



SCIENCE
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DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

FOSSIL FUEL TRANSITION POLICY AND TARGET TEMPLATE

Version 1.0

September 2025



sciencebasedtargets.org



[/science-based-targets](https://www.linkedin.com/company/science-based-targets)



[@sciencetargets](https://twitter.com/sciencetargets)



info@sciencebasedtargets.org

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).

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The SBTi reserves the right to revise this document according to a set revision schedule or as advisable to reflect the most recent emissions scenarios, regulatory, legal or scientific developments, or changes to GHG accounting best practices.

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VERSION HISTORY

Version	Change/update description	Release date	Effective dates
Version 1.0	First version of the Fossil Fuel Transition Policy and Target Template	September 4, 2025	September 4, 2025

CONTENTS

ABOUT SBTi..... 2

DISCLAIMER..... 3

CONTENTS..... 5

1. POLICY COMMITMENTS..... 6

2. POLICY EXCLUSIONS..... 7

3. TARGETS..... 7

4. ENGAGEMENT PLAN (OPTIONAL)..... 8

5. DEFINITIONS..... 8

This document provides an optional template that may be used by financial institutions that set fossil fuel transition policies and targets under the [SBTi Financial Institutions Net-Zero Standard](#).

1. POLICY COMMITMENTS

[*Financial institution name*] commits to the cessation of new financial activities in the fossil fuel sector, as follows [as relevant]:

- **Cessation of New Applicable Financial Activities in the coal value chain:**

[*Financial institution name*] commits to the immediate cessation of New Applicable Financial Activities provided to projects and companies involved in new greenfield or brownfield coal expansion activities. New greenfield or brownfield coal expansion activities to which this commitment relates are [*specify definition, which must include at least: new coal mines, extensions or expansions of existing coal mines, and new unabated coal-fired power plants*] that would require a Final Investment Decision after [*specify your fossil fuel transition policy publication date (or an earlier date)*]. This applies to New Applicable Financial Activities with known and unknown use of proceeds.

- **Cessation of new project finance/insurance linked to new oil and gas expansion activities:**

[*Financial institution name*] commits to the immediate cessation of New Applicable Financial Activities provided to projects involved in new greenfield or brownfield oil and gas expansion activities. Projects involved in new greenfield or brownfield oil and gas expansion to which this commitment relate are [*specify definition, which must include at least: new upstream oil and gas projects (i.e., exploration, extraction, and the development or expansion of oil and gas fields) and new liquefied natural gas infrastructure*] that would require a Final Investment Decision after [*specify your financial institution's fossil fuel transition policy publication date (or an earlier date)*]. This applies to New Applicable Financial Activities with known use of proceeds.

- **Cessation of new general-purpose finance/insurance for companies involved in new oil and gas expansion activities:**

[*Financial institution name*] commits to the cessation of New Applicable Financial Activities provided to companies involved in new greenfield or brownfield oil and gas expansion activities by [*target year*]. Companies involved in new greenfield or brownfield oil and gas expansion activities to which this commitment relates are companies involved in [*specify definition, which must include at least: new upstream oil and gas projects (i.e., exploration, extraction, and the development or expansion of oil and gas fields) and new liquefied natural gas infrastructure*] that would require a Final Investment Decision after [*specify a date no later than December 31, 2030*]. This applies to New Applicable Financial Activities with unknown use of proceeds.

2. POLICY EXCLUSIONS

The term 'New Applicable Financial Activities' refers to any [specify financial activity, such as lending, asset owner investing, asset manager investing, insurance underwriting, and/or capital market activities] related to projects and companies with whom [Financial institution name] does not currently have a relationship, as well as any additional [specify financial activity, such as lending, asset owner investing, asset manager investing, insurance underwriting, and/or capital market activities] related to projects and companies with whom [Financial institution name] already has a relationship, with the exclusion of [as relevant]:

- [Financial activities dedicated to the permanent decommissioning of production activities and capacity]
- [Investments through advisory mandates in Asset Manager Investing]
- [Financial activities dedicated to abating fossil fuel projects or infrastructure with carbon capture with at least 90%-95% capture rates and durable storage that does not support enhanced oil recovery or any other processes that enable continued fossil fuel extraction and production capacity development]
- [Financial activities required by published national laws or regulations]

3. TARGETS

In addition to the policy commitments, [Financial institution name] is setting the following target(s) [as relevant]:

- **Coal phaseout:** [Financial institution name] commits to phase out all applicable financial activities to coal projects and coal companies in countries that are members of the OECD by [specify a year no later than 2030] and in non-OECD countries by [specify a year no later than 2040].
 - [If the year of full phaseout in non-OECD countries is more than five years away: [Financial institution name] also commits to reduce its [specify emissions or financial exposure metric] from the coal sector within its applicable [specify financial activity, such as lending, asset owner investing, asset manager investing, insurance underwriting, and/or capital market activities] portfolio [specify ##.# that must be in line with the full phaseout time frame]% by [specify a year within five years] from a [202#] base year.]
- **Oil and gas sector target[s]:**
 - Climate-alignment targets: [Financial institution name] commits that [specify ##.# that must be on a linear path to at least 95% by 2035]% of applicable [specify financial activity, such as lending, asset owner investing, asset manager investing, insurance underwriting, and/or capital market activities] activities in the oil and gas sector will be aligned by [specify a year within five years] from a [202#] base year.
 - [Alternative option with regional differentiation: [Financial institution name] commits that [specify ##.# that must be on a linear path to at least 95% by 2035]% of applicable [specify financial activity, such as

lending, asset owner investing, asset manager investing, insurance underwriting, and/or capital market activities] activities in the oil and gas sector in developed economies and [*specify ###.# that must be on a linear path to at least 85% by 2035*]% in developing economies will be aligned by [*specify a year within five years*] from a [202#] base year.]

- **Sector targets:** [*Financial institution name*] commits to reduce absolute scope 1, 2, and 3 GHG emissions from the oil and gas sector within its applicable [*specify financial activity, such as lending, asset owner investing, asset manager investing, insurance underwriting, and/or capital market activities*] portfolio [*specify ###.# that must be in line with the IEA Net-Zero Emissions by 2050 scenario*]% by [*specify a year within five years*] from a [202#] base year.

4. ENGAGEMENT PLAN (OPTIONAL)

Our engagement plan includes [*specify engagement approach, such as expectations of companies, an escalation strategy, managed phaseout plans for coal with facility-by-facility closure dates and fair transition plans for workers, and progress monitoring on engagement-related outcomes*].

5. DEFINITIONS

- **Coal companies:** [*specify definition that must at least include companies listed in the [Global Coal Exit List](#) or companies with 10% or more of revenue from the coal value chain; companies listed in the [Metallurgical Coal Exit List](#) should also be included*].
- **Coal projects:** [*specify definition that must at least include projects (specified or ring-fenced set of on- or off-balance sheet assets and activities) with 10% or more of their revenue generated from the coal value chain*].
- **Coal value chain:** [*specify definition that must at least include exploration, extraction, and the development or expansion of mines for all thermal coal grades, and unabated coal-fired power plants (where abatement is defined as at least 90%-95% reduction, relative to pre-abatement levels of direct emissions (scopes 1 and 2) of power generation assets; for carbon capture to be considered, it shall be combined with durable storage and cannot support enhanced oil recovery or any other processes that enable continued fossil fuel extraction and production capacity development*], as determined by [*specify industry codes from an industry classification system such as the North American Industry Classification System (NAICS), Global Industry Classification Standard (GICS), Standard Industrial Classification (SIC) or Nomenclature of Economic Activities (NACE), and other relevant information for activities without a specific industry code*].

- **Oil and gas companies:** [specify definition that must at least include companies listed in the [Global Oil & Gas Exit List](#) (including all National Oil Companies, i.e., those fully or majority-owned by a national government) or companies with 10% or more of revenues from the oil and gas value chain inclusive of National Oil Companies].
- **Oil and gas projects:** [specify definition that must at least include projects (specified or ring-fenced set of on- or off-balance sheet assets and activities) with 10% or more of their revenue generated from the coal value chain].
- **Oil and gas value chain:** [specify definition that must at least include exploration, extraction (including coalbed methane), and the development or expansion of fields, and any liquefied natural gas infrastructure], as determined by [specify industry codes from an industry classification system such as the North American Industry Classification System (NAICS), Global Industry Classification Standard (GICS), Standard Industrial Classification (SIC) or Nomenclature of Economic Activities (NACE), and other relevant information for activities without a specific industry code].



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