



SCIENCE
BASED
TARGETS

GUIDE

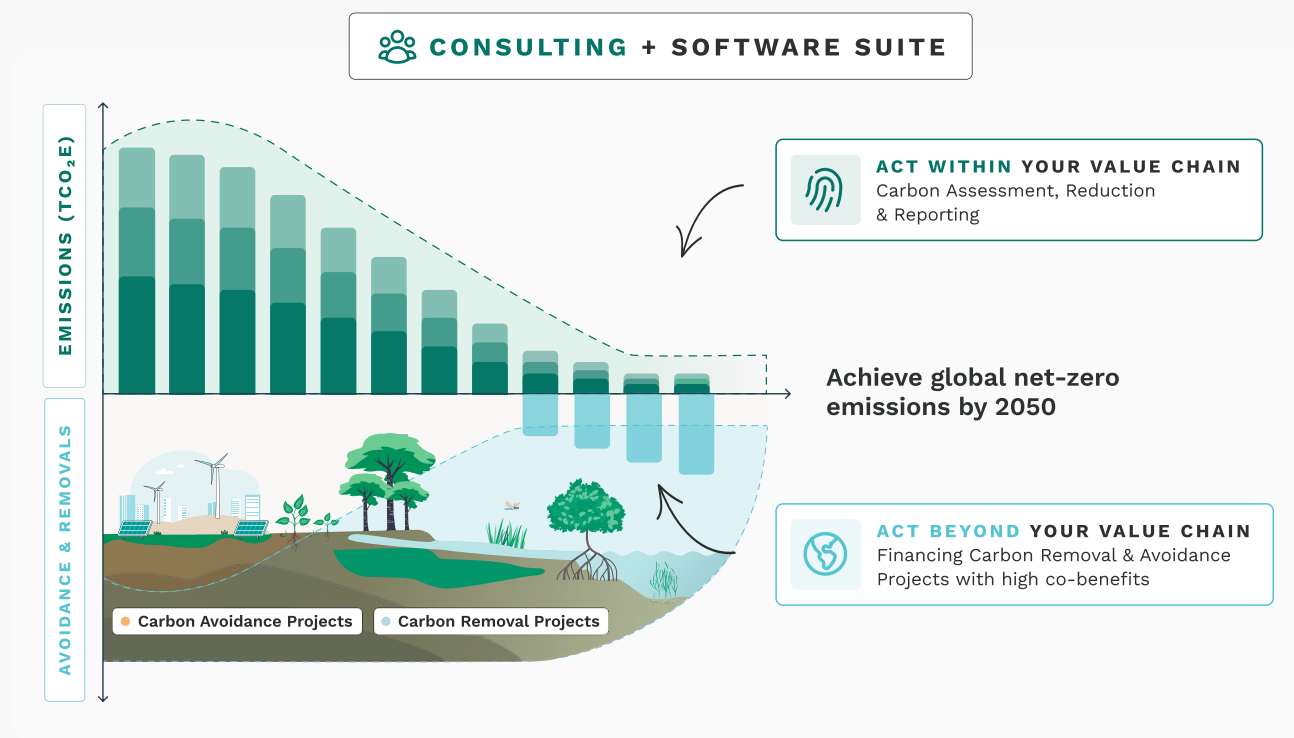
Understanding the SBTi Corporate Net-Zero Standard: A Practical Guide for Sustainability Managers

April 2025

About ClimateSeed

Founded in 2018, ClimateSeed is an **impact-driven company** that supports over 200 organizations in their decarbonization journey.

ClimateSeed provides **consulting services** and **technological tools** to measure organizations' greenhouse gas emissions (GHG assessment), define reduction strategies aligned with science-based targets (SBTi), and contribute to premium carbon sequestration and avoidance projects, in line with the UN Sustainable Development Goals.



Member of



Certified



Table of Contents

P.1 Introduction

P.2 The SBTi Corporate Net-Zero Standard

P.16 Target-Setting and Submission Process

P.18 Upcoming Revisions: Key Changes in the Draft Corporate Net-Zero Standard V2.0

P.22 How ClimateSeed Can Support Companies in Their Targets Submission?

P.24 Conclusion

Introduction

The **Science Based Targets initiative (SBTi)** was founded in 2015 as a collaboration between the **Carbon Disclosure Project (CDP)**, the **United Nations Global Compact**, the **We Mean Business Coalition**, the **World Resources Institute (WRI)**, and the **World Wide Fund for Nature (WWF)**. Since its inception, the organization has been developing standards, tools and guidance, to help companies set greenhouse gas (GHG) emissions reductions targets. These targets align with the ambition level set by international organizations, particularly the **Intergovernmental Panel on Climate Change (IPCC)**. Beyond providing guidance for target-setting, the SBTi also assesses and validates corporate GHG emissions reduction targets, ensuring they are consistent with the required ambition level.

In 2021, the SBTi launched the **Corporate Net Zero Standard** - the world's first science-based framework for companies to set net-zero targets. This Standard was introduced in response to the surge of corporate net-zero commitments following the publication of the IPCC Special Report on Global Warming of 1.5°C (SR15, 2018) [1]. This report established a 1.5°C limit on global temperature rise above pre-industrial levels and set an objective to reach net-zero carbon dioxide (CO₂) emissions by 2050. However, as companies increasingly pledged to reach net-zero, inconsistencies arose due to the absence of a standardized definition of the state of 'net-zero' in a corporate context. The SBTi's Net-Zero Standard addresses this gap, by providing clear guidance and criteria for companies to set robust, science-aligned net-zero targets. By the end of 2023, more than 4,000 companies and financial institutions had defined net-zero targets and received validation from the SBTi.

In Q1 2025, the SBTi published the first draft of the **Corporate Net-Zero Standard V2** for public consultation. It is currently planned that the companies will be required to use the Standard V2 for the submission of their near-term and long-term targets starting from 2027. In 2025 and 2026, companies can continue using the current version of the Net-Zero Standard.

This guide provides an overview of the SBTi Net-Zero Standard and its implications for companies seeking to define net-zero targets. It also outlines the target submission process for companies and explains how ClimateSeed can support companies on their target-setting journey.

The SBTi Corporate Net-Zero Standard

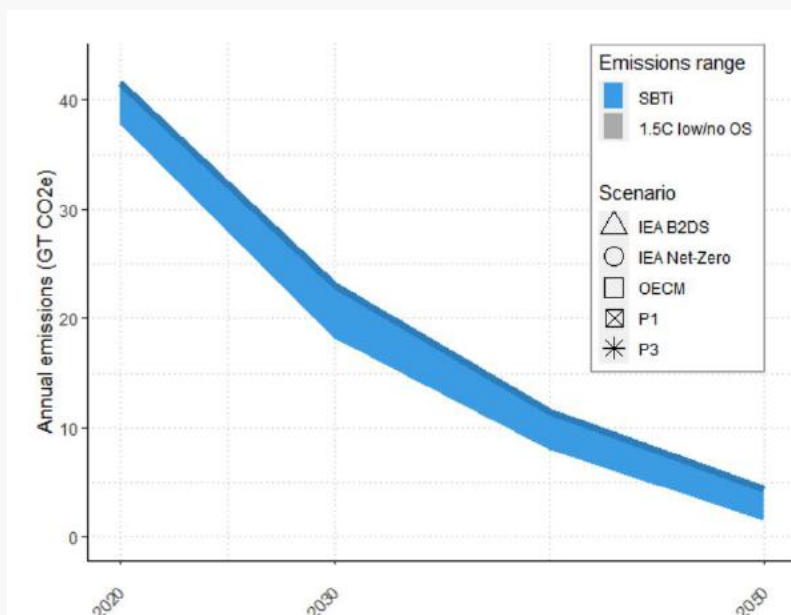
How were 1.5°C-aligned GHG emissions pathways determined?

The SBTi Net-Zero Standard is based on the 2018 IPCC Special Report, translating its conclusions into a practical framework for companies. To ensure its applicability, the SBTi first established global and sector-specific emissions pathways. These pathways serve as a foundation for companies aiming to set targets aligned with limiting global warming to 1.5°C.

The first step in defining emissions pathways is determining a GHG emissions budget that aligns with the 1.5°C target. This budget represents the finite amount of carbon that can still be emitted before surpassing the temperature threshold. According to IPCC reports, this budget is approximately 500 GT of CO₂.

The second step involves distributing the remaining emissions budget over time, creating GHG emissions pathways. **These scenarios indicate a reduction in emissions of about 40% by 2030 compared to 2020 levels and a 90% reduction by 2050.**

These emissions reduction trajectories form global cross-sector pathways, establishing absolute reduction rates that all corporates can adopt to align their emissions with a 1.5°C trajectory. These pathways outline both short- to medium-term reduction rates and long-term absolute emissions reduction targets.



The emissions budget for each year from 2020 to 2050 is then distributed across various sectors, including energy supply, buildings, transport, and key industries such as cement and steel production. This allocation also accounts for socioeconomic factors, such as projected sectoral growth and energy demand. These elements are then consolidated to define sector-specific emissions reduction pathways.



Update coming in V2: Alignment with IPCC sixth assessment report (AR6) pathways

What does it mean to commit to net-zero?

The SBTi Net Zero Standard defines the state of net-zero at corporate level as:

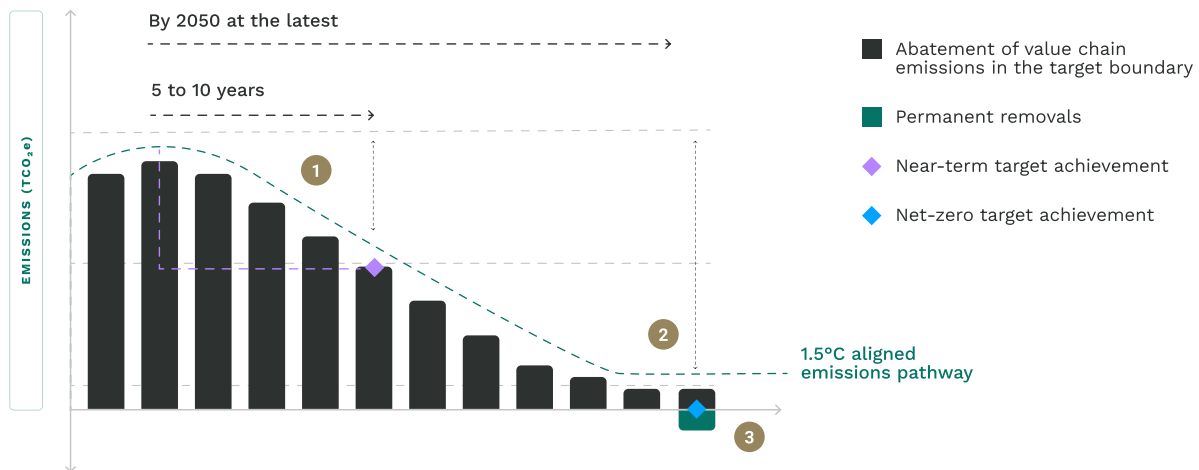
- ✓ **The reduction of GHG emissions (Scope 1, 2 and 3) to zero or to a residual level consistent with the achievement of net-zero emissions at the global or sector level in eligible 1.5°C-aligned pathways;**
- ✓ **The permanent neutralization of the residual emissions at the net-zero target year and of any GHG emissions released in the following years.**

These 2 elements form the core requirements for companies to claim they have achieved net-zero.

Additionally, companies are encouraged to mitigate emissions beyond their value chains (known as “beyond value chain mitigation”). Following the Net-Zero Standard, a corporate net-zero target should be made of the following four key elements:

- 1 Near-term science-based target**
- 2 Long-term science-based target**
- 3 Neutralization of any residual emissions**
- 4 Beyond value chain mitigation (BVCM).**

1 Near-term science-based target



Companies must set near-term targets within 5 to 10 years from the target-setting year, aligning with 1.5°C pathways. These targets are critical as they ensure companies are on an GHG emissions trajectory compatible with achieving net-zero in the long term. Meeting near-term targets should also result in significant GHG emissions reduction by 2030-2035, helping to stay within the global emissions budget.

Once a near-term target is achieved by a company, it should be replaced by a new one to continue an ambitious GHG emissions reduction pathway.



Did you know?

By the end of 2023, more than 4,000 companies and financial institutions had defined net-zero targets and received validation from the SBTi.

2 Long-term science-based targets

Long-term targets define the level of emissions reduction companies should achieve by 2050 at the latest to align with global or sector-specific net-zero in eligible 1.5°C pathways. These targets provide a long-term perspective, encouraging companies to rethink their business models and operational strategies.

3 Neutralization of any residual emissions

Beyond significantly reducing emissions, companies must neutralize any residual emissions of their long-term targets by removing carbon from the atmosphere and permanently storing it. This process helps offset emissions that remain unabated, both for the company itself and for corporates that would not be able to achieve complete decarbonization. Ultimately, neutralization plays a crucial role in achieving a global state of net-zero.

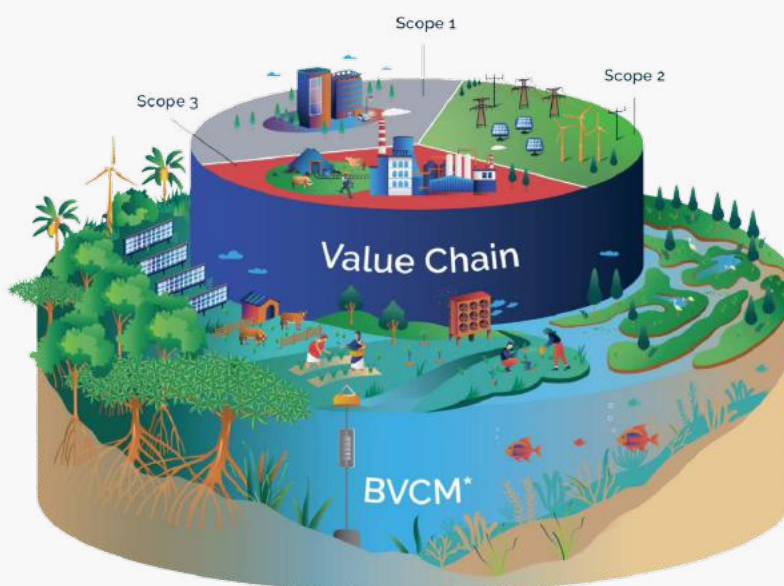
A company can claim to have reached net-zero once it has achieved its long-term targets and neutralized residual emissions.

4 Beyond value chain mitigation

In addition to the mandatory neutralization of residual emissions, companies are encouraged to invest in mitigation efforts beyond their value chains.

These actions may include projects that avoid or reduce GHG emissions, and projects that remove and store carbon from the atmosphere. By supporting such initiatives, companies can accelerate the net-zero transition, by helping avoidance and/or removal projects to scale up globally.

 **Update coming in V2:** Strong emphasis on the role of BVCM as core part of net-zero strategy, greater clarity on what will be considered as valid BVCM actions. SBTi is exploring ways to formally acknowledge and incentivise BVCM.



What are the criteria for target-setting?

To start, the SBTi requires companies to set separate targets for their Scope 1 and 2 emissions, and their Scope 3 emissions.

Scope 1 and 2 emissions correspond to the direct emissions from company-controlled sources (e.g., vehicles, buildings etc.) and indirect emissions from purchased energy (e.g., electricity, steam).

On the other side, Scope 3 emissions encompass indirect emissions across the company's value chain, both upstream and downstream (e.g., transportation, suppliers, waste treatment).

By defining separate targets, companies ensure a comprehensive approach to GHG emissions reduction – actively engaging their entire supply chain in lowering Scope 3 emissions, while also focusing on reducing emissions within their direct scope of influence (Scopes 1 and 2).

The table below presents the criteria that should be applied by companies when defining their near-term and long-term targets [2].

	NEAR-TERM TARGETS		OBJECTIFS À LONG TERME	
	Scope 1 & 2	Scope 3	Scope 1 & 2	Scope 3
Mandatory target	Yes	Yes if Scope 3 emissions represent more than 40% of the total Scope 1+2+3 emissions	Yes	Yes
Minimum coverage of the target i.e. share of the total emissions that should be included in the target	95%	67%	95%	90%
Base year	2015 or later: the base year should be identical for all targets The SBTi recommends using the most recent year available. It is also recommended to avoid years impacted by the COVID crisis (2020 or 2021)			
Target year	5 - 10 years from year of submission		2050 or sooner	
Minimum temperature ambition	+1.5°C	Well-below 2°C (+1.5°C possible)	+1.5°C	

As previously mentioned, companies that set long-term targets must also define near-term targets. However, companies are allowed to set only near-term targets, as a first step toward committing to a net-zero trajectory for example.

Companies must review their targets at least every five years to ensure alignment with the latest SBTi framework and criteria. If necessary, targets should be updated and resubmitted for SBTi validation.

However, an earlier recalculation and submission may be required if a company experiences any of the following:

- ✔ **Significant structural or operational changes** (acquisition, divestiture, merger etc.)
- ✔ **Significant changes in the emissions excluded from the target boundary** (e.g. Scope 3 becomes more than 40% of total Scope 1, 2 and 3 emissions)
- ✔ **Changes in the calculation methodology** (data sources, emissions factors etc.) resulting in a substantial revision of base year emissions.

According to SBTi criteria, if these changes lead to a 5% or greater adjustment in base year emissions, the company must submit updated targets using recalculated base year emissions data.

Example

Monetary factors: being an average for an entire sector of the economy, intrinsically present a high degree of uncertainty (≈80%).

The physical approach: provides greater granularity by using specific units of measurement for activity data, such as kilometers, kWh, or kilograms.

In contrast, the monetary approach converts currency (€ or other) into GHG emissions (tCO₂eq) using monetary ratios (e.g., kg CO₂/€). This method is less precise and can overestimate emissions, potentially tripling your carbon footprint.

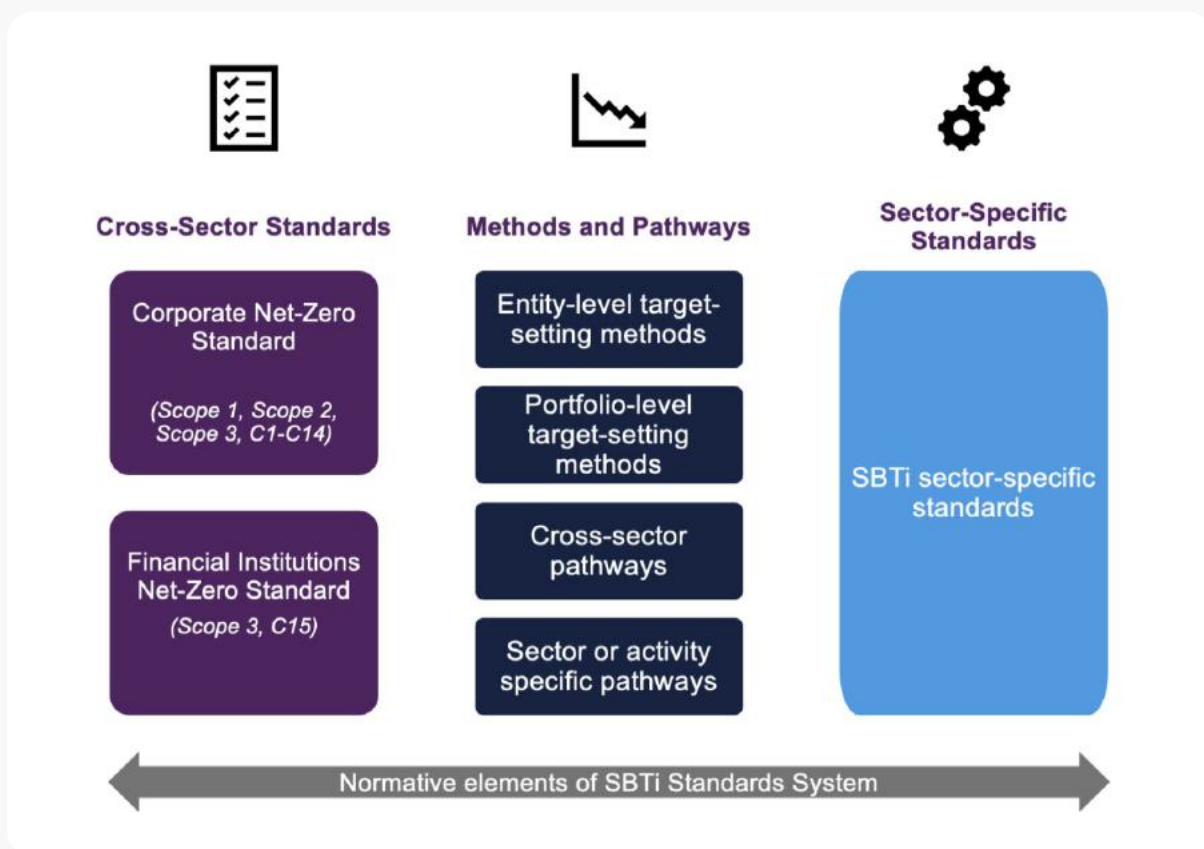
- 💡 **Update coming in V2:** Target setting rules will require separated Scope 1 and 2 targets, enhanced Scope 3 coverage, and periodic target renewal - significantly raising the bar on ambition and accountability.

Which methods can be used to define targets?

The Science Based Targets initiative (SBTi) helps companies set goals to cut their greenhouse gas emissions in line with what scientists say is needed to limit global warming. To do this, SBTi has created a **flexible set of standards** that can be adapted to different sectors and types of organizations.

There are two main cross-sector standards: one for general companies (called the Corporate Net-Zero Standard), and another one being developed for financial institutions. These provide broad guidance on how companies can align their entire value chain with a net-zero emissions goal.

On top of that, SBTi also has **specific standards for the most polluting industries**, like energy, transportation, or heavy manufacturing. The goal is to give each sector a clear and science-based path toward reducing its climate impact.



Methodologies of SBTi corporate standard

The SBTi offers different methodologies for a company to define its near-term and long-term targets. This includes both cross-sector approaches that can be used by any company in any sector, as well as sector-specific approaches that have been defined for certain sectors only [3].

The table below describes all options that are available for the definition of targets.

		NEAR-TERM TARGETS			LONG-TERM TARGETS	
		Scope of application	Scope 1 & 2	Scope 3	Scope 1 & 2	Scope 3
CROSS-SECTOR APPROACH	Absolute Contraction Approach	Available for companies in all sectors	4.2% linear annual reduction The overall reduction target depends on the base year.	2.5% linear annual reduction (for the WB2D trajectory) 4.2% linear annual reduction (for the 1.5°C trajectory) The overall reduction target depends on the base year.	90%	90%
	Scope 3 physical & economic intensity reduction	Available for all companies Near-term targets defined with this method are aligned with WB2D pathway	-	7% year-on -year (both options)	-	97% reduction (both options)
	Renewable electricity Share of renewable electricity within total electricity consumption	Available for all companies	80% RE by 2025 100% RE by 2030	-	100% RE	-
	Supplier or customer engagement Target on suppliers or customers representing a share of their emissions to set SBTs	Available for all companies Only available for near-term targets	-	E.g. 80% suppliers by emissions by 2025	-	-
SECTOR-SPECIFIC APPROACH	Sector-specific absolute reduction	Available for buildings, cement, FLAG (Forest, Land and Agriculture), steel	Depends on sector & company inputs		Depends on sector and company inputs e.g. 94% absolute reduction for the cement sector	
	Sector-specific intensity convergence Sector-specific emissions intensity towards which the company should converge	Available for aviation, buildings, cement, steel, maritime. Mandatory for electric utilities	Depends on sector & company inputs		Depends on sector & company inputs e.g. 0.03 tCO ₂ e/ton of cement	

Except for companies in the power generation or in the FLAG sectors that should use sector-specific pathways, all other companies can choose to use either cross-sector or, if available, sector-specific pathway.

Most companies currently use the Absolute Contraction Approach to set their targets due to its broad applicability and alignment with the 1.5°C trajectory.



Update coming in V2: New methodologies for Scope 3 and sector-specific target setting offer more flexibility and precision, while reinforcing scientific credibility & eliminating offsets from target achievement.

The Absolute Contraction Approach

Most companies currently use the Absolute Contraction Approach to set their targets due to its broad applicability and alignment with the 1.5°C trajectory. This approach establishes a minimum annual linear reduction:

- **4.2% per year for targets aligned with a 1.5°C trajectory** (mandatory for Scope 1&2 targets)
- **2.5% per year for targets aligned with a WB2D trajectory** (available for Scope 3 targets only).

The overall emissions reduction target is calculated as follows:

→ **If the base year is 2020 or earlier**

Annual reduction (4.2% or 2.5%) x (Target year – Base year)

→ **If the base year is after 2020**

Target = Annual reduction (4.2% or 2.5%) x (Target year – 2020)

For example, if a company sets a Scope 1&2 target for 2030 with a 2023 base year, the minimum required absolute reduction would be 42%.

This differentiated approach based on the base year reflects the growing urgency for companies to accelerate their GHG emissions reduction efforts over time.

FLAG emissions

In 2022, the SBTi released specific guidance for the Forest, Land, and Agriculture (FLAG) sector to address a gap in GHG accounting and target-setting approaches for the land sector [4].

This sector currently accounts for approximately 20% of net global GHG emissions but also holds significant potential for carbon removals.

The guidance clarifies which emissions should be classified as FLAG emissions and outlines the appropriate reduction trajectories within the broader goal of achieving global net-zero.

According to the guidance, FLAG emissions fall into three main categories:

Land Use Change emissions (LUC)

- ✔ Deforestation & forest degradation including conversion of natural forest to plantation
- ✔ Conversion of coastal wetlands (mangroves seagrass & marshes)
- ✔ Conversion / draining & burning of peatlands
- ✔ Conversion of savannas & natural grasslands

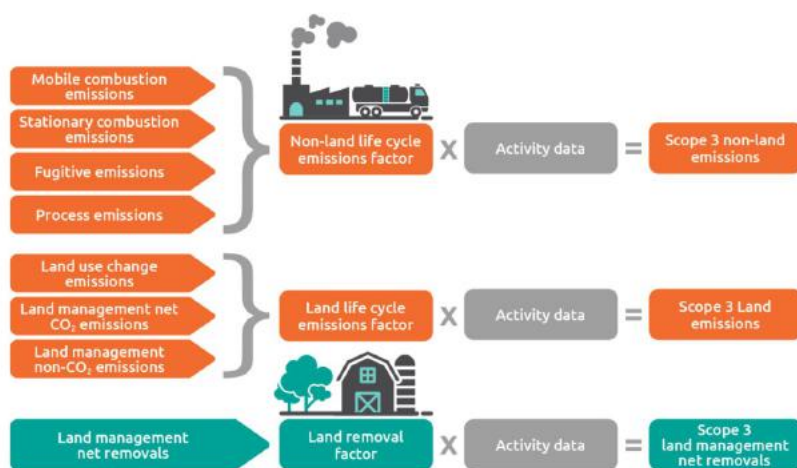
Land management emissions (non-LUC)

- ✔ Manure management
- ✔ Enteric fermentation
- ✔ Fertilizer use, including production
- ✔ Crop residue
- ✔ Agricultural waste burning
- ✔ Emissions from machinery used on-farm
- ✔ Forest harvest & management

Carbon Removals & storage

- ✔ Forest restoration / sylvopasture
- ✔ Improved forest management
- ✔ Agroforestry : Carbon sequestration from integration of agroforestry into agricultural & grazing lands
- ✔ Enhancing soil organic carbon

What are land and non-land emissions and removals after GHG Protocol Scope 3 standard ?



This diagram from the GHG Protocol shows how to calculate Scope 3 emissions and removals related to land use and land management. It distinguishes between non-land emissions, land-related emissions (like land use change), and land-based carbon removals.

According to SBTi guidelines, a company must submit Forest, Land, and Agriculture (FLAG) targets if it meets either of the following criteria:

- ✓ The company is from one of the FLAG-designated sectors, which includes:

 Forest & Paper Products: Forestry, Timber, Pulp & Paper, Rubber

 Food Production: Agricultural Production

 Food Production: Animal Source

 Food & Beverage Processing

 Food & Staples Retailing

 Tobacco

- ✓ FLAG emissions account for more than 20% of the company's total Scope 1, 2 and 3 emissions.

If a company meets either of these criteria, GHG emissions must be categorized into FLAG and non-FLAG emissions, and separate science-based targets must be set for each scope.

Even companies outside the agricultural sector should assess their FLAG emissions within their total Scope 1, 2, and 3 emissions to determine whether they are required to define FLAG targets.

Companies must establish either both near-term and long-term FLAG targets or only near-term targets, aligning their decision with the targets set for non-FLAG emissions.

The criteria for FLAG targets are identical to those for non-FLAG targets regarding:

- The need for separate Scope 1 and Scope 3 targets
- The minimum boundary requirements
- The selection criteria for base year and target year.

FLAG targets follow a sector-specific pathway that defines both an absolute emissions reduction trajectory and several intensity pathways. Companies required to set FLAG targets have the following options:

1 Sector Pathway

This approach follows an absolute emissions reduction trajectory, setting a linear annual reduction rate and a long-term absolute reduction target.

Applicable to all companies required to set FLAG targets, this pathway mandates:

- Near-term targets: A 3.03% annual linear reduction rate, with the overall target calculated as follows:

→ If the base year is 2020 or earlier

Target = 3.03% × (Target year – Base year)

→ If the base year is after 2020

Target = 3.03% × (Target year – 2020)

- Long-term targets: A 72% absolute reduction compared to the base year, to be achieved by 2050 at the latest.

2 Commodity Pathway

This approach follows commodity-specific emissions intensity pathways, which companies must align with.

Intensity pathways have been defined for the following commodities :

High-emission products



Beef



Chicken



Dairy



Leather



Maize



Palm Oil



Pork



Rice



Soy



Wheat



Timber



Wood Fiber

Companies using these commodities can set targets based on one or multiple commodity pathways. They may also choose a hybrid approach, applying commodity pathways for key commodities while using the sector pathway for the remainder of their emissions.

No deforestation

In addition to setting near-term and, if applicable, long-term targets, companies must make a public commitment to no deforestation. This commitment must cover all emission scopes and all primary deforestation-linked commodities, with a target date of December 31, 2025, at the latest.

What about SMEs?

Small and Medium Enterprises (SMEs) are also encouraged to set and submit science-based targets to demonstrate their commitment to reducing their GHG emissions in line with global net-zero goals [5].

However, the SBTi acknowledges that achieving the same level of ambition as larger corporates may be more challenging for SMEs. To address this, the SBTi has developed a dedicated framework to simplify the target-setting process for smaller businesses.

The criteria for target-setting are adjusted as shown in the table below:

	NEAR-TERM TARGETS		LONG-TERM TARGETS	
	Scope 1 & 2	Scope 3	Scope 1 & 2	Scope 3
Mandatory target	Yes	Quantitative target not mandatory	Yes	90%
Minimum coverage of the target i.e. share of the total emissions that should be included in the target	95%	-	95%	90%
Base year	2015 or later The SBTi recommends using the most recent year available. It is also recommended to avoid years impacted by the COVID crisis (2020 or 2021)			
Target year	5 - 10 years from year of submission		2050 or sooner	
Minimum temperature ambition	+1.5°C	-	+1.5°C	
Eligibility & minimum ambition	Min 4,2% linear annual reduction	Companies should only commit to measure & reduce their Scope 3 emissions	90%	

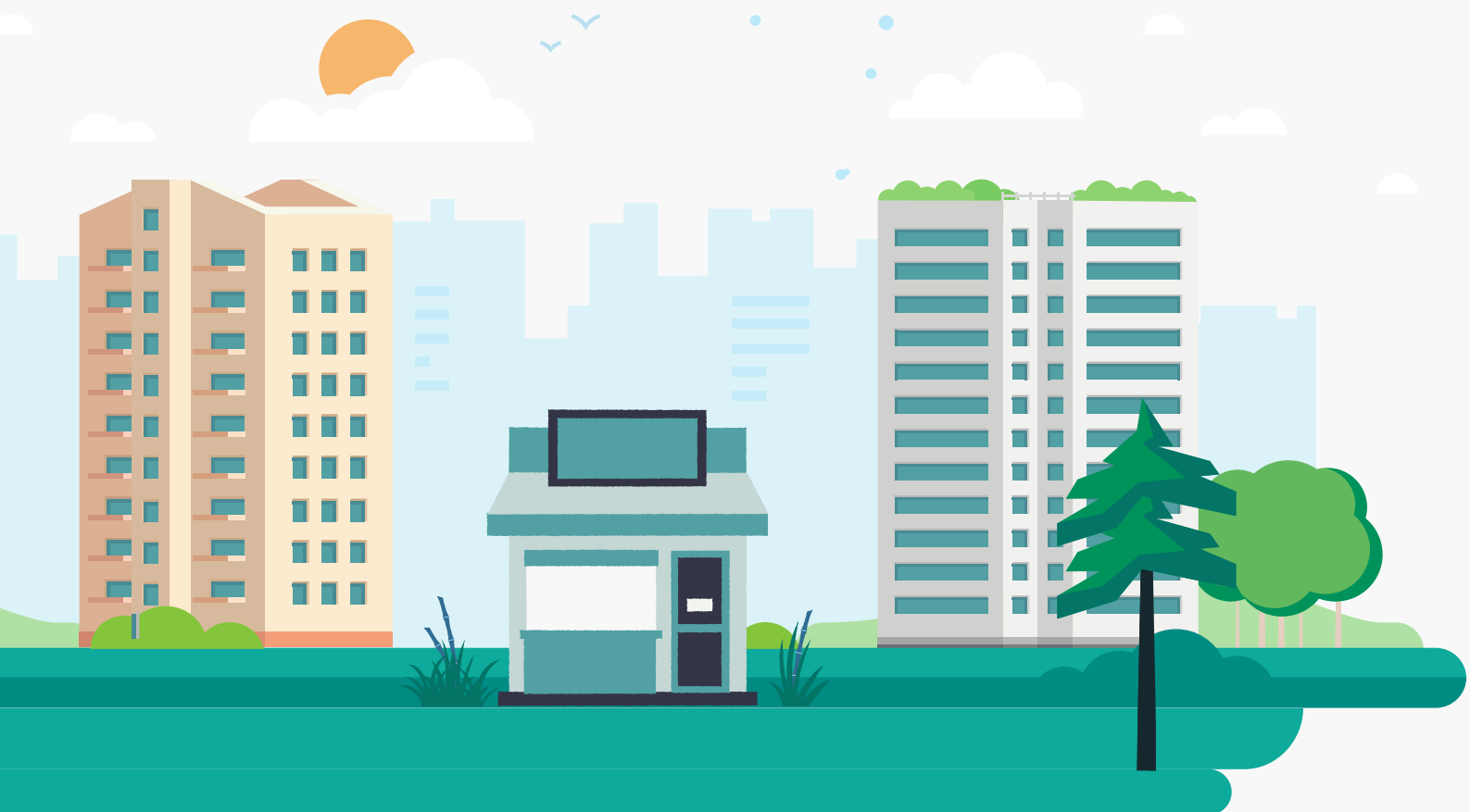
The key difference compared to the framework for larger companies is that SMEs are not required to set near-term Scope 3 targets.

For Scope 1&2 near-term target and long-term targets, SMEs follow the Absolute Contraction Approach, ensuring alignment with a 1.5°C trajectory.

A company is eligible to be considered as a SME by SBTi and use this framework if the following criteria are met:

- **Scope 1 & 2 location-based emissions are less than 10 000 tCO₂e**
- **The company is not required to set targets using sector-specific criteria**
- **It is not a subsidiary of a parent company whose combined businesses fall into the Standard validation route**
- **It is not classified in the Financial Institutions (FIs) and Oil & Gas (O&G) Sectors**
- **It complies with 3 or more of the following criteria:**

- **Less than 250 employees**
- **Less than €50 million turnover**
- **Less than € 25 million total assets**
- **Not in a mandatory FLAG sector**



Target-Setting and Submission Process

The process for setting, submitting and validating science-based targets follows these key steps [6]:



- 1 Register
- 2 Commit
- 3 Develop a target
- 4 Submit
- 5 Communicate
- 6 Disclose

1 Register

Companies must first register on the [SBTi Services platform](#) by completing a registration form. This form collects general company information (e.g. revenue, full-time employees) to confirm eligibility for target-setting and determine whether the company qualifies a specific validation route, such as SME route. The SBTi will then review and validate the company's eligibility.

2 Commit

After registration, companies can formally commit to setting a science-based target by agreeing to the Commitment Compliance Policy available on the SBTi Services platform. Once committed, the company will be recognized as “Committed” on the SBTi Target Dashboard and will have 24 months to develop and submit its targets for validation.

This step is optional for companies that have already developed targets and are ready for submission.

This step is not in the process for SMEs: they are required to submit their targets directly.

3 Develop a target

Companies must then develop their targets in line with SBTi criteria, using the provided guidance. This process includes:

- The calculation of a complete GHG inventory, which serves as the baseline for the targets,
- The selection of a target year and the methodology for defining target,
- The identification of eventual exclusions for the targets scope etc.

Once developed, companies must complete the SBTi submission form, providing all necessary details along with supporting documents such as target-setting tools.

4 Submit

Once all submission files are prepared, companies must upload them to the SBTi Services portal for validation. During submission, they will select a validation start date, from which the SBTi Services team will begin the review process.

The SBTi Validation team will conduct a thorough review through several rounds of questions to confirm or clarify certain methodological points and hence ensure the robustness of the approach adopted by the company. All requests of SBTi should be resolved within 2 business days to ensure that results of the validation will be communicated within 30 to 60 business days from the validation start date. Upon completion, the company will receive formal validation of its targets.

5 Communicate

Once validated, the targets will be published on the SBTi dashboard, typically within one month. Companies can request to delay publication for up to six months. Additionally, companies will receive a communication toolkit with guidelines to frame the publication of their targets across various channels, such as annual reports and other corporate disclosures.

6 Disclose

As part of the submission process, companies must also commit to annual disclosure of their GHG emissions (Scope 1, 2 and 3) and their progress toward science-based targets. Disclosure can be done through annual reports, sustainability reports, CDP questionnaires or other relevant channels.

Upcoming Revisions: Key Changes in the Draft Corporate Net-Zero Standard V2.0

To address the challenges posed by rapidly changing regulations and increasing global pressure to act, the SBTi decided **to revise the Corporate Net-Zero Standard**. In March 2025, the SBTi launched the Draft Corporate Net-Zero Standard V2.0 for public consultation.

With the updated and improved version 2.0, SBTi aims to develop a robust and practical standard that enables more businesses achieve their climate targets. The new Corporate Net-Zero Standard focuses on being both pragmatic and progressive.

This proposed update introduces stronger requirements, clearer definitions, and more accountability to accelerate corporate decarbonization and improve the credibility of net-zero targets.

1 Separation of Scope 1 & 2 Targets

A key change in V2 is the requirement to set separate targets for Scope 1 and Scope 2 emissions, whereas previously these could be combined. This split improves transparency by preventing Scope 1 emissions from being masked by high Scope 2 figures.

Scope 1 (Direct Emissions): Companies must report annual emissions from 2020 onward and cover 100% of these in their targets, as they arise from sources under direct control.

Scope 2 (Indirect Emissions): Companies must set a location-based target (based on grid-average emissions) and may also set a market-based or zero-carbon electricity target, which now includes nuclear and hydro. Targets must cover 100% of Scope 2 emissions. To avoid greenwashing, the SBTi proposes geographical and temporal matching, ensuring renewable energy claims align with where and when the electricity is used, addressing past misuse of unbundled RECs and GOs.

These changes aim to ensure Scope 2 targets reflect real-world decarbonization and are scientifically credible.

2 Stronger Scope 3 Requirements

To make the scope 3 targets more effective in driving the net zero transformation, and to address related opportunities and challenges, SBTi proposes key updates, considering the operational realities companies face. Instead of the current blanket requirement to cover 67% of scope 3 emissions, the coverage will be now adapted to each company's most relevant emissions sources, such as share of aligned procurement or share of aligned revenue.

Targets must now be clearly defined, and include both near-term and long-term goals. For Category A companies (where Scope 3 is >67% of total emissions), these targets are mandatory; for Category B, they remain optional but encouraged.

A new option, called alignment target setting, allows companies to drive action by requiring suppliers or customers to set their own science-based targets. The revised standard also places greater emphasis on non-emissions metrics and introduces more flexible ways to demonstrate progress. For example, allowing to act on a broader level (supply area) when exact tracking is not possible.

3 Residual Emissions and Neutralization

As in the first version of the standard, the updated version requires that residual emissions be neutralized by the time net zero is reached. They must be captured from the atmosphere and permanently stored through sequestration solutions such as reforestation, direct air capture, or carbon sequestration in soils.

The project foresees three options: immediate neutralization at the net-zero target, progressive neutralization, or a combination of both. In all cases, the quality and durability of the sequestration solutions remain essential.

The SBTi mitigation hierarchy is clear:

1. First, reduce emissions within the value chain
2. Then, neutralize residuals using carbon removals
3. Lastly, contribute to Beyond Value Chain Mitigation (BVCM)

4 Beyond Value Chain Mitigation (BVCM) elevated

The Draft Net-Zero Standard V2 raises expectations for Beyond Value Chain Mitigation (BVCM), encouraging companies to treat it as a meaningful part of their net-zero strategy even though it remains optional. BVCM is intended to complement, not replace direct decarbonization. The draft also clarifies acceptable actions, such as funding nature-based and engineered removals or high-integrity avoidance projects beyond a company's footprint. Using carbon credits for BVCM is supported, and proactive engagement is becoming a mark of serious climate leadership.

5 Progress Assessment & Target Removal

The Draft Net-Zero Standard V2 introduces a new requirement for progress assessment and target renewal, signaling a shift from one-time commitments to continuous accountability. Companies will no longer be able to “set and forget” their targets. Instead, they must evaluate progress at the end of each target cycle (typically every five years) and update or renew targets based on actual performance, evolving science, and available decarbonization solutions. This ensures that targets remain credible, ambitious, and aligned with the latest climate realities, while reinforcing the expectation that companies must actively demonstrate progress (not just intention) on their net-zero journey.

6 Role of Carbon Credits

Version 1 states that carbon credits cannot count as emission reductions toward near- or long-term science-based targets. They may only be used to neutralise residual emissions or support climate actions beyond these targets.

In Version 2, companies using carbon credits must ensure they are high-integrity and aligned with recognised third-party frameworks. Credible progress claims require strong, verifiable evidence of real emission reductions. While Version 1.2 addressed credits and avoided emissions, the new draft introduces broader principles for what constitutes valid proof of progress.

The draft sets strict criteria for validating progress, requiring accurate, transparent, and verifiable data. Companies must exclude changes unrelated to actual mitigation and may not count carbon credits or out-of-chain actions toward targets. Category A companies must obtain third-party assurance for progress data; Category B companies are encouraged to do the same.

Adapting to V2: How to Prepare for the upcoming changes

The SBTi V2 draft reflects evolving climate science and growing stakeholder expectations. Aligned with the IPCC's Sixth Assessment Report (AR6) pathways, the Draft Corporate Net-Zero Standard V2 reinforces the need for real-world decarbonization. These revisions are critical, as they aim to strengthen the credibility of net-zero claims and help businesses prepare for upcoming regulatory shifts.

While the proposed changes are not yet finalized, it is clear that the SBTi is moving toward more rigorous and transparent action. To prepare, companies should begin by improving Scope 3 tracking and management, and preparing for the required separation of Scope 1 and 2 targets. In parallel, they should consider making credible investments in Beyond Value Chain Mitigation (BVCM) and planning ahead for target renewal cycles.

Taking early action now will not only ease the transition to V2 but also position companies as climate leaders in a fast-evolving landscape.

TOPIC	V1.2 (2024)	LONG-TERM TARGETS
Scope & Coverage	Focused primarily on Target Setting	Full cycle: commitment, base year, targetsetting, progress, claims
Net-Zero Commitment	Commitment letter to SBTi	Formal public commitment aligned with UN HLEG (United Nations High-Level Expert Group)
Transition plans	<i>Not required</i>	Mandatory within 12 months of validation
Scope 1 & 2 Targets	Combined allowed; either location- or market-based	Separate targets: must include location-based + market/ zero-carbon
Scope 3	Fixed % coverage (67%, 90%)	Focus on most relevant sources: new non-emission metrics
Scope 3 Methods	Emission-focused only	Includes alignment metrics, indirect mitigation allowed.
Residual Emissions	Neutralise from Net-Zero year	3 options with interim targets or flexible combos
Carbon removals	Not deeply detailed	Durability options; 'like-for-like' or progressive permanence.
Target Ambition	IPCC AR5 pathways	IPCC AR6 + performance-gap benchmarking

How ClimateSeed Can Support Companies in Their Targets Submission?

Defining and submitting science-based targets can be a complex process for companies.

ClimateSeed can support your company throughout this journey and beyond, ensuring the development of a comprehensive decarbonization strategy.



Step 1 Measure your emissions

Before setting targets, companies must first conduct a comprehensive GHG emissions inventory. If this has not yet been done, the initial focus should be on assessing the company's GHG footprint. This assessment will help identify the most significant sources of emissions and establish a baseline for the emissions reduction trajectory.

ClimateSeed can support this process through its software GEMS (GHG Emissions Measurement Software).

If the GHG footprint assessment has already been completed, ClimateSeed will focus on reviewing it to ensure compliance with international standards such as the GHG Protocol.

Step 2 Define your GHG emissions reduction targets

The next key step is defining the targets to be submitted to SBTi. This decision should involve company management to ensure full endorsement from all stakeholders.

Key points to consider during this discussion include: Should the company set both near-term and long-term targets, or only near-term targets? What target year(s) should be selected? What level of ambition should be chosen, and which target-setting methodology should be applied?

ClimateSeed will assist in evaluating all possible pathways and supporting the decision-making process with relevant benchmarks.

Step 3 Submit & validate your targets

Once the company has selected its targets, ClimateSeed will guide the target-setting process, from registering on the SBTi Services Platform to the final review by the SBTi Validation Team.

The consultant will be responsible for preparing all necessary documentation for submission, including the **SBTi Target Submission Form** and **related target-setting tools**.

Additionally, the consultant will manage responses to the SBTi Validation Team during their technical review.

Step 4 Define your GHG emissions reduction plan

After defining and validating the targets, it is essential to establish a GHG emissions reduction plan that aligns with these commitments.

ClimateSeed supports companies in developing their operational decarbonization strategy. Through dedicated workshops, a ClimateSeed consultant will help:

- **Define action priorities;**
- **Develop an operational action plan with milestones and key performance indicators;**
- **Quantify emissions reduction potential to ensure the successful achievement of targets.**

Conclusion

While the urgency of climate action is undeniable, the path to net-zero remains complex for most companies. Adopting the **SBTi Net-Zero Standard** is not just a question of aligning with scientific recommendations—it also requires navigating internal constraints, industry-specific challenges, and sometimes conflicting short-term pressures.

The updated Standard offers greater clarity on what credible net-zero means, including clearer expectations for near-term action, long-term ambition, and the limited role of carbon credits. But translating these expectations into a realistic strategy takes time, resources, and often, a cultural shift within the organization.

The 2027 deadline for adopting version 2 gives companies a window to adapt—but not to wait. Starting now means building internal alignment, evaluating decarbonization levers, and preparing to engage with a more demanding framework.

Partners like ClimateSeed can support this transition by helping companies move from intention to action, with tools and expertise adapted to real-world constraints.

The road to net-zero is rarely linear—but it is a strategic choice that more and more companies will have to make consciously, and credibly.

ClimateSeed, your partner in building your climate strategy

At ClimateSeed, a senior decarbonization consultant supports you every step of the way, bringing deep expertise in your challenges. With a fully customizable approach, we tailor each stage to your level of maturity and the specificities of your sector.

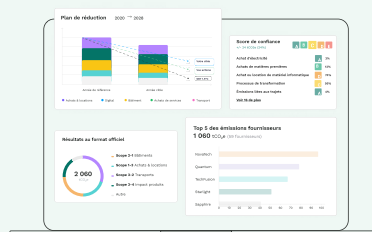
Our different services:

- 1 **Carbon footprint assessment support**
Our expert consultants assist organizations in calculating their greenhouse gas (GHG) emissions, supported by our GEMS software.
- 2 **Transition Plan Support**
Our consultants help define your reduction targets and co-build an action plan aligned with the Science-Based Targets initiative (SBTi).
- 3 **CDP Reporting Support**
We guide you in preparing your CDP reporting, supported by our score simulator to maximize your impact and credibility.
- 4 **Climate Contribution Support**
Our Carbon Project team helps you create a high-integrity carbon avoidance and sequestration portfolio.

[Talk with an expert](#) ↗

CONSULTING + SOFTWARE

Drive your low-carbon strategy



Carbon footprint assessment

Emissions reduction

SBTi targets

CDP score simulation

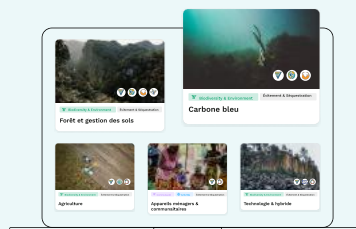
Compliant with the most widely recognized standards and methodologies



ISO 14064



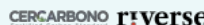
Invest in high quality carbon credits



Sourcing high-quality projects

Carbon Project Portfolio support

Transparent contribution



References

- [1] SBTi Corporate Net-Zero Standard (Version 1.2, March 2024) - [Link](#)
- [2] SBTi Corporate Net-Zero Standard Criteria (Version 1.2, March 2024) - [Link](#)
- [3] Pathways to Net-zero, SBTi Technical Summary (Version 1.0, October 2021) - [Link](#)
- [4] SBTi Forest, Land and Agriculture Science-based Target-setting Guidance (Version 1.1, December 2023) - [Link](#)
- [5] Procedure for validation of SBTi targets (Version 1.2, October 2024) - [Link](#)
- [6] Getting started guide for science-based target-setting (Version 1.1, March 2024) - [Link](#)

For more information, get in touch with our team of experts.



climateseed.com



*This document is issued by ClimateSeed – A simplified joint stock company ("société par actions simplifiée")
with a share capital of 1,650,000 euros – Registered office: 52 rue de la Victoire, 75009 Paris, France –
Registered under n° 842 272 072 RCS Paris.*

All information contained herein is protected by law and is the exclusive property of ClimateSeed.