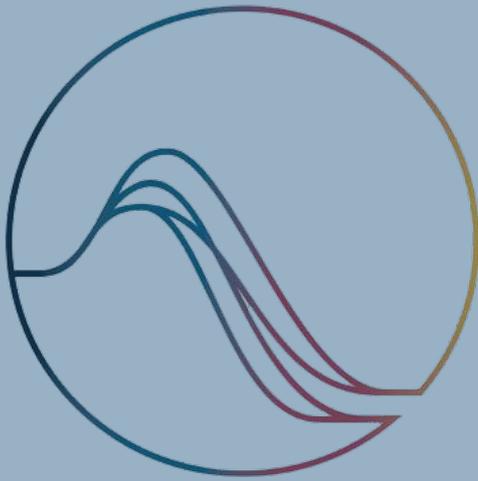


Cognitud



# SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

**SBTi Releases Draft of  
Revised Corporate Net-Zero Standard**

Science Based Targets initiative (SBTi) issued the first draft of the revised Corporate Net-Zero Standard on 18th March, 2025, aiming to advance business climate action and guarantee alignment with the goal of limiting temperature rise by 1.5°C. This updated standard is open for public consultation. Companies, environmental groups, and other interested parties can offer input on this revised standard before it is finalized.



## Key Changes in the Updated Standard

### Classification of Companies by Geography and Size

Companies will be divided into two categories:



#### Category A

Large or medium enterprises in high-income nations face stricter disclosure and target-setting requirements per the World Bank



#### Category B

SMEs in low- and middle-income nations. They have more flexible options due to resource constraints

### Scope 1 and Scope 2 Emissions



#### Separate Targets

Businesses must set separate reduction targets for Scope 1 and Scope 2 emissions to address distinct decarbonization challenges



#### Low-Carbon Electricity Commitment

Organizations must commit to low-carbon electricity by 2040, prioritizing renewable energy

## Scope 3 Emissions



### Flexible Target Setting

The draft offers flexible Scope 3 approaches, allowing goals based on revenue and procurement, focusing on key suppliers and high-carbon activities



### Elimination of Fixed Percentage Requirements

The draft removes fixed Scope 3 target limits, letting companies focus on categories making up at least 5% of their footprint.

## Addressing Residual Emissions



### Expanded Responsibility for Neutralization

Businesses must now neutralize residual emissions continuously, increasing the required share and removing the 90% fixed boundary



### Carbon Removal Targets and Requirements

The draft requires carbon removals for residual emissions, reducing reliance on reductions alone

The revised standard places a stronger emphasis on corporate accountability, requiring businesses to track and report their decarbonization progress. Companies must submit annual progress updates to ensure transparency.

## In Conclusion

The SBTi's proposed revisions to the Corporate Net-Zero Standard mark a significant step towards corporate climate action. The new framework aims to drive meaningful emissions reductions across industries. These updates reflect the growing need for accountability, transparency, and measurable progress in corporate sustainability efforts. As businesses make their way through the changing regulatory environment, complying with the updated SBTi standards will not only increase credibility but also make them leaders in the global shift towards a net-zero economy.

