

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
Module 1: Case for change	<ul style="list-style-type: none"> • 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) • Official Journal of the European Union - Establishing the Framework for Achieving climate neutrality and amending Regulations (Jul 2021)
Module 2: Voluntary finance climate action ecosystem	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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)

Module	Key resources
Module 6: Developing SBTs: Scope 3 financed emissions – Calculation deep dive and case studies	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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 #5: Scope 3 financed emissions – Overview

SBTi financial institution training

THIS TRAINING WAS DEVELOPED
IN COLLABORATION WITH



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Modules

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Key learning objectives

Commit

Develop

Submit

Communicate

Disclose

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

Name required coverage for financed emissions

Select the appropriate method for calculating targets

Determine how to address fossil fuels and thermal coal

Module

Scope 1 & 2



Scope 1

E.g., Company facilities

Operations



Scope 2

E.g., Electricity

**Operational
emissions**
(direct &
indirect)

Module #4: Scope 1, scope 2, and scope 3 operational emissions

Scope 3



Operations (Categories 1-14)

E.g., Business travel, office supplies

Financed emissions (Category 15)

GHG emissions associated with an FI's investment, lending, or underwriting portfolios



Client/portfolio

Scope 1

Scope 2

Scope 3*

**Financed
emissions**

This module
Module #5: Scope 3 financed emissions – Overview

Module #6: Scope 3 financed emissions – Calculation deep dive and case studies

Module #7: Scope 3 financed emissions – Data considerations & trade-offs

Note: *GHGP names that scope 3 financed emissions should be included if they are significant. Temperature Rating Approach requires submission of scope 1+2+3 target.
















Sources: [GFANZ Financial Institution Net-zero Transition Plans \(Jun 2022, pg. 13, Fig. 3\)](#); [GHGP Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard \(Apr 2013, pgs. 52-54, Table 5.9 and Table 5.10\)](#); [SBTi Financial Sector Science-Based Targets Guidance \(Feb 2022, pgs. 86-88\)](#)

The Greenhouse Gas Protocol defines 15 categories of scope 3 emissions; Category 15 (investments) is most relevant for FIs



Defined by the Greenhouse Gas
Protocol Corporate Standard

Scope 3 emissions are represented by 15 categories...

- | | |
|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| 1  Purchased goods & services | 9  Downstream transportation and distribution |
| 2  Capital goods | 10  Processing of sold products |
| 3  Fuel and end-energy related activities | 11  Use of sold products |
| 4  Upstream transportation and distribution | 12  End-of-life treatment of sold products |
| 5  Waste generated in operations | 13  Downstream leased assets |
| 6  Business travel | 14  Franchises |
| 7  Employee commuting | |
| 8  Upstream leased assets | 15  Investments |

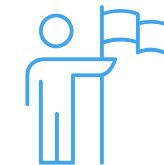
Scope 1 Scope 2 Scope 3 – Ops **Scope 3 – Fin**

Key challenge of financed emissions

Reliance on



other companies'



ambition

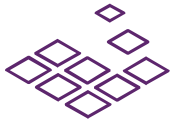


and **data**

Note: *GHGP names that scope 3 emissions of financed emissions should be included if they are significant. Temperature Rating Approach requires submission of scope 1+2+3 target.

Sources: [SBTi Financial Sector Science-Based Targets Guidance \(Feb 2022, pgs. 51-52\)](#); [GHG Technical Guidance for Calculating Scope 3 Emissions 1.0 \(2013, pgs. 7-10\)](#)

There are three steps for developing a target



1

Set boundaries

Determine where to start
and what to include



2

Calculate baseline

Know where the organization
currently stands



3

Calculate target

Align on ambition and pathway, set method
and timeline for emissions reduction

Degree of effort:



These steps are often the most challenging and time consuming

For scope 3 financed emissions, utilize same base and boundaries

Set boundaries

Calculate baseline

Calculate target

Scope 1

Scope 2

Scope 3 – Ops

Scope 3 – Fin

1

Select the base year

Select most recent year

Pick most recent year for which data is available as the target base year, unless COVID significantly impacted

FLR3 – Base Year



Challenges & considerations

- Limited **data quality** and availability
- Significant **structural changes** during the base year (eg. merger, acquisition, divestiture, organic growth)
- Varying time**
- Balancing ac
- Balancing fir

Sources: SBTi Financial Sector Science Based Targets Guidance (Jun 2022, pp. 29); GHG Protocol Corporate Accounting and Reporting Standard (Revised, pp. 35)

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2

Determine ORGANIZATIONAL boundary – what is the firm

Select a single consolidated approach that is applied consistently

Control Approaches

Operational control

- Defined as full authority to introduce and implement operating policies
 - Typically aligns with operating licenses
 - Accounts for **100% of emissions**
 - Common for private equity firms

Financial control

- Defined as ability to influence financial & operational activities (for benefit)
 - Typically aligns with voting rights
 - Accounts for **100% of emissions**
 - Common for holding companies



SBTi recommends Control Approaches for FIs to simplify target setting

Note: "GHG Protocol Corporate Standard" has case study (Holland Industries) on defining organizational boundaries on pp. 22 and 23
Source: SBTi Financial Sector Science Based Targets Guidance (Jun 2022, pp. 30); GHG Protocol Corporate Accounting and Reporting Standard (Revised, pp. 35)
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3

Determine OPERATIONAL boundary – what emissions count

Set boundaries Calculate baseline Calculate target

GREENHOUSE GAS PROTOCOL Defined by the Greenhouse Gas Protocol Corporate Standard

Scope 1

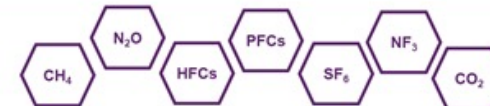
Scope 2

Scope 3

Ops (optional) Financed

Must have 95% coverage

67%-100% coverage for required



PCAF allows gases to be expressed as carbon dioxide equivalents (CO₂e)

Must include CO₂ at a minimum

FLC1 – Scopes: Targets must cover institution-wide scope 1 and 2 emissions and scope 3 investment and lending activities

FLR9 – Measuring Emissions and Setting Targets for Scope 3 Categories 1-14: It is recommended but not required

FLC2 – Significance Thresholds: FIs may exclude up to 5% of scope 1 & 2 emissions (combined)

FLC3 – Greenhouse Gases: Scope 1 and 2 targets must cover all GHGs outlined in the GHG Protocol Corporate Standards; scope 3 financed shall cover at a minimum CO₂ and optional scope 3 targets (categories 1-14) shall cover all relevant GHGs

Sources: SBTi Financial Sector Science Based Targets Guidance (Jun 2022, pp. 27-33); PCAF: The Global GHG Accounting and Reporting Standard for the Financial Industry 1.0 (Nov 2020, pp. 36)

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Access Module 4

“Developing SBTs: Scope 1, scope 2, and scope 3 operational emissions” for detail on boundary setting



Determine what ASSET CLASSES must be included

Set boundaries

Calculate baseline

Calculate target

Scope 1

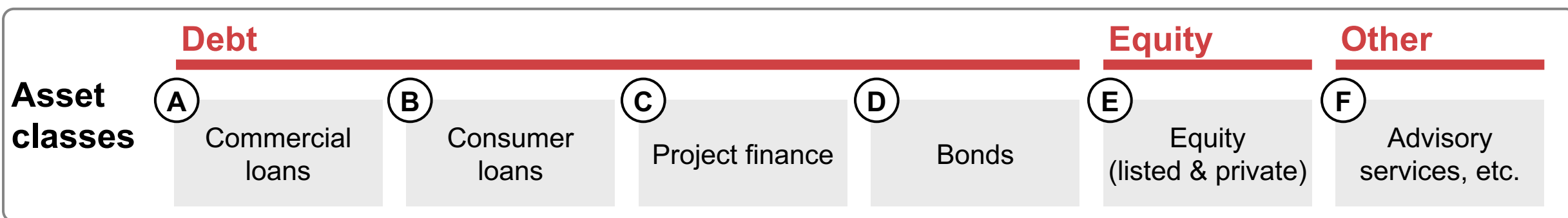
Scope 2

Scope 3 – Ops

Scope 3 – Fin



– SBTi identifies required asset classes



Guidance will likely evolve

“ As more data become available, methods become more mature, and financial institutions gain more experience in target setting ... SBTi may revise [asset class guidance]. ”

FI-C15 – Requirement to set targets on investment & lending: All FIs must set targets based on requirement in FI-C16

Note: GHGP asset classes are: (1) Listed equity & corporate bonds, (2) business loans & unlisted equity, (3) project finance, (4) commercial real estate, (5) mortgages, and (6) motor vehicle loans
Sources: [SBTi Financial Sector Science-Based Targets Guidance \(Feb 2022, pgs. 51-52, 55\)](#); [GHG Technical Guidance for Calculating Scope 3 Emissions 1.0 \(2013, pgs. 7-10\)](#)

Each asset class consists of several products with varying coverage requirements

Set boundaries

Calculate baseline

Calculate target

Scope 1

Scope 2

Scope 3 – Ops

Scope 3 – Fin

Asset Class	Products ¹	Coverage
Ⓐ Commercial loans	Corporate Loans	
	Power Generation (public or private)	100%
	Real Estate (public or private)	67%
	Fossil Fuels (public or private)	95%
	All other sectors (public debt)	67% ²
	All other sectors (private debt)	Optional
	Short-term financing (<1 year, e.g., line of credit, intraday, etc.)	Optional
	SME loans (<500 employees)	Optional
Ⓑ Consumer loans	Residential mortgages ³	Optional
Ⓒ Project finance	Electricity gen. projects (construction, operations) (public or private)	100%
	Commercial real estate projects (public or private)	67%
Ⓓ Bonds	Corporate bonds (listed)	100%
Ⓔ Equity	Listed equity (common stock, preferred stock, REITs ³ , ETFs, etc.)	100%
	Private equity ⁴	Optional
	Funds of funds	Optional

FI-C16 – Portfolio target boundaries: FIs shall set targets on all required activities

FI-C18 – Disclosure of target(s) portfolio coverage: FIs shall disclose the % of their total investment and lending covered by portfolio targets

Note: 1) Currently excluded asset classes: derivatives, agency bonds, securitized fixed income, sovereign and governmental bonds, infrastructure project financing, residential vehicular loans, other consumer finance, and advisory services. 2) 67% figure is across all industries, 3) Mortgage REITs shall cover at a minimum of 67 percent of residential mortgages 4) Private equity investments are optional for non-private equity firms. 5) EVIC: Enterprise Value including Cash; 6) % of portfolio covered across sum total of all the FI's financial activity, regardless of mandatory, optional, or not covered – X% of 100% of FI financing is covered by SBT

Sources: [SBTi Financial Sector Science-Based Targets Guidance \(Feb 2022, pgs. 51-52,55-57\)](#)

- Coverage is defined as
- ① any of **monetary value, EVIC⁵, % of emissions, or SDA metric (e.g., m²)**
 - ② SBTi recommends at least **1 target per asset class** to promote transparency
 - ③ **required asset classes**
(no matter the relative size, e.g., only 1% of portfolio)
 - ④ Must disclose **what % of their portfolio is covered** by target(s)⁶

SBTi requires a more comprehensive coverage of scope 3 financed emissions than GHGP



GHGP - April 2013



PCAF - November 2020



SBTi FI - February 2022

	Account – regardless of target	Aspire – set ambition and target
<div> <div> <div>A</div> <div>C</div> <div>D</div> </div> <div>Debt – <u>known use</u></div> </div>	✓	✓
<div> <div>A</div> </div> <div>Debt – <u>unknown use</u></div>		✓
<div> <div>E</div> </div> <div>Equity</div>		✓
<div> <div>A</div> <div>B</div> <div>C</div> <div>D</div> </div> <div>Product-level guidance</div>		✓
Commercial real estate	✓	✓
Mortgages	✓	✗
Motor vehicle loans	✓	✓


— Less stringent — ————— More stringent —————

Sources: [GHG Technical Guidance for Calculating Scope 3 Emissions \(2013, Table 15.1, pgs. 137-138\)](#); [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 \(Feb 2022 Table 5.2, pgs. 55-57\)](#)

FIs must understand and apply the three allowable METHODS for financed emissions to calculate baselines and targets




Note: Methods evolve over time, SBTi is developing meta-criteria to evaluate addt. methodologies to ensure transparency and alignment




Access Module 6 “Scope 3 financed emissions – Calculation deep dive and case studies” for more detail

Used in FI scope 1, 2 and 3 operational emissions


Allowable for FI scope 3 financed emissions




Absolute Contraction




Physical Intensity




Economic Intensity



Sectoral Decarbonization Approach (SDA)



Portfolio Coverage Approach (PCA)



Temperature Rating Approach (TRA)

Measures		Emissions per...				
	Absolute emissions	physical unit	economic unit	industry-wide unit <i>(in select, high emitting industries)</i>	% of portfolio with SBTs	Ambition of portfolio’s public targets
Example	Reduce emissions by...					
	30%	30% per kWh	30% per \$ of revenue	30% per m² <i>(real estate)</i>	Increase % of portfolio with SBTs to 50%	Align portfolio to temperature rating of 1.75°C

Reducing carbon output

Growing engagement

Source: [SBTi Financial Sector Science-Based Targets Guidance \(Feb 2022, Table 4-1, pgs. 47-48, Table 5.1, pgs. 51-52\)](#)

SBTi identifies which methods are acceptable per product

Set boundaries

Calculate baseline

Calculate target

Scope 1

Scope 2

Scope 3 – Ops

Scope 3 – Fin

Note: Methods evolve over time, SBTi is developing meta-criteria to evaluate addt. methodologies to ensure transparency and alignment

Asset Class	Products ¹	Coverage	SDA	PCA	TRA
Ⓐ Commercial loans	Corporate Loans				
	Power Generation (public or private)	100%	✓		
	Real Estate (public or private)	67%	✓ ³	✓	✓
	Fossil Fuels (public or private)	95%		✓	✓
	All other sectors (public debt)	67% ²	✓ ³	✓	✓
	All other sectors (private debt)	Optional	✓ ³	✓	✓
	Short-term financing (<1 year, e.g., line of credit, intraday, etc.)	Optional	✓ ³	✓	✓
	SME loans (<500 employees)	Optional	✓ ³	✓	✓
Ⓑ Consumer loans	Residential mortgages ⁴	Optional	✓		
Ⓒ Project finance	Electricity gen. projects (construction, operations) (public or private)	100%	✓		
	Commercial real estate projects (public or private)	67%	✓ ³	✓	✓
Ⓓ Bonds	Corporate bonds (listed)	100%	✓ ³	✓	✓
Ⓔ Equity	Listed equity (common stock, preferred stock, REITs ⁴ , ETFs, etc.)	100%	✓ ³	✓	✓
	Private equity ⁵	Optional	✓ ³	✓	✓
	Funds of funds	Optional	✓ ³	✓	✓

FI-C16 – Portfolio target boundaries: FIs shall set targets on all required activities

FI-C18 – Disclosure of target(s) portfolio coverage: FIs shall disclose the % of their total investment and lending covered by portfolio targets

Note: 1. Currently excluded asset classes: derivatives, agency bonds, securitized fixed income, sovereign and governmental bonds, infrastructure project financing, residential vehicular loans, other consumer finance, and advisory services. 2. 67% figure is across all industries 3. SDA allowable for sectors with sectoral guidance (e.g., cement, etc.) 4. Mortgage REITs shall cover at a minimum of 67% of residential mortgages 5. Private equity investments are optional for non-private equity firms.

Sources: [SBTi Financial Sector Science-Based Targets Guidance \(Feb 2022, pgs. 51-52, 55-57\)](#)

There are several considerations to choose a method

Set boundaries

Calculate baseline

Calculate target

Scope 1

Scope 2

Scope 3 – Ops

Scope 3 – Fin



Access Module 6 “Scope 3
financed emissions –
Calculation deep dive and
case studies” for more detail

Note: Methods evolve over time, SBTi is developing meta-criteria to evaluate addt. methodologies to ensure transparency and alignment



**Sectoral Decarbonization
Approach (SDA)**



**Portfolio Coverage Approach
(PCA)**



**Temperature Rating
Approach (TRA)**

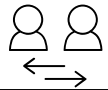
Strategy		Reducing carbon	Growing engagement
Sector-determined			
Data quantity			
Ease of communication			
Emissions reduction focus			
Recommended for...		all sectors with SDA guidance	Non-SDA sectors with... minimal data maturity increased data maturity

There are common concerns about asset classes

Set boundaries

Calculate baseline

Calculate target



Coverage requirements

Cover all mandatory products, regardless of size

Apply stricter boundary for products with multiple coverage requirements

Example: Short-term loan to a fossil fuel company

Applicable¹:

All funds where the financial institution
has influence over strategy, decision making, or decision makers, including most passive investments

Optional²:

A small amount of funds
where the FI genuinely has no influence



Grouping asset classes

Asset classes can be grouped if using the same method:

- Public equity & corporate bonds
- All debt
- Sector based targets (e.g., all power generation)



Coverage calculation

FIs must disclose the **total % of lending and investing activities** that are **covered by their SBTs**

Example: 25% of AUM are covered by SBTs

Note: SBTi's definition of "passive" investment is more stringent than how FIs typically define passive, given the influence principle's core nature in the role of FIs. 1. Examples of in scope funds are: funds where FI has voting rights, 3rd party funds with specific mandates, external funds, passive funds where FI can influence underlying securities. 2. Examples of optional coverage includes advisory managed, custody accounts, and passive funds where FIs have no influence on the underlying securities.

Key considerations for scope 3 financed emissions targets

Set boundaries

Calculate baseline

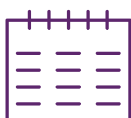
Calculate target

Scope 1

Scope 2

Scope 3 – Ops

Scope 3 – Fin



Target years

SDA
Targets cover 5–15 yrs.

PCA & TRA
Target within 5 yrs.*



Tracking progress

Targets can't already be accomplished



Level of ambition

SDA
At least WB2°C, pref. 1.5°C

PCA
100% of portfolio by 2040

TRA
Scope 1+2 target “well-below 2°C”, preferably 1.5°C
Scope 1+2+3 target 2°C, preferably 1.5°C



Measurement methods

SDA
Progress against pathways

PCA
Increase % with SBTs

TRA
Reduce portfolio temperature rating

FI-C17.1 – Boundary: SDA targets must cover 5-15 yrs. from target submission

FI-C17.2, FI-C17.3 – Boundary: PCA, TRA targets must be fulfilled within 5 yrs. from target submission

FI-C7 – Progress to Date: Targets that have already been achieved by the date they are submitted to SBTi are not acceptable

FI-C17.1 - Ambition: SDA targets must meet minimum ambition for “well-below 2°C”; 1.5°C encouraged

FI-C17.3 - Ambition: FIs must align their portfolio scope 1+2 TRA score with “well-below 2°C” and 1+2+3 score with 2°C by 2040; 1.5°C encouraged

FI-C17.1 - Boundary: Set SDA targets on real estate & electricity-generation-related activities per Table 5.2. Targets may be set for other Table 5.2 activities.

FI-C17.3 - Boundary: Set PCA, TRA targets on corporate instruments per Table 5.2.

*Note: SBTi is undergoing consideration to increase target timeline beyond five years.
Source: [SBTi Financial Sector Science-Based Targets Guidance \(Feb 2022, pgs. 29-33\)](#)

Scope 3 financed emissions target examples

Set boundaries

Calculate baseline

Calculate target



Set seven scope 3 targets

Leading retail finance and asset manager in South Korea

Headline Target: ...portfolio targets cover 19% of its total investment and lending activities as of 2020

**Electricity Generation
Project Finance (SDA)**

“ ...commits to reduce GHG emissions from its **electricity generation project finance portfolio** **76% per kWh** by 2030 from a 2020 base year. ”

**Corporate Loans
(TRA)**

“ ...commits to align its scope 1 + 2 portfolio **temperature score** by loan value within **its SME and other long-term corporate loan** portfolio from 3.17°C in 2020 to 2.58°C by 2026. ”



Set five scope 3 targets

Leading commercial bank in Taiwan

Headline Target: ...portfolio targets cover 11% of its total investment and lending activities by monetary value as of 2019

**Portfolio Loans
(PCA)**

“ ...commits that 33% of the **corporate loan portfolio** (long-term debt) **by loan value** within the fossil fuel, electronic equipment, iron and steel, pulp and paper and cement sectors **will have set science-based targets** by 2026. ”

**Equity and Bonds
(PCA)**

“ ...commits to 34% of its listed **equity and bonds** portfolio by total assets **setting SBTi validated targets by 2026.** ”

FI-C18 – Disclosure of target(s) portfolio coverage: FI's shall disclose the % of their total investment and lending covered by portfolio targets

Source: [Target language and summary JB Financial Group 2020](#); [Target language and summary E.SUN. Financial Holdings Co](#)

Fossil fuel and thermal coal have recommended approaches

Set boundaries

Calculate baseline

Calculate target

Scope 1

Scope 2

Scope 3 – Ops

Scope 3 – Fin



Thermal coal

Definition

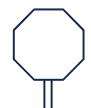


>5% of revenue from coal activities

Approach



Establish phaseout policy within 6 months of target setting



Cease all investment



Phase out by 2030, completely



Fossil fuels

Self-defined threshold (>5 – 30% rev) from FF

Annually disclose financing in fossil fuels and engage companies to transition

Cover 95% of investments by targets

A more comprehensive FF policy is being developed in the net-zero guidance to be defined in 2022-2023



GFANZ is currently less prescriptive than SBTi, but may change over time*

Recommends **phasing out**, but **does not require a specific date**

Should align with 1.5°C forecasts, but **does not recommend method or timeline**

FI-R10 – Phaseout of Thermal Coal: FIs should... phase out financial support to thermal coal... by 2030 globally

FI-R11 – Disclosure of Fossil Fuels: FIs should annually disclose investments, project financing, and lending ...

Notes: Coal activities include mining, exploration and drilling, mining services, processing, trading; Fossil Fuel Activities include exploration; extraction; refining; transportation and distribution

*GFANZ has not published updates reflecting Race to Zero's June 15, 2022 campaign updates as of July 25, 2022, which explicitly require halting investments in coal and fossil fuel and an immediate halt on new coal projects.

Source: [SBTi Financial Sector Science-Based Targets Guidance \(Feb 2022, pgs. 93-95\)](#); [GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector \(Jun 2022, pgs. 75-83\)](#); [Race to Zero Updates to Criteria \(Jun. 2022\)](#); [Foundations for Science-Based Net-Zero Target Setting in the Financial Sector \(Apr 2022, pgs. 43-44\)](#)

Key learnings

- **Must meet coverage requirements for all relevant products**, regardless of size
- **Be strategic in applying the three methods:** Sectoral Decarbonization, Portfolio Coverage, and Temperature Rating
- **Disclose fossil fuel investments annually** and it is recommended to **submit a phase out strategy for coal** 6 months after setting targets

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