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

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## Resources (1/2)

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<th>Module</th>
<th>Key resources</th>
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</table>
| **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)

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| 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 #9: Governance, change management, and meeting targets

SBTi financial institution training
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Key learning objectives

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

- Describe importance of governance and change to meet targets
- Identify key actions to translate targets from strategy into execution
- Engage and support clients in making progress on their own SBTs
Governance and associated change management is an important part of meeting the SBTs set through SBTi

**GFANZ net-zero Transition Plan Framework**

<table>
<thead>
<tr>
<th>Foundations</th>
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<tbody>
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<td>1. Objectives and priorities</td>
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<th>Engagement Strategy</th>
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<td>1. Clients and portfolio companies</td>
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<td>2. Activities and decision-making</td>
<td>2. Industry</td>
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<td>1. Roles, responsibilities, and remuneration</td>
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<td>2. Skills and culture</td>
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</table>

GFANZ provides a framework for financial institutions to act on net-zero targets

SBTi helps companies set meaningful, science-based emission reduction targets in pursuit of transformational change

Source: [GFANZ Financial Institution Net-zero Transition Plans Recommendation and Guidance (Jun 2022, pg. 20)](https://example.com)
Firms must engage cross-functionally when setting targets

Source: GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022, pg.66)

**Announce intent**
- CEO and/or Board commit to set targets

**CSO directs the process** typically with involvement of:
- CFO or equivalent
- Risk
- Strategy

**Iterate with stakeholders to define targets using expert insight**
- Work led by Sustainability Manager...

...using insights from:
- SBTi
- GFANZ
- Clients
- Consultants
- Others

**Finalize targets**
- CSO recommends path forward
- CEO and/or Board decides
- Business units execute on path forward

Source: GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022, pg.66)
Companies often face key, predictable challenges in rolling out and managing decarbonization efforts:

- **Communicating and gaining buy-in** on objectives throughout the organization.
- Integrating decarbonization into **strategy and planning processes**.
- Relying on **estimates and macro-level data** masks individual improvements.
- Embedding targets into **investing practices and engaging with clients**.
- Aligning **incentives to achieve targets** in a meaningful way.
Harmonized strategy-to-execution required to achieve targets

Sources: Bain & Company; SBTi Financial Sector Science-Based Targets Guidance (Feb 2022, pgs. 102-103); GFANZ Financial Institution Net-zero Transition Plans Recommendation and Guidance (Jun 2022, pg. 20)
Decarbonization policies and practices include multiple tactics

Common decarbonization tactics for FIs

- **Engaging clients** to set targets and net-zero transformation plans
  
  - *Most critical for FIs*

- **Reallocating within sectors** to more efficient companies

- **Reallocating among sectors** to lower carbon-intensity sectors

- **Exclusion policies** for companies or projects involved in fossil fuels

- **Financing climate-solution** activities contributing to climate goals (e.g., renewables, green infrastructure, carbon removal)

- **Divesting** high-emitting companies

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Examples

- By 2040, our investment portfolio will be 1.5°C aligned. This will be achieved by decarbonising our financial investment portfolio by **increasing investments** in companies which have set science-based targets, **reducing exposure** to carbon-intensive sectors and **investing in climate solutions**.

- As a partner of companies in the energy sector, La Banque Postale also **finances renewable energy projects** via its Corporate and Investment Bank.

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Sources: SBTi Foundations for Science-Based Net-Zero Target Setting-Financial Sector (Apr 2022, pg. 23); Bupa Environment and Climate Action Website; La Banque Postale Our Commitment to the Plant
With clients, FIs should look to ensure they are aware of and making progress towards their own SBTs.

**Engagement is a multiyear, collaborative process that focuses on engaging over divesting**

The objective of [our] engagement policy is to maintain a constructive and structured dialogue with the companies... to promote more transparency [and] a more formal approach to sustainable development challenges.

An ongoing dialogue with company leadership... enables us to help them transition towards a more sustainable, and therefore more profitable, business model.

**Engagement options**

- **Communicate**
  - Broadcast your goals and create engagement framework with requirements

- **Advise & Propose**
  - Help clients understand climate mitigation risks, tradeoffs, or solutions (e.g., new products, services, or external options)

- **Partner & Connect**
  - Identify projects and initiatives to work directly with clients or connect multiple clients

- **Track & Grow**
  - Continue to gather data and adjust engagement strategy accordingly as goals are met

- **Escalate**
  - If targets are not met, have a plan to address with steps before divesting

Sources: GFANZ Recommendations and Guidance on net-zero Transition Plans for the Financial Sector (Jun 2022, pgs. 42-47); Sycomore Asset Management ESG Integration Policy (2019); Schroders Sustainable Investing Site.
Key takeaways

• Achieving decarbonization objectives requires **organizational alignment**, **connection to strategy** and business operations, and **incentivizing** right actions

• Engaging clients is both challenging and essential, requiring a **long-term commitment and process**
THANK YOU FOR LISTENING

PARTNER ORGANIZATIONS

IN COLLABORATION WITH

sciencebasedtargets.org  @ScienceTargets  Science Based Targets
/science-based-targets  info@sciencebasedtargets.org