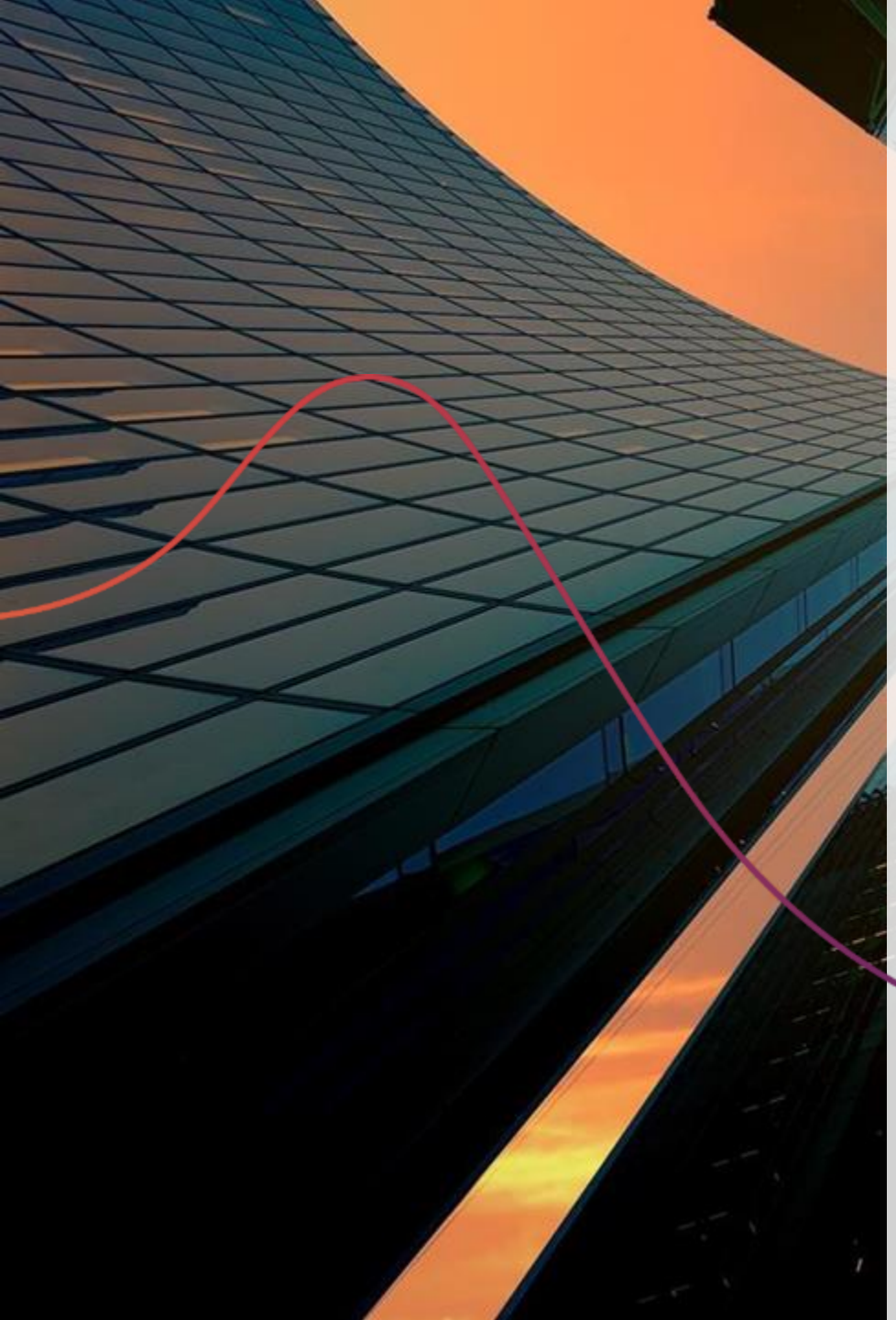

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Financial Institutions Net-Zero Standard

2024 Consultation Draft

Pilot Testing Feedback Report

June 2025

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"Science Based Targets initiative" and "SBTi" refer to the Science Based Targets initiative, a private company registered in England number 14960097 and registered as a UK Charity number 1205768. Where relevant, SBTi shall include reference to SBTi affiliates or SBTi partners as defined in the document.

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).

PARTNERS

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

The pilot testing of the SBTi FINZ Standard Consultation Draft V0.1 (FINZ 2024 Consultation Draft) took place between August, 19 and December 3, 2024. The outcomes are summarized in this report.

The pilot testing, in combination with feedback received during the 2024 public consultation, helped identify feasibility issues for its intended users. It also drew out areas needing further clarification and served to inform SBTi's development of the Financial Institutions Net-Zero Standard (FINZ Standard).

Overall, 33 financial institutions took part in the FINZ 2024 Consultation Draft pilot testing. 18 financial institutions formed an 'intentional group' which agreed to submit some or all preliminary mock targets, mock target-modelling data and other supporting evidence to SBTi for analysis. They also provided detailed feedback through bilateral communications, office hours Q&A sessions, a survey form, and engagement with the SBTi to clarify and address the issues raised. A further 15 financial institutions chose to participate for information purposes only, which included the above activities without submission of mock targets and case studies.

From both the intentional and information groups, 25 financial institutions completed the pilot testing survey, providing 186 sources of additional feedback via email and/or one-on-one meetings, pilot testing workshops and office hours. 16 of the intentional group submitted mock targets. 11 of which have either validated or committed to SBTi near-term or net-zero targets, indicating that the pilot testers are among the leading financial institutions on the net-zero journey.

Key findings

While financial institution pilot testers acknowledged the framework's potential to drive accountability and set high standards, almost half (48%) expressed challenges with implementation. In some instances, the standard was deemed too strict, e.g., fossil fuel policy or ambition levels of milestones. Some new requirements were deemed not feasible due to a lack of data, e.g., no-deforestation policy or methane targets. On the other hand, participants said requirements on governance, public net-zero commitments and transition plans in chapter 1 were feasible, as well as the reporting requirements listed in chapter 5,

Another area of prevalent feedback stemmed from definitions that were unclear or not aligned with established frameworks.

EXECUTIVE SUMMARY

Areas identified for change

1. Segmentation of activities by level of influence and climate impact.
2. Extended timelines or phased implementation of the no-deforestation policy and the ‘climate-aligned policies for high-emitting assets’ policy.
3. Engagement strategies and regional differentiation to be considered for fossil fuel policies.
4. The disclosure of fossil fuel exposure and renewable energy ratios due to data availability and confidentiality.
5. Clearer boundaries and definitions for neutralization.
6. Interoperability of climate-alignment definitions with established frameworks.
7. More flexibility in target-setting methods and milestones to manage ambition levels and data availability.
8. Updating the ‘renewable energy’ to fossil fuel financial ratio to a broader, more diverse ‘clean energy ratio’ including nuclear energy.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

1. INTRODUCTION

INTRODUCTION

ABOUT THIS DOCUMENT

This summary presents an overview of the detailed feedback received from participating financial institutions during pilot testing of the FINZ 2024 Consultation Draft. It serves to identify any implementation challenges for its intended users, as well draw out any areas needing further clarification. It should be read in conjunction with the FINZ 2024 Consultation Draft Feedback Summary Report, which provides an overview of all stakeholder feedback received during the 2024 public consultation. Both summaries help to inform the development of SBTi's (first version) net-zero standard for financial institutions.

We would like to take this opportunity to thank all pilot testers for their participation and feedback.

INTRODUCTION

ABOUT THE FINZ STANDARD V1.0

Purpose

The SBTi is creating a global, standard specifically for financial institutions that provides a science-based framework to address greenhouse gas emissions linked to their financial activities. Both near- and long-term criteria and recommendations within the FINZ Standard emphasize the need to align financial activities with global climate goals. Prioritizing engagement over immediate divestment and establishing interim checkpoints, as well as transparency criteria to ensure accountability on the path to net-zero.

Applicability

The FINZ 2024 Consultation Draft and, once approved, FINZ Standard generally applies to entities that generate 5% or more of their revenue from lending, investing (as asset owner or asset manager), insurance underwriting, and/or capital market financial activities. This includes, but is not limited to, banks, asset managers, private equity firms, asset owners, and re/insurance companies. It is also intended for commercially-operated private and public financial institutions (including public pension funds and sovereign wealth funds).

Standard structure

The FINZ 2024 Consultation Draft, also subject to pilot testing and to which this summary refers, contained five chapters with supporting requirements (rather than criteria and recommendations) each supported by additional guidance.

*Note: **1)** The terms "financing" or "financed" are used in this document to generally cover different financial activities (e.g., Lending (LND), Asset Owner Investing (AO)I, Asset Manager Investing (AMI), Insurance Underwriting (INS), Capital Markets CMA), and not strictly lending and investing.*

INTRODUCTION

FINZ STANDARD V1.0 DEVELOPMENT PROCESS

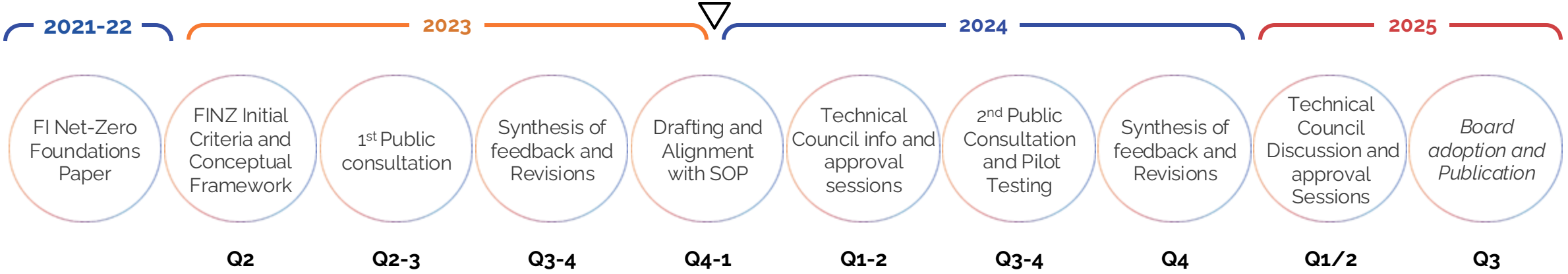
Standard Operating Procedure
The SBTi net-zero standard for financial institutions project launched in 2021. This preceded the SBTi Board's adoption of the Standard Operating Procedure for the Development of SBTi Standards (SOP) on December 14, 2023, and its publication in April 2024. The below figure outlines the key steps and deliverables.

The SBTi FINZ Standard's development has been conducted in two phases:

Phase 1 - Preceding the adoption of the SOP
A dedicated FINZ Expert Advisory Group (EAG) and multi-stakeholder consultations were used to inform and provide rigor during the development process.

Phase 2 - Following the adoption of the SOP
Development continued through a formal and transparent multi-stakeholder process in accordance with the SOP and the Project Terms of Reference.

Implementation of SBTi Standard Operating Procedures



INTRODUCTION

FINZ STANDARD V1.0 DEVELOPMENT PROCESS

Key milestones

Several key project milestones were achieved prior to completion of pilot testing*.

Foundations Paper

The Foundations for Science-Based Net-Zero Target-Setting in the Financial Sector paper was published in April 2022. It was developed following a rigorous public consultation involving feedback from over 250 individuals in public workshops and 130 responses from an online survey, and represented the first step in developing a science-based, FINZ Standard. It sets out principles, definitions, metrics, and target formulation considerations for financial institutions to set quantitative and qualitative net-zero targets linked with emissions reductions in the real economy.

1st FINZ Public Consultation

In 2023, the SBTi received 139 responses to a public consultation on an initial draft of the net-zero standard (FINZ Standard Conceptual Framework and Initial Criteria), summarized in the 1st Public Consultation Summary Report.

2nd FINZ Public Consultation

The feedback from the first consultation helped to inform the development of the FINZ 2024 Consultation Draft which was launched for public consultation in July 2024. The feedback from which is summarized here and should be read with this pilot testing summary report.

Additional target-setting resources

The FINZ Standard is intended to complement the Financial Institutions Near-term (FINT) Criteria, which were updated in May 2024. There are already 150+ financial institutions with validated near-term science-based targets in line with the FINT Criteria. To enable financial institutions to set both near- and long-term targets aligned with net-zero, the Draft FINZ Standard builds upon FINT.

For questions related to this feedback report and the FINZ Standard in general, please contact:

financialinstitutions@sciencebasedtargets.org

*NB While the second public consultation and pilot testing commenced in parallel, the public consultation closed prior to pilot testing completion.

INTRODUCTION

ABOUT THE FINZ 2024 CONSULTATION DRAFT PILOT TESTING

The SBTi launched the FINZ 2024 Consultation Draft Standard Pilot Testing as a critical step toward refining the final FINZ Standard, for financial institutions. This exercise aimed to ensure the standard is both practical and aligned with the unique needs and challenges faced by the financial sector. The pilot testing sought to validate the feasibility and clarity of the requirements while identifying areas for improvement through direct engagement with stakeholders.

The process was designed to be highly inclusive and collaborative, involving detailed surveys, structured feedback mechanisms, and the submission of mock targets. Through this approach, SBTi gathered valuable insights from financial institutions actively working to align with science-based climate goals. These inputs will play a pivotal role in shaping a final standard that supports ambitious yet achievable climate action in the financial sector.

The application to participate in the pilot testing of the FINZ 2024 Consultation Draft was open from July 24, 2024, to August 09, 2024, and the pilot testing took place between August 19, 2024, and concluded, December 3, 2024.

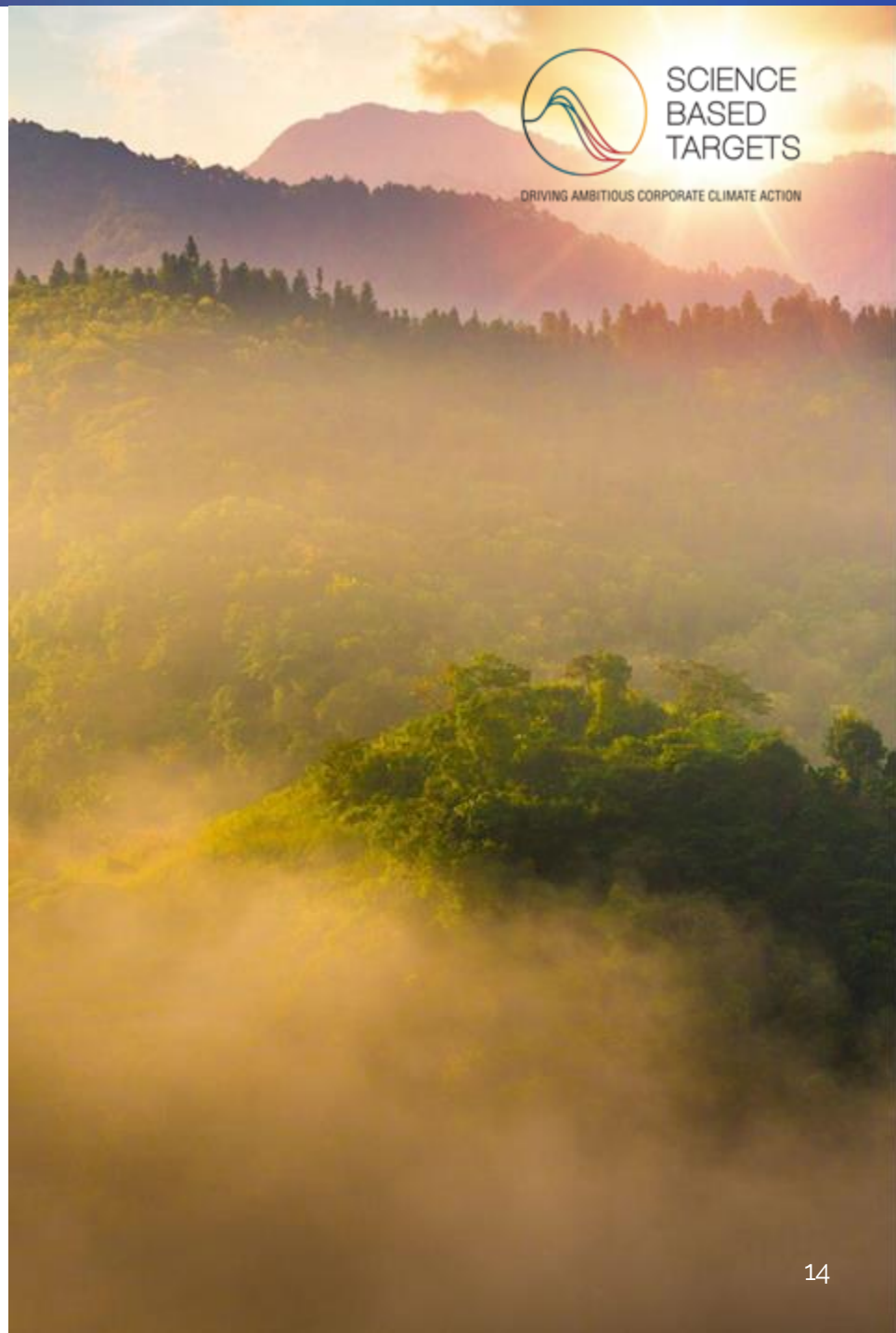
INTRODUCTION

ABOUT THE FINZ 2024 CONSULTATION DRAFT PILOT TESTING

Pilot testing objective
The primary goal of the pilot testing was to evaluate the feasibility, clarity, and practical applicability of the FINZ 2024 Consultation Draft ensuring it aligns with financial institutions' operational realities.

Pilot testing format
The pilot testing engaged participants through an 80-question survey, feedback logs via emails, workshops, regular check-ins, including one-on-one discussions, and practical submissions of targets under the FINZ 2024 Consultation Draft. This diverse approach enabled a holistic assessment of the standard's usability and effectiveness. An excerpt from the pilot testing survey format template can be found on page 87).

Parallel public consultation
A public consultation was also conducted in parallel with the pilot testing to capture feedback from a broader audience, ensuring inclusivity and transparency in refining the standard. A separate document detailing feedback received during this exercise is also available and should be read in conjunction with this document.



INTRODUCTION

ABOUT THE FINZ FINZ 2024 CONSULTATION DRAFT PILOT TESTING

Process

Following completion of the pilot testing survey and synthesis and consolidation of feedback received (as well as consolidation of the feedback also received as part of the parallel public consultation[1]), the next stages of development towards the final version of the standard include:

1. **Analysis of feedback and appropriate adaptations to the FINZ 2024 Consultation Draft to form the final FINZ Standard**

A comprehensive analysis to refine and adapt the draft standard, based on both the feedback collected from the pilot testing and 2024 public consultation. This process addresses technical challenges and practical concerns raised during consultation and pilot testing, promoting the standard's feasibility and impact.

2. **Involving the FINZ Expert Advisory Group (EAG)**

SBTi collaborates closely with the EAG to integrate expert insights and evaluate proposed changes to content, to ensure it aligns with best practices and industry expectations.

3. **Technical Council Review**

This comprises rigorous review of the refined standard and final assessments to ensure technical accuracy and applicability of the standard across the diverse financial sector.

4. **Basis for conclusions report**

This report Summarizes the development process, demonstrating how the approved procedures have been implemented and explains how feedback has been responded to in the formalization of the final draft of the standard.

5. **Board adoption**

Adoption means all standards presented to the Board are accepted as the SBTi's, subject to publication and implementation. The Board reserves the right to reject a standard as developed and presented, and request further elaborations or clarifications from the Technical Department and Technical Council, or postponement of decision based on set criteria.

6. **Publication of the FINZ Standard**

The SBTi FINZ Standard v1.0 is published on the SBTi website with any associated guidance or explanations

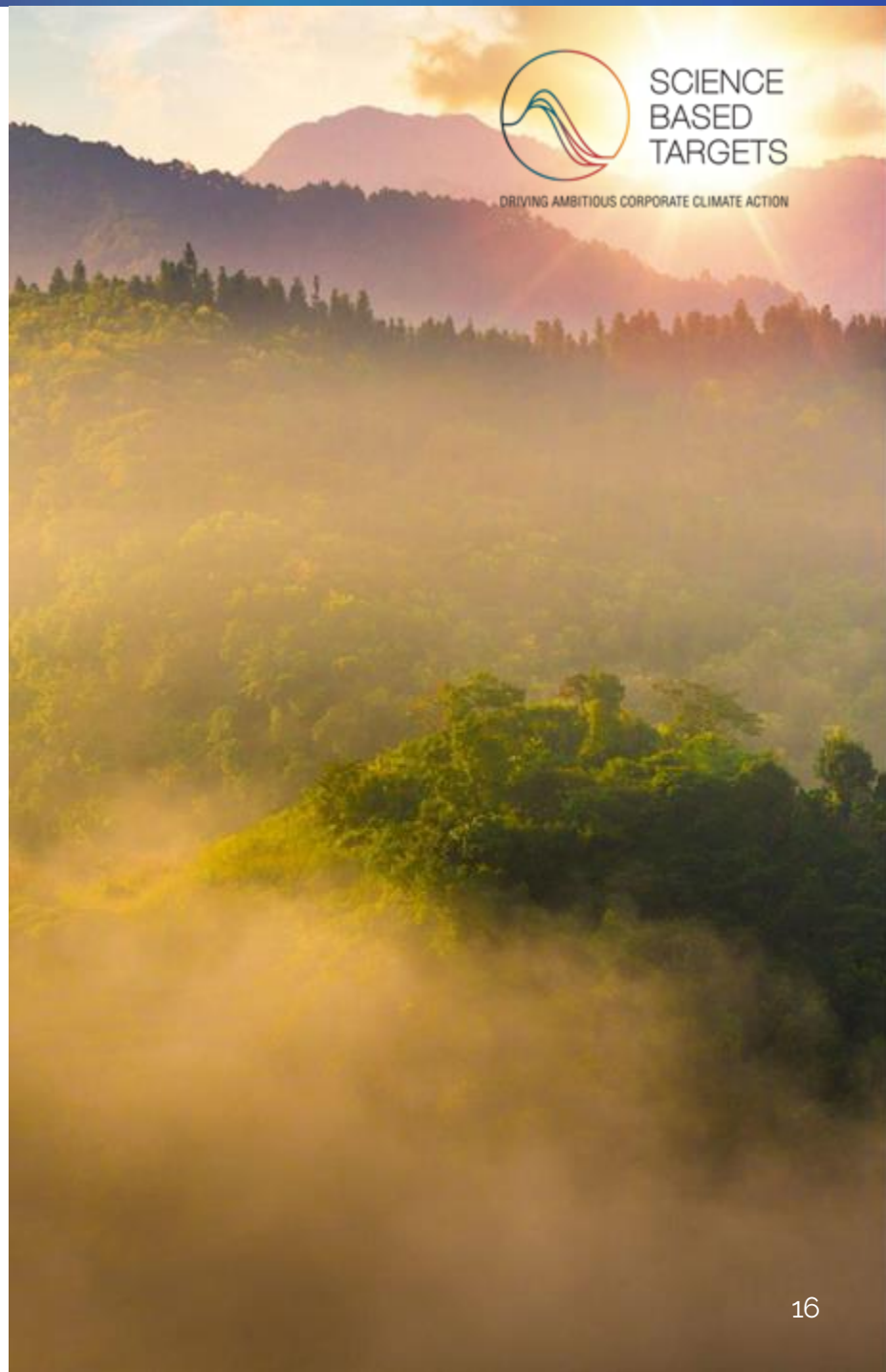
These steps are part of SBTi's ongoing commitment to create a FINZ Standard v1.0 that supports financial institutions in their transition to net-zero, leveraging science-based targets to drive meaningful impact.

*Note: **1)** An overview of the feedback received during the 2024 public consultation can be found in the FINZ 2024 Consultation Draft public consultation summary.*

INTRODUCTION

ABOUT THE FINZ 2024 CONSULTATION DRAFT PILOT TESTING

Timeline	2024 Jul	Aug	Sep	Oct	Nov	Dec
Draft FINZ Standard Release	▲ Jul, 24					
2nd FINZ Public Consultation	Jul,24 – Oct,11					
Public Consultation Webinar		▲ Aug,,22				
Pilot Testing Application	Jul, 24 – Aug,09					
Pilot Testing			Aug,19 – Dec,3			



SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

2. PARTICIPANTS

PARTICIPANTS

OVERALL PARTICIPATION

33 Financial institutions participated in the pilot testing.

A. Pilot Testing Survey

25 Respondents X 80 questions per respondent to the pilot testing survey

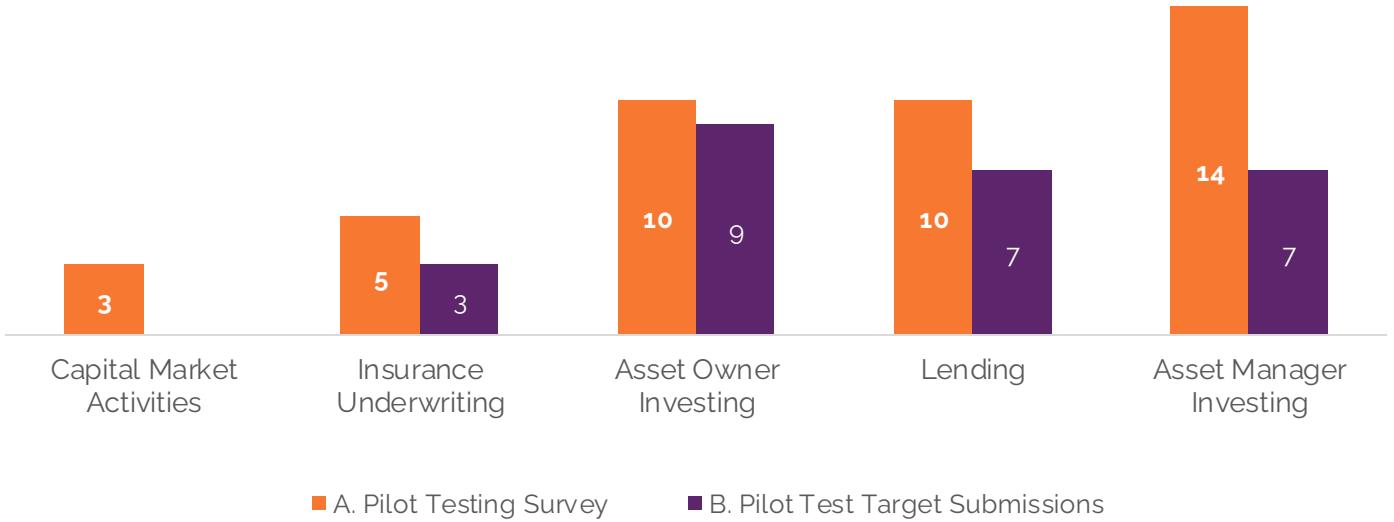
B. Pilot Test Target Submissions

16 Financial institutions submitted targets under the FINZ Standard Draft

C. Feedback log (other sources)

186 Feedback entries through one-on-one meetings, pilot testing workshops etc.

FINANCIAL ACTIVITIES OF PILOT TESTERS



The SBTi undertook a comprehensive pilot testing process for the FINZ standard to ensure its practical applicability and alignment with the financial sector's needs.

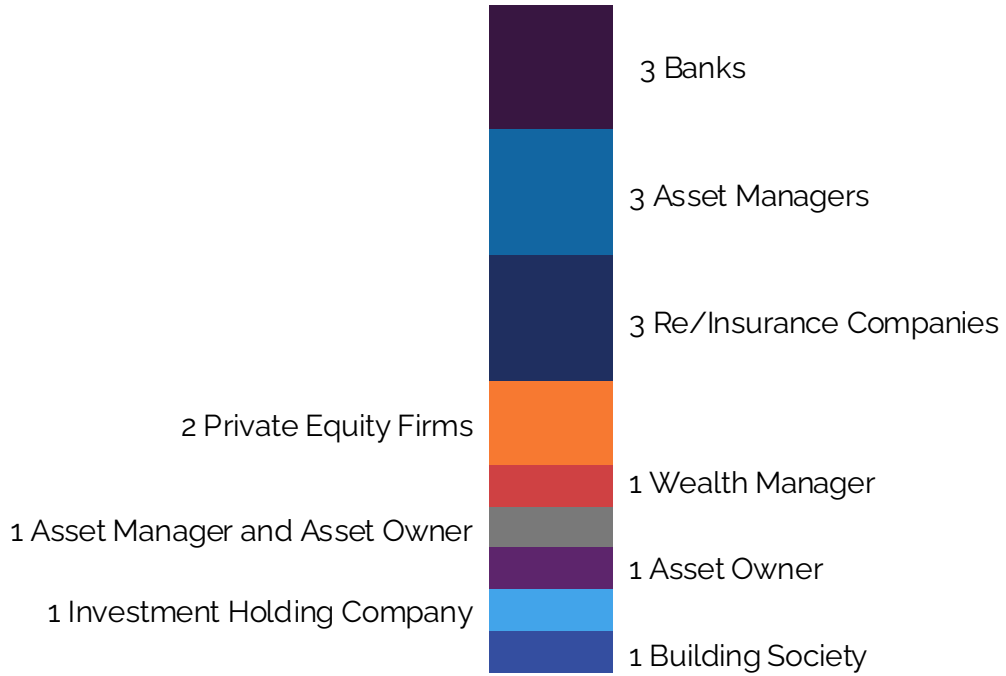
A detailed survey with 80 questions gathered responses from 25 financial institutions (A), 16 out of these financial institutions submitted mock targets for evaluation under the FINZ 2024 Consultation Draft (B). Both were complemented by 186 additional inputs from emails and one-on-one discussions (C).

Participants – Pilot Testing

PILOT TEST TARGET SUBMISSIONS

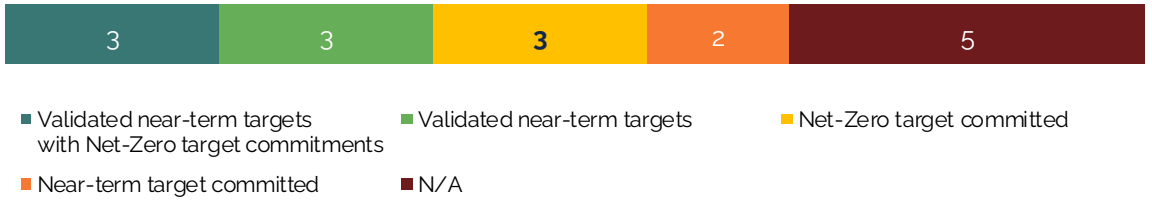
16 Financial institutions submitted targets under the FINZ 2024 Consultation Draft

ORGANIZATIONAL TYPES



GEOGRAPHIES

SBT COMMITMENT STATUS



SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

3. SUMMARY OF PILOT FEEDBACK

PILOT TESTING SURVEY

Survey format

A key part of the pilot testing was the pilot testing survey.

Arranged into five core chapters, corresponding to those contained in the FINZ 2024 Consultation Draft, a total of 80 questions were asked across the following:

Chapter 1: Entity-level: Organizational Commitments and Leadership

Chapter 2: GHG Accounting: Exposure and Portfolio Emissions

Chapter 3: Portfolio Climate-Alignment Targets

Chapter 4: Emissions-Intensive Sector Targets

Chapter 5: Reporting

Most of the questions included in the survey asked pilot testers to assess how feasible each of the requirements or recommendation was with the choice of one of six answers – Strongly feasible; feasible; neutral; infeasible; strongly infeasible or N/A. Pilot testers were also given the opportunity to provide a rationale for their answers, especially where pilot testers answered with infeasible or strongly infeasible.

SUMMARY OF PILOT TESTING SURVEY FEEDBACK

Chapter 1
Entity-level: Organizational Commitments and Leadership

Chapter 2
GHG Accounting: Exposure and Portfolio Emissions

Chapter 3
Portfolio Climate-Alignment Targets

Chapter 4
Emission-intensive Sector Targets

Chapter 5
Reporting

SUMMARY OF CHAPTER 1 PILOT TESTING SURVEY

Chapter 1 “Entity-level: Organizational Commitments and Leadership” includes the scoping and segmentation of financial activities, establishment of transition plans, governance, and policies.

Pilot testers saw high feasibility for setting targets at the group level (80%), making a public net-zero commitment (84%), disclosing revenue share of in-scope financial activities (68%), complying with applicable regulations (92%), establishing a governance structure to oversee the transition (88%), and developing and publishing transition plans (68%). Two areas in chapter 1 were perceived as rather infeasible: The segmentation of financial activities and policies.

Segmentation (1.3.2) requires more guidance and consideration of inherent influence

A central new item to the FINZ 2024 Consultation Draft was the segmentation of financial activities by level of influence and climate impact. A notable share of pilot testers found this new approach infeasible (28%). Their feedback included, (i) that some financial activities have inherently limited influence, making compliance with the FINZ 2024 Consultation Draft challenging; and (ii) more clarity on definitions of sectors, "high climate impact“, and asset classification was needed.

Fossil Fuel Policies (1.7.1) to Consider Engagement Strategies and Regional Restrictions

Over a third (36%) of the respondents indicated infeasibility having a fossil fuel sector policy as required by the FINZ 2024 Consultation Draft. They highlighted challenges with restrictive requirements, lack of clarity with the term "new financial flows“, and regional political complexities, suggesting a phased implementation approach and flexibility in engagement strategies over divestment.

Timeline Extension and Clarity on Climate-Aligned Policies for High-Emitting Assets (1.7.2)

Resistance (28%) was noted regarding climate-aligned policies for long-lived high-emitting assets, driven by high resource demands, and unclear definitions. Respondents desired extended timelines, sector-specific tools, and partnerships with data providers for practical implementation.

Data Gap is Too High for Immediate No-Deforestation Policy (1.7.3)

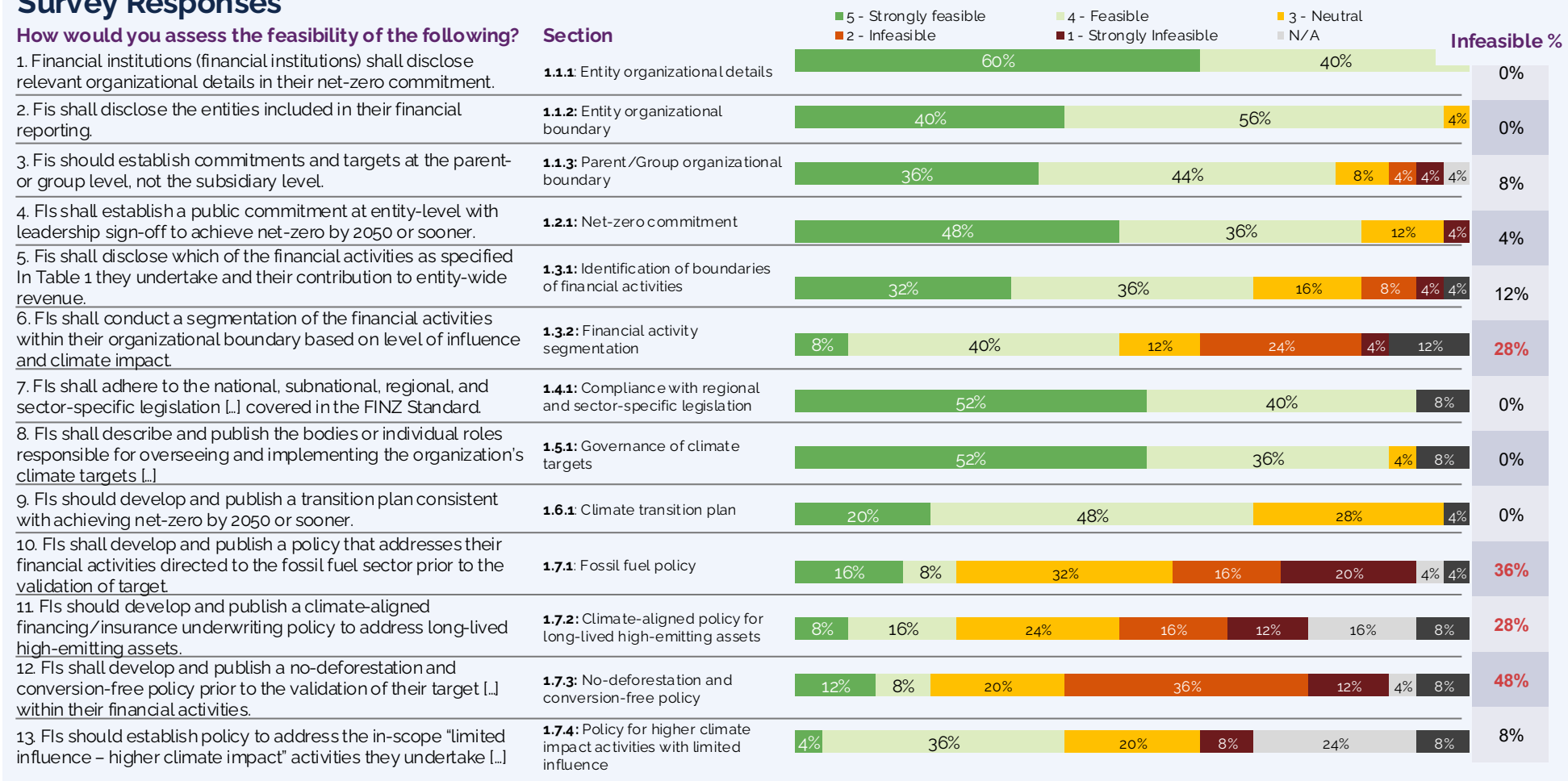
Nearly half (48%) of respondents highlighted infeasibility in implementing a no-deforestation policy due to broad definitions, data limitations, and immediate deadlines. Respondents emphasized the need for phased implementation (e.g., gradual shift from recommendation to requirement) and alignment with existing regulations (e.g., EU Deforestation Regulation).

SUMMARY OF CHAPTER 1 PILOT TESTING SURVEY

OVERVIEW ON CLOSED-END QUESTIONS

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Survey Responses



How would you assess the feasibility of the following?	Section	Infeasible %
1. Financial institutions (financial institutions) shall disclose relevant organizational details in their net-zero commitment.	**1.1.1**: Entity organizational details	0%
2. FIs shall disclose the entities included in their financial reporting.	**1.1.2:** Entity organizational boundary	0%
3. FIs should establish commitments and targets at the parent- or group level, not the subsidiary level.	**1.1.3:** Parent/Group organizational boundary	8%
4. FIs shall establish a public commitment at entity-level with leadership sign-off to achieve net-zero by 2050 or sooner.	**1.2.1:** Net-zero commitment	4%
5. FIs shall disclose which of the financial activities as specified In Table 1 they undertake and their contribution to entity-wide revenue.	**1.3.1:** Identification of boundaries of financial activities	12%
6. FIs shall conduct a segmentation of the financial activities within their organizational boundary based on level of influence and climate impact.	**1.3.2:** Financial activity segmentation	28%
7. FIs shall adhere to the national, subnational, regional, and sector-specific legislation […] covered in the FINZ Standard.	**1.4.1:** Compliance with regional and sector-specific legislation	0%
8. FIs shall describe and publish the bodies or individual roles responsible for overseeing and implementing the organization's climate targets […]	**1.5.1:** Governance of climate targets	0%
9. FIs should develop and publish a transition plan consistent with achieving net-zero by 2050 or sooner.	**1.6.1**: Climate transition plan	0%
10. FIs shall develop and publish a policy that addresses their financial activities directed to the fossil fuel sector prior to the validation of target.	**1.7.1**: Fossil fuel policy	36%
11. FIs should develop and publish a climate-aligned financing/insurance underwriting policy to address long-lived high-emitting assets.	**1.7.2:** Climate-aligned policy for long-lived high-emitting assets	28%
12. FIs shall develop and publish a no-deforestation and conversion-free policy prior to the validation of their target […] within their financial activities.	**1.7.3:** No-deforestation and conversion-free policy	48%
13. FIs should establish policy to address the in-scope "limited influence – higher climate impact" activities they undertake […]	**1.7.4:** Policy for higher climate impact activities with limited influence	8%

Key Observations

- Respondents expressed ≥20% disagreement in 10 out of 25 quantitative questions from Chapter 1
- Respondents highlighted challenges with unclear definitions, resource constraints, and practical implementation barriers across segmentation, policies, and influence requirements
- Suggestions included refining definitions, enhancing guidance, aligning with established standards, and allowing flexibility to support adoption and feasibility in diverse contexts

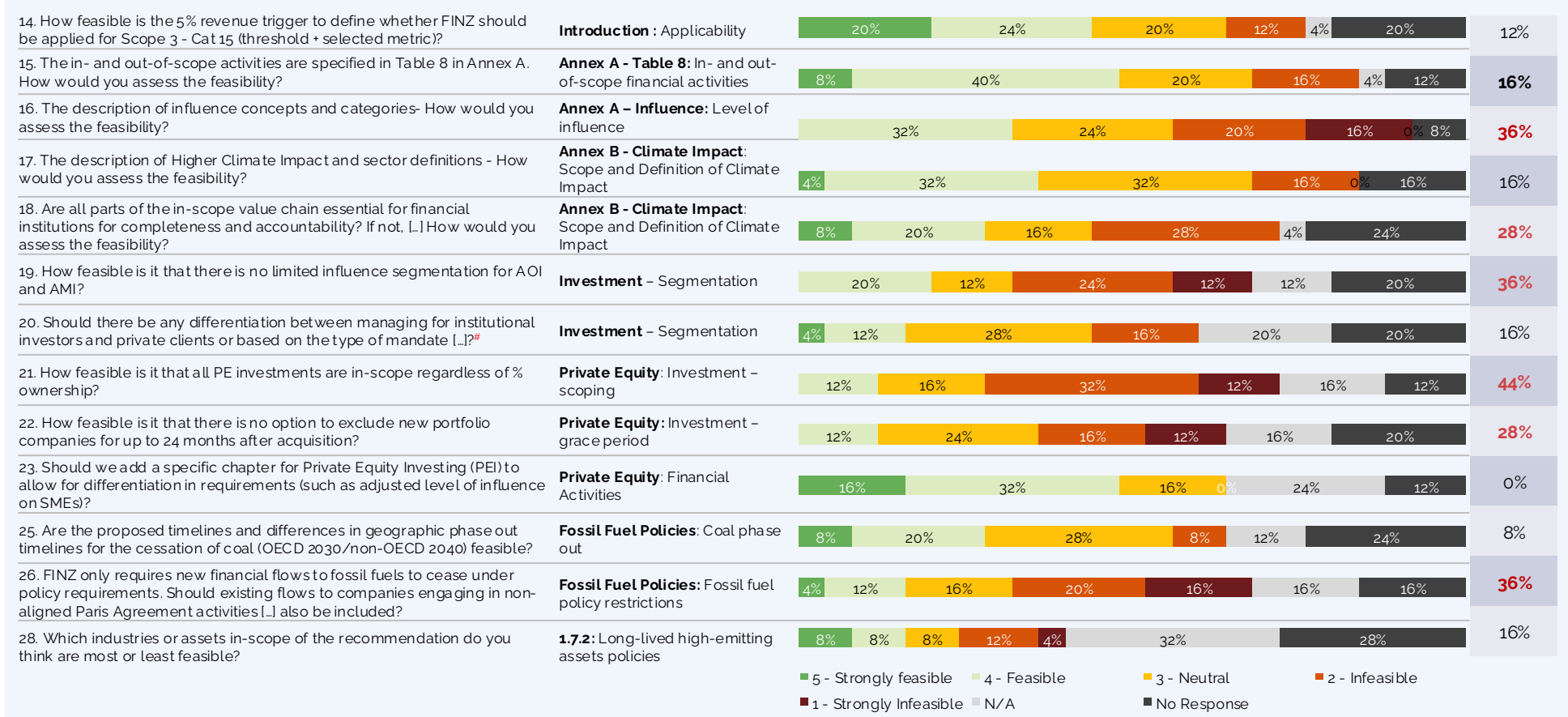
Note: *Qualitative insights on questions with higher infeasibility rate then 20% can be found in the next slides (marked in red - %). || For question numbers 24, 27 and 29, no quantitative data was collected, hence not included in the chart above*

SUMMARY OF CHAPTER 1 PILOT TESTING SURVEY

OVERVIEW ON CLOSED-END QUESTIONS

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Survey Responses



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SUMMARY OF CHAPTER 1 PILOT TESTING SURVEY

FEEDBACK INSIGHTS FROM QUESTIONS WITH ≥20% DISAGREEMENT

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Requirement	Question	Key Feedback Received
1.3.2: Financial activity segmentation	6. Financial institutions shall conduct a segmentation of the financial activities within their organizational boundary based on level of influence and climate impact.' How would you assess the feasibility?	• 48% of respondents rated this requirement as feasible, 12% were neutral, and 28% indicated infeasibility. This reflected notable challenges in aligning segmentation with institutional processes and capacities. • Respondents highlighted challenges with segmentation, including unclear influence definitions, complexity in categorizing financial activities when applying segmentation across portfolios. Specific concerns included unclear guidance and difficulty defining activities like deforestation. • Feedback recommended adjustments to influence thresholds, enhanced guidance, and confidentiality measures to encourage disclosure. Suggestions included incorporating practical tools, refining segmentation criteria, and aligning definitions withestablished frameworks like the FINT criteria.
1.7.1: Fossil fuel policy	10. Financial institutions shall develop and publish a policy that addresses their financial activities directed to the fossil fuel sector prior to the validation of their target.' How would you assess the feasibility?	• 24% of respondents rated this requirement as feasible, 32% were neutral, and 36% indicated infeasibility. This highlighted challenges in implementation. • Respondents highlighted challenges with restrictive requirements, unclear terms such as "new financial flows," and operational hurdles for institutions without pre-existing exclusions. Regional and political complexities were also noted as significant barriers to implementation. • Feedback emphasized the need for clearer definitions, such as distinguishing fossil fuel activities and coal types, adoptinga phased implementation approach, and providing flexibility in engagement strategies over divestment to address diverse operational and regional challenges effectively.
1.7.2: Climate-aligned policy for long-lived high-emitting assets	11. Financial institutions should develop and publish a climate-aligned financing/insurance underwriting policy to address long-lived high emitting assets.' How would you assess the feasibility?	• 24% of respondents rated this requirement as feasible, 24% were neutral, and 28% indicated infeasibility. This highlightedpotential barriers to implementation. • Respondents highlighted challenges in addressing long-lived high-emitting assets, including unclear definitions, resource demands, and operational constraints. Sector-specific complexities and short implementation timelines further complicated feasibility, particularly in developing regions and under strict policies. • Feedback emphasized the need for clearer definitions, extended timelines, and practical guidance on monitoring policies. Flexibility for just transitions, sector-specific approaches, and partnerships with data providers were recommended to enhance implementation feasibility.
1.7.3: No-deforestation and conversion-free policy	12. Financial institutions shall develop and publish … prior to the validation of their target with a commitment to monitor and phase out commodity-driven deforestation within their financial activities.' How would you assess the feasibility?	• 20% of respondents rated this requirement as feasible, 20% were neutral, and 48% indicated infeasibility. This highlights challenges in implementation across institutions. • Respondents expressed concerns about the feasibility of implementing a no-deforestation policy due to broad definitions, monitoring complexities, and data limitations. Immediate deadlines for phasing out deforestation-linked counterparties were also considered overly stringent for practical implementation. • Feedback emphasized the need for clear definitions, phased implementation, and alignment with existing regulations like the EU Deforestation Regulation. Suggestions included providing guidance on monitoring, leveraging third-party data providers, and adopting gradual, engagement-focused approaches for addressing deforestation.

Note: *Key feedback received column provides 3 types of insights, first point represents the findings from close-ended questions, the second point in each row provides a brief summary of the qualitative justifications provided by respondents, and the third point highlights the suggested changes highlighted by the financial institutions on the FINZ Consultation Draft to enhance its feasibility.*

SUMMARY OF CHAPTER 1 PILOT TESTING SURVEY

FEEDBACK INSIGHTS FROM QUESTIONS WITH ≥20% DISAGREEMENT

Requirement	Question	Key Feedback Received
Annex A – Influence: Level of influence	16. The description of influence concepts and categories- How would you assess the feasibility?	• 32% of respondents rated the description as feasible, 24% were neutral, and 36% indicated infeasibility. This highlights considerable challenges with this aspect of the requirement. • Respondents identified challenges with unclear definitions and classifications of influence levels, highlighting complexities in assessing "high" and "low" influence across varied financial activities. Limited operational control and diverse investment scenarios further complicate practical implementation. • Feedback emphasized the need for detailed guidance, alignment with existing standards, and more granular classifications to capture nuances. Suggestions included introducing intermediate influence levels, flexibility in thresholds, and targeted advice for engaging in low-influence scenarios.
Annex B - Climate Impact, Table 11 : Scope and definition - focus fossil fuel value chain	18. Are all parts of the in-scope value chain essential for financial institutions for completeness and accountability? If not, are there any parts of the value chain that would prove irrelevant/infeasible to include?	• 28% of respondents rated the inclusion of all in-scope value chain activities as feasible, 16% were neutral, and 28% indicated infeasibility. This reflected challenges with feasibility. • Respondents highlighted challenges with resource constraints and data limitations in implementing the standard. They noted difficulties in consistently classifying high-impact sectors and activities, particularly within fossil fuel value chains and other complex industries. • Feedback recommended clearer definitions, expanded sector classifications, and alignment with established standards such as NACE, and GICS. Respondents also requested sector-specific guidance, mapping to industry classifications, and detailed criteria for identifying high-impact financial counterparties and activities.
Investing: Investment - Segmentation	19. How feasible is it that there is no limited influence segmentation for AOI and AMI?	• 20% of respondents rated the lack of limited influence segmentation for AOI and AMI as feasible, 12% were neutral, and 36% indicated infeasibility. This highlighted challenges with this aspect. • Respondents emphasized challenges with limited influence in passive and advisory mandates, private equity, and SMEs, highlighting variability in control based on investment type, geography, and ownership. Concerns included inconsistent influence criteria and limited engagement options for minority shareholders. • Feedback recommended introducing tailored influence criteria, classifying passive strategies and execution only mandates as limited influence, and aligning classifications with established frameworks like FINT. Respondents also requested clearer guidance on influence expectations for SMEs and private markets..
Private Equity: Investment - Segmentation	21. How feasible is it that all PE investments are in-scope regardless of % ownership?	• 12% of respondents rated the feasibility of including all PE investments in scope regardless of ownership as feasible, 16% were neutral, and 44% indicated infeasibility. This reflects considerable resistance to this requirement. • Respondents raised concerns about the feasibility of including all private equity (PE) investments in scope, citing challenges with influence for minority ownership and limited data access. Influence was noted to depend on ownership thresholds, board seats, and investment structures. • Feedback recommended differentiated requirements for PE structures, applying ownership thresholds (e.g., 20-25%) and aligning with existing FINT criteria and other SBTi standards.

Note: *Key feedback received column provides 3 types of insights, first point represents the findings from close-ended questions, the second point in each row provides a brief summary of the qualitative justifications provided by respondents and the third point highlights the suggested changes highlighted by the financial institutions on the FINZ 2024 Consultation Draft to enhance its feasibility.*

SUMMARY OF CHAPTER 1 PILOT TESTING SURVEY

FEEDBACK INSIGHTS FROM QUESTIONS WITH ≥20% DISAGREEMENT

Requirement	Question	Key Feedback Received
Private Equity: Investment - Segmentation	22. How feasible is it that there is no option to exclude new portfolio companies for up to 24 months after acquisition?	• 12% of respondents found the requirement feasible, while 24% were neutral. A combined 28% considered it infeasible, highlighting significant concerns, and 36% provided no or n/a response. This suggests divided opinions, with some reluctance to endorse this requirement fully. • Respondents emphasized the importance of a 24-month grace period for integrating new portfolio companies into climate strategies. Challenges cited included varying levels of company maturity, data collection needs, and time required to establish actionable transition plans. • Feedback recommended maintaining flexibility in portfolio management, allowing phased climate compliance and avoiding immediate exclusions. Suggestions included incentivizing compliance and tailoring requirements to support the gradual alignment of newly acquired companies with climate objectives.
Fossil Fuel Policies: Fossil fuel policy restrictions	26. FINZ only requires new financial flows to fossil fuels to cease under policy requirements. Should existing flows to companies engaging in non-aligned Paris Agreement activities (i.e. new long-lead time upstream projects) also be included? How would you delineate what is considered a new financial flow versus existing?	• 16% of respondents found the requirement feasible or strongly feasible. 16% considered it neutral, while 36% found it infeasible or strongly infeasible. The distribution highlighted opposition to including existing financial flows. • Respondents emphasized the need for clearer definitions of "new financial flows" and "long-lead time projects," suggesting that existing agreements and mandates should not be classified as new. Challenges with operational and contractual complexities were also highlighted. • Feedback recommended focusing on new financial flows while engaging with existing fossil fuel investments to influence decarbonization pathways. Suggestions included defining exceptions for financing renewable projects within fossil fuel companies and considering "exposure" as a more suitable metric than "financial flows.".

Note: *Key feedback received column provides 3 types of insights, first point represents the findings from close-ended questions, the second point in each row provides a brief summary of the qualitative justifications provided by respondents and the third point highlights the suggested changes highlighted by the financial institutions on the FINZ 2024 Consultation Draft to enhance its feasibility.*

SUMMARY OF PILOT TESTING SURVEY FEEDBACK

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Chapter 1
Entity-level: Organizational Commitments and Leadership

Chapter 2
GHG Accounting: Exposure and Portfolio Emissions

Chapter 3
Portfolio Climate-Alignment Targets

Chapter 4
Emission-intensive Sector Targets

Chapter 5
Reporting

SUMMARY OF CHAPTER 2 PILOT TESTING SURVEY

Chapter 2 “GHG Accounting: Exposure and Portfolio Emissions” addresses key requirements for FI’s target-setting, including GHG emissions accounting, fossil fuel exposure, and neutralization. Pilot testers saw high feasibility for the GHG emission inventory approach and timelines, the accounting for carbon credits, removals, and avoided emissions. However, they rated two areas infeasible: (1) The disclosure of their exposure to fossil fuel related financial activities, and (2) neutralization of residual emissions.

Disclosure on fossil fuel exposure and renewable energy ratios face data availability and confidentiality challenges and requires clear boundaries for energy sources

Respondents highlighted that disclosing ‘fossil fuel related financial activities’ and a ‘financial ratio of fossil fuel to renewables’ was generally feasible. But pilot testers flagged challenges like data availability (particularly for methane-specific emissions) and the need of accurate definitions of financial support for fossil and renewable energy. Further, they suggested to permit (i) confidential disclosure to SBTi of sensitive data, (ii) a phased implementation, especially for insurers, and (iii) the allowance of nuclear energy as transitional technology in line with EU taxonomy.

Neutralization is immature, yet requires clear boundaries

Some pilot testers (24%) considered the proposed approach to neutralization of residual emissions as infeasible, bringing forward suggestions including:

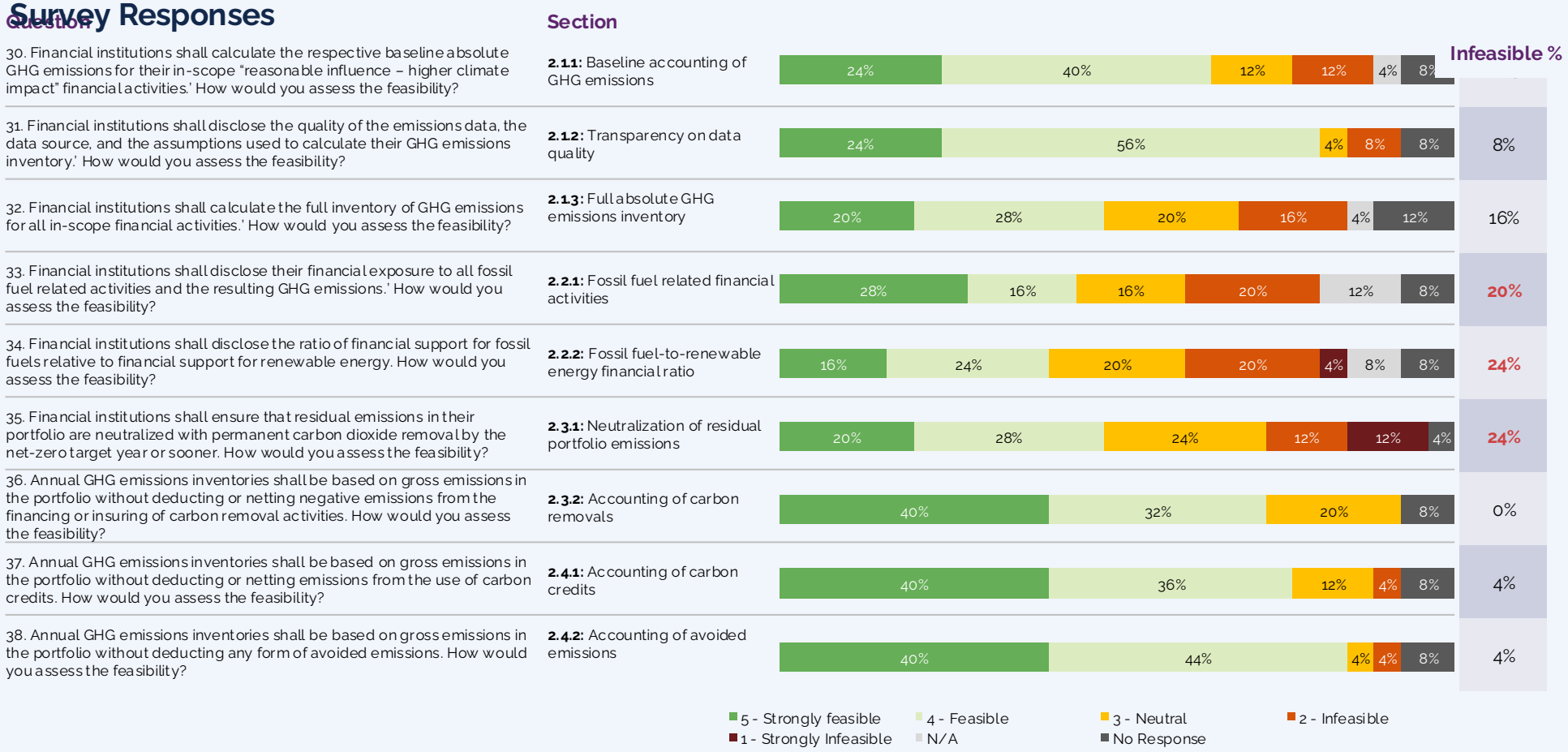
(i) providing clear definitions of residual emissions and acceptable carbon removal practices,
(ii) allowing for credible auditing as credit verification methodologies mature
(iii) including high-quality nature-based solutions given the broader positive planetary effect
(iv) addressing financial responsibility concerns, especially in combination with
(v) regional challenges, for developing countries.

SUMMARY OF CHAPTER 2 PILOT TESTING SURVEY

OVERVIEW ON CLOSED-END QUESTIONS

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Survey Responses



Key Observations

- Respondents expressed ≥20% disagreement in 3 out of 9 quantitative questions from Chapter 2
- Challenges included data gaps, confidentiality issues, and implementation barriers for fossil fuel disclosures, renewable ratios, and carbon removal verification methods
- Suggestions included phased implementation, expanding renewable metrics, clear auditing guidance, and addressing regional challenges to enhance feasibility and adoption

Note: *Qualitative insights on questions with higher infeasibility rate then 20% can be found in the next slides (marked in red - || For question number 39-41 the quantitative data collected have different dimensions than the data presented in the chart above hence they do not fit in the above chart. Details on question 39-41 can be found on pages 33 – 35] For question no. 42, no quantitative data was collected, hence not included in the chart above, but an overview of results are provided on page 36.*

SUMMARY OF CHAPTER 2 PILOT TESTING SURVEY

FEEDBACK INSIGHTS FROM QUESTIONS WITH ≥20% DISAGREEMENT

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Requirement	Question	Key Feedback Received
2.2.1: Fossil fuel related financial activities	33. Financial institutions shall disclose their financial exposure to all fossil fuel related activities and the resulting GHG emissions.' How would you assess the feasibility?	• 44% of the respondents rated this requirement as at least feasible, while 20% found it infeasible. Neutral responses accounted for 16%, indicating general feasibility but with notable implementation concerns. • Respondents highlighted that disclosing fossil fuel related financial activities and GHG emissions is generally feasible but flagged challenges like data availability, particularly for methane-specific emissions, confidentiality issues, and alignment with existing reporting frameworks. • Suggestions included setting revenue thresholds for inclusion, expanding disclosure requirements to cover all high-carbon sectors, and permitting confidential disclosures for validation. Additional guidance on methane reporting and allowances for phased implementation, especially for insurers, were recommended to enhance feasibility.
2.2.2: Fossil fuel to renewable energy financial ratio	34. Financial institutions shall disclose the ratio of financial support for fossil fuels relative to financial support for renewable energy.' How would you assess the feasibility?	• 40% of the respondents rated this requirement as at least feasible, while 24% found it at least infeasible. Neutral responses accounted for 20%, indicating moderate feasibility but highlighting challenges for some institutions in implementing this disclosure. • Respondents generally supported the concept of disclosing the financial ratio of fossil fuel-to-renewable energy support but identified practical challenges. These included data availability, categorization difficulties, and ensuring accurate definitions of financial support for fossil and renewable energy, particularly for complex entities like integrated power companies or insurers. • Suggestions included expanding the scope of "renewable energy" to include equipment manufacturing, considering nuclear energy's role in transition metrics, and adopting a phased or "comply or explain" approach for transparency. Mapping challenges and a lack of industry classification readiness for insurers were highlighted as key barriers to immediate implementation.
2.3.1 : Neutralization of residual portfolio emissions	35. Financial institutions shall ensure that residual emissions in their portfolio are neutralized with permanent carbon dioxide removal by the net-zero target year or sooner. How would you assess the feasibility?	• 48% of the respondents found this requirement as at least feasible, while 24% found it infeasible. Neutral responses accounted for 24%, indicating general feasibility but concerns about implementation challenges remain evident. • Respondents expressed concerns about the feasibility of neutralizing residual emissions, citing unclear guidance on acceptable practices, financial responsibility implications, and limitations of carbon removal verification methods. Investments in developing countries and skepticism about the emphasis on permanent tech-solutions further complicate implementation. • Recommendations included providing clear definitions of residual emissions and acceptable carbon removal practices, allowing for credible auditing as methodologies mature, and including high-quality nature-based solutions. Respondents also suggested addressing financial responsibility concerns and considering regional challenges, especially for developing countries.

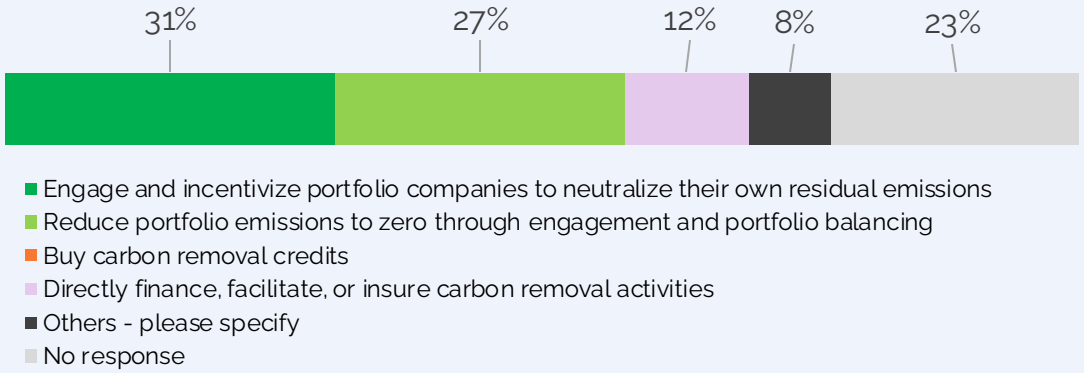
Note: *Key feedback received column provides 3 types of insights, first point represents the findings from close-ended questions, the second point in each row provides a brief summary of the qualitative justifications provided by respondents and the third point highlights the suggested changes highlighted by the financial institutions on the FINZ 2024 Consultation Draft to enhance its feasibility.*

SUMMARY OF CHAPTER 2 PILOT TESTING SURVEY

ADD ON TO CHAPTER 2: NEUTRALIZATION

39. In your efforts to reach a net-zero portfolio by 2050, which of the following strategies are you currently pursuing or intending to pursue?

Response analysis



Quantitative Insights Summary

There was a preference for engaging portfolio companies to neutralize emissions (31%) and reducing emissions via portfolio balancing (27%). Buying carbon credits (12%) and financing carbon removal activities (8%) are less favored, with 23% offering no response, **and none opting for carbon removal credits.**

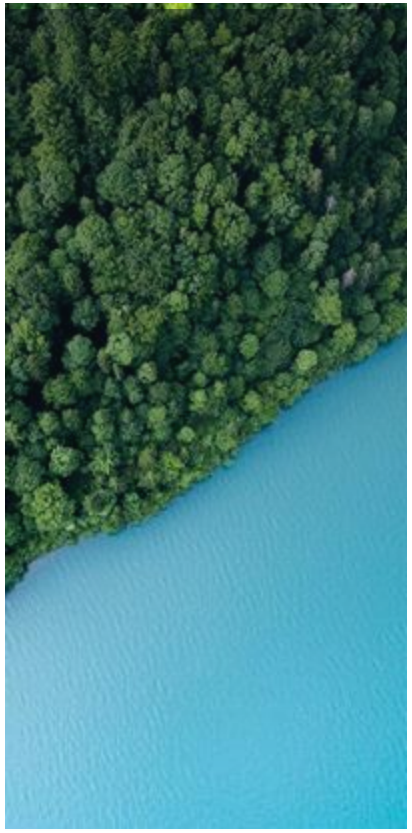
Key Insights

Respondent's observations

Respondents highlighted challenges such as the significant resources required for engaging portfolio companies and skepticism over purchasing carbon removal credits due to accountability concerns. The lack of specific SBTi guidance on residual emissions definitions and neutralization strategies further complicated implementation.

Suggestions to enhance feasibility

Recommendations included prioritizing engagement and incentivization of portfolio companies to take ownership of emissions reductions, providing clear guidance on residual emissions and neutralization options, and supporting strategies like financing carbon removal projects. Opposition to over-reliance on removal credits was also emphasized to maintain accountability and integrity.

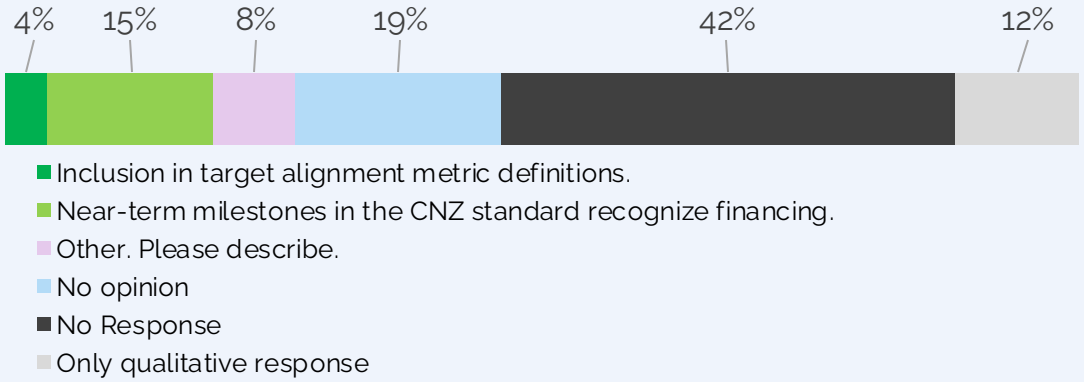


SUMMARY OF CHAPTER 2 PILOT TESTING SURVEY

ADD ON TO CHAPTER 2: NEUTRALIZATION

40. What are the rationale for financing CDR in the near-term? 1. Inclusion in target alignment metric definitions. 2. Near-term milestones in the CNZ standard recognize financing. 3. Other. Please describe.

Response analysis



Quantitative Insights Summary

15% cite near-term milestones in CNZ standard recognize financing while 4% feel inclusion in target alignment metric definitions, and 8% offer other reasons. Notably, 42% gave no response, while 19% had no opinion, and 12% provided only qualitative input.

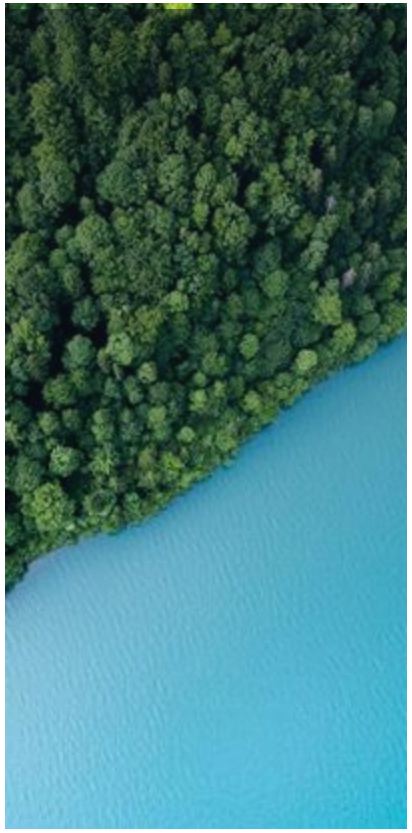
Key Insights

Respondent's observations

Respondents highlighted the need to align Carbon Dioxide Removal (CDR) projects with taxonomy-compliant frameworks to ensure compliance and promote mitigation. Concerns were raised about the lack of direct incentives for financial institutions to support CDR, alongside challenges in mobilizing sufficient capital to scale CDR solutions for planetary goals.

Suggestions to enhance feasibility

Recommendations included integrating structured targets for CDR financing, providing near-term incentives for financial institutions, and aligning CDR initiatives with scientific projections. Proposals emphasized scaling capital for CDR projects and leveraging CDR investments to neutralize residual emissions while meeting compliance and alignment goals.

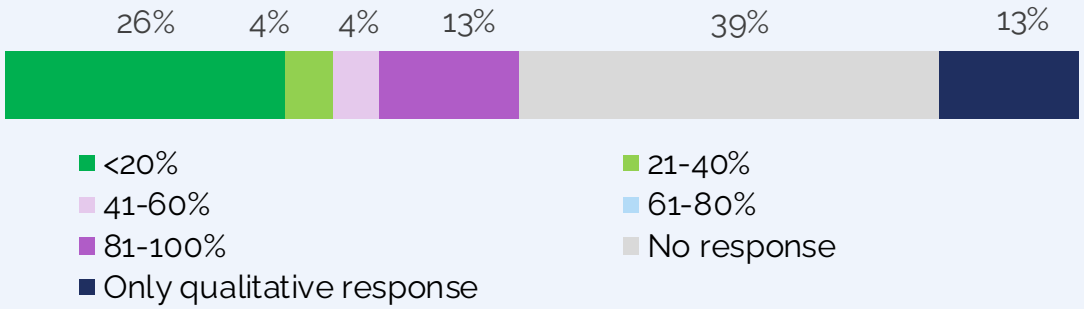


SUMMARY OF CHAPTER 2 PILOT TESTING SURVEY

ADD ON TO CHAPTER 2: NEUTRALIZATION

41. For the neutralization of residual portfolio emissions in 2050, what share of carbon dioxide removals should come from technologies or projects with permanent carbon storage?

Response analysis



Quantitative Insights Summary

26% of respondents favored a share below 20%, while 13% supported an 81–100% share. Minimal responses fell between 21–80%, with 39% providing no response and 13% offering only qualitative feedback. The results highlight diverse preferences with significant non-responses.

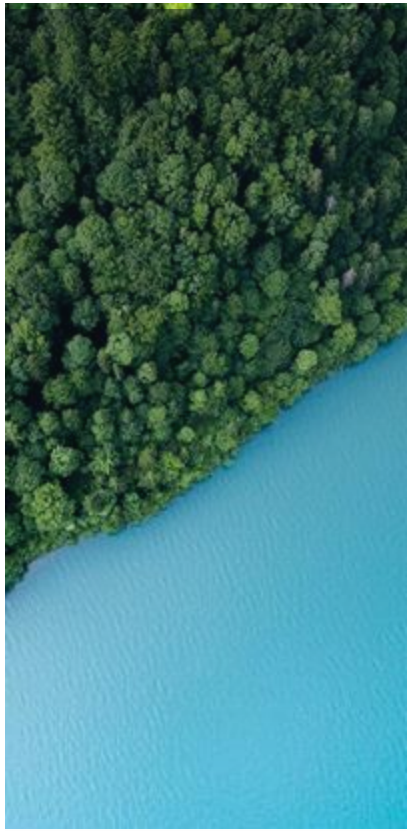
Key Insights

Respondent's observations

Respondents emphasized uncertainties around scaling and cost-effectiveness of carbon removal technologies, with concerns about their feasibility and durability standards. Skepticism about prioritizing high-tech solutions over nature-based approaches was also noted, alongside criticism that carbon removal technologies may detract from emission reduction efforts.

Suggestions to enhance feasibility

Recommendations included adopting a flexible approach to technology, incorporating durability standards for carbon removal eligibility, and promoting a blended strategy combining nature-based solutions and permanent carbon storage. Respondents advocated for focusing on scalable, cost-effective solutions while ensuring the development of carbon removal technologies aligns with emission reduction priorities.



Summary of chapter 2 pilot testing survey

Chapter 2: Other feedback

42. Other feedback on (GHG Accounting: Exposure and Portfolio Emissions) | Summarizing the key take aways | Identifying improvement areas to increase interoperability

Theme	Summary of feedback
Data Confidentiality Concerns	Emphasized the challenges of sector level disclosure due to confidentiality issues, especially in **fossil fuel** and **renewable** sectors.
Clarity in Emissions Definitions	Suggested clearer guidelines for categorizing and quantifying emissions to reduce ambiguity and improve data accuracy.
Focus on Financed Emissions	Advocated for target-setting based on **financed emissions** rather than solely on financial indicators, as it aligns with impact.
Confidentiality-Dependent Feasibility	Suggested that disclosures may be feasible if data remains confidential for **validation** purposes.
Need for Clear Guidance	Highlighted the need for specific guidance on acceptable **neutralization activities** and emissions scopes to support effective climate action.
Alignment with Existing Standards	Recommended aligning **FINZ 2024 Consultation Draft requirements** with other frameworks, like **ISSB's GICS** code breakdown, to ease reporting and improve consistency.

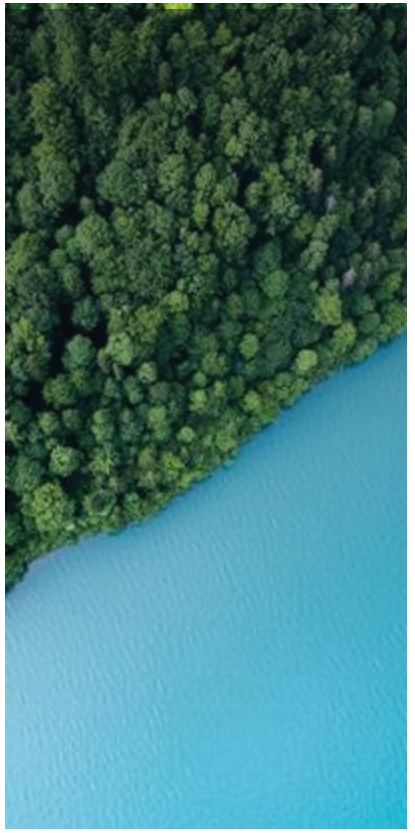
Key Insights

Respondent's observations

Respondents emphasized data confidentiality concerns as a major blocker for sector level disclosure, particularly for fossil fuel and renewable energy activities. Ambiguity in emissions definitions and guidance was also noted, alongside the challenge of aligning FINZ requirements with existing standards and reporting frameworks.

Suggestions to enhance feasibility

Recommendations included ensuring disclosures remain confidential for validation purposes, providing clearer guidelines on emissions categorization and acceptable neutralization activities, and aligning FINZ 2024 Consultation Draft requirements with established frameworks like ISSB's GICS code breakdown. Respondents also advocated for target-setting based on financed emissions to enhance impact alignment.



SUMMARY OF PILOT TESTING SURVEY FEEDBACK

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Chapter 1
Entity-level: Organizational Commitments and Leadership

Chapter 2
GHG Accounting: Exposure and Portfolio Emissions

Chapter 3
Portfolio Climate-Alignment Targets

Chapter 4
Emission-intensive Sector Targets

Chapter 5
Reporting

SUMMARY OF CHAPTER 3 PILOT TESTING SURVEY

Pilot testers were asked to assess the feasibility of Chapter 3 “Portfolio Climate-Alignment Targets” covering the scoping, baselining, methodology transparency, and ambition thresholds related to these targets.

Chapter 3 had higher infeasibility rates than other chapters due to challenges around definitions. Many pilot testers rated (1) the baseline (20%) and scoping exercise (24%), (2) the definition of climate-aligned components (Table 12: 28%; Table 15: 40%), as well as (3) the ambition thresholds (Table 4) (28%) as infeasible.

Baselining and scoping relies on external ESG data providers and clear definitions

Pilot testers faced challenges to evaluate climate-alignment of all investees without widespread and standardized data access and reliable sources. In the scoping and baselining exercise, the criticism of definitions materialized.

Definitions of climate-aligned components are not aligned with established frameworks

Pilot testers highlighted multiple times the inconsistency between SBTi definitions and other established frameworks (e.g., PMDR, NZIF), suggesting alignment with them. Further they mentioned ambiguities in the definition of "transitioning“ and that definitions are too high level and suggested to adopt nuanced criteria for activity level alignment.

Ambition levels are high, raising the request for more flexibility

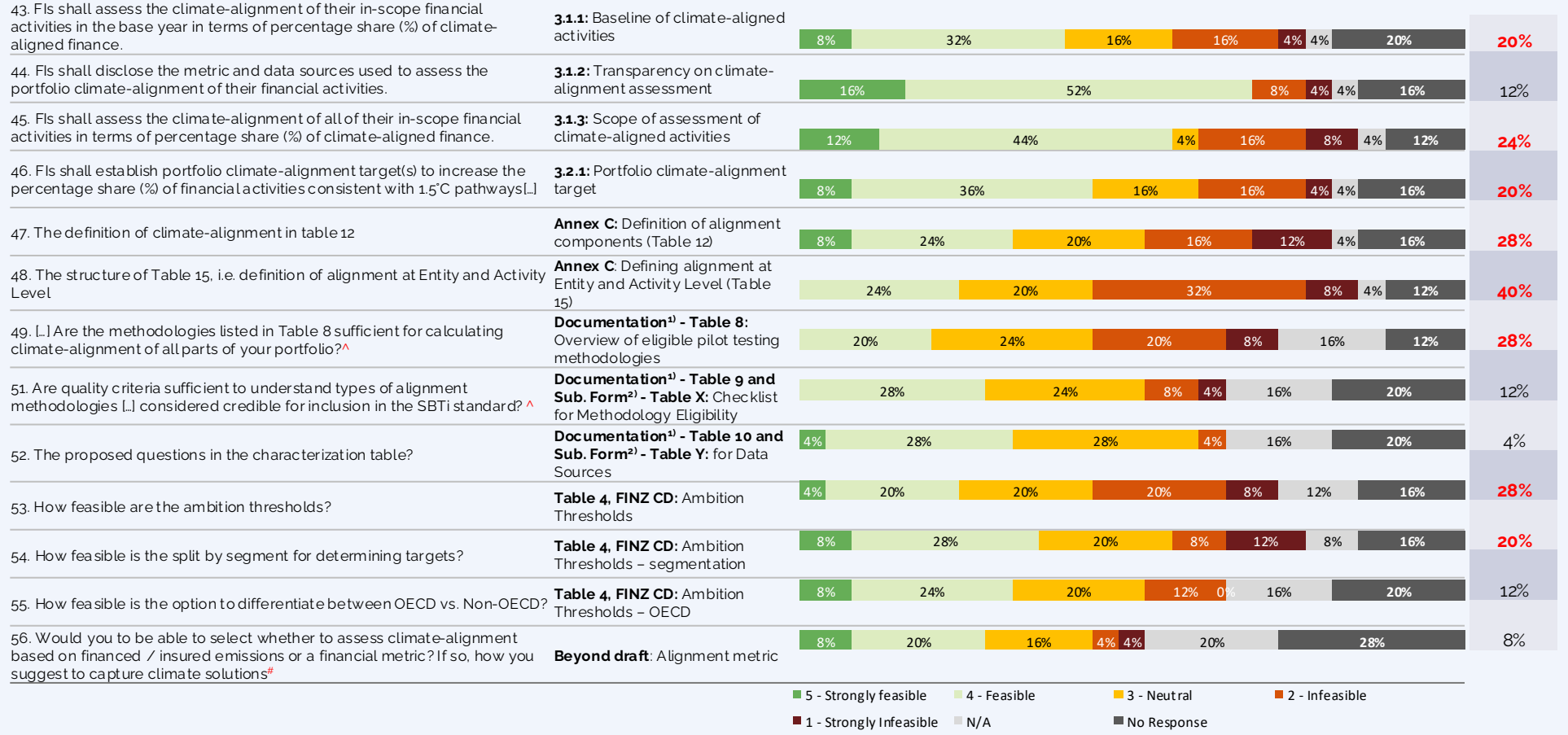
Financial institutions expressed concerns about the ambitious and rigid milestones, suggesting (i) lowering the 2030 threshold for transitioning companies, (ii) allowing greater flexibility in intermediary milestones, (iii) introducing sector-specific decarbonization timelines, and (iv) allowing flexible geographic targets or slower transitions in developing countries.

SUMMARY OF CHAPTER 3 PILOT TESTING SURVEY

OVERVIEW ON CLOSED-END QUESTIONS

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Survey Responses



Key Observations

- Respondents expressed ≥20% disagreement in 8 out of 13 quantitative questions from Chapter 3
- Challenges included data limitations, misaligned standards, and implementation complexities, particularly for transitioning, ambition thresholds, and ESG integration
- Suggestions focused on refining definitions, aligning with standards, clarifying metrics, and enabling flexibility to support feasibility and just transitions

Note: *Qualitative insights on questions with higher infeasibility rate then 20% can be found in the next slides (marked in red - %).*
1) *Documentation is referring to "FINZ Standard - Pilot Testing Metric and Method Documentation Version 0.1"; It is an internal document shared with pilot testers only, detailing metrics and methods for calculating and setting science-based net-zero targets for financial institutions.*
2) *Sub. Form = Submission Form || # The responses to these questions range from 1-Strongly agree to 5-Strongly Disagree, they are shown on the feasibility scale for better visualization and comparison || ^ The responses to these questions range from 1-Strongly sufficient to 5-Strongly insufficient, they are shown on the feasibility scale for better visualization and comparison || For question numbers 50 and 57 ,no quantitative data was collected, hence not included in the chart above but details of the feedback is included on pages 42 and 43 .*

SUMMARY OF CHAPTER 3 PILOT TESTING SURVEY

FEEDBACK INSIGHTS FROM QUESTIONS WITH ≥20% DISAGREEMENT

Requirement	Question	Key Feedback Received
3.1.1: Baseline of climate-aligned activities	43. FIs shall assess the climate alignment of their in-scope financial activities in the base year in terms of percentage share (%) of climate-aligned finance.' How would you assess the feasibility?	• 40% of respondents rated the requirement as at least feasible, while 20% found it at least infeasible and 16% provided neutral responses. The results indicated moderate feasibility with some notable challenges. • Respondents identified challenges in aligning SBTi definitions with established frameworks and highlighted difficulties due to limited data access and reliance on ESG providers. Additional concerns included the complexity of implementing standardized metrics and a need for clearer guidance. • Recommendations included adopting a maturity scale over temperature ratings, enabling region-specific requirements for just transitions, and clarifying guidance. Proposals also emphasized feasibility through benchmark-based methods and using alignment as a leading transition indicator for financial institutions.
3.1.3: Scope of assessment of climate-aligned activities	45. FIs shall assess the climate alignment of all of their in-scope financial activities in terms of percentage share (%) of climate-aligned finance." How would you assess the feasibility?	• 68% of respondents rated the disclosure of metrics and data sources for portfolio climate-alignment as at least feasible, while 24% found it at least infeasible. The results suggest broad feasibility with some concerns about implementation challenges. • Respondents cited challenges with portfolio-level alignment due to the infeasibility of assessing all investees individually. Additional issues included reliance on ESG providers, confusing guidance formats, evolving methodologies, and the need for asset-class-specific metrics. • Recommendations emphasized enabling flexibility in temperature rating calculations, providing clearer templates, and incorporating assumptions and limitations of evolving methods. Suggestions also included splitting AUM by options with detailed data sources and developing metrics tailored to specific asset classes.
3.2.1: Portfolio climate-alignment target	46. FIs shall establish portfolio climate-alignment target(s) to increase the percentage share (%) of financial activities consistent with 1.5˚C pathways. How would you assess the feasibility? Comment on the proposed target: 2030 (Near-term), 2040 (Long-term), and Net-Zero Year	• 44% of respondents rated this requirement as at least feasible, while 20% found it at least infeasible, and 16% provided neutral responses. The results indicated broad feasibility but highlight some challenges in implementation. • Financial institutions expressed concerns about the ambitious milestones for 2030, especially the 95% alignment target, which was seen as unrealistic. Issues such as rigid thresholds, sector-specific challenges, and insufficient government support were frequently mentioned. • Respondents proposed adjusting 2030 targets, introducing flexibility for asset classes, and clarifying "transitioning" criteria. Industry-specific decarbonization timelines, synchronization with submission deadlines, and governmental policy incentives were suggested to enhance the standard's feasibility.
Annex C Definition of alignment components (Table 12)	47. How feasible is the definition of climate-alignment in table 12?	• 32% of respondents rated this requirement as at least feasible, while 28% found it at least infeasible, and 20% provided neutral responses. The results indicated some feasibility with significant concerns from some respondents. • Respondents noted challenges in defining and measuring "transitioning," citing inconsistencies with established frameworks and interpretability issues. High level definitions, lack of alignment with frameworks like PMDR, and reliance on ESG data providers were identified as additional concerns. • Recommendations included harmonizing definitions with established frameworks, adopting nuanced criteria for activity level alignment, and refining the "transitioning" concept using maturity scales or benchmarks. Enhanced alignment categories and flexible geographic targets were also proposed to improve applicability.

Note: *Key feedback received column provides 3 types of insights, first point represents the findings from close-ended questions, the second point in each row provides a brief summary of the qualitative justifications provided by respondents and the third point highlights the suggested changes highlighted by the financial institutions on the FINZ 2024 Consultation Draft to enhance its feasibility.*

SUMMARY OF CHAPTER 3 PILOT TESTING SURVEY

FEEDBACK INSIGHTS FROM QUESTIONS WITH ≥20% DISAGREEMENT

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Requirement	Question	Key Feedback Received
Annex C: Defining alignment at Entity and Activity Level (Table 15)	48. How feasible is the structure of Table 15, i.e. definition of alignment at Entity and Activity Level?	• 24% of respondents rated the structure of Table 15 as feasible, while 40% found it at least infeasible, and 20% provided neutral responses. The results highlighted significant concerns regarding the structure's feasibility and applicability. • Respondents highlighted challenges with the feasibility of strict transitioning criteria, particularly for high-impact sectors and developing countries. Issues with data reliability, reliance on ESG providers, and clarity in guidance for Scope 3 emissions were also emphasized as significant barriers. • Recommendations included adjusting thresholds for transitioning and net-zero targets, especially in developing regions, and providing clearer guidance for metrics and high-impact sectors. Simplified tracking metrics and a comply or explain mechanism for custom metrics were proposed to enhance flexibility and implementation.
Documentation - Table 8: Overview of eligible pilot testing methodologies	49. Overview of eligible pilot testing methodologies. Are the methodologies listed in Table 8 sufficient for calculating climate alignment of all parts of your portfolio? Are there specific methodologies you would add / remove from this list, and why?	• 20% of respondents rated the methodologies listed in Table 8 as sufficient, while 28% found them at least insufficient, and 24% provided neutral responses. The results suggested some adequacy, with significant room for improvement in methodology coverage. • Respondents identified gaps in sector-specific frameworks, limited applicability for non-listed companies, and unclear definitions for corporate loans. Concerns about inconsistent alignment with existing standards like NZIF and GFANZ were also emphasized. • Recommendations included adding sector-specific methodologies, enhancing private data inclusion, and refining guidance for combining metrics. Respondents suggested evolving standards for convergence with established frameworks and providing clearer definitions to improve consistency and applicability.
Table 4, FINZ CD - Ambition Thresholds	53. How feasible are the ambition thresholds?	• 24% of respondents rated the ambition thresholds as at least feasible, while 28% found them at least infeasible, and 20% provided neutral responses. The results suggested moderate feasibility with notable concerns regarding implementation. • Respondents raised concerns about the high ambition of the 2030 thresholds, describing them as overly rigid and unrealistic. Ambiguities in the definition of "transitioning" and discrepancies with existing standards like IIGCC and NZAMI were also highlighted, along with challenges in applying these thresholds to developing countries. • Recommendations included lowering the 2030 threshold for transitioning companies, allowing greater flexibility in intermediary milestones, and aligning ambition levels with existing standards. Proposals also called for clearer definitions of "transitioning" and considerations for slower transitions in developing countries to ensure a just transition.
Table 4, FINZ CD - Ambition Thresholds	54. How feasible is the split by segment for determining targets?	• 36% of respondents rated the split by segment for determining targets as at least feasible, while 20% found it at least infeasible, and 20% provided neutral responses. The results suggest general feasibility but highlight some challenges with segmentation. • Respondents identified challenges with segment-specific targets, citing difficulties in aligning portfolios with both OECD and non-OECD projects. Misalignment in the "level of influence" definitions for AMI and PE activities and insufficient documentation, clarity, highlighted by respondents further complicate feasibility assessments. • Recommendations included clarifying influence level definitions and improving documentation references for usability. Respondents also suggested conducting feasibility studies to better assess alignment requirements and acknowledged the need for government policy support to enhance implementation feasibility.

Note: *Key feedback received column provides 3 types of insights, first point represents the findings from close-ended questions, the second point in each row provides a brief summary of the qualitative justifications provided by respondents and the third point highlights the suggested changes highlighted by the financial institutions on the FINZ 2024 Consultation Draft to enhance its feasibility.*

SUMMARY OF CHAPTER 3 PILOT TESTING SURVEY

DOCUMENTATION – TABLE 8: OVERVIEW OF ELIGIBLE PILOT TESTING METHODOLOGIES

50. Are there specific 3rd party alignment frameworks / methodologies that you think SBTi should accept as part of climate alignment targets?

Theme	Summary of feedback
Comprehensive Methodology Inclusion	**Recommended incorporating multiple established frameworks**, including PACTA, PMDR, and sector-specific principles, to enhance robustness.
Inclusion of Transition Pathway Initiative (TPI)	**Highlighted the Transition Pathway Initiative (TPI)** as a valuable open-source resource with high data coverage and physical intensity metrics across sectors.
Reference to Sector-Specific and Internal Methodologies	**Emphasized the importance of including established sector-specific methodologies and internal frameworks for alignment.**
Consistency with Existing Standards	**Supported aligning GHG accounting measures in the FINZ 2024 Consultation Draft** with existing frameworks like PCAF to ensure coherence.
Inclusion of IIGCC Methodologies	**Suggested including IIGCC methodologies** to support alignment with industry standards.
Alignment with NZAMi Guidance	**Recommended adopting the materiality approach** for third-party client investments, consistent with NZAMi guidance for target-setting.
Broader Programmatic Alignment	**Suggested incorporating various global net-zero initiatives**, including the Net-Zero Asset Owner Alliance, Net-Zero Banking Alliance, and UNEP-FI.

Key Insights

Respondent's observations

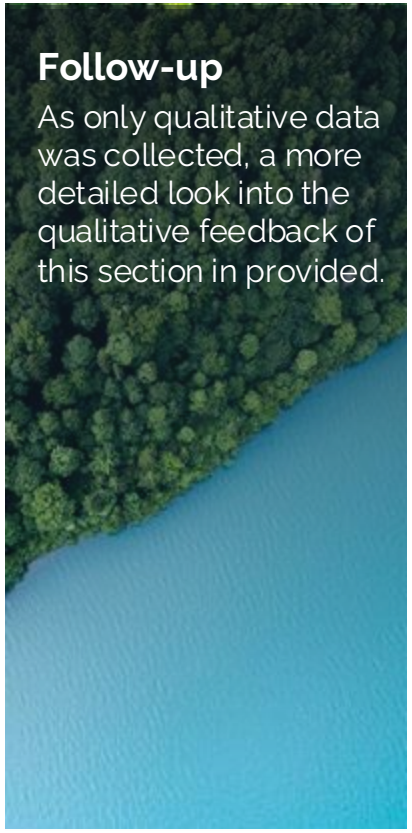
Respondents noted the current methodologies' limited comprehensiveness, calling for the expanded inclusion of established frameworks like PACTA, TPI and sector-specific principles. They also raised concerns about alignment with existing frameworks were also raised.

Suggestions to enhance feasibility

Recommendations included integrating robust sector-specific methodologies, aligning with global initiatives like NZAMi, Net Zero Banking Alliance and IIGCC, and adopting frameworks such as TPI and PACTA. Enhanced consistency with standards like PCAF was also emphasized.

Follow-up

As only qualitative data was collected, a more detailed look into the qualitative feedback of this section in provided.



SUMMARY OF CHAPTER 3 PILOT TESTING SURVEY

CHAPTER 3: OTHER FEEDBACK

57. Other feedback on (Portfolio Climate-Alignment Targets) | Summarizing the key take aways, road blockers from Chapter 3 | Identifying improvement areas to increase interoperability]

Theme	Summary of feedback
Mandatory Target Roadblocks	**Indicated that mandatory 2030 and 2035 intermediary targets** do not align with linear progression targets, posing challenges for implementation.
Flexibility in Target Setting	**Suggested allowing climate-alignment targets based on financed/insured emissions** rather than market value and clarifying target language around insurance premium lines for 2030 and 2040 goals.
Pathway Development Challenges	**Identified difficulties in translating portfolio assessments into a clear pathway toward net-zero by 2040** and in linking projections to concrete target assurance.
Materiality-Based Approach for Asset Managers	**Suggested using the FINZ materiality approach for 3rd party client investment emissions**, aligning with NZAMi guidance for comprehensive alignment on both near-term and long-term targets.
Methodology Transparency and Usability	**Highlighted concerns with current methodologies like ITR**, which lack transparency and do not provide actionable insights; suggests a maturity scale approach for simplicity and clarity.

Key Insights

Respondent's observations

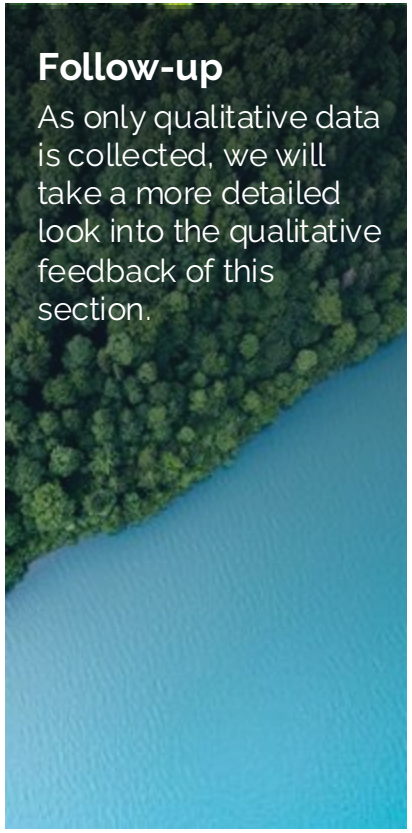
Respondents highlighted challenges in creating clear pathways from portfolio assessments to net-zero targets and concerns over mandatory intermediary milestones misaligned with linear progression. Methodologies like ITR were noted as lacking transparency and actionable insights, hindering usability.

Suggestions to enhance feasibility

Recommendations included adopting a maturity scale for KPI simplicity, allowing targets weighted by financed/insured emissions, and clarifying target language for different segments. Aligning with the FINZ materiality approach for asset managers was suggested to ensure consistency with NZAMi guidance.

Follow-up

As only qualitative data is collected, we will take a more detailed look into the qualitative feedback of this section.



SUMMARY OF PILOT TESTING SURVEY FEEDBACK

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Chapter 1
Entity-level: Organizational Commitments and Leadership

Chapter 2
GHG Accounting: Exposure and Portfolio Emissions

Chapter 3
Portfolio Climate-Alignment Targets

Chapter 4
Emission-intensive Sector Targets

Chapter 5
Reporting

SUMMARY OF CHAPTER 4 PILOT TESTING SURVEY

Pilot testers evaluated the feasibility of Chapter 4 “Emissions-intensive Sector Targets” covering the assessment of emissions-intensive activities and setting sector-specific physical intensity targets.

Respondents considered baselining for emission-intensive sector targets (48%), target coverage (48%) and disclosure of financial exposure to emission-intensive sectors (52%) to be rather feasible. Also, the stated metrics and pathways for sectoral emission reduction targets were perceived as familiar and rather feasible (36%). Pilot testers rated two key areas as rather infeasible: (1) the ambition level and (2) methane emissions-reduction targets.

High complexity and low data availability limits feasibility of emissions-intensive sector targets

28% respondents of the pilot testing survey found it at least infeasible to implement and align with the 1.5˚C sector benchmarks. They emphasized resource challenges, time commitment, and significant data gaps in setting activity-specific targets. Respondents raised that the resource demands, strictness of the SDA approach, and significant data gaps, especially for Scope 3 emissions, in setting activity-specific targets may hinder feasibility for many financial institutions.

Too immature data and regulation for methane emission reduction targets

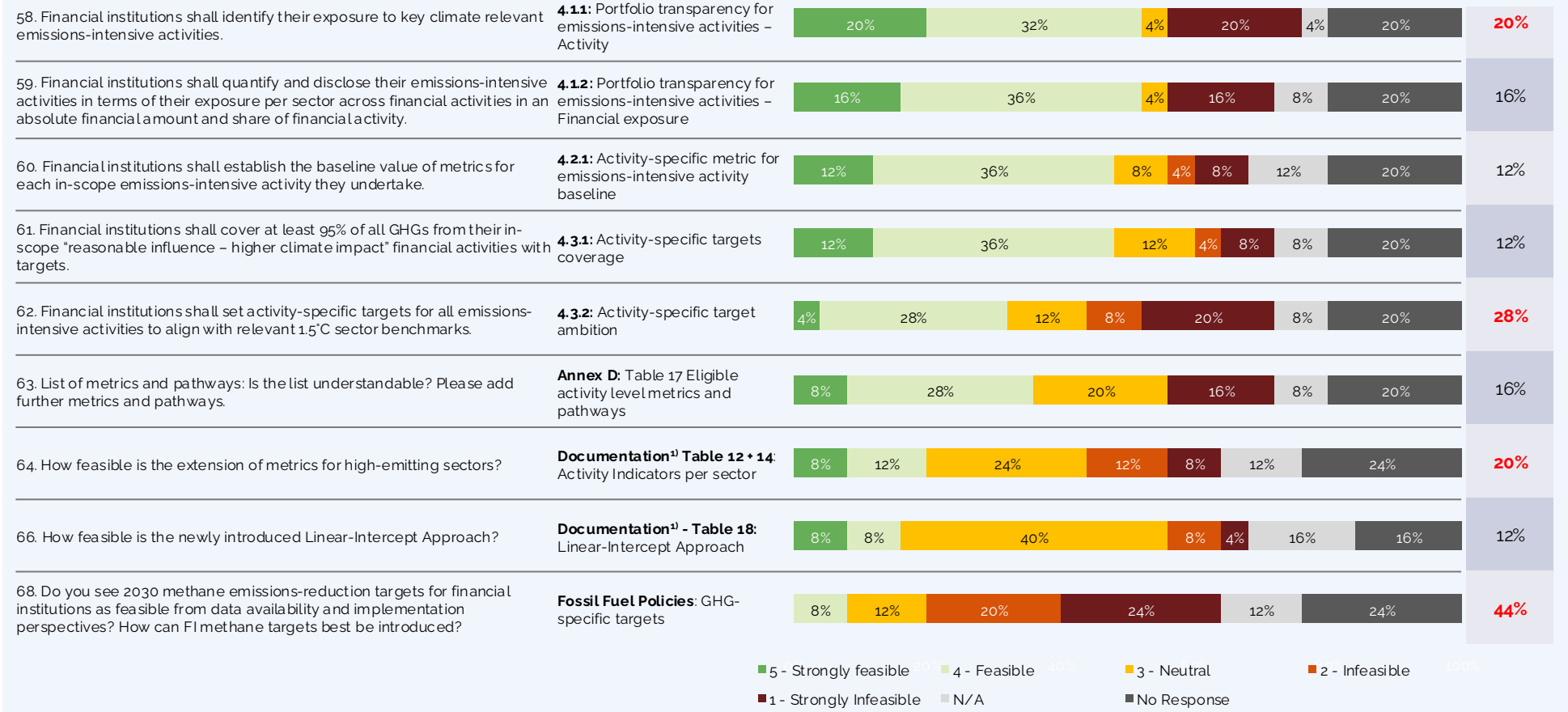
Only 8% of respondents rated 2030 methane emissions-reduction targets as feasible. Respondents identified insufficient data availability, particularly at the company level, as a significant obstacle to setting 2030 methane reduction targets. Concerns about dependency on regulatory and industry-wide data advancements were also noted. Recommendations included introducing sector-specific methane targets for high-emitting industries (e.g., fossil fuels, agriculture, waste management), promoting methane emissions data through broader corporate and industry-led initiatives (e.g., CDP) to improve transparency and data availability, rather than placing the burden on individual financial institutions.

SUMMARY OF CHAPTER 4 PILOT TESTING SURVEY

OVERVIEW ON CLOSED-END QUESTIONS

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Survey Responses



Key Observations

- Respondents expressed ≥20% disagreement in 4 out of 9 quantitative questions from Chapter 4
- Challenges included data gaps, classification issues, and reporting complexities for emissions-intensive activities, metrics extension, and methane targets
- Suggestions included expanding sector coverage, enabling flexibility in metrics and benchmarks, enhancing methane data transparency, and aligning with broader corporate initiatives to improve feasibility

Note: *Qualitative insights on questions with higher infeasibility rate then 20% can be found in the next slides (marked in red - %).* ***1)*** *Documentation is referring to "FINZ Standard - Pilot Testing Metric and Method Documentation Version 0.1", It is an internal document shared with pilot testers only, detailing metrics and methods for calculating and setting science-based net-zero targets for financial institutions.|| For question numbers 65, 67, 69 and 70, no quantitative data was collected, hence not included in the chart above, but details of feedback can be found on pages 48– 51*

SUMMARY OF CHAPTER 4 PILOT TESTING SURVEY

FEEDBACK INSIGHTS FROM QUESTIONS WITH ≥20% DISAGREEMENT

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Requirement	Question	Key Feedback Received
4.1.1: Portfolio transparency for emissions-intensive activities – Activity list	58. Financial institutions shall identify their exposure to key climate relevant emissions-intensive activities. How would you assess the feasibility?	• 52% of respondents rated the requirement as at least feasible, while 20% found it strongly infeasible, and 4% provided neutral responses. The results suggested overall feasibility with some challenges in implementation. • Respondents raised concerns about disclosing sensitive data, the scope of sector classifications, and the practicality of including minimal exposure sectors in reporting. Additional questions about the value of segmentation and clarity on disclosure requirements also emerged. • Suggestions included expanding the sector scope to include all carbon-intensive activities, excluding sectors with minimal exposure, and ensuring confidential data disclosure policies. Respondents also recommended clarifying sector classifications and assessing the usefulness of investment segmentation.
4.3.2: Activity-specific target ambition	62. Financial institutions shall set activity-specific targets for all emissions-intensive activities to align with relevant 1.5°C sector benchmarks. How would you assess the feasibility?	• 32% of respondents rated the requirement as feasible or strongly feasible, while 12% were neutral. However, 28% found it infeasible or strongly infeasible, indicating challenges with implementation and alignment with sector benchmarks. • Respondents emphasized the prohibitive resource demands and significant data gaps, especially for Scope 3 emissions, in setting activity-specific targets. Respondents raised that the resource demands, strictness of the SDA approach, and significant data gaps, especially for Scope 3 emissions, in setting activity-specific targets may hinder feasibility for many financial institutions. • Recommendations included aligning with established sectoral initiatives, allowing greater reliance on PCA methods, and improving clarity on requirements. Respondents also called for flexibility to accommodate varying data quality and dynamic portfolio compositions while reducing the complexity of sector benchmark applications.
Documentation Table 12 + 14: Activity Indicators per sector	64. How feasible is the extension of metrics for high-emitting sectors?	• Only 20% of respondents rated the extension of metrics for high-emitting sectors as feasible or strongly feasible, while 24% were neutral. However, 20% found it infeasible or strongly infeasible, indicating some concerns with implementation and data applicability. • Respondents emphasized significant data availability issues, particularly for high-emitting sectors, and resource constraints in tracking and setting metrics. Feasibility also varied across sectors, with some requiring extensive effort for alignment and decarbonization trajectory understanding. • Suggestions included simplifying metrics extension, offering flexibility in sectoral tracking, and focusing on sector-specific feasibility studies. Clarifications on sector definitions, particularly for renewable energy, were recommended to support accurate and efficient assessments.
Fossil Fuel Policies: GHG-specific targets	68. Do you see 2030 methane emissions-reduction targets for financial institutions as feasible from data availability and implementation perspectives? How can FI methane targets best be introduced?	• Only 8% of respondents rated 2030 methane emissions-reduction targets as feasible, while 12% were neutral. However, 44% found them infeasible or strongly infeasible, highlighting significant challenges with data availability and implementation feasibility. • Respondents identified limited data availability, particularly at the company level, as a significant obstacle to setting 2030 methane reduction targets. Concerns about increased reporting complexity and administrative burdens were also noted, alongside the dependency on regulatory and industry-wide data advancements for feasibility. • Recommendations included introducing sector-specific methane targets for high-emitting industries, aligning with broader corporate and industry initiatives to enhance data transparency, and embedding methane requirements at the sector level. Respondents also suggested educational and engagement initiatives to support methane reduction through infrastructure upgrades.

Note: *Key feedback received column provides 3 types of insights, first point represents the findings from close-ended questions, the second point in each row provides a brief summary of the qualitative justifications provided by respondents and the third point highlights the suggested changes highlighted by the financial institutions on the FINZ 2024 Consultation Draft to enhance its feasibility.*

SUMMARY OF CHAPTER 4 PILOT TESTING SURVEY

DOCUMENTATION TABLE 12 + 14: ACTIVITY INDICATORS PER SECTOR

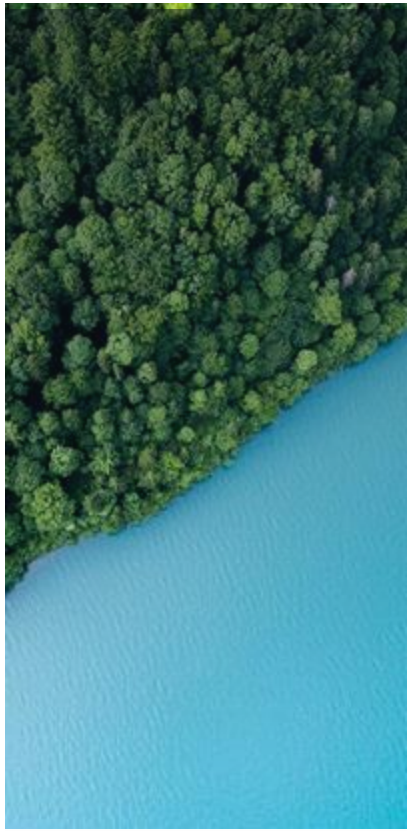
65. If not done as part of the submission exercise, please list metrics that you consider relevant for the eight high-impact sectors (and beyond (e.g. for chemicals, agriculture, aluminum)? In your response please use the following structure: "[sector]: [metrics]"

Key Insights

Several respondents emphasized the importance of sector-specific activity indicators to ensure effective tracking of emissions in high-impact sectors. Feedback included suggestions for more detailed and differentiated metrics, especially for agriculture and aviation, to better capture sectoral diversity and impacts.

Sectors and Indicators:

- **Manufacturing**: CO_2/unit, CO_2/MJ (Waste-to-Energy).
- **Agriculture**: tCO_2/hectare, differentiated by production types (livestock, crops).
- **Food Production**: tCO_2e/kg (biomass).
- **Garment Industry**: tCO_2/kg (clothing).
- **Aviation**: tCO_2/pkm (passenger kilometer).



SUMMARY OF CHAPTER 4 PILOT TESTING SURVEY

DOCUMENTATION – TABLE 18: EVALUATION

67. What do you see as the pros and cons of Linear-Intercept Method vs SDA method?

Theme	Summary
Applicability Challenges	**Many respondents expressed concerns about the applicability of the Linear-Intercept Approach** across diverse sectors. They highlighted challenges in using it for sectors with varying emissions profiles, high growth rates, or mixed impact factors.
Simplicity of Linear-Intercept	**Respondents generally found the Linear-Intercept Approach simpler and easier to communicate than SDA**, with some noting that its simplicity might lack sufficient detail, especially regarding its alignment with long-term targets like those for 2030.
Preference for SDA	**Some feedback indicated a preference for SDA** due to its alignment with specific sector pathways, especially for heterogeneous sectors. Respondents noted SDA's benefits in accommodating variable baseline emissions and its clarity in stakeholder communication.
Complexity and Risk of Method Selection Bias	**A few respondents raised concerns about the complexity introduced by having both SDA and Linear-Intercept Approach available**. They noted that this could allow financial institutions to selectively use whichever method benefits them most, introducing bias.
Need for Simplification	**Respondents suggested simplifying the methods or approaches** to make them more feasible and less overwhelming for financial institutions, highlighting that understanding and implementing multiple pathways is challenging and time-intensive.
Request for Clarity and Training	**Some respondents recommended providing learning sessions or additional clarification on the methods** to ensure proper understanding, especially regarding long-term emissions targets and sector pathways.

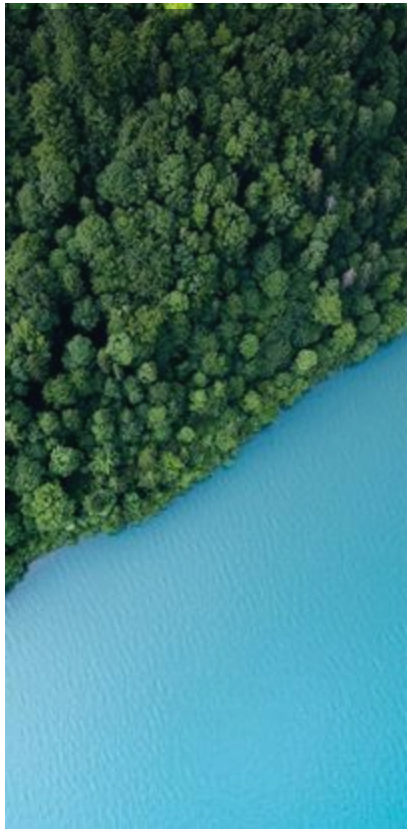
Key Insights

Respondent's observations

Respondents expressed concerns about the Linear-Intercept Approach's limited applicability across diverse sectors, its potential oversimplicity, and risks of method selection bias. Complexity in managing both methods and a lack of clarity in implementation were also highlighted as significant barriers.

Suggestions to enhance feasibility

Recommendations included offering flexibility to apply both approaches as appropriate, simplifying methodologies, and providing additional training or clarification sessions. Respondents also emphasized the importance of aligning methods with sector pathways to enhance relevance and feasibility.



SUMMARY OF CHAPTER 4 PILOT TESTING SURVEY

SUPPORTING 4.3.2: TARGET REQUIREMENT

69. Are there particular financial activities or sectors for which setting emission intensity target would prove most challenging?

Theme	Summary
Data Limitations in Developing and Emerging Markets	**Many respondents identified sectors and activities in developing and emerging markets**, such as SMEs, microfinance, and primary industries, as especially challenging due to limited or unreliable data availability, making emission intensity target-setting difficult.
Challenges with Real Estate and Sovereign Bonds	**Respondents highlighted specific challenges in setting emission intensity targets for real estate and sovereign bonds.** Real estate pathways (such as CRREM) were seen as ambitious, while sovereign bonds presented complexity and potential for double counting within carbon accounting.
Sector-Specific Data and Benchmark Gaps	**Some respondents indicated that specific sectors, like energy and utilities, are challenging due to a lack of standardized benchmarks** from established organizations such as SBTi, creating difficulties in setting and comparing targets.
Limited Influence in Third-Party Investments	**Financial activities involving third-party or indirect investments**, such as execution only mandates, were noted as particularly challenging due to limited direct influence over companies' reporting practices, making accurate emission tracking difficult.
Need for Data from Major ESG Providers	**Some respondents suggested that large ESG data providers**, should supply company level data to enable financial institutions to set emission intensity targets, especially when managing large portfolios with thousands of securities.
Voluntary Targets for Third-Party Managed Assets	**Respondents recommended making emission-intensive sector targets voluntary for assets managed by third parties**, recognizing the limited influence financial institutions have over indirect investments and third-party management.

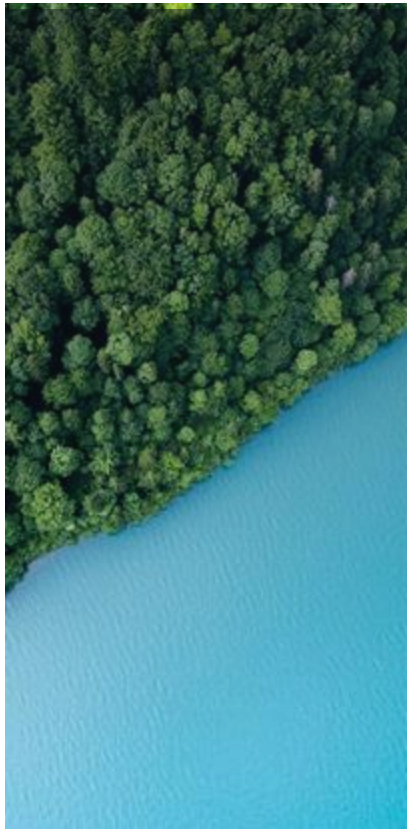
Key Insights

Respondent's observations

Respondents highlighted data limitations in developing markets, challenges with real estate pathways, and complexities with sovereign bonds. Difficulties with third-party investments and gaps in standardized benchmarks for specific sectors such as energy and utilities were also cited as barriers to setting emission intensity targets.

Suggestions to enhance feasibility

Recommendations included focusing on data provision from major ESG providers, introducing voluntary targets for third-party managed assets, and refining benchmarks for sectors with gaps. Respondents also emphasized the need for sector-specific flexibility, particularly in emerging markets and indirect investment scenarios.



SUMMARY OF CHAPTER 4 PILOT TESTING SURVEY

CHAPTER 4: OTHER FEEDBACK

70. Other feedback on (Emissions-intensive Sector Targets) | Summarizing the key take aways, from Chapter 3 | Identifying improvement areas to increase interoperability

Theme	Summary
High Data and Resource Demands	Respondents expressed concerns over the extensive **data requirements** for **emissions-intensive sectors**, noting that current **ESG providers** (e.g., **Bloomberg**, **S&P**) lack sufficient **data coverage**. They emphasized that obtaining **decarbonization data** for multiple sectors is **resource-intensive** and challenging due to incomplete data from established sources.
Preference for Portfolio Climate Alignment	Some respondents indicated a preference for **Portfolio Climate-Alignment (PCA)** over **SDA**, finding the latter to be **complex** and **resource-intensive**. They recommended that **SDA** should be **optional**, not required, as its **complexity** and **sector boundary limitations** make it less feasible for some **financial institutions**.
Interoperability with Industry Standards	Respondents suggested enhancing **interoperability** by aligning **FINZ 2024 Consultation Draft requirements** with other **industry initiatives**, such as **ISSB**, to streamline and standardize **disclosure requirements** across the sector, potentially easing **compliance** and improving **consistency**.
Recommendation for Materiality Thresholds	Some respondents suggested setting **materiality thresholds** to focus only on the most **impactful sectors**, (e.g., **1-2 sectors**), rather than requiring all sectors, to reduce the burden and enhance feasibility.
Extended Timeline for Emission-Intensive Targets	Respondents recommended extending the **timeline** for **emissions-intensive sector targets** (e.g., **5 years**), allowing time for improved **data availability** and integration with **regulatory reporting**. They also called for **streamlined methods** to obtain required **metrics** and **benchmarks** for these targets.

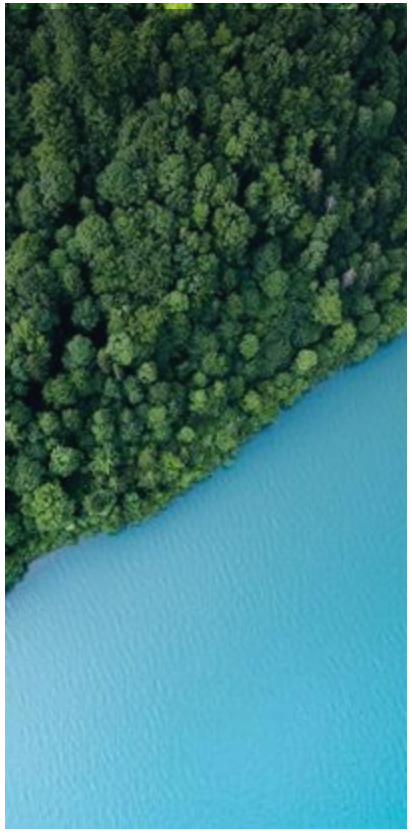
Key Insights

Respondent's observations

High data demands, limited ESG provider coverage, and SDA complexity were cited as major barriers. Respondents also noted limited interoperability with industry standards and the lack of materiality thresholds for sector focus.

Suggestions to enhance feasibility

Recommendations included setting materiality thresholds, extending timelines, aligning with ISSB standards, and streamlining data retrieval. Respondents also suggested making SDA optional to reduce complexity and enhance feasibility.



SUMMARY OF PILOT TESTING SURVEY FEEDBACK

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Chapter 1
Entity-level: Organizational Commitments and Leadership

Chapter 2
GHG Accounting: Exposure and Portfolio Emissions

Chapter 3
Portfolio Climate-Alignment Targets

Chapter 4
Emission-intensive Sector Targets

Chapter 5
Reporting

SUMMARY OF CHAPTER 5 PILOT TESTING SURVEY

This chapter 5 evaluates the feasibility of reporting and recalculating of financial institutions targets under the FINZ 2024 Consultation Draft.

Overall agreement on reporting feasibility

The feasibility of the FINZ 2024 Consultation Draft reporting requirements, including target reporting and target review were all deemed feasible by the vast majority of pilot testers.

Alignment with existing standards seen as critical

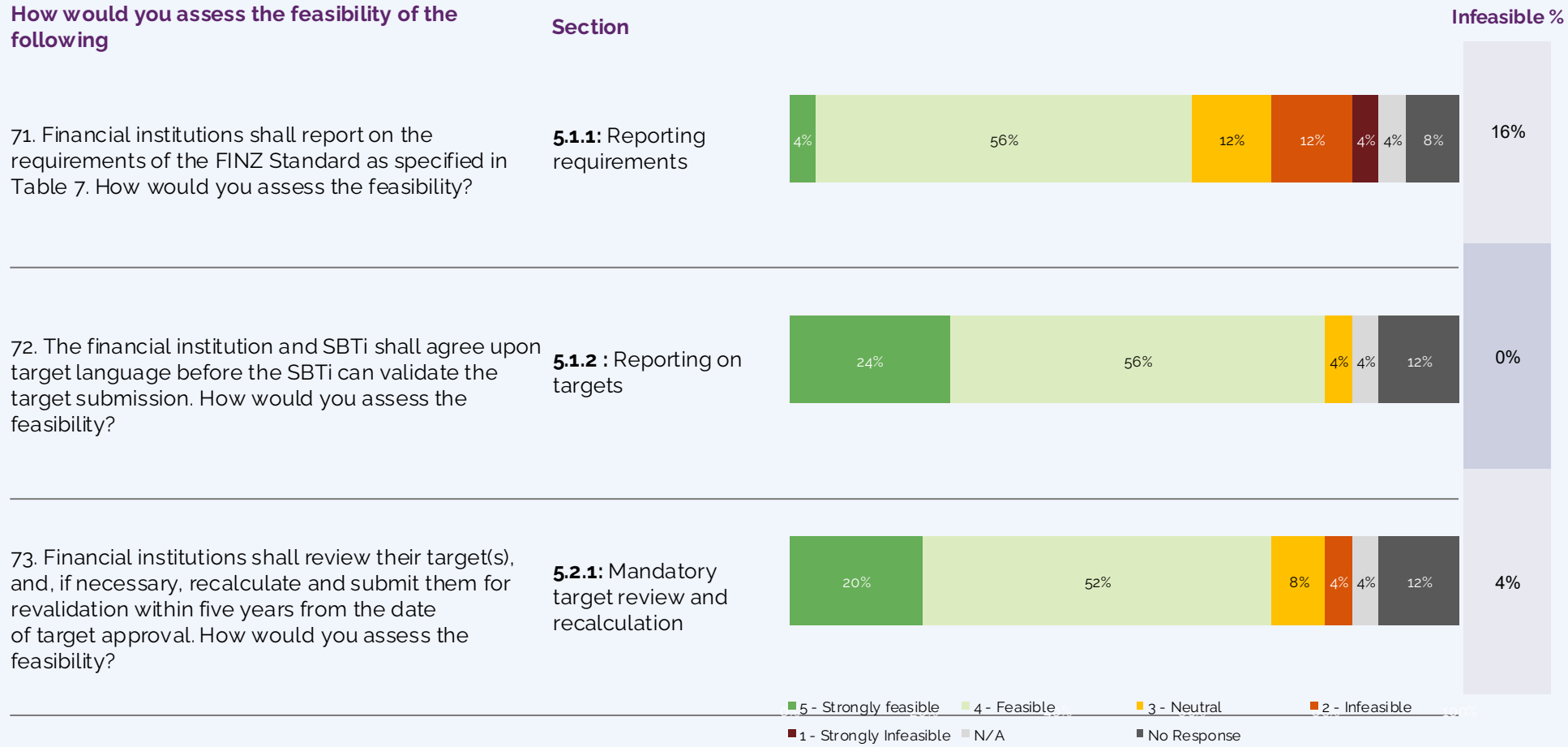
Respondents positively noted the FINZ 2024 Consultation Draft alignment with existing frameworks as a way to streamline processes and enhance adoption. However, some respondents see potential to further align definitions, avoid redundancies and focus on essential metrics to reduce the overall complexity, discussed in the next chapter.

SUMMARY OF CHAPTER 5 PILOT TESTING SURVEY

OVERVIEW ON CLOSED-END QUESTIONS

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Survey Responses



Key Observations

- No respondent expressed ≥20% disagreement in any of the 3 quantitative questions from Chapter 5

SUMMARY OF CHAPTER 5 PILOT TESTING SURVEY

CHAPTER 5: OTHER FEEDBACK

74. Other feedback on Reporting

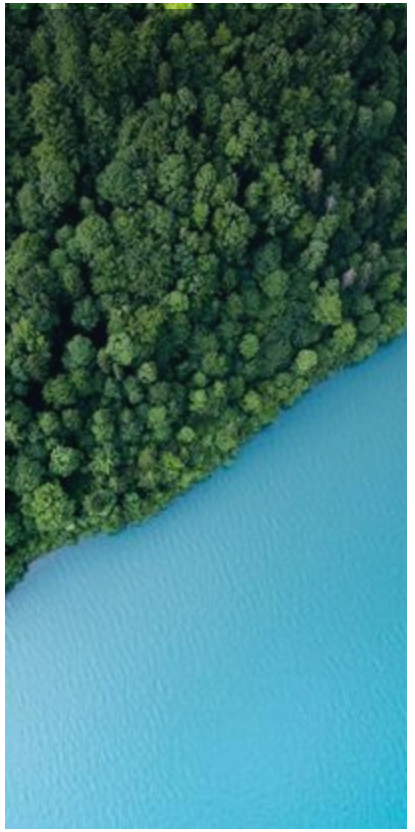
Key Insights

Respondent's observations

Respondents noted significant data and methodological gaps for sectors like Oil and Gas and Financials, limiting their ability to set and report on targets. Concerns were also raised about duplicative reporting requirements across multiple frameworks.

Suggestions to enhance feasibility

Recommendations included aligning FINZ 2024 Consultation Draft reporting with established standards like ISSB and CSRD to enhance interoperability and reduce redundancy. Respondents emphasized the need for comprehensive data and methodologies to support target-setting and reporting across all business lines.



SUMMARY OF PILOT TESTING SURVEY FEEDBACK

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

FINZ General

Chapter 1
Entity-level: Organizational Commitments and Leadership

Chapter 2
GHG Accounting: Exposure and Portfolio Emissions

Chapter 3
Portfolio Climate-Alignment Targets

Chapter 4
Emission-intensive Sector Targets

Chapter 5
Reporting

Summary of FINZ 2024 Consultation Draft general pilot tester feedback

This final questionnaire block explores additional pilot tester feedback, beyond that provided during pilot submissions and or via the pilot testing survey. It covers the comments on the overall feasibility and structure of the FINZ 2024 Consultation Draft. Respondents acknowledged the framework's potential to drive accountability and set high standards, but implementation concerns were raised including complexity of methods, required resource demands, and data limitations.

Overall complexity, data and resource demands
Several respondents found the FINZ 2024 Consultation Draft overly complex and resource-intensive compared to other frameworks, citing challenges in asset tracking, segmentation, unnecessary framework overlaps, and data demands.

More methodological flexibility for specific business models and transition support
Strong suggestions included flexibility for the specialty business of certain stakeholders (like private equity and residential mortgage specialists, which may lack direct control over emissions), and more optionality and thresholds. More flexibility to support the transition to net-zero was also recommended.

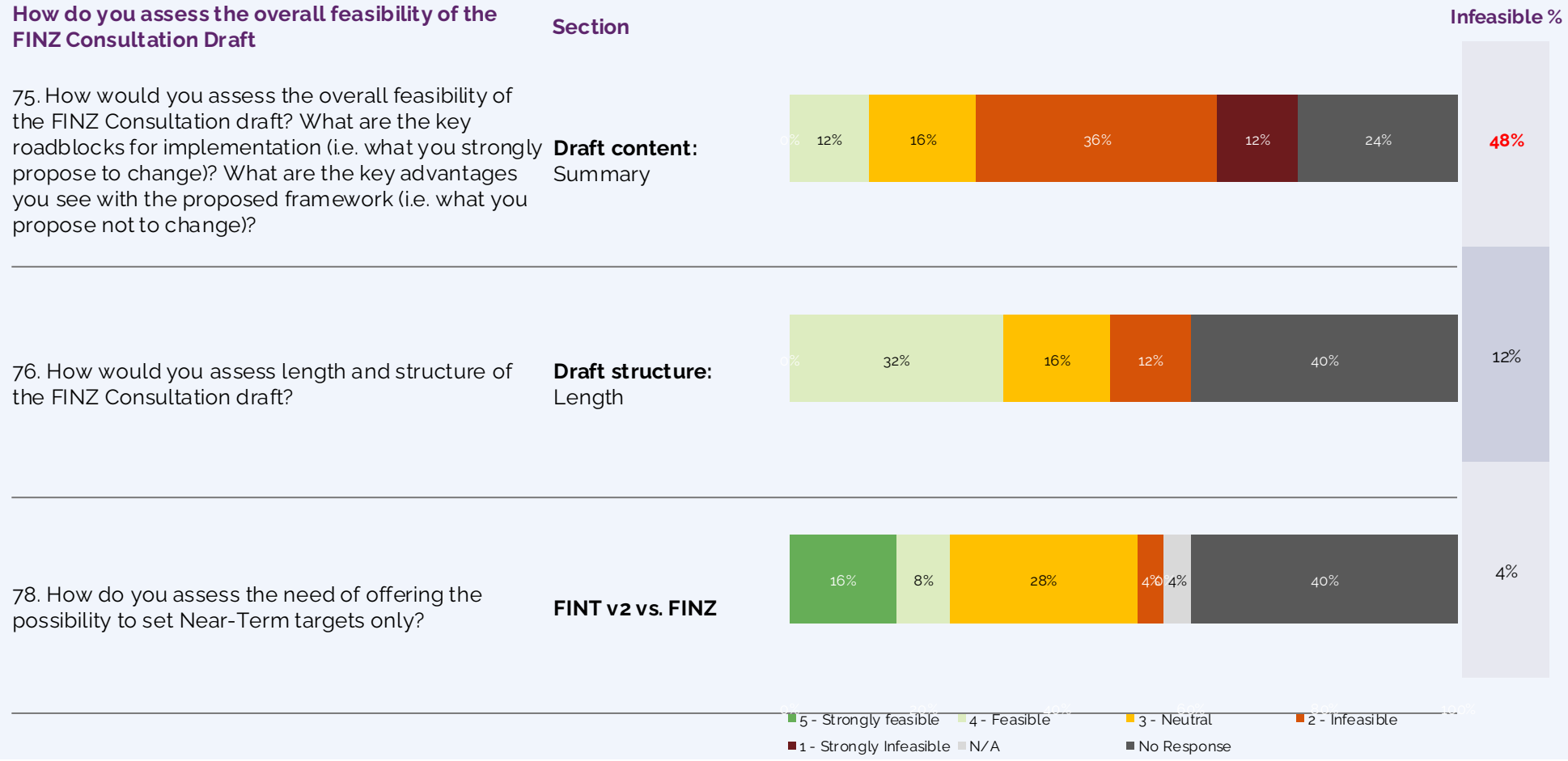
Length and documentation structure
While 32% of respondents agreed that the length of the FINZ 2024 Consultation Draft was appropriate, it should be taken into consideration that only the most motivated financial institutions undertook the pilot testing. Hence the concerns should be taken into considerations when it is recommended to consolidate documents (especially for smaller financial institutions), providing clear referencing, and including practical examples to facilitate understanding.

Importance of near-term targets
Offering flexibility in setting near-term targets without immediate long-term commitments was seen as an effective way to encourage broader participation, i.e. serving as a practical entry point before the full net-zero standard is considered.

Summary of FINZ 2024 Consultation Draft general pilot tester feedback

Overview on closed-end questions

Survey Responses



Key Observations

- Respondents expressed ≥20% disagreement in 1 out of 3 quantitative questions for overall FINZ 2024 Consultation Draft
- Respondents raised that the resource demands, strictness of the SDA approach, and significant data gaps, especially for Scope 3 emissions, in setting activity-specific targets may hinder feasibility for many financial institutions.
- Suggestions included aligning with existing sectoral initiatives, improving clarity, enabling PCA reliance, and allowing flexibility to accommodate diverse data quality and portfolio dynamics

Note: *Qualitative insights on questions with higher infeasibility rate then 20% can be found in the next slides (marked in red - %).*

Summary of FINZ 2024 Consultation Draft general pilot tester feedback

Feedback insights from questions with ≥20% disagreement

Requirement	Question	Key Feedback Received
Draft content: Summary	75. How would you assess the overall feasibility of the FINZ Consultation draft? What are the key roadblocks for implementation (i.e. what you strongly propose to change)? What are the key advantages you see with the proposed framework (i.e. what you propose not to change)?	• Only 12% of respondents rated the overall feasibility of the FINZ 2024 Consultation Draft as feasible, while 20% were neutral. However, 48% found it infeasible or strongly infeasible, indicating implementation challenges and clarity of the framework. • Respondents emphasized the prohibitive resource demands and significant data gaps, especially for Scope 3 emissions, in setting activity-specific targets. Respondents raised that the resource demands, strictness of the SDA approach, and significant data gaps, especially for Scope 3 emissions, in setting activity-specific targets may hinder feasibility for many financial institutions. • Recommendations included aligning with established sectoral initiatives, allowing greater reliance on PCA methods, and improving clarity on requirements. Respondents also called for flexibility to accommodate varying data quality and dynamic portfolio compositions while reducing the complexity of sector benchmark applications.

Note: *Key feedback received column provides 3 types of insights, first point represents the findings from close-ended questions, the second point in each row provides a brief summary of the qualitative justifications provided by respondents and the third point highlights the suggested changes highlighted by the financial institutions on the FINZ 2024 Consultation Draft to enhance its feasibility.*

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

4. SUMMARY OF PILOT TARGET SUBMISSIONS

Summary of pilot testing submissions

Submissions format
Integral to the pilot testing was the submission of mock net-zero targets by participating financial institutions.

Screening of the submission forms to determine alignment with the requirements and recommendations of the FINZ 2024 Consultation Draft was conducted by the SBTi Target Validation Team (from SBTi Services Limited).

By agreeing to participate in the pilot test as an 'intentional' pilot tester, as outlined in the Financial Institutions Net-Zero Standard Consultation Draft v0.1 Pilot Test Participant Terms of Reference, participating financial institutions were obligated to submit ***some or all*** preliminary mock targets, target-modelling data, and other supporting evidence to SBTi for analysis.

Results

It should be noted that in the following section, results per criteria, are only shown where there some insistence of non-conformance with criteria. Where all financial institutions conformed with a criterion, these results are not included (i.e. 2.3, 2.4 and 3.1.3).

Summary of pilot target submissions

Chapter 1

Pilot Target Submission Insights

Requirement met | *Reasons for non-conformance in decreasing order of significance*

Requirements

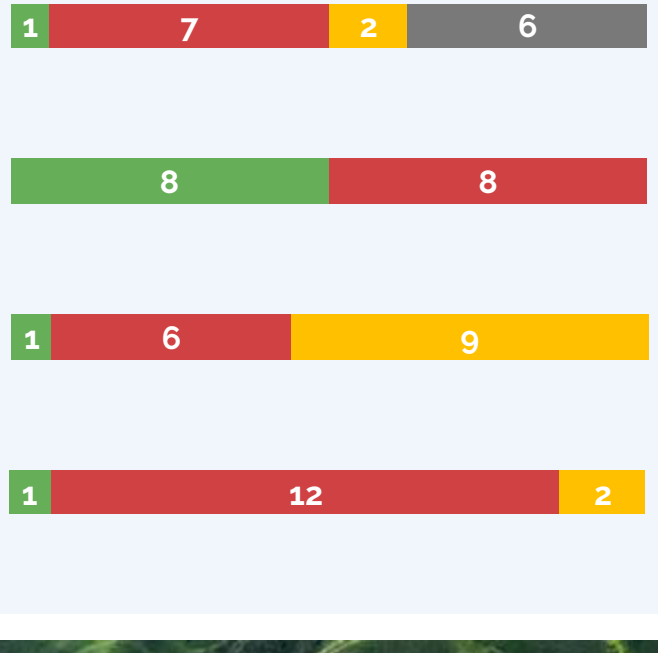
1.3.1
Identification of boundaries of financial activities

1.3.2
Financial activity segmentation

1.7.1
Fossil fuel policy

1.7.3
No-deforestation and conversion free policy

Split of completed submissions



Reasons for non-conformance

- No supporting document submitted (6 financial institutions) or excluded in-scope activities (1 FI)
- Inconsistent with public data/internally within submission
- Omitted combination of requirements/reduced submission scope

- Incomplete or inconsistent disclosure of high-emitting financial activities.

- Lacked fossil fuel policy or provided an invalid link
- FI's fossil fuel policies fail to meet FINZ CD's minimum criteria

- Lacked no-deforestation and conversion-free policy or provided an invalid link
- FI's no-deforestation and conversion-free policy fail to satisfy the requirement

General Overview

All 16 financial Institutions provided partial submissions, including 1 FI that opted out of completing Chapter 1.1 (Leadership and Commitment). Overall, the submissions contained a generally good level of information, though not complete enough to fully satisfy the requirements.

Summary of pilot target submissions

Chapter 2

Pilot Target Submission Insights

Requirement met | *Reasons for non-conformance in decreasing order of significance*

Requirements

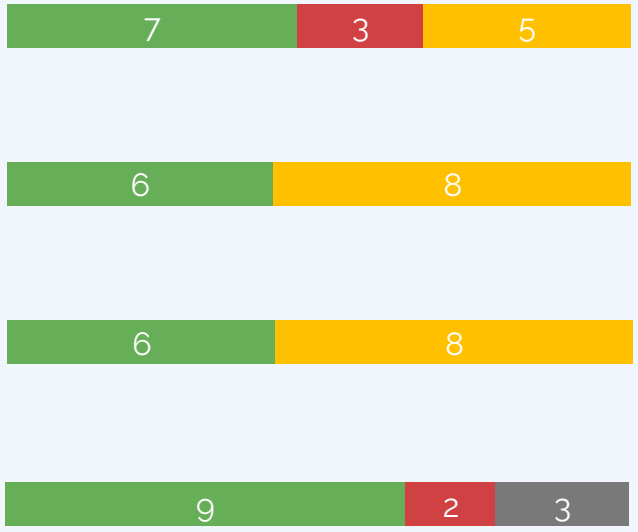
2.1.1
Baseline accounting of GHG emissions

2.1.2
Transparency on data quality

2.2.1
Fossil fuel related activities

2.2.2
Fossil fuel to renewable energy financial ratio

Split of completed submissions



Reasons for non-conformance

- Absence of disaggregated reporting of scope 1, 2 and 3 emissions
- Incomplete GHG inventory for in-scope activities and includes a case of reduced submission
- Lack sufficient elements regarding data quality, transparency and fail to report data quality score, methodology, and assumptions
- Inconsistent or incomplete reporting on fossil fuel exposure / industry classification or fail to confirm alignment with FINZ 2024 CD definition
- Non-conformance of alignment with renewable energy definition
- Fail to understand or provide fossil fuel-to-renewable energy financial ratio

General Overview

14 financial institutions were required to complete this section, though 15 financial institutions provided submissions for Chapter 2. Notably, one of the two financial institutions that weren't required to complete this section opted to submit partial information for Chapter 2, as 100% of its financial activities were classified as limited impact within a high-emitting sector.

14 financial institutions provided partial submissions, while 1 completed the submission fully.

Summary of pilot target submissions

Chapter 3

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Pilot Target Submission Insights

Requirement met | *Reasons for non-conformance in decreasing order of significance*

Requirements	Split of completed submissions	Reasons for non-conformance
3.1.2 Transparency on climate-alignment (methods used)	5 / 9 / 2	Lack of climate-alignment method disclosure and non-compliance with Table 15 of FINZ 2024 Consultation Draft Non-conformance with climate-alignment methods or lack of proposed target language
3.2.1 Portfolio climate alignment target	10 / 2 / 4 / 0	No climate-alignment targets set Missing targets for climate impact segments or targets fail to meet the minimum ambition required for specific climate impact segments

General Overview

All 16 financial institutions provided partial submissions for this chapter, with no financial institutions opting out of testing Chapter 3 even though a reduced submission scope was an option available to them. However, many (12/15) financial institutions chose to simplify their disclosures, evidenced by none of the pilot financial institutions fully meeting Requirement 3.1.2.

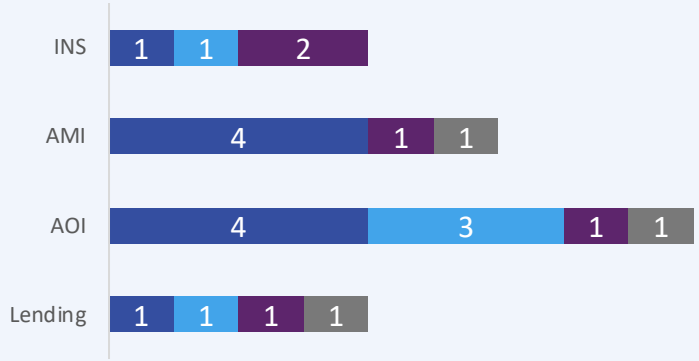
Summary of pilot target submissions

Chapter 3

Pilot Target Submission Insights

Requirements 3.1.2

Split of completed submissions



Methods

- SBTi status
- Implied temperature rise
- Entity-level certification
- Physical intensity benchmark divergence applied to entities and activities

General Overview

All 16 financial institutions provided partial submissions for this chapter, with no financial institutions opting out of testing Chapter 3 even though a reduced submission scope was an option available to them. However, many (12/15) financial institutions chose to simplify their disclosures, evidenced by none of the pilot financial institutions fully meeting Requirement 3.1.2.

Summary of pilot target submissions

Chapter 4

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Pilot Target Submission Insights

Requirement met | *Reasons for non-conformance in decreasing order of significance*

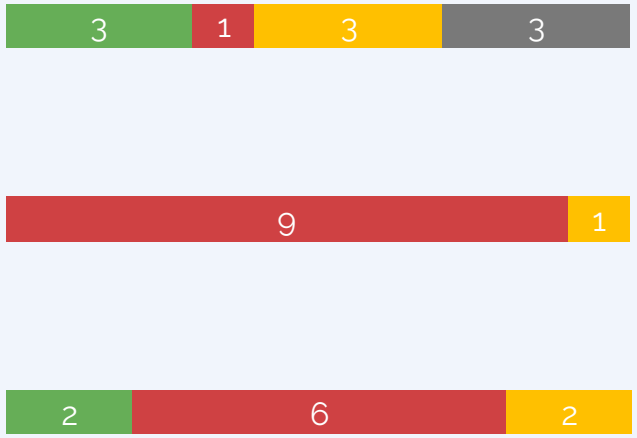
Requirements

4.1.2
Portfolio transparency for emission-intensive activities

4.2.1
Activity-specific metric for emissions-intensive activity baseline

4.3.1
Activity-specific targets coverage

Split of completed submissions



Reasons for non-conformance

- Omit metric submission
- Fail to confirm WTW emissions inclusion or provide rationale, assumption, calculation, supporting document of chosen metric
- Omitted combination of requirements
- Did not submit emission-intensive targets for all required activities
- Submit targets for all activities but used scope 1+2 (absolute) GHG emissions as its physical intensity baseline metric
- Incomplete submission
- Emission-intensive targets cover less than 95% of emissions or provide incorrect figure for demonstrating emission coverage

General Overview

15 of the 16 financial institutions were required to complete this section. However, four of these financial institutions chose to opt out of completing this chapter as part of the option for a reduced submission scope, while 1 FI did not complete this chapter because it disagreed with the requirements.

Among the remaining 10 financial institutions, all provided partial submissions, with none achieving a full submission.

Summary of pilot target submissions

Chapter 4

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

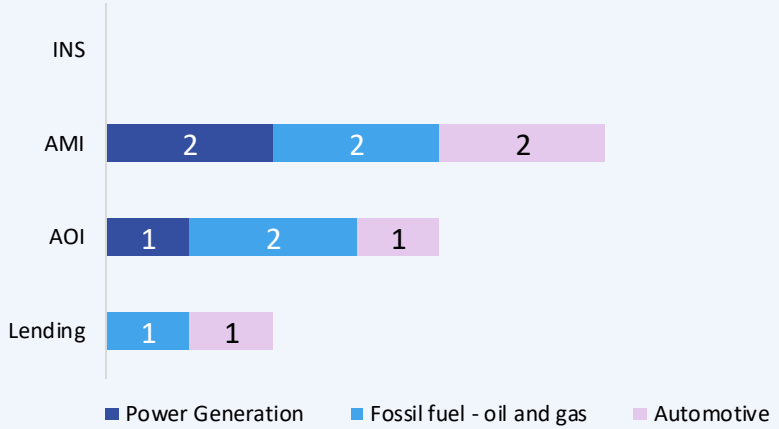
Pilot Target Submission Insights

Requirements 4.3.2

Sector targets and pathways submitted

#of Submitted Physical Intensity targets

of Submitted absolute/technology Intensity targets



General Overview

15 of the 16 financial institutions were required to complete this section. However, four of these financial institutions chose to opt out of completing this chapter as part of the option for a reduced submission scope, while 1 FI did not complete this chapter because it disagreed with the requirements.

Among the remaining 10 financial institutions, all provided partial submissions, with none achieving a full submission. This partial reporting may be due to financial institutions choosing to reduce their workload by reporting fewer emission intensive targets than required to.

Summary of pilot target submissions

Chapter 5

Pilot Target Submission Insights

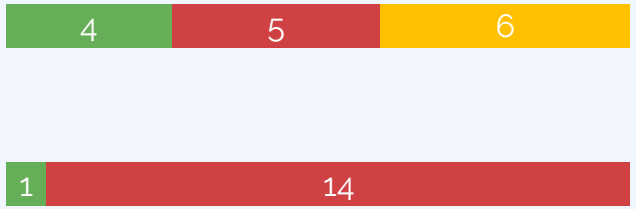
Requirement met | *Reasons for non-conformance in decreasing order of significance*

Requirements

5.1.2
Reporting on targets

5.2.1
Reporting on targets

Split of completed submissions



Reasons for non-conformance

- Opted out of reporting
- Lack of target proposed language for emissions-intensive targets
- Lack of recalculation policy

General Overview

Out of the 16 financial institutions, 15 provided partial submissions, with 1 FI opting out of reporting for this chapter. The primary reason for non-conformance with the requirements of Chapter 5 was the lack of disclosure of a recalculation policy and lack of target language for emissions-intensive targets.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

5. LINKAGE TO OTHER QUALITATIVE PILOT TESTING FEEDBACK*

*received through one to one meetings, pilot testing sessions, emails, etc.

Comparison of pilot testing feedback through survey with other qualitative pilot testing feedback

Chapter 1 Entity-level: Organizational Commitments and Leadership

Section	Key Findings from **Pilot Feedback log (emails, 121s, PT sessions, etc.)**	Comparison with **Pilot Survey Respondents**
1.3.2 Financial activity segmentation	• **Influence Consistency and Definition**: The feedback suggested that investor and lender influence over SMEs and portfolio companies was inconsistently addressed, with the definition of "reasonable influence" being overly restrictive and insufficiently detailed. • **Simplification of Investment Requirements**: Some respondents recommended that investment requirements be simplified, as splitting investments adds no significant value, and lending activities should be classified under limited influence. • **Alignment with Existing Frameworks**: Respondents advocated for better alignment with existing frameworks, emphasizing that a materiality approach consistent with NZAMi was more suitable for managing third-party emissions targets, while PE guidance should align with FINZ for coherence. • **Reduced Stringency for Third-Party Roles**: The feedback highlighted the need to reduce stringency of requirements for advisory roles and third-party mandates to reflect the realistic levels of influence these roles can exert.	• **Categorization of Influence**: Both sources highlighted inconsistencies and challenges in defining and applying influence, particularly for activities like private equity and loans. • **Clarity in Definitions**: The need for clearer definitions and guidance, including sector classifications, asset types, and influence thresholds, was a shared priority across both the feedback log and survey responses. • **Simplification and Alignment**: Both emphasized simplifying requirements, aligning with existing frameworks (e.g., NZAMi, FINT), and refining segmentation methods to improve relevance and applicability. • **Feasibility Concerns**: Practical obstacles in implementing segmentation exercises across diverse financial activities were highlighted in both, with calls for practical support.
1.6.1 Climate Transition Plan	• **Transition Standards and Just Transition**: Aligning standards across frameworks like NZAOA and SBTi was deemed essential to ensure fairness in developing countries. • **Sector-Specific Target Options**: Sector-specific targets should remain optional to provide flexibility and align with protocols like NZAOA. • **Overambitious Goals**: FINZ 2024 Consultation Draft's 2030 goal of 95% Net-Zero for high-impact areas was seen as overly ambitious and restrictive for sectors like Private Equity.	• **Transition Plan Development**: Both highlighted resource and time challenges in developing transition plans, emphasizing the need for a phased or flexible approach to accommodate varying readiness levels. • **Framework Alignment**: Feedback log stressed consistency with frameworks like NZAOA, while survey respondents advocate aligning with TCFD/CSRD and minimizing duplication to streamline reporting. • **Guidance and Transparency**: Both emphasized the need for clearer, standardized guidance, with the survey focusing on transparency and disclosure expectations, while the feedback log highlights inconsistencies in transition standards.
1.7.1 Fossil Fuel Policy (1/2)	• **Focus on New Projects**: The feedback suggests that fossil fuel policies should focus on new projects, aligning with NZAOA's stance, and need for clarifications regarding their inclusion in SBTi disclosures is highlighted. • **Exclusion of Pre-Committed Payments**: Concerns were raised about misclassifying pre-committed payments as "new financial flows," potentially complicating compliance with fiduciary duties.	• **Focus on Adjustments and Clarity**: Both sets of feedback emphasized the need for clarifying terms like "new financial flows" to reduce restrictive impacts and avoid unnecessary adjustments. • **Phased Implementation**: Both suggested phased approaches to ease transitions, with the survey emphasizing varied institutional needs and political complexities..

Comparison of pilot testing feedback through survey with other qualitative pilot testing feedback

Chapter 1 Entity-level: Organizational Commitments and Leadership

Section	Key Findings from **Pilot Feedback log (emails, 121s, PT sessions, etc.)**	Comparison with Pilot **Survey Respondents**
1.7.1 Fossil Fuel Policy (2/2)	• **Costly Compliance Adjustments**: Current definitions were seen to potentially impose costly adjustments to fund structures, reducing the benefits of SBTi validation. • **Proposed Implementation Solutions**: Proposed solutions included limiting "new financial flows" to direct capital issuances, extending deadlines, and aligning timelines with the SBTi Oil and Gas Standards.	• **Policy Scope Flexibility**: While both addressed fossil fuel exclusions, the survey highlights detailed differentiation (e.g. coal types) and engagement strategies, whereas the feedback log prioritizes direct capital issuances. • **Balancing Fiduciary Duties**: Both acknowledged challenges of policy restrictions potentially conflicting with fiduciary or operational priorities.
1.7.2 Long-lived high-emitting assets policies	• **Data and Resource Constraints:** Financial institutions faced challenges obtaining sector-specific data and developing expertise due to resource limitations, impacting the feasibility of tracking and setting targets across multiple complex pathways. • **Sector-Specific Target Flexibility:** Respondents suggested making sector-specific targets optional or tied to minimum exposure thresholds, ensuring realistic implementation. • **Concerns with Intensity Metrics:** Feedback recommended removing base year intensity requirements for high-impact sectors due to inconsistent data availability. • **Adaptability in Policies:** Practical flexibility was urged to avoid overly restrictive policies, reflecting realistic capabilities and diverse sectoral needs.	• **Shared Feasibility Concerns:** Both emphasized resource constraints, data challenges, and difficulties in implementing sector-specific targets, calling for clearer guidance and alignment with established frameworks. • **Sectoral Flexibility:** While both stressed flexibility, survey respondents focused on Development Financial Institutions, just transition support, and timelines, highlighting the need to account for developing regions and varied sectoral realities. • **Differences in Emphasis:** The feedback log prioritized dropping base year intensity metrics and reducing sector-specific requirements, while survey respondents advocate for clearer definitions, inclusion of additional sectors, and avoiding "tick-box" approaches to monitoring policies.
1.7.3 No-deforestation and conversion-free policy	• **Clarification of Scope:** The feedback emphasized the need to clarify that the no-deforestation policy applies to financial institutions' portfolios, not their operations, and to specify actions required of portfolio companies, such as policies or accreditations. • **Expectations for Portfolio Companies:** Respondents requested clearer, more prescriptive guidance on the actions portfolio companies must take, ensuring alignment with biodiversity and "do no harm" principles.	• **Data and Monitoring Challenges:** Both sources highlighted difficulties with monitoring deforestation impacts due to reliance on third-party data like Forest500, which lacks coverage and identifiers, increasing operational burdens. Survey responses further recommend collaboration with data providers for comprehensive solutions. • **Flexibility and Phased Implementation:** While both sources stressed flexibility, survey respondents emphasize phased timelines for policy implementation while feedback log responses focus more on clarifying the scope and requirements for portfolio companies. • **Alignment with Standards:** Both advocated alignment with frameworks like the EU Deforestation Regulation. The survey highlights specific terms needing definition, such as "commodity-driven deforestation" and "natural forest," to avoid conflicting interpretations.

Comparison of pilot testing feedback through survey with other qualitative pilot testing feedback

Chapter 1 Entity-level: Organizational Commitments and Leadership

Section	Key Findings from **Pilot Feedback log (emails, 121s, PT sessions, etc.)**	Comparison with Pilot **Survey Respondents**
1.7.4 Policy for higher climate impact activities with limited influence	• **Limited Influence Activities:** Respondents highlighted that lending and shifting shareholding in private equity often limit influence over emissions management, making strict policies impractical. • **Differentiation in Asset Classes:** Concerns were raised about the lack of differentiation in asset classes under private equity, which complicates aligning policies with varying levels of influence across portfolios.	• **Shared Concerns on Influence and Feasibility:** Both sources emphasized limited influence over certain financial activities, with the survey adding challenges in obtaining data for non-listed SMEs and individual clients. • **Policy Flexibility and Timing:** Both datasets advocated for flexibility in policy implementation, with survey respondents specifically recommending phased approaches and maintaining the requirement as a recommendation. • **Sectoral and Geographic Adaptations:** While feedback log responses focused on operational challenges, survey respondents highlight the need for regional and sector-specific policies to address unique challenges and opportunities.
Chapter 1 [Other feedback] on (Entity-level: Organizational Commitments and Leadership)	• **Reasonable Influence Clarifications:** Respondents highlighted unrealistic assumptions about asset managers' influence over investments and suggest clearer definitions and thresholds for engagement and ownership. • **Simplified Categorization:** Recommendations included grouping all assets under an "Investing Manager" category to reduce complexity and maintain consistency. • **Operational Feasibility Concerns:** Calls were made to revise assumptions on portfolio emissions trends, lifetime mortgages, and limited influence policies to better align with real-world challenges. • **Clarity in Definitions and Boundaries:** Feedback emphasized the need for clearer definitions of reasonable influence, activity boundaries, and specific requirements for various financial activities.	• **Shared Challenges:** Both highlighted ambiguity in definitions, limited influence over investments, and the need for simpler target-setting frameworks. Calls were also made for clarity on "financial flows" and sector-specific treatment are consistent. • **Differences in Emphasis:** Survey respondents focused on decarbonization incentives, privacy constraints, and alignment with global GHG standards. The feedback log stressed grouping assets, redefining influence criteria, and addressing feasibility of splitting investments.
Annex A - Influence	• **Need for Guidance on Table 9 (Private Equity):** Respondents requested detailed guidance for interpreting investment activity classifications, particularly for private equity, to enhance applicability. • **Inclusion of Supply Chain and Construction Phases:** Feedback emphasized expanding emissions-intensive activities to include suppliers and construction phases, particularly in real estate projects.	• **Clarification and Granularity:** Both datasets stressed the need for clearer definitions and nuanced classifications for influence levels, proposing additional granularity (e.g., "High, Medium, Low"). • **Challenges with Scope and Operational Control:** Similar concerns were raised about the difficulty in applying influence concepts to scenarios with limited control, such as syndicated insurance or mutual funds. • **Alignment with Existing Standards:** Both groups highlighted the importance of aligning influence definitions and thresholds with established frameworks, especially concerning SMEs.

Comparison of pilot testing feedback through survey with other qualitative pilot testing feedback

Chapter 1 Entity-level: Organizational Commitments and Leadership

Section	Key Findings from **Pilot Feedback log (emails, 121s, PT sessions, etc.)**	Comparison with Pilot **Survey Respondents**
Annex B - Climate Impact, Table 11	• **Inclusion of Renewable Energy:** Respondents expressed that clarity was needed regarding the inclusion or exclusion of renewable energy within emissions-intensive sectors in Table 11, as its omission creates ambiguity for financial institutions.	• **Scope and Classification Alignment:** Both groups highlighted the importance of consistency in sector classifications, recommending alignment with established taxonomies such as NACE, GICS, and GCEL to prevent discrepancies. • **Challenges in Value Chain Definitions:** Respondents from both the log and survey noted difficulties in scoping entire value chains (e.g., fossil fuels or construction), requesting greater guidance and clearer activity definitions.

Chapter 2 GHG Accounting: Exposure and Portfolio Emissions

2.1.2 Transparency on Data Quality	• **Structured and Identifiable Data Needs:** Respondents emphasized the necessity for structured, downloadable data with company identifiers (e.g., ISIN, LEI) to enable effective portfolio mapping and analysis. • **Limitations of Existing Data Sources:** Feedback highlighted the inadequacy of current SBTi-recommended data sources (e.g., Forest 500, Global Canopy) due to their lack of structured identifiers and limited sectoral data, such as in shipping. • **Proposed Solutions:** Suggestions included engaging ESG data providers to integrate relevant data with identifiers and establishing clear thresholds for evaluating company performance.	• **Shared Challenges with Data Providers:** Both sets of feedback pointed to issues with current third-party data, emphasizing gaps in data quality and alignment with PCAF standards. Survey responses specifically called for guidance on using such data and enabling alignment with methodologies. • **Requests for Flexibility in Quality Scoring:** While the feedback log focused on structured data requirements, survey respondents suggest allowing custom quality scoring to accommodate diverse methodologies. • **Alignment with Global Standards:** Survey respondents highlighted the need for SBTi alignment with international frameworks like ISSB and GRI, while the feedback log called for clearer application guidance and data provider engagement.
2.1.3 Full absolute GHG emissions inventory	• **Phased Implementation for GHG Inventory:** Respondents proposed delaying the full GHG emissions inventory for higher climate impact entities to year 3 or 5 to reduce the initial burden. • **Data Structuring Requirements:** There was a strong need for structured, downloadable data with unique identifiers like ISINs to facilitate efficient portfolio mapping and reporting. • **Clarity on Assurance Levels:** Feedback called for clearer guidance on whether third-party assurance for GHG emissions data requires full or limited verification.	• **Data Quality and Standardization:** Both sets of feedback stressed the importance of aligning with PCAF and ISSB standards for consistent reporting. Survey respondents additionally recommended phased targets and segmented reporting by asset class. • **Guidance on Scope and Assurance:** While the feedback log sought for clarity on assurance levels, survey respondents requested detailed guidance on Scope 3 categories, and phased approaches to address data quality concerns. Both highlighted the importance of gradual improvements in data quality over time.

Comparison of pilot testing feedback through survey with other qualitative pilot testing feedback

Chapter 2 GHG Accounting: Exposure and Portfolio Emissions

Section	Key Findings from **Pilot Feedback log (emails, 121s, PT sessions, etc.)**	Comparison with Pilot **Survey Respondents**
2.1.1 Baseline accounting of GHG emissions	• **Delayed Baselining Requirements:** Respondents proposed delaying baseline assessments for higher climate impact entities to year 3 or 5 instead of the base year to ease initial implementation burdens. • **Alignment with Industry Standards:** Feedback stressed the importance of using leading industry standards for intensity calculations but highlights the challenge of requiring financial institutions to learn sector-specific methodologies like SBTi Steel Guidance.	• **Baselining Challenges and Flexibility Needs:** Both sources emphasized the difficulty of immediate baseline reporting due to data availability and quality issues. Survey respondents recommended conditional baselining based on thresholds, while feedback log respondents advocate for delayed implementation timelines. • **Clarity in Standards and Scope:** Both datasets stressed the need for clearer definitions and standards. The feedback log emphasized alignment with leading industry frameworks, while survey respondents request clarification on applicable Scope 3 categories and reporting standards like PCAF. • Additionally, survey respondents called for guidance on data quality improvement and acceptance of GHG estimations, especially where data gaps exist.
2.2.1 Fossil fuel related financial activities	• **Clarity on Fossil Fuel Policy Requirements:** Respondents sought guidance on whether the fossil fuel policy should be a stand-alone document or integrated as part of broader SBTi disclosures.	• Feedback log sought for clarity on **the inclusion of fossil fuel policy in the disclosure**, while survey respondents expressed concerns about publicly disclosing sensitive fossil fuel related data, recommending confidential submissions. They also suggested setting minimum thresholds for fossil fuel exposure. • **Additionally,** survey responses emphasized challenges in methane-specific data reporting and industry classification, and also called for alignment with existing frameworks.

Comparison of pilot testing feedback through survey with other qualitative pilot testing feedback

Chapter 3 Portfolio Climate-Alignment Targets

Section	Key Findings from **Pilot Feedback log (emails, 121s, PT sessions, etc.)**	Comparison with Pilot **Survey Respondents**
3.1.1 Baseline of climate-aligned activities	• **Just Transition in Developing Countries:** Respondents stressed the importance of ensuring a just transition in developing countries, balancing GHG emission reductions with critical social needs, such as energy access. They highlighted challenges posed by SBTi pathways for these contexts.	• **Need for Region-Specific Guidance:** Both highlighted the necessity of region-specific requirements for developing countries. The survey responses called for flexibility to address unique challenges tied to just transitions. • **Clarity and Practicality in Methodology:** Feedback log stressed adapting SBTi pathways for feasibility, while survey respondents suggest aligning definitions with existing frameworks and simplifying guidance for broader usability. • **Additionally,** survey respondents favored actionable approaches, like a maturity scale over temperature ratings, to improve practicality and tracking of alignment progress. Survey respondents advocate reliance on certified data providers to ensure consistency.
3.1.3 Scope of assessment of climate-aligned activities	• **Challenges in Developing Countries:** Respondents stated that ensuring climate-alignment particularly challenging in developing countries due to the difficulty of imposing time-intensive requirements on investees with limited capacity.	• **Evolving Methodologies:** Both sources recognized that current methodologies and assumptions are still evolving, with survey respondents advocating for acknowledging limitations and improvements over time. • **Limited Reporting Capacity:** Both datasets highlighted the insufficient knowledge and competencies of investees, particularly SMEs, as a major barrier to climate alignment assessments. • **Additionally,** survey respondents emphasized the importance of standardized methodologies, data access, and reliance on ESG providers, complementing feedback log concerns about feasibility in developing regions.

Comparison of pilot testing feedback through survey with other qualitative pilot testing feedback

Chapter 3 Portfolio Climate-Alignment Targets

Section	Key Findings from **Pilot Feedback log (emails, 121s, PT sessions, etc.)**	Comparison with Pilot **Survey Respondents**
3.2.1 Portfolio climate alignment target	• **Concerns About Milestone Approaches:** Respondents found the milestone-based approach unsuitable for dynamic portfolios like private equity, as it favors already net-zero companies over transitioning ones, hindering real-world impact. • **Ambitious 2030 Targets:** The 95% net-zero or transitioning requirement for high-impact areas by 2030 was seen as overly ambitious and challenging to implement. • **Fossil Fuel Policy Scope:** Suggestions included limiting fossil fuel policies to new or expanded projects to focus on areas of maximum impact. • **SME and Scope 3 Flexibility:** Respondents advocated for less stringent targets for SMEs and optional Scope 3 Category 1-14 disclosures to allocate resources more effectively toward significant emissions sources.	• **Milestone Feasibility and Thresholds:** Both datasets critiqued the practicality of the 2030 milestones, with survey respondents suggesting reduced thresholds (e.g., below 95%) and more flexible timelines. • **Sector-Specific Challenges:** Both emphasized challenges in high-impact sectors, with survey responses further calling for tailored decarbonization timelines to reflect sectoral differences. • **Transition Definitions and Flexibility:** Survey respondents requested clear definitions for "transitioning" companies and propose greater flexibility in asset class and geographic criteria to prevent divestment. • **Strategic Focus:** Survey respondents recommended aligning portfolios with low-carbon companies and prioritizing transitions within carbon-intensive sectors, complementing feedback log calls for pragmatic approaches to net-zero alignment.
Annex C Definition of alignment components (Table 12)	• **Clarification Needs:** Feedback emphasized unclear roles between asset managers and owners, and insufficient guidance in activity and entity-level alignment, including metrics and examples. • **Flexibility in Metrics:** Recommendations included a "comply or explain" approach to address custom metrics and adapting climate-alignment criteria for sectoral and geographic variability. • **Data and Feasibility Challenges:** Reliance on ESG data providers was deemed critical due to resource limitations, with calls for simplified tracking methods for activity level targets.	• **Shared Concerns:** Both sources highlighted their concerns as data limitations, resource constraints, and unclear definitions of transitioning and alignment components, especially for activity level targets. • **Differences in Emphasis:** Survey respondents focus on high-impact sectors, implementation timelines, and sectoral variability, while feedback log prioritizes asset manager roles, entity-level clarity, and adapting alignment metrics for feasibility.
Chapter 3 [Other feedback] on (Portfolio Climate-Alignment Targets)	• **Inconsistent Taxonomy Applications:** Respondents highlighted that predominantly green companies face lower alignment percentages due to non-compliant trading revenues, highlighting the need for refined taxonomy applications. • **SME Influence Disparities:** Variations in investor/lender influence treatment across tables created inconsistencies, particularly for SMEs, necessitating clarification in classification.	• **Shared Concerns:** Both sources identified challenges in translating portfolio assessments into net-zero pathways and emphasize methodology transparency. There were also calls for flexibility in target-setting approaches are echoed in both datasets. • **Differences in Focus:** The feedback log stressed fair treatment for green companies and SME influence clarity, while survey responses prioritize aligning with NZAMI guidance, revising intermediary targets, and simplifying methodologies for actionable insights.

Comparison of pilot testing feedback through survey with other qualitative pilot testing feedback

Chapter 4 Emission-intensive Sector Targets

Section	Key Findings from **Pilot Feedback log (emails, 121s, PT sessions, etc.)**	Comparison with Pilot **Survey Respondents**
4.1.2 Portfolio transparency for emissions-intensive activities – Financial exposure	• **Sector-Specific Classification:** Respondents suggested treating buildings as a separate asset class to prevent misclassification when portfolio companies lease real estate, as this can obscure emissions attribution. • **Guidance on Residential and SME Sectors:** Feedback recommended enabling upgrades in emission intensity and flexibility in influence levels for residential and SME loans to reflect their emissions-intensive nature accurately.	• **Simplification and Clarity:** Survey responses called for combining related activities (e.g., LND, AOI) under simplified reporting requirements, complementing feedback log requests for clearer sector-specific guidelines. • **Metric and Sector Scope Enhancements:** Survey respondents advocated for reporting financed emissions rather than solely financial metrics and suggest expanding high-emitting sector definitions to include areas like Waste-to-Energy (WtE), while feedback mentions specific recommendations for real estate and SME lending. • Additionally, survey respondents highlighted risks of disclosing sensitive information, recommending confidential data-sharing for FINZ validation. Feedback log suggestions align, emphasizing structured, secure reporting mechanisms.
4.2.1 Activity-specific metric for emissions-intensive activity baseline	• **Data Availability Challenges:** Respondents highlighted significant difficulties in obtaining sector-specific activity data for emissions-intensive activities, suggesting that base year intensity assessments be removed due to limited data coverage. • **Sector-Specific Metric Concerns:** Feedback stressed the impracticality of assigning detailed metrics to portfolios, with a call to prioritize simpler or alternative measures.	• **Shared Data Gaps:** Both datasets emphasized substantial data availability issues, with survey respondents pointing to high costs, data gaps, and a lack of standardized metrics as barriers to implementing baseline assessments. • **Flexibility in Metrics Application:** Survey respondents advocated for greater flexibility in metric selection, recommending the use of relevant metrics rather than mandating all eligible options, complementing feedback log suggestions to reduce reporting burdens. • **Clarifications on Sector Scope:** Both datasets called for clearer guidance on what activities or sectors are in scope, particularly for renewable energy within power and other emissions-intensive sectors.

Comparison of pilot testing feedback through survey with other qualitative pilot testing feedback

Chapter 4 Emission-intensive Sector Targets

Section	Key Findings from **Pilot Feedback log (emails, 121s, PT sessions, etc.)**	Comparison with Pilot **Survey Respondents**
4.3.1 Activity-specific targets coverage	• **Workload and Complexity:** Defining intensity targets across multiple sectors was seen as overly burdensome, with concerns about resource limitations and varying data maturity levels across geographies. • **Flexibility and Feasibility:** Respondents advocated for optional sectoral targets or thresholds to reduce the workload, particularly for sectors where granular data is unavailable or costly.	• **Data Gaps and Feasibility Challenges:** Both datasets emphasized significant challenges with data quality, especially for Scope 3 emissions and emerging markets, alongside high costs for comprehensive data access. • **Concerns Over Ambition Levels:** Survey respondents echoed feedback on the ambitious GHG coverage target of 95%, suggesting a lower, more achievable threshold of 80–90%. • **Alignment with Existing Initiatives:** Both datasets recommended leveraging targets and methodologies consistent with other climate initiatives to streamline implementation.
Annex D Table 17 Eligible activity level metrics and pathways	• **Clarity in Targeting Tools:** Feedback called for clear guidance on the applicability of CRREM versus SDA tools for the real estate sector, highlighting limitations of the SDA tool for rapidly growing funds. • **Optionality in Pathway Use:** Respondents recommended explicitly allowing the use of CRREM as an optional pathway for setting real estate targets, ensuring flexibility in target alignment.	• **Challenges:** Both highlighted the need for clear definitions, sector-specific flexibility, and accessible metrics, with a shared focus on improving data alignment for feasibility. • **Differences in Emphasis:** The feedback log focused on clarifying SDA versus CRREM use, while survey respondents stress regional pathway gaps, data accessibility, centralized solutions, and tailored metrics for emerging sectors like aviation and renewable energy.
Chapter 4 [Other feedback] on (Emissions-intensive Sector Targets)	• **Data Availability and Feasibility:** Feedback suggested a gradual inclusion of physical intensity targets for emissions-intensive sectors, with ambitious alignment targets phased in by 2030-2035 to allow for improved data coverage. • **Resource Constraints:** Tracking emissions intensity targets across multiple sectors was deemed unmanageable with current resources, highlighting the need for prioritization and simplification.	• **Shared Challenges:** Both emphasized high data and resource demands for emissions-intensive sectors, calling for extended timelines, streamlined data solutions, and alignment with industry standards like ISSB. • **Differences in Focus:** The feedback log emphasized phasing in physical intensities and prioritizing alignment targets, while survey respondents advocate for optionality in SDA, setting materiality thresholds, and extending target deadlines by at least five years.

Comparison of pilot testing feedback through survey with other qualitative pilot testing feedback

Chapter 5 Reporting

Section	Key Findings from **Pilot Feedback log (emails, 121s, PT sessions, etc.)**	Comparison with Pilot **Survey Respondents**
5.1.1 Reporting requirements	• **Alignment with Existing Standards:** Respondents emphasized the need to harmonize FINZ 2024 Consultation Draft reporting requirements with established frameworks like ISSB and CSRD to promote interoperability and reduce redundancies. • **Simplification and Feasibility:** Concerns were raised about the extensive reporting requirements, suggesting alternative metrics and a focus on critical disclosures to enhance compliance feasibility.	• **Reporting Burden and Complexity:** Both datasets highlighted challenges with the complexity of FINZ 2024 Consultation Draft reporting, emphasizing the need for clarity and simplification. • **Alignment Recommendations:** Both respondents echoed the need to align FINZ reporting with existing standards like TCFD and ISSB, while also advocating for flexibility, such as a "comply or explain" approach.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

6. LINKAGE TO PUBLIC CONSULTATION

Introduction

Comparing Pilot Testing and Public Consultation Feedback

Purpose of this Chapter

This section of the summary provides a comparative analysis of feedback received from the Pilot Testing (Aug 19 – December 3, 2024) and Public Consultation (Jul 24 – Oct 11, 2024) conducted for the FINZ 2024 Consultation Draft, as these processes run in parallel for this draft. Both processes were instrumental in refining the standard by gathering insights from diverse stakeholders.

Distinct Focus of Pilot testing and Public consultation

The Public Consultation (PC) engaged a broad audience, also including stakeholders beyond financial institutions to assess the public's perspective on selected requirements and recommendations. Feedback was gathered through a structured survey with close-ended and open-ended questions. In contrast, the Pilot Testing (PT) focused exclusively on financial institutions, seeking their input on the feasibility of all requirements and recommendations. It also included the submission of mock targets, enabling a deeper exploration of practical applicability.

Key Observations

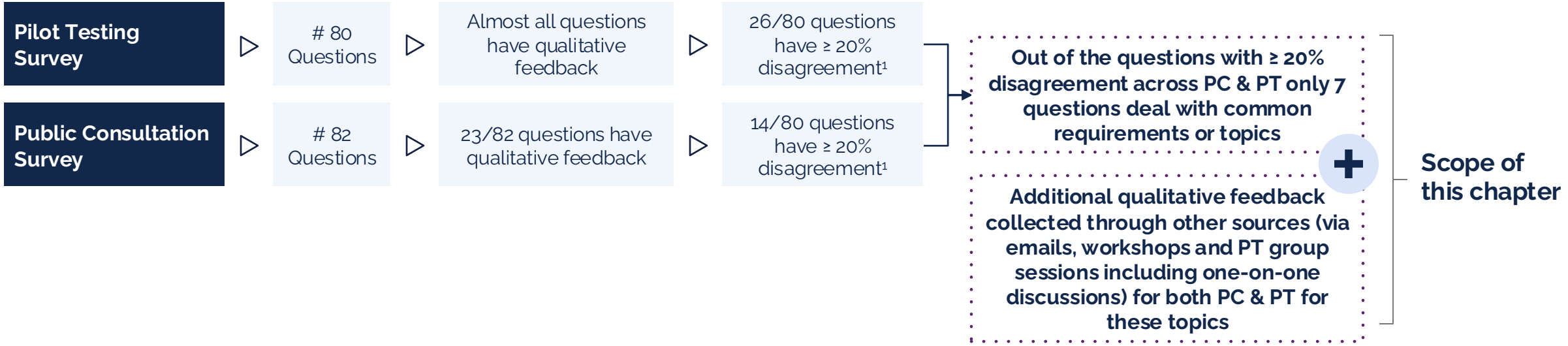
The comparison highlights complementary insights. The PC provided a wide-ranging perspective on the clarity and alignment of the draft, while the PT offered a granular understanding of feasibility and implementation challenges from the FI perspective. Both processes collectively informed the iterative development of the FINZ Standard, ensuring it is both ambitious and actionable across financial activities.

Pilot test (PT) survey vs. public consultation (PC) survey feedback

Rationale for the sections covered from the FINZ 2024 Consultation Draft

The sections covered under this chapter are based on the approach as described in the diagram below. Out of total 80 and 82 questions from PT and PC survey respectively, **the common questions which contains both the qualitative feedback and have ≥ 20% disagreement, are compared and analyzed** and presented in this section.

The analysis **covers topics like financial activity segmentation, fossil fuel, and deforestation policies and requirements on target-setting methodologies.**



*Note: PC = Public Consultation; PT = Pilot Testing; **1.** Detailed deep dive analysis for qualitative feedback was performed only for questions with ≥ 20% disagreement*

Chapter 1: Entity-level: Organizational Commitments & Leadership

Key Insights

The PC[1] and PT[2] feedback highlighted key challenges in implementing segmentation, fossil fuel, and deforestation policies, driven by **unclear definitions** like "reasonable influence" and "commodity-driven deforestation." Alignment with **FINT** and other standards such as **EU Deforestation Regulation**, along with addressing data gaps like the lack of ISINs for portfolio screening, was seen as essential to overcoming these barriers.

Logistical constraints, particularly for smaller institutions and developing regions, underscored the need for **phased approaches**. Respondents of both PC and PT survey advocated **prioritizing high-impact sectors** or commodities and **favor engagement strategies over exclusions** in context of the fossil fuel and deforestation policies, allowing time for **gradual alignment.**

Socio-economic considerations were considered vital for equitable transitions, with calls for phased rollouts to support affected communities.

Clear definitions, transparent data-sharing mechanisms, and alignment with existing standards were deemed key to ensuring policies are both practical and effective in driving climate action.

Section	Similarities	Complementary Aspects of PC/PT feedback
1.3.2: Financial activity segmentation	• **Definition of Influence** - Highlighted challenges in defining "reasonable" and "limited" influence, with requests for more precise definitions to capture nuanced control across financial services. • **Segmentation Criteria Refinement** - Suggested clearer segmentation criteria, such as including thresholds for revenue contributions and aligning definitions guidance such as FINT v2.0. • **Practical Improvements** - Emphasized tools like clearer navigation, links to tables, and use of classification systems like GICS to simplify segmentation exercises.	• **Private Equity and Influence Criteria** - PC suggested criteria based on ownership percentage, board seats, and influence levels. • **Scope and Accountability** - PC raised concerns about excluding sovereign bonds and passive investments, warning these omissions create accountability gaps. PT did not focus on exclusions. • **Regional Constraints** - PC highlighted legal and market-specific constraints for lending and insurance, • **Confidentiality -** PT suggested confidentiality measures to promote disclosure.
1.7.1: Fossil fuel policy	• **Unclear Definitions** - Both PC and PT highlighted ambiguity in terms like "financial flows," "new coal projects," and "thresholds," recommending greater specificity to aid policy implementation. • **Implementation Challenges** - Feedback from both PC and PT cited operational and logistical difficulties, especially in developing regions or for smaller institutions, suggesting phased approaches and flexibility. • **Phased Approaches and Granularity** - Both PC and PT proposed phased implementation of fossil fuel policies to ease transition, suggesting granularity in policy design to address diverse financial activities and asset classes.	• **Focus on Just Transition** - PC emphasized socio-economic considerations and fairness for communities reliant on fossil fuels, while PT focused on operational and regional complexities without such social framing. • **Engagement vs. Divestment** - PT suggested sustained engagement strategies with fossil fuel companies to support their transition, whereas PC also captured stricter exclusions and phased reductions for high-emission sectors. • **Policy Scope -** PC emphasized the inclusion of indirect emissions and additional sectors like AFOLU to enhance coverage, while PT focused on refining definitions and addressing feasibility within existing scopes.
1.7.3: No-deforestation and conversion-free policy	• **Unclear Definitions and Monitoring Challenges** - Both PC and PT stressed the need for clear definitions of "commodity-driven deforestation" and robust guidance for monitoring to ensure effective implementation. • **Data Limitations** - Feedback from both PC and PT highlighted the lack of reliable, actionable data sources for portfolio-level analysis and calls for standardized data-sharing mechanisms. • **Phased Implementation** - Both suggested phased approaches, focusing initially on high-impact commodities or regions, with flexibility for smaller institutions or less developed areas.	• **Regional and Social Considerations** - PC emphasized socio-economic impacts, just transitions, and the challenges for developing regions, while PT focused more on institutional capacity and technical barriers. • **Engagement vs. Broad Exclusions** - PT suggested engagement strategies with smaller companies and phased alignment for other sectors, while PC leaned towards comprehensive policy coverage and broader exclusions. • **Policy Scope and Complexity** - PC called for refining policy scope to include broader deforestation activities and related sectors like AFOLU, while PT critiqued the generality of no-deforestation policies, favoring commodity-specific approaches.

Note 1 & 2 : PC = Public Consultation; PT = Pilot Testing

Chapter 3: Portfolio Climate-Alignment Targets

Key Insights

Respondents across PC and PT emphasized the importance of flexibility, clarity, and tailored support in implementing the FINZ Consultation Draft. Key feedback highlighted **challenges with feasibility, sector-specific alignment, and regional considerations**, particularly for high-impact sectors and institutions in developing countries.

Both respondents emphasized the need for **flexibility in milestones, clearer definitions, scalable support for smaller institutions**, and sector-specific guidance. Concerns from PT respondents included 95% alignment targets' feasibility while PC respondents highlighted the practicality of linear milestones.

Feedback on Annex C from both the respondents emphasized **phased timelines, sectoral differentiation, and clearer definitions**. PC respondents stressed on expanding sectoral targets while PT respondents recommended revising net-zero requirements for developing countries.

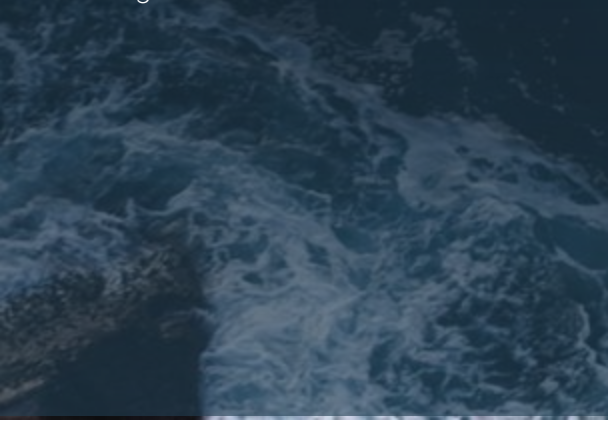
Section	Similarities	Complementary Aspects of PC/PT feedback
3.2.1: Portfolio climate alignment target	• **Flexibility in Milestones** - Both PC and PT emphasized the need for flexible timelines and thresholds, particularly for high-impact sectors, low-influence activities, and non-OECD regions. • **Clear Definitions and Guidance** - Both highlighted the need for precise definitions of terms like "net-zero" and "transitioning," along with practical guidance to avoid inconsistent applications. • **Implementation Support** - Both called for phased implementation, sector-specific tracking, and additional resources or templates to help institutions meet climate-alignment targets.	• **Regional Focus** - PC emphasized just transition principles and tailored targets for non-OECD regions, while PT feedback highlighted the requirement of government intervention (like mandating efficiency ratings or removal of gas boilers) for asset classes like mortgages. • **Ambition Levels** - PT raised concerns about the practicality of 95% alignment targets by 2030, favoring reduced thresholds. PC critiqued the feasibility of linear growth milestones and calls for sector-specific tracking. • **Institutional Capacity** - PC highlighted challenges for smaller institutions and those in emerging markets, suggesting scalable solutions, while PT focused on asset-class-specific flexibility.
Annex C, Table 15: Defining alignment at Entity and Activity Level	• **Flexibility in Milestones** - Both PC and PT emphasized phased timelines, sectoral differentiation, and regional considerations, particularly for high-impact sectors and non-OECD regions. • **Clear Definitions and Standards** - Both called for clearer definitions of terms like "credible taxonomy" and alignment with certifications or frameworks to ensure transparency and consistent application. • **Implementation Support** - Both highlighted the need for tailored approaches, scalable solutions, and guidance for financial institutions to manage data complexities and sector-specific challenges effectively.	• **Sectoral Inclusion** - PC highlighted the need to expand coverage to sectoral targets like chemicals and mining, emphasizing comprehensive alignment with climate goals. • **Developing Country Adjustments** - PT recommended revising net-zero requirements for developing countries, while PC highlighted regional flexibility without specific reference to net-zero thresholds.

Chapter 4: Chapter 4 Emission-intensive Sector Targets

Key Insights

Both PC and PT respondents advocated for comprehensive value chain coverage and **clearer sector definitions** to prevent loopholes. PC emphasized **expanding to high-emitting sectors like agriculture**, while PT highlighted refining coal value chain classifications and prioritizing **engagement over divestment** in fossil fuel activities.

Both PT and PC stressed the need for sectoral expansion, alignment with global standards, and addressing feasibility challenges. PC emphasized regional target variations and granularity in definitions, while PT highlighted the need for practical support and overcoming technological and sectoral barriers.



Section	Similarities	Complementary Aspects of PC/PT feedback
Annex B, Table 11: List of emissions-intensive sectors and activities	• **Comprehensive Value Chain Coverage** - Both PT and PC emphasized addressing the full emissions scope, including overlooked areas like construction and raw materials, for a holistic climate impact strategy. • **Need for Clearer Definitions** - Both groups stressed the importance of precise sector definitions to avoid loopholes and ensure consistent application of the standard. • **Sector-Specific Approaches** - Both highlighted the need for tailored metrics, pathways, and realistic timelines to address the unique challenges of high-emitting and complex sectors.	• **Sectoral Expansion** - PC advocated for the inclusion of agriculture, chemicals, and other high-emitting sectors, while PT focused on refining existing value chain (particularly coal) definitions and classifications. • **Engagement vs. Divestment** - PT emphasized prioritizing engagement strategies over divestment in fossil fuel related activities, especially where companies may shift their focus based on market demand, • **Global Standards Alignment** - PC strongly called for alignment with established frameworks like the EU Climate Benchmark regulations, whereas PT focused more on sector-specific taxonomies like NACE and GICS.
4.3.2: Activity specific target ambition	• **Sectoral Inclusion** - Both PT and PC highlighted the importance of expanding emissions-intensive sectors to include agriculture, construction, and chemicals for comprehensive climate action. • **Feasibility Challenges** - Both emphasized the practical and resource constraints of granular target-setting and the complexity of using sector-specific benchmarks effectively. • **Alignment with Standards** - Both groups recommended aligning metrics and classifications with global frameworks like EU Climate Benchmarks or sectoral initiatives for consistency.	• **Regional Variations:** PC respondents highlighted the need for regional differentiation in targets, given varying decarbonization speeds**.** • **Granularity in Definitions** - PC emphasized the need for detailed sector delineations to avoid loopholes. • **Support Needs** - PT stressed the need for practical support in terms of resources and guidance, whereas PC highlighted the importance of addressing technological (example high cost of EVs in motor vehicles sector etc.) and sectoral barriers (example lack of reliable climate risk data for insurance) to feasibility.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

ANNEX I: PILOT TARGET SURVEY TEMPLATE EXCERPT

Pilot testing survey template

Requirement Number | Section	Requirement Topic	Timing	Applicable Financial Activities	Question *Questions captured in the Public Consultation Survey market with (*), see Read me B42*	Requirement text	Assessment *(Please use drop down for assessment; select N/A in case the question is of no relevance to your organization.)*	Explanation / Reasoning *(especially add an explanation if you select (Strongly) Disagree/Infeasible*	Feedback / Suggested Improvements *(Please provide suggestion based on potentially challenges you identified in column H)*
Chapter 1 - Entity-level: Organizational Commitments and Leadership								
A) Chapter 1 - Entity-level: Organizational Commitments and Leadership - Feasiblity Assessment of Requirements								
1.1.1	Entity organizational details	At Commitment	LND, AOI, AMI, INS, CMA	How would you assess the feasibility?	financial institutions shall disclose relevant organizational details in their net-zero commitment.	N/A 1 - Strongly Infeasible 2 - Infeasible 3 - Neutral 4 - Feasible 5 - Strongly feasible	Open text response	Open text response
1.1.2	Entity organizational boundary	At Commitment	LND, AOI, AMI, INS, CMA	How would you assess the feasibility?	financial institutions shall disclose the entities included in their financial reporting.		Open text response	Open text response
1.1.3 (Recommendation)	Parent/Group organizational boundary	At Commitment	LND, AOI, AMI, INS, CMA	How would you assess the feasibility?	financial institutions should establish commitments and targets at the parent- or group level, not the subsidiary level.		Open text response	Open text response
…..								
B) Chapter 1 - Entity-level: Organizational Commitments and Leadership - Additional questions								
Investing	Investment - Segmentation	Year 0	AOI, AMI	How feasible is it that there is no limited influence segmentation for AOI and AMI?			Open text response	Open text response
Investing	Investment - Segmentation	Year 0	AOI, AMI	Should there be any differentiation between managing for institutional investors and private clients or based on the type of mandate (discretionary, advisory, execution-only)?			Open text response	Open text response
…..								

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Other stakeholders

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