



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

FINANCIAL INSTITUTIONS NET-ZERO STANDARD

VERSION 1.0 - EXECUTIVE SUMMARY

JULY 2025

EXECUTIVE SUMMARY



Disclaimer: The executive summary is intended to provide an overview and guidance for stakeholders and does not constitute a normative part of this Standard. For the full scope of requirements, users should refer to the main body of the Standard. Any translation of this document is for informative purposes only. Businesses should refer to the original document in English in case of any inconsistency.

Financial institutions play an enabling role in the global net-zero transformation. Through investment, loan, and insurance practices, they have the power to influence the direction of the economy and accelerate progress toward a net-zero future.

The Science Based Targets initiative (SBTi) has developed the Financial Institutions Net-Zero Standard to provide a framework for financial institutions to set alignment and sector-specific targets consistent with reaching net-zero by 2050 at the latest.

The SBTi Financial Institutions Net-Zero Standard was developed in line with the [Standard Operating Procedure for Development of SBTi Standards](#) (SOP) following an open and transparent, multi-stakeholder approach, including two public consultations and pilot testing. The feedback gathered from consultations, along with input from the project's [Expert Advisory Group](#) and deliberation and final approval by the SBTi's [Technical Council](#), has shaped the final version of this Standard.

SCOPE OF THE STANDARD

The Standard covers in-scope financial activities—lending, asset owner investing, asset manager investing, insurance underwriting, and capital market activities—that financial institutions worldwide can use to influence real economy actors. Financial activities are considered relevant when they represent 5% or more of total global revenue.

This Standard
provides a framework for
financial institutions to target

**net-zero
by 2050**

KEY ELEMENTS OF THE STANDARD

- **The Standard is designed to guide financial institutions in their crucial role in the global net-zero transition**, driving the reduction of overall financed emissions through specific target-setting metrics that foster an increase in net-zero aligned finance (including transition finance).
- **The “engagement first” approach** prioritizes engaging portfolio companies to set their own science-based targets as the primary mechanism to drive emissions reductions.
- **Manage what is measured through required improvements in the quality and scope of emissions and non-emissions data.** This includes the share of clean-energy-to-fossil-fuel financial exposure and climate alignment of portfolio companies (including entities, projects, and associated assets), as well as an assessment by 2030 of exposure to deforestation.
- **If there is significant deforestation exposure**, an engagement plan to address it must be in place by the target renewal date at the latest.
- **The fossil fuel transition policy** requires financial institutions to publish a policy committing to the immediate cessation of new finance for coal expansion and new project finance for oil and gas expansion, as well as the phase-out of new general-purpose finance for oil and gas expansion immediately or by no later than 2030.
- **The buildings policy** recommends no finance for new buildings that are not designed to be zero-carbon-ready and increasing finance for retrofitting existing buildings.
- **Near-term targets** focus on supporting portfolio company transitions, driving finance for climate solutions, and aligning with key sector benchmarks. Financial institutions have the flexibility to choose the target type: either portfolio climate-alignment targets or sector-specific targets for emissions-intensive sectors.
- **Long-term targets** require counterparties to reach net-zero by 2050 and neutralize their residual emissions where relevant.
- **Progress assessment and target renewal** are required at the end of the near-term target cycle to incentivize and recognize continued progress toward targets.





INTEROPERABILITY WITH OTHER STANDARDS AND GUIDANCE

The SBTi Financial Institutions Net-Zero Standard supports financial institutions in addressing their most significant climate impact through alignment and sector-specific targets. The Standard introduces formally recognized third-party climate-alignment methodologies, provided in the [Financial Institutions Net-Zero Standard Implementation List](#), to track the alignment of portfolio activities. This ensures interoperability with the broader climate ecosystem.

Within the science-based framework, the Financial Institutions Net-Zero Standard is complemented by the [SBTi's Corporate Net-Zero Standard](#) and [sector-specific guidance and standards](#), which cover financial institutions' scope 1 and 2, as well as scope 3, categories 1-14 targets (where applicable) as defined in this Standard.

The Standard's alignment targets promote interoperability with third-party data and service providers through the climate-alignment methodologies identified in the [Implementation List](#). The dual alignment and sector-specific target approach provide flexibility and accountability consistent with policy and regulatory compliance.



SETTING TARGETS USING THE STANDARD

By setting net-zero targets, financial institutions signal their commitment to climate stabilization, support real-world emissions reductions, and strengthen their long-term resilience. This will be done in accordance with the objective of pursuing their fiduciary duties, the financial interest of customers and other stakeholders, and their ability to exercise choice, in the face of climate-related risks that threaten to erode risk-adjusted returns and value of assets held and managed by financial institutions.

The Financial Institutions Net-Zero Standard is effective from the date of publication. From this date onward, financial institutions will be able to submit targets for validation against the Standard. A transition period until at least December 2026 will be provided, during which both the [Financial Institutions Near-Term Criteria](#) and the Financial Institutions Net-Zero Standard will be available for target validation. During the transition period, the SBTi will implement a monitoring and evaluation phase to confirm next steps. It is intended that from January 2027 financial institutions will use this Standard to set new near-term and long-term targets.

For further information, the [Financial Institutions Net-Zero Standard In Brief](#) document provides an overview of the Standard and the key steps for developing targets.

Financial institutions are encouraged to start the target-setting process today by registering on the [SBTi Services](#) website (SBTi's wholly owned subsidiary).

STRUCTURE OF THE SBTi FINANCIAL INSTITUTIONS NET-ZERO STANDARD CRITERIA

Please refer to each chapter for the full requirements, further explanatory guidance, references and definitions. All normative criteria (e.g., FINZ-C[number]) are assessed as indicated in the assessment stage. FINZ-R[number] denotes recommendations for more ambitious climate action.

| HEADLINE CRITERION | ASSESSMENT STAGE | DESCRIPTION |
|--|--|--|
| 1. FINANCIAL INSTITUTIONS' NET-ZERO COMMITMENT | | |
| FINZ-C1 | Initial validation | Financial institutions' net-zero commitment: Financial institutions shall publicly commit at an entity-level to achieve net-zero by 2050 or earlier. |
| FINZ-C2 | Initial validation, Renewal validation | Organizational boundary: Financial institutions shall establish an organizational boundary covering all relevant subsidiaries. |
| FINZ-C3 | Initial validation, Renewal validation | Portfolio boundary: Financial institutions shall identify their in-scope financial activities and undertake a segmentation of those that generate 5% or more of their total revenue. |
| FINZ-C4 | Initial validation, Renewal validation | Governance of climate targets: Financial institutions shall publish the governance framework within their organization for their net-zero targets. |
| FINZ-R1 | | Climate transition plan recommendation: Financial institutions should publish a transition plan to substantiate their net-zero commitment and targets. |
| 2. BASE-YEAR ASSESSMENT | | |
| FINZ-C5 | Initial validation, Renewal validation | Base year selection: Financial institutions shall select a base year for target setting. |
| FINZ-C6 | Initial validation, Renewal validation | GHG emissions inventory: Financial institutions shall calculate a GHG emissions inventory for their base year across their operations, value chain, and in-scope financial activities. |
| FINZ-C7 | Initial validation, Renewal validation | Base-year climate-alignment assessment: Financial institutions shall assess the share of climate-alignment for each in-scope financial activity in their portfolios. |
| FINZ-C8 | Initial validation, Renewal validation | Exposure assessment: Financial institutions shall provide an assessment of their financial exposure to clean energy relative to fossil fuel in the base year and commit to assess and publish their deforestation exposure by 2030 at the latest. |
| 3. POLICIES AND TARGET SETTING | | |
| FINZ-C9 | Initial validation, Renewal validation | Fossil fuel transition policy: Financial institutions shall publish a policy that addresses their new financial activities in the fossil fuel sector. |

| HEADLINE CRITERION | ASSESSMENT STAGE | DESCRIPTION |
|---|---|--|
| FINZ-C10 | <i>Renewal validation</i> | No-deforestation: If significant, financial institutions shall publish an engagement plan to address deforestation in their portfolios. |
| FINZ-R2 | | Real estate policy recommendation: Financial institutions should publish a policy to address their financial activities related to real estate assets. |
| FINZ-C11 | <i>Initial validation, Renewal validation</i> | Non-portfolio targets: Financial institutions shall set near- and long-term targets for their operational scope 1 and 2 emissions, and where applicable, scope 3 categories 1-14 emissions, in accordance with the most recently applicable criteria in the SBTi Corporate Net-Zero Standard and/or SBTi Sector Standards. |
| FINZ-C12 | <i>Initial validation, Renewal validation</i> | Portfolio near-term targets: Financial institutions shall set one or multiple near-term targets for each in-scope financial activity (i.e., scope 3, category 15 emissions) using any of the eligible target metrics and target-setting methods. |
| FINZ-C13 | <i>Initial validation, Renewal validation</i> | Portfolio long-term targets: Financial institutions shall set one long-term net-zero-alignment target for each in-scope financial activity. |
| FINZ-C14 | <i>Net-zero target year</i> | Financial institutions' net-zero state: Financial institutions shall ensure that counterparties in their portfolio achieve a state of net-zero emissions by the net-zero target year, involving the reduction of their scope 1, 2 and 3 emissions to zero or residual levels, and the neutralization of any residual emissions. |
| FINZ-C15 | <i>Initial validation, Renewal validation</i> | Communicating policies and targets: Financial institutions shall transparently communicate policies and targets in accordance with the requirements specified in this Standard. |
| FINZ-C16 | <i>Initial validation, Renewal validation</i> | Triggered target recalculation: Financial institutions shall commit to recalculation based on significant organizational changes and adherence to SBTi validation cycles and policies. |
| 4. ASSESSING AND COMMUNICATING PROGRESS | | |
| FINZ-C17 | <i>Initial validation, Renewal validation</i> | Reporting: Financial institutions shall commit to publicly report progress against targets on an annual basis. |
| FINZ-C18 | <i>Renewal validation</i> | Progress and target renewal: Financial institutions shall determine progress against their validated target(s) at the end of their near-term target time frame and, when relevant, establish new target(s) and submit them for validation. |
| 5. SBTi CLAIMS | | |
| FINZ-C19 | <i>Initial validation, Renewal validation</i> | SBTi claims: Financial institutions shall ensure all claims are accurate, transparent, verifiable, and compatible with the criteria in this Standard and SBTi policies. |