



SCIENCE
BASED
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DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BASIS FOR CONCLUSIONS FOR THE FINANCIAL INSTITUTIONS NET-ZERO STANDARD V1.0

July 2025

ABOUT SBTi

The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

We develop standards, tools and guidance which allow companies to set greenhouse gas (GHG) emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at latest.

The SBTi is incorporated as a charity, with a subsidiary which will host our target validation services. Our partners are CDP, the United Nations Global Compact, the We Mean Business Coalition, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF).

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This Basis for Conclusions Report is issued by the Science-based Targets Initiative (SBTi). Any feedback on SBTi Standards can be submitted to info@sciencebasedtargets.org for consideration of the SBTi.

VERSION HISTORY

Version	Change/update description	Release date
Version 1	Initial release	July 22, 2025

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1. INTRODUCTION

1.1 About this document

This Basis for Conclusions report accompanies the Science Based Targets initiative (SBTi) Financial Institutions Net-Zero Standard Version 1.0 (FINZ Standard V1.0).

It includes:

- a summary of SBTi's considerations in developing the first version of the FINZ Standard and its responses to the significant issues raised during consultation and pilot testing;
- a summary of feedback received on the SBTi FINZ Standard Consultation Draft V0.1 (SBTi FINZ 2024 Consultation Draft) during the most recent, second public consultation held between June and October 2024; and
- a summary of feedback received during pilot testing conducted from August to December 2024.

A brief overview is also included of the first public consultation (SBTi FINZ 2023 Conceptual Framework and initial Criteria) held between June and September 2023.

This report also discusses the development of the SBTi FINZ Standard V1.0 project including input from the FINZ Expert Advisory Group (EAG), partner organizations, webinar attendees, and other stakeholders through channels including webinars, conferences, events, email, and bilateral meetings. All feedback received, together with an analysis of areas for consideration raised, has been reviewed by the SBTi FINZ Standard Development Team.

This Basis for Conclusions report aims to:

- summarize the development process, demonstrating how the [Standard Operating Procedure for Development of SBTi Standards](#) (SOP) has been implemented;
- explain the main issues and concerns raised during the process, and how these have been addressed; and
- summarize all comments covering positive feedback and areas for consideration, including how feedback has been responded to during the formalization of the final SBTi FINZ Standard v1.0.

Links to the SBTi FINZ 2023 Standard Initial Criteria and Conceptual Framework and SBTi FINZ 2024 Consultation Draft public consultations, pilot test documents, and questionnaires can be found in [Annex A](#) of this document. Details of participation in related webinars and events can be found in [Annex B](#).

1.2 Objectives of the SBTi FINZ Standard V1.0

In summary, the aims of the SBTi FINZ Standard V1.0 are:

- to provide financial institutions with a framework to address their scope 3, category 15 portfolio emissions in a manner consistent with contributing to the goal of achieving net-zero emissions by 2050;

- to provide an option for combined near- and long-term target-setting; and
- to facilitate scaling up of financial institutions' climate ambitions while focusing efforts on decarbonizing existing portfolio holdings by offering a broader range of metrics and tools which financial institutions can use to measure, track and improve the alignment of their financial services.

You can also access the full [Terms of Reference for the SBTi FINZ Standard V1.0](#).

1.3 Development process of the SBTi FINZ Standard V1.0

The SBTi FINZ Standard V1.0 project began in July 2021. This preceded the SBTi Board's adoption of the SOP on December 14, 2023, and its publication in April 2024.

Development of the SBTi FINZ Standard V1.0 has therefore occurred in two phases: Phase 1, from July 2021 to December 2023 and Phase 2, from January 2024 to July 22, 2025.

Phase 1: July 2021 to December 2023

The below table details the dates of the key development stages and milestones of Phase 1, including a dedicated EAG and multi-stakeholder consultations.

Key Development Stages	Dates
Researching and drafting (This was a continuous process from the initiation of phase 1 of the project, prior to implementation of the SOP)	July 2021 - October 2023
Establishment of the FINZ EAG to inform the SBTi FINZ Standard V1.0's development. The composition of which can be found here , with eight EAG meetings held during this period	June - August 2022
Publication and public consultation of the Foundations for Science-Based Net-Zero Target Setting in the Financial Sector Paper	February 2021 - April 2022
Further research and drafting of the SBTi FINZ 2023 Conceptual Framework and Initial Criteria	January 2022 - June 2023
Chief Technical Officer approval of the SBTi FINZ 2023 Conceptual Framework and Initial Criteria	June 2023
Publication and public consultation of the SBTi FINZ 2023 Conceptual Framework and Initial Criteria	June - September 2023

Consolidation, synthesis, and publication of the public consultation feedback to the SBTi FINZ 2023 Conceptual Framework and Initial Criteria	August - December 2023
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*One of the SBTi's permanent advisory bodies, the [Scientific Advisory Group \(SAG\)](#) was also consulted for feedback.

Phase 2: January 2024 - July, 22 2025

The table below outlines the key development stages and milestones of Phase 2 of the project.

Key Development Stages	Dates
Further research and drafting of the SBTi FINZ 2024 Consultation Draft	January - May 2024
Technical Council approval of SBTi FINZ 2024 Consultation Draft	June 2024
Publication and public consultation of the SBTi FINZ 2024 Consultation Draft	July - October 2024
Pilot testing of the SBTi FINZ 2024 Consultation Draft	August - December 2024
Broadening of the FINZ EAG to ensure a wide spectrum of views across all relevant stakeholder groups	July - October 2024
Consolidation and synthesis of the second public consultation and pilot testing feedback	October 2024 - January 2025
Focused EAG consultations/discussions, targeted on specific elements of the SBTi FINZ Standard v1.0 final draft: <ul style="list-style-type: none"> • Overall review of draft • Fossil Fuels, Deforestation, Neutralization • Fossil Fuels 	<ul style="list-style-type: none"> • January - February 2025 • April 2025 • May 2025
Chief Technical Officer approval of SBTi FINZv1.0 Final Draft	May 2025
Technical Council meetings to prepare for approval	March 18th, April 9th/10th, May 8th

Technical Council approval of the SBTi FINZ Standard v1.0 Final Draft	May 27, 2025
Board of Trustees Adoption	June 26, 2025

1.4 How the SBTi FINZ Standard V1.0 meets the content quality criteria specified in the SOP for Development of SBTi Standards

The primary objective of SBTi Standards is to provide requirements and guidelines for non-state economic actors to set and implement targets in order to mitigate their value chain emissions. It is also to align business practices with the transformation needed to reach net-zero emissions at the global level consistent with SBTi pathways.

Requirement	Description of how the SBTi FINZ Standard V1.0 meets this requirement
Be developed to be applicable to entities operating in corporate and financial sectors, and entities in a specific sector or cluster of subsectors	The SBTi FINZ Standard v1.0's criteria and recommendations for financial institutions to address Scope 3, category 15 emissions, have been developed in consultation with stakeholders globally, peer initiatives, and practitioner experts, including financial institution pilot testing, to ensure maximum feasibility of adoption.
Be consistent with the objective of SBTi Standards, as stated in paragraph 11 of the <i>SOP for Development of SBTi Standards</i>	The SBTi FINZ Standard v1.0 includes a variety of requirements which cover: <ul style="list-style-type: none"> • orderly alignment of both real economy companies and financial institutions with global climate goals • long-term targets supporting the SBTi's aim for ambitious emissions reductions in line with 1.5°C pathways.

Be informed by the best available science, as defined by international consensus bodies like the Intergovernmental Panel on Climate Change (IPCC), and best practice in climate target setting and climate mitigation at the time of standard development	<p>The SBTi FINZ Standard v1.0 uses a series of technical foundations (metrics, methods, and pathways) that have been developed through the standard research phase. These technical foundations are based on the SBTi's latest 1.5°C pathway set*, derived from IPCC, IEA, and many others. The metrics used in the standard are also benchmarked against companies and activities aligning to specific milestones established in these 1.5°C pathways.</p> <p>Financial institutions must demonstrate their alignment to global climate goals by shifting their financial activities over time to companies and activities that are themselves aligning to the latest scientific benchmarks. By relying on these real economy benchmarks, the SBTi FINZ Standard v1.0 ensures financial institutions' targets are supported by the latest climate science and that their ambition is consistent with what is required at a global level to reach net-zero emissions by 2050.</p>
Include relevant quantitative and qualitative metrics to deliver on the objective of the SBTi standards	Criteria reference tables 4.1-4.3 in the SBTi FINZ Standard v1.0 provide an outline of metrics, benchmarks, and target-setting methods. The SBTi FINZ Provisional Implementation List also supplements these tables, detailing eligible methods for use by financial institutions to measure their climate alignment baseline and associated targets.
Be auditable, verifiable, and or measurable	Criteria and sub-criteria in the SBTi FINZ Standard v1.0 form the requirements and recommendations that financial institutions shall/should, respectively, adhere to, to then be validated by SBTi Services. They stipulate a variety of conditions that shall or should be met and evidenced. As part of the target validation process, Criteria Assessment Indicators, which translate each requirement and recommendation into conformity assessment control points, are then used by SBTi Services to evaluate and determine conformance.
Be easily understood by all relevant stakeholders	The SBTi FINZ Standard v1.0 has undergone a series of thorough reviews, from both a technical content and language perspective by providing the opportunity for both internal and public feedback. A consultancy firm was also appointed by SBTi to support with anonymized public consultation and pilot testing feedback consolidation and suggest language enhancements.

	<p>Additionally, while the working language for SBTi Standards is English, where appropriate, the SBTi shall arrange translations of the SBTi FINZ Standard v1.0 into languages other than English.</p>
<p>Meet or exceed the requirements in the countries where the standard is applied, including, at a minimum, the meeting of all regulatory requirements, as applicable</p>	<p>In addition to meeting requirements in the SBTi FINZ Standard v1.0, financial institutions are responsible for meeting or exceeding the national, subnational, and regional legislation and/or regulation in the countries where the SBTi FINZ Standard v1.0 is applied on topics covered therein.</p>
<p>Be designed to support accurate, specific, and transparent claims supported by evidence, while avoiding misleading statements or claims</p>	<p>The general claims section of the SBTi FINZ Standard v1.0 requires that all claims content be fully substantiated with relevant and verifiable evidence, and shall remain accessible for transparency purposes, and available to SBTi, third-parties, and/or regulatory bodies upon request.</p>
<p>Be designed to support the generation and submission of data necessary to assess and monitor performance against science-based targets, as well as demonstrate the efficacy of the SBTi Standards in achieving their objectives</p>	<p>The SBTi FINZ Standard v1.0 requirements to determine a financial institution's performance in the target base-year and against both portfolio near- and long-term requirements, through interim checkpoints, all require data sets that should also improve in quality and expand in scope over time. The sub-requirements and criteria reference tables stipulate the types of data sets required, including third-party sources, where appropriate.</p>
<p>Be developed in accordance to the process described in the <i>SOP for Development of SBTi Standards</i></p>	<p>Section 1.3 of this Basis for Conclusions report details the development process of the SBTi FINZ Standard v1.0.</p>
<p>Aim for compatibility with other relevant standards</p>	<p>A benchmarking exercise was conducted to assess the SBTi FINZ Standard v1.0's interoperability with other industry body climate target-setting frameworks or roadmaps to reconfirm SBTi's positioning in the landscape and to assess and enhance the SBTi FINZ Standard v1.0's interoperability, where possible. This exercise also addressed public consultation and pilot testing feedback on the SBTi FINZ 2024 Consultation Draft to better align its requirements with existing frameworks.</p> <p>This included a comparison of target methods to identify areas of congruence and where further</p>

	opportunities for alignment and potential revisions to the SBTi FINZ Standard V1.0 could be made.
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*A further interim draft of the [SBTi Cross-Sector Pathway Documentation](#) has been published for public consultation.

1.5 External consultation(s) and pilot testing

Over the duration of the project, external stakeholders were invited to provide feedback on iterations of the SBTi FINZ Standard V1.0 through public consultations and pilot testing. For the second public consultation and pilot testing, the SBTi FINZ 2024 Consultation Draft was approved by the Technical Council on June 21, 2024, with its release and corresponding public consultation announcement on July 24, 2024. To assess the feasibility of the SBTi FINZ 2024 Consultation Draft and maximize the potential of its adoption, pilot testing was conducted in parallel. It should also be noted that prior to the implementation of the SOP an initial public consultation on the SBTi FINZ 2023 Conceptual Framework and Initial Criteria was also conducted and a [link](#) to the feedback summary report is included in this report for completeness.

Table: Overview of key consultation phases

	First public consultation (2023) <i>SBTi FINZ 2024 Standard Initial Criteria and Conceptual Framework</i> ¹	Second public consultation (2024) <i>SBTi FINZ 2024 Standard Consultation Draft</i>	Pilot testing (2024) <i>SBTi FINZ 2024 Standard Consultation Draft</i>
Duration	June 14 - September 2, 2023	July 24 - October 24, 2024	August 19 - December 3, 2024
Objectives	Obtain feedback from stakeholders on: <ul style="list-style-type: none"> • clarity of content • areas requiring improvement • appropriateness of scope 	Obtain feedback from stakeholders on: <ul style="list-style-type: none"> • clarity • specific approaches <ul style="list-style-type: none"> ○ including evidencing commitment to emissions reductions ○ setting both portfolio climate-alignment and emissions targets 	To ensure: <ul style="list-style-type: none"> • requirements, recommendations, and related methods, metrics, and data sources in the SBTi FINZ 2024 Consultation Draft are robust, clear, and practical • awareness of any implementation challenges • feasibility of validating financial institutions against the requirements and recommendations • clarity of the content • a sample of methodologies for potential testing and evaluation for the Provisional Implementation List was obtained
Content on which feedback was sought	SBTi FINZ 2023 Conceptual Framework and Initial Criteria , including:	SBTi FINZ 2024 Consultation Draft <ul style="list-style-type: none"> • Chapter 1: Entity-level: Organizational Commitments and Leadership • Chapter 2: GHG Accounting: Exposure and Portfolio Emissions • Chapter 3: Portfolio Climate-Alignment Targets 	

¹ A full summary of the comments and breakdown of respondents by geography and stakeholder group, from the first public consultation conducted in 2023, can be found [here](#).

	First public consultation (2023) SBTi FINZ 2024 Standard Initial Criteria and Conceptual Framework¹	Second public consultation (2024) SBTi FINZ 2024 Standard Consultation Draft	Pilot testing (2024) SBTi FINZ 2024 Standard Consultation Draft
	<ul style="list-style-type: none"> • Organization and portfolio boundary • General target criteria • Near-term target criteria • Long-term target criteria • Portfolio neutralization criteria • Monitoring, reporting, and recalculation 	<ul style="list-style-type: none"> • Chapter 4: Emissions-Intensive Sector Targets • Chapter 5: Reporting 	<ul style="list-style-type: none"> • Draft submission form and criteria assessment indicators • Pilot Testing Metric and Method Documentation
Feedback channels	<ul style="list-style-type: none"> • Online survey • Email • Two global webinars 	<ul style="list-style-type: none"> • Project feedback form, online survey* • email • 15 roundtables • global webinars 	<ul style="list-style-type: none"> • Pilot testing survey • SBTi Target Validation Team's mock-target submissions • Email • Workshops • One to ones
Outreach Channels	Two global webinars (approx. 800 attendees in total)	15 roundtables (550 attendees in total) and two global webinars (580 attendees), three one-on-one meetings with stakeholders	Eight workshops and office hours for pilot testers, 18 one-on-one sessions with pilot testers
Number of survey respondents	139, across 34 countries	159, across 35 countries	25, across 13 countries

	First public consultation (2023) <i>SBTi FINZ 2024 Standard Initial Criteria and Conceptual Framework¹</i>	Second public consultation (2024) <i>SBTi FINZ 2024 Standard Consultation Draft</i>	Pilot testing (2024) <i>SBTi FINZ 2024 Standard Consultation Draft</i>
Items of additional qualitative feedback	13 emails	165 (through the above feedback channels)	186 (through the above channels)
Pilot testing mock targets	n/a		16 submissions

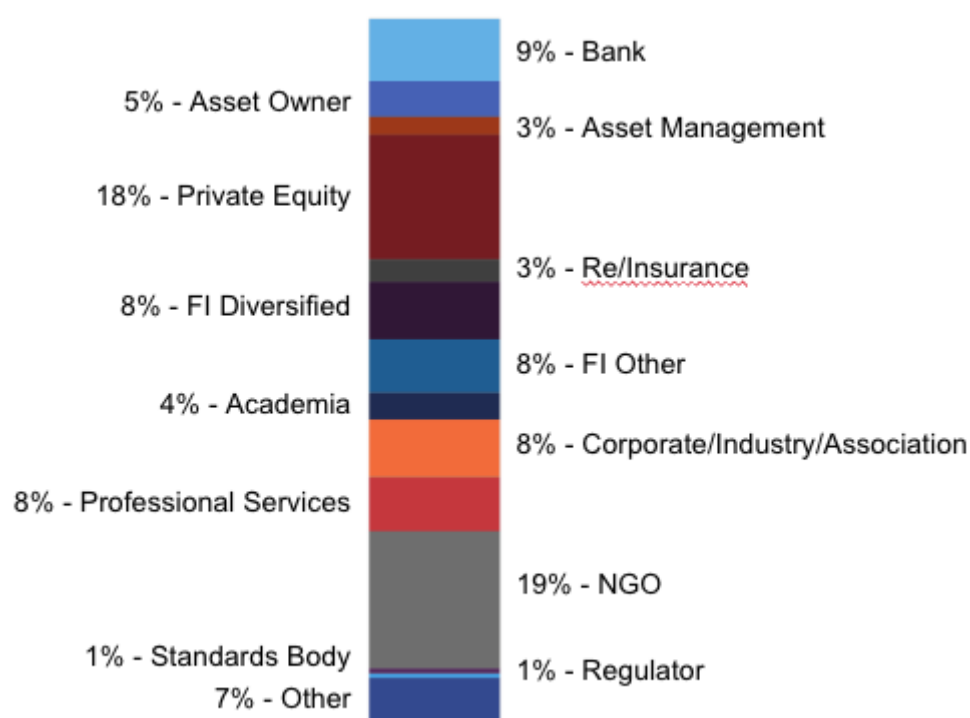
1.6 Overview of public consultation

For both public consultations, respondents were asked to submit comments through an online survey, with all relevant links and invitations to global webinars made available on the [SBTi Financial Institutions webpage](#). During the public consultation, the SBTi sought input from stakeholders representing a balance of interests in the subject matter and in the geographic scope to which the standard applies. Stakeholders were not required to respond to all feedback questions. For stakeholders that submitted feedback via means other than the public consultations, the content and scope of the feedback was at their discretion.

A breakdown of the participants in the second consultation, together with an overview of the key positive comments, as well as areas of the SBTi FINZ 2024 Consultation Draft warranting further consideration is provided below.

Stakeholder participation

Submissions to the online survey comprised 159 respondents across a variety of stakeholder groups:



Geographically, responses were predominantly from the Global North (North America and Europe), though the Global South was also represented, including input from countries such as Malaysia, Brazil, and India.

From this analysis, we found that the number and variety of stakeholders who submitted comments were representative of all the key groups identified in SBTi's initial stakeholder analysis, including groups that may be considered disadvantaged.

Further information on public consultation participation and feedback can be found in the [Annexes](#).

1.7 Overview of pilot testing

In parallel with the second public consultation, the SBTi conducted a comprehensive pilot testing process.

Stakeholder participation

Financial Institutions from any region wishing to inform, and learn from the SBTi's development of the SBTi FINZ Standard V1.0, were invited to apply to be part of the pilot test.

A total of 33 financial institutions participated in the pilot test. 18 formed the 'intentional' group, which agreed to:

- submit some or all preliminary mock targets;
- submit mock target modeling data and other supporting evidence to SBTi for analysis;
- provide detailed feedback through bilateral communications, office hours, Q&A sessions, and a survey form;
- engage with the SBTi to clarify and address the issues raised; and
- optionally participate in developing case studies to illustrate new recommendations and requirements.

An additional 15 financial institutions chose to participate for informational purposes only, which comprised the above mentioned activities, excluding submission of mock targets and case studies.

A detailed 80-question survey gathered responses from 25 financial institutions from both intentional and informational groups, while 16 submitted mock targets for evaluation under the SBTi FINZ 2024 Consultation Draft. Submissions were reviewed for alignment with the SBTi FINZ 2024 Consultation Draft requirements by SBTi's Target Validation Team, which then provided feedback to the SBTi Financial Standards Team.

The survey responses and mock targets were complemented by 186 additional feedback inputs from participating financial institutions received via emails, pilot testing workshops, office hours, and one-on-one discussions.

Feedback was collected for the different financial activities (lending, asset owner and manager investing, insurance underwriting and capital market activities) in scope of the SBTi FINZ 2024 Consultation Draft.

Most participating financial institutions (12 out of 16) are headquartered in Europe, and 11 have either validated SBTi targets or are committed to setting them.

While financial institution pilot testers acknowledged the framework's potential to drive accountability and set high standards, nearly half of them (48%) found the SBTi FINZ 2024 Consultation Draft challenging to implement. While in some instances it was deemed too strict (e.g., fossil fuel policy; ambition levels of milestones), another significant part of the difficulty stemmed from unclear definitions or not being aligned with established frameworks (e.g., the climate-aligned component). Finally, some requirements were deemed unfeasible

due to a lack of data (e.g., no-deforestation policy; methane targets). Further detail on participation can be found in the [annexes](#).

1.8 Methodology for feedback analysis

All feedback received through the public consultation and other feedback channels was collated. The project team, with support of an appointed consultancy firm², conducted an analysis of the feedback.

In summary, the SBTi FINZ 2024 Consultation Draft public consultation and pilot testing received both quantitative and qualitative feedback, grouped as shown in the table below.

Feedback groupings from the SBTi FINZ 2024 Standard Consultation Draft public consultation and pilot testing

Quantitative Feedback	Qualitative
Public consultation survey (159 respondents across 60 quantitative questions)	Public consultation survey (159 respondents across 22 qualitative questions)
Pilot testing survey (25 respondents across 80 quantitative questions)	Pilot testing survey (25 respondents across 80 qualitative questions)
	Other sources of public consultation feedback (165 items of qualitative feedback)
	Other sources of pilot testing feedback (186 items of qualitative feedback)

All feedback was categorized by question topic, stakeholder group, and geography.

The first step of feedback analysis involved assessing the sentiment of quantitative responses to various aspects of the SBTi FINZ 2024 Consultation Draft, with responses ranging from 'strongly agree' to 'strongly disagree.' The pilot testing survey included implementability ratings from 'strongly infeasible' to 'strongly feasible'. Feedback was analyzed by disaggregating responses as % per stakeholder group, per region, etc. Feedback was also analyzed for topics where there was a notable degree of contention among stakeholders.

Next, anonymized qualitative feedback from both the public consultation and pilot testing was analyzed by thematic coding. With AI support, corroborated by both the appointed consultancy firm and the SBTi FINZ Standard v1.0 project team, each item was individually assessed and summarized into condensed main messages grouping similar comments under themes. Areas of negative or constructive feedback were also identified and comprehensive descriptions for the themes were developed for focused discussions. During the evaluation of qualitative feedback, comments that contained feedback for multiple topics were mapped to all the relevant topics and evaluated with those topics. Similarly, where

² Data was shared on an anonymized basis.

comments contained proposals for wording simplification in the technical output, the suggested wording was also considered as a separate feedback item to simplify analysis, and these were analyzed to help shape the development of the SBTi FINZ Standard V1.0.

Further details on the feedback process analysis are documented [here](#).

Summary of key public consultation comments

Overall, the SBTi received positive feedback on the five key components of the consultation draft, including:

1. General acceptance of the staggered approach of GHG emissions inventory
2. General agreement of the concept of climate-alignment targets and the milestone approach
3. Support for including transition plans in the SBTi FINZ Standard v1.0
4. Positive sentiment toward the emission-intensive sector targets approach across all financial activities
5. General agreement on the reporting requirements.

Areas requiring further consideration included:

1. Segmentation of activities by level of influence and climate impact—particularly for private equity firms and insurers.
2. Fossil fuel policies, as financial institutions anticipate implementation challenges.
3. Ambition level of climate-alignment targets—suggesting a more flexible approach and allowing for regional differentiation.
4. Higher granularity in defining ‘climate-aligned financing’ and more flexibility in metric selection.
5. Inclusion of absolute emission metrics alongside physical intensity metrics, and expanded sector coverage, such as agriculture and chemicals.
6. A clearer distinction is needed for end-users regarding when the SBTi FINZ 2024 Consultation Draft applies.

Further detailed consultation comments are referenced in [Annex A](#).

Summary of key pilot testing comments

Areas for further consideration to address feasibility challenges included:

1. Segmentation of activities by level of influence and climate impact.
2. Extended timelines or phased implementation of the ‘no-deforestation’ and ‘climate-aligned policies for high-emitting assets.’
3. Engagement strategies and regional restrictions to be considered for fossil fuel policies.
4. Disclosure of fossil fuel exposure and renewable energy ratios due to data availability and confidentiality.
5. Clearer boundaries and definitions for neutralization.
6. Alignment of climate-aligned component definitions with established frameworks.
7. Greater flexibility in target-setting methods and milestones to manage ambition levels and data availability.
8. Updating ‘renewable energy’ to fossil fuel financial ratio to a broader, more diverse ‘clean energy ratio.’

Positive feedback emerged from financial institutions who found requirements on governance, public net-zero commitments, and transition plans of the Consultation Draft's chapter 1, as well as most of the reporting requirements of chapter 5, feasible.

Further information on pilot testing participation and feedback can be found in the [annexes](#).

1.9 Decision-making process

Responding to consultation and pilot testing feedback

Areas for further in-depth internal discussion were prioritized where public consultation feedback indicated $\geq 20\%$ of disagreement (across all stakeholder groups or among specific stakeholder groups). And for pilot testing, areas were prioritized for focused discussion where at least 20% of respondents believed a specific criteria to be infeasible. Each point of consideration was evaluated separately. Any decision to address feedback through revisions to the SBTi FINZ 2024 Consultation Draft was driven by several factors, including:

1. Responding to public consultation and pilot testing feedback as well as addressing feasibility challenges (critical for overall impact).
2. Interoperability with both SBTi Standards and external target-setting frameworks.
3. Simplifications or adjustments to increase clarity. This was also supported by interactions with SBTi internal stakeholders and experts, followed by a review of updated content by the EAG (see next section).

These evaluations concluded that in addition to non-material minor edits, a total of 16 issues (detailed in [Section 2. Significant Issues and SBTi Responses](#)) would require a total of 18 revisions to be made to the SBTi FINZ 2024 Consultation Draft. These changes, in conformance with the below classification, have been categorized as four significant changes and 14 moderate changes. The full details are outlined in Section 2. Significant Issues and SBTi Responses.

Classifying the degree of change compared to the SBTi Consultation Draft		
Minor	Moderate	Significant
Adjustments that do not alter the overall meaning	Alterations that impact the structure or content somewhat	Alterations that impact the content or intent

Categorizing the rationale for changes to the SBTi FINZ Standard V1.0		
Response to feedback	Interoperability	Improvement
Change made to requirement/recommendation is a reaction to PT/PC feedback	Internal: for alignment with other SBTi standards External: for alignment with frameworks from other alliances	Simplify the language/structure/standard without content change or restructuring the flow

Focused EAG Consultations

Post consolidation of public consultation and pilot testing feedback, further input was sought from the EAG through targeted consultations:

- January - February 2025 - A presentation, discussion and review of the overall Standard and the 16 issues and 18 proposed changes, including completion of a survey.
- April 2025 - A similar format but content focussed on fossil fuels and deforestation.
- May 2025 - A final in-depth discussion and survey focused on fossil fuels content.

Across all three consultations, when diverging views persisted, the proposed changes, as well as differing, anonymized EAG perspectives were shared with the Technical Council for transparency and evaluation.

Alignment with the SBTi Standard Template and simplification exercise

In addition to the four significant changes and 14 moderate changes detailed in Section 2, the SBTi FINZ Standard v1.0 was further adjusted to ensure interoperability and consistency with the new SBTi Standard Template. Certain content was further refined to reduce ambiguity and enhance readability. These revisions are outlined in the below table:

Revision Type	Content of SBTi FINZ 2024 Consultation Draft	Content of SBTi FINZ Standard V1.0	Rationale
Adjustments to core chapters to reflect content of new SBTi Standards Template and to enhance simplicity	<p>A - Introduction</p> <p>Requirements and recommendations</p> <p>1 - Entity-level: Organizational Commitments and Leadership</p> <p>2 - GHG Accounting: Exposure and Portfolio Emissions</p> <p>3 - Portfolio Climate-Alignment Targets</p> <p>4 - Emissions-Intensive Sector Targets</p> <p>5 - Reporting</p> <p>Annex A: Scope and Definition of Financial Activities</p> <p>Annex B: Scope and Definition of Climate Impact</p> <p>Annex C: Climate-Alignment Metrics and Methods</p> <p>Glossary</p>	<p>A - Introduction</p> <p>Criteria and recommendations in the following chapters:</p> <p>1 - Financial institutions' net-zero commitment</p> <p>2 - Base-year assessment</p> <p>3 - Policies and target setting</p> <p>4 - Assessing and communicating progress</p> <p>5 - SBTi claims</p> <p>Criteria are also supplemented with detailed criteria reference tables section that includes:</p> <ul style="list-style-type: none"> • Tables 1.1-1.5: Segmentation of financial activities • Table 2: List of emissions-intensive sectors and corresponding relevant value chain activities • Table 3: Target specifications • Tables 4.1-4.3: Portfolio-level metrics, definitions of climate-alignment and sector specifications 	<p>To ensure the FINZ Standard v1.0 supports the inter-connected SBTi Standards system, including both a unified structure, and alignment with SBTi's improved validation cycle (designed to provide greater clarity and consistency).</p> <p>In addition to the above, the title of Chapter two varies slightly from the SBTi Standard template, to enhance clarity for financial institutions around its intended purpose.</p> <p>The chapter titled 'Addressing the impact of ongoing emissions' in the Corporate Net-Zero Standard (CNZS) is not included as it has no role in the SBTi FINZ Standard V1.0.</p>

Revision Type	Content of SBTi FINZ 2024 Consultation Draft	Content of SBTi FINZ Standard V1.0	Rationale
		Annex A: Key Terms Annex B: Target Language Template	
New terminology	Use of requirements and recommendations	Criteria and recommendations	To ensure the SBTi FINZ Standard V1.0 supports the inter-connected SBTi Standards system, including unified terminology.
New terminology	Specification of year (e.g., 0, 5, etc.) when requirement/recommendation would be expected	Specification for when SBTi FINZ Standard V1.0 criteria would be validated updated to: Assessment stage: <ul style="list-style-type: none"> • Initial validation • Renewal validation • Net-zero target year 	To align with the evolving validation cycle of the SBTi Standards system.
New target terminology	Not previously stipulated	Financial institutions' Scope 1, 2 and 3 (Category 1-14) emissions targets are now collectively termed 'non-portfolio targets'. The CNZS and or SBTi Sector Standards should be used to set them. Scope 3 (Category 15) emissions near- and long term targets are referred to as 'portfolio near- or long term targets' with the SBTi FINZ Standard V1.0 as the key resource for setting them.	Provides greater distinction between the different target types and the corresponding SBTi Standards needed to set them.

Revision Type	Content of SBTi FINZ 2024 Consultation Draft	Content of SBTi FINZ Standard V1.0	Rationale
Inclusion of chapter 4 - Assessing and communicating progress	Reporting chapter (focusing on annual reporting requirements)	<p>4 - Assessing and communicating progress</p> <ul style="list-style-type: none"> FINZ-C18 Progress assessment and target renewal: Financial institutions shall determine progress against their validated target(s) at the end of their portfolio near-term target timeframe, as well as set new target(s), where relevant, and submit them for validation. 	To ensure the SBTi FINZ Standard V1.0 supports the inter-connected SBTi Standards system, including a unified structure and associated outcomes.
Inclusion of chapter 5 - SBTi claims	n/a	<p>5 - SBTi claims</p> <ul style="list-style-type: none"> FINZ-C19 SBTi Claims Criteria: The financial institution shall ensure all net-zero related claims are accurate, transparent, verifiable and compatible with the criteria in this standard and applicable regulations. 	<p>To ensure the SBTi FINZ Standard V1.0 supports the inter-connected SBTi Standards system, including a unified structure and associated outcomes.</p> <p>The inclusion of criteria on claims also aligns with ISEAL best practices.</p>
SBTi's validation model AND associated target time frames	<p>Process for setting science-based targets</p> <p>To improve target accountability, the Science Based Targets initiative (SBTi) mandates that</p>	<p>Validation model</p> <p>For initial validation, financial institutions are required to set near-term targets for both non-portfolio and portfolio emissions with a time frame of</p>	<p>To enhance accountability and actionability of targets and to align with the evolving SBTi Standards system validation cycle.</p> <p>NB. This new target time frame was not part of</p>

Revision Type	Content of SBTi FINZ 2024 Consultation Draft	Content of SBTi FINZ Standard V1.0	Rationale
	<p>companies set near-term targets with a five- to ten-year time frame.</p> <p>Additional near-term targets should be set after this period to address any remaining emissions. However, the SBTi is currently revising its Corporate Net-Zero Standard (CNZS v2.0), which may affect the timing requirements in the SBTi FINZ Standard V1.0. Therefore, the current SBTi FINZ Standard V1.0's timing requirements are subject to change.</p> <p>3.2.1: Portfolio climate-alignment target</p> <p>Financial institutions must set individual climate-alignment targets for each financial activity (lending, asset owner investing, asset manager investing, insurance). They must consult Table 4 to determine minimum ambition thresholds, aligning all targets with milestone years between 2030 and 2050.</p>	<p>up to five years using:</p> <ul style="list-style-type: none"> • The most recent applicable SBTi CNZS and any applicable criteria from SBTi Sector Standard or guidance documents for scope 1 and 2 emissions, as well as for scope 3, categories 1-14 emissions in some cases, and • The SBTi FINZ Standard V1.0 for scope 3, category 15 emissions from financial activities. <p>“Renewal validation” assessment stage comprises disclosure of progress against targets from the previous near-term target cycle, along with any other applicable criteria, and the development and validation of new targets. Assessment stage “net-zero target year” also includes the disclosure of progress against targets from the previous long-term target.</p> <p>SBTi FINZ Standard V1.0 Portfolio near-term target</p>	<p>the SBTi FINZ 2024 Consultation Draft for public consultation and prior to the publication of the SBTi FINZ Standard V1.0, not yet been pilot tested.</p>

Revision Type	Content of SBTi FINZ 2024 Consultation Draft	Content of SBTi FINZ Standard V1.0	Rationale
	<p>Near-term targets should span five to ten years, also aligning with those milestone years, and be set at least five years from the submission year.</p> <p>Specifically, if a financial institution submits its target between January 1 and June 31, 2025, a target for 2030 is sufficient. If it submits its target after June 31, 2025, targets for both 2030 and 2035 are required.</p>	<p>timeframes</p> <p>To set near-term targets, financial institutions must use a target year that falls within five years from the calendar year the targets are submitted for validation. For example, if a financial institution submits its targets between January 1 and December 31, 2026, then it must set targets with a target year of up to 2031. If it wants to use a milestone year (i.e., 2030, 2035, 2040, 2045, or 2050) as its target year, then it can set targets with a time frame of less than five years (i.e., 2030 in the preceding example).</p> <p>Financial institutions are also required to assess progress against their validated target(s), as of the end of their previous near-term target time frame - using the above example, either in 2031 or 2030, and communicate the progress within 12 months of the end of their previous near-term target time frame. They must also set new</p>	

Revision Type	Content of SBTi FINZ 2024 Consultation Draft	Content of SBTi FINZ Standard V1.0	Rationale
		target(s) and submit them for new validation.	

2. SIGNIFICANT ISSUES AND SBTi RESPONSES

Following the above decision process (outlined in Section 1.9 - *Responding to consultation and pilot testing feedback*), this section includes, in detail, issues deemed as significant. Issues are significant if there is notable disputing sentiment in the feedback. For example where consultation feedback indicated $\geq 20\%$ of disagreement (across all stakeholder groups or among specific stakeholder groups). And for pilot testing, where at least 20% of respondents believed a specific criteria to be infeasible.

Significant issues presented in this section cover the following areas:

- Conceptual: Related to the principles, key concepts, and terminology of the Standard.
- Structural: Related to the structure of the Standard.
- Technical: Related to technical aspects of the standard, such as pathways, methods, target-setting criteria, etc.

Minor editorial comments were reviewed and directly incorporated into the final SBTi FINZ Standard V1.0 by the SBTi and are also excluded from this report.

The significant issues and SBTi’s responses are structured in the following way, as outlined in the below ‘Significant Issue template’ table. Each ‘Significant Issue’ table also includes the corresponding significant or moderate change made to the content of the SBTi FINZ 2024 Consultation Draft in order to address it.

Issue Number - Title of change or requirement/ recommendation table number of updated SBTi FINZ Standard V1.0		Requirement/recommendation/table number of SBTi FINZ 2024 Consultation Draft
SBTi FINZ 2024 Consultation Draft description	Short summary of content for respective topic	
Summary of feedback received	Main stats from the public consultation (PC) and pilot testing (PT), where applicable, and other feedback received about this topic (<i>positive, negative, neutral</i>)	
Resulting changes (if any) implemented,	High-level explanation; what changes have been made on this topic as a result of feedback received (e.g., clarifications, guidance, recommendations, removal, addition, or revision of content)	

identifying whether they are significant (S) or moderate (M)	
Rationale, including categorization: Response to feedback/ Interoperability/ Improvement	Rationale for the decisions made about this topic

2.1 Structural Changes

Issue 1 - Overall structure changed	
SBTi FINZ 2024 Consultation Draft description	<ul style="list-style-type: none"> The SBTi FINZ 2024 Consultation Draft was structured into five main chapters, with a more segmented approach to target setting and disclosure (1. Entity-Level: Organizational Commitments and Leadership, 2. GHG Accounting: Exposure and Portfolio Emissions, 3. Portfolio Climate-Alignment Targets, 4. Emission-Intensive Sector Targets, and 5. Reporting). Guidance on financial activities segmentation (Tables 2, 3, and 8), climate-alignment target setting (Tables 4, 15), and sectoral target setting (Tables 5, 6, 11, and 17) was spread across multiple tables in the main body of content, as well as supporting Annexes.
Summary of feedback received	<p>Qualitative Feedback:</p> <ul style="list-style-type: none"> The SBTi FINZ 2024 Consultation Draft was perceived as lengthy and complex, particularly due to the need to navigate chapters with overlapping content (e.g., reporting requirements) leading to difficult navigation. Feedback emphasized the need for clearer definitions, examples, and step-by-step guidance to help financial institutions navigate the Draft requirements. Participants highlighted challenges in addressing sector-specific nuances, particularly regarding metrics and target-setting methodologies for certain industries. There were concerns about ensuring the SBTi FINZ 2024 Consultation Draft aligns with existing frameworks and peer initiatives, to avoid duplication or conflicting requirements.

<p>Changes (if any) implemented (M1)</p>	<ul style="list-style-type: none"> • The SBTi FINZ Standard v1.0 is now restructured into five chapters, each covering a specific aspect of net-zero alignment (1. Financial institutions net-zero commitment, 2. Base-year assessment, 3. Policies and targets, 4. Assessing and communicating progress, 5. SBTi claims). • ‘Influence’-based segmentation has been removed and structured segmentation (i.e., Tables 1.1-1.5 in the SBTi FINZ Standard v1.0) has been introduced to classify financial activities into A, B, C, and D segments, improving clarity on applicable target-setting methods for different asset classes later in the Standard. • Chapters 3 and 4 from the SBTi FINZ 2024 Consultation Draft have been brought into a cohesive policies and target setting chapter, reflecting the flexibility for financial institutions to choose between alignment-based or sector-specific targets for portfolio near-term targets (see section 2.7 targets below). As policies and neutralization are essential to net-zero alignment, these requirements have also been integrated into the new ‘3. Policies and target setting’ chapter. • The guidance on financial activities segmentation, climate-alignment target setting, and sectoral target setting has been simplified and arranged into comprehensive tables, compiled into a separate section ‘Criteria Reference Tables’ to enhance readability. • Reporting requirements still form a separate section, now in Chapter 4 ‘Assessing and communicating progress’ but have been reduced in scope. • To ensure a logical progression, organizational boundary criteria FINZ-C2 and FINZ-C3 Portfolio boundary) are located in Chapter 1 (‘Financial institutions net-zero commitment’), even though the SBTi Standard template indicates this should occur in Chapter 2 (‘Base-year assessment’). This placement is necessary because understanding FINZ-C3 requires completion of FINZ-C2.
<p>Rationale</p> <p>Response to feedback, Interoperability (with SBTi Standards) and Improvement</p>	<ul style="list-style-type: none"> • The restructuring of the SBTi FINZ Standard v1.0 into five core chapters directly addresses stakeholder feedback on length, complexity, and navigation challenges. By consolidating previously separate sections into a streamlined structure, the revisions improve usability, allowing financial institutions to more readily find relevant guidance. As indicated in the ‘Alignment with the SBTi Standard template’ section above, this restructuring also supports consistency across SBTi Standards. • The introduction of structured segmentation (Tables 1.1-1.5) for financial activities improves clarity when defining in-scope and out-of-scope activities in order to prepare for target setting, particularly in addressing sector-specific nuances that stakeholders identified as challenging. This refinement provides financial institutions with clearer pathways for

	<p>defining their commitments based on asset classes and financial exposures, addressing the challenges identified during the pilot testing phase.</p> <ul style="list-style-type: none"> • The cohesive new Chapter 3. 'Policies and target setting' chapter reflects the added flexibility for financial institutions to choose between alignment-based or sector-specific targets for portfolio near-term targets (refer to 'Section 2.7 Targets' below for more details). It also covers policies and neutralization, as they are both essential for net-zero alignment. • Overall, these refinements will ensure that the final SBTi FINZ Standard V1.0 remains rigorous yet accessible, aligning with global industry standards while providing practical, structured, and flexible guidance for financial institutions setting science-based targets.
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Issue 2 - Structure of SBTi Standards: Revenue criteria for optionality in category 1-14 targets		1.3.1, System of SBTi Standards
SBTi FINZ 2024 Consultation Draft description	<ul style="list-style-type: none"> • FIs are asked to follow the SBTi FINZ 2024 Consultation Draft for all financial activities they conduct business in with a materiality threshold of 5% of revenue. • It applies to entities that generate 5% or more of their revenue from lending, investing (as asset owner or manager), insurance underwriting, and or capital market activities. This includes, but is not limited to, banks, asset managers, private equity firms, asset owners, re/insurance companies, and mortgage real estate investment trusts (REITs). • Entities that derive less than 5% of their revenue from these financial activities are encouraged, but not required, to use the SBTi FINZ 2024 Consultation Draft to set targets on these activities in addition to their corporate targets. • For scope 1, 2, and 3 categories 1-14 emissions, financial institutions are referred to the Corporate Net-Zero Standard. 	
Summary of feedback received	<ul style="list-style-type: none"> • Respondents recommended making scope 3 categories 1–14 optional, citing resource constraints (PC, PT). • Many respondents argued that scope 3 categories 1–14 contribute insignificantly compared to category 15 (financed emissions), suggesting that efforts should focus on areas with the most significant impact (PC, PT). 	

	<ul style="list-style-type: none"> • Respondents emphasized the difficulty in obtaining reliable, high-quality data for scope 3 categories 1–14 (PC, PT). • Feedback highlighted the need to consider the maturity of companies, suggesting that emerging or smaller companies may struggle to meet stringent scope 3 requirements during the initial phase (PT).
Changes (if any) implemented (M2)	<p>The text was updated to include the following nuances:</p> <p>For Scopes 1, 2 and 3 (Categories 1-14) financial institutions shall refer to the SBTi CNZS and applicable SBTi Sector Standards:</p> <ul style="list-style-type: none"> • For entities with 95% <u>or more</u> revenue derived from financial activities, targets must be set for Scope 1 and 2 emissions, in accordance with the most recently applicable criteria in the SBTi CNZS³. Setting targets for Scope 3 Categories 1-14 emissions is optional for these institutions. A complementary explanatory note will provide the list of relevant CNZS criteria. • Entities with less than 95% of revenue from financial activities must set targets for scope 1 and 2, and scope 3 categories 1–14 emissions in accordance with the most recently applicable criteria in the SBTi CNZS and or applicable SBTi Sector Criteria from SBTi Sector Standards. • Additional buildings applicability criteria has also been added. For example, financial institutions with at least 5% revenue as owner-lessor, developer or property manager (of buildings) that meet either or both of the below thresholds shall use the SBTi CNZS and Buildings Criteria, keeping their Scope 1, 2, and 3 Categories 1-14 emissions and targets separate from their Scope 3 Category 15 emissions and targets. The SBTi Buildings criteria apply if 20% or more of total Scopes 1, 2 and 3 Categories 1-14 stem from: <ul style="list-style-type: none"> ○ In-use operational emissions from owned and/or managed buildings, and/or ○ Upfront embodied emissions from developed and/or acquired new buildings.
Rationale Response to feedback, Interoperability	<ul style="list-style-type: none"> • The decision to make scope 3 categories 1–14 optional for financial institutions with less than 5% revenue from non-financial activities reflects stakeholder concerns about their limited material impact relative to scope 3 category 15 and data challenges with other categories.

³Applicable Sector Criteria (e.g., Buildings Criteria for owner-lessors) can be used optionally, but are not required, for target setting for Case 1.

(with SBTi Standards)	<ul style="list-style-type: none"> For financial institutions with at least 5% revenue from non-financial activities, requiring targets for scope 1, 2, and 3 categories 1–14 ensures that institutions with a diverse set of business activities, and thus potential substantial emissions in scope 3 categories 1-14, take responsibility for their operational and value chain impacts. The addition of buildings-specific guidance addresses the unique emissions profiles of financial institutions with significant involvement in property management, development, or ownership. Including a 20% emissions threshold ensures that the requirements apply to financial institutions where building-related emissions are material. It also increases internal interoperability with the published SBTi Buildings Criteria.
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2.2 Financial Activities Segmentation: Restructuring of Segmentation Tables

Issue 3 - FINZ-C3 Portfolio boundary, Tables 1.1-1.5: Restructuring of segmentation		1.3.2, Table 2, Table 3
SBTi FINZ 2024 Consultation Draft description	<ul style="list-style-type: none"> Financial institutions shall conduct a segmentation of the financial activities within their organizational boundary based on level of influence and climate impact. Financial institutions are to segment their in-scope activities based on the following two steps: <ul style="list-style-type: none"> Level of influence: Financial institutions are to conduct a segmentation of their in-scope financial activities based on level of influence (limited influence vs reasonable influence). "Influence" refers to the FI's capacity or power to have an effect on the character, development, behavior, or decisions of the owner/controller of a source of emissions in the real economy within their financial portfolios. Climate impact: Financial institutions are to further conduct a segmentation of their in-scope financial activities based on climate impact (higher climate impact vs lower climate impact). This segmentation is intended to provide a comprehensive and transparent overview of portfolio activities to inform requirements on actions, targets, and policies. 	
Summary of feedback received	<p>Quantitative Feedback:</p> <ul style="list-style-type: none"> PT: Moderate feasibility; 48% of respondents rated the requirement to segment financial activities by influence and climate impact as feasible, 12% were neutral, and 28% indicated infeasibility. <p>Qualitative Feedback:</p>	

	<ul style="list-style-type: none"> • Several stakeholders noted that the language in section 1.3.2 was complex and required simplification for clearer understanding. They suggested the guidance should be more concise to ensure broader applicability and ease of use across diverse financial institutions (PC). • There was a call for a more straightforward integration of the climate impact criteria into the main requirements, rather than relying on supplementary tables. Stakeholders indicated that direct inclusion would streamline implementation and make it easier for institutions to align with the standards (PC, PT). • Some feedback highlighted concerns over the inconsistent use of terminology, particularly around terms like "engagement with product owners" and "passive strategies". Clearer definitions and consistent terms were requested to avoid ambiguity and improve alignment across sectors (PC). • Some stakeholders advocated for a more granular segmentation, especially in differentiation between financial activities like loans, equity investments, and bonds. They feel that a one-size-fits-all approach might not adequately capture the emissions profile of each financial product or service (PC). • There was a call for clearer segmentation based on the decarbonization potential of various financial activities. Financial institutions requested guidance on how to categorize activities by their carbon intensity and emissions reduction potential (PT). • Stakeholders requested clarification on the inclusion of specific activities, particularly in relation to non-traditional financing mechanisms like green bonds, sustainability-linked loans, and asset management products (PC).
Changes (if any) implemented (M3 & M4))	<ul style="list-style-type: none"> • Removed "influence" language from segmentation criteria. In-scope sub-asset classes/activities within each financial activity type have directly been classified into segments A, B, C, and D. • Merged segmentation into Tables 1.1-1.5 (containing both 1. In-scope and out-of-scope and 2. Breakdown of in-scope into segments A, B, C, D) instead of a 'stepwise' approach.
Rationale Response to feedback and Improvement	<ul style="list-style-type: none"> • By removing the "influence" language and directly classifying sub-asset classes/activities into segments A, B, C, and D, the criteria eliminates ambiguity and simplifies implementation. Influence and climate impact concepts remain implicit as underlying principles, informing segmentation A-D, in the public-facing SBTi FINZ Standard v1.0.

	<ul style="list-style-type: none"> Restructuring the segmentation guidance into in-scope and out-of-scope activities, the segment-wise asset class breakdown and its direct link to target specifications in Table 3 (updated SBTi FINZ Standard v1.0 version) provides a more straightforward structure, addressing feedback on the complexity of the 'stepwise' segmentation approach.
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2.3 Financial Activities Segmentation: Insurance

Issue 4 - Table 1.4, R12.2 and R13.1: Personal lines insurance- updated to recommendation from requirement, and treaty reinsurance target requirements changed to 2035		Annex A, Table 4
SBTi FINZ 2024 Consultation Draft description	<ul style="list-style-type: none"> Personal lines motor and homeowners insurance is considered as an in-scope financial activity for the SBTi FINZ 2024 Consultation Draft, while all other personal lines, excluding motor and homeowners insurance, are considered out-of-scope. "In-scope" means the activity is covered by one or more of the SBTi FINZ 2024 Consultation Draft description requirements. "Out-of-scope" means the activity is not addressed by any requirements, and is thus deemed not currently applicable. Re/insurers are required to set long-term 2040 targets for their in-scope personal lines of business, and disclose and report on their related GHG emissions. In parallel, it is recommended that, for these lines of business, re/insurers develop a policy (Recommendation 1.7.4) to clearly lay out their strategies in support of the net-zero transition. Personal insurers can set optional portfolio near-term targets until 2030 for climate alignment, a mandatory $\geq 95\%$ transitioning or net-zero achieved target by 2040, and $\geq 95\%$ net-zero achieved only target by 2050. Target requirements are the same for primary insurance and reinsurance (facultative and treaties) contracts. 	
Summary of feedback received	<ul style="list-style-type: none"> Respondents highlighted the difficulty in applying alignment metrics to personal lines due to limited data availability, especially for homeowners and smaller-scale vehicles (PC). Respondents pointed out the absence of a recognized methodology for calculating emissions in personal lines (e.g., homeowners), making target setting premature (PC). 	

	<ul style="list-style-type: none"> There are concerns that applying climate alignment could restrict insurance capacity for lower-income groups, leading to negative social consequences (PC).
Changes (if any) implemented (S1)	<ul style="list-style-type: none"> Personal lines have been moved out-of-scope in the SBTi FINZ Standard v1.0. Previously, there was a mandatory requirement for financial institutions to set targets for personal lines (motor and homeowners insurance), which has now been revised to a recommendation. Financial institutions are encouraged, but not required, to set targets and develop strategies supporting the net-zero transition for these lines of business. Treaty reinsurance contracts are now excluded from target requirements in 2030 and are then required to have coverage from 2035 onwards.
Rationale Response to feedback and Improvement	<ul style="list-style-type: none"> Moving personal lines to out-of-scope addresses concerns regarding limited data availability, partially lack of recognized methodologies for emissions calculations, and potential unintended social implications, such as restricting insurance capacity for lower-income groups to achieve alignment targets with current methods and metrics. The basis for excluding personal lines from the required scope is further supported by the limited influence over individual policyholders. By making target setting for personal lines a recommendation rather than a requirement, the revised approach ensures flexibility while encouraging voluntary progress toward net-zero goals, while the sectoral targets provide a more appropriate framework for these challenges. It should also be noted that recommendations reflect industry best practices and, while not required for validation, help accommodate the global reach of insurers, differences in progress across regions and development levels, and the reality that progress of climate alignment of individuals is often shaped by public policy or geographic contexts. Treaty reinsurance contracts are to be covered only from 2035 onwards because feedback suggests that, for treaties, reinsurers have limited ability to engage with those originally insured and that access to climate performance data is limited.

2.4 Clean Energy to Fossil Fuel Ratio

Issue 5 - FINZ-C8: Exposure assessment: Clean energy-to-fossil fuel ratio (instead of renewables)	2.2.2
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<p>SBTi FINZ 2024 Consultation Draft description</p>	<ul style="list-style-type: none"> • Financial institutions shall disclose the ratio of financial support for fossil fuels relative to financial support for renewable energy. • Financial support refers to all financial exposure via in-scope financial activities (both dedicated activity-level financing/insurance and undedicated general corporate financing/insurance). • Fossil fuel activities should include all activities in the fossil fuel value chain (both for coal and oil and gas). • Renewable energy is defined as any zero-emission generating sources, storage, or related infrastructure (e.g., wind, solar, hydro, ocean, geothermal, electricity storage, transmission). It should not extend to bioenergy, waste-to-energy, nuclear, or fossil fuel generation with carbon capture, utilization, and storage (CCUS). • This requirement aims to increase the transparency on how the financial support of fossil fuel activities compares with the financial support of renewable energy.
<p>Summary of feedback received</p>	<p>Quantitative Feedback:</p> <p>PT: Moderate feasibility; 40% of pilot testing respondents rated the disclosure of financial support ratios as feasible, while 24% found it infeasible. Neutral responses accounted for 20%, indicating moderate feasibility while also highlighting challenges for some institutions in implementing this disclosure.</p> <p>Qualitative Feedback:</p> <ul style="list-style-type: none"> • Feedback emphasized the complexity of categorizing investments in companies transitioning from fossil fuels to renewables, requiring detailed guidance to ensure consistency and accuracy (PT). • Some stakeholders recommended including diverse energy sources such as nuclear energy as part of clean energy metrics, aligning with international frameworks such as the IEA NZ 2050 scenario and recognized taxonomies like the EU taxonomy (PT). • Concerns were raised about the transparency of financial breakdowns for entities operating in both fossil and renewable sectors, with suggestions for a "comply or explain" approach to disclosures posed (PT). • Participants highlighted the need to account for varying legal definitions of renewable energy across jurisdictions, suggesting that SBTi's guidance should acknowledge and accommodate these differences (PC). • Suggestions were made to broaden the definition of renewable energy to include the value chains of the energy sources, like the manufacturing of

	renewable equipment and potentially other climate-aligned activities (PT).
Changes (if any) implemented (M5)	<ul style="list-style-type: none"> • The terminology and scope were adjusted to Clean Energy to Fossil Fuel Financial Exposure Ratio, broadening the definition from renewable energy and changing the term 'financial support' to 'financial exposure'. • Clean energy: Financial exposure related to clean energy refers to energy sourced from solar, wind, hydropower, nuclear, geothermal, bioenergy, green hydrogen (only as a replacement to fossil fuels in industrial processes), as well including generation, storage, transmission and distribution infrastructure. • Compared with the SBTi FINZ 2024 Consultation Draft, the requirement more explicitly states the need to disclose the ratio, as well as the numerator and denominator. • Financial institutions are to also disclose their financial activities for the permanent decommissioning of fossil fuel production activities and capacity separately. • The scope of fossil fuel activities has also changed due to changes in definition of fossil fuel value chain, with SBTi requirements to include only upstream activities, while the inclusion of mid/downstream activities is recommended, but not required.
Rationale Response to feedback and Improvement	<ul style="list-style-type: none"> • Including nuclear, bioenergy, and green hydrogen energy sources and carriers reflects a more inclusive approach aligned with international frameworks, such as the IEA NZ 2050 scenario and the EU taxonomy, as well as matching the scope of leading industry standards, such as the BNEF Banking and Investment Energy Supply Ratio or J.P. Morgan's Energy Supply Financing Ratio. • Detailed guidance ensures consistent and accurate reporting by clarifying: <ul style="list-style-type: none"> ○ how to categorize financial exposure to entities transitioning to clean energy, whether at the entity, project, or asset level. ○ the minimum scope of value chains required for reporting on clean energy and fossil fuel exposure. ○ disclosure requirements, including timelines and the need for public-facing transparency.

	<ul style="list-style-type: none"> Changing of terminology from “financial support” to “financial exposure” will ease readability and comprehension as well as ensure completeness in the scope of financial activities covered.
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2.5 Fossil Fuels

Issue 6 - FINZ-C9 Fossil fuel transition policy and criteria reference Table 2, fossil fuel value chain scope		1.7.1, Table 11
SBTi FINZ 2024 Consultation Draft description	<ul style="list-style-type: none"> Financial institutions are required to have a commitment to ceasing any new financial flows to projects and companies involved in new upstream fossil fuel projects and phasing out their financial activities to coal projects and companies. Separately, financial institutions are required to set both climate-alignment and sector targets for emissions-intensive sectors (which include oil and gas) - see Issue 8 (page 43). The value chain for coal, includes exploration, extraction, mining services, dedicated transport and logistics, processing, storage, trading, any services dedicated to supporting the coal value chain (e.g., operations and maintenance; engineering, procurement, and construction), and the development or expansion of mines for all coal grades, as well as power plants using coal. The value chain for oil and gas includes exploration, extraction, transportation and distribution infrastructure, terminals, storage, liquified natural gas, liquified petroleum gas, gas to liquids, refining, transportation of products, and trading. 	
Summary of feedback received	<p>Quantitative Feedback:</p> <ul style="list-style-type: none"> PT: Low feasibility; 24% of respondents rated the requirement to develop a policy addressing financial activities in the fossil fuel sector as feasible, 32% were neutral, and 36% indicated infeasibility. One pilot tester successfully met the policy requirements. PC: Moderate agreement; 45% of respondents agreed that the policy requirements are implementable, while 22% disagreed, indicating a mixed opinion. <p>Qualitative Feedback:</p> <ul style="list-style-type: none"> Many stakeholders welcomed the policy's rigor as essential for maintaining net-zero credibility and aligning with climate science (PC). Stakeholders highlighted practical challenges in immediately ceasing new financial activities with oil and gas companies, particularly for institutions with existing commitments or integrated portfolios (PC). 	

	<ul style="list-style-type: none"> ● Feedback underscored the importance of allowing financial institutions to support the transition of oil and gas companies towards net-zero pathways rather than immediate exclusion, which may only lead to paper decarbonization (PC, PT). ● Some stakeholders expressed concerns that a rigid approach could discourage oil and gas companies from pursuing decarbonization, as they may lose access to financing for sustainable projects (PC). ● Many participants urged SBTi to align its standards with established peer frameworks, which may focus on engagement over exclusion for high-emission sectors (PT). ● Stakeholders welcomed the policy's value chain coverage as essential to closing loopholes in financing real economy activities that are incompatible with 1.5°C temperature rise climate scenarios (PC). ● Feedback noted that some sectors and geographies are heavily reliant on oil and gas, and an abrupt exit could disproportionately impact certain economies and industries (PC, PT). ● Concerns were also raised that exclusionary criteria could lead to unintended capital shifts toward less regulated financial channels or jurisdictions, reducing transparency and potentially hindering global coordination on transition finance (PC, PT). ● Feasibility issues were raised regarding the inclusion of midstream infrastructure, with some NGO stakeholders suggesting to at least include liquefied natural gas (LNG) infrastructure given the following reasons. <ul style="list-style-type: none"> ○ The IEA NZE by 2050 scenario has highlighted since 2022 that new LNG export infrastructure is not necessary under a 1.5°C climate scenario and that operational LNG export capacities are sufficient to meet current and future demand. ○ LNG requires transport as well as the transformation of the fuel, which therefore increases its carbon footprint. Some studies suggest it is as emitting or more as coal - especially with regard to methane. ○ The development of LNG facilities incentivizes further upstream gas development (to keep utilization rates up) and the lock in of fossil gas consumption. ○ Most new pipelines should no longer be built because they are incoherent with the need to reduce production and consumption but some midstream infrastructure can still be justified if dual-use or providing services to communities lacking basic energy access;
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	<p>there is not the same clear cut data as for LNG that enables clear and simple exclusions.</p>
<p>Changes (if any) implemented (S2)</p>	<p>The policy was renamed 'Fossil fuel transition policy' to signify its link with existing practices. The intent is for financial institutions to transition away from financial activities incompatible with limiting global warming to 1.5°C.</p> <p>In summary the updated fossil fuel criteria include:</p> <ul style="list-style-type: none"> • For coal, the requirement for immediate cessation of both new project and corporate financing. • For oil and gas (O&G), the immediate cessation of new project financing/insurance linked to new oil and gas expansion activities and cessation of new general financing/insurance linked to new oil and gas expansion activities by 2030. It recommends earlier cessation for new corporate financing. • The policy also recommends an engagement plan to transition counterparties, including managed phaseout plans for coal, with facility-by-facility closure dates that include just transition plans for workers. <p>The policy establishes a clear reference to the next section on targets that encompass both new and existing financial activities and require:</p> <ul style="list-style-type: none"> • Coal: Phase-out of financial exposure or emissions by 2030 for OECD nations and by end of 2040 globally. • Oil and Gas: An alignment target with a 2030 milestone at or above the linear path to 95% alignment in developed economies / 85% in developing economies by 2035 (with the alignment definition requiring FF entities to have an absolute target on scope 1, 2, and 3 emissions and not engaging in new fossil fuel expansion activities), <p>OR</p> <ul style="list-style-type: none"> • A sector-specific absolute emissions reduction target.
<p>Rationale</p> <p>Response to feedback and Improvement</p>	<ul style="list-style-type: none"> • The revised fossil fuel policy focuses on moving away from financial activities that are inconsistent with keeping global warming below 1.5°C. It aims to find a middle ground between the immediate actions indicated by climate scenarios and the practical imperative for financial institutions to work with counterparties to transition and halt the creation of new fossil fuel infrastructure that would make achieving a 1.5°C net-zero future slower and more costly.

	<ul style="list-style-type: none"> • It also addresses stakeholder concerns with implementation challenges through updates to the value chain and scope of policy coverage requirements. • To minimize unintended consequences (including over legal/contractual obligations), it includes exemptions for advisory mandates, activities dedicated to the decommissioning of fossil fuel production, carbon capture and storage, and any activities required by national regulatory obligations. • The policy scope was expanded to also include liquified natural gas (LNG). Reasons for this include: <ul style="list-style-type: none"> ○ Concerns about value chain coverage. ○ The IEA Net Zero Emissions by 2050 Scenario (NZE) and Chapter 15 of the IPCC AR6 indicate that no new LNG export capacity is necessary for 1.5°C-consistent pathways. ○ LNG’s high lifecycle emissions intensity, comparable to or exceeding that of coal. ○ LNG’s role in long-term upstream gas development. Unlike gas pipelines, which may have dual-use or energy access functions.
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2.6 No-deforestation

Issue 7 - FINZ-C8 Deforestation financial exposure assessment, and disclosure and FINZ-C10 No-deforestation action		1.7.3
SBTi FINZ 2024 Consultation Draft description	<ul style="list-style-type: none"> • Financial institutions shall develop and publish a no-deforestation and conversion-free policy prior to the validation of their target, with a commitment to monitor and phase out commodity-driven deforestation within their financial activities. 	
Summary of feedback received	<p>Quantitative Feedback:</p> <ul style="list-style-type: none"> • PT: Low feasibility; 20% of respondents rated the requirement to develop and publish a no-deforestation policy as feasible, 20% were neutral, and 48% indicated infeasibility. • PT: 94% of pilot test submissions did not meet the policy requirements. • PC: Moderate agreement; 40% of respondents agree that the policy requirements are implementable, while 22% disagree. There is significant variation across sectors, with 60% of Re/Insurance companies and 62% of Diversified financial institutions disagreeing, whereas 100% of Asset Managers and 58% of Professional Services companies agreed. <p>Qualitative Feedback:</p>	

	<ul style="list-style-type: none"> Concerns were raised about the feasibility of a general no-deforestation policy, with suggestions for a commodity-specific approach (PT). There were some requests for clearer definitions and clarifying which financial activities and asset classes are fully or partially in-scope. A phased implementation approach was proposed, prioritizing material commodities and allowing for more time for smaller companies (PT). Respondents noted difficulties in accessing reliable sources for monitoring deforestation in their portfolios (PT). Clarification was requested on whether the no-deforestation policy applies to an FI's portfolio or operations, along with more specific expectations for portfolio companies (PC, PT).
Changes (if any) implemented (M6)	<p>No deforestation exposure</p> <ul style="list-style-type: none"> The SBTi FINZ 2024 Consultation Draft no-deforestation and no-conversion criteria has been revised from a policy requirement to two core components comprising: <ol style="list-style-type: none"> FINZ-C8: A commitment to assess and publicly disclose deforestation within two years of validation or by 2030 latest and publish it annually. <ul style="list-style-type: none"> Deforestation exposure is now clearly defined as being in-scope activities provided to portfolio entities linked to loss of natural forest as a result of three specified activities including degradation caused by critical deforestation-linked commodities. Financial institutions must include a definition of deforestation in their public disclosure but have the flexibility to define it themselves when it extends beyond the minimum outlined in FINZ-C8. Significant exposure to deforestation disclosure is also required, if detected. Financial institutions are encouraged to use a cut-off date of December 31st, 2020 (after which deforestation is counted), as the Accountability Framework Initiative recommends. And those financial institutions without deforestation exposure are also required to use exemption language but commit to annually assess and disclose its deforestation exposure. FINZ-C10: Where financial institutions have significant exposure, they must publish, by renewal validation, an action plan to address it. <ul style="list-style-type: none"> If significant exposure is identified during their near-term target frame, the plan should stipulate the strategy and timeline for action and may include requirements such as no-deforestation

	<p>commitments from portfolio entities and or list products services offered by the financial institution which support deforestation-free systems transition.</p> <ul style="list-style-type: none"> Progress on the engagement plan must also be publicly disclosed in line with progress and assessment and target renewal requirements including at the end of each target cycle. <p>ForestIQ has been added as an acceptable database and financial institutions may also refer to Accountability Framework Initiative resources.</p>
<p>Rationale</p> <p>Response to feedback and Interoperability</p>	<ul style="list-style-type: none"> The decision to evolve the deforestation criteria from a policy to a set of commitments and an engagement plan was necessary to address both the significant implementation challenges identified during the public consultation and in particular the pilot testing phases, while maintaining requirements for financial institutions to actively work towards increasing transparency on exposure to deforestation and publishing a plan of action if relevant. The inclusion of a 2030 deadline and a cutoff date in the past establishes a timeline for action, ensuring alignment with global climate goals. Offering flexibility for financial institutions to commit to assessing and publicly disclosing exposure within two years of validation or by 2030 latest, helps to resolve diverse data challenges reported (including limited visibility over value chain, complexity of data collection, and difficulties in acquiring sufficient and quality data). Publishing an engagement plan recognises that financial institutions have diverse portfolios and therefore gives them the flexibility on deciding their strategy for addressing deforestation-related financed emissions. In turn, this may help develop a foundation of industry best-practice. It also enables financial institutions to align with actions taken as part of target setting where the alignment definition of counterparties in the forest, land and agriculture (FLAG) sector contains a "no deforestation commitment". Including Forest IQ as a database also responds to such data concerns and the inclusion of specific commodities specifically addresses calls for a commodity driven approach. A specific definition of deforestation and explicit reference to 'in-scope financial activities provided to companies with exposure to deforestation' provides greater clarity.

2.7 Targets

Issue 8 - FINZ-C12, Criteria reference Table 3: Flexibility to select sector or alignment type portfolio near-term targets rather than previously requiring both	3.2.1, Table 4
SBTi FINZ 2024 Consultation Draft description	<p>Financial institutions are required to set two types of targets in the near-term:</p> <ul style="list-style-type: none"> • Financial institutions shall establish portfolio climate-alignment target(s) to increase the percentage share (%) of financial activities consistent with 1.5°C pathways. Alignment includes those already achieving emissions progress compatible with limiting warming to 1.5°C and those actively working towards this goal, eventually directing all financial flows and insurance capacity to entities and activities that have already achieved net-zero. • Financial institutions shall set activity-specific targets for all emissions-intensive activities (cement, oil and gas, power generation, steel, automotive, aviation, shipping, buildings) to align with relevant 1.5°C sector benchmarks.
Summary of feedback received	<p>Quantitative Feedback:</p> <ul style="list-style-type: none"> • PT: Moderately feasible; 44% of respondents rated the establishment of climate-alignment targets as feasible, while 20% found it infeasible, and 16% provided neutral responses. The results indicate broad feasibility but highlight some challenges in implementation. • PT: Moderately feasible; 32% of respondents rated the establishment of emissions-intensive sector targets as feasible, while 28% found it infeasible, and 12% provided neutral responses, indicating implementation challenges and alignment with sector benchmarks. <p>Qualitative Feedback:</p> <ul style="list-style-type: none"> • There is pushback on rigid and ambitious milestone requirements, particularly for high-impact sectors, regions with limited influence, and companies with inadequate climate policies. They emphasized the need for flexibility in aligning targets to regional and sectoral contexts and highlighted the impracticality of the proposed timelines (PC, PT). • For some respondents, there is a preference for portfolio climate-alignment over sectoral decarbonization approach targets due to implementation challenges (PT). • Physical intensity targets are challenging due to limited availability of instruments specific data, activity data, buildings energy classification data, etc. (PT). • Setting a low linear intercept for certain sectors may reduce urgency and allow for method arbitrage (PC).

	<ul style="list-style-type: none"> Respondents highlighted the difficulty in obtaining accurate emissions data, especially in sectors with limited reporting, such as SMEs. They call for better data clarity and accounting methodologies to enable realistic assessments (PC, PT).
Changes (if any) implemented (S3)	<ul style="list-style-type: none"> Financial institutions now have the flexibility to choose, for each financial activity and sector, whether to set portfolio near-term climate-alignment targets (percentage share (%) of climate-aligned financial activities over time) or portfolio near-term sector-specific targets (aligned with relevant 1.5°C sector benchmarks), rather than being required to set both types of targets.
Rationale Response to feedback, Interoperability and Improvement	<ul style="list-style-type: none"> The changes provide flexibility in setting portfolio near-term targets, addressing stakeholder concerns about feasibility, data availability, and sectoral challenges. This approach ensures financial institutions can align with 1.5°C pathways while considering regional and sector-specific contexts, fostering greater participation, and enabling practical implementation across diverse financial portfolios. This change responds to concerns about one-size-fits-all approaches, ensuring financial institutions can adopt methodologies that best fit their operations while maintaining scientific rigor.

Issue 9 - FINZ-C12, Criteria reference Table 3: 2030 and 2035 portfolio climate-alignment target ambition levels changed for segments A-D		3.2.1, Table 4
SBTi FINZ 2024 Consultation Draft description	<ul style="list-style-type: none"> Financial institutions are required to establish portfolio climate-alignment target(s) to increase the percentage share (%) of financial activities consistent with 1.5°C pathways with low-to-no overshoot. Financial institutions are to identify minimum ambition thresholds for climate-alignment targets based on milestone years. Table 3: Target specifications: The 2030 climate-alignment goals are split by climate impact and influence level for all financial activities. <ul style="list-style-type: none"> By 2030, ≥ 95% transitioning or net-zero achieved (or ≥ 95% transitioning for OECD and 50% transitioning for non-OECD) is required for the Reasonable influence – higher climate impact segment. Linear growth of % transitioning or net-zero achieved is required for the Reasonable influence — lower climate impact segment. For the Limited influence – higher climate impact and Limited influence – lower climate impact segments, it is optional to have a near-term target. 	

	<ul style="list-style-type: none"> • This was to make sure that financial institutions prioritize the alignment of climate-relevant portfolio companies over which they have more influence, and that they are transparent about their portfolio climate-alignment strategy.
Summary of feedback received	<p>Quantitative Feedback:</p> <ul style="list-style-type: none"> • PT: Moderate feasibility; 44% of respondents rated the establishment of climate-alignment targets as feasible, while 20% found it infeasible, and 16% provided neutral responses. The results indicate broad feasibility but highlight some challenges in implementation. <p>Qualitative Feedback:</p> <ul style="list-style-type: none"> • There is significant pushback on rigid milestone requirements, particularly for high-impact sectors and regions with limited influence. Respondents emphasize the need for flexibility in aligning targets to regional and sectoral contexts (PC, PT). • Both PC and PT respondents highlighted the difficulty of obtaining accurate emissions data, especially in sectors with limited reporting, such as SMEs and personal lines. They are calling for better data clarity and accounting methodologies in order to enable realistic assessments (PC, PT). • Respondents expressed concerns about achieving high targets, such as 95% by 2030 or 2040, pointing out that such ambitious milestones might be unfeasible, particularly for companies with limited climate policies or for sectors like fossil fuels (PC). • Climate-alignment targets were widely supported as a supplement to GHG targets, with calls for more detailed guidance on their implementation and integration with broader system interventions (PC).

<p>Changes (if any) implemented (S4)</p>	<ul style="list-style-type: none"> ● Table 4: ‘Overview of portfolio climate-alignment goals split by climate impact and influence level for all financial activities’ in the FINZ 2024 Consultation Draft has been replaced with Table 3. ‘Target specifications (near term and long term)’. The segmentation into <i>reasonable/limited influence</i> and <i>higher/lower climate impact</i> has also been replaced with a more general segmentation (A, B, C, D) on sub-asset class level for each financial activity, with target methods linked to these new segments. Each segment also outlines target ambition for 2030, 2035, 2040 and Portfolio net-zero state (by 2050) milestones. ● Previous OECD/Non-OECD categorization has shifted to Developed/Developing economies for better alignment with global climate frameworks and feedback received, while using the definitions that are already established practice at SBTi Services. ● Segment A (fossil fuels) climate alignment specifications are split by coal, oil and gas: <ul style="list-style-type: none"> ○ Coal specifications require a sector target, using Sector metric-FINZ.1a or Sector metric-FINZ.1b (Table 4.3) to phase out (financial exposure and/or GHG emissions) by the end of 2030 in countries that are members of the Organization for Economic Co-operation and Development (OECD), and by the end of 2040 globally. ○ Oil and gas milestones require: <ul style="list-style-type: none"> ■ 2030: target ambition comprises climate alignment, at or above linear path (as of target year) from base year % to >95% for developed economies by 2035 and >85% for developing economies by 2035 +* ■ 2035: target ambition comprises climate alignment >95% for developed economies and >85% for developing economies +* ■ 2040: >95% climate-alignment +* ○ *AND/OR <ul style="list-style-type: none"> ■ A Sector target as per FINZ-C12, using Sector metric-FINZ.2 (Table 4.3) ● Similar to Segment A - Oil and gas, there is also flexibility in setting climate-alignment targets for segments B and C with an additional target option of climate alignment at or above linear path (as of target year) from base year % to $\geq 95\%$ for developed economies, and $\geq 85\%$ for developing economies, however by the later date of 2040.
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	<ul style="list-style-type: none"> • Introduction of a 67% Coverage Threshold to make Segment D targets optional through 2030 and 2035, with at least 67% of the total portfolio (Segments A–D) covered by targets. Otherwise, portions of segment D will need to be covered by targets using the target options available for segments B (for emissions-intensive sectors) and C (for other sectors), as well as the ambition levels in line with the linear path required for segment D in 2040 until the 67% threshold is reached. • For all segments excluding A - Coal, the 2050 milestone specification ‘portfolio net-zero state’ requires >95% of financial exposure to counterparties that are at a net-zero state per Table 4.2. • To also note, the ‘Alignment with the SBTi Standard Template’ section of this document outlined that the near-term target time frame has been updated to within five years (from the calendar year the targets are submitted to the SBTi for official validation) in order to align with the evolving validation cycle of the SBTi Standards system.
<p>Rationale</p> <p>Response to feedback and Improvement</p>	<ul style="list-style-type: none"> • The new segmentation ensures greater clarity, comparability, and ease of implementation while maintaining ambition. • Shifting to the developed/developing economies approach improves alignment with global climate transition frameworks while ensuring a more regionally appropriate approach. • Introducing more flexible target-setting options helps balance ambition with feasibility, allowing institutions to adjust based on sectoral and regional constraints. • With data limitations and transition challenges in certain asset classes, particularly with SMEs, the 67% threshold provides a pragmatic approach, ensuring that high-impact sectors remain the priority while allowing flexibility in data-limited areas.

Issue 10 - Table 4.2, Figure C.1: Altered climate-alignment definitions		Table 15, Table 12
SBTi FINZ 2024 Consultation Draft description	<ul style="list-style-type: none"> • In the context of setting climate-alignment targets, climate alignment represents both counterparties that are already achieving emissions progress compatible with limiting warming to 1.5°C (net-zero achieved) and those actively working towards this goal (transitioning activities). The definition of “transitioning” changes over time to incorporate delivery of emission reductions (progress) in addition to ambition. • ‘Net-zero achieved’ represents an activity or entity that has reached a level of residual emissions consistent with pathways that limit warming to 	

	<p>1.5°C, with no or limited overshoot, and has neutralized these residual emissions.</p> <ul style="list-style-type: none"> • ‘Transitioning’ represents the counterparties transitioning in a manner consistent with achieving global climate goals. It comprises both: <ul style="list-style-type: none"> ○ Ambition: a measure of transition in the short-term, based on public targets and plans; and ○ Progress: the delivery of emission reductions and the transformation of assets that is consistent with achieving their 1.5°C-aligned ambition.
Summary of feedback received	<ul style="list-style-type: none"> • There is strong support for the inclusion of climate-alignment targets alongside GHG emissions targets. Stakeholders highlighted that GHG targets alone are insufficient for capturing financial institutions’ contributions to 1.5°C pathways. Climate-alignment targets can incentivize real-world emissions reductions and provide a more holistic approach (PC). • The definition of "transitioning" as presented in Table 12 is seen as inconsistent and requires further clarification. Feedback emphasized the importance of aligning "transitioning" with both ambition (plans and targets) and tangible progress (emissions reductions). Without this, there is a risk of ‘greenwashing’ or over-reliance on ambition without sufficient action (PC). • A stronger distinction between "transitioning" and "net-zero achieved" entities was requested, emphasizing that "transitioning" must be a temporary and verifiable stage supported by near-term absolute reduction milestones (PT). • Stakeholders suggested that progress toward emissions reductions must play a larger role than ambition in calculating climate-aligned finance. The balance between ambition and progress needs to be explicitly defined to avoid misinterpretation or misuse of transition finance criteria (PC). • Recommendations include harmonizing definitions with recognized frameworks and splitting complex definitions into simpler components, as needed (PC). • Feedback highlighted the need for more precise definitions of key metrics in Table 12, such as "progress: delivery of emissions reductions", and clarity on benchmarks for assessing transitioning entities (PC).
Changes (if any) implemented	<ul style="list-style-type: none"> • The categorization ‘Transitioning’ has been revised to ‘In Transition’ with a single definition per sub-asset class, irrespective of the year of climate-alignment assessment.

(M7 & M8)	<ul style="list-style-type: none"> • Introduction of 'Climate Solutions' as a separate category of climate alignment. 'Climate Solutions' refers to counterparties that are necessary for an economy-wide net-zero transition. • Shifted from an 'Entity vs. Activity' classification to a sub-asset class-based approach, per segment, for defining alignment. Per segment (A-D), the sub-asset classes include: • Segment n/a: Financial intermediaries. • Segment A: Fossil fuel entities and projects (new). • Segment B: FLAG entities supply side and demand side), entities in other emissions intensive sectors, electricity generation projects, projects or assets in other emissions-intensive sectors (e.g., shipping/aviation), commercial real estate (buildings). • Segment C: Entities in other sectors (including the financial sector), projects or assets in other sectors. • Segment B and D: SME (public or private), residential real estate and commercial real estate (buildings). • Segment D: Consumer - motor vehicle. • The definition for climate-alignment now focuses primarily on ambition (plans and targets) rather than progress in emissions reductions for the near-term. It also distinguishes the net zero state as achieving residual levels across all segments and also highlights, where relevant this also includes neutralization. • In addition to the SBTi framework for climate alignment, SBTi provides (and will keep adding to) a list of eligible methodologies and taxonomies that financial institutions can alternatively use to determine climate alignment, thus categorizing entities, projects, and assets as either 'In transition', 'Climate solutions', or 'Counterparty net-zero state (Minimum)'. • There is also improved linkage between sector benchmarks and alignment, introducing benchmark divergence assessment into the SBTi FINZ Standard v1.0.
<p>Rationale</p> <p>(M7) - Response to feedback, Interoperability and Improvement</p>	<ul style="list-style-type: none"> • While feedback called for inclusion of progress as a metric, many stakeholders emphasized that progress measurement remains complex and lacks standardized benchmarks. By focusing on ambition for now, the SBTi FINZ Standard v1.0 enables financial institutions to set targets based on clear, publicly available data (e.g., transition plans, public commitments). Progress-based metrics will be incorporated in future updates, allowing time for the development of robust methodologies.

(M8) - Response to feedback and Improvement	<ul style="list-style-type: none"> • The reorganization of alignment metrics per asset class instead of an 'Activity vs. Entity' split is in line with the overall change of introducing a sub-asset class per financial activity while conducting segmentation. This will also ensure clarity and avoid inconsistent interpretations, which was signaled as a drawback of the 'Entity vs. Asset' split in the previous version. • Many financial institutions already prioritize climate solutions in their net-zero strategies; excluding them would limit their ability to demonstrate credible climate-aligned investments. Explicitly including climate solutions provides a more complete picture of an FI's contribution to 1.5°C pathways, capturing both emissions reductions and positive climate impact investments. By incorporating climate solutions into climate alignment, the SBTi FINZ Standard v1.0 encourages capital flows into technologies, infrastructure, and businesses that actively contribute to decarbonization.
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Issue 11 - FINZ-C7 - Base year climate-alignment assessment		4.2.1
SBTi FINZ 2024 Consultation Draft description	<ul style="list-style-type: none"> • Financial institutions must conduct a baseline assessment to establish the baseline value for each in-scope emissions-intensive activity they undertake. Emissions-intensive sectors are listed in the public Consultation Draft's Tables 3 and 11, and include power, coal, oil and gas, cement, steel, real estate, aviation, shipping, and automotive sectors. 	
Summary of feedback received	<ul style="list-style-type: none"> • PT: Moderate Feasibility; 48% of respondents rated the requirement to establish baseline metrics for in-scope emissions-intensive activities as feasible or strongly feasible, while 8% were neutral. However, 12% found it infeasible or strongly infeasible. <p>Key Considerations from Feedback:</p> <ul style="list-style-type: none"> • Respondents argued that intensity metrics alone are insufficient and should be paired or replaced by absolute emissions reduction targets to ensure meaningful climate impact (PC). • Flexibility in selecting metrics was emphasized, with specific recommendations for sectors like aviation, shipping, and steel, where technology mix or fuel type metrics could be more relevant (PC). • There were concerns about data availability and quality, especially in emerging markets, which could hinder effective implementation of the metrics (PC). • Data gaps, costs, and the lack of standardized reporting were identified as significant barriers to setting baseline metrics (PT). 	

	<ul style="list-style-type: none"> Some respondents questioned whether all eligible metrics need to be applied, suggesting more flexibility in their use based on sector relevance (PT).
Changes (if any) implemented (M9)	<ul style="list-style-type: none"> In the revised version, the baseline assessment of sector metrics for emissions-intensive sectors is optional, allowing financial institutions to decide whether to include it based on the sectors they choose to set near-term emissions-intensive sector targets for. This change provides institutions with more flexibility and less compliance efforts, as they will need to undergo this assessment only if they opt to set near-term sector targets.
Rationale Response to feedback and Improvement	<ul style="list-style-type: none"> The change introduces optionality for conducting baseline assessments of sector metrics for emissions-intensive sectors, addressing feedback on feasibility and implementation challenges. By allowing financial institutions to decide whether to include baseline assessments based on their chosen sector targets, the policy reduces compliance burdens and enhances flexibility. This update acknowledges concerns about data availability, costs, and sector-specific metrics, ensuring financial institutions can focus on relevant sectors while maintaining alignment with their climate goals.

Issue 12 - Criteria Reference Table 2: List of emissions-intensive sectors and corresponding relevant value chain activities referenced		Table B.1
SBTi FINZ 2024 Consultation Draft description	<ul style="list-style-type: none"> SBTi recommended setting a policy for long-lived high-emitting assets, as well as requiring financial institutions to set near-term sector targets for emissions-intensive activities, consistent with limiting warming to 1.5°C. These emissions-intensive sectors include cement, oil and gas, power generation, steel, automotive, aviation, shipping, buildings, and are, therefore, responsible for over 70% of global CO₂ energy-related emissions. 	
Summary of feedback received	<ul style="list-style-type: none"> Respondents noted difficulties in covering the entire value chain of certain sectors, particularly in identifying and categorizing relevant activities (PT). Calls for consistency in sector classifications, suggesting alignment with established taxonomies like NACE, GICS, or GCEL to avoid confusion in scoping fossil fuel activities (PT). Feedback emphasized the importance of including emissions from the entire value chain (scope 1, 2, and 3 GHG emissions), such as 	

	<p>construction emissions, in order to address all carbon-intensive activities (PT).</p> <ul style="list-style-type: none"> • Inclusion of more emissions-intensive sectors: Feedback emphasized inclusion of other high-emission sectors, such as agriculture, chemicals, other transport, etc. (PT).
Changes (if any) implemented (M10)	<p>The new version introduces a clearer sector grouping, clarifying in-scope value chain activities within each sector, while aligning with existing SBTi sector standards:</p> <ul style="list-style-type: none"> • Industrial – Cement: Focuses on Cement and Cementitious Production, refining the earlier description of manufacturing processes within the sector. • Transport – Air Transport Sector: Specifies activities like Passenger and Cargo Airlines and Aviation Services, providing more detail than just "Operation" in the previous version. • Transport – Maritime: Clarifies the operation within the maritime sector, giving a more distinct definition of shipping activities. • Transport – Land Transport: Passenger and freight transport (road and rail) includes logistics service providers, carriers, postal companies, road vehicle manufacturers, and auto part manufacturers. • Fossil Fuel – Coal: <ul style="list-style-type: none"> ○ As minimum shall include - exploration, extraction, and the development or expansion of mines for all thermal coal grades, and unabated coal-fired power plants. ○ Recommended to include exploration, extraction, development or expansion of mines for all metallurgical coal grades, mining services, dedicated transport and logistics, processing, storage, trading, coke making, coal gasification, feedstock production, advisory services, lobbying, and abated power plants (that use coal). • Fossil Fuel – Oil and gas: <ul style="list-style-type: none"> ○ As a minimum shall include: exploration, extraction (including coalbed methane), and the development or expansion of fields, and any liquefied natural gas infrastructure. ○ Recommended to include - feedstock production, processing, transportation, distribution, terminals, storage, gas to liquids, refining, trading, marketing, advisory services, lobbying, and retailing.

	<ul style="list-style-type: none"> • Reference lists are also provided for identifying coal, oil and gas companies and coal, oil and gas projects are defined. • Industrial – Steel: Adds detailed processes like sintering, blast furnace, and hot rolling, while offering a more comprehensive view of steel production. • Real Estate (buildings): <ul style="list-style-type: none"> ○ Residential buildings - Specifies owning, developing, managing, or financing new or existing residential buildings used by consumers/individuals. ○ Commercial buildings - as above but instead financing new or existing commercial buildings spanning all building typologies that are not single-family or multi-family homes. • Added FLAG to the list of high-emitting sectors. This includes companies from the following FLAG-designated sectors or companies companies with FLAG-related emissions that total 20% or more of overall emissions across scopes 1, 2 and 3: forest and paper products (forestry, timber, pulp and paper, rubber), food production (agricultural production), food production (animal source), food and beverage processing, food and staples retailing, as well as tobacco.
<p>Rationale</p> <p>Response to feedback, Interoperability and Improvement</p>	<ul style="list-style-type: none"> • The changes to the value chain table aim to improve clarity and comprehensiveness. By specifying sector activities more precisely, such as coalbed methane extraction and coke making in fossil fuels, as well as the addition of detailed steel production processes, the table better captures all relevant emissions sources. • The focus has been narrowed to upstream value chain activities for fossil fuels because the most material sources of emissions for these sectors lie upstream, and there are significant data availability issues in collecting downstream emissions data. • The new FLAG sector group responds to feedback about including high-emission sectors like agriculture and forestry. Additionally, the reorganization into sector groups and inclusion of construction emissions in real estate both align with the need for a complete emissions scope (Scopes 1, 2, and 3). • These revisions enhance consistency and transparency, ensuring a more accurate representation of emissions-intensive activities across sectors.

Issue 13 - Table 4.3: Refinement of sector specific metrics		Table 17
SBTi FINZ 2024 Consultation Draft description	<ul style="list-style-type: none"> Table 17 provides the list of eligible metrics and pathways used for determining relevant 1.5°C benchmarks for key emissions-intensive activities. Table 17 highlights that, for some activities, there are multiple eligible metrics and pathways to determine if the activity is aligned with its 1.5°C benchmark (e.g., for automotive in 2030, technology share or physical intensity metrics may be used). For other activities, only one metric may be available (e.g., physical intensity for cement production). A single metric and scenario for each activity should be selected. 	
Summary of feedback received	<ul style="list-style-type: none"> Feedback emphasized that physical intensity metrics should be broadly applicable across sectors to ensure inclusivity and relevance (PT). Respondents reported significant data gaps for physical intensity metrics, particularly in emissions-intensive sectors and SMEs, making comprehensive coverage challenging for financial institutions (PC, PT). Stakeholders suggested that additional tailored metrics and pathways might be required for complex or emerging sectors to ensure alignment with the 1.5°C target, while reflecting specific transition challenges (PC). 	
Changes (if any) implemented (M11)	<ul style="list-style-type: none"> The number of eligible metrics per sector is evaluated per sector to simplify implementation through flexibility where possible, but reduced if data challenges existed (e.g., deletion of the metric kWh/m² for buildings for sector targets and tCO₂ /MJ for fossil fuels). A further sector/subsector entry has also been added with FLAG metrics, net-zero aligned benchmark and method for determining portfolio near-term targets added; together with an additional 'FLAG commodities demand-side companies' which is not relevant for sector targets but included to inform portfolio climate-alignment targets. Improved linkage between sector benchmarks and alignment, introducing benchmark divergence assessment into the SBTi FINZ Standard V1.0. 	
Rationale Response to feedback and Improvement	<ul style="list-style-type: none"> By simplifying the metric options, the practicality of their implementation for financial institutions is enhanced, particularly those operating in sectors with significant data gaps among physical intensity metrics or inconsistent reporting standards. This approach also ensures a more focused alignment with 1.5°C benchmarks by prioritizing metrics that are broadly applicable and relevant across diverse sectors. Additionally, streamlining the metrics reduces complexity, making it easier for financial institutions to communicate progress and align their targets with standardized pathways, 	

	<p>especially in cases where sector-specific challenges or emerging market conditions may prove challenging.</p> <ul style="list-style-type: none"> Addressing dynamic portfolios: Acknowledging that financial institutions tend to consider sector specific metrics to assess individual counterparty performance in a given sector, rather than applying them at the portfolio level.
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Issue 14 - Reduced target method flexibility—linear intercept only relevant when SDA is not available		Table 14
SBTi FINZ 2024 Consultation Draft description	<ul style="list-style-type: none"> Financial institutions are to use the linear-intercept or absolute contraction approach to set sector targets, as per Table 17. 	
Summary of feedback received	<ul style="list-style-type: none"> Many respondents expressed concerns about the applicability of the Linear-Intercept Approach across diverse sectors. They highlighted challenges in using this method for sectors with varying emissions profiles, high growth rates, or mixed impact factors (PT). Respondents generally found the Linear-Intercept Approach simpler and easier to communicate than the Sectoral Decarbonization Approach (SDA). However, some noted that its simplicity might lack sufficient detail, particularly when aligning with long-term targets, such as those for 2030 (PT). Some feedback indicated a preference for SDA due to its alignment with specific sector pathways, especially for heterogeneous sectors. Respondents noted that SDA accommodates variable baseline emissions and offers clearer communication with stakeholders (PT). A few respondents raised concerns about the complexity introduced by offering both SDA and the Linear-Intercept Approach. They noted that this could allow financial institutions to selectively use whichever method benefits them the most, introducing a level of bias in the target setting process (PT). Respondents suggested simplifying the available methods to make them more feasible and less overwhelming for financial institutions. They emphasized that understanding and implementing multiple pathways is challenging and time-intensive (PT). 	

	<ul style="list-style-type: none"> Some respondents recommended providing additional learning sessions or clarification on the methods to ensure proper understanding, especially regarding long-term emissions targets and sector pathways (PT).
Changes (if any) implemented (M12)	<ul style="list-style-type: none"> The revised requirement introduces a reduced set of methods for different sectors. Financial institutions are now required to use either SDA - portfolio intensity convergence, portfolio index alignment, or absolute contraction to set sector targets as per Table 4.3. A supplementary document outlining this, will be published separately to the SBTi FINZ Standard V1.0.
Rationale Response to feedback and Improvement	<ul style="list-style-type: none"> The original requirement provided a choice between two methods (Linear-Intercept or Absolute Contraction) for setting sector targets. Feedback revealed challenges with the Linear-Intercept Approach, particularly its limited applicability across diverse sectors and its lack of sufficient detail for long-term targets. While some preferred SDA for its sector-specific alignment, concerns were raised about the complexity of offering both methods. The revised approach combines these two methods into a new Portfolio Intensity Convergence method. This method combines the key features of both the linear intercept and SDA.

2.8 Neutralization

Issue 15 - FINZ-C14: Financial institutions net-zero state		2.3.1
SBTi FINZ 2024 Consultation Draft description	<ul style="list-style-type: none"> Financial institutions are to ensure that all residual emission sources in the long-term are neutralized before being able to make a net-zero claim. The SBTi requires financial institutions to demonstrate permanent carbon removal and storage that neutralizes any residual portfolio emissions by the net-zero target year or sooner. Under this, financial institutions are to ensure that all counterparties in their portfolios have neutralized all residual emissions. Financial institutions are to calculate residual emission levels at the counterparty level (i.e., an FI's residual emissions are the sum of the residual emissions of all counterparties). To ensure that counterparties take responsibility for their own residual emissions, financial institutions need to: <ul style="list-style-type: none"> Engage portfolio counterparties to neutralize their own residual emissions in order to ensure only net-zero counterparties are financed or insured. Provide financial activities to counterparties that permanently remove and store CO₂ (to be further specified after consultation). 	

Summary of feedback received	<p>Quantitative Feedback:</p> <ul style="list-style-type: none"> PT: Moderate feasibility; 48% of respondents rated neutralizing residual emissions with carbon removal as feasible, while 24% found it infeasible. Neutral responses accounted for 24%, indicating general feasibility but concerns about implementation challenges remained obvious. PC: 26% of respondents believed less than 20% of CO₂ removals should come from permanent storage technologies, while 8% supported 100% reliance on these technologies, indicating a variety of opinions. PT: There was a preference for engaging portfolio companies to neutralize emissions (31%) and reducing emissions via portfolio balancing (27%). Buying carbon credits (12%) and financing carbon removal activities (8%) are less favored, with 23% offering no response, and none opting for carbon removal credits. <p>Qualitative Feedback:</p> <ul style="list-style-type: none"> Stakeholders found the approach feasible, in theory, but emphasized the need for precise definitions of residual emissions and accepted neutralization practices, particularly concerning Scope 3 Category 15 (PT). There was discomfort with the perceived financial burden on financial institutions for neutralizing residual portfolio emissions, suggesting that ultimate responsibility should rest with counterparties (PC, PT). There was a call to address the evolving nature of carbon removal verification methodologies (PT). Respondents highlighted difficulties in applying neutralization requirements to large portfolios and SMEs (PC). Stakeholders advocated for allowing high-quality nature-based solutions as valid approaches for carbon removals and residual emissions compensation, highlighting biodiversity co-benefits and the current limitations of permanent CO₂ removal technologies (PC, PT). Recommendations included prioritizing engagement and incentivization of portfolio companies to take ownership of emissions reductions, providing clear guidance on residual emissions and neutralization options, as well as supporting strategies like financing carbon removal projects. Opposition to over-reliance on removal credits was also emphasized to maintain accountability and integrity (PT).
Changes (if any) implemented (M13)	<ul style="list-style-type: none"> The location of the neutralization criteria has been moved to Chapter 3, Policies and target setting. This net-zero (NZ) criteria is to be assessed at the NZ target year.

	<ul style="list-style-type: none"> • The criteria encompasses two key requirements: <ul style="list-style-type: none"> ○ that financial institutions shall ensure portfolio counterparties reach a state of net-zero emissions by the net-zero target year. ○ that portfolio counterparties are required to neutralize any residual emissions in line with CNZS requirements. • For greater clarity It also specifies which scopes (1-3) would be required to be reduced to residual levels by the portfolio counterparties to reach the net-zero state.
Rationale Responses to feedback, Interoperability (with SBTi Standards) and Improvement	<ul style="list-style-type: none"> • The changes aim to provide financial institutions with more clarity on achieving net-zero targets and clarify that the financial institution's role is to engage the counterparty, with responsibility for neutralizing resting with the counterparty. They provide a clear north star, with the assessment occurring at the net-zero end state. This later assessment also provides room for any updates on neutralization criteria resulting from CNZS 2.0. public consultations. • A 'market for solutions' is also encouraged via climate alignment.

2.9 Reporting Requirements

Issue 16 - Reporting FINZ-C17		5.1, Table 7
SBTi FINZ 2024 Consultation Draft description	<ul style="list-style-type: none"> • It is required that financial institutions report on the requirements of the FINZ Standard Consultation Draft v0.1. This includes reporting on financial activities segmentation, climate policies, GHG emissions inventory, climate alignment targets and progress, emissions-intensive activities, as well as other requirements. • These reporting requirements ensure that financial institutions have clear and comprehensive annual reporting to demonstrate progress on all requirements and targets in a publicly accessible manner. Transparency and accountability through disclosures will increase trust among stakeholders and enable comparisons across industries. 	
Summary of feedback received	<ul style="list-style-type: none"> • There was significant pushback against adding new reporting requirements that are not aligned with existing frameworks like ISSB, CSRD, and NZBA. Respondents suggested aligning the SBTi FINZ Standard v1.0 with these standards to avoid duplication and reduce the reporting burden on financial institutions (PC, PT). • Feedback highlighted concerns about the complexity and administrative burden of reporting, particularly for data-intensive elements like AUM 	

	<p>breakdowns. Respondents recommended streamlining requirements and avoiding redundant tasks (PC, PT).</p> <ul style="list-style-type: none"> • Respondents expressed dissatisfaction with the lack of flexibility in reporting granularity. They advocated for options to report at different levels of financial activity or asset classes, allowing institutions to tailor reporting to their data availability and capabilities (PC, PT). • Respondents also pushed back on mandatory reporting of Scope 3 categories 1-14, with many suggesting that these should be optional. Respondents argued that these categories are less relevant compared to Scope 3 Category 15 and Scope 1 and 2 emissions, and resources should be focused on certain areas for maximum impact (PT). • Many respondents raised concerns about the feasibility of meeting reporting requirements due to the lack of reliable data, especially for small companies or specific emission types, like methane. They emphasize the need for realistic timelines and support for data gaps (PT).
Changes (if any) implemented (M14)	<ul style="list-style-type: none"> • The chapter on reporting requirements has been migrated to a newly named Chapter 4 - Assessing and communicating progress. • In response to feedback, reporting requirements have been reduced from 18 requirements to nine across FINZ-C6 GHG Emissions Inventory; FINZ-C7 Base year climate-alignment assessment and FINZ-C8 Exposure assessment. • Reporting criteria have also been aligned, where appropriate, with other target-setting frameworks and roadmaps. • Separate reporting on methane (CH₄) emissions, when data quality allows, is mandated. • By 2030, financial institutions must categorize assets as “In Transition”, “Climate Solution”, or “Net-zero Achieved.” The “Not Assessed” category is removed. • Requires separate reporting of the Clean energy to fossil fuel financial exposure ratio with the numerator and denominator. • The updated requirements encourage using third-party assured data, where available.
Rationale Response to feedback and Improvement	<ul style="list-style-type: none"> • Reducing reporting annual requirements adjustments to allow for greater alignment with standards like ISSB, CSRD, and NZBA addresses stakeholder concerns about complexity, data availability, and the need for flexibility in granularity. This approach aligns with best practices in industry

	frameworks and stakeholder requests for simplified navigation while avoiding duplication when reporting.
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ANNEX A: PUBLIC CONSULTATION AND PILOT DOCUMENT(S) AND QUESTIONNAIRE(S)

SBTi FINZ Standard v1.0 project development Phase 1 publications and or supporting documents

- [Foundations for Science-Based Net-Zero Target Setting in the Financial Sector](#)
- [Foundations for Science-Based Net-Zero Target Setting in the Financial Sector: Feedback Summary](#)
- [SBTi FINZ Standard: Conceptual Framework and Initial Criteria - Consultation Draft](#)
- [SBTi FINZ Standard: Conceptual Framework and Initial Criteria - Public Consultation Feedback Summary](#)

SBTi FINZ 2024 Consultation Draft – Public Consultation and Pilot Testing documents

- [SBTi FINZ 2024 Consultation Draft](#)
- [Public Consultation Survey](#)
- [Pilot Testing Survey](#)

SBTi FINZ 2024 Consultation Draft – Public Consultation and Pilot Testing feedback summary documents

- [SBTi FINZ 2024 Consultation Draft Public Consultation Feedback Report](#)
- [SBTi FINZ 2024 Consultation Draft Pilot Testing Feedback Report](#)

ANNEX B: PARTICIPATION IN SECOND PUBLIC CONSULTATION WEBINARS AND EVENTS

SBTi FINZ 2024 Standard Consultation Draft Public Consultation

- Fifteen roundtables and global webinars for industry-specific groups (e.g., PCAF, GFANZ, etc.) were conducted to socialize the SBTi FINZ 2024 Consultation Draft with a total of 580 participants.
- In addition, two global launch webinars were hosted with in total more than 550 participants.
- Three one-on-one meetings were also conducted with public consultation respondents.
- SBTi received feedback through the public consultation survey from a total of 159 respondents.

- A total of 165 unique responses were received at the SBTi, through sources other than the public consultation survey, including email, and for example, the SBTi FINZ 2024 Consultation Draft workshop during New York Climate Week 2024 with 71 attendees.

SBTi FINZ 2024 Consultation Draft Pilot Testing

- Eight workshops and office hours were conducted.
- Eighteen one-on-one sessions were conducted with different pilot testers.
- SBTi received feedback through the pilot testing survey from a total of 25 respondents.
- A total of 186 unique feedback points were received by SBTi, through sources other than the Pilot Testing Survey responses.



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