

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

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



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

SBTi financial institution training

THIS TRAINING WAS DEVELOPED
IN COLLABORATION WITH



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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

Foundations

1. Objectives and priorities

Implementation Strategy

1. Products and services
2. Activities and decision-making
3. Policies and conditions

Engagement Strategy

1. Clients and portfolio companies
2. Industry
3. Government and public sector

Metrics and targets

1. Metrics and targets

Governance

1. Roles, responsibilities, and remuneration
2. Skills and culture

 **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



Access Module 2 “Voluntary finance climate action ecosystem” for more detail on GFANZ and other actors

Firms must engage cross-functionally when setting targets

/ ILLUSTRATIVE EXAMPLE, THERE ARE OTHER MODELS

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

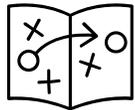
CEO and/or Board decides

Business units execute on path forward

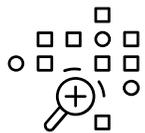
Companies often face key, predictable challenges in rolling out and managing decarbonization efforts



Communicating and gaining **buy-in** on objectives throughout 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**



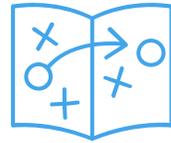
Aligning **incentives to achieve targets** in a meaningful way

Harmonized strategy-to-execution required to achieve targets



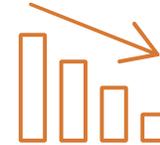
Aligned leadership & middle management

- **Commitment** from all levels of leadership
- **Opportunity mindset** - targets add value, not just cost



Clear strategy, roadmap & resourcing

- **Strategy and roadmap** for business and climate initiatives
- **Enough resources** to measure and track progress



Integrated investing & lending policies

- **Decarb. policies and tactics** for investing, lending, and insuring
- **Engaging client** to set targets and net-zero transformation plans

Additional details on each



Defined roles & incentives

- **Business unit owns**, central team enables
- **Targets embedded** in annual planning and tied to incentives

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

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**. ”



Bupa Environment
& Climate Action

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



La Banque
Postale

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. ”



Sycomore AM
ESG Integration

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

Schroders Schroders
Sustainable Investing

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

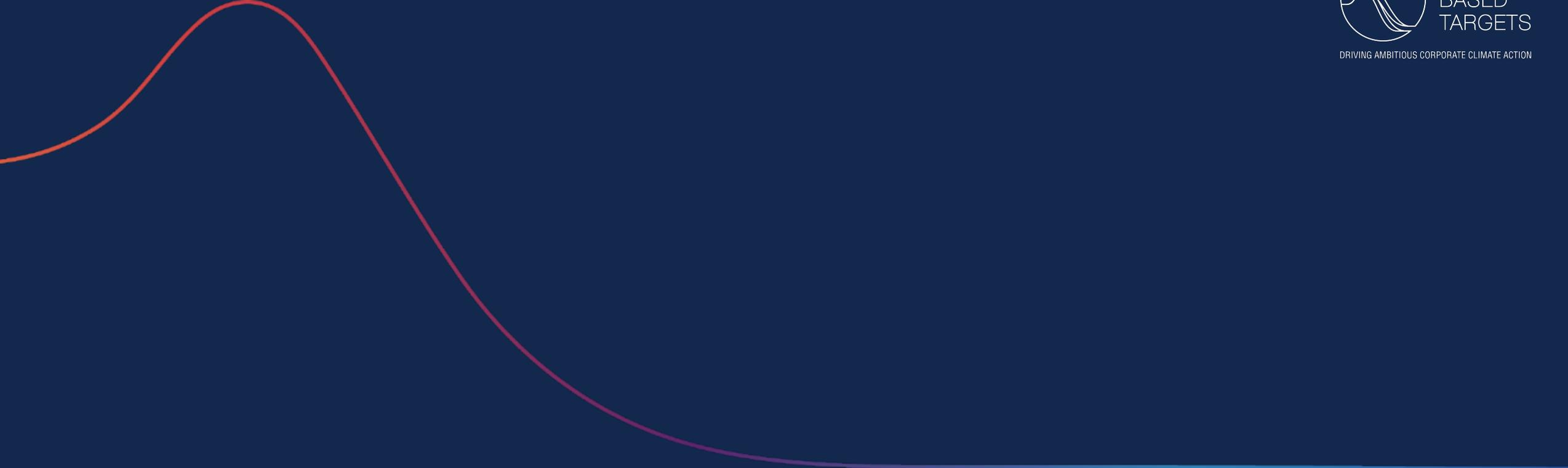


Escalate

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

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**



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