SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi CRITERIA ASSESSMENT INDICATORS

Financial Institutions' Near-Term Criteria Version 2.0

May 2024

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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 that allow companies to set greenhouse gas emissions reduction targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at the latest.

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

DISCLAIMER

The SBTi reserves the right to revise this document according to a set revision schedule or as needed to reflect the most recent emissions scenarios, regulatory, legal or scientific developments, and greenhouse gas accounting best practices.

“Science Based Targets initiative” and “SBTi” refer to the Science Based Targets initiative, a registered charity in England and Wales, number 1205768, and a limited company registered in England and Wales, number 14960097.

INTRODUCTION

The Science Based Targets initiative (SBTi) Validation Service independently assesses corporate and financial institution science-based emission reduction targets. To support this service, this document outlines the major checks conducted by the SBTi Validation Service during the validation process, when assessing conformance with SBTi criteria.

The Criteria Assessment Indicators (CAI) described in this document are provided as verifiable control points, which will be used to evaluate submitted information during the target validation process. Conformity with the CAI enables confidence that the company is in conformity with the SBTi Standard(s) under which they are submitting targets. The CAI found in the following sections of this document represent a clarification and formalization of the existing process followed by the Target Validation Team to assess alignment of all corporate and financial institution submissions with SBTi Criteria, SBTi Sector Guidance and GHG Protocol (GHGP) Corporate Standard, Scope 2 Guidance and Corporate Value Chain Standard. The publication of the CAI seeks to provide clarity for stakeholders and does not signify any additional requirements for companies setting science-based targets, beyond what has been required of all companies submitting under SBTi Criteria version 5.0 and beyond.

Any updates made to the contents of this document will be communicated to all companies before these become applicable. The SBTi urges companies to keep their contact details up to date, to ensure communications are not missed.

This document uses precise language to indicate requirements, recommendations and permissible options that companies may choose to follow. In certain exceptional instances, sector-specific CAI may supersede requirements outlined in the sector-agnostic CAI.

- The terms “shall” or “must” are used throughout this document to indicate what is required for companies to be in conformance with SBTi Criteria.
- The term “should” is used to indicate a recommendation.
- The term “may” is used to indicate that an option is permissible or allowable.

This document is intended for corporates and financial institutions submitting targets to the SBTi Validation Services. Financial institutions should utilize this document while completing the SBTi Target Submission Form for Financial Institutions—henceforth referred to as “the FI submission form”—to ensure that any proposed targets meet all relevant criteria. The “Description” column provides a detailed explanation of the CAI, which can be understood as the various checks conducted to ensure conformity with the SBTi Criteria. The “Minimum documentation required” column outlines the information needed to assess conformity with each criteria assessment indicator and stipulates where (if relevant) in the submission form to provide this information or if supplemental documentation is required.

The Target Validation Team will review all submissions to ensure that all CAI are met for any target submission to be approved. The Target Validation Team reserves the right to request additional information during the validation process, where further explanation or evidence is needed to clarify alignment with any CAI.

For the SBTi to deliver any of its services, corporates and financial institutions must provide information that is accurate and complete at the time of submission and must update such information in order that all submissions are and remain accurate and complete at all times. In the case the SBTi determines that all or part of the information provided is inaccurate, incomplete or intentionally hidden, this could be a reason to suspend or void the validation process according to clause 4.5 in the Validation Services contract.

CONTENTS

ASSESSMENT OF SBTi CRITERIA FOR SECTOR-SPECIFIC TARGETS

Financial Institution Sector

Table 6. Financial Institutions' Near-Term Criteria Assessment Table

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
FI-C1 - Organizational Boundary: Parent companies must include the emissions of all subsidiaries in their target submission, in accordance with the boundary criteria outlined below. FIs should submit targets only at the parent or group level, not the subsidiary level. In cases where both parent companies and subsidiaries submit targets, the parent company's target must also include the emissions of the subsidiary if it falls within the parent company's emissions boundary, given the chosen inventory consolidation approach. Targets may be submitted at a subsidiary level if the subsidiary is a legal entity. Multiple subsidiaries within a group may submit targets but must do so separately, and their target language must explicitly state the specific target-setting entity.			
1.1 Disclosure of organizational boundary	GHG Accounting	FIs submitting targets must include all GHG emissions and assets from its own operations and the operations of its subsidiaries that fall within its organizational boundary. When a subsidiary submits targets, it is prohibited to either: ● Set targets or include GHG emissions for its parent company. ● Set targets or include GHG emissions for subsidiaries operated by the parent company outside its own organizational boundary. Targets must only be set on emissions and assets within the organizational boundary of the entity submitting targets.	A description of the FI's organizational boundary must be provided in the FI submission form.
1.2 Disclosure of organizational boundary	GHG Accounting	This criterion applies only to subsidiaries. Brands, licensees, and/or specific regions or business divisions (with the exception of banks' asset management	Disclosure of the organizational boundary and a list of the FI's subsidiaries according to the consolidation approach must be provided in the FI submission form.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		businesses) of a FI will not be accepted as separate targets unless they fall outside of a parent company's chosen consolidation approach.	
1.3 Disclosure of organizational boundary	GHG Accounting	List all subsidiaries in the "Subsidiaries" table in the FI submission form and indicate the percent of GHG emissions from scope 1, 2 and 3 from each subsidiary. One hundred percent of emissions must be covered for each subsidiary. If some subsidiaries are not consolidated in the FI's financial statement, the FI needs to indicate this and provide an explanation in the "Subsidiaries" table in the FI submission form.	Inclusion of all subsidiaries' GHG emissions in the reporting entity's GHG inventory.
1.4 Disclosure of financial institution type	FI Type	FIs must disclose their financial institution type based on what is disclosed in reports and on its website. FI types are the following: Banks, Asset Managers, Asset Owners (e.g., pension funds, closed-end funds, insurance companies), Mortgage Real Estate Investment Trusts (REITs), Private Equity Firm or "Other:____".	Indication of the FI type in the FI submission form. If "Other:____" is selected, FIs must describe the FI type and include an explanation as to why it does not fall under the other available classifications.
1.5 Disclosure of parent company as a bank	FI Type	A parent company must only be defined as a bank and not a "financial holding" if it was originally created or commonly known as a bank. This also applies to banks that have expanded to other financial activities over the years (e.g., insurance, asset management, pension funds, etc.).	The bank must indicate its FI type in the FI submission form. Documentation and/or public-facing reference showing the FI as a bank must be linked to the FI submission form and/or provided as additional documentation.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
1.6 Disclosure of organizational boundary	GHG Accounting	Banks may include their asset management businesses in their scope 1, 2 and 3 target boundaries. Banks with asset management businesses must disclose whether or not they are covering their asset management businesses with targets.	The bank must disclose whether it is including its asset management businesses in the FI submission form. See 18.1 for further details.
FI-C2 - Greenhouse Gases (GHGs): Scope 1 and 2 targets must cover all relevant emissions of the seven GHGs required by the GHGP Corporate Standard. If optional targets for scope 3, categories 1–14, are set, they shall also cover all relevant GHGs. Coverage of all relevant GHGs is recommended, where possible, for FIs' scope 3 portfolio targets. If FIs are unable to cover all GHGs for scope 3 portfolio targets, they shall cover carbon dioxide (CO_2) emissions at a minimum, unless otherwise specified.			
2.1 Inclusion of greenhouse gases	GHG Accounting	As indicated in the GHGP Corporate Standard (Required Greenhouse Gasses in Inventories, Accounting and Reporting Standard Amendment [February 2013] to include nitrogen trifluoride), the GHG inventory covers all relevant emissions of the seven GHGs or classes of GHGs covered by the UNFCCC/Kyoto Protocol.	Written confirmation in the FI submission form.
2.2 Disclosure of exclusions	GHG Accounting	FIs must justify and include any exclusions in the FI submission form. Please note: being unable to measure a gas is not a valid reason for exclusion. Exclusions must be calculated based on the entire gross inventory and insignificant categories still need to be accounted for in the inventory in tCO_2e. For scope 3 portfolio targets that only cover CO_2 emissions, the target language must refer to CO_2 emissions, rather than GHG emissions. For example, the target language template for a SDA target covering only CO_2 emissions would be:	Written confirmation of any GHG exclusion along with other exclusions do not amount to over 5% in the FI submission form. If a gas is deemed not relevant because it isn't used in a company's operations, an explanation must be provided with further contextual information in the FI submission form.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		“[FI name] commits to reduce CO_2 emissions from the [XX] sector within its [asset class] portfolio [XX]% per ton of [metric] by [target year] from a [20xx] base year.”	
FI-C3 - Scopes: FIs must set targets that cover institution-wide scope 1 and scope 2 emissions, as defined by the GHGP Corporate Standard, and scope 3 investment and lending activities as defined in FI-C14 and FI-C15. FIs may set targets for remaining scope 3 emissions categories as specified in FI-R2.			
3.1 Conformance with following criteria	Target Setting	FIs must review all FI submission form questions, criteria, guidance, Communications Guidance and any other relevant SBTi documents before submitting targets to the SBTi. Targets must be set over institution-wide scope 1 and 2 emissions, as defined by the GHGP Corporate Standard, and scope 3 investment and lending activities as per criteria FI-C14 and FI-C15.	Written confirmation in the FI submission form. Targets must be set over scope 1 and 2, and scope 3 category 15 (investing and lending).
FI-C4 - Scope 1 and 2 Allowable Exclusions: FIs must not exclude more than 5% of total combined scope 1 and scope 2 emissions from either the boundary of the GHG inventory or the target boundary. Scope 3 target boundary requirements are outlined in FI-C14, FI-C15 and FI-R2.			
4.1 Scope 1 and 2 exclusion thresholds	GHG Accounting	Total exclusions from the FI’s scope 1 and 2 inventory and target boundary combined must not exceed 5% of the total scope 1 and 2 emissions calculated.	Provision of the quantitative list and justification of any exclusions from the scope 1 and 2 inventory in tCO_2e in the FI submission form. Estimate the emissions in tCO_2e excluded for each scope.
4.2 Scope 1 and 2 target setting	Target Setting	FIs must include in the FI submission form target(s) covering scope 1 and 2, and total scope 1 and 2 emissions reported in the GHG inventory as per the GHGP Corporate Standard. Where scope 1 or 2 emissions are less than 5% of total combined scope 1 and 2 emissions, FIs may set their SBT	Inclusion of scope 1 and 2 target(s) in the FI submission form. If either scope 1 or scope 2 is less than 5% and therefore the FI chooses to submit targets for one scope, an explanation must be provided in the FI submission form.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		solely on the scope (either scope 1 or scope 2) that covers more than 95% of the total scope 1 and 2 emissions. FIs must continue to report emissions on both scopes and adjust their targets as needed, in accordance with the GHGP's principle of completeness and as per FI-C21-Mandatory target recalculation.	
FI-C5 - Method Validity: FIs must model targets using the latest version of methods and tools approved by the SBTi, subject to a six-month transition period. During this transition period, FIs may submit targets modeled using previous versions of the tools or methods to the SBTi for an official validation within six months of the publication of the revised method or relevant sector-specific tools. FIs will need to check the relevant SBTi sector webpages for the most up-to-date information.			
5.1 Provision of SBTi tools	Target Setting	FIs must list the target-setting method and version of the SBTi target-setting tool that was used to model each target.	FIs must submit targets to the SBTi that are modeled using the official target-setting tools published on the SBTi website. Any tool used must be submitted in the format of an excel file and included in the reporting FI's submission files.
FI-C6 - Scope 2 Accounting Approach: FIs shall disclose whether they are using a location- or market-based approach as per the GHGP Scope 2 Guidance to calculate base-year emissions and to track performance against a science-based target (SBT). The SBTi encourages FIs to measure and report scope 2 emissions using both approaches. However, FIs must use a single and consistent approach for setting and tracking progress toward an SBT. FIs that set renewable electricity procurement targets must select market-based accounting as the mechanism for setting and tracking progress toward their SBTs.			
6.1 Reporting of scope 2 emissions	GHG Accounting	A single scope 2 accounting approach must be selected for the purpose of target setting.	Selection of one scope 2 method within the FI submission form, and confirmation that the chosen method will be used consistently for tracking target progress.
FI-C7 - Bioenergy Accounting: FIs shall report CO_2 emissions from the combustion, processing and distribution phase of bioenergy as well as the land use emissions and removals associated with bioenergy feedstocks alongside their GHG inventory. Furthermore, they shall include these emissions in the target boundary when setting a science-based target (in scopes 1, 2 and/or 3, as relevant) and when reporting progress toward that target.			

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Land-related emissions accounting shall include CO_2 emissions from direct land use change (LUC) and non-LUC emissions, inclusive of nitrous oxide (N_2O) and methane (CH_4) emissions from land use management. Including emissions associated with indirect LUC is optional. FIs are expected to adhere to any additional GHGP Guidance on bioenergy accounting when released in order to maintain compliance with FI-C7.			
7.1 Disclosure of bioenergy and LUC emissions	Corporate Criteria	For reporting on bioenergy and LUC emissions, refer to the SBTi Corporate Criteria and the associated Criteria Assessment Indicators.	Demonstration of objective evidence needed for SBTi Corporate Criteria in the FI submission form.
FI-C8 - Carbon Credits: FIs must not count the use of carbon credits as emissions reductions toward the progress of their science-based targets. FIs may only consider carbon credits as an option to finance additional climate mitigation beyond their science-based emissions reduction targets.			
8.1 Use of carbon credits	GHG Accounting	Carbon credits do not count toward the achievement of targets. FIs must select a target ambition that is based on the reductions which can be achieved through direct mitigation levers. If FIs choose to purchase carbon credits, these credits may be used for Beyond Value Chain Mitigation (BVCM), or for neutralization of residual emissions.	Written confirmation that FIs will only discuss use of carbon credits in the context of either BVCM or neutralization when describing their overall mitigation strategy in the FI submission form.
8.2 Carbon credits for target progress	Target Setting	Reductions that result from the purchase of carbon credits must be reported outside of the main GHG inventory and tracked separately from validated targets.	Written confirmation in the FI submission form that carbon credits (e.g., offsets) will not be counted toward target progress.
FI-C9 - Avoided Emissions: Avoided emissions fall under a separate accounting system from FIs' inventories and do not count toward science-based emissions reduction targets.			
9.1 Accounting and tracking of avoided emissions separately from	GHG Accounting	FIs must not report avoided emissions in their GHG inventory or count avoided emissions toward near-term target achievement. FIs wishing to track avoided emissions must account for these emissions under an entirely different accounting system.	Written confirmation in the FI submission form that avoided emissions are not included in the GHG inventory calculations or covered by any proposed targets.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
GHG inventory and targets			
FI-C10 - Base and Target Years: Scope 1 and 2 targets must cover a minimum of five years and a maximum of 10 years from the date the targets are submitted to the SBTi for an official validation. The choice of base year shall be representative of the FI's activities and shall be no earlier than 2015. Scope 1 and scope 2 targets must use the same base year.			
10.1 Scope 1 and 2 target year	Target Setting	If the target is submitted for validation in the first half of the year (i.e., by the end of June), the time frame includes the year of submission. If submitted in the second half of the year, the time frame begins from the start of the following year. For example, for targets submitted for an official validation in the first half of 2024, the valid target years are 2028-2033 inclusive. For targets submitted in the second half of 2024, the valid target years are 2029-2034 inclusive.	Disclosure of base year(s) and target year(s) in the FI submission form.
10.2 Scope 1 and 2 base year	Target Setting	Scope 1 and 2 targets must use the same base year.	Disclosure of base year(s) and target year(s) in the FI submission form.
FI-C11 - Progress to Date: Targets that have already been achieved by the date they are submitted to the SBTi are not acceptable. The SBTi uses the year the target is submitted to the initiative or the most recent year to assess forward-looking ambition. FIs must provide all the relevant GHG inventory data, including a most-recent-year GHG inventory, which must not be from earlier than two years prior to the year of submission.			
11.1 Target time frame	GHG Accounting	The SBTi cannot approve scope 1 and 2 targets that have already been achieved. If the base year is more than two years from the date of submission, FIs must provide a most recent year inventory for scope 1 and 2 from one to two years prior to the date of submission. For example, for targets submitted for an	Provision of a most recent year GHG inventory for scope 1 and 2 in the FI submission form.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		official validation in 2024, the most recent inventory must be from no earlier than 2022 (i.e., the allowable most recent years are 2022 and 2023). This is used to assess forward-looking ambition. The most recent year used for scope 1 and scope 2 emissions must be the same year.	
FI-C12 - Level of Ambition: At a minimum, scope 1 and scope 2 absolute emissions reduction targets will be consistent with the level of decarbonization required to keep global temperature increase to 1.5 degrees Celsius (°C) compared with preindustrial temperatures. Both the target time frame ambition level (base year to target year) and the forward-looking ambition level (most recent year to target year) must meet this ambition criterion. Intensity targets for scope 1 and scope 2 emissions are eligible only when they are modeled using an approved 1.5°C sector pathway applicable to companies' business activities (e.g., scope 2 target using the Power Generation Sectoral Decarbonization Approach pathway).			
12.1 Assessment of target ambition	Target Setting	At a minimum, scope 1 and 2 targets must be consistent with the level of decarbonization required to keep global temperature increase to 1.5°C.	Disclosure of target ambition(s) in the FI submission form in accordance with SBTi tools and criteria.
12.2 Assessment of absolute ambition	Target Setting	For base years after 2020, the absolute emissions reduction meets the minimum reduction value over the target period as set out below: Minimum value for 1.5°C absolute reduction target = 4.2% x (Target year - 2020) For base years before 2020, the absolute emissions reduction meets the minimum reduction value over the target period as set out below: Minimum value for 1.5°C absolute reduction target = 4.2% x (Target year - base year)	Submission of the SBTi target-setting tool and/or conformance with the formula in the FI submission form.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
12.3 Assessment of intensity ambition	Target Setting	If FIs want to use an intensity target for scope 1 and 2, the Sectoral Decarbonization Approach (SDA) pathway must be representative of the FI's activities and the ambition between the base year and target year must be aligned with the minimum ambition threshold of the relevant SDA pathway. For any FIs wanting to set intensity targets for scope 1 and 2, the absolute reduction must also be provided for scope 1 and 2 so that it is clear that the targets being set are in line with the requirements to meet the minimum ambition of 1.5°C for absolute reduction targets. If the FI is unable to prove objective evidence that the physical intensity target meets and aligns with the absolute target for scope 1 and 2, the SBTi will not approve a physical intensity equivalency for scope 1 and 2.	Provision of target-setting methods and justification of SDA applicability in the FI submission form and submission of the SBTi SDA target-setting tool used to model targets in the FI's submission files.
12.4 Disclosure of fiscal/calendar year	Target Setting	When an FI uses fiscal years in its GHG accounting, the SBTi assesses minimum ambition based on the calendar year (CY) where the majority of the months occur. For example, FY2022 with a date range of April 2021 - March 2022 would be assessed as CY2021. In the case where a fiscal year (FY) is evenly split across a CY (i.e., a FY ending on June 30), ambition is assessed using the later year in the date range. This approach is applicable to all targets.	Disclosure of calendar year or fiscal year with the date range being used for targets on scope 1, 2 and 3 emissions.
FI-C13 - Renewable Electricity Procurement: Targets to actively source renewable electricity at a rate that is consistent with 1.5°C scenarios are an acceptable alternative to scope 2 emissions reduction targets. The SBTi has identified 80% renewable electricity procurement by 2025 and 100% by			

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
2030 as thresholds (portion of renewable electricity over total electricity use) for this approach in line with the recommendations of the RE100 initiative. Please consult the RE100 Technical Criteria and the Scope 2 Quality Criteria in the GHGP Scope 2 Guidance for options for actively sourcing renewable electricity. FIs that already source electricity at or above these thresholds shall maintain or increase their use share of renewable electricity to qualify. FIs that have zero scope 1 emissions and will cover scope 2 emissions with a renewable electricity procurement target shall also set a target to maintain zero scope 1 emissions.			
13.1 Reporting of scope 2 emissions	Measurement, Reporting and Verification	FIs that set renewable electricity targets must select market-based accounting as the mechanism for setting and tracking progress toward their SBTs.	Market-based scope 2 is selected in the FI submission form.
13.2 Assessment of RE procurement	Target Setting	The share of renewable electricity in the base year and most recent year must be calculated using the definitions of renewable electricity in GHGP Scope 2 Guidance.	Disclosure of the share of renewable electricity in the base year and most recent year in the FI submission form.
13.3 Assessment of RE target ambition	Target Setting	Targets that fall between 2025 and 2030 will be accepted if they meet the linear progression of these requirements: ● 84% by 2026. ● 88% by 2027. ● 92% by 2028. ● 96% by 2029. FIs that are already actively sourcing renewable electricity at or above the minimum thresholds must commit to maintain or increase their use share of renewable electricity to qualify.	The active sourcing of renewable electricity in the target year is at or above the minimum share thresholds and the target language also explicitly refers to “active sourcing” of renewable electricity.
13.4 RE target wording	Target Setting	If the FI plans to meet 100% renewable electricity procurement before 2030, or before the target year for scope 1, a maintenance target for the period between the renewable electricity target year and 2030, or the target year for scope 1, must be used, as shown below:	Provision of SBTi-approved renewable electricity target language in the FI submission form.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		"[FI name] commits to increase active annual sourcing of renewable electricity from [XX]% in [base year] to 100% by [year before 2030] and to continue active sourcing of 100% renewable electricity through 2030."	
13.5 RE target wording	Target Setting	If the FI already procures 100% renewable electricity in the base year, then the following target wording template must be used: *"[FI name] commits to continue active annual sourcing of 100% renewable electricity from [base year] through 2030."* The target year must be the same as scope 1 and 2, or 2030 at the latest. Renewable electricity targets cannot be set with target years after 2030.	Provision of SBTi-approved renewable electricity target language in the FI submission form.
13.6 Scope 1 and 2 target setting	Target Setting	If the FI has zero scope 1 GHG emissions in the base year or in the most recent year, then it may set a maintenance target for scope 1. The following language must be used: *"[FI name] commits to maintain zero absolute scope 1 GHG emissions from [base year] through [target year]."*	Provision of SBTi-approved scope 1 maintenance target language in the FI submission form.
13.7 Renewable electricity target language	Target Setting	Targets must be formulated to specifically address the active sourcing of renewable electricity according to the Scope 2 Quality Criteria in the GHGP's Scope 2 Guidance.	Provision of SBTi-approved renewable electricity target language in the FI submission form.
FI-C14 - Requirement to Set Target(s) on Investment and Lending Activities: All FIs shall set targets for their investment and lending activities as required by FI-C15, irrespective of the share of quantified scope 3 portfolio emissions as compared to the FI's total scope 1, 2 and 3 emissions. FIs may choose from the applicable methods for target setting, by asset class, as defined in Table 1.			

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
14.1 Category 15 target setting	Target Setting	FIs must cover investment and lending activities as per Table 1 in the SBTi FINT Criteria. All applicable assets must be disclosed in the FI submission form, regardless of the magnitude in the FI's portfolio. Furthermore, FIs must follow the approved target-setting method outlined in the SBTi FINT Criteria Table 1, regardless of the magnitude of the asset class in the FI's portfolio.	Provision of all FI asset classes in the FI submission form.
14.2 Category 15 target setting	Target Setting	SBTi FINT Criteria Table 1 indicates which target-setting methods are available for each asset class and the minimum boundary. Absolute contraction targets are not allowed for portfolio targets in category 15. Only SDA, Portfolio Coverage, Temperature Rating, and Fossil Fuel Finance targets are acceptable methods for portfolio targets.	Provision of all FI asset classes and chosen target-setting method(s) in the FI submission form.
14.3 Category 15 target setting	Target Setting	When only one method is listed for a specific asset class, it means that it is the only available method for the specific financial activity. When multiple methods are listed, FIs may choose one or more of the methods available. Each specific loan or investment must only be covered by one target method. It is mandatory for residential mortgages, electricity generation project finance and real estate assets to use the SDA. For other asset classes that are labeled as "Required" or "Optional," FIs may use the SDA (for sectors	Provision of all FI asset classes and chosen target-setting method(s) in the FI submission form.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		where the method is available), Portfolio Coverage or Temperature Rating method to set targets.	
14.4 Category 15 target setting: Grouped targets	Target Setting	Some asset classes may be grouped under one single target, as long as the asset classes being grouped are allowed to use the same target-setting method. Examples: ● Listed equity, corporate bonds and loans, REITs and private equity and debt may be grouped under one portfolio coverage target. ● Corporate loans and project finance for electricity generation may be grouped under one target using the power SDA pathway. ● Listed equity, corporate bonds and loans from the cement sector may be grouped under one SDA target using the cement pathway. ● Corporate loans from all sectors may be grouped under one Temperature Rating target.	Provision of all FI asset classes and chosen target-setting method in the FI submission form. Supporting documents (e.g., SDA tool(s), portfolio coverage calculations, temperature rating underlying data inputs) for the target-setting method must be provided.

FI-C15 - Portfolio Target Boundary: FIs are required to set one or more near-term targets for relevant activities in their portfolio according to Figure A-1, Table 1 and the following provisions:

- Relevant Activities: FIs shall determine relevant activities based on either financed emissions or on an appropriate financial asset metric (such as loan value, invested value and/or assets under management). The selected approach must be consistently applied in determining the 67% minimum coverage requirement and when considering the 5% materiality exclusion.
- Minimum Coverage: FIs must ensure that their targets collectively cover at least 67% of their Portfolio Target Boundary (PTB).
  To calculate the minimum coverage, the denominator shall include the following:
  - All “Required Activities” in Table 1.
  - All “Optional Activities” in Table 1, subject to the following exclusion:
    - Any “Optional Activities” within the asset/investment/wealth management (AIWM) and consumer loan asset classes that make up less than 40% of all “Required Activities” and “Optional Activities” may be excluded from the PTB denominator.

<table>
<tr><th>Criteria Assessment Indicator</th><th>Applicability</th><th>Description</th><th>Minimum Documentation Required</th></tr>
<tr><td colspan="4">To calculate the minimum coverage, the numerator shall include all “Required Activities” and/or “Optional Activities” that are covered by targets. FIs may set targets using any of the available methods specified in Table 1.
● Required Activities: FIs must ensure that their targets cover all “Required Activities” subject to the below 5% materiality exclusion option.
● Exclusion of Non-Material Activities: FIs may exclude specific sub-asset classes categorized under "Required Activities" from their targets, provided these sub-asset classes constitute less than 5% of the Portfolio Target Boundary. Exclusions must apply to entire sub-asset classes uniformly and may not exempt any activities related to fossil fuels.
● Asset/Investment/Wealth Management: The AIWM asset class applies to situations where FIs are managing investment funds on the behalf of third parties. Assets that are owned by an FI but managed by third-party asset managers are considered the FI’s own investments and not AIWM. For the purposes of target validation, FIs shall define and disclose the types of asset management businesses they are involved with, which must align with the following categories:
○ Discretionary mandates apply to situations where the FI is granted discretion by the third party to make investment decisions (e.g., fund, index or security selection) without seeking prior approval from that third party.
○ Advisory mandates apply to situations where the FI provides recommendations and makes investments on behalf of the third party that are subject to that third party’s instructions or approval.
■ This includes situations where the FI selects funds for third parties to choose from but thereafter has no control over investment decisions (e.g., fund, index or security selection).
○ Execution-only mandates apply to situations where the FI only executes investment instructions and has no control over investment decisions.</td></tr>
<tr><td>15.1 Portfolio Target Boundary table disclosure</td><td>Category 15 Reporting</td><td>FIs must indicate the asset classes they are involved in; whether the asset class is required, optional or out of scope as defined in SBTi FINT Criteria Table 1; the amount of each asset class in terms of a relevant financial asset metric (e.g., loan value, invested value and/or assets under management) and/or financed emissions; which asset class(es) the FI is covering with a target; and the percent of each asset class covered under a target.

FIs must provide a description of each asset class and its underlying assets; “other” is not a sufficient description.</td><td>Provision of the FI’s asset class(es), their value and/or financed emissions inventory and target information in the FI submission form.</td></tr>
</table>

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		For the purposes of Table 1: ● Asset finance falls under scope 3, categories 1-14 emissions. ● Islamic financing shall be categorized in the asset class listed in Table 1 that is closest in accounting nature (e.g., sukuk as fixed income). ● Cash equivalents may include commercial paper, certificates of deposit, time deposits, banker's acceptance and short-term repurchase agreements. If providing a financed emissions inventory, FIs must disclose for all Required Activities and Optional Activities (as labeled in FINT Criteria Table 1) and include the scope 1 + 2 + 3 emissions from the automotive and fossil fuel sectors and at least the scope 1 + 2 emissions from all other sectors (excluding for Out-of-Scope activities).	
15.2 Reconciliation of Portfolio Target Boundary table	Category 15 Reporting	FIs must reconcile the PTB table in their SBTi target submission form with a publicly reported figure. For example, the total in the PTB table may be reconciled against: ● Consolidated balance sheet total assets for banks' and asset owners' group-level submissions. ● Balance sheet total assets (unconsolidated or otherwise) for a subsidiary or other non-group level submissions for banks and asset owners. ● Assets under management, total holdings or invested capital for asset managers, financial holding companies and wealth managers.	Provision of documents or a link to documents to reconcile against in the FI submission form. FIs must also indicate the specific page(s) and/or table(s) which align(s) with the figures reported in the PTB table in the SBTi target submission form. If a ≤ 0.5% discrepancy exists, an explanation as to why must be included in the FI submission form. Discrepancies > 0.5% will not be accepted.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		Total assets or assets under management based on private/internal records for FIs that don't disclose figures publicly. FIs must indicate the selected metric, year, currency and unit (million, billion) used in the "Value column" of the PTB table. This reconciliation is used to assess compliance with the minimum coverage requirements. Any discrepancies must be clearly described, and FIs may only have a maximum of 0.5% difference on the total balance when an explanation is provided.	
15.3 Portfolio Target Boundary coverage requirements	Target Setting	FIs must set targets on all Required Activities as per FINT Criteria Table 1, subject to the following materiality exclusion option. Specific sub-asset classes, whether required or optional, may be excluded if they represent in aggregate less than 5% of the FI's PTB and are not related to fossil fuels. FIs' targets must meet the minimum coverage requirement for each required asset class.	Provision of the FI's asset class(es), their value and/or financed emissions inventory and target information in the FI submission form.
15.4 Portfolio Target Boundary coverage requirements	Target Setting	FIs' targets must cover at least 67% of the FI's PTB, whether it has excluded any sub-asset classes or not. If an FI meets the minimum coverage requirements in FINT Criteria Table 1 but still covers less than 67% of its PTB with targets, then the FI must set targets on additional activities until it meets the 67% threshold at a minimum.	Provision of the FI's asset class(es), their value and/or financed emissions inventory and target information in the FI submission form.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		To calculate the percentage coverage of an FI's PTB, the numerator shall include all Required Activities and Optional Activities (as labeled in FINT Criteria Table 1) that are covered by targets. Meanwhile, the denominator shall include all "Required Activities" and all Optional Activities, subject to the following exclusion option. Any Optional Activities within the AIWM and consumer loan asset classes that make up less than 40% of all Required Activities and Optional Activities may be excluded from the PTB denominator. It is currently optional for banks to cover their asset management businesses with targets. If a bank does not set targets on its asset management business, the asset management business can be excluded from the calculation to determine if the bank has covered at least 67% of its PTB with targets (i.e., the bank must cover 67% of its financed emissions, excluding its asset management business). If the 67% threshold is calculated based on financed emissions, then financed emissions must be disclosed for all Required Activities and Optional Activities (as labeled in FINT Criteria Table 1) and include the scope 1 + 2 +3 emissions from the automotive and fossil fuel sectors and at least the scope 1 + 2 emissions from all other sectors (excluding for Out-of-Scope activities).	

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
15.5 Disclosure / coverage of consumer loans and project finance	Category 15 Reporting	FIs must break down their consumer loans and project finance by at least: ● Residential mortgages. ● Other consumer loans. ● Electricity generation project finance. ● Fossil fuel project finance. ● Real estate project finance. ● Other project finance. FIs must cover 100% of their electricity generation project finance and fossil fuel project finance, as well as other activities per CAI 15.3 and 15.4.	Provision of the FI's asset class(es), their value and/or financed emissions inventory and target information in the FI submission form.
15.6 Disclosure / coverage of corporate loans	Category 15 Reporting	FIs must disclose the nature of its corporate loans in the base year: ● FIs must break out loans that are provided to fossil fuel companies. ● FIs must break out their short-term and long-term loans and loans provided to small- and medium-sized enterprises (SMEs). ● For long-term loans, these must be broken down further by companies in the electricity generation sector, fossil fuel sector, any other specific sector for which a target is being set on and all other sectors. FIs shall use either the SBTi definition of an SME or the relevant national or regional regulatory definition(s) for the purposes of determining the applicable coverage requirements in Table 1. For the purposes of target validation, companies may set targets through the	Provision of the FI's asset class(es), their value and/or financed emissions inventory and target information in the FI submission form.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		streamlined validation route if they meet the SBTi definition of an SME or they may choose to set targets through the standard validation route. FIs must cover 100% of their long-term electricity generation corporate loans and 100% of their short- and long-term fossil fuel corporate loans, as well as other activities per CAI 15.3 and 15.4. Other corporate loans must also be covered by targets, such that: ● Any Portfolio Coverage (PC) and/or Temperature Rating (TR) target(s) that are set on corporate loans must have 100% coverage within each target boundary; and ● All SDA, PC and/or TR targets must in aggregate cover 67% of the FI's loan value or financed emissions. ● This can be calculated based on only long-term loans to listed companies in all sectors other than electricity generation and fossil fuel, or also including: i. Long-term electricity generation corporate loans; and/or ii. Fossil fuel corporate loans; and/or iii. Commercial real estate asset loans; and/or iv. Loans that are considered optional activities per FINT Criteria Table 1. In other words:	

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		(1) If only SDA targets are set for corporate loans, then the 67% minimum coverage requirement must be met. (2) If only PC and/or TR targets are set for corporate loans, then the 100% coverage must be met (which satisfies the 67% minimum coverage requirement). ● e.g., if an FI only has loans to companies in the steel and cement sectors and decides to set a target to reach 50% SBT portfolio coverage, the target must cover all of its borrowers (i.e., targeting half of all of its borrowers having SBTi-validated targets), not 67% of them (i.e., not targeting half of 67% of its borrowers having SBTi-validated targets). (3) If SDA targets as well as PC and/or TR targets are set for corporate loans, then the PC and/or TR targets must have 100% coverage within their target boundaries and all of the SDA, PC and/or TR targets combined must meet the 67% coverage requirement. ● e.g., If an FI had $25 of loans and covered 50% of its $10 in loans to “all other sectors” with SDA targets and 100% of its $15 in SME loans with a Portfolio Coverage target, then the FI can be considered to have met the 67% minimum coverage requirement [((50% * $10) + (100% * $15)) / ($10 + $15) = 80%]. The SBTi, however, strongly recommends that FIs go beyond the minimum coverage requirements.	

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		FIs may select the loan outstanding amount, loan commitment amount or exposure at default as the numerator of the attribution factor used to calculate financed emissions for corporate loans. However, FIs must apply this consistently (i.e., they may not switch) during the target period.	
15.7 Coverage of equity, fixed income, real estate	Target Setting	FIs' targets must meet the minimum coverage requirement for each required asset class as outlined in FINT Criteria Table 1, as well as CAI 15.3 and 15.4, including: ● 100% for listed equity and corporate bond investments (whether direct holdings or via funds invested in assets). ● 100% for equity and corporate bond investments (whether direct or via funds invested in assets) in private electricity generation and private fossil fuel companies. ● Private equity direct investments in other sectors must follow the coverage requirements outlined in the SBTi Private Equity Sector SBT Guidance. ● 67% for long-term commercial real estate asset loans and investments in real estate assets (whether direct or via funds). For the purposes of Table 1: ● "Corporate" includes FIs. For example, corporate bonds include bonds issued by FIs. ● The coverage requirements for equity- and fixed-income investments apply to all securities in the	Provision of the FI's asset class(es), their value and/or financed emissions inventory and target information in the FI submission form.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		banking book while securities in the trading book are optional and assets that have already been sold are out of scope. ● The coverage requirements for investments in funds (that invest in assets) are outlined in Table 1. Investments in funds with a non-transparent strategy are only optional for cases where the disclosure of underlying holdings negates the investment strategy (e.g., some hedge funds), and not for cases that are simply due to an FI's lack of data. ● Investments in fund of funds (i.e., funds that invest in funds, which invest in funds or assets) are optional. ● Fixed-income investments include convertible bonds and other hybrid instruments. ● Real estate assets with no operational emissions are out of scope. ● Commercial real estate asset loans refer to all loans for the purchase, refinance, maintenance or operation of real estate assets (i.e., residential and service buildings) that are not provided to consumers. General purpose loans to REITs or real estate companies may be included under "all other sectors" of corporate loans. ● Cash equivalents may include commercial paper, certificates of deposit, time deposits, banker's acceptance, and short-term repurchase agreements.	
15.8 Coverage of asset management	Target Setting	FIs that have third-party assets, on or off balance sheet, must set targets on their assets managed under discretionary mandates according to the coverage	Provision of the FI's asset class(es), their value and/or financed emissions inventory and target information in the FI submission form.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		requirements outlined in FINT Criteria Table 1 as well as CAI 15.3 and 15.4. Though assets administered under advisory mandates are considered optional, they are subject to CAI 15.3 and 15.4 and may need to be included in the PTB denominator. Assets under custody and execution-only mandates are out of scope and do not need to be included in the PTB denominator. For example, if an FI manages or administers assets under discretionary and advisory mandates that are both invested in corporate bonds (required), private debt (optional) and sovereign bonds (out of scope), then only the corporate bonds under discretionary mandates are required to be covered by targets, while the private debt under discretionary and advisory mandates and corporate bonds under advisory mandates are optional (but still subject to the 67% PTB coverage requirement). Meanwhile, all assets under execution-only mandates are out of scope, whether they are invested in corporate bonds, private debt or sovereign bonds. An FI's own assets that are managed by third-party asset managers shall follow the coverage requirements outlined in FINT Criteria Table 1 as well as CAI 15.3 and 15.4. It is currently optional for banks to cover their asset management businesses with targets. If such an exclusion is made, it shall be disclosed clearly in the target language. For the purposes of target validation, a bank cannot exclude its asset management business if the	

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		asset management business is larger than the rest of the bank's business in terms of revenue or assets (i.e., if asset management made up ≥50% of an FI's annual revenue or assets, then the FI would be considered an asset manager, rather than a bank).	
FI-C16 - Base Year and Progress to Date: The choice of base year shall be representative of the FI's activities and shall be no earlier than 2015. Targets that have already been achieved by the date they are submitted to the SBTi are not acceptable. The SBTi uses the year the target is submitted to the initiative (or the most recent data) to assess forward-looking ambition. The most recent data must not be from earlier than two years prior to the year of submission.			
16.1 Target time frame	GHG Accounting	The SBTi cannot approve scope 3 targets that have already been achieved. If the base year is more than two years from the date of submission, FIs must provide a most recent year inventory/key performance indicator (KPI) for scope 3 from one to two years prior to the date of submission. For example, for targets submitted for an official validation in 2024, the most recent KPI/inventory must be from no earlier than 2022 (i.e., the allowable most recent years are 2022 and 2023). This is used to assess forward-looking ambition.	Provision of a most recent year GHG inventory or data for scope 3 in the FI submission form.
FI-C17.1 - Sectoral Decarbonization Approach Targets: FIs' targets using the SDA are considered acceptable when the following conditions are met: ● Boundary: FIs shall set SDA targets for their real estate assets as well as electricity generation project finance as specified in Table 1. SDA targets may also be set for other activities listed in Table 1, such as residential mortgages, corporate loans, listed and private equity and debt for sectors for which SBTi sector-specific guidance is available. ● Ambition: Portfolio SDA targets must meet the minimum ambition level indicated by sector-specific methods for 1.5°C pathways. When a 1.5°C pathway for a sector is not available, a well-below-2°C pathway may be used instead. FIs may use any 1.5°C-aligned climate scenarios as long as their physical intensity targets are of equal or greater ambition than the minimum target ambition level required by the relevant SBTi tool.			

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required

- ○ FIs that already finance only renewable electricity projects (which may also include projects and assets such as energy storage and other directly related energy infrastructure) in the base year may set targets to continue doing so through 2030.
- ○ Separately, FIs that meet all the following conditions may set an emissions intensity maintenance target up to 2030 for an electricity generation project finance portfolio:
  - i. A portfolio emissions intensity that is at or below the 2030 sector intensity level in a 1.5°C-aligned pathway for the power sector (100 gCO_2e/kWh).
  - ii. At least 80% renewable or other zero-emission electricity generation project financing.
  - iii. A commitment to maintain the base-year portfolio emissions intensity through 2030 and finance only 1.5°C-aligned electricity generation projects,
    - ● where 1.5°C-aligned financing for the power sector is defined as a commitment to finance only new capacity from zero-emission sources and/or additional exposure to existing capacity if the infrastructure has an emissions reduction plan consistent with limiting warming to 1.5°C with no or limited overshoot.
- ○ FIs that meet the following conditions may set an emissions intensity maintenance target up to 2030 for an investment or lending portfolio of real estate assets:
  - i. A portfolio emissions intensity that is at or below the 2030 sector intensity level in a 1.5°C-aligned pathway for the real estate sector (based on SBTi sector-specific guidance).
  - ii. A commitment to maintain the base-year portfolio emissions intensity through 2030 and finance only 1.5°C-aligned real estate assets,
    - ● where 1.5°C-aligned financing for the real estate sector is defined as a commitment to finance only new developments that are zero-carbon-ready (i.e., highest energy efficiency class based on local rating schemes and uses either renewable energy directly or an energy supply that will be fully decarbonized by 2050, such as electricity or district heat) and/or existing developments if they have an emissions reduction plan consistent with limiting warming to 1.5°C with no or limited overshoot.

- ● Time Frame: Portfolio SDA targets must cover a minimum of five years and a maximum of 10 years from the date the targets are submitted to the SBTi for an official validation. The SBTi recommends that the same base year be used for all SDA targets and that the most recent year be used as the base year. The SBTi encourages FIs to develop additional long-term targets in accordance with the SBTi FI Net-Zero Standard upon its publication.
- ● Scope of Borrower and/or Investee Emissions: FIs shall set targets for emissions scopes as required by the relevant SBTi sector-specific guidance.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
17.1.1 SDA target setting	Target Setting	FIs may choose to set SDA targets for asset classes where deemed acceptable in FINT Criteria Table 1. SDA targets can be set for sectors for which the SBTi has developed sector-specific guidance and tools.	Disclosure of all FI asset classes and chosen target-setting method in the FI submission form.
17.1.2 Assessment of SDA ambition	Sector-Specific	Portfolio SDA targets covering portfolio scope 1 and 2 emissions must meet the minimum ambition modeled using the SDA tools aligned with 1.5°C pathways, or well-below 2°C pathways if the former is not available in the relevant SBTi sector guidance. Portfolio SDA targets covering portfolio scope 3 emissions (where applicable) must meet the minimum ambition indicated by the relevant SBTi sector guidance.	Disclosure of SDA targets in the FI submission form, and provision of SDA tool(s) used for target setting.
17.1.3 Assessment of SDA ambition	Sector-Specific	For electricity generation portfolios that finance only renewable electricity projects, FIs may set a target to continue financing only renewable electricity through 2030. The following language must be used: *“[FI name] commits to continue providing electricity generation project finance for only renewable electricity through 2030.”* or *“[FI name] commits to continue providing corporate loans in the power sector for only renewable electricity through 2030.”*	Provision of SBTi-approved renewable electricity target language in the FI submission form.
17.1.4 Assessment of SDA ambition	Sector-Specific	If an FI meets all the conditions listed in the criteria for a low emissions intensity maintenance target, then it may set such a target up to 2030 for an electricity generation project finance portfolio and/or an investment/lending	Provision of SBTi-approved low emissions intensity maintenance target language in the FI submission form.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		portfolio of real estate assets. The following language must be used: *“[FI name] commits to maintain the GHG emissions intensity of its electricity generation project finance portfolio at or below [the base year emissions intensity] gCO_2e/kWh from [base year] through 2030 and finance only 1.5°C-aligned electricity generation projects.”* and/or *“[FI name] commits to maintain the GHG emissions intensity of its real estate investment/loan portfolio at or below [the base year emissions intensity] kgCO_2e/m2 from [base year] through 2030 and finance only 1.5°C-aligned real estate assets.”*	
17.1.5 SDA target year	Target Setting	The SDA target year must be at least five years from the date of submission and at maximum 10 years from the date of submission. For example, for targets submitted for an official validation in the first half of 2024, the valid target years are 2028-2033 inclusive. For targets submitted in the second half of 2024, the valid target years are 2029-2034 inclusive.	Disclosure of SDA targets in the FI submission form, and provision of SDA tool(s) used for target setting.
17.1.6 SDA target time frame	Target Setting	The SBTi cannot approve targets that have already been achieved. If the base year is more than two years from the date of submission, FIs must provide a most recent year KPI from one or two years prior to the date of submission. This is	Disclosure of all FI asset classes and chosen target-setting method(s) in the FI submission form along with most recent year data.

<table>
<tr><th>Criteria Assessment Indicator</th><th>Applicability</th><th>Description</th><th>Minimum Documentation Required</th></tr>
<tr><td></td><td></td><td>used to assess that the target has not been met, and to increase ambition if necessary to maintain sufficient target ambition.</td><td></td></tr>
<tr><td>17.1.7 Coverage of financed emissions</td><td>Sector-Specific</td><td>SDA targets must cover scope 1, 2 and/or 3 emissions as required by the relevant SBTi sector-specific guidance.</td><td>Disclosure of SDA targets in the FI submission form, and provision of SDA tool(s) used for target setting.</td></tr>
<tr><td colspan="4">FI-C17.2 - SBT Portfolio Coverage Targets: FIs' targets to drive the adoption of science-based emissions reduction targets by their borrowers and/or investees are considered acceptable when the following conditions are met:
● Boundary: FIs shall set engagement targets for activities as specified in Table 1.
● Ambition: FIs shall commit to having a portion of their borrowers and/or investees set their own SBTi-validated science-based targets such that they are on a linear path to 100% portfolio coverage by 2040 (using a weighting approach). Fulfillment of portfolio coverage targets means that the SBTi has approved the borrowers' and/or investees' SBTs.
● Weighting Approach: FIs shall use one of the weighting approaches in the SBTi Finance Tool (listed in Appendix D of the Financial Sector Near-Term SBT Explanatory Document) consistently throughout the target period. As the Portfolio Coverage (PC) method is binary, FIs may replace the outcome from the Temperature Rating method for the companies (i.e., TS in the formula) with the outcome of the PC assessment: 1 if the company has an SBTi-approved target or 0 if the company does not have an SBTi-approved target. This means that FIs may use the same weighting methods for both Temperature Rating and Portfolio Coverage; they must simply replace TS with PC in the formula.
● Time Frame: The target year of FIs' Portfolio Coverage targets must be any year up to 2030 inclusive or within a maximum of five years from the date the targets are submitted to the SBTi for an official validation. FIs may also set a second, longer-term 100% Portfolio Coverage target but only if it is in addition to one that meets the aforementioned time frame. The same base year shall be used for all Portfolio Coverage targets, and the SBTi recommends choosing the most recent year as the base year.
● Scope of Borrower and/or Investee Emissions: FIs' borrowers and/or investees shall follow the latest SBTi criteria required for companies as of the date of their target submission in order to set science-based targets. For example, near-term targets for corporates must cover at least 67% of scope 3 emissions when their scope 3 emissions are more than 40% of their total scope 1, 2 and 3 emissions.</td></tr>
<tr><td>17.2.1 PC target setting</td><td>Target Setting</td><td>FIs may choose to set Portfolio Coverage targets for asset classes where deemed acceptable in FINT Criteria Table 1.

Portfolio Coverage targets can be set on portfolio companies but not on assets. For example, Portfolio</td><td>Disclosure of all FI asset classes and chosen target-setting method in the FI submission form.</td></tr>
</table>

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		Coverage targets can be set on corporate or SME loans (i.e., loans to companies), equity investments (i.e., shares of companies) and corporate bonds (i.e., debt securities issued by companies). Meanwhile, Portfolio Coverage targets cannot be set on assets such as electricity generation projects, real estate asset loans and investments in real estate assets since assets are not companies and therefore cannot set validated science-based targets.	
17.2.2 PC target setting	Target Setting	FIs commit to engage with their borrowers/investees to set SBTi-approved targets. Only targets approved and published by the SBTi count as progress toward an FI's portfolio coverage target. Committed FIs/companies, or FIs/companies with other targets not approved by the SBTi, do not count as progress toward an FI's portfolio coverage target.	Disclosure of all FI asset classes and chosen target-setting method(s) in the FI submission form. FIs must provide their calculation of the KPI in the FI submission form for review. Acceptable supporting documents to be included in the submission form include the following: ● A screenshot of the results from the SBTi Finance Tool. ● The spreadsheets for using the SBTi Finance Tool for portfolio coverage and portfolio data. ● A spreadsheet with the FI's own calculations.
17.2.3 Assessment of PC ambition	Target Setting	FIs must use the formula provided below for calculating minimum ambition in the target year. The target's minimum ambition is calculated using the formula:	Disclosure of all FI asset classes and chosen target-setting method(s) in the FI submission form.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		(KPI in the base year) + [(Target year - base year) * (100% - KPI in the base year) / (2040 - base year)]	
17.2.4 PC target setting	Target Setting	The target ambition must consider the percent of portfolio companies with approved targets (KPI) in the base year, using one of the approved weighting methods described in the Financial Sector Near-Term SBT Explanatory Document: ● Option 1: Total Assets emissions weighted temperature score (AOTS). ● Option 2: Revenue-owned emissions weighted temperature score (ROTS). ● Option 3: EV + Cash emissions weighted temperature score (ECOTS). ● Option 4: Enterprise-owned emissions weighted temperature score (EOTS). ● Option 5: Market-owned emissions weighted temperature score (MOTS). ● Option 6: Total emissions weighted temperature score (TETS). ● Option 7: Weighted average temperature score (WATS). As the Portfolio Coverage (PC) method is binary, FIs may replace the outcome from the Temperature Rating method for the companies (i.e., TS in the formula) with the outcome of the PC assessment: 1 if the company has an SBTi-approved target or 0 if the company does not have an SBTi-approved target. This means that FIs may use the same weighting methods for both Temperature Rating and	To validate the portfolio coverage calculation weightings, FIs must submit supporting documentation such as: ● A screenshot of the results from the SBTi Finance Tool. ● The spreadsheets for using the SBTi Finance Tool for portfolio coverage and portfolio data. ● A spreadsheet with the FI’s own calculations.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		Portfolio Coverage; they must simply replace TS with PC in the formula.	
17.2.5 PC target year	Target Setting	The target year must be any year up to 2030 inclusive or within five years from the date the target is submitted to the SBTi for validation, whichever is later. For example, for targets submitted for an official validation in 2024, the valid target years are up to 2030 inclusive. Meanwhile, for targets submitted for an official validation in the first half of 2026, the valid target years are up to 2030 inclusive and for targets submitted in the second half of 2026, the valid target years are up to 2031 inclusive. If FIs set a second 100% Portfolio Coverage target, then the target year of this target must be 2040 or earlier. The same base year shall be used for all Portfolio Coverage targets; the SBTi recommends choosing the most recent year as the base year.	Disclosure of base year(s) and target year(s) in the FI submission form.
17.2.6 PC target base year	Target Setting	All Portfolio Coverage targets must use the same base year.	Disclosure of base year(s) and target year(s) in the FI submission form.
17.2.7 PC target time frame	Target Setting	The SBTi cannot approve targets that have already been achieved. If the base year is more than two years from the date of submission, FIs must provide a most recent year KPI from one or two years prior to the date of submission. This is used to assess that the target has not been met and to increase ambition if necessary to maintain sufficient target ambition.	Disclosure of all FI asset classes and chosen target-setting method(s) in the FI submission form along with most recent year data.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
FI-C17.3 - Portfolio Temperature Rating Targets: FIs' targets to align the Temperature Rating of their portfolios with the temperature goals set out in the Paris Agreement are considered acceptable when the following conditions are met: ● Boundary: FIs shall set portfolio Temperature Rating targets for activities as specified in Table 1. ● Ambition: FIs shall align their portfolio scope 1 and 2 temperature scores with a minimum 1.5°C scenario and in addition align their portfolio scope 1, 2 and 3 temperature scores with a minimum well-below-2°C scenario by 2040. Alignment with more ambitious scenarios such as 1.5°C across all scopes is highly encouraged. FIs shall commit to reducing their portfolio temperature scores such that they are on a linear path to the stated goal by 2040. FIs shall set separate targets for scopes 1 and 2 and for scopes 1, 2 and 3. ● Methodology: FIs shall calculate company-specific temperature scores and portfolio temperature alignment levels according to the published temperature rating methodology used by the SBTi. Temperature scores may be calculated using the SBTi open-source tool or other third-party temperature scores produced according to this method. ● Data Consistency: FIs shall use the same source of temperature scores consistently throughout the target period or re-baseline if the source of temperature scores changes during the target period. ● Weighting Approach: FIs shall use one of the weighting approaches in the SBTi Finance Tool (listed in Appendix D of the Financial Sector Near-Term SBT Explanatory Document) consistently throughout the target period. ● Time Frame: The target year of FIs' Portfolio Temperature Rating targets must be any year up to 2030 inclusive or within a maximum of five years from the date the targets are submitted to the SBTi for an official validation. The same base year shall be used for all Temperature Rating targets, and the SBTi recommends choosing the most recent year as the base year. The SBTi encourages FIs to develop long-term targets in accordance with the SBTi FI Net-Zero Standard upon its publication. ● Scope of Borrower and/or Investee Emissions: Temperature scores are calculated for FIs' borrowers' and/or investees' scope 1 and 2 and scope 1, 2 and 3 emissions, for both of which FIs must set separate targets. The temperature score of the portfolio company's parent company may be used if temperature scores are not available for the portfolio company.			
17.3.1 TR target setting	Target Setting	FIs may choose to set Temperature Rating targets for asset classes where deemed acceptable in FINT Criteria Table 1. Temperature Rating targets can be set on portfolio companies but not on assets. For example, Temperature Rating targets can be set on corporate or SME loans (i.e., loans to companies), equity investments (i.e., shares of	Disclosure of all FI asset classes and chosen target-setting method(s) in the FI submission form.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		companies) and corporate bonds (i.e., debt securities issued by companies). Meanwhile, Temperature Rating targets cannot be set on assets such as electricity generation projects, real estate asset loans and investments in real estate assets since assets are not companies and therefore cannot set targets.	
17.3.2 Assessment of TR ambition	Target Setting	FIs must align their portfolio scope 1 and 2 temperature score with a minimum 1.5°C scenario, and align their portfolio scope 1, 2 and 3 temperature scope to a minimum well-below 2°C scenario by 2040. The following formulas are applied to determine compliance with the minimum ambition requirements: ● For scope 1 and 2 minimum ambition in the target year aligned with 1.5°C: Target year temperature score s1+2 <= [Base temperature score s1+2 - ((Base temperature score s1+2 - 1.5°C) / (2040 - base year) * (Target year - base year))] ● For scope 1, 2 and 3 minimum ambition in the target year aligned with well-below 2°C: Target year temperature score s1+2+3 <= [Base temperature score s1+2+3 - ((Base temperature score s1+2+3 – 1.75°C) / (2040 - base year) * (Target year - base year))]	Target year temperature scopes must be provided in the FI submission form. Supplemental documentation for calculating target ambition must also be provided.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		FIs that have already achieved the minimum target ambition level (i.e., 1.5°C scenario for portfolio scope 1 and 2, well-below-2°C scenario for portfolio scope 1, 2 and 3) may set the following target: *"[FI name] commits to align its scope [(1 + 2) or (1 + 2 + 3)] portfolio temperature score by [unit] within the [XX] sector of its [asset class] portfolio at [(base-year temperature score that's at or below 1.50) or (base-year temperature score that's at or below 1.75), respectively]°C or below from [base year] through [target year]."*	
17.3.3 TR target setting	Target Setting	FIs must use temperature scores that are calculated using the temperature rating methodology developed by CDP and WWF. Stakeholders are advised to check the SBTi Financial Institutions webpage for the most recent documentation and tool. FIs that change the source of temperature scores during the target period must re-baseline its target (using the new source of temperature scores).	FIs must provide the following information when submitting targets for an official validation: ● The data provider and tool used (e.g., SBTi tool using data from [provider name], or temperature scores from [provider name]) and a link to public documentation stating the score provider's application of the published temperature rating methodology. ● The published Intergovernmental Panel on Climate Change (IPCC) 1.5°C scenario data used. ● The weighting approach used to generate a portfolio-level temperature rating. ● The percentage of portfolio GHG emissions and/or portfolio value that is covered by public targets and the percentage of portfolio GHG emissions and/or portfolio value that is assessed using default scores in the reporting year.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
17.3.4 TR target setting	Target Setting	The target ambition must consider the portfolio temperature score (KPI) in the base year, using one of the approved weighting methods described in the Financial Sector Near-Term SBT Explanatory Document: ● Option 1: Total Assets emissions weighted temperature score (AOTS). ● Option 2: Revenue-owned emissions weighted temperature score (ROTS). ● Option 3: EV + Cash emissions weighted temperature score (ECOTS). ● Option 4: Enterprise-owned emissions weighted temperature score (EOTS). ● Option 5: Market-owned emissions weighted temperature score (MOTS). ● Option 6: Total emissions weighted temperature score (TETS). ● Option 7: Weighted average temperature score (WATS).	To validate the midterm base year temperature score, FIs must submit supporting documentation such as: ● Data provider and portfolio files used in the SBTi Finance Tool. ● Screenshot with the midterm results from the SBTi Finance Tool. ● Anonymized results from the SBTi Finance Tool. ● A spreadsheet with calculations.
17.3.5 TR target year	Target Setting	The target year must be any year up to 2030 inclusive or within five years from the date the target is submitted to the SBTi for validation, whichever is later. For example, for targets submitted for an official validation in 2024, the valid target years are up to 2030 inclusive. Meanwhile, for targets submitted for an official validation in the first half of 2026, the valid target years are up to 2030 inclusive and for targets submitted in the second half of 2026, the valid target years are up to 2031 inclusive.	Disclosure of base year(s) and target year(s) in the FI submission form.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
17.3.6 TR target base year	Target Setting	All Temperature Rating targets must use the same base year.	Disclosure of base year(s) and target year(s) in the FI submission form.
17.3.7 TR target time frame	Target Setting	The SBTi cannot approve targets that have already been achieved. If the base year is more than two years from the date of submission, FIs must provide a most recent year KPI from one or two years prior to the date of submission. This is used to assess that the target has not been met, and to increase ambition if necessary to maintain sufficient target ambition.	Disclosure of all FI asset classes and chosen target-setting method(s) in the FI submission form along with most recent year data.

FI-C17.4 – Fossil Fuel Finance Targets: FIs that are required to set targets for the fossil fuel sector may set such targets using any of the available methods specified in Table 1 or use the requirements described in this section.

- Boundary: FIs shall set targets for their fossil fuel-related projects and companies as outlined in Table 2 and below that supersede the coverage requirements in Table 1.
    - Coal Company: Unless otherwise specified in Table 2, FIs shall define coal companies as those listed in the Global Coal Exit List (GCEL) AND/OR companies with 10% or more of revenues from the coal value chain.
    - Coal Project: Unless otherwise specified in Table 2, FIs shall define coal projects as ring-fenced projects with 10% or more of their revenue generated in the coal value chain.
    - Coal Value Chain: When using a revenue threshold, the FI must disclose how the projects and/or companies were determined to be in-scope of the coal value chain, by providing industry codes from an industry classification system such as the North American Industry Classification System (NAICS), Global Industry Classification Standard (GICS), Standard Industrial Classification (SIC) or Nomenclature of Economic Activities (NACE), and other relevant information for activities without a specific industry code. This must include at least exploration, extraction and the development or expansion of mines for all thermal coal grades as well as power plants (that use coal). The SBTi also recommends including all metallurgical coal grades and other segments of the value chain, such as mining services; any dedicated transport and logistics; processing; storage; trading; and any services dedicated to supporting the coal value chain (e.g., operations and maintenance; engineering, procurement and construction).

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required

  - Oil and Gas Company: Unless otherwise specified in Table 2, FIs shall define oil and gas companies as those listed in the Global Oil & Gas Exit List (GOGEL) and all National Oil Companies (i.e., oil and gas companies fully or majority-owned by a national government) AND/OR companies with 10% or more of revenues from the oil and gas value chain.
  - Oil and Gas Project: Unless otherwise specified in Table 2, FIs shall define oil and gas projects as ring-fenced projects with 10% or more of their revenue generated in the oil and gas value chain.
  - Oil and Gas Value Chain: When using a revenue threshold, the FI must disclose how the projects and/or companies were determined to be in-scope of the oil and gas value chain, by providing industry codes from an industry classification system such as NAICS, GICS, SIC or NACE and other relevant information for activities without a specific industry code. This must include at least the exploration, extraction, and development or expansion of fields. The SBTi also recommends including other segments of the value chain, such as transportation and distribution infrastructure, terminals, storage, liquified natural gas, liquified petroleum gas, gas to liquids, refining, transportation of products, trading, marketing and retailing.
- Disclose: FIs shall commit, via a publicly available policy published prior to submission of the FI's science-based target, to publicly disclose information at a portfolio level on an annual basis to provide a level of transparency that aids stakeholders' understanding of the extent of financial activities related to fossil fuel projects and companies. FIs shall disclose the following datapoints annually at a fixed point in time (e.g., the last day of the FI's fiscal year), beginning in the year of target submission.
  - Financial metric(s) (e.g., dollar amount of loans, investments and assets under management; debt and equity underwriting volume; insurance underwriting premiums) for all of the FI's Required Activities, Optional Activities, and Out-of-Scope Activities (per Table 1) related to projects and companies (as defined in Table 2) in the (i) coal sector separately and (ii) oil and gas sectors together or separately.
  - Total absolute GHG emissions (scopes 1, 2 and 3 in aggregate or separately), i.e., all relevant GHGs (including methane), attributed to the FI's Required Activities and Optional Activities (per Table 1) related to projects and companies (as defined in Table 2) in the (i) coal sector separately and (ii) oil and gas sectors together or separately.

  FIs may provide the above data points in further granularity (e.g., by upstream, midstream and downstream segments of the value chain). The SBTi recommends that data points be measured on a time-weighted average basis and disclosed along with the calculation methodology used. FIs should also disclose methane emissions attributed to their financial activities in the fossil fuel sector as well as financing for the permanent decommissioning of fossil fuel production activities and capacity separately.
- Halt: FIs shall commit, via a publicly available policy published prior to submission of the FI's science-based target, to the immediate cessation (upon the publication of the policy) of all new financial activities related to the projects and companies below, with the exception of new financial activities dedicated to the permanent decommissioning of production activities and capacity.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required

  - Projects and companies (as defined in Table 2) involved in new coal mines, extensions/expansions of coal mines, or new unabated coal-fired power plants.
  - New long-lead time upstream oil and gas projects and midstream infrastructure dedicated to new long-lead time upstream oil and gas projects.
    - For target validation purposes, five years (from the date of target submission) will be used as the threshold to define long-lead time.
  - Oil and gas companies (as defined in Table 2) involved in the above oil and gas activities.
    - Alternatively, new financial activities (as defined below for Halt), which the FI provides to companies of any type (including financing with known use of proceeds, underwriting of securities with known use of proceeds, insurance underwriting), that are dedicated to new long-lead time upstream oil and gas activities and midstream infrastructure dedicated to new long-lead time upstream oil and gas activities must be covered under the Halt target. Meanwhile, all other Required Activities, as well as Optional Activities (per Table 1) outside of AIWM (i.e., only discretionary mandates in AIWM are required under these criteria) that are related to oil and gas companies (as defined in Table 2 for Transition) must be covered under the Transition target below.
  - The applicability of abatement for the purpose of the halt of financial activities to new unabated coal-fired power plants is considered to be at least a 90% reduction of scope 1 and 2 emissions from the associated coal assets of the holding company or project. For carbon capture to be considered part of the 90%, it (i) must be utilized for mitigation products that have century-scale (or greater) lifetimes (i.e., geological carbon capture and storage) and (ii) must not support enhanced oil recovery or any other processes that enable continued fossil fuel extraction and production development.

  Specifically, FIs may not provide the following:

  - For the above projects and companies that the FI isn't already involved with:
    - Any Required Activities, Optional Activities, or Out-of-Scope Activities (per Table 1), except for the AIWM asset class where only discretionary mandates may not be provided.
  - For projects and companies that the FI is already involved with:
    - Any new/additional Required Activities, Optional Activities, or Out-of-Scope Activities (per Table 1), except for the AIWM asset class where only discretionary mandates may not be provided.
- Transition: FIs shall establish the following near-term targets at the portfolio level:
  - Absolute targets: FIs shall set target(s) for reducing absolute GHG emissions attributed to all of their Required Activities, as well as Optional Activities (per Table 1) outside of AIWM (i.e., only discretionary mandates in AIWM are required under these criteria), that are

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
related to projects and companies (as defined in Table 2) in the upstream segment of the oil and gas value chain. FIs may set one aggregated target or multiple targets (e.g., one each for upstream oil and upstream gas) as long as the aggregated amount of absolute emissions reductions is, at a minimum, consistent with the cross-sector pathway. The cross-sector absolute reduction method requires absolute emissions reductions at or above a fixed annual rate (currently defined as 4.2% linear annual reduction between the base year and target year plus an adjustment for base years later than 2020), with sufficient forward-looking ambition. The SBTi strongly recommends that FIs set targets that go beyond the minimum ambition required by the cross-sector pathway. FIs may communicate their absolute targets in financial exposure terms, but the SBTi will assess the target against the absolute emissions pathway described above. In addition, the SBTi recommends that FIs set separate target(s) to specifically reduce absolute methane emissions from their fossil fuel portfolios. ○ FIs shall also set target(s) for reducing absolute GHG emissions attributed to their Required Activities, as well as Optional Activities (per Table 1) outside of AIWM (i.e., only discretionary mandates in AIWM are required under these criteria) that are related to coal projects and coal companies (as defined in Table 2, such that activities in the power generation sector that shall be covered separately by a Power Generation SDA target according to the requirements outlined in Table 1) in line with the phaseout time frame required further below, if the year of full phaseout is more than five years from the year of target submission. ○ The SBTi theory of change holds that FIs are essential for providing capital and engaging companies to transition to a 1.5°C pathway. The SBTi also recognizes that the emissions impact of divestment from fossil fuel assets is not always clear or consistent, as real economy companies, policymakers and other stakeholders will play a vital role in determining fossil fuel demand. An FI using its influence and actively engaging companies to align with a 1.5°C transition is thus considered the “first-best” option to support climate stabilization and should be the basis of progress toward the target(s) set. The SBTi also highly encourages new financing dedicated to the decarbonization and permanent decommissioning of fossil fuel production and capacity, in order to enable the projects’ and companies’ transitions to become 1.5°C-aligned. ○ Time Frame: Fossil Fuel Finance transition targets must cover a minimum of five years and a maximum of 10 years from the date the targets are submitted to the SBTi for an official validation. The same base year shall be used for all Fossil Fuel Finance transition targets, and the SBTi recommends choosing the most recent year as the base year. The SBTi encourages FIs to develop long-term targets in accordance with the SBTi Financial Institutions Net-Zero Standard upon its publication. ○ Scope of Borrower and/or Investee Emissions: Targets shall cover projects and companies in the coal sector and upstream segment of the oil and gas value chain (as defined in Table 2 and above). The scope 1, 2 and 3 (including upstream and downstream) emissions attributed to the FIs’ Required Activities, as well as Optional Activities (per Table 1) outside of AIWM (i.e., only discretionary mandates in AIWM are required under these criteria), from these projects and companies shall be covered by the targets. Coverage of all relevant GHGs, including methane, is required.			

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
• Phaseout: FIs shall commit, via a publicly available policy published prior to the submission of their science-based target, to phasing out their Required Activities, Optional Activities outside of AIWM and Out-of-Scope Activities (per Table 1) outside of AIWM (i.e., only discretionary mandates in AIWM are required under these criteria) that are related to coal projects and coal companies (as defined in Table 2) in line with a full phaseout by the end of 2030 for projects and companies operating in OECD (Organization for Economic Co-operation and Development) countries and by the end of 2040 globally, with the exception of new financial activities dedicated to the permanent decommissioning of production activities and capacity. FIs should encourage the coal projects and companies they support to adopt managed phaseout plans well in advance of phaseout, with facility-by-facility closure dates that include just transition and re-training plans for workers.			
17.4.1 FFF target setting boundary	Sector-Specific	FIs may choose to set Fossil Fuel Finance (FFF) targets for the fossil fuel sector.	Disclosure of all FI asset classes and chosen target-setting method(s) in the FI submission form.
17.4.2 FFF target setting boundary	Sector-Specific	FIs must define fossil fuel projects and companies in line with Table 2 and the criteria, which supersede the coverage requirements in Table 1. For example, FFF Targets must cover a bank's discretionary mandates even if the bank does not set other targets on its asset management activities.	Disclosure of how coal projects, coal companies, coal value chain, oil and gas projects, oil and gas companies and oil and gas value chain are defined in the FI submission form.
17.4.3 FFF disclosure	Sector-Specific	FIs must publicly publish a policy prior to target submission to publicly disclose the datapoints listed in the Disclose criterion on an annual basis.	Provision of a link to the publicly available policy in the FI submission form.
17.4.4 FFF halt	Sector-Specific	FIs must publicly publish a policy prior to target submission to immediately stop providing new financial activities to the projects and companies listed in the Halt criterion. For example, if an FI already holds 30 shares in a coal company with expansion plans, then the FI may continue to hold the 30 shares but may not buy any more shares in that coal company, and if the FI sells 10 of the 30 shares at a later point, then thereafter the FI may continue to hold	Provision of a link to the publicly available policy in the FI submission form.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		20 shares but may not add to its 20 remaining shares. As another example, if an FI has already provided a $60 loan to a coal company with expansion plans, then the FI may not provide any new loans to that coal company or extend/renew the $60 loan past the original maturity date. If using the option to cover new financial activities provided to companies that are dedicated to new long-lead time upstream oil and gas activities and midstream infrastructure dedicated to new long-lead time upstream oil and gas activities, then general purpose financing to oil and gas companies must be covered in the FI's Halt or Transition targets.	
17.4.5 Assessment of FFF transition ambition	Target Setting	FIs must set target(s) to reduce absolute GHG emissions attributed to the activities listed in the Transition criterion that are related to upstream oil and gas projects and companies, such that the aggregated amount of absolute emissions reductions targeted meets or exceeds the minimum required by the SBTi cross-sector pathway. For base years after 2020, the absolute emissions reduction meets the minimum reduction value over the target period as set out below: Minimum value for 1.5°C absolute reduction target = 4.2% x (Target year - 2020)	Disclosure of FFF transition target(s) in the FI submission form, and provision of SBTi target-setting tool used for target setting and/or the FI's own calculations.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		For base years before 2020, the absolute emissions reduction meets the minimum reduction value over the target period as set out below: Minimum value for 1.5°C absolute reduction target = 4.2% x (Target year - base year)	
17.4.6 Assessment of FFF transition ambition	Target Setting	If the target year of the FFF phaseout target is more than five years from the year of target submission, FIs must set target(s) to reduce absolute GHG emissions attributed to the activities listed in the Transition criterion that are related to coal projects and companies, such that the aggregated amount of absolute emissions reductions targeted meets or exceeds the minimum required by the following formula: [(100%) / (2040 - base year)] x (target year - base year) For example, an FI submitting targets in 2024 with a 2028 coal phaseout would not need to set a Transition target while an FI submitting targets in 2024 with a 2022 base year and 2040 phaseout year would need to reduce its coal-related GHG emissions by 5.56% per year [(100%) / (2040 - 2022)] and reach at least a 44.5% [(2030 - 2022) x 5.56%]) reduction by 2030 (for projects and companies operating in OECD countries).	Disclosure of FFF transition and phaseout targets, as well as base year(s) and target year(s) in the FI submission form.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
17.4.7 FFF transition target year	Target Setting	The target year of FFF transition targets must be at least five years from the date of submission and at maximum 10 years from the date of submission. For example, for targets submitted for an official validation in the first half of 2024, the valid target years are 2028-2033 inclusive. For targets submitted in the second half of 2024, the valid target years are 2029-2034 inclusive.	Disclosure of FFF transition target(s), as well as base year(s) and target year(s) in the FI submission form.
17.4.8 FFF transition target base year	Target Setting	All FFF transition targets must use the same base year.	Disclosure of FFF transition target(s), as well as base year(s) and target year(s) in the FI submission form.
17.4.9 FFF transition target time frame	Target Setting	The SBTi cannot approve targets that have already been achieved. If the base year is more than two years from the date of submission, FIs must provide a most recent year KPI from one or two years prior to the date of submission. This is used to assess that the target has not been met, and to increase ambition if necessary to maintain sufficient target ambition.	Disclosure of FFF transition target(s) in the FI submission form along with most recent year data.
17.4.10 FFF transition coverage of financed emissions	Sector-Specific	FFF transition targets must cover the scope 1 + 2 + 3 emissions from all relevant GHGs attributed to the activities listed in the Transition criterion that are related to projects and companies in the coal sector and upstream segment of the oil and gas value chain (as defined in Table 2).	Disclosure of FFF transition targets and financed emissions in the FI submission form.

<table>
<tr><th>Criteria Assessment Indicator</th><th>Applicability</th><th>Description</th><th>Minimum Documentation Required</th></tr>
<tr><td>17.4.11 FFF phaseout</td><td>Sector-Specific</td><td>FIs must publicly publish a policy prior to target submission to phaseout the activities listed in the Phaseout criterion that are related to coal projects and coal companies.

The target time frame must be in line with a full phaseout of coal projects (directly or via companies) operating in OECD countries by the end of 2030, and a full phaseout of coal projects (directly or via companies) operating in non-OECD countries by the end of 2040.</td><td>Provision of a link to the publicly available policy in the FI submission form.</td></tr>
<tr><td colspan="4">FI-C18 - Disclosure of Scope 3 Portfolio Targets – Headline Target: Separate from the calculation of an FI’s Portfolio Target Boundary to confirm that minimum coverage requirements have been met per FI-C15, FIs shall disclose, at the time of target announcement and along with approved targets, the percentage of their total investment and lending activities covered by scope 3 portfolio targets on the SBTi website, in a metric representative of the magnitude of FIs’ main business activities, which may involve any combination of lending, own investments and asset management. Examples include total balance sheet assets, total investments, total lending book and total assets under management, as relevant. FIs must also disclose a breakdown of required, optional and out-of-scope activities as outlined in the headline target language template in Table 3. These disclosure requirements are intended to enhance the transparency and comparability of portfolio targets.

FIs will use the formula below to calculate the percentage of activities covered by targets:
% coverage = All activities covered by targets / All required, optional and out-of-scope asset classes

Out-of-scope asset classes include those listed as such in Table 1 and other tangible assets that are held, owned, controlled or managed by the FI, such as cash, deposits at central banks, receivables, assets held for sale and other financial instruments. Fixed assets (i.e., property for own use or to lease out that are covered by scope 1 and 2 or scope 3, categories 1–14 targets; plant and equipment) unless related to the fossil fuel sector, as well as leased assets, prepaid expenses, accrued income and other intangible assets (e.g., goodwill, current and deferred tax assets) may be excluded from the denominator. For example, while assets administered under advisory and/or execution-only mandates are optional or out of scope for asset managers, they will still need to be included in the denominator even if they are not covered by targets.</td></tr>
</table>

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
18.1 Assessment of portfolio coverage by targets	Target Setting	FIs must publish/disclose a headline target indicating the percentage of an FI's portfolio that is covered by targets based on a selected metric, as well as the percent of required, optional and out-of-scope activities. FIs will use the formula below to calculate the percentage of activities covered by targets: % coverage = All activities covered by targets / All required, optional and out-of-scope asset classes The following template must be used: *"[FI name]'s portfolio targets cover [XX]% of its total investment and lending by [unit] as of [base year].1 As of [("that year") or (year)], required activities made up [XX]% of [FI name]'s total investment and lending by [unit], while optional activities made up [XX]% and out-of-scope activities made up [XX]%"* The "unit" selected should be financed emissions (if quantified), or otherwise a relevant financial asset metric. If FIs use financed emissions, they will also need to provide the above template in terms of a relevant financial activity metric for comparability purposes across all FIs. For example, asset managers should use assets under management and private equity firms should use invested capital (including cash) while other FIs can use total assets. For FIs that have activities that span across lending, investments and/or asset management, they may add an additional breakdown of percentage coverage of	Disclosure of target wording in the FI submission form. Banks with asset management businesses must provide the AUM balance of asset management activities.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		their loan, investment or asset management portfolio individually. Separately, banks must also include the following footnote for the headline target using the formula: Third-party asset management / Total investment, lending and asset management activities *"These targets and coverage % [do not] include third-party asset management activities. Third-party asset management activities made up X% of total investment, lending and asset management activities by [metric (e.g., loan value and assets under management)]."*	
18.2 Assessment of portfolio coverage by targets	Target Setting	As a first step, the PTB table must reconcile with the selected metric in the FI's financial statement. Then, in order to calculate the percentage of required, optional, and out-of-scope activities, the value of the following items, which are not considered investment and lending, can be subtracted from the total in the PTB table in the FI submission form: ● Premises and equipment. ● Properties for own use or leased but not covered with portfolio targets. ● Intangible assets. ● Net defined benefit liability/asset (pension/retirement plan for employees). ● Current tax assets. ● Deferred tax assets.	Disclosure of all FI asset classes and chosen target-setting method(s) in the FI submission form. FIs must provide an explanation in the FI submission form for any assets (such as those listed to the left) subtracted from the total value of the FI's portfolio.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
		● Current income tax assets. ● Fixed assets accounts. ● Right of use assets. ● Leased assets (that fall under scope 3 categories 1-14). ● Prepaid expenses. ● Accrued income (income received in advance). ● Advance payments. ● Non-operational assets. This sub-total shall be used as the denominator for the percentage calculation. The following are not to be removed, but labeled as out of scope: ● Import–export negotiations (as a type of short-term loans). ● Receivables. ● Reinsurance contract assets. ● Assets held for sale. ● FVTPL, FVTOCI where the underlying are out of scope or optional.	
FI-C19 - Implementation Reporting: At the time of target submission, the FI shall submit a brief summary of how it intends to meet its scope 3 portfolio targets in conformity with the template provided in the SBTi target submission form for FIs. This disclosure is intended to create transparency. The summary shall focus on future actions rather than past achievements. The content of the summary will not be used as a basis for validation of targets. At the time of target announcement, the summary shall be made public.			

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
19.1 Disclosure of target implementation strategy	Measurement, Reporting and Verification	The summary of action must explain how the FI intends to meet its scope 3 portfolio targets, including planned actions and strategies. The following template must be followed: [FI name] will implement the following strategy and actions to achieve its targets: <The strategy description must include actions that will at minimum be taken on the FI's top 3 category 15 targets by financed emissions or value.> ● The summary must be expressed in the third person, and only reference targets submitted for validation. ● The summary must be less than a page (using font Arial (font size 11), and single spacing). ● The summary must follow the SBTi Communication Guidelines. ● The FI may include a reference to its climate/sustainability report, TCFD or annual report. ● There must be no references to other entities in the FI's summary (e.g., NZBA, GFANZ, AOA, etc.) or targets set with other initiatives. ● No reference to previous achievements may be included in the planned actions and strategy.	Provision of a summary of action in the FI submission form.
FI-C20 - Tracking and Reporting Target Progress: After target approval, the SBTi requires annual disclosure of scope 1 and 2 GHG emissions, disclosure of progress against all approved targets in the relevant metric, and disclosure of actions or strategies undertaken during the year to meet scope 3 portfolio targets. If the FI submits optional targets on scope 3, categories 1–14, as described in FI-R2, and these are approved by the SBTi, the FI shall disclose progress toward them as well. FIs should also annually disclose a full GHG emissions inventory for their portfolios, covering all activities for which a GHG accounting method is available at the time of target submission (i.e., all Required Activities and Optional Activities per Table 1).			

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
20.1 Disclosure of inventory and target progress	Measurement, Reporting and Verification	After target approval, FIs must annually disclose scope 1 and 2 GHG emissions, progress on all approved targets, any financed emissions for SDA targets if set by the FI and actions taken during the year to meet scope 3 portfolio targets. If optional targets on scope 3 categories 1-14 as described in FI-R2 are submitted and approved by the SBTi, their progress must be included in annual disclosures of progress as well. FIs must select metrics that can be publicly available and reported, i.e., not confidential.	Indication in the FI submission form where and how disclosures will be reported annually.
FI-C21 - Mandatory Target Recalculation: To ensure consistency with most recent climate science and best practices, FIs must review targets, and, if necessary, recalculate and submit them for revalidation within five years from the date of target approval. FIs with an approved target that requires recalculation must follow the most recently applicable criteria at the time of resubmission.			
21.1 Confirmation of five-year cycle	Measurement, Reporting and Verification	FIs must state that they will review, and if necessary, recalculate and revalidate their targets, at a minimum, every five years.	Confirmation in the FI submission form that the FI will revalidate its targets at least every five years.
21.2 SBTi criteria version for recalculation	Measurement, Reporting and Verification	FIs with an approved target(s) that require recalculation must follow the most recent applicable criteria at the time of target resubmission.	Confirmation in the FI submission form indicating the FI Criteria being used to set targets (e.g., V1.1, V2).
FI-C22 - Target Validity: The FI and SBTi must agree upon target language before the SBTi can validate the target submission. FIs with approved targets must publish their target publicly on the SBTi website within six months of the approval date. Targets unannounced after six months must go through the approval process again unless a different publication time frame has been agreed upon in writing with the SBTi. FIs must use the same target language in their own communications as on the SBTi website but are welcome to add additional details in their own communications. Disclaimers in the target language published on the SBTi website may include links to only the FI's website or its own publications.			
22.1 Publication of approved targets	Target Setting	FIs with approved targets must announce their target publicly on the SBTi website within six months of the approval date.	Written confirmation that targets will be published within six months of the approval date.

Criteria Assessment Indicator	Applicability	Description	Minimum Documentation Required
22.2 Removal of approved targets	Target Setting	The SBTi reserves the right to withdraw a target approval decision if the FI provided incorrect information during the target validation process that results in any of the criteria existing during the assessment not being met, or if requirements following the approval of the target are not respected (i.e., target progress reporting and recalculations). If the FI identifies significant errors, it must contact the SBTi and resubmit its targets for approval.	FIs must provide transparent and accurate data, targets and information in the FI submission form and supplemental documentation.
22.3 Target wording	Target Setting	FIs must follow the target language templates included in the FINT Criteria Table 2 with the purpose of increasing transparency, consistency and comparability among targets. The SBTi reserves the right to require target language not included in the FINT Criteria Table 2. The template list in the FINT Criteria is not exhaustive, and therefore changes may be made to target language during the validation. FIs must follow guidelines and templates for target wording; the SBTi reserves the right to not approve targets that deviate from this guidance. Target language disclaimers must only include links to the FI's website or own publication.	Disclosure of target language in the FI submission form.

GLOSSARY

GHG Protocol

GHG Protocol Corporate Standard

GHG Protocol Scope 2 Guidance

GHG Protocol Corporate Value Chain (Scope 3) Standard

GHG Protocol Scope 3 Calculation Guidance

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION