

Financial Institutions Net-Zero Standard

July 2024 Consultation Draft

Second Public Consultation Feedback
Report

June 2025

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



United Nations
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1. EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

OVERVIEW

The public consultation of the SBTi Financial Institutions Net-Zero Standard Vo.1 (FINZ 2024 Consultation Draft) was open from July 24 to October 11, 2024, and was the second consultation in the development of the FINZ Standard v1.0.

It received good participation, with 159 survey responses and 165 feedback comments from other sources. Regional participation was primarily European, similarly to the first public consultation during 2023. There was a disparity in responses between civil society and financial institutions, with civil society organizations commenting that some parts of the FINZ 2024 Consultation Draft should be more ambitious and financial institutions highlighting challenges in implementing certain aspects of the consultation draft.

Positive feedback

Overall, the SBTi received positive feedback on the five key components of the FINZ 2024 Consultation Draft, including:

- General acceptance of the staggered approach to greenhouse gas (GHG) emissions inventory.
- General agreement with the concept of climate alignment targets and the milestone approach.
- Support for transition plans to be included as a requirement.
- Positive sentiment on the emission-intensive sector targets approach across all financial activities.
- Overall agreement with the reporting requirements.

Areas requiring further consideration

In addition to positive feedback, some stakeholders highlighted areas for additional attention, including:

- Segmentation of activities by level of influence and climate impact, especially for private equity firms and insurers.
- Fossil fuel policies, as financial institutions foresee challenges with implementation.
- The ambition level of climate-alignment targets, suggesting a more flexible approach, with consideration for regional differentiation.
- Stated preference for higher granularity in the definition of 'climate-aligned financing' and flexibility in metric selection.
- The inclusion of absolute emission metrics, alongside physical intensity metrics, and expanded coverage across sectors, such as agriculture and chemicals.
- The need for a clearer distinction for end users regarding when the FINZ Standard applies.

EXECUTIVE SUMMARY

REOCCURRING THEMES

Several recurring themes emerged, underscoring the challenges of developing a universal standard that accommodates a diverse range of financial institutions and other stakeholders,

Desire for granularity and flexibility

On the one hand, respondents wanted more granular and detailed definitions, explanations and guidance. On the other hand, they wanted more flexibility in the guidance. This is a broader challenge that the SBTi has addressed with supporting documents and resources.

Alignment with other standards and regulations

In the highly regulated financial services industry, there was a strong desire to align with evolving standards to avoid the duplication of effort and multiple reporting formats.

Regional variances

In the absence of internationally agreed, geographically differentiated transition plans, stakeholders requested adjustments—whether related to influence over certain governments, fossil fuel policies, or reporting schemes.

Data challenges

Data challenges were not only highlighted in specific regions, but also among groups, such as small and medium-sized enterprises (SMEs), and data for deforestation monitoring,

2. INTRODUCTION

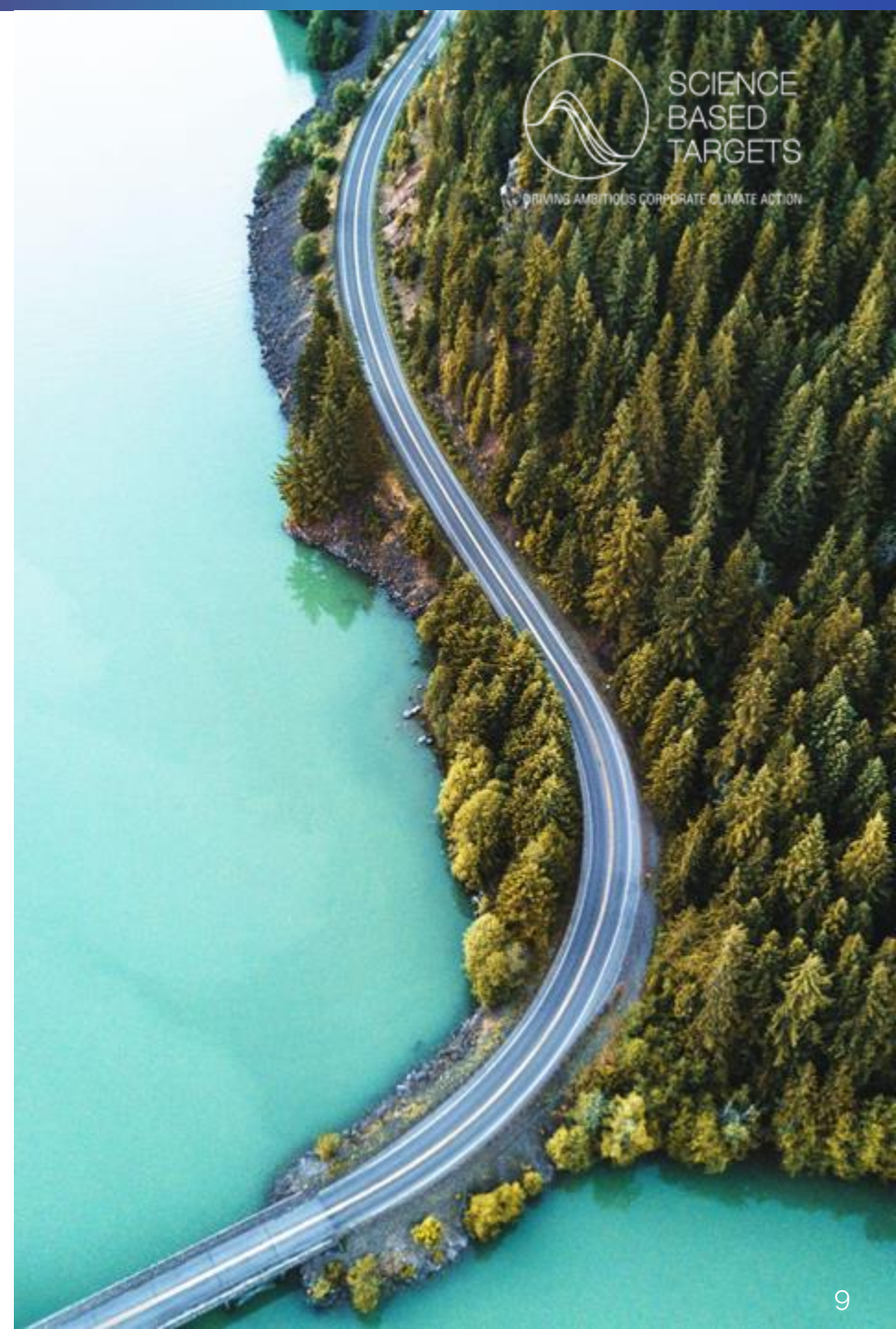
INTRODUCTION

ABOUT THIS DOCUMENT

Receiving stakeholder input through public consultations forms a key step in the development of SBTi Standards. Here we provide a summary of the feedback received on the FINZ 2024 Consultation Draft v0.1 during the 2024 public consultation. It serves to identify any necessary improvements and implementation challenges.

It should be read in conjunction with the FINZ 2024 Consultation Draft Pilot Testing Feedback Summary Report, which provides an overview of feedback received and a summary of pilot target received during the 2024 pilot testing. Both summaries help to inform the development of SBTi's (first version) net-zero standard for financial institutions.

Thank you to all stakeholders that submitted feedback or engaged in any way during this process.



INTRODUCTION

ABOUT THE FINZ STANDARD

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.

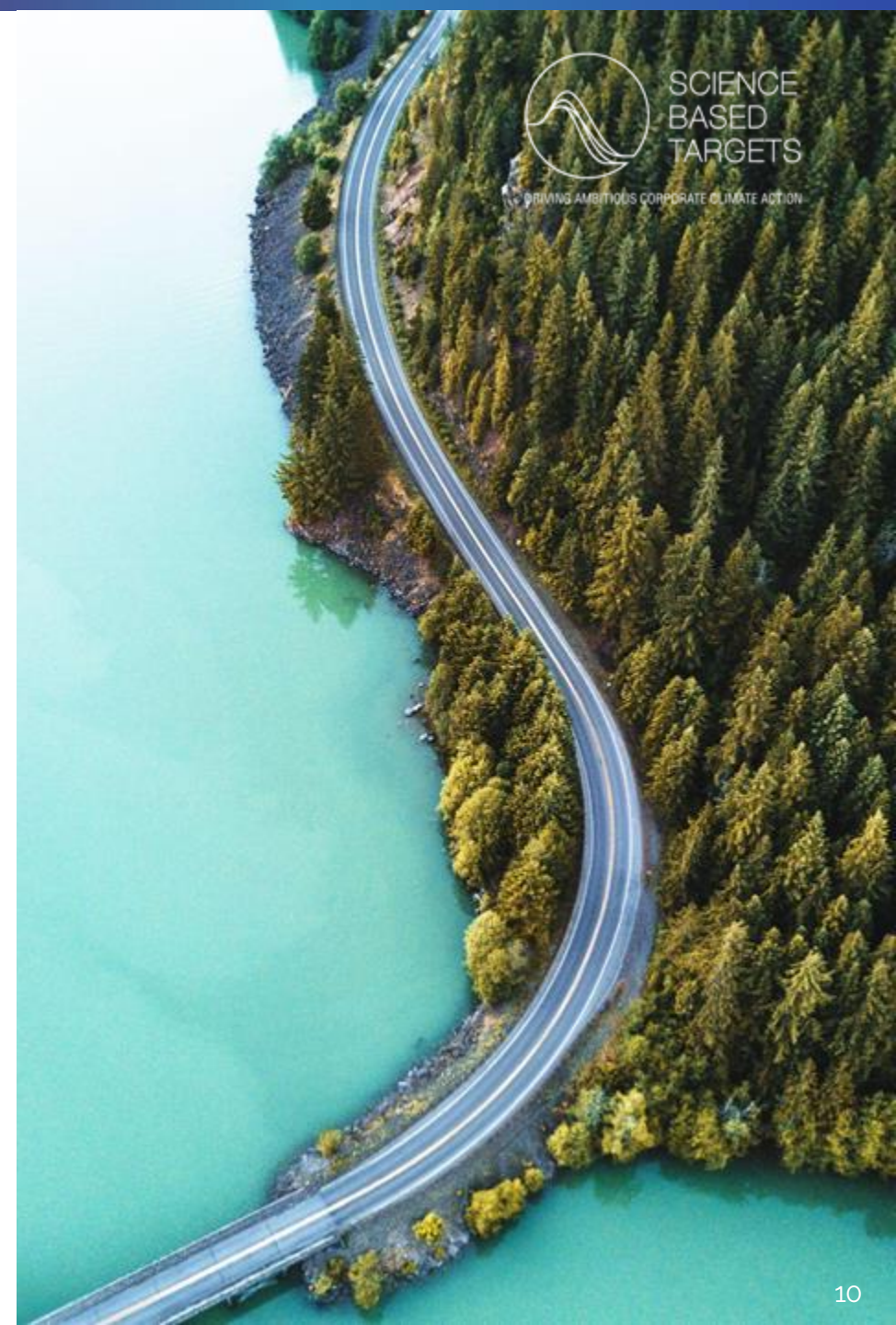
Applicability

The FINZ 2024 Consultation Draft and, once approved, final 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 FIs (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: The SBTi recognizes that emission accounting for some of the financial activities in Scope 3 Category 15 are partially work in progress (e.g., insurance). As such, the FINZ Standard focuses on financial activities for guiding financial institution alignment.



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 in the process.

The overall development of the SBTi FINZ Standard has been conducted in two phases:

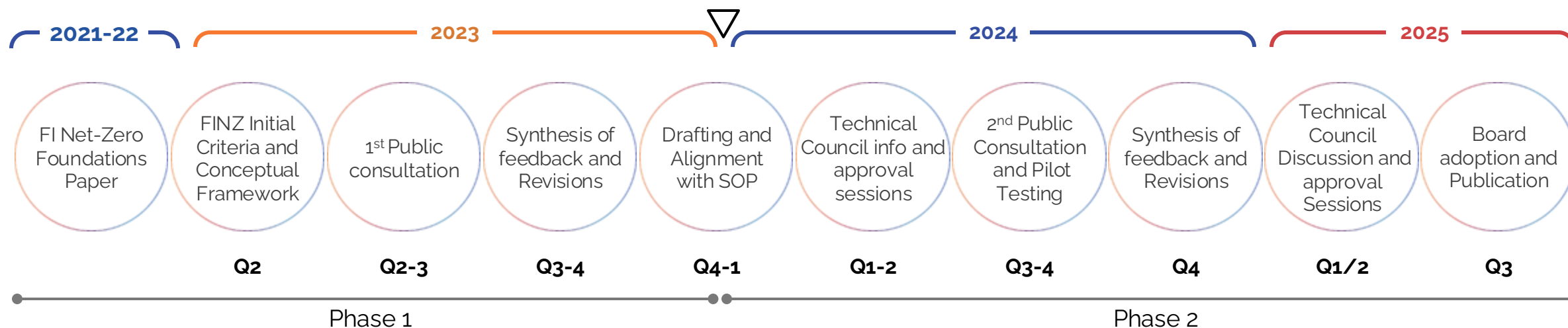
Phase 1 - Preceding the adoption of the SOP

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 the second public consultation.

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](#).

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 FINZ Standard builds upon FINT.

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

financialinstitutions@sciencebasedtargets.org

INTRODUCTION

ABOUT THE 2ND FINZ PUBLIC CONSULTATION

On July 24, 2024, the SBTi published the [FINZ 2024 Consultation Draft](#) for public consultation. The consultation was originally planned to close on September 20, 2024, but following stakeholder requests, was extended to October 11, 2024.¹⁾

This second consultation draft provided the latest thinking on net-zero targets for financial institutions, including criteria and recommendations for:

1. Evidencing entity-level commitments and leadership
2. Determining and identifying exposure and portfolio emissions
3. Portfolio climate-alignment targets,
4. Emissions-intensive sector targets, and
5. Reporting.

Consultation objective

The primary aim of the consultation was to gather input from external stakeholders on the clarity of the FINZ 2024 Consultation Draft and its specific approaches, including evidencing commitment to emissions reductions, as well as setting both

portfolio climate-alignment and emissions targets. It also set out to understand stakeholder views of the SBTi's direction of travel regarding financial institutions and provided an opportunity for the SBTi to engage directly and indirectly with external stakeholders to build support and identify areas of improvement.

Consultation format

During the 80-calendar day consultation period, the public was invited to respond to, and interact with, the FINZ 2024 Consultation Draft in a number of ways, such as:

1. A [consultation survey](#) comprising close-ended questions, open questions asking for explanations or comments, and other multiple-choice questions.
2. [Public webinars](#) providing a walk through of the contents of the FINZ Consultation Draft, explaining the development process and answering questions from stakeholders.
3. Other written feedback
4. [Project feedback form](#)

Note: 1) The first round of public consultation was open for 70 calendar days and 48 business days, from June 15 to August 23, 2023, including an extension.

INTRODUCTION

ABOUT THE 2ND FINZ PUBLIC CONSULTATION

Questions

The [consultation survey](#) covered:

- 28 close-ended questions, which respondents could answer by choosing their level of agreement.
- Open questions, asking for explanations or comments.
- Other multiple-choice questions. The questions were structured along the five key chapters in the FINZ 2024 Consultation Draft.

Additional Public Consultation Sources

Materials relevant for the second public consultation and complementary to the FINZ 2024 Consultation Draft included: [Financial Institutions Metrics and Methods Synthesis V1](#)

Parallel Pilot Testing

It should be noted that the FINZ 2024 Consultation Draft was also 'pilot tested' with a cohort of financial institutions to determine the feasibility of implementation. This was run in parallel with the public consultation, starting on August 19 and ending December 3, 2024. The results of the pilot testing [are summarized here](#). Stakeholders are encouraged to also view the pilot testing summary document, to obtain the full feedback perspective.

INTRODUCTION

ABOUT THE 2ND FINZ PUBLIC CONSULTATION

Process

Following the survey and the analysis provided in the upcoming pages, the stages of our development towards the final version of the Standard include:

1. Further Analysis & Adaptations to the Draft

Based on the feedback collected, SBTi conducted a comprehensive analysis to refine and adapt the draft standard. This process addressed technical challenges and practical concerns raised during consultation, ensuring the standard's feasibility and effectiveness.

2. Involving the Expert Advisory Group (EAG)

The SBTi collaborated closely with the EAG to integrate expert insights and validate proposed changes, ensuring the development of the FINZ Standard aligns with best practices and industry expectations.

3. Technical Council Review and Approval

The Technical Council undertook a rigorous review of the refined standard, providing final assessments to ensure the technical accuracy and applicability of the standard across diverse financial sector contexts.

4. Board approval and adoption

Once the Technical Council approved the standard, the Chief Executive Officer and Chief Technical Officer on behalf of the Technical Council submitted it to the Board for consideration and formal adoption.

5. Publishing the final FINZ Standard for adoption by financial institutions in 2025

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

3. PARTICIPANTS

PARTICIPANTS

Public Consultation Survey

159 stakeholders representing a diverse range of sectors responded to the [public consultation survey](#). Private equity companies were the most frequent FI contributors and NGOs the most frequent civil society contributors.

Among the 159 respondents, 49% were either considering, had committed to, or had validated science-based targets (SBTs).

Geographically, responses were predominantly from the Global North, though the Global South was also represented, including input from Malaysia, Brazil, and India.

The highest ranked country by number of respondents was the United Kingdom (N=30), followed by France and the US. Meanwhile, responses from Africa (N=2) and South America (N=4) were low. Regional representation generally reflected SBTi adoption and was not demographically balanced.

Feedback log (other sources)

SBTi received additional feedback from 163 stakeholders through various media including emails, webinars and supplementary documents. The additional feedback was primarily received from Europe; 44% of feedback providers were Re/Insurers while 28% formed part of the corporate/industry/association cohort. There was no representation from Asset Managers and just one Asset Owner submitted additional feedback.



PARTICIPANTS

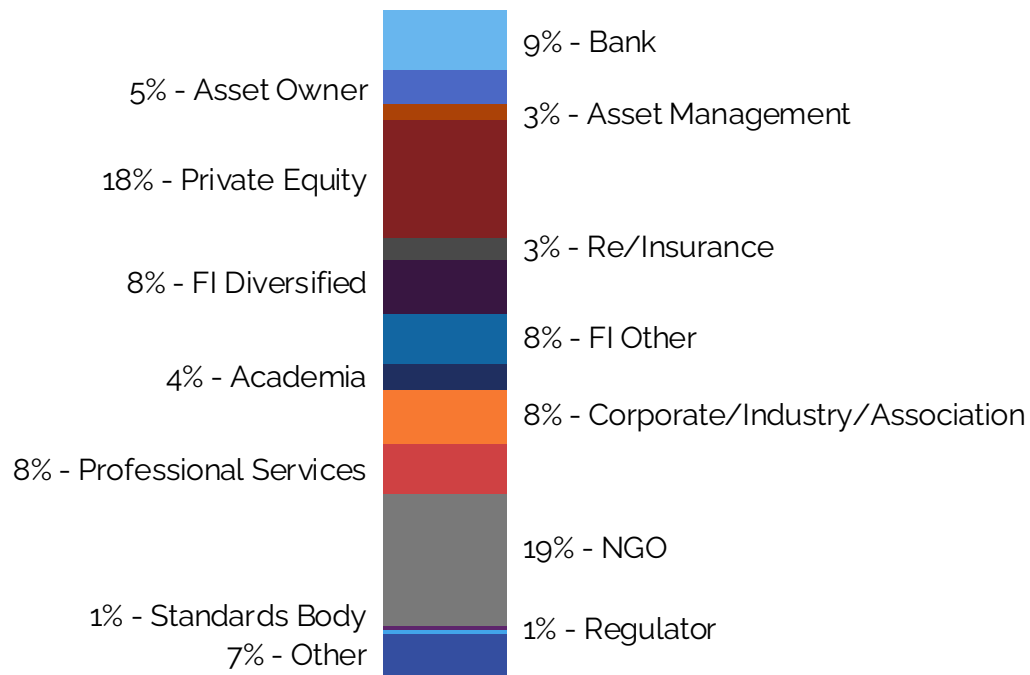
Public Consultation Survey



159

Responses to the second public consultation survey

Organizational types



Geographies

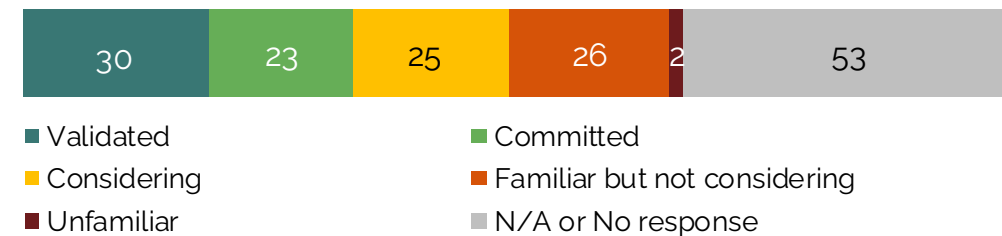
35

Countries

1 respondent did not provide country details




SBT commitment status

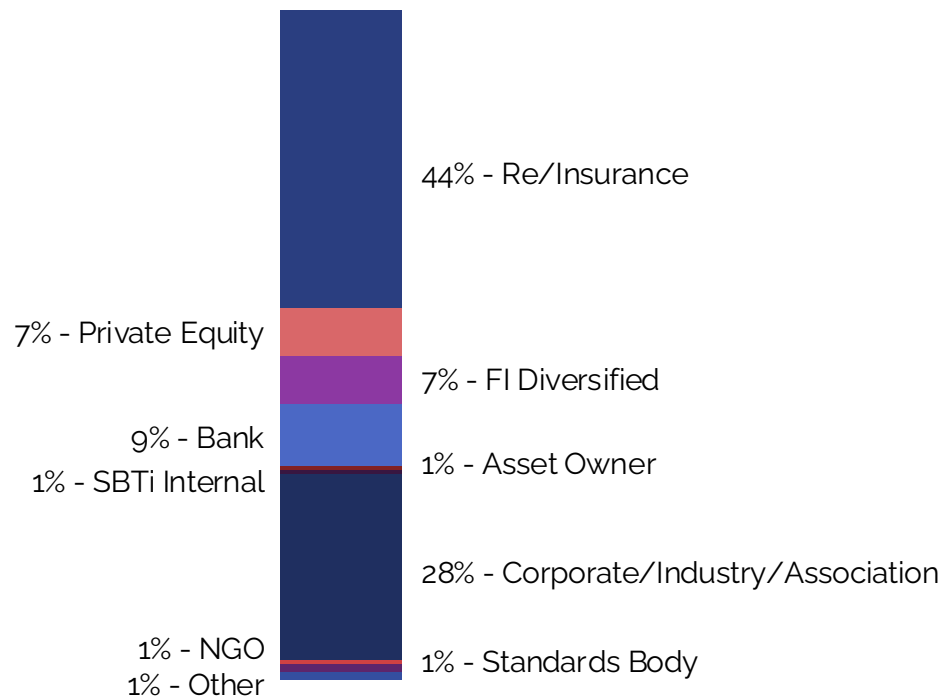


PARTICIPANTS

Feedback Log (Other Sources¹)

 **165** Responses through email, one-on-ones, and other sources

Organizational types



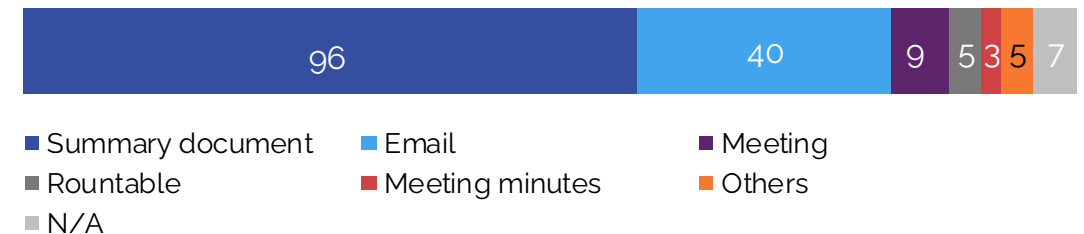
Geographies

Amount of feedback from other sources

2 respondents did not provide country details



Feedback Sources¹



Note: 1) Other Sources include stakeholder roundtables, emails, PDF documents, and Workshops at NYC Climate Week.

PARTICIPANTS

PARTICIPATION BY ORGANIZATIONAL TYPE AND GEOGRAPHY

Public Consultation Survey Respondents

Organization Types Regions	FI - Bank	FI - AO	FI - PE	FI - AM	FI - Re/Ins	FI - Div.	FI - Other	Academia	C/I/A	PS	Regulator	SB	NGO	Other	Grand Total
Africa							1		1				2		4
Asia	3	1					2		3		1		1	1	12
Australia	1				1										2
Europe	10	5	26	2	3	11	7	4	5	10			19	8	110
Middle East									1					1	2
North America		2	2	1	1	1	2	2	2	2		1	9	1	26
South America				1		1									2
Other									1						1
Grand Total	14	8	28	4	5	13	12	6	13	12	1	1	31	11	159

Other Feedback Sources Respondents

Organization Types Regions	FI - Bank	FI - AO	FI - PE	FI - Re/Ins	FI - Div.	SBTi - Internal	C/I/A	SB	NGO	N/A	Grand Total
Europe	14	1	11	72	12	1	45	2		1	159
LATAM & the Caribbean	1						1				2
North America			1						1		2
N/A				1						1	2
Grand Total	15	1	12	73	12	1	46	2	1	2	165

There were no respondents in that intersection of stakeholders and regions

No. of respondents exceed the average of the matrix

No. of respondents are below the average of the matrix

Note: AO-Asset Owner; PE- Private Equity; AM- Asset Manager; Div- Diversified; C/I/A- Corporate/Industry/Association; PS- Professional Services; SM- Standards Body



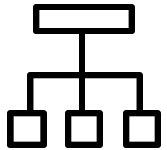
4. SUMMARY OF CONSULTATION FEEDBACK

FINZ CONSULTATION DRAFT CHAPTERS



Chapter 1

Entity-level:
Organizational
Commitments &
Leadership



Chapter 2

GHG Accounting:
Exposure and Portfolio
Emissions



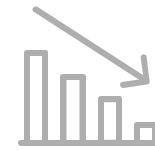
Chapter 3

Portfolio Climate-
Alignment Targets



Chapter 4

Emission-intensive
Sector Targets



Chapter 5

Reporting



SUMMARY OF CHAPTER 1 CONSULTATION RESULTS

Questions covering chapter 1 “Entity-level: Organizational Commitments and Leadership” focused on scoping and segmentation of financial activities (section 1.3), climate transition plan (section 1.6), policies (section 1.7), with several new additions to the draft standard.

New assessment of relevant financial activities – private equity and insurance with perceived lower level of influence

An important new item in the FINZ 2024 Consultation Draft was the segmentation of activities by level of influence and climate-impact. While banks and capital markets largely agreed with their proposed ‘Split by Influence’, there was higher disagreement for insurance and from private equity firms.

While insurers – who were a new addition to the FINZ 2024 Consultation Draft regarding their underwriting activities, supported distinguishing between levels of influence, they believed their influence is rather limited, particularly for brokered activities, short-term and existing policies. Private equity firms also highlighted that they exert influence differently based on ownership percentage, board seats, and other specific factors. Further, the feedback suggested that the segmentation of activities requires more clarification across the board.



SUMMARY OF CHAPTER 1 CONSULTATION RESULTS

New transition plans welcomed

The inclusion of transition plans into the FINZ 2024 Consultation Draft was new compared to FINT. The most popular timeframe to publish the was seems 12 months after validation of the targets, confirming the FINZ 2024 Consultation Draft standard recommendation.

Coal and fossil fuel policy most contentious; deforestation policy facing a data challenge

Beyond the recommended coal phase-out and optional Fossil Fuel Finance target-setting method in FINT v2.0, the FINZ 2024 Consultation Draft additionally required coal, fossil fuel and deforestation policies.

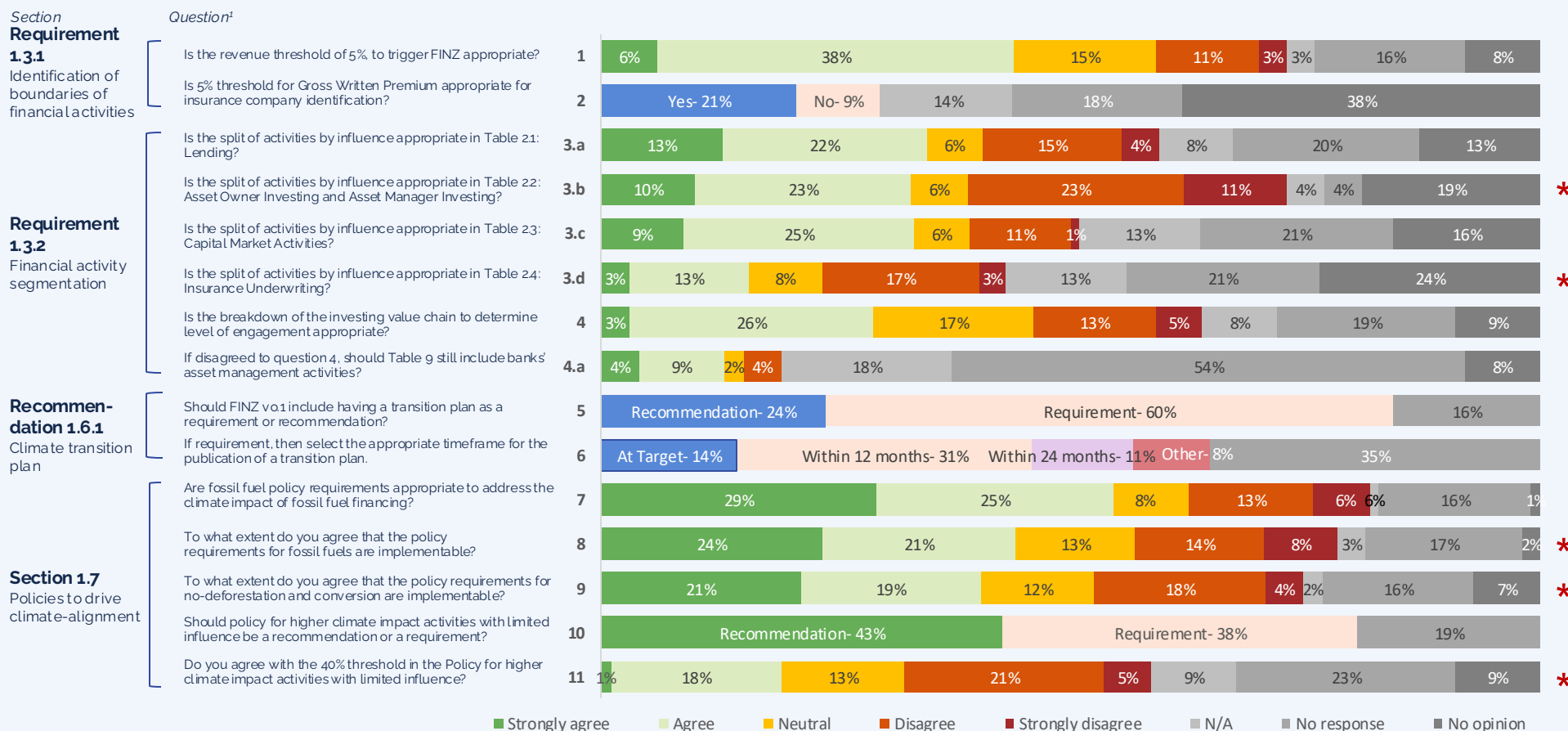
While respondents acknowledged that the requirement of fossil fuel policies has a positive climate impact, financial institutions identified challenges in implementation, particularly for those in developing regions. With regards to the no-deforestation policy, a large hurdle for implementation was the acquisition of sufficient and quality data.



SUMMARY OF CHAPTER 1 CONSULTATION RESULTS

OVERVIEW ON CLOSED-END QUESTIONS

Survey Responses



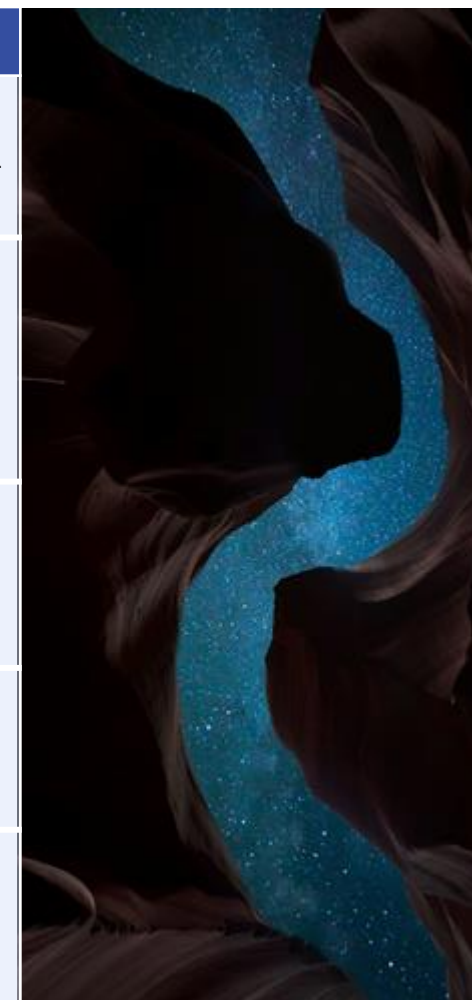
Key Observations

- On an aggregated level, in **5 out of 15 questions** (marked with *****) related to chapter 1, respondents demonstrated more than 20% disagreement, highlighting a need for detailed evaluation. *Please refer to the next page for more insights on these questions.*

SUMMARY OF CHAPTER 1 CONSULTATION RESULTS

FEEDBACK INSIGHTS FROM QUESTIONS WITH >20% DISAGREEMENT

Question	Key Feedback Received
1.3.2 Financial activity segmentation – Question 3.b: Is the split of activities by influence appropriate in Table 2.2: Asset Owner Investing and Asset Manager (including private equity firms) Investing?	<ul style="list-style-type: none"> 33% of respondents at least agreed with the split of activities by influence, while 34% at least disagreed, indicating a divided opinion. PE firms and FI-Diversified showed strong disagreement. Respondents highlighted that PE firms exert influence differently based on ownership percentage, board seats, and other specific factors. Respondents argued for specific criteria to measure influence for PE investments to maintain practical applicability for these firms.
1.3.2 Financial activity segmentation – Question 3.d: Is the split of activities by influence appropriate in Table 2.4: Insurance Underwriting?	<ul style="list-style-type: none"> 16% of respondents at least agreed with the split of activities by influence, while 20% at least disagreed, indicating a divided opinion. NGOs and Professional Services showed notable disagreement. Respondents noted that operational, legal, and market-specific conditions affected the level of influence exerted by financial institutions. Specific regional considerations were recommended for lending and insurance categories. While respondents generally supported distinguishing between levels of influence, they believe the competitive, price-sensitive nature of insurance limits insurers' actual influence, particularly for brokered activities, short-term policies, and existing policies. Respondents recommended including additional activities, such as surety bonds, Directors & Officers liability insurance, and insurance for public entities, as these have significant climate impacts. They suggested making underwriting optional in the standard until improved methodologies and data become available.
1.7.1 Fossil fuel policy – Question 8: To what extent do you agree that the policy requirements for fossil fuels are implementable?	<ul style="list-style-type: none"> 45% of respondents at least agreed that the policy requirements were implementable, while 22% disagreed, indicating a mixed opinion. Civil society showed strong support while FI groups demonstrated disagreement with implementation. Many responses emphasized challenges in implementing policies, particularly for smaller financial institutions and financial institutions in developing regions. Recommendations included geographically phased approaches, flexibility (e.g., engagement approaches), and supply chain specific considerations to enhance feasibility. Other stakeholders suggested to make terms of coal and oil & gas policies, more stringent or comprehensive..
1.7.3 No-deforestation and conversion free policy – Question 9: To what extent do you agree that the policy requirements for no deforestation and conversion are implementable?	<ul style="list-style-type: none"> 40% of respondents at least agreed that the policy requirements were implementable, while 22% at least disagreed, Insurers and diversified financial institutions showed significant disagreement (60% and 62%) whereas 100% of Asset Managers at least agreed. Responses included concerns regarding the complexity of data collection and monitoring limitations (tracking and reporting) and indirect nature of financial institutions' influence on this subject. There were requests for standardized definitions and data-sharing mechanisms to improve transparency in reporting.
1.7.4 Policy for higher climate impact activities with limited influence – Question 11: If this were to be a requirement, to what extent do you agree with the 40% threshold in the Policy for higher climate impact activities with limited influence?	<ul style="list-style-type: none"> 19% of respondents at least agreed with the 40% threshold, while 26% at least disagreed, indicating a divided opinion. Respondents called for clarity on threshold levels, such as the 40% threshold seemed high without any context with the reasoning that other standards have 5%/10%/20% thresholds. Respondent suggested a policy to apply conditions (e.g., higher interest rates through a 'greenium' or internal carbon pricing) for financial activities that have higher negative climate impact. Also, recommendations were received on using a 20/80 pareto ratio, instead of the proposed 40% threshold.

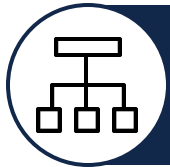


Note: Key feedback received column provides 2 types of insights, first point represents the findings from close-ended questions and the second point in each row provides a brief summary of the qualitative justifications provided by respondents.

CHAPTER 1:

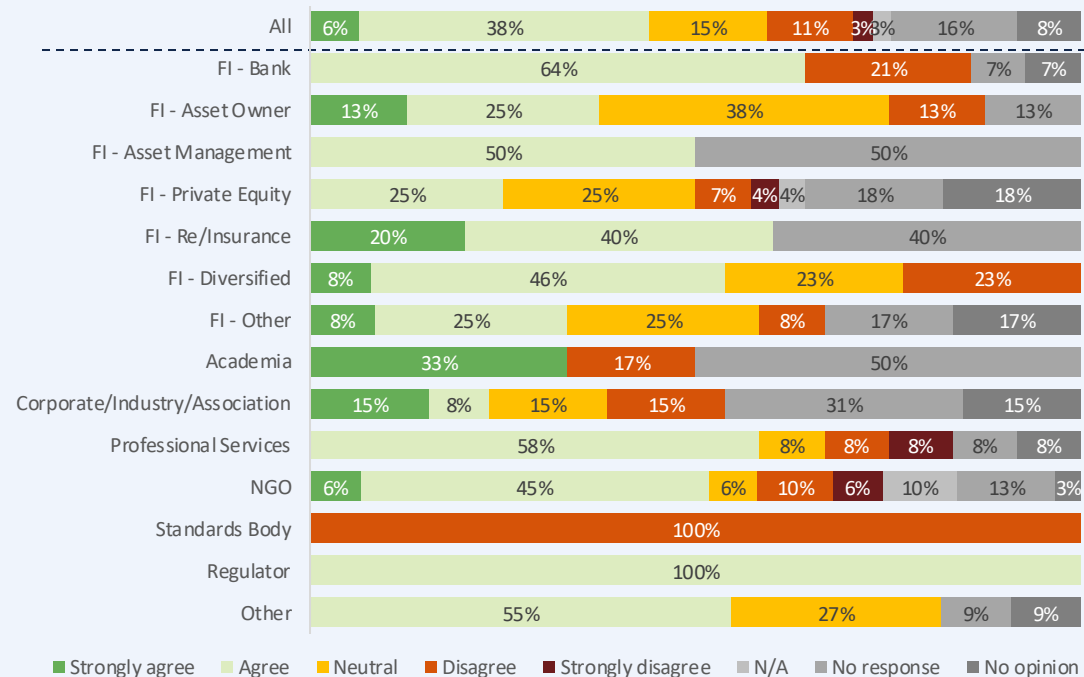
SECTION 1.3 - RESPONSES PER STAKEHOLDER GROUP

1.3.1: IDENTIFICATION OF BOUNDARIES OF FINANCIAL ACTIVITIES AND TABLE 8, ANNEX A, P45



1. Is the revenue threshold of 5%, to trigger the application of FINZ, an appropriate value?

Survey Responses



Key Insights

Overall view

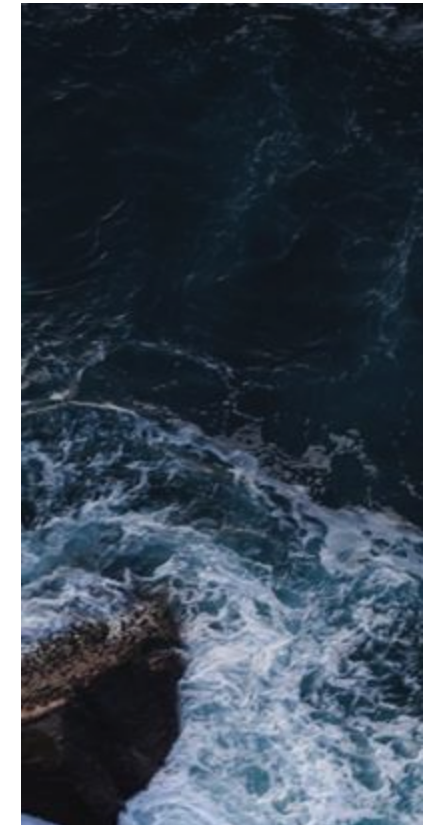
There was a moderate level of at least agreement (44%) with the 5% threshold, but a certain portion (14%) at least disagreed, indicating mixed sentiments.

End user stakeholders

Banks showed broad acceptance with 64% agreeing, but 21% disagreed suggesting some concerns within this group. Asset Owners were divided with 38% at least in agreement, 38% neutral and 13% disagreeing.

Additional insights

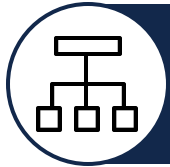
The Regulator agreed while the Standards Body disagreed, highlighting a contrast in perspectives of these groups.



CHAPTER 1:

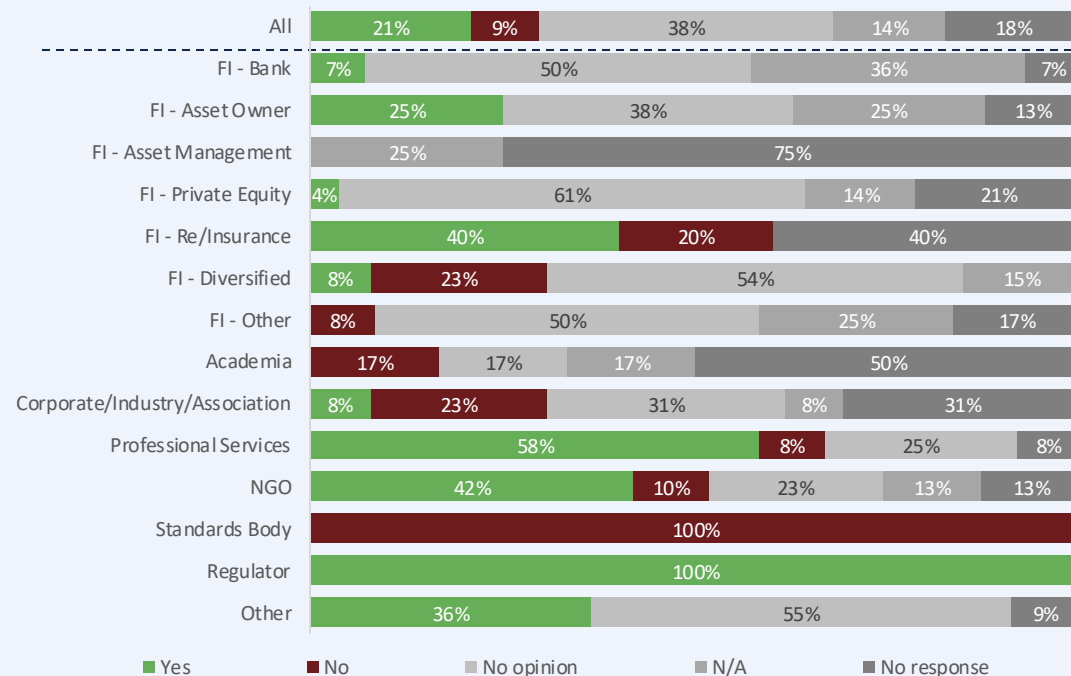
SECTION 1.3 - RESPONSES PER STAKEHOLDER GROUP

1.3.1: IDENTIFICATION OF BOUNDARIES OF FINANCIAL ACTIVITIES AND TABLE 8, ANNEX A, P45



2. Revenue in the insurance industry typically corresponds to the re/insurer's premiums level. Is the use of a 5% threshold for Gross Written Premium appropriate for insurance company identification?

Survey Responses



Key Insights

Overall view

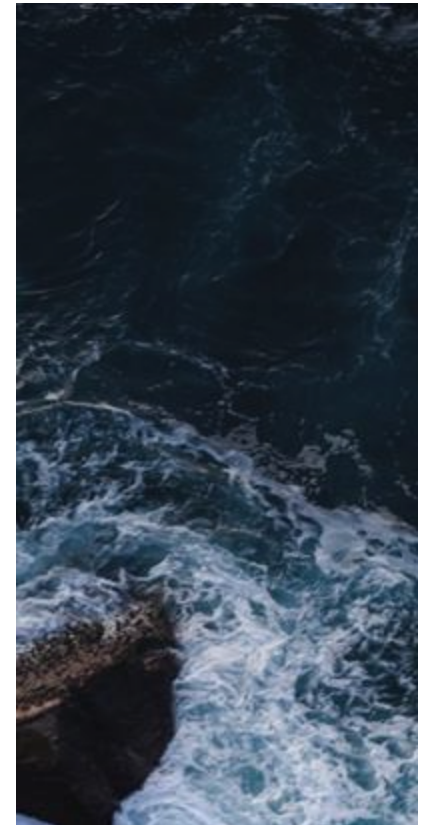
21% of respondents agreed with the 5% threshold, while 9% disagreed indicating a moderate acceptance with some reservations.

End user stakeholders

Re/Insurance companies showed a split view with 40% agreeing and 20% disagreeing, suggesting mixed opinions within the most relevant group. 23% Diversified financial institutions disagreed while 54% had no opinion, indicating need for further engagement with this group.

Additional insights

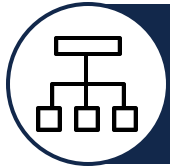
NGOs showed notable support with 42% agreeing and only 10% disagreeing, highlighting their positive stance on the breakdown.



CHAPTER 1:

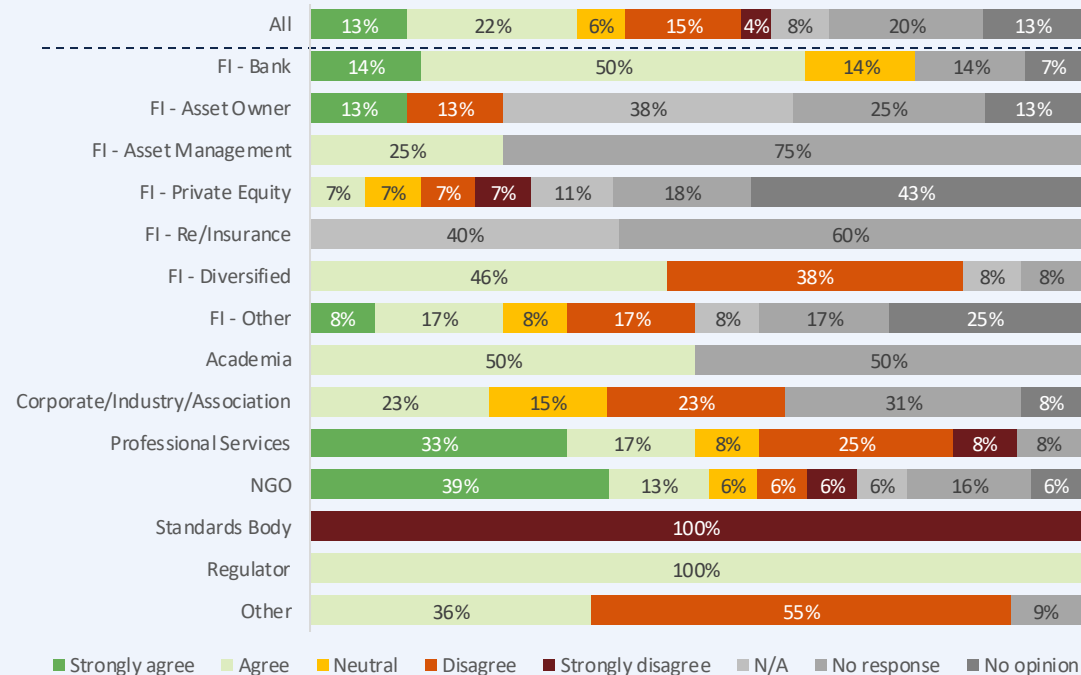
SECTION 1.3 – RESPONSES PER STAKEHOLDER GROUP

1.3.2: IN-SCOPE FINANCIAL ACTIVITIES AND BREAK DOWN BY LEVEL OF INFLUENCE



3.a. Is the split of activities by influence appropriate in Table 2.1: Lending?

Survey Responses



Key Insights

Overall view

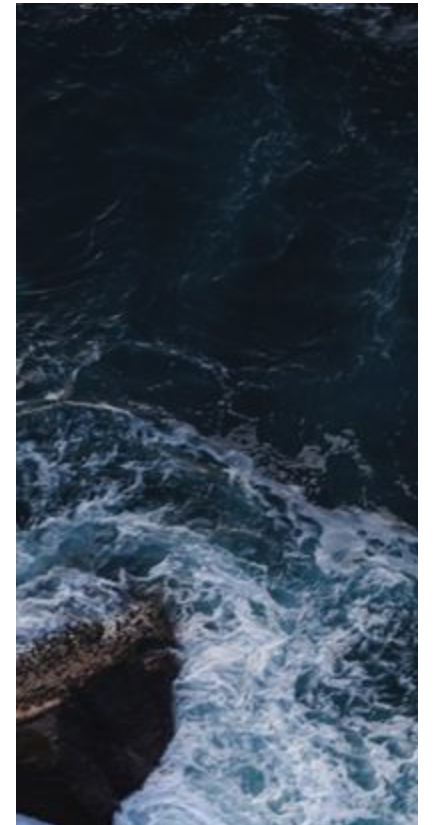
35% of respondents at least agreed with the split of activities by influence, while 19% at least disagreed, indicating a balanced view with some reservations.

End user stakeholders

Banks showed strong agreement with 64% at least agreeing and none disagreeing, suggesting broad acceptance within this group.

Additional insights

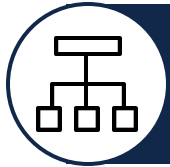
NGOs showed significant support with 52% agreeing and only 12% disagreeing, highlighting their positive stance on the split of activities.



CHAPTER 1:

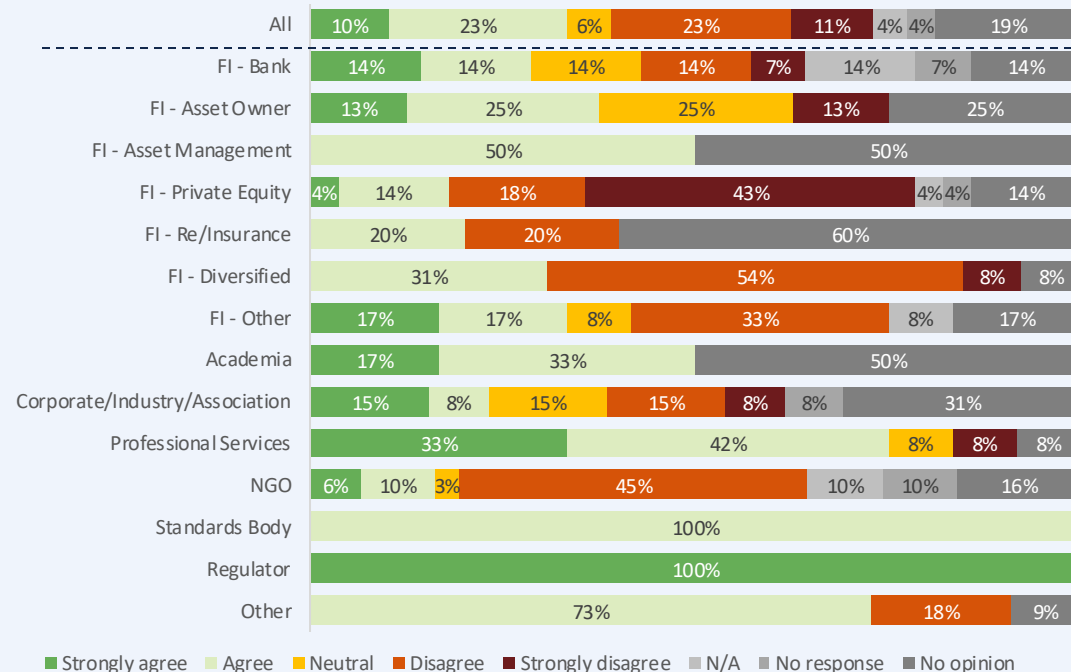
SECTION 1.3 – RESPONSES PER STAKEHOLDER GROUP

1.3.2: IN-SCOPE FINANCIAL ACTIVITIES AND BREAK DOWN BY LEVEL OF INFLUENCE



3.b. Is the split of activities by influence appropriate in Table 2.2: Asset Owner Investing and Asset Manager (including private equity firms) Investing?

Survey Responses



Key Insights

Overall view

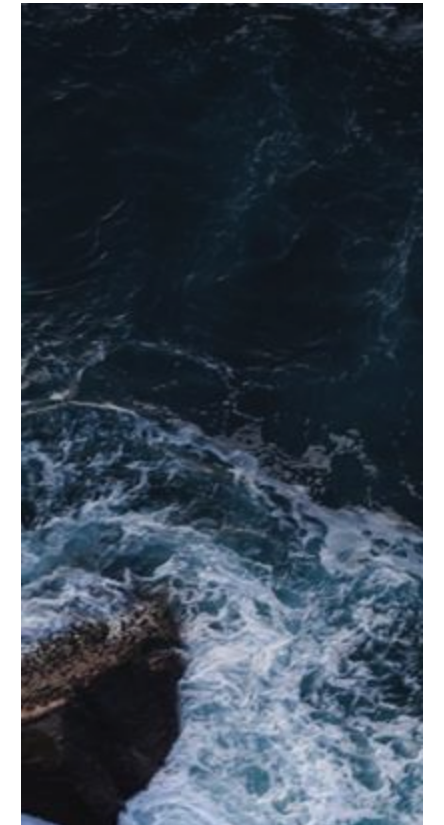
33% of respondents at least agreed with the split of activities by influence, while 34% at least disagreed, indicating a divided opinion.

End user stakeholders

Asset Owners showed a balanced view with 38% at least agreeing and 13% disagreeing, while Private Equity firms showed significant disagreement with 61% at least disagreeing.

Additional insights

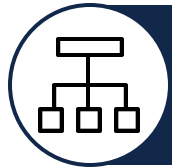
Professional Services showed strong support with 75% at least agreeing and 8% disagreeing, highlighting their positive stance with some resistance on the split of activities.



CHAPTER 1:

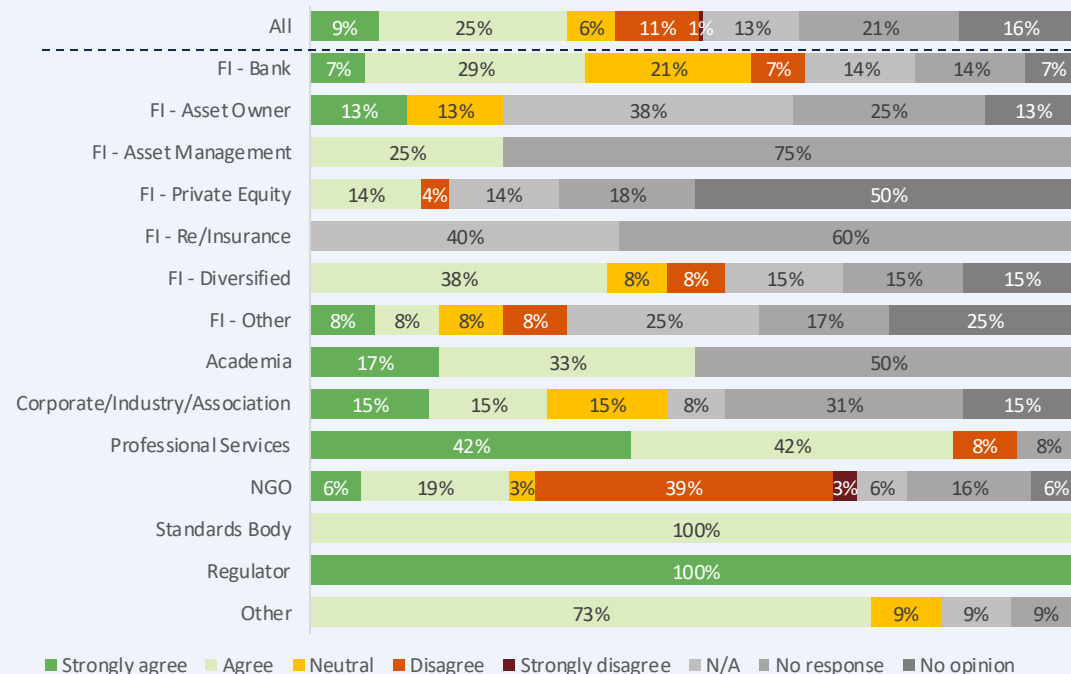
SECTION 1.3 – RESPONSES PER STAKEHOLDER GROUP

1.3.2: IN-SCOPE FINANCIAL ACTIVITIES AND BREAK DOWN BY LEVEL OF INFLUENCE



3.c. Is the split of activities by influence appropriate in Table 2.3: Capital Market Activities?

Survey Responses



Key Insights

Overall view

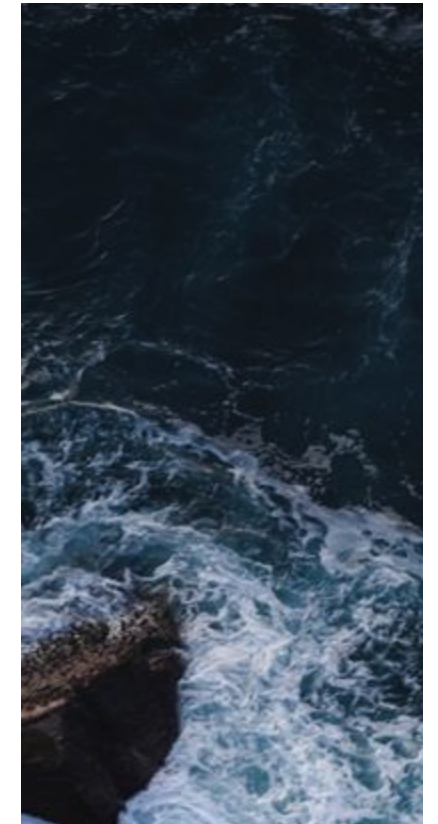
34% of respondents at least agreed with the split of activities by influence, while 12% at least disagreed, indicating a moderate level of acceptance with some reservations.

End user stakeholders

Banks showed a balanced view with 36% at least agreeing and 7% disagreeing, suggesting a moderate level of acceptance within this group.

Additional insights

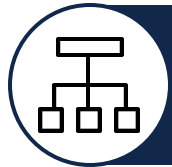
Professional Services showed strong support with 84% at least agreeing and only 8% disagreeing, highlighting their positive stance on the split of activities. On the other hand, NGOs showed strong disagreement with 42% at least disagreeing, 25% at least agreeing.



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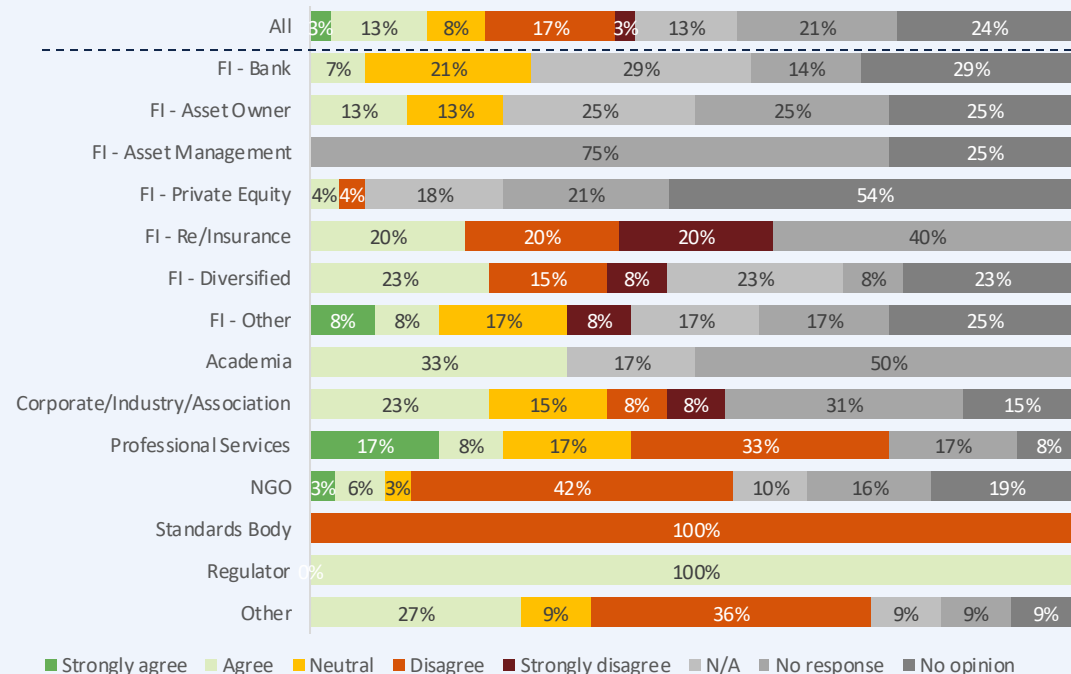
SECTION 1.3 – RESPONSES PER STAKEHOLDER GROUP

1.3.2: IN-SCOPE FINANCIAL ACTIVITIES AND BREAK DOWN BY LEVEL OF INFLUENCE



3.d. Is the split of activities by influence appropriate in Table 2.4: Insurance Underwriting?

Survey Responses



Key Insights

Overall view

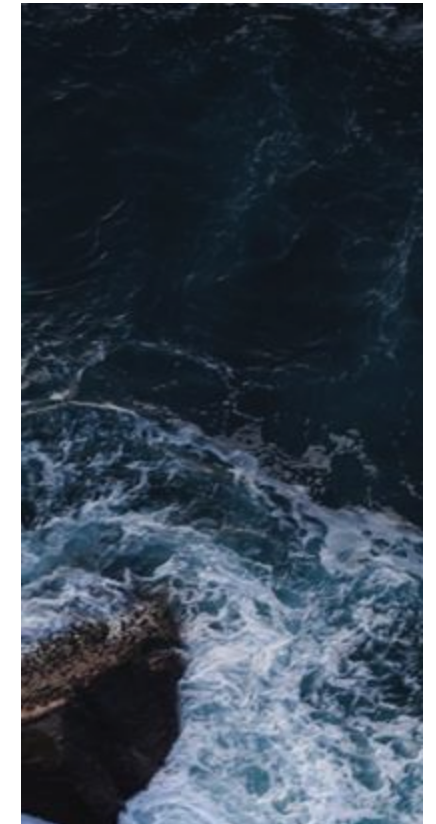
16% of respondents at least agreed with the split of activities by influence, while 20% at least disagreed, indicating a divided opinion.

End user stakeholders

Re/Insurance companies showed notable disagreement with 20% strongly disagreeing and 20% disagreeing, highlighting their concerns about the split of activities.

Additional insights

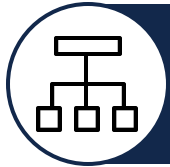
NGOs and Professional Services also showed notable disagreement with 42% and 33% disagreeing respectively and 9% and 25% at least agreeing, highlighting their concerns about the split of activities.



CHAPTER 1:

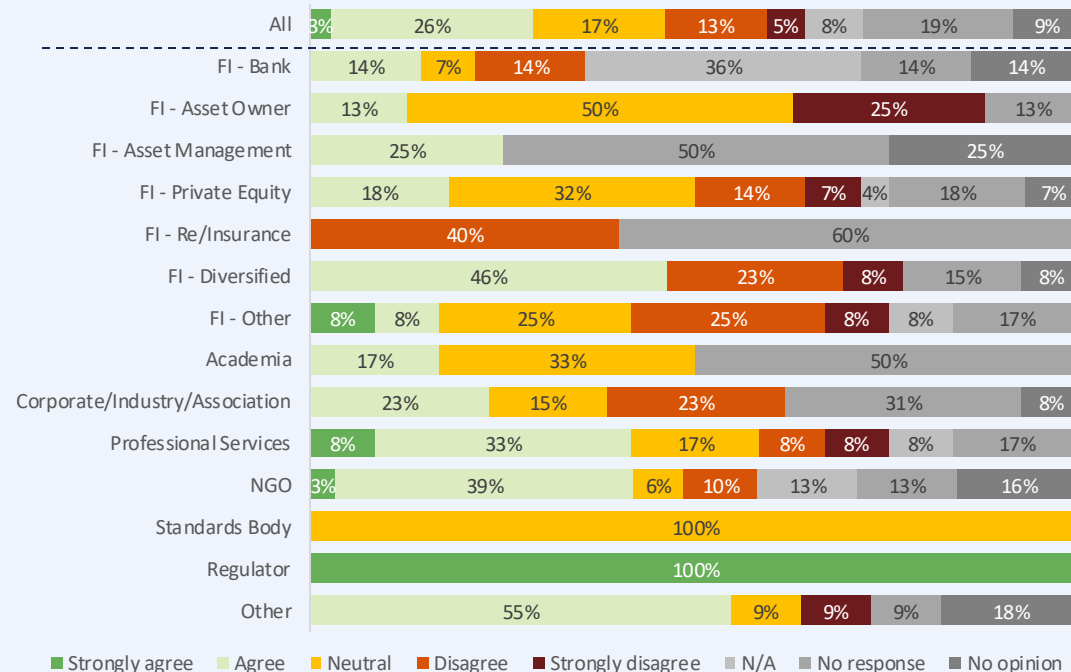
SECTION 1.3 – RESPONSES PER STAKEHOLDER GROUP

1.3.2: ANNEX A, TABLE 9, P47 (BREAKDOWN INVESTMENT ACTIVITIES VALUE CHAIN)



4. Is the breakdown of the investing value chain to determine level of engagement appropriate?

Survey Responses



Key Insights

Overall view

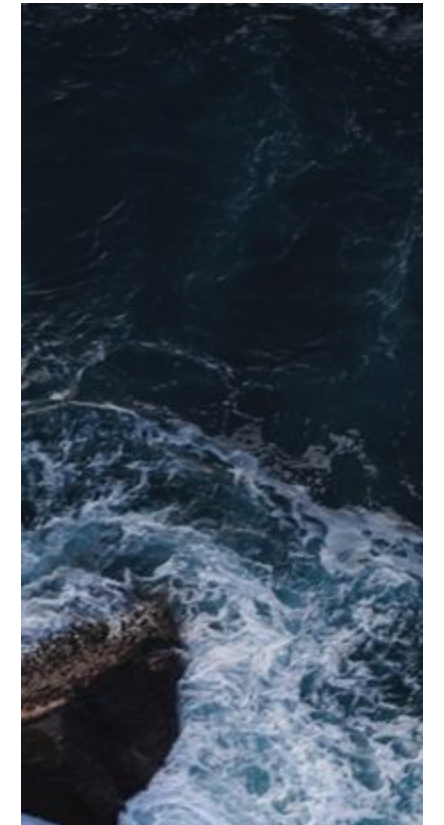
29% of respondents at least agreed with the breakdown, while 18% at least disagreed, indicating a mixed opinion.

End user stakeholders

Private Equity firms showed varied views with 18% agreeing and 21% at least disagreeing, while Asset Owners showed 13% agreement and 25% disagreement, suggesting differing opinions within these groups.

Additional insights

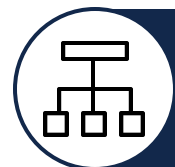
NGOs showed notable support with 42% agreeing and only 10% disagreeing, highlighting their positive stance on the breakdown.



CHAPTER 1:

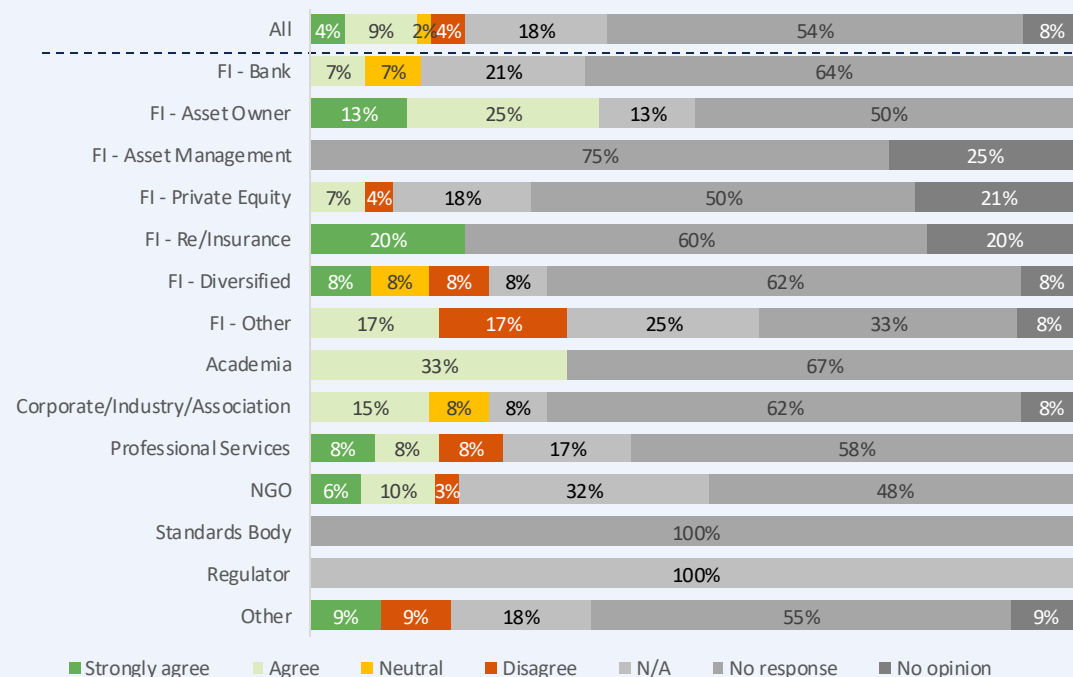
SECTION 1.3 – RESPONSES PER STAKEHOLDER GROUP

1.3.2: ANNEX A, TABLE 9, P47 (BREAKDOWN INVESTMENT ACTIVITIES VALUE CHAIN)



4.a. If you have answered “disagree” or “strongly disagree” to the previous question, should Table 9 still include banks’ asset management activities?

Survey Responses



Key Insights

Overall view

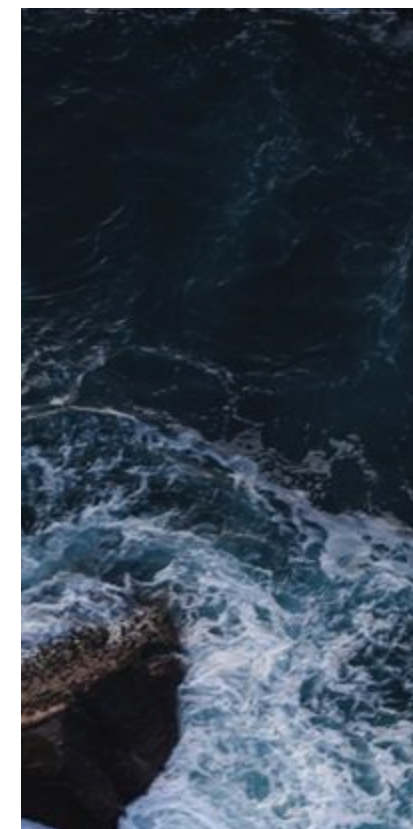
Only 13% of respondents at least agreed that banks’ asset management activities should still be included, while 4% disagreed, indicating limited support.

End user stakeholders

Asset Owners showed some agreement with 38% supporting inclusion, while Private Equity firms showed mixed views with 7% agreeing and 4% disagreeing. Most banks (64%) had no response.

Additional insights

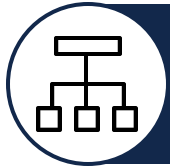
Re/Insurance companies showed some support with 20% agreeing and none disagreeing.



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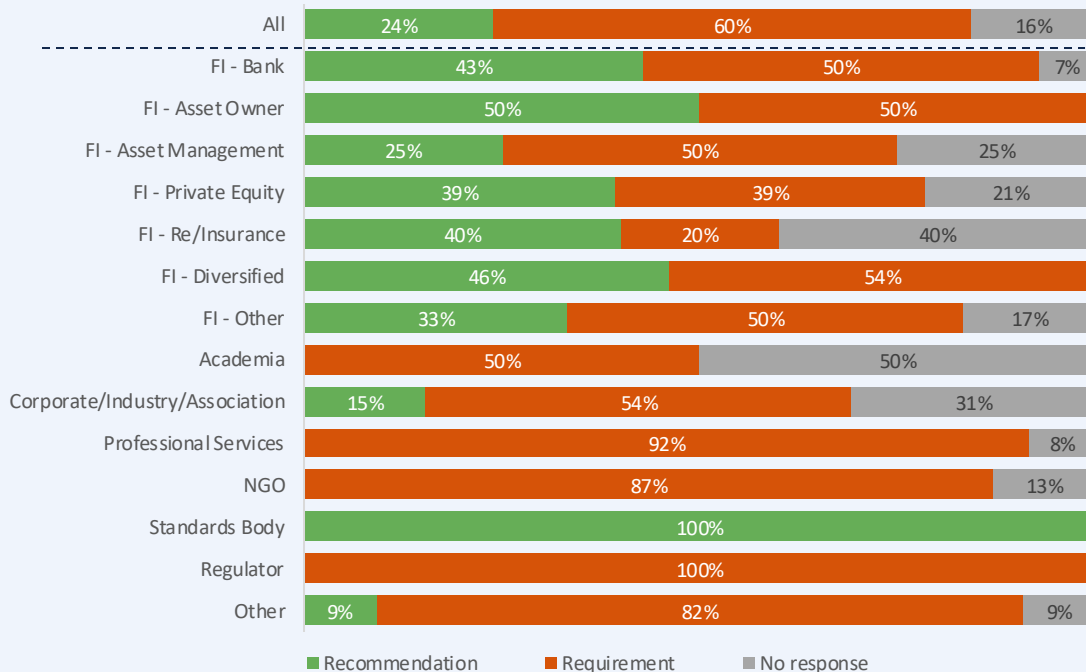
SECTION 1.6 – RESPONSES PER STAKEHOLDER GROUP

RECOMMENDATION 1.6.1 - CLIMATE TRANSITION PLAN



5. Do you think that FINZ v0.1 should include having a transition plan as a requirement or recommendation?

Survey Responses



Key Insights

Overall view

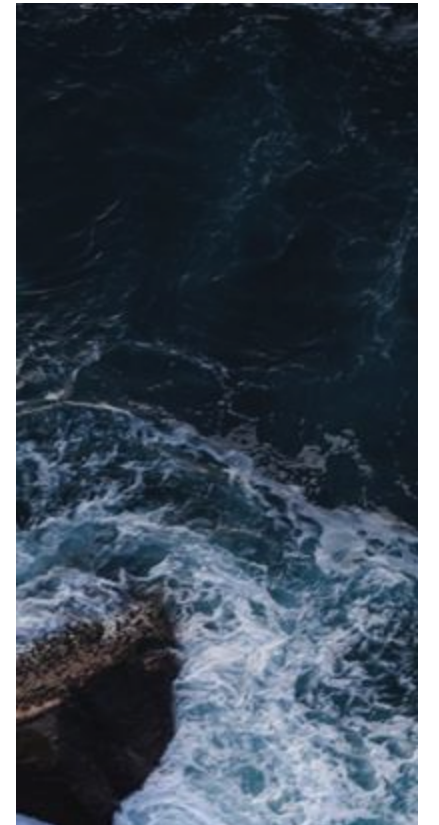
60% of respondents believed it should be a requirement, while 24% thought it should be a recommendation, indicating a strong preference for making it mandatory.

End user stakeholders

Asset Management and FI-Other groups showed overwhelming support for making it a requirement, with 50% in favor.

Additional insights

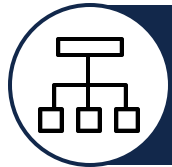
Regulator respondents also supported making it a requirement, highlighting a regulatory preference for mandatory transition plans.



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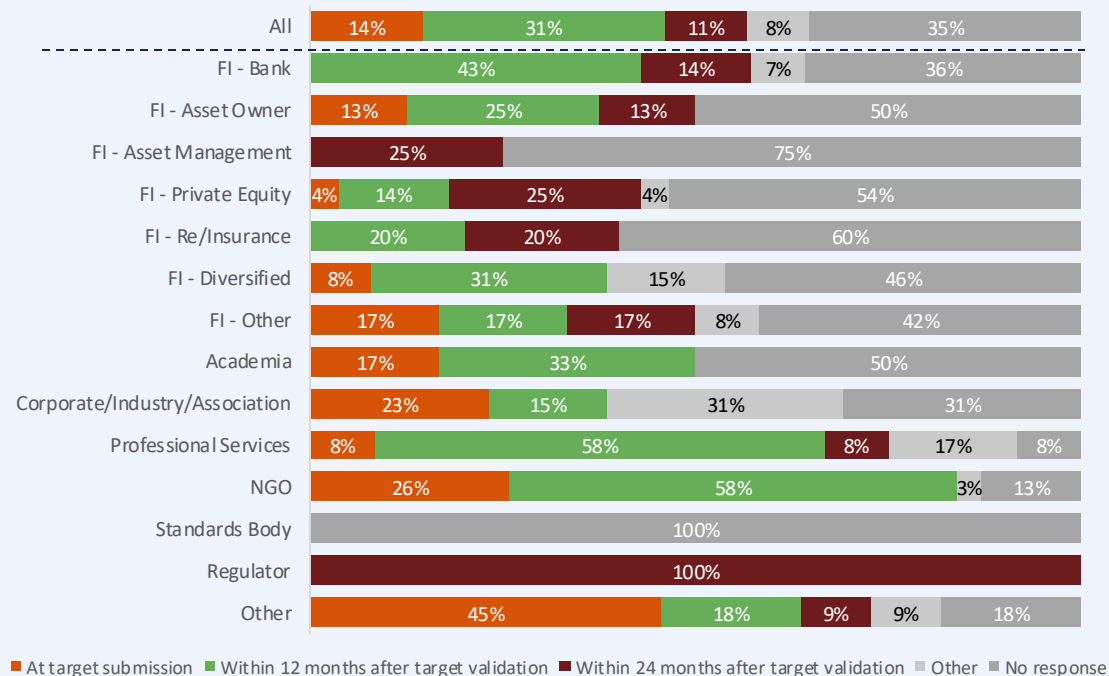
SECTION 1.6 – RESPONSES PER STAKEHOLDER GROUP

RECOMMENDATION 1.6.1 - CLIMATE TRANSITION PLAN



6. If you answered question 5. that it should be a requirement, please select which one of the following options you believe is the appropriate timeframe for the publication of a transition plan?

Survey Responses



Key Insights

Overall view

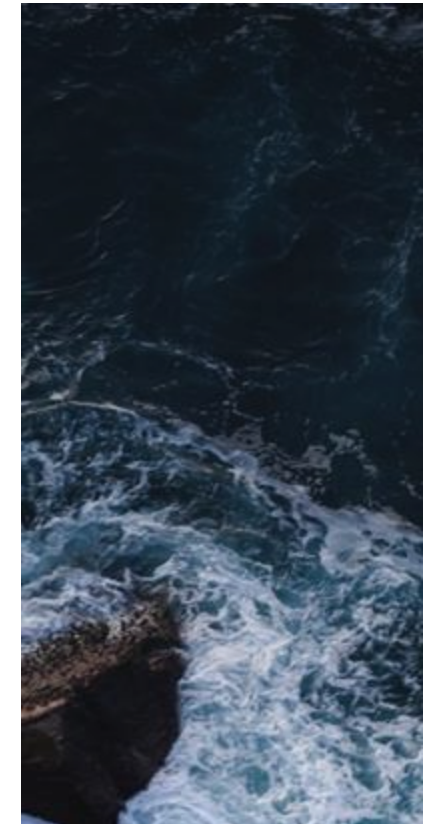
31% of respondents preferred the publication within 12 months after target validation, while 14% favored at target submission, indicating a preference for a post-validation timeframe.

End user stakeholders

Banks showed a preference for the 12-month timeframe with 43% support, while Private Equity firms showed varied views with 14% and 25% supporting 12-month and 24-month timeframe respectively.

Additional insights

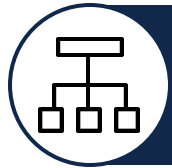
NGOs and Professional Services showed strong support for the 12-month timeframe, with 58% each, highlighting their preference for a structured timeline.



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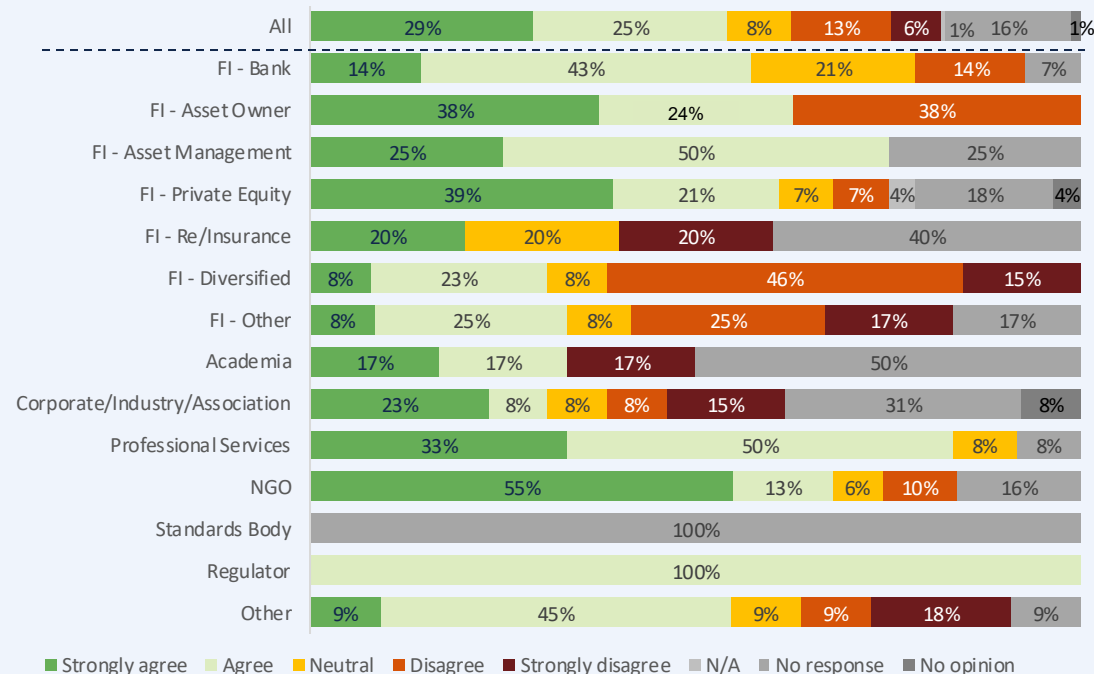
SECTION 1.7 – RESPONSES PER STAKEHOLDER GROUP

REQUIREMENT 1.7.1 - FOSSIL FUEL POLICY



7. To what extent do you agree that the policy requirements are appropriate to address the climate impact of fossil fuel financing?

Survey Responses



Key Insights

Overall view

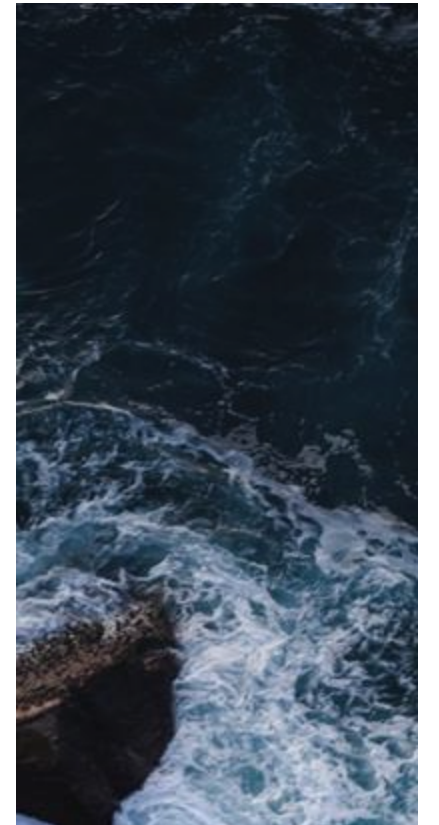
54% of respondents at least agreed with the policy requirements, while 19% at least disagreed, indicating a general acceptance with some reservations.

End user stakeholders

Asset Owners showed a split view with 62% at least agreeing and 38% disagreeing, suggesting differing opinions within this group.

Additional insights

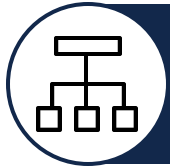
NGOs showed strong support with 68% at least agreeing and only 10% disagreeing, highlighting their positive stance on the policy requirements.



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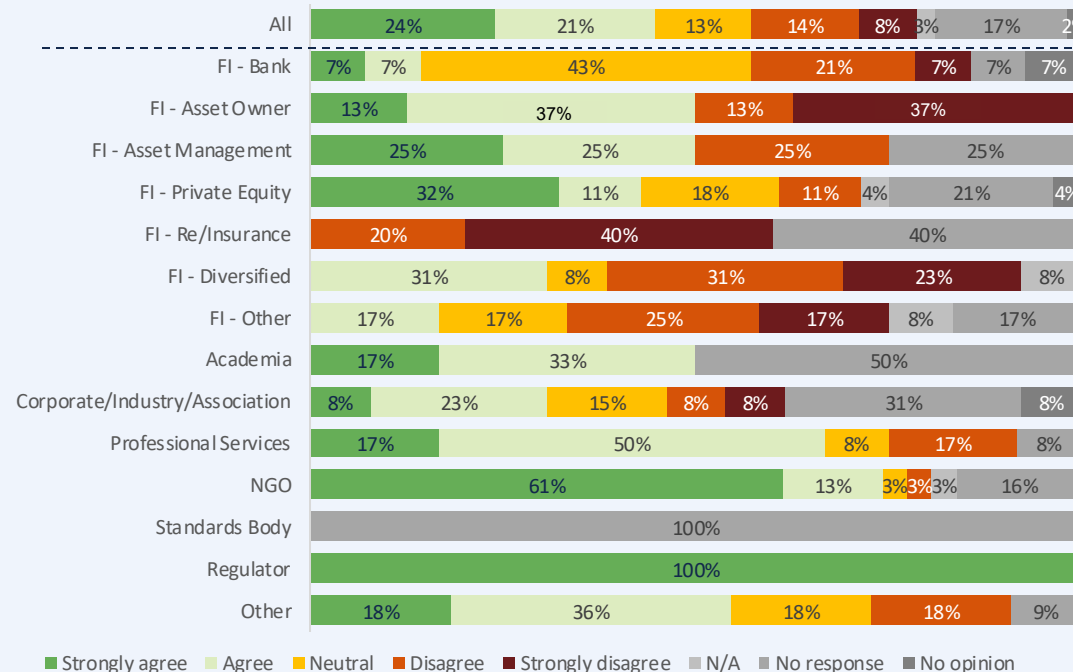
SECTION 1.7 – RESPONSES PER STAKEHOLDER GROUP

REQUIREMENT 1.7.1 - FOSSIL FUEL POLICY



8. To what extent do you agree that the policy requirements for fossil fuels are implementable?

Survey Responses



Key Insights

Overall view

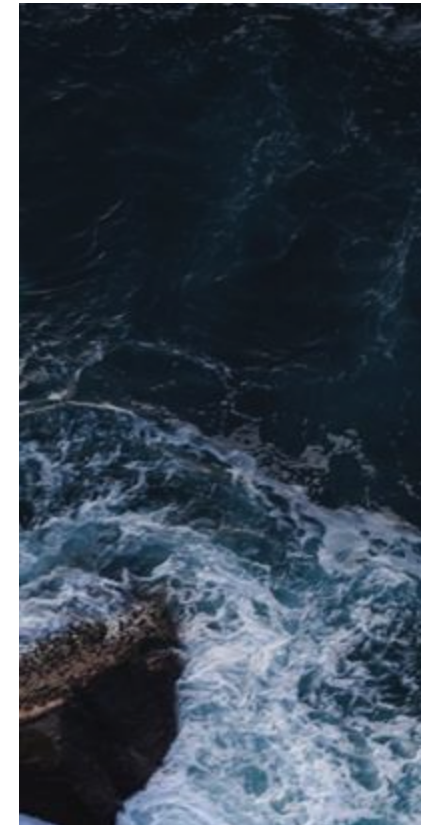
45% of respondents at least agreed that the policy requirements were implementable, while 22% at least disagreed, indicating a mixed opinion.

End user stakeholders

Asset Owners showed divided views with 51% at least agreeing and 51% at least disagreeing, suggesting significant differences within this group.

Additional insights

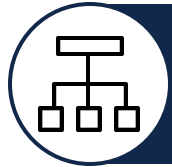
NGOs showed strong support with 74% at least agreeing and only 3% disagreeing, highlighting their positive stance on the implementation of the policy requirements.



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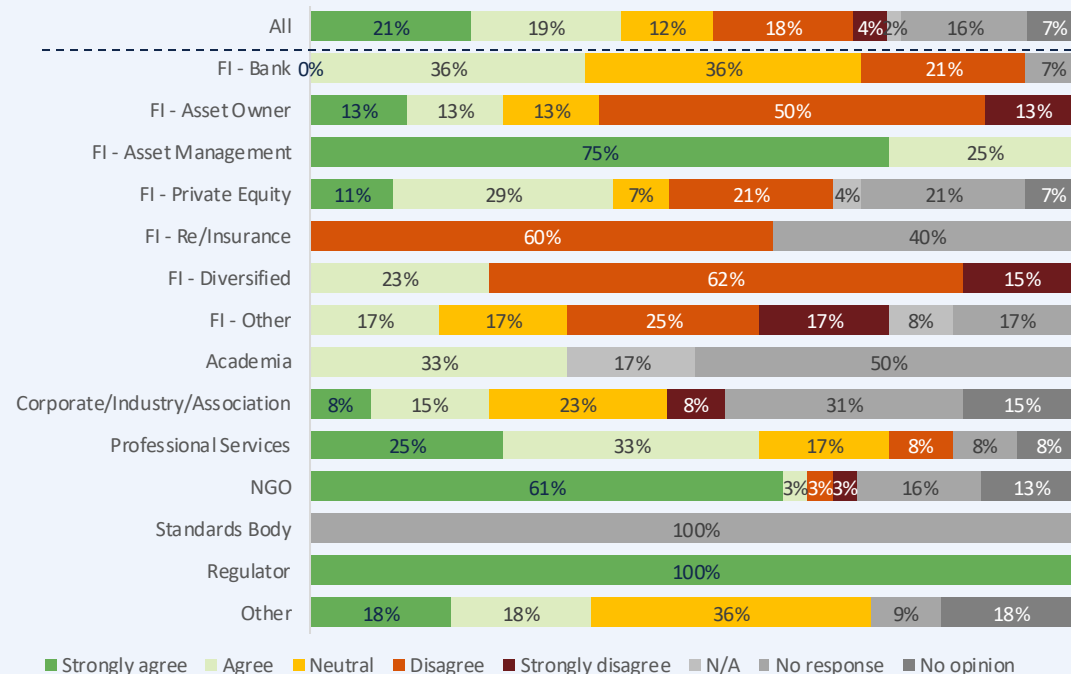
SECTION 1.7 – RESPONSES PER STAKEHOLDER GROUP

REQUIREMENT 1.7.3 - NO-DEFORESTATION AND CONVERSION FREE POLICY



9. To what extent do you agree that the policy requirements for no-deforestation and conversion are implementable?

Survey Responses



Key Insights

Overall view

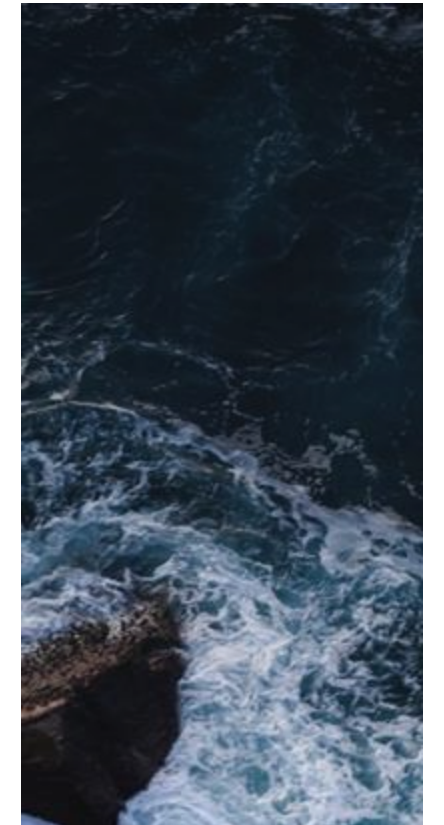
40% of respondents at least agreed that the policy requirements are implementable, while 22% at least disagreed, indicating mixed opinion.

End user stakeholders

Re/Insurance companies showed significant disagreement with 60% disagreeing, and Diversified financial institutions also showing concerns with 77% at least disagreeing whereas 100% Asset Managers at least agreed.

Additional insights

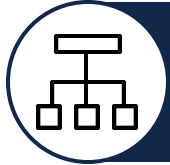
Professional Services group showed strong support with 58% at least agreeing and only 8% disagreeing, highlighting their positive stance on the implementation of the policy requirements.



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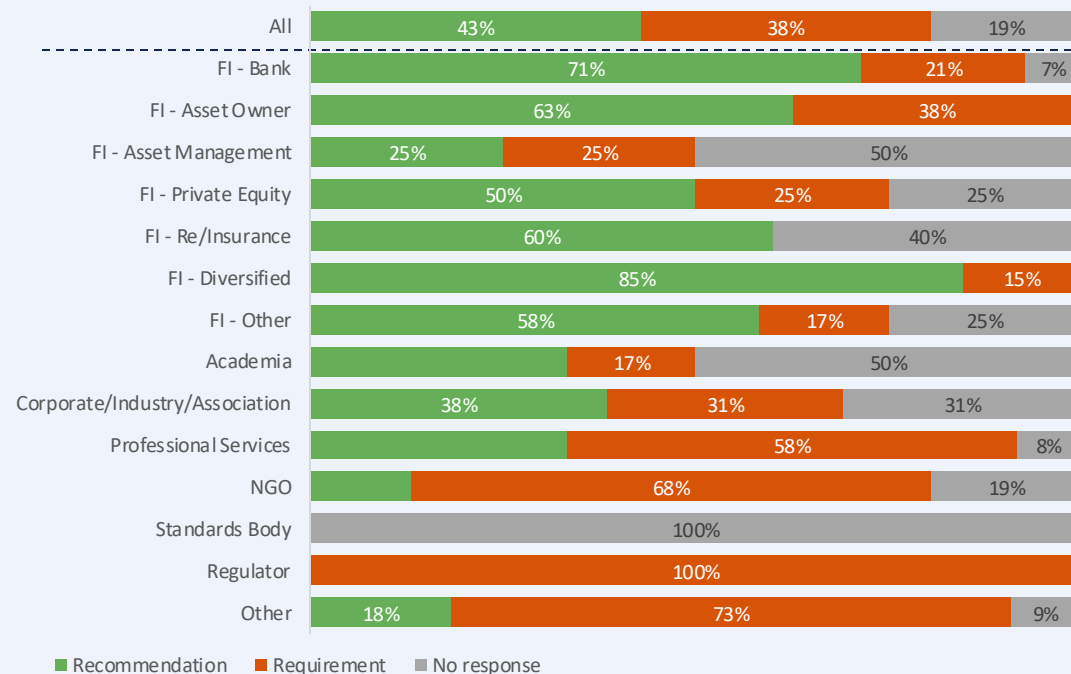
SECTION 1.7 – RESPONSES PER STAKEHOLDER GROUP

RECOMMENDATION 1.7.4 - POLICY FOR HIGHER CLIMATE IMPACT ACTIVITIES W. LIMITED INFLUENCE



10. Do you think the policy for higher climate impact activities with limited influence should be a recommendation or a requirement?

Survey Responses



Key Insights

Overall view

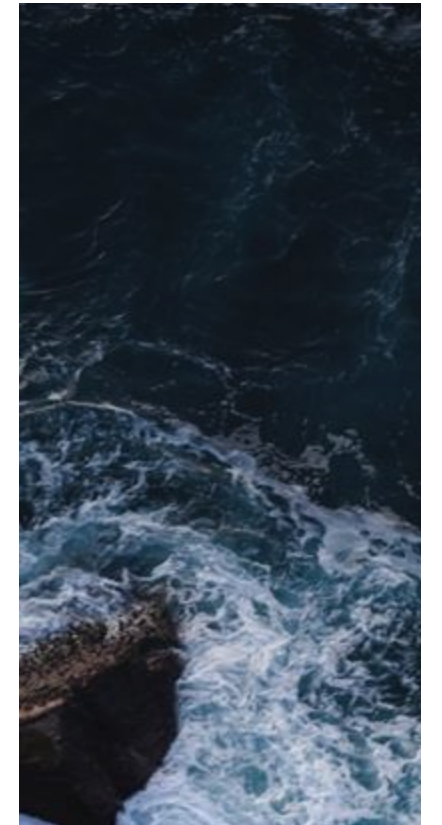
43% of respondents believed it should be a recommendation, while 38% thought it should be a requirement, indicating a balanced view with a slight preference for recommendations.

End user stakeholders

Banks showed a clear preference for recommendations with 71% support, while Asset Owners were more divided with 63% favoring recommendations and 38% supporting requirements.

Additional insights

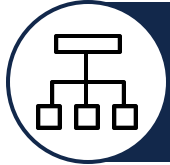
Financial institution stakeholder groups (e.g., banks, insurers) leaned towards a recommendation, while other groups (e.g., NGOs and professional services) favored making it a requirement, highlighting differing perspectives.



CHAPTER 1:

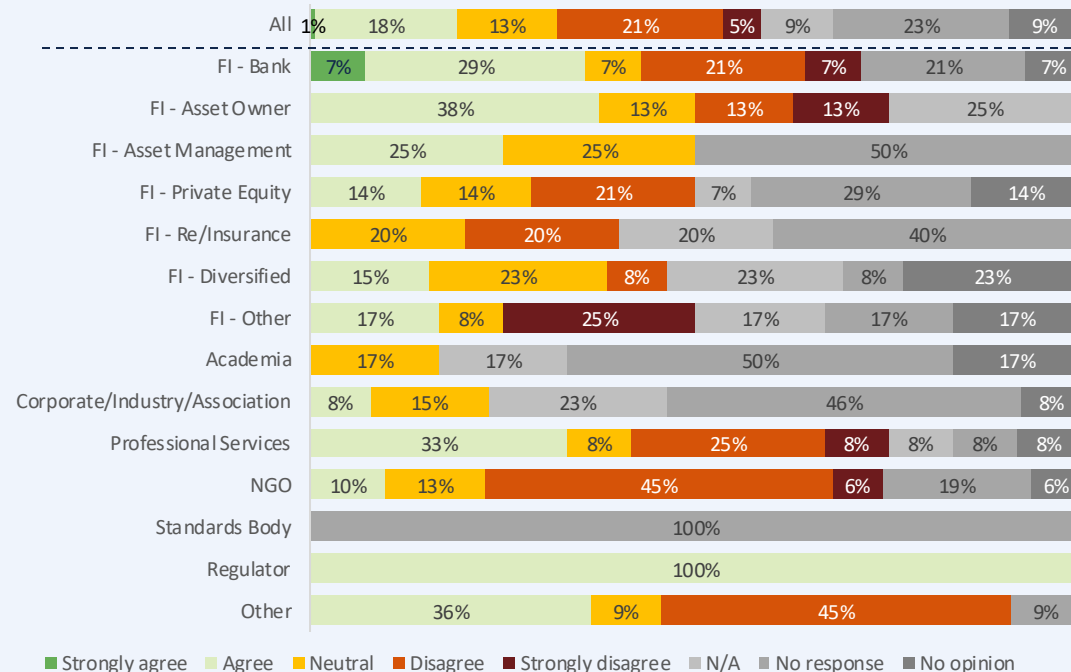
SECTION 1.7 – RESPONSES PER STAKEHOLDER GROUP

RECOMMENDATION 1.7.4 - POLICY FOR HIGHER CLIMATE IMPACT ACTIVITIES W. LIMITED INFLUENCE



11. If this were to be a requirement, to what extent do you agree with the 40% threshold in the Policy for higher climate impact activities with limited influence?

Survey Responses



Key Insights

Overall view

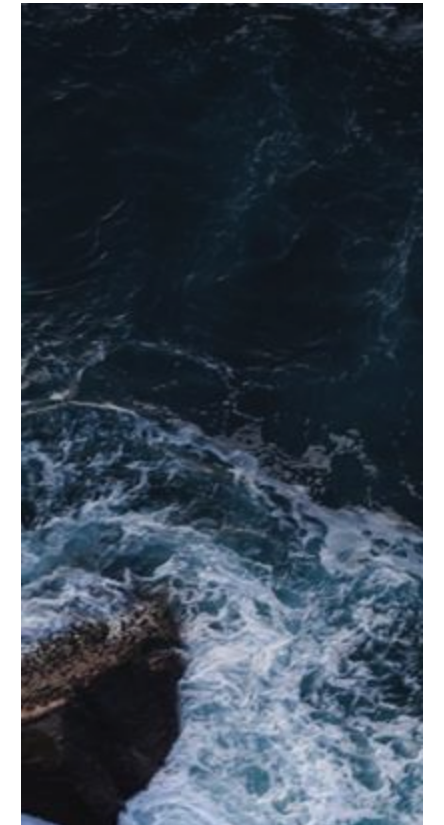
19% of respondents at least agreed with the 40% threshold, while 26% at least disagreed, indicating opposition.

End user stakeholders

Banks showed mixed views with 36% at least agreeing and 28% at least disagreeing. Asset Owners were also divided with 38% agreeing and 26% at least disagreeing.

Additional insights

NGOs showed significant disagreement with 51% disagreeing, highlighting their concerns about the 40% threshold.

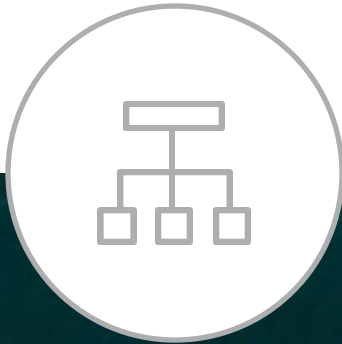


FINZ 2024 CONSULTATION DRAFT CHAPTERS



Chapter 1

Entity-level:
Organizational
Commitments &
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 CONSULTATION RESULTS

Public consultation questions with regards to chapter 2 “GHG Accounting: Exposure and Portfolio Emissions” focuses on GHG emissions inventory (section 2.1) and the neutralization of residual GHG emissions (section 2.3).

Agreement on the GHG emissions inventory despite data challenges

There was general acceptance with the staggered approach of GHG emissions inventory (53% of all stakeholders), i.e., immediate inventory for GHG emissions of “reasonable influence – higher climate impact activities” and a full inventory for all in-scope financial activities by 2030. Nevertheless, organizations highlighted the data quality challenge, sector-specific issues, and regional regulatory differences. Interoperability with PCAF was also seen as critical (e.g., CMA).

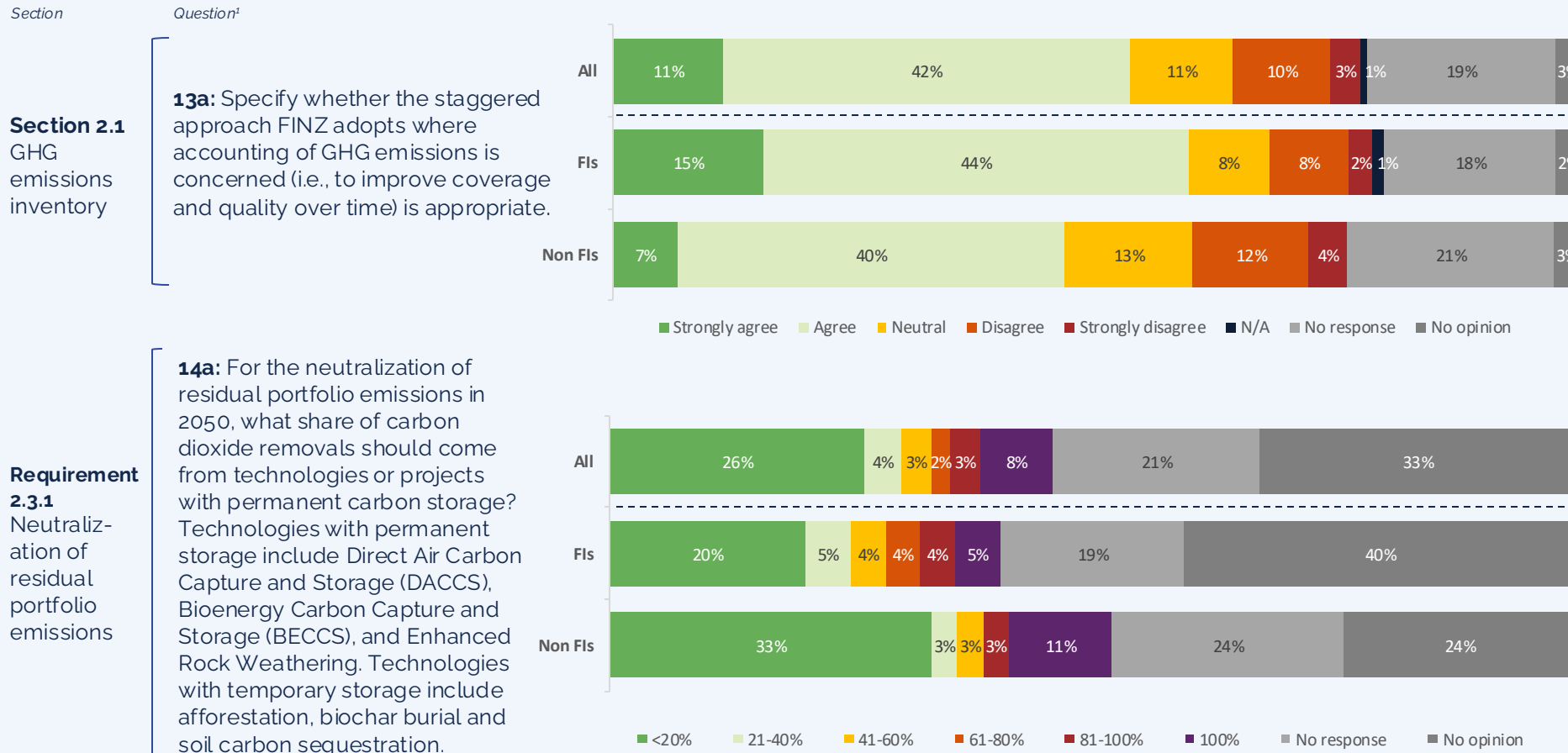
Neutralization as a new topic sees stakeholders still forming their opinion

For the neutralization of residual portfolio emissions, the FINZ 2024 Consultation Draft survey gathered detailed feedback on the desired percentage of technologies with permanent carbon storage. Most respondents (30%) pledged for the lowest option, namely <20%. The majority (54%) had no opinion or no response to the question, suggesting that more information about this topic is required.

SUMMARY OF CHAPTER 2 CONSULTATION RESULTS

OVERVIEW ON CLOSED-END QUESTIONS

Survey Responses



Key Observations

- On the topic of a staggered approach to GHG emissions, respondents demonstrated **more than 20% disagreement**, highlighting a need for detailed evaluation. However, this disagreement is close to the 20% threshold.
- On the topic of neutralization of portfolio emissions and what percentage should come from permanent carbon removals, **more than 50% had no response or opinion, while 26% (majority)** believed that figure should be less than 20 percent.
- Please refer to the next page for more insight.*

SUMMARY OF CHAPTER 2 CONSULTATION RESULTS

FEEDBACK INSIGHTS

Question	Key Feedback Received
<p>2.1 GHG emissions inventory – 13a. Please specify whether the following element of section 2.1 is appropriate: The staggered approach FINZ adopts where accounting of GHG emissions is concerned (i.e., to improve coverage and quality over time).</p>	<ul style="list-style-type: none"> • 53% of respondents at least agreed with the staggered approach, while 13% at least disagreed, indicating general acceptance with some reservations. Re/Insurance companies showed strong support with 60% agreeing and none disagreeing. Diversified financial institutions also showed high agreement with 85% in favor. • Several respondents recommended aligning SBTi's staggered approach with existing standards like PCAF, IFRS, and other global initiatives. They suggested this would ensure consistency and ease the adoption process for financial institutions already familiar with these frameworks. Another concern was that achieving full inventory reporting by 2030 remains unlikely, particularly for areas lacking methodology (e.g., Insurance-Associated Emissions). • Key challenges highlighted include data quality, sector-specific issues, and regional regulatory differences. Calls for acceleration in implementation and expansion into high-impact sectors reflected a desire for comprehensive coverage, despite noted regulatory and methodological difficulties with room for some flexibility.
<p>2.3 Neutralization of portfolio residual emissions – 14. 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? Technologies with permanent storage include Direct Air Carbon Capture and Storage (DACCS), Bioenergy Carbon Capture and Storage (BECCS), and Enhanced Rock Weathering. Technologies with temporary storage include afforestation, biochar burial and soil carbon sequestration.</p>	<ul style="list-style-type: none"> • 26% of respondents believed less than 20% of carbon dioxide removals should come from permanent storage technologies, while 8% supported 100% reliance on these technologies, indicating varied opinions. • All FI groups showed significant uncertainty with more than 50% respondents having no opinion or sharing no response, suggesting a need for further clarity or information.

Note: Key feedback received column provides 2 types of insights, first point represents the findings from close-ended questions and the subsequent points in each row provides a brief summary of the qualitative justifications provided by respondents.



CHAPTER 2:

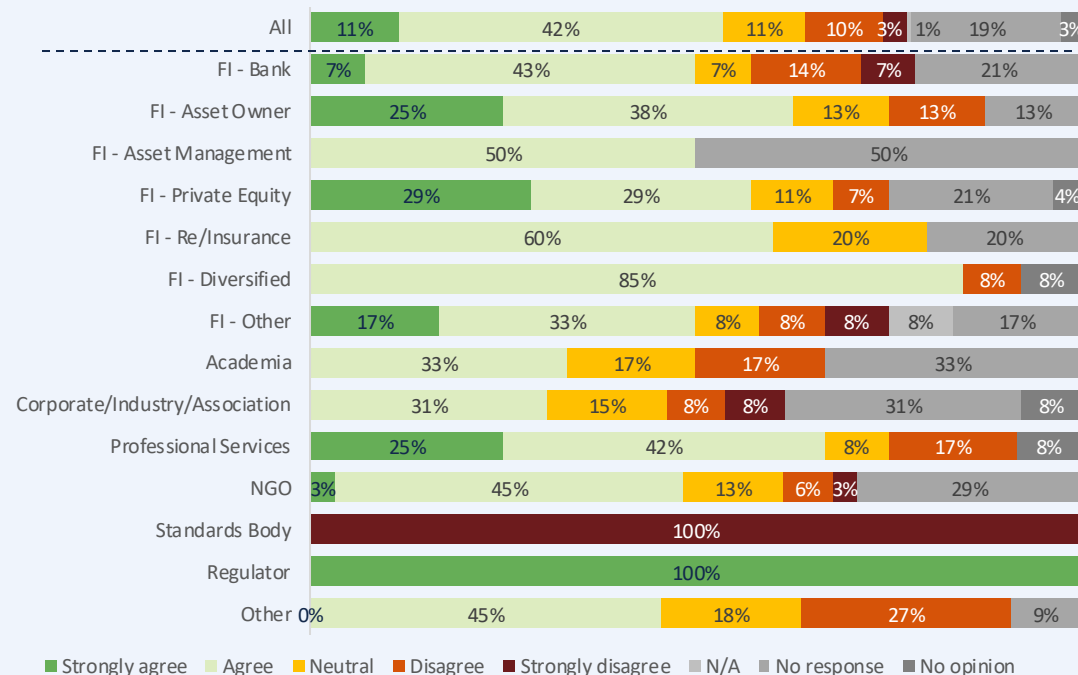
SECTION 2.1 – RESPONSES PER STAKEHOLDER GROUP

2.1: GHG EMISSIONS INVENTORY



13a. Please specify whether the following element of section 2.1 is appropriate: The staggered approach FINZ adopts where accounting of GHG emissions is concerned (i.e., to improve coverage and quality over time).

Survey Responses



Key Insights

Overall view

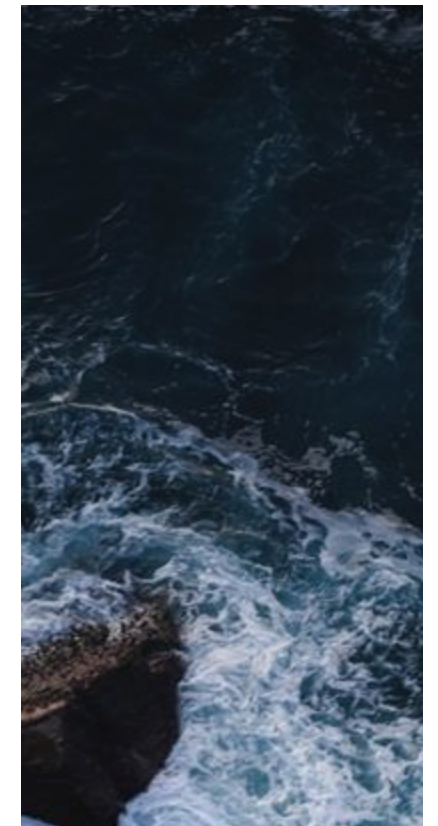
53% of respondents at least agreed with the staggered approach, while 13% at least disagreed, indicating general acceptance with some reservations.

End user stakeholders

Re/Insurance companies showed strong support with 60% agreeing and none disagreeing. Diversified financial institutions also showed high agreement with 85% in favor.

Additional insights

The Regulatory body respondent strongly agreed, and Standards body strongly disagreed, indicating contradictory opinions.



CHAPTER 2:

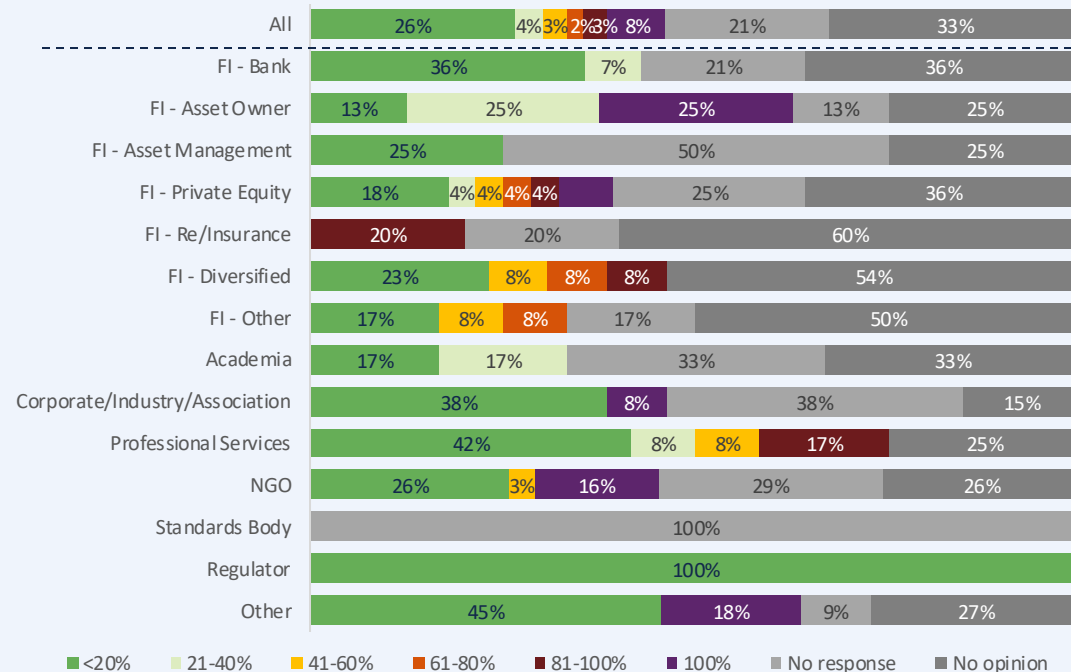
SECTION 2.3 – RESPONSES PER STAKEHOLDER GROUP

2.3: NEUTRALIZATION OF RESIDUAL PORTFOLIO EMISSIONS



14. 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?** Technologies with permanent storage include Direct Air Carbon Capture and Storage (DACCS), Bioenergy Carbon Capture and Storage (BECCS), and Enhanced Rock Weathering. Technologies with temporary storage include afforestation, biochar burial and soil carbon sequestration.

Survey Responses



Key Insights

Overall view

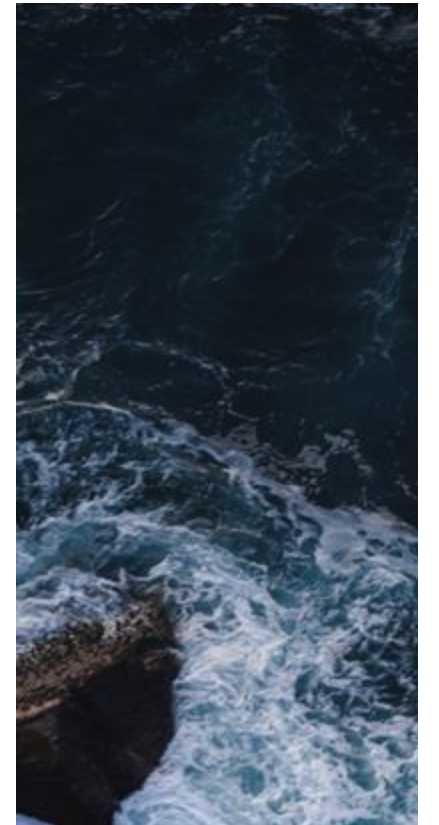
26% of respondents believed less than 20% of carbon dioxide removals should come from permanent storage technologies, while 8% supported 100% reliance on these technologies, indicating varied opinions.

End user stakeholders

Banks and Private Equity firms showed significant uncertainty, with 36% of Banks and 36% of Private Equity firms having no opinion, suggesting a need for further clarity or information.

Additional insights

60% Re/Insurance companies had no opinion on permanent storage, highlighting a potential gap in engagement or knowledge.

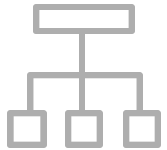


FINZ 2024 CONSULTATION DRAFT CHAPTERS



Chapter 1

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Organizational
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Chapter 2

GHG Accounting:
Exposure and
Portfolio Emissions



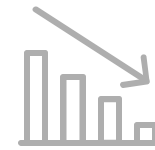
Chapter 3

Portfolio Climate-
Alignment Targets



Chapter 4

Emission-intensive
Sector Targets



Chapter 5

Reporting



SUMMARY OF CHAPTER 3 CONSULTATION RESULTS

Consultation questions covering chapter 3 "Portfolio Climate-Alignment Targets" touched on the general concept of climate-alignment targets and focused on the milestones for climate alignment (section 3.2).

General agreement to concept of climate-alignment targets

In FINT V2.0, the portfolio coverage approach was one option of four, with the others comprising temperature rating, sectoral decarbonization (SDA), and fossil fuel financing approach. In the consultation draft, portfolio coverage is applicable to the entire in-scope portfolio and SDA applies to all high-emitting sectors.

Overall, there is general acceptance across all stakeholder groups for the concept of setting climate-alignment targets (55%), the milestone-based approach (55%), as well as for the definitions of 'climate-aligned components' (i.e., climate-aligned finance, transitioning, net-zero achieved) (46%), and for the grouping by financial activity type instead of asset class for the climate-alignment target-setting (39%). Nevertheless, the feedback suggests looking further into clarifications on the terms 'transitioning' and 'net-zero achieved' and the lack of third-party validation beyond SBTi.

FLAG and chemicals sector to be classified as emission-intensive

Further, the feedback suggested adding forest, land and agriculture (FLAG) and chemicals into the emissions-intensive sector approach. Other respondents recommend to include more detailed metrics for FLAG (e.g., surface area affected, pesticide use) to define 'climate-aligned financing'

SUMMARY OF CHAPTER 3 CONSULTATION RESULTS

Financial institutions seek higher flexibility in milestones

Responses on the milestones (i.e., 2030, 2035, 2040, 2050) themselves reveal that financial institutions disagree by more than 20% with all segmented financial activities included in the survey, particularly the milestones of “limited influence - higher climate impact activities” (31%). They felt the milestones are too strict since many firms lack the resources and data necessary to align with such ambitious goals.

A more flexible approach is suggested, allowing for regional differentiation. In fact, a prominent share of respondents (41%) wants to choose between global and regional targets for “reasonable influence - higher climate impact activities”. There is moderate acceptance of the milestone approach for lending, asset owner, and capital market activities yet higher disagreement on it from private equity firms (50%) and insurers (20%). They suggest implementing a grace period or flexible requirements to avoid making certain assets uninsurable.

Granular and flexible definition of climate-aligned financing needed

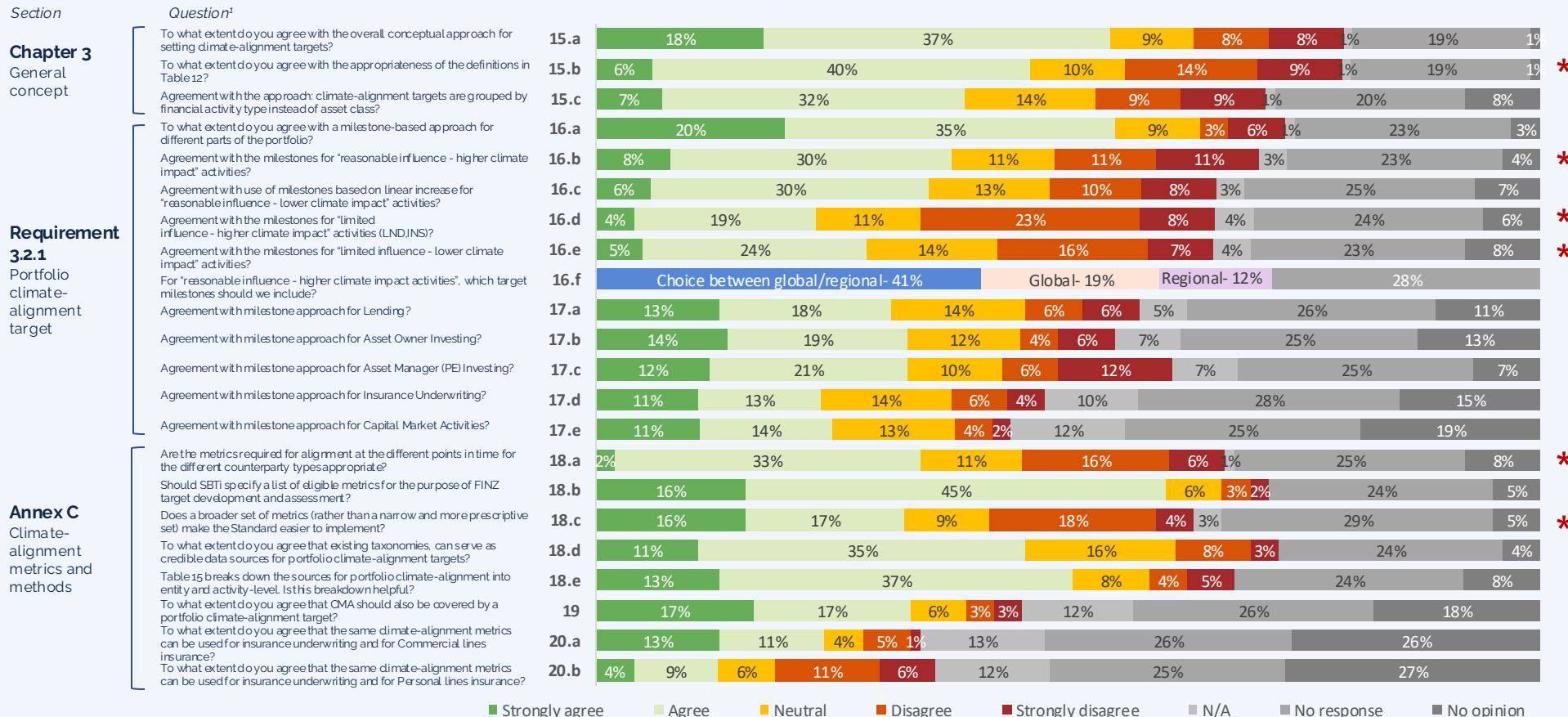
While respondents generally agreed that SBTi should introduce a list of eligible metrics to define whether an asset can be considered as “climate-aligned” (61%) and find the proposed breakdown helpful (50%), many did not yet find the proposed list appropriate (22%).

Respondents asked for more granular definitions, better table guidance, and more flexibility in metric selection. Existing taxonomies (e.g. EU Taxonomy, Climate Bonds Taxonomy), it was recommended, can serve as credible data sources to create such list of eligible metrics. With regards to insurance, the feedback indicated that the same set of metrics can be applied to commercial lines but not to personal lines.

SUMMARY OF CHAPTER 3 CONSULTATION RESULTS

OVERVIEW ON CLOSED-END QUESTIONS

Survey Responses



Key Observations

- On an aggregate level, in **6 out of 22 questions** (marked with *****) related to chapter 3, respondents demonstrated more than 20% disagreement. Please refer to the next page for more insights on these questions.

SUMMARY OF CHAPTER 3 CONSULTATION RESULTS

FEEDBACK INSIGHTS FROM QUESTIONS WITH >20% DISAGREEMENT

Question	Key Feedback Received
3.2.1 Portfolio climate-alignment target - 15.b. To what extent do you agree with the following elements of Chapter 3, Portfolio Climate-Alignment Targets: The appropriateness of the definitions in Table 12, p52: Definition of climate-aligned components	<ul style="list-style-type: none"> There was moderate acceptance of the definitions in Table 12, with 46% of respondents at least agreeing, and 23% at least disagreeing. Banks showed 29% disagreement, indicating challenges, while Re/Insurance showed strong support with 80% at least in agreement. Disagreeing banks mainly highlighted concerns that the climate-aligned definitions in Table 12 could cause confusion, lack clarity in terms like "net-zero achieved" and "transitioning," lack third-party validation beyond SBTi, and require a robust methodology to support these definitions to ensure clear, consistent application across organizations.
3.2.1 Portfolio climate-alignment target - 16.b. To what extent do you agree with the proposed milestones for "reasonable influence - higher climate impact" activities?	<ul style="list-style-type: none"> There was moderate acceptance of the proposed milestones for "reasonable influence - higher climate impact" activities, with 38% of respondents at least agreeing, and 22% at least disagreeing. Stakeholders argued that the target of 95% transition by 2040 is overly ambitious, especially given existing data gaps and the varying capacities of financial institutions across regions. There was an ask on a more flexible approach, allowing for regional differentiation and smaller firms.
3.2.1 Portfolio climate-alignment target - 16.d. To what extent do you agree with the proposed milestones for "limited influence - higher climate impact" activities (relevant for lending and insurance)?	<ul style="list-style-type: none"> There was majority disagreement of the proposed milestones for "limited influence - higher climate impact" activities, with 23% of respondents at least agreeing, and 31% least disagreeing. FI - Diversified showed 62% at least disagreement, indicating significant challenges, The financial institutions respondents were split in their view – some disagreed because they felt the ask was too strict since many firms lack the resources and data necessary to align with such ambitious goals. Others though disagreed because they felt the proposition was too soft and saw the need for near-term (e.g., by 2035) targets to mitigate the risk of a "wait-and-see" attitude among certain firms.
3.2.1 Portfolio climate-alignment target - 16.e. To what extent do you agree with the proposed milestones for "limited influence - lower climate impact" activities?	<ul style="list-style-type: none"> There was moderate acceptance of the proposed milestones for "limited influence - lower climate impact" activities, with 29% of respondents at least agreeing and 23% at least disagreeing. Respondents highlighted significant challenges for PE firms as they lack sufficient influence over portfolio companies to meet these targets. Suggestions included flexible eligibility criteria for "limited influence" assets, making such targets optional, emphasizing that linear progress may not be feasible given the diverse climate maturity of portfolio companies.
Annex C Climate-Alignment Metrics & Methods - 18.a. Annex C, Table 15 provides a non-exhaustive list of the eligible metric types. Are the metrics required for alignment at the different points in time for the different counterparty types appropriate?	<ul style="list-style-type: none"> There was moderate acceptance of the metrics required for alignment, with 35% of respondents at least agreeing, and 22% at least disagreeing. FI - Asset Owners and FI-Diversified showed 38% agreement and 38% disagreement, indicating divided opinion. While several respondents asked for more granular definitions and better table guidance, some on the other hand side ask for more flexibility in metric selection. The feedback suggested adding FLAG and chemicals into the emissions-intensive sector approach. The inclusion of sovereign bonds was seen as beneficial but limited by asset liability matching constraints. Additionally, proposed company categories and definitions of "transitioning" requiring alignment with established frameworks and clearer criteria for emissions reduction were put forward. Key issues included also reliance on ambitions over actual progress pre-2030, and the absence of credible validation bodies.
Annex C Climate-Alignment Metrics & Methods - 18.c. Annex C, Table 15 provides a non-exhaustive list of the eligible metric types. If you have answered "strongly agree" or "agree" to question 18b does a broader set of metrics (rather than a narrow and more prescriptive set) make the Standard easier to implement?	<ul style="list-style-type: none"> There was moderate acceptance for a broader set of metrics making the Standard easier to implement, with 33% of respondents at least agreeing and 22% at least disagreeing. For sectors like Agriculture, deforestation, and land use—responsible for substantial GHG emissions—the comments recommended that the Standard include detailed metrics (e.g., surface area affected, pesticide use) to address environmental impacts more rigorously.

Note: Key feedback received column provides 2 types of insights, first point represents the findings from close-ended questions and the second point in each row provides a brief summary of the qualitative justifications provided by respondents.

CHAPTER 3:

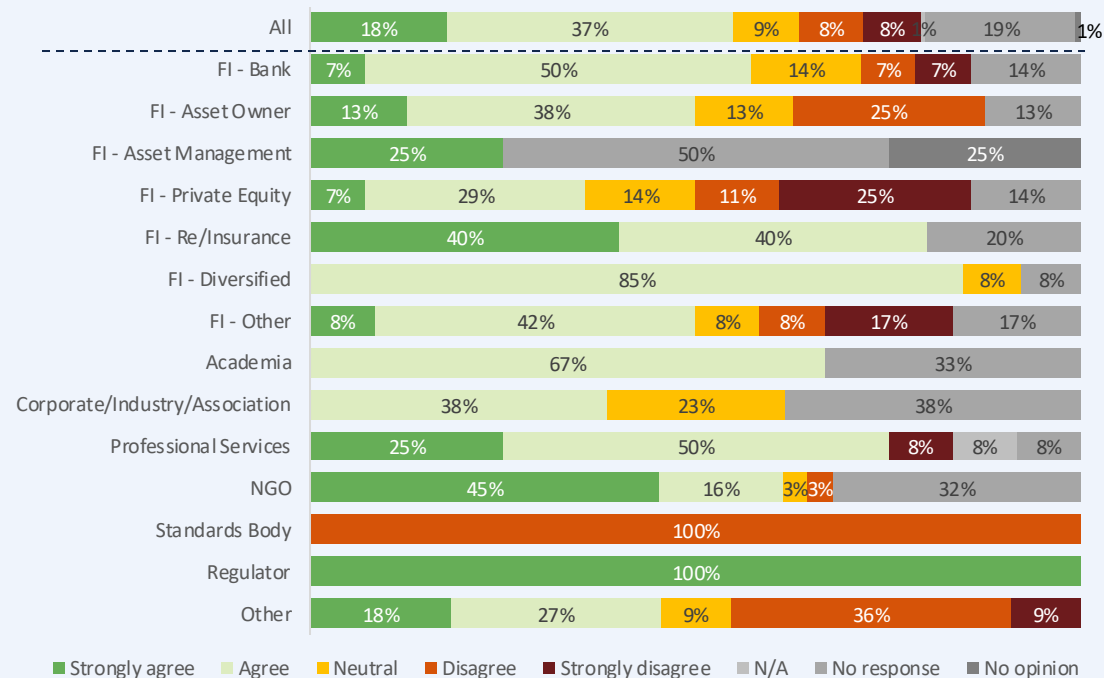
QUESTION 15 – RESPONSES PER STAKEHOLDER GROUP

PORTFOLIO CLIMATE-ALIGNMENT TARGETS



15.a. To what extent do you agree with the following element of Chapter 3, Portfolio Climate-Alignment Targets: The overall conceptual approach for setting climate-alignment targets?

Survey Responses



Key Insights

Overall view

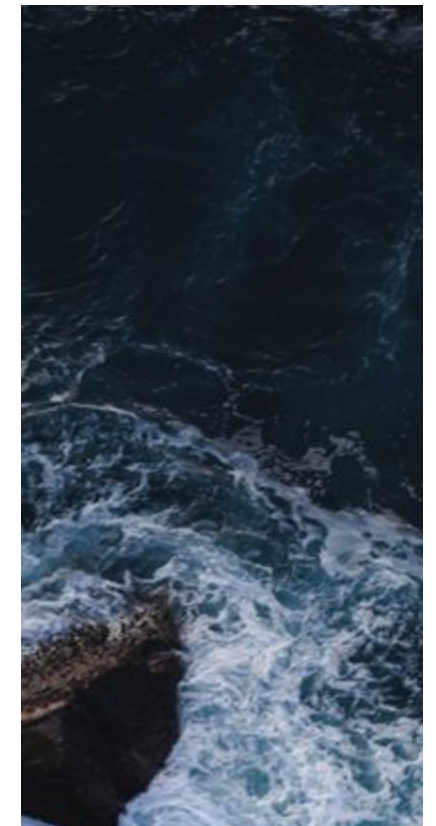
There was broad acceptance of the overall conceptual approach for setting climate-alignment targets, with 55% of respondents either agreeing or strongly agreeing, and only 16% disagreeing or strongly disagreeing.

End user stakeholders

Re/Insurance showed strong support with 80% in at least agreement, while Asset Owner has 25% disagreement, indicating some challenges.

Additional insights

The Regulator respondent showed full agreement, while the Standards Body respondent disagreed, highlighting a contrast between these two key stakeholders.



CHAPTER 3:

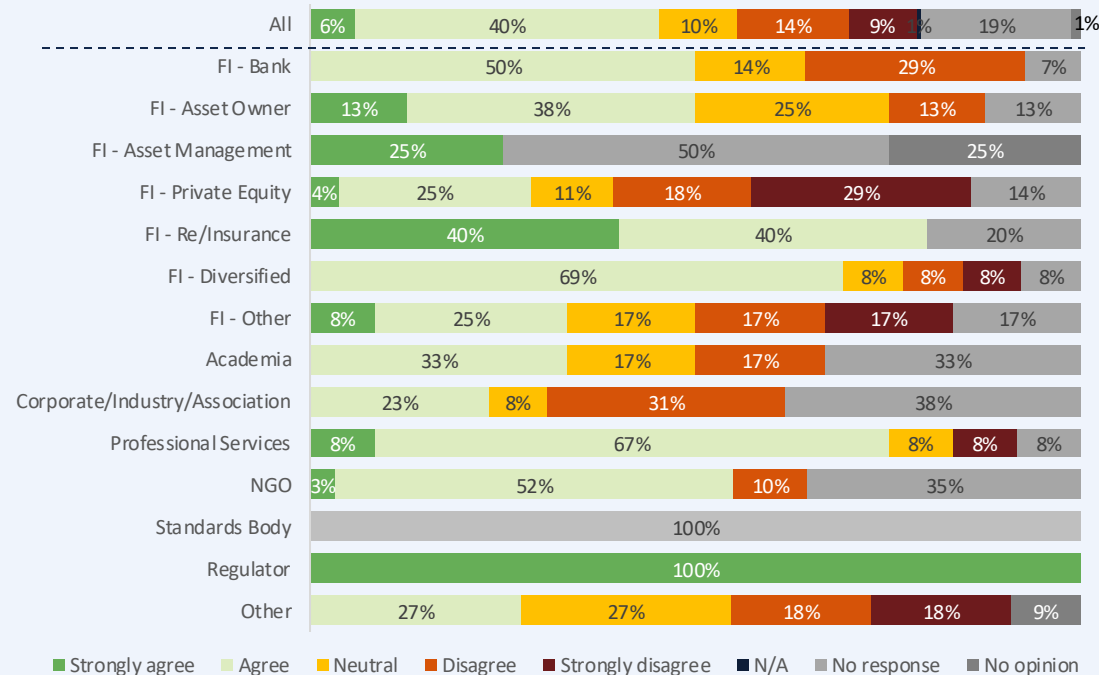
QUESTION 15 – RESPONSES PER STAKEHOLDER GROUP

PORTFOLIO CLIMATE-ALIGNMENT TARGETS



15.b. To what extent do you agree with the following element of Chapter 3, Portfolio Climate-Alignment Targets: The appropriateness of the definitions in Table 12, p52: Definition of climate-aligned components?

Survey Responses



Key Insights

Overall view

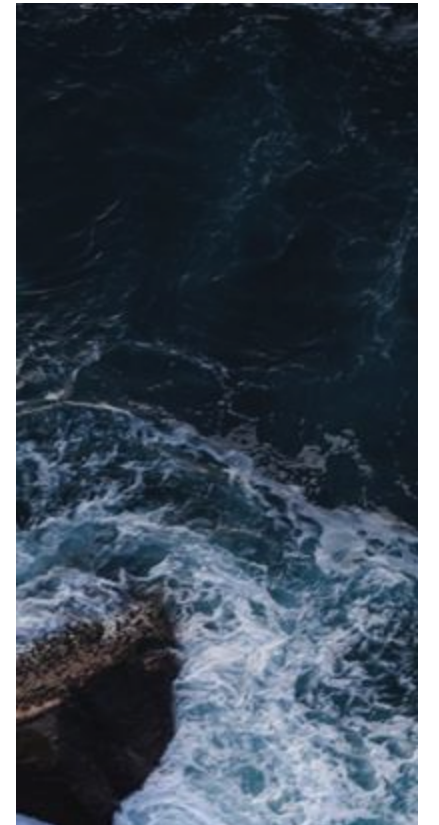
There was moderate acceptance of the definitions in Table 12, with 46% of respondents either agreeing or strongly agreeing, and 23% disagreeing or strongly disagreeing.

End user stakeholders

Banks showed 29% disagreement, indicating potential issues, while Re/Insurance showed strong support with 80% at least agreeing.

Additional insights

NGOs showed a high level of agreement at 55%, with only 10% disagreement, indicating strong support from this group.



CHAPTER 3:

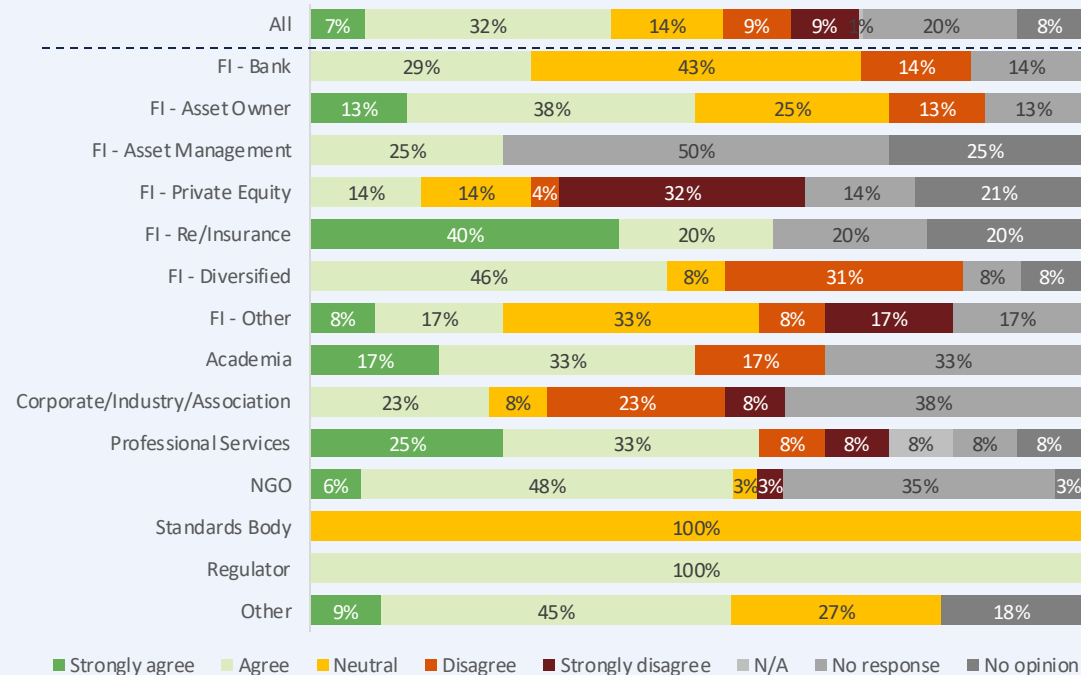
QUESTION 15 – RESPONSES PER STAKEHOLDER GROUP

PORTFOLIO CLIMATE-ALIGNMENT TARGETS



15.c. To what extent do you agree with the following element of Chapter 3, Portfolio Climate-Alignment Targets: The approach under the FINZ Standard, where climate-alignment targets are grouped by financial activity type instead of asset class?

Survey Responses



Key Insights

Overall view

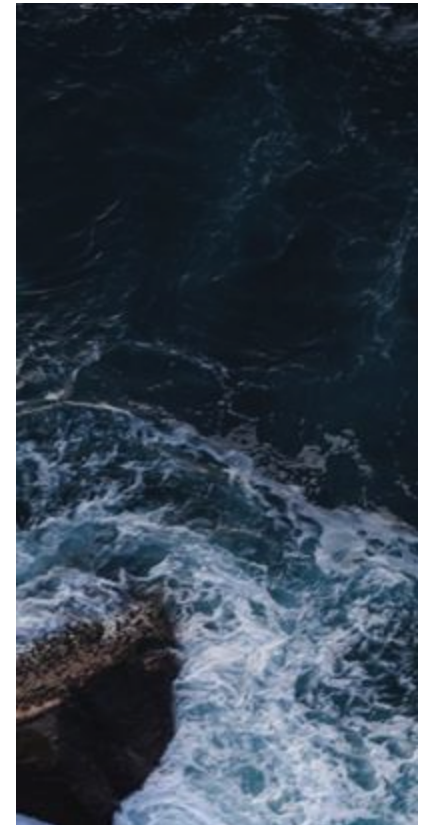
There was moderate acceptance of grouping climate-alignment targets by financial activity type, with 39% of respondents either agreeing or strongly agreeing, and 18% disagreeing or strongly disagreeing.

End user stakeholders

FI - Diversified showed 31% disagreement, indicating some potential issues, while Re/Insurance showed strong support with 60% agreement.

Additional insights

NGOs showed a high level of agreement at 54%, with only 3% disagreement, indicating strong support from this group.



CHAPTER 3:

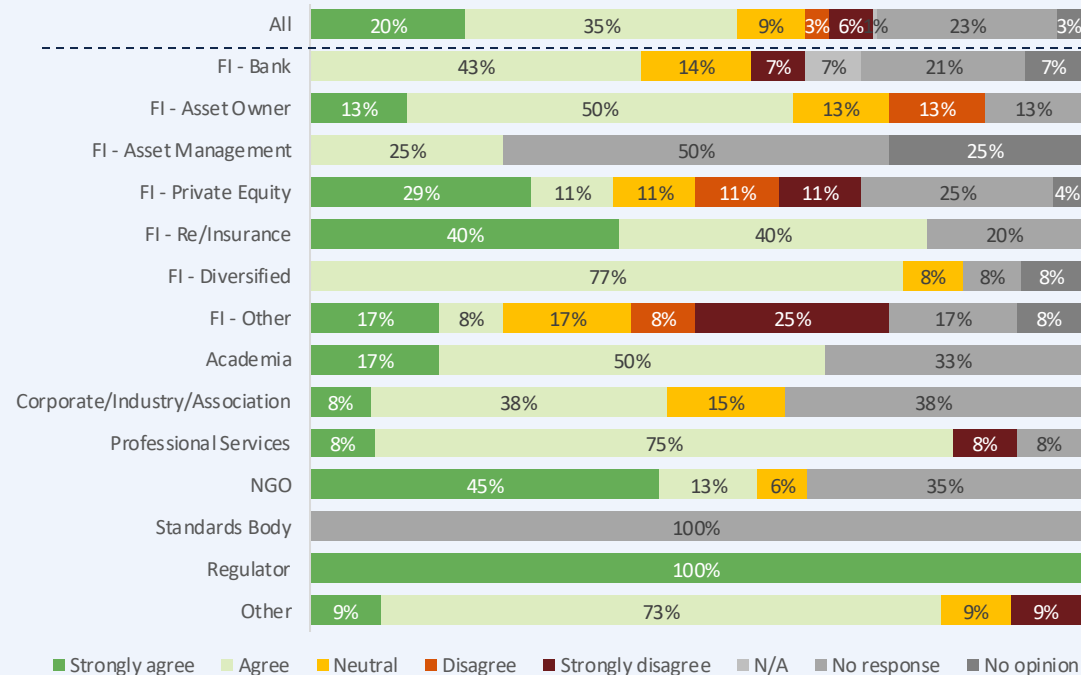
QUESTION 16 – RESPONSES PER STAKEHOLDER GROUP

TABLE 4, P35: OVERVIEW OF PORTFOLIO CLIMATE-ALIGNMENT GOALS



16.a. The SBTi proposes to have the ambition of targets be determined by the concepts of climate impact and influence and suggests a milestone approach to set targets. To what extent do you agree with the proposal of a milestone-based approach for different parts of the portfolio?

Survey Responses



Key Insights

Overall view

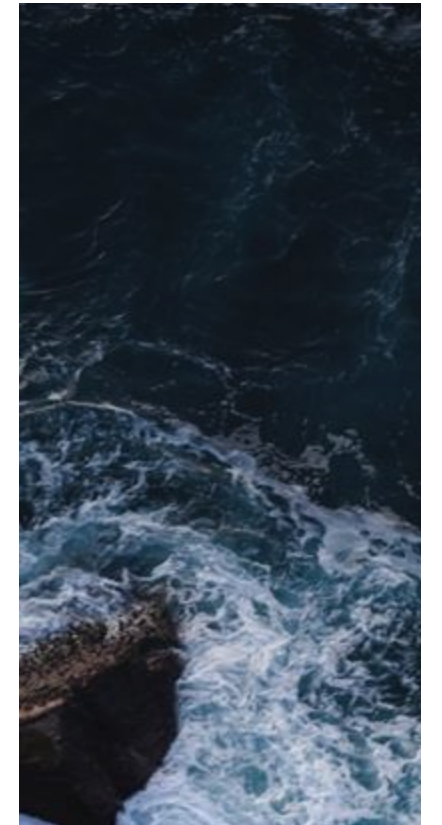
There was broad acceptance of the milestone-based approach, with 55% of respondents either agreeing or strongly agreeing, and only 9% disagreeing or strongly disagreeing.

End user stakeholders

FI - Diversified showed strong support with 77% agreement, while 22% of Private Equity respondents at least disagreeing, indicating some potential issues.

Additional insights

Academia showed 67% in at least agreement, with no disagreement, indicating strong support from this group.



CHAPTER 3:

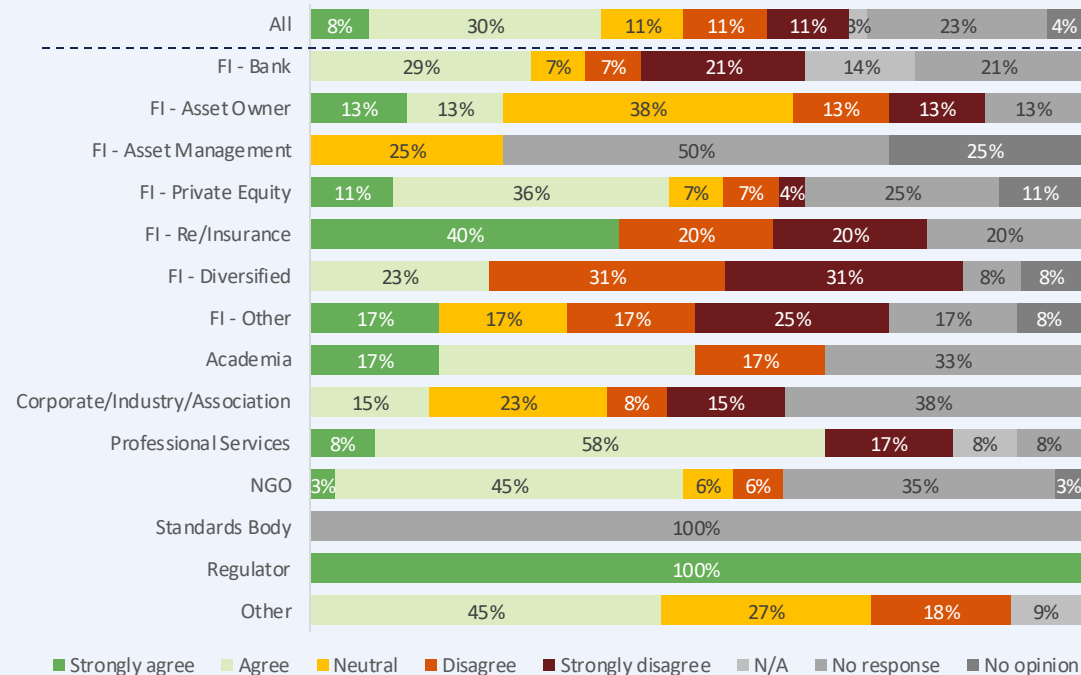
QUESTION 16 – RESPONSES PER STAKEHOLDER GROUP

TABLE 4, P35: OVERVIEW OF PORTFOLIO CLIMATE-ALIGNMENT GOALS



16.b. To what extent do you agree with the proposed milestones for “reasonable influence - higher climate impact” activities?

Survey Responses



Key Insights

Overall view

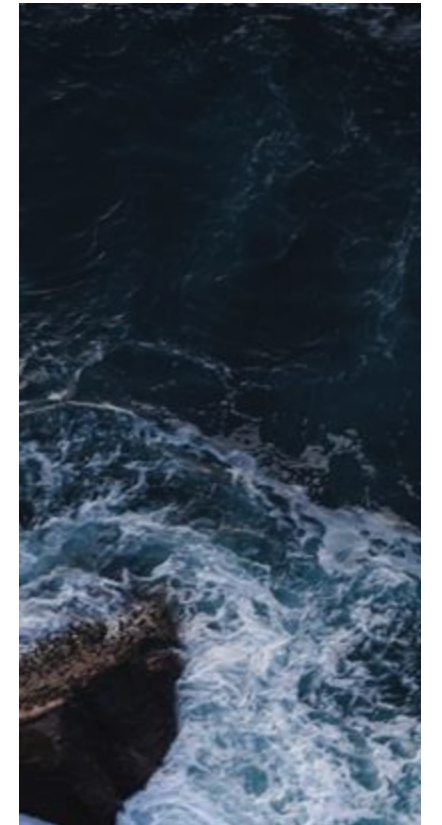
There was moderate acceptance of the proposed milestones for “reasonable influence - higher climate impact” activities, with 38% of respondents either agreeing or strongly agreeing, and 22% disagreeing or strongly disagreeing.

End user stakeholders

Re/Insurance showed 40% agreement but also 40% in at least disagreement, indicating divided opinion within this group.

Additional insights

Professional Services showed 66% in at least agreement, with 17% disagreement, indicating a generally supportive stance with some reservations.



CHAPTER 3:

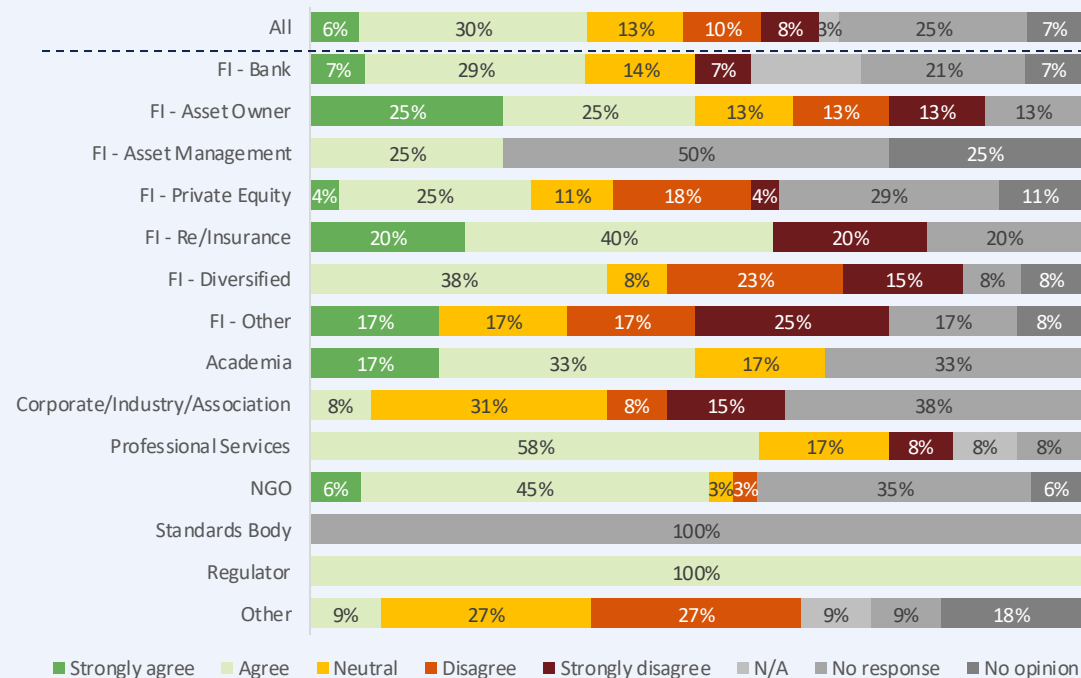
QUESTION 16 – RESPONSES PER STAKEHOLDER GROUP

TABLE 4, P35: OVERVIEW OF PORTFOLIO CLIMATE-ALIGNMENT GOALS



16.c. To what extent do you agree with the proposed usage of milestones based on linear increase for “reasonable influence - lower climate impact” activities?

Survey Responses



Key Insights

Overall view

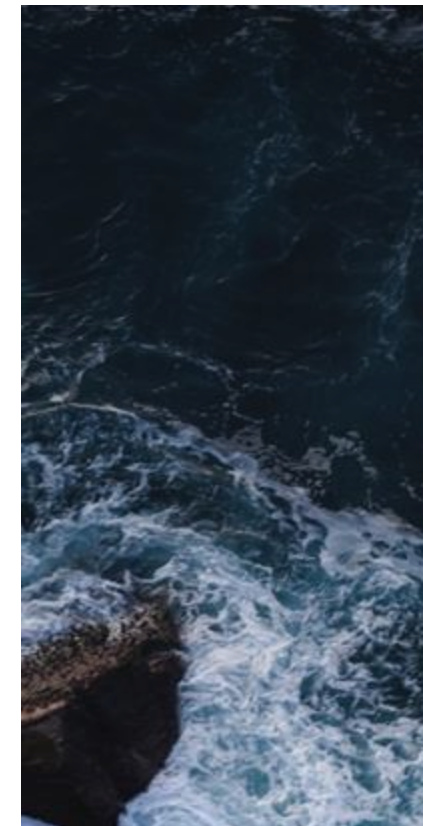
There was moderate acceptance of the proposed usage of milestones based on linear increase for “reasonable influence - lower climate impact” activities, with 36% of respondents either agreeing or strongly agreeing, and 18% disagreeing or strongly disagreeing.

End user stakeholders

FI - Diversified showed 38% agreement but also 38% in at least disagreement, indicating divided opinion within this group.

Additional insights

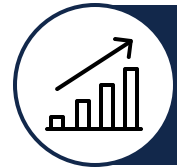
Professional Services showed strong support with 58% agreement and no disagreement, indicating a generally positive stance from this group.



CHAPTER 3:

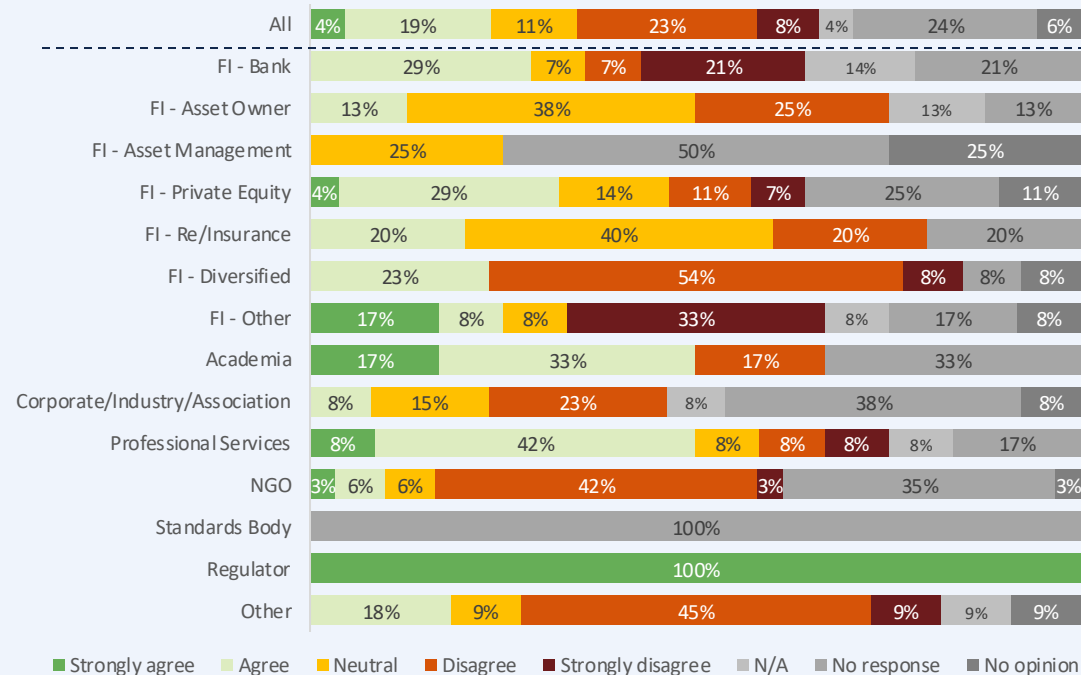
QUESTION 16 – RESPONSES PER STAKEHOLDER GROUP

TABLE 4, P35: OVERVIEW OF PORTFOLIO CLIMATE-ALIGNMENT GOALS



16.d. To what extent do you agree with the proposed milestones for “limited influence - higher climate impact” activities (relevant for lending and insurance)?

Survey Responses



Key Insights

Overall view

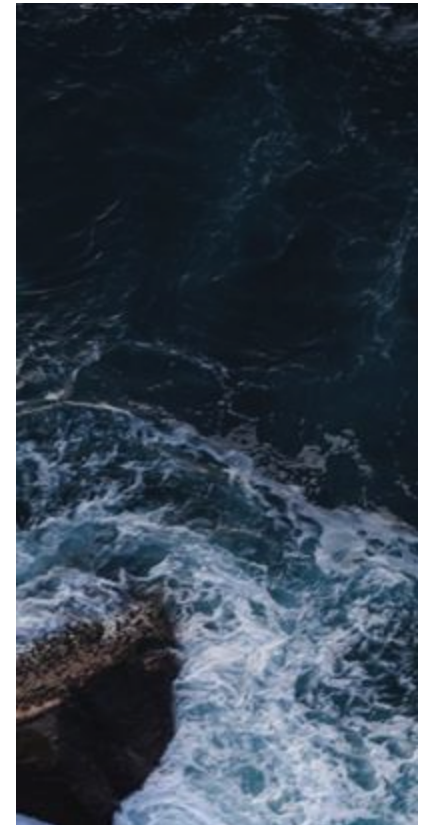
There was moderate acceptance of the proposed milestones for “limited influence - higher climate impact” activities, with 23% of respondents either agreeing or strongly agreeing, and 31% disagreeing or strongly disagreeing.

End user stakeholders

FI - Diversified showed 62% in at least disagreement, indicating significant challenges, while Re/Insurance is divided with 20% agreement and 20% disagreement. 28% of Banks also display at least disagreement with the proposition.

Additional insights

NGOs showed 45% in at least disagreement, indicating notable opposition from this group.



CHAPTER 3:

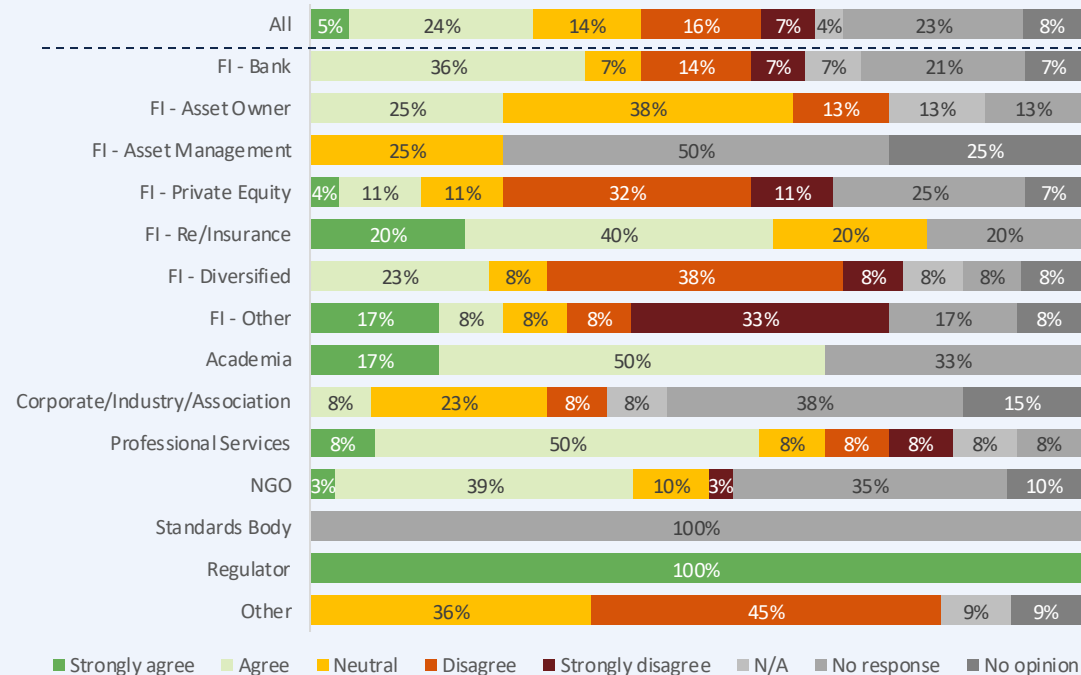
QUESTION 16 – RESPONSES PER STAKEHOLDER GROUP

TABLE 4, P35: OVERVIEW OF PORTFOLIO CLIMATE-ALIGNMENT GOALS



16.e. To what extent do you agree with the proposed milestones for “limited influence - lower climate impact” activities?

Survey Responses



Key Insights

Overall view

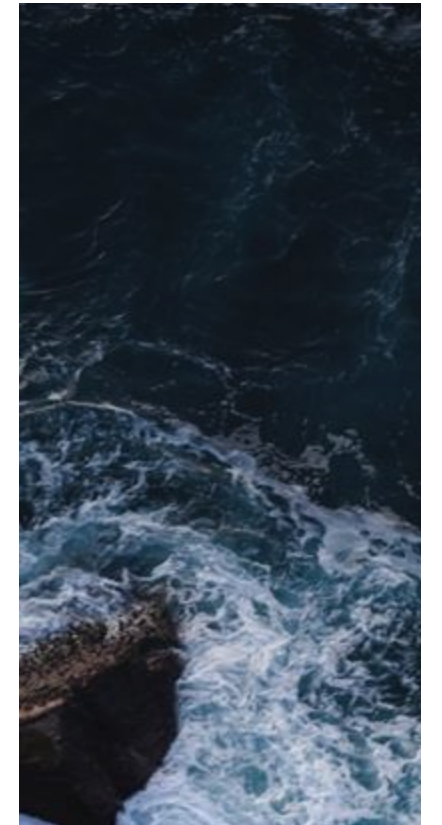
There was moderate acceptance of the proposed milestones for “limited influence - lower climate impact” activities, with 29% of respondents either agreeing or strongly agreeing, and 23% disagreeing or strongly disagreeing.

End user stakeholders

Asset Owner showed 38% neutrality and 13% disagreement, indicating some uncertainty, while Private Equity showed 43% in at least disagreement, indicating significant challenges.

Additional insights

Professional Services showed 58% in at least agreement, with 16% in at least disagreement, indicating a generally positive stance from this group.



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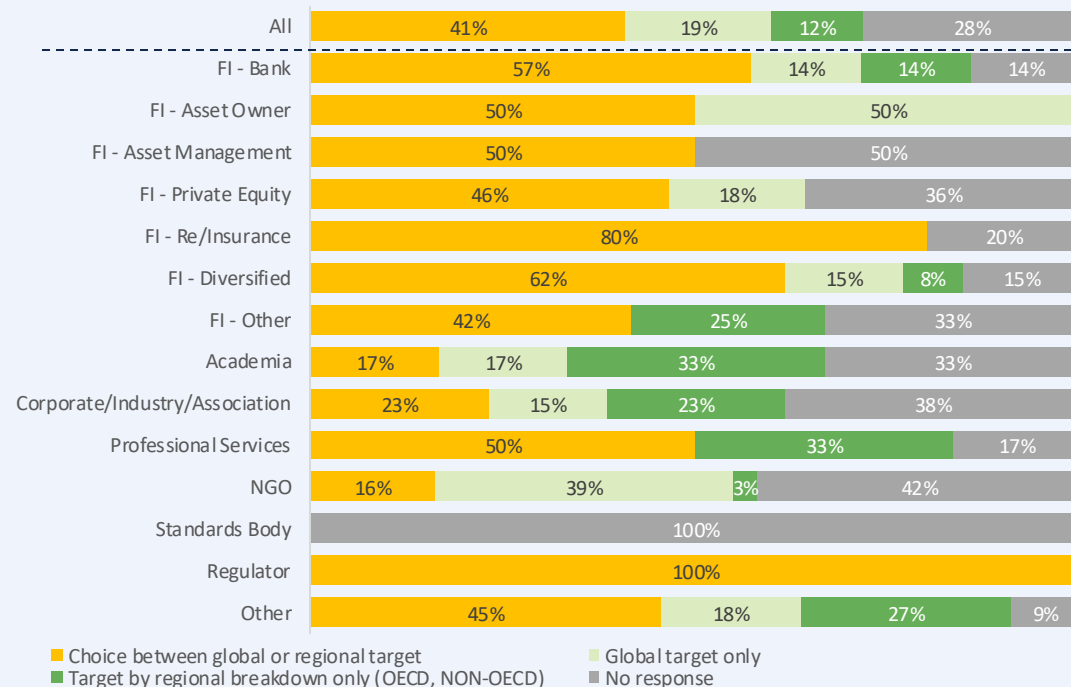
QUESTION 16 – RESPONSES PER STAKEHOLDER GROUP

TABLE 4, P35: OVERVIEW OF PORTFOLIO CLIMATE-ALIGNMENT GOALS



16.f. For “reasonable influence - higher climate impact activities”, which of the following target milestones should we include?

Survey Responses



Key Insights

Overall view

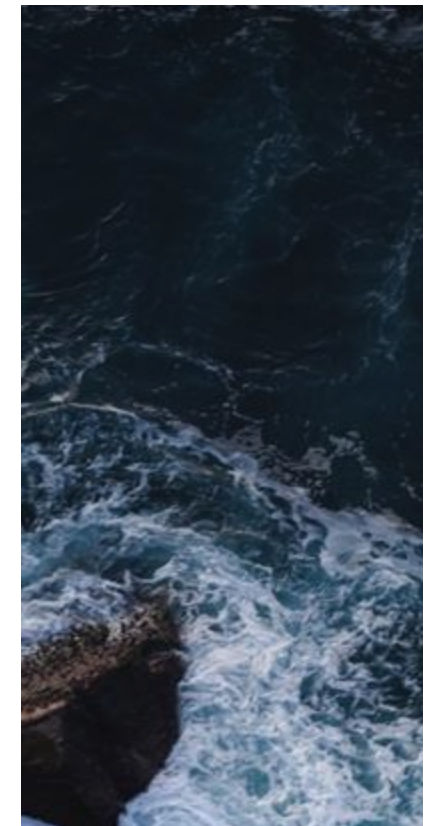
There was a preference for choice between global targets or regional targets, with 41% of respondents choosing this option, compared to 19% for global targets and 12% for targets by regional breakdown.

End user stakeholders

Re/Insurance showed strong support for global or regional target choice with 80% agreement, while FI - Asset Owner is evenly split with 50% for global or regional targets choice and 50% for global targets only.

Additional insights

NGOs showed a preference for global targets with 39% agreement, while 42% did not respond, indicating a need for further engagement with this group.



CHAPTER 3:

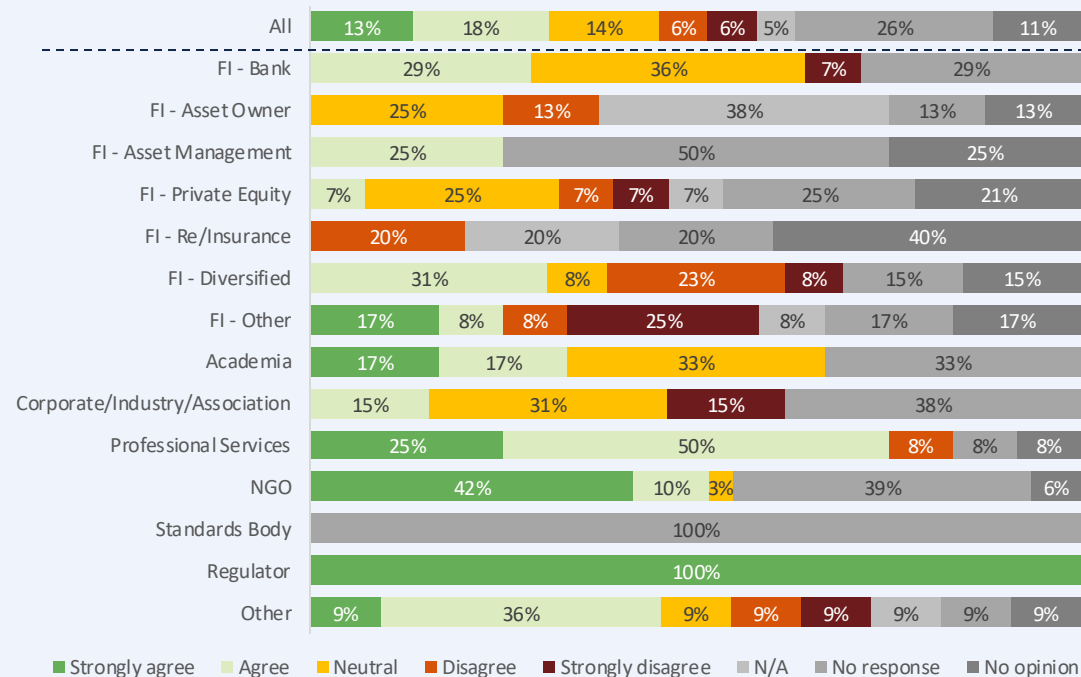
QUESTION 17 – RESPONSES PER STAKEHOLDER GROUP

TABLE 4, P35: OVERVIEW OF PORTFOLIO CLIMATE-ALIGNMENT GOALS



17.a. To what extent do you agree with the milestone approach for Lending?

Survey Responses



Key Insights

Overall view

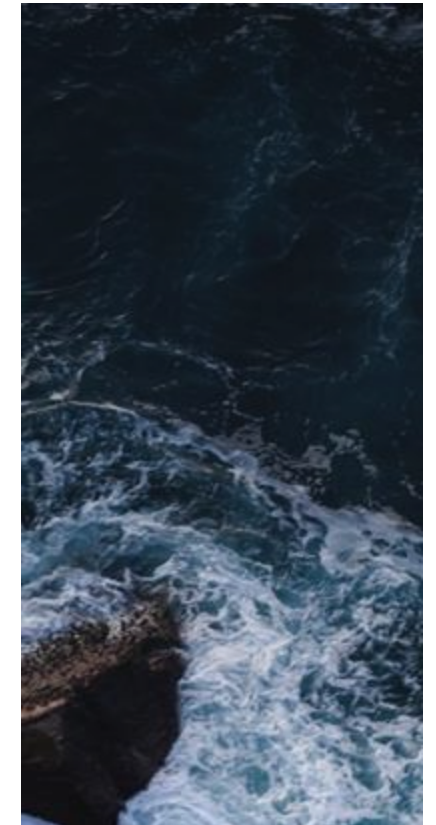
There was moderate acceptance of the milestone approach for Lending, with 31% of respondents either agreeing or strongly agreeing, and 12% disagreeing or strongly disagreeing.

End user stakeholders

Banks showed 29% agreement and 36% neutrality, indicating some support but also a significant portion of respondents who were undecided. Diversified financial institutions showed 31% agreement and 31% in at least disagreement indicating divided views within this group.

Additional insights

NGOs showed 52% in at least agreement, with no disagreement, indicating strong support from this group.



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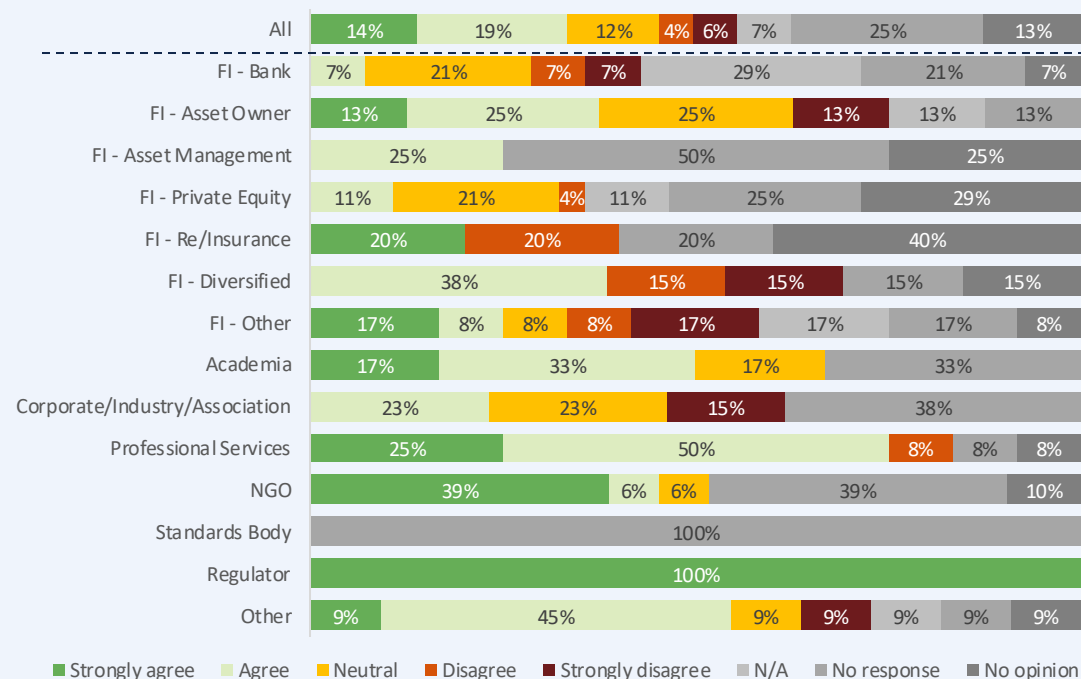
QUESTION 17 – RESPONSES PER STAKEHOLDER GROUP

TABLE 4, P35: OVERVIEW OF PORTFOLIO CLIMATE-ALIGNMENT GOALS



17.b. To what extent do you agree with the milestone approach for Asset Owner Investing?

Survey Responses



Key Insights

Overall view

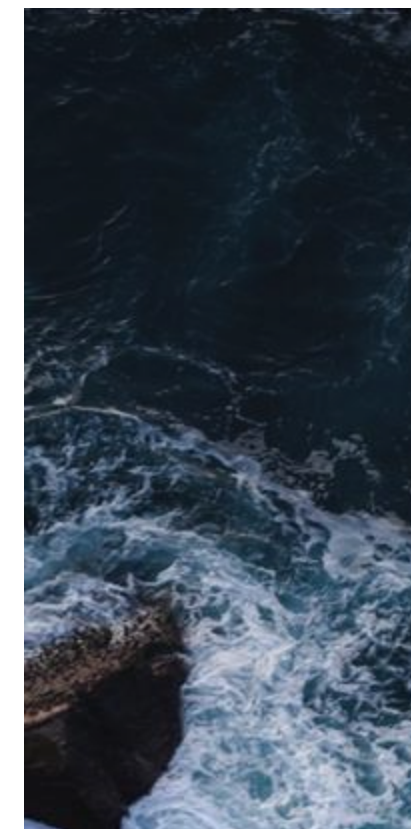
There was moderate acceptance of the milestone approach for Asset Owner Investing, with 33% of respondents either agreeing or strongly agreeing, and 10% disagreeing or strongly disagreeing.

End user stakeholders

Asset Owners showed 25% neutrality and 13% disagreement, indicating some uncertainty and challenges.

Additional insights

Professional Services showed strong support with 75% in at least agreement and only 8% disagreement, indicating a generally positive stance from this group.



CHAPTER 3:

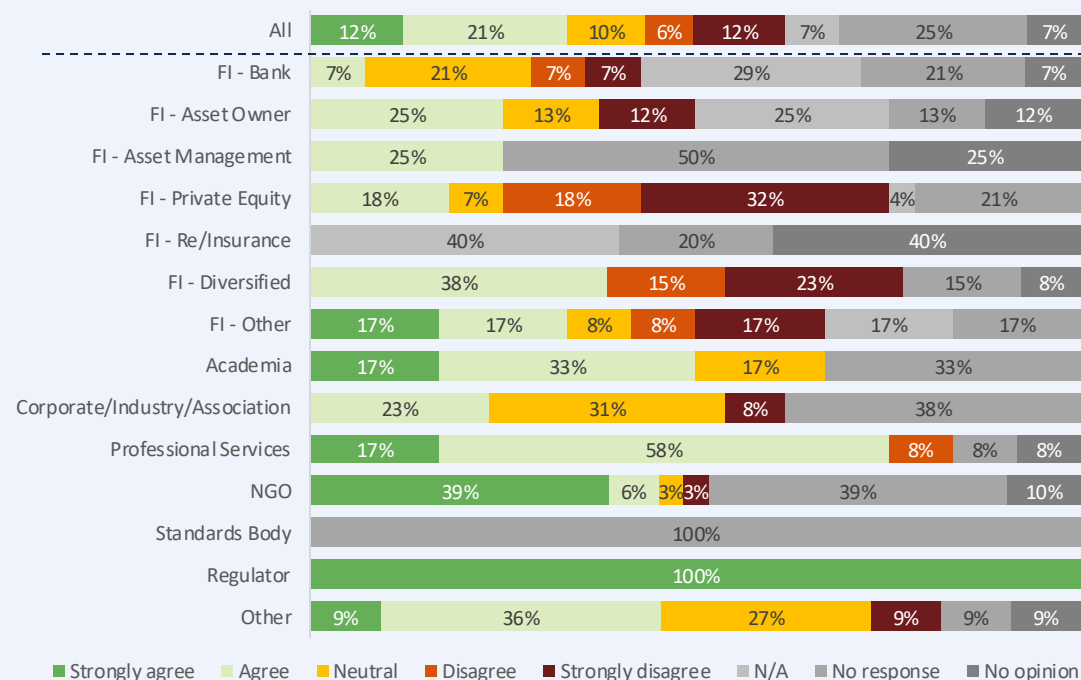
QUESTION 17 – RESPONSES PER STAKEHOLDER GROUP

TABLE 4, P35: OVERVIEW OF PORTFOLIO CLIMATE-ALIGNMENT GOALS



17.c. To what extent do you agree with the milestone approach for Asset Manager (including private equity firms) Investing?

Survey Responses



Key Insights

Overall view

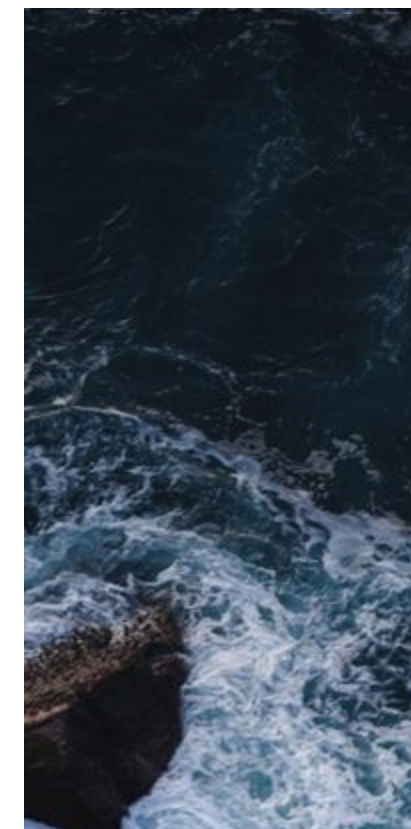
There was moderate acceptance of the milestone approach for Asset Manager (including private equity firms) Investing, with 33% of respondents either agreeing or strongly agreeing, and 18% disagreeing or strongly disagreeing.

End user stakeholders

FI - Asset Management showed 25% agreement and 50% no response, indicating some support but also uncertainty, while Private Equity showed high disagreement with 50% respondents at least disagreeing.

Additional insights

Professional Services showed strong support with 75% in at least agreement and only 8% disagreement, indicating a generally positive stance from this group.



CHAPTER 3:

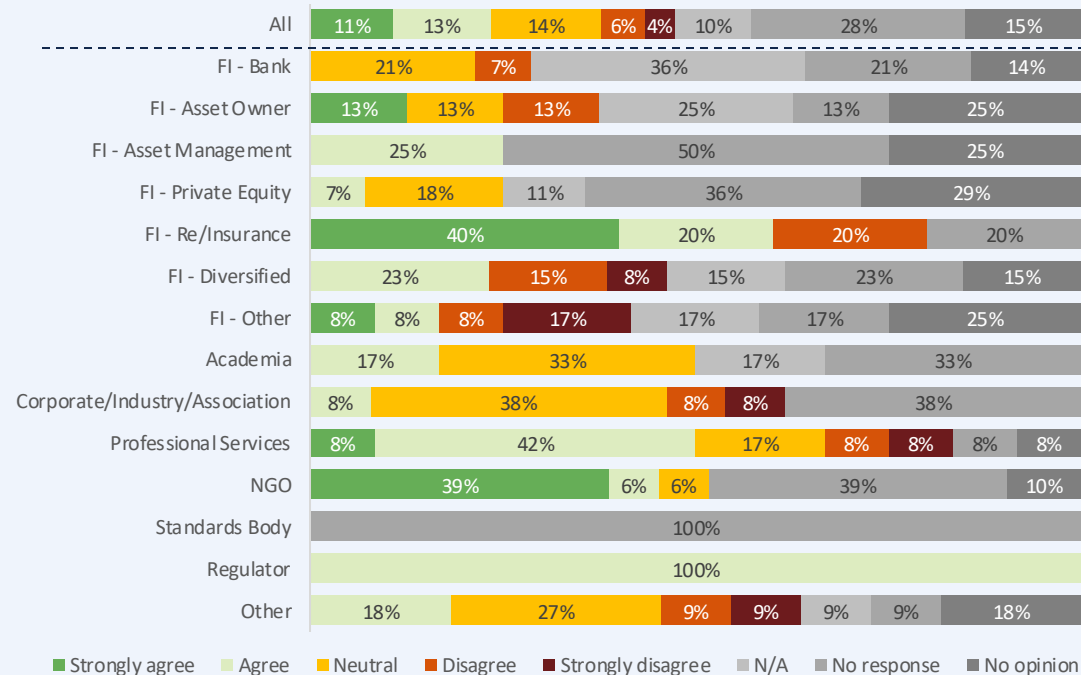
QUESTION 17 – RESPONSES PER STAKEHOLDER GROUP

TABLE 4, P35: OVERVIEW OF PORTFOLIO CLIMATE-ALIGNMENT GOALS



17.d. To what extent do you agree with the milestone approach for Insurance Underwriting?

Survey Responses



Key Insights

Overall view

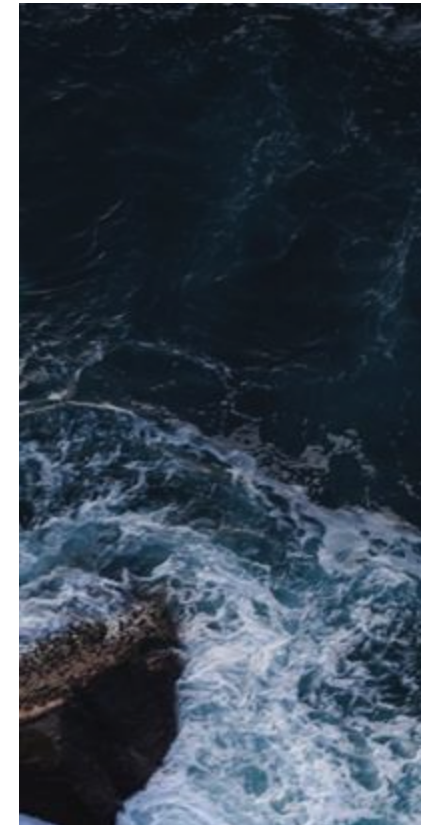
There was moderate acceptance of the milestone approach for Insurance Underwriting, with 24% of respondents either agreeing or strongly agreeing, and 10% disagreeing or strongly disagreeing.

End user stakeholders

Re/Insurance group showed 60% in at least agreement and 20% disagreement, indicating strong support but also some reservations.

Additional insights

NGOs showed at least 45% agreement, with no disagreement, indicating strong support from this group.



CHAPTER 3:

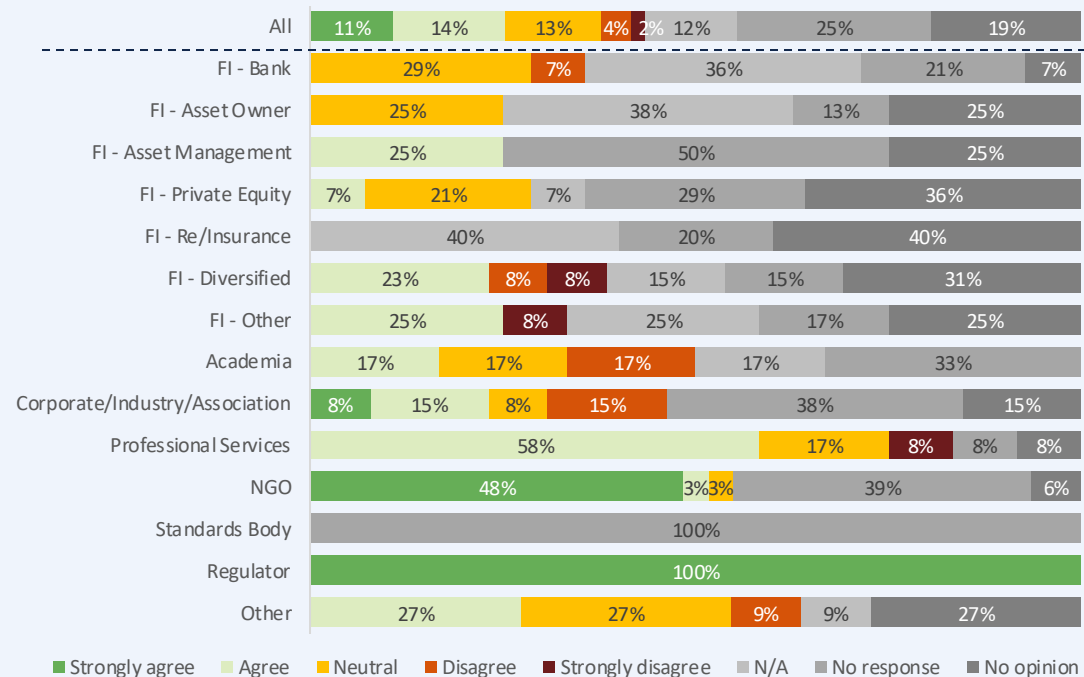
QUESTION 17 – RESPONSES PER STAKEHOLDER GROUP

TABLE 4, P35: OVERVIEW OF PORTFOLIO CLIMATE-ALIGNMENT GOALS



17.e. To what extent do you agree that the milestone approach would also work for Capital Market Activities (for which targets are not currently proposed as part of the FINZ Standard)?

Survey Responses



Key Insights

Overall view

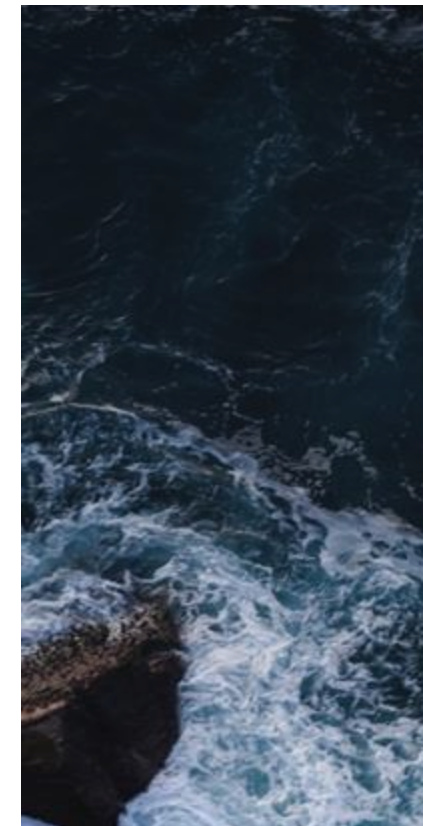
There was moderate acceptance of the milestone approach for Capital Market Activities (CMA), with 25% of respondents either agreeing or strongly agreeing, and 6% disagreeing or strongly disagreeing.

End user stakeholders

FI - Asset Management showed 25% agreement and 50% no response, indicating some support but also uncertainty, while Diversified financial institutions showed 16% in at least disagreement.

Additional insights

NGOs showed strong support with 51% agreement and no disagreement, indicating a generally positive stance from this group.



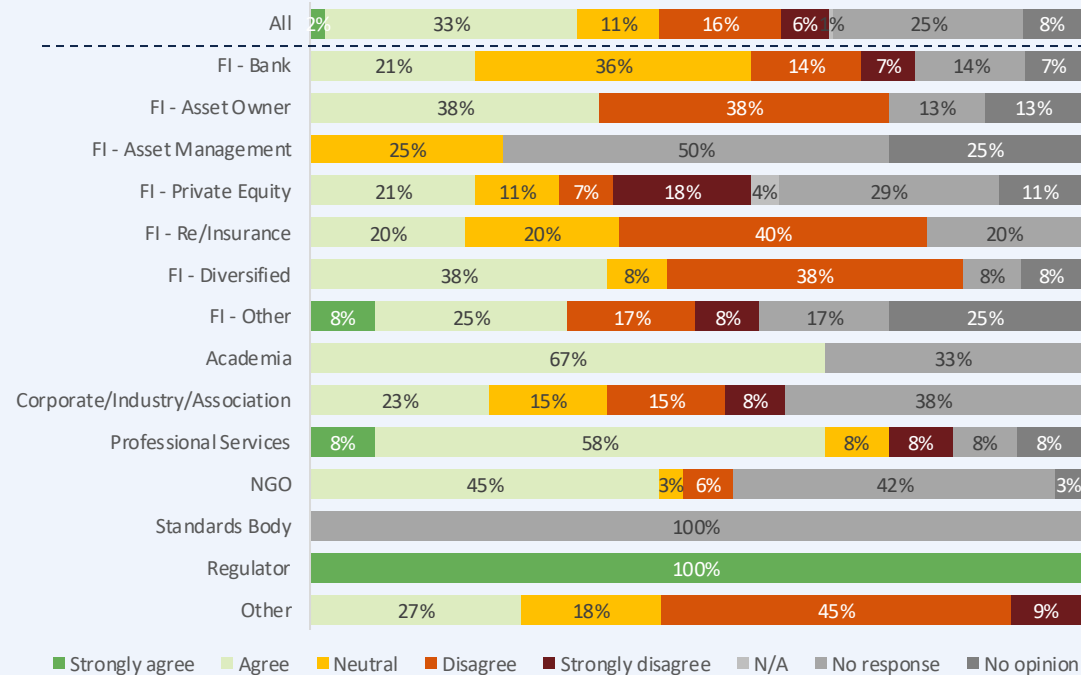
CHAPTER 3: Q18 – RESPONSES PER STAKEHOLDER GROUP

ANNEX C, TABLE 15, P55: ENTITY AND ACTIVITY-LEVEL DATA SOURCES FOR PORTFOLIO CLIMATE-ALIGNMENT TARGETS



18.a. Annex C, Table 15 provides a non-exhaustive list of the eligible metric types. Are the metrics required for alignment at the different points in time for the different counterparty types appropriate?

Survey Responses



Key Insights

Overall view

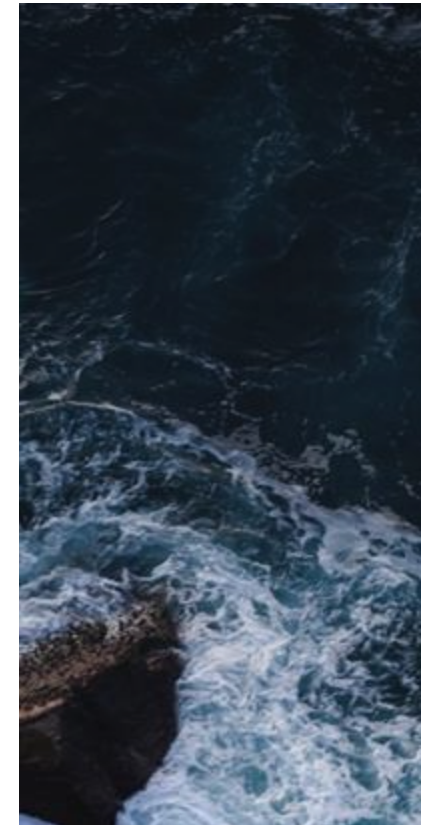
There was moderate acceptance of the metrics required for alignment, with 35% of respondents at least agreeing, and 22% at least disagreeing.

End user stakeholders

FI - Asset Owner showed 38% agreement and 38% disagreement, indicating divided opinion within this group. Similarly, FI - Diversified also showed 38% agreement and 38% disagreement, indicating a split view.

Additional insights

Academia showed strong support with 67% agreement and no disagreement, indicating a generally positive stance from this group



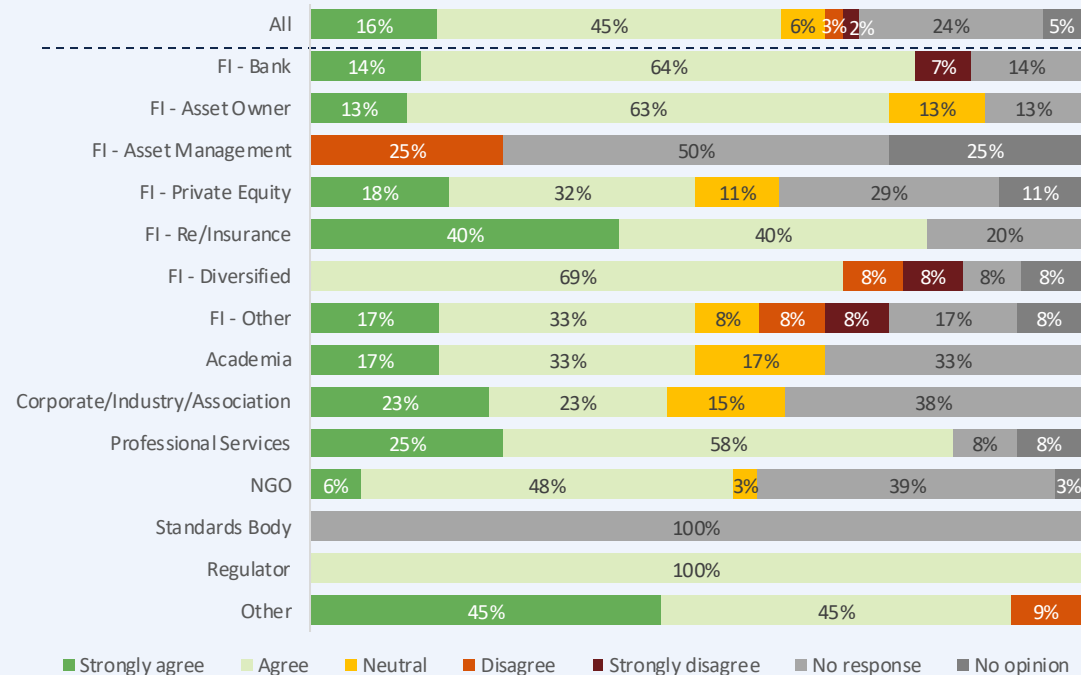
CHAPTER 3: Q18 – RESPONSES PER STAKEHOLDER GROUP

ANNEX C, TABLE 15, P55: ENTITY AND ACTIVITY-LEVEL DATA SOURCES FOR PORTFOLIO CLIMATE-ALIGNMENT TARGETS



18.b. Annex C, Table 15 provides a non-exhaustive list of the eligible metric types. Should SBTi specify a list of eligible metrics for the purpose of FINZ target development and assessment?

Survey Responses



Key Insights

Overall view

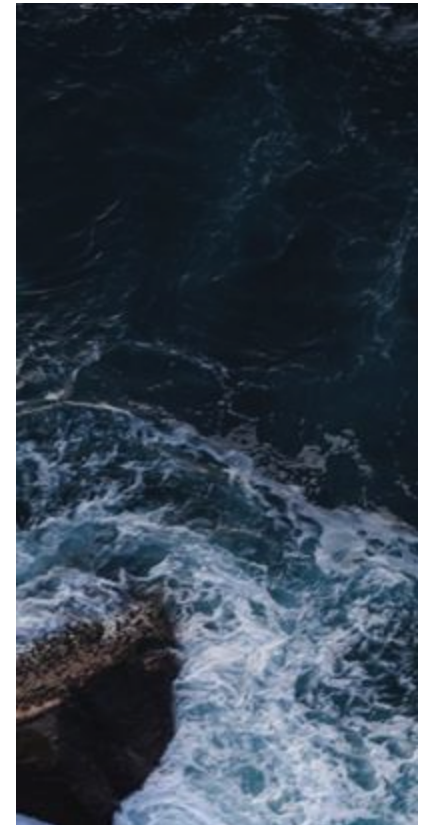
There was broad acceptance for specifying a list of eligible metrics, with 61% of respondents at least agreeing and only 5% at least disagreeing.

End user stakeholders

FI - Asset Owners showed strong support with 76% in at least agreement and no disagreement, indicating clear preference for specifying metrics.

Additional insights

FI - Re/Insurance also showed strong support with 80% in at least agreement and no disagreement, indicating a generally positive stance from this group.



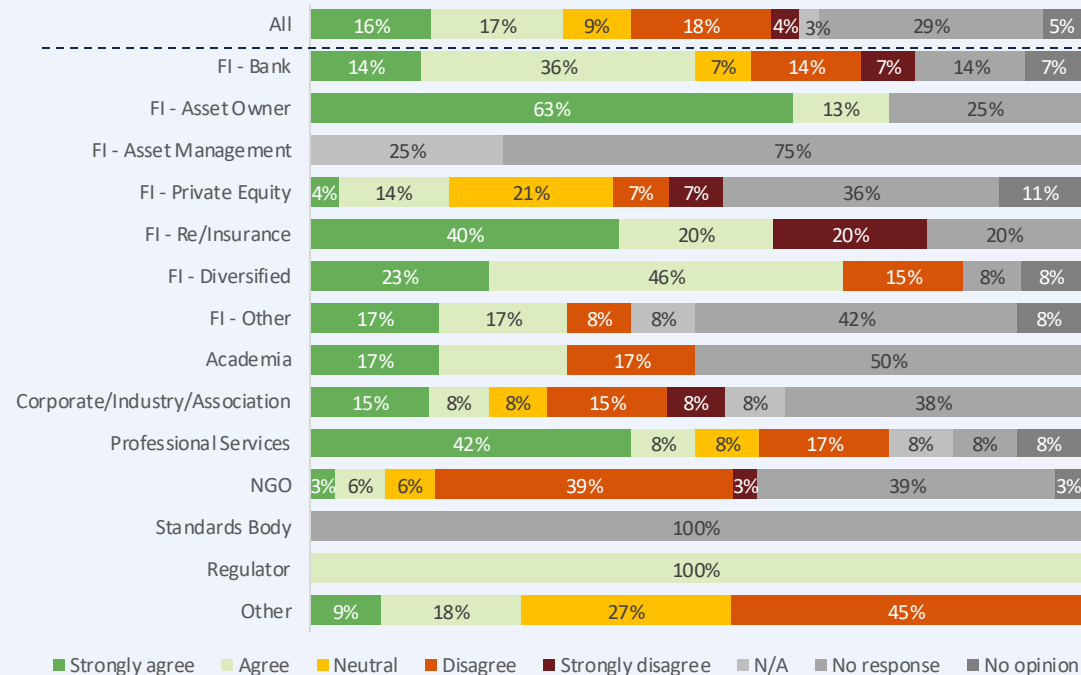
CHAPTER 3: Q18 – RESPONSES PER STAKEHOLDER GROUP

ANNEX C, TABLE 15, P55: ENTITY AND ACTIVITY-LEVEL DATA SOURCES FOR PORTFOLIO CLIMATE-ALIGNMENT TARGETS



18.c. Annex C, Table 15 provides a non-exhaustive list of the eligible metric types. If you have answered “strongly agree” or “agree” to question 18b does a broader set of metrics (rather than a narrow and more prescriptive set) make the Standard easier to implement?

Survey Responses



Key Insights

Overall view

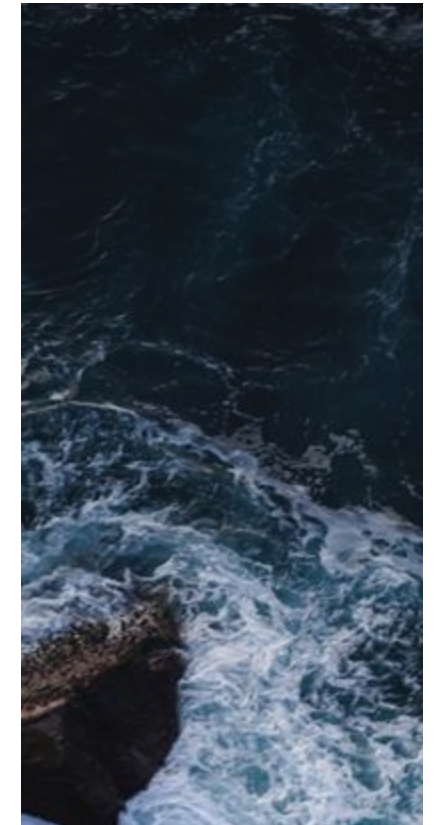
There was moderate acceptance for a broader set of metrics making the Standard easier to implement, with 33% of respondents at least agreeing and 22% at least disagreeing.

End user stakeholders

Asset Owner showed strong support with 76% in at least agreement and no disagreement, indicating a clear preference for a broader set of metrics.

Additional insights

Professional Services showed 50% in at least agreement and 17% disagreement, indicating a generally positive stance with some reservations.



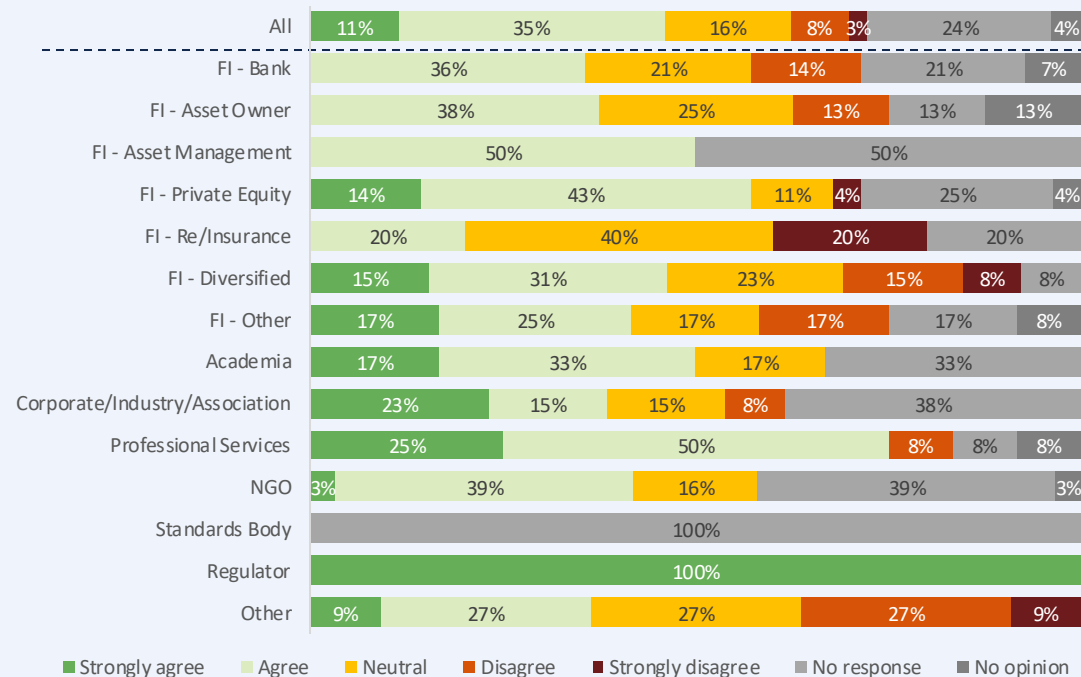
CHAPTER 3: Q18 – RESPONSES PER STAKEHOLDER GROUP

ANNEX C, TABLE 15, P55: ENTITY AND ACTIVITY-LEVEL DATA SOURCES FOR PORTFOLIO CLIMATE-ALIGNMENT TARGETS



18.d. Annex C, Table 15 provides a non-exhaustive list of the eligible metric types. To what extent do you agree that existing taxonomies, (e.g., EU Taxonomy for sustainable activities, Climate Bonds Taxonomy, etc.), can serve as credible data sources for portfolio climate-alignment targets?

Survey Responses



Key Insights

Overall view

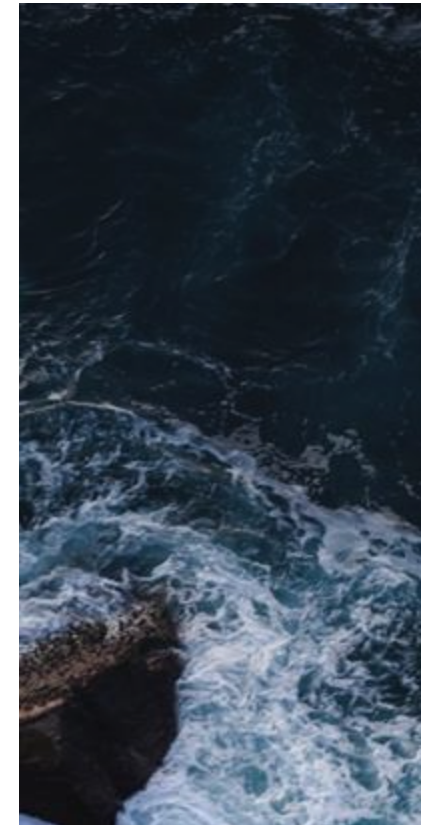
There was moderate acceptance that existing taxonomies can serve as credible data sources, with 46% of respondents at least agreeing and 11% at least disagreeing.

End user stakeholders

FI - Asset Management showed 50% agreement and 50% no response, indicating some support but also significant uncertainty, while FI - Re/Insurance showed 40% neutrality and 20% disagreement, indicating mixed views.

Additional insights

Professional Services showed strong support with 75% in at least agreement and only 8% disagreement, indicating a generally positive stance from this group



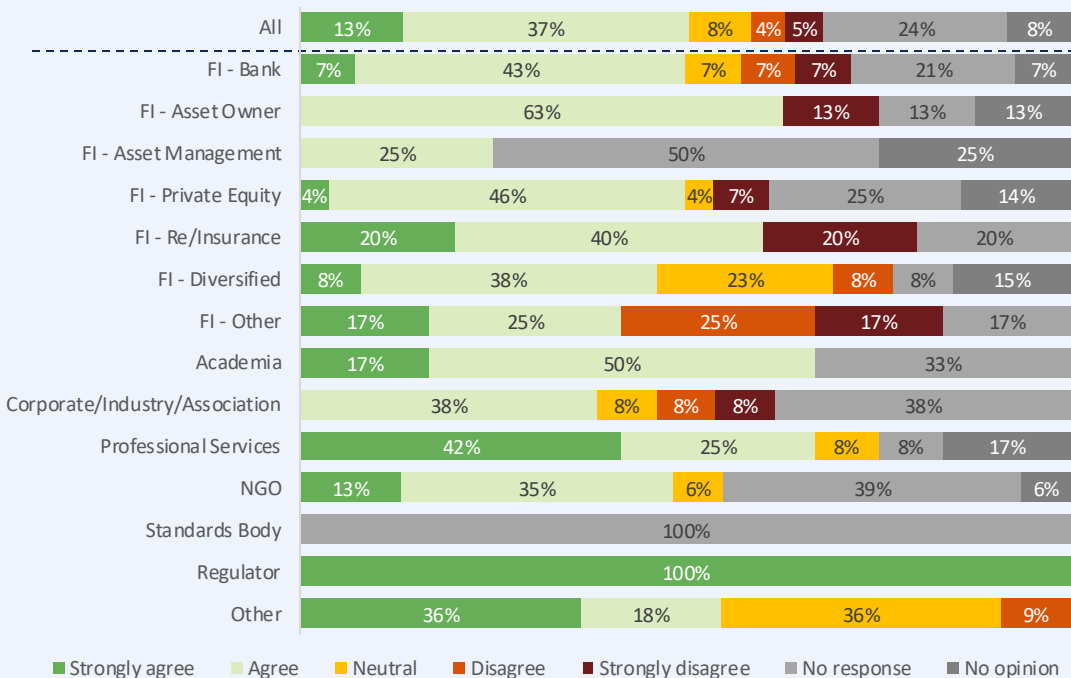
CHAPTER 3: Q18 – RESPONSES PER STAKEHOLDER GROUP

ANNEX C, TABLE 15, P55: ENTITY AND ACTIVITY-LEVEL DATA SOURCES FOR PORTFOLIO CLIMATE-ALIGNMENT TARGETS



18.e. Table 15, p55 breaks down the sources for portfolio climate-alignment into entity and activity-level. Is this breakdown helpful?

Survey Responses



Key Insights

Overall view

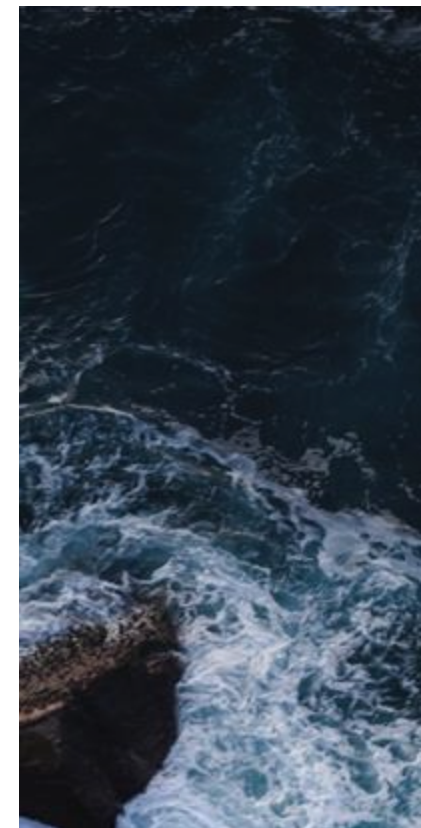
50% of respondents found the breakdown helpful, while 9% did not.

End user stakeholders

FI - Asset Owner showed 63% agreement and 13% strong disagreement, indicating general acceptance but some reservations. Similarly, FI - Re/Insurance showed 60% in at least agreement and 20% strong disagreement, indicating mixed views.

Additional insights

The Regulator respondent strongly agreed, showing support from the regulatory perspective.



CHAPTER 3:

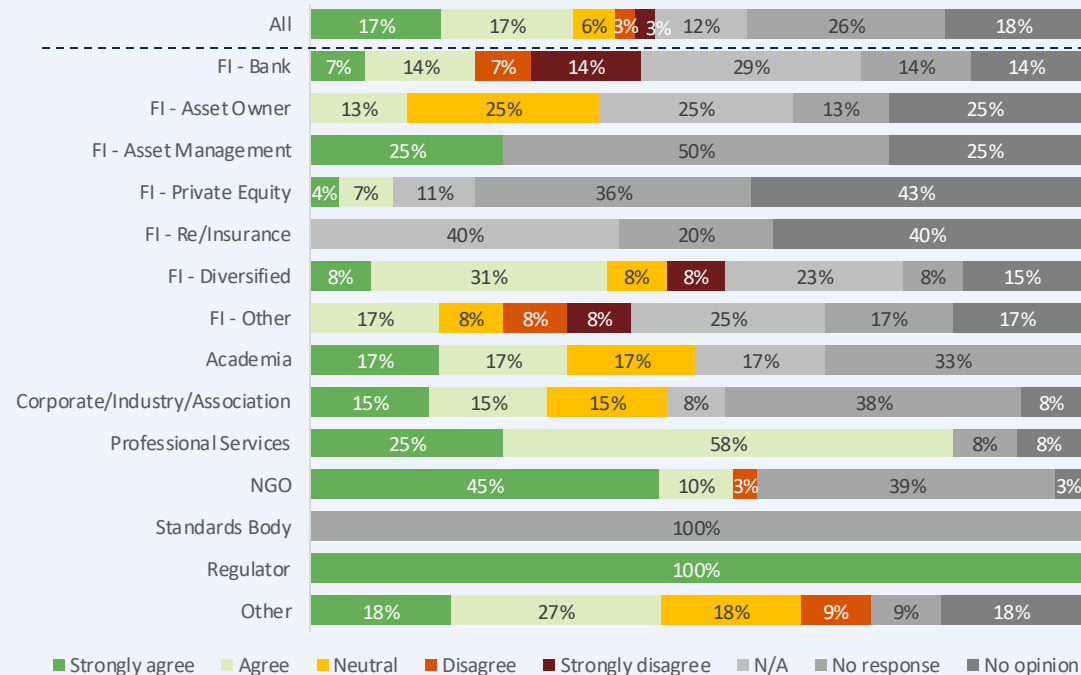
QUESTION 19 – RESPONSES PER STAKEHOLDER GROUP

APPLICABILITY TO CAPITAL MARKET ACTIVITIES (CMA)



19. To what extent do you agree that CMA should also be covered by a portfolio climate-alignment target, similar to those applied to lending, investing, and insurance underwriting?

Survey Responses



Key Insights

Overall view

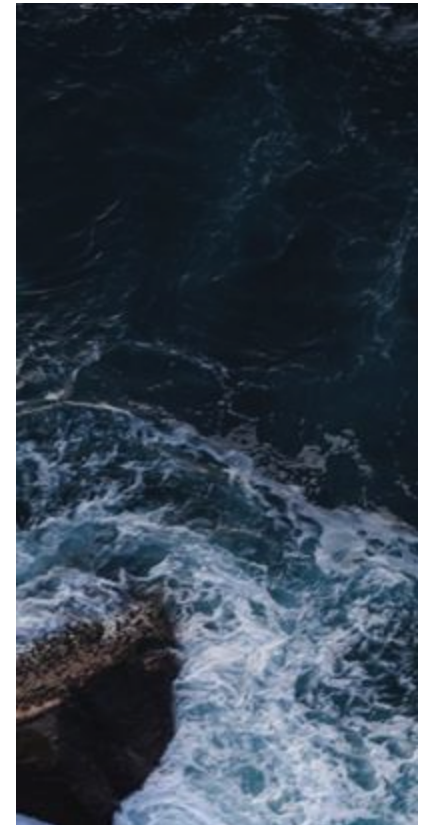
34% of respondents at least agreed that CMA should be covered by a portfolio climate-alignment target, while 6% at least disagreed.

End user stakeholders

FI - Asset Management showed 25% strong agreement and 50% no response, indicating some support but also uncertainty, while FI - Re/Insurance showed 40% no response and 20% no opinion, indicating a lack of clear stance.

Additional insights

Professional Services showed strong support with 83% in at least agreement and no disagreement, indicating a positive stance from this group.



CHAPTER 3:

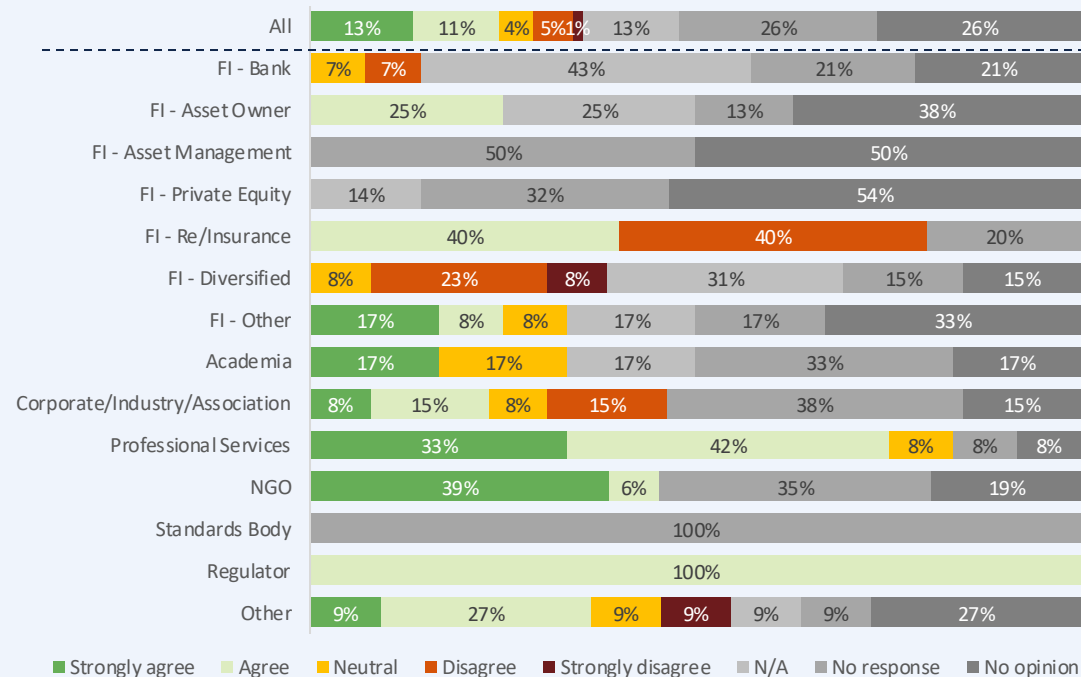
QUESTION 20 – RESPONSES PER STAKEHOLDER GROUP

INSURANCE UNDERWRITING - METRIC APPLICABILITY



20.a. To what extent do you agree that the same climate-alignment metrics can be used for insurance underwriting and for other financial activities related to: Commercial lines insurance?

Survey Responses



Key Insights

Overall view

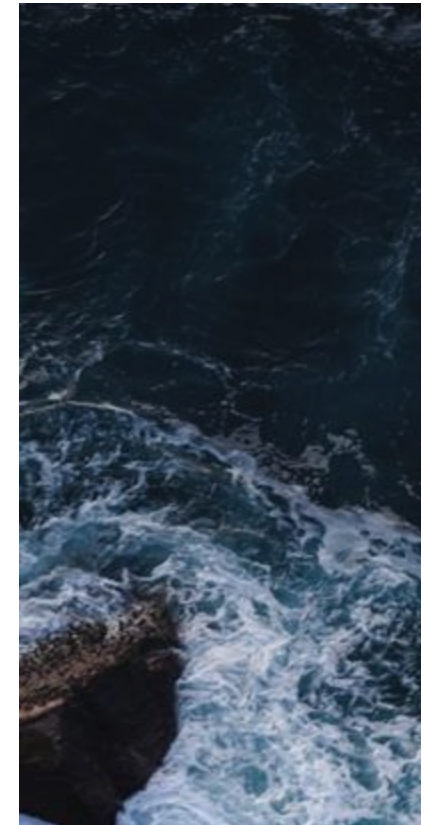
24% of respondents at least agreed that the same climate-alignment metrics can be used for insurance underwriting and other financial activities related to commercial lines insurance, while 6% at least disagreed.

End user stakeholders

FI - Re/Insurance showed 40% agreement and 40% disagreement, indicating divided opinions within this group.

Additional insights

Professional Services showed strong support with 75% in at least agreement and no disagreement, indicating a positive stance from this group.



CHAPTER 3:

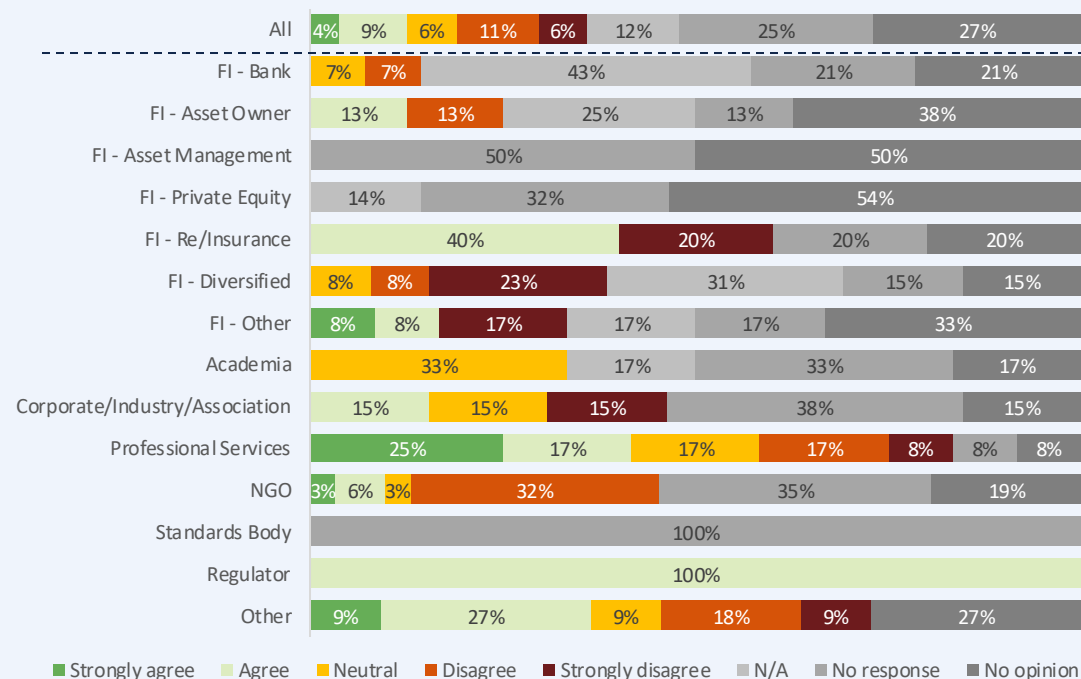
QUESTION 20 – RESPONSES PER STAKEHOLDER GROUP

INSURANCE UNDERWRITING - METRIC APPLICABILITY



20.b. To what extent do you agree that the same climate-alignment metrics can be used for insurance underwriting and for other financial activities related to: Personal lines insurance?

Survey Responses



Key Insights

Overall view

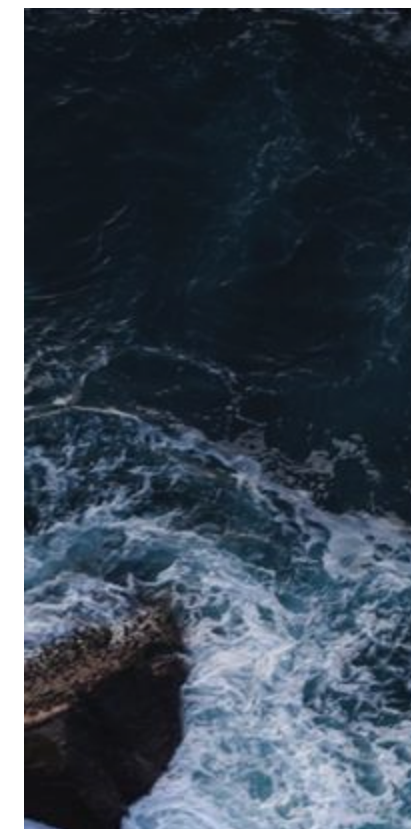
13% of respondents at least agreed that the same climate-alignment metrics can be used for personal lines insurance, while 17% at least disagreed.

End user stakeholders

FI - Re/Insurance showed 40% agreement and 20% strong disagreement, indicating divided opinions within this group, while FI - Asset Owner showed 13% agreement and 13% disagreement, indicating mixed views.

Additional insights

Professional Services showed 42% in at least agreement and 25% in at least disagreement, indicating a mixed views from this group also.

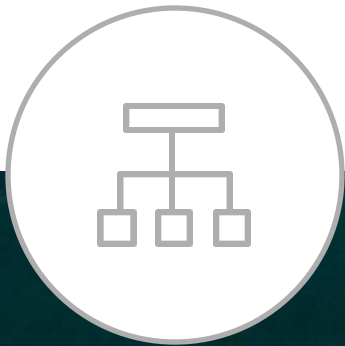


FINZ 2024 CONSULTATION DRAFT CHAPTERS



Chapter 1

Entity-level:
Organizational
Commitments &
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 CONSULTATION RESULTS

This chapter 4 “Emissions-intensive Sector Targets” focuses on activity-specific metrics (section 4.2) and targets (section 4.3).

Positive sentiment on emission-intensive sector targets approach

Overall, this chapter drew quite positive sentiment on the target-setting method across all activities, including the new additions of personal motor and home lines, insurance and capital markets. However, the list of suggested metrics might need rework to be more encompassing.

The civil society-driven call for stricter metrics

Many respondents emphasized that absolute emission metrics, alongside physical intensity metrics, are critical for meaningful emission reductions. Sector coverage was a further concern in this context. Several respondents suggested expanding the coverage to include additional sectors, such as agriculture, chemicals, heavy vehicles, and construction for target-setting.

Some responses contained concern about the exclusion option of 5% of “reasonable influence – higher climate impact activities”, recommending a 100% coverage standard to avoid loopholes, or limited exclusions but with stricter reporting requirements and fossil fuel exclusions maintained.



SUMMARY OF CHAPTER 4 CONSULTATION RESULTS

Agreement on Differentiated Target Milestones (focus personal motor and home)

35% of respondents welcomed SBTi's proposal to allow financial activities with limited influence (e.g., SMEs, personal insurance lines) to align with 1.5°C sector benchmarks only long-term.

Agreement was higher on the banking side for mortgages and motor vehicle loans versus the corresponding personal insurance lines. However, in general fewer respondents made statements on insurance, suggesting this is still quite uncharted territory.

Insurers in Need of Both More Implementation Guidance and Flexibility

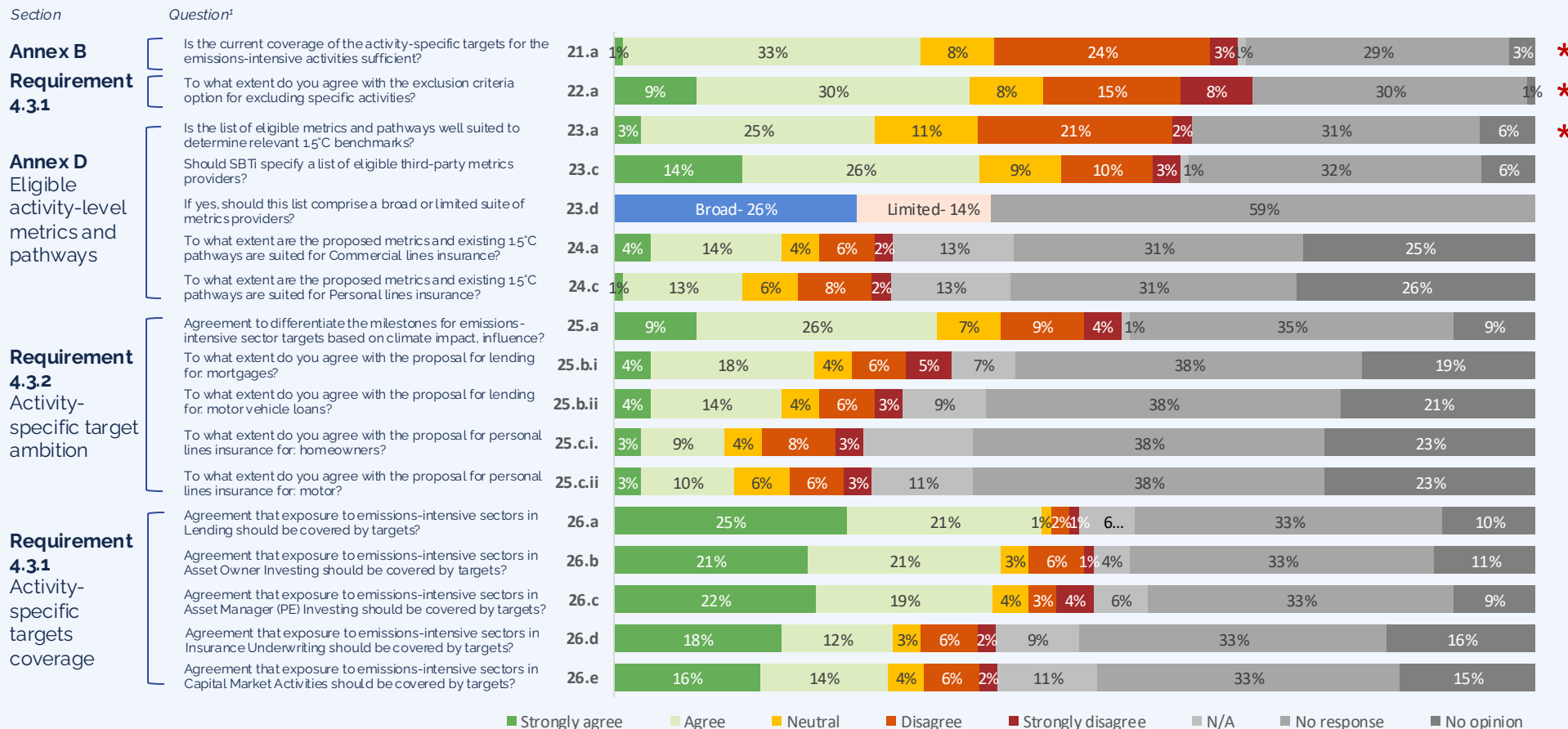
A proportion of insurers (40%) do not see that these metrics are applicable to commercial lines nor personal lines. Key challenges they are facing are data availability and access to physical activity data, in particular for SMEs.

Most respondents would welcome if SBTi specified a broad list of eligible third-party metrics providers. In addition, insurers viewed flexibility and region-specific pathways as essential, highlighting policy influences and the mandatory nature of their products.

SUMMARY OF CHAPTER 4 CONSULTATION RESULTS

OVERVIEW ON CLOSED-END QUESTIONS

Survey Responses



Key Observations

- On an aggregate level, in **3 out of 17 questions** (marked with *****) related to chapter 4, respondents demonstrated more than 20% disagreement. Please refer to the next page for more insights on these questions.

SUMMARY OF CHAPTER 4 CONSULTATION RESULTS

FEEDBACK INSIGHTS FROM QUESTIONS WITH >20% DISAGREEMENT

Question	Key Feedback Received
Annex B List of emissions-intensive sectors and activities - 21.a. Annex B, Table 11 lists the sectors and activities that are considered emissions-intensive under the FINZ Standard. Is the current coverage of the activity-specific targets for the emissions-intensive activities sufficient?	<ul style="list-style-type: none"> 34% of respondents at least agreed that the current coverage of activity-specific targets for emissions-intensive activities is sufficient, while 27% at least disagreed. FI - Bank showed 43% agreement and 36% at least disagreement, indicating mixed views, while FI - Re/Insurance showed 40% agreement and 40% at least disagreement, indicating divided opinions. Respondents suggested expanding the coverage to include additional sectors, such as agriculture, chemicals, heavy vehicles, and construction. Multiple respondents advocated alignment with EU Climate Benchmark regulations and other standards.
4.3.1 Activity-specific targets coverage - 22.a. Exclusions are to apply to the entire activity uniformly and are not allowed for any activities related to fossil fuels. To what extent do you agree with this exclusion option?	<ul style="list-style-type: none"> 39% of respondents at least agreed with the exclusion option, while 23% at least disagreed. Re/Insurers at least agree by 80% and diversified financial institutions by approx. 70%, indicating strong support. Responses contained concern over the proposed 5% exclusion for "reasonable influence – higher climate impact" activities, there is also a call for no-exclusion of these activities, recommending a 100% coverage standard to avoid loopholes. Few supported limited exclusions but with stricter reporting requirements and fossil fuel exclusions maintained.
Annex D Emissions-intensive activity-level methods, metrics, and benchmarks - 23.a. Table 17 provides the list of eligible metrics and pathways used for determining relevant 1.5°C benchmarks for key emissions-intensive activities. Is the list of eligible metrics and pathways in Table 17 well suited to determine relevant 1.5°C benchmarks for the emission-intensive activities?	<ul style="list-style-type: none"> 28% of respondents at least agreed that the list of eligible metrics and pathways is well suited, while 23% at least disagree. Banks showed 43% agreement and 29% disagreement, indicating mixed views, while Re/Insurance showed 40% agreement and 20% neutrality, indicating general acceptance with some reservations. Many emphasized that absolute emissions reductions, alongside physical intensity metrics, are critical for meaningful emissions alignment, as intensity-only metrics can mask actual emissions growth when production volumes rise. A clearer definition of "zero-emission generation" it was expressed, is also needed, with some respondents advocating exclusion of biomass and fossil-based technologies to avoid inconsistent "sustainable" classifications. Concerns were also raised about data quality, sector coverage, and inclusion of region-specific pathways.

Note: Key feedback received column provides 2 types of insights, first point represents the findings from close-ended questions and the second point in each row provides a brief summary of the qualitative justifications provided by respondents.



CHAPTER 4:

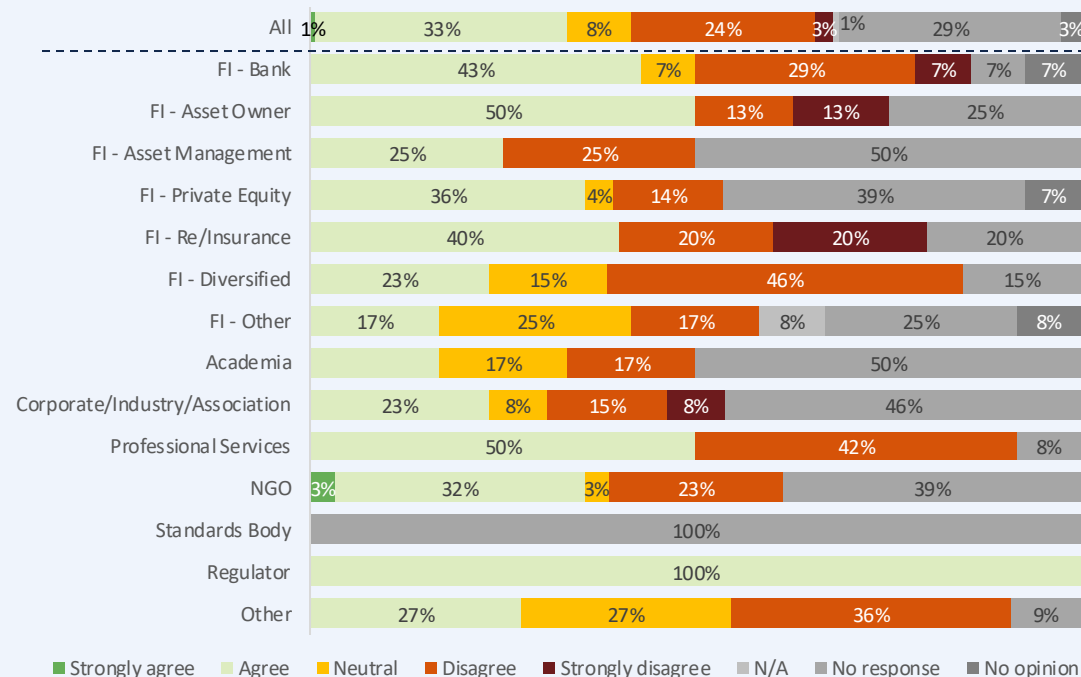
QUESTION 21 – RESPONSES PER STAKEHOLDER GROUP

ANNEX B, TABLE 11, P50: LIST OF EMISSIONS-INTENSIVE SECTORS AND ACTIVITIES



21.a. Annex B, Table 11 lists the sectors and activities that are considered emissions-intensive under the FINZ Standard. Is the current coverage of the activity-specific targets for the emissions-intensive activities sufficient?

Survey Responses



Key Insights

Overall view

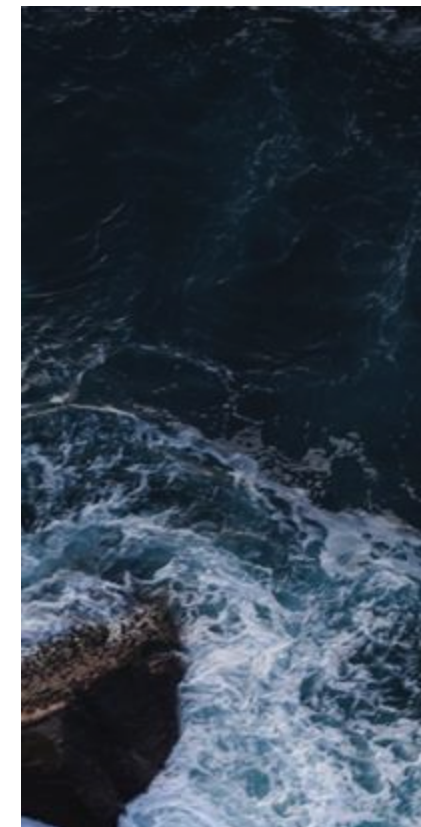
34% of respondents at least agreed that the current coverage of activity-specific targets for emissions-intensive activities is sufficient, while 27% at least disagreed.

End user stakeholders

FI - Bank showed 43% agreement and 36% at least disagreement, indicating mixed views, while FI - Re/Insurance showed 40% agreement and 40% at least disagreement, indicating divided opinions.

Additional insights

Professional Services showed 50% agreement and 42% disagreement, indicating a generally positive stance but with notable opposition.



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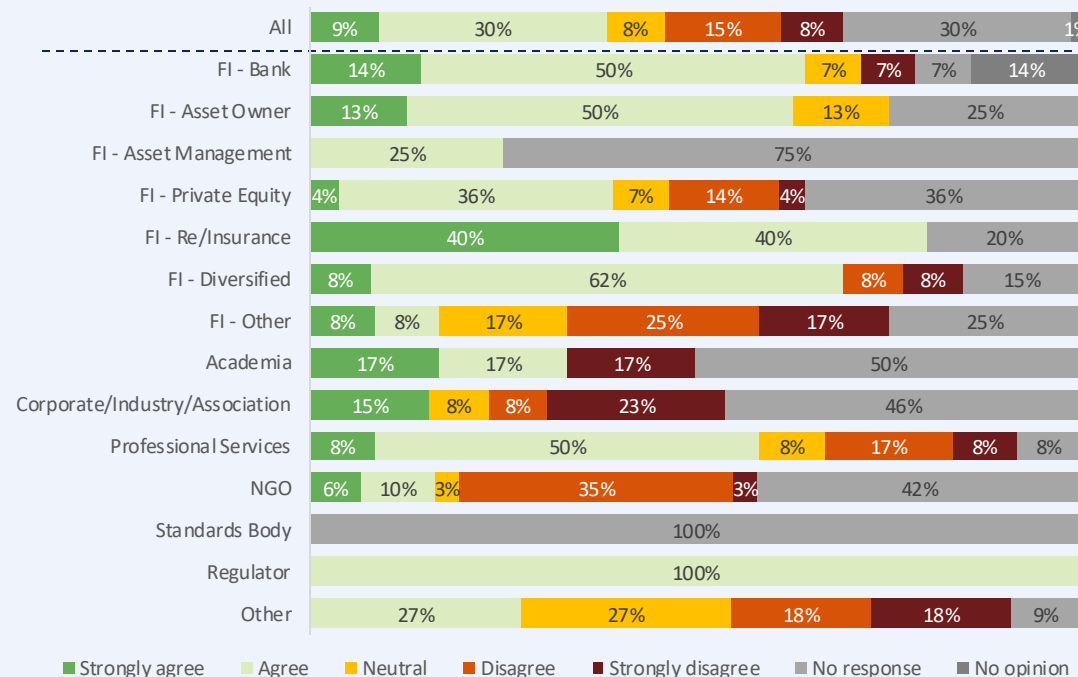
QUESTION 22 – RESPONSES PER STAKEHOLDER GROUP

GHG EMISSIONS EXCLUSION - REASONABLE INFLUENCE – HIGHER CLIMATE IMPACT ACTIVITIES



22.a. Exclusions are to apply to the entire activity uniformly and are not allowed for any activities related to fossil fuels. To what extent do you agree with this exclusion option?*

Survey Responses



Key Insights

Overall view

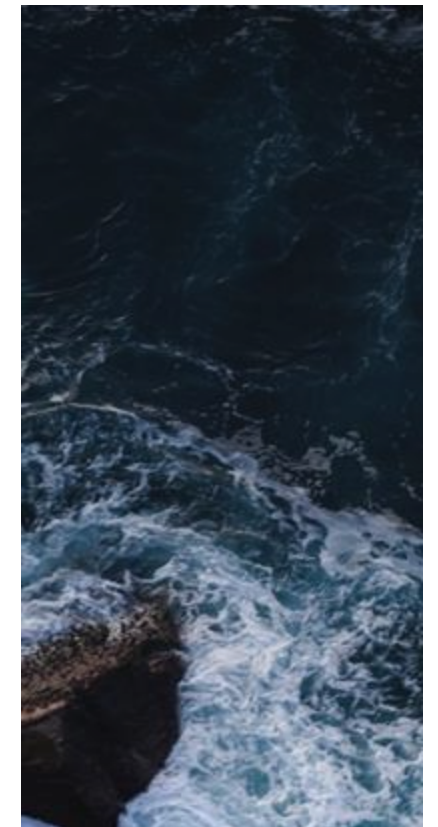
39% of respondents at least agreed with the exclusion option, while 23% at least disagreed.

End user stakeholders

FI - Re/Insurance showed 80% in at least agreement and no disagreement, indicating strong support, while FI - Diversified showed around 70% in at least agreement and 16% disagreement, indicating general acceptance with some reservations.

Additional insights

NGOs showed around 38% in at least disagreement and 42% no response, indicating significant opposition and some uncertainty within this group.



Note: *The FINZ 2024 Consultation Draft proposes that financial institutions cover at least 95% of all GHG emissions from their in-scope "reasonable influence - higher climate impact" financial activities with emissions-intensive sector targets. Financial institutions are allowed to exclude specific activities from their targets, provided that the sum of these activities constitute less than 5% of their in-scope "reasonable influence - higher climate impact" activities' GHG emissions per financial activity.

CHAPTER 4:

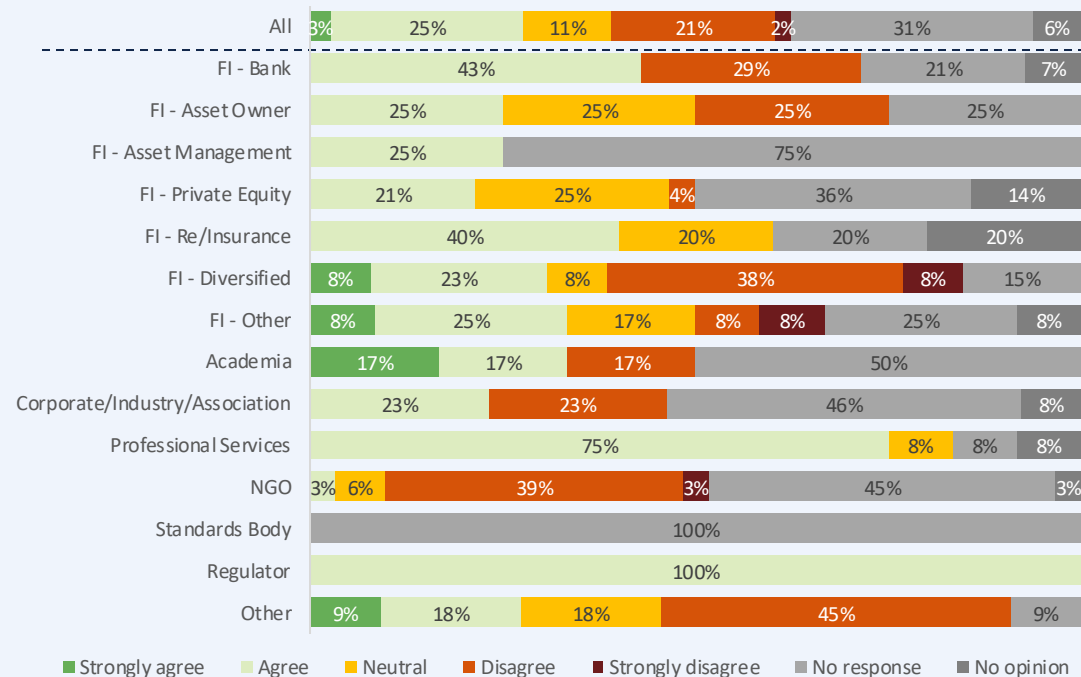
QUESTION 23 – RESPONSES PER STAKEHOLDER GROUP

TABLE 17, P17: ELIGIBLE ACTIVITY-LEVEL METRICS AND PATHWAYS



23.a. Table 17 provides the list of eligible metrics and pathways used for determining relevant 1.5°C benchmarks for key emissions-intensive activities. Is the list of eligible metrics and pathways in Table 17 well suited to determine relevant 1.5°C benchmarks for the emission-intensive activities?

Survey Responses



Key Insights

Overall view

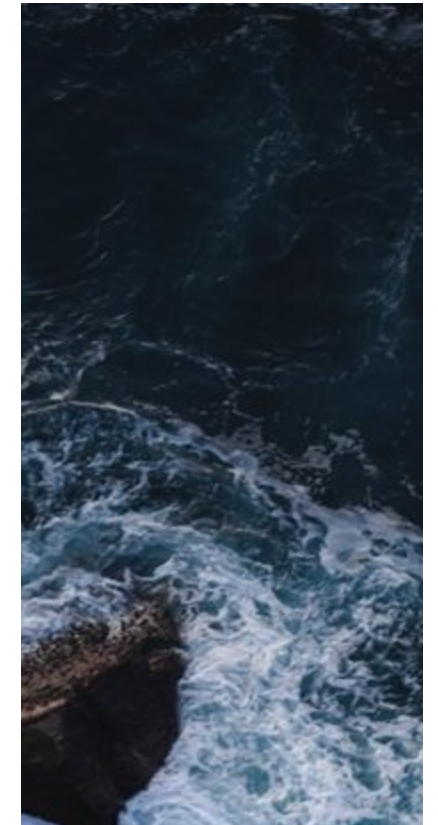
28% of respondents at least agreed that the list of eligible metrics and pathways is well suited, while 23% at least disagreed.

End user stakeholders

FI-Bank showed 43% agreement and 29% disagreement, indicating mixed views, while Re/Insurance showed 40% agreement and 20% neutrality, indicating general acceptance with some reservations.

Additional insights

NGOs showed 42% at least in disagreement and 45% no response, indicating significant opposition and some uncertainty within this group.



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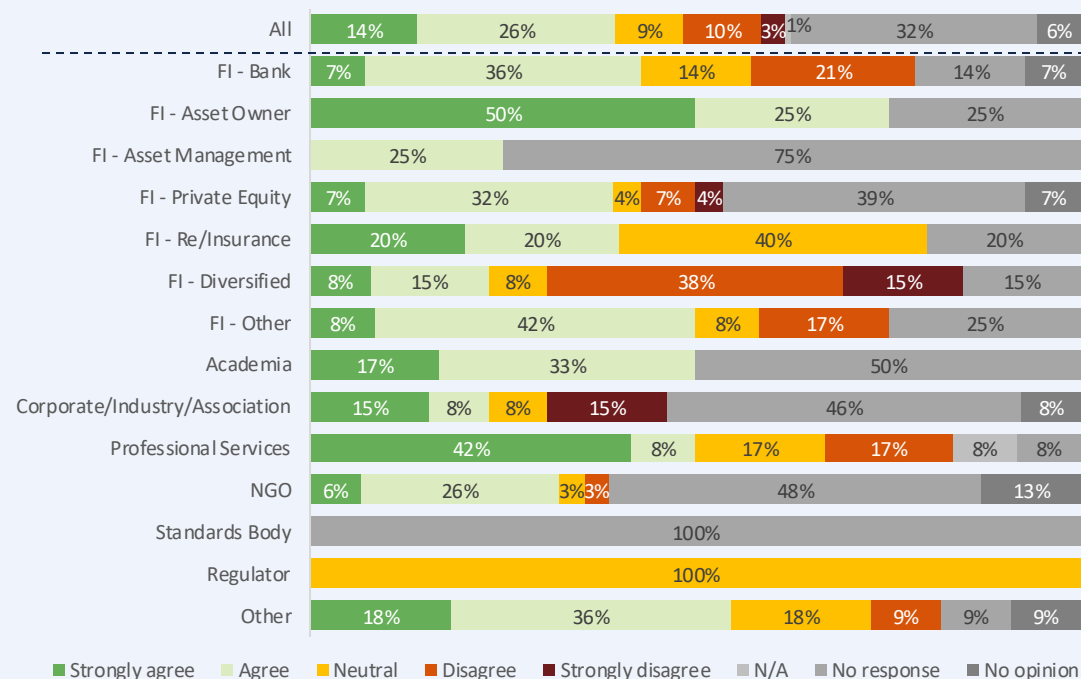
QUESTION 23 – RESPONSES PER STAKEHOLDER GROUP

TABLE 17, P17: ELIGIBLE ACTIVITY-LEVEL METRICS AND PATHWAYS



23.c. Table 17 provides the list of eligible metrics and pathways used for determining relevant 1.5°C benchmarks for key emissions-intensive activities. Should SBTi specify a list of eligible third-party metrics providers?

Survey Responses



Key Insights

Overall view

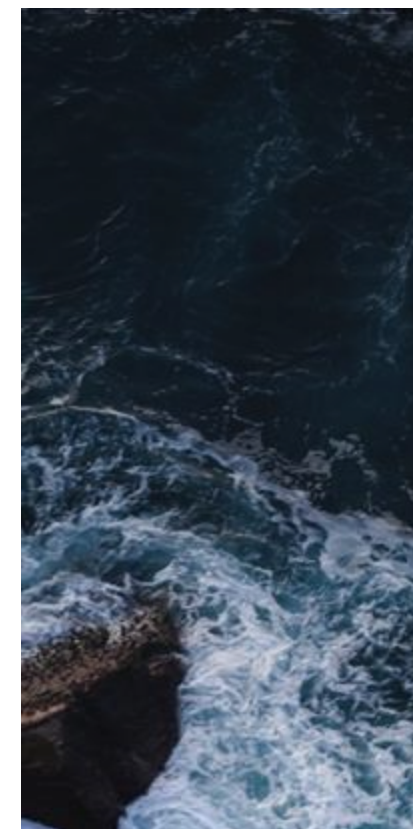
40% of respondents at least agreed that SBTi should specify a list of eligible third-party metrics providers, while 13% at least disagreed.

End user stakeholders

Asset Owner showed 75% in at least agreement and no disagreement, indicating strong support, while re/insurance showed 40% in at least agreement and 40% neutrality, indicating general acceptance with some reservations.

Additional insights

FI - Other showed 50% in at least agreement and 17% disagreement, indicating a positive stance from this group with some reservations.



CHAPTER 4:

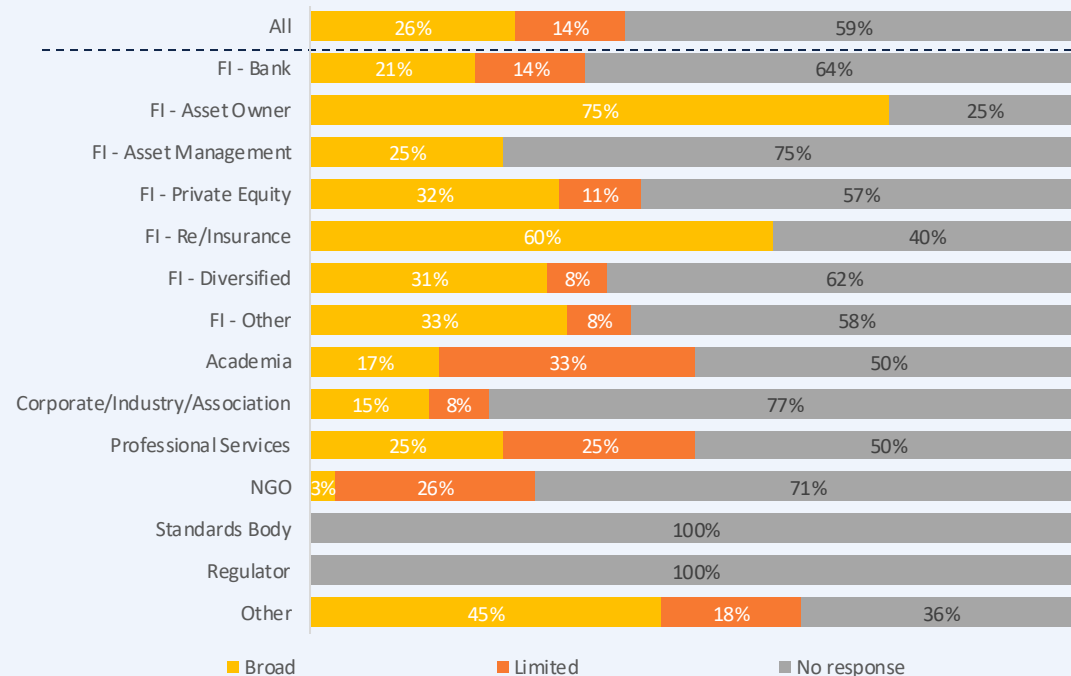
QUESTION 23 – RESPONSES PER STAKEHOLDER GROUP

TABLE 17, P60: ELIGIBLE ACTIVITY-LEVEL METRICS AND PATHWAYS



23.d. Table 17 provides the list of eligible metrics and pathways used for determining relevant 1.5°C benchmarks for key emissions-intensive activities. If you have answered “strongly agree” or “agree” to question 23c, should this list comprise a broad or limited suite of metrics providers?

Survey Responses



Key Insights

Overall view

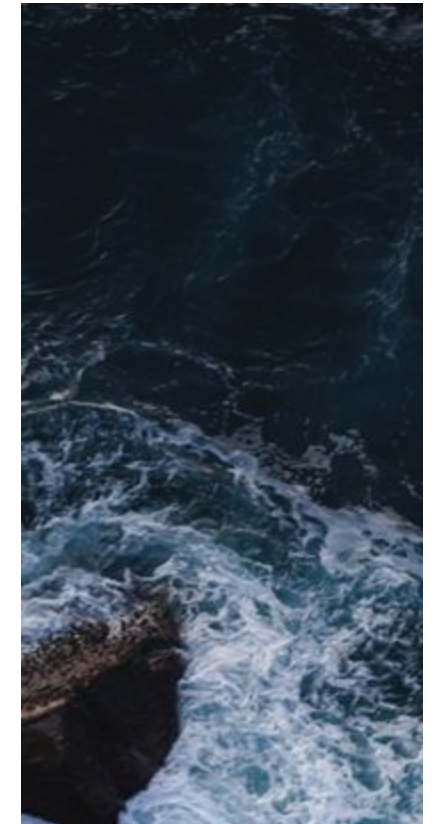
26% of respondents preferred a broad suite of metric providers, while 14% preferred a limited suite.

End user stakeholders

Banks showed 21% preference for a broad suite and 14% for a limited suite, indicating mixed views, while Private Equity showed 32% preference for a broad suite and 11% for a limited suite, indicating a leaning towards a broad approach.

Additional insights

Academia showed 33% preference for a limited suite, indicating a positive stance with 50% not responding indicating some support for a limited approach.



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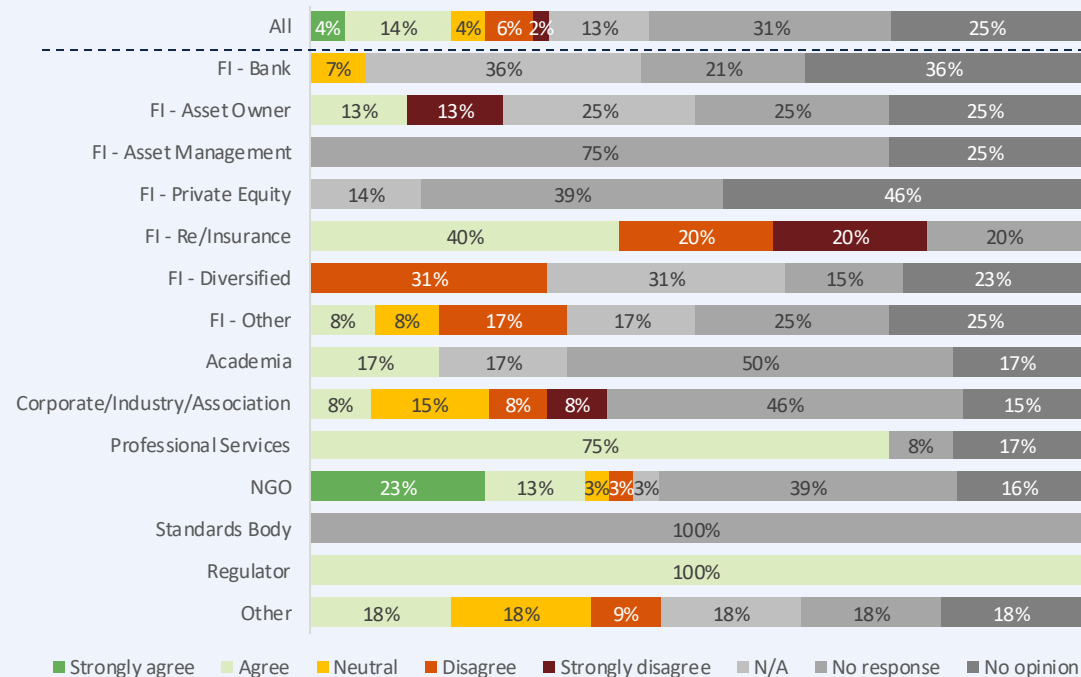
QUESTION 24 – RESPONSES PER STAKEHOLDER GROUP

ELIGIBLE ACTIVITY-LEVEL METRICS AND PATHWAYS



24.a. In the case of insurance, to what extent do you believe that the proposed metrics and existing 1.5°C pathways are suited for Commercial lines insurance?

Survey Responses



Key Insights

Overall view

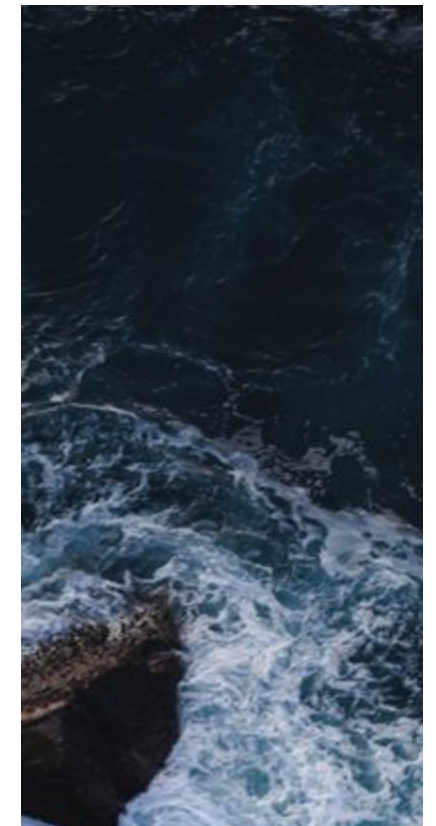
18% of respondents at least agreed that the proposed metrics and existing 1.5°C pathways are suited for Commercial lines insurance, while 8% at least disagreed.

End user stakeholders

Re/Insurance showed 40% agreement and 40% at least disagreeing, indicating divided opinions within this group, while Private Equity showed 39% no response and 46% no opinion, indicating significant uncertainty.

Additional insights

Professional Services showed strong support with 75% agreement and no disagreement, indicating a positive stance from this group.



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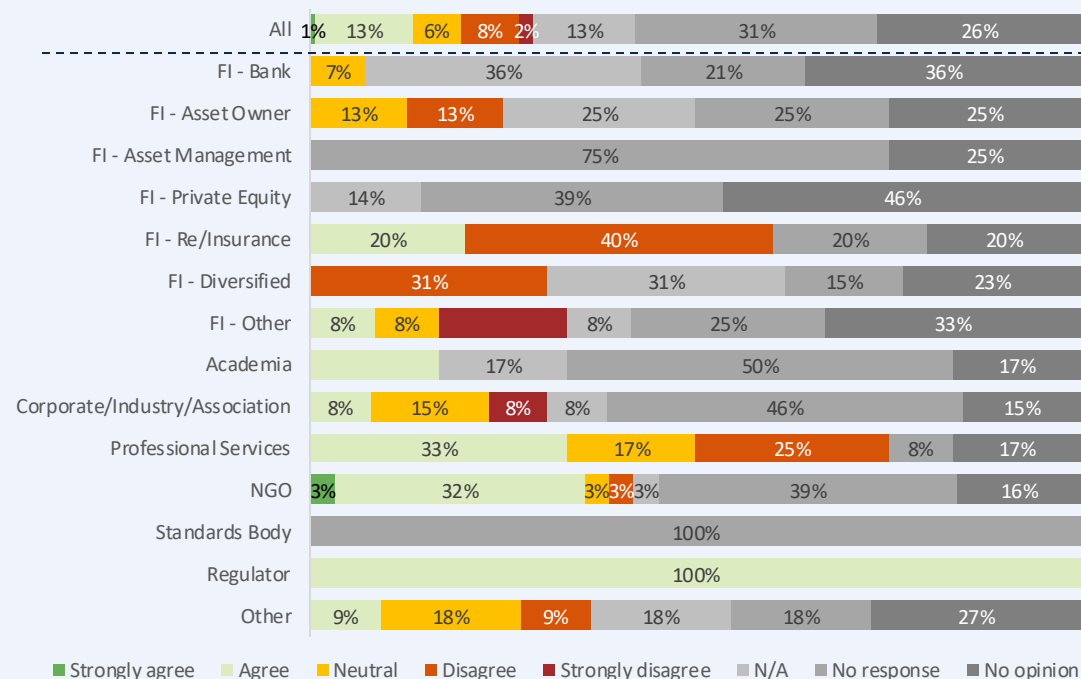
QUESTION 24 – RESPONSES PER STAKEHOLDER GROUP

ELIGIBLE ACTIVITY-LEVEL METRICS AND PATHWAYS



24.c. In the case of insurance, to what extent do you believe that the proposed metrics and existing 1.5°C pathways are suited for Personal lines insurance?

Survey Responses



Key Insights

Overall view

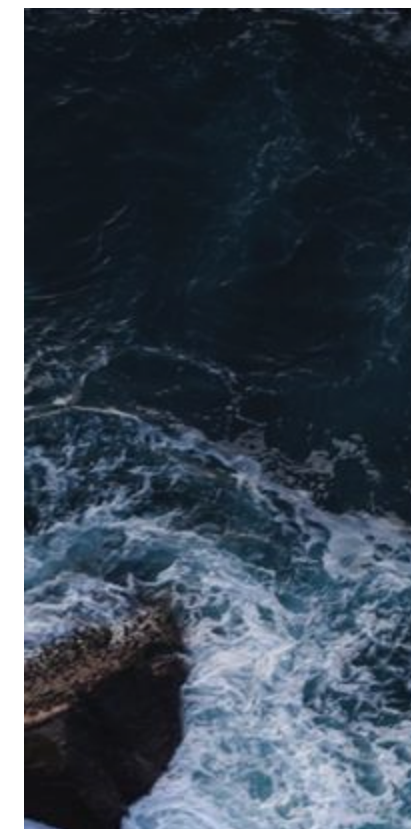
14% of respondents at least agreed that the proposed metrics and existing 1.5°C pathways are suited for personal lines insurance, while 10% at least disagreed.

End user stakeholders

Re/Insurance showed 20% agreement and 40% disagreement, indicating divided opinions within this group, while Private Equity showed 39% no response and 46% no opinion, indicating significant uncertainty.

Additional insights

Professional Services showed 33% agreement and 25% disagreement, indicating mixed views within this group.



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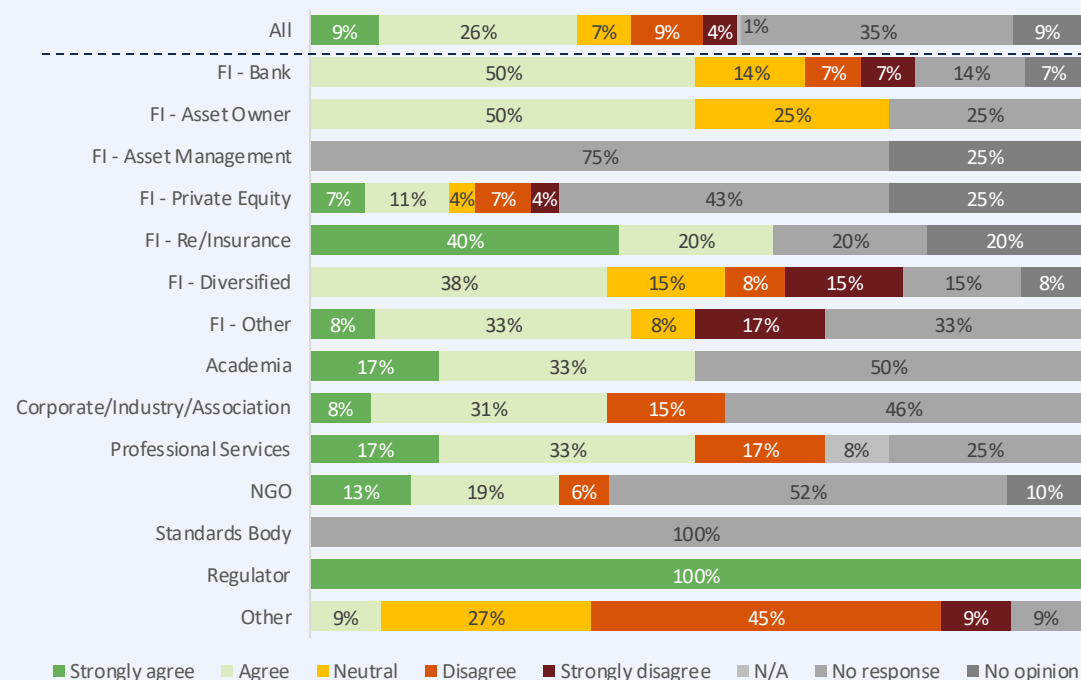
QUESTION 25 – RESPONSES PER STAKEHOLDER GROUP

TABLE 5, P38: DIFFERENTIATION OF EMISSIONS-INTENSIVE SECTOR TARGETS MILESTONES



25.a. To what extent do you agree with that proposal overall?

Survey Responses



Key Insights

Overall view

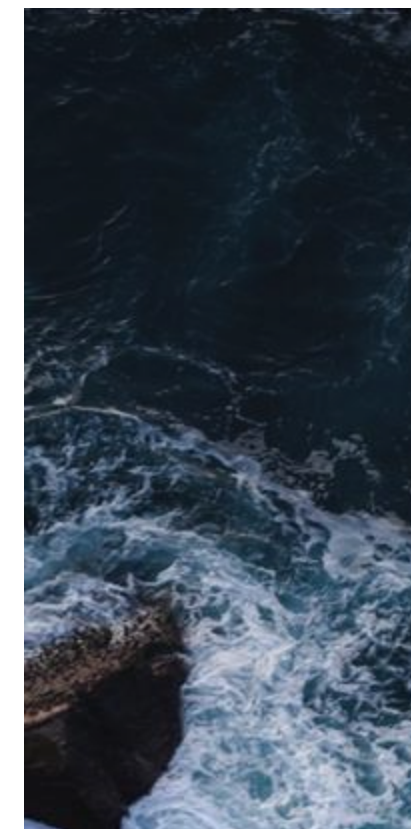
35% of respondents at least agreed with differentiating the milestones for emissions-intensive sector targets, while 13% at least disagreed.

End user stakeholders

Banks showed 50% agreement and 14% in at least disagreement, indicating general acceptance with some reservations, while Re/Insurance showed 60% at least agreement and no disagreement, indicating strong support.

Additional insights

NGOs showed 32% agreement, 6% disagreement and 52% no response, indicating moderate support but significant uncertainty within this group.



CHAPTER 4:

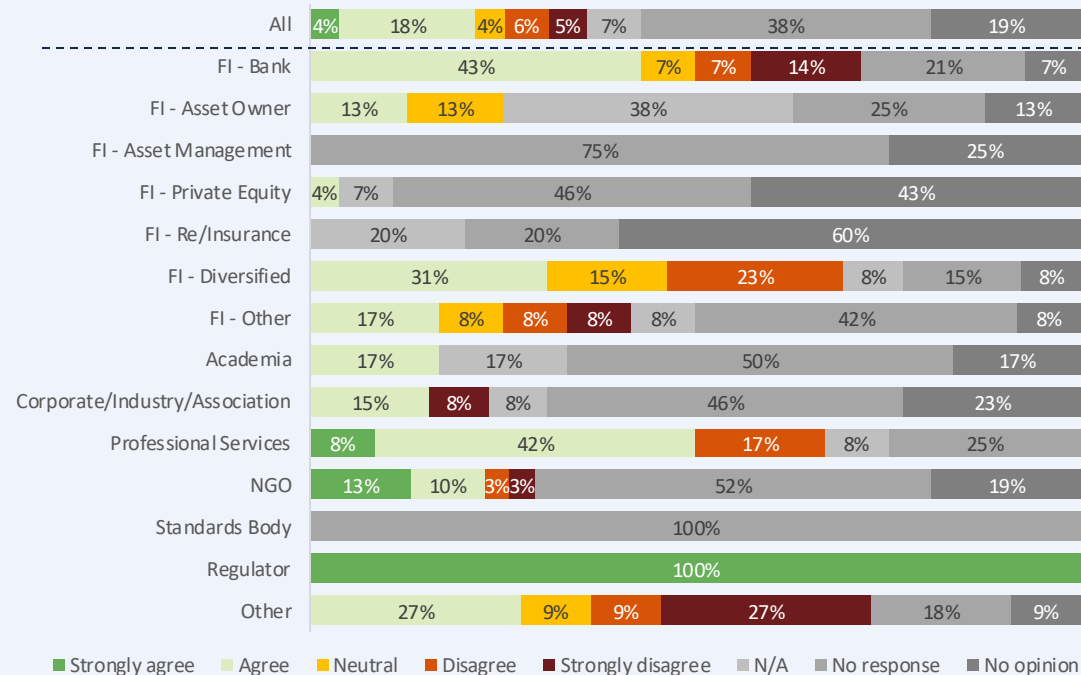
QUESTION 25 – RESPONSES PER STAKEHOLDER GROUP

TABLE 5, P38: DIFFERENTIATION OF EMISSIONS-INTENSIVE SECTOR TARGETS MILESTONES



25.b.i.. For lending: To what extent do you agree with the proposal for lending for: mortgages?

Survey Responses



Key Insights

Overall view

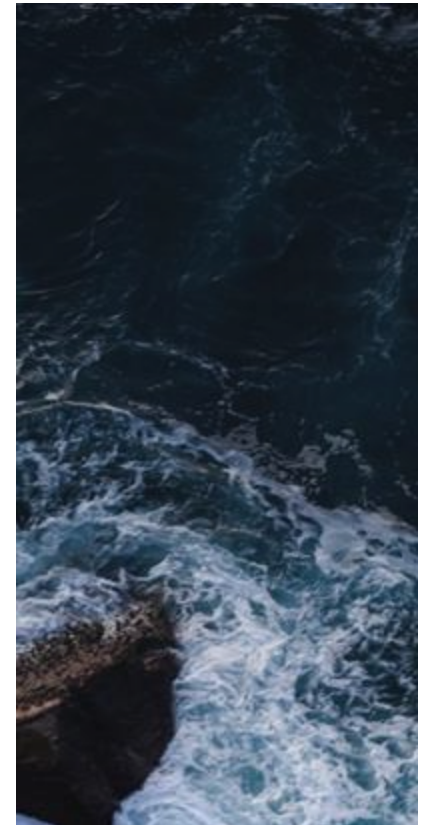
22% of respondents at least agreed with the proposal for lending for mortgages, while 11% at least disagreed.

End user stakeholders

Banks showed 43% in at least agreement and 21% no response, indicating general acceptance with some reservation.

Additional insights

Professional Services showed 50% agreement and 17% disagreement, indicating mixed views within this group.



CHAPTER 4:

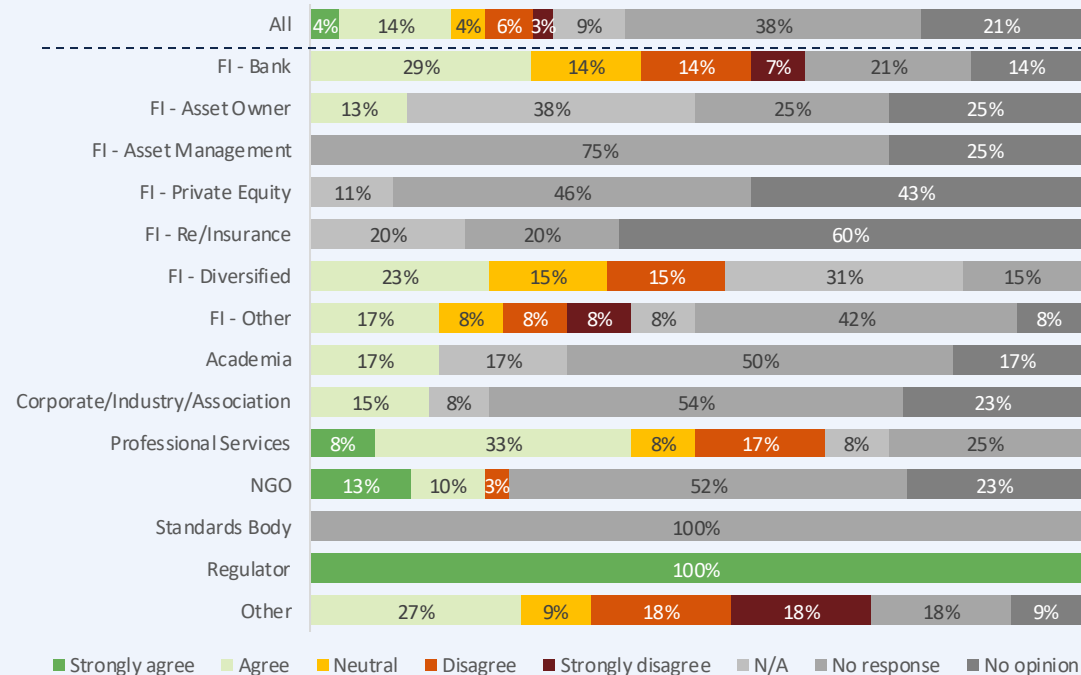
QUESTION 25 – RESPONSES PER STAKEHOLDER GROUP

Table 5, p38: DIFFERENTIATION OF EMISSIONS-INTENSIVE SECTOR TARGETS MILESTONES



25.b.ii. For lending: To what extent do you agree with the proposal for lending for: motor vehicles?

Survey Responses



Key Insights

Overall view

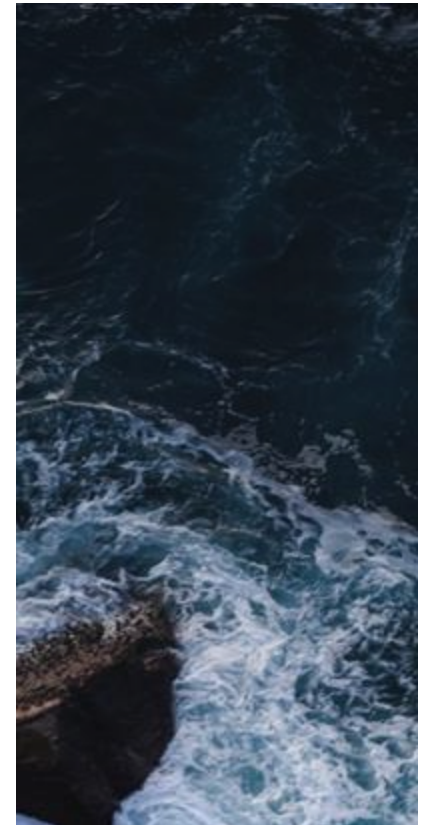
18% of respondents at least agreed with the proposal for lending for motor vehicles, while 9% at least disagreed.

End user stakeholders

Banks showed 29% agreement and 21% at least disagreement, indicating mixed views, while Re/Insurance showed 60% no opinion, indicating considerable uncertainty.

Additional insights

NGOs showed 23% no opinion and 23% at least agreement, indicating moderate support but significant uncertainty within this group.



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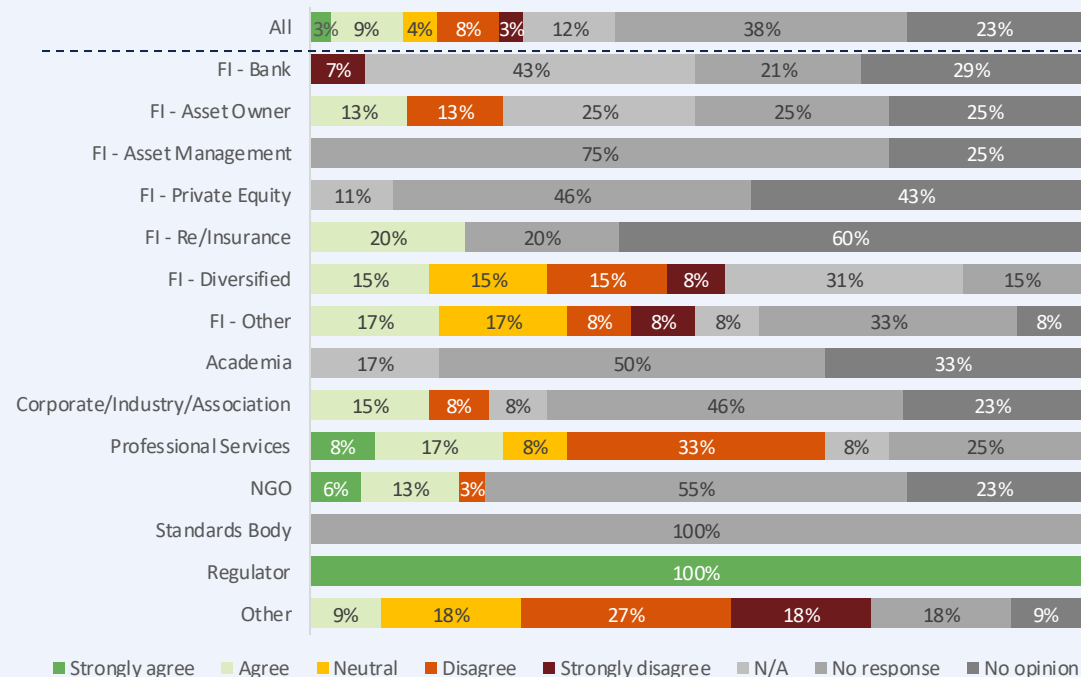
QUESTION 25 – RESPONSES PER STAKEHOLDER GROUP

TABLE 5, P38: DIFFERENTIATION OF EMISSIONS-INTENSIVE SECTOR TARGETS MILESTONES



25.c.i. For insurance: To what extent do you agree with the proposal for personal lines insurance for homeowners?

Survey Responses



Key Insights

Overall view

12% of respondents at least agreed with the proposal for personal lines insurance for homeowners, while 11% at least disagreed.

End user stakeholders

Re/Insurance showed 20% agreement and 60% no opinion, indicating uncertainty while diversified FI showed mixed opinions with 15% agreeing and 23% at least disagreeing.

Additional insights

NGOs showed 55% no response and 19% in at least agreement, indicating some support but also uncertainty within this group.



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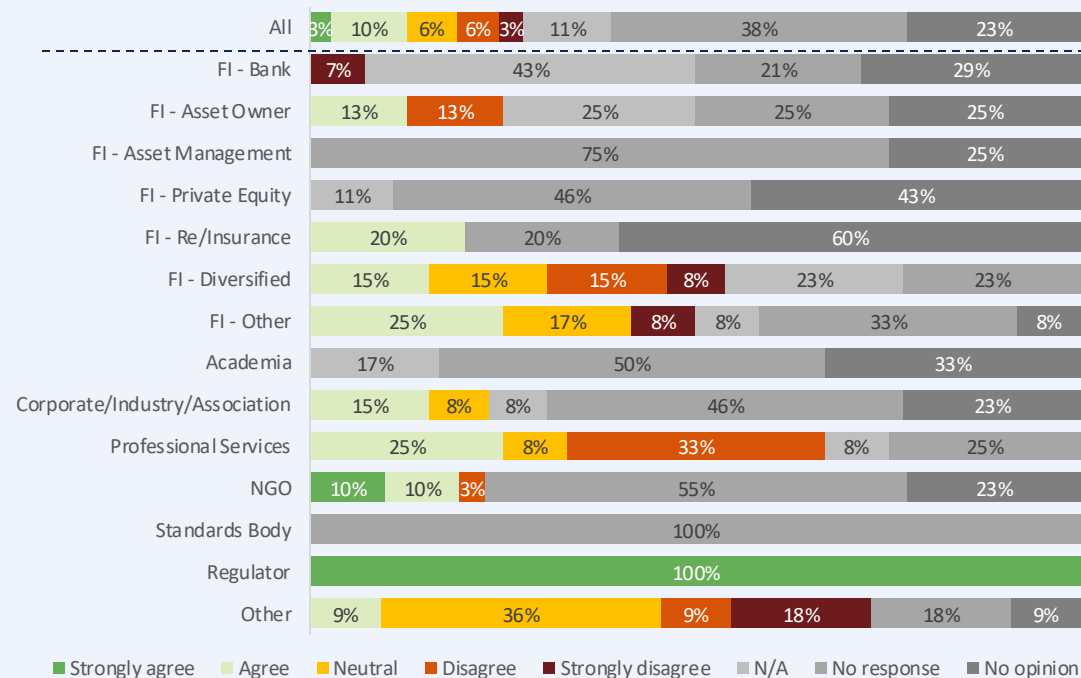
QUESTION 25 – RESPONSES PER STAKEHOLDER GROUP

TABLE 5, P38: DIFFERENTIATION OF EMISSIONS-INTENSIVE SECTOR TARGETS MILESTONES



25.c.ii. For insurance: To what extent do you agree with the proposal for personal lines insurance for: motor?

Survey Responses



Key Insights

Overall view

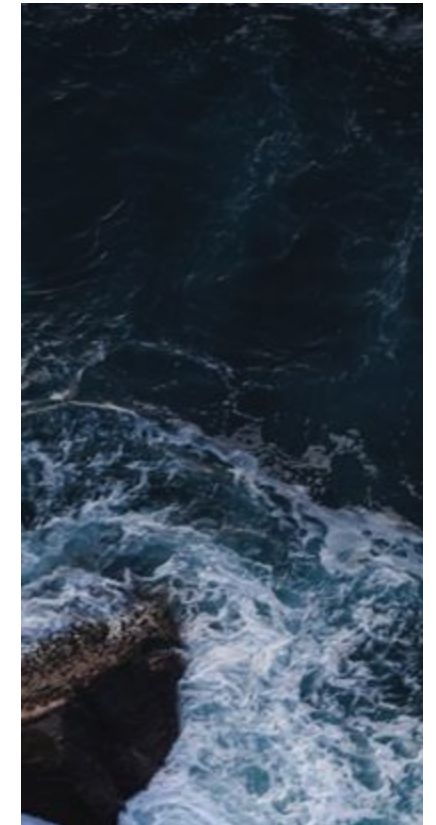
At least 13% agreed with the proposal with 9% at least disagreeing. A significant portion (38%) did not respond.

End user stakeholders

The Re/Insurance group showed 20% agreement and no disagreement, but 60% did not respond while diversified FI showed mixed opinions with 15% agreeing and 23% at least disagreeing.

Additional insights

NGOs showed 20% at least agreeing, however 55% did not respond, and 23% had no opinion, suggesting uncertainty or reduced awareness of this topic.



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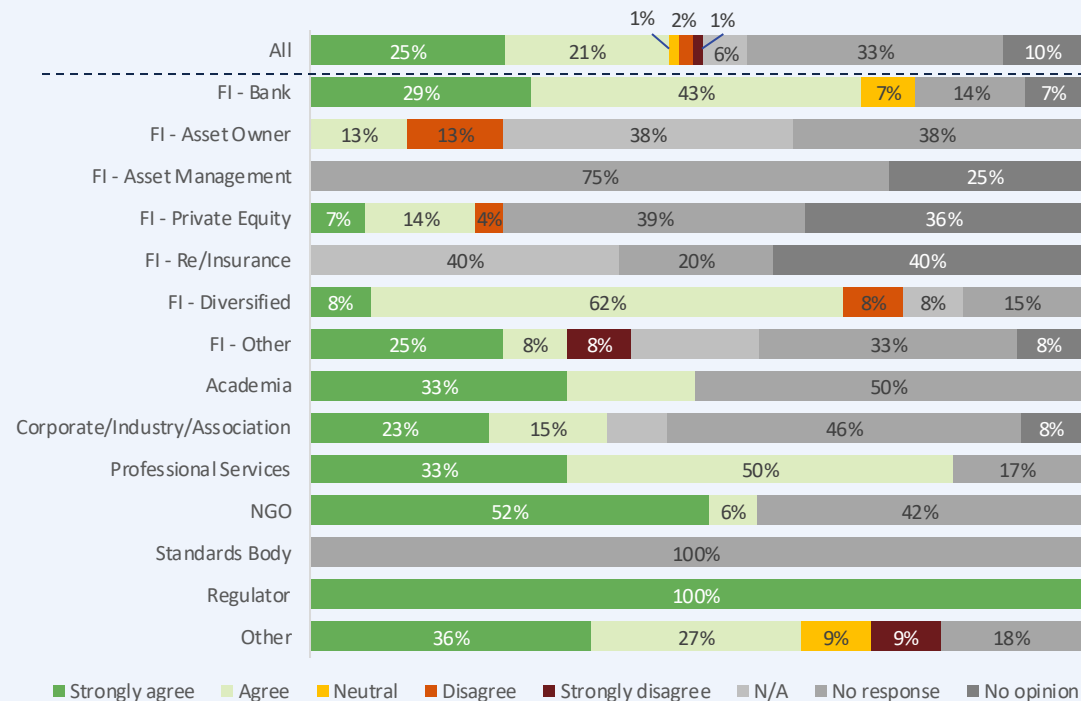
QUESTION 26 – RESPONSES PER STAKEHOLDER GROUP

EMISSIONS-INTENSIVE TARGETS APPLICABLE TO LND, AOI, AMI, INS



26.a. To what extent do you agree that exposure to emissions-intensive sectors in Lending should be covered by targets?

Survey Responses



Key Insights

Overall view

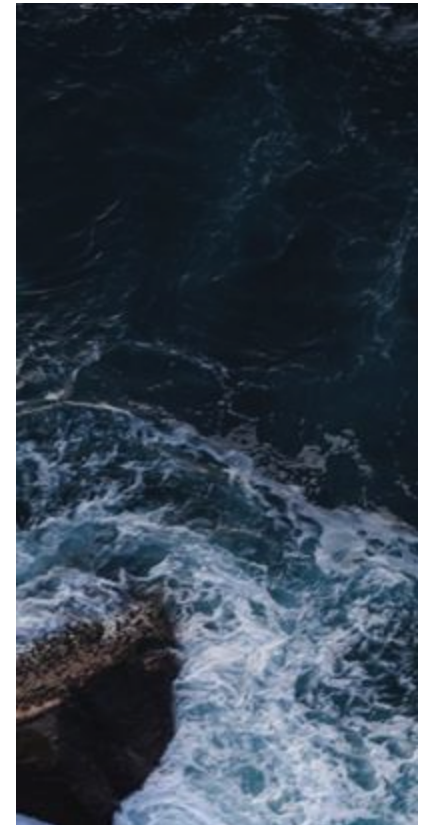
There was broad acceptance of the proposal with 46% at least agreeing and only 3% at least disagreeing.

End user stakeholders

Among banks, 72% at least agreed with the proposal, indicating strong support from this group.

Additional insights

NGOs also showed high agreement with 58% at least agreeing and no disagreement, reflecting general endorsement from this stakeholder group.



CHAPTER 4:

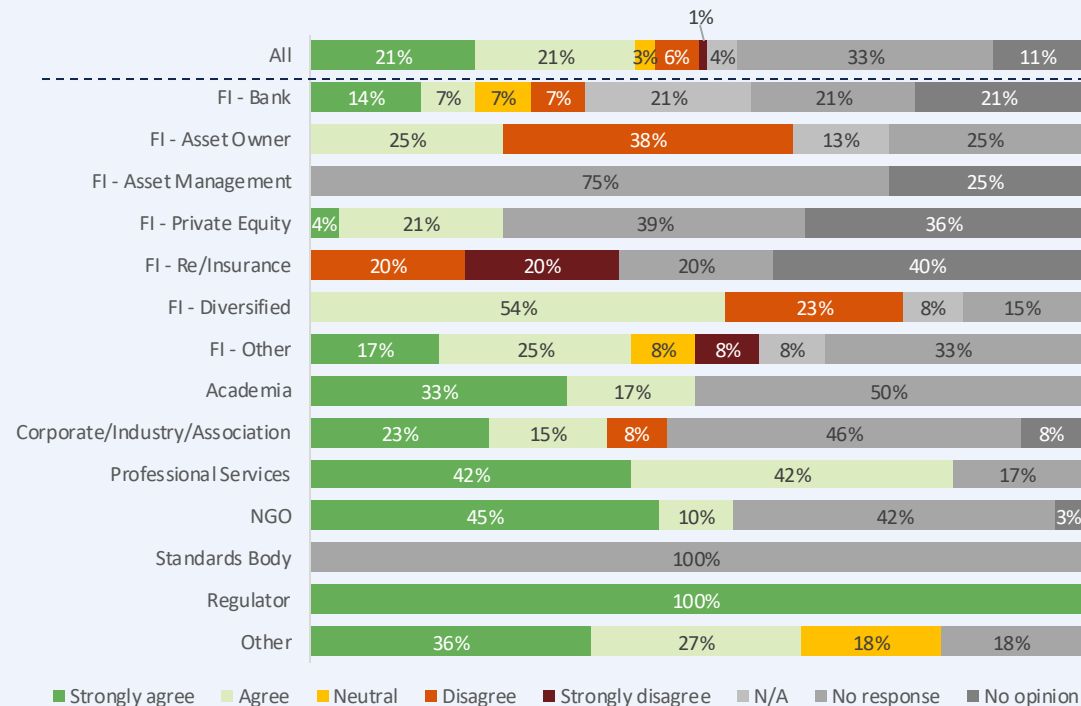
QUESTION 26 – RESPONSES PER STAKEHOLDER GROUP

EMISSIONS-INTENSIVE TARGETS APPLICABLE TO LND, AOI, AMI, INS



26.b. To what extent do you agree that exposure to emissions-intensive sectors in Asset Owner Investing should be covered by targets?

Survey Responses



Key Insights

Overall view

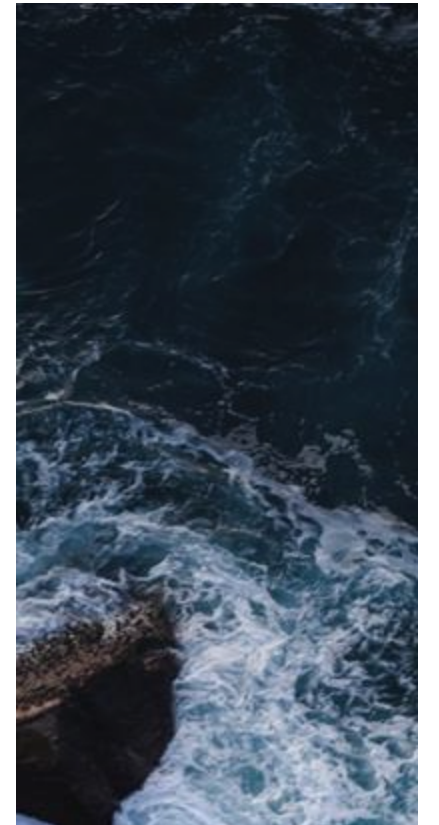
There was some acceptance of the proposal with 42% at least agreeing and 7% at least disagreeing.

End user stakeholders

Among asset owners, 25% agreed while 38% disagreed, indicating mixed views within this group.

Additional insights

Professional Services showed strong agreement with 84% at least agreeing and no disagreement, highlighting strong support from this group.



CHAPTER 4:

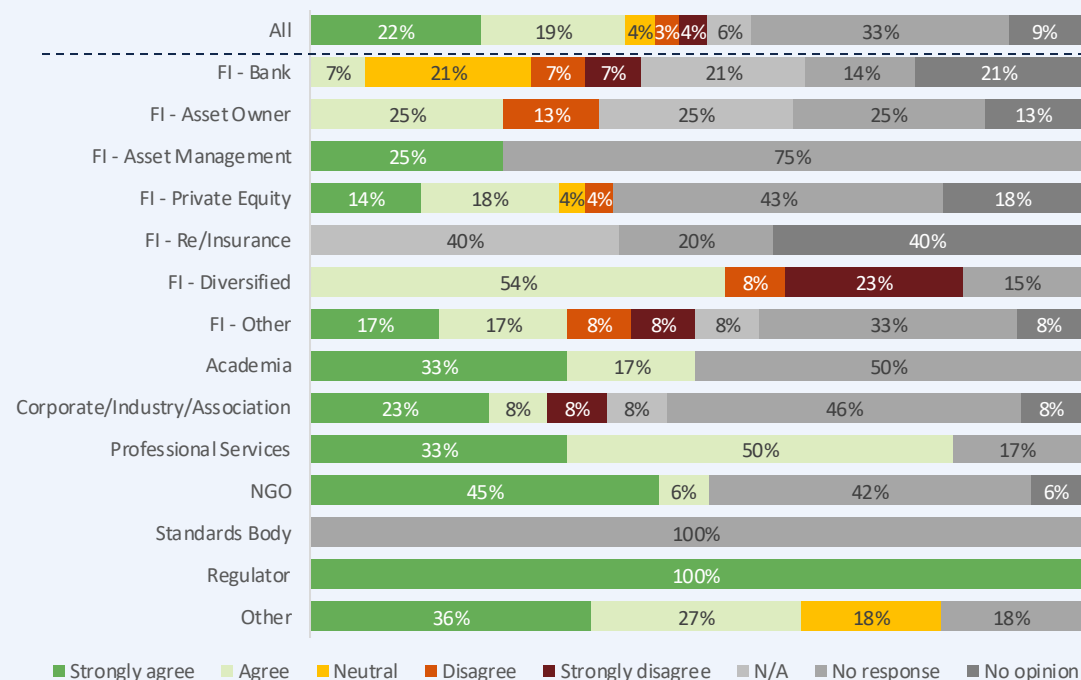
QUESTION 26 – RESPONSES PER STAKEHOLDER GROUP

EMISSIONS-INTENSIVE TARGETS APPLICABLE TO LND, AOI, AMI, INS



26.c. To what extent do you agree that exposure to emissions-intensive sectors in Asset Manager (including private equity firms) Investing should be covered by targets?

Survey Responses



Key Insights

Overall view

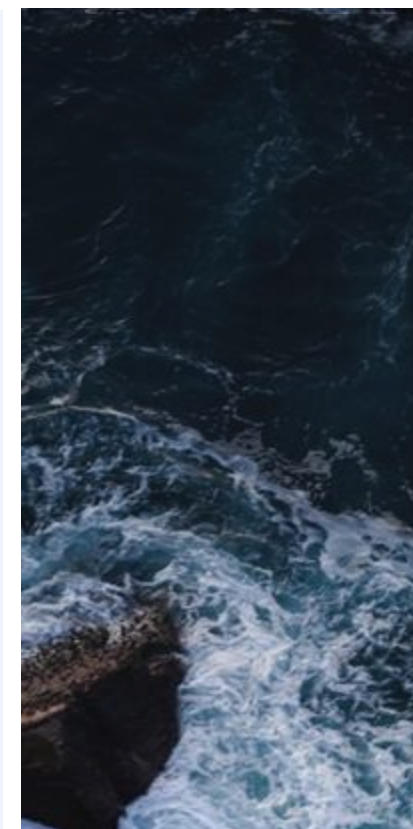
There was broad acceptance that exposure to emissions-intensive sectors in Asset Manager (including private equity firms) Investing should be covered by targets, with 41% at least agreeing and 7% at least disagreeing.

End user stakeholders

Among private equity firms and asset managers, 32% and 25% at least agreed while 43% and 75% did not respond respectively, indicating a need for further engagement.

Additional insights

NGOs showed agreement with 51% at least agreeing and no disagreement, reflecting strong endorsement from this stakeholder group.



CHAPTER 4:

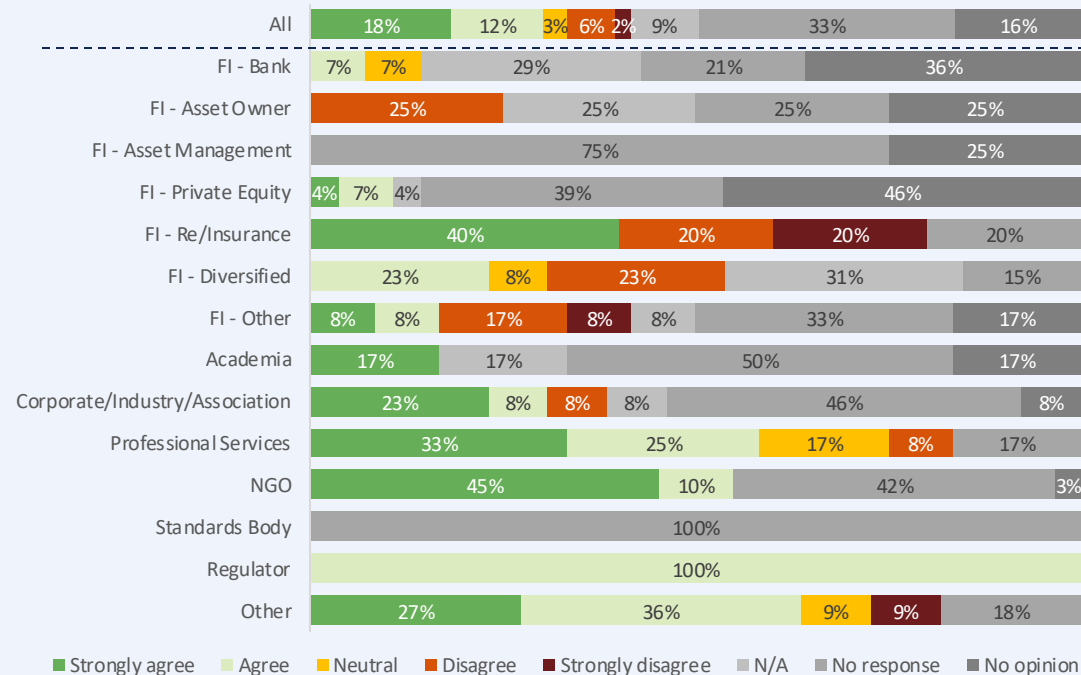
QUESTION 26 – RESPONSES PER STAKEHOLDER GROUP

EMISSIONS-INTENSIVE TARGETS APPLICABLE TO LND, AOI, AMI, INS



26.d. To what extent do you agree that exposure to emissions-intensive sectors in Insurance Underwriting should be covered by targets?

Survey Responses



Key Insights

Overall view

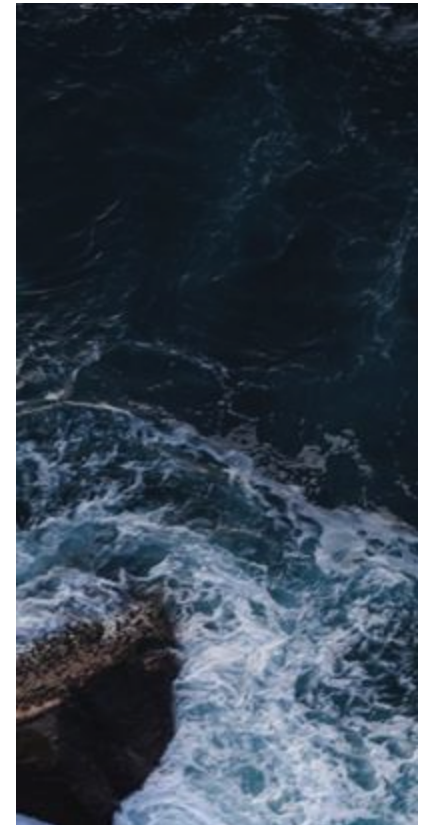
There was broad acceptance that exposure to emissions-intensive sectors in Insurance Underwriting should be covered by targets, with 30% at least agreeing and 8% at least disagreeing. A significant portion (33%) did not respond.

End user stakeholders

Among re/insurance firms, 40% agreed while 40% at least disagreed, indicating mixed opinions within this group.

Additional insights

NGOs showed the strongest support with 45% strongly agreeing, reflecting moderate endorsement from this stakeholder group.



CHAPTER 4:

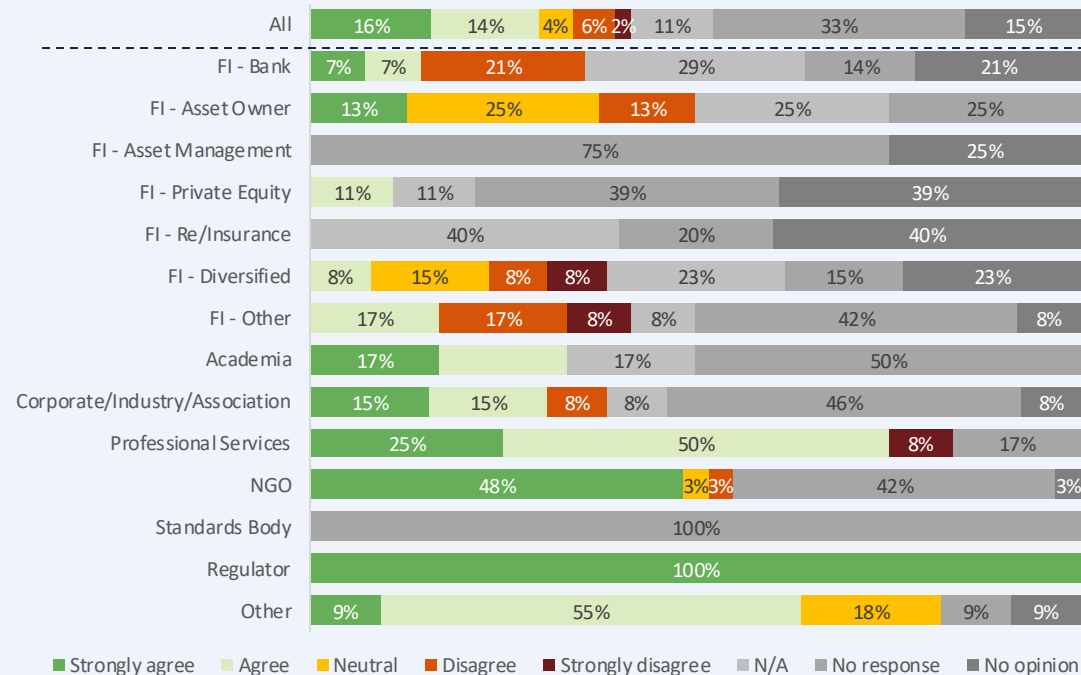
QUESTION 26 – RESPONSES PER STAKEHOLDER GROUP

EMISSIONS-INTENSIVE TARGETS APPLICABLE TO LND, AOI, AMI, INS



26.e. To what extent do you agree that setting emissions-intensive targets would also work for Capital Market Activities (Note: CMA targets are currently not required as part of the FINZ Standard)?

Survey Responses



Key Insights

Overall view

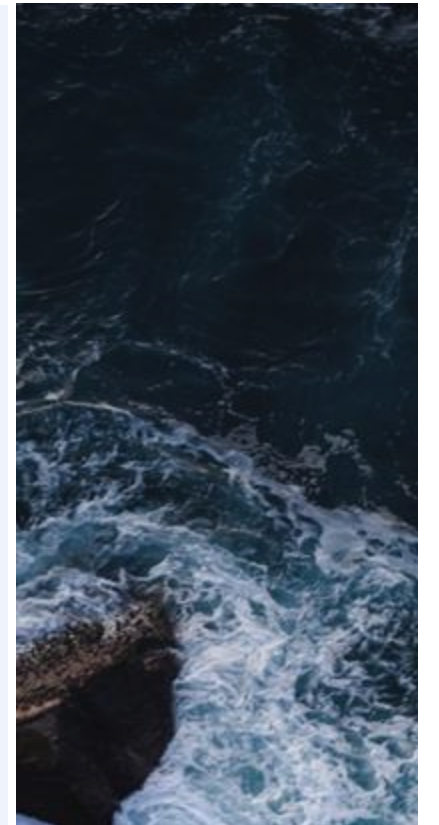
There was moderate acceptance that setting emissions-intensive targets would also work for Capital Market Activities (CMA), with 30% at least agreeing and 8% at least disagreeing. A significant portion (33%) did not respond.

End user stakeholders

Among banks, 14% at least agreed while 21% disagreed, indicating mixed views within this group.

Additional insights

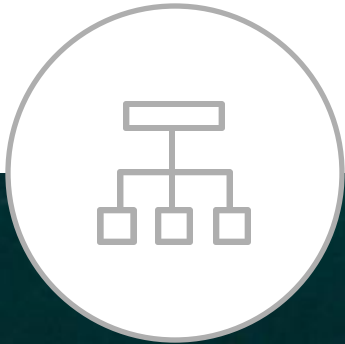
Professional Services showed strong agreement with 75% at least agreeing and 8% strongly disagreeing, highlighting strong support from this group. Even regulator and NGOs have high agreement.



FINZ 2024 CONSULTATION DRAFT CHAPTERS



Chapter 1
Entity-level:
Organizational
Commitments &
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 CONSULTATION RESULTS

Chapter 5 focuses on reporting requirements.

Overall, respondents at least agreed (44%) with the reporting requirements in the FINZ 2024 Consultation Draft and find that these metrics shall be reported annually (43%).

High Reporting Granularity

With regards to the required granularity of reporting, respondents considered multiple levels of granularity to be appropriate. Many supported granular reporting to enhance transparency.

More Alignment with Reporting Frameworks

However, concerns were raised about potential overlap with other regulatory requirements (e.g., ISSB/CSRD) as well as the need to seek the best alignment possible between the reporting requirements.

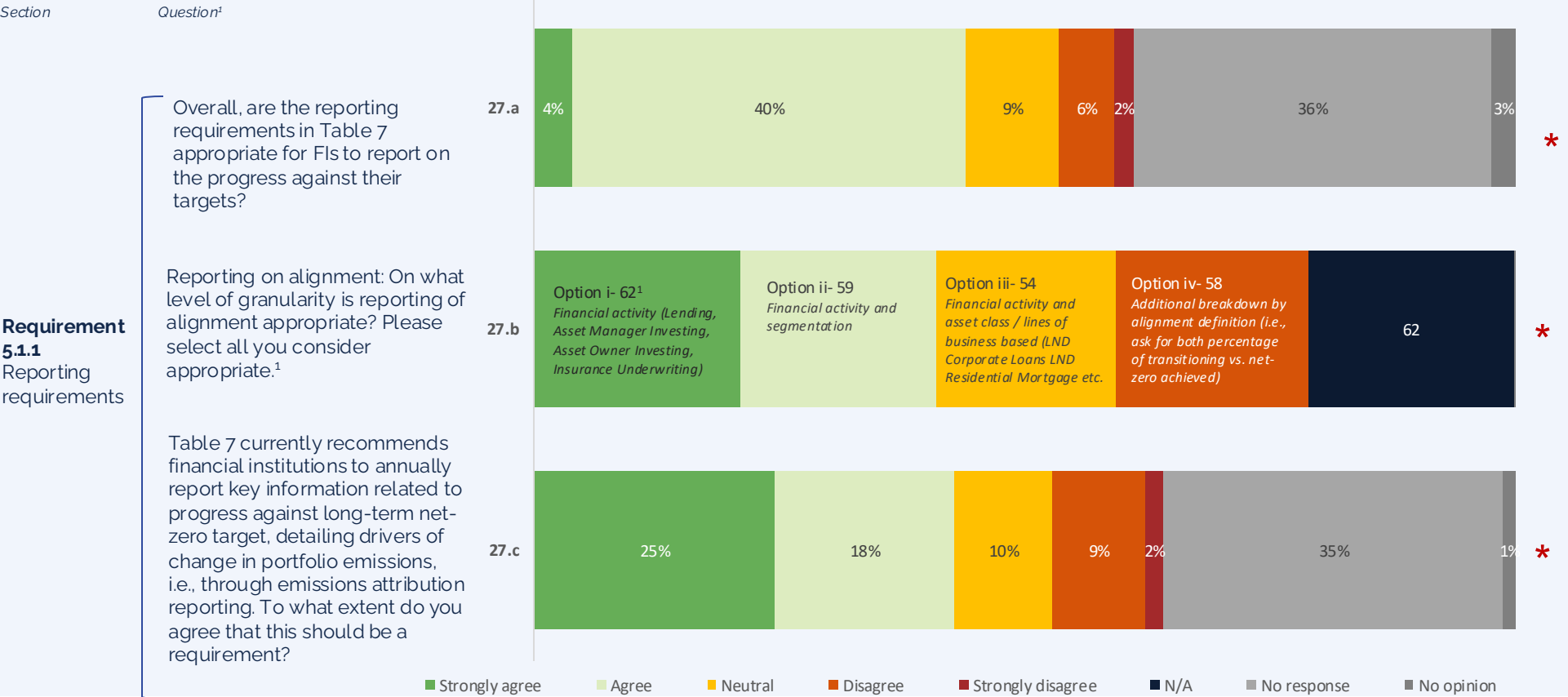
Options for a Regional Adaptation

In addition, data availability challenges, and the need for flexibility feature in the commentary, and a segmented reporting approach by geography was suggested.

SUMMARY OF CHAPTER 5 CONSULTATION RESULTS

OVERVIEW ON CLOSED-END QUESTIONS

Survey Responses



Key Observations

- All questions related to chapter 5 received less than 20% disagreement¹ at an overall level,, indicating general acceptance to the requirements.
- Of these questions, **1 (27.c) exhibited close to 20% disagreement** from financial institutions, while 27.a reflected notable divergence.
- In terms of granularity of reporting requirements (27.b), each stakeholder group demonstrated mixed opinions.
- Please refer to the next page for more insights on all questions.

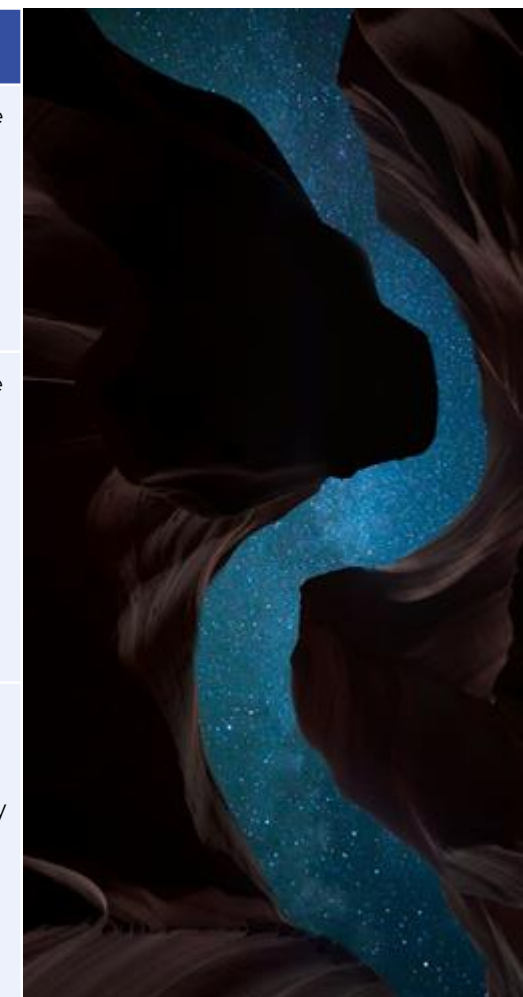
1 - Absolute numbers indicate the total count of responses.

SUMMARY OF CHAPTER 5 CONSULTATION RESULTS

FEEDBACK INSIGHTS

Question	Key Feedback Received
<p>5.1.1 Reporting Requirements - 27.a. Table 7, p40 provides a summary of reporting requirements. Overall, are the reporting requirements in Table 7 appropriate for financial institutions to report on the progress against their targets?</p>	<ul style="list-style-type: none"> • There was broad acceptance that the reporting requirements in Table 7 are appropriate for financial institutions to report on the progress against their targets, with 44% at least agreeing and 8% at least disagreeing. Re/Insurance showed 20% disagreement, while all other FI groups had less than 20% disagreement. • While many agreed that transparent, frequent reporting enhances accountability and progress tracking, there were some concerns over feasibility, especially in alignment with existing frameworks (e.g., ISSB, CSRD), and sensitive disclosures. Several respondents advocated for flexibility to reduce reporting burdens, especially for small or resource-constrained institutions. Others proposed a fixed template for consistency and comparability across financial institutions.
<p>5.1.1 Reporting Requirements - 27.b. Reporting on alignment: On what level of granularity is reporting of alignment appropriate? Please select all you consider appropriate.</p>	<ul style="list-style-type: none"> • All options received almost equal support when it comes to level of granularity in reporting of alignment– 62 respondents were in support of option i (Financial activity (Lending, Asset Manager Investing, Asset Owner Investing, Insurance), 59 respondents were in support of ii (Financial activity and segmentation), 54 were in support of iii (Financial activity and asset class / lines of business based (LND - Corporate Loans; LND - Residential Mortgage; etc.)), while 58 were in support of option iv (Additional breakdown by alignment definition). Option iv was a widely picked choice across civil society (non-FI) groups. • Many supported granular reporting to enhance transparency, suggesting disclosures by activity type (e.g., corporate vs. mortgage loans) and asset class. However, concerns were raised about potential overlap with other regulatory requirements (e.g., ISSB/CSRD), data availability challenges, and the need for flexibility. A common suggestion was allowing financial institutions to choose the level of granularity, with some favoring segmentation by geography or activity.
<p>5.1.1 Reporting Requirements - 27.c. Table 7 currently recommends financial institutions to annually report key information related to progress against long-term net-zero target, detailing drivers of change in portfolio emissions, i.e., through emissions attribution reporting. To what extent do you agree that this should be a requirement?</p>	<ul style="list-style-type: none"> • There was broad acceptance on annual reporting of progress against long-term net-zero targets should be a requirement, with 43% agreeing and 11% disagreeing. Among banks, 43% at least agreed while 28% at least disagreed, and among asset owners, 38% at least agreed while 25% disagreed, showing general support with some reservations. • Many respondents supported the transparency benefits of such reporting but raised concerns about data availability, especially for small- and medium-sized enterprises and specific GHG emissions (like methane). Some suggested allowing flexibility, such as reporting once every three years or integrating with other reporting frameworks like ISSB/CSRD. Others emphasized avoiding duplicative reporting efforts, which could overburden institutions and limit their ability to focus on core decarbonization activities.

Note: Key feedback received column provides 2 types of insights, first point represents the findings from close-ended questions and the second point in each row provides a brief summary of the qualitative justifications provided by respondents.



CHAPTER 5:

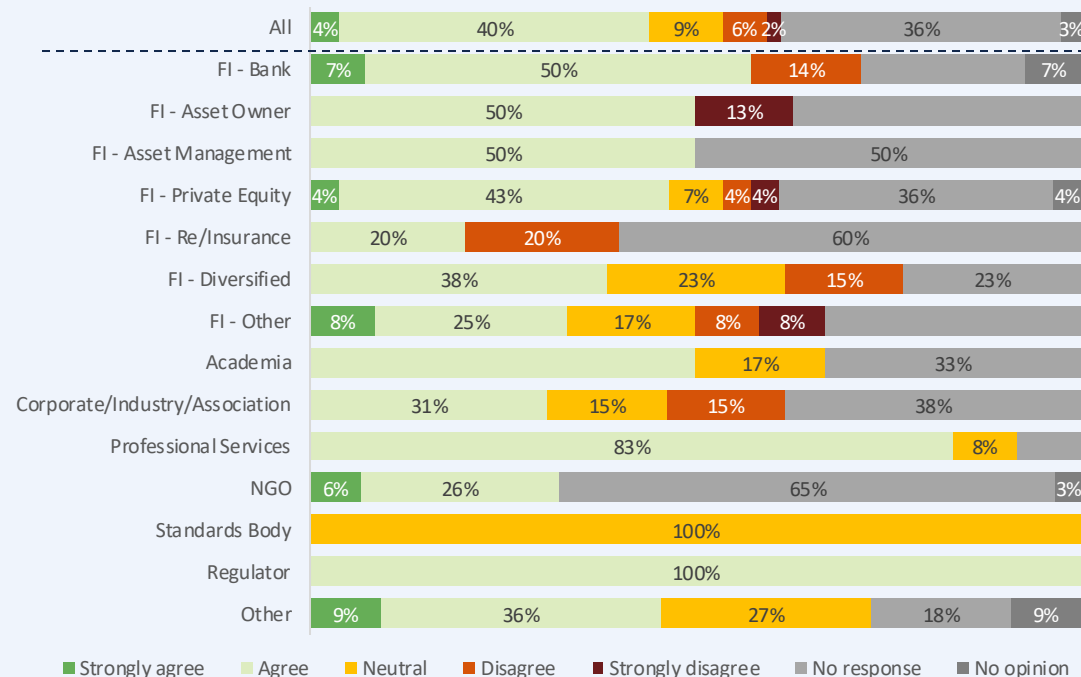
QUESTION 27 – RESPONSES PER STAKEHOLDER GROUP

REPORTING REQUIREMENTS



27.a. Table 7, p40 provides a summary of reporting requirements. Overall, are the reporting requirements in Table 7 appropriate for financial institutions to report on the progress against their targets?

Survey Responses



Key Insights

Overall view

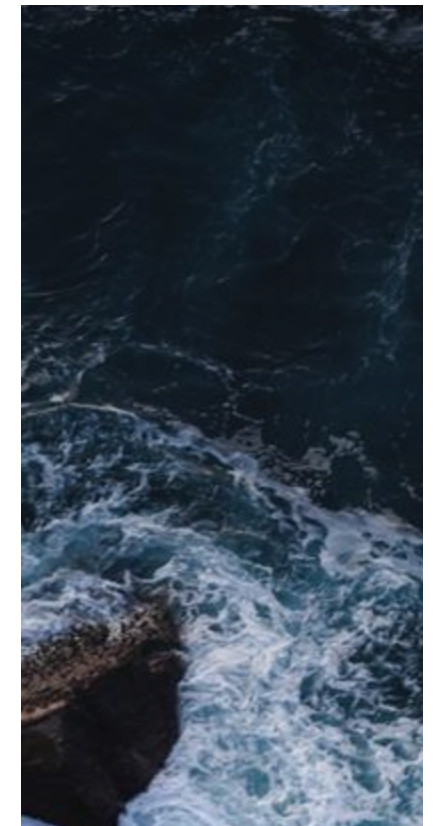
There was broad acceptance that the reporting requirements in Table 7 were appropriate for financial institutions to report on the progress against their targets, with 44% at least agreeing and 8% at least disagreeing.

End user stakeholders

Among banks, 57% at least agreed while 14% disagreed, indicating general support with some reservations within this group.

Additional insights

Among corporate/industry associations, 31% agreed while 15% disagreed, indicating mixed views within this group.



CHAPTER 5:

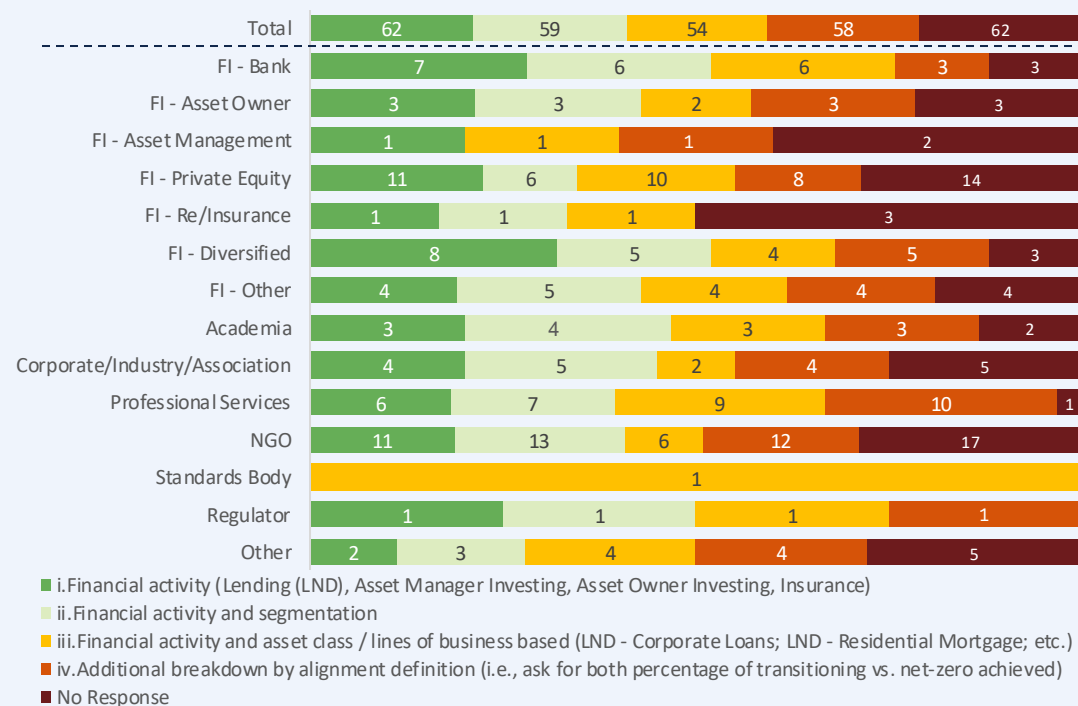
QUESTION 27 – RESPONSES PER STAKEHOLDER GROUP

REPORTING REQUIREMENTS



27.b. Reporting on alignment: On what level of granularity is reporting of alignment appropriate? Please select all you consider appropriate.

Survey responses (absolute numbers)



Key Insights

Overall view

All options received almost equal support across 'level of granularity in reporting of alignment' – 62 respondents were in support of option i, 59 respondents were in support of ii, 54 were in support of iii, while 58 were in support of option iv.

End user stakeholders

Option i was generally the most selected choice with some exceptions.

Additional insights

Option iv was a widely selected choice across civil society (non-FI) groups.



CHAPTER 5:

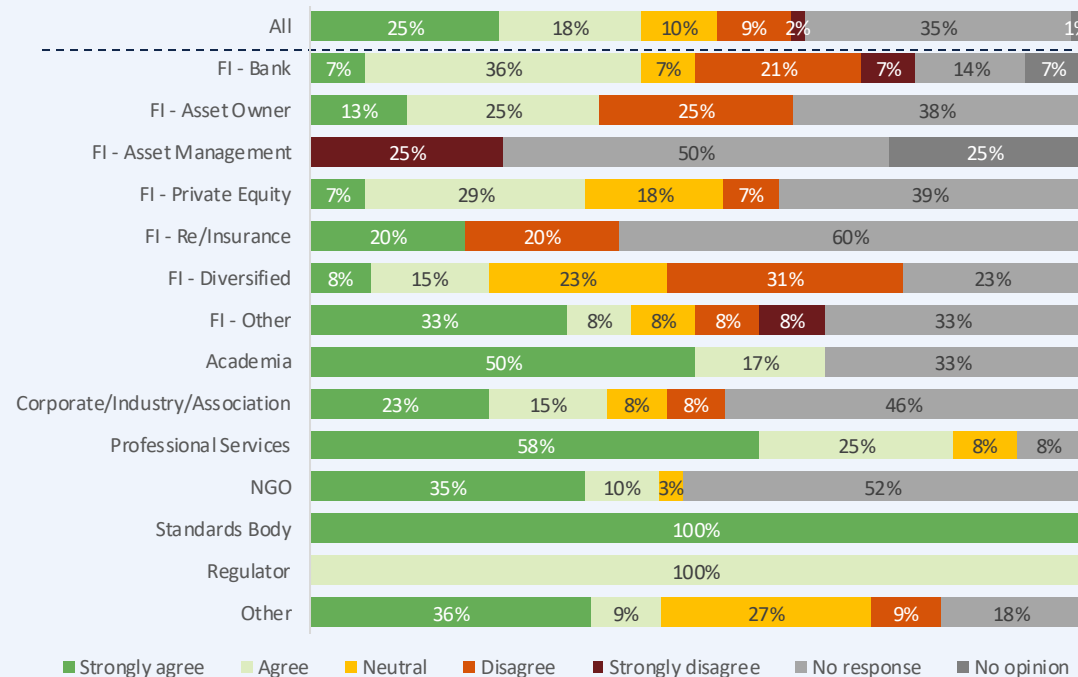
QUESTION 27 – RESPONSES PER STAKEHOLDER GROUP

REPORTING REQUIREMENTS



27.c. Table 7 currently recommends financial institutions to annually report key information related to progress against long-term net-zero target, detailing drivers of change in portfolio emissions, i.e., through emissions attribution reporting. To what extent do you agree that this should be a requirement?

Survey Responses



Key Insights

Overall view

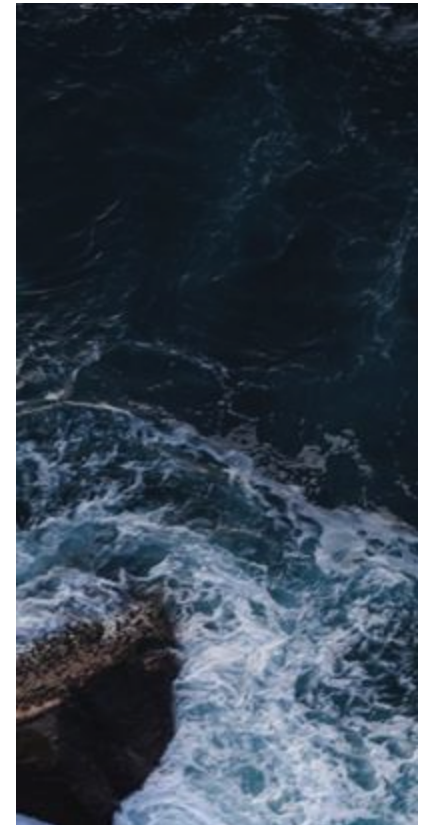
There was broad acceptance on annual reporting of progress against long-term net-zero targets should be a requirement, with 43% at least agreeing and 11% at least disagreeing.

End user stakeholders

Among banks, 43% at least agreed while 28% at least disagreed, indicating mixed views. Among asset owners, 38% at least agreed while 25% disagreed, showing general support with some reservations.

Additional insights

Professional Services and academia showed strong agreement with 83% and 67% at least agreement respectively, highlighting strong support from these groups.





5. LINKAGE TO OTHER QUALITATIVE CONSULTATION FEEDBACK

COMPARISON OF CONSULTATION FEEDBACK THROUGH SURVEY WITH OTHER QUALITATIVE FEEDBACK

Section	Key Findings from Other Qualitative Feedback	Comparison with Survey Respondents
1.3.1: Identification of boundaries of financial activities and Table 8, Annex A, p45	<ul style="list-style-type: none"> There was a need for both clarity and flexibility. Respondents sought clearer definitions for "revenue" in terms of what that will constitute (not only dividends and interest but also changes in economic value) and requested alignment with established protocols like NZIF for increased interoperability. Insurance companies emphasized the impracticability of entity-wide net-zero commitments, suggesting tailored boundaries and CO₂e neutral options for neutralization of emissions. Concerns have been expressed towards revenue-based thresholds inadequately capturing carbon-intensive activities, with recommendations to consider carbon intensity metrics instead. Additional suggestions included addressing the complexity that some large financial institutions may face with adopting methodologies, e.g., where revenue-based approaches may not capture carbon-intensive activities effectively. 	<ul style="list-style-type: none"> Overall overlaps in certain areas like clarity in the definitions for terms and what financial activities and emissions categories are 'scoped-in' to target boundaries. There were also similarities in challenges raised in using revenue as a metric, with different recommendations received from the survey and the 'other feedback'. While survey responses called for absolute revenue value in place of or along with revenue percentage, the feedback mentions to consider carbon intensity metrics in place of % revenue for the scoping exercise. The survey mentioned modifications in the threshold (like increasing it to 10% from the current 5%) figure which is not a very prevalent recommendation from the feedback.
1.3.2: In-scope financial activities and break down by level of influence	<ul style="list-style-type: none"> There was a need for clearer definitions of claims-related Scope 3 emissions, insurance products in/out of scope, and influence levels for insurers and asset owners. Recommendations were made for adding Private Equity Investing guidance and inclusion of a grace period for target-setting. There were concerns on limitations on financial institutions' influence to drive change due to fiduciary responsibilities and exposure to carbon-intensive activities, especially in underwriting processes, calling for nuanced application of the FINZ standard. Suggestions on addressing missing sectors, like Aluminum and Agriculture, and integrating ISIC/NACE codes for comprehensive value chain analysis were also made. 	<ul style="list-style-type: none"> Both emphasized the need for clarity around: definitions, construction of influence categorization and in scope financial activities and emissions categories but suggestions are varied— survey critiques oversimplified influence definitions, while feedback focuses on Scope 3 emissions and insurance products. The survey responses highlighted divergent views with respect to influence categorizations, e.g., treatment of passive investments, gaps in guidance around exclusions like sovereign bonds, and feedback points to absence of carbon intensive sectors and inconsistent across definitions between industry wide frameworks, reducing interoperability.
1.6.1: Climate transition plan	<ul style="list-style-type: none"> Requests for transition plan to be a requirement instead of recommendation as many organizations would already be part of initiatives and may have published or need to publish transition plans was suggested. The feedback emphasized making the FINZ requirement for climate transition plans and the other transition plans guidelines complementary. 	<ul style="list-style-type: none"> Both highlighted the need for transition plan and call for mandating it. While the 'other feedback' advocated to align with initiatives, emphasizing interoperability initiative guidelines, the survey called for flexibility, and tailored timelines based on institutional size and resources.

COMPARISON OF CONSULTATION FEEDBACK THROUGH SURVEY WITH OTHER QUALITATIVE FEEDBACK

Section	Key Findings from Other Qualitative Feedback	Comparison with Survey Respondents
1.7.1: Fossil fuel policy	<ul style="list-style-type: none"> Financial institutions promoted engagement with high-emitting clients, supporting their decarbonization while investing in renewable energy. Fossil fuel policies, it was recommended must balance stringent divestment timelines with practical guidance for a just transition, to avoid divestment from fossil fuels impacting economic stability or energy security. Respondents highlighted that emphasis should be on target-setting rather than prescriptive policies, allowing financial institutions flexibility to assess risks and local conditions. Implementation challenges were highlighted with blanket policies which contradict fiduciary duties, complicating the implementation for asset managers and owners. 	<ul style="list-style-type: none"> Both highlighted implementation challenges associated with data limitations, the diverse, nuanced considerations per asset classes, and fiduciary duties. The survey response emphasized importance of regional variations, and the feedback also stresses importance of flexibility in policy application. Both stressed "just transition", balancing stringency with practicality. Feedback emphasized necessity for avoiding unintended impacts on economic stability and energy security alongside legislative alignment.
1.7.2: Climate-aligned policy for long-lived high-emitting assets	<ul style="list-style-type: none"> Respondents states climate policy must extend beyond fossil fuels to include high-emitting sectors like power generation, industry, transport, and buildings. It was expressed there should be a need for sector-specific considerations as different financial institutions may have varying definitions and thresholds for what constitutes high-emitting assets based on their portfolios. Clarification was needed for definitions related to long-lived high-emitting assets, as well as clarification of the treatment of products linked to health and pensions. 	<ul style="list-style-type: none"> Both advocated for broader scope of sectors to include high-emitting sectors. The survey response mentioned agriculture and AFOLU sectors/projects and indirect emissions, while feedback extended to power generation, transport, and buildings.
1.7.3: No-deforestation and conversion free policy	<ul style="list-style-type: none"> There was support for avoiding deforestation but emphasis on the the need for a clear timeline and broader legislative support to ensure that the economy is not impacted due to dependance on the related activity. Inclusion of no-deforestation policies in the FINZ 2024 Consultation Draft raised concerns about applicability to clients with deforestation in their value chains (scope 3), it was highlighted as being challenging for insurers serving SMEs, as they do not have visibility on deforestation occurrence within their clients' value chain. Further challenges for insurers included the often lack visibility into / the data required to ascertain whether deforestation occurs within the value chain of smaller client operations. 	<ul style="list-style-type: none"> On deforestation policies, survey responses highlighted tracking complexities due to data collection challenges, while feedback addressed insurers' limited visibility into value chain deforestation and client challenges.

COMPARISON OF CONSULTATION FEEDBACK THROUGH SURVEY WITH OTHER QUALITATIVE FEEDBACK

Section	Key Findings from Other Qualitative Feedback	Comparison with Survey Respondents
2.1: GHG Emissions Inventory	<ul style="list-style-type: none"> Scope 3 GHG accounting for insurance companies faces feasibility issues, it was communicated, due to unavailable data for SMEs and personal lines, potential double counting, and misalignment with the PCAF standard. A full GHG inventory within two years was recommended, with accuracy improving over time, rather than waiting until 2030. Clear definitions for categories like "Reasonable influence – higher climate impact" and upfront explanations of portfolio dynamics are suggested, to enhance clarity were also recommended. It was also recommended that there be exclusions for scoping financing activities into an emissions inventory where internationally recognized methodologies (e.g. PCAF) are not available. 	<ul style="list-style-type: none"> Both inputs and the survey response feedback emphasized the importance of aligning SBTi's staggered approach with established standards to ensure consistency. Both mentioned the necessity of methodological clarity and flexibility, particularly for emerging markets, regional legal definitions, and smaller institutions facing data quality challenges. The survey response additionally emphasized the need for a clear provisional baseline for tracking progress, enhancing early reporting transparency. Both highlighted data quality issues, particularly for Scope 3 emissions, but feedback emphasized feasibility barriers (e.g., SME data and double counting), while the survey response focused on phased timelines and regional differences. The 'other feedback' recommended early action with incremental improvements, that followed a phased approach, setting interim goals instead of a comprehensive one in 2030, and the survey response also suggests to accelerate implementation of the proposed staggered approach.
2.2: Fossil fuel financial exposure	<ul style="list-style-type: none"> Respondents highlighted the need for clarification of intent is needed on whether financial disclosures on fossil fuel activities are intended to drive emission reductions or focus on financial risk, which may be less relevant for SBTi. They also sought clarity in scope of property insurance, if it would cover solar panels or whether separate policies are required. Jurisdictional differences in legal definitions and legislation suggested the need for alignment with local legal requirements, as implied by SBTi's earlier comments. 	<ul style="list-style-type: none"> <i>Was not substantial part of the Public Consultation Survey</i>
2.3: Neutralization of portfolio residual emissions	<ul style="list-style-type: none"> There was concern about the role of financial institutions versus clients, investees, and customers in neutralizing residual emissions, with a preference for clients being primarily responsible. Called for a more realistic stance on nature-based solutions and recognition of their potential for biodiversity improvements for approach on carbon removals. Recommendation for interim guidance requiring companies to disclose methodologies, assumptions, and uncertainties in their neutralization approaches. 	<ul style="list-style-type: none"> The survey response highlighted significant uncertainty on neutralization, suggesting need for further clarification, while there were some inputs from the 'other feedback' on role of financial institutions as compared to the clients, investees; and interim guidance requirement.

COMPARISON OF CONSULTATION FEEDBACK THROUGH SURVEY WITH OTHER QUALITATIVE FEEDBACK

Section	Key Findings from Other Qualitative Feedback	Comparison with Survey Respondents
3.1: Portfolio climate-alignment baseline	<ul style="list-style-type: none"> • SBTi should limit cases to companies with over 90% turnover from climate solutions excludes those with significant, yet partial, exposure to solutions. • The current definition of "transitioning" was deemed restrictive, unclear, and risked enabling greenwashing due to varying interpretations. • Climate-alignment targets for SMEs and full portfolio baselines were deemed impractical due to limited data availability and resource demands. • Jurisdictional overlaps (SBTi vs. EU Taxonomy) risked confusion among users. 	<ul style="list-style-type: none"> • Alignment with Frameworks: survey response emphasized harmonization with existing frameworks to avoid duplicative efforts, while feedback mentions jurisdictional overlaps (e.g., SBTi vs. EUT). • Definitions and Greenwashing: both mentioned ambiguities in terms like "transitioning" and "net-zero achieved" which could lead to greenwashing, • Data and Feasibility: data challenges for Scope 3 and SME portfolios were highlighted in the survey response as well as the feedback. • Targets and Transparency: survey response called for balanced long-term and interim targets with flexibility for sectoral differences, while feedback advocated that climate-alignment targets needed clearer percentage-emissions-target links for practicality.
3.2: Portfolio climate-alignment target	<ul style="list-style-type: none"> • Lack of methodology for home insurance and other specific cases hinders FINZ implementation it was communicated with the need for clear methods deemed as essential. • Respondents highlighted feasibility issues for long-tenure loans and emerging markets due to limited data availability and unrealistic expectations for coverage. • Clarification was needed on whether modifications done post-validation, and in case of updates in the PCAF standard, would require updating the targets and re-validation, similar to the recommendation by PCAF. • Short-term targets under 5 years could drive immediate change; robust criteria for transitioning entities and credible taxonomies are necessary. • Portfolio alignment approaches may be harder to track than emissions intensity; simpler methods are preferred for monitoring. 	<ul style="list-style-type: none"> • The survey response highlighted practical challenges in achieving milestones, particularly in high-impact sectors and emerging markets. Similarly, the feedback stressed the lack of methodologies and feasibility issues for specific cases, such as home insurance and emerging markets. • Respondents in the survey pointed to regional differences, such as OECD versus non-OECD distinctions, and limited data for SMEs. Feedback reinforced this by identifying data and resource constraints in emerging markets, making uniform targets impractical. • The survey response recommended interim milestones and sector-based tracking to address sector-specific challenges, while the feedback suggested short-term targets under five years and simpler monitoring approaches to drive immediate change.

COMPARISON OF CONSULTATION FEEDBACK THROUGH SURVEY WITH OTHER QUALITATIVE FEEDBACK

Section	Key Findings from Other Qualitative Feedback	Comparison with Survey Respondents
4.1: Emissions-intensive sector transparency	<ul style="list-style-type: none"> • Regional Scenarios: It was deemed crucial to incorporate regional/national scenarios to align financial institutions' targets with policy-driven sectoral decarbonization. • Oil and Gas Guidance: Concerns existed about the upcoming SBTi target-setting guidance for oil and gas, particularly regarding the inclusion of the entire value chain, which may create data and strategic challenges. • Interoperability: For SBTi to ensure compatibility with other standards was encouraged. • Financial Activity Exposure: Clarity was needed on whether financial activity exposure would include total exposure irrespective of influence or in/out-of-scope considerations. 	<ul style="list-style-type: none"> • Alignment with Standards and Frameworks: both feedback and survey response emphasized the need for aligning the FINZ 2024 Consultation Draft with global / regional frameworks, and EU Climate Benchmarks to enhance coherence and applicability. • Sector-Specific Guidance: both mentioned specific comments on high-emitting sectors, the feedback highlighted concerns around the Oil and Gas value chain inclusion, while the survey response suggested the inclusion of high-emission sectors like agriculture, chemicals, and aluminum to ensure comprehensiveness. • Exclusion Criteria and Policy Clarity: the survey response suggested updating the 5% exclusion policy, advocating for full coverage or stricter transparency, whereas feedback did not explicitly comment on exclusion policies.
4.3: Activity-specific targets for emissions-intensive activities	<ul style="list-style-type: none"> • Linear Intercept Concerns: The linear intercept method it was communicated may create a low-action threshold, more tailored SBTi curves for specific sectors were recommended. • Alignment Challenges: Alignment between FINT V2 and FINZ was encouraged, and discrepancies in target-setting approaches and flexibility highlighted. • Sensitive Portfolios: Banks with concentrated portfolios faced challenges in setting sector-specific targets due to risks of sensitive client data disclosure and portfolio variability. • Methodological Flexibility: There was advocacy for allowing methodologies beyond sector-specific targets, such as Portfolio Coverage, for institutions with minimal exposure to high-emitting sectors. • Target-Setting Ambition: There were concerns over the 95% alignment target by 2030, which would risk divestment and reduced engagement capacity, with a suggestion to make underwriting optional. 	<ul style="list-style-type: none"> • Metric Flexibility: both emphasized the need for flexibility in metrics, with feedback recommending non-sector-specific methodologies and survey respondents suggesting tailored metrics for unique sectors (e.g., aviation, shipping). • Data Challenges: both highlighted data limitations, with the 'other feedback' focusing on sensitive portfolios and survey respondents emphasizing regional disparities and challenges in obtaining granular data. • Target Feasibility: the 'other feedback' raised concerns over ambitious targets risking divestment, while the survey responses questioned reliance on unrealistic pathways and insufficient technological readiness.

COMPARISON OF CONSULTATION FEEDBACK THROUGH SURVEY WITH OTHER QUALITATIVE FEEDBACK

Section	Key Findings from Other Qualitative Feedback	Comparison with Survey Respondents
5.1: Reporting requirements	<ul style="list-style-type: none"> • Focus on Target-Setting: Respondents communicated that SBTi should focus on only target-setting, requiring only progress reporting against the targets, to avoid overlap with existing reporting standards. • Standardized Reporting Template: A fixed reporting template for FINZ, similar to the existing template tables, was recommended to ensure global comparability and usability. • Transparent Public Datasets: For PCAF to create a publicly accessible datasets that can support financial institutions to collect the data necessary for setting and monitoring targets was suggested. • Unified Reporting Metrics: Homogeneity in reporting metrics was deemed critical as institutions navigate multiple frameworks; SBTi's draft standards could address this need effectively. 	<ul style="list-style-type: none"> • Transparency through Public Datasets: Both sources advocated for publicly accessible datasets to enhance accessibility of required data points and enable greater transparency and analysis of progress. • Flexibility vs. Homogeneity: The 'other feedback' stressed homogeneity in metrics. The survey responses advocated for flexibility in granularity (in terms of level of reporting, such as at financial activity-level or the asset class level) allowing tailored reporting based on institutional capacities. • Focus on Reducing Redundant Reporting: Feedback highlighted SBTi's focus on target-setting, while the survey responses emphasized aligning with existing standards to reduce reporting burdens. • Template and Standardization: Both feedback and survey response agreed on the need for a standardized template; feedback suggested global comparability, while the survey response emphasized reducing administrative strain.

COMPARISON OF CONSULTATION FEEDBACK THROUGH SURVEY WITH OTHER QUALITATIVE FEEDBACK

Section	Key Findings from Other Qualitative Feedback	Comparison with Survey Respondents
Generic overall feedback	<ul style="list-style-type: none"> • Framework Clarity: The FINZ framework needed clearer definitions and descriptions of what is 'In-scope' re. financial activities and emissions categories, especially regarding construction of near-term targets and the inclusion of specific entities like Sovereign Wealth Funds. • Standardization and Definitions: Adoption of standardized codes (e.g., NACE codes) and precise definitions for sectors, SMEs, and climate solutions companies, it was communicated, would enhance consistency, reduce compliance burdens, and streamline target-setting. • Sector-Specific Considerations: Flexibility in sector-specific target-setting was deemed critical, especially for insurers and those with exposure to industries with significant climate impact potential. • Regulatory and Alignment Issues: Aligning SBTi standards with regional regulations was deemed vital to avoid discrepancies. Flexible language, it was recommended, should replace mandatory terms to mitigate anti-trust risks and promote voluntary commitments. • Emerging Markets and Local Context: The framework it was recommended, should account for the unique challenges of emerging markets, including flexible interim targets, localized adjustments, and capacity-building initiatives to support implementation. • Governance and Monitoring: Enhanced governance measures, including clearer accountability and tools for monitoring net-zero transitions, it was recommended, would strengthen institutions' ability to track progress and manage climate risks effectively. • ESG Integration: Integrating ESG considerations into climate strategies was deemed crucial. Emphasizing on circular economy principles and balancing carbon reduction with social equity considerations it was communicated would ensure a holistic and sustainable approach. 	<ul style="list-style-type: none"> • Aligned closely on framework clarity, emphasizing the need for clearer definitions of scope and emissions categories, especially for complex entities like Sovereign Wealth Funds. Both highlighted gaps in terminology and target-setting, stressing the importance of clarity for consistent application across financial activities and sectors. • The survey response also called for standardization and clarity in definitions, like for terms like "climate solutions" and "transitioning, and adoption of standardized templates to reduce complexity. Both advocating for standardized codes and precise sectoral definitions to simplify compliance, and processes for target-setting. • Similar sentiment in both the survey response as well as the 'other feedback' on challenges faced by institutions in emerging markets, including limited data availability, regulatory gaps, and resource constraints. Both stressed the importance of flexible interim targets, localized adjustments, and capacity-building to accommodate the unique needs and challenges of emerging markets.
Feedback on SBTi FINZ Conceptual Framework	<ul style="list-style-type: none"> • There was emphasis on the need to integrate climate resilience into financial assessments, (in Outcome 1) and expand beyond financial activities. Concerns were raised about aligning policies with global science while addressing specific portfolios. • Respondents sought for clearer definitions for the term 'continuous improvement' mentioned in Outcome 2. • The role of government actions in achieving net-zero ambitions and ensuring 'just transition' was highlighted. And there was strong advocacy for prioritizing emissions reductions over reliance on carbon offsets for unavoidable emissions. 	<p><i>The survey did not specifically seek response on the Outcomes section from the consultation draft.</i></p>

COMPARISON OF CONSULTATION FEEDBACK THROUGH SURVEY WITH OTHER QUALITATIVE FEEDBACK

Section	Key Findings from Other Qualitative Feedback	Comparison with Survey Respondents
Feedback on Private Equity	<ul style="list-style-type: none"> • Challenges included setting decarbonization targets for low-maturity companies and ensuring differentiated treatment for various asset classes. • Respondents advocated for ownership thresholds and a grace period to align with private equity timelines. • Precise definitions, recognition of climate solutions, and flexibility for carbon intensity reductions were deemed essential. • Ignoring private equity-specific needs risked undermining SBTi's credibility and the broader success of its climate goals. 	<ul style="list-style-type: none"> • Both emphasized challenges in setting decarbonization targets for less mature companies and sectors with limited influence solutions, such as maintaining current thresholds, and optional targets, are proposed in both. • Feedback stressed differentiated treatment for asset classes, while survey responses emphasized the need to avoid grouping PE with asset managers and to consider asset class level granularity. • Feedback highlighted the need for precise definitions and flexibility for carbon intensity reductions, aligning with survey responses that advocates tailored criteria for PE influence measurement.
Feedback on Table 1 Financial Activities	<ul style="list-style-type: none"> • Respondents recommended softer language, such as "encourage" or "engage," for asset management actions. • Challenges were also expressed where data availability and quality was concerned, particularly where 'influence' is limited. • Some respondents also felt that while data availability and quality issues can justify a staggered approach, financial institutions could also help improvements by asking their counterparties to produce it. 	<ul style="list-style-type: none"> • The survey did not specifically seek response on the financial activities from Table 1, however the survey response conveyed confusion over certain exclusions, such as sovereign bonds, secondary offerings, and advisory services, which were seen as significant omissions that could lead to substantial gaps in climate accountability of these activities.
Feedback on Table 14 Benchmarks required for different categories of financial activities that are defined in Annex B	<ul style="list-style-type: none"> • There were concerns about comparability if FI standards were to differ from corporate standards in methods like the linear intercept are raised, as it may affect target integrity. 	<p><i>The survey did not specifically seek response on the benchmarks for financial activities from Table 14.</i></p>



6. LINKAGE TO PILOT TESTING

INTRODUCTION

COMPARING PILOT TESTING AND PUBLIC CONSULTATION FEEDBACK

Purpose of this section

This section provides a comparative analysis of feedback received from the Pilot Testing (August 19 – December 3, 2024) and Public Consultation (July 24 – October 11, 2024) conducted for the FINZ 2024 Consultation Draft, as these processes were conducted 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 (FIs), 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.

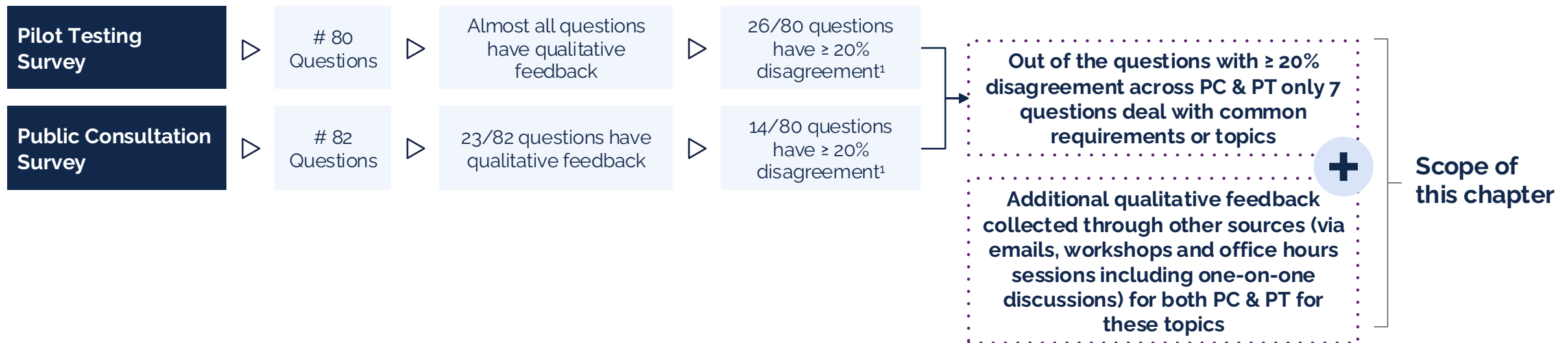
Both processes collectively informed the iterative development of the FINZ Standard, ensuring it is both ambitious and actionable across financial activities.

PILOT VS. PUBLIC CONSULTATION 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 $\geq 20\%$ disagreement, are compared and analyzed.** The comparative analysis is presented in the next few slides.

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



CHAPTER 1: ENTITY-LEVEL: ORGANIZATIONAL COMMITMENTS & LEADERSHIP

Key Insights

The PC and PT 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, were 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 & PT survey advocated for **prioritizing high-impact sectors** or commodities and **avored 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 are key to ensuring policies are both practical and effective in driving climate action.

Section	Similarities	Complementary Aspects of PT/PC Feedback
1.3.2: Financial activity segmentation	<ul style="list-style-type: none"> • 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 with standards like the FINT Standard. • Practical Improvements - Emphasized tools like clearer navigation, links to tables, and use of classification systems like GICS to simplify segmentation exercises. 	<ul style="list-style-type: none"> • Private Equity and Influence Criteria - PC critiqued grouping Private Equity with Asset Managers, suggesting 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	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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 leant 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: PC = Public Consultation; PT = Pilot Testing

CHAPTER 3: PORTFOLIO CLIMATE-ALIGNMENT TARGETS

Key Insights

Respondents across PC¹ and PT¹ emphasized the importance of flexibility, clarity, and tailored support in implementing the requirements of the FINZ 2024 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 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 PT/PC Feedback
3.2.1: Portfolio climate alignment target	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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 PT/PC Feedback
Annex B, Table 11: List of emissions-intensive sectors and activities	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Sectoral Expansion - PC advocated for the inclusion of agriculture, chemicals, and other high-emitting sectors, while PT focuses 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 focuses more on sector-specific taxonomies.
4.3.2: Activity specific target ambition	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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.

Note: PC = Public Consultation; PT = Pilot Testing

ACKNOWLEDGEMENTS

External support

Accenture

Other stakeholders

The SBTi would like to thank all stakeholders who provided feedback during the FINZ public consultation and pilot testing processes.

