



SBT CONSULTATION NET ZERO STANDARD V2: IEMA RESPONSE

2025

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ABOUT IEMA

We are the Institute of Environmental Management and Assessment (IEMA). We are the global professional body for over 22,000 individuals and 300 organisations working, studying or interested in the environment and sustainability. We are the professional organisation at the centre of the sustainability agenda, connecting business and individuals across industries, sectors and borders. We also help and support public and private sector organisations, governments and regulators to do the right thing when it comes to environment and sustainability-related initiatives, challenges and opportunities. We work to influence public policy on environment and sustainability matters. We do this by drawing on the insights and experience of our members to ensure that what happens in practice influences the development of government policy, legislation, regulations and standards.

EXECUTIVE SUMMARY

IEMA ran a workshop in May 2025 with IEMA members to discuss and agree the IEMA response to the SBTi net zero standard v2 consultation. Given the length and complexity of the survey it was agreed that not all questions would be answered, and instead focus would be put on the core changes that we felt would be most impactful to IEMA members. IEMA members would welcome the opportunity to be consulted further as the new version of the standard evolves.

Broadly, the additional rigour of the proposed standard is welcome. Two comments and associated recommendations are:

- That some of the proposed changes would be too onerous for the new Category B companies and we recommend that they should be only made compulsory for the new Category A companies and voluntary for the Category B companies; and
- That the feasibility of some of the new requirements depends on the sector, accordingly we recommend sector-specific requirements.

QUESTIONS AND RESPONSES

QUESTION 28: SHOULD THE PROVISION FOR TRANSITION PLANS BE A MANDATORY REQUIREMENT OR A BEST PRACTICE RECOMMENDATION?

Response: Required for category A companies and recommended for category B companies.

Soon to be known as The Institute of Sustainability and Environmental Professionals (ISEP)

Response explained: Overall, it was agreed that transition plans are necessary for organisations to transition to net zero, and to make and monitor continuous improvement efforts along the way. However the transition planning process (depending on requirements are set for what the transition plans need to look like) could be overly onerous for category B companies and therefore it should only be recommended for companies in this group.

QUESTION 29: TO WHAT EXTENT DO YOU THINK IT IS FEASIBLE FOR CATEGORY B COMPANIES TO DEVELOP A TRANSITION PLAN WITHIN 12 MONTHS FROM THE INITIAL VALIDATION?

Response: Somewhat infeasible

Response explained: It is not completely infeasible for category B companies to develop a transition plan, as some will be able to do this exercise. But it will be infeasible for many.

QUESTION 30: SHOULD SBTI INTRODUCE ANY FURTHER REQUIREMENTS FOR TRANSITION PLANS?

Response: Unsure

Response explained: Workshop participants were not sure whether this question was around requirements to report, or the format of reports, so both topics were discussed.

In terms of requirements on companies, category A companies should be required to produce a transition plan, but category B companies should not (see response to questions 28 and 29).

In terms of what a transition plan should look like. It was agreed that SBTi should not seek to introduce any new bespoke framework for transition plans, and if introducing this requirement, should refer companies to the framework developed by the Transition Plan Taskforce. This will help companies to avoid unnecessary duplication of effort in reporting.

QUESTION 32: WHICH APPROACH DO YOU MOST SUPPORT FOR COMPANIES TO FOLLOW WHEN SETTING THEIR ORGANIZATIONAL AND OPERATIONAL BOUNDARY?

Response: Unsure

Response explained: Workshop participants preferred to be able to keep both options open, although recognised that there are pros and cons to each.

An argument in favour of Option 1 (following the Greenhouse Gas Protocol Corporate Standard approach) is that this is the most-used currently. This would be the least disruptive to continue, and would remove the need for many, if not most, organisations to re-calculate their baselines which would be the case if SBTi moved to Option 2.

An argument in favour of Option 2 (the consolidated financial statements approach) are that this would line up with emerging international reporting frameworks' requirements, However workshop participants expressed concern that following consolidated financial statements might result in some facilities being de-scoped from the reporting, should they not fall into consolidated financial statements.

The argument against Option 3 (allowing either Option 1 or Option 2) is that it won't be possible to make accurate comparisons between companies that have taken different approaches.

Overall, respondents noted that the GHGP is also currently being amended and urges both organisations to converge over one approach, to support progress and certainty in this space.

QUESTION 34: GHG EMISSIONS REPORTING AT ACTIVITY LEVEL SHOULD BE REQUIRED:

Response: Across all scopes

Response explained: While difficult, reporting must include Scope 3 for the exercise to be useful. Without including Scope 3, it will not be possible to compare companies that measure and report different things.

QUESTION 37: DO YOU HAVE ACTIVITY-LEVEL GHG EMISSIONS DATA FOR EMISSION-INTENSIVE ACTIVITIES WITHIN SCOPE 3?

Response: Some emission-intensive activities

Response explained: Workshop participants were from different sectors, and their responses varied from 'some' to 'most'. Some sectors are more difficult than others, with difficult examples being IT and textiles. The more high level the data that is available, the more that estimations are needed, resulting in less precise reporting. It was noted that understanding emissions 'wedges' is a benefit at activity level as it enables near-term targets to support investment decisions.

QUESTION 38: HOW OFTEN DO YOU THINK COMPANIES SHOULD BE REQUIRED TO PUBLICLY REPORT THEIR SCOPE 3 EMISSIONS?

Response: Only emission-intensive activities annually and a full scope 3 inventory every three years

Response explained: This choice of response (the closest was selected from a fixed list) does not reflect the workshop conclusion. Although much can change in three years, which would make full annual reporting the most desirable, this would be burdensome for companies without large teams and dedicated resource to achieve this. As with other responses, participants would like to see a more detailed requirement on Category A and a lighter touch (for instance by making it a voluntary requirement) on Category B companies.

QUESTION 40: TO WHAT EXTENT DO YOU THINK IT IS FEASIBLE TO HAVE FULLY TRACEABLE DATA BY 2035 FOR EMISSION-INTENSIVE ACTIVITIES?

Response: Unsure

Response explained: The feasibility of the 2035 date depends to some extent on the sector in question. For example the construction sector has good data and for this sector, 2035 is too late. However other sectors will find 2035 infeasible. A solution could be to provide sector-specific deadlines or benchmarks that recognise these complexities. Downstream/use data will always remain challenging for many sectors.

QUESTION 41: TO WHAT EXTENT DO YOU THINK THAT THE 5% SIGNIFICANCE THRESHOLD FOR SCOPE 3 CATEGORIES IS A MEANINGFUL WAY TO IDENTIFY RELEVANT EMISSIONS SOURCES TO BE INCLUDED IN SCOPE 3 TARGETS?

Response: The threshold is appropriate

QUESTION 43: TO WHAT EXTENT DO YOU THINK THE 1% SIGNIFICANCE THRESHOLD FOR EMISSION-INTENSIVE ACTIVITIES IS MEANINGFUL IN IDENTIFYING RELEVANT EMISSIONS SOURCES TO BE INCLUDED IN NEAR-TERM SCOPE 3 TARGETS?

Response: The threshold should be lower to include more emissions sources within the target boundary

QUESTION 44: TO WHAT EXTENT DO YOU THINK THE 10,000 TCO2E SIGNIFICANCE THRESHOLD FOR EMISSION-INTENSIVE ACTIVITIES IS MEANINGFUL IN IDENTIFYING RELEVANT EMISSIONS SOURCES TO BE INCLUDED IN NEAR-TERM SCOPE 3 TARGETS?

Response: The threshold should be lower to include more emission sources within the target boundary

QUESTION 70: TO WHAT EXTENT DO YOU SUPPORT OR OPPOSE THE PROPOSAL FOR INDIRECT MITIGATION TO COUNT TOWARDS SCOPE 3 TARGET ACHIEVEMENT, UNDER THE CONDITION THAT 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?

Response: Strongly support

Response explained: This may be the only way to mitigate hard-to-abate industries (cashmere production was given as an example). Sector specific guidance may be needed however to identify hard-to-abate industries.

QUESTION 71: HOW DO YOU THINK TIER 1 SUPPLIER ENGAGEMENT TARGETS SHOULD BE INCORPORATED INTO THE STANDARD?

Response: Option 1: As a mandatory requirement for all companies setting scope 3 targets (i.e. in addition to other targets covering this portion of emissions)

Response explained: This approach drives engagement through the value chain.

QUESTION 72: WHICH OF THE FOLLOWING OPTIONS DO YOU SUPPORT FOR MEASURING SUPPLIER ALIGNMENT?

Response: Both are valuable options.

QUESTION 73: TO WHAT EXTENT DO YOU THINK IT IS FEASIBLE FOR COMPANIES TO ACHIEVE 100% OF SPEND ON TIER 1 SUPPLIERS PROVIDING EMISSION-INTENSIVE ACTIVITIES TO BE GOING TO SUPPLIERS THAT ARE "TRANSITIONING" (I.E. HAVE SET AN SBT) BY 2030?

Response: Infeasible, but 90% would be feasible

Response explained: Suppliers should have set science based aligned targets, not necessarily an SBTi target. Some smaller companies may find this harder than larger companies.