

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 #8: Validating, disclosing, and recalculating

SBTi financial institution training

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Key learning objectives

Commit

Develop

Submit

Communicate

Disclose

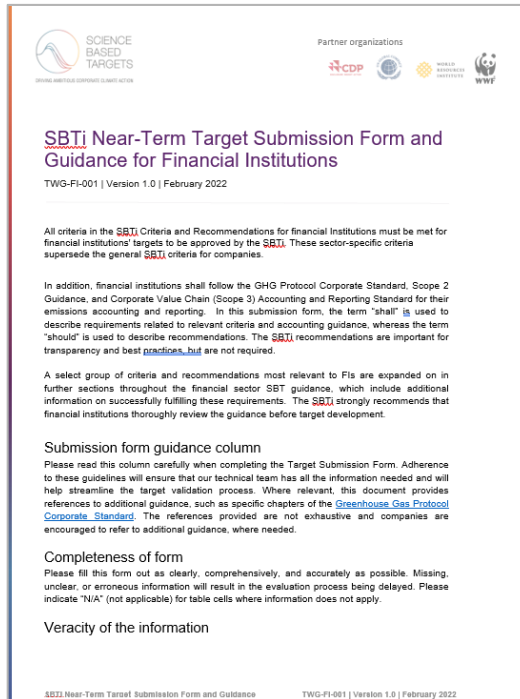
After completing this module, individuals will be able to...

Complete the SBTi submission process and disclose targets

Explain how and when to disclose progress towards targets

Articulate what triggers the need to recalculate targets

Financial institutions must fill out a detailed submission form



SBTi Near-Term Target Submission Form and Guidance for Financial Institutions
TWG-FI-001 | Version 1.0 | February 2022

All criteria in the SBTi Criteria and Recommendations for financial institutions must be met for financial institutions' targets to be approved by the SBTi. These sector-specific criteria supersede the general SBTi criteria for companies.

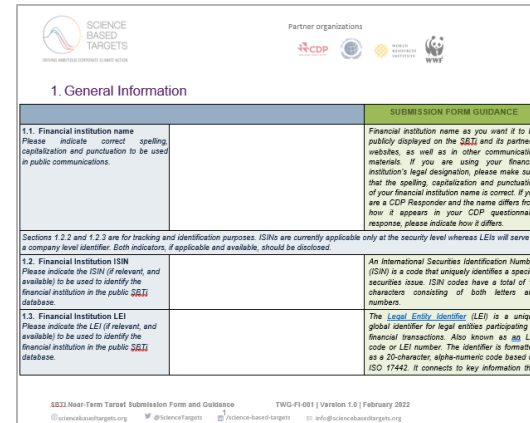
In addition, financial institutions shall follow the GHG Protocol Corporate Standard, Scope 2 Guidance, and Corporate Value Chain (Scope 3) Accounting and Reporting Standard for their emissions accounting and reporting. In this submission form, the term "shall" is used to describe requirements related to relevant criteria and accounting guidance, whereas the term "should" is used to describe recommendations. The SBTi recommendations are important for transparency and best practices, but are not required.

A select group of criteria and recommendations most relevant to FIs are expanded on in further sections throughout the financial sector SBT guidance, which include additional information on successfully fulfilling these requirements. The SBTi strongly recommends that financial institutions thoroughly review the guidance before target development.

Submission form guidance column
Please read this column carefully when completing the Target Submission Form. Adherence to these guidelines will ensure that our technical team has all the information needed and will help streamline the target validation process. Where relevant, this document provides references to additional guidance, such as specific chapters of the [Greenhouse Gas Protocol Corporate Standard](#). The references provided are not exhaustive and companies are encouraged to refer to additional guidance, where needed.

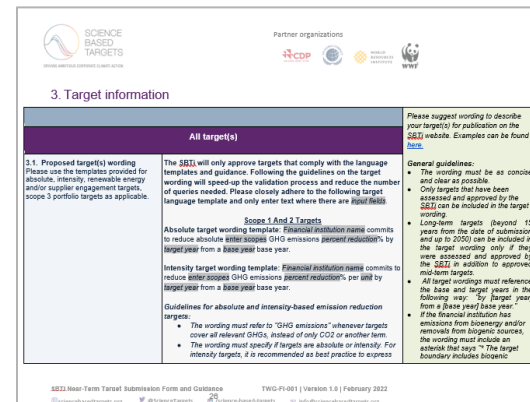
Completeness of form
Please fill this form out as clearly, comprehensively, and accurately as possible. Missing, unclear, or erroneous information will result in the evaluation process being delayed. Please indicate "N/A" (not applicable) for table cells where information does not apply.

Veracity of the information



1. General Information

SUBMISSION FORM GUIDANCE	
1.1. Financial institution name Please indicate correct spelling, capitalization and punctuation to be used in public communications.	Financial institution name as you want it to be publicly displayed on the SBTi and its partner's websites, as well as in other communication materials. If you are using your financial institution's legal designation, please make sure that the spelling, capitalization and punctuation of your financial institution name is correct. If you are a CDP Responder and the name differs from how it appears in your CDP questionnaire response, please indicate how it differs.
Sections 1.2.2 and 1.2.3 are for tracking and identification purposes. ISINs are currently applicable only at the security level whereas LEIs will serve as a company level identifier. Both indicators, if applicable and available, should be disclosed.	
1.2. Financial institution ISIN Please indicate the ISIN (if relevant, and available) to be used to identify the financial institution in the public SBTi database.	An International Securities Identification Number (ISIN) is a code that uniquely identifies a specific securities issue. ISIN codes have a total of 12 characters consisting of both letters and numbers.
1.3. Financial institution LEI Please indicate the LEI (if relevant, and available) to be used to identify the financial institution in the public SBTi database.	The Legal Entity Identifier (LEI) is a unique global identifier for legal entities participating in financial transactions. Also known as an LEI code or LEI number. The identifier is formatted as a 20-character, alpha-numeric code based on ISO 17442. It connects to key information that



3. Target information

All target(s)	
3.1. Proposed target(s) wording Please use the template provided for absolute, intensity, renewable energy and/or supplier engagement targets, scope 3 portfolio targets as applicable.	<p>The SBTi will only approve targets that comply with the language templates and guidance. Following the guidelines on the target wording will speed-up the validation process and reduce the number of queries needed. Please closely adhere to the following target language template and only enter text where there are [blue boxes].</p> <p>Scope 1 And 2 Targets Absolute target wording template: Financial institution name commits to reduce absolute SBTi GHG emissions percent reduction% by target year from a base year base year.</p> <p>Intensity target wording template: Financial institution name commits to reduce SBTi GHG emissions percent reduction% by target year from a base year base year.</p> <p>Guidelines for absolute and intensity-based emission reduction targets:</p> <ul style="list-style-type: none">The wording must refer to "GHG emissions" whenever targets cover all relevant GHGs, instead of only CO2 or another term.The wording must specify if targets are absolute or intensity. For intensity targets, it is recommended as best practice to express
<p>General guidelines:</p> <ul style="list-style-type: none">The wording must be as concise and clear as possible.Only targets that have been assessed and approved by the SBTi can be included in the target wording.Long-term targets (beyond 15 years from the date of submission and up to 2050) can be included in the target wording only if they were assessed and approved by the SBTi in addition to approved mid-term targets.All target wordings must reference the base and target years in the following way: "by target year" from a base year base year.If the financial institution has emissions from biogenic sources, the wording must include an asterisk that says "The target boundary includes biogenic."	

The form requests information such as...

- General information
- GHG inventory
- Target information
- Portfolio target boundary
- Optional scope 3 targets
- Supporting documentation
- Contractual & billing information

FIs have 24 months to submit their targets after signing their letter of commitment

Note: Always check SBTi Financial Institutions web page for latest submission form
Source: [SBTi Target Submission Form for Financial Institutions](#)

A standard format is used to submit targets

Scope 1 & 2

Standard format

“[Financial Institution A] commits to reduce absolute scope 1 and 2 GHG emissions [XX]% by [target year] from a [base year]”

Option to report in absolute (above) or physical intensity

Examples

“**La Banque Postale** commits to reduce its absolute scope 1 and 2 GHG emissions **46%** by **2030** from a **2019** base year”



Scope 3 – operational

“[Financial Institution A] commits to reduce absolute scope 3 [category] GHG emissions [XX]% by [target year] from a [base year]”

“**Schroders plc** commits to reduce absolute scope 3 **business travel** GHG emissions **50%** by **2030** from a **2019** base year...”

Schroders

Scope 3 – financed

Format varies by asset class

See SBTi Financial Sector Target Guidance, Section 6: “How to communicate science-based targets and tracking progress” for specific details






“**E.SUN FHC** commits to reduce GHG emissions from **electricity generation sector within the corporate loan portfolio 49% per MWh** by **2030** from a **2019** base year”

 **玉山金控 E.SUN FHC**



Access Modules 4, 5, and 6 for more detail

Headline targets and action plans are required for scope 3

	Headline target	Action plan
Description	% of portfolio covered across all the FI's financial activity (regardless of mandatory, optional, or not covered)	Specific focus areas to achieve
Example	 <p>"KB Financial Group's portfolio targets cover 12.9% of its total investment and lending activities by total exposure as of December 31st, 2019"</p>	<p><i>Action plan paraphrased</i></p> <ul style="list-style-type: none">  <u>Asset portfolio management:</u> Build asset portfolio emissions database, continue to engage clients, and manage exposure to carbon-intensive companies  <u>Expanded green financing:</u> Expand ESG products & financing  <u>Coal phase-out:</u> Cease financing for "new" coal power plants  <u>Targets for mortgages:</u> Set targets for mortgage portfolio when guidance is established

FI-C18 – Disclosure of Target(s) Portfolio Coverage: Disclose percentage of total investments and lending covered by portfolio targets, in a representative portfolio metric

FI-C19 – Implementation Reporting: At point of submission, provide brief summary of how FI intends to meet scope 3 portfolio targets

Sources: [SBTi Financial Sector Science Based Targets Guidance \(Jun 2022, pg. 98-99\)](#); [Target language and summary KB Financial Group](#)



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

SBTi engages in an iterative validation process



Complete submission form Time varies

- **Ensure alignment** with GHGP, PCAF, and SBTi
- **Complete form**



Submit in booking system Approx. 1 month until available time

- **Upload** complete form and supporting docs
- **Pay** for validation
- **Select date**



Review submission Approx. 30-60 days



Highly iterative process

- **First validator reviews** and engages FI
- **Second validator reviews** and engages FI
- **Committee decides** on approval and feedback
 - Six months to resubmit if not approved (incl. in booking fee already)



Communicate targets Up to 6 months to publish

- **Announce** on SBTi, annual report, etc.

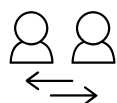
30-60 days depends on response time of FIs and whether materials are both comprehensive and clear to understand

FIs often have questions about the validation process



What **supporting documentation** is required?

Clearer, more comprehensive submissions are faster. Articulate what asset classes are / aren't included and within each asset class, the details of what is included. Outline the structure of the company. Send in all files or screenshots of tools utilized. If there's public reference for any info, link to that (e.g., annual report)



What **type of communication** can we expect to hear from SBTi?

FIs will likely not hear anything from SBTi between booking and actual first meeting. Both email and phone will be used throughout validation process



Where does SBTi see the largest **discrepancies or errors** in FI submissions?

Incorrect application of GHG Protocol and PCAF accounting methodologies are primary

Approved targets should be announced and disclosed

Announcement

- **SBTi will publicly list FIs** with approved targets on “Companies Taking Action” section of website
- **Within 6 months, FIs must also announce** approved targets
- **“Welcome Pack” from SBTi will provide guidance** on how to communicate and allowed usage of SBTi logo

FI-C22 – Target Validity: FIs with approved targets must announce their target publicly within six months of approval date

Disclosure (recommended)

Climate partners



SBTi website



CDP annual questionnaire

Corporate communications



Annual reports



Sustainability reports



Website

...and other public disclosures

FI-R12 – Where to Disclose: Progress against targets should be disclosed through annual reports, sustainability reports, FI's website, and/or CDP's annual questionnaire

SBTi tracking and reporting requires public disclosure of progress and efforts

SBTi requires annual disclosure of key details, with publication format at the discretion of each FI:

- ① Scope 1 + Scope 2 GHG emissions
- ② FI's decarbonization efforts
- ③ Scope 3 Cat. 1-14 emissions (if originally submitted)

Specific language and requirements vary slightly by approach:

Sectoral Decarbonization Approach

Financial institutions to report...

...reduction in each industry's physical intensity metric

For example...

...reduced GHG emissions by 3% per kWh; short of original 5% per kWh targeted reduction

Portfolio Coverage Approach

Financial institutions to report...

...percentage (by GHG emissions or invested value) of relevant asset class(es) covered by approved SBT companies

For example...

...successfully covered 15% of portfolio in 2023; surpassing the linear rate of 10% for 2023

Temperature Rating Approach

Financial institutions to report...

1. Portfolio temperature ratings for both...

Scope 1+2

Scope 1+2+3

2. % public targets vs. default score, by both...

GHG emissions

Invested value

For example...

Scope	°C	Target	CO ₂ e	\$
S1+2	2.6°C	Public	30%	15%
S1+2+3	2.3°C	Default	70%	85%

FI-C20 – Tracking and Reporting Target Progress: SBTi requires annual disclosures of scope 1 and 2 GHG emissions and progress against all approved targets...

All companies will need to recalculate targets over time

Recalculation is required in two scenarios



Every 5 years

Targets must be reviewed, and, if necessary, recalculated and revalidated, **at a minimum, every five years**



Material Change

If the company experiences material change that would **significantly change the consistency or relevance** of the target, it must be recalculated and revalidated

FI-C21 – Mandatory Target Recalculation: Targets must be recalculated when specific criteria is met and updated using the latest guidance at the time



GFANZ

GFANZ **advises recalculation** policies to minimize incentives to shift portfolios for short term gain



PCAF

PCAF **requires a recalculation** policy that ensures consistency, comparability, and relevance over time in line with GHG Protocol



GREENHOUSE GAS PROTOCOL

GHGP **requires a recalculation** policy that specifies a significance threshold that determines when review is required

Companies must define a policy to determine what is material enough to trigger a recalculation

What should policies include?

Qualitative and **quantitative** triggers that could change the **relevance**, **consistency**, and / or **completeness** of the set baseline and targets



Common triggers for recalculation



Structural changes

Mergers, acquisitions, divestments or other changes to the structure of the organization



New or different data

Data used to calculate targets improves, new data is available, or large errors are found in old data



Operational shift

In- or out-sourcing, shifts in offerings, changes in asset classes, addition of new products

Examples of policies

Data improvements causing a greater than 10% change in our baseline will trigger a recalculation

Other factors will prompt recalculation of the baselines, such as the effect of market appreciation and the changing composition of reference indices

FI-R13 – Triggered Target Recalculation: Significant changes should trigger target recalculation

FI-R14 – Validity of Target Projects: Check validity annually and update SBTi as necessary

Key takeaways

- Submitting and validating can be an **iterative process** between SBTi and FIs
- Firms must **track and report emissions progress annually**
- Targets will need to be **recalculated every 5 years or when material changes occur**, including organizational re-structuring or new emissions data availability

THANK YOU FOR LISTENING

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