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Ongoing Emissions Responsibility:

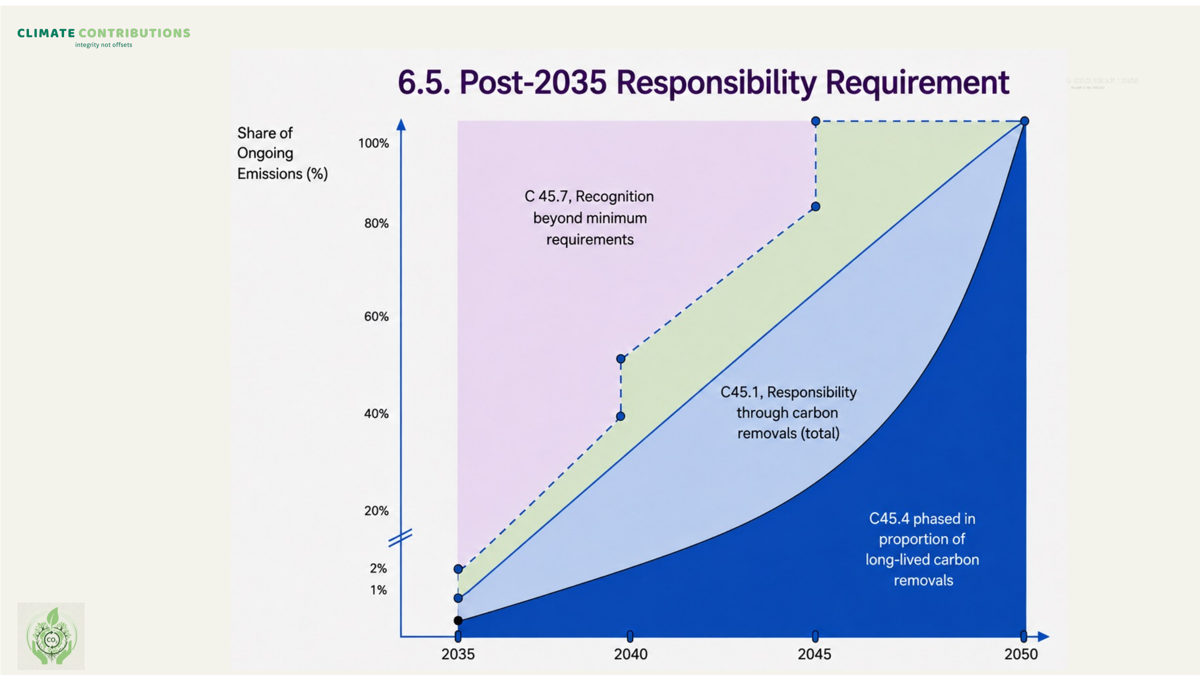
A missed opportunity to further strengthen the post-2035 responsibility

The one criterion missing from the [Corporate Net-Zero Standard v2.0] that could have completed corporate responsibility for ongoing emissions during the transition to net zero.

The Corporate Net-Zero Standard v2.0 represents a significant step forward in defining how companies should progressively take responsibility for their ongoing emissions. In particular, the introduction of the Ongoing Emissions Responsibility (OER) framework alongside the post-2035 responsibility requirements establishes an important new direction for corporate climate action.

Having now spent some time working through the final Standard and reading the early reactions from companies and practitioners, there is one aspect of the post-2035 responsibility framework that we think could have strengthened an already robust Standard even further.

The figure below illustrates that idea. Almost all of the figure simply explains requirements that already exist within v2.0. The dark blue area represents the phased introduction of long-lived carbon removals under C45.4. The light blue area represents the progressively increasing responsibility through carbon removals under C45.1. The purple area represents voluntary recognition beyond the minimum requirements under C45.7.



The Only New Element is the Green Area

The green area represents what we see as the principal opportunity to further strengthen the post-2035 responsibility framework. It illustrates a complementary requirement that could have built directly on the existing OER Recognition Program by transitioning part of today's voluntary framework into a mandatory responsibility alongside the carbon removals requirement established under C45.1.

Rather than remaining entirely voluntary after 2035, a proportion of the existing OER Recognition Program could progressively have become mandatory, creating a simple and continuous transition from voluntary leadership into mandatory responsibility.

Under this approach, the existing OER Recognition Levels would progressively have become minimum post-2035 requirements while continuing to allow companies to pursue voluntary recognition beyond those minimum requirements, as represented by the purple area.

Assessment period	Minimum OER Recognition Level	Minimum additional responsibility
2035–2040	**Engaged**	Responsibility for at least 1% of remaining ongoing emissions
2040–2045	**Advanced**	Responsibility for at least 10% of remaining ongoing emissions
2045–2050	**Leadership**	Responsibility for 100% of remaining ongoing emissions

These obligations would have applied in addition to the mandatory carbon removals requirement established under C45.1.

For the purposes of this proposal, *remaining ongoing emissions* refers to the portion of a company's ongoing emissions that is not already addressed through the mandatory carbon removals requirement under C45.1.

Companies would therefore have had two complementary post-2035 responsibilities:

- progressively increasing responsibility through eligible carbon removals under C45.1; and
- progressively increasing responsibility for remaining ongoing emissions through the OER framework, using either eligible Verified Mitigation Outcomes on a tonne-for-tonne basis or the Contribution Budget Approach.

Under the Contribution Budget Approach, the existing OER internal carbon price thresholds could simply have become mandatory minimums:

Period	Minimum internal carbon price
2035–2040 (Engaged)	**US$20/t$CO_2$e**
2040–2045 (Advanced)	**US$20/t$CO_2$e**
2045–2050 (Leadership)	**US$80/t$CO_2$e**

One feature of the proposal that may not be immediately obvious from the figure is that, although the required OER Recognition Level increases over time, the absolute quantity of emissions covered by this additional obligation does not necessarily increase.

As companies reduce their emissions, the total volume of ongoing emissions should continue to decline towards residual levels. At the same time, C45.1 requires an increasing proportion of those emissions to be addressed through carbon removals. The additional OER obligation therefore applies to a progressively smaller pool of remaining ongoing emissions. While the percentage requirement increases from Engaged to Advanced and ultimately Leadership, the corresponding volume of emissions—and therefore the associated cost—may remain relatively stable or even decline over time.

The proposal therefore ratchets up ambition as a *proportion* of remaining ongoing emissions, rather than necessarily increasing obligations in tonnes of CO_2e or financial expenditure.

Creating a more coherent Chapter 6

The greatest attraction of this approach is not simply that it increases ambition. It is that it creates a much more coherent progression across Chapter 6.

In the published Standard, Sections 6.1 – 6.4 introduce the OER Recognition Program as a voluntary framework. Section 6.5 then introduces a separate mandatory responsibility through carbon removals, before Section 6.6 culminates in the neutralisation of residual emissions. Each element is well designed, but they sit alongside one another rather than forming a clear progression.

The additional green pathway would connect those elements into a single implementation journey.

From 2027 to 2035, companies would participate voluntarily in the OER Recognition Program, becoming familiar with the accounting approaches, governance arrangements, financing mechanisms and implementation options.

From 2035 onwards, part of that same framework would progressively become mandatory, while companies would continue to have the opportunity to achieve voluntary recognition beyond the minimum requirements through the existing pathway represented by the purple area.

By the company's net-zero year, responsibility for ongoing emissions would have become fully integrated with the requirement to neutralise residual emissions.

The overall progression becomes straightforward:

- 2027–2035: voluntary participation, learning and market development.
- 2035–2050: progressively increasing mandatory responsibility alongside carbon removals.
- Beyond the minimum: continued voluntary leadership through the existing recognition pathway.
- Net zero: complete responsibility for residual emissions.

Perhaps most importantly, this would have given the OER Recognition Program a clearer long-term purpose. Rather than existing solely as a voluntary recognition mechanism, it would also have served as a preparation pathway for progressively increasing post-2035 responsibility.

Companies participating before 2035 would therefore not simply be demonstrating early leadership. They would also be developing the governance arrangements, internal decision-making processes, procurement systems, carbon finance strategies and organisational capability needed to meet progressively stronger responsibilities after 2035.

In our view, that would have reinforced one of the Standard's central messages: responsibility for ongoing emissions should increase progressively over time, not only through carbon removals, but also through continued investment in high-integrity climate mitigation beyond the value chain. It would not have required a fundamentally new mechanism. It would simply have extended the architecture already established in v2.0, making the transition from voluntary leadership to mandatory responsibility more coherent, intuitive and predictable.

Illustrative drafting for an additional Criterion

CNZS-C45.X Additional responsibility for ongoing emissions

From 2035 onwards, companies shall meet the minimum Ongoing Emissions Responsibility (OER) Recognition Level applicable to each assessment period, in addition to the responsibility requirements specified under C45.1.

2035–2040 (Engaged): Companies shall take responsibility for at least 1% of remaining ongoing emissions beyond those addressed under C45.1.

2040–2045 (Advanced): Companies shall take responsibility for at least 10% of remaining ongoing emissions beyond those addressed under C45.1.

2045–2050 (Leadership): Companies shall take responsibility for 100% of remaining ongoing emissions beyond those addressed under C45.1.

Responsibility may be fulfilled through either:

- eligible Verified Mitigation Outcomes on a tonne-for-tonne basis; or
- the Contribution Budget Approach.

Where the Contribution Budget Approach is used, companies shall apply a minimum internal carbon price of:

- **US$20/t$CO_2$e** for the Engaged and Advanced Recognition Levels; and
- **US$80/t$CO_2$e** for the Leadership Recognition Level.