

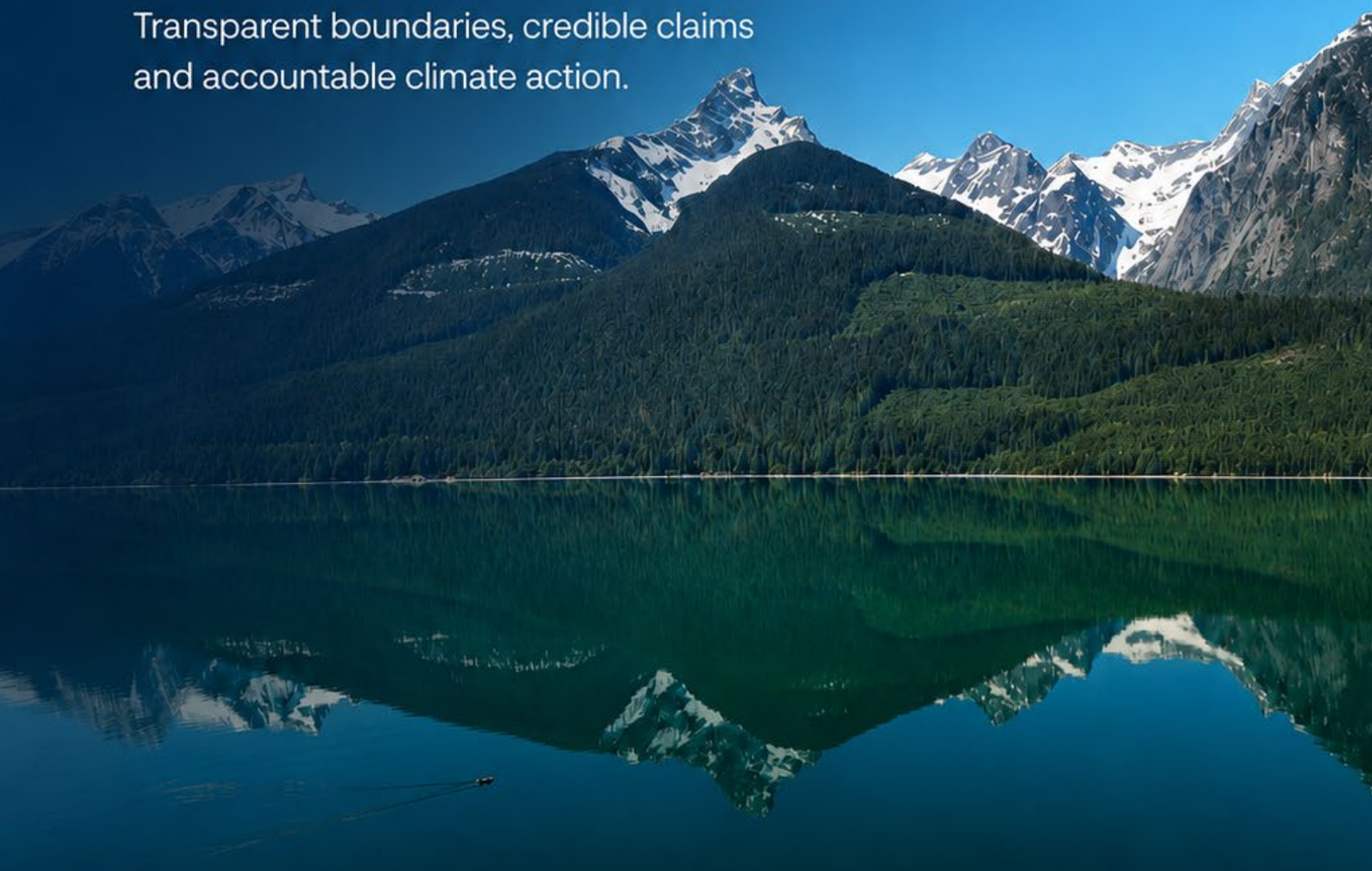


CARBON
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NoCO2 Net Zero Standard

A Clearer Standard for Net Zero

Transparent boundaries, credible claims
and accountable climate action.



Version Details

Table 1: Version Details

Standard Version:	1.0.1
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Each version of the Standard is identified by its version number, publication date, and effective date as stated above. The organisation is responsible for ensuring that they are referencing a version with an effective date that meets the requirements of 4.3.1.

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Foreword

Over millennia, human civilisation has continuously reshaped the natural environment to better serve our needs through clearing forests, altering landscapes, creating artificial waterways and building cities capable of supporting millions of people. However, over the past two centuries, the scale at which we influence the planet has accelerated dramatically. The industrial revolution enabled rapid expansion in fossil fuel combustion and industrial processes that significantly increased atmospheric concentrations of greenhouse gases. These gases trap heat and absorb radiation, and since this time global average temperatures have already increased by more than 1°C, driving heightened weather volatility and an increasingly unstable climate system.

2 billion people live in river basins fed by snow melt and glaciers, yet year on year these recede faster, while at the same time over 200 million people live within one metre of today's sea level, which rises with equally increasing speed. Some ocean systems oscillate with greater force, driving the Pacific between sharper cycles of drought and flood, while others are quietly slowing, weakening the deep currents that have steadied the North Atlantic climate for millennia. It is threats like these that the Intergovernmental Panel on Climate Change warns will have catastrophic consequences were we to pass 1.5°C of warming.

This future is not inevitable. Today's technology makes it possible to replace many emissions intensive systems with cleaner, renewable, and circular alternatives. Electricity from wind, solar, hydro, and emerging technologies can power almost every part of society. Forestry can be sustainably managed. Agricultural practices can be shifted to dramatically reduce emissions and environmental impacts. We have the capacity and cause to transition rapidly.

However, the transition has been slowed by vested interests, outdated practices, and in some cases regulation that reinforces the status quo. Voluntary climate programs and claims, that were intended to accelerate leadership, have too often been misused. This has resulted in widespread greenwashing that has eroded trust and confused stakeholders, creating the perception that organisations are acting on climate, when in reality their activities fall significantly short of what could be considered genuine.

Many voluntary climate programs, certifications, and standards are now under credible scrutiny as they have not kept pace with expectations or scientific urgency; they have permitted over reliance on carbon offsets instead of emissions reduction, and allowed inconsistent inventories, incomplete disclosures, opaque claims, poor quality carbon offsets and marketing centric claims such as “carbon neutral” and “net zero” without sufficient substance behind them.

The NoCO2 Net Zero Standard exists to address these issues.

The NoCO2 Net Zero Standard provides a rigorous yet practical pathway for organisations, and the products and services they provide, to achieve true net zero greenhouse gas emissions. It is grounded in the GHG Protocol framework, but extends it with unambiguous boundaries, reduction obligations, and accelerated action aligned to the IPCC 1.5°C trajectory. It is designed to restore credibility, rebuild trust in voluntary claims, and ensure that climate leadership equates to measurable, transparent, and verifiable climate action.

Table of Contents

Version Details	2
Licence	2
Foreword	2
Table of Contents	4
List of Tables	5
1. Scope	6
1.1. Background & Purpose	6
1.1.1. Relation to Other Standards	7
1.1.2. Prohibited Activities	7
1.1.3. Use of Claims and Representations	7
1.2. Principles & Concepts	7
2. References	9
2.1. Normative	9
2.2. Informative	9
3. Conventions	10
4. Framework	10
4.1. Net Zero Statuses	10
4.2. Organisation types	10
4.2.1. Small & Large Entities	10
4.3. Initial Year & Reporting Period	10
4.3.1. Applicable Standard Versions	11
4.4. Organisational Boundary	11
4.5. GHG Inventories	11
4.5.1. Emission Scopes	11
4.5.2. Inventory Types	11
4.5.3. GHG Emission Categories	12
4.5.4. Quantification	13
4.5.5. Methodology	15
4.5.6. Influence Based Inventory Categories	19
4.6. Data Quality	20
4.6.1. Data Quality Ranking	20
4.6.2. Data Ranking Improvement	20
4.6.3. Financial Reconciliation Check	21
4.6.4. Supplier Specific Emission Factor Assessment	21
4.7. Reduction Obligations	22
4.7.1. Required Interventions	23
4.7.2. Clean Alternative Assessment	25
4.7.3. Business Acquisitions	26
4.7.4. Accelerated Reduction Timeline	27
4.7.5. Net Zero Status Requirements	28
4.8. Carbon Credits	29
4.8.1. Abatement Principles	29
4.8.2. CDR Criteria	29
4.8.3. Permanence Risk Mitigation	30
4.8.4. Credit Reversal	30
4.9. Governance & Decision Making	31
4.9.1. Use of Claims and Statements	31
4.9.2. Metrics & Targets	32
4.9.3. Roles & Responsibilities	32
4.9.4. Public Reporting & Disclosure	33
5. Reporting	34
5.1. Public Disclosure Statement	34
5.1.1. Front Page	34
5.1.2. Net Zero Commitment	34
5.1.3. Director's Verification Statement	34

5.1.4.	Independent Assurance Statement.....	35
5.1.5.	Organisation Description	35
5.1.6.	Annual Results	35
5.1.7.	Boundary Description	35
5.1.8.	GHG Inventory Table	35
5.1.9.	Influence Based Disclosure.....	36
5.1.10.	Emissions Tracking	37
5.1.11.	Reduction Obligation Progress	38
5.1.12.	Carbon Credit Reporting	40
5.1.13.	Contractual Instruments for Purchased Energy	41
5.1.14.	Data Quality & Scope 3 Improvement.....	41
5.1.15.	Non-Conformance Disclosure.....	41
6.	Assurance & Conformance	43
6.1.	Assurance Requirements	43
6.2.	Conformance Requirements	43
6.2.1.	Assessment	44
6.2.2.	Critical Non-Conformance Resolution	45
	Glossary A-Z.....	46
Annex A	Illustrative Examples of Reduction Obligations	48
Annex B	Net Zero Attribution of GHG Protocol Categories	53

List of Tables

<i>Table 1: Version Details.....</i>	<i>2</i>
<i>Table 2: Data Quality Ranking Tiers</i>	<i>20</i>
<i>Table 3: GHG Emission Category Materiality Thresholds.....</i>	<i>24</i>
<i>Table 4: CDR Eligibility Criteria.....</i>	<i>29</i>
<i>Table 5: Annual Results Key Metrics</i>	<i>35</i>
<i>Table 6: Historical Key Metrics.....</i>	<i>38</i>
<i>Table 7: Historical GHG Inventories</i>	<i>38</i>

1. Scope

This Standard establishes requirements for organisations to quantify, manage, reduce, and disclose greenhouse gas emissions across organisational, product, or service boundaries, in alignment with a 1.5°C pathway as defined by the Intergovernmental Panel on Climate Change (IPCC).

It is intended for use by private sector entities, public sector entities, non-profit organisations, and other institutions seeking a consistent, transparent and scientifically aligned approach to greenhouse gas accounting, emissions reduction and net zero commitments. It may be applied to support both current net zero claims and future aspirational commitments.

This Standard also includes methodologies and requirements that are designed to be consistent with, and capable of supporting, the underlying principles and requirements of recognised external frameworks and initiatives. Application of this Standard may support alignment with such frameworks; however, it does not in itself ensure or constitute full compliance with any specific external standard, framework, or regulatory requirement.

The Standard, alongside the NoCO2 suite, may be applied to:

- Voluntary net zero claims, including the quantification, substantiation, and disclosure of such claims;
- Organisational greenhouse gas inventories;
- Product, service, or portfolio level greenhouse gas assessments;
- Development and documentation of emissions reduction targets, including those aligned with recognised external frameworks (e.g. Science Based Targets initiative (SBTi));
- Preparation of climate related disclosures in accordance with applicable voluntary or regulatory frameworks (e.g. TCFD, ISSB/IFRS S2 or jurisdiction specific requirements);
- Development of emissions reduction pathways, transition plans, and interim targets;
- Aspirational net zero commitments, where emissions reduction and transition pathways are defined and disclosed.

Use of this Standard does **not** constitute certification or endorsement by the Carbon Reduction Institute (CRI) or any of the authors of this document. The organisation remains solely responsible for the accuracy of its data, the completeness of its inventory boundaries, and any claims made. The organisation is responsible for ensuring that all statements made in relation to this Standard comply with applicable laws and regulatory requirements, including consumer protection obligations.

1.1. Background & Purpose

Stakeholders, from investors and consumers to regulators and policymakers, are increasingly expecting more from organisations which now, more than ever, need credible ways to manage their greenhouse gas emissions. Voluntary climate action done well provides a means to this end, allowing organisations to take responsibility for their emissions ahead of regulatory mandates and rising societal pressure, while accelerating global decarbonisation.

The GHG Protocol, the foundational framework most voluntary programs build on, enables organisations to compare their own emissions against their own past, but it was not designed to enable comparison between companies. Within this gap, voluntary programs and certifications have grown in different directions: inventory boundaries diverge, reduction targets range, carbon credits are used inconsistently, and disclosure requirements vary widely between schemes; even where targets are set with rigour, schemes typically fall short of helping organisations achieve them. The result is a market in which trust is thin, claims are hard to compare, and criticism abounds.

The NoCO2 Net Zero Standard is designed to address these issues. It does so by:

- Defining what a complete carbon inventory must include.
- Allocating responsibility for reducing value chain emissions across organisations.
- Prescribing timelines for the specific abatement activities organisations must implement, the equipment they must phase out, and the practices they must not engage in.
- Setting strict rules on the use and quality of carbon removal credits.

- Requiring transparent disclosure so claims can be independently verified.
- Setting a linear emissions reduction trajectory to net zero by no later than 2040, with required coverage of annual shortfalls.

This provides a framework in which climate claims are credible across years and comparable between organisations operating in the same market.

1.1.1. Relation to Other Standards

This Standard utilises the Greenhouse Gas Protocol as its foundational carbon accounting reference framework. It is designed to complement regulatory decarbonisation frameworks, corporate disclosure requirements and market integrity reforms. It does not replace legal obligations, financial reporting standards or emissions compliance schemes.

This standard is compatible with, but not dependent upon, other existing voluntary net zero and carbon neutrality frameworks such as ISO 14068 and SBTi.

This Standard is intended as an open source, non-proprietary standard for use by any organisations looking to engage in activities that reduce their impacts on our climate.

Further details on interoperability of this Standard with other significant reporting frameworks may be found in the **External Standard Compatibility Guidance** document.

1.1.2. Prohibited Activities

Organisations shall not engage in any activity listed as prohibited within the **Prohibited Activities Schedule**.

Organisations engaging in these activities may use this standard only for the following limited purposes:

- Carbon accounting and boundary setting.
- Identification and modelling of reduction pathways.
- Public disclosure of carbon inventories and emissions reduction efforts.
- Carbon credit evaluation and scoring methodology alignment.

Such organisations shall **not** use this standard to underpin, support or communicate a net zero claim.

1.1.3. Use of Claims and Representations

The organisation shall ensure that any public statement referencing the NoCO2 Net Zero Standard is clear, accurate, and not misleading.

A Net Zero claim under this Standard shall only be made where the organisation has met all the requirements of the standard and achieved full compliance for the relevant reporting period.

Where only selected elements of the Standard are applied, the organisation shall not represent or imply compliance with the Standard or a Net Zero claim under it.

All claims shall clearly communicate their basis, scope, and whether full compliance has been achieved, and shall comply with applicable consumer protection laws.

1.2. Principles & Concepts

The NoCO2 Net Zero Standard introduces an unambiguous interpretation of net zero that resolves systemic weaknesses observed across existing voluntary net zero frameworks. These concepts underpin how net zero claims are defined, assessed, and substantiated within this standard.

Attribution Based Inventory Boundaries

A net zero claim requires a complete carbon inventory, but completeness is not the same as attribution. Not every emission source in an organisation's value chain belongs in the boundary that defines a net zero claim. Relevant value chain sources are those:

- over which the organisation has either practical direct or indirect decarbonisation levers;
- that arise as a result of activities that the organisation is the primary economic beneficiary of; or
- that are associated with activities fundamentally incompatible with the IPCC 1.5°C pathway, such as fossil fuel usage.

Division of a complete carbon inventory following this attribution logic provides the following classes of emissions:

- **Net Zero Attributable Emissions:** Value chain emission sources the organisation causes, controls, directs, financially drives, or materially influences. These must be reduced or neutralised to substantiate a net zero claim. They are recorded in the Net Zero Inventory.
- **Non-Attributable Emissions:** Value chain emission sources excluded from the net zero claim on substantive grounds; typically because they are either cyclical and nature-based, exogenous yet IPCC pathway aligned, or associated with transitory financial activity. They are recorded in the Non-Attributable Inventory and disclosed for transparency.
- **Influence Based Emissions:** Sources outside the organisation's value chain where some influence exists, but no direct causal link to operational or financial control can be established. They are recorded in the Influence Based Inventory and disclosed for transparency beyond the claim's substantive boundary.

Detailed category level rules and attribution rationales are set out in 4.5 and Annex B.

Emissions Reduction Before Credit Usage

Reduction comes first, and this Standard prescribes it directly rather than leaving it to organisational discretion. The Prohibited Activities Schedule identifies activities so inconsistent with a net zero economy that an organisation engaging in any of them cannot make a claim under this Standard. The Required Interventions Schedule sets out specific abatement actions organisations must implement, with defined implementation timeframes. The Clean Alternative Assessment governs the orderly retirement of fossil fuel plant where clean alternatives exist.

Decarbonisation takes absolute precedence over the use of carbon credits. Credits are for residual emissions, not emissions that could be abated, electrified, substituted, avoided, or decoupled from revenue.

Quality Carbon Removals

Carbon credit quality materially affects the integrity of net zero claims. Because avoided emissions credits do not truly neutralise emissions, eligible credits are restricted to genuine carbon dioxide removal (CDR) credits drawn from this Standard's Approved Methodologies and Approved Carbon Crediting Programs Schedules. This Standard introduces criteria for CDR usage, mechanisms to mitigate long tail impermanence risk in permanence deficient categories of removal, and a continuing replacement obligation in the event of reversal, which remains with the organisation except where transferred through in-kind insurance.

Aspirational Claim Integrity

A future net zero target is an undertaking from the year it is made, not a deferred promise. The Accelerated Reduction Timeline governs how: from the year of the claim, the organisation reduces along a linear trajectory toward the target year, with no permitted back loading.

Annual shortfalls against the trajectory must be met through carbon dioxide removal credits applied in the year the shortfall occurs. If the organisation abandons the claim, net zero must be achieved at the point of abandonment through full neutralisation of residual emissions. The claim, once made, must deliver net zero at least one time.

Comprehensive Carbon Accounting

An inventory must account for every material emission within the organisation's boundary. Every dollar of expenditure, direct or indirect, must reconcile to an emissions line, so that activities frequently excluded, outsourced, or written off as immaterial under legacy standards are captured. Materiality thresholds are not a basis for omission under this standard. Methodologies shall be applied consistently from year to year such that organisational claims are comparable over time, and progress can be objectively measured.

Data quality must improve year on year. Through better metering, primary data acquisition, supplier engagement, process optimisation, and digitalisation, inventories should become more accurate over time, not merely consistent.

Transparency

Every claim must be supported by evidence that is either publicly accessible or available to assurance providers without obstruction. The organisation cannot claim what it cannot show.

Claims and their supporting data must be presented so a reasonable person can understand the basis, validity, and boundaries of the claim. Selective framing, accounting loopholes, and wording designed to obscure rather than illuminate are inconsistent with this standard.

Leadership

To be a climate leader is to move faster than the status quo. This Standard requires achievement of net zero no later than 2040, challenging organisations to decarbonise beyond the default 2050 pledge that has become "Business as Usual". Organisations operating under this standard cannot defer reduction across a generation; the linear trajectory and 2040 backstop compel decarbonisation now. While the path is demanding, it provides a credible framework that safeguards against greenwashing and translates ambitious climate pledges into authentic structural change.

2. References

2.1. Normative

This Standard builds upon the principles and requirements of the documents listed below, which are normative to the extent referenced. The list is ordered by precedence: where requirements vary between this Standard and a referenced document, or between two referenced documents, the requirements of the higher listed document shall take precedence. Documents indented beneath a parent are subsidiary to it and take precedence immediately after it.

- NoCO2 Net Zero Standard
 - Prohibited Activities Schedule
 - Required Interventions Schedule
 - Clean Alternative Assessment Methodology
- GHG Protocol Corporate Accounting and Reporting Standard, Revised Edition (2004)
 - GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard (2015)
 - Required Greenhouse Gases in Inventories: Accounting and Reporting Standard Amendment (2013)
- GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)
 - Technical Guidance for Calculating Scope 3 Emissions: Supplement to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2013)
- PCAF (2023–2025). The Global GHG Accounting and Reporting Standard for the Financial Industry:
 - Part A: Financed Emissions (3rd ed., Dec 2025); Part B: Facilitated Emissions (1st ed., Dec 2023); Part C: Insurance-Associated Emissions (2nd ed., Dec 2025)

2.2. Informative

The following referenced documents are informative. They are provided to offer additional context, guidance, or methodologies that may assist in the implementation of this standard. Organisations are encouraged to refer to these sources where relevant, but are not required to conform to them.

- ISO 14064-1:2018
- IFRS S2 – Climate Related Disclosures

3. Conventions

To ensure clarity and consistency, this standard uses specific terminology to indicate the nature of the organisation's obligations. The following terms apply throughout the document, where:

- **shall** indicates a mandatory requirement;
- **should** indicates a recommendation for best practice; and
- **may** indicates a permissible action.

Cross references within this standard use a dotted path notation reflecting the document hierarchy, e.g. 6.1.c.ii refers to subitem ii of clause c of subsection 6.1.

4. Framework

4.1. Net Zero Statuses

This standard views the transition to net zero not as a single milestone, but rather a process characterised by two stages: its active pursuit and its continued achievement. To provide clarity to stakeholders and ensure integrity of environmental claims, the standard recognises two formal statuses:

- **Net Zero Committed:** This status identifies organisations that have formally embarked on their decarbonisation journey. It signifies that the organisation has set an IPCC aligned Net Zero Commitment Year and is successfully navigating the year on year abatement activities and reduction obligations required by this standard.
- **Net Zero Achieved:** This represents the ultimate goal of the framework. It is reserved for organisations that have met the reduction obligations required by this standard and have neutralised any remaining residual emissions with high quality carbon dioxide removals.

These statuses are retrospective and performance based. They are assigned only upon the release of the Public Disclosure Statement (5.1) of a reporting period and remain valid only for that specific period, ensuring that net zero claims remain a live reflection of the organisation's climate impact.

To qualify for either of these statuses, the organisation shall meet the technical requirements laid out within the subsequent sections of this standard.

4.2. Organisation types

This standard applies to all organisations, irrespective of size, sector, or structure. Differentiated requirements are specified for entities classified as small or large.

4.2.1. Small & Large Entities

The thresholds for small and large entities are informed by Australia's Climate Related Financial Disclosure (CRFD) requirements.

The organisation shall be classified as a large entity if it meets both of the following criteria:

- Employs 100 or more staff; and
- Generates annual revenue of AUD 50 million or greater.

Entities that do not meet both criteria are classified as small entities.

4.3. Initial Year & Reporting Period

- a) The organisation shall select an initial year for which they will prepare their initial GHG inventory and net zero claim in accordance with all requirements of the standard.
- b) The organisation may choose an initial year up to two reporting periods prior to the period in which the assessment is conducted.

- i) Where the organisation chooses an initial year two years prior to the current reporting period, it shall meet the requirements and release the Public Disclosure Statement (5.1) for intervening year concurrently with meeting the requirements of the initial year.
- c) The organisation shall establish a recurrent reporting period (e.g. calendar or financial year) consistent with the initial year, and shall apply this period consistently for the preparation of subsequent GHG inventories and Public Disclosure Statements.
- d) The selected initial year and associated GHG inventory shall serve as the reference period for the organisation's Accelerated Reduction Timeline (4.7.4).

4.3.1. Applicable Standard Versions

In the use of this standard, for a given reporting period, the organisation shall apply the requirements of either;

- a) the version of this standard with the most recent effective date prior to the start of the reporting period; or
- b) any version of this standard with a more recent effective date than the Standard version identified in (a).

Effective dates per standard version are detailed within Table 1.

4.4. Organisational Boundary

For the purpose of consolidating facility level GHG emissions and removals into scopes, the organisation shall define their boundaries using an operational control approach.

The organisation is deemed to have operational control when it has the authority to introduce and implement operating policies at an operation (e.g. site, asset, activity, facility), whether this authority is derived from ownership, contract, management agreement or customary practice. Financial consolidation status, ownership percentage, or equity share do not determine GHG emission scope classification; only the authority to set and enforce operating policies does. Emissions associated with entities the organisation has financial control over, but not operational, shall be accounted for within the GHG Emission Categories (4.5.3) of category 14 and 15.

4.5. GHG Inventories

4.5.1. Emission Scopes

In preparing their GHG inventories, the organisation shall consolidate GHG emissions and removals into the following scopes:

Scope 1: Direct GHG emissions and removals from controlled sources.

Scope 2: Indirect GHG emissions from the generation of purchased electricity, heat, steam, or other energy products consumed at controlled facilities.

Scope 3: Indirect GHG emissions from upstream and downstream activities within the organisational value chain.

4.5.2. Inventory Types

GHG emissions and removals shall be aggregated into the following 3 inventory types, with each type representing a distinct boundary for attribution and disclosure:

- **Net Zero Inventory (NZI):** Comprised of GHG emission categories that are directly relevant to the organisation's net zero claim and have associated reduction and abatement requirements.
- **Non-Attributable Inventory (NAI):** Comprised of GHG emission categories that occur within the organisation's value chain, but are not attributable to associated net zero claims.

- **Influence Based Inventory (IBI):** Comprised of GHG emission categories that the organisation may influence, but occur outside of its value chain and are not attributable to associated net zero claims.
- a) The organisation shall assess all GHG emission categories of the:
 - i) Net Zero Inventory; and
 - ii) Non-Attributable Inventory.
- b) The organisation should assess relevant GHG emission categories of the Influence Based Inventory as part of sustainability disclosure best practice.
- c) The organisation shall calculate and disclose the emissions associated with each assessed inventory type separately.

4.5.3. GHG Emission Categories

4.5.3.1. Net Zero Inventory

The following GHG emission categories represent emission sources that are directly relevant to the organisation's net zero claim and shall be included within the Net Zero Inventory:

Scope 1: Direct GHG Emissions and Removals¹

- Stationary Combustion
- Mobile Combustion
- Fugitive Emissions
- Process Emissions
- Agricultural Emissions
- Land Use & Land Use Change

Scope 2: Indirect GHG Emissions from Imported Energy

Scope 3: Indirect GHG Emissions

- Category 1: Purchased Goods & Services
- Category 2: Capital Goods
- Category 3: Upstream Energy Production (Excluding Scope 1 & Scope 2)
- Category 4: Upstream Transportation & Distribution
- Category 5: Waste Generation
- Category 6: Business Travel
- Category 7: Employee Commuting
- Category 8: Upstream Leased Assets
- Category 9: Downstream Transportation & Distribution
- Category 11a: Use of Sold Products (Direct GHG Emissions)
- Category 12: End of Life Treatment of Sold Products
- Category 13a: Downstream Leased Assets (Direct GHG Emissions)
- Category 14: Franchises
- Category 15a: Investments
 - Financed Emissions (Direct GHG Emissions)²
 - Financed Emissions (Use of Sold Fossil Fuels)
- Category 16a: Facilitated & Insurance Associated Emissions
 - Claims Payment Associated Activities (Discretionary)

Further details and rationale on the attribution of value chain emissions to net zero claims may be found in Annex B.

¹ Excluding short cycle biogenic carbon oxidation

² Excluding sovereign and sub-sovereign debt

4.5.3.2. Non-Attributable Inventory

The following GHG emission categories represent emission sources that occur within the organisation's value chain and shall be assessed, but are not attributable to the organisation's net zero claim:

Scope 1: Direct GHG Emissions and Removals

- Short Cycle Biogenic Carbon Oxidation (4.5.4.2)

Scope 3: Indirect GHG Emissions

- Category 10: Processing of Sold Products
- Category 11b: Use of Sold Products (Indirect GHG Emissions)
- Category 13b: Downstream Leased Assets (Indirect GHG Emissions)
- Category 15b: Investments
 - Financed Emissions (Indirect GHG Emissions)³
 - Sovereign & Sub-sovereign Debt
- Category 16b: Facilitated & Insurance Associated Emissions
 - Insurance Associated Activities
 - Claims Payment Associated Activities (Non-Discretionary)
 - Underwriting & Issuance
 - Other Financial Activities & Services

Further details and rationale on the attribution of value chain emissions to net zero claims may be found in Annex B.

4.5.3.3. Influence Based Inventory

The following GHG emission categories represent emission sources that the organisation may influence and should assess as part of supplementary disclosure, yet occur outside of its value chain and are not attributable to the organisation's net zero claim and any associated reduction obligation.

- Category A: Use of Intangible Services
- Category B: Design Based Emissions
- Category C: Other Impacts, Benefits & Insetting

The organisation shall only include emission sources within the IBI GHG Emissions Categories that meet the requirements of 4.5.6.

4.5.4. Quantification

This section defines the basis and metrics used to quantify and express GHG emissions and removals. Calculation methodologies are specified within 4.5.5.

4.5.4.1. Greenhouse Gases and CO₂ Equivalent Conversion

- a) The quantification basis of GHG emissions and removals shall be based upon a 100 year Global Warming Potential (GWP₁₀₀) time horizon, consistent with IPCC assessment reports.
- b) GHG inventories shall cover all relevant GHGs including the seven Kyoto gas categories as per Annex A of the Doha amendment to the Kyoto Protocol (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃); inclusions of additional gases shall be documented.
- c) Conversion of individual GHG emissions to their CO₂-equivalent shall use the latest available IPCC GWP₁₀₀ characterisation factors; the IPCC assessment report used shall be documented.
 - i) If any GHG included within the inventory lacks an IPCC GWP₁₀₀ value, the characterisation factor used and its source shall be documented.
- d) Quantification shall retain the identity and mass of individual gases prior to conversion to their CO₂-equivalent.

³ Excluding Investee Indirect GHG Emissions resulting from the use of sold fossil fuel products

4.5.4.2. Treatment of Biogenic Carbon

This standard adopts a life cycle assessment perspective on short cycle biogenic carbon, and as such deems that emissions arising from the oxidation, combustion or biodegradation of short cycle biogenic carbon should be included within the organisation's Non-Attributable Inventory (4.5.3.2). Inclusion of emissions within the Net Zero Inventory necessitates reduction and removal activities, and requiring abatement activities and use of carbon dioxide removals to balance biogenic carbon oxidation emissions disregards the sequestration that occurred during the biomass growth phase, leading to double accounting of the removal.

- a) Biogenic CO₂ emissions and removals shall be quantified separately from fossil CO₂.
- b) Emissions of biogenic CO₂ arising from the oxidation, combustion, or biodegradation of short cycle carbon biogenic products should be included within the organisation's Non-Attributable Inventory, reflecting that this biogenic CO₂ is associated with a corresponding amount of short cycle carbon sequestration prior to its emission.
 - i) Biogenic products shall only be considered short cycle carbon where they are derived from biomass sourced from the following land use categories:
 1. Cropland: Land classified as cropland under IPCC guidelines (e.g. short rotation coppice, agricultural residues).
 2. Forest land – plantation: Forest land managed as a plantation (e.g. acacia and eucalypt plantations).
 3. Forest land – sustainably managed semi-natural: Forest land that does not meet the definition of a plantation, but is subject to a documented sustainable forest management (SFM) plan that enforces a harvest to regeneration cycle (rotation) to ensure long term carbon stability (e.g. continuous cover forestry, plenterwald, irregular shelterwood systems).
 - ii) Where biomass is sourced from primary forests, unmanaged or degraded secondary forest, old growth stands, or land conversion activities (deforestation), biogenic CO₂ emission arising from its oxidation shall be included within the organisation's Net Zero Inventory, regardless of management status.
 - iii) Biogenic CO₂ emissions associated with other phases of a short cycle carbon biogenic product life cycle (e.g. land use, land use change) shall be included within the organisation's Net Zero Inventory.
- c) CH₄ and N₂O emissions arising from biogenic sources shall be treated as GHG emissions and converted to their CO₂-equivalent values using applicable GWP₁₀₀ characterisation factors.

4.5.4.3. Treatment of Removals and Sequestration

- a) Where carbon removal, storage, or sequestration occurs in long lived products, harvested biomass, or in geological and biological processes, the quantity stored or removed and underlying storage mechanism shall be quantified separately from biogenic uptake or release within active biological systems (e.g. soil carbon fluxes).
- b) Only carbon storage or removal that can be credibly demonstrated to have a duration and permanence exceeding a 100 year period shall be included within the inventory.
 - i) The basis for permanence assessment shall be supported by documented credible scientific evidence or regulatory sources.
 - ii) The organisation shall only include removals within their Net Zero Inventory if those removals have been externally verified to be in accordance with an approved carbon credit methodology maintained by a CCP (e.g. VCS, Gold Standard) listed within the **Approved Carbon Crediting Programs Schedule** maintained by CRI. These removals shall be included within the organisation's Net Zero Inventory under Scope 1.
 - Such removals do not require the issuance of a carbon credit; external verification confirming the methodology relating to the quantification of the removal has been followed accurately is sufficient.
 - iii) Storage or removal with expected permanence of less than 100 years shall not be treated as a removal, but may be included within the Influence Based Inventory under category C.

4.5.4.4. Exclusions from Net Zero Inventory Quantification

- a) Avoided emissions shall not be included in the Net Zero Inventory (4.5.3.1) for quantification, but may be included within the Influence Based Inventory under category C.
- b) External credits, offsets, and claims from instruments outside of the organisational boundary shall not be netted within the Net Zero Inventory; inventory adjustments resulting from these mechanisms shall be accounted for and disclosed separately.

4.5.5. Methodology

This section specifies the minimum methodological requirements for quantifying GHG emissions and removals across inventory categories.

Detailed calculation procedures, data hierarchies, and example formulas are provided in within the annexure of this standard and the relevant GHG Protocol guidance (e.g. Corporate Standard and Scope 3 Calculation Guidance). The organisation shall apply these or equivalent methods consistent with the requirements of this standard.

4.5.5.1. General

- a) For each inventory category listed in 4.5.2, the organisation shall collect the highest tier activity data and conversion factors available (4.6.1).
- b) For each quantified element of the GHG inventory, the organisation shall document the:
 - i) Activity data source;
 - ii) Conversion factor source and reference year;
 - iii) Data quality tier;
 - iv) Allocation method (if applicable); and
 - v) Biogenic treatment (4.5.4.2) (if applicable).
- c) The reference year of each conversion factor shall be reasonably aligned with the time period of the associated activity data. Conversion factors older than 5 years relative to the reporting period shall not be used unless:
 - a more recent factor from a credible source is not available; and
 - the organisation justifies its continued use and assesses the potential impact upon results.
- d) Where tier 5 (4.6.1) estimates are required due to initial data availability and quality issues, the organisation shall:
 - i) if available for the relevant inventory category, employ the use of the tier 5 methodologies as detailed in the separate **Tier 5 Methodologies Schedule**;
 - ii) flag the use of tier 5 quality data;
 - iii) document the actions and timeline for obtaining higher quality data; and
 - iv) not employ the use of a tier 5 estimate for any individual element of the GHG inventory for more than 2 reporting periods.

4.5.5.2. Financial GHG Accounting

The organisation shall assess 100% of their financial expenditure and revenue generating activities as detailed in their financial statements.

To ensure complete reconciliation between financial operations and the GHG inventory, the organisation shall assess all line items of their profit and loss statements at a sufficient level of detail.

For each financial statement line item (e.g. revenue, cost of goods sold, operating expenses), the organisation shall assess the underlying account classes that comprise it. In performing this assessment, per revenue/expense element the organisation shall assign either:

- a) An appropriate spend-based conversion factor of the highest tier available (4.6.1);
- b) A **zero emissions factor**, with documentation of the rationale;
 - i) Where underlying activity emissions associated with the expense/revenue item have been accounted for separately using a non-spend based method, the organisation shall document which GHG Inventory category (4.5.3) the item has been accounted for under.
 - ii) Where the organisation deems the expense/revenue item to have no emissions associated with it, the rationale shall be documented.

Should the account class contain or represent too varied a collection of business activities, the organisation shall as necessary assess the class at the underlying general ledger account level or individual transaction level, following the steps outlined above.

4.5.5.3. Imported Energy

- a) The organisation shall apply a market based method to calculate emissions from imported energy products such as electricity, heat, or steam.
 - i) For disclosure purposes, the organisation may apply a location based method to calculate emissions from imported energy products, however the resultant emissions shall not be applied to the Net Zero Inventory.
- b) Where contractual instruments are used to determine the conversion factor, such as Power Purchase Agreements (PPA), Energy Attribute Certificates (EAC), and Supplier Specific Emission Factors (SSEF), the organisation shall:
 - i) document evidence of the instrument's validity including:
 - confirmation of exclusive ownership of any associated attributes; and
 - confirmation that the associated EACs have been retired or cancelled in the relevant registry (if applicable).
 - ii) ensure the instrument applies to the same reporting period as the energy consumption;
 - iii) ensure the instrument covers the relevant geographic market; and
 - iv) disclose the details of the contractual instrument use in the PDS (5.1.13).
- c) Where energy is purchased from a third party that has created associated energy attribute certificate (EAC) but not transferred those EACs to the organisation, the purchased energy shall be treated as null power and quantified using the residual mix factor for the relevant grid or market.
- d) Supplier specific emissions factors shall only be used where:
 - i) for electricity the factor is supported by a contractual instrument that meets the requirements of (b); or
 - ii) for other energy products (e.g. heat, steam, cooling), the factor is supported by supplier documentation for the reporting period confirming: the calculation method and system boundary, the gases covered, and the allocation method (if applicable).
- e) Where no contractual instrument or SSEF applies, or where evidence of retirement or exclusive ownership of energy attributes cannot be demonstrated, the organisation shall:
 - i) for electricity apply in order of preference:
 1. the residual mix factor of the relevant grid or market;
 2. the fossil only carbon intensity of the relevant grid or market; or
 3. the location based intensity divided by 1 minus the share of renewable electricity in the relevant grid or market.
 - ii) For other imported energy products (e.g. steam, heating, cooling), apply regional, national, or technology average conversion factors with a preference for factors most representative of the delivered energy product.

4.5.5.4. Generated Energy

This subsection applies to electricity, heat, steam, or other energy products generated by the organisation that is either:

- self-consumed within the reporting boundary; or
- exported to the grid or a third party.

- a) Generated energy for which energy attribute certificates (e.g. RECs, LGCs) have been created, the organisation shall only apply the conversion factor associated with the self-generated energy in accounting for the corresponding emissions, if they retain the ownership of the EAC and the certificate has been retired or cancelled on the relevant registry.
 - i) Where the organisation sells, transfers, or fails to retire the EACs associated with the generated energy, the energy shall be treated as null power and quantified using the residual mix factor of the relevant grid or market.
 - ii) Evidence of EAC ownership, transfer, or retirement shall be documented and disclosed in the PDS (5.1.13).
- b) Exported energy shall be reported separately from imported energy and shall not be deducted from imported energy quantities.
 - i) The GHG emissions associated with the generation of exported energy shall remain included within the organisation's inventory.

- ii) Where the organisation retains ownership of any EACs associated with exported renewable energy, or exports renewable energy for which no EACs have been created or issued:
 - the exported quantity may be disclosed as avoided emissions within their Influence Based Inventory under category C, but shall not be deducted from the Net Zero Inventory (4.5.3.1); and
 - any such disclosure shall clearly state that it represents an avoided emissions estimate outside the organisational boundary.

4.5.5.5. Capital Goods

To account for scenarios where the organisation may acquire previously owned capital goods or dispose of them prior to the full consumption of their service life, emissions associated the upstream manufacture of capital goods may be accounted for on an amortised basis, allowing the organisation to align calculated emissions more closely with capital utilisation.

This approach represents a use-based allocation method, as opposed to a purchase-based allocation method where the entirety of emissions are allocated to the reporting period in which the capital good was acquired.

- a) The organisation shall document their use of either a purchase-based or use-based allocation method (4.5.5.1) and apply the same method on an annual basis.
- b) Where the organisation chooses a use-based allocation method, the total embodied emissions shall be annualised over the expected service life of the capital good (e.g. for a capital good with a 10 year service life, 10% of emissions shall be allocated to the GHG inventory of the relevant reporting period).
 - i) Where the organisation chooses to couple the use-based allocation method with a spend based calculation method based upon the depreciated value of the capital good within the reporting period, the organisation shall consider the year of acquisition of the capital good relative to the reference year of the spend based factors (4.5.5.1.c).

4.5.5.6. Business Travel

For air travel, the organisation shall apply emission conversion factors that account for the non-CO₂ climate impacts of aviation at altitude. The organisation shall document its use of either a Radiative Forcing Index (RFI) or an Effective Radiative Forcing (ERF) derived multiplier, and apply the same method on a consistent annual basis.

4.5.5.7. Use of Sold Products

In accounting for emissions arising from the use phase of products, the organisation shall distinguish between products that generate direct greenhouse gas emissions during use, and those that generate indirect emissions through energy or material consumption.

- a) Products with direct emissions from combustion, chemical reactions, or fugitive sources shall be included within the organisation's Net Zero Inventory under category 11a.
- b) Products with indirect emissions (e.g. those that consume electricity or enable downstream energy use) shall be included within the organisation's non-attributable inventory under category 11b.
- c) Where both direct and indirect use phase emissions result from the use of a product, the organisation shall separately quantify and allocate each emission source in accordance with (a) and (b).
 - i) Where product use may involve the input of energy derived from either fossil fuels or electricity (e.g. plug-in hybrid vehicles), and ambiguity exists in modelling the fraction of energy supplied by either source, the organisation shall assume all input energy is derived from fossil fuels.
- d) Downstream GHG removals arising from the use of sold products (e.g. CO₂ reabsorption through carbonation of cement or concrete) shall not be claimed under the NZI; the abatement belongs to the organisation that purchased and used the product. For the selling organisation, these removals may instead be reported under Category C of the Influence Based Inventory.

Note: For the avoidance of doubt, emissions resulting from the preparation of food products shall be included within the Non-Attributable Inventory under Category 10: Processing of Sold Products.

4.5.5.8. Investments

To account for emissions associated with financial investments and capital provision (e.g. project finance, mortgages, motor vehicle loans), the organisation shall allocate financed emissions to the relevant inventory based upon the scope of resulting emissions.

The organisation shall account for investment related emissions using methodologies taken from the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard, subject to the following requirements.

- a) The organisation shall include the following emissions sources within the Net Zero Inventory under category 15a, as they represent financing activities that directly enable or control emitting activities:
 - i) the investee's direct (scope 1) emissions; and
 - ii) the investee's emissions from the use of sold products (scope 3: category 11), where those products are fossil fuels.

Note: the scope of emission sources shall be viewed from the perspective of the investee, not the investing organisation's reporting boundary. For the purposes of (a.ii), the investee includes a financed project and any entity to which the financing is ultimately exposed, including through intermediate structures.

- b) In relation to emissions arising from the use of sold fossil fuel products (a.ii):
 - i) The organisation shall assess these emissions regardless of whether the applicable PCAF asset class requires scope 3 reporting. Neither data availability, size, or uncertainty is a valid ground for excluding these emissions; and
 - ii) Where the investee does not report these emissions, the organisation shall estimate them from the investee's fossil fuel production or sales volumes and fuel specific combustion emission factors. Where those volumes cannot be obtained, the organisation shall estimate the emissions by another method, such as an environmentally extended input-output (EEIO) estimate, rather than omit them.
- c) Investee scope 2 emissions, and investee scope 3 emissions other than those included under (b), shall be included within the Non-Attributable Inventory under category 15b, to the extent that the applicable PCAF asset class provides a method for calculating them. Where such a method exists but the applicable PCAF asset class treats its inclusion as optional or conditional, the organisation shall include the emissions nonetheless, so that the inventory remains complete for disclosure purposes.
- d) Both direct and indirect emissions arising from sovereign and sub-sovereign debt shall be included within the Non-Attributable Inventory under category 15b. Such emissions provide useful transparency regarding the organisation's financed emissions exposure, but do not materially relate to its net zero claim.
 - i) Emissions arising from sovereign and sub-sovereign debt with known use of proceeds shall be considered as typical financed emissions and treated in a manner consistent with (a) to (c).
- e) The organisation's financed emissions inventory shall be complete within the boundary established in (a) to (d). Neither limited data availability nor the size of the organisation, or of an individual exposure, is a valid justification for omitting an emission source that falls within that boundary. Where primary or reported data for such a source is unavailable, the organisation shall estimate the emissions using an EEIO method or equivalent fallback estimation method.

4.5.5.9. Facilitated & Insurance Associated Emissions

To account for emissions associated with financial services, advisory, and risk protection activities where the organisation acts as an intermediary or insurer, the organisation shall calculate and report facilitated emissions. This section covers types of financial activities that occur in the real economy but are distinct from direct investments:

- **Capital Market Facilitation:** Activities related to the primary issuance of securities, including debt and equity underwriting, and loan syndication.
- **Insurance Underwriting:** Risk protection services provided through insurance contracts for both tangible and non-tangible property.

The organisation shall account for investment related emissions using PCAF methodologies unless otherwise specified in the relevant industry pathway.

- a) Emissions associated with discretionary insurance claims payment associated activities shall be included within the Net Zero Inventory under category 16a.

Note: Claims payments are considered to be discretionary when they represent the consumption of goods and services that have been induced by the insurer to gain a market advantage through offering secondary extras and benefits, rather than those induced by adverse events (e.g. accidental damage, fire, illness, business interruption), for which the core risk sharing service is liable to provide compensation toward the restoration of the insured tangible or intangible property. Further detail on the rationale behind this attribution may be found within Annex B.

- b) Emissions associated with non-discretionary claims payment activities and other facilitated and insurance associated activities shall be included within the Non-Attributable Inventory under category 16b.

4.5.6. Influence Based Inventory Categories

The Influence Based Inventory encompasses emissions that are influenced by the organisation's activities, products, or services, but fall outside of the organisation's value chain and associated scope 1, 2, or 3 boundaries as defined by the GHG Protocol.

These emissions are not counted toward the organisation's net zero obligations but should be calculated for transparency, disclosure, and completeness purposes.

4.5.6.1. Category A: Use of Intangible Services

Emissions generated by intangible or digital services provided by the organisation, including those hosted or facilitated by third parties.

Examples:

- Life cycle emissions from goods transported but not consumed by reporting entity
- Life cycle emissions of third party consumption of goods/services resulting from facilitation of associated transaction

4.5.6.2. Category B: Design Based Emissions

Design based emissions represent the future GHG impacts resulting from a design or specification decisions that influence the embodied and operational emissions of assets, products, or systems once constructed or manufactured.

This category primarily applies to architecture, engineering, industrial design, and infrastructure design firms, but may also include product design, urban planning, or systems engineering entities whose outputs materially determine future emissions outcomes. Organisations in these sectors hold significant influence over the carbon profile of the built environment and supply chains through their design decisions. Reporting on design based emissions therefore enables them to demonstrate accountability for these downstream impacts, promote transparency, and drive low-carbon innovation at the earliest stages of a project, where the greatest emissions reductions can be achieved.

Design based emissions disclosures are optional and do not contribute to the organisation's Net Zero Inventory.

Design based emissions should be disclosed under the following categories:

- **Embodied emissions:** GHG emissions from the production, transport, construction, maintenance, and end-of-life disposal of materials and components specified in the design across its entire life-cycle.
- **Operational emissions:** GHG emissions from the normal use phase of the designed asset, system, or product, including energy consumption and refrigerant losses.
- **Total emissions:** The sum of embodied and operational emissions.

Disclosures should represent the aggregate total of all designs issued for construction (IFC) during the reporting period in total tCO₂e and should also be normalised using an appropriate intensity metric (e.g. tCO₂e per m² NLA designed, tCO₂e per kWh delivered capacity, tCO₂e per unit produced) to enable comparability over time.

Calculations shall cover the lifecycle stages relevant to the design's scope of influence, typically cradle to grave (EN 15804 life-cycle stages A1 - C4), and should be quantified using recognised life cycle assessment (LCA) or embodied-carbon tools with material and energy data originating from publicly available national databases, unless SSEFs, EPDs, or other primary data is directly available.

4.5.6.3. Category C: Other Impacts, Benefits & Insetting

Voluntary disclosure of downstream carbon savings or insetting benefits enabled by the product or service.

Examples:

- Reduced electricity usage from energy-efficient products
- Unverified or impermanent insetting from plantation or carbon removal projects operated by the organisation
- Investment beyond direct emissions reductions; indirect through environmental or social impact
- Incentivising reduction and abatement activities of employee personal carbon footprints

4.6. Data Quality

4.6.1. Data Quality Ranking

To ensure transparency and to improve emissions accuracy over time, all individual components of the Net Zero Inventory table as specified in 5.1.8 shall be assigned a data quality ranking tier.

Each scope 3 element of the Net Zero Inventory shall be assigned a data quality tier according to the following criteria:

Table 2: Data Quality Ranking Tiers

Tier	Activity Data	Conversion Factors	Example Sources
1	Physical activity data	Direct measurement or supplier specific emission factors	AD: Measured data (CEMS, meter/sensor readings etc.), purchase orders, inventory mass balances CF: Supplier-declared emissions intensities, EPDs, LCAs
2	Financial activity data	Supplier specific spend-based emission factors	AD: Organisation expenditure data (general ledger, procurement records etc.) CF: Supplier invoices with unit price and emissions disclosures, platform-based SaaS billing with embedded factors
3	Physical activity data	Technology/industry average emission factors	AD: Measured data (CEMS, meter/sensor readings etc.), purchase orders, inventory mass balances CF: Industry LCI datasets, equipment-specific benchmarks, verified emissions per unit of activity
4	Financial activity data	Generic EEIO spend-based emission factors	General ledger spend × EEIO spend-based factor (e.g. Scope 3 Category 1)
5	<75% activity data coverage of reporting period	Estimated or proxy data with low traceability	Assumptions, extrapolations, incomplete or unverified datasets

Within a data quality tier, the organisation shall employ the use of highest quality activity data and conversion factors as per GHG Protocol data quality criteria.

The organisation shall calculate the weighted average data quality tier of their scope 3 Net Zero Inventory components, referred to as the Weighted Average Scope 3 Data Quality Score within section 5.

4.6.2. Data Ranking Improvement

For a large share of organisations, supply chain emissions comprise the most significant portion of their GHG inventory. Reliance on industry average conversion factors, represented by tier 3 and lower data quality ranks, lack sufficient granularity to empower organisations to drive emissions reductions within their value chains through informed selection of suppliers.

To facilitate the more informed selection of suppliers over time, the organisation shall improve the weighted average data quality tier of their scope 3 Net Zero Inventory components on a year-on-year basis.

The organisation may increase the proportion of their inventory covered by higher quality conversion factors through activities such as:

- requesting significant suppliers provide supplier specific emission factors (SSEFs) or life cycle inventory data for key products and services;
- implementing procurement policies that prioritise products and materials accompanied by Environmental Products Declarations (EPDs) or equivalent disclosures; and
- developing supplier engagement programs that include data quality improvement targets or incentives for providing primary emissions data.

4.6.3. Financial Reconciliation Check

- a) The organisation shall ensure that the total expenditure assessed following the requirements of the financial GHG accounting methodology (4.5.5.2) matches the total reported in the organisation's financial records (general ledger, profit & loss, annual statement or equivalent).
- b) The organisation shall ensure the financial accounts used to form the basis of the assessment are relevant to the period of assessment, and are complete and not subject to further change.

4.6.4. Supplier Specific Emission Factor Assessment

While supplier specific emission factors (SSEFs) typically represent high quality primary data, use of SSEFs with deficient boundaries risk the integrity and accuracy of the organisation's GHG inventory and associated net zero claim.

- a) Where the organisation employs the use of SSEFs based upon a Product Carbon Footprint (PCF/CFP), Life Cycle Analysis (LCA), or Environmental Product Declaration (EPD) they shall:
 - i) in the case of PCFs and LCAs, ensure the assessment has either been critically reviewed by a third party to ISO 14044 or ISO 14067, or obtained at least limited assured in accordance with ISO 14064-3;
 - ii) ensure the boundary of the assessment extends at minimum from cradle-to-factory-gate, including land use and land use change emissions. Where the supplying organisation pays for or performs the transport and distribution of the goods beyond the factory gate, the boundary shall extend to the point of handover. Handover is the point at which responsibility for the goods passes from the supplying organisation to the purchasing organisation; and
 - iii) where the boundary of the available SSEF stops short of the point of handover (i.e. cradle-to-factory-gate), and the organisation does not purchase the transportation and distribution services required to receive the goods, estimate those transport and distribution emissions and include them within the SSEF.

Note: The boundary is drawn at handover so that transport and distribution emissions are counted once, in the correct inventory. Where the supplying organisation bears responsibility for transport of goods to the purchaser, those emissions are embodied in the SSEF up to handover. Where the purchasing organisation arranges and pays for that transport, the emissions instead fall within the purchaser's own Upstream Transportation & Distribution (Category 4) and shall be excluded from the SSEF to avoid double counting. Emissions associated with life cycle stages subsequent to handover, such as the use phase and end-of-life phase, are likewise accounted for separately within the organisation's GHG inventory, so their inclusion in the factor creates a risk of double accounting. Where the organisation employs GWP₁₀₀ impacts taken from these stages, or factors with them embedded within, they should take care in the use and allocation of resulting emissions between inventory categories.

- b) Where the organisation employ the use of SSEFs derived from the organisational GHG inventory, they shall:
 - i) ensure the SSEF calculation and underlying organisational GHG inventory has either been subject to independent verification or transparently documented, including the calculation methodology, system boundary, inventory inclusions, and data sources, such that the purchasing organisation may review the SSEF basis; and

- ii) ensure the underlying GHG inventory includes all upstream elements of the Net Zero Inventory (4.5.3.1), together with Category 16a. The required GHG Emission Categories being comprised of:

Scope 1: Direct GHG Emissions and Removals⁴

- Stationary Combustion
- Mobile Combustion
- Fugitive Emissions
- Process Emissions
- Agricultural Emissions
- Land Use & Land Use Change

Scope 2: Indirect GHG Emissions from Imported Energy

Scope 3: Indirect GHG Emissions

- Category 1: Purchased Goods & Services
- Category 2: Capital Goods
- Category 3: Upstream Energy Production (Excluding Scope 1 & Scope 2)
- Category 4: Upstream Transportation & Distribution
- Category 5: Waste Generation
- Category 6: Business Travel
- Category 7: Employee Commuting
- Category 8: Upstream Leased Assets
- Category 16a: Facilitated & Insurance Associated Emissions
 - Claims Payment Associated Activities (Discretionary)

Note: The organisation may employ the use of SSEFs derived from GHG inventories or product life cycles with more comprehensive boundaries, however their use may lead to double accounting and potential overstatement of emissions unless accounted for.

- c) Where SSEFs fail to meet the requirements of (a) or (b), the organisation shall instead employ the use of the highest quality secondary data available that is representative of the service or product category.
- d) Where the emissions intensity of an SSEF has been modified through the use of carbon credits, the organisation shall only employ the use of the SSEF where the credits used and CDR reversal risk management meet the requirements of 4.8.
- i) Where the credits fail to meet the CDR eligibility criteria of this standard, the organisation shall account for any associated emissions from the procured good or service using the SSEF emissions intensity unmodified by credits, or should this not be available, using the highest quality secondary data available that is representative of the service or product category.
- ii) The organisation may disclose the difference between the emissions calculated as per (i) and the original SSEF as a reduction within their Influence Based Inventory, under Category C (Other Impacts, Benefits & Insetting).

4.7. Reduction Obligations

The IPCC's Sixth Assessment Report establishes that, to limit warming to 1.5°C with no or limited overshoot, global greenhouse gas emissions must peak by 2025 at the latest, decline by 43% from 2019 levels by 2030, and reach net zero CO₂ between 2045 and 2055 (with net zero for all GHGs following in the 2070s). The IPCC defines net zero as the state in which anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic carbon dioxide removals (CDRs) over a specified period.

Reduction planning shall always prioritise direct abatement, by eliminating emissions at source, over reliance on carbon removal and avoidance credits. Removals and credits are finite, contested in quality, and cannot substitute for the structural transformation of the organisation's activities.

⁴ Excluding short cycle biogenic carbon oxidation

The sections that follow set out the specific actions the organisation is required to take to meet and exceed these targets in a credible manner. Addressing these requirements creates the organisation's pathway to net zero.

Note: All reduction activities and carbon dioxide removal (CDR) credit usage apply to the organisation's Net Zero Inventory, which defines the boundary of attributable emissions for which the organisation is responsible for reducing or neutralising under this standard.

4.7.1. Required Interventions

In addition to the Prohibited Activities (1.1.2) that represent business practices that are incompatible the IPCC 1.5C pathway, as specified within the **Prohibited Activities Schedule**, the organisation shall implement Required Interventions to reduce greenhouse gas (GHG) emissions across its value chain. Required Interventions are core abatement measures that the organisation shall undertake, subject to screening for materiality and sector relevance.

The **Required Interventions Schedule** (RIS) establishes the prescribed interventions and the dates by which each shall be in place. Interventions are derived from two sources: practices inconsistent with IPCC-aligned decarbonisation pathways, and activities with high abatement potential at acceptable marginal cost. Each intervention is linked to emissions reduction mandates established by the IPCC and analogous regulatory guidance, and the Schedule sets out the basis and methodology by which each intervention was determined to be required.

The Required Interventions Schedule details the following key elements per intervention:

- **Industry:** The sector or industry category that the intervention applies to.
 - **Entity Size:** The entity size (4.2.1) that the intervention applies to (i.e. small/large).
 - **Inventory:** The inventory type that the GHG Emission Category belongs to (i.e. NZI or NAI)
 - **GHG Category:** The GHG Emission Category (4.5.3) the intervention is associated with. Used for materiality screening purposes.
 - **Intervention Rule:** The specific requirements of the intervention that the organisation shall implement.
 - **Implementation Timeframe:** The deferral, in reporting periods, between when an intervention first applies to the organisation and its requirements take effect.
 - **Justification:** The basis by which the intervention was deemed required.
- a) The organisation shall determine the relevant industry categories that are applicable to its operations through referring to the **ANZSIC Mapping Schedule**, which contains a mapping of ANZSIC codes to RIS industry categories. In doing so the organisation shall:
- i) identify each RIS industry category in which it conducts operations, whether via business units, subsidiaries, or functions embedded within broader operations;
 - ii) deem an RIS industry category relevant where either:
 - operations in that industry category generate more than 5% of the organisation's total revenue for the reporting period; or
 - expenses attributable to operations in that industry category exceed 5% of expenses, excluding: depreciation, amortisation, cost of sales;
 - iii) reperform this assessment in each reporting period, and upon any material change in business activities, including acquisitions and divestments.
- b) The "Universal" industry category shall be considered relevant to all business types.
- c) The organisation shall treat the GHG Emission Category as material where emissions associated with it exceed either the materiality percentage or materiality threshold corresponding to the dates set out below. Where any part of a reporting period falls on or after such a date, the corresponding percentage or threshold shall apply to that reporting period in its entirety.

Table 3: GHG Emission Category Materiality Thresholds

Date	Materiality Percentage (%)	Materiality Threshold (tCO ₂ e)
1 Jan 2025	20%	N/A
1 Jan 2030	10%	5,000
1 Jan 2035	5%	2,500
1 Jan 2040	1%	500

- i) The materiality percentage calculation depends on whether the GHG Category is a Net Zero Inventory (NZI) category or a Non-Attributable Inventory (NAI) category:
- For a GHG Emission Category belonging to the Net Zero Inventory (4.5.3.1), materiality is the category's emissions divided by the total Net Zero Inventory.
 - For a GHG Emission Category belonging to the Non-Attributable Inventory (4.5.3.2), materiality is the category's emissions divided by the sum of the total Net Zero Inventory and total Non-Attributable Inventory (NZI + NAI).
- d) For each intervention within a relevant industry (a) and material GHG Emission Category (c), the organisation shall deem the intervention applicable and determine the following intervention attributes:
- i) **Applicable Year:** The year of the reporting period that the intervention first met the requirements of (d) and was deemed applicable.
 - ii) **Implementation Timeframe:** As defined by the Required Interventions Schedule.
 - iii) **Fulfillment Year:** The reporting period by which the requirements of the intervention shall be met, calculated as the sum of the Applicable Year and Implementation Timeframe.

Note: The Implementation Timeframe is used to determine the reporting period in which the rule requirements shall be met and assessed for conformance i.e. the Fulfillment Period.

For rules with an Implementation Timeframe of "current", the Fulfillment Period equals the Applicable Year. Such rules may require actions relating to historical activities within the reporting period currently being assessed, such as purchasing of renewable energy attribute certificates to address historical grid electricity purchases.

For rules with an Implementation Timeframe of "+X years", the Fulfillment Period falls X reporting periods after the Applicable Year. For example, an intervention with an implementation timeframe of "+2 years" that was deemed applicable in the 2028 reporting period, has a Fulfillment Period of 2030, and the rule requirements shall be met within the 2030 reporting period and onwards, with failure to do so constituting a major non-conformance (6.2.1.2).

- e) The organisation shall consider interventions deemed applicable (d) through industry and materiality screening within the current reporting period, as applicable for all subsequent reporting periods regardless of whether previously established screening criteria continue to be met.
- i) The organisation shall track and disclose all interventions deemed material in both historical and current reporting periods, along with the status of their implementation, within the PDS as per the requirements of 5.1.11.2.
- f) The organisation shall rescreen all GHG Emission Categories for materiality in each reporting period. As GHG emission reductions occur across the organisation's value chain, categories that were previously immaterial may meet the criteria of (d), with associated interventions becoming required for implementation.

4.7.1.1. Abatement Activities Evaluation

In addition to implementing Required Interventions, the organisation should undertake an Abatement Activities Evaluation of additional strategies it has identified to reduce GHG emissions within its value chain. The process for performing this assessment is detailed within the **Abatement Activities Evaluation Methodology**.

The purpose of the Abatement Activities Evaluation is to enable the organisation to systematically assess, compare, and sequence decarbonisation opportunities in a manner that reflects its own operational, financial, and industry context. Unlike the Required Interventions, it is not intended to prescribe timelines or mandate specific outcomes, but to provide a structured basis for informed decision making and resource prioritisation. Activities are scored to provide a relative

measure of the activity's overall merit within the organisation's own industry and business context. Scores are comparative in nature and enable the organisation to rank and sequence abatement activities against one another.

Scores are assigned based on the following criteria:

- Abatement Potential
- Marginal Abatement Cost
- Integration Complexity
- Implementation Evidence

The organisation shall conduct the activities evaluation as specified within the **Abatement Activities Evaluation Methodology**, which provides guidance and example material in relation to this framework.

- a) Through application of the methodology, per assessed activity the organisation shall determine the:
 - i) **Abatement Priority Score:** The resultant total score from evaluation of the activity across all four criteria of the Evaluation Framework. Each criterion is weighted and scored in accordance with the Abatement Activities Evaluation Methodology, and the resulting scores are aggregated to produce a single Abatement Activity Score for each assessed activity.
 - ii) **Priority Classification:** Based on the Abatement Activity Score, each assessed activity shall be assigned a Priority Classification indicating the recommended sequencing tier for implementation planning purposes. Priority Classifications are:
 - **Tier 1, Immediate:** Activities that are strong candidates for near term implementation.
 - **Tier 2, Near term:** Activities that are viable but may require further planning, capability development, supplier engagement, or cost improvement before implementation.
 - **Tier 3, Medium term:** Activities that still possess a credible case for decarbonisation, but where elevated costs, technology immaturity, or implementation complexity pose meaningful challenges to near term adoption.
 - **Tier 4, Long term:** Activities that may have a future case for decarbonisation but are not a current priority due to low abatement potential relative to cost, unproven or early stage technology, misalignment with the organisation's operational context, or a combination of these factors.

Once activities are prioritised, the organisation should develop an implementation strategy that translates the evaluation results into a credible delivery plan. The strategy should be sufficient to meet or exceed the organisation's ART requirements and, in doing so, minimise residual emissions and reduce reliance on carbon dioxide removal credits to only those emissions that cannot be abated through direct action.

4.7.2. Clean Alternative Assessment

The organisation shall annually undertake a Clean Alternative Assessment. This involves a comprehensive stocktake of all remaining fossil fuel consuming asset types operated by the organisation (e.g. passenger vehicles, excavators, generators), and the application of the assessment methodology to determine the maturity of clean technology alternatives. Alternative technologies are assessed based on the following readiness criteria and assigned a score per element:

- Outcome Equivalence
- Capital Parity
- Internal Rate of Return
- Infrastructure Requirements
- Integration Complexity
- Market Maturity

The organisation shall conduct the assessment as specified within the **Clean Alternative Assessment Methodology**, which provides guidance and example material in relation to this framework.

- a) Through application of the methodology, per assessed plant type the organisation shall determine the:
 - i) **Readiness Score:** The resultant score from evaluation of alternative technology based upon the readiness criteria.

- ii) **Cease New Acquisition Year:** The year from which the organisation shall no longer acquire or commission newly manufactured instances of plant within the assessed type, whether by purchase, lease, novated lease, hire, or other arrangement that places a previously unused fossil fuel powered asset into the operational control of the organisation.

Note: Acquisition of second hand, or operation via hire and similar mechanisms, of plant manufactured prior to the cease new acquisition date is permitted.

- iii) **Cease All Use Year:** The year from which the organisation shall dispose of plant within the assessed type, and no longer operate instances of the type through hire or similar mechanisms.

Note: For the purposes of (a.ii) and (a.iii), a cease year takes effect from the start of the reporting period that commences on or after 1 January of that associated cessation year. For example, where the cease year is 2030 and the organisation's reporting period commences on 1 July, the requirement applies from the reporting period commencing 1 July 2030.

- b) All plant owned and operated by the organisation shall be assessed in each reporting period. As technologies mature, the Readiness Score of a previously assessed plant type may increase when compared to prior reporting periods and bring forward associated cessation dates.
- i) Where the cessation year of a plant type has been brought forward via an increasing Readiness Score to a year that has either passed or is within 12 months of the end of the current assessment period, the organisation may delay meeting the requirements of the cessation year until the end of the subsequent reporting period.
- All plant excluded under this grace period exemption shall be disclosed within the PDS.
- c) Any individual item of plant used for less than 100 hours per year may be excluded from Clean Alternative Assessment associated cessation dates. For such plant the organisation shall use a:
- i) Cease New Acquisition Year of 2045; and a
- ii) Cease All Use Year of 2050.
- All plant excluded under this exemption shall be disclosed within the PDS

4.7.3. Business Acquisitions

Where the organisation acquires a business entity, subsidiary, or operation that does not conform to the requirements of the organisation's Clean Alternative Assessment (CAA) or Required Interventions (RI) or Prohibited Activities (1.1.2) requirements, the following shall apply:

- a) The organisation shall be granted a grace period, ending at the close of the second full reporting period following the acquisition date, within which it shall bring the acquired business's practices, assets, and operations into full conformity with the reduction obligation requirements of 4.7.
- b) For non-conforming capital goods within the acquired business where immediate replacement is not feasible, the organisation shall issue a binding purchase order for the corresponding compliant replacement goods within the grace period. Where a valid purchase order is placed within the grace period and the delivery date for the asset is reasonable given the asset class, the exemption for that specific asset extends until delivery and commissioning. The non-conforming capital good shall be decommissioned and divested immediately upon receipt and commissioning of the replacement asset.
- c) The grace period under (a) shall apply only to the operations, assets, and components of the acquired business. Where the acquisition causes the organisation to newly satisfy the applicability criteria of an additional RIS industry category (4.7.1.a.iii) or to newly deem a GHG Emission Category material (4.7.1.c), the resulting requirements shall apply to the wider organisation in accordance with standard implementation timeframe and fulfillment period.
- d) The acquired business's emissions shall be incorporated into the organisation's Net Zero Inventory from the date of acquisition close. The organisation's reduction obligations in relation to the Accelerated Reduction Timeline (4.7.4) remain in full effect regardless of the acquisition.

4.7.4. Accelerated Reduction Timeline

4.7.4.1. Purpose and Scope

To demonstrate climate leadership beyond the business-as-usual (BAU) net zero by 2050 trajectory, the organisation shall declare a **Net Zero Commitment Year** no later than 2040.

This creates an Accelerated Reduction Timeline (ART), under which annual emissions reductions follow a linear trajectory toward the declared Net Zero Commitment Year from the initial year of commitment.

Example: If the organisation targets net zero by 2035 from a 2025 initial year, it shall reduce its 2025 emissions by 10% each year until Net Zero Achievement in 2035.

4.7.4.2. Application

The ART applies to all emissions sources within the Net Zero Inventory and governs the organisation's emissions reduction progress.

Achievement of the ART is driven by the emissions reductions delivered through the Required Interventions and the Clean Alternative Assessment, which together support the organisation's decarbonisation pathway toward net zero by 2040 or earlier.

Depending on industry and/or company-specific ambition or circumstances, reductions may occur faster or slower than the linear pathway:

- **Shortfall (slower than linear):** Where annual reductions fall short of the ART, the organisation shall neutralise the difference in accordance with 4.7.4.3. This ensures that the organisation cannot delay action or rely on unsustainably steep reductions in later years while still benefitting reputationally from a future net zero claim.
- **Surplus (faster than linear):** Where reductions exceed the ART, no credit usage is required until a future reporting period in which emissions exceed the maximum allowed by the ART.

For an illustrative example, see Annex A Illustrative Examples of Reduction Obligations.

4.7.4.3. Carbon Credit Usage Under the ART

Carbon dioxide removal credit usage shall occur under two circumstances:

- a) to cover annual shortfalls in Net Zero Inventory emissions relative to the ART; or
- b) to support a Net Zero Achieved status, as outlined in 4.7.5.

For a net zero claim: only eligible anthropogenic CDRs (4.8) shall be used.

Note: Highly efficient organisations may reach a point where limited further direct reductions are technically or economically feasible. In such circumstances, a greater proportion of their progress toward net zero may appropriately be achieved through neutralising residual emissions with CDR credits. Where genuine abatement opportunities are exhausted, the use of anthropogenic CDRs to reduce residual emissions is recognised as an acceptable and effective form of neutralisation within the accelerated reduction framework.

4.7.4.4. Adjustment of the Net Zero Commitment Year

In the event of increased ambition, the organisation may bring forward their Net Zero Commitment Year to an earlier date.

This requires recalculation of the ART from the initial year to the new commitment year. Increased reduction obligations shall apply prospectively from the year of recalculation onward. The organisation shall not, under any circumstances, adjust their Net Zero Commitment Year to a later date.

For an illustrative example, see Annex A Illustrative Examples of Reduction Obligations.

4.7.4.5. Changes to Emissions Calculations

Where changes in reported Net Zero Inventory emissions arise from updates to calculation methodologies, emission or conversion factors, corrections to calculation errors, or changes in organisational boundaries (including the acquisition or divestment of businesses), and not from genuine reductions in emissions, the organisation shall continue to follow the same ART toward its declared Net Zero Commitment Year.

Such changes may result in a revised emissions inventory; however, they do not justify amendments to the ART or net zero targets. Consequentially, the organisation shall be required to purchase either a greater or lesser volume of CDRs to remain aligned with the ART.

Where the acquisition of a business increases attributable emissions, the organisation shall use the same ART of the acquiring business i.e. emissions growth through acquisition shall be neutralised to an unadjusted ART.

Where the merger of two or more businesses takes place, the new organisation shall calculate their ART according to the following:

- If only one of the pre-merger organisations was applying the Net Zero Standard, and the resulting merged entity wishes to continue the net zero claim as per this standard, the resulting entity shall adopt the unmodified pre-existing ART. Any increase in attributable emissions, shall be neutralised to the pre-merger organisation's ART.
- If two or more of the pre-merger organisations were applying the Net Zero Standard, the commitment year of the resulting entity shall be determined as the weighted average of the commitment years of those organisations, weighted by each organisation's total Net Zero Inventory, with any fractional result rounded up to the next whole year. The starting point of the resulting entity's ART shall be the sum of each pre-merger organisation's position on its respective ART in that reporting period, from which a new linear trajectory shall be drawn to the reconciled commitment year. Any increase in attributable emissions arising from the merger shall be neutralised to this ART.

For an illustrative example of requirements under changes to emissions calculations, see Annex A Illustrative Examples of Reduction Obligations.

4.7.5. Net Zero Status Requirements

The status of the organisation in any given reporting period is valid only for that period, and the organisation shall not publicly claim attainment of a Net Zero Status for subsequent reporting periods prior to publishing of the associated Public Disclosure Statement (PDS) (5.1).

This standard allows for the use of carbon dioxide removal credits against all scopes of NZI emissions to meet Net Zero Status Requirements as the reduction obligations ensure that the organisation decarbonises its scope 1, 2, and 3 emission sources in a manner consistent with the IPCC pathway, with requirements increasing over time.

4.7.5.1. Net Zero Committed

The organisation attains the Net Zero Committed status upon the release of their initial PDS. To maintain this status for subsequent reporting periods and demonstrate continuous progress toward their commitment, the organisation shall:

- a) **Reduction Compliance:** Continue to meet the annual requirements of their reduction obligations; and
- b) **Shortfall Mitigation:** Where abatement activities fail to meet the required annual reduction in the Net Zero Inventory in relation to the ART, the organisation shall retire eligible CDRs (4.8) equal to the reduction shortfall.
- c) **Withdrawal Penalty:** Should the organisation renege on its Net Zero Commitment prior to achieving it through withdrawing from the use of this standard, it shall purchase anthropogenic CDRs (4.8) equal to 100% of the emissions in its Net Zero Inventory in the year of cessation, ensuring that it achieves net zero emissions at least once.

For an illustrative example, see Annex A Illustrative Examples of Reduction Obligations.

4.7.5.2. Net Zero Achieved

The organisation attains the **Net Zero Achieved** status for a reporting period once it reaches its commitment year and successfully neutralises all residual Net Zero Inventory emissions via carbon dioxide removal credits meeting the permanence risk and insurance requirements of 4.8.

- a) **Early Achievement:** The organisation may attain this status prior to their commitment year through:
 - i) meeting or exceeding their annual reduction obligations; and
 - ii) neutralising any remaining Net Zero Inventory emissions through the purchase of eligible CDR credits.
- b) **Status Maintenance:** To maintain the achieved status in perpetuity, the organisation shall:
 - i) continue to meet or exceed their annual reduction obligations; and
 - ii) neutralise any remaining Net Zero Inventory emissions through the purchase of eligible CDR credits.

As stated prior, the status of the organisation in any given reporting period is valid only for that period, and the organisation shall not publicly claim attainment of either status for subsequent reporting periods prior to the release of the associated public disclosure statement.

4.8. Carbon Credits

4.8.1. Abatement Principles

The neutralisation of residual emissions through carbon dioxide removal (CDR) credits is a complement to, and not a substitute for, the direct abatement delivered through the organisation's reduction obligations outlined in 4.7. To ensure that credit use supports rather than defers this abatement, the organisation shall:

- a) use CDR credits only after all reduction obligations (4.7) are fulfilled; and
- b) retire all CDR credits relied upon for a reporting year prior to publication of the associated PDS, the release of which is governed by 4.9.4.

The organisation should conduct a marginal abatement cost assessment before purchasing CDR credits, to determine whether further economically viable reduction opportunities remain.

4.8.2. CDR Criteria

To meet obligations under the ART and to claim Net Zero Achieved status, the organisation shall employ the use of high quality CDR credits to neutralise residual emissions.

To determine eligibility for use, each CDR project is assessed against the six following criteria on a pass/fail basis:

Table 4: CDR Eligibility Criteria

Criterion	Description
1. Additionality	Project shall be: Regulatorily Additional (not required by law) Financially Additional (not viable without project revenue) Environmentally Additional (reductions exceed baseline)
2. Permanence	Emissions removals must be durable with minimal reversal risk
3. Verifiability	Projects shall be independently audited and transparently monitored and reported
4. Avoidance of Leakage	Project shall not displace emissions to other areas
5. Co-impacts	Project shall not cause any documented negative social, environmental, or economic impacts
6. Registry Rigour	Projects shall be issued and serialised by a Carbon Crediting Program included in the Approved Carbon Crediting Programs Schedule , and associated credits publicly retired in that program's registry

While high quality CDRs should pass all six criteria independently, some CDRs, such as human induced regeneration, have significant reversal risks that undermines their permanence. Where a CDR fails on the permanence criterion, associated reversal risk shall be mitigated through addressing the requirements of 4.8.3.

4.8.2.1. Approved Methodologies

To further ensure the integrity of net zero claims relying upon CDR credits to counterbalance residual emissions and meet ART obligations, the organisation shall procure CDRs credited via methodologies included within the **Approved Methodologies Schedule** maintained by CRI.

4.8.3. Permanence Risk Mitigation

All classes of carbon dioxide removal credits carry some inherent risk of reversal, particularly nature based solutions (NBS) removals. NBS removals rely upon biological processes to capture CO₂ and store it within terrestrial and marine ecosystems and include:

- Afforestation & Reforestation
- Soil Carbon Sequestration
- Blue Carbon (e.g. coastal ecosystem restoration)

These NBS removals shall be considered to have failed the permanence criteria by default. Longtail impermanence risk over a 100 year time horizon from the use of lower durability CDRs may be compensated for through concurrent and equivalent retirement of durable carbon dioxide avoidance (CDA) credits.

- a) Where uninsured CDR credits that fail the permanence criteria (e.g. NBS) have been retired by the organisation, an equivalent volume of high quality durable carbon dioxide avoidance credits shall be procured and retired.
- b) Where in-kind insured CDR credits that fail the permanence criteria have been retired by the organisation, the organisation shall procure and retire an equivalent volume of high quality durable carbon dioxide avoidance credits when the insurance policy has:
 - expired without renewal; or
 - been cancelled.

As CDA credits are employed only to mitigate risk for the permanence criterion of the CDR credit they supplement, the organisation shall procure CDA credits that:

- c) address criteria two through six (4.8.2);
- d) are credited by a CCP included within the **Approved Carbon Crediting Programs Schedule** maintained by CRI; and
- e) are credited under the methodology categories of:
 - non-industrial energy efficiency;
 - renewable energy;
 - ozone depleting substance destruction;
 - industrial N₂O abatement; or
 - orphaned well remediation.

4.8.4. Credit Reversal

Any reversal of historically retired CDRs nullifies the integrity of prior net zero claims made by the organisation. This risk may be mitigated through the procurement of in-kind insured CDRs.

- a) Where uninsured CDRs have been retired by the organisation, they shall:
 - i) Monitor all retired CDRs for reversals for a period of 100 years, or until any future reversal would be explicitly accounted for within the national inventory of a Party to the Paris Agreement with a net zero target year; and
 Note: the transfer of reversal liability is valid only if the host country's national inventory utilises monitoring methodologies with sufficient temporal and spatial resolution to detect and account for the reversal event within the specific CDR project boundary.
 - ii) in the event of a reversal, procure and retire replacement CDRs equivalent to the reversed amount to maintain the validity of the net zero claim.
- b) Where uninsured CDRs guaranteed through use of buffer pools managed by carbon crediting programs (CCP – e.g. VCS, Gold Standard) or other related entities have been retired by the organisation, they shall:

- i) monitor for official notices from the CCP or publicly available credible evidence (e.g. peer reviewed academic studies, regulatory notices, reports from CDR rating agencies) indicating that the buffer pool is insufficient to cover known reversals; and
- ii) in the event the CCP fails to confirm successful retirement and replenishment of the buffer pool within 365 days of identification of such evidence, consider the associated CDRs as reversed and procure and retire replacement CDRs equivalent to the amount affected by the insolvent buffer pool.

Note: The organisation is not expected to build reversal monitoring capability itself. An organisation without the expertise or appetite to monitor retired CDRs can procure in-kind insured CDRs, which place monitoring and replacement with the insurer for the life of the policy, or engage a consultant or carbon credit rating agency to monitor its retired portfolio on its behalf. In either case the obligations of this section remain with the organisation; only their performance is outsourced.

- c) Where in-kind insured CDRs have been used, the organisation shall consider these as uninsured CDRs subject to requirements of (a) and (b) when the policy:
 - i) has expired or been cancelled without renewal; or
 - ii) excludes coverage for a reversal event upon its occurrence.

Note: CDRs insured with a cash settlement insurance policy, where reversed or invalidated removals are reimbursed the monetary value of the credit, are subject to the requirements of (a) and (b).

- d) The organisation may at any time extinguish the obligations of (a) to (c) with respect to any historical retirements of impermanent CDRs by procuring and retiring an equivalent volume of durable CDRs that satisfy the permanence criterion (4.8.2), without reliance on insurance or buffer pool arrangements. Upon such retirement:
 - i) the monitoring and replacement obligations of this section cease in relation to the replaced CDRs; and
 - ii) any associated insurance policy may be allowed to lapse.

The obligations of this section are designed to diminish over time. The 100 year monitoring period is not intended to be carried as a fixed, century long burden. A CDR is retired on the basis of a claim that its removal will endure for 100 years (4.8.2), and the monitoring obligation runs for the same period because monitoring is the means by which that claim is verified. An organisation that does not wish to carry the obligation can bring it to an end at any time under (d); replacing retired CDRs with durable CDRs extinguishes the residual monitoring obligation for the replaced credits, together with any ongoing insurance premiums.

This substitution mechanism reflects the expected maturing of the CDR market. While the supply of durable CDRs develops, an organisation relying on lower durability removals accumulates a monitored portfolio of reversal liabilities. As durable supply and pricing improve, the organisation progressively retires this portfolio through substitution, and its residual reversal exposure falls away rather than compounding.

The structure serves two purposes. First, it protects the integrity of net zero claims: a claim never continues to stand on a removal that has ceased to exist, because every reversal is either replaced or insured against. Second, it aligns incentives with genuine reduction. Each CDR retirement carries a reversal liability until it is replaced, so an organisation that reduces emissions at or ahead of its ART carries a smaller monitored portfolio, and a smaller residual liability, than one that relies on neutralisation to cover a shortfall.

4.9. Governance & Decision Making

4.9.1. Use of Claims and Statements

4.9.1.1. General Requirements

The organisation shall ensure that all statements referencing this Standard:

- a) are accurate and not misleading;
- b) are supported by the Public Disclosure Statement (PDS);
- c) state the reporting period; and
- d) do not imply compliance where it has not been achieved.

4.9.1.2. Net Zero Claims

Net Zero claims under the NoCO2 Net Zero Standard shall only be made where full compliance has been achieved. Permitted claims:

- “Net Zero Achieved under the NoCO2 Net Zero Standard”
- “Net Zero Committed under the NoCO2 Net Zero Standard”

Such claims shall reference the reporting period and be supported by a published PDS.

4.9.1.3. Use Without a Net Zero Claim

Where the organisation uses elements of the Standard without full compliance, it may reference the Standard using phrases such as:

- “Using methodologies from the NoCO2 Net Zero Standard”
- “Informed by the NoCO2 Net Zero Standard”

All such statements shall include:

“This does not constitute compliance with the NoCO2 Net Zero Standard or a Net Zero claim under the Standard.”

4.9.1.4. Prohibited Use

The organisation shall not:

- make a Net Zero claim under this Standard without full compliance;
- use wording that implies compliance where it has not been achieved; or
- use terms such as “certified”, “accredited”, or “approved” in relation to this Standard.

4.9.1.5. Partial Application

Where the organisation applies selected elements of this Standard, and makes a Net Zero claim not prepared in accordance with this standard, the organisation shall:

- a) include in its claim the statement *“This Net Zero claim does not constitute compliance with the NoCO2 Net Zero Standard or a Net Zero claim under the Standard.”*;
- b) disclose which elements have been applied; and
- c) not imply compliance or validation by this Standard.

4.9.2. Metrics & Targets

4.9.2.1. Internal Cost of Carbon

Large organisations shall implement an internal cost of carbon used to determine the marginal cost of abatement when making new capital acquisitions, implementing new business practices, and considering emissions reduction opportunities.

4.9.3. Roles & Responsibilities

4.9.3.1. Signatories

A quorum of the **board** shall sign off on the Initial commitment. This shall be published (4.9.4) for net zero claims made under this standard.

An individual company **officeholder** shall sign off on annual reporting. This shall be published (4.9.4) for net zero claims made under this standard. Director sign off confirms the standard requirements outlined in 4.9.4.2 have been met.

The organisation should also list the roles of consultants and the titles of staff members who are involved in the preparation of the Carbon Inventory and public disclosure.

4.9.3.2. Compliance

The organisation shall ensure the following responsibilities are assigned to relevant stakeholders with appropriate authority:

- Reduction obligation adherence
- Carbon account preparation
- Carbon credit procurement, retirement, and CDR reversal monitoring
- External promotions/statements review in compliance with the standard and local consumer protection law
- Record keeping
- Publication of reporting and public disclosure information

4.9.4. Public Reporting & Disclosure

The organisation shall publish their initial commitment, annual public disclosure statements and any associated verification statements using a method that allows for the easy retrieval by all stakeholders.

The organisation shall prepare and publish an annual Public Disclosure Statement (PDS) containing the required information specified in section 5.1.

The PDS shall cover the organisation's full reporting period, typically the financial or calendar year.

The PDS shall be released no later than 5 months for large entities, and 10 months for small entities, following the end of the reporting period.

The PDS shall be produced annually aligned with the reporting period, which is typically on a financial year or calendar year basis.

4.9.4.1. Net Zero Initial Commitment Inclusions

The organisation shall, upon making an initial net zero claim, provide a **board quorum sign off** containing the following elements:

- a) Net Zero Commitment Year.
The organisation shall include the year for which the organisation has committed to achieve net zero covering the entire organisation's emissions.
- b) Initial Reporting Year.
The organisation shall include the year for which the organisation has first publicly reported using the Net Zero Standard, declaring their Net Zero Commitment Year.
- c) Initial Net Zero Conflict of Interest Statement
The organisation shall identify any activities they undertake which interact with the fossil fuel sector and outline any conflicts of interest against Climate action.

4.9.4.2. Annual Director Sign Off Inclusions

The organisation shall provide a director sign off annually containing the following elements:

- a) Updated Net Zero Conflict of Interest Statement
- b) Changes to existing net zero claim or actions.
- c) Industry Pathway Transition Plan
- d) Annual Reduction Target Fulfillment
- e) Scope 3 Engagement
- f) Credit Quality Compliance
- g) GHG Inventory
- h) Emissions Tracking
- i) Conformance Scorecard

5. Reporting

5.1. Public Disclosure Statement

The organisation shall prepare and publish an annual Public Disclosure Statement (PDS) containing the information specified in the following sections:

5.1.1. Front Page

The organisation shall report the following:

Company: The name of the organisation.

Reporting Period: The relevant reporting period of which the organisation's PDS was prepared for.

Publication Date: The date the organisation's PDS was published.

Net Zero Standard Version Applied: The version of the Net Zero Standard of which the PDS was prepared to.

Net Zero Status: The Net Zero status of the organisation for the reporting period as per 4.1.

5.1.2. Net Zero Commitment

The organisation shall prepare this section in accordance with section 4.9.4.1 Net Zero Commitment Inclusion, disclosing their:

- a) **Net Zero Commitment Year** – the year in which the organisation commits to achieve net zero across its entire emissions boundary.
- b) **Initial Reporting Year** – the year in which the organisation has first publicly reported using the Net Zero Standard, declaring their Net Zero Commitment Year.
- c) **Initial Net Zero Inventory** – the Net Zero Inventory for the initial reporting year.
- d) **Initial Net Zero Conflict of Interest Statement** – any relationships with the fossil fuel sector or other high-emissions sectors, or activities contrary to Climate action.

This PDS section shall have documented Board quorum sign-off and remains fixed from the initial year of reporting to ensure traceability of the organisation's initial commitment.

5.1.3. Director's Verification Statement

The organisation shall provide a Director's Verification Statement each year, confirming that the PDS covers all required disclosures (4.9.4.2) including:

- a) Updated Net Zero Conflict of Interest Statement
- b) Changes to existing net zero claim or actions
- c) Reduction Obligation Compliance
- d) Annual Reduction Target Fulfillment
- e) Scope 3 Engagement
- f) Credit Quality Compliance
- g) GHG Inventory
- h) Emissions Tracking
- i) Conformance Disclosure

The organisation shall also provide an integrated statement outlining:

- **Updated Net Zero Conflict of Interest Statement** – any new activities undertaken by the organisation which interact with the fossil fuel sector or against Climate action (if applicable).
- **Changes to Existing Net Zero Claim or Actions** – any actions that have led to structural differences in the organisation's net zero claim, such as bringing forward the Net Zero Commitment Year, increased reduction ambition, etc.

5.1.4. Independent Assurance Statement

The organisation shall provide a statement of limited assurance on both its Net Zero Inventory and Non-Attributable Inventory obtained from a competent, independent third party.
This statement shall be prepared in accordance with section 6.1.

5.1.5. Organisation Description

The organisation shall describe their structure and operations, including:

- Ownership, subsidiaries, partnerships, and joint ventures.
- Business purpose and key activities.
- Major brands, products, or services.
- Primary operational locations and customer base.
- Organisational boundary disclaimers.

5.1.6. Annual Results

The organisation shall disclose the following annual performance indicators:

- Net Zero Status,
- Total Net Zero Inventory Emissions,
- Target Net-Zero Inventory Emissions
- Total Removal Credits Purchased,
- Average Annual Reduction from Initial Footprint,
- Weighted-average Data Quality Score,
- Non-Conformance Score, and
- Emissions Intensity per Dollar of Revenue (large entities only) [Net Zero Inventory only]

Table 5: Annual Results Key Metrics

Metric	2025
Net Zero Status	"XXXXXX"
Total Net Zero Inventory Emissions	XXX
Target Net Zero Inventory Emissions	XXX
Total Removal Credits Purchased	XXX
Average Annual Reduction from Initial Footprint	X.X%
Weighted Average Scope 3 Data Quality Score	XXX
Non-Conformance Score	X Critical; X Major ; X Minor
Net Zero Emissions Intensity per Dollar of Revenue (Large Entities Only)	XXX

5.1.7. Boundary Description

Organisations are all subject to the same reporting boundaries under the Net Zero Standard (4.4). Reporting boundaries are fixed and may not be altered under any circumstances.

Any boundary disclaimers shall be reported as per Organisation Description 5.1.5.

5.1.8. GHG Inventory Table

The organisation shall disclose their Scope 1, Scope 2, and Scope 3 emissions inventories for the relevant reporting period.

The organisation shall produce three separate tables for their Net-Zero (Attributable) Inventory, their Non-Attributable Inventory, and their Influence Based Inventory.

5.1.8.1. Net Zero Inventory

The organisation shall disclose Net Zero Inventory (NZI) emissions for the reporting year per Scope 1, Scope 2, and Scope 3 emission sources.

Within each scope, the organisation shall report emissions per item of the NZI (4.5.3.1). The organisation may choose to disclose information at a greater level of detail, however any further breakdown shall remain nested underneath the parent NZI item.

The organisation shall disclose total NZI emissions, along with total emissions per scope.

5.1.8.2. Non-Attributable Inventory

The organisation shall disclose Non-Attributable Inventory (NAI) emissions for the reporting year per Scope 1, Scope 2, and Scope 3 emission sources.

Within each scope, the organisation shall report emissions per item of the NAI (4.5.3.2). The organisation may choose to disclose information at a greater level of detail, however any further breakdown shall remain nested underneath the parent NAI item.

The organisation shall disclose total NAI emissions, along with total emissions per scope.

5.1.9. Influence Based Disclosure

Given the emerging nature of IBI reporting, the organisation shall preface any disclosure with a formal statement regarding data maturity. This must include:

- **A "Best Efforts" Clause:** A statement that the information is provided to the best of the organisation's current ability and knowledge.
- **Methodological Transparency:** Clear disclosure that IBI data is derived from assumptions based modelling rather than direct primary measurement.
- **Robustness Disclaimer:** An explicit acknowledgment that the data is not robust and carries a higher degree of uncertainty compared to the Net Zero and Non-Attributable Inventories. This is intended to prevent the misleading of stakeholders regarding the precision of these figures.

5.1.9.1. Influence Based Inventory

The organisation shall disclose emissions Influence Based Inventory (IBI) emissions for the reporting year.

The organisation shall report emissions per item of the IBI (4.5.3.3). The organisation may choose to disclose information at a greater level of detail, however any further breakdown shall remain nested underneath the parent category.

IBI emissions are subject to high likelihood of double-counting and misestimation and are therefore not required to be totalled. IBI emissions may be totalled if deemed logical or appropriate for the organisation's purposes.

The organisation shall supplement any IBI emissions data with a comprehensive qualitative description. This section serves to contextualise impacts that fall outside traditional value chain carbon accounting boundaries but remain relevant to the organisation's net zero strategy.

5.1.9.2. Supplementary Disclosure

The organisation may include additional qualitative disclosure of climate related activities, initiatives, or commitments that are not otherwise captured within the organisation's GHG inventories as part of its Influence Based Disclosure.

Such disclosures may include climate advocacy and industry engagement, internal capability building and cultural change programmes, research and innovation directed at low carbon outcomes, voluntary contributions to mitigation outside the value chain, and governance or strategic measures that support the organisation's net zero strategy but do not produce directly attributable emissions outcomes.

Supplementary disclosures shall be clearly distinguished from the organisation's quantified inventories and shall not be presented in a manner that implies a quantified abatement outcome.

5.1.10. Emissions Tracking

The organisation shall present emissions trends and performance over time through both graphical and tabular formats.

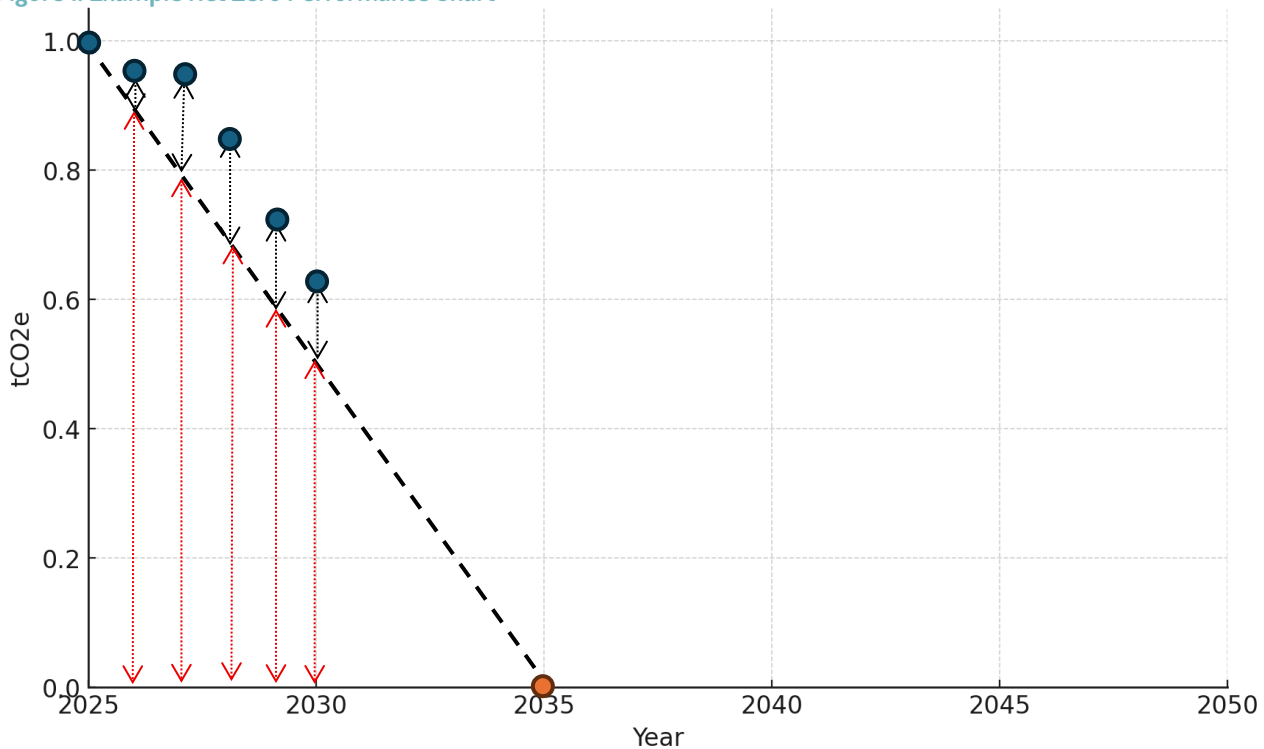
5.1.10.1. Graphical Representation

The organisation shall produce a Net Zero Performance Chart, tracking its emissions reduction progress towards its Net Zero Commitment Year. The chart shall contain the organisation's:

- Net Zero Commitment Year;
- Accelerated Reduction Timeline;
- Annual Attributable Emissions; and
- CDRs Purchased (shown as the distance from each annual emissions value to the timeline or, where Net Zero Achieved status is attained, to the X axis).

The figure below depicts an example for an organisation with a 2025 initial year and a 2035 Net Zero Commitment Year (red dot). Annual Attributable Emissions (blue dots) are tracked against the Accelerated Reduction Timeline (dashed line). The CDRs retired to cover each annual shortfall are shown as the distance from each blue dot down to the timeline (black arrows); the additional CDRs required for immediate Net Zero Achieved status are the remaining distance down to the X axis (red arrows).

Figure 1: Example Net Zero Performance Chart



5.1.10.2. Achievement against Accelerated Reduction Timeline

The organisation shall report whether their implemented reduction strategies have achieved attributable emissions reductions greater than or equal to their ART.

Where reductions fall short of the target, organisations shall:

- Disclose the extent of the shortfall and the use of CDRs applied to bridge the gap; and
- Outline how reduction progress will continue in subsequent years without overreliance on CDRs, prioritising direct abatement measures.

Where reductions exceed the target, organisations may disclose this as an Accelerated Achievement Statement to demonstrate progress beyond minimum compliance.

5.1.10.3. Tabular Reporting

The organisation shall produce and report two tables for the previous five years:

Key Metrics

The Key Metrics shall be reported in the same way as specified in 5.1.6, for the previous five years.

Table 6: Historical Key Metrics

Metric	2025	2026	2027	2028	2029
Net Zero Status	XXX	XXX	XXX	XXX	XXX
Total Net Zero Attributable Emissions	XXX	XXX	XXX	XXX	XXX
Target Net Zero Attributable Emissions	XXX	XXX	XXX	XXX	XXX
Total Removal Credits Purchased	XXX	XXX	XXX	XXX	XXX
Average Annual Reduction from Initial Footprint	XXX	XXX	XXX	XXX	XXX
Weighted Average Scope 3 Data Quality Score	XXX	XXX	XXX	XXX	XXX
Non-Conformance Score	X; X; X	X; X; X	X; X; X	X; X; X	X; X; X
Net Zero Emissions Intensity per Dollar of Revenue*	XXX	XXX	XXX	XXX	XXX

*(Large Entities Only)

GHG Inventory

The GHG Inventory shall be aggregated by Scope for the Net Zero Inventory and the Non-Attributable Inventory for the previous five years. The Influence Based Inventory shall not be included for aggregation over past reporting as they are subject to high likelihood of double counting and misestimation.

Table 7: Historical GHG Inventories

Inventory	2025	2026	2027	2028	2029
Net Zero Emissions					
Scope 1 – Emissions	XXX	XXX	XXX	XXX	XXX
Scope 1 – Removals	XXX	XXX	XXX	XXX	XXX
Scope 2	XXX	XXX	XXX	XXX	XXX
Scope 3	XXX	XXX	XXX	XXX	XXX
Non-Attributable Emissions					
Scope 1	XXX	XXX	XXX	XXX	XXX
Scope 3	XXX	XXX	XXX	XXX	XXX

5.1.11. Reduction Obligation Progress

The organisation shall report on their reduction progress towards achievement of their Net Zero Commitment Year, including the reasons for any material changes to emissions sources, and any significant roadblocks that have prevented reductions.

The organisation shall report on the items specified in the following subsections.

5.1.11.1. Overall Transition Strategy

The organisation shall provide an integrated statement outlining their:

- **Industry Overview:** identification of the relevant industry categories (4.7.1.a) applied, including any changes to based on business restructures.
- **Internal Cost of Carbon (Large Entities Only):** The price for each metric tonne of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions.

The organisation should additionally provide information on:

- **Capital and Resource Allocation:** a description of the capital, operational budgets, and procurement planning dedicated to implementing the required abatements.
- **Internal and External Dependencies:** identification of any financial, supply chain, technology, or policy dependencies that may affect compliance timelines.

5.1.11.2. Required Interventions

The organisation shall produce a table identifying each Required Intervention determined to be applicable, together with its implementation status, in accordance with the organisation's reduction obligations.

For each intervention, the organisation shall identify the:

- **Intervention Rule:** Defined as per the Required Intervention Schedule (RIS);
- **Applicable Year:** The reporting period in which the intervention was first deemed applicable;
- **Implementation Timeframe:** The deferral, in reporting periods, between when an intervention first applies to the organisation and its requirements take effect, as per the RIS;
- **Fulfillment Year:** The reporting period by which the requirements of the intervention shall be implemented, calculated as the sum of the Applicable Year and Implementation Timeframe;
- **Associated Emissions-Reduction Impact:** the tCO₂e directly avoided/removed as a result of the intervention (where measurable); and
- **Implementation Status:** (implemented, in progress, scheduled, non-conformant).
- **Year of Implementation:** (if implemented)

Where an intervention is not implemented by the Fulfillment Year, the organisation shall document the reason and reference the Corrective Action Plan described in section 5.1.15.

In addition to the main interventions table, the organisation should provide descriptions of the processes used to implement any non-trivial interventions.

5.1.11.3. Clean Alternative Assessment

The organisation shall produce a table disclosing the assumptions used to inform their annual clean alternative assessment. For each fossil technology remaining in the organisation's control and assessed, the organisation shall disclose the:

- Name of Technology;
- Number of Assets;
- Outcome Equivalence;
- Capital Parity;
- Internal Rate of Return;
- Infrastructure Requirements;
- Integration Complexity;
- Market Maturity;
- Total Score;
- Cease Acquisitions Date; and
- Cease Use Date;

The organisation shall disclose any exclusions from the assessment as per the 100-hour rule.

The organisation shall also produce a table disclosing the fossil technology that has been or should have been phased out and replaced with a clean alternative based on the CAA. For each fossil technology that has passed its cease all use date, the organisation shall disclose the:

- Type of the fossil technology;
- Date of cessation;
- Required cease all use date;
- Associated emissions-reduction impact (where measurable); and
- Status of the phase out: (completed, non-conformant)

Where a fossil technology remains operational beyond the scheduled cessation date, the organisation shall explain the reason and reference the Corrective Action Plan described in section 5.1.15.

5.1.11.4. Scheduled Prohibited Activities

The organisation shall produce a table disclosing all prohibited activities, technologies, and investments that have been or will be discontinued in accordance with the organisation's Prohibited Activities Schedule. The organisation is not required to report on Prohibited Activities in which it has never engaged.

For each activity discontinued or scheduled to be discontinued, the organisation shall identify:

- The description of the prohibited activity;
- The date of cessation (if completed);
- The prohibition date;
- Associated emissions-reduction impact (where measurable); and
- The status of the phase out (completed, in progress, scheduled).

Where a prohibited activity remains operational beyond the scheduled cessation date, the organisation shall explain the reason and reference the Corrective Action Plan described in section 5.1.15.

5.1.11.5. Abatement Activities & Technology Implemented

If the organisation has undertaken an abatement activities evaluation, the organisation shall produce a table disclosing the activities, technologies, or processes implemented or prioritised for implementation in accordance with the abatement activities evaluation.

For each activity, the organisation shall identify:

- The description of the abatement measure;
- The date of implementation;
- Associated emissions-reduction impact (where measurable); and
- The status of the implementation (completed, in progress, scheduled).

5.1.12. Carbon Credit Reporting

The organisation shall disclose the source, quality, and volume of credits retired to meet reporting period requirements.

The organisation shall differentiate between CDRs used for the purpose of neutralising current year emissions, both for ART obligations and achieving net zero, or for CDRs used for the purpose of remediating reversal of CDRs (4.8.4) retired for prior reporting periods.

Disclosure shall be reported in a table with the following fields for each CDR project:

- **CDR Project:** Name/description of the project that generated CDRs.
- **Purpose:** Whether the project was used for neutralising current year emissions, or for remediating reversal of CDRs.
- **Quality Matrix:** Yes/No on whether the project meets each of the CDR criteria (formatted Y; Y; Y; Y; Y; Y).
- **Volume Retired (tCO₂e):** Total credits retired associated with the respective project.
- **Registry:** The name of the registry the instrument is associated with.
- **Serial Numbers:** The serial number ranges of the retired units, equivalent to the reported volume within the quantity field.
- **Vintage:** The year the credit for the project was produced.

Where the organisation has retired durable carbon dioxide avoidance (CDA) credits to compensate the longtail impermanence risk of a CDR project that failed the permanence criterion (4.8.3), it shall additionally disclose the following for each Mitigation CDA project:

- **Associated CDR Project:** Name/description of the CDR project whose permanence deficiency the CDA credits address, as named in the CDR Project field.
- **Mitigation CDA Project:** Name/description of the CDA project retired to address the permanence deficiency of the CDR project.

- **Mitigation CDA Quality Matrix:** Yes/No on whether the CDA project covers the permanence deficiency of the CDR project.
- **Mitigation CDA Volume Retired (tCO₂e):** Total CDA credits retired, equivalent to the volume retired for the associated CDR project.
- **Mitigation CDA Project Registry:** The name of the registry the instrument is associated with.
- **Mitigation CDA Project Serial Numbers:** The serial number ranges of the retired units, equivalent to the reported volume within the quantity field.
- **Mitigation CDA Project Vintage:** The year the credit for the project was produced.

5.1.13. Contractual Instruments for Purchased Energy

The organisation shall disclose all contractual instruments used to calculate market based scope 2 (and where applicable, scope 3) emissions in a summary table. This disclosure ensures that claims of renewable energy consumption are supported by verifiable, exclusive, and retired attributes.

The summary table shall include the following fields for each instrument used:

- **Instrument Type:** Specify the instrument type (e.g. LGC, REC, PPA).
- **Quantity (MWh):** Total megawatt hours associated with the instrument for the reporting period.
- **Vintage:** The generation year or reporting period the instrument covers.
- **Registry:** The name of the registry the instrument is associated with (if applicable)
- **Serial Numbers:** The serial number ranges of the retired units, equivalent to the reported volume within the quantity field (if applicable).

For emissions reductions claimed through a PPA, the PDS shall include evidence confirming the following:

- **Facility Details:** Name and location of the supplying energy facility.
- **Bundling/Exclusivity:** A statement confirming that the PPA includes the transfer and retirement of all associated EACs on behalf of the organisation, or confirming no EACs have been generated in association with procured energy.
- **Market Boundary:** Confirmation that the generation facility resides within the same electricity grid market boundary to its consumption.

5.1.14. Data Quality & Scope 3 Improvement

The organisation shall disclose progress in improving Scope 3 data quality and engagement with suppliers, including:

- a) Year-on-year improvement in Data Quality Scores.
 - i) Where a reduction in weighted average data quality compared to the previous reporting period is seen, the organisation shall provide a qualitative explanation as to the cause of the reduction.
- b) Implementation of supplier engagement programs.
- c) Application of Supplier-Specific Emission Factors (SSEFs)

5.1.15. Non-Conformance Disclosure

The organisation shall produce a table disclosing all non-conformances against this standard as per the requirements of 6.2.1. Each instance of “Fail” from the Non-Conformance Schedule shall be disclosed in a summary table within the PDS detailing at minimum the following:

- **Section:** As per schedule.
- **Title:** As per schedule.
- **Item:** As per schedule.
- **Category:** The type of non-conformance, either major or minor, as per the schedule.
- **Count:** Number of non-conformances related to the section

5.1.15.1. Corrective Action Planning

Corrective action planning provides the mechanism through which the organisation addresses identified non-conformances and demonstrates realignment with this standard. Major non-conformances require formal corrective

action planning, including disclosure of completed and planned actions in accordance with this clause. Minor non-conformances do not require a Corrective Action Plan and shall be addressed through routine corrective action.

For all major non-conformances, the organisation shall report on:

- the corrective actions taken to address major non-conformances from the previous reporting period; and
- the corrective actions planned to address major non-conformances identified in the current reporting period.

For each major non-conformance identified in the previous reporting period, the organisation shall produce a table disclosing:

- the section to which the non-conformance relates;
- the specific action or requirement giving rise to the non-conformance, where the section contains more than one;
- the remedial measures implemented;
- the date of completion.

Note: Where a major non-conformance from the previous reporting period remains unresolved, it shall be escalated to a critical non-conformance, and no corrective action planning disclosure is required. In such circumstances, the organisation shall not publish a Public Disclosure Statement (PDS), nor make any public claim of net zero alignment under this standard, until the requirement giving rise to the critical non-conformance has been fully addressed (6.2.1.1).

Where a major non-conformance has been identified for the current reporting period, the organisation shall provide a Corrective Action Plan (CAP) setting out how realignment will be achieved within the shortest practicable timeframe.

Each CAP shall include:

- the section to which the non-conformance relates;
- the specific action or requirement giving rise to the non-conformance, where the section contains more than one;
- the remedial measures to be implemented; and
- the expected completion timeline.

Minor non-conformances shall be addressed through routine corrective action and do not require a CAP.

6. Assurance & Conformance

6.1. Assurance Requirements

When making a net zero claim under this Standard, the organisation shall obtain at minimum limited assurance on its Net Zero Inventory, with the criteria of the assurance engagement being the requirements of sections 4.5 and 4.6 of this Standard.

- a) The assurance engagement shall be conducted in accordance with one of the following standards or their jurisdictional equivalent:
 - i) ISO 14064-3:2019 – Specification with guidance for the verification and validation of greenhouse gas statements;
 - ii) ISAE 3410 – Assurance Engagements on Greenhouse Gas Statements;
 - iii) ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information; or
 - iv) ISSA 5000 – General Requirements for Sustainability Assurance Engagements.
- b) Where any of the standards listed in (a) is withdrawn or superseded by the issuing body, the successor standard shall be accepted in its place, provided its scope fully encompasses the criteria in sections 4.5 and 4.6 of this Standard.
- c) The verifier shall be independent to the preparation of the inventories captured by the assurance engagement. A verifier is not considered independent where the verifier, any member of the verification team, or any entity under common ownership or control with the verifier, has within the two reporting periods prior to the assurance engagement:
 - i) prepared, in whole or in part, the inventory under verification; or
 - ii) provided advisory services that materially shaped the organisation's specific choices in preparation of the inventory, including organisational boundary determination, selection between permitted methods, emission factor selection, or data source selection.
- d) Activities carried out in the capacity of a standard owner do not constitute advisory services for the purposes of clause (c.ii). This includes:
 - the authorship, publication, and revision of this standard;
 - the issuance of generally applicable guidance, FAQs, recommended emission factors, interpretive notes, or technical clarifications;
 - responses to questions regarding the interpretation of the requirements of this standard, provided the response would be equally applicable to all standard users in the same circumstances; and
 - the delivery of training on the application of this standard.
- e) Where the organisation is subject to mandatory climate related financial disclosure requirements (e.g. AASB S2), an assurance engagement performed to satisfy those requirements shall be accepted under this standard, provided its scope fully encompasses the criteria in sections 4.5 and 4.6.

6.2. Conformance Requirements

The purpose of the conformance system is to safeguard the integrity of the net zero claims made off the basis of this standard, while acknowledging the operational complexities of decarbonisation. This standard recognises that not all non-conformances carry equal weight regarding the validity of the organisation's climate assertions. Therefore, this system adopts a pragmatic risk based approach to conformance assessment.

Requirements within this standard are graded according to their materiality and the degree to which a failure to meet them would compromise the integrity or accuracy of the net zero claim. This tiered structure allows the organisation to identify, disclose, and correct non-critical deviations (major and minor) within a defined timeframe, fostering transparency and continuous improvement, while strictly enforcing the essential critical elements required for a legitimate net zero outcome.

6.2.1. Assessment

The organisation shall assess their conformance to the requirements of this standard as per the **Non-Conformance Schedule**. The Non-Conformance Schedule lists the sections of this standard that contain requirements distinguished by the term “shall”, and the associated grading for failing to address them.

Non-conformances are assessed against the failure to meet all requirements within a given section. A failure to address any individual requirement within a section associated with an entry within the Non-Conformance Schedule shall be considered as a failure for the entire section, and the corresponding Non-Conformance Schedule grade shall be assigned.

There are three grades of non-conformance that the organisation shall be assessed upon. The organisation shall assess conformance to each item of the non-conformance schedule and mark a status of pass or fail.

6.2.1.1. Critical Non-Conformance

A critical non-conformance represents a fundamental breach of the core requirements of this standard.

- a) Where the organisation fails to meet a requirement designated as ‘Critical’ within the Non-Conformance Schedule, the organisation shall be considered to have failed the conformance assessment.
 - i) The organisation shall not publish a PDS, nor make any public claim of net zero alignment based on this standard, until the requirement causing the critical non-conformance has been fully addressed.

6.2.1.2. Major Non-Conformance

A major non-conformance represents a significant deviation that requires remediation but does not immediately invalidate associated net zero claims, provided it is disclosed and managed within strict limits.

- a) The organisation shall be permitted to hold a maximum of 4 major non-conformances within a single reporting period. Where the number of major non-conformances exceeds this threshold, the collective failure shall constitute a critical non-conformance.
- b) Where a major non-conformance is identified, the organisation shall:
 - i) disclose the specific requirement that has not been met within the PDS;
 - ii) disclose the corrective action plan intended to rectify the non-conformance; and
 - iii) document and disclose the initial reporting period in which the non-conformance first occurred.
- c) A major non-conformance identified in a previous reporting period shall be rectified prior to the subsequent conformance assessment. Where a major non-conformance is carried forward into a second consecutive reporting period without rectification, it shall be reclassified as a critical non-conformance.

6.2.1.3. Minor Non-Conformance

A minor non-conformance represents an administrative or procedural deviation that does not materially compromise associated net zero claims.

- a) Where a Minor Non-Conformance is identified, the organisation shall:
 - i) disclose the specific requirement that has not been met within the PDS;
 - ii) disclose the corrective action plan or justification for the deviation; and
 - iii) document and disclose the initial reporting period in which the non-conformance first occurred.
- b) Minor non-conformances may be carried forward indefinitely, provided that the disclosure requirements detailed in (a) are met in every subsequent PDS for as long as the non-conformance remains active.

6.2.2. Critical Non-Conformance Resolution

- a) On identification of a critical non-conformance, the net zero claim ceases to be valid. The organisation shall not make or repeat the claim until the cause has been fully addressed and a further conformance assessment passed.
- b) A critical non-conformance shall not be disclosed through the PDS. The organisation shall instead issue a direct communication to the investors and stakeholders to whom the prior net zero claims were directed. That communication shall:
 - i) be made separately from the PDS or any other document;
 - ii) be made through channels at least equivalent in prominence and reach to those by which the net zero claim was originally communicated for small organisations, or in the annual report for large organisations; and
 - iii) be made within the same PDS publication timeframe as specified in 4.9.4.
- c) The communication shall, as a minimum, state:
 - i) the specific requirement of this standard that was not met, identified by reference to the relevant section and to the Non-Conformance Schedule;
 - ii) the nature and cause of the non-conformance;
 - iii) that the net zero claim has ceased to be valid;
 - iv) where the non-conformance affects a reported emissions figure, target or trajectory: the quantified impact, or where not yet quantifiable, a statement to that effect and the date by which quantification will be provided;
 - v) the corrective action plan with remedial actions to be taken, the party responsible, milestones and completion dates, and the means by which conformance will be reassessed; and
 - vi) the reporting period in which the non-conformance first occurred.
- d) To resolve the critical non-conformance, the organisation shall implement their corrective action plan to rectify the non-conformance. Where the non-conformance cannot be retroactively fixed, the organisation shall instead purchase and retire anthropogenic CDRs (4.8) equal to the ART for each year in which the critical non-conformance occurred. Once completed, the organisation shall make a secondary communication per the requirements of (b) disclosing that the critical non-conformance has been rectified and the means by which it was rectified.
- e) CRI maintains a public register recording each claim made under this standard, its conformance status, and, where a critical non-conformance has occurred, the resolution recorded under (e). An organisation that makes a net zero claim under this standard does so on the basis that its conformance status and any critical non-conformance may be recorded in, and published through, that register. CRI records and publishes that information as a factual record of conformance with this standard.
- f) CRI shall record each organisation's critical non-conformance in the register against the reporting period in which it occurred. The record is permanent and is not removed by subsequent remediation. Against each such non-conformance CRI shall record its resolution, determined mechanically by the organisation's conduct:
 - i) **Resolved** – the cause of the non-conformance was fully addressed and a further conformance assessment passed in a subsequent period. The non-conformance, and the period in which it occurred, remain on the register, marked resolved and dated;
 - ii) **Withdrawn** – the organisation notified CRI and stakeholders, in the manner required by (b), that the claim is withdrawn, and discharged the withdrawal penalty under 4.7.5.1;
 - iii) **Unresolved** – the non-conformance is neither resolved nor withdrawn, including where the organisation has not disclosed under (b), has no corrective action plan in effect, or has allowed a plan milestone to lapse.
- g) Where a critical non-conformance results in or contributes to regulatory enforcement action or criminal proceedings against the organisation in connection with a claim made under this standard, the organisation shall not make any claim under this standard for five (5) years, running from the later of the date of the findings, enforcement notice or commencement of proceedings, and the date the claim ceases to be made. A new claim after that period requires a new initial year assessment and creation of a new claim.

Glossary A-Z

Term	Description
Activity Data	A quantitative measure of activity used as the input to an emissions calculation (e.g. kWh of electricity consumed, kilometres driven, tonnes of waste disposed).
Allocation Method	The method used to assign greenhouse gas emissions from a shared source (e.g. purchased electricity, a multi-product process, a shared transport service) to specific end users or activities.
Anthropogenic Removals	The removal of greenhouse gases from the atmosphere through deliberate human activities, including enhancing biological sinks (e.g. afforestation, soil carbon, blue carbon) and engineered approaches that achieve durable removal and storage (DAC, BECCS, enhanced mineralisation).
Avoided Emissions	Greenhouse gas emissions prevented from entering the atmosphere relative to a business-as-usual scenario. Avoided emissions credits cannot be used to neutralise Net Zero Inventory emissions under this standard.
Biogenic Product	A product derived from living organisms or recently living biological material (e.g. plant, animal, microbial), as distinct from fossil or mineral derived products. Relevant to the treatment of short-cycle biogenic carbon.
Carbon Crediting Program (CCP)	A registry operating body that issues, tracks, and retires carbon credits under a defined set of methodologies and rules (e.g. Verra VCS, Gold Standard, ACR, ACCU).
Carbon Dioxide Removal (CDR)	A human-induced process that removes carbon dioxide from the atmosphere and stores it durably in geological, terrestrial, or oceanic reservoirs. Only CDR credits, not avoided emissions credits, may be used to neutralise emissions under this standard.
Carbon Insetting	Implementing emissions reduction or removal initiatives directly within the organisation's own value chain, rather than purchasing external carbon credits. Unless verified to approved CCP methodology, disclosed under IBI Category C and cannot substitute for CDR credits in neutralising NZI emissions.
Carbon Neutral	A claim that anthropogenic GHG emissions over a specified period have been balanced by a mix of avoided emissions and/or removals credits. Distinct from Net Zero: carbon neutral claims typically permit avoidance credits and impose weaker reduction trajectories.
Carbon Offsetting	Neutralising greenhouse gas emissions by purchasing and retiring carbon credits that fund external projects which reduce or remove an equivalent quantity of GHG. Under this standard, only credits meeting the CDR eligibility criteria qualify for neutralisation.
CDR Rating Agency	An independent third party that rates the quality, risk, and integrity of carbon credits according to a publicly available, transparent, version controlled methodology. Example agencies include BeZero Carbon, Sylvera, Calyx Global, and Renoster.
CO₂-equivalent (CO₂-e)	A common unit expressing the climate warming effect of any quantity of a greenhouse gas as the mass of CO ₂ that would cause equivalent warming over a specified time horizon (typically 100 years, using IPCC GWP100 characterisation factors).
Contractual Instrument	A legal agreement (e.g. Power Purchase Agreement, Energy Attribute Certificate) by which the environmental attributes of generated energy, including zero emissions status, are conveyed from generator to consumer for use under the Scope 2 market-based method.
Conversion Factor	A coefficient applied to activity data to derive GHG emissions, either directly (e.g. kWh × kgCO ₂ e/kWh) or via intermediate transformations along the calculation chain (e.g. fuel volume × energy density).
Effective Radiative Forcing	A measure of how strongly a given perturbation (e.g. added CO ₂ , contrails, aerosols) pushes the Earth's climate toward warming or cooling, expressed in watts per square metre (W/m ²). ERF improves on the older Radiative Forcing concept by accounting for fast atmospheric adjustments (changes in temperature, water vapour, clouds), giving a more accurate prediction of eventual surface warming. Used in aviation emissions accounting to capture the full climate impact of non-CO ₂ effects at altitude.
Emissions Factor	A coefficient that quantifies the greenhouse gas emissions released per unit of activity.
Energy Attribution Certificate	A contractual instrument (e.g. REC, GO, LGC, I-REC) that separates the environmental attributes of generated electricity from the underlying electrons, enabling the holder to credibly claim the use of renewable or zero emissions energy under the market-based method.
Fossil Only Carbon Intensity	The emissions intensity of a grid's electricity production calculated using fossil generation only, excluding renewable and other zero emissions generation. Used in the Scope 2 market-based method fallback hierarchy where no contractual instrument or supplier-specific factor is available.
GHG Emission Category	The standardised classification used to categorise greenhouse gas emissions based on their source and operational control.
Influence Based Emissions	Emission sources that the organisation may influence and should assess and disclose, but occur outside of its value chain and are not attributable to the organisation's net zero claim. Includes

Term	Description
	three categories: intangible services, design based emissions, and other impacts, benefits & insetting.
In-kind Insured CDR	A carbon removal credit underwritten by an insurance provider that guarantees physical "in-kind" replacement. If the primary credit is reversed or invalidated, the insurer retires a substitute credit from its own portfolio to maintain the integrity of the original removal claim.
Integrity Council for the Voluntary Carbon Market (ICVCM)	An independent governance body that sets the core carbon principles for voluntary market carbon credits.
Large Entity	See 4.2.1.
Location-Based Method	A Scope 2 accounting method that calculates emissions using the average emissions intensity of the grid serving the consuming site. Permitted for disclosure only under NoCO ₂ ; the NZI requires the market-based method.
Market-Based Method	A Scope 2 accounting method that calculates emissions based on the company's contracted electricity supply (e.g. PPAs, EACs, supplier-specific factors), reflecting its actual procurement choices rather than the local grid average. Mandatory for the NZI under this Standard.
Nature-Based Solutions	Activities that rely upon biological processes to capture CO ₂ and store it within terrestrial and marine ecosystems. Includes activities as such as forest restoration, wetland management, and regenerative agriculture.
Net Zero Commitment Year	The target year by which the organisation commits to reaching Net Zero Emissions. Under NoCO ₂ this must be no later than 2040 and anchors the Accelerated Reduction Timeline (ART).
Net Zero Emissions	A state in which anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period. Under this Standard the balance is struck across NZI emissions only.
Null Power	Electricity whose environmental attributes have been stripped via the sale of the associated Energy Attribute Certificates. Consuming null power confers no claim to the original generation's environmental qualities as those have been transferred to the EAC holder.
Operational Control Approach	The consolidation approach under which a company accounts for 100% of the GHG emissions from sources over which it has operational control. The sole permitted approach under this Standard.
Organisational Boundary	The boundary that determines which entities, facilities, and operations are consolidated into a company's GHG inventory. Under this Standard this is set using the Operational Control Approach.
Power Purchase Agreement	A long term contract between an electricity generator and a customer that defines the commercial terms for the sale of energy and the legal transfer of all associated Energy Attribute Certificates to the reporting entity for use under the Scope 2 market-based method.
Radiative Forcing Index	A multiplier used to compare the total climate effect of aviation emissions to the effect of CO ₂ alone. RFI accounts for non-CO ₂ high altitude impacts (e.g. water vapour, aerosols, contrails) that increase the warming impact of flights. May be used in place of (or alongside) an ERF for Business Travel (Scope 3 Cat 6).
Reporting Boundary	The full set of emissions categories included in NoCO ₂ disclosure: the Net Zero Inventory (NZI), Non-Attributable Inventory (NAI), and Influence Based Inventory (IBI). Distinct from the Organisational Boundary, which determines which entities are consolidated.
Residual Emissions	Greenhouse gas emissions that remain after all feasible efforts to reduce them have been made. To reach net zero, these emissions must be balanced with direct equivalent removals of greenhouse gases from the atmosphere.
Residual Mix Factor	An emissions factor representing the grid generation mix after subtracting renewable and other zero emissions generation that has already been claimed via contractual instruments (e.g. PPAs, EACs). Used in the Scope 2 market-based method fallback hierarchy to prevent double accounting.
Scope 1, 2, 3 Emissions	As defined in the GHG Protocol: Scope 1 (direct emissions from owned/controlled sources), Scope 2 (indirect emissions from purchased energy), Scope 3 (other indirect emissions across the value chain). Under this Standard these are sub-divided and assigned to NZI, NAI.
Short Cycle Carbon	Carbon that cycles through the biosphere/atmosphere system over short timescales (days to centuries), such as the biomass photosynthesis-combustion loop. Contrasted with long cycle carbon (millions of years; fossil sources). Under this Standard, short-cycle biogenic CO ₂ oxidation routes to the NAI rather than the NZI.
Small Entity	See 4.2.1.
Supplier-Specific Emissions Factor (SSEF)	An emissions intensity (e.g. kgCO ₂ e per unit or per dollar of spend) calculated and disclosed by a supplier for use by its downstream customers in their Scope 3 accounting.

Annex A Illustrative Examples of Reduction Obligations

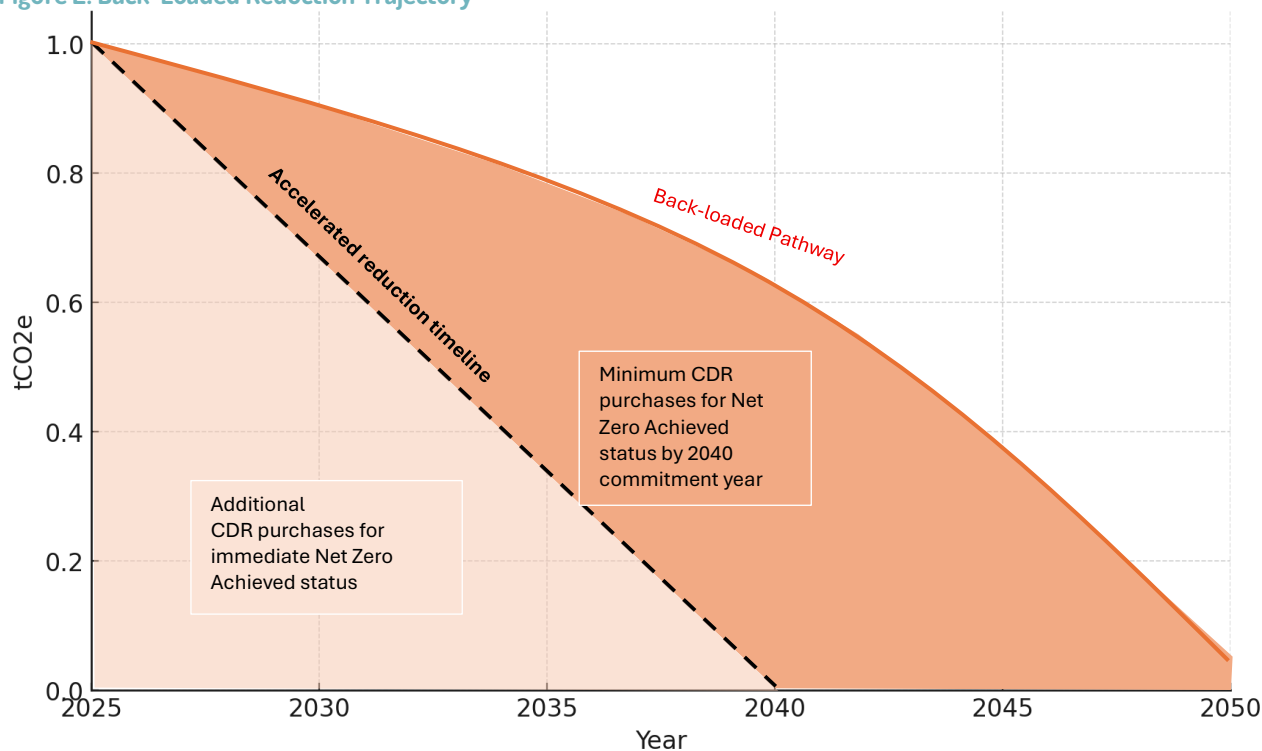
This annex illustrates how the reduction obligations in section 4.7 apply in common scenarios. It is informative, not normative, and introduces no requirements of its own; each example describes a scenario and identifies the clauses that determine the organisation's obligations in that scenario.

Back-loaded Reduction Trajectory Example

If the organisation reduces its emissions more slowly than its Accelerated Reduction Timeline (ART) requires in the early years, deferring the steeper cuts to later years, its actual emissions sit above the ART in the intervening period. The shortfall rule (4.7.4.2) and the carbon credit usage rule (4.7.4.3) would then require it to retire eligible CDRs (4.8.2) equal to each annual shortfall. On the diagram below, these purchases are the dark red area.

If the organisation instead seeks Net Zero Achieved status immediately, 4.7.5.2 would require it to neutralise all residual Net Zero Inventory emissions for the period, not only the shortfall. The additional CDRs this would require each year are the light red area.

Figure 2: Back-Loaded Reduction Trajectory

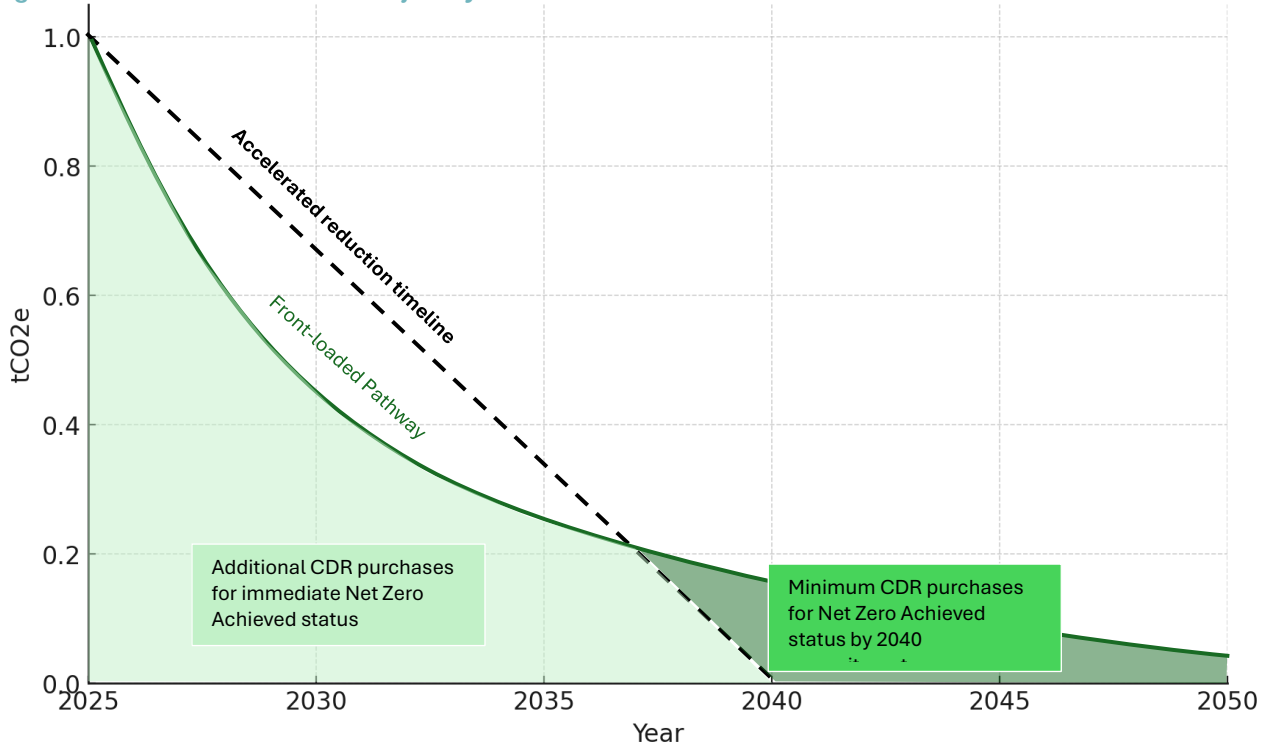


Front-loaded Reduction Trajectory Example

If the organisation reduces its emissions faster than its ART requires in the early years, leaving smaller cuts for later, its actual emissions stay below the ART. No credit usage then arises under the surplus rule (4.7.4.2) until a reporting period in which emissions exceed the ART, so CDRs would be retired only in those years. On the diagram below, these are the dark green area.

If the organisation instead seeks Net Zero Achieved status immediately, 4.7.5.2 would require it to neutralise all residual Net Zero Inventory emissions for the period. The additional CDRs this would require each year are the light green area.

Figure 3: Front-Loaded Reduction Trajectory

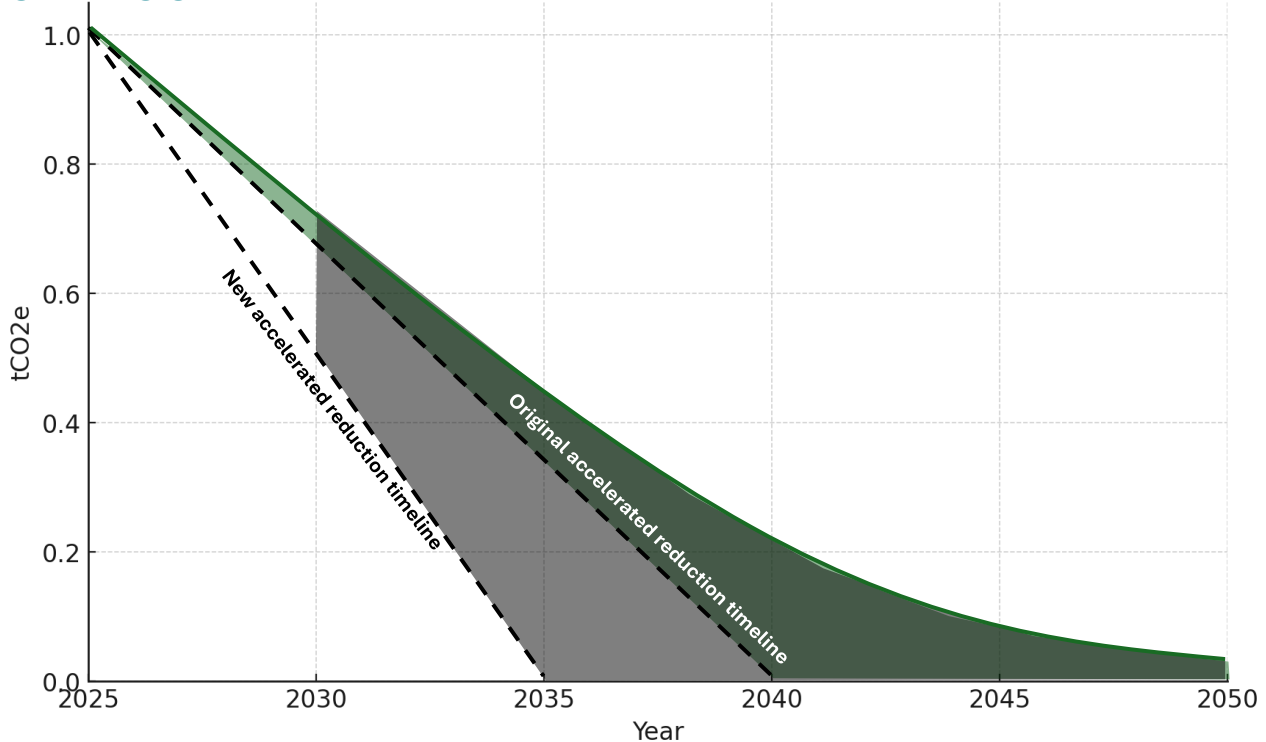


Changes to Net Zero Commitment Year with Examples

If the organisation increases its ambition and brings its Net Zero Commitment Year forward, 4.7.4.4 triggers a recalculation of the ART from the initial year to the new commitment year, with the increased reduction obligations applying prospectively from the year of recalculation; 4.7.4.4 also prevents the commitment year from being moved to a later date.

On the diagram below, the green area shows the CDR obligations under an original commitment year of 2040. The commitment year is brought forward to 2035 in 2030; from 2030 the recalculated obligations are the black area, partially overlapping the green.

Figure 4: Bringing the Net Zero Commitment Year Forward

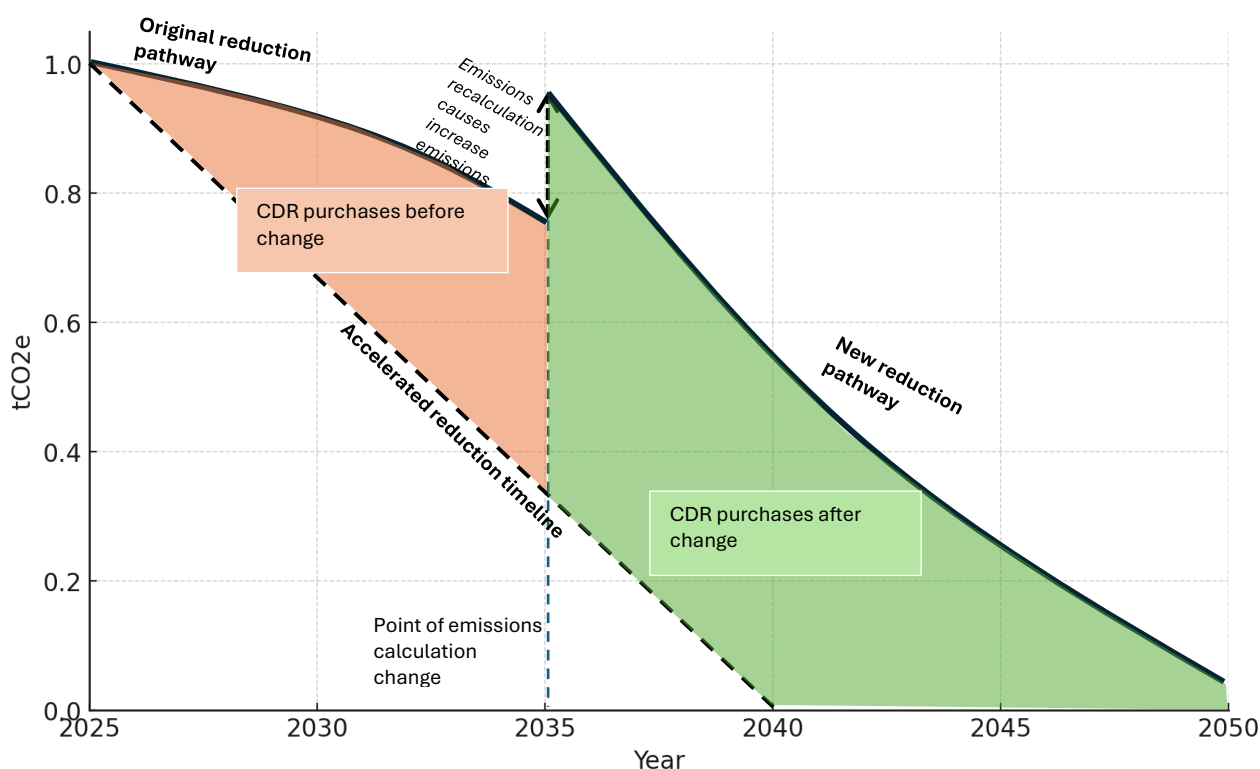


Changes to Emissions Calculations with Examples

Year on year, the organisation's reported emissions may change for variety of reasons other than genuine reductions, such as updated calculation methodologies, emission or conversion factors updates, corrected errors, or changed organisational boundaries, including acquisitions or divestments. Such changes may cause discrete variations in the inventory between reporting periods, but do not adjust the trajectory or targets.

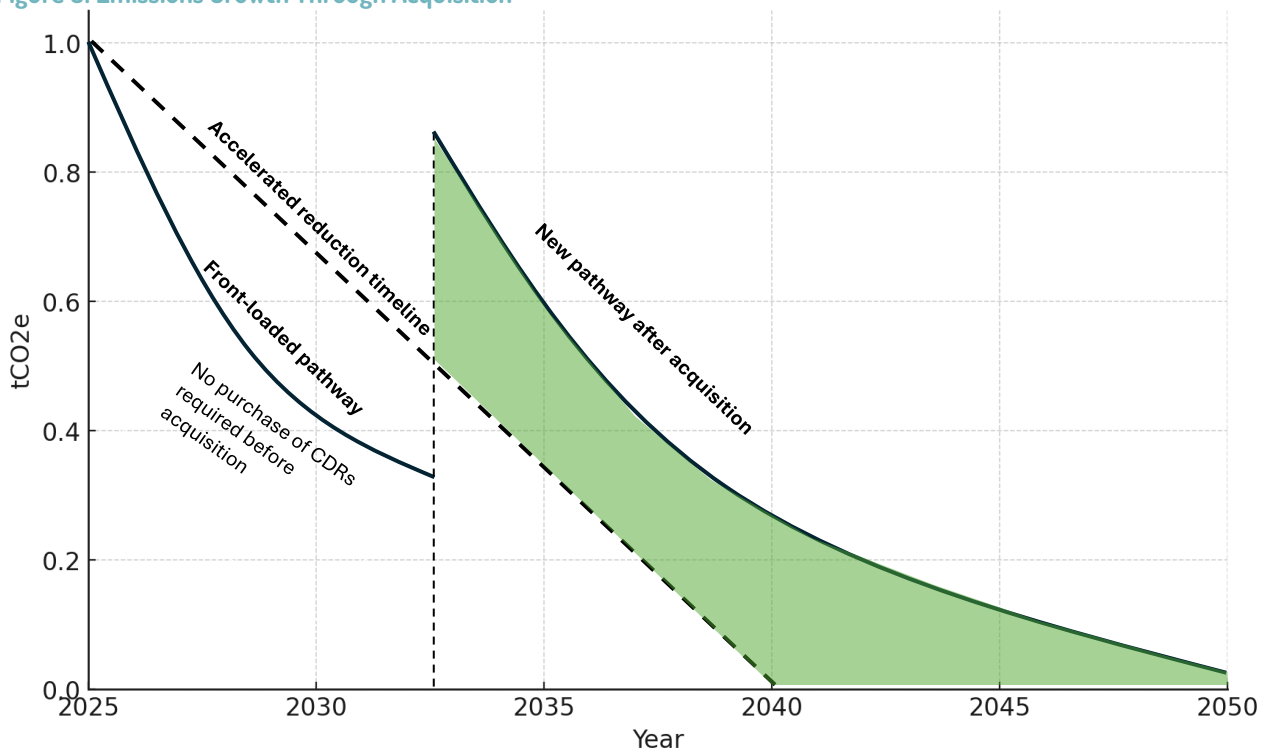
In all cases, 4.7.4.5 keeps the organisation on the same ART toward its declared commitment year. The organisation may be left retiring a greater or lesser volume of CDRs to stay aligned. On the diagram below, the orange area is the CDR purchases required before the change, and the green area those required after, with the ART itself remaining unchanged.

Figure 5: Changes to Emission Calculations



If an acquisition increases the organisation's attributable emissions, 4.7.4.5 applies the same ART, so emissions growth through acquisition is neutralised to an unadjusted trajectory. The second chart depicted overleaf shows an organisation that had been reducing ahead of its ART and required no CDR purchases before the acquisition; afterwards its total emissions exceed the ART, and the excess, denoted by the green area, requires neutralisation.

Figure 6: Emissions Growth Through Acquisition



Annex B Net Zero Attribution of GHG Protocol Categories

The Non-Attributable Inventory (NAI) includes emission sources that are relevant to transparent environmental disclosure, but are excluded from the Net Zero Inventory (NZI) and associated reduction obligations of the organisation. In general, this is because these emission sources are either:

- **Cyclical:** Emissions forming part of a natural short term carbon cycle.
- **Exogenous & IPCC Pathway Aligned:** Emissions from sources that are both outside of the organisation's ability to control and directly reduce, yet have legitimate routes to net zero and are IPCC pathway compatible.
- **Transitory:** Emissions associated with short term financial or capital market activities where the underlying asset lacks direct or long term association with the organisation.

B.1 Short Cycle Biogenic Carbon Oxidation

This standard adopts a life cycle assessment perspective on short cycle biogenic carbon, and as such deems that emissions arising from the oxidation, combustion or biodegradation of short cycle biogenic carbon should be included within the organisation's Non-Attributable Inventory (NAI). Inclusion of emissions within the Net Zero Inventory necessitates reduction and removal activities, and requiring abatement activities and use of carbon dioxide removals to balance biogenic carbon oxidation emissions disregards the sequestration that occurred during the biomass growth phase, leading to double accounting of the removal.

Biogenic carbon is only deemed to be short cycle when harvested from a narrow range of land use categories, with any biomass harvested from stable carbon stocks or land conversion activities being explicitly excluded (4.5.4.2). Emissions associated with other phases of a short cycle carbon biogenic product life cycle (e.g. land use, land use change) shall be included within the organisation's NZI.

B.2 Category 10 - Processing of Sold Products

Emissions from this category are attributed outside of the NZI as this standard deems the responsibility for implementing emissions reductions activities to transfer to the downstream entity at the point of product conversion. As the downstream entity converts the intermediate good into a new product system for their benefit, they assume the functional and economic ownership of the new product's resulting emissions and associated reduction obligations.

Emissions from the preparation of food (e.g., cooking) are treated as Processing of Sold Products and included within the Non-Attributable Inventory, whether the food is prepared by a downstream business (such as a restaurant or food service operator) or by an end consumer in a household setting. Raw and intermediate food products do not themselves generate emissions during use in the sense contemplated by Category 11; emissions arise only through the transformation performed by the preparer. In both cases, food preparation is a conversion step: raw and intermediate food products are transformed into a distinct prepared product, and responsibility for the resulting emissions sits with the entity performing the preparation. In both cases, food preparation is a conversion step: raw and intermediate food products are transformed into a distinct prepared product, and responsibility for the resulting emissions sits with the entity performing the preparation.

B.3 Category 11a - Use of Sold Products (Direct Emissions)

Products with direct use phase emissions (e.g. combustion, chemical reactions, fugitive sources) shall be included within the organisation's NZI. These emissions are intrinsic to the design of the product, fundamentally inconsistent long term with the IPCC Pathway, and the organisation creating these products has the ability to abate these emissions through design innovation. Exclusion of these sources from the NZI erodes incentives to develop low carbon product alternatives.

B.4 Scope 3, Category 11b – Use of Sold Products (Indirect Emissions)

Products with indirect use phase emissions (e.g. those that consume electricity) shall be included within the organisation's Non-Attributable Inventory as their abatement is primarily conditional upon decarbonisation of external electricity grids, rather than organisational design choices. While global energy systems are decarbonising via Paris Agreement national commitments and technological advancement, the organisation has no direct influence over this systemic transition.

Additionally, as increasing electrification is a primary goal of the IPCC Pathway, allocation of these emissions to the Non-Attributable Inventory aligns organisational incentives with this objective.

B.5 Category 13a - Downstream Leased Assets (direct emissions)

Following a similar rationale to category 11a, direct emissions from downstream leased assets shall be included within the organisation's Net Zero Inventory, as long term ownership of these assets are incompatible with the IPCC Pathway, and the lessor organisation has the ability to abate these emissions through procurement of low carbon alternatives over time (e.g. leasing EVs instead of ICE vehicles).

B.6 Category 13b - Downstream Leased Assets (Indirect emissions)

Following a similar rationale to category 11b, indirect emissions from downstream leased assets (e.g. electricity use) are exogenous and consistent with the IPCC Pathway and are therefore assigned to the organisation's Non-Attributable Inventory.

B.7 Category 15a – Financed Emissions (NZI Elements)

Category 15a covers the financed emissions that the organisation includes within its Net Zero Inventory, on the basis that capital and debt allocation gives it a direct decarbonisation lever over them. Two source types qualify, the investee's direct (Scope 1) emissions, and, for investees that produce fossil fuel products, the downstream combustion of those products.

- **Scope 1:** Investments and lending activities where the organisation provides debt or capital to entities or projects, associated investee scope 1 emissions shall be included in the Net Zero Inventory. Capital and debt allocation is the primary lever of decarbonisation for financial institutions. By providing debt or equity, the organisation directly enables the recipient's GHG emitting activities. The financing organisation has the ability to abate these emissions through portfolio screening, engagement, and divestment choices. Failure to reduce these emissions is incompatible with the IPCC pathway, thus their exclusion from the NZI and associated long term reduction would similarly be incompatible with a net zero claim.
- **Use of Sold Fossil Fuel Products:** The same logic extends to the use of sold fossil fuel products. For companies engaged in fossil fuel extraction, refining, or distribution, the majority of the emissions enabled by financing occur downstream of the investee's own operations when the coal, oil, or gas they produce is combusted by end users. These emissions are reported by the investee under Scope 3 Category 11 (Use of Sold Products) and represent the principal climate impact of the financed activity. Excluding them would understate the financing organisation's true contribution to global emissions by an order of magnitude for fossil fuel exposures, and would allow continued financing of fossil fuel expansion to proceed without consequence in the NZI. Their inclusion ensures that financing decisions are assessed against the full emissions footprint they enable, consistent with the attribution principles established earlier in this standard.

B.8 Category 15B – Financed Emissions (Indirect Emissions)

Where investee scope 2 emissions arise from investment and lending activities, these emissions shall be included within the Non-Attributable Inventory.

Abatement of these emissions is primarily conditional upon decarbonisation of external electricity grids rather than strategic capital allocation or engagement choices of the financing organisation. While global energy systems are decarbonising via Paris Agreement national commitments and technological advancement, the financing organisation has no direct influence over this systemic transition.

Additionally, as increasing electrification is a primary goal of the IPCC pathway, allocation of these emissions to the Non-Attributable Inventory aligns organisational incentives with this objective by avoiding a disincentive against financing the electrification of borrower activities.

Where investee Scope 3 emissions arise from investment and lending activities, these emissions shall also be included within the Non-Attributable Inventory, with the exception of Scope 3 Category 11 emissions from investees that produce fossil fuel products (addressed under Category 15a). Abatement of the remaining Scope 3 emissions is not a direct result of specific financing choices, but rather a downstream consequence of reducing exposure to investee Scope 1 emissions over time.

B.9 Category 15B – Sovereign & Sub-Sovereign Debt

Emissions related to sovereign and sub-sovereign debt shall be included within the Non-Attributable Inventory. These emissions are attributed outside of the NZI based upon the following rationale:

- **Lack of Influence:** The lending organisation retains no direct operational influence over a nation's industrial, climate, or energy policy. Unlike corporate lending, bondholders cannot mandate specific abatement activities at a sovereign level.
- **Opaque Use of Proceeds:** Sovereign debt typically involves the general funding of government operations, making the specific use of proceeds and subsequent emission attribution uncertain. This is further complicated by debt recycling practices and the inability to isolate capital for specific projects.
- **IPCC Pathway Alignment:** It is expected that sovereign entities will decarbonise out of collective self interest and increasing international pressure over time. While political risk remains regarding nations reneging on COP commitments, the primary responsibility for reduction of these emissions rest with the sovereign, rather than the financing organisation.

Classification within the Non-Attributable Inventory ensures transparency regarding exposure while preventing the conflation of the organisation's net zero progress with macroeconomic shifts and sovereign policy decisions outside of its control.

Regardless, continued long term provision of debt to sovereign entities with no legitimate IPCC Pathway aligned policy and legislation is incompatible with making a net zero claim. The Prohibited Activities Schedule specifies when which lending to such sovereign entities must cease.

B.10 Category 16 – Claims Payment Associated Activities

Claims payment activities represent the real world goods and services that are consumed in association with a claim made under an insurance product. This standard differentiates between goods and services consumption that arise from the restitution of insured tangible and intangible property (non-discretionary claims), and those that arise from induced demand (discretionary claims).

- **Discretionary Claims:** Claims payments are considered to be discretionary when they represent the consumption of goods and services that have been induced by the insurer to gain a market advantage through offering secondary extras and benefits, rather than those induced by adverse events (e.g. accidental damage, fire, illness, business interruption). In attributing emissions that arise as a result of these types of claims, this standard adopts a consequential approach. Emissions arising from discretionary claims shall be included within the Net Zero Inventory, as the insurance product itself acts as the primary driver of emissions; in the absence of the secondary benefits these activities would be unlikely to occur. As such, responsibility falls to the insuring entity to reduce and abate these emissions.
- **Non-Discretionary Claims:** By contrast, the primary driver of emissions for non-discretionary claims is the occurrence of an adverse event which negatively impacts the insured tangible or intangible property. Consistent with the consequential approach, emissions resulting from non-discretionary claims shall be included within the Non-Attributable Inventory. This reflects that while the risk sharing service is liable to provide compensation

toward the restoration of the property, the financial instrument did not create the demand for the induced emissions; the adverse event did.

B.11 Category 16b – Facilitated Emissions

Facilitated emissions shall be included within the Non-Attributable Inventory. While these activities are relevant to the organisation's total climate exposure, they are excluded from the Net Zero Inventory and associated reduction obligations.

Facilitation activities (e.g. underwriting bonds, IPOs) are flow activities, where the financial institution's involvement with the financial instrument is typically limited to weeks or months. Once the bonds are issued or the shares sold, capital provision shifts from the facilitating entity to purchasing investors. Requiring abatement of these emissions would imply the facilitating organisations has a permanent liability for a financial instrument that they have no corresponding permanent stake in.

Regardless, continued long term provision of facilitation services to industries and sectors that are incompatible with the IPCC Pathway is not consistent with the requirements of making a net zero claim. The Prohibited Activities Schedule specifies the timeframe along which facilitation service provision to such industries and sectors must cease.

B.12 Category 16b - Insurance Associated Emissions

Insurance associated emissions shall be included within the Non-Attributable Inventory. While these emissions are relevant to the organisation's total climate exposure and portfolio risk, they are excluded from the Net Zero Inventory and associated reduction obligations.

Insurance underwriting is fundamentally a risk sharing service rather than a provision of capital or an equity investment. Additionally, underwriting services are typically flow activities, as insurance contracts are generally renewed or renegotiated on an annual basis. This creates a temporary association with the insured client's emissions rather than a long term stock of carbon held on the balance sheet. Requiring the insurer to abate these emissions would imply they hold a permanent liability for the emissions of a third party asset or operation that they do not own and in which they have no permanent financial stake.

Regardless, continued provision of underwriting services to industries and sectors that are incompatible with the IPCC Pathway is not consistent with the requirements of making a net zero claim. The Prohibited Activities Schedule specifies the timeframe along which underwriting service provision to such industries and sectors must cease.