



SBTi CNZ 2.0 Consultation



05/2025

ACT initiative

contribution

Context

This document presents the answer of the ACT initiative to the SBTi H1 2025 consultation on its proposed evolution of the CNZ standard.

WHO WE ARE

Formally launched in 2015 at COP21, the ACT initiative was founded by ADEME and developed in partnership with CDP. Now hosted by WBA, ACT is a pioneering international initiative that creates a “climate accountability” framework. It encompasses:

- ACT Step-by-step, providing methodologies and tools helping companies to build relevant transition plan;
- ACT Assessment methodologies, that cover
 - o Detailed sectoral methodologies dedicated to climate mitigation;
 - o A “Core” methodology allowing to assess the strengths and weaknesses of a company’s transition plan and overall past and future climate trajectory;
 - o A methodology dedicated to climate adaptation;
 - o A methodology dedicated to biodiversity (under development).

WHY WE ANSWER THIS CONSULTATION

Operating a transition toward a low-carbon economy requires that several key pieces of information be readily available to companies and stakeholders: GHG inventory (with standards such as GHG protocol or international harmonized standard ISO 14064-1), disclosure frameworks (e.g. CDP, TCFD, TPT, CSRD), target setting standards as SBTi and transition plan building and assessment frameworks such as ACT. It is necessary that all these actors can help and feed each other to ensure a consistent global framework for companies and lower their reporting and ramp-up burden.

We would warmly thank the SBTi initiative and SBTi teams for the thorough work conducted and the pedagogical efforts made throughout this consultation. We propose here to deliver our key messages in complement to the feedback form proposed online. We are in addition available for any complementary discussion on the topic.

Key messages

SUMMARY

In few words we consider that this framework constitutes a huge step forward comparing to the previous one, meaningful improvements being brought with regards to target granularity, target renewal and management of under-performing achievements / residual emissions. We however raise concerns regarding the lack of clarity of the target progress and target achievement monitoring, as well as some elements of the claim process (especially the conformance claim) and temptation of using indirect mitigation actions for scope 3 target achievement. These topics lead in our view to potential significant greenwashing risk. Furthermore, we advocate that the transition planning shall be a requirement rather than just a recommendation. Lastly, some technical improvement (e.g. strengthening of the definition of company A) are proposed.

Please find below a more detailed review of the main messages regarding the proposed reviewed CNZ standard.

ACKNOWLEDGED IMPROVEMENTS

A sound framework with welcomed improvements

The framework brings numerous welcomed significant improvements, sharing common approach with the ACT initiative (see ACT Framework) on many of them:

- Publication of climate transition plans required to materialize climate targets;
- Requirements for third-party assurance of GHG emissions inventories and requirement to recalculate base-year emissions enhance credibility, transparency, and stakeholder confidence.
- Further granularity in scope 1 C 2 targets and distinction location based vs. market based which improves accuracy in tracking renewable electricity procurement;
- Meaningful improvement in the new setup to define scope 3 targets boundaries, focusing on influence and feasibility. As a matter of fact, the previous minimal thresholds for scope 3 emissions (67% for near-term targets and 90% for long-term targets) appears very difficult, if not impossible to implement in practice. We believe this new approach will allow a more robust scope 3 target setting and related monitoring and assessments;
- Systematization of interim targets and regular progress updates, with target redesign taking into account past performance supports dynamic target-setting and continuous accountability, helping maintain ambition and track real-world progress;
- Separated removal targets that incentivise first own GHG reduction;
- Going beyond pure GHG metrics allows also to value direct decarbonization levers in a simpler and most efficient way. For instance, shift from renewable electricity to zero-carbon electricity targets offers a broader focus supporting systemic grid decarbonization and reduces reliance on renewable energy certificates, encouraging companies to contribute to the whole power system's transition.

POINTS OF ATTENTION

We have also some points of attention and strong views regarding the questions asked in the survey, main elements being described in this overarching answer.

CORPORATE GHG INVENTORY STANDARD

We recommend to not only refer to GHG-protocol corporate standard but to also allow the use of international harmonised standard ISO 14064-1.

GHG DECARBONIZATION PATHWAYS

Despite the incredible work done on the “Cross-Sector Pathway Documentation” and “Target-Setting Methods Documentation”, it is still problematic to not allow the use of 1.5° C aligned national sectoral decarbonization pathways while they would help to better reflect the local constraints and feasibility.

TRANSITION PLANNING

Ambition without credibility might lead to greenwashing

While the core of the standard should not prescribe how companies achieve their targets, it is essential that companies provide transparent information on their intended approach to demonstrate their credibility together with their ambition, as investments and support need to precede actual target achievements. Therefore, such transition plan disclosure shall be a requirement, while companies should be recommended to respect disclosure standards / building process and SBTi provides on-going guidelines/resources to support companies.

We point out notably the ACT-Step by Step methodology helps companies building transition plan through a 5-step approach: initial diagnostic, issues and challenges, vision, new strategy from action plan. It can be quoted as a relevant resource.

MONITORING OF PROGRESS AND ACHIEVEMENTS

Beyond standard delivery, the need to monitor and disclose (non-) progress

It is necessary that stakeholder can easily compare on a regular basis validated targets with actual progress and achievements. The current setup seems in our view insufficiently clear.

- C1.6 notably leaves to the company the flexibility to decide the frequency and reporting method without minimum requirements;
- in Section 5 Assessing and communicating progress, the company shall disclose progress at the end of the target cycle (C24, C27);
- We acknowledge and welcome that SBTi is already making progress report and publish progress databases but we understand this can have significant delays (last found report [from 2022](#)) and there is no guarantee of availability of information as SBTi relies on third parties.

Given these limitations, we therefore highlight the necessity that:

- There shall be a minimum set of progress/achievement information to be provided by companies and collected by SBTi, that shall disclose it publicly.
- Reporting and disclosure shall be at least yearly for Companies A and equivalent to the GHG inventory publication frequency for companies B. Granularity shall be clearly set at target level;
- Companies should be able (i) to indicate that information is in practice available in this or this public disclosure to avoid double-reporting (ii) to provide rationale if they wish regarding the progress made.

Furthermore, as a technical comment we would like to point out that in annex G formula G1 could be more explicitly adapted to target progress with variable year between base year and target year. In addition to progress/achievement formula, disclosure requirements could ask to disclose each year the budget consumption of the company, based on its carbon budget calculated at the time of target setting.

INDIRECT MITIGATION

Maybe useful for a positive action but not suitable for GHG target achievement

The proposed standard introduces the concept of indirect mitigation, defined as actions that contribute to the company's value chain emission reduction but that cannot be traced back to activities or emissions sources within the value chain (e.g. book-and-claim purchase of sustainable aviation fuel to state that emissions related to this activity decreased). Although safeguards are designed within the standard with regard of the use of such techniques (it is only used as an interim measure if direct mitigation is not possible, delivers measurable comparable outcomes to direct mitigation and is reported separately to direct mitigation), we stick to concern that this concept is dangerous as impact is hardly demonstratable and as it still can prevent companies from actually taking action. We therefore strongly oppose to the integration of this concept directly in the accountability of GHG decrease of associated scope 3 emissions. We believe however that keeping the setup separately as for residual emissions can set positive incentive toward companies.

CLAIMS

A risk of greenwashing if there is no clear connection to target progress

The CNZ sets overall a sound proposal to distinguish various steps in dedicated claim status. However, notably in the absence of clear systematic target progress/achievement reporting (see above), we have some concerns about the "conformance claim" and the "target renewal claim". Furthermore, we find that claims on "Net Zero", "Paris aligned" ... are prone to greenwashing and can mislead non-expert public and shall be avoided. Finally, "negative" categories could also be set: "non-conformant" category where compliance breaches are found, "failed target" where past target were missed. However, this shouldn't prevent the company from providing rationale for the situation.

On conformance claim: Unless mistaken, a company can be significantly missing its target and still be conformant with the SBTi standard until a renewed target is set.

Furthermore, there is doubt that a company that has not achieved a required element that has a delay (e.g. not publishing yet a transition plan but being still within the delay prescribed in C2) would still be able to get the conformance claim while having not "done" much yet. Thus, this "conformance claim" might provide a confusing opinion to stakeholders about the performance of the company. If one would want to keep this claim its conditions of granting shall be further detailed, and it shall be made alongside communication on the actual target progress/achievements.

On the contrary it could be relevant to set a "non-conformance" signal where a breach has been found, to ensure the standard's integrity.

On renewal claim: concept is good but operational details might also be missing, leaving place for greenwashing risks. Notably there is no detail about the maximal time gap required in between claims/renewal of targets. In addition, there are no safeguards for the case in which companies did not meet their targets several times and there is strong concerns about the credibility of the future most ambitious target. Again, it seems necessary to link directly the claim to actual progress/achievements information.

NET-ZERO TERMINOLOGY

Claiming net zero at company level: a difficult concept

We have concerns regarding the notion of "net zero" commitment at company level, as the neutrality at individual level encompasses the necessity to get reliable GHG emissions data and embark implied strong hypotheses regarding the "fair share" of emissions to compensate/remove, that could always be discussed (for instance it could be considered that a long-time running high-emitting company from a high income country has "carbon debts" since early 20th century and might be requested to deliver more than carbon neutrality by 2050, even with some on-going efforts started from now).

We, however, acknowledge that the setup incentivizes companies to support GHG removal projects while firstly reducing the emissions resulting from their activities and arising from their value chain. We would therefore tend to support the proposed approach regarding target setting removal while, being aware of greenwashing risks/potential legal risks regarding the use of "net zero":

- being utterly cautious in the claims associated (no "net zero" claim, see part 6 questions)
- review in the overall framework the terminology to avoid terms such as "net zero product" or "net zero company" and use rather "low-GHG product" or "low-GHG company";
- quickly move forward regarding concrete implementation of removal concept.

Furthermore, we believe the notion of ‘net-zero aligned’ procurement is not the best one to use, due to lack of clarity around static or dynamic statement (already vs. on the way to net-zero). We believe it is clearer to refer to temperature alignment.

CATEGORY CLASSIFICATION

The need to set a “by-default” A status

Overall category A / B setup seems sound. However, we believe that the proposed setup misses a minimum GHG threshold upon which a company shall fall in A whatever its location/size. Such threshold might be differentiated to consider further time/budget allocated to low/middle income zones as well as scope 3 considerations.

SCOPE 3 INTENSIVE ACTIVITY COVERAGE EXPANSION

As probably already noted by SBTi teams there are still some high-emitting activities that are not accurately handled by tables D3 and D4 of the annex D of the CNZ. We therefore suggest to include additional high-impact sectors based on our ACT experience: alcohol production, hydrogen (non-low-carbon), chlorine, and pulp and paper.

Thresholds should also be regularly reviewed to ensure alignment with increasing sectoral ambition and specific needs as targets grow more stringent

BEYOND VALUE CHAIN MITIGATION (BVCM)

We acknowledge and welcome that new version of SBTi standard wants to move from a simple recommendation as in the previous version, towards an opt-in recognition system Beyond Value Chain Mitigation that might incentivise positive actions from companies that try to lead the way on addressing on-going emissions during their trajectory in decarbonization. This additional recognition might allow to differentiate the best practice companies from the laggards; however, it is crucial that a clear differentiation is made between addressing on-going emissions and targeted emissions to cut, as not to be perceived by the companies that by using carbon credits they can avoid cutting targeted emissions. This is relevant as not to create confusions and de-prioritize the company’s action within its perimeter.

To this extent we support the option that achievement of science-based targets shall be met for obtaining the BVCM recognition. Modalities of design themselves might remain to some extent flexible regarding timeline and nature of the actions; however, it should not be seen a lose system on its own criteria. Thus, what is claimed shall be factual and verifiable.

Lastly, it could be specified that any BVCM claim shall explicitly be set in a secondary way to direct mitigation claims to avoid confusion.

COST IMPLEMENTATION CONCERNS

We think it is important to bring light on how proposed changes around which types and how many targets shall/should be set by companies will impact related cost and time for companies. While it is very welcome to strengthen target setting rules, it is important to make sure that increasing costs and efforts do not discourage smallest companies.