



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

FINANCIAL INSTITUTIONS NET-ZERO STANDARD PROVISIONAL IMPLEMENTATION LIST

Version 1.0

July 2025



sciencebasedtargets.org



[/science-based-targets](https://www.linkedin.com/company/science-based-targets)



[@sciencetargets](https://twitter.com/sciencetargets)



info@sciencebasedtargets.org

DISCLAIMER

Although reasonable care was taken in the preparation of this document, the Science Based Targets initiative (SBTi) affirms that the document is provided without warranty, either expressed or implied, of accuracy, completeness, or fitness for purpose. The SBTi hereby further disclaims any liability, direct or indirect, for damages or loss relating to the use of this document to the fullest extent permitted by law.

The information (including data) contained in this document is not intended to constitute or form the basis of any advice (financial or otherwise).

The SBTi does not accept any liability for any claim or loss arising from any use of or reliance on any data or information.

The SBTi accepts no liability for the reliability of any information provided by third parties.

This document is protected by copyright. Information or material from this document may be reproduced only in unaltered form for personal, non-commercial use. All other rights are reserved. Information or material used from this document may be used only for the purposes of private study, research, criticism, or review permitted under the Copyright Designs & Patents Act 1988 as amended from time to time ('Copyright Act'). Any reproduction permitted in accordance with the Copyright Act shall acknowledge this document as the source of any selected passage, extract, diagram, content, or other information.

All information, opinions, and views expressed herein by SBTi are based on its judgment at the time this document was prepared and are subject to change without notice due to economic, political, industry, or firm-specific factors.

“Science Based Targets initiative” and “SBTi” refer to the Science Based Targets initiative, a private company registered in England number 14960097 and registered as a UK Charity number 1205768.

© SBTi 2025

VERSION HISTORY

Version	Change/update description	Release date	Effective dates
1.0	First version of the Implementation List—see the Interim Protocol for Usage of Third-Party Methodologies for the SBTi Financial Institutions Net-Zero Standard V1.0 for a summary of the underlying process.	July 22, 2025	July 22, 2025

CONTENTS

ABOUT THE SBTi.....	5
ABOUT THIS DOCUMENT.....	5
1. ELIGIBLE METHODOLOGIES FOR CLIMATE-ALIGNMENT TARGETS.....	6
1.1 Eligible climate-alignment methodologies for “In Transition”	6
1.2 Eligible climate-alignment methodologies for “Climate solutions”	9
Implementing the taxonomies.....	11
1.3 Eligible climate-alignment methodologies for “Net-zero state”	11

ABOUT THE 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 the latest.

The SBTi is incorporated as a UK charity, with a subsidiary SBTi Services Limited, which hosts our target validation services. Partner organizations who facilitated SBTi's growth and development 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).

ABOUT THIS DOCUMENT

This document provides a provisional list of climate-alignment methodologies that are eligible for SBTi validation purposes under the Financial Institutions Net-Zero Standard. It includes recognized sources such as temperature scores and taxonomies relevant to target setting.

While financial institutions may use these methodologies when preparing targets for validation, this document is temporary and will be replaced once SBTi establishes a formal recognition and interoperability framework. This framework will ensure a transparent and open process for assessing the climate-alignment methodologies used in SBTi. Until then, the information in this document remains valid for SBTi's target-setting and validation process.

1. ELIGIBLE METHODOLOGIES FOR CLIMATE-ALIGNMENT TARGETS

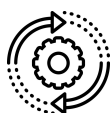
Table 4.2 in the [SBTi Financial Institutions Net-Zero Standard](#) details the three categories that count towards climate alignment:



In transition



Climate solutions



Net-zero state

As specified in the [Interim Protocol for Usage of Third-Party Methodologies for the SBTi Financial Institutions Net-Zero Standard V1.0](#), the following methodologies were evaluated as being consistent with the quality criteria and can therefore be used by financial institutions to measure their baseline climate-alignment, as well as establish their climate-alignment targets.

1.1 Eligible climate-alignment methodologies for “In Transition”

The following metrics have been evaluated and deemed valid for the purpose of establishing the SBTi Financial Institutions Net-Zero Standard portfolio level climate-alignment targets. While these methodologies meet certain credibility criteria, they may not always produce identical outputs for the same entity, and may use different assumptions. Sources of potential variance include:

- 1) **Ambition + performance:** Methodologies may only include ambition or an assessment of current progress of an entity vs. a reference pathway.
- 2) **Credibility of the targets/credibility of past performance:** Methodologies may consider the credibility of the entity's targets and adjust these according to their own assessments.
- 3) **Sector granularity:** Methodologies may consider different levels of sector granularity, as well as how they map entities to different sectors.
- 4) **Choice of reference scenario:** Methodologies may choose from a range of eligible 1.5°C scenarios.
- 5) **Choice of climate-alignment methodology:** Methodologies may choose different budget allocation approaches for assessing entities' alignment, and may assess the entity over different time frames. Methodologies may also include differing requirements for fossil fuel and deforestation activities, by incorporating any fossil

fuel expansion and deforestation activities into their assessment of entity-level alignment.

- 6) **Data quality used:** Each methodology may use different data for the entity, specifically for scope 3 emissions, which is often estimated to fill reporting gaps.

To address potential inconsistencies, SBTi requires that financial institutions clearly indicate the basis of their climate-alignment targets.

Table 1: Eligible Financial Institutions Net-Zero Standard climate-alignment methodologies for “In transition”

Counterparty Type	Alignment Metric Type	Methodology	Version	Necessary Achievement/ Score	Status
Non-SME (small- and medium-sized enterprise) Corporate Entity	Entity-level certification/ validation	Climate Bonds Standard (CBS) Entity Certification	June 2024	Level 2	Eligible as of July 22, 2025
		SBTi Target Status (valid for either corporate or FI)	SBTi versions that require 1.5°C-aligned targets	1.5°C-validated targets only ¹	Eligible as of July 22, 2025
	Implied Temperature Rise metrics	CDP-WWF Temperature Scoring Methodology	Version 1.5, September 2024	1.5°C	Eligible as of July 22, 2025
		MSCI Implied Temperature Rise	February 2024	1.5°C	Eligible as of July 22, 2025
		Sustainalytics Low Carbon Transition Ratings	Version 1.4, April 2024	1.5°C	Eligible as of July 22, 2025
	Other entity-level assessments	Transition Pathway Initiative (TPI) Methodology for Management Quality and Carbon Performance	Version 5.0, November 2023	Carbon Performance Indicator: 1.5°C medium-term alignment	Eligible as of July 22, 2025
		Moody's Net-Zero Assessments	December 2024	Ambition Score of 1.5°C	Eligible as of July 22, 2025
		WBA (World Benchmarking Alliance) ACT (Assessing Low-Carbon Transition) Methodologies and Assessment Characterization : ACT Generic Methodology – Version 2.0 ACT Assessment Categorisation		At least “2a committed” status	Eligible as of July 22, 2025

¹ For SBTi Financial Institutions' Near-Term Criteria Version 2.0: For asset managers that are a part of larger financial institution entities to be considered as "in transition", the larger financial institutions' targets would need to cover the asset manager.

		Framework - Version 0.1 ACT Tourism - Version 1.0 ACT Agriculture - Version 2.0 ACT Fashion - Version 2.0 ACT Chemicals - Version 2.0 ACT Finance Investors - Version 2.2 ² ACT Finance Bank - Version 2.2 ACT Glass - Version 2.0 ACT Pulp and Paper - Version 2.0 ACT Aluminium - Version 2.0 ACT Iron and Steel - Version 2.0 ACT Property developer - Version 1.1 ACT Real Estate - Version 1.2 ACT Building Construction - Version 1.1 ACT Oil & Gas - Version 2.0 ACT Transport - Version 2.1 ACT Cement - Version 2.0 ACT Retail - Version 1.1 ACT Electricity - Version 2.0			
		MSCI NZIF Assessment	April 2025	At least “aligning”	Eligible as of July 22, 2025
		Trucost Paris Alignment	June 2025	1.5°C	Eligible as of July 22, 2025
SME	Other entity-level assessments	SBTi Target Status	SBTi versions that require 1.5°C-aligned targets	1.5°C-validated targets only	Eligible as of July 22, 2025
Entity/Asset/Project	Benchmark divergence	Pegasus Guidelines for the Aviation Sector	March 2024	At or below sector benchmark	Eligible as of July 22, 2025
		Poseidon Principles for Shipping Sector	Version 5.1, June 2024	At or below sector benchmark	Eligible as of July 22, 2025
		Sustainable Steel Principles for Steel Sector	February 2023	At or below sector benchmark	Eligible as of July 22, 2025

Other providers that directly supply a metric or score using one of these eligible climate-alignment methodologies via a distribution platform may be used to source the data, providing that the version they are distributing aligns with the version listed above. Tools that only use one of these eligible climate-alignment methodologies may also be used.

² The ACT Finance | Investors methodology may only be used by a financial institution for investors that are in its lending, asset owner investing, asset manager investing, insurance underwriting, or capital market activities portfolios, not for financial intermediaries that it is using.

1.2 Eligible climate-alignment methodologies for “Climate solutions”

The climate solutions categorization is based on having sufficient revenue from activities classified as climate solutions. Taxonomies are considered relevant to provide an indication of alignment as they are established at the activity level, and typically represent technologies and other activities that are required to meet the outcomes of ambitious climate scenarios. Taxonomies are not solely climate solutions specific, with many taxonomies providing different categorizations and labeling systems for certain activities. The EU Taxonomy, for example, distinguishes between activities that are considered to be potentially “eligible” as substantially contributing to specific environmental objectives, and those that can additionally be considered “aligned” to climate change mitigation goals. The minimum category for each taxonomy has been identified.

An initial list of eligible taxonomies published by countries has been identified based on research conducted by [DIW](#) Berlin³. This research assessed taxonomies using five key criteria:



Policy embeddedness



Sectoral coverage



Screening approach



Target group



Disclosure and reporting

Using the DIW framework, only the third criterion, the screening approach was used. This criteria evaluates whether the “framework sets science-based thresholds that are measurable and dynamic” taxonomies that were assessed as making a moderate or significant (numerically speaking, 3 or 4 on a 1-4 scale) contribution to this criterion have been considered suitable for use in the Financial Institutions Net-Zero Standard. Only taxonomies that have passed the development phase and are publicly available at the time

³ Catherine Marchewitz et al., "[Sustainable Finance Taxonomies: Enabling the Transition towards Net Zero? A Transition Score for International Frameworks](#)," *Discussion Papers of DIW Berlin 2083*, DIW Berlin, German Institute for Economic Research, 2024.

of the research are included. The Climate Bonds Taxonomy has been added to this list, as well, as it was deemed a significant contribution to science-based climate goals and is widely used within green financial products. Similarly, the Independent Science Based Taxonomy and Common Ground Taxonomy have also been evaluated, as they are based on existing taxonomies in this list.

Table 2: Eligible Financial Institutions Net-Zero Standard climate-alignment methodologies for “Climate solutions - taxonomies”

Applicable region	Taxonomy Name	Version and Date	Eligible Category
Global	Climate Bonds Taxonomy	September 2021 Version 1.0	Activity must be classified as “Automatically compatible” or “Compatible, if compliant with screening indicator”
Global	Independent Science Based Taxonomy	July 2024 Version 1.0	As per the EU Taxonomy; the user may select activities classified as Science-based or Partially Science-based ⁴
Multi-jurisdictional	Common Ground Taxonomy	November 2024 Version	All activities are eligible
Regional	ASEAN Taxonomy	June 2023 Version 2.0	Activity must be classified as Tier 1 - Green under the EO1 climate change mitigation objective
Country-specific	Colombia Taxonomy	March 2022	All activities are eligible
Regional	EU Taxonomy	June 2020 Version 1.0	Activity must be classified as taxonomy-aligned, and not simply taxonomy-eligible
Country-specific	Georgia Taxonomy	August 2022 Version 1.0	All activities listed are considered aligned
Country-specific	Hong Kong Taxonomy	May 2024 Version 1.0	All activities are eligible

⁴ Provides a stricter set of evaluation criteria compared to the EU Taxonomy.

Country-specific	Japan Taxonomy	May 2021	Activities and benchmarks defined within the technology specific pathways
Country-specific	Mexico Taxonomy	March 2023	All activities are eligible
Country-specific	Rwanda Taxonomy	December 2023	All activities are eligible
Country-specific	Singapore Taxonomy	December 2023	Green activities are eligible
Country-specific	South Korea Taxonomy	December 2022	Green sector activities are eligible
Country-specific	Sri Lanka Taxonomy	May 2022	All activities are eligible
Country-specific	Thailand Taxonomy	September 2023	Green activities are eligible

Implementing the taxonomies

Financial institutions using taxonomies to evaluate whether their financing is dedicated to climate solutions shall:

1. Use a single taxonomy, not specific to a single geographic area on the list above, OR
2. Use taxonomies depending on the geographical areas, and a single taxonomy for non-covered areas.

Taxonomies may provide different categorizations of fossil fuels and other long-lived high-emitting assets. The SBTi's fossil fuel requirements supersede the labeling in any eligible taxonomy, meaning that even if a specific fossil fuel is listed as aligned with a taxonomy, it cannot be classified as a climate solution when using the SBTi Financial Institutions Net-Zero Standard.

1.3 Eligible climate-alignment methodologies for “Net-zero state”

No third-party methodologies are currently considered for portfolio entities or activities at a net-zero state. It is expected that the entity or activity publishes a verified GHG inventory covering all relevant emission scopes, which shows that the entity or activity is at zero or near-zero (residual levels) GHG emissions in line with Table 4.2 in the Financial Institutions Net-Zero Standard.⁵

⁵ See the SBTi 2021 publication entitled *Pathways to Net-Zero* for information about sector residual emissions levels: <https://sciencebasedtargets.org/resources/files/Pathway-to-Net-Zero.pdf>.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

