protocol and in accordance with the boundary provisions of the Corporate Net-Zero Standard.		
C17.4.	Net-zero conditions: For the purposes of conformance with the Corporate Net-Zero Standard, to reach a state of net-zero, the company shall: a. Zero or near-zero emissions: Reduce scope 1, scope 2, and scope 3 emissions to zero or to a residual level consistent with eligible net-zero pathways; and b. Residual emissions: Neutralize any residual emissions at the net-zero target date and any emissions released thereafter, in accordance with the provisions of the Corporate Net-Zero Standard.		

 Required  Optional

Recommendations

R17.1.	Earlier net-zero: Companies incorporated in high-income countries (based on <u>World Bank economic income categories</u>) are recommended to set net-zero targets for significantly earlier than 2050, reflecting their greater institutional, financial, and technological capacity.
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3.6 Reporting target information

Intent: To drive transparency by requiring companies to report clear, consistent, and timely information about their target base year and targets.

Criteria

Assessment stage: Target Validation

CNZS-C18. Companies shall report target information after completing the validation process.		Company category	
		A	B
C18.1.	Reporting: Companies shall report the following target information: - Target type (near-term, long-term, or net-zero) - Applicable method, metrics, pathways, and activities covered by the method or pathway - Emissions scope(s) and scope 3 category(ies) covered by the target - Target coverage (percentage of total scope 1, 2, and 3 emissions covered by the target) - Categories or activities excluded from the scope 3 target boundary with justification, if applicable - Target base year, if applicable - Target base year value, if applicable - Target year <u>Target value</u> - Projected emissions at the target year across all applicable scopes - Information used to set the target (assuming the data is not commercially sensitive), referencing the version of the SBTi Standard and target-setting tool used.		
C18.2.	Reference year communication: In addition to the information under CNZS-C18.1, companies may communicate their targets relative to an earlier reference year (e.g., the <u>inventory base year</u>).		
C18.3.	Timing: Companies shall report target information in the next <u>reporting cycle</u> following Target Validation and give consent for relevant information to be publicly displayed on the <u>SBTi Dashboard</u> within six months of completing Target Validation.		

 Required  Optional

Criteria

Assessment stage: Target Validation

CNZS-C19. Companies that consolidate multiple scope 3 targets into a single “headline ambition” shall ensure that the headline ambition transparently communicates the intended outcome of the consolidated targets.		Company category	
		A	B
C19.1.	Methodological consistency: To consolidate across different units, companies shall convert the ambition of all targets to a common emissions unit, metric tons of carbon dioxide equivalent (tCO ₂ e).		
C19.2.	Calculation method: Companies shall calculate the consolidated ambition figure using SBTi methods.		
C19.3.	Consolidation of scope 3 emissions reduction targets: When the headline ambition represents consolidation of individual scope 3 emissions reduction targets, the headline ambition shall communicate the change in total scope 3 emissions over the target timeframe.		
C19.4.	Consolidation of scope 3 emissions and non-emissions targets: When communicating the consolidation of emissions and non-emissions targets, companies shall use language that clearly indicates this figure represents the proportion of their scope 3 emissions expected to be reduced or aligned over the target timeframe.		
C19.5.	Communication: The aggregated “headline ambition” shall be used for communication purposes only and shall not constitute a separate target for progress assessment.		
C19.6.	Overlapping targets: If a company sets multiple targets that cover the same emissions, emissions covered by more than one target shall be counted only once toward the portion of emissions covered by the headline ambition.		

 Required  Optional

3.7 Target revision

Intent: To ensure that targets remain valid, science-based, and aligned with the effective SBTi Standards over time by requiring companies to revise targets where necessary following significant structural or methodological changes.

Criteria

Assessment stage: Target Validation (revalidation)

CNZS-C20. Companies shall revise their targets where significant changes result in targets that no longer conform to the Corporate Net-Zero Standard or any applicable SBTi Sector Standard.		Company category	
		A	B
C20.1.	Target revision: If, following a target base year recalculation (see CNZS-C8) or other significant changes (e.g., changes in company activities that mandate the application of Sector Standards), targets are determined to be non-conformant with the Corporate Net-Zero Standard or any applicable SBTi Sector Standard, companies shall revise those targets and submit them for validation.		
C20.2.	Effective standard: Companies shall conform to effective versions of the Corporate Net-Zero Standard and any applicable SBTi Sector Standards when revising targets.		
C20.3.	Reporting: Companies shall report their updated targets and the underlying reasons for the revision in the next <u>reporting cycle</u> following Target Validation, and give consent for relevant information to be publicly displayed on the <u>SBTi Dashboard</u> within six months of completing Target Validation.		

 Required  Optional

4. TARGET IMPLEMENTATION



Background: After setting science-based targets, companies take actions to implement them. This chapter introduces a hierarchy that applies across scope 1, scope 2, and scope 3 targets and guides the prioritization of target implementation actions to achieve meaningful reductions in emissions from company operations and value chains over time. The hierarchy is designed to support the long-term decarbonization of the activities and systems that generate companies' emissions. The SBTi expects to develop further guidance to ensure robust application of the requirements in this chapter.

In this chapter, actions refer to measures taken by companies to reduce emissions or support the scale-up of net-zero-aligned practices or technologies within their operations, value chains, activity pools, or sectors. This may include operational changes, projects, and the use of market instruments.

Actions that directly reduce emissions in companies' physical GHG inventories form the primary basis for setting targets. To enable recognition of a broader range of mitigation efforts, companies may also undertake actions and use market instruments that are not reflected in their physical GHG inventories. Such actions shall be accounted for and reported separately to ensure transparency while recognizing their contribution to decarbonization beyond companies' physical GHG inventories.

At the activity level, companies directly target the emissions sources reflected in their GHG inventories. They may improve efficiency, switch to lower-emission inputs, or change operational practices – including, where relevant, through engagement with suppliers and customers. Because they act on the underlying emissions sources, actions like these provide the most direct route to decarbonizing company activities and reducing long-term exposure to those emissions sources, rather than relying continuously on market instruments.

In many cases, emissions arise within shared systems that companies purchase from or feed into, such as electricity grids, gas grids, supply sheds, or logistics networks – referred to as activity pools. Where emissions are embedded in such a system, a company can take action within the same activity pool to decarbonize the system serving the company. Over time, such actions contribute to physically reducing emissions associated with the company's underlying activities.

In some situations, structural constraints may limit action at the activity or activity pool level within the target timeframe. These constraints may include technological, infrastructural, regulatory, or market limitations. In such cases, action may occur at the sector level, provided the actions mirror the relevant emissions sources and support the transition of the sector in which those emissions arise.

Actions at the activity pool or sector level, including the use of market instruments, can contribute to broader system-level decarbonization as interim measures until the opportunity to take direct action in operations and value chains is available. These actions may include, for example, the purchase of energy attribute certificates (e.g., for electricity or gas) and commodity certificates

that rely on different chain-of-custody models (such as mass balance or book-and-claim). Where such actions are not reflected in a company's physical GHG inventory, they are reported separately.

The SBTi does not seek to develop or replace certification frameworks. Instead, this chapter establishes minimum integrity criteria for the use of such instruments in target implementation, while the SBTi will develop criteria and processes to recognize relevant third-party frameworks, standards, and programs, where applicable.

Where companies cannot take sufficient action within the target timeframe, they are encouraged to take enabling actions that help address underlying constraints and support future emissions reductions, such as contributing to the development of necessary technologies, infrastructure, or supply systems.

Application to electricity

Electricity merits explicit application of the implementation hierarchy because it is a universal input across operations and value chains, and is typically delivered through well-defined activity pools (grids). Actions may be undertaken for scope 2 targets or to contribute to scope 3 targets where electricity consumption is a component.

The Corporate Net-Zero Standard V2.0 requires geographical matching of electricity consumption, either directly or through attributes, based on deliverability regions. Matching can also extend beyond a deliverability region to interconnected regions where a contract is supported by interconnector access rights or a power purchase agreement for a low-carbon project. Where structural barriers exist, companies can take sector-level actions for an interim period while simultaneously taking measures to overcome the barriers.

While annual matching has historically been used in scope 2 accounting, more granular approaches are increasingly being adopted to better reflect the temporal relationship between electricity consumption and generation. Hourly matching can strengthen the credibility of scope 2-related claims and better align electricity demand with low-carbon supply. It can support stronger price signals and investment incentives for flexibility, demand response, energy storage, and new low-carbon generation technologies.

To improve transparency while hourly matching practices further develop, the Corporate Net-Zero Standard V2.0 requires Category A companies with large electricity loads to report the percentage of scope 2 electricity consumption matched with low-carbon electricity attributes on an hourly basis. The Corporate Net-Zero Standard also includes an optional recognition framework for companies that meet specified hourly matching thresholds for target implementation; this highlights leadership in aligning electricity demand with low-carbon generation, while encouraging adoption of more granular accounting approaches as the GHG Protocol evolves its scope 2 requirements.

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.

4.1 Implementation hierarchy

Intent: To establish an implementation hierarchy that prioritizes emissions reductions as close as possible to the source, while enabling credible and systemically relevant action at the activity pool or sector level where sufficient decarbonization is not feasible within the required timeframe.

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C21. Companies shall prioritize activity-level actions to reduce emissions from their operations and value chains before pursuing more indirect action.		Company category	
		A	B
C21.1.	Activity-level actions: Companies shall document and demonstrate that activity-level actions have been assessed and implemented, where feasible, ³⁸ before relying on activity pool-level or sector-level actions.		
C21.2.	Activity pool-level actions: Where emissions arise within an activity pool (e.g., an electricity grid, supply shed, or logistics network), companies may take actions within the same activity pool from which the emissions-generating activity arises, defined in accordance with CNZS-C22 .		
C21.3.	Sector-level actions: Where sufficient action cannot be taken at the activity or activity pool level due to <u>structural constraints</u> , companies shall document constraints in accordance with CNZS-C23 and may take action at the sector level.		

 Required  Optional

Recommendations

R21.1.	Enabling actions: Where structural constraints prevent sufficient action at the activity, activity pool, or sector level within the target timeframe, companies are recommended to take action to enable future emissions reductions. Actions to enable future emissions reductions shall not be counted toward target progress but may be considered in the End-of-cycle Assessment .
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³⁸ Feasible refers to what is technically and commercially achievable on reasonable terms relative to sector norms, considering available technologies, market conditions, and credible leading practices.

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C22. When taking action at the activity pool level, companies shall define the activity pool boundary at the smallest reasonable geographic or operational level within which emissions from the relevant activity can be collectively decarbonized.		Company category	
		A	B
C22.1.	Define the boundary: Companies shall clearly describe the geographic or operational scope of the activity pool and explain why it represents the smallest reasonable system.		

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C23. When taking sector-level actions, companies shall demonstrate that structural constraints prevent action at the activity or activity pool level within the target timeframe. ³⁹		Company category	
		A	B
C23.1.	Structural constraints: Structural constraints shall be limited to: a. Technological readiness: Early-stage mitigation solutions that are not yet commercially available at scale for the relevant activity; or b. Other constraints: Region- or site-specific infrastructure, regulatory, market structure, or supply constraints that prevent action within the relevant activity pool during the target timeframe. ⁴⁰		
C23.2.	Reporting: Companies shall, in the reporting cycle following the End-of-cycle Assessment, report the identified structural constraints, the supporting evidence, and the specific activity or activity pool for which sufficient action could not be taken.		

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C24. Companies taking action at the activity pool or sector level to support target implementation shall report these actions.		Company category	
		A	B
C24.1.	Action description: Companies shall report a description of the activity pool-level or sector-level actions taken, including the relevant activity, system, or sector.		
C24.2.	Complementarity: Companies shall report an explanation of how these actions complement, and do not substitute for, activity-level actions within the company's operations and value chain.		
C24.3.	System contribution: Companies shall report a description of how the actions are expected to contribute to emissions reductions within the relevant activity pool or sector.		

 Required  Optional

³⁹ For scope 1 emissions, market instruments not reflected in the physical GHG inventory may only be used in relation to fuels and feedstocks sourced from activity pools.

⁴⁰ Structural constraints do not include internal preferences, procurement choices, or cost considerations alone.

4.2 Actions & market instruments integrity criteria

Intent: To ensure that actions and market instruments in support of target implementation deliver credible, high-integrity outcomes that reflect real-world emissions reductions and support system-wide decarbonization.

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C25. Companies shall ensure that actions, ⁴¹ including projects and market instruments, taken to support target implementation meet relevant integrity criteria.		Company category	
		A	B
C25.1.	Activity matching: Companies shall demonstrate that actions taken at any level of the implementation hierarchy correspond to the same activity type, product, material, fuel, or energy source as the company's underlying activity reflected in the inventory.		
C25.2.	System association: Companies shall demonstrate that sector-level and enabling actions occur within the same system, or within <u>geographically</u> or <u>systemically relevant</u> systems from which the company sources or into which it feeds.		
C25.3.	Quantification: Companies shall transparently and conservatively quantify the scale and <u>outcomes</u> associated with actions according to recognized methodologies. ⁴²		
C25.4.	Verifiability: Companies shall maintain auditable documentation supporting the outcomes of actions, sufficient to enable independent <u>third-party assurance</u> , where feasible. ⁴³		
C25.5.	Temporal alignment: Companies shall demonstrate that actions correspond to activities occurring within 12 months of the company's underlying activities, unless longer timeframes are justified by the typical production cycle, storage period, or product lifespan of the relevant good, or by established <u>vintage limitations</u> in the markets where the actions occur.		
C25.6.	Unique attribution: Companies shall demonstrate that outcomes associated with actions are clearly attributable to the company. Where multiple <u>actors</u> within a value chain reference the same action, companies shall transparently document this and avoid over-attribution of the associated outcomes.		

⁴¹ For the avoidance of doubt, CNZS-C25 and its sub-criteria are applicable to projects, market instruments, and energy attribute and commodity certificates.

⁴² The SBTi will develop criteria and processes for recognizing third-party frameworks, standards, and programs, where applicable.

⁴³ The SBTi Assurance Framework will define the scope of assurance to be used in the process by the third-party assurance provider.

C25.7.	Double counting prevention: Companies shall ensure that actions are not double counted. For <u>project</u> outcomes and market instruments, companies shall use or implement systems that provide unique identification (e.g., serialization) and tracking of outcomes and attributes, allowing <u>co-claiming</u> where appropriate. Companies shall refer to third-party-recognized registries, where available. ⁴⁴		
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 Required  Optional

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C26. Companies shall ensure that any projects used to support target implementation meet recognized third-party integrity criteria,⁴⁵ where applicable, and SBTi minimum integrity criteria.^{46, 47}		Company category	
		A	B
C26.1.	Eligibility: Projects shall be considered eligible only when: a. They result in measurable and demonstrated emissions reductions or removals.⁴⁸ b. For scopes 1 and 2, they are reflected in the company's physical GHG inventory. c. They are implemented by or on behalf of the company.		
C26.2.	Excluded mechanisms: The following mechanisms shall not be considered eligible for target implementation: a. Emissions reductions derived from hypothetical scenarios; b. Emissions reductions or removals, including GHG credits, used for the SBTi's Ongoing Emissions Responsibility program, or for other comparable programs or schemes; c. GHG credits sold or otherwise transferred to a third party; d. Emissions reductions or removals that are estimated ex ante and not yet realized.		
C26.3.	Accounting approach: Companies shall account for and report on the measured change in emissions reductions or removals before and after the project and report outcomes proportionate to their defined contribution to the project.		
C26.4.	Emissions matching: Companies shall ensure that the total volume of emissions reductions or removals from a project corresponding to a given activity does not exceed, and is proportional to, the actual physical emissions reductions or removals achieved through the action within the target cycle.		

⁴⁴ The SBTi will develop criteria and processes for recognizing third-party frameworks, standards, and programs, where applicable.

⁴⁵ Ibid.

⁴⁶ The requirements in this criterion apply where companies choose to separately disclose project-based emissions reductions or removals alongside the physical GHG inventory to enable system-contribution claims (see C37:10.c).

⁴⁷ For the avoidance of doubt, CNZS-C25 and its sub-criteria are applicable to projects.

⁴⁸ Projects that result in the removal of carbon from the atmosphere can only be used for neutralization purposes in the Corporate Net-Zero Standard or as defined in applicable Sector Standards.

C26.5.	Leakage: Companies shall assess and account for potential leakage, ensuring that reported emissions reductions or removals reflect net outcomes after considering emissions increases outside the project boundary.		
C26.6.	Causality: Companies shall demonstrate that reported emissions reductions or removals are a direct result of the project.		
C26.7.	Additionality: Companies shall demonstrate that emissions reductions or removals from projects meet additionality requirements based on established frameworks or standards. ⁴⁹		

 Required  Optional

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C27. Companies shall ensure that any market instruments used to support target implementation meet recognized third-party integrity criteria,⁵⁰ where applicable, and SBTi minimum integrity criteria.⁵¹		Company category	
		A	B
C27.1.	Representative instruments: Market instruments shall accurately and conservatively convey the emissions or physical attributes of the underlying activity.		
C27.2.	Volume matching: Companies shall ensure that the volume of market instruments matched to a given activity does not exceed the volume of the corresponding activity, as reflected in the company's GHG emissions inventory.		
C27.3.	Accounting basis: Market instruments conveying emissions factors shall apply <u>attributional accounting</u> principles based on a <u>homogeneous functional unit</u> and be consistent with applicable GHG Protocol requirements.		
C27.4.	Attribute preservation: Emissions attributes at the point of instrument generation shall be allocated in proportion to physical flows across processing stages. These attributes shall not subsequently be stacked, non-proportionally redistributed, or concentrated on a subset of products in a way that overstates the outcomes beyond what physically occurs (e.g., “ <u>carbon bank</u> ” models).		

⁴⁹ The SBTi will develop criteria and processes for recognizing third-party frameworks, standards, and programs, where applicable.

⁵⁰ Ibid.

⁵¹ For the avoidance of doubt, **CNZS-C25** and its sub-criteria are applicable to market instruments.

C27.5.	System-level impact: Where companies purchase market instruments issued through programs or frameworks, companies shall purchase such instruments only from programs or frameworks that demonstrate decarbonization of the relevant system. ⁵²		
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 Required  Optional

Recommendations

R27.1.	Progressive acquisition: Companies are recommended to acquire market instruments progressively over the target timeframe rather than deferring acquisition until the end of the target timeframe, unless supply constraints or market availability prevent it.
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Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C28. Companies shall ensure that any energy attribute and commodity certificates used to support target implementation are issued, transferred, and retired through transparent, secure tracking systems that prevent double counting.⁵³		Company category	
		A	B
C28.1.	Registry transparency: Certificate issuance, transfer, redemption, cancellation, and retirement are recorded in a secure registry or equivalent system of records.		
C28.2.	Assurance (Category A only): Conformance with use (CNZS-C25), project (CNZS-C26), eligibility (CNZS-C27), and transaction (CNZS-C28) requirements shall be verified where relevant as part of the independent <u>third-party assurance</u> of data and calculations substantiating target progress required under <u>CNZS-C37</u> . ⁵⁴		

 Required  Optional

⁵² For example, a program that demonstrates that demand for low-carbon commodity certificates contributes to increased supply of low-carbon commodities. The SBTi expects to develop further guidance on system-level impact for programs and frameworks as part of the third-party recognition framework.

⁵³ For the avoidance of doubt, CNZS-C25 and its sub-criteria are applicable to energy attribute and commodity certificates.

⁵⁴ The SBTi will develop criteria and processes for recognizing third-party frameworks, standards, and programs, where applicable. Where no recognized frameworks are available, the SBTi Assurance Framework will define the scope of assurance to be used in the process by the third-party assurance provider.

4.3 Applying the implementation hierarchy to electricity consumption

Intent: To drive meaningful decarbonization of electricity consumption in both operations and value chains by focusing actions on the sources of electricity use while supporting the transition of the systems on which they depend. *The relevant criteria set out earlier in this chapter apply equally to electricity-related actions. Companies shall therefore ensure that implementation actions for electricity meet all applicable requirements, including the temporal (12-month) alignment requirement (CNZS-C25.5).*

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C29. Companies shall prioritize activity-level actions in decarbonizing electricity consumption.		Company category	
		A	B
C29.1.	Eligible actions: Activity-level actions to decarbonize electricity consumption shall include reductions in electricity use or increases in the physical consumption of low-carbon electricity (LCE) from generation sources not embedded in activity pools, i.e., <u>behind-the-meter generation</u> .		
C29.2.	Behind-the-meter generation: Electricity consumed from on-site generation, or off-site generation delivered through a direct line without grid transfers shall be decarbonized through activity-level actions.		

 Required  Optional

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C30. Companies shall define activity pool boundaries for their operational (scope 2) and value chain (scope 3) electricity consumption based on <u>deliverability regions</u> . ⁵⁵		Company category	
		A	B
C30.1.	Activity pool boundaries for purchased or acquired electricity (scope 2): Companies shall define activity pool boundaries based on the deliverability regions serving their electricity consumption.		

⁵⁵ Targeted revisions to GHG accounting aspects in the Corporate Net-Zero Standard, including the GHG Protocol's definitions of deliverability regions, will be considered upon conclusion of the GHG Protocol revision process.

C30.2.	Activity pool boundaries for electricity consumption outside the company's control (scope 3): Where the geographic location of electricity consumption within the company's value chain is known with sufficient detail, companies shall define activity pool boundaries based on deliverability regions. Where such information is not available, companies may use national or other appropriate regional boundaries and shall report the basis for their application.		
C30.3.	Deliverability between activity pools: Electricity may be considered <u>deliverable</u> between interconnected activity pools under any of the following circumstances: a. Where companies can demonstrate that the electricity and its associated attributes can be physically transmitted from the generation location to the location of consumption. Companies shall hold, or demonstrate access to, the necessary transmission rights through regulatory arrangements, contracts, or recognized market instruments approved by the relevant transmission system operators. b. Where companies' operations are located in two or more interconnected activity pools within a <u>wide area synchronous grid</u> , the aggregate load from these operations is covered by a power purchase agreement signed with an LCE project located in any of these activity pools, and where the <u>offtake</u> begins within 36 months of the project's commissioning. Companies shall not extend this flexibility beyond the regulatory boundaries applicable to market instruments for their electricity consumption.		
C30.4.	Structural supply constraints (electricity): Companies taking sector-level actions for electricity shall demonstrate that sufficient LCE generation cannot be contracted within the relevant activity pool (deliverability region) or interconnected regions during the target timeframe. ⁵⁶ Where such constraints are demonstrated, sector-level actions may be taken only while those constraints persist, and companies shall also demonstrate measures taken to enable the development or procurement of new LCE generation within the relevant activity pool.		
C30.5.	Legacy clause: Market instruments from existing long-term contracts prior to the effective date of the Corporate Net-Zero Standard V2.0 may be considered deliverable in the same activity pools the instruments were applied to before the effective date. They shall be allocated using a load-weighted approach per activity pool. Renewal of such contracts shall not continue to extend their deliverability.		

 Required  Optional

⁵⁶ Structural constraints do not include internal preferences, procurement choices, or cost considerations alone.

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C31. Companies shall ensure that any market instruments applied to electricity consumption from an activity pool meet eligibility criteria.		Company category	
		A	B
C31.1.	Eligible market instruments: ⁵⁷ Companies shall use the following eligible market instruments to implement electricity-related targets from an activity pool: - Physical power purchase agreements with grid-connected LCE generators. - Financial (virtual) power purchase agreements with grid-connected LCE generators. - Contracts with electricity suppliers for LCE attributes. - Purchases of unbundled energy attribute certificates for LCE. <u>Default-delivered LCE, where supported by energy attribute certificates.</u>⁵⁸ <u>Default-delivered LCE, in activity pools where LCE accounts for at least 95% of the generation mix and where there is no certificate registry for LCE.</u>		
C31.2.	Behind-the-meter generation: Market instruments used for electricity consumption from an activity pool shall represent LCE generation that is supplied to the grid serving that activity pool. Certificates from electricity generated and consumed behind the meter shall not be applied to electricity consumption from the grid.		
C31.3.	Generator age limit: Market instruments shall be limited to LCE generators commissioned or <u>re-powered</u> within fifteen years preceding the period of electricity consumption to which the instrument is applied.		

 Required  Optional

⁵⁷ Companies may refer to the technical criteria published by RE100 and the 24/7 Carbon-Free Coalition for more detailed definitions and guidance.

⁵⁸ Detailed guidance on default-delivered LCE is found in the RE100 and 24/7 Carbon-Free Coalition technical criteria. The forthcoming revision to the GHG Protocol Scope 2 Standard may introduce standard supply service (SSS), which may replace default-delivered LCE.

4.4 Scope 2 hourly matching

Intent: To improve transparency on the temporal alignment between electricity consumption and low-carbon electricity (LCE) generation, and to recognize companies that demonstrate leadership in aligning electricity demand with low-carbon supply on an hourly basis. *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.*

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C32. Companies shall calculate and report the percentage of scope 2 electricity consumption in activity pools with significant electricity use that was contracted or matched with low-carbon electricity on an hourly basis.		Company category	
		A	B
C32.1.	Significance threshold: Companies shall consider electricity use to be significant in any activity pool where total annual electricity consumption is 10 GWh or more.	✓	⊙
C32.2.	Hourly matching calculation: Companies shall calculate the percentage of LCE used, contracted, or matched using energy attribute certificates to their significant electricity consumption on an hourly basis.	✓	⊙
C32.3.	Temporal accounting consistency: Companies shall apply a consistent <u>temporal accounting interval</u> within each activity pool and shall not combine different accounting intervals for electricity consumption within the same activity pool. ⁵⁹	✓	⊙
C32.4.	Assurance (Category A only): Companies shall obtain assurance for the hourly matching percentage as part of the independent third-party assurance of data and calculations substantiating target progress required under <u>CNZS-C37</u> . ⁶⁰	✓	⊙
C32.5.	Reporting: Companies shall report the hourly matching percentage for the target timeframe alongside the company's End-of-cycle Assessment for scope 2 targets and give consent to be displayed on the <u>SBTi Dashboard</u> within six months after completing the End-of-cycle Assessment.	✓	⊙

✓ Required ⊙ Optional

⁵⁹ For example, companies shall not combine hourly and annual accounting intervals within the same activity pool.

⁶⁰ The SBTi will develop criteria and processes for recognizing third-party frameworks, standards, and programs, where applicable. Where no recognized frameworks are available, the SBTi Assurance Framework will define the scope of assurance to be used in the process by the third-party assurance provider.

Criteria

Assessment stage: Target Validation

CNZS-C33. Companies shall indicate whether they intend to take part in the SBTi's optional Scope 2 Hourly Matching recognition program.		Company category	
		A	B
C33.1.	Rationale: Companies that do not intend to take part shall submit an explanation to the SBTi as part of the Target Validation process.		
C33.2.	Public display: Companies shall give consent to publicly display their intent to participate in the SBTi's Scope 2 Hourly Matching recognition program on the <u>SBTi Dashboard</u> within six months after completing Target Validation.		

Optional recognition

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C34. Companies whose reported scope 2 hourly matching percentage of electricity consumption meets the defined recognition thresholds shall be eligible for recognition on the SBTi Dashboard.	
C34.1.	Recognition thresholds: Companies shall be eligible for recognition on the SBTi Dashboard where their scope 2 hourly matching percentage meets or exceeds the applicable threshold in each reporting year within the target timeframe, with thresholds determined based on the calendar year in which the majority of the reporting period occurs, as follows: ⁶¹ - Until 2030: at least 50% hourly matching - Until 2035: at least 75% hourly matching - From 2035: at least 90% hourly matching
C34.2.	Calculation and reporting: Companies shall follow the calculation (CNZS-C32.2), accounting (CNZS-C32.3), and reporting (CNZS-C32.5) requirements as set out in <u>CNZS-C32</u> to establish their scope 2 hourly matching percentage.
C34.3.	Assurance: Companies, including Category B companies, participating in the optional Scope 2 Hourly Matching recognition program, shall obtain assurance for the hourly matching percentage as part of the independent <u>third-party assurance</u> of data and calculations substantiating the target progress required under <u>CNZS-C37</u> . ⁶²

⁶¹For target timeframes spanning multiple threshold periods, companies shall meet the applicable threshold in each individual year based on the corresponding calendar year.

⁶²The SBTi will develop criteria and processes for recognizing third-party frameworks, standards, and programs, where applicable. Where no recognized frameworks are available, the SBTi Assurance Framework will define the scope of assurance to be used in the process by the third-party assurance provider.

4.5 Sustainability of bio-based feedstocks

Intent: To ensure that bio-based feedstocks used by companies are sourced and managed in a way that supports sustainable production, avoids environmental harm, and enables accurate accounting of land-related emissions and removals.

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C35. Companies shall ensure that bio-based feedstocks meet recognized third-party sustainability criteria, where applicable, and SBTi minimum sustainability criteria.		Company category	
		A	B
C35.1.	Application: These provisions shall apply to companies that directly purchase or process bio-based feedstocks, including for use in bioenergy generation or bio-based product manufacturing.	✓	✓
C35.2.	Specific data: Data on land-related emissions and removals shall be specific to the relevant biomass feedstock and its production system. ⁶³ Where this data is not available at the time of the End-of-cycle Assessment, companies shall provide an explanation of the data limitations and ensure that systems and processes are established to make relevant data available within the next reporting cycle.	✓	✓
C35.3.	No deforestation: The production of the biomass feedstock shall not be associated with deforestation or the conversion of natural ecosystems.	✓	✓
C35.4.	Feedstock replacement: The feedstock shall originate from renewable biological sources with documented regrowth cycles that prevent long-term depletion of carbon stocks.	✓	✓
C35.5.	Certification: Where recognized third-party certification schemes are available for the relevant feedstock and geography, the biomass shall be certified under such schemes. ⁶⁴	✓	✓

✓ Required ✓ Optional

⁶³ Until the GHG Protocol Land Sector and Removals Standard provides applicable accounting guidance for forestry emissions, companies may use an alternative methodology, provided that the methods and the underlying assumptions are robust and transparently reported.

⁶⁴ The SBTi will develop criteria and processes for recognizing third-party frameworks, standards, and programs, where applicable.

5. REPORTING & ASSESSING TARGET PROGRESS



Background: Ongoing tracking, evaluation, and public reporting of progress are essential to maintaining credibility. Clear disclosure of emissions, implementation action, and emerging challenges enables stakeholders to assess whether companies remain on track toward their net-zero goals.

The SBTi framework operates as a continuous cycle of target setting, implementation, and ongoing progress reporting. At the end of each target cycle, companies assess and disclose progress against their validated targets.

The approach to assessing and communicating progress against targets is based on transparent accounting and reporting – and on credible claims. Progress is assessed through actions at the activity, activity pool, and/or sector levels, provided these are undertaken in accordance with the implementation hierarchy and meet applicable integrity criteria in the Corporate Net-Zero Standard.

For emissions accounting and reporting purposes, changes in the physical GHG inventory form the basis for SBTi emissions reduction claims. Actions and market instruments not reflected in the physical GHG inventory, including projects at the activity pool and sector levels, are reported separately as additional activities that can contribute to the net-zero transformation of the underlying systems where value chain activities are embedded.

At the end of a company's target timeframe, it prepares a progress assessment showing how far it has advanced toward its targets. For Category A companies, the progress assessment is assured by an independent third party. The progress assessment forms the basis of the End-of-cycle Assessment, which is conducted by an SBTi-recognized validation body, and checks whether the company meets the relevant Corporate Net-Zero Standard criteria. This provides an independent and consistent basis for comparison across companies and informs future target setting. The SBTi may refine its approach to monitoring progress over time, including by collecting additional data to improve transparency and support implementation.

SBTi targets are pursued on a best-efforts basis, subject to stated assumptions and dependencies. This means that companies are expected to take all relevant actions within their control or influence to implement targets, including managing material dependencies and risks. Companies that demonstrate they have applied available levers within their control or influence, and taken credible action to overcome barriers, may proceed to set new targets and continue progressing toward net-zero.

Minimum progress criteria for companies seeking to set new targets following their first cycle under the Corporate Net-Zero Standard V2.0 will be set out in the SBTi Assurance Manual.

At the end of each cycle, companies establish new targets based on their most recent progress to support continued emissions reductions. Companies are strongly encouraged to submit next-cycle targets before their current target timeframes end to avoid gaps between targets.

5.1 Tracking progress

Intent: To ensure transparent and consistent tracking of progress against validated targets and provide clear visibility into emissions trends and implementation challenges.

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C36. Companies shall track and report progress against targets annually.		Company category	
		A	B
C36.1.	Reporting year: Companies shall report the reporting period covered by their emissions data and indicate whether this period aligns with the company's financial reporting year.	✓	✓
C36.2.	Target information: Companies shall report information on their validated targets for the reporting year in accordance with CNZS-C18 .	✓	✓
C36.3.	Separate target reporting: Companies shall report against each individual target separately and, when applicable, in aggregate using SBTi methods. Where multiple targets are aggregated into a single target or “headline ambition,” companies shall also report at the individual target level.	✓	✓
C36.4.	Scope 1 and 2 emissions: Companies shall report scope 1 and 2 emissions in accordance with CNZS-C5 .	✓	✓
C36.5.	Actions: Companies shall report a description of the actions taken at the activity, activity pool, or sector level, including the relevant activity, system, or sector.	✓	✓
C36.6.	Barriers to progress: Companies shall identify and report any material barriers that inhibit progress, and describe the actions taken or planned to mitigate them.	✓	✓
C36.7.	Assurance: Companies shall report the third-party assurance status of the GHG inventory and other relevant data. ⁶⁵	✓	✓
C36.8.	Reporting timing: Companies shall report progress information annually, starting in the next reporting cycle following Target Validation.	✓	✓

✓ Required ✓ Optional

⁶⁵ The SBTi will develop criteria and processes for recognizing third-party frameworks, standards, and programs. For other relevant data, when no recognized frameworks are available, the SBTi Assurance Framework will define the scope of assurance to be used in the process by the [third-party assurance provider](#).

Recommendations

R36.1.	Scope 3 emissions: Companies are recommended to report a scope 3 emissions inventory annually in accordance with CNZS-C5 .
R36.2.	Scope 3 EIAs: Companies that have identified significant EIAs are recommended to report the associated absolute emissions based on the physical GHG inventory.

5.2 Assessing progress at the end of the target cycle

Intent: To ensure companies transparently assess and communicate progress based on changes in the physical GHG inventory and reporting of implementation actions and associated outcomes, with appropriate assurance where applicable, enabling credible claims.

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C37. Companies shall assess and report progress against targets at the end of each target cycle.⁶⁶		Company category	
		A	B
C37.1.	Target progress assessment: Companies shall assess and report progress at the end of the target cycle separately for each target and, when applicable, in aggregate, using SBTi methods. Where multiple targets are aggregated into a single target or “headline ambition,” companies shall also report progress at the individual target level.		
C37.2.	Full GHG inventory: Companies shall account for, report, and submit a GHG emissions inventory for scopes 1, 2, and 3, along with other required metrics, for the target year in accordance with CNZS-C5 .		
C37.3.	Assessment of GHG emissions: Companies shall assess and report the change in GHG emissions between the target base year and the target year for each scope, and in aggregate across all scopes.		
C37.4.	Separate reporting of actions and instruments: Companies shall report the actions taken at the activity level and, in accordance with CNZS-C24 , at the activity pool and sector levels. Companies shall also report enabling actions, where relevant. Where actions and instruments are not reflected in the physical GHG inventory, they shall be reported separately from the physical GHG inventory, in accordance with established GHG accounting standards and CNZS-C5.4 .		

⁶⁶ For the avoidance of doubt, companies are expected to report the information specified in [CNZS-C36](#) in addition to the information specified under CNZS-C37 for the final year of the target cycle.

C37.5.	Scope 3 EIA alignment (Category A only): Category A companies shall assess and report the share of each significant EIA that meets the <u>benchmark</u> to be considered <u>lower carbon</u> or <u>net-zero aligned</u> .		
C37.6.	Scope 1 asset transition targets: Companies setting scope 1 asset transition targets using the science-based milestones approach shall report: a. Asset operation: Actions they have taken to operate existing assets in a manner that minimizes emissions over their remaining operational lifetime, consistent with best available practice. b. No new unabated assets: Confirmation that they have halted investment in new unabated assets.		
C37.7.	Assurance (Category A only): Companies shall obtain independent third-party assurance, at a minimum limited assurance, for data and calculations substantiating progress assessments, and report the <u>third-party assurance</u> status of this information. ⁶⁷		
C37.8.	Barriers: Companies shall explain and report any material barriers that inhibited progress, including any <u>structural constraints</u> substantiated under <u>CNZS-C23</u> , and describe the actions taken or planned to mitigate relevant internal and external barriers. This may include enabling actions undertaken to support future emissions reductions. ⁶⁸		
C37.9.	Reporting timing: Companies shall report the information required in this criterion for each target in the next <u>reporting cycle</u> following the End-of-cycle Assessment, and give consent for relevant information to be publicly displayed in the <u>SBTi Dashboard</u> within six months of completing the End-of-cycle Assessment.		

⁶⁷ The SBTi will develop criteria and processes for recognizing third-party frameworks, standards, and programs, where applicable. Where no recognized frameworks are available, the SBTi Assurance Framework will define the scope of assurance to be used in the process by the third-party assurance provider.

⁶⁸ Structural constraints and enabling actions do not alter target progress assessment but may inform how progress is described in public reporting.

C37.10.	Claims: Companies shall 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, according to the following provisions: a. Emissions reduction claims: Changes in the physical GHG inventory shall constitute the basis for any emissions reduction claims. b. Alignment claims: Actions at the activity level may support claims of alignment with net-zero pathways where they result in measurable changes within the company's operations or value chain. c. System contribution claims: Actions at the activity pool or sector level that are not reflected in the physical GHG inventory and are reported separately as target implementation actions shall only support claims of contributing to the decarbonization of the systems in which the company's value chain activities are embedded.		
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 Required  Optional

Recommendations

R37.1.	Assurance (Category B): Category B companies are recommended to obtain independent <u>third-party assurance</u> of the data and calculations that substantiate progress assessment.
R37.2.	Removals: Companies are recommended to voluntarily purchase carbon removals if targets are not met; such removals shall not be counted toward target progress. Companies shall adhere to the integrity criteria in <u>CNZS-C42</u>, report these removals, and adhere to the appropriate SBTi Claims Policy.

6. ONGOING EMISSIONS RESPONSIBILITY



Background: Companies will continue to emit GHGs on the path to net-zero. By covering a defined share of these ongoing emissions through climate contributions that support verified mitigation and other climate actions beyond their validated target requirements, companies can help limit temperature overshoot, mitigate transition risks, and support climate solutions. To encourage this, the voluntary Ongoing Emissions Responsibility (OER) recognition program will recognize companies for their climate contributions on the SBTi Dashboard.

This chapter sets out criteria that reflect the OER framework's three phases: the optional recognition program effective under the Corporate Net-Zero Standard V2.0; the post-2035 responsibility requirement; and the net-zero residual emissions requirement. The post-2035 requirement takes effect at a future date, while the net-zero requirement applies once scope 1, scope 2, and scope 3 emissions reach residual levels. Both sets of provisions are included to indicate expectations under the Corporate Net-Zero Standard at the relevant stage.

Under the OER optional recognition program, companies can earn recognition across three levels – Engaged, Advanced, and Leadership – which are distinguished by the volume of emissions covered. The Leadership level represents the full internalization of the cost of climate change, and all companies are encouraged to strive toward the ambition of this level over time.

The OER recognition program will remain optional until 2035, after which Category A companies will be required to support eligible carbon removals. The recognition model will operate in parallel to these post-2035 requirements. By their net-zero target year and thereafter, all companies with net-zero targets are expected to reduce emissions to zero or residual levels and neutralize 100% of residual emissions using eligible carbon removals, either directly or jointly with value chain partners.

The SBTi does not seek to replace existing carbon crediting and climate contribution frameworks. Instead, this chapter establishes minimum criteria for companies to be recognized under the OER framework, which are aligned with existing high-integrity frameworks. The SBTi will develop criteria and processes to recognize relevant third-party frameworks, standards, and programs where applicable.

6.1. Optional OER recognition program: Participation intent

Intent: To encourage participation in the recognition program by making companies' intent publicly visible, creating a clear signal that differentiates participating and non-participating companies to drive engagement.

Criteria

Assessment stage: Target Validation

CNZS-C38. Companies shall indicate whether they intend to take part in the optional Ongoing Emissions Responsibility recognition program.		Company category	
		A	B
C38.1.	Rationale: Companies that do not intend to take part shall submit an explanation to the SBTi as part of the Target Validation process.		
C38.2.	Public display: Companies shall give consent to publicly display their intent to participate in the SBTi's Ongoing Emissions Responsibility recognition program on the SBTi Dashboard within six months after completing Target Validation.		

 Required  Optional

6.2. Optional OER recognition program: Eligibility & program structure

Optional recognition

Intent: To ensure that recognition is granted only to companies that are delivering against their validated targets and that take responsibility for ongoing emissions by providing climate contributions that support verified mitigation or other climate action at a level aligned with their selected recognition tier.

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C39. Recognition for ongoing emissions responsibility shall be assessed and awarded at the End-of-cycle Assessment based on progress against validated targets and delivery of climate contributions in accordance with a selected recognition level.

C39.1. **Target progress:** The following target progress conditions shall apply for companies to be eligible for recognition:

- a. **Targets validated under previous standards:** Where companies have set targets under an earlier version of the SBTi Standards and are setting targets under the Corporate Net-Zero Standard V2.0, enrollment in the program shall be based on the expectation that companies progress against their existing targets on a best-efforts basis.
- b. **No previous targets:** Companies without previously validated targets are eligible for recognition in their first target cycle.
- c. **Targets set under the Corporate Net-Zero Standard V2.0:** Where a company has validated targets under the Corporate Net-Zero Standard V2.0 and is setting targets for a subsequent cycle, it shall demonstrate substantial progress toward its validated near-term targets, supported by:
 - i. Progress that is consistent with the expected trajectory for each validated target.
 - ii. Credible implementation of actions to support target implementation.

C39.2. **Recognition level conformance:** Companies shall demonstrate that they have covered the required share of ongoing emissions and delivered climate contributions in support of verified mitigation outcomes and other eligible climate actions over the near-term target timeframe, in accordance with the responsibility level and associated conditions specified in this section.

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C40.	Companies shall select a recognition level and, over the near-term target timeframe, deliver climate contributions at a scale determined by the required coverage of ongoing scope 1, scope 2, and scope 3 emissions and contributions under that level.
C40.1.	Physical GHG inventory: Companies shall calculate emissions coverage based on the physical GHG inventory, including the location-based method for scope 2.
C40.2.	Five-year timeframe: Companies shall calculate cumulative emissions coverage using the five most recent consecutive years of ongoing scope 1, scope 2, and scope 3 emissions. ⁶⁹
C40.3.	Engaged recognition level: Companies that select the Engaged recognition level shall cover at least 1% of total ongoing scope 1, scope 2, and scope 3 emissions during the target timeframe by delivering climate contributions through either: - Supporting <u>verified mitigation outcomes</u> equal in volume (tCO₂e) to the emissions covered; or - Establishing and using a <u>contribution budget</u> based on covered emissions.
C40.4.	Advanced recognition level: Companies that select the Advanced recognition level shall cover 100% of ongoing scope 1 and scope 2 emissions, and additional scope 3 emissions as necessary, so that total coverage equals at least 10% of total ongoing scope 1, scope 2, and scope 3 emissions during the target timeframe, by delivering climate contributions through either: - Supporting verified mitigation outcomes equal in volume (tCO₂e) to the emissions covered; or - Establishing and using a contribution budget equal to US\$20 per tCO₂e of covered emissions.⁷⁰

⁶⁹ Companies participating in the OER recognition program report a full scope 3 inventory annually, which is additional to the Corporate Net-Zero Standard minimum requirements, to ensure accurate and transparent determination of contributions.

⁷⁰ This benchmark is not intended to define best practice or prescribe market prices for mitigation instruments. It is based on observed corporate practice and SBTi research indicating that this level of financial commitment can mobilize a range of climate actions across cost levels. The benchmark will be kept under periodic review.

C40.5.	Leadership recognition level: Companies that select Leadership level shall cover 100% of total ongoing scope 1, scope 2, and scope 3 emissions during the target timeframe, by: - Establishing a contribution budget equal to \$80 per tCO₂e of covered emissions;⁷¹ and - Using the contribution budget to support verified mitigation outcomes equal in volume (tCO₂e) to the emissions covered; and - Using any remaining funds to support verified mitigation and/or other eligible climate actions.
C40.6.	Leadership recognition level (Category B adjustment): Category B companies that select Leadership level may cover 100% of ongoing scope 1 and scope 2 emissions, and additional scope 3 emissions as necessary, so that total coverage equals at least 10% of total ongoing scope 1, scope 2, and scope 3 emissions during the target timeframe, by: - Establishing a contribution budget equal to \$80 per tCO₂e of covered emissions; and - Using the contribution budget to support verified mitigation outcomes equal in volume (tCO₂e) to the emissions covered; and - Using any remaining funds to support verified mitigation and/or other eligible climate actions.
C40.7.	Shared responsibility: Companies may share coverage of scope 3 emissions with value chain partners that report the same emissions. Where scope 3 emissions are shared: - At least one party shall clearly assume coverage of the emissions. - Companies shall submit a written agreement or contract describing how coverage is allocated.
C40.8.	Disbursement of funds: Companies shall disburse all funds toward verified mitigation outcomes and/or other climate actions during the same five-year period used to calculate emissions coverage.

Recommendations

R40.1.	Contribution level for Engaged: Companies using the contribution budget approach for Engaged recognition level are recommended to establish a contribution budget of at least \$20 per tCO₂e of covered emissions.
R40.2.	Progressive disbursement: Companies are recommended to disburse committed funds progressively over the target timeframe rather than deferring disbursement until the end of the target timeframe, unless supply constraints or market availability prevent progressive disbursements.

⁷¹ The SBTi reviewed various approaches to setting a science-based carbon price, which yield a wide range of uncertain estimates, and has therefore selected a benchmark of at least \$80/tCO₂e for the Leadership level of recognition, reflecting the lower end of these estimates and subject to future review.

Table 4. Summary of Ongoing Emissions Responsibility program recognition levels and approaches for delivering climate contributions.

Recognition level		Climate contribution delivery approach		
Level name	Coverage	Contribution budget approach (US\$)	Required application	Verified mitigation approach (tCO ₂ e)
Engaged	1% of total ongoing emissions	Covered emissions × \$/tCO ₂ e <i>(no mandated price set)</i>	OR	Verified mitigation outcomes equal in volume (tCO ₂ e) to covered emissions
Advanced	10% of total ongoing emissions (including 100% of scope 1 and scope 2)	Covered emissions × \$20/tCO ₂ e	OR	Verified mitigation outcomes equal in volume (tCO ₂ e) to covered emissions
Leadership	Category A companies: 100% of total ongoing emissions Category B companies: 10% of total ongoing emissions (including 100% of scope 1 and scope 2)	Covered emissions × \$80/tCO ₂ e	AND	Verified mitigation outcomes equal in volume (tCO ₂ e) to covered emissions

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C41.	Companies shall use climate contributions to support only eligible verified mitigation outcomes and/or other eligible climate actions toward recognition under the Ongoing Emissions Responsibility recognition program.
C41.1.	Verified mitigation outcomes:⁷² Companies that support verified mitigation outcomes for recognition under this program shall ensure that such outcomes are derived from activities that: a. Deliver <u>ex-post</u>, independently third-party-assured outcomes, measured in tCO₂e; and b. Reduce emissions from emission sources not located within the company's value chain; and/or c. Restore, protect, or enhance natural carbon sinks; and/or d. Remove carbon from the atmosphere and store it in <u>carbon storage pools</u>.
C41.2.	Timing of verified mitigation outcomes: Verified mitigation outcomes used toward recognition shall have occurred within the five years prior to the reporting year in which the company is seeking recognition.
C41.3.	Other climate action: Companies that establish a contribution budget shall support any of the following climate action categories: a. Verified mitigation outcomes (per CNZS-C41.1) b. <u>Ex-ante mitigation funding</u> c. <u>Low- or zero-carbon research and innovation</u> d. <u>Mitigation-enabling outcomes funding</u> e. <u>Adaptation and resilience funding</u> f. <u>Loss and damage funding</u>

Recommendations

R41.1.	Prioritization: Companies are recommended to prioritize funding mitigation that maximizes climate impact, closes financing gaps (particularly in lower-income countries in support of Nationally Determined Contributions), delivers social and environmental co-benefits, and advances climate equity, including contributing to communities' access to basic energy services.⁷³
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⁷² For the avoidance of doubt, product-level avoided emissions associated with the use of sold products are not eligible for recognition under this program.

⁷³ See Annex B of the [SBTi Above and Beyond Report](#) for further details on these principles.

6.3. Optional OER recognition program: Integrity criteria for supported activities

Optional recognition

Intent: To ensure that activities supported under the OER recognition program deliver credible climate impact and adhere to robust integrity and quality standards, safeguarding environmental and social outcomes.

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C42. Companies shall ensure that the activities they support as part of the Ongoing Emissions Responsibility recognition program meet recognized third-party high-integrity criteria, where applicable, and SBTi minimum integrity criteria.⁷⁴

- C42.1.**
- Integrity criteria:** For all activities supported as part of the OER recognition program, companies shall, at a minimum:
- Due diligence:** Conduct documented due diligence on the implementing party and funded activity.
 - Do no harm:** Ensure supported activities are designed and implemented with safeguards in place to prevent negative social or environmental impacts, including respect for human rights, biodiversity, and the rights of Indigenous Peoples and local communities, while delivering positive sustainable development outcomes.
 - Avoid carbon lock-in:** Ensure supported activities avoid high-carbon technology or infrastructure lock-in.
 - Transparency:** Report sufficient information on supported activities, methodologies, outcomes, and, where applicable, benefit-sharing arrangements, on an annual basis in an accessible format.

⁷⁴ The SBTi will develop criteria and processes for recognizing third-party frameworks, standards, and programs, where applicable. Where no recognized frameworks are available, the SBTi Assurance Framework will define the scope of assurance to be used in the process by the third-party assurance provider.

C42.2.	Verified mitigation outcomes: Verified mitigation outcome-generating activities supported as part of the OER recognition program shall: Governance: Be overseen by effective governance and be recorded and used within a transparent and traceable system that ensures the mitigation outcome is uniquely recorded and allocated only once. Quantification: Be measured ex-post using conservative and scientifically robust methods that: - Define boundaries. - Establish baselines that reflect existing regulatory requirements and are subject to periodic reassessment to allow for a progressive increase in ambition over time, based on most recent methodologies. - Include monitoring procedures and treatment of uncertainty. - Mitigate leakage. Project- or program-level additionality: Represent mitigation outcomes that would not have occurred in the absence of the intervention. The mitigation activity or project shall not be legally required, financially viable without the intervention, or already fully funded under existing policies. Reversal risk safeguards: Include risk assessments and safeguards to monitor, address, and compensate for reversals where <u>risk of reversal</u> exists. Assurance: Be assured by an independent, accredited third party. Regulatory surplus: When counted toward the Engaged recognition level, verified mitigation shall be surplus to regulatory or legal compliance obligations in place at the time of commitment. At the Advanced and Leadership levels, verified mitigation used for regulatory or compliance purposes may be considered, subject to the integrity criteria in this section.
C42.3.	Other climate actions: The other eligible climate actions supported as part of the OER recognition program shall: Baseline assessment: Include a documented assessment of what would likely occur in the absence of the intervention. Impact definition: Include a documented impact pathway that defines climate objectives, expected impacts, measurable indicators and milestones, and delivery timeframe with delivery safeguards. Monitoring: Be accompanied by a monitoring and reporting plan that is implemented to document progress against defined impacts and objectives. Assurance: Be subject to independent <u>third-party assurance</u> to confirm delivery and effectiveness against stated objectives. Beyond business-as-usual funding: Be funded through resources that are new and surplus to validated target delivery spending, legally required expenditure, or routine commercial activity.

6.4. Optional OER recognition program: Accounting & reporting

Optional recognition

Intent: To ensure that ongoing emissions responsibility is transparently accounted for and reported separately from inventory and target progress, enabling assessment of conformance with standard requirements.

Criteria

Assessment stage: End-of-cycle Assessment

CNZS-C43. Companies taking part in the Ongoing Emissions Responsibility recognition program shall account for supported verified mitigation outcomes separately from inventory and target progress, and prevent double claiming.	
C43.1.	No double-counting or netting: Verified mitigation outcomes supported for the OER recognition program shall not be counted toward target scope 1, scope 2, or scope 3 implementation and shall not be netted from the GHG inventory.
C43.2.	Inventory reductions: Emissions reductions reported in the company's scope 1, scope 2, or scope 3 inventory, and actions or market instruments used to implement targets that are not reflected in the inventory, shall not be counted toward the OER recognition program.
C43.3.	Inventory removals: Removals reported in the company's inventory may count toward the OER recognition program only if they are not also counted toward progress against other SBTi targets.
C43.4.	Carbon credits: The following shall apply in relation to <u>carbon credits</u> used for ongoing emissions responsibility: a. They shall be permanently retired at the time they are claimed. b. Mitigation outcomes associated with credit-generating activities are reported only as a mitigation (tCO₂e) contribution when they are not simultaneously claimed by another actor for compliance, offsetting, or compensation purposes.
C43.5.	Interaction with post-2035 and net-zero: Verified mitigation outcomes already used for the OER recognition program shall not be used to meet post-2035 or net-zero requirements.

CNZS-C44.	Companies taking part in the Ongoing Emissions Responsibility recognition program shall report information and obtain independent assurance to demonstrate conformance with their selected recognition level.
C44.1.	Reporting: Companies shall report information sufficient to demonstrate conformance with the responsibility level associated with their selected recognition level, including: Total emissions: Total cumulative ongoing emissions over the relevant target timeframe, disaggregated by scope 1, scope 2, and scope 3. OER coverage: The volume and percentage of emissions the company has covered as part of the OER recognition program over the relevant target timeframe, disaggregated by emissions scope. OER level and approach: The selected recognition level and, if Engaged or Advanced level is selected, the climate contribution delivery approach, as outlined in C40.3 and C40.4 and summarized in Table 4. Carbon price: Where applicable, the carbon price applied and the resulting total financial contribution budget. Financial contribution: The total monetary value of eligible climate contributions deployed during the relevant target timeframe, disaggregated per eligible activity. Mitigation contribution: The total volume in tCO₂e of eligible verified mitigation outcomes supported during the relevant target timeframe, disaggregated per eligible activity. Shared responsibility: Where applicable, details on shared scope 3 responsibility, including quantification of the shared arrangement and details of the sharing agreement.
C44.2.	Assurance: Companies shall obtain independent third-party assurance to confirm conformance with integrity criteria and full disbursement of funds within the relevant target timeframe.
C44.3.	Reporting timing: Companies shall report the information requested under CNZS-C44.1 in the next <u>reporting cycle</u> following the End-of-cycle Assessment, and give consent for relevant information (excluding commercially sensitive data) to be displayed on the <u>SBTi Dashboard</u> within six months after completing the End-of-cycle Assessment.

6.5. Post-2035 responsibility requirement

Intent: To signal future expectations for mandatory ongoing emissions responsibility from 2035 onwards, enabling companies to prepare and build capacity over time.

Disclaimer: This illustrative requirement sets the intention for companies to gradually take responsibility for the impact of their ongoing emissions from 2035 onwards. As this requirement is expected to take effect from 2035, the criteria will be reviewed in the next major revision of the Corporate Net-Zero Standard (Version 3) to reflect the best available science at the time.

Criteria

Assessment stage: End-of-cycle Assessments after 2035

CNZS-C45. From 2035, companies shall support eligible carbon removals equal to at least 1% of ongoing scope 1, scope 2, and scope 3 emissions, including a defined and increasing share of long-lived removals.		Company category	
		A	B
C45.1.	Responsibility level: Companies shall cover 1% of ongoing scope 1, scope 2, and scope 3 emissions in 2035, rising linearly to 100% by the company's net-zero target year, and no later than 2050.	✓	✓
C45.2.	Eligible activities: Companies shall support carbon removal activities that: a. Deliver verified mitigation outcomes measured in tCO₂e within the same reporting period as the covered emissions. b. Are consistent with the integrity criteria set out in CNZS-C42.	✓	✓
C45.3.	Quantification of long-lived GHG emissions: Companies shall quantify the proportion of covered emissions that are attributable to <u>long-lived GHGs</u> .	✓	✓
C45.4.	Phased-in durability: ⁷⁵ From 2035, companies shall support <u>long-lived removals</u> equal to at least 10% of covered emissions attributable to long-lived GHGs. This minimum share shall increase linearly, reaching 100% by the net-zero year at the latest.	✓	✓
C45.5.	Portfolio of removals for remaining responsibility: Companies shall support <u>short-lived removals</u> , long-lived removals, or a combination of both for covered emissions not subject to CNZS-C45.4.	✓	✓

⁷⁵ The potential storage timescale of a carbon storage pool depends on the physical, chemical, and biological properties of the storage medium (e.g., rock, soil, or biomass), though actual permanence may be affected by human or natural disturbances. The SBTi intends to issue 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.

C45.6.	Shared responsibility for scope 3: Companies may share coverage of scope 3 emissions with value chain partners that report the same emissions. Where scope 3 emissions are shared: - At least one party shall clearly assume coverage of the emissions. - Companies shall submit a written agreement or contract describing how coverage is allocated.		
C45.7.	Recognition beyond minimum requirements: Companies that take responsibility beyond these requirements shall be eligible for recognition under the optional SBTi OER recognition program.		

 Required  Optional

6.6. Neutralization of residual emissions

Intent: To ensure that a state of net-zero is achieved and maintained through the neutralization of all residual emissions using eligible and integrity-aligned carbon removals.

Disclaimer: The SBTi will continue to review and update the criteria and recommendations in this section in line with scientific advancements.

Criteria

Assessment stage: Net-Zero End-of-cycle Assessment

CNZS-C46. At the net-zero target year and thereafter, companies shall reduce their scope 1, scope 2, and scope 3 emissions to zero or residual levels, and neutralize all residual emissions using eligible carbon removals.		Company category	
		A	B
C46.1.	Eligible activities: Companies shall neutralize all residual emissions with carbon removal activities that: - Deliver verified mitigation outcomes measured in tCO₂e within the same reporting period as the residual emissions. - Are consistent with the integrity criteria set out in <u>CNZS-C42</u>. - Carbon removal activities may occur within or outside the company's value chain.		
C46.2.	Storage durability requirements: Companies shall ensure that residual emissions of long-lived GHGs are neutralized with <u>long-lived removals</u> , and that any remaining residual emissions are neutralized with short-lived removals, long-lived removals, or a combination of both.		

C46.3.	Direct responsibility for scope 1 residual emissions: Companies shall assume direct responsibility for neutralizing all scope 1 residual emissions.		
C46.4.	Responsibility for scope 3 residual emissions: Companies shall ensure that all residual scope 3 emissions are neutralized, either jointly with value chain partners that report the same emissions or directly where such neutralization has not been demonstrated by a partner.		
C46.5.	Double counting: Companies shall ensure removals used to meet this requirement are not simultaneously used to neutralize any other distinct residual emissions source within corporate accounting systems.		
C46.6.	Reporting: Companies shall report whether the removal credits used for neutralization have been authorized by the host country and subject to corresponding adjustments.		

 Required  Optional

Recommendations

R46.1.	NDC double claiming: Companies are recommended to use removals that are not simultaneously claimed against countries' <u>Nationally Determined Contributions</u> (NDCs), where possible, to strengthen the integrity of net-zero claims, including by applying corresponding adjustments where available.
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KEY TERMS

A complete list of SBTi terms, definitions, and acronyms is available in the [SBTi Glossary](#). This table lists new or updated terms used in the Corporate Net-Zero Standard V2.0.

Term	Definition
Action	A measure taken by a company to reduce emissions or support the scale-up of net-zero-aligned practices or technologies within its operations, value chains, activity pools, or sectors. Actions may include, but are not limited to, operational changes, investments, purchasing decisions, or the use of market instruments where permitted (adapted from GHG Protocol, 2026). <i>Note: Actions can also be referred to as interventions (AIM Platform, 2026).</i>
Activity	An individual source of emissions. The term is used throughout the Corporate Net-Zero Standard to refer to commodities, products, services, and activities, such as cement or steel for category 1 emissions, or the mode of transport (e.g., maritime or aviation) for category 4 emissions (adapted from the GHG Protocol – WRI, WBCSD, 2011). <i>Note: Activities can also be referred to as emissions sources (see IPCC and AIM Platform, 2026).</i>
Activity pool	A shared system of activities that serves the reporting entity, defined at the smallest system boundary within which the specific activity or activities serving the company cannot feasibly be identified. Examples include gas grids (scope 1), electricity grids (scope 2), supply sheds (scope 3), and logistics networks (scope 3) (adapted from Brander & Bjørn, 2023 and the Value Change Initiative, 2025).
Actor	An organization, institution, or other formal body operating in the public or private sphere (e.g., a company, multilateral institution, or non-governmental organization).
Adaptation and resilience funding	Funding of actions that reduce vulnerability or increase resilience to climate impacts, particularly in climate-vulnerable regions and communities.
Alignment	The extent to which targets, activities, or outcomes are consistent with relevant science-based reference pathways.
Alignment targets	Targets that are designed to deliver a specific outcome aligned with the long-term global goal of reaching net-zero emissions by a defined point in time (2050 or earlier). These targets drive the net-zero transition by progressively increasing the share of a company's activities, purchasing, and/or revenue that meet defined science-based performance benchmarks.
Assessment	Review of compliance or performance of a product, process, system, person, or entity against specified requirements (ISEAL, 2025).
Assessment stage	Refers to the specific conformity assessment within the target cycle and when each criterion is assessed according to the validation cycle.

Asset	A tangible physical unit, piece of equipment, or infrastructure under the company's ownership or operational control that performs a defined function within operations and can be associated with energy or material flows that generate scope 1 GHG emissions.
Assurance	Demonstration that specified requirements relating to a product, process, system, person, or entity are fulfilled (ISEAL, 2025).
Attributional accounting	A type of GHG accounting that quantifies and tracks total GHG emissions (and also removals and other accounting categories if applicable) within a defined inventory boundary over time, typically relative to a historical base year. Corporate inventory accounting is a type of attributional accounting that is the primary method used by corporations and other organizations to report emissions from their operations and value chains. The attributional accounting approach requires reporting organizations to define clear organizational and operational boundaries, within which emissions are quantified and organized across scopes 1, 2, and 3 (GHG Protocol, 2026).
Barrier	A factor or condition that inhibits or delays a company's progress toward its targets. Barriers may arise from internal or external circumstances and are expected to be actively managed or mitigated by the company. Barriers may include structural constraints.
Base year (inventory)	A historic datum (a specific year or an average over multiple years) against which a company's emissions are tracked over time (GHG Protocol, 2004).
Base year (target)	The target base year is used for defining a GHG target, e.g., to reduce carbon dioxide emissions by 25% from 2000 levels (target base year) by 2010 (GHG Protocol, 2004).
Behind the meter	Behind the meter refers to electricity-generating units(s) and/or energy storage system(s) located on the customer's side of the utility service meter, providing power for use on-site and/or to be discharged into the grid (adapted from US Department of Energy Integrated Energy Systems Office, 2021).
Benchmark	A reference point against which a company's performance can be compared.
Benefit sharing arrangements	Benefit sharing arrangements identify how monetary and non-monetary benefits will be allocated to local stakeholders who are involved in a mitigation activity and how the distribution will take place. These arrangements outline who will bear costs and receive benefits, what institutional arrangements and implementation conditions are in place, and how decisions will be made and implemented (adapted from Climate Focus, 2023).
Best efforts	A best-efforts basis reflects a level of effort demonstrated through the implementation of all actions within a company's control or influence that are necessary and appropriate to implement its targets, including the identification, reporting, and active management of material dependencies and associated risks.

Bio-based feedstock	Biogenic commodities, such as biogas, biomass, crop residues, wastes, or other agricultural products that are used to produce bioenergy, bio-based fuels, or bio-based products (adapted from GHG Protocol, 2026).
Carbon bank	A system, internal or external to companies, in which emissions reductions or removals are accounted for and redistributed as attributes associated with products or market instruments sold by the company, without a physical and proportional link to the underlying production outcomes.
Carbon credit	A certificate or tradable unit that represents one metric ton of carbon dioxide equivalent (tCO₂e) emissions avoided, reduced, or removed relative to a baseline. Carbon credits in the voluntary carbon market are generated by the activities of projects and programs that are certified by carbon standards. Certified GHG reductions, removals, or avoidances are quantified using project or intervention accounting methods that compare observed emissions with a counterfactual baseline scenario or performance benchmark representing the conditions most likely to occur in the absence of the mitigation activity that generates the credit (adapted from ICVCM, 2024; GHG Protocol, 2026). Carbon credits may be issued from activities that: • Prevent the potential release of emissions relative to a counterfactual scenario (emissions avoidance credits) • Reduce GHG emissions relative to a baseline (emissions reduction credits) • Remove and store carbon from the atmosphere (removal credits) Ex-post carbon credits are issued only after a completed monitoring period and independent verification confirming that the claimed mitigation has occurred.
Carbon storage pool/reservoir	A non-atmospheric physical medium (e.g., rock, soil, biomass) in which carbon is stored outside the atmosphere for a duration (fixed period or indefinite) determined by the physical and biogeochemical properties of that medium (adapted from GHG Protocol, 2026)
Category A company	A company that meets at least one of the size or emissions thresholds and conditions for company categorization defined by the SBTi, including: (i) large companies in any geography based on global size thresholds; or (ii) companies in high-income countries that meet specified emissions or financial thresholds.
Category B company	A company that does not meet the criteria for Category A classification under the SBTi thresholds and conditions for company categorization.

Commodity certificate	Third-party-assured market instrument that represents the environmental attributes of an underlying good, product, or service (adapted from GHG Protocol, 2026). <i>Note: The defined term “commodity” does not limit the scope of the term “commodity certificates,” which may apply to certificates for any commodity type.</i>
Certification	An independent, third-party evaluation of performance against established criteria or requirements, usually a standard, in which the result indicates compliance. Certification confirms adherence to the criteria and is a mechanism of assurance.
Chain-of-custody model	The approach taken to control inputs and outputs and transfer specified characteristics within the chain-of-custody system (ISEAL, 2025).
Circular end-of-life	An approach to product design and lifecycle management whereby products are intentionally designed so that their underlying commodities and materials can be reused, recycled, or otherwise recovered at the end of their useful life. Under circular end-of-life models, products are conceived to minimize waste (prevention) and maximize material value retention. This may include, for example, designing for disassembly, material separation, durability, reparability, and compatibility with existing recovery and recycling systems. The objective is to ensure that the embedded commodities remain in productive use for as long as possible, reducing the need for virgin resource extraction and lowering associated environmental impacts. Circular end-of-life contrasts with linear end-of-life pathways, where products are disposed of through landfill or incineration without material recovery (adapted from EU Waste Framework Directive, 2008).
Claim	Promotional communications about the sustainability attributes of a product, process, service, or organization. This includes communications about the status of a client and/or the client’s association with the scheme (adapted from ISEAL, 2025). See SBTi claim .
Climate contributions	Climate contributions in the Corporate Net-Zero Standard refer to funding delivered by companies to support verified mitigation outcomes and other actions that scale climate solutions and enable climate mitigation and adaptation. In the Corporate Net-Zero Standard, climate contributions are delivered under the Ongoing Emissions Responsibility framework, and reflect complementary actions undertaken by a company in addition to, and separate from, actions taken to implement its validated targets as required under the Corporate Net-Zero Standard. Climate contributions are not used to offset or neutralize any actual emissions (adapted from New Climate Institute, 2023). In the Corporate Net-Zero Standard, climate contributions may be expressed in financial terms (e.g., monetary contributions delivered to support eligible climate action categories); and/or in mitigation terms (e.g., verified mitigation outcomes in tCO₂e supported).

Co-claim	Process by which multiple co-investors and value chain partners collaboratively report and share the rights to claim the verified environmental benefits, such as absolute GHG emissions reductions or carbon removals, resulting from joint climate change mitigation interventions (adapted from VCI, 2022).
Commodities	Commodities in the Corporate Net-Zero Standard refer to standardized industrial or land-based materials that are tangible and uniform, where quality is consistent regardless of the producer, and that have dedicated commodity-specific decarbonization pathways (such as emissions-intensity or alignment pathways).
Company	A legal entity that is commercially operated and capable of generating profit or other financial gain, including organizations with a hybrid purpose such as social enterprises. The definition excludes cities, local governments, and purely charitable organizations.
Company category	The category (Category A or B) to which a company is assigned, based on its size and geography. The application of criteria within the Corporate Net-Zero Standard differs by company category.
Conformity assessment	The process of determining whether a company meets the requirements of a specified standard (adapted from ISEAL, 2025 and ISO 9000:2015).
Consequential accounting	A type of GHG accounting that estimates the impacts or changes in GHG emissions (and removals) resulting from specific projects, actions, or interventions relative to a baseline scenario in which the project, action, or intervention did not occur. Consequential accounting quantifies the global change in GHGs in the atmosphere caused by an action, project, or intervention (GHG Protocol, 2026).
Contribution budget	A financial commitment calculated by applying a specified price per tCO ₂ e to the volume of emissions covered under a selected Ongoing Emissions Responsibility recognition level, to be used to provide climate contributions in support of verified mitigation outcomes and other eligible climate actions.
Criterion	A mandatory requirement that a company needs to meet to be in conformity with a specified standard.
Default-delivered LCE	Low-carbon electricity (LCE) attributes present in an electricity supply without any voluntary purchase of LCE attributes. This may be an electricity supply contract that expresses no preference for LCE over another source of electricity (adapted from RE100, 2025).

Default-delivered LCE, in activity pools where LCE accounts for at least 95% of the generation mix, and where there is no certificate registry for LCE	Low-carbon electricity (LCE) that may be considered matched to electricity consumption from the grid without any specific market instrument for LCE (such as an energy attribute certificate). Matching of this kind is only possible on highly decarbonized grids (at least 95% LCE in the generation mix) and with no mechanism for contractually allocating LCE attributes (such as an energy attribute certificate registry) (adapted from RE100, 2025).
Default-delivered LCE supported by energy attribute certificates	Instances where regulation requires electricity suppliers to cancel energy attribute certificates on behalf of their customers. These might include Renewable Portfolio Standard (RPS) laws in the United States or the Renewable Energy Target (RET) in Australia. Customers therefore have claims to these attributes without needing to make specific choices to purchase low-carbon energy (LCE) products (adapted from RE100, 2025).
Deliverability (electricity)	The ability of a source of electricity generation to serve a source of electricity consumption (adapted from GHG Protocol, 2025).
Deliverability region (electricity)	A geographical area throughout which all sources of electricity generation connected to a synchronous grid can reasonably be expected to serve sources of electricity consumption connected to that grid. A deliverability region balances the following aspects of an area in the electricity system: (i) synchronous grid boundaries; (ii) transmission congestion; and (iii) regional connectivity (adapted from GHG Protocol, 2025).
Deliverable (electricity)	A source of electricity generation that can serve a specific source of electricity consumption (adapted from GHG Protocol, 2025).
Dependency	An external condition or development that may influence a company's ability to implement its targets but is not fully within the company's direct control. Dependencies may include factors such as the commercial availability and readiness of mitigation technologies, supply chain capacity to deliver low-carbon inputs or services, and the presence of enabling policy and regulatory frameworks or market incentives.
Disclosure	Making specified information publicly available or accessible to intended users.
Double claim	Two or more reporting companies claim the same emissions or reductions (adapted from GHG Protocol, 2004).
Effective date	The date from which a document, decision, or requirement takes effect, for example, when it may be applied in practice or used for relevant processes such as submissions or assessments.

Emissions reduction	An anthropogenic activity taken to reduce or eliminate sources of GHG emissions compared to a historic baseline. Examples include reducing energy consumption, switching to renewable energy sources, and reducing the use of chemical fertilizers.
Emissions source	A commodity, product, service, or activity that releases GHG emissions. <i>Note: Emissions sources can also be referred to as <u>activity</u>.</i>
Emissions-intensive activity	Refers to an activity, product, service, or process that significantly contributes to global GHG emissions or otherwise exacerbates climate change, as set out in Annex A. Emissions-intensive activities include activities in energy-intensive and land-use-intensive sectors.
Enabling action	An action taken by a company to address structural constraints that limit emissions reductions within the target timeframe. Enabling actions are intended to support future decarbonization by contributing to the development of technologies, infrastructure, supply systems, policy frameworks, or market conditions necessary for emissions reductions.
End-of-cycle Assessment	The process through which an SBTi-recognized validation body assesses a company's conformance with applicable Corporate Net-Zero Standard End-of-cycle criteria. This evaluation is based on a company-submitted target progress assessment, which for Category A companies has been assured by an independent third party.
Energy attribute certificate	A market instrument that conveys information (attributes) about a unit of energy, including the resource used to create the energy and the emissions associated with its production and use. An energy attribute certificate may also include information about the location of the facility that generated the unit of energy, when that facility began operations, and when the unit of energy was produced. It is an instrument to certify the production of renewable and/or low-carbon energy (adapted from US EPA, 2024).
Ex-ante mitigation funding	Financial or contractual commitments made before verified mitigation outcomes have been generated, to enable or accelerate the development of projects or activities expected to deliver verified mitigation outcomes in the future.
Ex-post	Backward looking and based on results that have already occurred. In the Corporate Net-Zero Standard, ex-post refers to the process of quantifying the GHG effects of a mitigation action after it has taken place.
Financial institution	An entity that generates 5% or more of its revenue from investment, lending, or insurance activities. It is intended for commercially operated private and public financial institutions globally (including public pension funds and sovereign wealth funds). This includes, but is not limited to, banks, asset managers, private equity firms, asset owners, and re/insurance companies.

Fossil fuel support service	A service that supports unabated fossil fuel production, processing, transmission, and distribution, including equipment and professional services (e.g., legal, advocacy and lobbying, consulting, public relations and advertising, data, dedicated software and other information technology services, assurance, architecture, intellectual property services).
Geographic matching	The correspondence between an action, outcome, or attribute and the underlying activity or emissions based on the geographic location or system boundary within which they occur.
Geographically relevant	Occurring within the same geographic region from which the company sources a product, material, fuel, or energy, or into which it supplies products or services, such that outcomes are reasonably connected to the physical system reflected in the company's inventory.
GHG credit	A convertible and transferable instrument usually bestowed by a GHG program that represents the mitigation of a specified amount of GHG emissions or carbon dioxide removals, not necessarily used as an offset (GHG Protocol, 2026).
Headline ambition	A consolidated percentage figure summarizing a company's scope 3 targets. Calculated by weighting each activity's target percentage by its share of the target base year emissions. It represents the proportion of a company's scope 3 inventory covered by its scope 3 targets, not a total absolute reduction in emissions. It is used for communication purposes only and does not constitute a separate target for progress assessment at the end of the target cycle.
Homogenous functional unit	Refers to a consistent, uniform unit of output (e.g., 1 kWh, 1 ton of steel) such that every unit is directly comparable. Homogenous functional units are relevant when issuing and matching emissions sources with certificates, ensuring the emission factor applied is accurate and meaningful.
Hourly matching	The correspondence between electricity consumption and electricity generation attributes within the same hourly time interval through physical or contractual arrangements.
In-transition entity	An entity (e.g., supplier or customer) that has near-term science-based targets covering scope 1, scope 2, and material scope 3 emissions (scope 1 and 2 only for Category B companies), consistent with reaching net-zero by 2050 in accordance with recognized science-based standards; or that generates more than 90% of revenue from activities classified as transitional or transition-enabling under recognized sustainable finance taxonomies. ⁷⁶ Over time, entities are required to demonstrate measurable progress to maintain their in-transition classification.

⁷⁶ The SBTi will develop criteria and processes for recognizing third-party frameworks, standards, and programs, where applicable.

Independent	Free from influences that could compromise professional judgment or impartiality, ensuring objectivity and integrity in fact and appearance. Independent assurance providers have no financial, commercial, personal, or other interests, or actual or potential conflicts of interest, that could influence the outcomes of the services they provide to companies in relation to SBTi requirements.
Leakage	An effect of an action that results in a displacement of the environmental impact, thereby counteracting the intended effects of the initial action (adapted from IPCC, 2022).
Level of assurance	Degree of confidence in the object of assurance statement as part of an assurance process, e.g., limited assurance, reasonable assurance (ISO 14064, 2018 ; ISO14065, 2020).
Limited assurance	Level of assurance where the nature and extent of the verification activities have been designed to provide a reduced level of assurance on historical data and information (ISO 14064-3:2019).
Long-lived GHG	A well-mixed greenhouse gas (GHG) with a long atmospheric lifetime. This set of compounds includes carbon dioxide (CO ₂) and nitrous oxide (N ₂ O), together with some halogenated compounds (e.g., SF ₆). They have a warming effect on the climate. These compounds accumulate in the atmosphere at decadal to centennial time scales, and their effect on climate hence persists for decades to centuries after their emission (adapted from IPCC, 2021).
Long-lived removal	Carbon dioxide removal activities that are capable of retaining carbon for centuries to millennia (adapted from IPCC, 2022). <i>Note: The SBTi will continue to review and update this definition in line with scientific advancements.</i>
Loss and damage funding	Providing funds to support the response to, and recovery from, unavoidable climate-related losses and damages, prioritizing those least responsible for emissions and most affected by impacts. While there is no internationally agreed-upon definition for loss and damage, it usually refers to the negative effects of climate change that go beyond what people can adapt to (“hard limits” to adaptation), or where adaptation options exist but a community does not have the resources to access or utilize them (“soft limits” to adaptation).
Low-carbon electricity	Electricity produced by an individual generator that is characterized by direct GHG emissions less than or equal to 0.048 kg CO ₂ /kWh. This threshold changes to 0.024 kg CO ₂ /kWh in 2035.

Low/zero-carbon R&D and innovation funding	Providing finance for research and development (R&D), demonstration, and early deployment of technologies or practices that accelerate the availability, scalability, and cost-effectiveness of climate solutions consistent with eligible science-based net-zero pathways. For example, this might include funding of research that addresses system bottlenecks (e.g., energy storage, hydrogen infrastructure, carbon capture and storage, low-carbon materials).
Lower carbon	Lower-carbon technologies, products, materials, fuels, energy sources, or services are those whose emissions performance is consistent with a trajectory toward net-zero emissions by 2050 at the latest, assessed against a relevant science-based benchmark, recognized taxonomies, or other eligible criteria set out in applicable SBTi methods and pathways. ⁷⁷
Lower-carbon performance at the product use phase	A level of product-use-phase emissions performance that is consistent with a trajectory toward net-zero emissions by 2050 at the latest, assessed against recognized taxonomies, energy efficiency standards, or other eligible criteria set out in applicable SBTi methods and pathways. ⁷⁸
Market instrument	A contractual arrangement between two or more parties that enables the creation, transfer, or claiming of GHG-related environmental attributes (e.g., emissions factors or production characteristics). Market instruments include, but are not limited to, certificates, mitigation-related contracts and GHG credits (adapted from VCI, 2026 and GHG Protocol, 2026).
Matching	The correspondence between an action, outcome, or attribute and the underlying activity or emissions to which it is applied, based on defined criteria (e.g., quantity, activity type, temporal or geographic boundaries). In electricity contexts, “matching” refers to pairing electricity consumption with generation attributes across temporal and geographic dimensions.
Mitigation outcome	A quantified result of human-induced activities that contribute to climate mitigation, measurable in tCO ₂ e (adapted from IPCC, 2022).
Mitigation-enabling outcomes funding	Providing funds for interventions that enable structural or system-level change, which unlock or accelerate mitigation at scale. These interventions do not directly reduce emissions in a company’s own operations or value chain, but instead change the conditions (policy, market, institutional, or infrastructural) that are necessary for widespread decarbonization. For example, a company might provide grants to a regional planning authority to develop spatial plans that allocate land for renewable energy deployment, or it might contribute pooled capital into a collective action platform that accelerates grid interconnection and shared infrastructure.
Most recent year	The latest available scope 1, 2, and 3 GHG inventory that covers a complete reporting period no earlier than two years prior to the date of submission, against which a company’s emissions are tracked over time.

⁷⁷ The SBTi will develop criteria and processes for recognizing third-party frameworks, standards, and programs, where applicable.

⁷⁸ Ibid.

Nationally Determined Contribution	Nationally Determined Contributions, or NDCs, are national climate action plans by each country under the Paris Agreement. A country's NDC outlines how it plans to reduce GHG emissions to help meet the global goal of limiting temperature rise to 1.5°C and adapt to the impacts of climate change (United Nations, 2025).
Near-term target	A goal set by a company on a five-year time horizon or based on a milestone year toward reaching a state of net-zero emissions.
Net-zero aligned	A descriptor for technologies, products, materials, fuels, energy sources, or services whose emissions performance has reached a level consistent with net-zero emissions, assessed against recognized net-zero pathways, taxonomies, or other eligible criteria set out in applicable SBTi methods and pathways. ⁷⁹
Net-zero-aligned benchmark	A benchmark that stipulates the required level of performance to be compatible with a net-zero economy by 2050 at the latest (i.e., end-point value of the indicator).
Net-zero-aligned entity	An entity (e.g., supplier or customer) that has zero or residual levels of emissions across scopes 1, 2, and 3, or that generates more than 90% of revenue from activities classified as net-zero aligned under recognized sustainable finance taxonomies. ⁸⁰
Net-zero pathway	A quantitative trajectory of change in a climate-relevant metric over time, based on an internally consistent set of assumptions about key drivers, such as patterns of economic and population growth and technology development, consistent with reaching net-zero emissions by 2050 or earlier.
Net-zero performance at the product use phase	A level of use-phase emissions performance that is consistent with net-zero emissions, assessed against recognized taxonomies or other eligible criteria set out in applicable SBTi methods and pathways. ⁸¹
Net-zero target	A net-zero science-based target includes: • Reducing scope 1, scope 2, and scope 3 emissions to zero or to a residual level consistent with reaching net-zero emissions at the global or relevant sector level in eligible net-zero pathways; and • Neutralizing any residual emissions at the net-zero target year and any GHG emissions released into the atmosphere thereafter through durable removal and storage.
Neutralization	Measures that companies take to counterbalance the climate impact of unabatable (i.e., residual) GHG emissions, which are released into the atmosphere at and after the net-zero target date, through durable removal and storage of carbon dioxide from the atmosphere.

⁷⁹ The SBTi will develop criteria and processes for recognizing third-party frameworks, standards, and programs, where applicable.

⁸⁰ Ibid.

⁸¹ Ibid.

Non-variable LCE generation	Non-variable low-carbon electricity (LCE) generation resources are firm (reliable and dispatchable) LCE resources. Firm LCE generation excludes wind, solar, and marine resources, which are variable (not reliable and dispatchable) LCE resources.
Normative	Refers to elements that are prescriptive and shall be followed by companies, including those applying for Target Validation, to conform with the requirements of SBTi Standards.
Offtake (agreement)	An agreement, often used in project financing, to purchase all or a substantial part of the output or product produced by a project. Depending on the nature of the project, this agreement can take the form of a purchase agreement or a service contract (Thomson Reuters).
Ongoing emissions	The GHG emissions across all scopes that continue to be released into the atmosphere within the target timeframe (adapted from Gold Standard, 2024).
Ongoing emissions responsibility	A voluntary approach in which a company makes climate contributions beyond its required value chain targets, in recognition of the GHG emissions it continues to generate as it progresses toward net-zero. The scale of the climate contributions a company makes under the SBTi Ongoing Emissions Responsibility (OER) recognition program is determined relative to its ongoing emissions. OER is a voluntary recognition framework and does not create or imply legal liability, fault, or a legal obligation to compensate for emissions.
Outcome	The result of an action, which may include changes in emissions, removals activities, or systems, and which can be quantified and attributed to the action (adapted from AIM Platform, 2026).
Performance	The state of outcomes at a given point in time, which may be assessed relative to a defined reference point.
Physical GHG inventory	An attributional inventory that provides a comprehensive account of a reporting entity's annual greenhouse gas (GHG) emissions (and removals, where applicable) resulting from its activities across scope 1, scope 2, and scope 3. Emissions are allocated based on physical relationships and the physical flows of goods and services to the reporting entity. This includes the location-based method for scope 2. The physical GHG inventory may use chain-of-custody models that establish physical traceability to the reporting entity and account for average emissions from a shared pool where physical traceability does not extend beyond that pool (adapted from GHG Protocol, 2026).
Physical traceability	The ability of a company to identify, track, and collect information on activities (e.g., activity data, GHG emissions or removals factors) related to material flows of goods and services in its value chain, across its upstream and downstream processes and products (GHG Protocol, 2026).

Progress	The extent to which a company advances toward its targets over the target timeframe, based on changes in emissions and the implementation of actions aligned with those targets, and assessed at the end of the target cycle.
Progress assessment	A company's evaluation of its progress toward its validated targets at the end of the target timeframe, based on reported emissions and implementation of actions. This assessment is submitted to the SBTi and, where required, is subject to independent third-party assurance, forming the basis for the End-of-cycle Assessment.
Project	A specific action designed to deliver GHG emissions reductions, storage of carbon, or enhancement of GHG removals from the atmosphere. GHG projects may be standalone projects or specific actions or elements within a larger non-GHG-related project (adapted from "GHG project" GHG Protocol, 2004).
Purchasing	The process by which an organization obtains energy, materials, or services, whether directly from producers, indirectly through intermediaries or market instruments (such as certificates, credits, or contractual claims to environmental attributes), or internally through its own operations.
Re-powering	Capital expenditure to increase the efficiency of, expand the capacity of, extend the life of, or otherwise improve existing electricity generators (for example, turbine re-winding for a hydro generator, wind turbine upgrades, or adding additional panels to a solar farm). Depending on the nature of the re-powering activities, a re-powering date may be associated with all or only the incremental generation capacity of the generator (adapted from US Department of Energy Integrated Energy Systems Office, 2021).
Reporting	Presenting data to internal management and external users, such as regulators, shareholders, the general public, or specific stakeholder groups, of GHG and non-GHG metrics associated with a science-based target or targets (adapted from GHG Protocol, 2004). This includes sharing information or data with the general public in a transparent and accessible manner, for instance, on an SBTi-owned website, a company website, a company annual report, or through other means.
Reporting cycle	Refers to the recurring, typically 12-month period over which an organization compiles, verifies, and discloses sustainability-related information, typically aligned with its financial reporting year (adapted from requirements from International Sustainability Standards Board, 2026).
Residual emissions	The emissions that are expected to remain unabated at the net-zero target year, after implementing all available mitigation measures contemplated in pathways consistent with reaching net-zero CO ₂ emissions by 2050 or earlier.

Residual level	The level of residual emissions expected at the net-zero target year, as determined by the application of eligible pathways consistent with reaching net-zero CO ₂ emissions by 2050 or earlier. This level reflects the emissions that remain after implementing all available mitigation measures contemplated in these pathways, based on the activities the company undertakes or is associated with.
Reversal	Commonly used to refer to the full or partial release of previously stored carbon back to the atmosphere, resulting in the loss of previously achieved mitigation outcomes. The term is predominantly used in relation to carbon removal activities.
Risk of reversal	The likelihood that a reversal will occur, i.e., that a mitigation outcome will be fully or partially lost over time. For carbon removal activities, the risk arises when stored carbon is subsequently released (e.g., through forest fires, soil disturbance, or storage failures).
SBTi assurance	Demonstration that specified criteria in SBTi Standards are fulfilled through an assessment process conducted by an SBTi-recognized validation body.
SBTi Assurance Framework	The SBTi policies, processes, and requirements that seek to ensure that applicable criteria in SBTi Standards for validation and assessment processes are consistently fulfilled. This includes the assurance and oversight systems governing Target Validation, End-of-cycle Assessment, SBTi-recognized validation bodies, and companies with validated targets.
SBTi Assurance Model	The strategic approach through which the SBTi Assurance Framework is implemented to achieve the desired outcomes and impacts of SBTi Standards and assessment processes. The model incorporates a cyclical process of validation and assessment and is supported by independent third-party assurance of company-reported information for Category A companies, as specified in SBTi Standards.
SBTi claim	Public communication about a company's association with the SBTi. This includes but is not limited to communications regarding a company's validation status, approved science-based targets, and progress made on science-based targets across any medium and expressed through text, logos, or other formats.
SBTi Dashboard	An SBTi-owned webpage that provides information on and recognizes companies' and financial institutions' interaction with the SBTi system, including their validated science-based targets, commitment to developing targets, and target status.
SBTi-recognized validation body	Body formally contracted by the SBTi to carry out conformance assessments against SBTi Standards (and excludes reference to any recognized independent third-party assurance providers).

Second-hand goods	Goods that have been previously owned or used and are subsequently acquired for continued use, either in their current condition or following minor repair or refurbishment, without being newly manufactured for that transaction. Such goods retain their original form and function and are not considered remanufactured, recycled, rebuilt, or newly produced.
Short-lived removal	Carbon dioxide removal activities that are capable of retaining carbon for decades to centuries (adapted from IPCC, 2022).
Significant	An activity, emissions source, or scope is considered significant when it meets the relevance thresholds as defined in SBTi Standards.
Significant emissions-intensive activity	An emissions-intensive activity that individually represents 5% or more of scope 3 emissions (categories 1-14).
Significant scope 3 category	A scope 3 category representing 5% or more of scope 3 emissions (categories 1-14).
Structural constraint	A condition external to a company that materially limits the availability of options to take action at the activity or activity pool level within the target timeframe, including infrastructure, technological maturity, regulatory, market structure, or supply limitations. Structural constraints do not include internal preferences, procurement choices, or cost considerations alone.
Submit	The act of providing information or documentation to the SBTi for review or decision as part of an assessment.
Subsidiary	An organization owned or controlled by a parent company. The term is broadly defined to include entities that are controlled by the parent company but not consolidated in the parent company's financial statements.
Supply shed	A group of suppliers in a specifically defined market (preferably at subnational level) providing similar goods and services (commodities) that can be demonstrated to be within the company's supply chain (VCI, 2026).
Systemically relevant	Occurring within the same market, network, or value chain system as the company's emissions-generating activity, where actions are reasonably expected to influence emissions within that system due to shared infrastructure, supply chains, regulatory frameworks, or market dynamics.
Target cycle	The sequence of activities that include target base year assessment, target setting and validation (Target Validation), implementation, ongoing progress tracking and reporting, and company progress assessment, culminating in an End-of-cycle Assessment, after which a new cycle begins.
Target timeframe (revised from target period)	The duration of a target from the target base year to the target end year. Near-term targets, for example, have a target timeframe of five years. Each timeframe has a predetermined and clearly defined start and end date.

Target Validation	Process through which an SBTi-recognized validation body assesses a company's conformance with the applicable Corporate Net-Zero Standard Target Validation criteria from which a company's targets are validated.
Target value	The specified projected level of emissions or other target metric to be reached by the end of the target timeframe (i.e., ambition).
Target-setting option	A specific, standardized approach that a company selects to formulate its targets. Each target-setting option prescribes a designated combination of a metric, unit, reference pathway, net-zero benchmark, and target-setting method.
Temporal accounting interval	The time period used to measure and match emissions sources, emissions factors, or emissions-related attributes in GHG accounting (e.g., hourly, monthly, or annual). See vintage limitation .
Temporal matching	The correspondence between an action, outcome, or attribute and the underlying activity or emissions, based on the timing at which they occur.
Third-party assurance	Conformity assessment activity performed by a qualified provider that is independent of the provider of the object of conformity assessment and has no user interest in the object of conformity assessment (adapted from ISO 17000).
Third-party assurance provider	A qualified entity, independent from the client company, that assesses the company's compliance with a standard or other set of requirements independently established by another party.
Tier 1 customer	Tier 1 customers are companies with which the reporting company has a direct sales relationship for goods or services (adapted from GHG Protocol, 2011).
Tier 1 supplier	A company with which the reporting company has a purchase order for goods or services (e.g., materials, parts, components). Tier 1 suppliers have contractual obligations with the reporting company, providing the leverage needed to request GHG inventory data (GHG Protocol, 2022).
Transition plan	An aspect of a company's overall strategy that sets out the actions and timelines required to implement its validated science-based targets, including key assumptions and dependencies, and the governance and accountability mechanisms for implementation and monitoring (adapted from IFRS S2 Appendix A).
Ultimate parent company	The highest-level parent company (TopCo) in a corporate group structure.

Unabated fossil fuel	Fossil fuel that is produced and used without direct interventions that substantially reduce the amount of GHG emitted throughout the life cycle (adapted from IPCC, 2023). Fossil fuel combustion (e.g., power generation) with carbon capture and storage where the capture rate is less than 95% is included in the unabated fossil fuel category for the purpose of the Corporate Net-Zero Standard.
Validation	Confirmation of plausibility for a specific intended use or application through the provision of objective evidence that specified requirements have been fulfilled (ISO, 2020. ISO/IEC 17000).
Value chain	Encompasses the activities, resources, and relationships that an undertaking uses and relies on to create its products or services, from conception to delivery, consumption, and end of life (EFRAG, 2024).
Verification	Confirmation of the veracity of a fact, statement, or other data point through the provision of objective evidence that specified requirements have been fulfilled (adapted from ISO, 2020. ISO/IEC 17000).
Verified mitigation outcomes	A mitigation outcome that is observed, measured, and independently third-party assured (e.g., verified under carbon crediting standards or subject to equivalent assurance processes) ex post, rather than as a forecast or anticipated effect. In the Corporate Net-Zero Standard, verified mitigation outcomes are a subset of mitigation outcomes that are eligible for recognition under the Ongoing Emissions Responsibility recognition program. They derive from one or more of the following: (i) emissions reductions from sources outside the company's value chain; (ii) carbon sequestration or carbon dioxide removal; or (iii) protection, restoration, and enhancement of natural carbon sinks.
Vintage limitation	The maximum time difference between an activity tracked by a market instrument (e.g., the date or time of low-carbon electricity generation) and the activity to which the instrument is applied (e.g., the company's electricity consumption).
Wide area synchronous grid	A large-scale AC power system in which all generators are locked into the same electrical frequency and are connected via alternating current (AC) transmission lines (adapted from IEEE, 2019).

ANNEX A: EMISSIONS-INTENSIVE ACTIVITIES

In accordance with the Science Based Targets initiative (SBTi) Corporate Net-Zero Standard, companies identify emissions-intensive activities (EIAs) within their value chains, quantify and report associated emissions, and assess progress against the relevant requirements to ensure these emissions sources are properly accounted for and mitigated.⁸² By prioritizing action on these activities, companies can focus their influence on the most significant drivers of global greenhouse gas (GHG) emissions and support systemic decarbonization toward a net-zero economy.

Table A.1 defines the scope 3 EIAs referenced throughout the Corporate Net-Zero Standard and identifies each activity using its corresponding NACE code classification. These activities have been selected because they represent sectors with significant emissions impact and are critical to the global net-zero transition. The list of EIAs may expand over time as SBTi sector guidance and pathways continue to develop.

The emissions boundary for each activity is defined according to the nature of the activity to ensure consistent and comprehensive accounting of the most relevant lifecycle stages.

- **Commodities (cradle-to-gate):** EIAs in this category include lifecycle emissions from raw material extraction, upstream transport, and manufacturing processes (“cradle-to-gate”). These stages correspond to Modules A1 (raw material supply), A2 (transport), and A3 (manufacturing) as defined under EN 15804 and ISO 14025.⁸³ This boundary captures upstream embedded emissions that would otherwise be excluded under narrower facility-level (“gate-to-gate”) assessments.
- **Transport (well-to-wheel):** EIAs for transport activities include the full lifecycle emissions of the energy carrier used. This includes “well-to-tank” emissions from extraction, refining, and distribution of the fuel or electricity, as well as direct emissions from vehicle operation. Together, these emissions are referred to as “well-to-wheel”.
- **Sold products (use phase):** For sold products, EIAs focus on use-phase emissions. These include emissions from the combustion of sold fossil fuels (e.g., coal, oil, and gas) or from the electricity and fuel consumed by products during their operational life (e.g., vehicles or appliances).

⁸² Where companies have not quantified EIA emissions, they are required to report which EIAs have not been quantified and submit an explanation as per C6.2.

⁸³ Alignment with A1–A3 modules also supports widely used product-level accounting frameworks. These modules form the basis for Environmental Product Declarations (EPDs) and provide the lifecycle data commonly required for compliance with the European Union Carbon Border Adjustment Mechanism (CBAM).

Table A.1. List of scope 3 EIAs, categorized by EIA Group (commodities, transport, or sold products). Note: The list of EIAs is expected to expand over time to reflect ongoing development of SBTi sector resources and pathways.

Activity	NACE code	Description of EIA Boundary
COMMODITIES		
Cement	23.51	Extraction of limestone/clay, transport, and high-heat calcination in the kiln, plus clinker grinding and blending.
Steel	24.10	Iron ore mining, coking coal production, blast furnace reduction (or scrap melting in electric arc furnaces), and oxygen furnace processing.
Aluminum	24.42	Bauxite mining, alumina refining (Bayer process), and carbon-intensive electrolysis, including anode consumption.
Ammonia	20.15	Feedstock extraction (gas/coal) and the production of hydrogen and nitrogen, followed by the Haber-Bosch process.
Methanol	20.14	Feedstock extraction (gas/coal), synthesis gas (syngas) production, and catalytic conversion into liquid methanol.
Ethylene	20.14	Raw material extraction, processing/refining of feedstocks, and the production of ethylene via high-temperature steam cracking with separation or other means (e.g., bioethanol dehydration, methanol to olefins).
Propylene	20.14	Raw material extraction, processing/refining of feedstocks, and the production of propylene via high-temperature steam cracking with separation or other means (e.g., propane dehydrogenation, methanol to olefins).
Benzene	20.14	Raw material extraction, processing/refining of feedstocks, and the production of benzene via high-temperature steam cracking with separation or other means (e.g., methanol to aromatics).
Toluene	20.14	Raw material extraction, processing/refining of feedstocks, and the production of toluene via high-temperature steam cracking with separation or other means (e.g., methanol to aromatics).
Xylene	20.14	Raw material extraction, processing/refining of feedstocks, and the production of xylenes via high-temperature steam cracking with separation or other means (e.g., methanol to aromatics).
Plastics (primary polymer production)	20.16	Extraction and processing of feedstocks (oil/natural gas), production of monomers (e.g., ethylene, propylene) and other raw materials and intermediates (e.g., styrene, chlorine, ethylene oxide, terephthalic acid), polymerization into resins (e.g., PE, PP, PVC, PET, PS), pelletization and compounding prior to distribution.
Forest, land and agriculture (FLAG) commodities	N/A	Emissions from farming of the raw commodities: cattle, chicken, cocoa, coffee, dairy, leather, palm, pork, rubber, maize, rice, wheat, soy, timber/wood fiber. <i>Note: For leather and dairy, emissions from farming the underlying raw commodity (cattle, goats, etc.).</i>

Activity	NACE code	Description of EIA Boundary
TRANSPORT		
Road (light duty vehicles)	49.41	Includes fuel/electricity production (well-to-tank) and the combustion or battery discharge during light commercial vehicle operation.
Road (heavy duty vehicles)	49.41	Covers the extraction/refining of diesel or hydrotreated vegetable oil, and the heavy-duty engine combustion cycles during long-haul freight transport.
Rail freight	49.20	Includes the specific electricity grid mix or diesel production, plus the efficiency losses in locomotive traction and track operation.
Shipping (ocean)	50.20	Covers the production of heavy fuel oil or liquefied natural gas, and the direct emissions from marine engines, including methane slip where applicable.
Aviation (freight and passenger)	51.10, 51.21	Includes upstream jet fuel production (well-to-tank) and direct emissions from aviation operations (tank-to-wake), covering both freight and passenger air transport across all flight phases (including landing, take-off, and cruise).
SOLD PRODUCTS		
Combustion of sold fuels	N/A	Emissions generated from the combustion of sold fossil fuels (e.g., coal, oil, natural gas) by the end user.
Energy-consuming products (fossil fuels)	N/A	Lifetime emissions from products that directly combust fossil fuels during their use phase (e.g., internal combustion engines, gas boilers, furnaces, fossil-fuel power machinery). Includes capital goods such as buildings sold by developers.
Energy-consuming products (electricity)	N/A	Lifetime emissions from electricity consumed by the product during its use phase (e.g., electrical appliances, electronics, industrial machinery). Includes capital goods such as buildings sold by developers.
GHG-emitting products	N/A	Products that release GHGs during their use phase, either through leakage or chemical reaction (e.g., hydrofluorocarbons, perfluorocarbons) from cooling equipment; nitrous oxide emissions from the application of nitrogen-based fertilizers).
Fossil fuel support services	N/A	Services that support unabated fossil fuel production, processing, transmission, and distribution, including equipment and professional services (e.g., legal, advocacy and lobbying, consulting, public relations and advertising, data, dedicated software and other information technology services, assurance, architecture, intellectual property services).



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info@sciencebasedtargets.org



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