

# FINANCIAL INSTITUTIONS NET-ZERO STANDARD

**Global Launch Webinar**

September 10, 2025



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- **Fill out the post-webinar survey** with any further questions at the end of the webinar
- A **recording** will be published on SBTi's YouTube channel.



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- **Session 1:**
  - French
  - Chinese
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# Today's speakers



ALBERTO CARRILLO  
PINEDA  
**Chief Technical Officer**  
SBTi



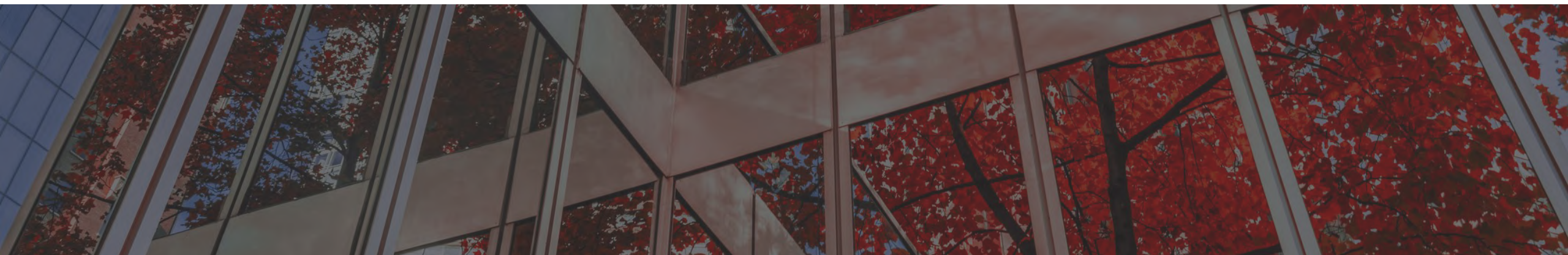
NATE ADEN  
**Head of  
Financial Standards**  
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**Head of Financial  
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SBTi



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**Product Owner,  
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Net-Zero Standard**  
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# Agenda

1. Opening remarks
2. Overview of the SBTi Financial Institutions Net-Zero Standard
3. The Standard's criteria
4. Setting targets according to the Standard
5. Q&A
6. Closing remarks



# Opening Remarks



ALBERTO CARRILLO  
PINEDA  
**Chief Technical Officer**  
SBTi





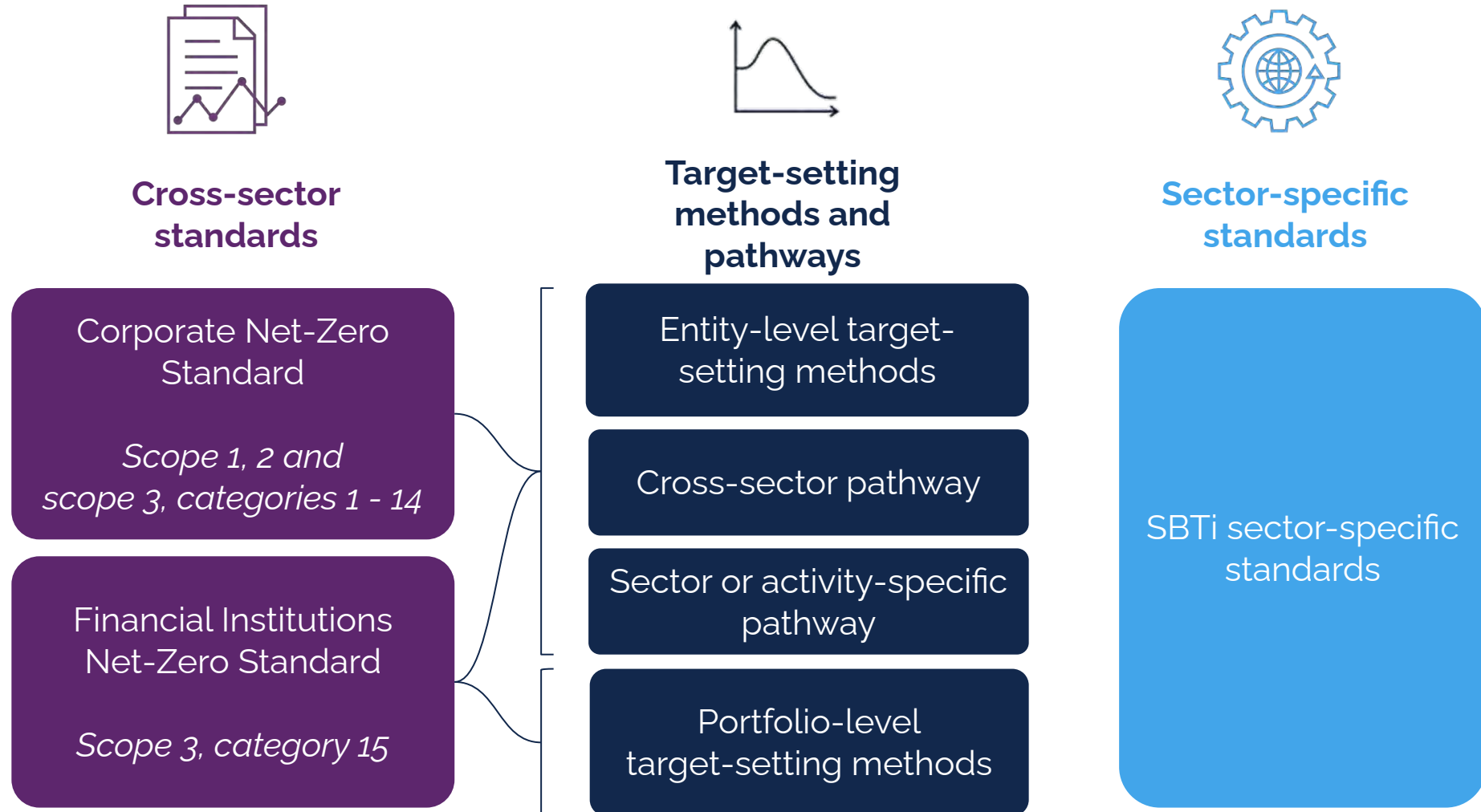
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# Overview of the SBTi Financial Institutions Net-Zero Standard

# The Financial Institutions Net-Zero Standard is one of two core elements of SBTi's modular structure

## Overview of the modular SBTi Standards system





# Objectives of the new Standard



**Develop the first SBTi net-zero standard for financial institutions** to set near- and long-term targets addressing scope 3, category 15 emissions



**Facilitate the scale-up of financial institutions' climate ambitions**, prioritizing the increase of climate-aligned financial activities and engagement with portfolio companies

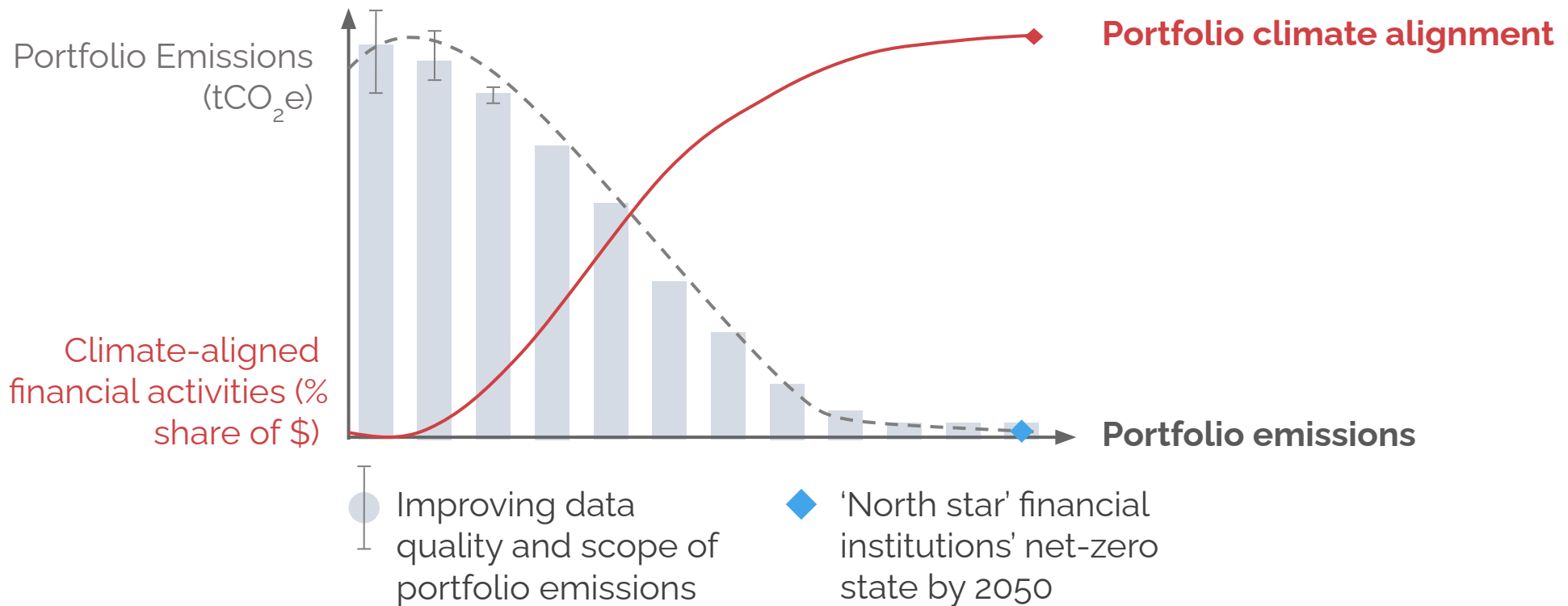


**Cover the whole net-zero journey**, including commitment, assessment, target setting, reporting, renewal and claims



**Improve structure, usability and interoperability** between SBTi Standards and externally

# Driving financed emissions reductions through alignment targets





# The Standard is designed primarily for financial institutions, defined via a revenue threshold of 5%

## Users of the Standard

### Lending



### Asset Owner Investing



### Asset Manager Investing



### Insurance Underwriting



### Capital Market Activities



Each financial activity that **generates 5% or more of revenue** is considered **in-scope**.







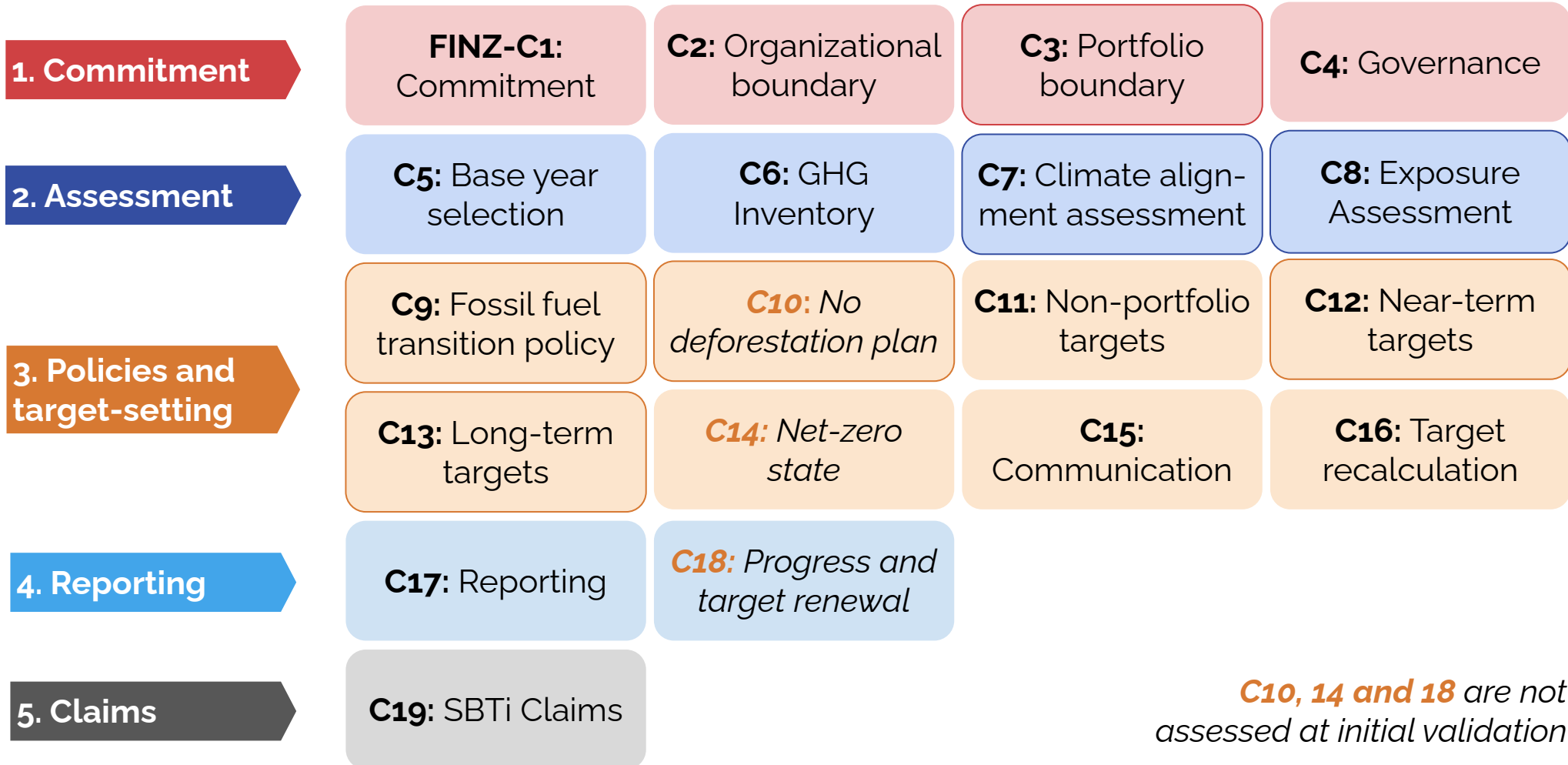
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# The Standard's Criteria



# The Standard comprises 19 criteria, 16 which are relevant at initial validation



**C10, 14 and 18** are not assessed at initial validation



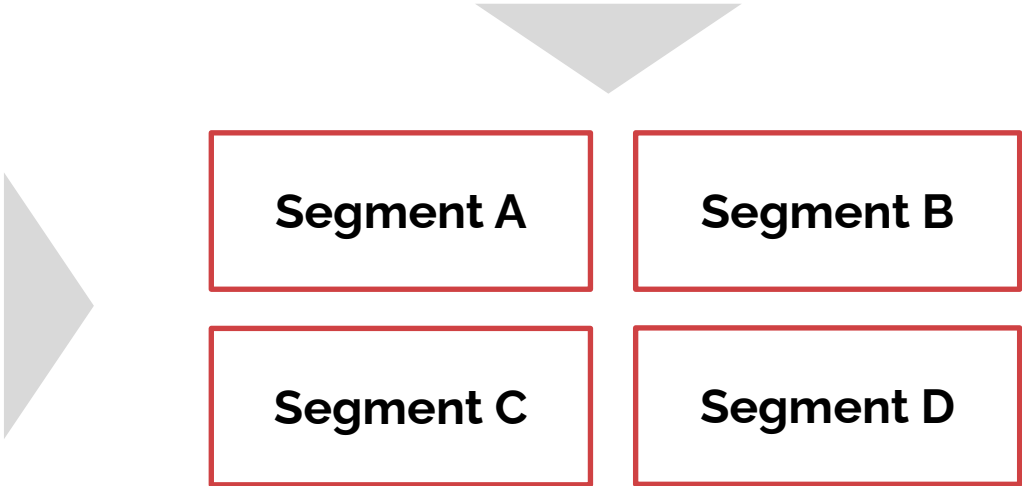

**6 criteria reference tables** support the application of the criteria

# C3: Establishing the portfolio boundary includes a segmentation of asset classes and sectors to facilitate prioritization of action

**Emissions-intensive sectors**  
Table 2



**Sub-asset classes and lines of business**  
Tables 1.1 - 1.5 per financial activity





# C7: Financial institutions have two options to assess the leading climate-alignment metric

## Definition of climate-alignment



**In transition:** Counterparties on a science-based pathway to net-zero



**Climate solutions:** Activities necessary for economy-wide transition to net-zero



**Net-zero state:** Counterparties that have reached zero or near-zero emissions levels

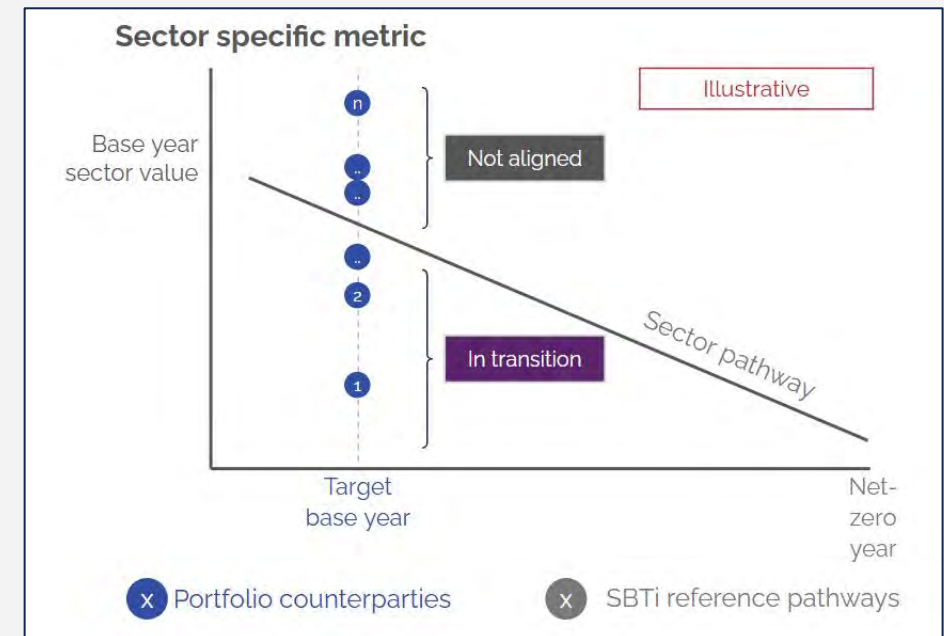
## Two options to assess

### 1. Implementation List

Containing eligible third-party methodologies for assessing “in transition” and “climate solutions”

### 2. Benchmark divergence assessment

“In transition” when demonstrating better performance than the relevant sector benchmark (in the reporting year)



# C9 & C12: Fossil fuel financing is addressed via both policy and targets

**C9 Policy: Cessation of support of the expansion of unabated fossil fuel production capacity**

**&**

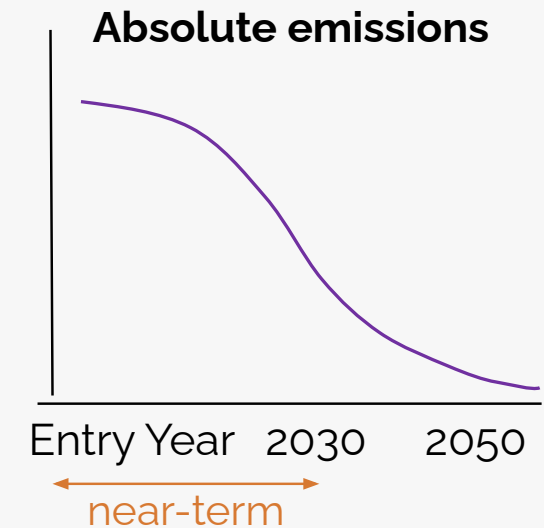
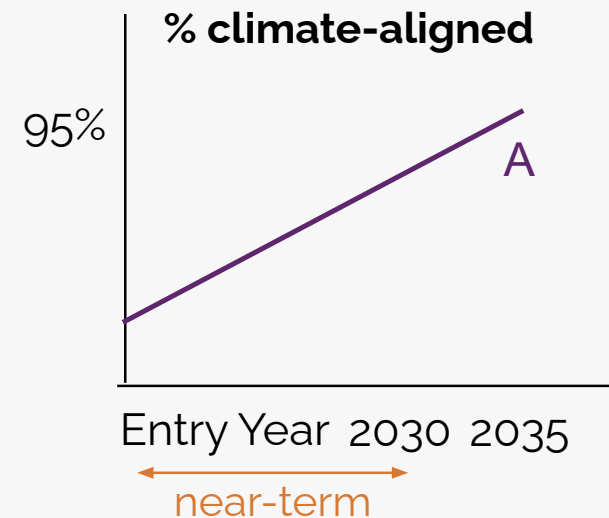
**C12 Targets: Use influence to align companies with a net-zero transition**

## Three key transition policy components:

1. No new financing or insuring of coal expansion
2. No new project financing or insuring of oil and gas expansion
3. No new general-purpose financing or insuring of companies involved in oil and gas expansion immediately or by 2030 at the latest

**Coal:** Sector phase out targets only

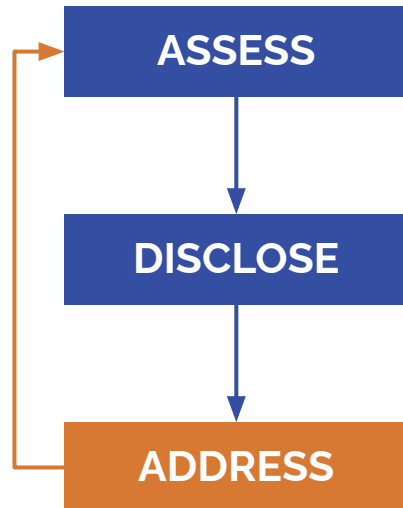
**Oil and Gas:** Select one or both:



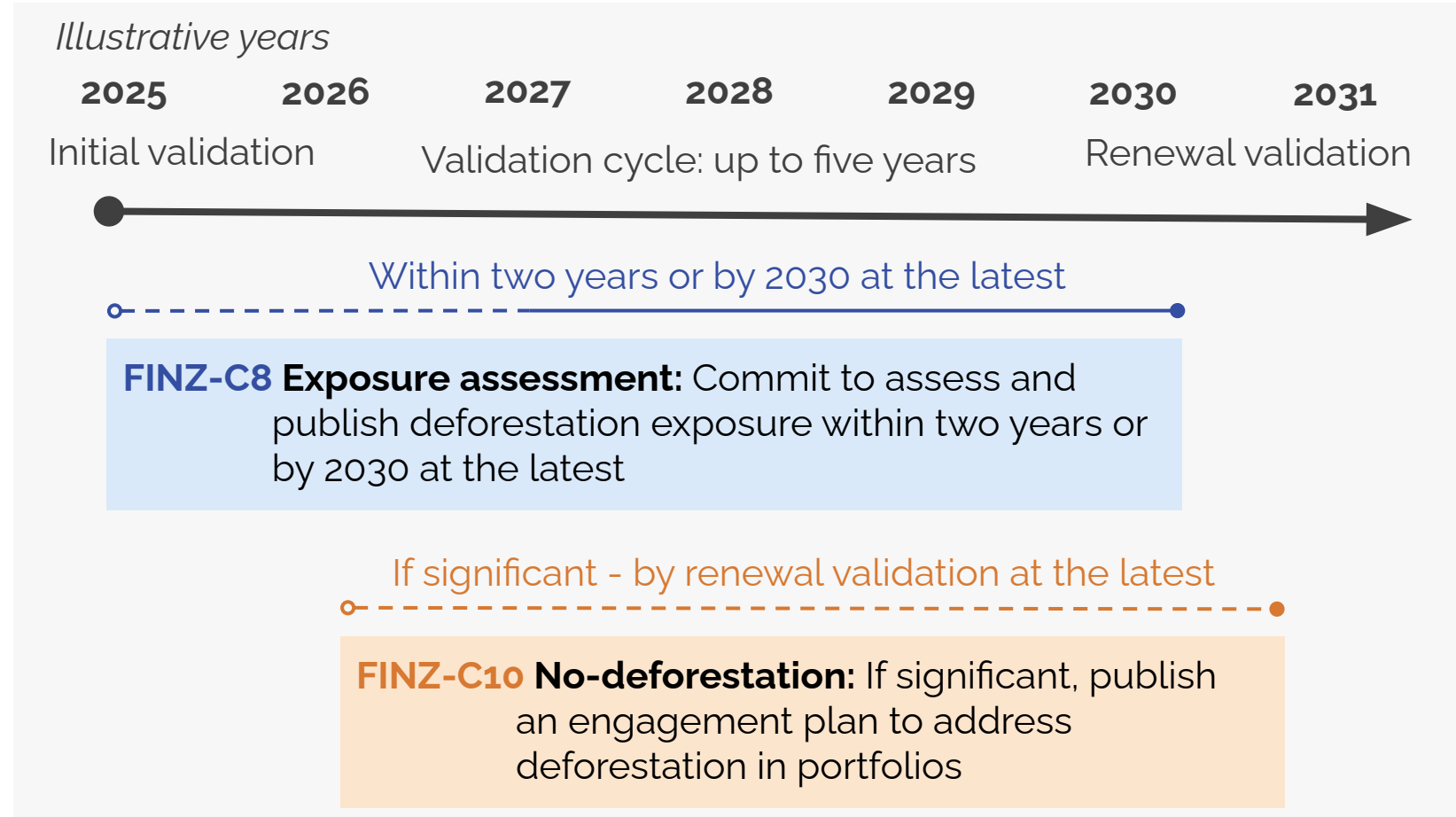


# C8 & C10: No-deforestation: Commitment to action via assessing, disclosing and addressing in case of significance

## Actions



## Timing of actions



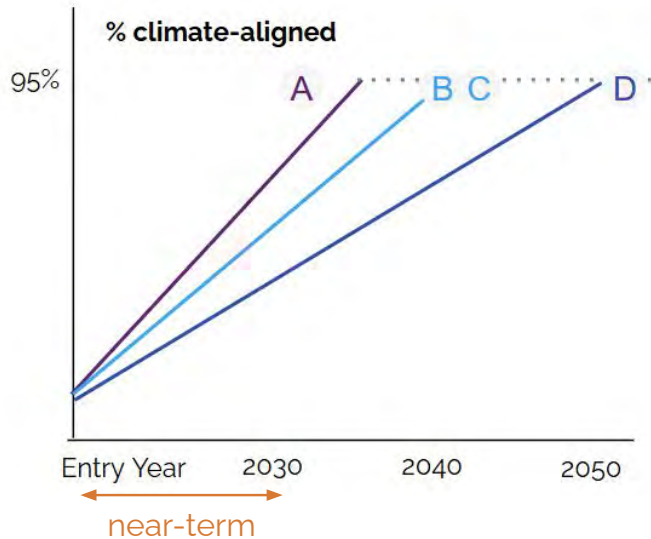
# C12: Financial institutions must set near-term targets for in-scope financial activities

## Near-term portfolio targets

**Target type:** Flexibility to select:

**Portfolio climate-alignment targets:** Linear increase of climate-aligned financial activities

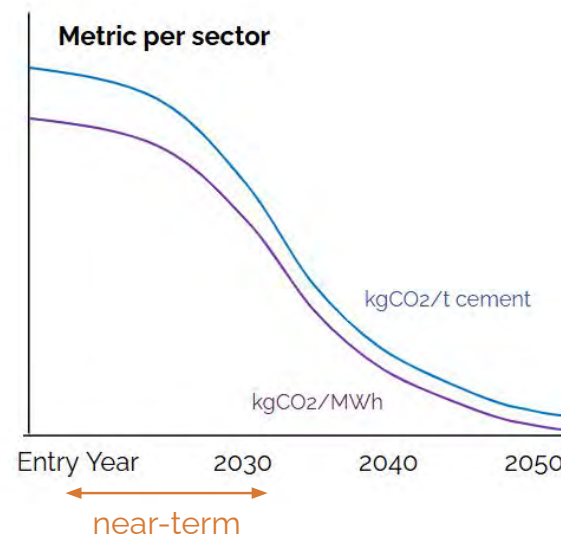
**Ambition level:** segment dependent



**Sector targets** via sectoral benchmarks (e.g., physical intensity, technology share)

**Ambition:** sector pathway dependent

OR



## Target timeframe:

Up to five years



## Target coverage:

Segment dependent

← Minimum coverage of 67% →



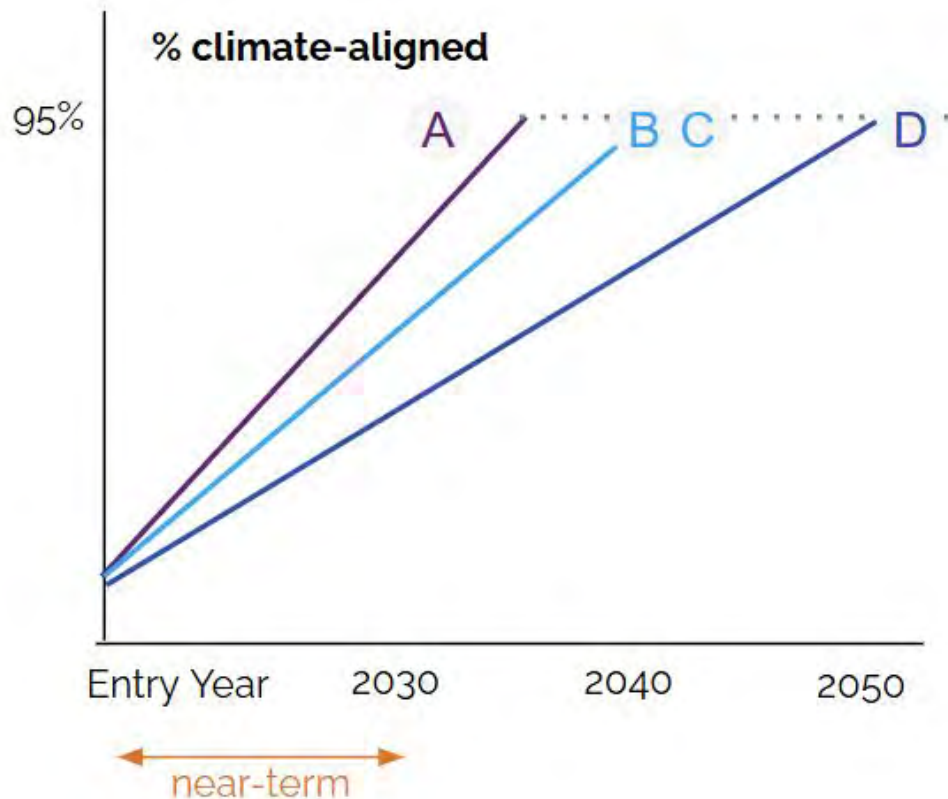
← 100% coverage →



# C13: Financial institutions must also set long-term targets, with increased coverage of in-scope financial activities

## Long-term portfolio targets

**Portfolio climate-alignment targets:** Align at least 95% of financing with net-zero benchmarks by 2050 at the latest.



## Target timeframe:

Selected net-zero year



## Target coverage:

← 100% coverage →

Segment A

Segment B

Segment C

Segment D



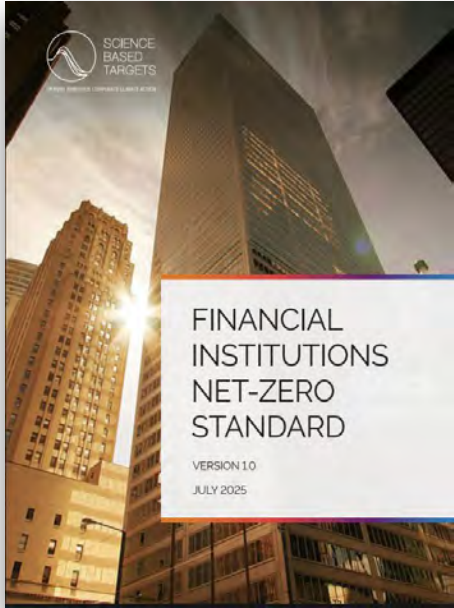
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# Setting Targets with the Standard

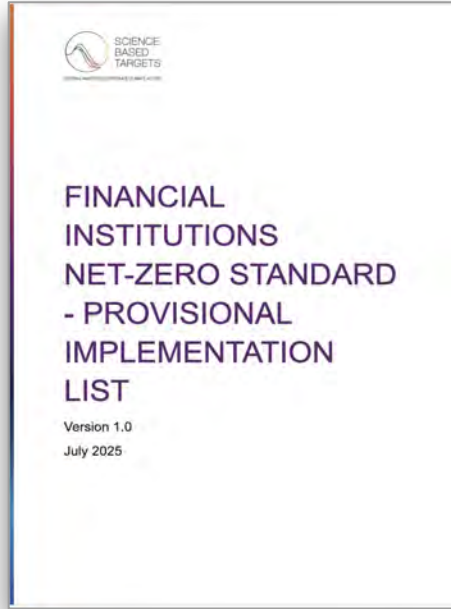


# The Standard is complemented by a suite of materials



## Normative criteria

financial institutions are required to follow when developing science-based targets



## Implementation List

Provides a list of eligible climate-alignment methodologies

## ADDITIONAL RESOURCES

### Explanatory documents

#### Understanding the Standard

- One-page Summary
- The Standard In Brief
- Explaining the Standard slide pack
- Executive Summary

#### Understanding processes followed

- Basis for conclusions report
- Protocol for Usage of Third-Party Alignment Methodologies

### Material for target submission

#### Validation services resources

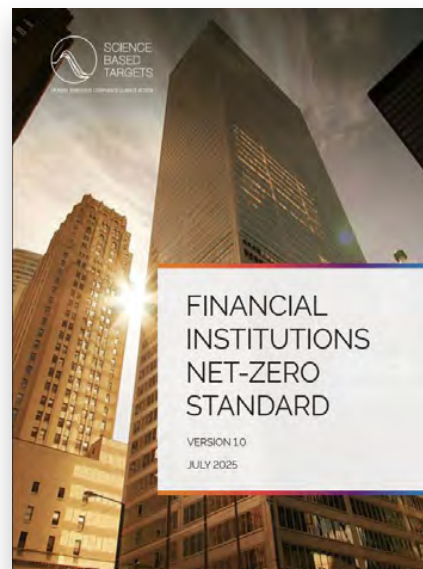
- Criteria Assessment Indicators
- Submission form

#### Target calculation supporting materials

- Target-Setting Tool
- Target-Setting Methods and Tool Documentation
- Fossil fuel policy template



# Financial institutions setting targets with the SBTi



Financial institutions with net-zero commitments to submit within **24 months**



Existing near-term targets remain valid

Open choice period until **at least December 2026**



Thinking about setting targets?  
Go to [SBTi Services](#) to get started





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# Q&A





## Q&A

1. Why is the Standard focusing on climate alignment as the leading indicator?





## Q&A

2. Can you provide an example of what the Standard means for different financial institutions (e.g., a bank, asset owner, and private equity firm?)



# Example of segmentation and near-term target for a lending portfolio

**Assumptions:** 2025 base year | 0% climate alignment in base year | 2030 near-term target year

Segmentation			Near-term target options			Long-term target
Segment	Sub-sector	Financial exposure	Target coverage	Climate Alignment	Sector Target	Climate Alignment
A	Coal	\$5 loan	<div><div></div><div>75%</div><div></div></div>	N/A	Sector Phase Out	≥95% at net-zero state  with 100% target coverage
	Oil and gas	\$5 project finance		≥47.5% by 2030	Absolute emissions reduction	
B	Power	\$3 project finance		≥31.67% by 2030	Emissions intensity reduction or technology share	
	Real estate	\$5 long-term asset loan			Emissions intensity reduction	
	Air transport	\$2 loan		≥31.67% by 2030		
C	Other sectors	\$10 loan		Optional	Optional	
D	Real estate	\$5 mortgage	n/a			
	Other sectors	\$5 SME loan				
Out of scope		\$10 other consumer loan				
Total		\$50 (and \$40 in-scope)				

# Comparison of segmentation for a bank vs asset owner and manager

## Example: Bank

## Example: Asset Owner / Manager Investing

Segment	Sub-sector	Financial exposure	Financial Exposure
A	Coal	\$5 loan	\$5 listed equity
	Oil and gas	\$5 project finance	\$5 project finance
B	Power	\$3 project finance	\$3 private equity (with $\geq 25\%$ ownership and board seat(s))
	Real estate	\$5 long-term asset loan	\$5 project finance
	Air transport	\$2 loan	\$2 private debt of private corporates
C	Other sectors	\$10 loan	\$10 Corporate bonds
D	Real estate	\$5 mortgage	\$ 5 Investments via fund of funds
	Other sectors	\$5 SME loan	\$2 Investments managed through advisory mandates for asset managers
			\$ 3 Private equity investments (< 25% ownership, no board seat)
Out of scope		\$10 other consumer loan	Financial derivatives (e.g., futures, options swaps)
<b>Total</b>		<b>\$50</b> (and \$40 in-scope)	<b>\$50</b> (and \$40 in-scope)





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## Q&A

### 3. How does the Standard treat regional differences?





## Q&A

4. What are the differences between the Financial Institutions' Near-Term Criteria and the Financial Institutions Net-Zero Standard? Is it possible to set only near-term targets under the latter?



# High-level comparison of Financial Institutions' Near-Term Criteria V2 and Financial Institutions Net-Zero Standard

Compared to the Financial Institutions' Near-Term Criteria, the Financial Institutions Net-Zero Standard...



...reduces the **near-term** target time frame to **within five** years and **adds a long-term** target.



...extends the financial activity scope through further **differentiating investing** into asset owner and manager and **adding insurance underwriting** and **capital market activities**.



...introduces **climate-alignment** as the leading metric building on and **including existing target options** such as Temperature Rating and Portfolio Coverage.



...extends the fossil fuel finance targets option by **adding a fossil fuel transition policy requirement** and explicit target requirements on the fossil fuel sector.





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## Q&A

5. Do credible transition plans play a role in the Standard?





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**Q&A**

## 6. How are climate solutions defined?





## Q&A

7. Does the Standard support financial institutions providing transition finance in emerging markets?





## Q&A

8. How interoperable is the Standard with regulatory frameworks, for example ESRS?





## Q&A

9. How can I propose using other climate-aligned methodologies that aren't listed in the Implementation List?





## Q&A

10. What are some of the main challenges and opportunities for financial institutions setting net-zero targets?



# THE TIME TO ACT IS NOW!

- The **webinar recordings** will be available soon.
- All financial institutions resources are available on the [SBTi financial institutions webpage](#).
- Sign up to our **newsletter** and follow us on social media.



We are urgently **calling on financial institutions to set science-based targets** and lead the net-zero transformation

*For individual queries, please contact*  
[financialinstitutions@sciencebasedtargets.org](mailto:financialinstitutions@sciencebasedtargets.org)





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# Thank you

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