



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

CORPORATE NET-ZERO STANDARD V2.0 TERMS OF REFERENCE

Version 1.2 of the Terms of Reference

February 2025

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 charity, with a subsidiary which will host our target validation services. Our partners are CDP, the United Nations Global Compact, the We Mean Business Coalition, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF).

DISCLAIMER

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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, and GHG accounting best practices.

“Science Based Targets initiative” and “SBTi” refer to the Science Based Targets initiative, a private company registered in England number 14960097 and registered as a UK Charity number 1205768.

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VERSION HISTORY

| Version | Change/update description | Release date | Effective dates |
|-------------|--|---------------------|-----------------|
| Version 1.0 | <ul style="list-style-type: none"> First version of the Terms of Reference for the major revision to the Corporate Net-Zero Standard . | May 9th 2024 | N/A |
| Version 1.1 | <ul style="list-style-type: none"> Minor changes to the scope of the revision process. | September 18th 2024 | N/A |
| Version 1.2 | <ul style="list-style-type: none"> Updates to the consultation process to extend opportunities for stakeholder input. Updates to translations section. Updates to objectives and exclusions: Framework to assess progress against scope 3 targets was originally excluded from the scope in TOR V1.0, but has now been incorporated into the revision scope. Timeline and Launch sections have been merged for conciseness and now reference the SBTi website. Minor editorial updates. | February 10th 2025 | N/A |

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INTRODUCTION

This Terms of Reference describes the key information related to the Corporate Net-Zero Standard V2.0 project. This project is a major revision of the SBTi Corporate Net-Zero Standard and it will be carried out according to the [Standard Operating Procedure \(SOP\) for Development of SBTi Standards](#).

OBJECTIVES

The overall aim of this major revision is to ensure that the Corporate Net-Zero Standard continues to be a credible standard for setting and delivering on ambitious, science-based corporate targets aimed at achieving net-zero consistent with 1.5°C at the global level by 2050.

The objectives of the Corporate Net-Zero Standard V2.0 project are outlined below¹:

- **Align with latest science and best practice**
 - Ensure a standardized and robust approach for companies to set near-term and net-zero targets aligned with latest scientific findings (e.g. IPCC Sixth Assessment Report)
 - Strive to align with emerging best practices (e.g. UN High-Level Expert Group recommendations), including by exploring general entity-level criteria based on standard-setting best practice, such as integration of commitments into the standard, and corresponding claims guidance
 - Explore options to address issues related to “climate solutions” providers, enhancements of fossil fuel-related requirements and improvements to guidance related to neutralization
- **Enhance the SBTi’s approach to addressing value chain (scope 3) emissions**
 - Update value chain framework to improve implementability
 - Explore a more nuanced approach for scope 3 target-setting, based on the concepts of climate materiality, significance and influence
 - Include improved indicators for net-zero alignment of value chains
- **Integrate continuous improvement and assessment of target achievement**
 - Introduce regularized target cycles and progressive requirements for companies over the target lifetime enabling a process of continuous improvement in their net-zero journey
 - Integrate a framework to assess progress achieved against targets as part of a regular revalidation cycle²
 - Review the use of environmental attribute certificates (EACs), including carbon credits and energy attribute certificates
 - Improve requirements related to measurement and reporting

¹ Please note that as standards development is an iterative process, with multiple rounds of stakeholder input and deliberation, project objectives are subject to change.

² This objective initially focused on scope 1 and 2 emissions while research on the evolution of scope 3 target setting was ongoing, and therefore assessment of scope 3 was excluded. With this research now advanced, the objective has been expanded to include scope 3 emissions. This amendment is reflected as of Version 1.2 of this document.

- **Improve structure and interoperability**
 - Clarify the relationship between the Corporate Net-Zero Standard and other SBTi standards
 - Update the structure and format of the standard to align with standard-setting best practice
 - Enhance the interoperability between the SBTi Corporate Net-Zero Standard and other relevant standards and frameworks

STEPS FOR DEVELOPING THE STANDARD

The standard revision process aims to be transparent in decision-making, striving for input from any interested stakeholder through public consultation and more targeted stakeholder outreach to enable the widest possible consideration of content.

Based on the [Standard Operating Procedure \(SOP\) for Development of SBTi Standards](#), the following steps will be followed for developing the Standard:

- Initiation
- Research
- Drafting
- Consultation, including public consultation and pilot testing
- Approval
- Implementation
- Monitoring and Evaluation

Please refer to the Timeline section below for details on the approximate timing of each development phase.

SCOPE

Applicability

The SBTi Corporate Net-Zero Standard V2.0 will apply to companies worldwide. The SBTi is also considering potential accommodations for Small and Medium Enterprises (SMEs) within the Standard.

Deliverables

The SBTi Corporate Net-Zero Standard V2.0 project includes the following deliverables, which will be made public to aid transparency and help engage stakeholders (with expected timelines that may be subject to change):

Interim deliverables:

- Project Terms of Reference (this document)
- Publication of evidence submitted to SBTi as part of the Call for Evidence on Environmental Attribute Certificates (without SBTi assessment)

- SBTi assessment of the evidence submitted to SBTi as part of the Call for Evidence on Environmental Attribute Certificates to be published in four distinct reports covering:
 - Emissions reduction credits
 - Electricity attribute certificates
 - Other energy attribute certificates
 - Commodity certificates
- Independent systematic review of scientific literature on:
 - Emission reduction credits
 - Electricity attribute certificates
 - Other energy attribute certificates
 - Commodity certificates
- Scope 3 Discussion Paper, which aims to set out a potential updated approach to scope 3 target setting, describing underlying principles and concepts
- Revision to the cross-sector pathway
- Revision of target-setting metrics and methods for scope 1
- Initial draft for public consultation
- Initial public consultation feedback report
- Second draft for public consultation
- Second public consultation feedback report
- Pilot testing feedback report
- Basis for conclusions Report

Final deliverables:

- Corporate Net-Zero Standard V2.0 (normative document³)
- Updated Corporate Target-Setting Tool(s)
- Criteria Assessment Indicators⁴

Exclusions

The following items are not within the scope of the Corporate Net-Zero Standard V2.0 project and may be considered for future revisions of the Standard:

- Definition of allowable measures for neutralization
- Definition of the use of other Environmental Attribute Certificates not included above⁵

Geographic application

The Corporate Net-Zero Standard V2.0 aims to apply to organizations with emissions and activities worldwide.

JUSTIFICATION OF NEED

The SBTi is undertaking a major revision of the Corporate Net-Zero Standard for the following reasons:

³ As defined in the [SBTi Standard Operating Procedure for Development of SBTi Standards](#).

⁴ Produced by the SBTi validation services body.

⁵ As of February 2025, the framework for assessing the achievement of Scope 3 targets, initially excluded from the scope in TOR v1.1, was incorporated into the revised scope.

- Stakeholder feedback received as a result of widespread adoption of the Corporate Net-Zero Standard since its launch in October 2021 has identified implementation gaps and opportunities to enhance robust validations of net-zero targets and increase transparency and credibility of the SBTi overall.⁶
- Climate science and best practice on corporate climate target-setting have continued to evolve since the launch of the original Corporate Net-Zero Standard in October 2021, including the [IPCC Sixth Assessment Report](#) and the [High Level Expert Group on Net-zero emissions commitments of Non-state entities](#) (HLEG) report. These developments can inform and strengthen the SBTi Corporate Net-Zero Standard.
- To explore ways to strengthen scope 3 target setting informed by the [survey](#) on scope 3 target setting and implementation conducted by the SBTi, as well as other research that can help strengthen the effectiveness of value-chain decarbonization targets.
- Many companies with validated science-based targets are approaching the end of their first target cycle in 2025. The Corporate Net-Zero Standard V2.0 will explore core elements to enable a review of progress against targets at the end of the target timeframe and to enable a robust re-validation process on a regular basis.

RELATED STANDARDS AND INITIATIVES

The SBTi is part of a growing ecosystem of standards and initiatives addressing corporate climate change action from different angles. The SBTi recognizes the value of working to harmonize with other actors in this ecosystem.

During the standard development process, the SBTi will assess other standards and initiatives relevant to the Standard's objectives, exploring the feasibility of alignment, where appropriate and feasible, in line with SBTi's objectives and [Standard Operating Procedure \(SOP\) for Development of SBTi Standards](#). The SBTi will seek the engagement of relevant stakeholders to gather insights on best practices in consideration of other standards and initiatives.

INTENDED SUSTAINABILITY OUTCOMES

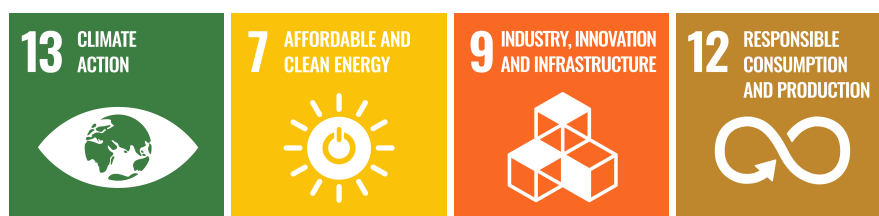
In 2018, the Intergovernmental Panel on Climate Change (IPCC) warned that global warming must not exceed 1.5°C above pre-industrial temperatures to avoid the catastrophic impacts of climate change. Business has a vital role to play in driving down greenhouse gas emissions and building the resilient, zero-emissions economy we urgently need. This action must be grounded in science. Science-based targets show companies and financial institutions how much and how quickly they must decarbonize to prevent the worst impacts of climate change.

A key criterion the SBTi uses in prioritizing the projects it chooses to undertake is the impact the project will have in addressing greenhouse gas emission-reduction from key sectors or activities. By the end of 2022, companies with science-based targets or which had

⁶ The SBTi target validation services body.

committed to set targets represented over a third of the global economy by market capitalization, and the total committed annual emissions reductions across all approved targets was 76 million tonnes of CO₂e⁷.

Although decarbonization has a link with all of the UN Sustainable Development Goals (SDGs), the implementation of the Corporate Net-Zero Standard seeks to especially contribute to the following UN SDGs:



These four key SDGs have been selected as particularly relevant for the following reasons:

- **SDG 13 - Climate Action:** Science-based targets focus on reducing greenhouse gas emissions, directly contributing to climate action by addressing climate change and its impacts.
- **SDG 7 - Affordable and Clean Energy:** Meeting science-based targets often requires transitioning to renewable energy and improving energy efficiency, promoting clean and sustainable energy sources.
- **SDG 9 - Industry, Innovation, and Infrastructure:** Companies working toward science-based targets typically need to innovate and adopt sustainable practices, supporting the development of resilient infrastructure and sustainable industrialization.
- **SDG 12 - Responsible Consumption and Production:** Science-based targets encourage companies to redesign production processes, optimize resource use and manage waste, aligning with the goal of promoting sustainable consumption and production.

INTENDED CLAIMS

As part of the Corporate Net-Zero Standard V2.0 development process, and in line with a broader piece of work on claims, the SBTi plans to develop claims guidance to supplement the SBTi's current [communications guidelines](#). The aim is that companies are enabled to make credible claims around the emission reduction targets that they have set and that have been validated by the SBTi, as well as claims around the achievement of those targets, where appropriate.

⁷ SBTi, 2023. [SBTi Monitoring report 2022](#).

ENGAGEMENT

How to engage?

The SBTi values stakeholder input to inform the development of its standards. There are a variety of channels through which stakeholders can engage with and input into the development of the Corporate Net-Zero Standard V2.0.

- **Project feedback form:** Over the course of the whole project, any stakeholder is welcome to submit feedback on documents that have been released through the [Project Feedback Form](#). All feedback will be carefully considered and published on the SBTi website, with personal information removed. This form is not intended as a complaints form.⁸
- **Public consultation:** The revision of the Corporate Net-Zero Standard is expected to undergo two rounds of public consultation. Public webinars will be hosted to launch the public consultation(s) and during the consultation period(s) with simultaneous translation, and stakeholders will have the opportunity to submit feedback to the consultation questionnaire via a survey. Resources will be accessible from the [Corporate Net-Zero Standard webpage](#).
- **Expert Working Groups (EWGs):** These are advisory groups of volunteer experts set up to provide advice and input during the development of thematic or project-specific resources and bring a breadth and balance of stakeholder opinions and interests. The individuals in the groups bring an informed perspective from a stakeholder or interest group and could be independent or work for organizations that are relevant to the named project.
- **Pilot testing:** The revision to the Corporate Net-Zero Standard will undergo pilot testing.
- **Launch:** Webinars with Q&A sessions will be hosted when the Corporate Net-Zero Standard V2.0 is published.

Who should engage?

The Corporate Net-Zero Standard V2.0 Team welcomes input from all stakeholders with an interest in this project development, including but not limited to:

- Academic and research institutions
- Civil society organizations
- Technical experts
- Corporates
- Governments and regulators
- Standard-setting organizations
- Sustainability practitioners
- Associations

⁸ Please note that stakeholders who wish to submit complaints related to the SBTi existing standards or guidance documents, or standard development processes, including the Standard Operating Procedure for Development of SBTi Standards, may do so by emailing standardscomplaints@sciencebasedtargets.org.

- Underrepresented groups that are affected by climate change and/or the implementation of our standards

How to keep informed?

Stakeholders can stay up to date with the Corporate Net-Zero Standard V2.0 development process, opportunities to provide input and planned events by monitoring the [SBTi's website](#) for updates, signing up for the [SBTi newsletter](#) and following the SBTi on [X \(formerly Twitter\)](#) and [LinkedIn](#).

For any general queries relating to the Corporate Net-Zero Standard V2.0 project and how to engage please contact standards@sciencebasedtargets.org.

LANGUAGES

All documents relating to the Corporate Net-Zero Standard V2.0, including consultation drafts, will be published in English, which is the SBTi's working language. As appropriate, the SBTi shall arrange translations of the Corporate Net-Zero Standard V2.0 into languages other than English. Translated versions of a standard are for information only. In order to stimulate Corporate Net-Zero Standard V2.0 adoption globally, the SBTi aims to translate the Executive Summary of the finalized Corporate Net-Zero Standard V2.0 with requirements into Arabic, English, French, German, Japanese, Korean, Mandarin, Portuguese and Spanish.

RISK MITIGATION

The SBTi and governance bodies shall undertake a risk assessment alongside the development of the Standard to identify potential risks in implementing the draft Standard and how to mitigate these (e.g., unintended consequences that could arise from the implementation of the Standard, factors that could have a negative impact on the ability of the Standard to achieve its objectives and possible corrective actions that could be taken to address these potential risks).

GOVERNANCE STRUCTURE & DECISION MAKING

The [Standard Operating Procedure \(SOP\) for Development of SBTi Standards](#) sets out in detail the governance and decision making processes that apply to standards development and revisions.

TRANSITION

Full details to support entities with validated targets, targets under validation or active commitments to prepare for conformity to the Corporate Net-Zero Standard V2.0 will be communicated in a timely manner before its launch.

EXPECTED TIMELINE AND LAUNCH

The final draft of the Corporate Net-Zero Standard V2.0 is expected to be published along with:

- Target-setting tool (final version)
- Criteria Assessment Indicators (final draft)
- A summary of the feedback received throughout the consultation process and how the feedback was taken into account in the final standard and/or guidance

Due to the iterative nature of consensus-based, multi-stakeholder standard development, the expected timeline for the Corporate Net-Zero Standard V2.0 project is subject to change based on the phases outlined in the [Standard Operating Procedure \(SOP\) for Development of SBTi Standards](#). The expected timeline can be found on the [Technical Work Program](#) section of the [Standards and Guidance](#) page of the SBTi website.

