



# SBTi Financial Institutions' Near-Term (FINT) Criteria Version 2.0

Launch Webinar: 12 June 2024

# SPEAKERS



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SBTi



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SBTi

# AGENDA

- 1) Background
- 2) FINT Criteria V2



# BACKGROUND

# OBJECTIVES OF CRITERIA UPDATE

Changes fall into five categories

Align with  
Corporate  
Net-Zero  
Standard  
criteria

Improve  
usability

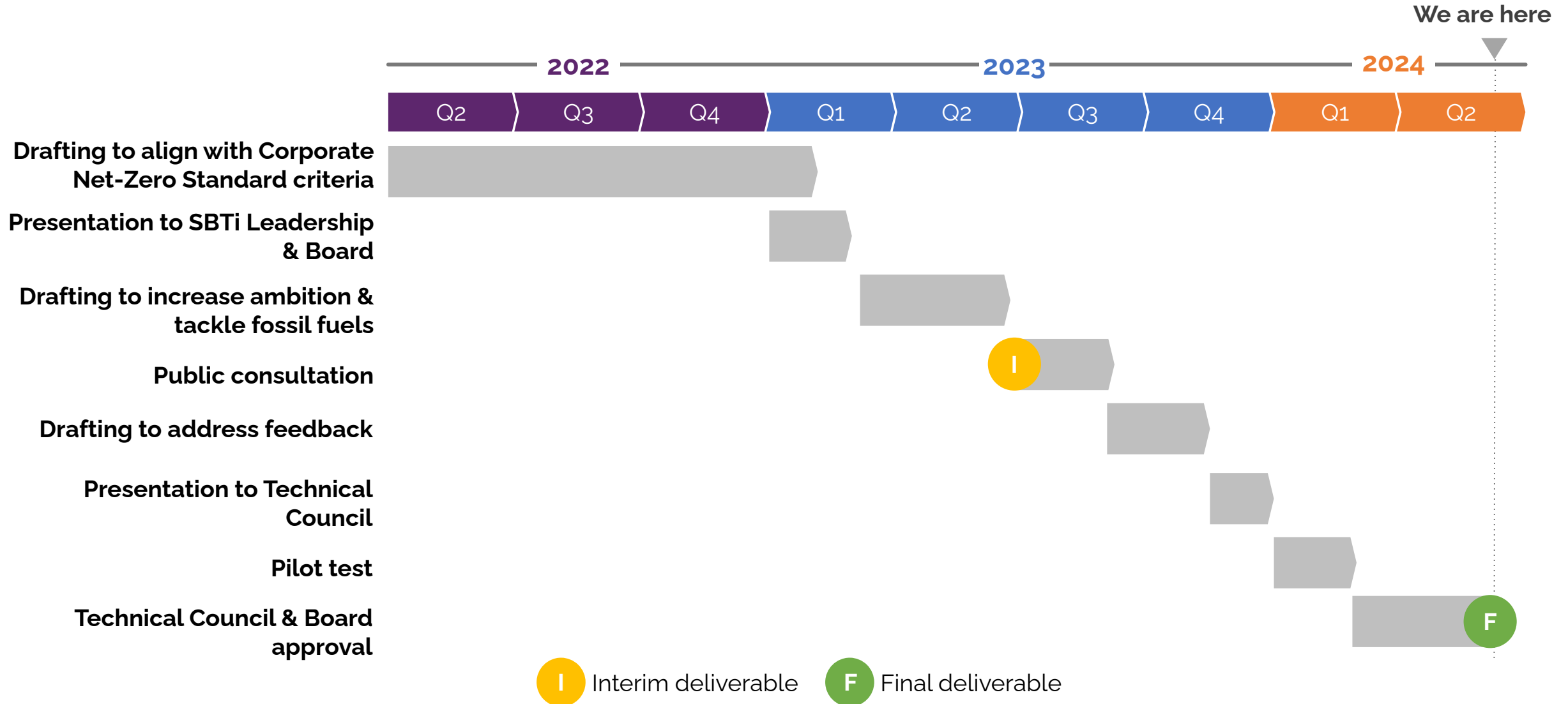
Tackle FIs'  
Fossil Fuel  
Activities

Enhance  
Clarity

Increase  
Ambition to 1.5°  
C

# DEVELOPMENT PROCESS

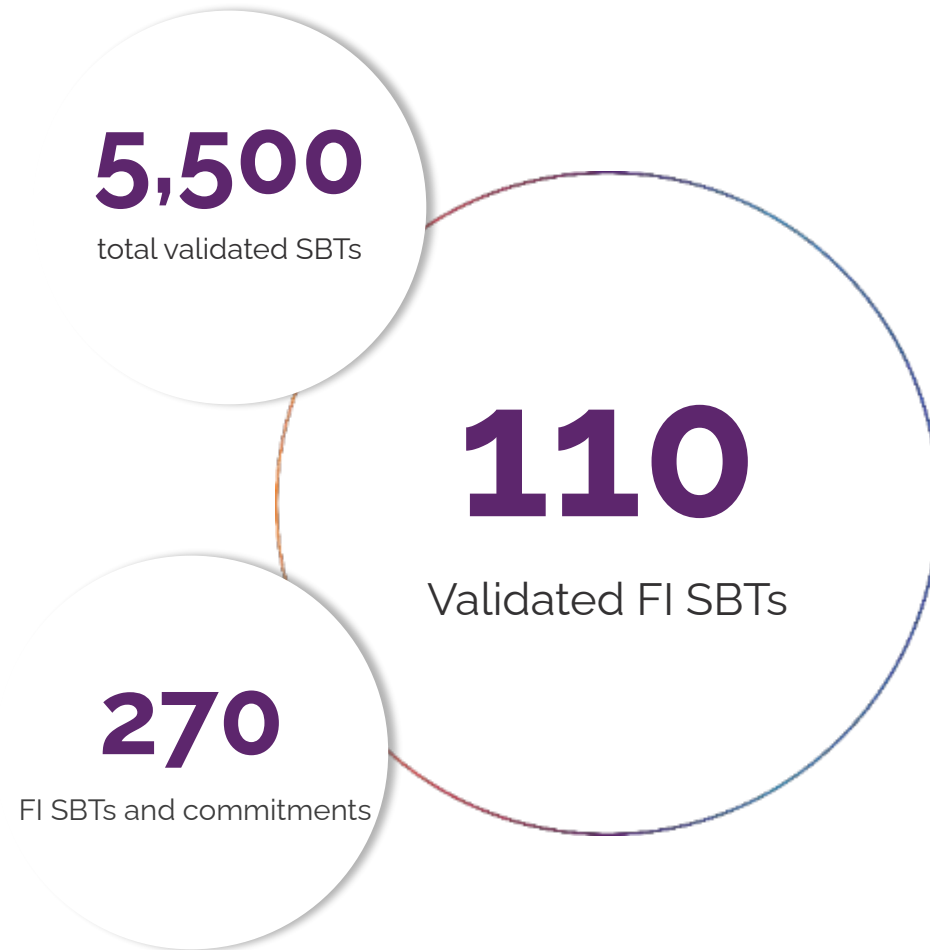
Development involved multiple rounds and stakeholder consultation



# EFFECTIVE DATES

FINT V2 can be used immediately and will be required in six months

- Version 2.0 will replace Version 1.1 from **30 November 2024**.
  - FIs that submit targets before this date can choose to be assessed against criteria version 1.1 or 2.0.
- FIs that have SBTi-validated targets must update their targets against the latest criteria within **five years** from their validation date but are encouraged to update earlier.



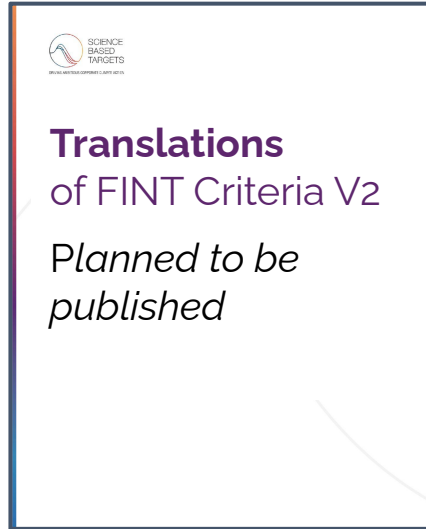


# UPDATED RESOURCES

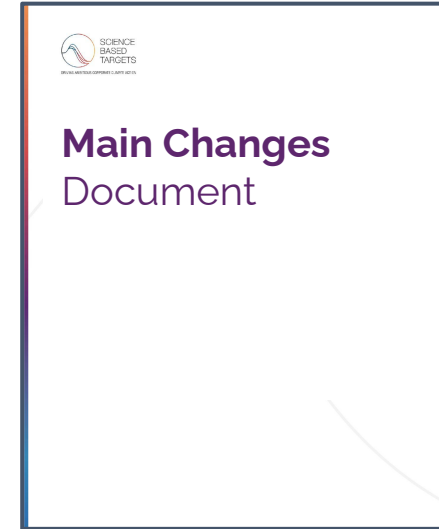
Criteria, target validation resources, and additional supporting documents



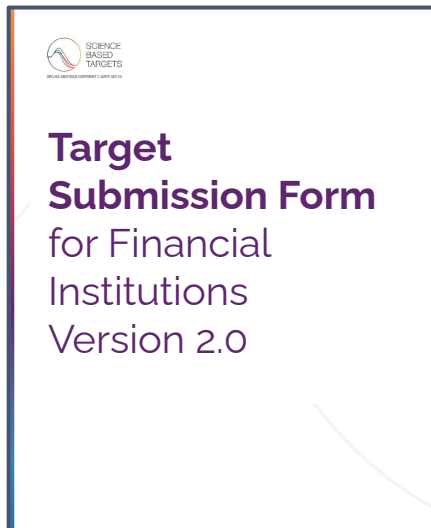
Financial  
Institutions'  
Near-Term  
**Criteria Version  
2.0**  
(FINT Criteria V2)



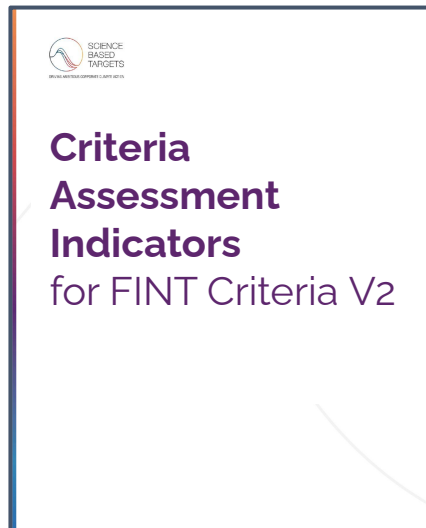
**Translations**  
of FINT Criteria V2  
*Planned to be  
published*



**Main Changes**  
Document



**Target  
Submission Form**  
for Financial  
Institutions  
Version 2.0



**Criteria  
Assessment  
Indicators**  
for FINT Criteria V2



**Financial Sector**  
Near-Term  
Science-Based  
Targets  
**Explanatory  
Document**



# FINT V2 VS. FINZ (forthcoming)

Overview of key components of FINT V2 vs. FINZ (currently under development)

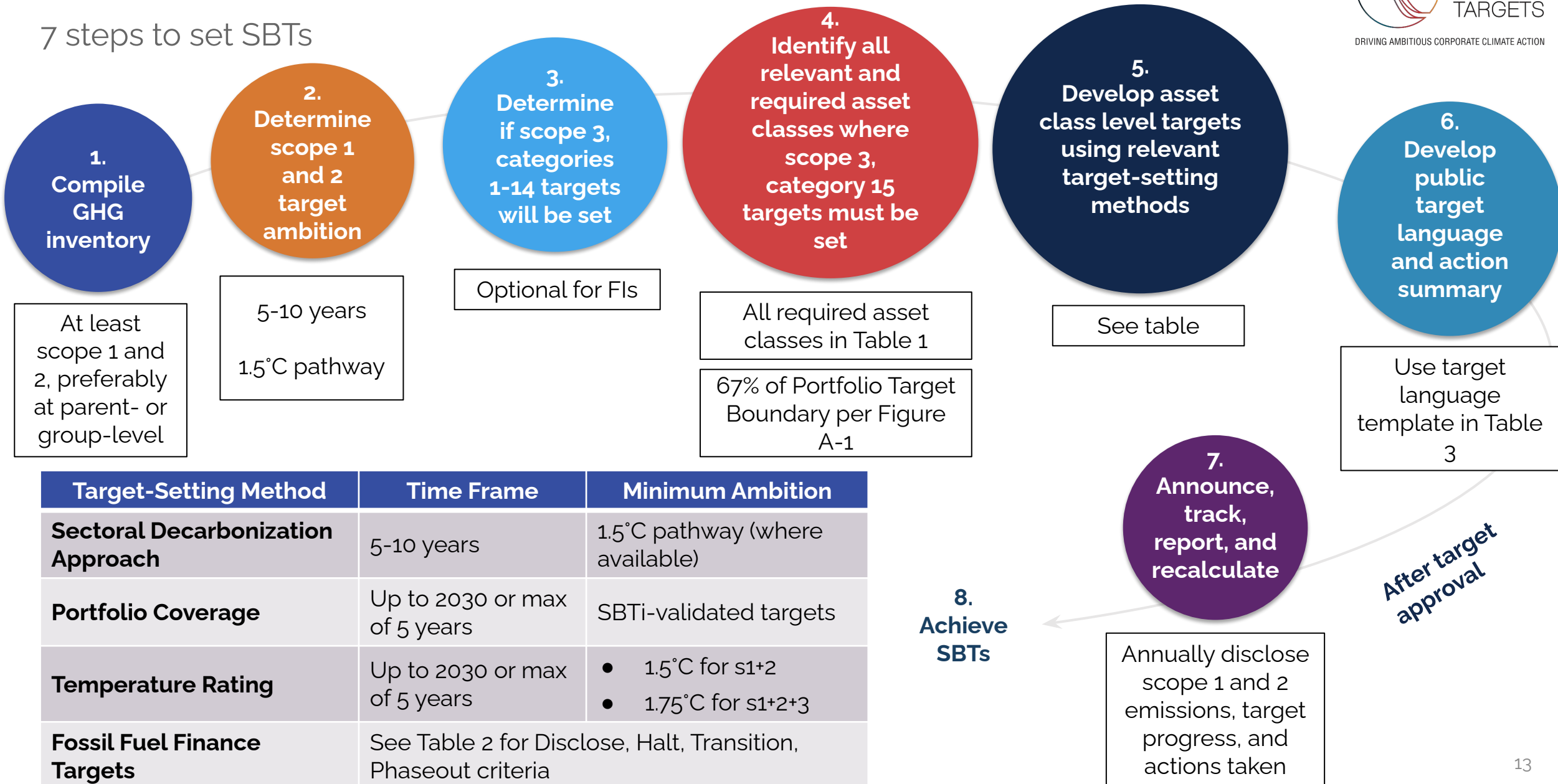
|                            | FI Near-Term (FINT) Criteria V2   | FI Net-Zero (FINZ) Draft  |
|----------------------------|---|---|
| <b>Scope of Activities</b> | <ul style="list-style-type: none"> <li>● <b>Lending and investing</b></li> </ul>  | <ul style="list-style-type: none"> <li>● <b>Lending, investing, insurance underwriting, capital market activities</b></li> </ul>  |
| <b>Target Time Frame</b>   | <ul style="list-style-type: none"> <li>● <b>Near-term targets</b> (up to 10 years)</li> </ul>   | <ul style="list-style-type: none"> <li>● <b>Milestone requirements</b> (e.g., immediate, near-term, and long-term)</li> </ul>   |
| <b>Methods and Metrics</b> | <ul style="list-style-type: none"> <li>● Choice among <b>four target-setting methods</b> in most cases               <ul style="list-style-type: none"> <li>○ Sectoral Decarbonization Approach</li> <li>○ Portfolio Coverage</li> <li>○ Temperature Rating</li> <li>○ Fossil Fuel Finance Targets</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>● <b>Climate alignment</b> target tracking the % share of financing to aligned activities</li> <li>● <b>Emissions-intensity</b> metric for “emissions-intensive” activities</li> <li>● <b>Beyond targets</b> (e.g., policies on fossil fuel-related activities)</li> </ul> |
| <b>Coverage Approach</b>   | <ul style="list-style-type: none"> <li>● <b>Required, optional, and out-of-scope</b> asset classes</li> <li>● Coverage thresholds defined <b>within each asset class</b> (e.g., 67% for real estate assets)</li> <li>● 67% coverage floor with 5% materiality exclusion option</li> </ul>                                 | <ul style="list-style-type: none"> <li>● “<b>In-scope</b>” and “<b>out-of-scope</b>” activities</li> <li>● Coverage thresholds defined <b>across in-scope</b> (e.g., X% of AUM) and <b>emissions-intensive</b> activities, with guidelines on prioritization.</li> </ul>  |
| <b>Effective Dates</b>     | <ul style="list-style-type: none"> <li>● Required from <b>30 November 2024</b> on</li> </ul>  | <ul style="list-style-type: none"> <li>● <b>TBD</b>, planning for Q1 2025</li> </ul>  |



# FINT CRITERIA V2

# KEY REQUIREMENTS

7 steps to set SBTs



# STEPS 1 - 3

The first three steps address an FI's operational emissions

## Scope 1 and 2 (required)

- **Absolute reduction target**
  - For base year  $\leq$  2020, 4.2% x (target year - base year)
  - For base year  $>$  2020, 4.2% x (target year - 2020)
  - AND with sufficient forward-looking ambition
- **Renewable electricity procurement target**
  - In line with 100% by 2030
- **Intensity reduction target** only if SDA is applicable

## Scope 3, categories 1-14 (optional)

- **Absolute reduction target**
  - For base year  $\leq$  2020, 2.5% x (target year - base year)
  - For base year  $>$  2020, 2.5% x (target year - 2020)
- **Intensity reduction target**
  - In line with SBTi Corporate Criteria
- **Supplier or customer engagement target**
  - In line with SBTi Corporate Criteria

Scope 1+2 time  
frame reduced  
from 5-15 years to  
5-10 years

Scope 1+2  
minimum  
ambition level  
increased  
from 1.75°C to 1.5°  
C

Added base year  
guidance and  
applicability of  
forward-looking  
ambition  
requirement to all  
scopes

# STEP 4: ASSET CLASS REQUIREMENTS

Identify relevant asset classes from scope 3, category 15 emissions

| Asset Class <sup>a</sup> | Sub-Asset Class  | Sector / Market Specifications | Minimum Coverage Requirement         | Applicable Methods <sup>b</sup> |
|--------------------------|--|--------------------------------|--------------------------------------|---------------------------------|
| Consumer loan            | Residential mortgages  |                                | Optional                             | SDA                             |
|                          | Motor vehicle loans  |                                | n/a                                  | n/a                             |
|                          | Other consumer loans   |                                | n/a                                  | n/a                             |
| Project finance          | Electricity generation project finance (direct and/or via funds) |                                | 100% of base-year activity (MWh)     | SDA                             |
|                          | Fossil fuel project finance (direct and/or via funds)            |                                | 100% of base-year financed emissions | SDA / FFF <sup>d</sup>          |
|                          | Real estate project finance (direct and/or via funds)            |                                | Optional                             | SDA <sup>e</sup>                |
|                          | Other project finance (e.g., infrastructure projects/assets)     |                                | n/a                                  | n/a                             |

|                     |  |
|---------------------|--|
| Required Activities |  |
| Optional Activities |  |
| Out of Scope        |  |

Added more granular specifications to Table 1

Specified that securities in the trading book are optional

Raised coverage requirements on electricity generation and fossil fuel sectors as well as private equity investments

|                          |  |   |   |   |               |
|--------------------------|--|---|---|---|---------------|
| Real estate <sup>o</sup> | Consumer loans: residential mortgages  |   | Optional  | SDA   |               |
|                          | Real estate project finance (construction)   |   | Optional  | SDA <sup>e</sup>  |               |
|                          | General purpose loans to real estate companies   |   | See corporate loan asset class                                    |   |               |
|                          | Long-term (more than one year) commercial real estate asset loans (residential and service buildings) <sup>p</sup>   |   | 67% of base-year activity (m <sup>2</sup> ) or financed emissions | SDA   |               |
|                          | Short-term (one year or less) commercial real estate asset loans <sup>p</sup>  |   | Optional  | SDA   |               |
|                          | Direct investment in real estate assets (for own use or investment purposes, if not already covered by scope 1 + 2 and/or scope 3 categories 1–14 targets) |   | 67% of base-year activity (m <sup>2</sup> ) or financed emissions | SDA   |               |
|                          | Equity and fixed income (investment in real estate companies)  |   | See respective asset classes                                      |   |               |
|                          | Investment in real estate funds (listed and private)   | REITs and real estate companies (listed)  |   | 100%  | SDA / PC / TR |
|                          |  | Real estate assets                        |   | 67% of base-year activity (m <sup>2</sup> ) or financed emissions | SDA           |
|                          |  | REITs and real estate companies (private) |   | Optional  | SDA / PC / TR |
| Other <sup>q</sup>       | Cash and cash equivalents <sup>r</sup>   |   | n/a   | n/a   |               |
|                          | Derivatives  |   | n/a   | n/a   |               |
|                          | Debt and equity securities underwriting, advisory services (e.g., mergers and acquisitions)  |   | n/a   | n/a   |               |
|                          | Commodities trading  |   | n/a   | n/a   |               |
|                          | Insurance underwriting, reinsurance, credit guarantees   |   | n/a   | n/a   |               |

# STEP 4: ASSET CLASS REQUIREMENTS (2/5)

Identify relevant asset classes from scope 3, category 15 emissions (*continued*)

|  |   |   |   |                                  |
|--|---|---|---|----------------------------------|
| Fixed income <sup>k,n</sup> (investment) | Corporate <sup>9</sup> and SME <sup>i</sup> bonds and private debt (direct holdings and co-investments)   | Electricity generation and fossil fuel (listed and private companies) | 100%  | SDA / PC / TR / FFF <sup>d</sup> |
|  |   | All other sectors (listed companies)                                  | 100%  | SDA / PC / TR                    |
|  |   | All other sectors (private companies)                                 | Optional  | SDA / PC / TR                    |
|  | via Funds (invested in assets, e.g., exchange traded funds, mutual funds, hedge funds, other collective investment schemes)                       | Electricity generation and fossil fuel (listed and private companies) | 100%  | SDA / PC / TR / FFF <sup>d</sup> |
|  |   | All other sectors (listed companies)                                  | 100%  | SDA / PC / TR                    |
|  |   | All other sectors (private companies)                                 | Optional  | SDA / PC / TR                    |
|  |   | with non-transparent strategy <sup>m</sup>                            | n/a   | n/a                              |
|  | via Fund of Funds (funds invested in funds)   |   | Optional  | SDA / PC / TR                    |
|  | Securitized fixed income, including asset-backed securities, mortgage-backed securities, covered bonds (direct holdings or via funds)             |   | Optional (if a method is available for the underlying assets, such as for real estate assets) or out of scope | SDA                              |
|  | Supranational, sovereign, sub-sovereign (including municipal), government and government agency bonds (direct holdings or via funds) <sup>j</sup> |   | n/a   | n/a                              |

| Asset Class <sup>a</sup>         | Sub-Asset Class   | Sector / Market Specifications  | Minimum Coverage Requirement                  | Applicable Methods <sup>b</sup>  |
|----------------------------------|---|---|---|----------------------------------|
| Equity <sup>k</sup> (investment) | Common and preferred stock of corporates <sup>9</sup> and SMEs <sup>i</sup> and private equity (direct holdings and co-investments) | Electricity generation and fossil fuel (listed and private companies) | 100%  | SDA / PC / TR / FFF <sup>d</sup> |
|                                  |   | All other sectors (listed companies)                                  | 100%  | SDA / PC / TR                    |
|                                  |   | All other sectors (private companies)                                 | Per SBTi Private Equity Guidance <sup>l</sup> | SDA / PC / TR                    |
|                                  |   | Electricity generation and fossil fuel (listed and private companies) | 100%  | SDA / PC / TR / FFF <sup>d</sup> |
|                                  | via Funds (invested in assets, e.g., exchange traded funds, mutual funds, hedge funds, other collective investment schemes)         | All other sectors (listed companies)                                  | 100%  | SDA / PC / TR                    |
|                                  |   | All other sectors (private companies)                                 | Optional                                      | SDA / PC / TR                    |
|                                  |   | with non-transparent strategy <sup>m</sup>                            | n/a   | n/a                              |
|                                  |   | via Fund of Funds (funds invested in funds)                           |   | Optional                         |

# STEP 4: ASSET CLASS REQUIREMENTS

Supporting information for asset management (scope 3, category 15)

| Asset / Investment / Wealth Management (AIWM) | Description   | Version 1.1  | Version 2.0  |
|---|---|--|--|
| <b>Discretionary mandate</b>                  | <ul style="list-style-type: none"> <li>Where the FI is granted <b>discretion to make investment decisions</b> on behalf of the third party without seeking prior approval</li> </ul>                  | <ul style="list-style-type: none"> <li>Coverage requirement <b>based on underlying holdings</b> <ul style="list-style-type: none"> <li><b>Required</b> for required, <b>Optional</b> for optional, <b>Out of scope</b> for out of scope</li> </ul> </li> </ul> |  |
| <b>Advisory mandate</b>                       | <ul style="list-style-type: none"> <li>Where the FI <b>provides recommendations</b> and makes investments on behalf of the third party that are <b>subject to instructions or approval</b></li> </ul> | <ul style="list-style-type: none"> <li>Unclear</li> </ul>  | <ul style="list-style-type: none"> <li><b>Optional</b> for required or optional underlying assets</li> <li><b>Out of scope</b> for out of scope underlying assets</li> </ul> |
| <b>Execution - only mandate</b>               | <ul style="list-style-type: none"> <li>Where the FI only executes investment instructions and has <b>no control</b> over investment decisions</li> </ul>  | <ul style="list-style-type: none"> <li>Unclear</li> </ul>  | <ul style="list-style-type: none"> <li><b>Out of scope</b></li> </ul>  |
| <b>Assets under custody</b>                   |   | <ul style="list-style-type: none"> <li>Unclear</li> </ul>  | <ul style="list-style-type: none"> <li><b>Out of scope</b></li> </ul>  |

Specified delineation and coverage requirements of asset management mandates



# STEP 4: ASSET CLASS REQUIREMENTS

Identify relevant asset classes from scope 3, category 15 emissions (*continued*)

| Asset Class <sup>a</sup>    | Sub-Asset Class  | Sector / Market Specifications  | Minimum Coverage Requirement  | Applicable Methods <sup>b</sup>                    |                                  |
|-----------------------------|--|---|---|--|----------------------------------|
| Corporate loan <sup>f</sup> | Long-term (more than one year) corporate <sup>g</sup> loans  | Electricity generation (listed and private companies)   | 100% of base-year activity (MWH) or financed emissions  | SDA / PC / TR                                      |                                  |
|                             |  | Fossil fuel (listed and private companies)  | 100% of base-year loan value or financed emissions  | SDA / PC / TR / FFF <sup>d</sup>                   |                                  |
|                             |  | All other sectors (listed companies)  | 100% within target boundary of any PC and/or TR target(s) AND<br>67% of base-year loan value or financed emissions across all SDA, PC, TR target(s), to be calculated across any mix of required and optional corporate loans and commercial real estate asset loans <sup>h</sup> | SDA / PC / TR                                      |                                  |
|                             |  |   | Optional  | SDA / PC / TR                                      |                                  |
|                             |  | All other sectors (private companies)   | Optional  | SDA / PC / TR                                      |                                  |
| Corporate loan <sup>f</sup> | Short-term corporate <sup>g</sup> loans (one year or less, such as line of credit, intraday, and overdraft facilities) | Fossil fuel (listed and private companies)  | 100% of base-year loan value or financed emissions  | SDA / PC / TR / FFF <sup>d</sup>                   |                                  |
|                             |  | Electricity generation and all other sectors (listed and private companies)   | Optional  | SDA / PC / TR                                      |                                  |
|                             |  | Long- and short-term small- and medium-sized enterprise (SME) <sup>i</sup> loans                                    | Fossil fuel (listed and private companies)  | 100% of base-year loan value or financed emissions | SDA / PC / TR / FFF <sup>d</sup> |
|                             |  |   | Per SBTi definition or national/regional regulatory definition  | Optional   | SDA / PC / TR                    |
|                             |  | Supranational, sovereign, sub-sovereign (including municipal), government, and government agency loans <sup>j</sup> | n/a   | n/a  |                                  |

Added options to the attribution factor numerator

Added flexibility to calculating the 67% loan coverage requirement

Reflected the updated SBTi SME definition

# STEP 4: ASSET CLASS REQUIREMENTS

Supporting information for corporate loans

**Not included in the 67% coverage requirement**      **Optional to include in the 67%**      **Included in the 67%**

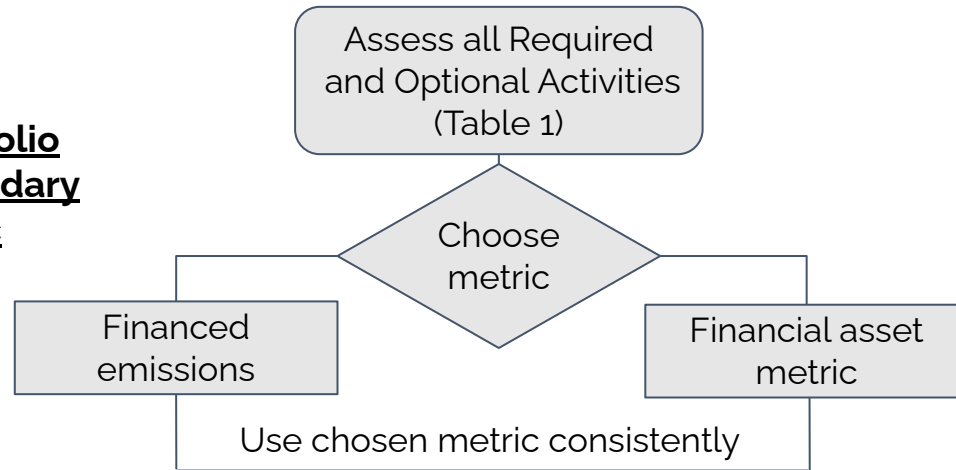
|                 |                                       | Version 1.1                       | Version 2.0                         |
|-----------------|---------------------------------------|-----------------------------------|-------------------------------------|
| Corporate loans | Electricity generation                | 100% coverage for long-term loans | 100% coverage for long-term loans   |
|                 | Commercial real estate                | 67% for long-term loans           | 67% for long-term loans             |
|                 | Fossil fuel                           | 95% for long-term loans           | 100% for long- and short-term loans |
|                 | All other sectors (listed companies)  | 67% for long-term loans           | 67% for long-term loans*            |
|                 | All other sectors (private companies) | Optional category                 | Optional category                   |
|                 | SMEs                                  | Optional category                 | Optional category                   |
|                 | (Other) short-term loans              | Optional category                 | Optional category                   |

\* Any Portfolio Coverage (PC) and/or Temperature Rating target(s) that are set on corporate loans must have 100% coverage within its target boundary since data is not an issue for these methods

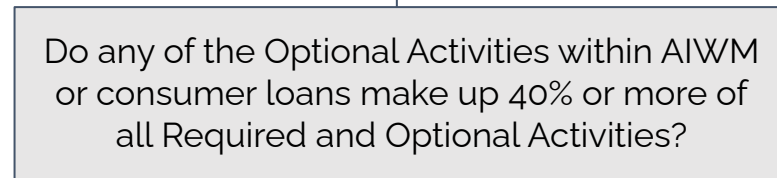
- e.g. a 50% PC target shall mean half of an FI's borrowers having SBTi validated targets, not half of 67% of its borrowers

# STEP 4: ASSET CLASS REQUIREMENTS

## Stage 1: Select Portfolio Target Boundary (PTB) metric



## Stage 2: Define PTB denominator



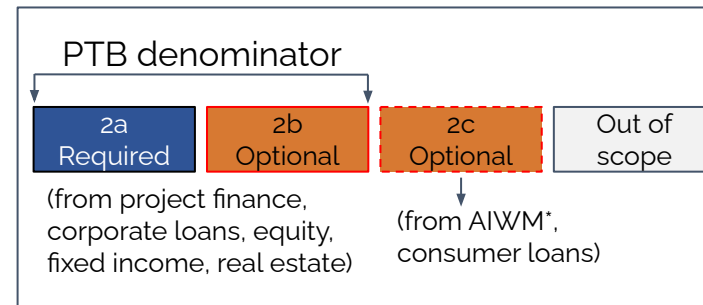
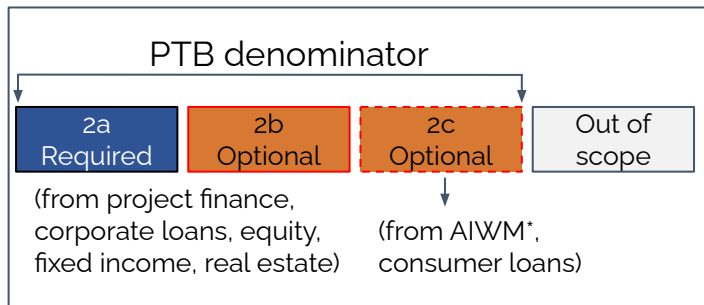
Yes (≥40%)

No (<40%)

Define materiality

PTB denominator must consist of 2a AND 2b AND 2c

PTB denominator must consist of 2a AND 2b



Added 67%  
coverage  
floor

Added 5%  
materiality  
exclusion  
option

## Stage 3: Define PTB numerator

\*\* subject to 5%  
materiality exclusion  
option (except fossil  
fuel)

Set targets on all  
Required Activities in  
Table 1\*\*

Do targets cover at  
least 67% of the PTB  
denominator?

Yes (≥67%)

No (<67%)

Threshold

Coverage  
requirements are  
met

Cover additional  
activities until  
targets cover at  
least 67% of the  
PTB denominator

\*Asset/investment/wealth management; it is optional for banks to cover their asset management activities, which may be excluded from the PTB denominator

# STEP 5: TARGET-SETTING METHODS

Depending on the asset class, FI can choose among different methods

## Sectoral Decarbonization Approach

- **Physical intensity** targets that use **convergence** of emissions intensity
  - An intensity target is defined by a reduction in emissions relative to a specific business metric, such as production output of the company (e.g., ton CO<sub>2</sub>e per ton product produced)
- The **minimum target ambition** level is calculated using **excel-based tools** available on the SBTi sector webpages

|           |                              |                   |                |
|-----------|------------------------------|-------------------|----------------|
| Aluminum  | Cement                       | Land Transport    | Power          |
| Aviation  | Chemicals (TBD)              | Maritime Shipping | Iron and Steel |
| Buildings | Forest, Land and Agriculture | Oil and Gas (TBD) |                |

SDA time frame reduced from 5-15 years to 5-10 years

SDA minimum ambition level raised from 1.75° C to 1.5°C (where available)

Added target option to continue financing only renewable electricity

Added low emissions intensity maintenance target option

# STEP 5: TARGET-SETTING METHODS

Depending on the asset class, FI can choose among different methods (*continued*)

## SBT Portfolio Coverage

- Targets committing to a **percentage** (in financial or emissions terms) of portfolio companies setting their own **science-based targets**
  - The portfolio companies' targets must be **validated** by the SBTi
- The **minimum target ambition** level is calculated on a **linear path** from the starting % SBT coverage in the base year and 100% by 2040
  - An FI starting with 10% SBT coverage in 2020 would need to increase coverage by 4.5% per year  $[(100\% - 10\%) / (2040 - 2020)]$  and reach at least 46% SBT coverage by 2028  $[10\% + (2028 - 2020) \times 4.5\%]$

Allowed target year to be up to 2030 or max 5 years

Noted that a second, longer-term 100% Portfolio Coverage target may be set

Added that the same base year must be used for all Portfolio Coverage targets

# STEP 5: TARGET-SETTING METHODS

Depending on the asset class, FI can choose among different methods (*continued*)

## Temperature Rating

- Targets committing to improve **portfolio temperature alignment scores**
  - **Public GHG emissions reduction targets** (SBTi validated or not) are converted into company temperature scores that are then aggregated to the portfolio level
- The **minimum target ambition** level is calculated on a **linear path** from the starting portfolio temperature score in the base year and 1.5°C (for scope 1+2) and 1.75°C (for scope 1+2+3) by 2040
  - An FI with a 2021 base year, 2027 target year, starting portfolio temperature scores (TS) of 2.8°C for scope 1+2 and scope 1+2+3, and temperature alignment goal of 1.5°C would need to reach at least:
    - $\sim 2.38^\circ\text{C}$  portfolio TS  $[2.8^\circ\text{C} - (2.8^\circ\text{C} - 1.5^\circ\text{C}) / (2040 - 2021) * (2027 - 2021)]$

Temperature Rating ambition level raised  
s1+2: from 1.75°C to 1.5°C  
s1+2+3: from 2°C to 1.75°C

Allowed temperature scores from SBTi tool or third-party scores based on the methodology used by SBTi

Allowed target year to be up to 2030 or max 5 years

Added that the same base year must be used for all Temperature Rating targets

# STEP 5: TARGET-SETTING METHODS

New method option for FIs' fossil fuel-related activities

## Fossil Fuel Finance Targets

|  |  |
|--|--|
| <p><b><u>Coal company</u></b></p> <ol style="list-style-type: none"> <li>I. Companies listed in <b>Global Coal Exit List</b></li> <li>II. Companies with <b>≥10% of revenue</b> from coal value chain</li> <li>III. <b>Both</b> of the above</li> </ol>  | <p><b><u>Oil and gas company</u></b></p> <ol style="list-style-type: none"> <li>I. Companies listed in <b>Global Oil and Gas Exit List</b> and all <b>National Oil Companies</b></li> <li>II. Companies with <b>≥10% of revenue</b> from oil and gas value chain</li> <li>III. <b>Both</b> of the above</li> </ol>           |
| <p><b><u>Coal project</u></b></p> <ul style="list-style-type: none"> <li>• Ring-fenced projects with <b>≥10%</b> of revenue from coal value chain</li> </ul>   | <p><b><u>Oil and gas project</u></b></p> <ul style="list-style-type: none"> <li>• Ring-fenced projects with <b>≥10%</b> of revenue from oil and gas value chain</li> </ul>   |
| <p><b><u>Coal value chain</u></b></p> <ul style="list-style-type: none"> <li>• FIs to disclose the definition used by providing <b>industry codes</b> <ul style="list-style-type: none"> <li>○ must include at least <b>exploration, mining/extraction, and development or expansion of mines</b> for all <b>thermal coal</b> as well as coal-fired <b>power plants</b></li> </ul> </li> </ul> | <p><b><u>Oil and gas value chain</u></b></p> <ul style="list-style-type: none"> <li>• FIs to disclose the definition used by providing <b>industry codes</b> <ul style="list-style-type: none"> <li>○ must include at least the <b>exploration, extraction and development or expansion of fields</b></li> </ul> </li> </ul> |

Added a new target-setting method option



# STEP 5: TARGET-SETTING METHODS

New method option for FIs' fossil fuel-related activities (*continued*)

## Fossil Fuel Finance Targets method

### A. Commit via a public policy to **Disclose**:

- **Financial metric(s)** for all financial activities in the (i) coal and (ii) oil and gas sectors
- Total absolute GHG **emissions** (scopes 1, 2, and 3) attributed to the FI's **Required and Optional** Activities in the (i) coal and (ii) oil and gas sectors

### B. Commit via a public policy to **Halt**:

- **All\* new financial activities** (except for permanent decommissioning) to:
  - i. Projects and companies involved in **new coal mines, extensions/expansions** of coal mines, or **new unabated** (<90% reduction of scope 1+2 emissions\*\*) **coal-fired power plants**
  - ii. **New long-lead time** (5 years from date of target submission) **upstream oil and gas projects** and midstream infrastructure dedicated to them
  - iii. **Companies involved** in the above oil and gas activities
    - OR companies provided new financial activities that are **dedicated to the above** oil and gas activities (if all other Required and Optional\* Activities related to oil and gas companies are covered under Transition target)



\* For the asset/investment/wealth management asset class, only discretionary mandates are required under these criteria

\*\* including carbon capture and storage with century-scale or longer lifetime that doesn't contribute to continued fossil fuel production (e.g., enhanced oil recovery)

# STEP 5: TARGET-SETTING METHODS

New method option for FIs' fossil fuel-related activities (*continued*)

## Fossil Fuel Finance Targets method

### C. Set Transition target(s):

- **Absolute reduction** target(s) of **5-10 years** at portfolio level on **scope 1+2+3 emissions** from **Required and Optional\*** Activities related to:
  - i. **Upstream oil and gas** projects and companies
    - The **minimum target ambition** level is based on the **cross-sector pathway**
  - ii. **Coal** projects and companies (excluding power generation activities that shall be covered separately by Power Generation SDA target) if target year of below Phaseout target is >5 years from target submission
    - The **minimum target ambition** level is calculated on a **linear path** from base-year emissions and the Phaseout target below

### D. Commit via a public policy to Phaseout:

- **All\* financial activities** (except for permanent decommissioning) related to **coal projects and companies**:
  - i. by 2030 in OECD countries
  - ii. and 2040 globally



\* For the asset/investment/wealth management asset class, only discretionary mandates are required under these criteria

# STEPS 6 - 7

To finalize setting targets, the language needs to align with SBTi guidelines

## Target Language

- Use the **target language template** in **Table 3** to formulate the targets developed from steps 2 to 5
  - Disclose % of [financed emissions and/or financial asset metric] **covered** by portfolio targets
  - State the **planned strategy/actions** for achieving the targets



Updated target  
language  
template  
(Table 3)

## Target Submission

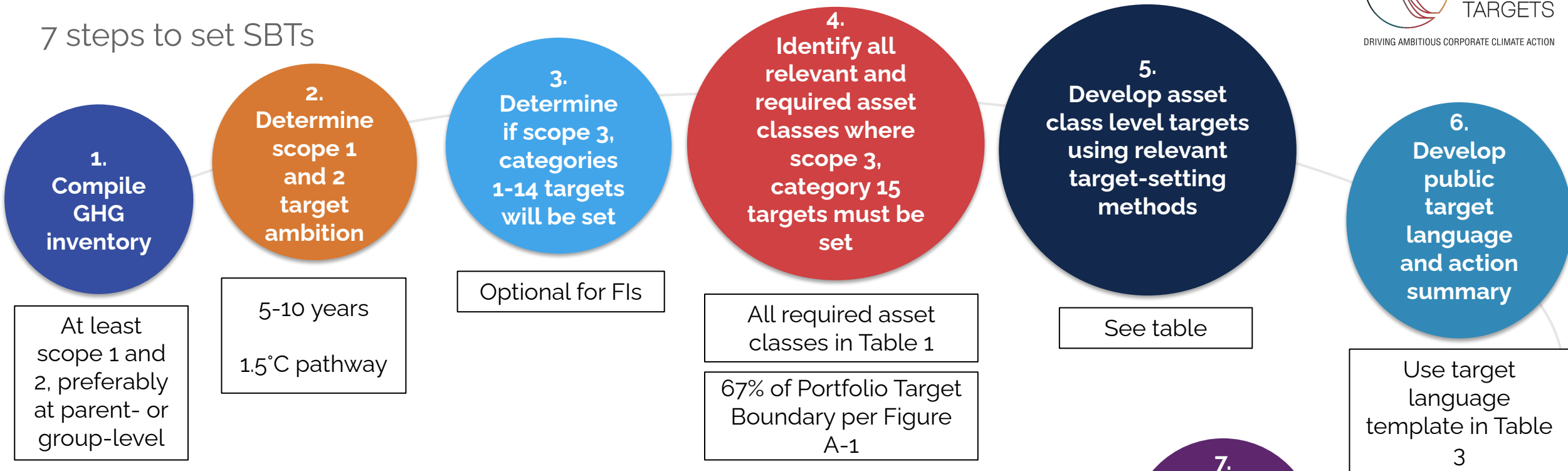
- Fill out the **Target Submission Form for FIs**
- Upload submission form and supporting documentation to the **SBTi booking system**
- **Reserve a date** for when the SBTi target validation service will begin
- Wait for the booked date to arrive, when **initial screening** will begin
- Sign target validation service **contract**
- **Answer queries** received from the SBTi

## Publish, Track and Report Progress

- **Publish target language** within 6 months of SBTi approval
- **Publicly disclose** scope 1 and 2 emissions, target progress, and actions taken on an annual basis
- **Review, recalculate** and submit targets for **revalidation within five years** from the date of target approval

# KEY REQUIREMENTS

7 steps to set SBTs



| Target-Setting Method                    | Time Frame  | Minimum Ambition  |
|--|---|---|
| <b>Sectoral Decarbonization Approach</b> | 5-10 years  | 1.5°C pathway (where available)   |
| <b>Portfolio Coverage</b>                | Up to 2030 or max of 5 years                                  | SBTi-validated targets  |
| <b>Temperature Rating</b>                | Up to 2030 or max of 5 years                                  | <ul style="list-style-type: none"> <li>1.5°C for s1+2</li> <li>1.75°C for s1+2+3</li> </ul> |
| <b>Fossil Fuel Finance Targets</b>       | See Table 2 for Disclose, Halt, Transition, Phaseout criteria |   |

**8. Achieve SBTs**

Annually disclose scope 1 and 2 emissions, target progress, and actions taken

*After target approval*

# SBTi FINANCE SECTOR | MORE INFO

More information can be found on the SBTi website



## FINANCIAL INSTITUTIONS

The finance sector is key to unlocking the system-wide change needed to reach net-zero emissions. With the SBTi Finance Framework, financial institutions can set near-term science-based targets that align their investment and lending activities with the Paris Climate Agreement.

- Please visit the updated [SBTi Finance Sector webpage](#) for more information
- Sign up to receive the [SBTi finance sector newsletter](#) for updates

# THANK YOU

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