



SBTi Corporate Net-Zero Standard V2 Draft - Second Consultation Survey Beyond Alliance Submission

The Beyond Alliance welcomes the second consultation draft of the Corporate Net Zero Standard (CNZS) V2, recognizing it as a significant improvement that reflects the SBTi's integration of broad stakeholder input. We endorse the standard's strategic trajectory, particularly the expansion of mitigation levers and the strengthening of accountability mechanisms.

However, for the CNZS V2 to be truly actionable, robust, and effective in driving near-term climate finance at the necessary scale, we believe further refinement is required in several key technical areas. We offer the following feedback in a constructive and collaborative spirit.

The views expressed reflect the perspectives of our corporate members, a coalition of companies committed to advancing the scale, integrity, and impact of market-based climate solutions. Our members bring diverse viewpoints, and the positions outlined here summarize areas of broad alignment and, in some cases, present a predominant perspective rather than unanimous agreement.

1. Corresponding Adjustments and Neutralization

While we welcome support of Article 6 standards and frameworks where appropriate, we do not understand the justification for requiring corresponding adjustments (CAs) for international removal credits used for neutralization (C29.6).

- ▶ **Regulatory Support:** CAs are designed solely to avoid double-counting between national inventories for Nationally Determined Contribution (NDC) accounting purposes and are irrelevant for voluntary corporate claims. While avoiding double-counting between companies is critical, CAs are not the appropriate mechanism to achieve this. We encourage the SBTi to acknowledge the recent regulatory signal sent by policymakers from the [Coalition to Grow Carbon Markets](#) (France, Panama, Kenya, Singapore, UK), which supports the distinction between national inventory accounting and voluntary corporate claims.
- ▶ **Impeding Investment:** Requiring CAs as a condition for neutralization risks creating severe practical barriers globally. For non-Paris parties (i.e. United States), this requirement would deter investment in CDR in the world's largest economy and effectively prevent any U.S.-based company from achieving CNZS validation. Even for Paris Agreement signatories, most host countries—particularly in the Global South—currently lack the complex regulatory infrastructure to issue authorizations. This requirement imposes

prohibitive administrative risk on project developers seeking Letters of Authorization, risking a paralysis of corporate demand and blocking critical climate finance flows to developing countries.

We commend the SBTi for including transaction integrity principles within the draft standard's Annex E. These principles, which require transparent tracking and single retirement within registry systems, are sufficient to effectively prevent double-counting without the need for CAs. Furthermore, we note that Annex E's Additionality principle explicitly excludes CAs for 'Mitigation Impact Contributions' precisely "to avoid creating barriers to investment in lower-income countries." We strongly agree with this logic (and R23.1) but find it inconsistent to apply it only to contributions and not to neutralization. The 'barriers to investment' are identical in both cases. We urge the SBTi to resolve this contradiction by removing the CA requirement for neutralization and relying instead on the established transaction integrity and registry safeguards.

2. Eligibility of Environmental Attribute Certificates (EACs)

We welcome the draft standard's increased clarity and the new approach that allows the limited use of EACs to count toward Scope 3 volume alignment targets (C19, C20). This inclusion is a meaningful step forward that aligns with industry needs and Beyond's recommendations on the first consultation, offering valuable options when direct traceability is not feasible. To build upon this progress and ensure methodological consistency across the target framework, we recommend broadening the eligibility of EACs.

- ▶ **Exclusion from Emissions Intensity Targets:** We note that the framework does not permit the direct use of EACs to demonstrate performance against Scope 3 emissions intensity targets (Metrics 3a-3d, Table A.3). We see no rationale for this exclusion, as the draft already accepts that EACs can convey performance aligned with reference intensity benchmarks under the volume alignment approach (C19.1.b.ii.1, C20.1.a). If EACs are accepted as a valid mechanism to meet intensity-related benchmarks for alignment, they should logically be eligible for intensity targets as well.
 - Moreover, the utility of EACs extends well beyond the 'hard-to-abate' sectors currently prioritized in Table A.2. Strictly tethering EAC eligibility to volume alignment—which relies on pre-existing reference pathways—inadvertently freezes investment in non-priority sectors (e.g., copper, chemicals) where SBTi guidance is still forthcoming. This creates a 'chicken-and-egg' problem where market mechanisms for these commodities cannot mature because they are effectively ineligible for target-setting. Market-based instruments are essential mechanisms to overcome traceability barriers and mitigate the free-rider problem—challenges that are ubiquitous across all complex value chains, not just SBTi's priority sectors.
 - Unlike volume alignment, which requires a finalized scientific benchmark to validate 'alignment,' intensity targets measure relative decarbonization progress. Extending

eligibility here would allow companies to drive immediate action and scale EAC markets in non-priority sectors without compromising the scientific rigor required for 'alignment' claims. This would provide companies the necessary flexibility to deploy capital toward near-term decarbonization in emerging markets without having to wait for finalized sector-specific alignment benchmarks. This is particularly critical given that the AIM Platform and Value Change Initiative (VCI) are already establishing the necessary implementation and accounting frameworks for these hard-to-abate sectors.

- We urge the SBTi to extend EAC eligibility for all relevant Scope 3 target metrics to maximize the utility of this lever and ensure companies have the flexibility to solve supply chain opacity and deploy capital toward near-term decarbonization across the entire economy.
- ▶ **Limitation to Attributional Accounting:** The draft standard explicitly mandates that EACs used to convey the emission factor of an activity must be issued using only attributional accounting principles (C6.1.e; Annex E, Principle 1), meaning project-based or intervention accounting is not permitted. This restrictive approach limits finance flows to important mitigation activities that occur beyond the direct value chain. We are surprised to see this considering 78% of respondents on the first consultation [survey](#) (p. 79) supported the inclusion of indirect mitigation toward target achievement. Crucially, this exclusion appears premature given the [recent signals](#) from the GHG Protocol Actions & Market Instruments Technical Working Group and other emerging frameworks such as the Task Force for Corporate Action Transparency (TCAT) to include this type of accounting alongside corporate inventories. To address concerns regarding the mixing of consequential and attributional accounting, we urge the SBTi to align with these emerging standards by allowing companies to report these outcomes on separate ledgers. We recommend that the framework be expanded to include EACs created using project-based/intervention accounting (i.e. carbon credits) to maximize near-term climate action and scale necessary nature-based and technological solutions.

3. “Taking Responsibility for Ongoing Emissions” Framework

We support the initiative to introduce the “Taking Responsibility for Ongoing Emissions” scheme (herein referred to as “Ongoing Emission Responsibility (OER)”), strengthening recognition and encouraging voluntary action. We particularly endorse the requirement for companies to disclose whether they plan to take responsibility for at least 1% of ongoing emissions and provide a justification if they opt out (C22.1-.2). To strengthen the incentive for participation, we **recommend making a company’s opt-out explanation publicly available** on the SBTi Dashboard as opposed to limiting it to a simple opt-out checkbox disclosure (C22.2, Table B.2).

While OER is a step in the right direction, the tiered "Recognized" (C23) and "Leadership" (C24) framework currently contains constraints that may reduce widespread corporate participation:

- ▶ **“Leadership” Limitations:** Beyond recognizes and supports the SBTi’s intent to establish the “Leadership” tier as a true North Star—incentivizing comprehensive climate finance that extends beyond mitigation to include R&D, adaptation, and loss and damage. However, we are concerned that the current capitalization requirement shifts the tier from being ambitious to prohibitive. We understand that the mandatory minimum carbon price of \$80/tCO₂e (C24.2.a) is intended as a capitalization mechanism to establish a climate finance budget, rather than a mandated unit price for carbon credits. We further acknowledge the rationale provided in Footnote 42, which grounds this figure in the Social Cost of Carbon (SCC) and target-consistent pricing estimates. While we respect the scientific basis for determining the societal cost of emissions, applying this theoretical value as a mandatory capitalization floor for voluntary corporate action creates a perverse market outcome. By setting the floor at a level that is prohibitive for immediate adoption, the SBTi risks deterring investment in the “Leadership” tier entirely and pushing the vast majority of companies toward the “Recognized” tier. This creates a “race to the bottom” where the “Recognized” minimum (1%) becomes the de facto ceiling for corporate action.
 - **Recommendation on Capitalization:** We question whether it is the SBTi’s role to mandate a specific dollar-value minimum for a corporate portfolio size based on the SCC, as this conflates societal damage costs with mitigation project costs. High-quality mitigation can often be achieved at prices below the SCC. Therefore, forcing a budget capitalization based on SCC penalizes cost-efficient, high-integrity procurement. A static \$80/t figure risks becoming arbitrary. Instead of a rigid capitalization threshold, we recommend the SBTi:
 - **Prioritize Principles over Price:** Replace the dollar threshold with rigorous quality and integrity principles (building on Annex E) that focus on the *outcomes* of the portfolio rather than the *input* cost.
 - **Harmonize the Price (If Retained):** If a capitalization price must be used, it should be a single, consistent, and accessible figure across both tiers (e.g., within the \$20–\$50 range) rather than a steep jump to \$80, which acts as a barrier to entry.
- ▶ **Standardization Concerns:** The **alternative compliance pathway in Table B.2** potentially undermines the “Leadership” status by introducing non-standardized compliance. Allowing companies to disclose a lower carbon price with an academic rationale, instead of meeting the ≥\$80/t threshold, introduces a significant **administrative burden** on the SBTi and **negates any kind of apples-to-apples comparison** of companies claiming “Leadership” status. Most critically, it **defeats the purpose of the \$80/t threshold** by transforming it from a minimum contribution floor into a disclosure trigger, ultimately **diluting the financial ambition** the standard intends to enforce. This discrepancy needs to be clarified or removed, irrespective of the final price or methodology the SBTi settles on.
- ▶ **“Recognized” to “Leadership” Gap:** Our assessment using the SBTi’s own [Ongoing Emissions Responsibility Excel Tool](#) confirms that the financial leap between the tiers is immense (~400x). To bridge the significant ambition gap between the 1% “Recognized” floor and the prohibitive “Leadership” requirements, we recommend exploring:

- a public leaderboard on SBTi’s website ranking companies by the percentage of OER contributions;
 - introducing intermediate recognition tiers above 1% coverage;
 - and/or instituting a steadily increasing percentage requirement over time (e.g., 1% initially, rising to 10% by 2030, 15% by 2035, etc.) to naturally progress to the mandatory minimum percentage (TBD) starting in 2035 (C28.1).
- ▶ **Penalizing Past Performers:** We are concerned that the minimum 90% performance threshold (C23.1b) for continued recognition is excessively high for companies with a previous SBTi-validated target. While we support the need for accountability, linking OER eligibility to strict target performance may have the unintended consequence of restricting investment from companies that are fully committed but facing complex abatement challenges. We believe OER eligibility should remain open to encourage maximum participation in global climate finance. If a company is off-track on its emission reductions, we suggest addressing this through the standard’s performance assessment and target-setting mechanisms—such as requiring corrective action plans or updated long-term planning—rather than blocking their ability to invest in OER.
- In addition, it is important to recognize that corporate decarbonization often follows stepwise or exponential patterns rather than perfectly linear trajectories. A fixed 90% threshold might not fully capture this non-linear reality. We urge the SBTi to allow greater flexibility here—aligning with the 79% of stakeholders who favor “meaningful progress” instead of “full target achievement” (p. 115, CNZS V2 First Public Consultation Feedback Report)—to ensure that capital flows to climate solutions are not inadvertently curtailed by challenges in a company’s abatement journey.
- ▶ **Scope 2 Accounting Interaction:** We recognize SBTi’s intent to prevent double-counting between inventory reductions and OER, but we would prefer clarification on how OER contributions are calculated using market-based or location-based Scope 2 emissions (C26.3). Recommendation R14.1 states, “Companies should take responsibility for emissions excluded from Scope 2 targets (see Chapter 4).” Yet, Chapter 4 provides no further guidance on this interaction. Criterion 26.3 adds ambiguity by stating that “Emission reductions reported in the company’s scope 1, 2, or 3 inventory... shall not be counted toward ongoing emissions responsibility.” We urge the SBTi to explicitly confirm that renewable energy procurement (market-based accounting) reduces the “ongoing emissions” balance for OER contributions, avoiding the double-penalty of paying for RECs and then paying again for OER on the same MWh.
- ▶ **Claims and Communication Concerns:** We are concerned with the “contribution” framing associated with taking responsibility for ongoing emissions. Requiring, or even suggesting, that interventions used to manage ongoing emissions be framed as contributions is overly prescriptive, not within the scope of the net zero standard, deviates from scientific grounding, and severely risks inhibiting voluntary climate action. There is significant ongoing debate regarding the use of contribution and compensation-type claims, and not sufficient consensus for SBTi to prescribe how interventions of this type are communicated.

Furthermore, limiting communication of progress to contribution claims runs contradictory to SBTi's objective of incentivizing robust, ambitious, scientifically grounded corporate climate action, given that simple, easy-to-communicate progress is a critical incentive for voluntary actors. While we appreciate the general OER approach to incentivize interventions addressing ongoing emissions, prescribing how companies communicate those interventions will create a significant headwind to their deployment and the broader effectiveness of the standard.

- We recommend that SBTi remove the “contribution” framing from the ongoing emissions and claims sections, and structure the OER to be claims agnostic. For example:
 - Box 4 “Companies are further ... two contribution types: Mitigation Impact Contributions, which are recorded in metric tons of CO₂ equivalent (tCO₂e), and Climate Finance Contributions...” gets reframed to “Companies are further ... two intervention types: Mitigation Impact, which are recorded in metric tons of CO₂ equivalent (tCO₂e), and Climate Finance, which are recorded as financial expenditures (in a specific unit of currency)...”;
 - C25.2 “Integrity principles: All *contributions* made under CZNS-C23 and CNZS-C24 shall meet ...” is reframed as “Integrity principles: All *interventions* made under CZNS-C23 and CNZS-C24 shall meet ...”

4. Integrity Criteria

We acknowledge SBTi's effort to establish clear integrity principles (Annex E) but caution that setting distinct, internal SBTi integrity rules risks further market fragmentation across EACs and climate finance contributions. Creating a bespoke framework would significantly expand the scope for ESG assurance providers, requiring them to independently verify the 'quality' of credits and financial contributions against unique criteria—a task that adds unnecessary complexity and difficulty to the assurance process.

- ▶ **Market Alignment:** The SBTi should prioritize aligning explicitly with specialized ecosystem leaders to ensure consistency and prevent unnecessary administrative burden:
 - While we appreciate SBTi listing the **AIM Platform Critical Technologies** as a recognized readiness list in C20.5.a, we hope for a stronger endorsement of AIM's standards throughout C19, C20, Table A.3, and Annex E for EAC methodologies and indirect mitigation.
 - For the OER integrity principles in Annex E, we believe the SBTi should align with existing best practices rather than creating a new, bespoke set of principles. Specifically:
 - For Mitigation Impact Contributions, we recommend leveraging established criteria such as the Integrity Council for the Voluntary Carbon Market (**ICVCM**) Core Carbon Principles (CCPs). We urge SBTi to reference the CCPs and other established

integrity standards within the text, analogous to the AIM Platform and IEA ETP inclusion in C20.5.a. Aligning with the CCPs ensures that the nuance of complex market mechanisms—such as financial transparency (Annex E, Principle 2.2)—is addressed by the institutions most ingrained in the market system and best equipped to define robust standards, avoiding the fragmentation of bespoke criteria.

- If SBTi integrates with ICVCM standards, one caveat is the need for a defined interim transition phase. Given that the ICVCM framework is still assessing a wide range of existing methodologies, companies must be afforded the flexibility to continue climate action by utilizing credits from registries or methodologies that have applied for ICVCM assessment or are actively transitioning to CCP-approved methodologies. To facilitate this necessary continuity, we recommend implementing a "safe harbor" provision where companies can self-report their due diligence and demonstrate alignment with the CCPs. We note that the VCM Claims Code successfully implemented a [similar guidance workaround](#) (allowing CORSIA-eligible credits as a transition proxy) to manage this transition period; we urge the SBTi to look to that precedent to encourage developer transition to high-integrity standards while supporting continued near-term capital deployment.
- For Climate Finance Contributions, we recommend referencing principles from established bodies such as Multilateral Development Banks (MDBs), the OECD Development Assistance Committee (DAC), or the Climate Policy Initiative.

5. Durability Requirements

We appreciate the SBTi's constructive trajectory in this area, particularly the decision not to require a strict like-for-like durability requirement for neutralization. While we acknowledge the complexity of defining durability, we urge the SBTi to adopt nuanced language that moves beyond a binary framework. Even though there is no universal consensus within the Beyond Alliance, there is **broad support for a portfolio approach** aligned with emerging science rather than the rigid, fixed ratios presented in C29.2 (median share of long-lived removals observed in IPCC climate scenarios). We recommend that the SBTi remain upstream in its guidance and refrain from picking winners regarding specific technology types or portfolio mixes at this stage. Rather than pre-defining specific portfolio compositions (i.e., 100% removals at 2035 with specific durability thresholds), we suggest the SBTi remain open to how science and markets evolve, considering:

- ▶ **Atmospheric Need:** It is not yet certain that a 100% removals portfolio is the optimal intervention for the atmosphere in 2035; prioritizing support for some mix of emissions avoidance (e.g., super pollutant avoidance) may remain critical.
- ▶ **Supply Availability:** There is uncertainty regarding the volume of short- and long-durability removals that will be available in the coming decades. We understand that one of the results of the SBTi guidance may be to incentivize investment in climate innovation;

however, we encourage SBTi to remain solution-neutral, and rather, continue to incentivize the highest integrity and most time- and cost-efficient climate actions.

We view the inclusion of this illustrative detail as helpful in indicating the direction of travel, and we specifically welcome the commitment that the final definitions on durability requirements will be decided in Version 3.0, based on the best available science. As highlighted in the recent [letter](#) sent to SBTi signed by over 160 scientists (as of November 4, 2025), prioritizing theoretical permanence over scalable implementation creates counterproductive delays. The scientific community emphasizes that removals deliver measurable near-term climate value by reducing peak warming and delaying the planet from crossing dangerous tipping points. Thus, buying crucial time for longer-duration solutions to scale.

To ensure integrity without stifling investment, we recommend the SBTi continue to explore how risk management mechanisms—such as permanence trusts, horizontal stacking, buffer pools, and insurance products—can and should enhance company profiles and support high-integrity investments. These instruments within a portfolio approach allow for the management of reversal risk for all eligible removal types. We appreciate that the SBTi is exploring these mechanisms further and encourage the development of a framework that manages risk while maximizing near-term climate action.

- ▶ **Horizontal Stacking:** This mechanism specifically addresses the durability timeframe of credits rather than unintended reversal risks. It allows companies to "stack" or sequentially chain shorter-duration removals (e.g., nature-based solutions) over time to cumulatively achieve long-term permanence. This approach ensures that the critical near-term value of shorter-lived CDR in reducing peak warming is properly valued and utilized, while using separate instruments (like insurance — see below) to handle unexpected reversals.
- ▶ **Permanence Trusts:** This functions as a pooled financial mechanism designed to ensure long-term climate benefits by aggregating resources through defined, up-front contributions at the time of credit purchase to cover future reversals (functioning like insurance).
- ▶ **Insurance & Buffer Pools:** These established instruments should be recognized as valid, enforceable commitments to manage reversal risk, serving as alternatives to rigid physical durability requirements.

Conclusion

The CNZS V2 second consultation draft represents a major step forward, particularly in expanding mitigation levers. Addressing these targeted technical concerns—specifically surrounding CAs, EAC flexibility, OER incentive structure, durability requirements, and alignment with external integrity standards—will ensure the final standard is not only scientifically rigorous but also practical and effective for global corporate implementation.