

**UN**   
environment  
programme

finance  
initiative



# Guidance for Climate Target Setting for Banks

Version 3



April 2025

## **Legal and regulatory disclaimer**

The Net-Zero Banking Alliance (NZBA) expects members to be committed to complying with all laws and regulations applicable to them. This includes, amongst others, antitrust and other regulatory laws and regulations and the restrictions on information exchange and other collaborative engagement they impose. Further, each member is responsible for independently setting its own individual targets in its own judgment and in line with its own business goals (subject to, and consistent with, all fiduciary and contractual duties, laws, and regulations).

This document does not create binding obligations on any person, including NZBA and its members, as it reflects mere guidance.

**Cover image:** [unsplash.com/@cagatayorhan](https://unsplash.com/@cagatayorhan)

---

# Summary

Achieving the objectives of the Paris Agreement and limiting global temperature increases to well-below 2°C, striving for 1.5°C, will require ambitious actions from all strands of the economy. In line with governmental policy commitments and corporate action, financial institutions will need to adjust their business models in the short, medium and long term, and develop realistic strategies underpinned by robust, science-based targets and action plans.

The window for action is small. The consensus of climate scientists is that global warming must be limited to 1.5°C above the preindustrial average by the end of the century to avoid the worst impacts of climate change.<sup>1</sup> To achieve this and the goals of the Paris Agreement, emissions must reduce by almost 50% by 2030 and policymakers at COP28 called on parties to “transition away from fossil fuels in energy systems, in a just, orderly and equitable manner, accelerating action in this critical decade, so as to achieve net zero by 2050 in keeping with the science”.<sup>2</sup>

The role of the banking industry in tackling this challenge is key. While banks alone cannot solve the climate crisis, they can act as part of the broader ecosystem to support the reduction of greenhouse gas (GHG) emissions by engaging with and providing financial solutions, wherever possible, to their clients and partners as they seek to transition to a low-carbon economy.

Net-Zero Banking Alliance (“NZBA” or the “Alliance”) members can support government-led climate strategies by helping their clients in their efforts to reduce real economy emissions. Members do not assume responsibility for achieving outcomes dependent on factors outside of their control, nor directly or indirectly regulate capital flows to any country, sector or industry.

NZBA members are encouraged to use this Guidance which has been developed to support members and establish good practice. The first version of this guidance was launched in April 2021, and was further developed into Version 2, launched in April 2024, which is now replaced by this current Version 3.

This Guidance will be reviewed at least every three years, and sooner when required.

Any NZBA member can request an independent review specifically to assess whether the bank is in line with the key recommendations included in this Guidance.

---

1 IEA, Net-Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach (2023)

2 [unfccc.int/sites/default/files/resource/cma2023\\_L17\\_adv.pdf](https://unfccc.int/sites/default/files/resource/cma2023_L17_adv.pdf), paragraph 28, page 5

# Overarching Principles

The Guidance is based on the following overarching principles:

## Ambition

Targets should align with the goals of the Paris Agreement, aiming to limit global warming to well below 2°C, striving for 1.5°C, as established by world governments in 2015, be science-based,<sup>3</sup> and support the global transition towards a net-zero economy. Banks should also consider policy at the regional and national levels.

## Scope

The Guidance is intended to provide a framework approach to support each member bank in making their independent decisions with respect to the bank's lending, investment, and capital markets<sup>4</sup> activities (Scope 3, Category 15 emissions).<sup>5,6</sup> Banks' targets should include their clients' Scope 1, Scope 2 and Scope 3 emissions, where significant and where data allow. Coverage is expected to increase as data quality and client reporting improves.

## Targets

Banks are recommended to set a 2030 and a 2050 target. Further intermediate targets should be set at least every five years after the initial intermediate target. As each subsequent intermediate target year is approached, the next intermediate five-year target should be set. An overview of planned actions to meet the targets should be provided.

## Coverage

Targets should be set and/or disclosures should be made:

- Where data allow;<sup>7</sup>
- Where methodologies (whether open-source or privately developed) exist;
- Where the sector/activity's emissions and/or financial exposures are significant;<sup>8</sup>
- Where not restricted by regulatory requirements and/or commercially sensitive or proprietary information.

3 For the avoidance of doubt, "science-based" refers to approaches (e.g., scenarios, pathways, methodologies) from credible sources. It does not refer to a validation by third party initiatives.

4 "Capital markets activities" refers to capital markets arranging and underwriting activities.

5 This category covers both financed and facilitated emissions.

6 As defined by the GHG Protocol, banks' own Scope 1, Scope 2 and non-category 15 Scope 3 (e.g., from business travel) emissions are not addressed in this document. It is taken as given that banks will target net zero in their own operations well before 2050.

7 Banks should follow leading practices regarding situations with limited data availability in order to set targets as early as feasible.

8 The approach to significance should be explained and banks are encouraged to refer to a recognized methodology.

## Impact in the real economy<sup>9</sup>

Targets should focus on achieving an impact in the real economy.

## Governance

Targets should be approved by the highest executive level within the bank. The targets should also be reviewed by the highest-level governance body that normally oversees and approves the strategic plan.

## Independence

All targets set and actions taken shall be done independently and individually.

## Implementation

NZBA signatories are encouraged to apply this Guidance, which includes independently setting their first round of targets within 18 months of signing the Signatory Statement and, within a further 18 months, setting targets that cover all or a substantial majority<sup>10</sup> of the carbon-intensive sectors detailed in Recommendation 1.

## Review dates

The targets should be reviewed at a minimum every five years.<sup>11</sup>

## Reporting

Banks should publicly disclose their targets and report annually on progress.<sup>12</sup>

---

9 The "real economy" covers the production, purchase and flow of goods and services within an economy. The "financial economy" covers transactions of money and other financial assets, which effectively in turn represent ownership or claims to ownership of "real economy" goods and services. It is noted that, funding for long-term emissions reduction in the real economy may lead to short-term increases in individual bank's financed emissions.

10 Banks should explain their approach to determining a substantial majority. For the avoidance of doubt, subject to the comments on coverage mentioned above, members should set targets in all listed priority sectors or explain why they have not set targets in those priority sectors.

11 "Review" in this context refers to a formal review of the targets as recommended by the Guidance, not to ongoing business-as-usual internal monitoring of the targets by banks.

12 Banks should select the most appropriate method for reporting based on current practices and/or regulatory requirements.



# Recommendations



# Recommendation One

**Banks are recommended to individually and independently set and publicly disclose long-term and intermediate targets to support meeting a net-zero GHG emissions goal and towards alignment with the Paris Agreement.**

- Intermediate (2030 or 5 years in the future, whichever is latest) and long-term (2050 or sooner) targets should align with a net-zero goal and the goals of the Paris Agreement, aiming to limit global warming to well below 2°C, striving for 1.5°C.<sup>13</sup>
- The targets should cover a significant majority<sup>14</sup> of a bank's Scope 3 financed emissions,<sup>15</sup> including those from all or a substantial majority of a list of carbon-intensive sectors (detailed below).
- Banks' targets should include their clients' Scope 1, Scope 2 and Scope 3 emissions.
- The target base year should be no more than two full reporting years prior to the setting of the target. Banks can, upon setting further rounds of targets or in cases of exceptional economic circumstances and/or where there are data quality issues beyond the banks' own control, go up to four years if it allows them to use the same base year for a majority of the targets and/or if the base year would otherwise be atypical. Banks should provide a rationale in such a case.
- Banks should be transparent about timeframes for targets by disclosing the base year and target years, selected scenarios, selected methodologies, intermediate targets and milestones.
- Target setting should be supported within 12 months of publishing the targets by the disclosure of a high-level transition plan including planned actions and milestones to meet these targets, which may include, as independently determined by banks, investment and lending guidelines, and climate-related sectoral policies, such as for fossil fuel and other high-emitting sectors (see pages 10–11).<sup>16</sup>
- Banks should measure and report annual progress against targets, using metrics that are the basis of the long-term and intermediate targets.
- Signatory banks should obtain third-party independent limited assurance over the reporting on performance against targets, including the establishment of a baseline.
- Banks should be diligent in applying evolving leading practices consistent with published standards or frameworks on the use of carbon credits.<sup>17</sup>

13 Banks that have set a net-zero target before 2050 do not need to set an additional 2050 target.

14 Banks should explain their approach to determining a significant majority.

15 Scope 3 Financed Emission, Category 15 emissions as defined in the GHG Protocol, Chapter 4.

16 For the avoidance of doubt, banks must not inappropriately share commercially sensitive or proprietary information.

17 This may include, for example, the latest version of the GHG Protocol and the NZBA Supporting Note on Carbon Credits.

## Additional guidance

- Banks should set a 2050 target to support meeting a net-zero goal and the goals of the Paris Agreement.
- Banks should set an intermediate target for 2030<sup>18</sup> and may set further intermediate targets. Further intermediate targets should be set every five years after the initial intermediate target year is reached.
- Emissions-based targets should be set based on:
  - Absolute emissions; and/or
  - Sector-specific<sup>19</sup> emissions intensity (e.g., CO<sub>2</sub>e/ metric<sup>20</sup>).
- No specific methodology is required to be used by this Guidance to calculate values for the above metrics. However, banks should use credible sources<sup>21</sup> and explain the methodologies used for calculating their emissions profile. Where methodologies are not publicly available and where there are data challenges, banks should explain the attribution approach used, data sources and their limitations, approaches to estimation, proxies used if data are not available and key assumptions. Banks should provide an assessment of the data quality used in their calculations. If several data sources are available, data of the highest quality are expected to be used, unless justified.
  - The Alliance may produce additional sector-specific resources that highlight specific additional methodologies where there is a robust and credible rationale for incentivizing optimal real-world emissions outcomes and where those methodologies are a) based on emissions data, b) transparently calculated with the formulae in the public domain, and c) match the climate ambition of the NZBA framework.
- For long-term (2050 or sooner) targets, banks are not expected to provide as much detail<sup>22</sup> as for intermediate targets in recognition of uncertainties including the non-static nature of portfolios over multiple decades, expected growth in portfolio coverage, technological developments, evolving policies and evolution of consumer behaviour and demand.
- While a bank's targets may be supported by other approaches (e.g., production volume trajectories, technology mix) or measurements (e.g., financing targets), the emissions-based targets should nonetheless be set in absolute emissions and/or emissions intensity terms or use an alternative methodology highlighted by the Alliance.
- If a bank sets a phaseout or an exclusion policy with a target year in lieu of an emissions target, the financed emissions of the sector/activity covered by the policy, where significant, should still be disclosed for each year.

---

18 A bank may use a calendar year or financial year; if a financial year is used, it should end within 6 months of the target year (e.g., for a 2030 target, it should be within the "Financial Year 2030" which, in some jurisdictions, may for example end in March 2031).

19 Sectors are defined according to internationally recognised sector classification codes, such as the NACE, SIC, GICS, ANZSIC or NAICS codes.

20 These metrics should be physical metrics (e.g., per kWh, m<sup>2</sup>, or tonne of product). Financial metrics may be used if it is not possible to use a physical metric, in which case members should provide an explanation and rationale for the chosen metric.

21 For instance, banks may refer to frameworks such as those developed by the Partnership for Carbon Accounting Financials (PCAF).

22 As an example, a bank may provide more granular milestones with sub-sector targets for their 2030 target but may choose to only provide a 2050 sector target that indicates potential residual emissions without specified intermediate milestones or sub-sector analysis.



- Long-term and intermediate targets should be based on scenarios as defined in Recommendation 3. Banks should, where relevant sector-specific scenarios exist, integrate such scenarios in their analysis of their targets.
- Target coverage is expected to increase over time as methodologies, data quality and client reporting improves.
- Targets should cover lending activities, capital markets arranging and underwriting activities (both equity and debt), as explained below, and investment activities.<sup>23</sup> Banks should be clear about which parts of the balance sheet the targets encompass and may set separate targets for different asset classes.<sup>24</sup>
  - The inclusion of on-balance sheet securities held for client facilitation and market-making purposes (as opposed to held for investment) is not required.
  - Capital markets arranging and underwriting activities refer to the actions of bookrunners in the issuance of new debt and equity instruments for both public and private companies, and syndicated loans.<sup>25,26</sup>
  - Banks should provide a rationale for the exclusion of relevant asset classes for significance, methodological or other appropriate reasons.
- The scope and boundary of the targets should account for a significant majority of the bank's portfolio emissions.
  - Banks should explain any significant exclusions for the below sectors, for instance if such sectors are financially and/or environmentally (in terms of CO<sub>2</sub>e emissions) not significant to their portfolios.
- Banks should disclose the coverage of each target, where not commercially sensitive.<sup>27</sup>
- Within 36 months of signing the Signatory Statement, sector-level targets should be set for all, or a substantial majority of, the following carbon-intensive sectors: agriculture; aluminium; cement; coal; commercial and residential real estate; iron and steel; oil and gas; power generation; and transport.
  - Banks should select all significant sub-sectors or parts of the value chain and should provide a rationale for their approach.<sup>28</sup>
- Banks should refer to well-established external frameworks (such as those from the IEA, the IPCC and the GHG Protocol) and sector codes where available, relevant and appropriate, when defining sector boundaries or explain their sector boundary definitions where external frameworks have not been applied.

23 "Investment activities" refers to on-balance sheet assets. Exposures to Sovereigns, Supranationals and Multilateral Development Banks, as defined by a bank's relevant financial regulators, are not expected to be covered by targets.

24 Where entities within the group structure undertake investment activities as part of carrying on other types of business such as insurance, pensions funds, or asset management, it may be appropriate for those entities to follow other frameworks' approaches.

25 It is not suggested to include structuring and/or advisory services on equity and debt securities or advisory services including on mergers and acquisitions. Note that the bank's issuance of its own capital instruments is not included.

26 It is at the discretion of the bank whether facilitated emissions targets are set separately to sectoral financed emissions targets or together. However, banks should report the emissions profile of financed emissions and facilitated emissions separately.

27 For instance, this may be a percentage of financed emissions, a percentage of financial exposures or another appropriate metric.

28 This Guidance does not suggest which parts of the value chain or sub-sector segments must be included as these will vary from bank to bank. Additionally, the granularity of scenarios may impact which sub-sectors or parts of the value chain are included in targets.

- Signatories should prioritize sectors based on GHG emissions, GHG intensities and/or financial exposure in their portfolio in their first round of target setting (within 18 months of signing).
- Notwithstanding methodological limitations, all, or a substantial majority of the remaining carbon-intensive sectors listed above, should be included in subsequent rounds of target setting (within 36 months of signing).
- Any client with more than 5% of their revenues coming directly from thermal<sup>29</sup> coal mining and coal-powered electricity generation activities should be included in the scope of targets.<sup>30</sup>
- Where not restricted by regulatory requirements or data/methodological availability, all significant exposures within a sector should be included within the scope of targets. Exclusions and assumptions made should be explained.

## Transition plans

- Within 12 months of setting the targets, banks should publish a high-level transition plan.<sup>31</sup> This may be part of existing disclosures and should provide an overview of the categories of actions expected to be undertaken to meet the targets and an approximate timeline.
- As transition planning is not a one-time exercise, banks are recommended to update their initial disclosure within at least five years of publication to reflect progress against their transition plans.
- Categories of actions may include, but are not limited to: client engagement; capacity building; development of new tools and products; assessment of portfolio alignment; assessment of portfolio exposure/risks; independent development of policies including exclusion policies; divestment; public policy positions and advocacy for government/regulatory action; and strategy to grow customer base.
- Banks should disclose how they will evaluate their clients' transition plans, excluding any confidential or commercially sensitive information.
- Banks should provide an overview of how they will meet their first intermediate target with milestones or, at a minimum, provide a planned order of implementation (recognizing actions may be implemented concurrently).
- Climate targets may be part of broader organizational strategic plans and embedded into a bank's practices.
- Banks should provide training and development support to the bank's teams and individuals designing, implementing, and overseeing the transition plan so that they have sufficient skills and knowledge to perform their roles.

<sup>29</sup> Metallurgical coal is considered within the value chain of the iron and steel sector. This includes dominant metallurgical coal mines that produce a thermal coal by-product. Banks should also provide a rationale for exclusions of any diversified miners that produce a thermal coal product from the boundary of their targets.

<sup>30</sup> This does not cover clients such as consultancies providing services or goods to a coal mining company. Additionally, project finance to a mixed-generation utility for a specific renewables project would not require reporting on Scope 3 emissions of the corporate as a whole.

<sup>31</sup> Banks should use and reference credible third-party frameworks or other jurisdiction-specific frameworks which are relevant. The categories of actions and broader outline proposed in this Guidance are expected to be superseded by any regulatory requirements.

- Banks should provide asset class-specific or sector-specific information on planned actions. In this regard, banks should disclose significant policies or positions pertaining to activities or technologies in the highest-emitting sectors.<sup>32</sup> Some examples may include, where individual banks have determined it is appropriate and not commercially sensitive:
  1. Strategies for supporting and/or engaging clients' decarbonization objectives in line with a net-zero goal.
  2. Fossil fuel expansion plans and approaches to unabated fossil fuel emissions.
  3. Exclusions and prohibited activities, such as the exploration or production of oil and gas in protected areas.

## Assurance

- Banks are recommended to obtain third-party limited independent assurance over the reporting on performance against targets, including the establishment of a baseline, from their first progress report onwards.
- Banks are recommended to work with their risk and internal audit functions in ensuring good risk management, controls and governance regarding climate-related targets in place.

## Reporting

- A summary of targets, relevant findings and key metrics should, where material, be reported in banks' mainstream annual financial filings, as per the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations, other market-place initiatives such as the International Sustainability Standards Board (ISSB) standards and other relevant regional or national standards and regulations as well as growing international supervisory expectations. In the case of privately held banks, where public financial filings may not be required, targets and relevant findings should be publicly reported through other appropriate reports.

## Stakeholder engagement

- Banks should support the necessary transition in the real economy through client engagement and offering products and services to support clients' transition, as appropriate.
- Banks should engage in corporate and industry (financial and real economy) action, as well as actively align their policy engagement practices with their own climate goals and assist policymakers in finding solutions to transition challenges and developing policy to help support a net-zero transition of economic sectors in line with science and with consideration to associated social impact.
- Banks should publish regular updates on their climate-related stakeholder engagement.

---

<sup>32</sup> Policies may be published separately to transition plans and may be cross-referenced in the plan.

## Carbon credits

- In implementing and reaching targets for all scopes of emissions, carbon credits can play a role to supplement decarbonization in line with climate science. The reliance on carbon credits for achieving end-state net zero should be restricted to carbon removals to balance residual emissions where there are limited technologically or financially viable alternatives to eliminate emissions. Carbon credits should always be additional and certified.<sup>33</sup>
  - Banks should conduct appropriate due diligence on client credit claims in line with other internal processes.

---

33 Banks should refer to the NZBA Supporting Note on Carbon Credits.

# Recommendation Two

**Banks are recommended to establish an emissions baseline and annually measure and report the emissions profile of their lending, investment and capital markets activities.**

In doing so, banks should:

- Annually measure and report their most recent emissions (absolute emissions and emissions intensity), subject to data availability, following relevant international and national GHG emissions reporting protocols and guidelines.<sup>34</sup>
  - This should cover a significant majority of a bank's Scope 3 emissions, including the set list of carbon-intensive sectors.
- Each bank should disclose the:
  - Scope and boundary of the asset classes and sectors included (provide rationale);
  - Asset class and sector coverage<sup>35</sup> of the emissions (provide rationale); and
  - Measurement method(s)<sup>36</sup> and metric(s) used at portfolio, asset class or sector level.

34 Banks should follow the GHG Protocol guidance (e.g., on organizational, operational, geographic, business unit and inventory boundaries in relation to indirect and direct GHG emissions, Scope 3 Category 15 emissions, time boundaries, and corporate value chain accounting and reporting) and are encouraged to refer to PCAF.

35 Coverage defines what proportion of the selected portfolios are included in the analysis.

36 For the avoidance of doubt, participating banks must not inappropriately share commercially sensitive or proprietary information.

## Additional guidance

- The financed emissions profile of the bank's portfolio should be calculated and disclosed annually. This should include, where targets have been set:
  - Absolute emissions; and
  - Sector-specific emissions intensity (e.g., CO<sub>2</sub>e/metric<sup>37</sup>).
- Signatories may select additional alternative methodological approaches, such as an implied temperature rise or forward-looking technological profile, as expressed in production capacity.<sup>38</sup>
  - In selecting additional metrics, signatories should:
    - provide their rationale;
    - ensure that they meet commonly accepted methodological expectations and data requirements; and
    - provide an explanation of the methodology as well as references to external public sources of information.
  - In selecting additional metrics for guiding their alignment, banks should nonetheless disclose their most recent emissions (absolute emissions and emissions intensity) on an annual basis.
- No specific methodology is suggested in this Guidance to calculate values for the above metrics. However, banks should use credible, science-based sources<sup>39</sup> and explain the methodologies used for calculating their emissions profile. Where methodologies are not publicly available and where there are data challenges, banks should explain the attribution approach used, data sources and their limitations, approaches to estimation, proxies used if data are not available and key assumptions. Banks should provide an assessment of the data quality used in their calculations. If several data sources are available, data of the highest quality are expected to be used, unless justified.
- Banks should assess the emissions profile for lending, investment and capital markets activities as explained in Recommendation 1.
- Banks may account for multiple counting within their portfolio emissions. If so, banks should transparently explain the approach taken.<sup>40</sup>

---

37 These metrics should be physical metrics (e.g., per kWh, m<sup>2</sup>, tonne of product), but may be financial metrics if the rationale for not using a physical metric is provided.

38 The Alliance may produce additional sector-specific resources that highlights specific additional methodologies where there is a robust and credible rationale for incentivizing optimal real-world emissions outcomes and where those methodologies are a) based on emissions data, b) transparently calculated with the formulae in the public domain, and c) match the climate ambition of the NZBA framework.

39 For instance, banks may refer to frameworks such as those developed by PCAF.

40 For instance, a part of the oil and gas value chain emissions would likely also appear in the transport sector's value chain. As such, these emissions are potentially "counted twice" without adjustments or clarifications as to the approach taken to avoid double counting.

- The scope and boundary of the emissions profile should account for a significant majority of the bank's emissions, including the sectoral approach, as explained in Recommendation 1.
  - As the current state of methodological development and data availability means it is not yet possible to measure the totality of a bank's financed emissions, it may not be possible to calculate the precise proportion of a bank's financed emissions that have been measured. Nevertheless, banks should take reasonable steps to ensure that the assessment covers a significant majority of their emissions.<sup>41</sup>

---

41 Banks should disclose the percentage of their lending, investment and capital markets activities covered by portfolio targets in a metric representative of the size of the bank's main business activities.

# Recommendation Three

**Banks are recommended to use widely accepted science-based decarbonization scenarios to set both long-term and intermediate targets that are aligned with a net-zero goal and the goals of the Paris Agreement.**



## Additional guidance

- The scenarios used by banks should be aligned with net-zero outcomes and should come from credible and well-recognized sources. Banks should provide a rationale for the scenario(s) chosen.
  - IPCC scenarios and scenarios derived from IPCC-qualifying models that meet the criteria outlined below are strongly recommended.<sup>42</sup>
  - Scenarios such as the IEA scenarios (available at the time of target setting e.g., NZE2050 scenarios), scenarios developed by regulators or sector-specific scenarios should be used, if the individual scenarios are expected to be aligned with a net-zero goal and the goals of the Paris Agreement.
  - Banks may use different scenarios for different parts of the portfolio, though they should ensure that each scenario is aligned with a scenario as defined in this Guidance.<sup>43</sup>
- Banks may set “target ranges” rather than “single points”, so long as the range includes a science-based and net-zero goal consistent with the Paris Agreement.
- While aspiring to be aligned with the goals of the Paris Agreement, banks should take into account regional specificities, progress and national/supra-national climate commitments when developing targets. This may, in the short-term, mean discrepancies in the alignment of targeted pathways with Paris alignment goals. Banks are recommended to explain their approach including how scenarios have been adjusted.
- The scenarios selected should rely conservatively on negative emissions technologies.
- The scenarios selected should have science-based assumptions on carbon sequestration achieved through nature-based solutions and land use change.
- Banks should disclose which scenarios their climate targets are based upon (scenario name, date and provider). Banks should explain key assumptions used in these scenarios and should support these explanations with detailed rationales. In selecting scenarios, banks should consider the Sustainable Development Goals (SDGs).

---

42 For example, the One Earth Climate Model (OECM) is included under the IPCC exercise. The Network for Greening the Financial System (NGFS) scenarios are based on models that are included in the IPCC exercise.

43 The rationale for using different scenarios should be explained (e.g., absence of particular sectors in one scenario dataset).



# Recommendation Four

**Banks are recommended to regularly review targets to ensure consistency with current climate science.**

- Targets should be reviewed and, if necessary, revised at least every five years to ensure consistency with the latest science (as detailed in IPCC assessment reports).
- Targets should be recalculated and revised as needed to reflect significant changes that might compromise the relevance and consistency of the existing targets (e.g., material portfolio changes, methodological developments).
- Targets should be approved by the highest executive level in the bank and should be part of broader organizational strategic plans. Targets should be reviewed by the highest-level governance body in the bank that normally oversees and approves the strategic plan.

## Additional guidance

- Targets should be reviewed periodically, for instance in line with business strategic planning.
  - At a minimum, banks should review their targets every five years.
  - Banks should strive to align their ambition with any major changes in international agreements or national goals.
  - Banks should change or restate baseline data in line with revisions made to the targets or boundaries, if required.
  - As climate science evolves, banks should review their methodologies and targets at the earliest practical opportunity (e.g., following the publication of new IPCC reports).



UNEP Finance Initiative (UNEP FI) brings together a large network of banks, insurers and investors that catalyses action across the financial system to deliver more sustainable global economies.

For more than 30 years the Initiative has been connecting the UN with financial institutions from around the world to shape the sustainable finance agenda establishing the world's foremost sustainability frameworks that help the finance industry address global environmental, social and governance challenges.

Convened by a Geneva, Switzerland-based secretariat, more than 500 banks and insurers with assets exceeding USD 100 trillion are individually implementing UNEP FI's Principles

[unepfi.org](https://unepfi.org)

for Responsible Banking and Principles for Sustainable Insurance. Financial institutions work with UNEP FI on a voluntary basis to apply the sustainability frameworks within their industries using practical guidance and tools to position their businesses for the transition to a sustainable and inclusive economy.

Founded in 1992, UNEP FI was the first initiative to engage the finance sector on sustainability. Today, the Initiative cultivates leadership and advances sustainable market practice while supporting the implementation of global programmes at a regional level across Africa & the Middle East, Asia Pacific, Europe, Latin America & the Caribbean and North America.



[unepfi.org](https://unepfi.org)



[info@unepfi.org](mailto:info@unepfi.org)



[/UNEPFinanceInitiative](https://www.facebook.com/UNEPFinanceInitiative)



[UN Environment Programme Finance Initiative](https://www.linkedin.com/company/unepfi)