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ORGX INSIGHT

VERSION 2.0 CORPORATE NET-ZERO STANDARD

On June 11, the Science Based Targets initiative released version 2.0 of its Corporate Net-Zero Standard.

More than 11,000 companies already have targets validated under the old rules, so this update affects many at once.

LET'S TAKE A LOOK

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Core structural changes

- **Base year:** targets are now set using the latest data for the target base year, instead of the historical base year used previously.

- Companies now fall into **two categories**:
  - Large and mid-sized companies in high-income countries classified as Category **A**.
  - Smaller companies classified as Category **B**.

SBTi Corporate Net-Zero Standard
Version 2.0

Target setting

- For **Scope 1**, companies can choose between:
  - cutting absolute emissions on a linear trajectory,
  - following a sector-specific intensity pathway, or
  - using an asset transition approach based on how long current equipment and facilities will stay in use.

- For **Scope 3**, companies can exclude categories that make up less than 5% of emissions and choose between:
  - cutting absolute emissions on a linear trajectory,
  - using supplier and/or customer alignment targets, or
  - focusing on category- or activity-specific emissions hotspots.

- Scope 3 target setting is **required** for Category A companies and **optional** for Category B companies.

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Implementation and reporting

- A new implementation hierarchy sets **priorities for reduction activities**:
  1. first a company's own operations and supply chain,
  2. then shared systems such as grids or logistics networks,
  3. and then broader sector action.

- Progress must now be **reported annually**, and transition plans must be reviewed and updated at least every five years.

- The new **Ongoing Emissions Responsibility** program recognizes companies providing climate contributions that support verified mitigation or other climate action.
  - From 2035, Category A companies must support eligible **carbon removals**.

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What this means for CEOs

- Transition plans are now part of target validation, so they require **board-level sign-off**, not just sustainability team ownership.
- Scope 3 remains central to most targets, so companies across **large supply chains** should expect more requests for emissions data.
- V1.3.1 remains valid through 2027, but V2.0 becomes **mandatory** for new submissions from **February 2028**, meaning any company with a 2030 target will need to align its 2030–2035 cycle with the new standard.

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Risks & Opportunities

- **Preparation for the next cycle** should start now for companies with 2030 targets; delaying to 2028 will increase data requirements and compress timelines.
- **Falling behind on annual progress checks** will make future targets steeper and raise the cost of delay.
- **New budget decisions** around carbon removal: how much to invest beyond targets and at what price?

- **V2.0 is more workable**, with sector-specific pathways and greater flexibility.
- **Companies that engage early** will have more influence over implementation and will be better positioned as the market evolves.
- **Category B companies** face reduced reporting requirements.
- **Scope 3 is simplified** by focusing on supplier and customer alignment.

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Where does your 2030 target stand against this?

WANT TO LEARN MORE?
Let's schedule a meeting!

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