



Guidelines for Climate Target Setting for Banks

Organization

United Nations Environment Programme Finance Initiative (UNEP FI)

Summary

Banks need to support the transition to a net-zero economy through their lending and financing decisions and through facilitating their clients' transition. To this end, the Guidelines for Climate Target Setting for Banks outline key principles to underpin the setting of credible, robust, impactful, and ambitious targets in line with achieving the objectives of the Paris Agreement. The guidelines are framed based on a set of requirements around ambition, scope, short- and long-term objectives, governance, implementation rules, and reporting.

There are four main principles to the guidelines:

- 1.** Banks shall set and publicly disclose long-term and intermediate targets to support meeting the temperature goals of the Paris Agreement.
- 2.** Banks shall establish an emissions baseline and annually measure and report the emissions profile of their lending portfolios and investment activities.
- 3.** Banks shall use widely accepted science-based decarbonization scenarios to set both long-term and intermediate targets that are aligned with the temperature goals of the Paris Agreement.
- 4.** Banks shall regularly review targets to ensure consistency with current climate science.

Climate Focus

Alignment	Impact	Risk
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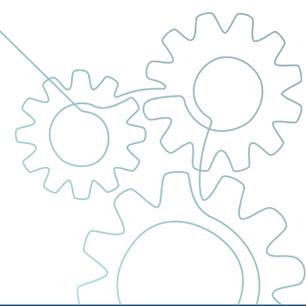
Resource Type

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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Guidelines for Climate Target Setting for Banks

WHO	The guidelines are intended for banks, notably members of the Net-Zero Banking Alliance.
WHAT	The guidelines provide principles that underpin the setting of credible, robust, impactful, and ambitious targets to meet the goals of the Paris Agreement.
WHEN	The framework is applicable when developing net-zero or Paris-aligned climate targets, both short-term (2030 or sooner) and 2050 targets.
WHERE	The framework should be used in all sectors where data and methodologies allow.
WHY	<p><i>The framework can be used for a range of reasons:</i></p> <ul style="list-style-type: none"> • Compliance with jurisdictional requirements for alignment with the Paris Agreement • Development and setting of net-zero (or other) climate-related targets • Reporting of progress against climate-related targets
HOW	For more information, visit the UNEP FI website .