



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi EXPERT ADVISORY GROUP (EAG) FOR THE FINANCIAL INSTITUTIONS NET-ZERO (FINZ) STANDARD TERMS OF REFERENCE

Version 2.0

July 2024

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 charity, with a subsidiary which will host our target validation services. Our partners 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).

DISCLAIMER

Although reasonable care was taken in the preparation of this document, the Science Based Targets initiative (SBTi) affirms that the document is provided without warranty, either expressed or implied, of accuracy, completeness or fitness for purpose. The SBTi hereby further disclaims any liability, direct or indirect, for damages or loss relating to the use of this document to the fullest extent permitted by law.

The information (including data) contained in this document is not intended to constitute or form the basis of any advice (financial or otherwise). The SBTi does not accept any liability for any claim or loss arising from any use of or reliance on any data or information.

This document is protected by copyright. Information or material from this document may be reproduced only in unaltered form for personal, non-commercial use. All other rights are reserved. Information or material used from this document may be used only for the purposes of private study, research, criticism, or review permitted under the Copyright Designs & Patents Act 1988 as amended from time to time ('Copyright Act'). Any reproduction permitted in accordance with the Copyright Act shall acknowledge this document as the source of any selected passage, extract, diagram, content or other information.

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, and GHG accounting best practices.

“Science Based Targets initiative” and “SBTi” refer to the Science Based Targets initiative, a private company registered in England number 14960097 and registered as a UK Charity number 1205768.

© SBTi 2024

VERSION HISTORY

Version	Change/update description	Release date	Effective dates
1.0	<ul style="list-style-type: none">Initial terms of reference	April 2022	April 2022
2.0	<ul style="list-style-type: none">Updated terms of reference in line with the Standard Operating Procedure for Development of SBTi StandardsInitial draft of document for the broadening of the FINZ Expert Advisory Group (EAG). An updated version may be provided once the expanded EAG is selected and convened	July 2024	July 2024

CONTENTS

- ABOUT SBTi..... 3**
- DISCLAIMER..... 4**
- CONTENTS..... 6**
- ABOUT THE FINZ PROJECT..... 7**
- PROJECT GOVERNANCE STRUCTURE AND POLICY..... 8**
- ABOUT THE ADVISORY GROUP..... 9**
- COMPOSITION..... 10**
- APPOINTMENT..... 11**
- COMMITMENTS..... 13**
 - Meetings..... 14
 - Antitrust..... 15
 - Confidentiality..... 15
 - Ethical Responsibility..... 15
 - Language..... 15
- ACKNOWLEDGEMENT AND REMUNERATION..... 15**
- EXPECTATIONS..... 16**
- DECISION-MAKING..... 17**
- ANNEX I: ESTIMATED TIMELINE OF FORTHCOMING DELIVERABLES, MILESTONES AND MEETINGS..... 18**

INTRODUCTION

About this document

1. This document outlines the Terms of Reference for the SBTi Expert Advisory Group (EAG) for the Financial Institutions Net-Zero (FINZ) Standard Development. The project will be carried out according to the [Standard Operating Procedure \(SOP\) for Development of SBTi Standards](#).

ABOUT THE FINZ PROJECT

2. The objective of this project is to:
 - define net-zero at the portfolio level to enable financial institutions to make credible net-zero claims;
 - provide long-term target ambition levels both in terms of climate alignment of portfolios and absolute portfolio emission reductions;
 - update and refine the options available for FIs to steer portfolios in a manner that is consistent with 1.5°C in the near-term;
 - provide additional guidance and requirements on the financing and/or underwriting of long-lived high emitting assets (including fossil fuel infrastructure);
 - update and eventually replace existing near-term target setting guidance originally established by SBTi in 2020 and subsequently updated in May 2024 to produce one standard for FIs that offers both near and long-term target setting options; and
 - utilize the work undertaken by other actors in the ecosystem, which can provide additional elements to improve the SBTi finance frameworks.
3. The Terms of Reference for the FINZ Standard can be found [here](#).
4. The expected outcomes of this project include:

Outcome 1 - Robust climate governance: driven through clear sets of public *commitments* and *policies*, FIs have:

- A clear, comprehensive, and strategic plan to support the net-zero commitment across the organization to ensure aligned and coordinated climate action across all business divisions.
- Relevant policies that drive transformation consistent with reaching net-zero emissions globally and with limiting warming to 1.5°C.

Outcome 2 - Comprehensive assessment of climate impacts: driven through clear *accounting requirements*, FIs:

- Establish portfolio GHG emissions accounting inventories across relevant financial activities with a continuous improvement over scope and quality of reporting over time.

Outcome 3 - Alignment of relevant financial activities with global climate goals: driven through ambitious portfolio-wide targets. FIs:

- Scale up financial activities towards climate solutions thereby recognizing their contribution to a successful net-zero transition.
- Quantify and track the share of their portfolio holdings that are aligning or aligned with global climate goals, prioritizing action over emissions-intensive activities. Alignment includes those already achieving emissions performance compatible with limiting warming to 1.5°C and those actively working towards this goal, with eventually directing all financial flows and insurance capacity to entities and activities that have achieved net-zero.

Outcome 4 - Prioritize addressing emission-intensive activities: driven through ambitious sector-specific targets. FIs:

- Map and disclose exposure to climate critical activities.
- Ensure financial flows and insurance underwriting for key emissions-intensive activities are compatible with 1.5°C aligned benchmarks.

Outcome 5 - Transparency and reporting: driven through disclosure, FIs have:

- Clear and comprehensive annual reporting
- Robust and transparent ambition and performance throughout the net-zero journey.

5. The key output of this project is the FINZ V1 standard which is supported by the following deliverables:
 - Target setting metrics and key methods to define ambition
 - Establishment of fossil fuel financing criteria
 - Consultation draft(s) as appropriate
 - Pilot testing version of the criteria (if different from above)
 - Criteria Assessment Indicators, which will be used for validation purposes
6. Future updates to the FINZ Standard are planned. It is also expected to be followed by supplemental financial institution type standards.
7. An estimated timeline of deliverables, milestones and forthcoming FINZ EAG meetings can be found in [Annex I](#) of this document.

PROJECT GOVERNANCE STRUCTURE AND POLICY

8. This project will be developed through a transparent and inclusive multi-stakeholder process following the high-level governance structure described in this section. The SBTi will act as the convening agent, drafting lead and project manager in this process.

9. The FINZ project will be supported by the following bodies in SBTi's governance:
- **Project Team:** This team includes staff from the SBTi Secretariat and is accountable to the SBTi's Executive Leadership Team (ELT) for project delivery.
 - **Expert Advisory Group (EAG):** This is an advisory group of volunteer experts, who could be independent or work for organizations that are relevant to the project, set up to provide advice and input during the development of thematic or project-specific resources and to bring an informed perspective from a stakeholder or interest group.
 - **[Executive Leadership Team \(ELT\):](#)** The ELT is responsible for designing and overseeing implementation of the SBTi's overall strategy, making day-to-day decisions for the initiative, and providing guidance and quality control. The Chief Technical Officer oversees and is accountable for the SBTi's technical developments.
 - **[Technical Council \(TC\):](#)** The SBTi TC is an independent deliberation and technical decision-making body, with delegated authority from the Board, to review and approve SBTi standards and other normative documentation, according to the [Standard Operating Procedure for Development of SBTi Standards](#), and exclusively in the public interest.
 - **[Board of Trustees:](#)** The Board approves SBTi strategy and work plan, appoints and oversees the TC, and adopts standards and other major technical decisions following deliberation from the TC.
 - The SBTi may also consult with the SBTi's Technical Advisory Group and Scientific Advisory Group:
 - **[Technical Advisory Group \(TAG\):](#)** This is a group of volunteer expert advisors from business, academia, government, non-profit and multilateral organizations. They provide expert advice from a practitioner's perspective throughout the development or revision of SBTi technical outputs (e.g. standards, guidance documents, etc.) for which a project-specific EAG has not been created.
 - **[Scientific Advisory Group \(SAG\):](#)** This is a group of volunteer expert advisors in climate change mitigation from the scientific community. They provide expert advice from a scientific perspective throughout the development or revision of research papers, SBTi standards, methods and pathways.
10. The EAG may be broken down into sub-EAGs to focus on individual elements of the standard as appropriate.
11. The SBTi may also consult and engage with wider stakeholders through public consultation and other engagement mechanisms.
12. The SBTi's technical governance structure is detailed on the [SBTi website](#).

ABOUT THE ADVISORY GROUP

13. The SBTi creates thematic and/or project-specific Advisory Groups to provide advice on specific topics and development or revision of related resources based on the needs of the project. For example, to advise on specific topics within standards or development of sector-specific standards.
14. This FINZ EAG is a group of volunteer advisors with a balanced knowledge of the financial services industry (from lending, investing and insuring perspectives), together with global climate change mitigation or science-based target setting knowledge that acts in an advisory capacity to the SBTi over the duration of the project.
15. Advisory Groups play an advisory and consultative role in the development of SBTi standards and other technical resources, rather than a decision-making role. Input from Advisory Group members is considered by the SBTi and governance bodies in the drafting and approval of these resources.
16. Advisory Group members serve in their individual capacity as technical experts for the FINZ team. The Advisory Group contributes to the review of drafts and final deliverables prepared by the Project Team and provides input and advice on priority topics in a constructive manner.
17. The FINZ Project Team will manage logistics and engagement with the Advisory Group, with support where needed from the Technical Operations and/or the Technical Department.
18. Where necessary, additional external experts may be invited to thematic meetings to contribute to the discussion.

COMPOSITION

19. The Advisory Group members are experts in or represent one or more of the following areas:
 - Lending, asset owning, asset management, insuring or capital markets
 - Climate mitigation in the corporate and/or financial sector
 - Corporate and financial institution climate accounting
 - Setting, implementing, and/or analyzing targets and strategies to reduce GHG emissions in line with science
 - Developing climate-related standards and/or certification or verification schemes
 - Scope 3-related initiatives, including supplier engagement, supply chain management, circular economy, and life cycle assessment
 - Measurement, reporting, auditing and/or verification related to climate / ESG
 - Climate accountability from a civil society perspective
 - Designing, implementing, and/or analyzing climate policy
 - Driving corporate climate finance

- Climate/environmental justice
 - Affected and impacted communities
20. The Advisory Group includes expert representatives from business, academia, research, government, non-profit, civil society, and multilateral organizations. Staff from financial institutions with approved SBTs and those without SBTs are welcomed to apply to join the EAG.
21. The composition of the Advisory Group should be gender equitable, reflect the viewpoints of different actors within the climate action ecosystem, including those directly affected (i.e. companies, financial institutions, or stakeholders in the sector or realm of project development) and, should be regionally balanced so that advice provided to the SBTi is inclusive, diverse and measured.
22. The following criteria as self-identified by the applicant will be applied when determining the composition of the group:
- Gender diversity, using the 40:40:20 rule (40% female, 40% male and 20% flexible to any gender, including non-binary and other gender identities)
 - Organizational diversity, including representatives from corporates, financial institutions, academia, research, government, non-profit, civil society, impacted communities, climate regulators, market regulators, peer organizations, standard setting bodies and associations and multilateral organizations, to include:
 - A maximum of 50% representation from corporates and financial institutions (including consultancies).
 - A minimum of 20% representation from civil society / non-profit organizations
 - Regional diversity, aiming for 30%+ representation from the Global South¹.
23. One representative per organization is ordinarily eligible to serve as a member of the Advisory Group at any given time. The SBTi may allow for more than one representative from a particular organization if within that organization there are wholly independent governance structures and the members sit within separate bodies within these governance structures. This is especially applicable for academic representatives working within different institutes of the same university.
24. The SBTi shall use best endeavors to achieve balance and diversity amongst Advisory Group members, however, the work of the Advisory Group shall not be invalidated by its inability to achieve an optimum level of diversity in composition or attendance at meetings.
25. Any consultancy providing paid support to the SBTi may not be represented on any SBTi Advisory Group.

¹According to the United Nations Conference on Trade and Development (UNCTAD), the Global South broadly comprises Africa, Latin America and the Caribbean, Asia (excluding Israel, Japan and South Korea), and Oceania (excluding Australia and New Zealand)..

APPOINTMENT

26. The SBTi will hold an open call for applications to join the FINZ Expert Advisory Group. Candidates may be invited to apply for membership in an Advisory Group or may be selected through an open call for individuals with specific expertise on a topic.
27. The SBTi will inform members of the Technical Advisory Group and Scientific Advisory Group of the formation of Expert Advisory Groups and members of these groups may apply to participate.
28. Applications will be assessed through an evaluation of relevant qualifications and the needs of the SBTi Technical Department.
29. In addition to meeting desired composition metrics above, the criteria below will be used to evaluate all Advisory Group applications:
 - Demonstrated knowledge of banking, asset ownership, asset management and/or insurance.
 - Demonstrated technical competence and knowledge of climate mitigation: All members, regardless of whether they are practitioners, advocates, or academics, should have demonstrated a high level of knowledge and technical competence in climate mitigation, including a general understanding of climate science, carbon accounting, and science-based target setting. A broad base of skills, experience, and perspectives is needed; therefore, members may have backgrounds that reflect a diverse range of expertise and roles that are relevant to the mission of the SBTi.
 - Communication skills: Effective oral and written communication skills in English are necessary. Communication skills also include the ability to listen to and consider the views of others with an open mind and without prejudice and discrimination.
 - Awareness of the climate action landscape: Members should understand the climate action landscape in which the SBTi operates. This should include awareness of sustainability, climate mitigation, business and financial reporting issues that are relevant to the mission of the SBTi.
 - Awareness or experience in third-party standard setting and/or certification or verification schemes: Members should have a basic understanding or awareness of how formal standard-setting or validation occurs through third-party providers or be open to learning from those that do.
 - Ability to work in a collegial and collaborative atmosphere: Members should be able to show respect, tact, and consideration for one another's views and those of third parties.

- Integrity, objectivity and discipline: The credibility of members should be demonstrated through their integrity and objectivity. This includes intellectual integrity as well as integrity in dealing with fellow members of the Advisory Group and others.
 - Commitment to the SBTi's mission and public interest: Members should be committed to achieving the objective of the SBTi to drive ambitious climate action in the private sector. Members should also be committed to serving the public interest.
30. As Advisory Group members serve in their individual capacity as experts, changes of members through the project duration are discouraged. Members shall not appoint delegates to carry out their functions as advisors. Ad hoc alternatives will only be considered in rare instances.
 31. Members of the Advisory Group retain their position for the duration of the project, but can also voluntarily resign at any point by informing the SBTi and following the applicable requirements and measures below.
 32. The SBTi retains the right to terminate membership of any Advisory Group member (e.g. due to breaching of the Advisory Group Code of Conduct, applicable SBTi policies or regulations, or any term in this document, project termination, etc.) with immediate effect. The SBTi will communicate the reason for termination to the member. If the member is not satisfied with the reason for termination, they have a right to raise a complaint to standardscomplaints@sciencebasedtargets.org.
 33. In case of changes in the professional affiliation or termination of the membership, the following requirements and measures will apply:
 34. Advisory Group members will inform the SBTi in writing if they would like to terminate their membership before the commitment period expires and with a notice period of 30 days. The member will be removed from SBTi communications and should be replaced by a new expert.
 35. Advisory Group members that resign or are terminated during the commitment period will not be recognised in the final deliverables.
 36. If, throughout the duration of their membership, an Advisory Group member or their employer begins to provide formal support to the SBTi through a paid consultancy agreement, then they will be asked to resign and their membership shall be terminated.
 37. The SBTi may supplement the Advisory Group with additional members during the development of the project.
 38. The SBTi will inform the Advisory Group about the finalization of the project, and will notify the members of the conclusion of their appointment and the dissolution of the Advisory Group.

COMMITMENTS

39. In general, members are expected to:

- Adhere to the SBTi Code of Conduct for Advisory Groups.
- Actively participate and share technical expertise during conference calls.
- Participate in all FINZ Advisory Group meetings to ensure continuity and progress on the project of interest.
- Dedicate the necessary time offline to review and contribute to drafts and outputs presented by SBTi and its technical partners, which may include:
 - Target-setting metrics and methods
 - Research papers
 - Cross-sector standards
 - Sector specific standards and/or guidance
 - Supplementary documents
- Provide inputs in a constructive spirit, namely in improving clarity, robustness, implementability and scientific or technical accuracy.
- Optionally participate in virtual and in-person events (e.g. workshops, launch events, etc.).

40. Commitment for Advisory Group activities include:

- Estimated six to twelve conference calls during the remainder of the project (60-120 minutes each), with optional participation in additional conference calls in sub-groups or round tables as needed.
- Estimated commitment of 5 to 7 days per year.

41. The SBTi will provide periodic updates of the project to the Advisory Group and define the topics to be covered in each meeting in advance.

Meetings

42. The SBTi will endeavor to arrange meetings with sufficient notice and hold meetings at a reasonable time of day so that as many members are able to attend as possible. If Advisory Group members cover a wide range of time zones, the SBTi may repeat Advisory Group meetings.

43. Members that are unable to attend Advisory Group meetings should inform the SBTi in advance. Members found to repeatedly miss Advisory Group meetings without informing the SBTi may be terminated, based on a “three strikes policy”, i.e. if the member does not inform the SBTi three times that they are unable to make the meetings, the SBTi may terminate their membership.

44. Members shall not ordinarily appoint delegates to attend meetings on their behalf nor share invitation links. However, in rare instances and subject to explicit mutual consent, the SBTi may allow an alternative from the same organization with a similar profile to attend as an observer.

45. The SBTi will aim to provide preparatory materials at least 5 working days in advance of meetings. Members should review information provided in advance of meetings to prepare their contribution to the discussion.
46. The meetings shall be held in confidence, meaning that any information shared or views expressed cannot be shared externally, even if not attributed to an individual or their organization.
47. The SBTi will take notes during calls, and promptly create and distribute meeting minutes for review. Meetings may be recorded by SBTi for minute taking only, after which time they will be deleted. Members of the Advisory Group shall not record and/or distribute calls.
48. Members are expected to contribute to follow-up actions after meetings as agreed upon or specified in the meeting minutes. Between meetings, email consultations may occur for urgent matters that cannot wait until the next formal Advisory Group meeting.

Antitrust

49. Members shall not engage in any discussion, activity or conduct that may infringe on any local or international antitrust or competition law. For example, the following shall not be discussed during any meeting of the Advisory Group:
 - Current or future prices, pricing strategies, or price related information
 - Output, capacity, inventory levels, or costs
 - Data related to market share
 - Current or future marketing strategies

Confidentiality

50. Members shall not distribute materials to any person or organization in advance of publication without explicit written permission of the SBTi. Members agree to treat as confidential any information provided to them by the SBTi while participating in the Advisory Group unless otherwise stated.

Ethical Responsibility

51. Members shall strive to meet the highest standards of ethics and integrity in all aspects of their provision of services, including in conducting matters of the Advisory Group individually and collectively. Members shall not engage in any activities that involve negligence, intentional misrepresentation, competition, or willful wrongdoing that could harm the interests, reputation, or objectives of the SBTi.

Language

52. All written and oral communication, including but not limited to meetings, emails, and discussions, shall be conducted in the English language. The SBTi may arrange for the provision of interpreters for meetings or translations of documents upon request.

ACKNOWLEDGEMENT AND REMUNERATION

53. Being a member of the Advisory Group is a voluntary, part-time position and Advisory Group members do not receive any financial remuneration.
54. Advisory Group members shall consent to the use of their name in relation to the Advisory Group, but not for any additional purpose.
55. Funding or services (e.g. consultancy) provided to SBTi by Advisory Group members' affiliated organizations does not confer any special status in the Advisory Group, project governance, or oblige the funding organization to participate in the Advisory Group.
56. Members are free to publicly communicate about their membership of the Advisory Group, including on social media (e.g. LinkedIn), but shall respect all confidentiality and ethical responsibility requirements. Once membership is completed on a project, information must be updated accordingly.
57. For those participating in in-person workshops, travel costs shall be covered by the Advisory Group members' own budget.

EXPECTATIONS

58. Advisory Group members must follow the [SBTi Communications Guidelines](#) and applicable Social Media Policy at all times.
59. Advisory Group members and the SBTi shall use the following wording when communicating about membership and will not portray or imply any other association or collaboration between the member and the SBTi:
 - *Member of the Science Based Targets initiative (SBTi) Expert Advisory Group (EAG) for Financial Institutions Net-Zero (FINZ) Standard FINZ OR*
 - *"[Member name] participates in the Science Based Targets initiative's (SBTi) Expert Advisory Group (EAG) for the development of Financial Institutions Net-Zero (FINZ) Standard. The Advisory Group has an advisory role only, and decisions on final technical resources will be made by the Technical Council or the Board of Trustees of the SBTi."*
60. In circumstances in which a full description of the Advisory Group is required, Advisory Group members shall use the following wording:

- *The Financial Institutions Net-Zero (FINZ) EAG is a group of volunteer advisors with in-depth knowledge of the financial services sector, global climate change mitigation and/or expertise in science-based target setting from a diversity of perspectives that acts in an advisory capacity to the Science Based Targets Initiative (SBTi) over the duration of the project.*
61. Membership of the Advisory Group does not constitute being an SBTi employee. Members must not describe themselves as such or use terms which could be interpreted as implying that they are an SBTi employee or representing the SBTi.
 62. Advisory Group members are not expected to comment publicly on the work of the Advisory Group or act as an SBTi spokesperson on behalf of the Advisory Group as a whole or other members.
 63. Any media/journalist enquiries about the work of the Advisory Group should be forwarded to and managed via the SBTi Communications Department (communications@sciencebasedtargets.org).
 64. Advisory Group members are selected for their expertise and independence of thought, so it is recognized that they may undertake media or public speaking appearances or comment publicly about broader topics which are not directly related to the work of the SBTi.
 65. Should there be breaches of SBTi applicable policies or codes of conduct, the SBTi reserves the right to involve staff from compliance and legal to assess and respond to them.

DECISION-MAKING

66. The SBTi Project Team retains the authority to make decisions to advance project execution and deliverables in line with relevant SBTi standard operating procedures.
67. General input, advice, agreement and contentious issues shall be recorded, and main opposing views and rationales noted.
68. Should there be breaches of SBTi applicable policies or codes of conduct, the SBTi reserves the right to involve staff from compliance and legal to assess and respond to them.
69. The decision over and approval and adoption of final decisions and deliverables rests solely with the SBTi's Technical Council and Board of Trustees.

ANNEX I: ESTIMATED TIMELINE OF FORTHCOMING DELIVERABLES, MILESTONES AND MEETINGS

Time	Key milestones from July 2024 (additional meetings may be scheduled as required)
Q3 2024	Public consultation and pilot testing
Q3/4 2024	11th EAG meeting (summarizes findings from consultation, discuss approach for finalization)
Q4 2024/Q1 2025	12 th EAG meeting (SBTi to present the final draft and get feedback before finalization)
Q1 2025	Final meeting of the EAG to discuss communications, dissemination and next steps



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

