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The SBTi Corporate Net-Zero Standard v2.0

Key takeaways and outlook

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Authors
Frederic Hans and Silke Mooldijk

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1 Our key takeaways

The Science Based Targets initiative (SBTi) released its long-awaited Corporate Net-Zero Standard (CNZS) v2.0 in June 2026. We summarise our key takeaways on how the SBTi has enhanced its requirements for the transparency and integrity of companies' climate strategies and how the CNZS v2.0 can incentivise the replication of good practices from leading companies.

The CNZS v2.0 represents a mature framework for corporate climate target setting and covers key relevant elements for credible target setting.

- → The SBTi undertook a revision process over two years to update its cross-sectoral CNZS. This process included the involvement of five expert working groups (EWGs), composed of representatives from companies, academia and civil society organisations.
- → The overhauled CNZS v2.0 covers key elements of a more holistic and credible framework for corporate climate target setting and transition planning.
- → The SBTi lays out cross-sectoral criteria for setting climate targets for emissions along the value chain (Chapter 3), implementing these targets (Chapter 4) and addressing responsibility for ongoing emissions (Chapter 6).
- → As part of the revision, the SBTi puts a primary focus on short-term targets and climate action while deprioritising longer-term target setting. For example, setting a longer-term net-zero target has become an optional rather than a mandatory requirement (CNZS-C17).

The overhauled standard introduces a high degree of flexibility in how companies set and achieve their climate targets across scopes.

- → This flexibility particularly shows in the various target-setting options available to for their scope 1, scope 2 and scope 3 emissions.
- → For example, companies within a sector with similar business profiles might set heterogenous climate targets for upstream and downstream emissions. These might be difficult for external stakeholders to compare and understand. Some companies might even opt to exclude use-phase emissions altogether from near-term targets under a newly introduced flexibility clause (C15.4).

- → The degree of flexibility might affect comparability, consistency and integrity across validations under the CNZS v2.0.
- → Consequently, SBTi validations might not allow to transparently differentiate between ambitious, high-integrity climate targets and those that merely fulfil the most basic requirements.

By omitting a mandatory phase-in of hourly matching, the final CNZS v2.0 misses an opportunity to accelerate corporate demand for decarbonised grids low-carbon electricity. However, its recognition framework still signals that hourly matching is emerging as good practice for credible scope 2 action.

- → Previous draft versions released for public consultation included a mandatory provision to phase in hourly matching requirements for large electricity consumers by 2030 and beyond (see C16.6 in SBTi, 2025).
- → This provision is no longer included in the final version (C12). Instead, companies are required to set targets to increase the share of low-carbon electricity generation used or matched through market instruments on an annual basis and/or to reduce absolute emissions on a linear trajectory based on the physical inventory. In addition, large electricity consumers (≤10 GWh annually) must report the percentage of scope 2 electricity consumption matched with low-carbon electricity on an hourly basis.
- → The final CNZS v2.0 includes an *optional* recognition programme for companies that gradually introduce hourly low-carbon electricity matching for scope 2 electricity consumption (C33). The thresholds for recognition are set for at least 50% hourly matching until 2030, at least 75% until 2035 and at least 90% from 2035 onwards (C34.1).
- → While omitting a *mandatory* hourly matching requirement represents a missed opportunity to accelerate near-term grid decarbonisation, the optional recognition programme establishes a clear pathway forward for corporate scope 2 target setting. The science is clear that hourly matching of renewable electricity is essential, as it drives additional investment in renewables and delivers meaningful progress toward a decarbonised grid.
- → The SBTi announced a Call for Evidence on hourly matching in June 2026 (SBTi, 2026), which might inform future revisions to the CNZS v2.0 with a more mandatory role for a gradual phase-in of hourly matching.

The overhauled scope 3 target approach introduces multiple target-setting options but lacks a consistent approach to guide value chain decarbonisation.

- → The CNZS v2.0 introduces absolute reduction targets, supplier- and consumer-alignment targets and category- and activity-specific targets as equivalent options for addressing upstream and downstream value chain emissions.
- → The approach grants companies a maximum level of flexibility in their target setting, for example by adopting loosely defined supplier- and consumer-alignment targets (C15.2). However, to the best of our knowledge, there is little empirical evidence on the effectiveness of such targets and limited guidance on how these should be set. We see an urgent need to establish an evidence base to determine whether and how supplier- and consumer-alignment targets can contribute to scope 3 decarbonisation.
- → Category- and activity-specific targets, known as transition targets, remain the most promising way forward in our opinion. While they are only one of many scope 3 target-setting options in the final CNZS 2.0, there remains an opportunity to further anchor them in forthcoming sector standard updates such as the SBTi Automotive Net-Zero Standard (see Section 2).

The 'implementation hierarchy' sets out useful high-level guiding principles to implement corporate climate targets. However, the SBTi's own research highlights the limited scientific evidence base on the effectiveness of, and safeguards for, activity-pool and sector-level approaches.

- → For the first time, the SBTi expands its role from validating corporate climate targets before implementation to verifying companies' progress in meeting them over time.
- → In this context, SBTi introduces a tiered 'implementation hierarchy' (Chapter 4). The hierarchy ranges from actions at the activity level (tier 1), to actions at the activity-pool level (tier 2) and sector-level action (tier 3).
- → Companies can use interventions at the activity-pool and sector levels exclusively for so-called 'system contribution claims' (C37.1c), while their use remains distinctly separate from 'emission reduction claims' on changes in the physical inventory (C37.1a) and 'alignment claims' on activity-level actions (C37.1b). The SBTi is continuing to develop more specific guidance on claims under the CNZS v2.0.
- → The approach of differentiate claims reflects the findings of the SBTi's evidence synthesis report of March 2025 that found "limited consensus on whether or not EACs can be effective in substantiating claims of emissions performance or also emissions reductions". Accordingly, the report concludes that it is difficult to use EACs "to substantiate claims in a standardised way" (SBTi, 2025, p. 12).

→ Against this backdrop, we recommend that the SBTi commission and support further research in this area and continue developing specific provisions in the CNZS v2.0 and sector-specific standards based on obtained insights. This should also link to developments under the GHG Protocol's Actions and Market Instruments (AMI) workstream.

The high degree of flexibility in setting and meeting targets across scopes might result in the SBTi primarily serving as a *mobilisation* initiative for corporate climate action rather than a *leadership* initiative informed by the latest science and good practice.

→ The high degree of flexibility in target setting and implementation might lead to the SBTi serving as a *mobilisation* campaign for a wider range of companies with different levels of ambition. As a result, companies operating within the same sectors might receive SBTi validations despite making very different claims and adopting target-setting approach of varying integrity.

→ Such a practice could undermine the SBTi's role as a *leadership* initiative that is predominantly informed by the latest science and that distinguishes and rewards good practice.

→ In addition, the previous CNZS v1.3 will remain available for setting targets alongside the newly release CNZS v2.0 until the end of 2027. The prolonged coexistence of targets validated under different standards risks distorting stakeholders' use of SBTi validations as a source of meaningful, comparable insights.

Table 1: An overview of key provisions of the Corporate Net-Zero Standard v2.0

Criteria	Corporate Net-Zero Standard v1.3.1 (April 2026)	Corporate Net-Zero Standard v2.0 (June 2026)	Good practice leadership beyond the CNZS v2.0
Target setting			
Emission coverage *(scopes 1, 2, 3)*	**Specified** **66% across all scopes** for short-term targets, **90% across all scopes** for long-term targets	**Specified** All emission sources >5% of total emissions of the physical inventory, option to exclude use-phase emissions	-
Interval of targets	**5-10 years** for first near-term target without requirements for additional targets after	**5 years** for an initial near-term target without requirements for additional targets after	**Five-year target setting intervals** for subsequent near-, mid- and long-term targets
Scope 1 targets			**Reflection of sector- and geography-specific decarbonisation and technology pathways** for example, by introducing category- and activity-specific targets as part of an Asset Decarbonization Plan that avoids linear, sector-agnostic target trajectories
Short-term	**Mandatory** with **various 1.5°C-compatible methods** (absolute, intensity)	**Mandatory** with **various methods available** to reduce emissions by 2050 (linear absolute, intensity, asset transition)	
Long-term	**Mandatory** as part of a net-zero target	**Partially mandatory** to set long-term target(s) if choosing intensity or asset transition methods	
Scope 2 targets			**Gradual phase-in of hourly matching target requirements towards mid-century** for example, 50% from 2030, 75% from 2035 and 90% form 2040 for large electricity consumers as defined in the CNZS v2.0 optional recognition programme
Short-term	**Mandatory** either as part **of joint scope 1 and 2 GHG target or a separate renewable electricity** target to achieve 80% of renewable electricity procurement by 2025 and 100% by 2030	**Mandatory** to **increase the low-carbon electricity (LCE)**, used or matched through market-based measures, or to **reduce absolute emissions**, based on the physical inventory, on a linear net-zero trajectory.	
Long-term	**Mandatory** as part of a net-zero target	**Voluntary** to set long-term target(s)	
Scope 3 targets			**Introduction of category- and activity-specific targets** corresponding to key transitions in the respective sector and allowing a nuanced understanding of the company's intention to transition its business model over time
Short-term	**Mandatory** with **various at least well-below 2°C-compatible methods** (absolute, intensity, supplier/customer engagement), mandatory if scope 3 >40% of total	**Mandatory for large companies** with **various methods available** to either set overarching (absolute, tier 1 supplier/ customer engagement) or category-/activity-specific targets	
Long-term	**Mandatory** as part of a net-zero target	**Voluntary** to set long-term target(s)	
Net-zero targets	**Mandatory** to set a net-zero target	**Voluntary** to set a net-zero target	-
Transition and implementation planning			
Formal transition plan requirement	**Not required**	**Required** **to develop and maintain a transition plan** (C2) including all climate targets and actions as well as an approval by the company's highest governing body	-
Fossil fuel phase-out requirement	**Not required**	**Required** to commit to **phase-out of revenue from services and products** from the use of unabated fossil fuels if relevant (C2.1e)	**Fossil fuel phase-out commitment along the entire value chain** including a company's *own* use of fossil fuels and using specific phase-out dates suitable for commodities, geographies and products and services

Criteria	Corporate Net-Zero Standard v1.3.1 (April 2026)	Corporate Net-Zero Standard v2.0 (June 2026)	Good practice leadership beyond the CNZS v2.0
Use of activity-pool and sector-level interventions	**Not specified**	**Higher-level principles specified** in an 'implementation hierarchy' to guide the use of interventions at the activity level, activity-pool and sector level (Chapter 4) to meet climate targets	**Transparent approach to use the 'implementation hierarchy'** guided by increasing focus on activity-level interventions over time, consideration of latest scientific evidence on the effectiveness of AMIs and appropriate corporate communication *Side note: We recommend that the SBTi conduct and review further research based on the findings of its previous synthesis report of March 2025 (SBTi, 2025, p. 12) and considers an update to the CNZS v2 once more evidence becomes available and the GHG-P AMI process has concluded (see Chapter 2 on the latter).*
Applicability to emission sources	n/a	**All scopes along the value chain** incl. operational emissions (scope 1)	
Safeguards	n/a	**Specified** as justification for the use of activity pool and sector-level interventions (C21) as well as list of AMI integrity criteria (C25)	
Sector- and geography-specific requirements	n/a	**Not specified**	
Ongoing emissions responsibility			
Offsetting to achieve targets	Not allowed	Not allowed	-
Targets for ongoing emissions	**Recommended** to do Beyond Value Chain Mitigation (BVCM) but no specific requirements	**Voluntary** through an **optional recognition with three recognition levels**: 'engaged', 'advanced' and 'leadership' (C39-40).	**'Leadership' target for full responsibility of ongoing emissions** using the largest possible budget share to support novel activities with high transformational potential *Side note: We recommend that the SBTi move away from the tonne-for-tonne approach and instead requires companies to channel their budget to novel activities with high transformational potential, including activities of which the exact outcomes cannot be guaranteed or quantified due to their novelty and risk profile.*
Coverage and carbon price	**Not specified**	**Specified** **Engaged** | 1% of ongoing emissions. Tonne-for-tonne approach or set a carbon price (no price mandated) to set budget. **Advanced** | 10% of ongoing emissions. Tonne-for-tonne approach or USD 20/tCO_2e carbon price to set budget. **Leadership** | 100% of ongoing emissions. USD 80/tCO_2e carbon price to set budget to support verified mitigation outcomes equivalent to covered emissions, remaining funds used for other climate actions.	
Support for carbon dioxide removals	**Not required**	**Required** to support CDR equal to at least 1% of scope 1, 2 and 3 from 2035 onward (C45)	**Target to support CDR in the next five years and a gradually increasing the share of value chain emissions** while using a higher share of so-called long-lived removals to send a stronger signal to the market <AND> **Transparent environmental and social guardrails** to avoid that dependency on CDR compounds or creates environmental and social problems.
Share of durable versus non-durable carbon removals	**Not applicable**	**Support of long-lived removals** for >10% of covered emissions attributable to long-lived GHGs, which is equal to 0.1% of total scope 1, 2 and 3 starting from 2035	
Neutralisation of residual emissions	**Required** with maximum <5-10% for most sectors	**Required** with no maximum shares defined	
Durability of CDR storage	**Permanence required** but not further definition provided	**Permanence required** by neutralising long-lived GHGs with long-lived removals capable of retaining carbon for centuries to millennia (C45.2).	

Source: NewClimate Institute, 2026. This table has been adapted from the Net Zero Tracker's 'Net Zero Good Practice' overview.

2 What to look out for next

SBTi's sector standard updates

- → The release of the cross-sectoral CNZS v2.0 will be subsequently followed by updates of SBTi's sector-specific standards (see Table 2).
- → These forthcoming updates provide a critical opportunity to anchor science-informed transition requirements for key sectors in sector standards.
- → The updates for the Automotive Sector Standard and Power Sector Standard are already underway as of June 2026 (SBTi, 2026).
- → For the automotive sector, for example, the SBTi can introduce mandatory volume targets for procured materials and zero-emission vehicles (ZEV) sales share targets disaggregated by geography and vehicle type (NewClimate, 2026).
- → This would allow the SBTi to address shortcomings of the cross-sectoral CNZS v2.0 to incentivise, guide and track ambitious climate action.

Table 2: Forthcoming sector standard updates as of June 2026

Header	Project type	Project goal	Initiation / launch date
Automotive Sector Standard	New Development	Develop a Standard that enables automotive companies to set targets and reduce emissions in line with pathways that achieve net-zero by 2050 at the latest.	Q1 2024 -
Power Sector Standard	New Development	Develop a Standard that enables electric utilities to set targets and reduce emissions in line with pathways that achieve net-zero by 2050 at the latest.	Q2 2024 - No sooner than Q3 2026
Forest, Land and Agriculture Guidance	Revision	Update the SBTi FLAG Guidance in line with the SBTi CNZS 2.0 and incorporate insights from the application of the Guidance since its launch.	Currently in scoping
Buildings Criteria	Revision	Update the SBTi Buildings Criteria in line with the SBTi CNZS 2.0 and incorporate insights from the application of the Criteria since its launch.	Currently in scoping
Financial Institutions Net-Zero Standard Minor Revision	Revision	Minor revision to enable better interoperability of Financial Institutions Net-Zero Standard with the CNZS 2.0.	Currently in scoping
Oil & Gas Project	New Development	Develop a Standard that enables oil and gas companies to set targets and reduce emissions in line with pathways that achieve net-zero by 2050 at the latest.	Scoping commences 2027

Source: SBTi, 2026

GHG Protocol's ongoing standard revision processes

- → The transparency and comparability of target setting and implementation under the CNZS v2.0 will also critically depend on the outcome of other ongoing standard-setting processes outside of the SBTi.
- → Most importantly, the GHG Protocol's (GHG-P) revision process will define how companies will structure and carry out their reporting of emissions and other transition indicators. The forthcoming GHG-P Actions and Market Instruments (AMI), in particular, will determine whether and how companies shall differentiate between 'reporting statements'.
- → In this context, we encourage GHG-P AMI to back the CNZS v2.0's provision on the *mandatory* requirement to report a physical inventory (previously location-based inventory). The use of AMIs should subsequently be accounted for separately in different ledgers.
- → Given the introduction of category- and activity-specific targets in the CNZS v2.0, so-called transition-specific alignment targets, we also encourage the GHG-P AMI to introduce a mandatory ledger and related guidance on non-GHG indicators.

A 'good practice leadership' gap to fill

- → The need to differentiate and acknowledge leading companies pursuing 'good practice' climate action of high integrity will remain critical for the corporate climate accountability system to work.
- → The SBTi CNZS v2.0 itself has missed an opportunity to introduce a true 'leadership standard' (see Table 1).
- → Under the previous CNZS v1.3, for example, the ultra-fast fashion company Shein received SBTi 1.5°C validations for its 2030 and 2050 targets. This places it in the same category as fashion companies like H&M Group, despite substantial differences in the integrity of their climate strategies.[1] We perceive a high risk that the CNZS v2.0 might result in similar outcomes across validated companies in the future.
- → This leaves a 'good practice leadership' gap to fill by the SBTi or other accountability initiatives. A way forward could be introducing ambitious, science-informed sector standards or additional 'good practice' validations, such as a SBTi 'Gold' validation.

[1] H&M Group has substantiated its target to reduce GHG emissions by 56% by 2030 with a parallel commitment to achieve 100% renewable electricity procurement across its entire supply chain. This year, it became the first major fashion brand to publish detailed information on its supply chain energy use. Shein, meanwhile, has only committed to 100% renewable energy in its own operations, not its value chain, which accounts for 95% of its emissions. Its 2030 target even allows the company to more than double its emissions by 2030, compared to 2021 levels.

NewClimate – Institute for Climate Policy and Global Sustainability gGmbH

Cologne Office
Waidmarkt 11a
50676 Cologne, Germany

Berlin Office
Schönhauser Allee 10-11
10119 Berlin, Germany

Phone: +49 221 999 83 300
Email: info@newclimate.org
Website: www.newclimate.org

NEW CLIMATE INSTITUTE