



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

# Financial Institutions Near-Term Criteria Version 2.0 Pilot Test Participant Terms of Reference

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## INTRODUCTION

The Science Based Targets initiative drives corporate climate action by enabling businesses and financial institutions globally to set science-based greenhouse gas (GHG) emissions reduction targets.

It was formed as a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI), the World Wildlife Fund (WWF), and the We Mean Business Coalition. The SBTi's goal is to enable companies worldwide to do what climate science requires of the global economy: to halve emissions by 2030, and achieve net-zero before 2050. The SBTi develops criteria and provides tools and guidance to enable businesses and financial institutions to set GHG emissions reduction targets in line with what science tells us is needed to keep global heating below 1.5°C.

### About this document

This document outlines the Terms of Reference for financial institutions (FIs) participating in the pilot test for the Near-Term Criteria and Recommendations for Financial Institutions Version 2.0 (FINT Criteria V2).

## ABOUT THE FINT CRITERIA V2 PROJECT

The objective of this project is to:

- Align FI scope 1 and 2 target requirements with the SBTi Corporate Net-Zero Standard.
- Provide clarifications, such as on coverage requirements and target language.
- Increase the minimum required ambition of Sectoral Decarbonization Approach (SDA) and Temperature Rating (TR) targets.
- Introduce Fossil Fuel Finance Targets interim criteria to address FI's fossil fuel-related activities.
- Help address specific challenges to enhance implementability of the criteria.

The expected impact outcome of this project is to provide FIs with updated criteria and target options that increase the level of ambition required of FIs while addressing specific challenges that have been raised.

The key output of this project is an update to near-term criteria for FIs and is supported by the following deliverables:

- Near-Term Criteria and Recommendations for Financial Institutions Version 2.0.
- Near-Term Financial Sector Science-Based Targets Guidance Version 2.0.

## OBJECTIVES OF THE PILOT TEST

The objective of the pilot test is to:

- Ensure the criteria are robust, clear and practical.
- Identify challenges for implementing FINT Criteria V2 across financial institutions.
- Inform the development of the FINT Criteria V2 draft for implementation.

## COMPOSITION OF THE PILOT TEST SAMPLE

The pilot test sample is selected to cover a diverse range of FIs in terms of:

- Regions.
- FI type (e.g., banks, asset owners, asset managers).
- Emissions profiles.
- Business sizes.

The SBTi shall use best endeavors to achieve diversity amongst pilot test FIs, however, the outcomes of the pilot test shall not be invalidated by its inability to achieve an optimum level of diversity.

## SELECTION OF THE PILOT TEST FINANCIAL INSTITUTIONS

The SBTi will hold an open call for applications to join the FINT Criteria V2 pilot test. FIs will be invited to send an application directly or through an open call for FIs.

Applications will be assessed through an evaluation of the needs of the SBTi FINT Criteria V2 Project Team.

Pilot test participants retain their position for the duration of the FINT Criteria V2 pilot test, but can also resign at any point by informing the Project Team.

The SBTi retains the right to terminate pilot test participation (e.g. due to breaching of applicable SBTi policies or regulations, any term in this document, project termination, etc.) with immediate effect.

In case of termination of the pilot test participation, the following requirements and measures will apply:

- Pilot test participants will inform the SBTi in writing if they would like to terminate their participation. The pilot test participant will be removed from SBTi communications.
- Pilot test participants that resign or are terminated during the commitment period will not be recognized in final deliverables.

The SBTi may supplement the pilot test with additional participants during the development of the project.

## COMMITMENT AND TIMEFRAME

### Timeframe

The FINT Criteria V2 pilot test will run through February with FI submissions due January 26.

Pilot test participants are expected to commit the resources needed to develop FI science-based targets based on the FINT Criteria V2 to complete the pilot testing during this time period.

### Pilot Participant Commitments

By agreeing to participate in the pilot test, participants are committing to:

- Deliver FI targets, target-modelling data and other supporting evidence.
- Provide detailed feedback through bilateral communications, office hours, and/or survey.
- Engage with the SBTi to address issues raised.
- Optionally participate in the development of case studies to exemplify new criteria.
- Not infringing on antitrust or competition law.
- Adhere to Chatham House Rules during workshops and calls.

### SBTi Commitments

The SBTi FINT Criteria V2 Staff will:

- Provide the necessary resources to pilot test participants (FINT Criteria V2, Submission Form, Criteria Assessment Table, and SBTi Tools).
- Arrange workshops, office hours, one-to-one discussions, deep-dive interviews, and/or surveys as needed.
- Adhere to Chatham House Rules during workshops and calls.

### Meetings

Meetings, including workshops and office hours, shall be conducted under the Chatham House Rule.

### Antitrust

Pilot test participants shall not engage in any discussion, activity or conduct that may infringe on any local or international antitrust or competition law.

## Confidentiality

Pilot test participants shall not distribute materials to any person in advance of publication without explicit written permission of the SBTi. Members agree to treat as confidential any information provided to them by SBTi which is (i) marked as confidential or (ii) ought reasonably to be treated as such.

## Language

All written and oral communication, including but not limited to meetings, emails, and discussions, shall be conducted in the English language.

## GOVERNANCE

Pilot test participants will provide feedback but will not have decision making power. This research is solely for investigative purposes. Any potential strategic decisions or changes to SBTi standards will be subject to thorough consideration, consultation and approval through the SBTi governance structures. The SBTi's technical governance structure is detailed on the [SBTi website](#).

## ACKNOWLEDGEMENTS AND REMUNERATIONS

Pilot test participation is voluntary. Pilot test participants do not receive any financial remuneration.

The pilot test is independent of the SBTi target validation process. However, participation in the pilot test may be able to accelerate the validation process. If targets submitted during the pilot test do not meet all FINT V2 Criteria, participation can still result in assessing the use-cases of criteria to inform case studies included in the final release of the guidance. All companies (regardless of participation in the pilot test) can use the final criteria expected to be launched in March 2024 for official target validations.

The SBTi can publicly acknowledge road-test participants as contributors to FINT Criteria V2 upon written confirmation from the FI. However, there is no requirement nor is it a requirement to publicly state their participation or commit to the SBTi. Participants will have the option to declare their preferred level of confidentiality prior to the road-test commencing.

## COMMUNICATIONS

Pilot test participants should not comment publicly on the work of the pilot test or act as an SBTi spokesperson on behalf of the pilot test as a whole or other pilot test participants. If a pilot testing entity wishes to provide a public testimonial about the FINT V2 criteria, they should follow up with SBTi staff.

Taking part in the pilot does not mean that the participant will receive a validated science-based target. The pilot testing entity shall not imply or infer this in any communications.

Any media/journalist enquiries about the work of the pilot test should be forwarded to and managed via the SBTi Communications Department ([communications@sciencebasedtargets.org](mailto:communications@sciencebasedtargets.org)).