

# Modules – Viewers can self select and access modules non-linearly based on where each user is in the SBTi journey

Stage	Module
Commit	1 Case for change
	2 Voluntary finance climate action ecosystem
Develop	3 Developing SBTs: Overview
	4 Developing SBTs: Scope 1, scope 2, and scope 3 operational emissions
	5 Developing SBTs: Scope 3 financed emissions – Overview
	6 Developing SBTs: Scope 3 financed emissions – Calculation deep dive and case studies
	7 Developing SBTs: Scope 3 financed emissions – Data considerations and trade-offs
Submit, Communicate, Disclose	8 Validating, disclosing, and recalculating
	9 Governance, change management, and meeting targets

# Resources (1/2)

Module	Key resources
<b>Module 1: Case for change</b>	<ul style="list-style-type: none"> <li>• <a href="#">SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)</a></li> <li>• <a href="#">GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022)</a></li> <li>• <a href="#">GFANZ net-zero Financing Roadmaps (Nov 2021)</a></li> <li>• <a href="#">Bain &amp; Company Brief – Banks’ Great Carbon Challenge (Jun 2022)</a></li> <li>• <a href="#">Official Journal of the European Union - Establishing the Framework for Achieving climate neutrality and amending Regulations (Jul 2021)</a></li> </ul>
<b>Module 2: Voluntary finance climate action ecosystem</b>	<ul style="list-style-type: none"> <li>• <a href="#">SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)</a></li> <li>• <a href="#">SBTi Business Ambition for 1.5C (Nov 2021)</a></li> <li>• <a href="#">SBTi 2021 Progress Report</a></li> </ul>
<b>Module 3: Developing SBTs: Overview</b>	<ul style="list-style-type: none"> <li>• <a href="#">SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)</a></li> <li>• <a href="#">GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022)</a></li> <li>• <a href="#">UN Global Compact Academy Setting Science-Based Targets E-Learning</a></li> <li>• <a href="#">UN Global Compact Academy Net-Zero Standard E-Learning</a></li> </ul>
<b>Module 4: Developing SBTs: Scope 1, scope 2, and Scope 3 operational emissions</b>	<ul style="list-style-type: none"> <li>• <a href="#">SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)</a></li> <li>• <a href="#">SBTi Target Setting Tool 2.0 (Dec 2021)</a></li> <li>• <a href="#">GHG Protocol Corporate Accounting and Reporting Standard (Revised)</a></li> <li>• <a href="#">GHG Protocol Scope 2 Guidance (Sep 2015)</a></li> <li>• <a href="#">GHG Technical Guidance for Calculating Scope 3 Emissions 1.0 (2013)</a></li> </ul>
<b>Module 5: Developing SBTs: Scope 3 financed emissions – Overview</b>	<ul style="list-style-type: none"> <li>• <a href="#">SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)</a></li> <li>• <a href="#">GHG Technical Guidance for Calculating Scope 3 Emissions 1.0 (2013)</a></li> <li>• <a href="#">PCAF The Global GHG Accounting and Reporting Standard for the Financial Industry 1.0 (Nov 2020)</a></li> </ul>

# Resources (2/2)

Module	Key resources
<b>Module 6: Developing SBTs: Scope 3 financed emissions – Calculation deep dive and case studies</b>	<ul style="list-style-type: none"><li>• <a href="#">SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)</a></li><li>• <a href="#">GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022)</a></li><li>• <a href="#">PCAF The Global GHG Accounting and Reporting Standard for the Financial Industry 1.0 (Nov 2020)</a></li><li>• <a href="#">CDP &amp; WWF Temperature Rating Methodology (Oct 2020)</a></li><li>• <a href="#">Bain &amp; Company Brief – Banks’ Great Carbon Challenge (Jun 2022)</a></li></ul>
<b>Module 7: Developing SBTs: Scope 3 financed emissions – Data considerations and trade-offs</b>	<ul style="list-style-type: none"><li>• <a href="#">SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)</a></li><li>• <a href="#">GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022)</a></li><li>• <a href="#">PCAF The Global GHG Accounting and Reporting Standard for the Financial Industry 1.0 (Nov 2020)</a></li><li>• <a href="#">Bain &amp; Company Brief – Banks’ Great Carbon Challenge (Jun 2022)</a></li></ul>
<b>Module 8: Validating, disclosing, and recalculating</b>	<ul style="list-style-type: none"><li>• <a href="#">SBTi Target Submission Form for Financial Institutions</a></li><li>• <a href="#">SBTi Booking System</a></li><li>• <a href="#">SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)</a></li><li>• <a href="#">GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022)</a></li><li>• <a href="#">PCAF The Global GHG Accounting and Reporting Standard for the Financial Industry 1.0 (Nov 2020)</a></li><li>• <a href="#">GHG Protocol Scope 3 Accounting Standards (Apr 2013)</a></li></ul>
<b>Module 9: Governance, change management, and meeting targets</b>	<ul style="list-style-type: none"><li>• <a href="#">GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022)</a></li><li>• <a href="#">SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)</a></li></ul>



# Module #2: Voluntary finance climate action ecosystem

SBTi financial institution training

THIS TRAINING WAS DEVELOPED  
IN COLLABORATION WITH



PARTNER ORGANIZATIONS



United Nations  
Global Compact



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INSTITUTE



IN COLLABORATION WITH

WE MEAN  
BUSINESS  
COALITION



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# Key learning objectives

**Commit**

**Develop**

**Submit**

**Communicate**

**Disclose**

**After completing this module, individuals will be able to...**

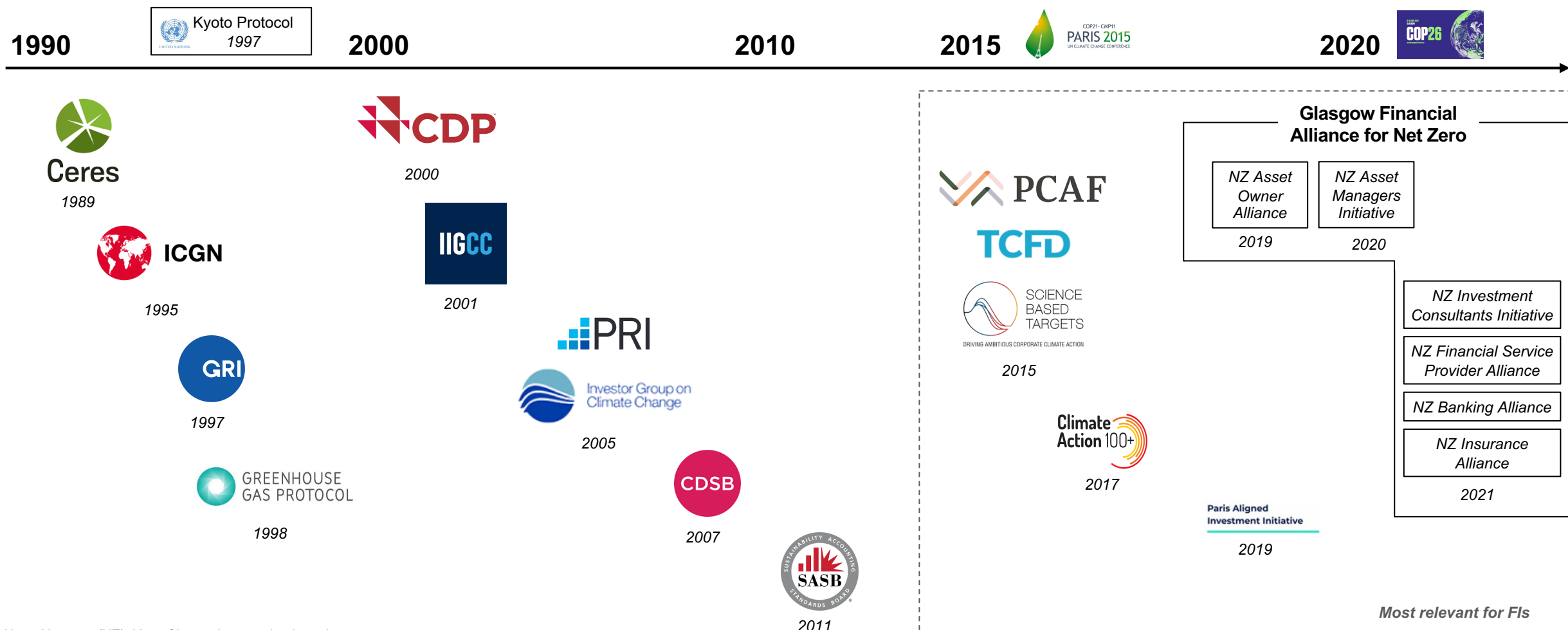
**Name key roles within the voluntary finance climate ecosystem**

**Articulate complementary aspects of SBTi and other orgs.**

**Highlight current outstanding questions within the ecosystem**

# The global corporate climate action ecosystem continues to grow; momentum around FIs is a key focus in recent years

/ NON EXHAUSTIVE



Note: Net-zero (NZ); Use of logos does not imply endorsement  
Source: individual organizations' websites



# The Science Based Targets Initiative provides third-party, scientific verification of decarbonization targets



Comprised of



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United Nations  
Global Compact

**2015**



launched with **13** key industries

**2018**



launched **FI-specific** initiative

**Ongoing**



validation for **3,400+** orgs

## Key points of differentiation



**Provides independent third-party assessment**



**Enables comparability and standardization within the industry**



**Leverages strong recognition and usage in the real economy**



**Catalyzes change this decade by differentiating between near-term and net-zero targets**

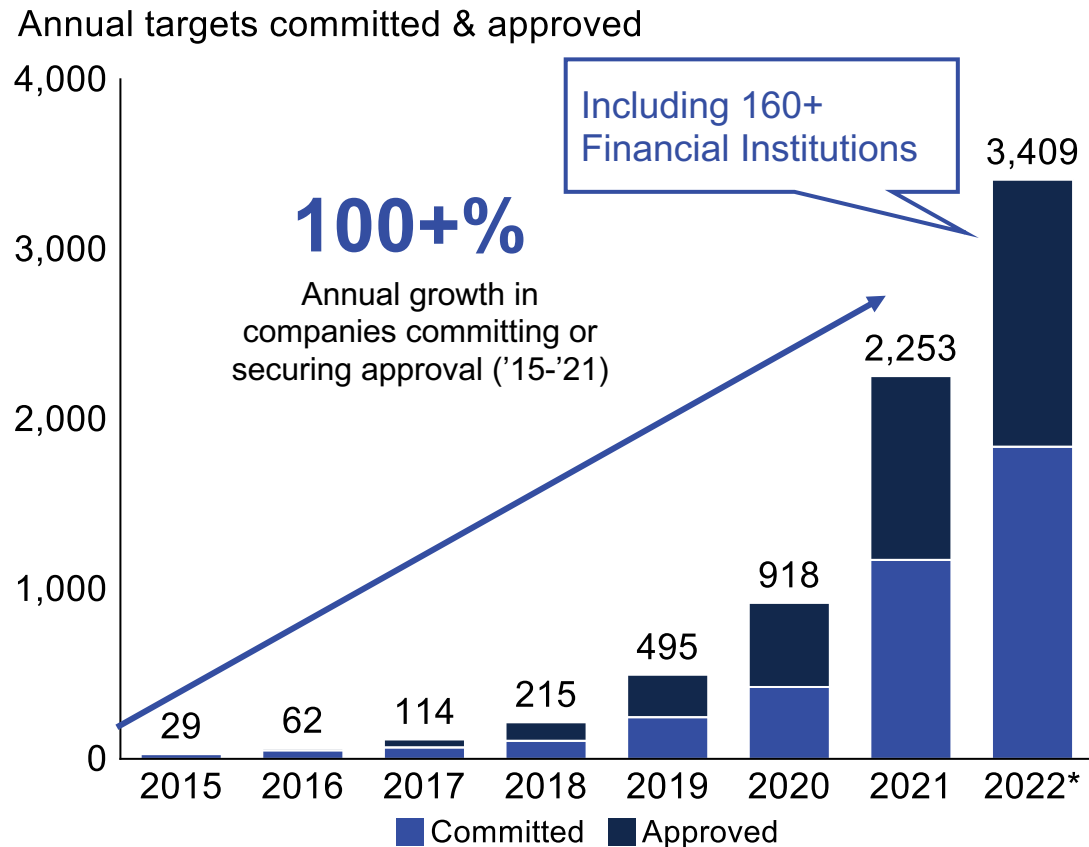
Note: SBTi participant counts based on week of July 18th, 2022

Source: [SBTi Sectoral Decarbonization Approach \(May 2015, Pgs. 50-63\)](#); [SBTi Financial Institutions - About the Project](#); [SBTi Companies Taking Action](#);

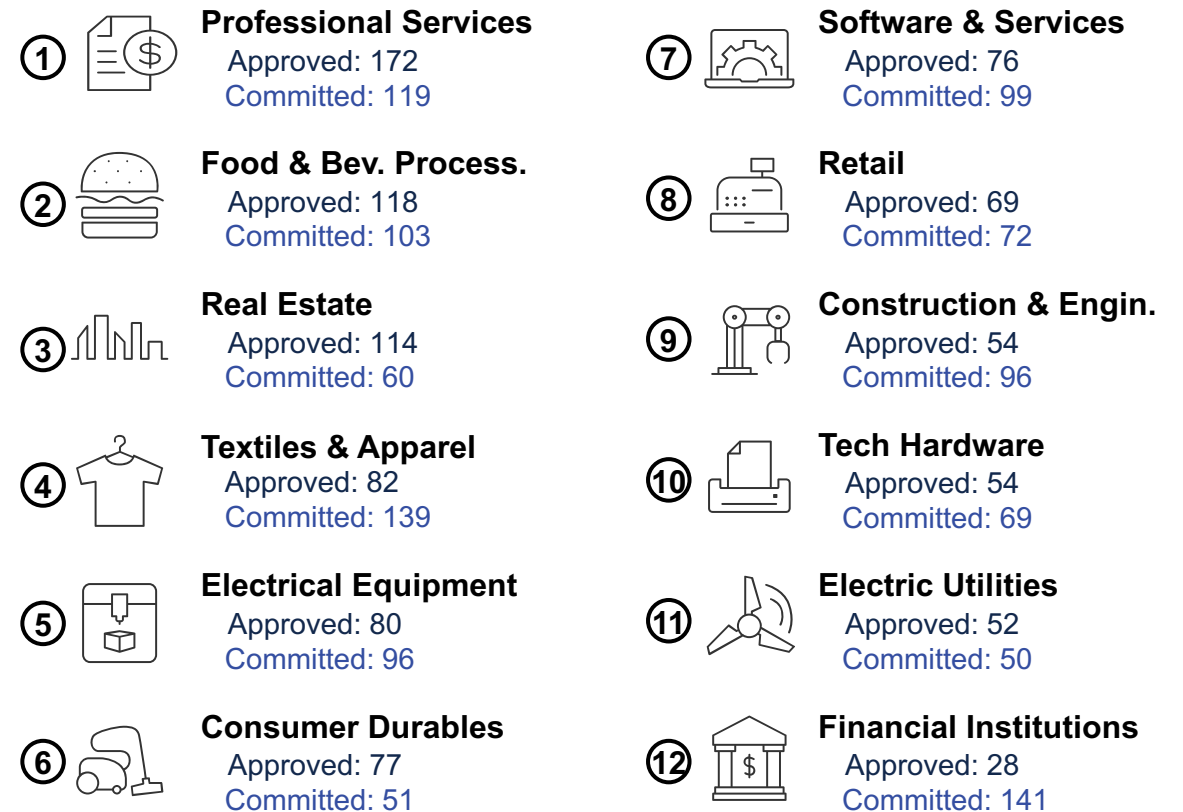


# 3,400+ companies have committed to, or have already set, verified science-based targets

## SBTs have risen sharply, particularly in last two years

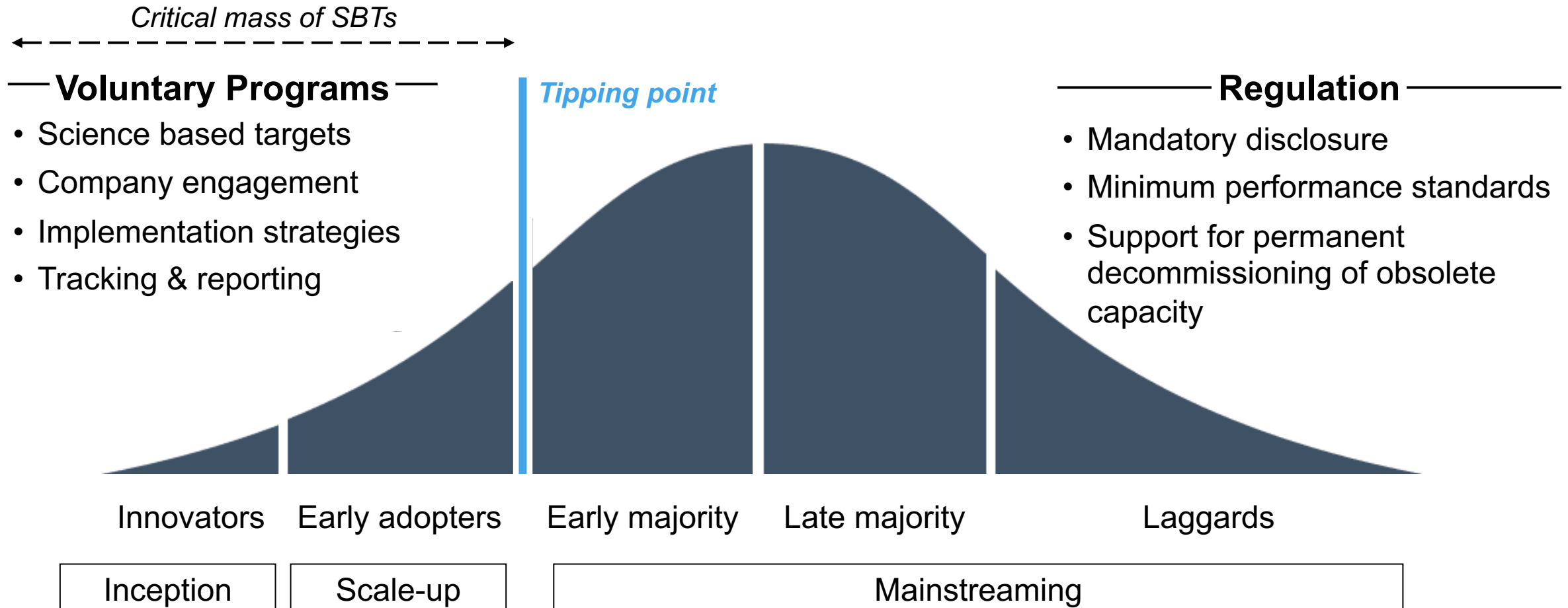


## SBTs are popular across 50+ diverse sectors



Note: High-level sector segmentation is based on SBTi sector classifications; Industries listed above are those with most SBTs set and committed; Counts based on week of July 18th, 2022  
Source: [SBTi 2021 Progress Report](#); [SBTi How-To Guide for Setting Near-Term Targets \(December 2021\)](#); [SBTi Companies Taking Action](#); Individual organizations' websites and logos

## Early movers create the tipping point for their industry



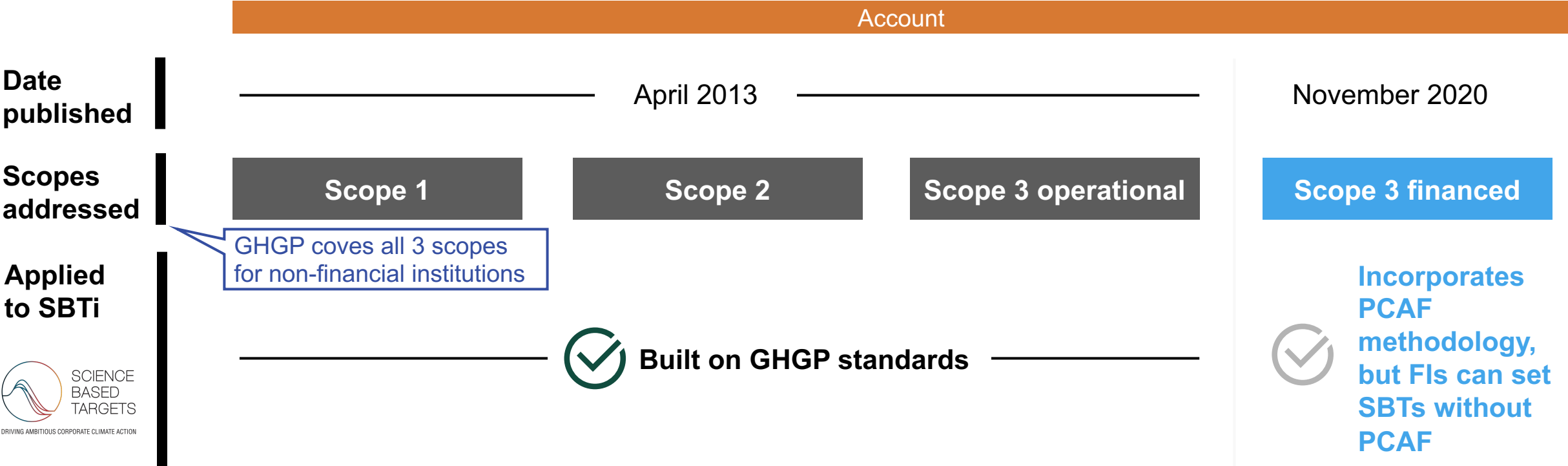
# These actors play different, and sometimes overlapping, roles in facilitating financial institutions' voluntary action

/ NON EXHAUSTIVE

Foundational actions	<b>Account</b> (recurring)	<b>Understand where you currently stand</b> <i>Account for GHGs using a common framework</i>	GREENHOUSE GAS PROTOCOL PCAF
	<b>Disclose</b> (recurring)	<b>Disclose and benchmarking progress</b> <i>Publish current state and goals to be transparent</i>	<div> <div>1 Mandatory</div> <div>EU Taxonomy TCFD</div> </div> <div> <div>2 Currently voluntary</div> <div>ISSB TCFD CDP</div> </div>
High commitment	<b>Mobilize</b>	<b>Commit to combating climate change</b> <i>Join a coalition and commit to change</i>	Climate Action 100+ RACE TO ZERO BUSINESS AMBITION FOR 1.5°C MISSION POSSIBLE PARTNERSHIP
	<b>Aspire</b>	<b>Name your specific commitments</b> <i>Set third-party approved or self-identified targets</i>	<div>A Third party approved</div> <div>SCIENCE BASED TARGETS</div> <div>B Self-identified</div> <div>Gfanz Glasgow Financial Alliance for Net Zero RE 100</div>
	<b>Align</b> (recurring)	<b>Assess future scenarios and pathways</b> <i>Pick pathway, assess portfolio's alignment</i>	IEA International Energy Agency SCIENCE BASED TARGETS one earth PACTA Paris Agreement Capital Transition Assessment

Note: Please review [SBTi Financial Sector Science-Based Targets Guidance 1.0 \(Feb 2022, Table 1.1 pg. 22-23\)](#) for alternative framing of companies and roles within ecosystem. Use of logos does not imply endorsement  
Source: Individual organizations' websites and logos, Bain & Company

# SBTi incorporates both the GHGP and PCAF guidance



Sources: [GHG Technical Guidance for Calculating Scope 3 Emissions 1.0 \(2013 Table 15.1 pgs. 137-138\)](#); [PCAF The Global GHG Accounting and Reporting Standard for the Financial Industry 1.0 \(Nov 2020 Table 5-1, pg. 45, Box 3, pgs. 30-31\)](#); [SBTi Financial Sector Science-Based Targets Guidance 1.0 \(Feb 2022 Table 5.2, pgs. 55-57\)](#); [GHGP - New Standard Developed for Financial Institutions](#)

# FIs can engage with both SBTi and GFANZ – SBTi provides third party standards and verifications of targets



In partnership w/  
**RACE TO ZERO**

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**Coalition that defines, promotes, and validates science-based targets as a 3<sup>rd</sup> party**



**Spans most industries, with FI specifics**



**Civil society led**



**Target focused, with a prescriptive standards approach**



**FIs set third-party verifiable ambition**



Comprised of<sup>1</sup>

NZBA

NZAM

NZAOA<sup>2</sup>

NZIA

NZICI

NZFSPA

Paris Aligned  
Investment Initiative

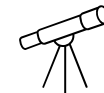
**Industry coalitions and alliances to drive change across the financial sector**



**Specific to FIs**



**Industry led, with a UN partner**



**Broader vision and execution focus, recommends methods (e.g., SBTi)**



**FIs signal or set self-determined ambition**

Certain alliances (e.g., NZAOA) are moving to more specific requirements

Notes: 1. GFANZ alliances: Net-Zero Banking Alliance (NZBA), Net-Zero Insurance Alliance (NZIA), net-zero Asset Managers initiative (NZAM), net-zero Asset Owner Alliance (NZAOA), net-zero Investment Consultants Initiative (NZICI), net-zero Financial Service Providers Alliance (NZFSPA). 2. See [Net-Zero Asset Owners Alliance — SBTi Finance Comparison Table](#) for more details. This document may be updated over time; refer to the SBTi website for latest information.

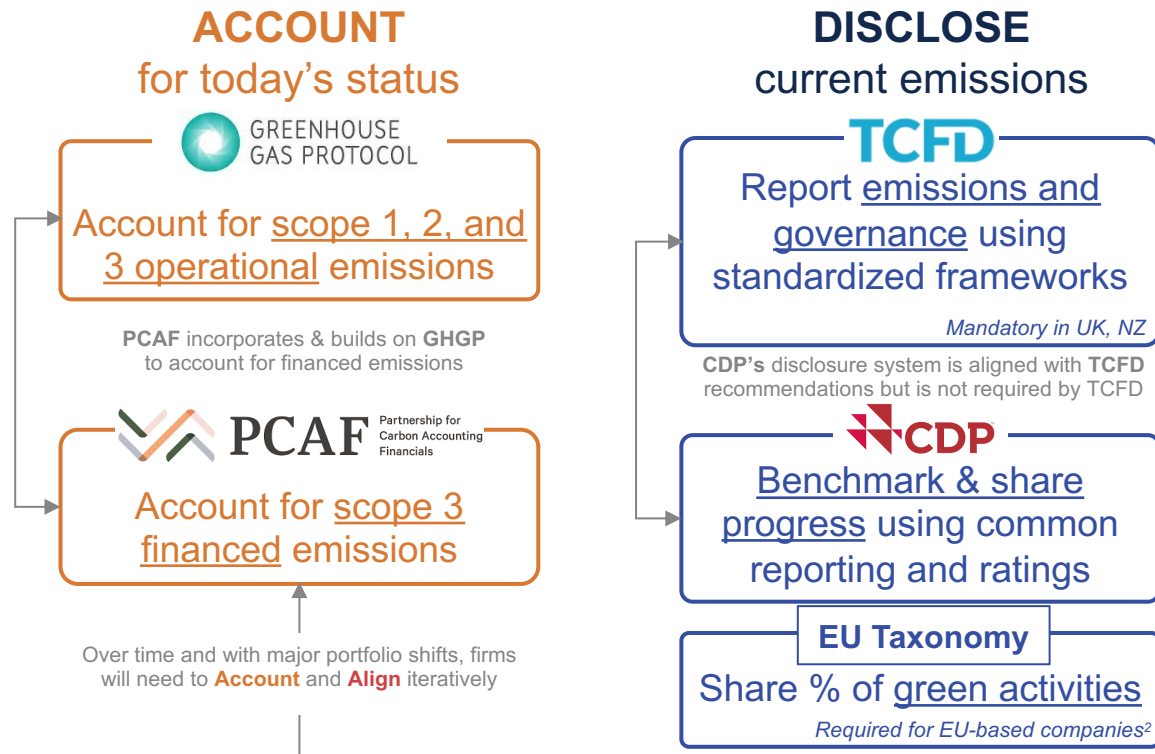


# FIs in pursuit of aligning portfolios to 1.5°C and a net-zero future will engage with many ecosystem partners

## / ILLUSTRATIVE EXAMPLE

### Foundational action: Likely required<sup>1</sup> in near term

Some FIs may choose to **Account** and **Disclose** where they are now without **Mobilizing**, **Aspiring** and **Aligning** to a future target

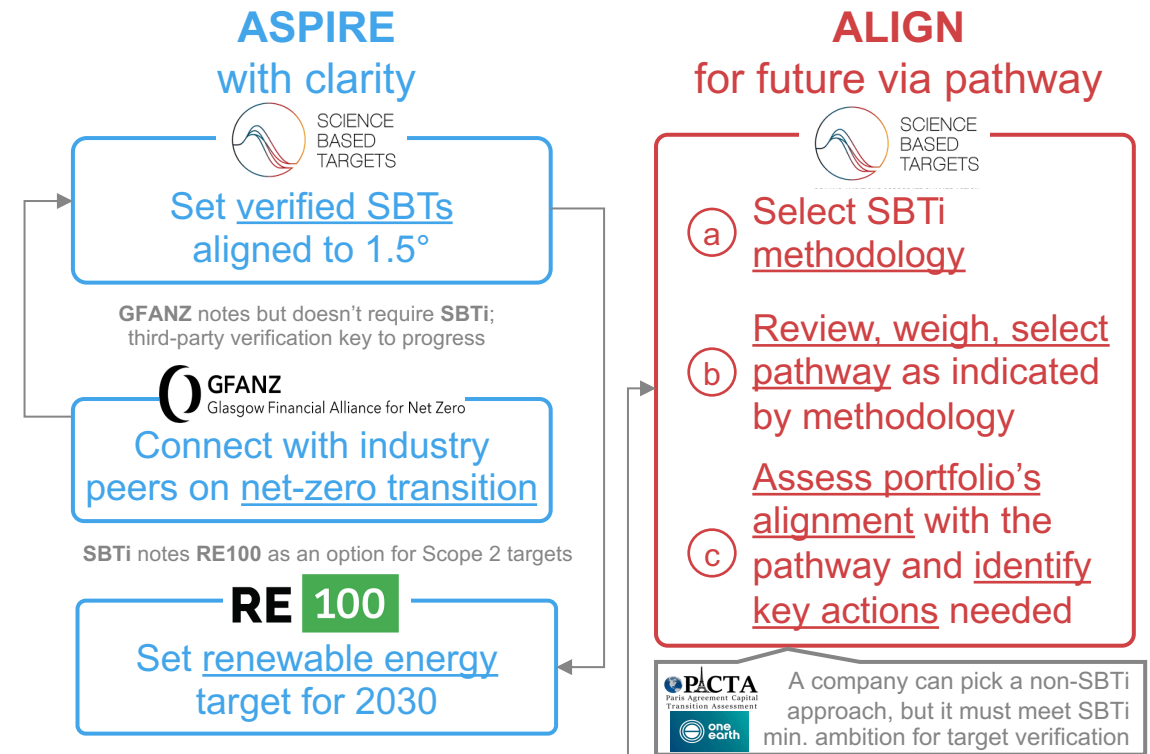


### High commitment: Currently voluntary

**MOBILIZE**  
towards action

**BUSINESS AMBITION FOR 1.5°C** **GFANZ**  
Glasgow Financial Alliance for Net Zero

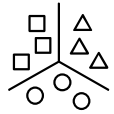
Publicly commit to action



Notes: Some differences in process based on FI category. 1. Timing & mandatory nature of GHG accounting & disclosure varies by country/region. 2. A 2/22 EU Commission proposal would expand EU Taxonomy requirements to non-EU companies active in the EU above certain employee & annual € turnover thresholds. Use of logos does not imply endorsement

Source: Bain & Company

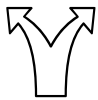
# The ecosystem is still evolving, with many challenges and questions from financial institutions



**Different scopes across key guidance** (e.g., asset classes and required coverage)



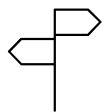
**Lack of harmonization between target setting methodologies** and pathways



**Limited coordination between several key actors**



**Different expectations across industries** (e.g., asset owner vs. private equity)



**Lack of alignment with existing industry frameworks** and company portfolios

# Key takeaways

- The complex climate action ecosystem **has recently coalesced around FIs**
- Key actors play **varied and sometimes multiple roles** across foundational (**Account**, **Disclose**) and highly committed steps (**Mobilize**, **Aspire**, **Align**)
- Setting a Science Based Target has become very popular in recent years and **its third-party verification is key for companies to reduce emissions**
- The overall system continues to evolve, with key questions stemming from **many players and lack of cross-ecosystem standardization**

# THANK YOU FOR LISTENING

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