SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

FAQs ON THE PRIVATE EQUITY SECTOR SCIENCE-BASED TARGET GUIDANCE

Version 1.0

June 2023

1. **Who is the primary audience of the SBTi's Private Equity Sector Science-Based Target Guidance (PE Guidance)?**

The Science Based Targets initiative (SBTi) – a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) and one of the We Mean Business Coalition commitments – launched the PE Guidance in November 2021. The PE Guidance's primary audience are listed or unlisted private equity (PE) firms or General Partners (GPs) that manage PE direct investments, private debt, PE secondaries and/or PE fund of funds.

More generally, it is relevant to financial institutions (FIs) with PE or private debt investments in companies that are not publicly listed or traded, though these asset classes are optional in the current SBTi near-term Financial Sector Science-Based Targets Guidance (FI NT Guidance Version 1.1 and Version 2.0 Consultation Draft). Revisions to the current requirements for other FIs are subject to updates of the FI NT Guidance.

The SBTi defines FIs as companies whose business involves the dealing of financial and monetary transactions, including deposits, loans, investments and currency exchange. If 5 percent or more of a company's revenue or assets comes from activities such as those described above, they are considered to be FIs.

2. **How are PE firms and the investment roles/partners involved being defined?**

Private equity investment partnerships are usually made up of GPs and Limited Partners (LPs). PE firms are the appointed GPs of the investment partnerships. GPs primarily raise capital from third-party entities into a specific fund vehicle (the 'fund') which will then be invested into certain types of assets in private markets according to an investment strategy (e.g., private equity, growth and venture capital, private debt, real estate). GPs are actively involved in the management and decision making of the fund, including identifying the assets to invest in, executing those investments and then managing them until eventual exit. A PE firm can be the GP in several funds and would need to set targets across all of its assets under management. A PE firm and GP are terms that are commonly used interchangeably.

LPs are the third-party investors in the fund, investing capital in exchange for a portion of the fund's profits. They are not generally involved in daily operations, though they can place some conditions on the GP, e.g., in exchange for the original investment. LPs can include endowments, family offices, foundations, high net wealth individuals, insurance companies, pension funds, sovereign wealth funds, and other institutional and accredited investors. In some cases, a firm can be both a LP and GP, as is the case with fund of funds and secondaries. On occasion, LPs will also make direct "co-investments" into specific investments (investee companies), and take a direct equity share in that asset alongside the GP. In some cases, a LP may make a direct investment, taking a direct equity share in that asset without a GP.

3. **Can PE firms set science-based targets at a fund, strategy, or subsidiary level?**

FIs cannot set science-based targets at the fund or strategy level. It is recommended that FIs submit targets only at the parent- or group-level, not the subsidiary level. Parent companies must include

all required asset classes across the PE Guidance and FI NT Guidance for all subsidiaries in their target submission.

While the GP is not the fund's parent company by legal definition, it sets the investment strategy and manages the investments on behalf of the funds' investors. For the purposes of the PE Guidance, the GP therefore serves as the reporting entity consolidating the greenhouse gas (GHG) inventory for its operations (i.e., scope 1 and 2) and its investment and lending activities within its managed funds (i.e., scope 3 category 15), and submits the targets. Additional guidance on how to measure scope 3 category 15 emissions is available from the Greenhouse Gas Protocol (GHG Protocol), Partnership for Carbon Accounting Financials (PCAF), and Initiative Climat International (iCI).

Although the PE Guidance is focused on GPs, LPs, as investors in funds managed by GPs, should also leverage their influence to push GPs to align their investment strategies with the Paris Agreement. For LPs involved in PE fund of funds or secondaries, they may wish to use this guide and approach for their private markets' investment strategies. However, LPs that wish to set their own science-based targets should also consult the FI Guidance for their relevant asset classes.

4. What scope 1 and 2 target should a PE firm set if it already has zero scope 1 emissions?

FIs (including PE firms) can set an absolute reduction target on scope 1 and 2 emissions in aggregate. Otherwise, FIs would need to set a target to maintain zero scope 1 emissions and cover its scope 2 emissions with a renewable electricity procurement target.

5. What type of electricity sources are allowed in renewable electricity procurement targets?

For the purposes of target validation, the SBTi will use the same definition of renewable electricity as the RE100 initiative (e.g., wind, solar, geothermal, sustainably sourced biomass, sustainable hydropower).

6. What are the requirements for PE firms to set targets covering scope 3, categories 1-14 emissions?

Under the current PE Guidance and FI NT Guidance, it is recommended but not required for FIs to set targets on scope 3, categories 1–14 emissions. If set, FIs need to include a complete emissions inventory and the targets must meet the scope 3 criteria in the latest SBTi Corporate Net-Zero Criteria for them to be approved and published.

7. Which asset classes are covered in the PE Guidance?

PE firms must set targets on all relevant activities that are categorized as required in Table 6.1 of the PE Guidance. At a minimum, the target boundary requirements and any applicable coverage conditions (e.g., % ownership) shall be adhered to.

Given the current focus on PE direct investments, PE firms that invest primarily in buyout, growth, and venture capital, and real estate investment strategies can use methods provided in the PE Guidance to cover the majority of their investment activities. Multi-strategy firms are also able to set optional targets and take actions recommended by SBTi on other asset classes (private debt, PE secondaries, and PE fund of funds).

8. How should asset classes that are not covered in Table 6.1 of the PE Guidance be treated, such as listed equity?

As PE firms are also FIs, it follows that the PE Guidance is built within the context of the FI NT Guidance - the former covers PE and private debt investments while other asset classes are covered in the latter. Although the PE Guidance does not reference the wider asset classes of the FI NT Guidance, the FI NT Guidance notes under Table 5.2: “As an exception to this table, private equity firms shall cover their private equity investments per the SBTI Private Equity Science Based Target Setting Guidance, as well as other relevant asset classes, as detailed in Table 5.2.” Clarifications have also been published in a SBTi Community Forum for FIs thread, Introduction to Setting Science-Based Targets for the Private Equity Sector blog, and Private Equity Science-Based Target Guidance Walk-Through webinar and slides. Updates of the PE Guidance and FI NT Guidance are an iterative process and the SBTi seeks to improve these guidance documents over time, particularly with any clarifications that come up during target validations.

Unless listed equity investments (or any other required asset classes) are managed under an advisory mandate, target coverage is required for all FIs regardless of the size of the activity or level of ownership (in line with what Engine No. 1’s Exxon campaign showed is feasible).

As such, PE firms that grow to invest in multiple asset classes must consult the FI NT Guidance criteria and set targets accordingly.

9. What is the definition of a listed equity/debt investment vs. a private equity/debt investment?

Listed equity and corporate bond investments include all equity and debt securities (regardless of how they are traded) issued by listed companies (i.e., those that have equity listed and traded on a stock exchange, including financial institutions) whereas all equity and debt securities (regardless of how they are traded) issued by unlisted companies (i.e., those that do not have equity listed and traded on a stock exchange, including FIs) are considered private equity and private debt.

10. Are separate targets needed for listed vs. private equity/debt investments?

As long as the same target method (e.g., Portfolio Coverage) is used and the listed equity/debt investments always follow the criteria found in the FI NT Guidance, then listed and private equity/debt investments may be grouped together under one target in the following situations.

- Private equity/debt investments that are treated as listed equity/debt investments and follow the criteria found in the FI NT Guidance can be grouped together with listed equity/debt investments under one target.

  - This can be done if all private equity/debt investments are covered regardless of % ownership stakes and are immediately included in the portfolio coverage calculation (rather than up to 24 months after acquisition).
  - Listed investments in special purpose acquisition companies that do not have commercial operations can be excluded until they acquire a company with actual commercial operations.
- Investments in private companies that become listed (i.e., becomes a listed equity/debt investment) in or after the target base year used can continue to be grouped together with investments in private companies under one target.
- In special situations where a PE firm's stated strategy is to invest in listed firms in a bid to take them private, the listed equity/debt investment may be grouped together with private equity/debt investments under one target.
  - If the listed firms are not taken private or divested after an unsuccessful delisting bid but instead remain in the PE firm's portfolio during the target period, however, they must then be covered separately unless one of the other situations listed for this question apply.
- Remaining listed equity/debt investments that involve (i) 10 or fewer companies or (ii) 5% or lower of the PE firm's total invested capital or assets under management (AUM) or (iii) 5% or lower of the PE firm's financed emissions may be grouped together with private equity/debt investments under one target.

As part of its ongoing Financial Institutions Net-Zero (FINZ) Standard development process, the SBTi plans to evaluate and harmonize criteria for near-term and long-term targets for various asset classes and activities (e.g., listed equity and private equity).

11. Do PE firms need GHG data to set science-based targets on their portfolios?

When modeling a science-based targets portfolio coverage target, it is important to decide on a metric to define % science-based target coverage. The most recommended metric is the scope 1, 2, and 3 GHG emissions of portfolio companies (PCs). If scope 3 emissions are not available, scope 1 and 2 emissions of PCs can be used. For additional information on when PCs' scope 3 emissions are relevant when setting near-term science-based targets, please see question #21. In either case, both estimated and reported GHG emissions data can be utilized.

However, PE firms might not have GHG data in the base year or might find it difficult to project GHG emissions of future investments. For these reasons, the SBTi accepts the use of a financial metric, such as invested capital, as an alternative metric to define science-based target coverage until GHG emission data for portfolio companies are available.

Still, the SBTi recommends that PE firms also disclose the GHG emissions of the portfolio companies covered by science-based targets (e.g., in their ESG annual reports) if they are using a financial metric for coverage. Over time, obtaining portfolio companies' scope 1, 2, and 3 emissions should become a standard practice for PE firms.

12. How does the SBTi define invested capital and AUM?

Invested capital should be the amount of funds that has been deployed into investments, whether from the PE firm's own funds or funds from LPs that the PE firm is managing (i.e., LP allocations). In contrast, assets under management (AUM) would be defined as the amount of funds that has been committed but includes those that have not yet been deployed/used.

Invested capital is the net amount of capital invested in the portfolio company, as close as possible to the time when the coverage is calculated within the base year. The SBTi recommends using a base year of up to two years prior to the target submission (i.e., 2021 or 2022 base year for targets submitted in 2023). Furthermore, the percentage ownership share should be as of when the percentage coverage is calculated. Ideally, the same date would also be used for annual target tracking and reporting going forward.

13. When should a PE firm set targets on their co-investments?

Co-investments shall be covered by targets if a PE firm's combined stakes (i.e., all investments managed by the PE firm, including those in co-investment funds that it offers to LPs) in a portfolio company meet the percentage ownership, board seat, and any other thresholds required for the relevant asset class.

14. How can PE firms calculate their SBT Portfolio Coverage and prioritize their engagement efforts?

FIs may use emissions or a financial metric. Seven portfolio weighting options are also provided in Appendix E of the FI NT Guidance. As the Portfolio Coverage method is binary and we're using the Temperature Rating aggregation methods, we can replace the outcome from the Temperature Rating method for the companies (i.e. TS, in the formula) with the outcome of the Portfolio Coverage assessment (1 if the company has an approved target or 0 if the company does not have an SBTi-approved target). For the purposes of target setting, tracking, and reporting, FIs should use a selected metric and portfolio weighting option consistently and calculate the SBTi percentage coverage of the portfolio as of the selected reporting day of each year.

The SBTi recommends using an emissions metric to define % science-based target coverage. PE firms can then prioritize engaging portfolio companies with a high emissions intensity before those with a lower emissions intensity.

15. When does a portfolio company need to start being included in the portfolio coverage calculation?

For the purposes of target setting, tracking, and reporting, the PE firm may choose to exclude PCs acquired 24 months or less and without validated science-based targets. This is to reflect the nature of the PE industry where the investee company typically undergoes transformational change post investment. However, PE firms should support PCs to set and obtain SBTi validation as soon as possible, and the SBTi suggests this period should not exceed 12 months from acquisition.

The exclusion period of up to 24 months is only applicable to the Portfolio Coverage method. It should be calculated from the time of the first private equity investment after which a portfolio company is required to be covered by a target. With PE buyout investments for example (assuming a board seat is also held):

- If a first investment of 25% shares is made in Jan 2021 and a subsequent investment of 5% is made in Jan 2022, the grace period (if used) would be calculated from the first investment in Jan 2021 (i.e., the clock does not restart).
- If a first investment of 15% shares is made in Jan 2021, a second of 10% in Jan 2022, and a third of 5% in Jan 2023, the grace period (if used) would be calculated from the second investment in Jan 2022 (i.e., once it reaches 25%).

The coverage thresholds (e.g., ownership %) laid out in Table 6.1 of the PE Guidance are minimum requirements, however, and the SBTi encourages higher ambition and wider coverage beyond the minimum requirements.

16. When does a portfolio company's science-based target count toward the PE firms' coverage?

A PE firm can take credit for a portfolio company's science-based targets once it is validated by the SBTi. When the PE firm is reporting progress, it is free to separately report both the validated and submitted science-based targets of its portfolio companies. Any delays in the validation of PCs' targets due to the SBTi will not impinge on a PE firms' science-based target portfolio coverage target, as long as the PCs' submission is complete and subsequently validated.

17. When should PE firms report their science-based target percentage coverage?

In annual target tracking and reporting, PE firms are required to set a fixed day of the year to report its science-based target percentage coverage, i.e., the reporting day of linear trajectory to 100% coverage. While the SBTi target submission form for FIs does not have a clear section for where this should be included, the SBTi recommends including the day of coverage in section 3.9.

18. What companies can go through the small and medium-sized enterprise (SME) target validation route?

A SME is defined by the SBTi as a non-subsidiary, independent company with fewer than 500 employees. This does not include financial institutions or fossil fuel companies. An employee is identified using a headcount. Companies should include the total number of people employed by the organization, including full-time and part-time employees.

While portfolio companies may be defined as "subsidiaries" of the fund(s) that a PE firm manages in a financial reporting sense, the SBTi recommends that PE firms account for portfolio companies' emissions in scope 3 category 15, even if their funds have operational or financial control over their PCs. If PCs fall under scope 3 category 15, then they would not be considered subsidiaries and could go through the SME validation route if they are consistent with the rest of the SME definition.

For more information on the SME target validation route, please see the SBTi FAQ for SMEs document.

19. How is a PE firm affected if their portfolio companies cannot join the SBTi?

The SBTi does not currently assess targets for cities, local governments, public sector institutions, educational institutions or non-profit organizations. However, we encourage these stakeholders to consider science-based target setting methods on their own.

Since the SBTi does not validate such entities and does not currently have plans to do so, portfolio companies that are one the above entities can be exempted from being covered by a portfolio coverage target (i.e., it can be excluded from both the numerator and denominator of the coverage calculation).

20. How can PE firms set targets on fossil fuel portfolio companies?

For portfolio companies that fall under the SBTi's policy on fossil fuel companies, the Sectoral Decarbonization Approach (SDA) will only be available once the SBTi Oil & Gas sector guidance is published. In the meantime, FIs may set Portfolio Coverage targets but the validation of fossil fuel companies (i.e., achievement of the target) will be paused until the SDA is available to them. PE firms would need to continue including fossil fuel portfolio companies in the numerator and denominator of their portfolio coverage calculation, with an exclusion period of up to 24 months (per question #13). Alternatively, FIs may use the Temperature Rating method to set a target, whereby portfolio companies will need to set a public target that does not have to be validated by the SBTi.

21. When are portfolio companies' scope 3 emissions relevant when setting near-term science-based targets?

A PE firms' SDA target would need to cover their portfolio companies' emissions based on the SBTi's sector guidance (e.g., scope 3 coverage required for the fossil fuel and automotive sectors). Section 5 of the SBTi Target Validation Protocol presents information on the applicability of available science-based target methods to various sectors and ongoing sector development work, which can help inform financial institutions' engagement efforts with borrowers and/or investees.

Under the Portfolio Coverage method, portfolio companies would need to cover a minimum of 67% of their scope 3 emissions if scope 3 emissions represent 40% or more of total emissions, unless going through the SME target validation route. Unlike larger companies, the SBTi does not require SMEs to set targets for their scope 3 emissions; however, SMEs must commit to measure and reduce their scope 3 emissions.

Under the Temperature Rating method, PE firms would need to set a target on its portfolio scope 1+2 score as well as its portfolio scope 1+2+3 score.

22. How should portfolio companies that have some financial activities set targets?

For real-economy companies going through the corporate target validation route that have some financial activities, the general approach proposed for incorporating their financed emissions (if/when relevant) is for the company to:

A. Disclose if it is involved in any kind of financial services (e.g., lending, equity, debt, project finance). If yes, then calculate the % revenue/assets coming from all financial services. If the revenue/assets from financial services represents more than 5% of revenue/assets, then check the asset classes involved.
B. Calculate the % of revenue/assets coming from in-scope asset classes as listed in Table 5.2 of the FI NT Guidance. Only in-scope asset classes (e.g., corporate loans, equity and debt investments (including managing them), electricity generation project finance) would be relevant. Financing related to all other asset classes or activities (e.g., personal loans, brokerage or advisory services) would currently be out of scope.
C. If those activities are in scope and represent >5% of total company revenue/assets, then a financed emissions inventory would need to be compiled to see how relevant they are in emissions terms relative to the other scope 3 categories. Since real-economy companies (that are going through the corporate target validation route but have some financial activities) must set one or more near-term targets that collectively cover(s) at least two-thirds (67%) of their 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), then it may be the case that the company would not need to cover their financed emission sources with FI targets if their other scope 3 categories made up over 67% of their total scope emissions and are already being covered by near-term targets.
D. Once the financed emissions inventory is compiled, the target boundary should be defined, and the need to include the financed emissions will depend on their size relative to the other scope 3 emissions.
E. If the company wants or needs to cover these financed emissions sources, then it can use the FI NT Guidance to set FI targets.

23. How should PE firms set targets for electricity generation investments?

All investments in electricity generation projects/assets (regardless of size) must be covered while investments in private electricity generation companies must be covered according to the requirements for other PE direct investments (including buyout, growth, and venture capital) outlined in Table 6.1 of the PE Guidance.

For electricity generation projects/assets, targets must be set using the SDA methodology outlined in Section 5.4.1 and Appendix C of the FI NT Guidance, as well as the sector guidance and target-setting tool found on the SBTi Power Sector webpage.

FIs that already only finance renewable electricity projects in the base year may set targets to continue doing so. For the purposes of target validation, the SBTi will use the same definition of renewable electricity as the RE100 initiative.

Separately, FIs that meet all the following conditions may set an emissions intensity maintenance target up to 2030 for an electricity generation project finance portfolio:

i. a portfolio emissions intensity that is at or below the 2030 sector intensity level in a 1.5°C aligned pathway for the power sector (100 gCO_2e/kWh), and
ii. at least 80% renewable or other zero-emissions electricity generation project financing, and
iii. a commitment to maintain the base year portfolio emissions intensity through 2030 and only finance 1.5°C aligned electricity generation projects.
    - Where 1.5°C aligned financing for the power sector is defined as a commitment to only finance new capacity from zero-emission sources and/or additional exposure to existing capacity if the infrastructure has an emissions reduction plan consistent with limiting warming to 1.5°C with no or limited overshoot.

This maintenance target aims to accommodate financial institutions that have already achieved, at a portfolio level, the emissions intensity required to align with the 2030 sector intensity level in a 1.5°C pathway. It is meant to encourage financial institutions to maintain the enabling role they play in decarbonizing the power sector towards net-zero by only financing 1.5°C aligned electricity generation such as the development and operation of renewable and zero-emission electricity generation projects. Nevertheless, the SBTi strongly encourages these financial institutions to further reduce their portfolio's emissions intensity and set a target to continue only financing renewable electricity projects. Additional follow-on targets must be aligned with the upcoming SBTi Net-Zero Standard for FIs to ensure that all post 2030 targets are compatible with net-zero pathways.

Examples of electricity generation investment targets are as follows:

- [FI] commits to continue providing electricity generation project finance for only renewable electricity through 2030.
- [FI] commits to reduce its electricity generation project finance portfolio GHG emissions [XX]% per kWh by [target year] from a [20xx] base year.
- [FI] commits to maintain the emissions intensity of its electricity generation project finance portfolio at or below [the base year emissions intensity] gCO_2e/kWh from [base year] through 2030 and only finance 1.5°C aligned electricity generation projects.

24. How should PE firms set targets for real estate investments?

67% of investments in real estate assets (by financed emissions or base year activity in square meter) must be covered (regardless of size) while investments in private real estate companies must be covered according to the requirements for other PE direct investments (including buyout, growth, and venture capital) outlined in Table 6.1 of the PE Guidance.

For real estate assets, targets must be set using the SDA methodology outlined in Section 5.4.1 and Appendix B of the FI NT Guidance. A general overview is also available in the science-based targets for PE Real Estate Investments blog. In addition, the SBTi is developing new resources to support building data standardization and target-setting including integration with Carbon Risk Real Estate Monitor. More details can be found on the SBTi Buildings Sector webpage.

FIs that meet the following conditions may set an emissions intensity maintenance target up to 2030 for an investment/lending portfolio of real estate assets:

i. a portfolio emissions intensity that is at or below the 2030 sector intensity level in a 1.5°C aligned pathway for the real estate sector (based on Carbon Risk Real Estate Monitor country-level pathways when available, otherwise 19 kgCO_2e/m2 for service buildings and 10 kgCO_2e/m2 for residential buildings globally), and
ii. a commitment to maintain the base year portfolio emissions intensity through 2030 and only finance new 1.5°C aligned real estate assets,
   - Where 1.5°C aligned financing for the real estate sector is defined as a commitment to only finance new developments that are zero-carbon-ready (i.e., highest energy efficiency class based on local rating schemes and either uses renewable energy directly or uses an energy supply that will be fully decarbonized by 2050, such as electricity or district heat) and/or existing developments if they have an emissions reduction plan consistent with limiting warming to 1.5°C with no or limited overshoot.

This maintenance target aims to accommodate financial institutions that have already achieved, at a portfolio level, the emissions intensity required to align with the 2030 sector intensity level in a 1.5°C pathway. It is meant to encourage financial institutions to maintain the enabling role they play in decarbonizing the real estate sector towards net-zero by only financing 1.5°C aligned real estate assets. Nevertheless, the SBTi strongly encourages these financial institutions to further reduce their portfolio's emissions intensity. Additional follow-on targets must be aligned with the upcoming SBTi Net-Zero Standard for FIs to ensure that all post 2030 targets are compatible with net-zero pathways.

The target language template is: *Financial Institution A commits to maintain the emissions intensity of its real estate investment/loan portfolio at or below [the base year emissions intensity] kgCO_2e/m2 from [base year] through 2030 and only finance 1.5°C aligned real estate assets.*

25. How does the SBTi validation process work? How long does it take and how much does it cost?

After sending a commitment letter, organizations have 24 months to submit their target. Committed organizations that fail to submit their targets for validation within 24 months will be marked as 'Removed' on the SBTi Target Dashboard, per the new Commitment Compliance Policy.

To submit a target, PE firms will need to upload a completed target submission form for FIs to the SBTi booking system and then reserve a date for their SBTi target validation service to begin. This is not the date that target validation results will be delivered. Target submission forms should be finalized when uploaded but changes may be allowed before the reserved date.

On or before the date of booking, the SBTi will begin the target initial screening to ensure basic criteria are met. If successful, companies will be asked to sign the target validation service contract. Once signed, target validation results will be delivered within 30 business days for corporate near-term targets and 60 business days for financial institutions as well as corporate net-zero (i.e., near-term plus long-term) targets, provided that any responses to technical queries are received within two business days. Each target submission will go through two reviewers who will send over any questions that may arise. After all necessary steps are completed, the SBTi will reach back out to

communicate its final decision and provide any additional feedback necessary. If/when approved, targets must be published on the SBTi website within six months of the approval date. Please note that the validation service closes each year from December into January, and therefore halts validation activities during this time.

If targets are not approved, companies should review the feedback and resubmit targets as soon as they are able. The standard validation service includes a second assessment for no additional charge within six months of the first assessment. The overall pricing structure can be found here.

26. When is a triggered target recalculation needed?

Targets must be reviewed, and if necessary, recalculated and revalidated, at a minimum, every five years. Targets should also be recalculated and reset, as needed, to reflect significant changes that would compromise relevance and consistency of the existing target. Targets should be recalculated as soon as possible to reflect significant changes to remain relevant to the current institutional structure and operations. This includes if the PE firm introduces a new strategy or undergoes a major merger/acquisition. For example, FIs should re-baseline anytime structural changes prompt a change of 5% or greater to their overall (i.e., scope 1, 2, and 3) emissions inventory and then recalculate their targets (after re-baselining) to check that the ambition and coverage is still sufficient.

27. How will future changes to SBTI guidance documents impact PE firms that already have validated science-based targets?

Future changes to the PE Guidance will not be retroactive and existing near-term targets will remain valid until they expire. However, whenever PE firms need to submit new targets, they will be subject to the latest SBTi criteria. In particular, the SBTi envisages that the FI NT Guidance and PE Guidance will be revised to align with the SBTi FINZ Standard that is currently under development.

28. Where can one find what organizations have committed to setting science-based targets or have already set science-based targets?

The SBTi's Target Dashboard shows science-based targets set and commitments made by companies and financial institutions.

29. What other resources are available to PE firms on setting science-based targets?

For more information, please refer to the:

- SBTi Private Equity Sector SBT Guidance
- SBTi Intro to Setting Science-Based Targets for the PE Sector blog part 1 and part 2
- SBTi PE Guidance Walk-Through webinar and slides
- SBTi Panel Discussion on Meeting PE Science-Based Targets webinar and slides
- SBTi Science-Based Targets for PE Real Estate Investments blog

- SBTi FI Community Forum
- SBTi Finance Update and Showcase of Leading Science-Based Targets webinar and slides
- SBTi Financial Sector Science-Based Target Guidance Version 1.1 and Version 2.0 Consultation Draft
- SBTi Financial Sector and TCFD Reporting Guidance
- SBTi Sector webpages