

The SBTi Net-Zero Criteria

Version 1.0, for company road test

July 2021



Version	Release date	Purpose	Updates on earlier version
1.0	15.07.2021	Road test	-

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Part 1. Introduction

According to the 2018 report by the Intergovernmental Panel on Climate Change (IPCC), to limit global warming to 1.5°C above pre-industrial levels and avoid the most catastrophic impacts of climate change, the world must halve CO₂ emissions by 2030 and reach net-zero CO₂ emissions by 2050 (IPCC, 2018, p. 14). Moreover, to reach a state in which human-caused greenhouse gas (GHG) emissions no longer contribute to global warming means preventing the accumulation of *all* GHGs in the atmosphere, which the Paris Agreement calls to achieve in the second half of the century (*Paris Agreement*, 2015, p. 4).

Recognising the importance of keeping global warming to 1.5°C, companies are increasingly adopting net-zero targets. While the growing interest in net-zero targets represents an unparalleled opportunity to drive corporate climate action, it also creates the pressing need for a common understanding of “net-zero” in a corporate context, as existing targets vary widely in boundaries, definitions, timeframes, and mitigation strategies used. To avoid confusion and inconsistent claims that potentially undermine the credibility and impact of corporate net-zero targets, a science-based framework is needed to translate the growing momentum behind net-zero targets into action over the near and long-term consistent with achieving climate stabilization.

To address this need, the SBTi is undertaking an inclusive, stakeholder-informed [process to develop the Net-Zero Standard](#), which will enable companies to set robust and credible net-zero targets in line with a 1.5°C future. The Standard will include a set of criteria for net-zero targets, allowing companies to have their net-zero targets validated by the SBTi, as well as user friendly guidance.

Following on from the publication of the [Foundations for Net-Zero Target-setting in the Corporate Sector](#) in September 2020, the SBTi began to develop detailed criteria and guidance for net-zero target setting. A public consultation on the [first version of draft criteria](#) was open for comments in February and March 2021. A summary of the feedback gained from the first public consultation will be published on our website.

This document provides the second draft of criteria for near-term and long-term science-based targets (SBTs), which aim to reduce emissions in scopes 1, 2, and 3 and are a critical aspect of the Net-Zero Standard. It currently excludes criteria for activities that aim to accelerate climate action beyond a company's value chain, including offsets and most carbon removal. Criteria for these activities are undergoing continued refinement until our next public consultation in Fall 2021.

This draft of criteria and accompanying resources has been produced with input from an [Expert Advisory Group](#) consisting of scientific experts, academics, company representatives and civil society groups. Due to the growing importance of and interest in corporate net-zero target-setting, we request your input on this document through the road testing process and survey.

1.1 What does the Net-Zero Road Test entail?

The road test will run from Thursday the 15th of July to Tuesday the 31st of August 2021. The primary objectives for the road test are:

- Gather feedback on the clarity, robustness and practicality of the target setting tool, criteria and guidance
- Identify key challenges for adoption and implementation of the standard across industries
- Build a strong network of companies on the journey to setting net-zero targets in line with climate science

Companies are expected to trial the target setting tool, review this criteria document and provide input via the [feedback survey](#). A further description of these materials is described in [Net-Zero Standard Documentation And Key Supporting Work](#). The full Net-Zero Standard, which will include revised versions of criteria, tools and guidance, will be finalized in late 2021¹.

1.2. Why focus on emission reduction target criteria in this road test?

The SBTi is prioritising development and refinement of emission reduction target methods in the process to develop the Net-Zero Standard. As a result, **this road test will focus on criteria and methods for setting near-term and long-term SBTs** that are an essential part of any corporate net-zero commitment. This means that the criteria and recommendations on neutralisation and compensation that were included in the [first draft of Net-Zero Criteria](#) will not be part of this road test. Science-based emissions reductions across all three scopes are key to achieving global net-zero goals, and the SBTi has received clear feedback from consultations to-date that this is where its immediate focus should lie.

The SBTi aims to develop the Net-Zero Standard to encourage companies to follow the principles of the mitigation hierarchy. Effectively that means that companies should set science-based targets to reduce their value chain emissions and implement strategies to achieve these targets before engaging in neutralisation and compensation activities (See Figure 1)². The SBTi defines compensation as actions that companies take to help society avoid or reduce

¹ Version 1.0 of the Net-Zero Standard will be released at this time, but it is likely that updates may be made in the future as climate science and best-practice evolves.

² In this document, the term compensation refers to companies' actions or investments that mitigate GHG emissions beyond those covered by their near-term and long-term science-based targets. It may include actions such as purchasing high-quality carbon credits and providing direct financial support to projects that generate positive climate impacts outside a company's value chain. Although the term compensation is often associated with subtracting carbon credits from the emissions in a company's inventory to claim "neutrality," the use of the term here is not meant as endorsement of such practices or claims. The SBTi is using the term compensation as a placeholder and is currently reviewing other options for terminology.

emissions outside of their value chain, and neutralisation as measures that companies take to permanently remove carbon from the atmosphere³.

The SBTi recognises that there is an urgent need to scale up near-term climate finance and we are exploring what our role in incentivising these investments should be. While achieving net-zero means neutralising residual emissions with carbon removals, a company’s pathway to achieving net-zero can, and often should, include investments that help avoid or reduce emissions outside the company’s value chain. The SBTi is currently conducting further research to inform its approach to neutralisation and compensation.

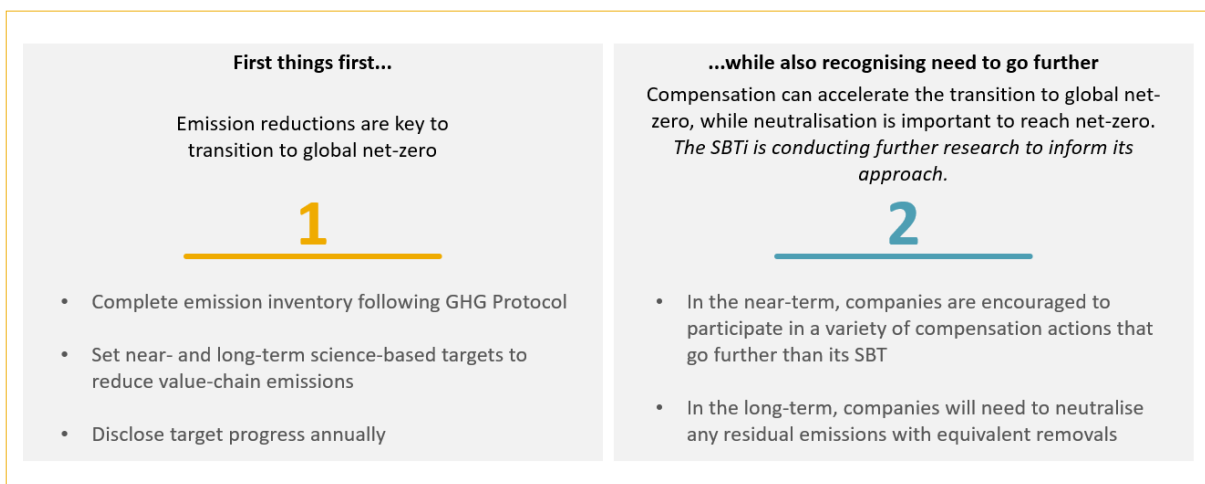


Figure 1. SBTi perspective on prioritisation of mitigation actions.

1.3. How does this differ in the Forests, Land and Agriculture sector?

Companies with forest, land, or agriculture (FLAG) emissions in their supply chains should set separate SBTs that cover land-based emissions and carbon removals. Companies who choose this approach can then engage in a variety of mitigation activities to meet their science-based targets that include removals (e.g., stopping deforestation and conversion). It is important to note that because FLAG SBTs are separate from non-FLAG SBTs, FLAG mitigation cannot be used to meet non-FLAG targets (e.g., a company cannot bring forests into its value chain to meet another target).

Currently the [GHG Protocol is developing a new guidance for corporate land use and removals accounting](#) and, in parallel, the SBTi is [developing specific science-based target setting](#)

³ There are important uncertainties and limits to sustainable carbon removal. Under the Net-Zero Standard, many companies are required to set targets to reduce emissions by at least 90%, in-line with the magnitude of decarbonisation required to reach net-zero at the global or sector level, to be eligible to reach net-zero with additional neutralisation.

[methods for companies with land sector emissions.](#)⁴ The new guidance on accounting and target setting for land-based emissions means that companies have a new opportunity, and requirement, to bring land sector emissions and reduction opportunities into their net-zero strategies.

⁴ While GHG Protocol guidance for land sector emissions is under development, we recommend the following guidance documents in the interim: GHG Protocol Corporate Standard, Scope 3 Standard, Product Standard,

Agriculture Guidance, LULUCF project guidelines, Brazil forestry tool. IPCC. Guidelines for National GHG Inventories. 2006 Guidelines, Good Practice Guidance for LULUCF, 2019 Refinement, ISO. ISO 14064 1:2018. Quantis. Accounting for Natural Climate Solutions Guidance. Gold Standard, Value Change Initiative.

Part 2: About the criteria

2.1 Overview

The SBTi's Net-Zero Criteria aim to ensure that corporate net-zero targets, which are commitments to reach a state of no impact on the climate from greenhouse gas (GHG) emissions, are consistent and robust. Guided by science, these criteria provide a definition of what is needed for companies to set science-based net-zero targets that are aligned with the ambition of the Paris Agreement. As explained in detail in [Foundations for Science-based Net-Zero Target Setting in the Corporate Sector](#), this objective implies two conditions:

1. Achieving a scale of value chain emissions reductions consistent with pathways that limit warming to 1.5°C with no or low overshoot and;
2. Neutralising the impact of any source of residual emissions by permanently removing an equivalent volume of atmospheric CO₂.⁵

Both conditions – deep emission reduction and neutralisation of residual emissions with permanent carbon removal – must be met by long-term science-based targets. As noted in the [section above](#), the SBTi has chosen to focus on the emission reduction element of the Net-Zero Framework for this road test.

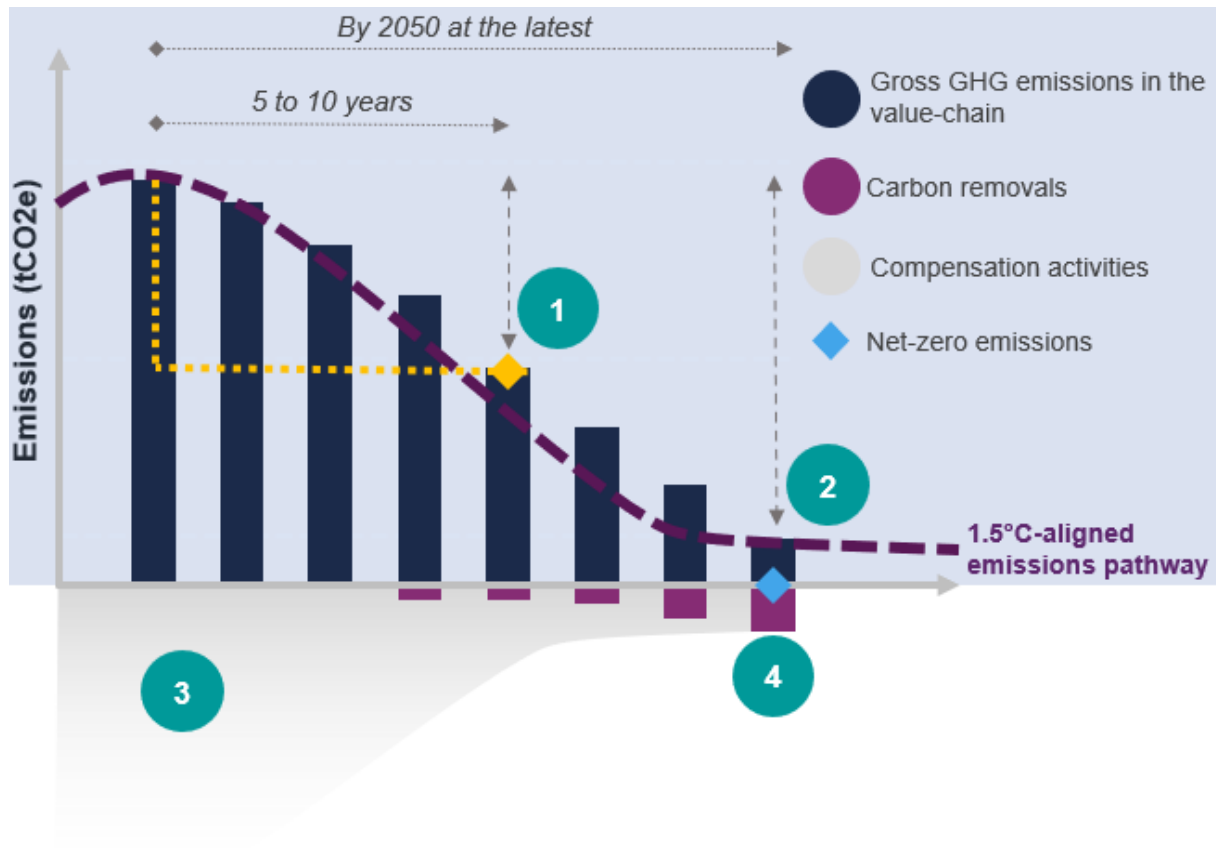
Pathways that limit warming to 1.5°C with no or low overshoot require rapid transformative climate action in all sectors, consistent with reducing global emissions by about half by 2030 (United Nations Environment Programme, 2020, p. 10). From an emissions budget perspective, near-term reductions are crucial. Accordingly, when companies set net-zero targets with a target year more than 10 years from the target-setting date, “near-term science-based targets” are also required. These targets provide accountability by indicating clear milestones during a company’s transition to net-zero. Throughout this document, the term “near-term SBT” refers specifically to 5-10 year emissions reduction targets, and “long-term SBT” refers to the minimum emission reductions that a company is required to achieve by the time the company has reached net-zero no later than 2050.

The SBTi follows a strict mitigation hierarchy approach whereby companies are required to reduce their own emissions in line with a 1.5-degree emissions reduction pathway before engaging in neutralisation activities and further compensation activities. As [discussed above](#), in order to ensure the framework aligns with this approach, the main aim of this road test is to collect feedback on long-term science-based targets for emission reductions, which are

⁵ Residual emissions are emissions sources that remain unabated by the time net-zero is reached at the global or sector level in 1.5°C mitigation pathways with low or no overshoot (*Foundations for Science-based Net-zero Target Setting*, pp. 7, 32-34). Two methods are being road-tested for companies to calculate long-term SBTs consistent residual emissions at net-zero.

labelled as (2) in the figure below, as well as feedback on criteria that apply to near-term SBTs (1).

Figure 2. Graphical representation of a near-term SBT (1), long-term SBT (2), additional compensation (3) and the point of reaching net-zero (4) when residual emissions are balanced with carbon removals.



2.2. Criteria organization

The criteria are organised into three chapters:

1. The first chapter, [Near-Term Target Criteria](#), lays out requirements for near-term science-based targets that **supersede** the requirements within the [SBTi's science-based target criteria](#)⁶. With the exception of these cases, companies must continue to follow the [SBTi Criteria](#) for near-term targets.
2. The second chapter, [Long-Term Science-Based Target Criteria](#), addresses:
 - a. Long-term science-based target timeframe requirements ([Long-term SBT timeframe](#))
 - b. How much value chain emissions must be reduced to reach net-zero ([Long-term SBT ambition](#))
 - c. How companies should define emission reduction boundaries in long-term science-based targets ([Long-term SBT boundary](#))
3. The final chapter, [Communication, Claims, and Validity](#), specifies official target wording that must be publicly available as well as reporting requirements

⁶ These criteria are more ambitious than current SBTi criteria for science-based targets and therefore companies must follow these current criteria to comply with the NZ Standard requirements.

Part 3: Net-zero Standard documentation and key supporting work

The Net-Zero Criteria are part of the SBTi's Net-Zero Standard. The Net-Zero Standard, which includes both the Criteria and forthcoming Net-Zero Guidance, will be finalized by November 2021 in advance of [the 2021 United Nations Climate Change Conference \(COP26\)](#).

These documents cover corporate net-zero targets and **do not cover financial institution net-zero targets**. The SBTi's [financial sector project](#) is developing separate net-zero resources for financial institutions.

In addition, the SBTi's [Forestry, Land and Agriculture \(FLAG\) project](#) is currently developing target-setting methods and guidance for companies in land-intensive sectors such as food, agriculture, and forestry.

Table 1 describes the Net-Zero Criteria, Net-Zero Target Setting Tool and the forthcoming Net-Zero Guidance. Table 2 highlights key documents and projects that are separate from the Net-Zero Standard but contain important linkages.

Table 1. Description of the Net-Zero Criteria, Net-Zero Target Setting Tool, and Net-Zero Guidance

Document	Description
Net-Zero Criteria	<p>This document contains criteria that must be met for Net-Zero targets to be validated by the Science Based Targets initiative.</p> <p>Although target-setting criteria are intended to remain as fixed as possible, specific quantitative benchmarks and target-setting methods are updated on a regular basis to reflect the most up-to-date science.</p> <p>In line with current SBTi criteria, targets must be reviewed, and if necessary, recalculated and revalidated, at a minimum every 5 years to ensure consistency with the most recent climate science and best practices.</p>
Net-Zero Target Setting Tool	A separate tool will be provided to road test companies to set eligible long-term science-based targets.
Net-Zero Guidance	As a complement to the Net-Zero Criteria, the Guidance will support companies with the formulation and implementation of net-zero targets. The Guidance will include a user-friendly

	description of target-setting methods and quantitative benchmarks reflecting the most recent science, as well as an explanation of how to develop targets using the Net-Zero Target Setting Tool. A beta version of this guidance will be provided to companies in the road test.
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Table 2. Description of key work that is separate from the Net-Zero Standard

Item	Developer	Description
Target Setting Tool	SBTi	Companies use the Science-based Target Setting Tool to model near-term SBTs that are aligned with current SBTi Criteria and approved methods.
SBTi Criteria	SBTi	Many companies will need to set near-term SBTs that meet the current SBTi Criteria to be eligible to have a net-zero target validated by the SBTi.
Forest Land and Agriculture (FLAG) SBTi Pathways	SBTi/WWF	This project will develop 1.5C-aligned pathways for companies in the AFOLU sector, or who have a significant portion of AFOLU emissions within their value chain. This work will be completed Q4 2021.
GHG Protocol Corporate Standard	GHG Protocol	Companies must have emissions inventories that are aligned with the GHG Protocol Corporate Standard, which contains internationally accepted guidance on corporate GHG accounting.
GHG Protocol Land Sector and Removals Initiative	GHG Protocol	This project is developing internationally accepted guidance on land sector emissions and removals, and technical carbon removal accounting s. The SBTi's Net-Zero Standard will require companies to report carbon removals consistent with this forthcoming guidance. Because the GHG Protocol guidance is not scheduled for publication until Q4 2022, refinements to the SBTi's Net-Zero Standard may be needed at a future date to ensure as much synchronisation as possible.

GHG Protocol Scope 2 Guidance	GHG Protocol	The Scope 2 Guidance standardises how corporations measure emissions from purchased or acquired electricity, steam, heat and cooling (called “scope 2 emissions”).
GHG Protocol Corporate Value Chain (Scope 3) Standard	GHG Protocol	The Corporate Value Chain (Scope 3) Accounting and Reporting Standard provides requirements and guidance on how companies inventory emissions across their value chain.

Part 4: How to read this document and submit feedback

This document includes supporting text and examples to help readers understand the practical implications and rationale of draft criteria. Each section begins with an overview.

Next, the draft criteria are presented in table form with a column used to provide additional context. Criteria highlighted in yellow are linked to feedback survey questions. An example is shown by Table 3.

Feedback should be submitted through the [road test feedback survey](#).

Table 3. Example table of draft criteria and description

Criteria	Description
This column used for draft criteria text	This column provides additional context for public consultation (not intended for final criteria)
NZ-C. Example of criterion where feedback is not requested <i>Draft criteria text</i>	Description of NZ-C with practical examples and supporting information if needed
NZ-C. Example of criterion where feedback is requested on proposed text <i>Draft criteria text</i>	Description of NZ-C with practical examples and supporting information if needed

Part 5: Near-term target criteria

5.1. Near-term science-based targets

This section contains criteria for near-term science-based targets that are additional to the requirements of the current [SBTi Criteria](#). It is important to note that these criteria will be integrated into the [SBTi Criteria](#) in 2022, which will apply to all companies setting near-term SBTs regardless of whether they set a net-zero target.

Please refer to the current SBTi criteria in addition to this document when setting near-term science-based targets. The table below notes where current [SBTi Criteria](#) are superseded by the Net-Zero Criteria.

Table 4. Near-term science-based targets draft criteria and description

Criteria	Description
<p>NZ-C1. Requirement to have a near-term science-based target</p> <p><i>Companies must have valid near-term (5-10 year) science-based targets (SBTs) that meet SBTi Criteria to be eligible for a net-zero target, unless the long-term SBT target year is 10 years or fewer from the date of submission. Companies' near-term SBTs must also comply with the criteria listed below in this document.</i></p>	<p>Companies must have valid SBTs that meet SBTi Criteria to be eligible for a net-zero target unless the long-term science-based target year is sooner than the maximum target year of near-term SBTs (i.e., 10 years from the date of submission).</p>
<p>NZ-C2. Near-term science-based target year</p> <p><i>If required by NZ-C1, companies shall have an SBT with a target year 5-10 years from the date of submission.</i></p>	<p>Currently, SBTs can have a target year 5-15 years from the date of submission but this will be reduced to 10 years for most or all companies. The SBTi is assessing whether to continue allowing near-term SBTs with a 15-year timeframe for sectors where emissions reductions over a 10-year period are limited by long asset lifespans in eligible 1.5C scenarios.</p>

	<p>This criterion supersedes “R4 — Target year” and “C19 – Timeframe” in the current SBTi Criteria. This criterion will be integrated into the SBTi Criteria in 2022, which will apply to all companies setting near-term SBTs regardless of whether they set a net-zero target.</p>
<p>NZ-C3. Near-term science-based targets: level of ambition (scopes 1 and 2)</p> <p><i>During the transition to net-zero, emissions in scopes 1 and 2 must be reduced by an amount consistent with scenarios that keep global temperature increase to 1.5°C</i></p>	<p>The scope 1 and 2 ambition of near-term SBTs must be 1.5°C-aligned or more ambitious.</p> <p>For absolute contraction, the minimum annual reduction rate for 1.5°C-aligned SBTs is 4.2%. These rates are applied as a linear annual reduction (e.g., 42% reduction over 10 years), not a compound reduction.</p> <p>Physical emissions intensity pathways are also available for electric utilities with power generation using the intensity convergence method (SDA). The SBTi plans to develop additional 1.5°C-aligned near-term SBT pathways for activities described in the Net-Zero Corporate Manual by the launch of the Net-Zero Standard in November, but these will not be available for this road test.</p> <p>This criterion supersedes “C8 - Level of ambition” in the current SBTi Criteria. This criterion will be integrated into the SBTi Criteria in 2022, which will apply to all companies setting near-term SBTs regardless of whether they set a net-zero target.</p>
<p>NZ-C4. Near-term science-based targets: level of ambition (scope 3)</p> <p><i>Where scope 3 coverage is required, emissions must be covered by targets consistent with, or more ambitious than,</i></p>	<p>Near-term science-based targets covering scope 3 must be well-below 2°C aligned or more ambitious.</p> <p>Currently available methods are absolute contraction (2.5% minimum annual linear average reduction), SDA (based on the IEA ETP 2017 B2DS scenario), and supplier</p>

<p><i>delivering a well-below 2°C-aligned emissions outcome.</i></p>	<p>engagement targets (C20.1 of SBTi Criteria) with a well-below 2°C minimum ambition.</p> <p>This criterion exceeds the current minimum scope 3 ambition of SBTs by excluding 2°C-aligned targets, and thus supersedes “C20 — Level of ambition for scope 3 emissions reductions targets” in the current SBTi Criteria. This criterion will be integrated into the SBTi Criteria in 2022, which will apply to all companies setting near-term SBTs regardless of whether they set a net-zero target.</p>
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Part 6: Long-term science-based target criteria

6.1. Long-term SBT timeframe

The scientific community has stated the need to halve CO₂ emissions by 2030 and reach net-zero global CO₂ emissions by mid-century to limit global warming to 1.5°C (IPCC, 2018, p. 14). Paired with the need for deep reductions in non-CO₂ emissions, companies should aim to achieve net-zero GHG emissions at a similar timeframe or sooner. This section specifies eligible base years and target years for long-term science-based targets.

Table 5. Long-term science-based targets criteria and description

Criteria	Description
<p>NZ-C5. Long-term science-based target year</p> <p><i>Net-zero SBTs shall have a target year no later than 2050.</i></p>	<p>This criterion requires long-term science-based targets to be set for a target year no later than 2050 (FY2049/2050).</p>
<p>NZ-C6. Base year(s)</p> <p><i>The company shall use the same base year for its long-term science-based targets as its near-term SBTs. The base year must be no earlier than 2015.</i></p>	<p>This criterion requires that companies use its near-term SBT base year for setting long-term SBTs, which is beneficial for consistency and transparency. Base years are used to calculate the ambition of most types of targets and to track progress against all targets.</p> <p>2015 has been chosen as the earliest eligible base year to improve SBT comparability and relevance. More than 90% of approved SBTs submitted in 2019 or 2020 used a base-year of 2015 or later.</p> <p>This criterion only applies to long-term science-based targets. Therefore, it does not mean that companies that set new near-term science-based targets in the future that have already set long-term science-based targets must use the same base year.</p>
<p>NZ-R1. Base year</p> <p><i>If a near-term SBT is not required, the SBTi recommends choosing the most</i></p>	<p>In alignment with current SBTi criteria (R3, page 6), the SBTi recommends choosing the most recent year for which data are available as the target base-year for company long-term science-based targets.</p>

<i>recent year for which data are available as the target base-year.</i>	
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6.2. Long-term SBT ambition

Emission reductions are at the heart of achieving net-zero. While GHG emission removals from the atmosphere will support reaching global net-zero, removals cannot safely “replace” emissions reductions.⁷ Thus, net-zero targets must include clearly defined emissions reduction goals, which also enhance the transparency and credibility of companies’ overarching net-zero targets.

This section indicates the minimum amount that companies must reduce emissions to reach a state of net-zero consistent with the ambition of the Paris Agreement. The criteria require emissions in the target boundary (scopes 1, 2, and 3) to be reduced by an amount consistent with the point when net-zero is achieved at the global or sector level in 1.5°C-aligned scenarios.

Specific quantitative benchmarks (e.g., minimum emissions reduction) and eligible science-based methodologies for target-setting are included within this road test for feedback. Please refer to the Net-Zero Science-Based Target Setting Tool and Road Test Guidance.

Table 6. Long-term SBTs: Ambition draft criteria and description

Criteria	Description
NZ-C7. Level of ambition <i>Companies shall set long-term science-based targets to reduce emissions by an amount consistent with net-zero at the global or sector level in scenarios that limit warming to 1.5°C in scopes 1, 2, and 3.</i>	Emissions in scopes 1, 2, and 3 that are covered by the long-term science-based target boundary must have been reduced by an amount consistent with net-zero at the global or sector level in scenarios that limit warming to 1.5°C. Companies may calculate their targets using a global or sector/activity-specific method as described in NZ-C9.
NZ-C8.1. Absolute targets	All companies are eligible to set absolute targets in fulfilment of C7 (Deep

⁷ See [Foundations for Science-based Net-Zero Target-setting in the Corporate Sector](#) – especially Section 3.4, Supplementary Discussion 1, and Supplementary Discussion 4 – for an analysis of this topic.

<p><i>Absolute targets may be used to cover emissions in any scopes using eligible 1.5°C scenarios or sector pathways.</i></p>	<p>Decarbonisation) using the global or sector/activity-specific method. The global method is based on reducing absolute emissions by the same amount that emissions are reduced at the global level, whereas the sector/activity-specific method uses separate pathways for different heavy-emitting sectors.</p> <p><i>Example of absolute target calculated using global method:</i></p> <p>Company X commits to reduce absolute scope 1, 2, and 3 emissions 90% by 2040 from a 2018 base-year.</p> <p><i>Example of absolute target calculated using the sector/activity-specific method:</i></p> <p>Company X commits to reduce absolute scope 3 emissions from cement purchases 95% by 2040 from a 2018 base-year.</p>
<p>NZ-C8.2. Intensity targets</p> <p><i>Intensity targets may be used to cover emissions from activities related to the goods and services a company produces and sells.</i></p>	<p>Companies are eligible to set intensity targets to meet the requirements of C7 (Deep Decarbonisation) for emissions that are allocated to a company's supply-side activities. For example, physical intensity targets would be eligible for a cement company but not most cement purchasers (e.g., a building company). This is because most intensity targets do not reflect mitigation from material switching, modal shifts, and other behaviour change, which are relevant to demand-side companies. These mitigation options account for around 10% of the total mitigation needed to reach net-zero and limit warming to 1.5°C - more than most industrial sectors.</p> <p>Intensity targets may only be calculated using the sector/activity-specific method.</p> <p><i>Example of intensity target:</i></p> <p>Company X will reduce the scope 1 and 2 emissions intensity of cement production</p>

	95% to 0.03 tCO ₂ e/ton of cement by 2040 from a 2015 base-year
<p>NZ-C9. Method validity</p> <p><i>Targets must be modelled using the latest version of methods and tools approved by the initiative. Targets modelled using previous versions of the tools or methods can only be submitted to the SBTi for an official validation within 6 months of the publication of the revised method or the publication of relevant sector-specific tools.</i></p>	<p>Targets are required to be modelled using science-based methods that have been approved by the SBTi.</p> <p>Major updates to tools and methods are generally announced at least several months in advance of publication. Minor updates are occasionally introduced to enhance user experience or resolve bugs. There is a six-month grace period for companies to submit targets using the most recent legacy version of tools and methods once a newer version has been published.</p>
<p>NZ-C10. Combined scope targets</p> <p><i>Targets that combine scopes (e.g., 1+2, 1+2+3) are permitted.</i></p>	<p>Combined scope targets are eligible if the SBTi can review the ambition and confirm that it meets the ambition criteria in NZ-C7, NZ-C8 and NZ-C9.</p>
<p>NZ-C11. Ambition of targets on fossil fuel sale, transmission and distribution</p> <p><i>Companies that sell, transmit, or distribute natural gas or other fossil fuel products shall set emission reduction scope 3 targets for the “Use of sold products” category that are at a minimum consistent with the level of decarbonisation required to keep global temperature increase to 1.5°C compared to pre-industrial temperatures.</i></p>	<p>This criterion requires companies to set targets on emissions linked to the sale or distribution of fossil fuels, regardless of the size of these emissions.</p> <p>This applies to companies operating downstream of production of oil and gas. For upstream Oil & Gas companies, where this guidance is relevant it will be superseded by sector-specific criteria and guidance that are under development in the SBTi’s oil & gas project.</p> <p>This criterion is specifically focused on the ambition of emission reductions within net-zero targets. The minimum ambition of targets on fossil fuel sale, transmission and distribution for near-term SBTs must be at least 1.5°C, superseding C20.2 of the current SBTi Criteria.</p>

6.3. Long-term SBT boundary

One of the most important aspects of corporate targets is the range of emission sources covered within the boundary of the target. The target boundary determines whether a company is committed to addressing the most relevant sources of emissions in its value chain. The emissions sources in the long-term science-based target boundary must be abated by the amount specified in “[Long-term science-based target ambition](#)”.

This section indicates that the boundary of targets must cover company-wide scope 1, 2, and 3 emissions. Ultimately, this section should ensure that the boundary of targets is both comprehensive and actionable for companies participating in a societal shift to global net-zero.

Table 7. Long-term science-based target boundary draft criteria and description

Criteria	Description
<p>NZ-C12. Long-term science-based target boundary (scopes 1 and 2)</p> <p><i>The boundary of long-term science-based targets shall cover company-wide scope 1 and scope 2 emissions, as defined by the GHG Protocol Corporate Standard. Exclusions in the GHG Inventory and target boundary must not exceed 5% of total scope 1 and 2 emissions.</i></p>	<p>In combination with NZ-C5 (scope 1 and 2 significance thresholds), this criterion requires companies to cover at least 95% of scope 1 and 2 emissions in the long-term science-based target boundary.</p>
<p>NZ-C13. Requirement to have a scope 3 target</p> <p><i>All companies shall include emissions from all relevant scope 3 categories in long-term science-based targets.</i></p>	<p>This criterion requires all companies to include scope 3 emissions in the boundary of long-term science-based targets to reflect what is required by companies to contribute towards reaching net-zero at the global level.</p> <p>The importance of including value chain emissions is described in Foundations for Net-zero Target Setting in the Corporate Sector and this criteria is consistent with the mitigation hierarchy, whereby companies are required to reduce their operational and value chain emissions before engaging in neutralisation activities.</p>

<p>NZ-C14. Long-term science-based target boundary (scope 3)</p> <p><i>The boundary of long-term science-based targets shall cover at least 95% of total scope 3 emissions. Exclusions in the GHG Inventory and target boundary must not exceed 5% of total scope 3 emissions.</i></p>	<p>This criterion is a more comprehensive boundary of a company's Scope 3 value chain emissions in comparison to the near-term science-based target criteria.</p>
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Part 7: Communication, claims and validity criteria

7.1. Target formulation and reporting

Net-zero targets involve several components that demonstrate leadership separately and in combination. While companies are free to decide the best way to express their targets in promotional work, both stakeholders and companies benefit from public access to standardized information on targets and environmental performance.

This section specifies how targets must be formulated and how companies are required to report on progress against targets. The criteria in this section specify target wording, which reflects important target information that must be made publicly available.

Please note that these criteria are supplementary to the current [SBTi Criteria](#). Please see Section VII Reporting (page 14) and Section VIII Recalculation and Target Validity (page 15) for requirements and recommendations relevant to this section.

Table 8. Target Formulation and Reporting draft criteria and description

Criteria	Description
<p>NZ-C15. Target formulation: complete net-zero target</p> <p><i>Companies shall publicly set a net-zero target, that clearly indicates the magnitude of emissions reductions that will be achieved. Science-based targets shall include a base year that is used to assess progress against the target.</i></p> <p><i>If a near-term SBT is required by NZ-C2, companies shall publicly set an SBT meeting all SBTi Criteria and criteria in near-term Science-based Targets.</i></p>	<p>Example of overarching net-zero target:</p> <p>Company A commits to reach net-zero greenhouse emissions across scopes 1, 2, and 3 by 2040 from a 2020 base year. As part of this commitment, the company commits to reduce absolute emissions 50% by 2030 and 90% by 2040.</p> <p>A company is not required to set a near-term science-based target if its long-term science-based target has a timeframe of 10 years or less.</p>
<p>NZ-C16. Reporting completeness</p>	<p>Accounting for carbon removals will largely be addressed by the GHG Protocol Land Sector and Removals Initiative. Due to the challenge of developing criteria while that</p>

<p><i>Companies shall publicly report information pertaining to progress against published targets, including separately reporting emissions and removals in the annual GHG Inventory, as specified by current SBTi Criteria.</i></p>	<p>project is still ongoing, further refinement of criteria will likely be needed in the future.</p> <p>This criterion requires companies to annually report key information related to progress against targets, in line with GHG Protocol requirements.</p>
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Appendix 1: References

IPCC. (2018). Summary for Policymakers. In *Global Warming of 1.5 °C. An IPCC special report on the impacts of global warming of 1.5 °C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty*. Intergovernmental Panel on Climate Change. https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15_SPM_version_report_LR.pdf

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United Nations Environment Programme. (2020). Executive Summary. In *Emissions Gap Report 2020*. <https://www.unep.org/emissions-gap-report-2020>