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DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

# FINANCIAL INSTITUTIONS NET-ZERO STANDARD CONSULTATION DRAFT v0.1

CONSULTATION SURVEY QUESTIONS

July 2024

## ABOUT SBTi

The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

We develop standards, tools and guidance which allow companies to set greenhouse gas (GHG) emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at latest.

The SBTi is incorporated as a charity, with a subsidiary which will host our target validation services. Our partners are CDP, the United Nations Global Compact, the We Mean Business Coalition, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF).

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- We employ industry-standard security measures to protect your data against unauthorized access, disclosure, alteration, or destruction. We are committed to maintaining the security and integrity of all data collected.
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# INTRODUCTION

## **SBTi - Consultation Survey for the Financial Institutions Net-Zero (FINZ) Consultation Draft v0.1 JULY 2024**

Welcome to SBTi's public consultation survey!

As the SBTi continues to drive ambitious climate action for financial institutions and further develop the FINZ Standard, we invite you to share your valuable feedback on the SBTi Financial Institutions Net-Zero (FINZ) Standard - Consultation Draft v0.1

### **Survey Objectives**

This public consultation is open from 24 July to 20 September 2024. This second public consultation forms a vital part of SBTi's process to develop and publish a FINZ Standard.

The primary aims of this consultation survey are to:

Gather input from external stakeholders on:

- The clarity of FINZ Standard - Consultation Draft v0.1
- Specific approaches to:
  - Evidencing entity-level commitments and leadership
  - Determining and identifying exposure and portfolio emissions
  - Portfolio climate alignment targets
  - Emissions-intensive sector targets
  - Reporting
- Understand views of the SBTi's direction of travel regarding financial institutions
- Engage directly and indirectly with external stakeholders to build support and identify areas of improvement.

### **What to expect from the survey**

Before starting the survey, we encourage you to review the Financial Institutions Net-Zero (FINZ) Consultation Draft v0.1.

The initial portion of the survey collects participant information. The survey is arranged in chapters which correspond with the content of the Consultation Draft as follows:

- Chapter 1: Entity-level: Organizational Commitments and Leadership
- Chapter 2: GHG Accounting: Exposure and Portfolio Emissions
- Chapter 3: Portfolio Climate-Alignment Targets
- Chapter 4: Emissions-Intensive Sector Targets
- Chapter 5: Reporting

Please note, in some parts of the survey there are also some questions which are uniquely targeted at Insurance, to obtain feedback on more in-depth content included in this second consultation draft.

For queries relating to this survey, please contact [fi\\_consultations@sciencebasedtargets.org](mailto:fi_consultations@sciencebasedtargets.org).

We thank you for your contribution and look forward to receiving your responses.

## YOUR CONTACT INFORMATION

### 1. Please provide your contact information.

First Name

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Last Name

---

Organization name

---

Position/title

---

Contact email address

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### 2. Which best describes the sector you work in? Please select the option that applies best to your role (e.g., if in an Asset Management department at a bank, please choose Asset Management).

- a. Financial Institution - Diversified
- b. Financial Institution - Asset Owner
- c. Financial Institution - Private Equity
- d. Financial Institution - Bank
- e. Financial Institution - Re/Insurance
- f. Financial Institution - Other
- g. Corporate/Industry/Association
- h. NGO
- i. Professional Services
- j. Standards Body
- k. Academia
- l. Regulator
- m. Other

**3. Which country/region is your organization headquartered in or if you are responding in a personal capacity, which country are you based in?**

(drop down)

**4. What is the status of your organization with respect to the Science Based Targets Initiative?**

- a) My organization has validated Science-Based Targets
- b) My organization has committed to setting Science-Based Targets
- c) My organization is considering committing to set Science-Based Targets
- d) My organization is familiar with Science-Based Targets but is not considering committing to set any
- e) My organization is unfamiliar with Science-Based Targets
- f) Not applicable

# CONSULTATION DRAFT CHAPTER 1: ENTITY-LEVEL: ORGANIZATIONAL COMMITMENTS AND LEADERSHIP

## Section 1.3: Assessment of relevant financial activities

### 1.3.1: Identification of boundaries of financial activities and Table 8, Annex A, p45

1. Is the revenue threshold of 5%, to trigger the application of FINZ, an appropriate value?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion]
  - a. If you have answered “disagree” or “strongly disagree”, please provide your rationale in the text box.
2. Revenue in the insurance industry typically corresponds to the re/insurer’s premiums level. Is the use of a 5% threshold for Gross Written Premium appropriate for insurance company identification?  
[Yes | No | No opinion | N/A]
  - a. If you have answered No, should you wish, please suggest a better approach.  
[Open text]

### 1.3.2: Financial activity segmentation (Level of Influence)

3. **In-scope financial activities and break down by level of influence.** Is the split of activities by influence appropriate in the following tables?
  - a. **Table 2.1, p20 Lending**  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
  - b. **Table 2.2, p20 Asset Owner Investing and Asset Manager** (including private equity firms) **Investing**  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
  - c. **Table 2.3, p21 Capital Market Activities**  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
  - d. **Table 2.4, p21 Insurance Underwriting**  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
  - e. **Tables 2.1-2.4:** If you answered “disagree” or “strongly disagree”, to one or more of the above questions, please list the financial activity for which you disagree and briefly explain why.  
[Open text]

4. **Annex A, Table 9, p47 (Breakdown investment activities value chain):** Is the breakdown of the investing value chain to determine level of engagement appropriate?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
  - a. If you have answered “disagree” or “strongly disagree” to the previous question, should Table 9 still include banks’ asset management activities?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
  - b. If you have answered “strongly disagree” or “disagree” to question 4a, please provide the rationale for your answer. [Open text]

### Section 1.6: Climate transition plan

5. **Recommendation 1.6.1 - Climate transition plan:** Do you think that FINZ v0.1 should include having a transition plan as a requirement or recommendation?
  - a. a **requirement**
  - b. a **recommendation**
 Please select one option.
6. **Section 1.6.1 - Climate transition plan:** If you answered question 5. that it should be a requirement, please select which one of the following options you believe is the appropriate timeframe for the publication of a transition plan:
  - a. At target submission
  - b. Within 12 months after target validation
  - c. Within 24 months after target validation
  - d. Other [text field]

### Section 1.7: Policies to drive climate alignment

The FINZ Standard is the first SBTi Standard to propose requirements on policies.

7. **Requirement 1.7.1 - Fossil Fuel Policy:** To what extent do you agree that the policy requirements are appropriate to address the climate impact of fossil fuel financing?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
8. **Requirement 1.7.1 - Fossil Fuel Policy:** To what extent do you agree that the policy requirements for fossil fuels are implementable?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
9. **Requirement 1.7.3 - No-deforestation and conversion free policy:**  
To what extent do you agree that the policy requirements for no deforestation and conversion are implementable?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
10. **Recommendation 1.7.4 - Policy for higher climate impact activities with limited influence:** Do you think the policy for higher climate impact activities with limited influence should be a recommendation or a requirement?  
Please select one option.



- a. Recommendation
- b. Requirement

11. **Recommendation 1.7.4 - Policy for higher climate impact activities with limited influence:** If this were to be a requirement, to what extent do you agree with the 40% threshold in the Policy for higher climate impact activities with limited influence?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
12. If you have answered any of the above questions 7 to 11, please provide details on the reasoning behind your selections, including a reference to the question you answered. Also, if you believe additional policies are required for FIs to demonstrate 1.5°C alignment (including those relating to other sectors, e.g., steel, cement, marine, aviation) please describe what those policies should entail and your rationale.  
[Open text]

## CONSULTATION DRAFT CHAPTER 2: GHG ACCOUNTING: EXPOSURE AND PORTFOLIO EMISSIONS

### Section 2.1: GHG emissions inventory

13. GHG Emissions Inventory: Please specify whether the following element of section 2.1 is appropriate:
- a. The staggered approach FINZ adopts where accounting of GHG emissions is concerned (i.e., to improve coverage and quality over time).  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
  - b. Please provide details on the reasoning behind your selected answer.  
[open text]

### Section 2.3: Neutralization of portfolio residual emissions

14. For the neutralization of residual portfolio emissions in 2050, what share of carbon dioxide removals should come from technologies or projects with permanent carbon storage? Technologies with permanent storage include Direct Air Carbon Capture and Storage (DACCS), Bioenergy Carbon Capture and Storage (BECCS), and Enhanced Rock Weathering. Technologies with temporary storage include afforestation, biochar burial and soil carbon sequestration.  
[<20% | 21-40% | 41-60% | 61-80% | 81-100% | 100% | No opinion]

## CONSULTATION DRAFT CHAPTER 3: PORTFOLIO CLIMATE-ALIGNMENT TARGETS

15. To what extent do you agree with the the following three elements of **Chapter 3, Portfolio Climate-Alignment Targets**:

a. The overall conceptual approach for setting climate-alignment targets.  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

b. The appropriateness of the definitions in **Table 12, p52: Definition of climate-aligned components**.  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

c. The approach under the FINZ Standard, where climate-alignment targets are grouped by financial activity type instead of asset class.  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

d. What third party sources of alignment classifications does your organization use or suggest?  
[Open text]

e. For questions 15 a, b and c, please provide details on the reasoning behind your selections.  
[Open text]

16. In **Table 4, p35: Overview of portfolio climate-alignment goals split by climate impact and influence level for all financial activities**, the SBTi proposes to have the ambition of targets be determined by the concepts of climate impact and influence and suggests a milestone approach to set targets.

a. To what extent do you agree with the proposal of a milestone based approach for different parts of the portfolio?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

b. To what extent do you agree with the proposed milestones for “reasonable influence - higher climate impact” activities?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

c. To what extent do you agree with the proposed usage of milestones based on linear increase for “reasonable influence - lower climate impact” activities?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

d. To what extent do you agree with the proposed milestones for “limited influence - higher climate impact” activities (relevant for lending and insurance)?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

e. To what extent do you agree with the proposed milestones for “limited influence - lower climate impact” activities?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

f. For “reasonable influence - higher climate impact activities”, which of the following target milestones should we include?  
[Global target only | Target by regional breakdown only (OECD, NON-OECD) | Choice between global or regional target]

g. If you have any further comments to add to your responses to any of the above questions 16 a-f, please provide them here, clearly indicating which question 16 a-f your comment corresponds to.  
[open text]

**17. Table 4, p35: Overview of portfolio climate-alignment goals split by climate impact and influence level for all financial activities:** To what extent do you agree with the milestone approach for the different financial activities?

a. Lending  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

b. Asset Owner Investing  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

c. Asset Manager (including private equity firms) Investing  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

d. Insurance Underwriting  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

e. Capital Market Activities (CMA): To what extent do you agree that the milestone approach would also work for CMA (for which targets are not currently proposed as part of the FINZ Standard)?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

f. If you have any further comments to add to your responses to any of the above questions 17 a-e, please provide them here, clearly indicating which question 17 a-e your comment corresponds to.  
[Open text, breakdown per financial activity type if relevant]

**18. Annex C, Table 15, p55: Entity and activity-level data sources for portfolio climate-alignment targets** provides a non-exhaustive list of the eligible metric types

per timeframe that can be used to inform and measure the alignment.

- a. Are the metrics required for alignment at the different points in time for the different counterparty types appropriate?

[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

- b. Should SBTi specify a list of eligible metrics for the purpose of FINZ target development and assessment?

[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

- c. If you have answered “strongly agree” or “agree” to question 18b does a broader set of metrics (rather than a narrow and more prescriptive set) make the Standard easier to implement?

[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

- d. To what extent do you agree that existing taxonomies, (e.g. *EU Taxonomy for sustainable activities, Climate Bonds Taxonomy, etc.*), can serve as credible data sources for portfolio climate-alignment targets?

[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

- e. Table 15, p55 breaks down the sources for portfolio climate alignment into entity and activity level. Is this breakdown helpful?

[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

- f. Do you have suggestions on how the SBTi can cover the alignment of other activities (such as Forest, Land and Agriculture, etc.)? If so, please briefly describe which activities and how.

[Open text]

- g. If you have any further comments to add to your responses to any of questions 18 a-e, please provide them here, clearly indicating which question 18 a-e your comment corresponds to.

[Open text]

19. Applicability to Capital Market Activities (CMA): To what extent do you agree that CMA should also be covered by a portfolio climate alignment target, similar to those applied to lending, investing, and insurance underwriting?

[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

20. Insurance underwriting - metric applicability: To what extent do you agree that the same climate alignment metrics can be used for insurance underwriting and for other financial activities related to:

- a. Commercial lines insurance?

[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

- b. Personal lines insurance?

[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

- c. If you answered “disagree” or “strongly disagree”, to questions 20 a-b please explain why, as briefly as possible. [Open text]

## CONSULTATION DRAFT CHAPTER 4: EMISSIONS-INTENSIVE SECTOR TARGETS

21. **Annex B, Table 11, p50: List of emissions-intensive sectors and activities** lists the sectors and activities that are considered emissions-intensive under the FINZ Standard.
  - a. Is the current coverage of the activity-specific targets for the emissions-intensive activities sufficient?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
  - b. If you find the coverage insufficient, please briefly describe for which activity and explain why.  
[Open text]
22. The FINZ Standard proposes that financial institutions cover at least 95% of all GHG emissions from their in-scope “reasonable influence - higher climate impact” financial activities with emissions-intensive sector targets. FIs are allowed to exclude specific activities from their targets, provided that the sum of these activities constitute less than 5% of their in-scope “reasonable influence - higher climate impact” activities’ GHG emissions per financial activity. Exclusions are to apply to the entire activity uniformly and are not allowed for any activities related to fossil fuels.
  - a. To what extent do you agree with this exclusion option?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
  - b. If you answered “disagree” or “strongly disagree” to question 22a please explain why, as briefly as possible [Open text]
23. **Table 17, p17: Eligible activity-level metrics and pathways** provides the list of eligible metrics and pathways used for determining relevant 1.5°C benchmarks for key emissions-intensive activities.
  - a. Is the list of eligible metrics and pathways in Table 17 well suited to determine relevant 1.5°C benchmarks for the emission-intensive activities?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
  - b. If your answer to question 23a was “strongly disagree” or ”disagree”, please briefly explain for which activity they are not well suited and why.  
[Open text]

- c. Should SBTi specify a list of eligible third-party metrics providers?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
  - d. If you have answered “strongly agree” or “agree” to question 23c, should this list comprise a broad or limited suite of metrics providers?
    - i. Broad
    - ii. Limited
24. In the case of insurance, to what extent do you believe that the proposed metrics and existing 1.5°C pathways are suited for the following activities?
- a. Commercial lines insurance  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
  - b. If you answered “disagree” or “strongly disagree” to question 24a, please explain why, as briefly as possible, and how the metrics and pathways in Table 17, p60 can be adjusted to better suit insurance underwriting for commercial lines insurance.
  - c. Personal lines insurance  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
  - d. If you answered “disagree” or “strongly disagree”, to question 24c, please explain why, as briefly as possible, and how the metrics and pathways in Table 17 p60 can be adjusted to better suit insurance underwriting for personal lines insurance.
25. **Table 5, p38:** The SBTi proposes to differentiate the milestones for emissions-intensive sector targets based on climate impact and influence.
- a. To what extent do you agree with that proposal overall?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
  - b. For lending: To what extent do you agree with the proposal for lending for:
    - i. mortgages?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
    - ii. motor vehicle loans?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A] T
  - c. For insurance: To what extent do you agree with the proposal for personal lines insurance for:
    - i. homeowners?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
    - ii. motor?

[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

- d. If you have any further comments to add to your responses to any of the above questions 25 a-c, please provide them here, clearly indicating which question 25 a-c your comment corresponds to.

[Open text]

26. SBTi proposes that the emissions-intensive targets are applicable to four financial activity types: Lending, Asset Owner Investing, Asset Manager Investing, Insurance. To what extent do you agree that exposure to emissions-intensive sectors in each of these financial activities should be covered by targets:

- a. Lending

[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

- b. Asset Owner Investing

[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

- c. Asset Manager (including private equity firms) Investing

[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

- d. Insurance Underwriting

[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

- e. Capital Market Activities (Note: CMA targets are currently not required as part of the FINZ Standard): To what extent do you agree that setting emissions-intensive targets would also work for CMA?

[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

- f. If you have any further comments to add to your responses to any of the above questions 26 a-e, please provide them here, clearly indicating which question 26 a-e your comment corresponds to.

[Open text, breakdown per financial activity type if relevant]

## CONSULTATION DRAFT CHAPTER 5: REPORTING

27. **Table 7, p40** provides a summary of reporting requirements.

- a. Overall, are the reporting requirements in Table 7 appropriate for FIs to report on the progress against their targets?

[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]

- b. Reporting on alignment: On what level of granularity is reporting of alignment appropriate? Please select all you consider appropriate. [multiple choice]

- i. Financial activity (Lending (LND), Asset Manager Investing, Asset Owner Investing, Insurance)

- ii. Financial activity and segmentation
  - iii. Financial activity and asset class / lines of business based (LND - Corporate Loans; LND - Residential Mortgage; etc.)
  - iv. Additional breakdown by alignment definition (i.e., ask for both percentage of transitioning vs. net-zero achieved)
- c. Table 7 currently **recommends** FIs to annually report key information related to progress against long-term net-zero target, detailing drivers of change in portfolio emissions, i.e. through emissions attribution reporting. To what extent do you agree that this should be a **requirement**?  
[Strongly agree | Agree | Neutral | Disagree | Strongly disagree | No opinion | N/A]
- d. If you have any further comments to add to your responses to any of the above questions 27 a-c, please provide them here, clearly indicating which question 27 a-c your comment corresponds to.  
[Open text]

## ANY OTHER FEEDBACK RELATING TO THE CONTENT OF THE CONSULTATION DRAFT

28. Should you have any further feedback on the content of the Consultation Draft that is not addressed in this questionnaire, please provide it here, clearly referencing the section of the standard your feedback refers to.  
[Open text]





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