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

<table>
<thead>
<tr>
<th>Stage</th>
<th>Module</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commit</td>
<td>1  Case for change</td>
</tr>
<tr>
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<td>2  Voluntary finance climate action ecosystem</td>
</tr>
<tr>
<td>Develop</td>
<td>3  Developing SBTs: Overview</td>
</tr>
<tr>
<td></td>
<td>4  Developing SBTs: Scope 1, scope 2, and scope 3 operational emissions</td>
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<tr>
<td></td>
<td>5  Developing SBTs: Scope 3 financed emissions – Overview</td>
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<tr>
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<td>7  Developing SBTs: Scope 3 financed emissions – Data considerations and trade-offs</td>
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<td>8  Validating, disclosing, and recalculating</td>
</tr>
<tr>
<td></td>
<td>9  Governance, change management, and meeting targets</td>
</tr>
</tbody>
</table>
### Resources (1/2)

#### Module 1: Case for change
- SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)
- GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022)
- GFANZ net-zero Financing Roadmaps (Nov 2021)
- Bain & Company Brief – Banks’ Great Carbon Challenge (Jun 2022)

#### Module 2: Voluntary finance climate action ecosystem
- SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)
- SBTi Business Ambition for 1.5C (Nov 2021)
- SBTi 2021 Progress Report

#### Module 3: Developing SBTs: Overview
- SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)
- GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022)
- UN Global Compact Academy Setting Science-Based Targets E-Learning
- UN Global Compact Academy Net-Zero Standard E-Learning

#### Module 4: Developing SBTs: Scope 1, scope 2, and Scope 3 operational emissions
- SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)
- SBTi Target Setting Tool 2.0 (Dec 2021)
- GHG Protocol Corporate Accounting and Reporting Standard (Revised)
- GHG Protocol Scope 2 Guidance (Sep 2015)
- GHG Technical Guidance for Calculating Scope 3 Emissions 1.0 (2013)

#### Module 5: Developing SBTs: Scope 3 financed emissions – Overview
- SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)
- GHG Technical Guidance for Calculating Scope 3 Emissions 1.0 (2013)
- PCAF The Global GHG Accounting and Reporting Standard for the Financial Industry 1.0 (Nov 2020)
## Resources (2/2)

<table>
<thead>
<tr>
<th>Module</th>
<th>Key resources</th>
</tr>
</thead>
</table>
| **Module 6: Developing SBTs: Scope 3**  
financed emissions – Calculation deep dive and case studies | • SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)  
• GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022)  
• PCAF The Global GHG Accounting and Reporting Standard for the Financial Industry 1.0 (Nov 2020)  
• CDP & WWF Temperature Rating Methodology (Oct 2020)  
• Bain & Company Brief – Banks’ Great Carbon Challenge (Jun 2022) |
| **Module 7: Developing SBTs: Scope 3**  
financed emissions – Data considerations and trade-offs | • SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)  
• GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022)  
• PCAF The Global GHG Accounting and Reporting Standard for the Financial Industry 1.0 (Nov 2020)  
• Bain & Company Brief – Banks’ Great Carbon Challenge (Jun 2022) |
| **Module 8: Validating, disclosing, and recalculating** | • SBTi Target Submission Form for Financial Institutions  
• SBTi Booking System  
• SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)  
• GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022)  
• PCAF The Global GHG Accounting and Reporting Standard for the Financial Industry 1.0 (Nov 2020)  
• GHG Protocol Scope 3 Accounting Standards (Apr 2013) |
| **Module 9: Governance, change management, and meeting targets** | • GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022)  
• SBTi Financial Sector Science-Based Targets Guidance (Feb 2022) |
Module #2: Voluntary finance climate action ecosystem

SBTi financial institution training
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</tbody>
</table>
Key learning objectives

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.

<table>
<thead>
<tr>
<th>Year</th>
<th>Event/Initiative</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>Kyoto Protocol</td>
<td>1997</td>
</tr>
<tr>
<td>1989</td>
<td>Ceres</td>
<td>2000</td>
</tr>
<tr>
<td>1995</td>
<td>ICGN</td>
<td>2001</td>
</tr>
<tr>
<td>1997</td>
<td>GRI</td>
<td>2005</td>
</tr>
<tr>
<td>2000</td>
<td>CDP</td>
<td>2011</td>
</tr>
<tr>
<td>2007</td>
<td>PRI</td>
<td>2015</td>
</tr>
<tr>
<td>2010</td>
<td>IIGCC</td>
<td>2017</td>
</tr>
<tr>
<td>2011</td>
<td>CDSB</td>
<td>2020</td>
</tr>
<tr>
<td>2015</td>
<td>PCAF</td>
<td>2021</td>
</tr>
</tbody>
</table>

**Glasgow Financial Alliance for Net Zero**
- NZ Asset Owner Alliance (2019)
- NZ Asset Managers Initiative (2020)
- NZ Investment Consultants Initiative
- NZ Financial Service Provider Alliance
- NZ Banking Alliance
- NZ Insurance Alliance (2021)

**Most relevant for FIs**

*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

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

2015 launched with 13 key industries

2018 launched FI-specific initiative

Ongoing validation for 3,400+ orgs

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

<table>
<thead>
<tr>
<th>Sector</th>
<th>Approved</th>
<th>Committed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Services</td>
<td>172</td>
<td>119</td>
</tr>
<tr>
<td>Software &amp; Services</td>
<td>76</td>
<td>99</td>
</tr>
<tr>
<td>Food &amp; Bev. Process.</td>
<td>118</td>
<td>103</td>
</tr>
<tr>
<td>Retail</td>
<td>69</td>
<td>72</td>
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<tr>
<td>Real Estate</td>
<td>114</td>
<td>60</td>
</tr>
<tr>
<td>Construction &amp; Engin.</td>
<td>54</td>
<td>96</td>
</tr>
<tr>
<td>Textiles &amp; Apparel</td>
<td>82</td>
<td>139</td>
</tr>
<tr>
<td>Tech Hardware</td>
<td>54</td>
<td>69</td>
</tr>
<tr>
<td>Electrical Equipment</td>
<td>80</td>
<td>96</td>
</tr>
<tr>
<td>Electric Utilities</td>
<td>52</td>
<td>50</td>
</tr>
<tr>
<td>Consumer Durables</td>
<td>77</td>
<td>51</td>
</tr>
<tr>
<td>Financial Institutions</td>
<td>28</td>
<td>141</td>
</tr>
</tbody>
</table>

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

**Critical mass of SBTs**

**Voluntary Programs**
- Science based targets
- Company engagement
- Implementation strategies
- Tracking & reporting

**Tipping point**

**Regulation**
- Mandatory disclosure
- Minimum performance standards
- Support for permanent decommissioning of obsolete capacity

---

**Inception** | **Scale-up** | **Mainstreaming**

---

Innovators | Early adopters | Early majority | Late majority | Laggards
These actors play different, and sometimes overlapping, roles in facilitating financial institutions’ voluntary action:

- **Account** (recurring)
  - Understand where you currently stand
  - Account for GHGs using a common framework

- **Disclose** (recurring)
  - Disclose and benchmarking progress
  - Publish current state and goals to be transparent

- **Mobilize**
  - Commit to combating climate change
  - Join a coalition and commit to change

- **Aspire**
  - Name your specific commitments
  - Set third-party approved or self-identified targets

- **Align** (recurring)
  - Assess future scenarios and pathways
  - Pick pathway, assess portfolio’s alignment

---

**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.
<table>
<thead>
<tr>
<th>Date published</th>
<th>April 2013</th>
<th>November 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scopes addressed</td>
<td>Scope 1</td>
<td>Scope 2</td>
</tr>
<tr>
<td>Applied to SBTi</td>
<td>GHGP covers all 3 scopes for non-financial institutions</td>
<td>Built on GHGP standards</td>
</tr>
<tr>
<td>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</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
FIs can engage with both SBTi and GFANZ – SBTi provides third party standards and verifications of targets

Coalition that defines, promotes, and validates science-based targets as a 3rd party

- Spans most industries, with FI specifics
- Civil society led
- Target focused, with a prescriptive standards approach
- FIs set third-party verifiable ambition

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

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

**Foundational action: Likely required** in near term

- **ACCOUNT**
  - for today’s status
  - Account for scope 1, 2, and 3 operational emissions
- **DISCLOSE**
  - current emissions
  - Report emissions and governance using standardized frameworks
  - Benchmark & share progress using common reporting and ratings
  - Share % of green activities
  - Over time and with major portfolio shifts, firms will need to Account and Align iteratively
- **MOBILIZE**
  - towards action
  - Account for scope 1, 2, and 3 operational emissions
  - Account for scope 3 financed emissions
- **ASPIRE**
  - with clarity
  - Set verified SBTs aligned to 1.5°C
  - Connect with industry peers on net-zero transition
- **ALIGN**
  - for future via pathway
  - Set renewable energy target for 2030

**High commitment: Currently voluntary**

- **ACCOUNT**
  - for today’s status
  - Account for scope 1, 2, and 3 operational emissions
- **DISCLOSE**
  - current emissions
  - Report emissions and governance using standardized frameworks
  - Benchmark & share progress using common reporting and ratings
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  - for future via pathway
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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