

## Asset Class Methods Description

To help financial institutions align investment and lending portfolios with the 2015 Paris Agreement and support the transition to a low-carbon world, the [Science Based Targets initiative](#) is developing asset-class based methods. The SBTi is road testing methods related to five asset classes as listed below.

Asset Class	Method	Description
Real Estate	Sectoral Decarbonization Approach ( <a href="#">SDA</a> )	Targets are set for non-residential buildings for which specific sectoral decarbonization approaches are available.
Mortgage	SDA	Targets are set for residential buildings' emissions intensity and total GHG emissions.
Electricity Generation Project Finance	SDA	Targets are set for electricity generation project's emissions intensity and total GHG emissions.
Listed Equity, Private Equity, Corporate Bonds, and Corporate Loans	SDA	Targets are set at sector level within the portfolio, for which specific sectoral decarbonization approaches are available.
	Paris Agreement Capital Transition Assessment ( <a href="#">PACTA</a> )	Portfolios are assessed at individual business activity level (electricity generation capacity, automobile production) for select PACTA-related activities.
	Investee Engagement	Financial institutions engage a minimum of 50% of their investees (in monetary or GHG emissions terms) to have their own science-based targets. This method is a financial sector analogue to existing SBTi supplier engagement targets for 'real economy' company scope 3 emissions.



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION