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DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

# Science Based Targets Initiative Net-Zero for Financial Institutions: Expert Advisory Group

Terms of Reference  
April 2022

# Science Based Targets Initiative

## Net-Zero for Financial Institutions Expert Advisory Group

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### Introduction

The Science Based Targets initiative (SBTi) is a collaboration between CDP, the United Nations Global Compact (UN Global Compact), World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) and is one of the We Mean Business Coalition commitments. The initiative champions science-based target setting as a powerful way of boosting companies' competitive advantage in the transition to the low-carbon economy. Science-based targets are greenhouse gas emissions reduction targets that are in line with the level of decarbonization required to meet the goals of the Paris Agreement – to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

### Net Zero for Financial Institutions

Financial institutions have started to focus on net-zero as the guiding principle for their climate mitigation ambition. However, the lack of consistent principles, definitions, metrics, and evidence of effective strategies to meet net-zero targets limits the ability of financial institutions to support the reduction of emissions in the real economy that is needed to stabilize temperatures at 1.5°C above pre-industrial levels.

The [SBTi Net-zero Foundations for Financial Institutions paper](#) was developed through a public consultation between November 2021 and January 2022. The consultation process, consisting of several workshops and a survey which received over 130 public responses was used to elaborate principles, definitions, metrics, and target formulation considerations for financial institutions to set quantitative net-zero targets linked with emissions reductions in the real economy.

The publication of the Foundations paper marks the beginning of the net-zero standard development process for FIs. This standard is needed for financial institutions to ensure that net-zero targets incentivise the financing of effective climate transition activities to achieve the global goal of reaching net-zero emissions. The net-zero standard development process will generate actionable criteria, detailed guidance, and technical resources to support financial institutions with the formulation and implementation of science-based net-zero targets.

### Expert Advisory Group (EAG)

To produce a relevant, actionable, and robust Net-zero Standard for financial institutions, the standard development process will include financial institutions, NGOs, government officials, and other stakeholders.

The Expert Advisory Group for the SBTi FI net-zero project is a group of volunteer advisors from financial institutions, academia, consultancies, non-profit and multilateral organizations with in-depth knowledge in science-based target setting and climate action in the finance sector. The primary objective for the EAG is to serve in a technical advisory capacity for SBTi net-zero team and to provide requested input and advice to priority topics and decisions. The terms of reference for the participation in the EAG are detailed in Annex I of this document. The criteria used to select relevant EAG members is detailed in Annex II.

## Annex I. Expert Advisory Group – Terms of Reference

### A) Purpose

To assist in the implementation of the SBTi FI Net-zero standard objectives, the Expert Advisory Group (EAG) functions as a consultative group intended to contribute with external expertise in different technical topics around science-based net-zero target-setting for financial institutions. In general, EAG members are expected to:

- Actively participate and share technical expertise during conference calls and occasional in-person workshops.
- Contribute to the development and review of technical guidance and papers intended to address identified issues.
- EAG members may also participate in activities intended to promote the adoption of science-based targets among financial institutions and occasionally speak on the SBTi's behalf when agreed and coordinated with SBTi.

### B) Composition

The Expert Advisory Group is a group of volunteer advisors from a diverse group of financial institutions, academia, consultancies, non-profit and multilateral organizations with in-depth knowledge in science based target setting for financial institutions. The composition of the EAG should be diverse, gender equitable, and, where feasible, be regionally balanced so that the decisions taken by the SBTi are inclusive and measured. Participants of the EAG may fit into one or more profiles listed below:

- A leading advocate of sustainability for financial institutions within a multinational context.
- Expert in designing, implementing and/or overseeing climate policy, including GHG measurement, management and reporting, for financial institutions.
- Technical expert in setting targets to address financial institution's financed emissions

### C) Terms of participation

- Membership of the EAG is open to relevant experts. Applications will be assessed on SBTi's evaluation of relevant qualifications and needs of the SBTi FI net-zero team. Membership to the SBTi EAG is free and voluntary. Annex II details the selection criteria used to evaluate EAG applicants.
- EAG members will serve in their individual capacity as experts, but their affiliation with their own organization will be clearly acknowledged. Changes of members are therefore discouraged, and ad hoc alternatives will only be considered in very rare instances.

- The EAG is not a governing body and the decision to include and incorporate any remark and/or observation put forward by the group remains an attribute of the SBTi.
- The role of EAG member is undertaken in a voluntary capacity, and each EAG member is expected to offer their time free of cost.
- For those able to participate in webinars or workshops, travel costs must be covered by the EAG members' own organizational budget.

#### D) Commitment

For a period of 12 months, members of the Expert Advisory Group are expected to donate a small fraction of their time (5 to 7 days per year in total) to contribute to the rigor and consistency of the SBTi FI's technical outputs by providing expert advice and review. EAG members are expected to make a one-year commitment to the initiative, which entails:

- Three to four conference calls per year (typically 90-120 minutes), with optional participation in additional conference calls in sub-groups as needed.
- Optional participation in virtual and in-person events (e.g. workshops, side-events, etc.).
- The necessary time to review and contribute to technical outputs.

#### E) Acknowledgement

During the commitment period, members of the EAG will be acknowledged as Expert Advisory Group Members and listed by name and organizational affiliation on the SBTi project website and in any relevant publications per EAG members' written confirmation.

EAG members will inform the SBTi of changes to their professional affiliation during their commitment period. EAG members that join one of the SBTi partner organizations as an employee during their commitment period will be removed from the EAG and replaced by a new external expert.

## Annex II. Expert Advisory Group – Selection Criteria

Membership of the EAG is open to all relevant experts. Applications will be assessed through an evaluation of relevant qualifications and the needs of the SBTi FI net-zero team. The following criteria will be used to evaluate all EAG applications:

1. **Finance sector experience:** the extent knowledge of financial industry with a specific focus on sustainable finance/ESG related issues
2. **Climate experience:** previous experience and familiarity with net-zero and climate science topics

3. **Net-zero implementation experience:** previous experience with designing and implementing net-zero targets and investment strategies
4. **Contribution to SBTi goals:** an understanding of the task and ability to effectively contribute to the objectives of the SBTi's standard development process
5. **Diversity:** the composition of the EAG should be diverse, gender equitable, and, where feasible, be regionally balanced so that the decisions taken by the SBTi are inclusive and measured. In addition, the EAG should reflect the viewpoints of different actors within the financial system. The following criteria will be applied when determining the final composition of the group:
  - a. **Gender diversity**
  - b. **Regional diversity**
  - c. **Industry diversity,** including representatives from different types of financial institutions (e.g. Banks, Asset Owners, Asset Managers, Private Equity, Insurance, Financial Services). The EAG should also feature relevant academic, civil society, and regulatory organizations.