

# Modules – Viewers can self select and access modules non-linearly based on where each user is in the SBTi journey

Stage	Module
<b>Commit</b>	1 Case for change
	2 Voluntary finance climate action ecosystem
<b>Develop</b>	3 Developing SBTs: Overview
	4 Developing SBTs: Scope 1, scope 2, and scope 3 operational emissions
	5 Developing SBTs: Scope 3 financed emissions – Overview
	6 Developing SBTs: Scope 3 financed emissions – Calculation deep dive and case studies
	7 Developing SBTs: Scope 3 financed emissions – Data considerations and trade-offs
<b>Submit, Communicate, Disclose</b>	8 Validating, disclosing, and recalculating
	9 Governance, change management, and meeting targets

# Resources (1/2)

Module	Key resources
<b>Module 1: Case for change</b>	<ul style="list-style-type: none"><li>• <a href="#"><u>SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)</u></a></li><li>• <a href="#"><u>GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022)</u></a></li><li>• <a href="#"><u>GFANZ net-zero Financing Roadmaps (Nov 2021)</u></a></li><li>• <a href="#"><u>Bain &amp; Company Brief – Banks’ Great Carbon Challenge (Jun 2022)</u></a></li><li>• <a href="#"><u>Official Journal of the European Union - Establishing the Framework for Achieving climate neutrality and amending Regulations (Jul 2021)</u></a></li></ul>
<b>Module 2: Voluntary finance climate action ecosystem</b>	<ul style="list-style-type: none"><li>• <a href="#"><u>SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)</u></a></li><li>• <a href="#"><u>SBTi Business Ambition for 1.5C (Nov 2021)</u></a></li><li>• <a href="#"><u>SBTi 2021 Progress Report</u></a></li></ul>
<b>Module 3: Developing SBTs: Overview</b>	<ul style="list-style-type: none"><li>• <a href="#"><u>SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)</u></a></li><li>• <a href="#"><u>GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022)</u></a></li><li>• <a href="#"><u>UN Global Compact Academy Setting Science-Based Targets E-Learning</u></a></li><li>• <a href="#"><u>UN Global Compact Academy Net-Zero Standard E-Learning</u></a></li></ul>
<b>Module 4: Developing SBTs: Scope 1, scope 2, and Scope 3 operational emissions</b>	<ul style="list-style-type: none"><li>• <a href="#"><u>SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)</u></a></li><li>• <a href="#"><u>SBTi Target Setting Tool 2.0 (Dec 2021)</u></a></li><li>• <a href="#"><u>GHG Protocol Corporate Accounting and Reporting Standard (Revised)</u></a></li><li>• <a href="#"><u>GHG Protocol Scope 2 Guidance (Sep 2015)</u></a></li><li>• <a href="#"><u>GHG Technical Guidance for Calculating Scope 3 Emissions 1.0 (2013)</u></a></li></ul>
<b>Module 5: Developing SBTs: Scope 3 financed emissions – Overview</b>	<ul style="list-style-type: none"><li>• <a href="#"><u>SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)</u></a></li><li>• <a href="#"><u>GHG Technical Guidance for Calculating Scope 3 Emissions 1.0 (2013)</u></a></li><li>• <a href="#"><u>PCAF The Global GHG Accounting and Reporting Standard for the Financial Industry 1.0 (Nov 2020)</u></a></li></ul>

# Resources (2/2)

Module	Key resources
<b>Module 6: Developing SBTs: Scope 3 financed emissions – Calculation deep dive and case studies</b>	<ul style="list-style-type: none"><li>• <a href="#"><u>SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)</u></a></li><li>• <a href="#"><u>GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022)</u></a></li><li>• <a href="#"><u>PCAF The Global GHG Accounting and Reporting Standard for the Financial Industry 1.0 (Nov 2020)</u></a></li><li>• <a href="#"><u>CDP &amp; WWF Temperature Rating Methodology (Oct 2020)</u></a></li><li>• <a href="#"><u>Bain &amp; Company Brief – Banks’ Great Carbon Challenge (Jun 2022)</u></a></li></ul>
<b>Module 7: Developing SBTs: Scope 3 financed emissions – Data considerations and trade-offs</b>	<ul style="list-style-type: none"><li>• <a href="#"><u>SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)</u></a></li><li>• <a href="#"><u>GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022)</u></a></li><li>• <a href="#"><u>PCAF The Global GHG Accounting and Reporting Standard for the Financial Industry 1.0 (Nov 2020)</u></a></li><li>• <a href="#"><u>Bain &amp; Company Brief – Banks’ Great Carbon Challenge (Jun 2022)</u></a></li></ul>
<b>Module 8: Validating, disclosing, and recalculating</b>	<ul style="list-style-type: none"><li>• <a href="#"><u>SBTi Target Submission Form for Financial Institutions</u></a></li><li>• <a href="#"><u>SBTi Booking System</u></a></li><li>• <a href="#"><u>SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)</u></a></li><li>• <a href="#"><u>GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022)</u></a></li><li>• <a href="#"><u>PCAF The Global GHG Accounting and Reporting Standard for the Financial Industry 1.0 (Nov 2020)</u></a></li><li>• <a href="#"><u>GHG Protocol Scope 3 Accounting Standards (Apr 2013)</u></a></li></ul>
<b>Module 9: Governance, change management, and meeting targets</b>	<ul style="list-style-type: none"><li>• <a href="#"><u>GFANZ Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector (Jun 2022)</u></a></li><li>• <a href="#"><u>SBTi Financial Sector Science-Based Targets Guidance (Feb 2022)</u></a></li></ul>





# Module #9: Governance, change management, and meeting targets

SBTi financial institution training

THIS TRAINING WAS DEVELOPED  
IN COLLABORATION WITH



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Global Compact



WORLD  
RESOURCES  
INSTITUTE



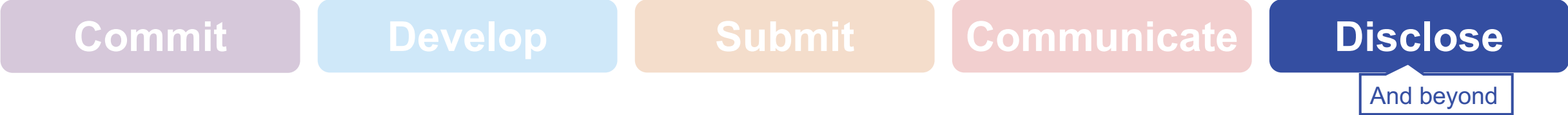
IN COLLABORATION WITH



# Modules

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# Key learning objectives



**After completing this module, individuals will be able to...**

**Describe importance of governance and change to meet targets**

**Identify key actions to translate targets from strategy into execution**

**Engage and support clients in making progress on their own SBTs**

# Governance and associated change management is an important part of meeting the SBTs set through SBTi

## GFANZ net-zero Transition Plan Framework

### Foundations

1. Objectives and priorities

### Implementation Strategy

1. Products and services
2. Activities and decision-making
3. Policies and conditions

### Engagement Strategy


1. Clients and portfolio companies
2. Industry
3. Government and public sector

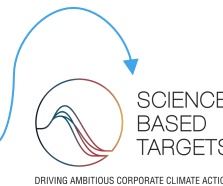
### Metrics and targets

1. Metrics and targets

### Governance

1. Roles, responsibilities, and remuneration
2. Skills and culture

 **GFANZ** provides a framework for financial institutions to act on net-zero targets



**SBTi** helps companies set meaningful, science-based emission reduction targets in pursuit of transformational change



Access Module 2 “Voluntary finance climate action ecosystem” for more detail on GFANZ and other actors




# Firms must engage cross-functionally when setting targets

/ ILLUSTRATIVE EXAMPLE, THERE ARE OTHER MODELS

## Announce intent

 **CEO and/or Board commit to set targets**

 **CSO directs the process** typically with involvement of

- CFO or equivalent
- Risk
- Strategy

## Iterate with stakeholders to define targets using expert insight

Work led by **Sustainability Manager...**



... using **insights** from

- SBTi
- GFANZ
- Clients
- Consultants
- Others

## Finalize targets

**CSO recommends path forward**

**CEO and/or Board decides**

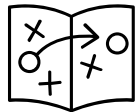
**Business units execute on path forward**



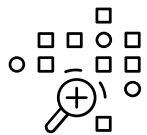
# Companies often face key, predictable challenges in rolling out and managing decarbonization efforts



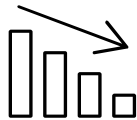
Communicating and gaining **buy-in** on objectives throughout organization



Integrating decarbonization into **strategy and planning processes**



Relying on **estimates and macro-level data** masks individual improvements



Embedding targets into **investing practices and engaging with clients**



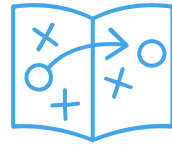
Aligning **incentives to achieve targets** in a meaningful way

# Harmonized strategy-to-execution required to achieve targets



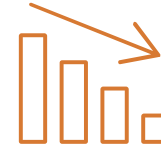
## Aligned leadership & middle management

- **Commitment** from all levels of leadership
- **Opportunity mindset** - targets add value, not just cost



## Clear strategy, roadmap & resourcing

- **Strategy and roadmap** for business and climate initiatives
- **Enough resources** to measure and track progress



## Integrated investing & lending policies

- **Decarb. policies and tactics** for investing, lending, and insuring
- **Engaging client** to set targets and net-zero transformation plans

*Additional details on each*



## Defined roles & incentives

- **Business unit owns**, central team enables
- **Targets embedded** in annual planning and tied to incentives

# Decarbonization policies and practices include multiple tactics

## Common decarbonization tactics for FIs



**Engaging clients** to set targets and net-zero transformation plans  
*Most critical for FIs*



**Reallocating within sectors** to more efficient companies



**Reallocating among sectors** to lower carbon-intensity sectors



**Exclusion policies** for companies or projects involved in fossil fuels



**Financing climate-solution** activities contributing to climate goals (e.g., renewables, green infrastructure, carbon removal)



**Divesting** high-emitting companies

## Examples

“ By 2040, our investment portfolio will be 1.5°C aligned. This will be achieved by decarbonising our financial investment portfolio by **increasing investments** in companies which have set science-based targets, **reducing exposure** to carbon-intensive sectors and **investing in climate solutions**. ”



Bupa Environment  
& Climate Action

“ As a partner of companies in the energy sector, La Banque Postale also **finances renewable energy projects** via its Corporate and Investment Bank. ”



La Banque  
Postale

# With clients, FIs should look to ensure they are aware of and making progress towards their own SBTs

## Engagement is a multiyear, collaborative process that focuses on engaging over divesting

“ The objective of [our] engagement policy is to **maintain a constructive and structured dialogue** with the companies... to promote more transparency [and] a more formal approach to **sustainable development** challenges. ”



Sycomore AM  
ESG Integration

“ An **ongoing dialogue** with company leadership... enables us to help them **transition towards a more sustainable,** and therefore more profitable, business model. ”

**Schroders** Schroders  
Sustainable Investing

### Engagement options



#### Communicate

Broadcast your goals and create engagement framework with requirements



#### Advise & Propose

Help clients understand climate mitigation risks, tradeoffs, or solutions (e.g., new products, services, or external options)



#### Partner & Connect

Identify projects and initiatives to work directly with clients or connect multiple clients



#### Track & Grow

Continue to gather data and adjust engagement strategy accordingly as goals are met



#### Escalate

If targets are not met, have a plan to address with steps before divesting

# Key takeaways

- Achieving decarbonization objectives requires **organizational alignment, connection to strategy** and business operations, and **incentivizing** right actions
- **Engaging clients** is both challenging and essential, requiring a **long-term commitment and process**





# THANK YOU FOR LISTENING

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WE MEAN  
BUSINESS  
COALITION



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