



4 November 2020

## **New Release: Financial Sector Science-Based Targets Guidance Toolkit to Achieve a Net-Zero Carbon Future**

***“Financial institutions are the key to unlocking the system-wide change needed to reach net-zero emissions and limit global warming to 1.5°C above pre-industrial temperatures. The Science-Based Targets initiative’s new framework allows financial institutions – including banks, investors, insurance companies, pension funds and others – to set science-based targets to align their lending and investment activities with the Paris Agreement.”***

-Science-Based Target initiative

Scientists have warned that support by the global financial sector for fossil fuel projects will contribute significantly to raising global average temperatures and put our economies, societies, livelihoods and the environment at greater risk of suffering the worst impacts of climate change. Financial institutions therefore play a key role in unlocking the widespread systemic change needed to achieve a carbon-neutral future. Central to this approach is limiting global warming and climate change by being more deliberate about what activities financial institutions choose to finance.

The key question is which frameworks financial institutions should use in order to make financing decisions that are aligned with a 1.5 degree and net-zero emissions future?

A new framework released by the Science-Based Targets initiative (SBTi) in October 2020, provides financial institutions - such as banks, investors, insurance companies and pensions funds - with essential tools and guidance on setting Science-Based Targets (SBTs). These targets inform what measures are required to reach net-zero emissions by 2050, aligned with the Paris Agreement on Climate Change. The SBTi framework advises financial institutions on:

## Business case for setting SBTs

- Lending and investment activities can curb the devastating impacts of climate change
- Financial institutions can augment resilience and competitiveness
- Allows institutions to anticipate climate policy and regulatory shifts
- Companies can meet demands from changing client behaviour, innovate to higher-margin products that support emissions reductions and demonstrate leadership

## How to set SBTs

- Methodologies for target setting in investment and lending activities
- Methodologies for targets reducing scope 1 and scope 2 emissions
- Including detailed methodologies: Sectoral Decarbonization Approach, Portfolio Coverage Approach, The Temperature Rating Approach
- International best-practice case studies from global financial institutions

## How to communicate SBTs and achieve targets

- SBTi specific requirements and guidance on communicating results
- Criteria and tools to track progress and measure results
- Strategies to achieve SBTs such as: integrating climate change mitigation and adaptation into governance and decision-making, stakeholder engagement and public disclosure

NBI member companies that have made commitments and set targets include:

NBI Members	Status
Growpoint Properties	Committed: November 2017
Sappi Ltd.	Committed: June 2020
The Spar Group Ltd.	Committed: February 2018
Woolworths Holdings Ltd.	Target set- 50% reduction in scope 1 and 2 emissions by 2030 from a 2019 base year. By 2024 25% of suppliers will have set SBTs.

### How to join the SBTi and submit targets for approval:

The October 2020 launch of this framework initiates a pilot target validation period for 20 participating financial institutions. South African financial institutions are invited to heed the call to action and 1) commit to set Science-Based Targets, 2) develop and 3) submit targets for validation and 4) announce approved targets and disclose progress. For more information, please access the Financial Sector Science-Based Targets Guidance [toolkit](#).

**NBI Member Companies needing support with setting Science-Based Targets or to get started with climate action, please contact Reitumetse Molotsoane: [ReitumetseM@nbi.org.za](mailto:ReitumetseM@nbi.org.za) or Bhavna Deonarain: [BhavnaD@nbi.org.za](mailto:BhavnaD@nbi.org.za).**



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