

SBTi for Financial Institutions: Introduction and Overview

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**IGES EU Japan Sustainable Finance
Webinar**

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Partner organizations



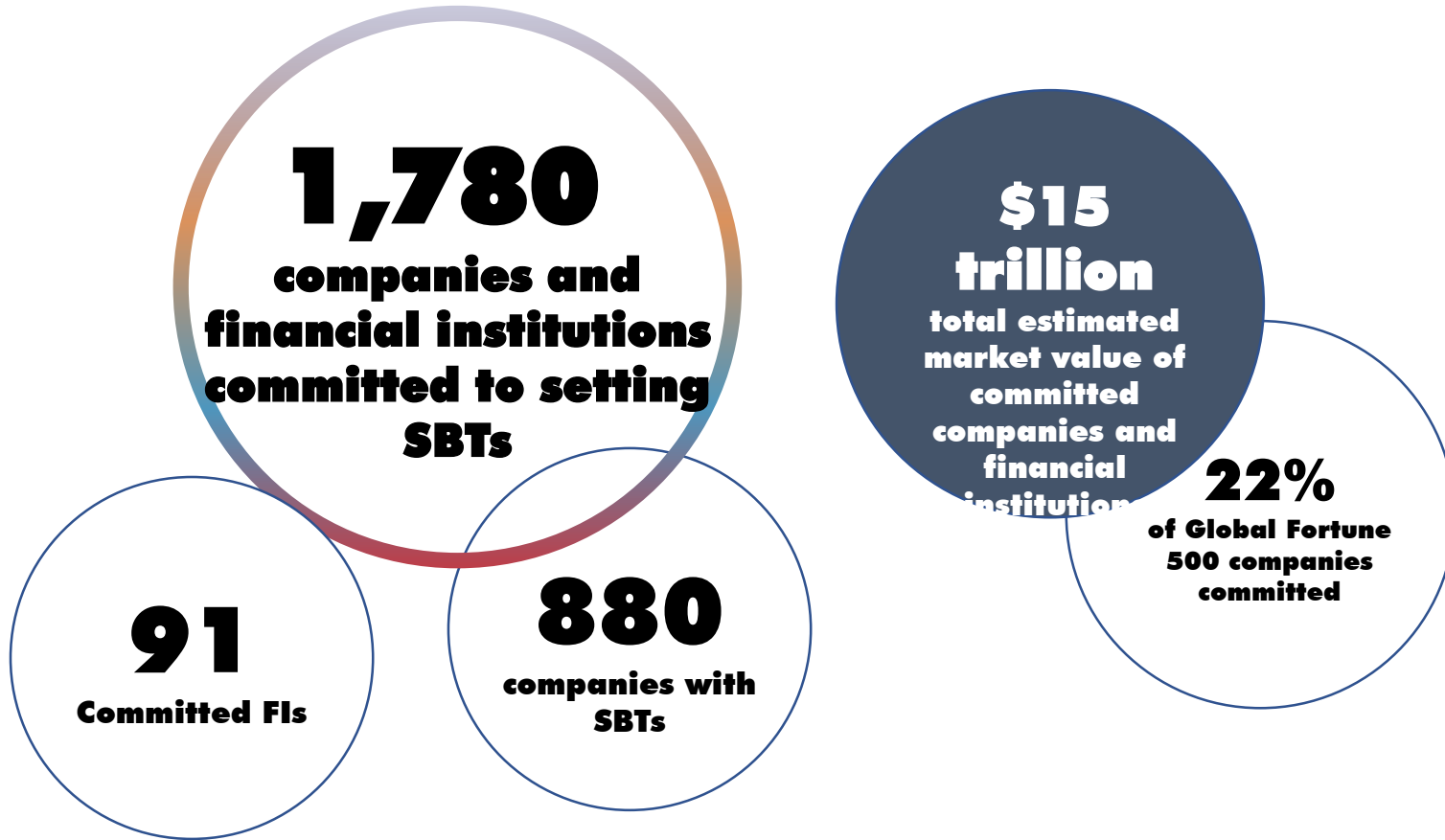
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SBTi is becoming mainstream



SBTi Overview | Criteria

The SBTi uses 5 core criteria to assess company targets

1. Boundary

Covers company-wide scope 1 and scope 2 emissions and all GHGs as required in the GHG Protocol Corporate Standard.

2. Timeframe

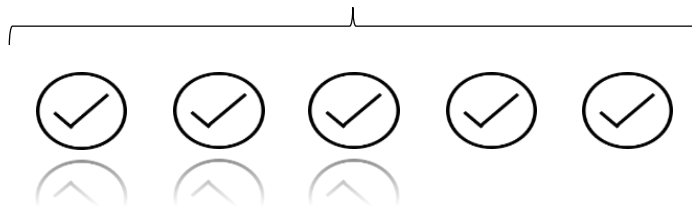
Commitment period must cover a minimum of 5 years and a maximum of 15 years from the date the target is submitted for an official quality check.

3. Level of ambition

At a minimum, the target will be consistent with the level of decarbonization required to keep global temperature increase to well-below 2°C* compared to pre-industrial temperatures, though we encourage companies to pursue greater efforts towards a 1.5° trajectory.

Intensity targets are only eligible when they lead to absolute emission reductions in line with climate science or when they are modelled using an approved sector pathway or method (e.g. the Sectoral Decarbonization Approach).

All five criteria are mandatory



SBTi Overview | Criteria

4. Scope 3

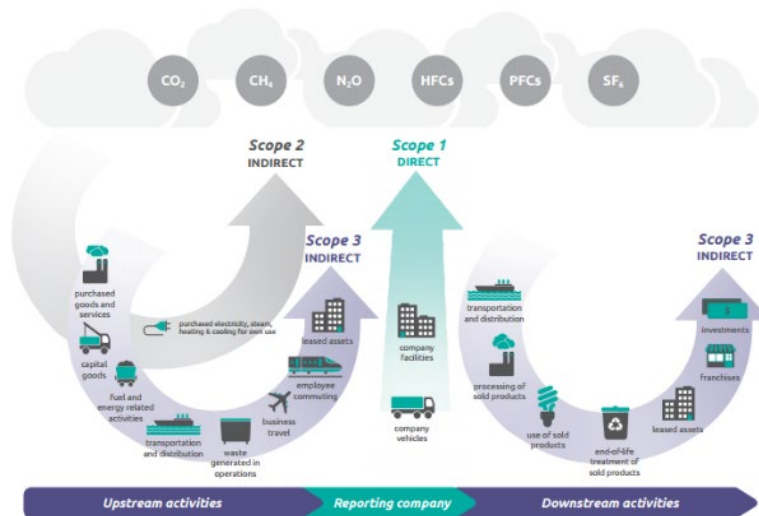
Companies must complete a scope 3 screening for all relevant scope 3 categories in order to determine their significance per the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

An ambitious and measurable scope 3 target with a clear time-frame is required when scope 3 emissions cover a significant portion (greater than 40% of total scope 1, 2 and 3 emissions) of a company's overall emissions.

The target boundary must include the majority of value chain emissions as defined by the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard

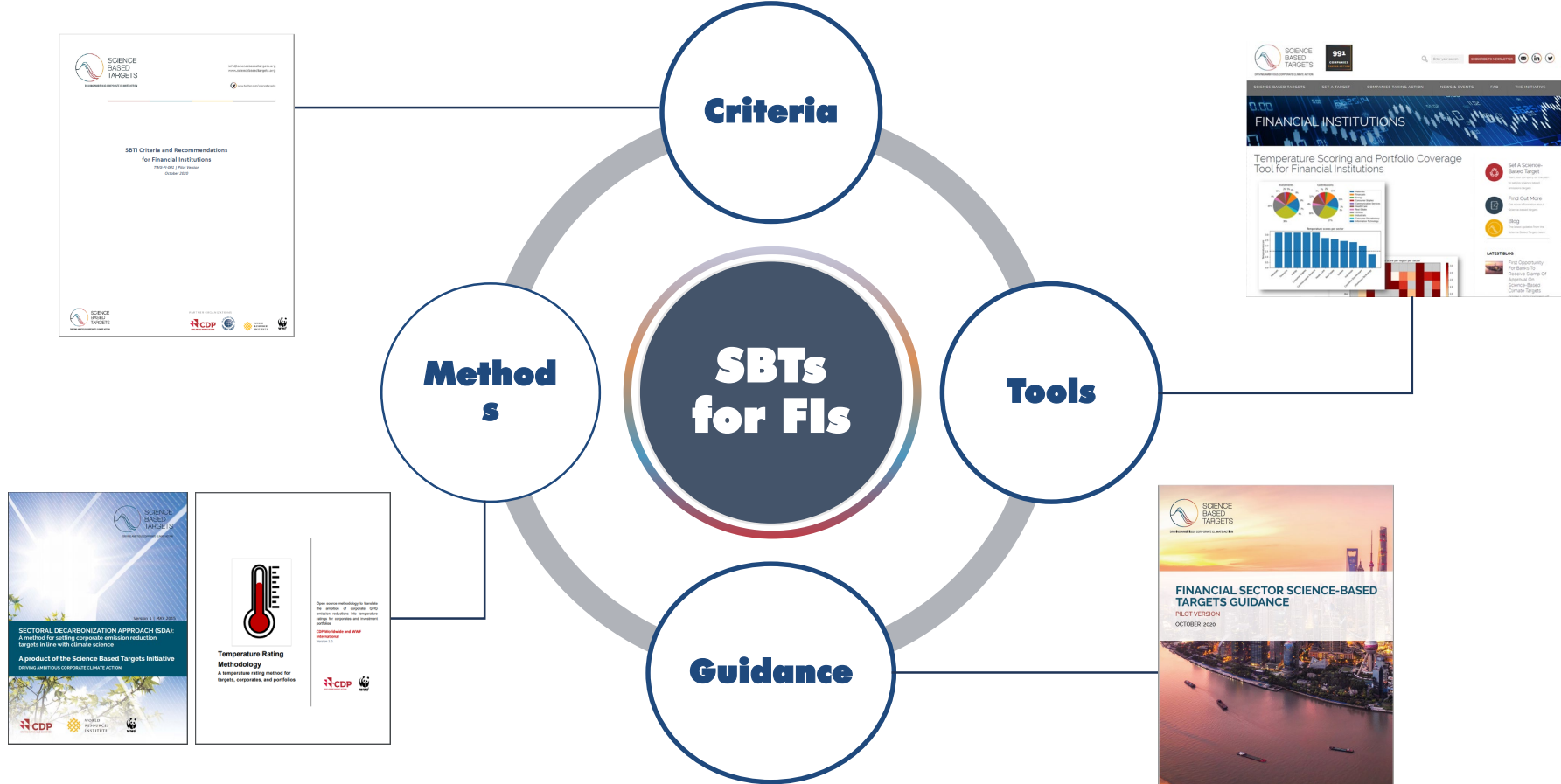
5. Reporting

Disclose GHG emissions inventory on an annual basis.



Source: GHG Protocol Scope 3 Standard
<http://www.ghgprotocol.org/standards/scope-3-standard>

SBTi Finance Framework | Framework Components



Net-Zero for FIs | Development Process

Principles

Science-Based Ambition

Completeness

Brown & Green

Planet vs Portfolio

Influence/engagement



Definition

Portfolio Emissions

Portfolio Alignment

Portfolio Contribution



Metrics

FI version of corporate

Sector-based physical intensity

Approved SBTs

Sector-based financed emissions

Economic activity-based

Green investment

Temperature Rating



Target Components



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