FINANCIAL INSTITUTIONS: HOW TO APPLY RELEVANT SBTi CORPORATE NET-ZERO STANDARD V1.3 CRITERIA

FOR USERS OF THE SBTi FINANCIAL INSTITUTIONS NET-ZERO STANDARD V1.0

Version 1.0

February 2026

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 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).

DISCLAIMER

VERSION HISTORY

Version	Change/update description	Release date	Effective dates
Version 1.0	• Initial release of document.	February 17, 2026	February 17, 2026

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PURPOSE OF THIS DOCUMENT

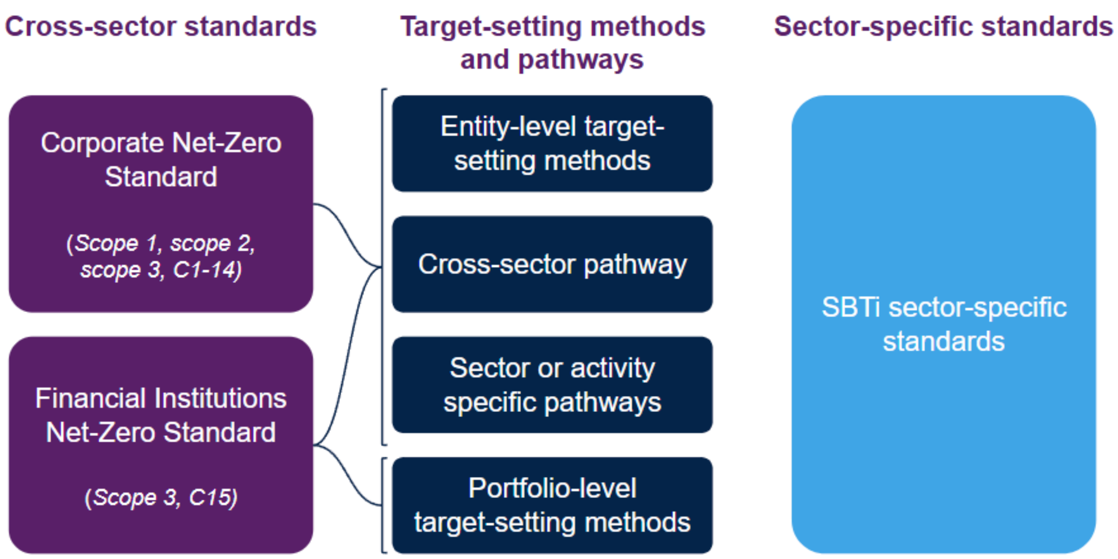
This document is designed to help financial institutions using the SBTi Financial Institutions Net-Zero Standard set science-based targets. All financial institutions using this Standard will need to use some criteria from the SBTi Corporate Net-Zero Standard to set targets on their operational scope 1 and 2 emissions, and where applicable, scope 3 categories 1-14 emissions.

This document lays out which criteria from the current Corporate Net-Zero Standard V1.3 are applicable to different types of financial institutions setting net-zero targets.

FRAMEWORK OF SBTi STANDARDS

SBTi Standards are structured in a modular framework, comprising two cross-sector standards, the SBTi Corporate Net-Zero Standard, which provides cross-sector requirements and recommendations for scope 1, scope 2, and scope 3 emissions, categories 1–14, and the SBTi Financial Institutions Net-Zero Standard, which provides requirements and recommendations for financial activities (scope 3, category 15). The suite of SBTi Standards also includes multiple sector standards intended for use by high-emitting companies to complement the cross-sector standards.

Figure 1. Overview of the SBTi Standards system



HOW TO USE THE SBTi CORPORATE NET-ZERO STANDARD

This document illustrates the applicable resources and criteria for two types of financial institution users by revenue source (see Table 2 below on how the SBTi Corporate Net-Zero Standard Version 1.3 is adapted for both user groups):

1. **Pure-play financial institutions** are those that generate 95% or more of their revenue from any of the five financial activities included in the SBTi Financial Institutions Net-Zero Standard: lending, asset owner investing, asset manager investing, insurance underwriting, capital market activities.

2. **Multifaceted financial institutions** are those that generate between 5% and 95% of their revenue from the above mentioned financial activities. These diversified financial institutions generate more than 5% of their annual revenue from non-financial activities (e.g., conglomerates including real-economy companies).

Table 1: Target structure per type of financial institution[1]

	SBTi Corporate Net-Zero Standard Version 1.3		**SBTi Financial Institutions Net-Zero Standard V1.0**
	Scope 1 and 2	*Scope 3 categories 1-14*	*Scope 3 category 15*
Entity Type			
Pure-play financial institutions (≥95% of revenue from financial activities)	Required	Optional*	Required
Multifaceted financial institutions (5-95% of revenue from financial activities, exclusive)	Required	Required if total scope 3 emissions are ≥40% of total scope 1+2+3 emissions	Required[2]

[1] Elements of the Corporate Net-Zero Standard Version 1.3 that are most relevant for Financial Institutions Net-Zero Standard are marked with an asterisk (*).
[2] Real economy companies with 5% or more of their revenue from financial activities that have the same underlying emissions already covered in the company's scope 1, scope 2 and scope 3, categories 1-14 targets (e.g., automotive manufacturers that offer loans or lease financing for their products) are recommended, but not required, to use this Standard.

Target components			
Target boundary	95% of emissions covered	**Near-term:** ≥67% of emissions of total scope 3 categories 1 to 15 covered **Long-term:** ≥90% of emissions of total scope 3 categories 1 to 15 covered	**Near-term:** 100% of financial activities (of emissions or exposure) in segments A, B, and C, and at least 67% in segments A B, C, and D. **Long-term:** 100%[3]
Ambition	1.5°C	**Near-term:** Well-below 2°C **Long-term:** 1.5°C	1.5°C, per the alignment definitions and reference pathways in the Implementation List and Tables 4.2-4.3
Target time frame	Near- (up to five years *) & long-term (2050 at the latest)		
Eligible Target Setting Methods	● Cross-sector absolute reduction ● Sector-specific absolute reduction ● Sector-specific intensity convergence (i.e., SDA) ● Renewable electricity	● Cross-sector absolute reduction ● Sector-specific absolute reduction ● Sector-specific intensity convergence (i.e., SDA) ● Supplier/customer engagement ● Scope 3 economic intensity reduction ● Scope 3 physical intensity reduction	● Scope 3 climate-alignment target (near- & long-term) ● Scope 3 sector targets (Sector-specific absolute contraction, Phaseout, Portfolio Intensity Convergence, Portfolio Index Alignment) (near-term only)

[3] 100% of in-scope financial activities.

Where to find further information on target-setting methods

- Scope 1, scope 2, and scope 3 categories 1 - 14: Cross-sector absolute reduction:
  - Annex B of Corporate Net-Zero Standard Version 1.3
  - Cross-sector pathway with absolute reduction method for near-, and long-term targets. See Corporate Near-Term Tool and Corporate Net-Zero Tool.
- Scope 1, scope 2, and scope 3 categories 1 - 14: Sector-specific absolute reduction and sector-specific intensity convergence (i.e., SDA): Sector-specific guidance and methods are currently available for many sectors. All new sector-specific guidance that becomes available will be uploaded to the sector webpages on the SBTi website. The SBTi has sector-specific requirements related to the use of target-setting methodologies and minimum ambition levels (please see Table 4 in the Corporate Net-Zero Standard V1.3).
- Scope 2: Renewable electricity: The renewable electricity (RE) method is an acceptable alternative to scope 2 emission reduction targets. Using this method, companies set targets to actively procure at least 80% renewable electricity by 2025 and 100% renewable electricity by 2030 using renewable energy certificates (RECs) or virtual power purchase agreements (vPPAs). Companies can use this method to set near-term targets and then set a maintenance target to ensure the level of renewable electricity achieved is maintained over time. Further information in Table 6 in the SBTi Corporate Net-Zero Standard V1.3.
- Scope 3 categories 1 - 14: Supplier/customer engagement, scope 3 economic intensity reduction and scope 3 physical intensity reduction: Annex B of Corporate Net-Zero Standard Version 1.3
- Scope 3 category 15: Climate alignment and Sector Targets see the Financial Institutions Net-Zero Target-Setting Tool.

How general criteria of the Corporate Net-Zero Standard apply to two use cases of Financial Institutions

Table 2: Criteria applicability table (for scope 1, scope 2, and scope 3 categories 1-14 emissions)

SBTi Corporate Net-Zero Standard Version 1.3 Criterion		Criterion Applicability to Financial institutions with revenue from financial activities.. ..of 95% or more	..between 5% and 95%
Target boundary	C1 – Organizational boundary: Companies should submit targets only at the parent- or group level, not the subsidiary level. Parent companies shall include the emissions of all subsidiaries in their target submission, in accordance with the boundary criteria. In cases where both parent companies and subsidiaries submit targets, the parent company's target must also include the emissions of the subsidiary if it falls within the parent company's emissions boundary given the chosen inventory consolidation approach.	Not applicable; replaced by FINZ-C2 Organizational Boundary (which requires that the organizational boundary matches the consolidated financial statements' boundary)	
	C2 – Greenhouse gasses: The targets shall cover all relevant emissions of the seven GHGs required by the GHG Protocol Corporate Standard.[4]	Required	
	C3 – Scope 1 and scope 2: The targets shall cover company-wide scope 1 and scope 2 emissions, as defined by the GHG Protocol Corporate Standard.[5]	Required	
	C4 – Scope 3: If a company's relevant scope 3 emissions are 40% or more of total scope 1, 2, and 3 emissions, they shall be included in near-term science-based targets. All companies involved in the sale or distribution of natural gas and/or other fossil fuels shall set separate scope 3 targets for the use of sold products, irrespective of the share of these emissions compared to total scope 1, 2, and 3 emissions of the company.	Not required, but can be applied optionally	Required [based on sum of scope 3 emissions (scope 3 categories 1 to 15) divided by Total emissions (scope 1, 2, and 3 categories 1 to 15); the inventory should use one consistent year]

[4] The seven GHGs are carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3).
[5] GHG accounting that is not proven to adhere to the GHG Protocol accounting standard and the SBTi criteria assessment indicators will not be accepted by the SBTi.

	All companies shall include emissions from all relevant scope 3 categories in long-term science-based targets.		For scope 3 category 15, the minimum boundary can be defined either via FINZ-C6 or per Greenhouse Gas Protocol for scope 3 category 15 Investments as per Table 5.9 (page 52) of the GHG Protocol Corporate Value Chain (scope 3) Accounting and Reporting Standard.
	C5 – Scope 1, 2 and 3 allowable exclusions: Companies shall not exclude more than 5% of total combined scope 1 and scope 2 emissions from either the boundary of the GHG inventory or the target boundary.[6, 7] Companies shall not exclude more than 5% of emissions from their total scope 3 GHG inventory.[8] Scope 3 target boundary requirements are outlined in C6 and C7.	Required (for scope 1 and 2)	Required
	C6 – Scope 3 emissions coverage for near-term targets: Companies shall set one or more emission reduction near-term targets and/or supplier or customer engagement targets that collectively cover(s) at least 67% of total reported and excluded scope 3 emissions considering the minimum boundary of each scope 3 category in conformance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.[9]	Not required per FINZ C11.1, but can be applied optionally	Required Coverage based on scope 3 categories 1 to 15 included under targets divided by Sum of all scope 3 categories 1 to 15. For scope 3 category 15 the minimum boundary can be defined either via FINZ-C6 or per Greenhouse Gas Protocol for scope 3 category 15
	C7 – Scope 3 emissions coverage for long-term targets: The boundary of long-term science-based targets shall cover at least 90% of total scope 3 emissions considering the minimum boundary of each category in conformance with the GHG Protocol Corporate Value Chain (Scope 3)	Not required per FINZ-C11.1, but can be applied optionally	

[6] The total targeted scope 1 and 2 emissions shall be greater than or equal to 95% of total (reported + excluded) scope 1 and 2 emissions. This means that a company shall not exclude 5% from the inventory boundary and then also exclude a further 5% from the target boundary.
[7] Where a company's scope 1 or 2 emissions are deemed immaterial (i.e., under 5% of total combined scope 1 and 2 emissions), companies may set their SBT solely on the scope (either scope 1 or scope 2) that covers more than 95% of the total scope 1 and 2 emissions. The company shall continue to report on both scopes and adjust their targets as needed, according to the GHG Protocol's principle of completeness, and as per C32 and C33.
[8] The SBTi does not recognize emissions perceived to be "negligible" as a rationale for not reporting them. Even if emissions from certain activities or operations are perceived to be negligible, these emissions still must be quantified and reported in the reporting company's GHG inventory or disclosed as an exclusion.
[9] GHG accounting that is not proven to adhere to the GHG Protocol minimum boundaries and the SBTi criteria assessment indicators will not be accepted by the SBTi.

	Accounting and Reporting Standard. Exclusions in the GHG inventory and target boundary shall not exceed 10% of total scope 3 emissions.		Investments as per Table 5.9 (page 52) of the GHG Protocol Corporate Value Chain (scope 3) Accounting and Reporting Standard.
Method validity	C8 – Method validity: Targets must be modeled using the latest version of methods and tools approved by the SBTi. Targets modeled using previous versions of the tools or methods may only be submitted to the SBTi for validation within 6 months of the publication of the revised method or sector-specific tools.	Required	
Emissions accounting	C9 – Scope 2 accounting approach: Companies shall disclose whether they are using a location- or market-based accounting approach as per the GHG Protocol Scope 2 Guidance to calculate base year emissions and to track performance against a science-based target. The GHG Protocol requires measuring and reporting scope 2 emissions using both approaches. However, a single and consistent approach must be used for setting and tracking progress toward a SBT (e.g., using location-based approach for both target setting and progress tracking).	Required	
	C10 – Scope 3 inventory: Companies shall complete a scope 3 inventory covering gross scope 3 emissions for all its relevant emissions sources according to the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.[10, 11]	Not required per FINZ-C6.1 for scope 3 categories 1 - 14, but can be applied optionally	Required for scope 3 categories 1 to 14. Scope 3 category 15 in line with FINZ-C6 OR GHG Protocol for the coverage check.

[10] To determine relevance of scope 3 activities for inclusion in the target boundary, companies will be assessed against minimum boundary in Table 5.4 and using the criteria in Table 6.1 of the GHG Protocol Corporate Value Chain (scope 3) Accounting and Reporting Standard. Please note that, although beyond the minimum boundary, all transport-related emissions across all sectors must be reported on a well-to-wheel (WTW) basis in companies' GHG inventories (well-to-wake for aviation and maritime transport). All use-phase emissions from third-party distributed fossil fuels must be reported in scope 3 category 11 for all companies engaged in this type of distribution activity.

[11] Companies may use the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard for the Financial Industry to calculate financed emissions. Minimum boundary for scope 3 category 15 can be either based on the minimum boundary as defined by FINZ-C6 OR in line with the GHG Protocol (i.e. emissions beyond the minimum requirements of the Greenhouse Gas Protocol for scope 3 category 15 Investments as per Table 5.9 (page 52) of the GHG Protocol Corporate Value Chain (scope 3) Accounting and Reporting Standard shall not count towards the mandatory boundary for scope 3 targets (see C6 and C7). Companies may, however, set optional targets on these emissions (see R2).

	C11 – Biogenic accounting: Companies that use bioenergy or have biogenic emissions within their operations or value chain shall (see V1.3 for full criterion)	Required if applicable	Required if applicable
	C12 – Carbon credits: The use of carbon credits must not be counted as emission reductions toward the progress of companies' near-term or long-term science-based targets. Carbon credits may only be considered as an option for neutralizing residual emissions (see C28) or to finance additional climate mitigation beyond their science-based emission reduction targets (see R9).	Required	Required
	C13 – Avoided emissions: Avoided emissions fall under a separate accounting system from corporate inventories and do not count toward near-term or long-term science-based emission reduction targets.	Required	Required
Net Zero definition	C14 – State of net-zero emissions: Companies shall set one or more targets to reach a state of net-zero emissions, which involves: (a) reducing scope 1, 2 and 3 emissions to zero or a residual level consistent with reaching net-zero emissions at the global or sector level in eligible 1.5°C scenarios or sector pathways and (b) neutralizing any residual emissions at the net-zero target date – and any GHG emissions released into the atmosphere thereafter.	Required for scope 1 and 2 only per FINZ-C11	Required
Target Structure	C15 – Net-zero target structure: Companies shall set both near-term and long-term science-based emission reduction targets according to the requirements outlined in this standard. If a company sets a near-term target that meets long-term target requirements, the target shall be accompanied by a long-term target that, at a minimum, maintains the same level of emissions thereafter.	Required	Required
Time frame	C16 – Base year: The base year shall be no earlier than 2015. The company shall use the same base year for its long-term science-based targets as its near-term science-based targets. Scope 1 and scope 2	Required	Required

	targets shall use the same base year.[12] The SBTi does not accept multi-year average base years, unless this is specified in the sector guidance relevant to the company.		
	<u>C17 – Target year(s):</u> Absolute and intensity-based emission reduction near-term targets shall cover a minimum of 5 years and a maximum of 10 years from the date the target is submitted to the SBTi for validation. Long-term targets shall have a target year no later than 2050. For companies using sector pathways that reach net-zero before 2050 (e.g., power generation and maritime), long-term science-based targets covering relevant activities shall have a target year no later than the sector's year of net-zero in eligible 1.5˚C pathways.	Required, but per FINZ-C11.2 the near-term target timeframe shall be within 5 years	
	<u>C18 – Progress to date:</u> The minimum forward-looking ambition of near-term targets covering scope 1 and/or scope 2 emissions is consistent with reaching net-zero by 2050 at the latest, assuming a linear absolute reduction, linear intensity reduction, or intensity convergence between the most recent year and 2050 (not increasing absolute emissions or intensity).[13, 14]	Required	Required
Ambition	<u>C19 – Level of ambition for scope 1 and 2 targets:</u> At a minimum, scope 1 and scope 2 targets shall be consistent with the level of decarbonization required to keep global temperature increase to 1.5°C compared to pre-industrial temperatures. This applies to both near-term and long-term targets.[15]	Required	Required

[12] Scope 3 targets are recommended but not required to use the same base year as scope 1 and scope 2 targets. Base years across different scope 3 targets must be the same.
[13] The most recent year used for scope 1 and scope 2 emissions shall be the same year. The most recent year used for scope 3 emissions is recommended to be the same year as scope 1 and scope 2.
[14] Companies shall provide all the relevant GHG inventory data including a most recent year GHG inventory. For submissions in 2026, the most recent inventory shall be no earlier than 2024 i.e. allowable most recent years are 2024 and 2025. Companies should also note that using proxy data (i.e., applying one reporting year's data to another reporting year) is not permitted. For example, a company may not apply base year emissions to the most recent year.
[15] When a company uses fiscal years in its GHG accounting, the SBTi assesses minimum ambition based on the calendar year (CY) where the majority of the months occur. For example, a FY2022 with a date range of April 2021 - March 2022 would be assessed as CY2021. In the case where a FY is evenly split across a CY (i.e., a FY ends on June, 30), ambition is assessed using the later year in the date range. This approach is applicable to all targets.

	<u>C20 – Absolute targets:</u> Absolute reduction targets for scope 1 and scope 2 are eligible when they are at least as ambitious as the minimum of the approved range of emissions scenarios consistent with the 1.5°C goal or aligned with the relevant 1.5°C sector-specific absolute pathway (long-term targets only).	Required	Required
	<u>C21 – Intensity targets:</u> Intensity targets for scope 1 and scope 2 emissions are only eligible when they are modeled using an approved 1.5°C sector pathway applicable to companies' business activities.	Required	Required
	<u>C22 – Level of ambition for scope 3 emissions reductions targets:</u> At a minimum, near-term scope 3 targets (covering total required scope 3 emissions or individual scope 3 categories) shall be aligned with methods consistent with the level of decarbonization required to keep global temperature increase well-below 2°C compared to pre-industrial temperatures. For long-term scope 3 targets, this minimum ambition is increased to 1.5°C.[16]	Not required per FINZ-C11.1, but can be applied optionally	Required
	<u>C23 – Supplier or customer engagement targets:</u> Near-term targets to drive the adoption of science-based emission reduction targets by their corporate suppliers and/or customers shall meet the following requirements: ● Boundary: Companies may set engagement targets across upstream or downstream scope 3 categories. ● Formulation: Companies shall provide information in the target language on what percentage of emissions from relevant upstream and/or downstream categories is covered by the engagement target or, if that information is not available, what percentage of annual procurement spend is covered by the target.[17]	Not required per FINZ-C11.1, but can be applied optionally	Required

[16] When a company uses fiscal years in its GHG accounting, the SBTi assesses minimum ambition based on the calendar year (CY) where the majority of the months occur. For example, a FY2022 with a date range of April 2021 - March 2022 would be assessed as CY2021. In the case where a FY is evenly split across a CY (i.e., a FY ends on June, 30), ambition is assessed using the later year in the date range. This approach is applicable to all targets.

[17] If measuring coverage by spend, the company shall provide an estimate of the emissions coverage associated with that spend for validation purposes to demonstrate that criterion C6 has been met, by the supplier or customer target alone, or together with other scope 3 target(s).

	● Timeframe: Engagement targets shall be fulfilled within a maximum of 5 years from the date the company's target is submitted to the SBTi for validation. ● Ambition level: The company's suppliers/customers shall have science-based emission reduction targets in line with the latest version of the SBTi Corporate Near-term Criteria.		
	C24 – Absolute targets (scope 3): Absolute targets for scope 3 are eligible when they are at least as ambitious as the minimum of the approved range of emissions scenarios consistent with the well-below 2°C goal (near-term targets), the 1.5°C goal (long-term targets), or aligned with the relevant 1.5°C sector-specific absolute pathway (long-term targets only).	Not required per FINZ-C11.1, but can be applied optionally	Required
	C25 – Intensity targets (scope 3): Intensity targets for scope 3 are eligible when they are modeled using an approved sector-specific physical intensity pathway where applicable to companies' business activities or using eligible physical intensity or economic intensity approaches. This applies to both near-term and long-term targets. Intensity targets on upstream scope 3 categories must reflect both supply-side and demand-side mitigation levers, where specified by sector-specific guidance.	Not required per FINZ-C11.1, but can be applied optionally	Required
	C26 – Combined scope targets: Targets combining scopes (e.g., 1+2, or 1+2+3) are permitted if the SBTi can review the ambition of the individual target components and confirm each meets the relevant ambition criteria.[18]	Required if applicable for scope 1 and 2 per FINZ-C11.1	Required if applicable
	C27 – Renewable electricity (scope 2 only): Targets to actively source renewable electricity at a rate consistent with 1.5°C scenarios are an acceptable alternative to scope 2 emission reduction targets over	Required if applicable	Required if applicable

[18] When submitting combined near-term targets, the scope 1+2 portion must be in line with at least a 1.5°C scenario and the scope 3 portion of the target must be in line with at least a well-below 2°C scenario for near-term targets. When submitting combined long-term targets, the scope 1+2 portion must be in line with at least a 1.5°C scenario and the scope 3 portion of the target must be in line with at least a 1.5°C scenario. For sectors where minimum target ambition is further specified for companies' scope 3 activities, C35 supersedes C26.

	emissions from the generation of procured electricity.[19] The SBTi has identified 80% renewable electricity procurement by 2025 and 100% by 2030 as thresholds (portion of renewable electricity over total electricity use) for this approach, in line with the recommendations of RE100.[20] Companies that already source electricity at or above these thresholds shall maintain or increase their use of renewable electricity to qualify. For long-term targets, companies shall maintain 100% renewable electricity procurement beyond 2030.		
Neutralization	C28 – Neutralization of unabated emissions to reach net-zero: Companies shall remove carbon from the atmosphere and permanently store it to counterbalance the impact of any unabated emissions that remain once companies have achieved their long-term science-based target, and for subsequent years thereafter. The neutralization of unabated emissions applies to both the emissions reduction target boundary and to any unabated emissions that have been excluded from the GHG inventory.[21]	Required for scope 1 and 2 per FINZ-C11.1	Required
Formulation	C29 – Target formulation: Companies shall publicly set a net-zero target that clearly and transparently communicates each of the target's relevant components including (a) net-zero target year, (b) magnitude of emissions reductions that will be achieved for near-term and long-term science-based targets, and (c) a base year. [22]	Required for scope 1 and 2 per FINZ-C11.1	Required
Reporting	C30 – Frequency: The company shall publicly report its company-wide GHG emissions inventory and progress against published targets on an annual basis.	Required and consistent with criterion FINZ-C17	

[19] Companies reporting scope 2 emissions using location-based methods can still set a renewable electricity target provided they have the capacity to demonstrate active sourcing of renewable electricity through market instruments.
[20] RE100 guidance states that setting a 100% renewable electricity target by 2030 at the latest shows a strong level of leadership.
[21] For example, a company with 100 tCO_2e emissions in the base year excludes 1 tCO_2e from its GHG inventory and 1 tCO_2e from its target boundary, resulting in 98 tCO_2e covered by its long-term SBT. After reducing emissions covered by its long-term SBT by 90%, this results in 9.8 tCO_2e of residual emissions. Assuming the exclusions remain constant, the company is required to neutralize 11.8 tCO_2e (1 tCO_2e from inventory exclusions, 1 tCO_2e from target boundary exclusions, and the remaining 9.8 tCO_2e).
[22] Please note that the base year may be excluded from the overarching wording only if the scope 1 and 2 base year is different from the scope 3 base year.

	<u>C31 – Reporting completeness:</u> Companies shall publicly report information pertaining to progress against validated targets, including separately reporting emissions and removals in the annual GHG inventory.		
Recalculation	<u>C32 – Mandatory target review:</u> Companies shall review all active targets, at a minimum, every 5 years to ensure consistency with the latest SBTi criteria.[23] If targets do not meet SBTi criteria, then they shall be updated and revalidated. Companies with targets approved in 2020 or earlier shall review all active targets by 2025. Companies shall follow the most recent applicable criteria at the time of resubmission.	Not applicable; replaced by FINZ-C18	
	<u>C33 – Triggered target recalculation:</u> Targets shall be recalculated and revalidated when significant changes occur that could compromise the existing target. The following changes shall trigger a target recalculation: ● Scope 3 emissions become 40% or more of aggregated scope 1, 2 and 3 emissions (applies only to near-term science-based targets). ● Changes in the consolidation approach chosen for the GHG inventory. ● Emissions of exclusions in the inventory or target boundary change significantly. ● Significant changes in company structure and activities (e.g., acquisition, divestiture, merger, insourcing or outsourcing, shifts in goods or service offerings).[24] ● Adjustments to data sources or calculation methodologies resulting in significant changes to an organization's total base year emissions or the target boundary base year emissions (e.g.,	Not applicable; replaced by FINZ-C16	Required in addition to FINZ-C16 to cover additional scope 3 information.

[23] Please note that the beginning of the review period for all active targets corresponds to the date of initial validation of the oldest currently active target or the most recent target validation date of each target where all the company targets were updated.

[24] For example, a target recalculation may be triggered if a shift of goods and service offerings results in a shift of emissions between scopes of already validated targets (e.g., if a company has a scope 1+2 target separate from a scope 3 target, and emissions that were first in scope 3 are shifted to scope 1 or scope 2 because of a change in the company's offering). A target recalculation may also be triggered if a company's current targets use a metric that becomes irrelevant after a shift in goods or service offerings (e.g., if a car manufacturer stopped selling passenger cars and pivoted to freight trucks, their use of sold products target would no longer be appropriate to model with the sold vehicle pathway and "passenger-kilometers" would no longer be an appropriate metric).

	discovery of significant errors or a number of cumulative errors that are collectively significant). ● Other significant changes to projections/assumptions used in setting the science-based targets.[25] Companies shall apply a significance threshold of 5% or less. For base year emissions, a change of 5% in an organization's total base year emissions would trigger a base year emissions recalculation. A change of 5% or more in the base year emissions covered within a target boundary would trigger a target recalculation.[26] If a significant change occurs and the company's target(s) no longer meet SBTi criteria, then the target(s) shall be recalculated and revalidated. Companies shall follow the most recent applicable criteria at the time of resubmission.		
	<u>C34 – Target validity:</u> Companies with approved targets must announce their target publicly on the SBTi website within 6 months of the approval date. Targets unannounced after 6 months must go through the approval process again unless a different publication time frame has been agreed in writing with the SBTi.	Required and consistent with FINZ-C15.2	
Sector specifications	<u>C35 – Requirements from sector-specific guidance:</u> Companies must follow requirements for target setting and minimum ambition levels as indicated in relevant sector-specific methods and guidance – at the latest, 6 months after sector guidance publication. A list of the sector-specific guidance and requirements is available below (Table 4 of the Corporate Net-Zero Standard).[27]	Required and consistent with the SBTi Financial Institutions Net-Zero Standard, which builds in Table A.2 explaining in which cases FIs must follow sector requirements for scope 1, 2, and 3 categories 1 to 14.[28]	

[25] For example, for intensity targets, changes in growth projections.
[26] Please note that the significance threshold for target recalculation is relative to the scopes covered by the target. For example, if a company has a validated scope 1+2 target and their scope 1+2 base year emissions change by 5% or more, this triggers a target recalculation. Similarly, if a company has a validated scope 1+2+3 target and their scope 1+2+3 base year emissions change by 5% or more, this triggers a target recalculation.
[27] The Corporate Net-Zero Standard should be complemented with SBTi sector-specific guidance whenever the sector and/or activity covered by the sector guidance is relevant to the company seeking SBTi validation, e.g. a company with aviation, maritime, and financial services activities is encouraged to set separate sector-specific targets for each of the activities relevant to them based on SBTi sector guidance. Please note that the target boundary coverage is to be met at the company wide-level, not at target level, unless otherwise stated.
[28] Find more information in the SBTi's User Guide for Financial Institutions with Real Estate Exposure.

	<u>C36 – Companies in the fossil fuel production business, or with significant revenue from fossil fuel business lines:</u> The SBTi will not currently validate targets for: ● Companies with any level of direct involvement in exploration, extraction, mining and/or production of oil, natural gas, coal or other fossil fuels, irrespective of percentage revenue generated by these activities. ● Companies that derive 50% or more of their revenue from the sale, transmission and distribution of fossil fuels, or by providing equipment or services to fossil fuel companies. ● Companies with more than 5% revenue from fossil fuel assets (e.g., coal mine, lignite mine, etc.) for extraction activities with commercial purposes.	Required if applicable	Required if applicable
	<u>C37 – Sale, transmission, distribution of oil, natural gas, coal as well as other fossil fuels:</u> Companies that sell, transmit, or distribute natural gas (or other fossil fuel products) shall set separate emission reduction targets for scope 3 category 11 “use of sold products” - covering emissions from the combustion of the sold, transmitted, or distributed fossil fuels - that are at a minimum consistent with the level of decarbonization required to keep global temperature increase to 1.5°C compared to pre-industrial temperatures, irrespective of the share of these emissions compared to the total scope 1, 2, and 3 emissions of the company[29], company's sector classification, or whether fossil fuel sale/distribution is the company's primary business. In order to meet the 67% near-term and 90% long-term scope 3 coverage, companies may need to set additional targets covering other scope 3 categories. Customer engagement targets are not eligible for this criterion.	Required if applicable	Required if applicable

[29] Sales of low-volume fossil fuel products intended for occasional personal use, such as lighters and single-use camping stove canisters, are exempt from this requirement. Furthermore, this requirement does not apply if emissions in scope 3 category 11 from the combustion of the sold, transmitted, or distributed fossil fuels constitute less than 1% of the company’s total scope 3 inventory and are less than 100,000 tCO_2e.

Recommendations	R1 – Setting organizational boundaries R2 – Targets covering optional scope 3 emissions R3 – Biofuel certification, R4 – Bioenergy data reporting, R5 – Consistency, R6 – 2030 target year R7 – Supplier engagement R8 – Purchased heat and steam R9 – Efficiency considerations for target modeling R10 – Beyond value chain climate mitigation R11 – Neutralization milestones R12 – Where to disclose Please see the full Corporate Net-Zero Standard for the corresponding recommendation text.	R2, R3, R4, R5, R6, R7, R8, R9, R10, R11, R12 recommended	R2, R3, R4, R5, R6, R7, R8, R9, R10, R11, R12 recommended

Note: "**Required**" indicates that criteria are required as conditions for organizations that decide to submit science-based targets to the SBTi for validation. "**Applicable**" indicates that criteria refer to certain aspects that might not exist at the company submitting targets.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION