

Science Based Targets for Financial Institutions (SBTi FI)

Organization

The Science Based Targets Initiative

Partner organizations

The United Nations Global Compact

CDP

World Resources Institute (WRI)

The World Wildlife Fund (WWF)

Summary

The Science Based Targets initiative’s framework aims to guide financial institutions to set science-based targets in order to align their lending and investment activities with the Paris Agreement. This platform provides two key functions for financial institutions. First and primarily, it provides criteria and guidance for what it considers science-based targets for a financial institution. Second, based on these criteria, SBTi FI provides official validation of the financial institutions’ own forward-looking alignment targets. In support of setting targets in line with its minimum standards, SBTi also provides certain tools to apply the approved methodologies for target setting, including a tool for mortgages and commercial real estate and a tool for applying the CDP-WWF Temperature Rating Method.

Climate Focus

Alignment	Impact	Risk
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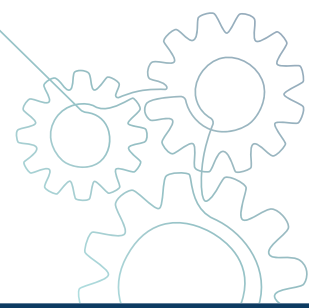
Resource Type

Data & Metrics	Pathways & Scenarios	Assessment Tools	Methodology	Target Setting Guidelines & Verification	Reporting Frameworks & Guidelines	Collaborative Initiatives
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Intended Users

Banks	Investors	Insurers	Central Banks	Regulators
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<p>WHO</p>	<p><i>A range of financial institutions can use this tool:</i></p> <ul style="list-style-type: none"> • Asset management • Asset owners • Retail and commercial banks • Insurance companies • Mortgage real estate investment trusts (REITs) • Development banks • Credit unions
<p>WHAT</p>	<p><i>The SBTi FI delivers guidance and verification for setting science-based targets that align lending and investment activities with the Paris Agreement using the following approaches:</i></p> <ul style="list-style-type: none"> • SDA (Sectoral Decarbonization Approach) • SBT Portfolio Coverage • Temperature Rating
<p>WHEN</p>	<ul style="list-style-type: none"> • 5–15 years for emissions-based targets • 5 years for engagement targets
<p>WHERE</p>	<ul style="list-style-type: none"> • SBTi’s SDA approach currently provides sector-specific pathways for power generation, aluminum, cement, pulp and paper, transport, iron and steel, and buildings. • For all other sectors, the SBTi provides guidance for developing absolute emissions or economic intensity targets and emissions contraction pathways. • The SBTi covers the following asset classes: public and private equity, corporate and consumer loans, corporate debt, real estate, mortgages, and electricity generation project finance.
<p>WHY</p>	<ul style="list-style-type: none"> • The SBTi FI tool aids in the setting and validation of climate alignment targets, guiding strategy development and market signaling. • The tool can also facilitate portfolio assessment of investee companies’ targets and alignment.
<p>HOW</p>	<ul style="list-style-type: none"> • The open-source guidance, criteria, and supporting resources can be accessed for free online at SBTi’s website.