

MUFG TRANSIT: Science Based Targets initiative (SBTi) Vol. 1

Sustainable Finance Department
Asian Investment Banking Division

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Introduction to SBTi

Section I

Overview of SBTi – *Science-based Target Setting*

SBTi is a globally recognised framework that helps companies set science-based GHG reduction targets via clear, actionable path.



Launched **2015**, SBTi is a **global corporate climate action organisation** that enables businesses to set emissions reduction targets in line with **climate science** and the **Paris Agreement**.

Vision



By 2050, the world will have transitioned towards a **net-zero** and **equitable economy** that serves the needs of the population within the limits of the planet.

Mission



To drive **science-based climate action** in the **corporate sector** consistent with **limiting warming to 1.5°C**.

Key Statistics (as of Nov 2025)



12,018

Companies with targets or commitments



2,257

Companies with net-zero targets



9,430

Companies with validated targets



86

Territories are home to companies with validated targets, up from 60 in 2020



Industrials

Lead the way in targets by sector

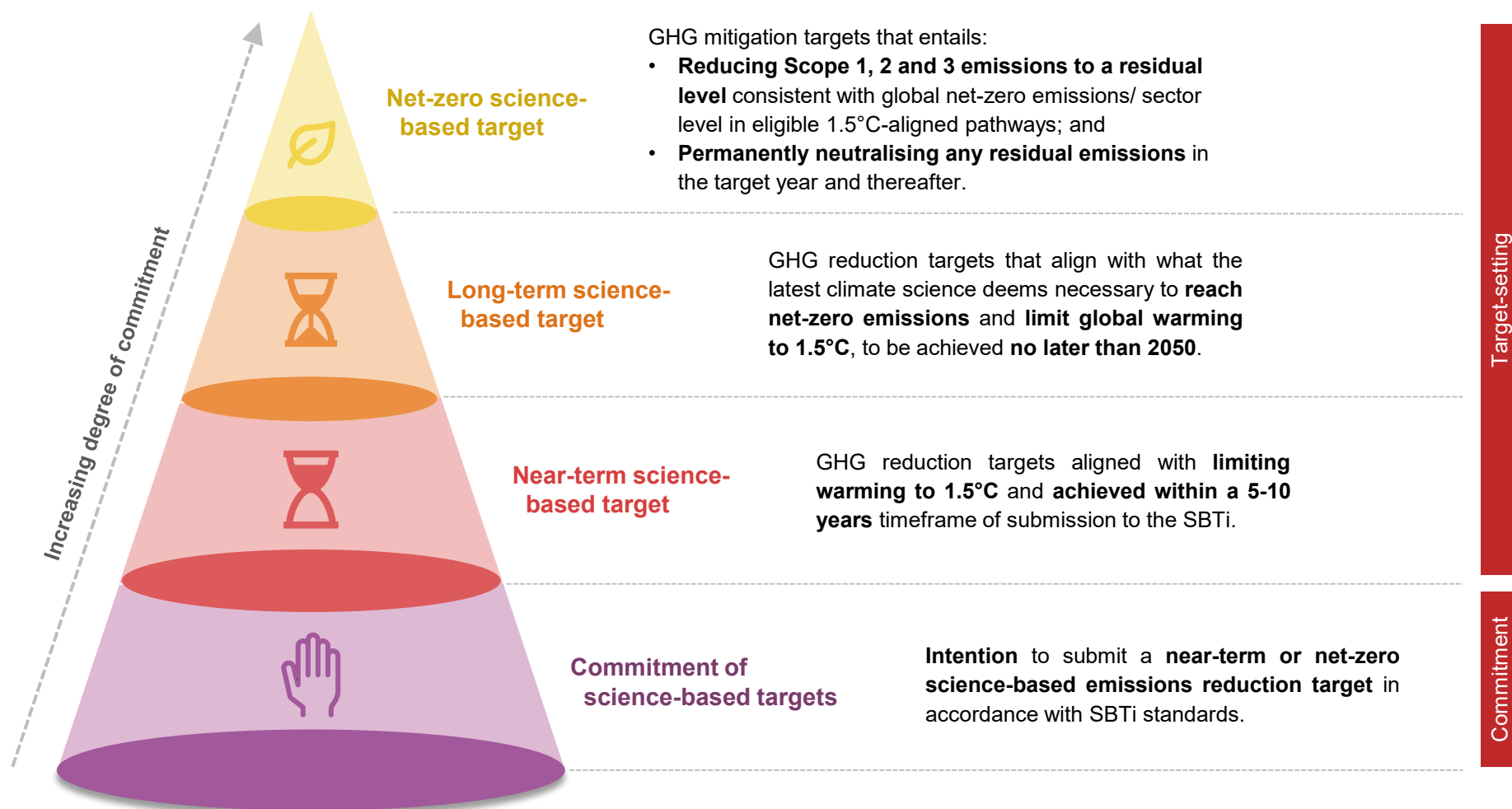
Partners



Source: MUFG compiled from SBTi and various public sources

A Journey to Net-Zero Targets – *From Commitment to Achievement*

Science-based targets are targets in line with what the latest climate science deems as necessary to meet the goals of the Paris Agreement (i.e., limiting global warming to 1.5°C above pre-industrial levels).

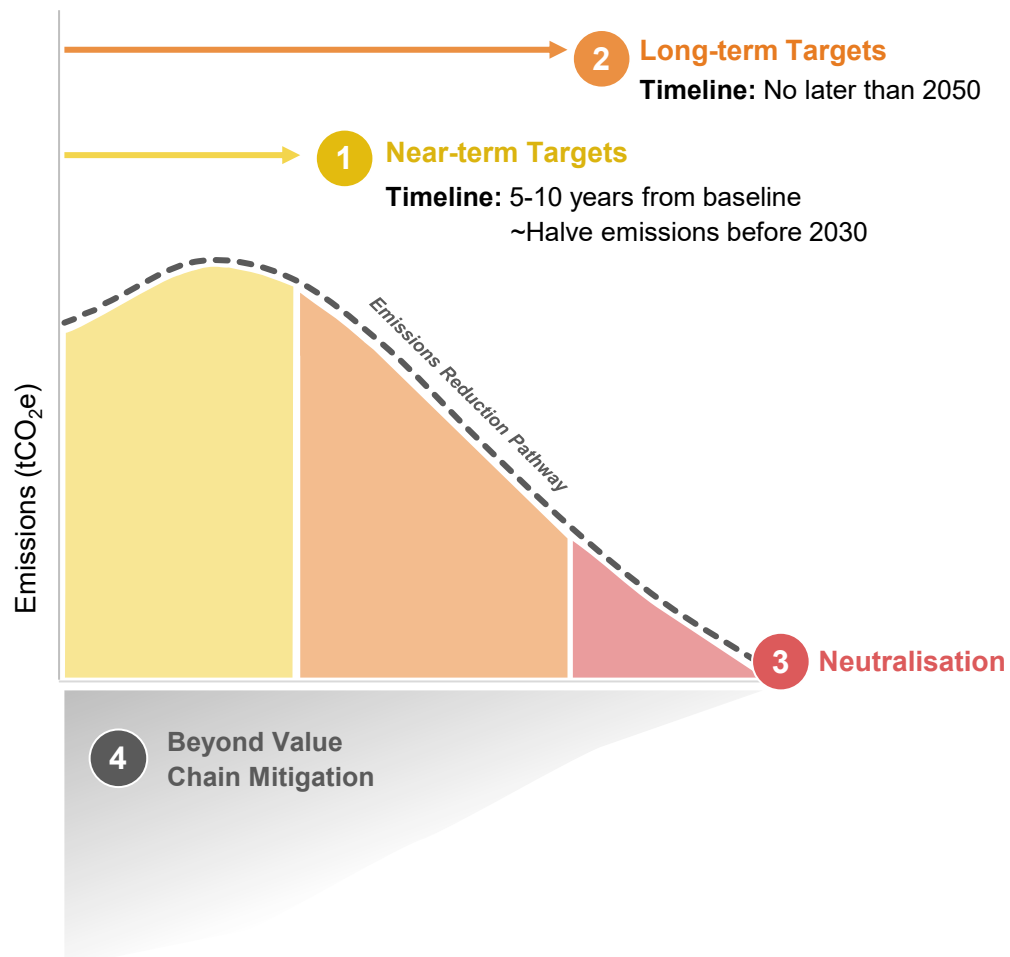


Source: MUFG compiled internally, SBTi and various public sources

Corporate Net-Zero Standard – *The Four Components of Net-Zero Target*

SBTi's Corporate Net-Zero Standard provides businesses with the guidance and tools necessary to set science-based net-zero targets.

Key Elements of the Corporate Net-Zero Standard Framework



1

Near-term Targets

Rapid, deep cuts to **direct and indirect** value-chain emissions. **5-10 years emission reduction targets** in line with 1.5°C pathways.

2

Long-term Targets

Target to reduce emissions to a **residual level (usually cut by more than 90%)** in line with 1.5°C scenarios by **no later than 2050**.

3

Neutralisation of residual emissions

GHGs released into the atmosphere when the company has achieved their long-term SBT must be **counterbalanced** through the **permanent removal and storage of carbon** from the atmosphere.

4

Beyond value chain mitigation

In the transition to net-zero, companies should take action to **mitigate emissions beyond their value chains**.

SBTi Major Milestones – *Expected Release of V2.0 in 2026*

Since its launch in 2021, the Corporate Net-Zero Standard has been revised over time, with a draft V2.0 released for public consultation in early 2025. The final version is expected to be approved in 2026 and required for companies setting new targets starting in 2028.

2021-2025:

- Oct 2021: Publication of the **Corporate Net-Zero Standard V1.0**
- Apr 2023: V1.1 published
- Mar 2024: V1.2 published
- Sep 2025: V1.3 published
(All subsequent versions are non-substantive revisions)



Pilot Phase I:

16 Jun – 15 Aug 2025

- Companies from all sectors and regions invited to provide **input via survey to refine draft Standard and gauge interest in Phase 2**
- >320 stakeholders** took part in Pilot Phase 1



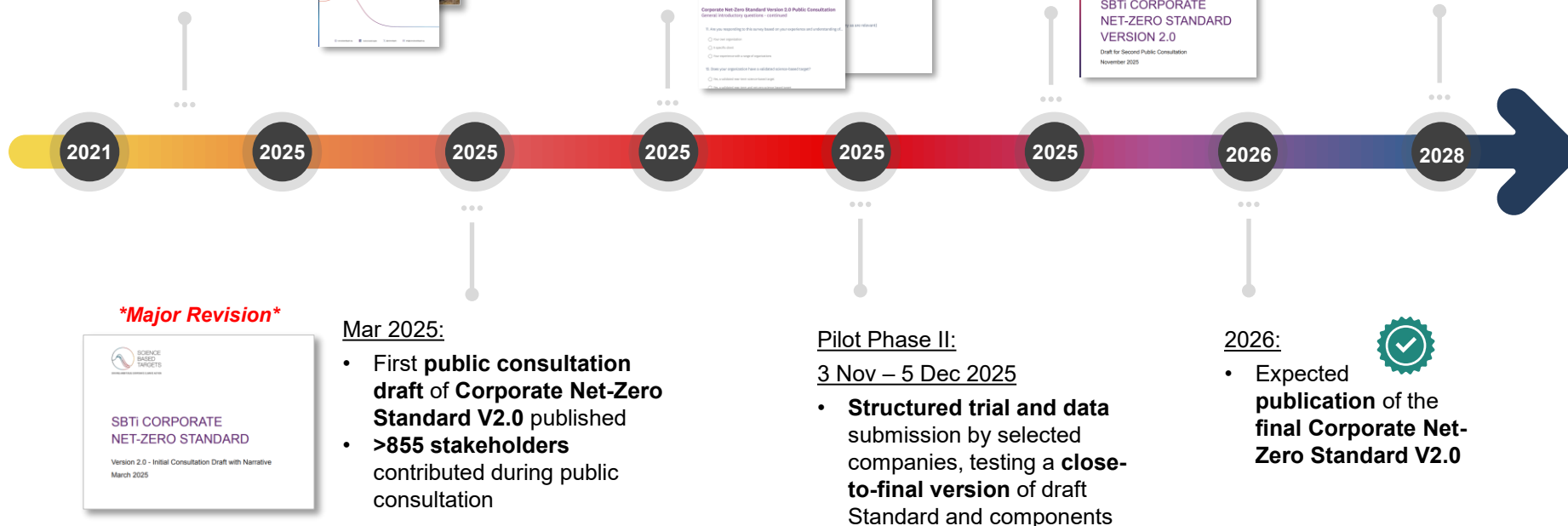
Nov 2025:

- Second **public consultation draft of Corporate Net-Zero Standard V2.0** published



2028:

- Companies setting **new targets** will be required to **use V2.0 starting 1 Jan 2028**



Draft Standard V2.0 – *From Target Setting to Demonstrating Progress*

Corporate Net-Zero Standard V2.0, a major revision of the Standard, marks a shift from a primary focus on target setting to a comprehensive scope covering base-year performance assessment, target setting, implementation, assessment, and communication of progress and claims.

	Version 1.2		Version 2.0 (Draft)
General	Validation Model	Target ambition assessed upfront, but no standardised assessment of target progress	Covers the entire cycle, with an upfront target ambition assessment, progress assessment
	Differentiation of Requirements	No differentiation of requirements within SBTi criteria; separate validation process for SMEs	Differentiated requirements based on company size & geographic locations
	Data Assurance	N/A	Requirement for Category A companies to obtain third-party (limited) assurance on base year GHG emissions inventory
Net-zero	Transition Plans	N/A	Mandatory within 12 months of validation for Category A companies; Strongly encouraged for Category B companies
Target-setting	Defining Ambition	Defined primarily through external benchmarks (e.g., pathways) and target-setting methods	More nuanced approach that compares current performance with top-down benchmarks determined through pathways & methods
	Scope 1 & 2 Targets	Scope 1 & 2 targets can be aggregated; Scope 2 – Either location- or market-based targets, with the option of renewable electricity targets	Separate targets required for each scope; Scope 2 – A requirement for low-carbon electricity alignment targets with optional scope 2 emissions reduction targets
	Scope 3 Targets	Fixed minimum boundary for all companies (67% for near-term; 90% for long-term)	Boundary focused on most relevant emission sources for company
	Residual Emissions	Neutralise any residual emissions that remain at the net-zero year and thereafter	Introduced a new recognition mechanism and a requirement for Category A companies to progressively assume responsibility for these emissions from 2035 onward
Ongoing Emissions	Beyond Value Chain Mitigation (BVCM)	Recommended for companies to support mitigation outside of their value chains	Stronger incentive by recognising companies that address the impact of ongoing emissions and support mitigation outside of their value chains

Source: MUFG compiled from SBTi, Climate Seed, Climate Impact Partners and various public sources

Draft Standard V2.0 – *Thresholds for Different Corporate Sizes and Geographies*

Corporate Net-Zero Standard V2.0 categorises companies into Category A and Category B based on scale, resources and operating region

Version 1.2

The current Standard categorises companies into:

- Small and medium-sized enterprises (SMEs)
- Non-SMEs




Version 2.0 (Draft)

A Category A Companies

- Scope 1 & 2** Mandatory near- and long-term targets
- Scope 3** Near-term targets required, long-term targets under consultation

B Category B Companies

- Scope 1 & 2** Near-term targets only, long-term targets optional
- Scope 3** Optional

Company Size 	Criteria				Categorisation ¹	
	Employees (#)	Net Annual Turnover (\$ or €)	Balance Sheet (\$ or €)	Emissions (Scope 1 & 2)	High Income	Low, Lower-Middle & Upper-Middle Income
Large <i>At least 1 criteria</i>	>1,000	>450 Mn	N/A	N/A	A	A
Medium <i>At least 2 criteria</i>	250 – 1,000	50 – 450 Mn	>25 Mn	N/A	A	B
Small <i>At least 2 criteria and under CO₂e threshold</i>	<250	<50 Mn	<25 Mn	<10,000	B	B

Note¹: Based on world bank categorisation

Source: MUFG compiled from SBTi, Carbon Trust and various public sources

Five-Year Target Review – 2025 Review of Targets Validated in or Before 2020

To support companies at a pivotal point in their climate journey, SBTi has unveiled two new resources to help them assess and update their targets (if necessary) as they reach the five-year mark.

1 Target Review

Many companies who are early adopters of validated science-based targets are approaching the **five-year mark**, a time to **review** and, if necessary, **update the targets** to ensure alignment with latest SBTi Criteria.

2 Resources

SBTi released two new **resources** to support companies through the review process and **enhance how target reviews are reflected publicly**. These will be effective **18 Dec 2025**.

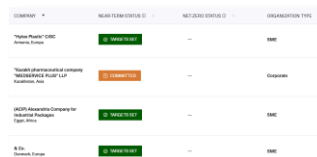


[Link](#)

[Link](#)

3 Status Update

Once targets are **validated or updated**, it **resets the five-year review cycle**. Any new company statuses after Dec 2025 will be reflected on the **SBTi Target Dashboard**.



COMPANY	NEAR TERM GOALS ID	MEDIUM TERM GOALS ID	ORGANIZATION TYPE
"Petro-Brand" CO2e	123456789	987654321	ENR
"Global Pharma" CO2e	234567890	876543210	ENR
"Global Pharma" CO2e	345678901	765432109	ENR
"Global Pharma" CO2e	456789012	654321098	ENR
"Global Pharma" CO2e	567890123	543210987	ENR

4 Corporate Strategy

Proactive review and updating of targets send a signal to investors, customers and other stakeholders that a company's **climate strategy is credible, ambitious and accountable**.



Global SBTi Trends

Section II

Global Trends – Growing Commitments, but Gaps Remain

With over 10,000 companies now setting commitments or targets, SBTi has seen substantial growth in recent years.

Increasing Companies with Commitments & Validated Targets

97% ↑

Increase in the number of companies with **validated near-term targets**, compared to the end of 2023.

227% ↑

Increase in the number of companies with **both near-term and net-zero targets**, compared to the end of 2023.

>40%

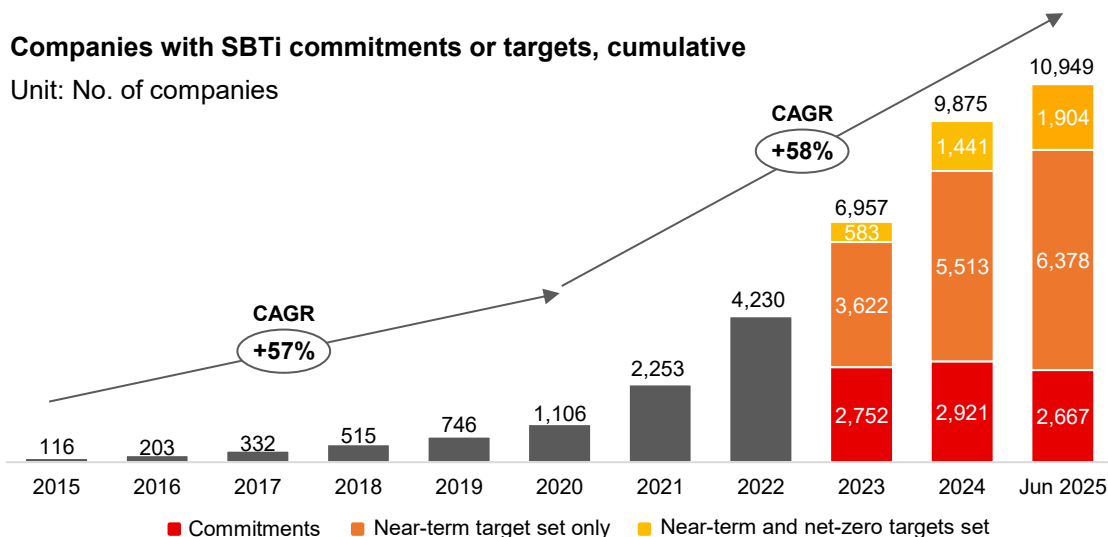
Of **global market capitalisation** consists of SBTi-aligned companies in 2024, 2% increase from 2023, underscoring that there is still **room for improvement** in driving **broad adoption of science-based targets** across the market.

Note¹: Excludes SMEs, as of 2024

Source: MUFG compiled from SBTi, S&P Capital IQ, Oliver Wyman and various public sources

Companies with SBTi commitments or targets, cumulative

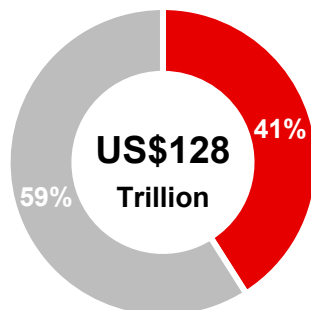
Unit: No. of companies



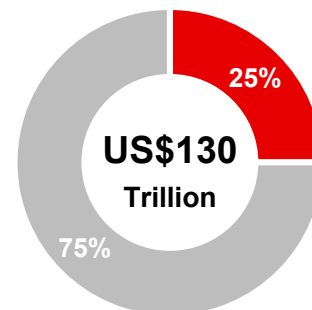
Note: Includes SMEs and financial institutions

Source: SBTi

Global Market Capitalisation¹



Global Revenue¹

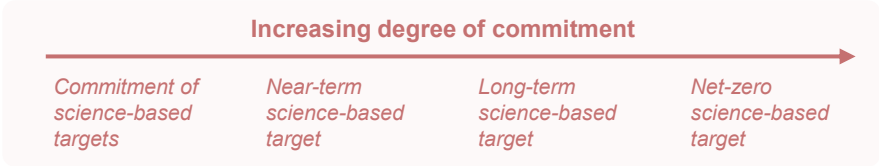


- SBTi-aligned companies (with targets and/or commitments)
- Non SBTi-aligned companies

Global Trends – *Rising Net-Zero Targets Reflect Increasing Corporate Commitment*

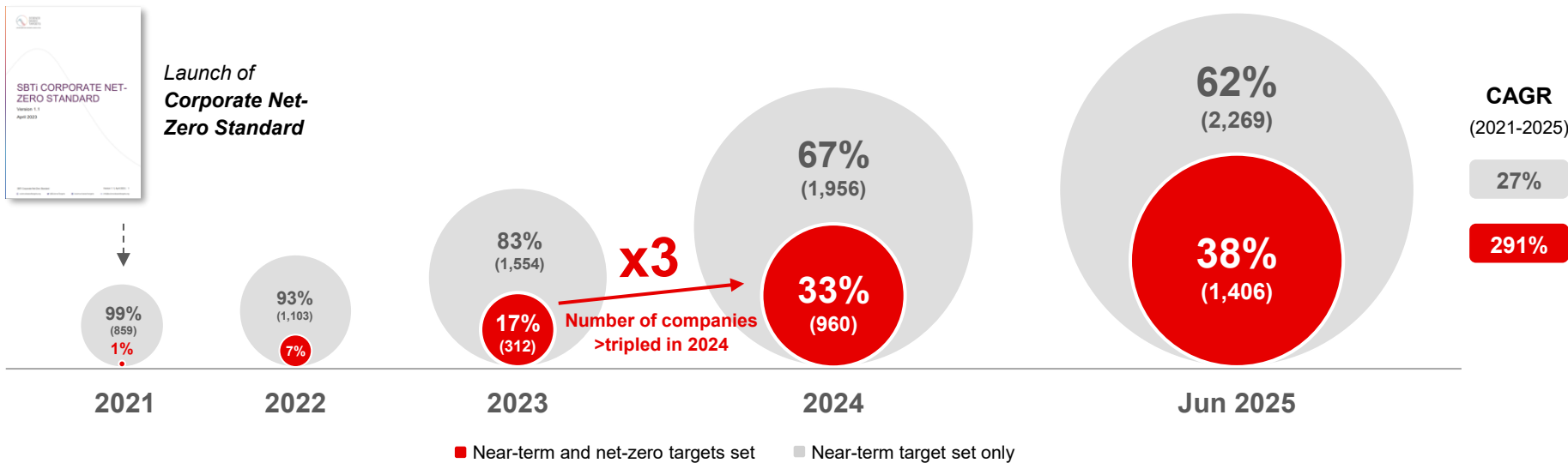
More corporates are making climate commitments and setting targets, driven by regulatory pressure and climate urgency.

Aside from the growth in total companies with SBTi commitments or targets, there is an **increasing number of corporates setting net-zero targets**, alongside near-term ones.



Corporates with SBTi targets, cumulative, split by target type¹

Unit: No. of companies ('000), %



Note¹: Date excludes SMEs and financial institutions. Percentages indicate share of total for that year

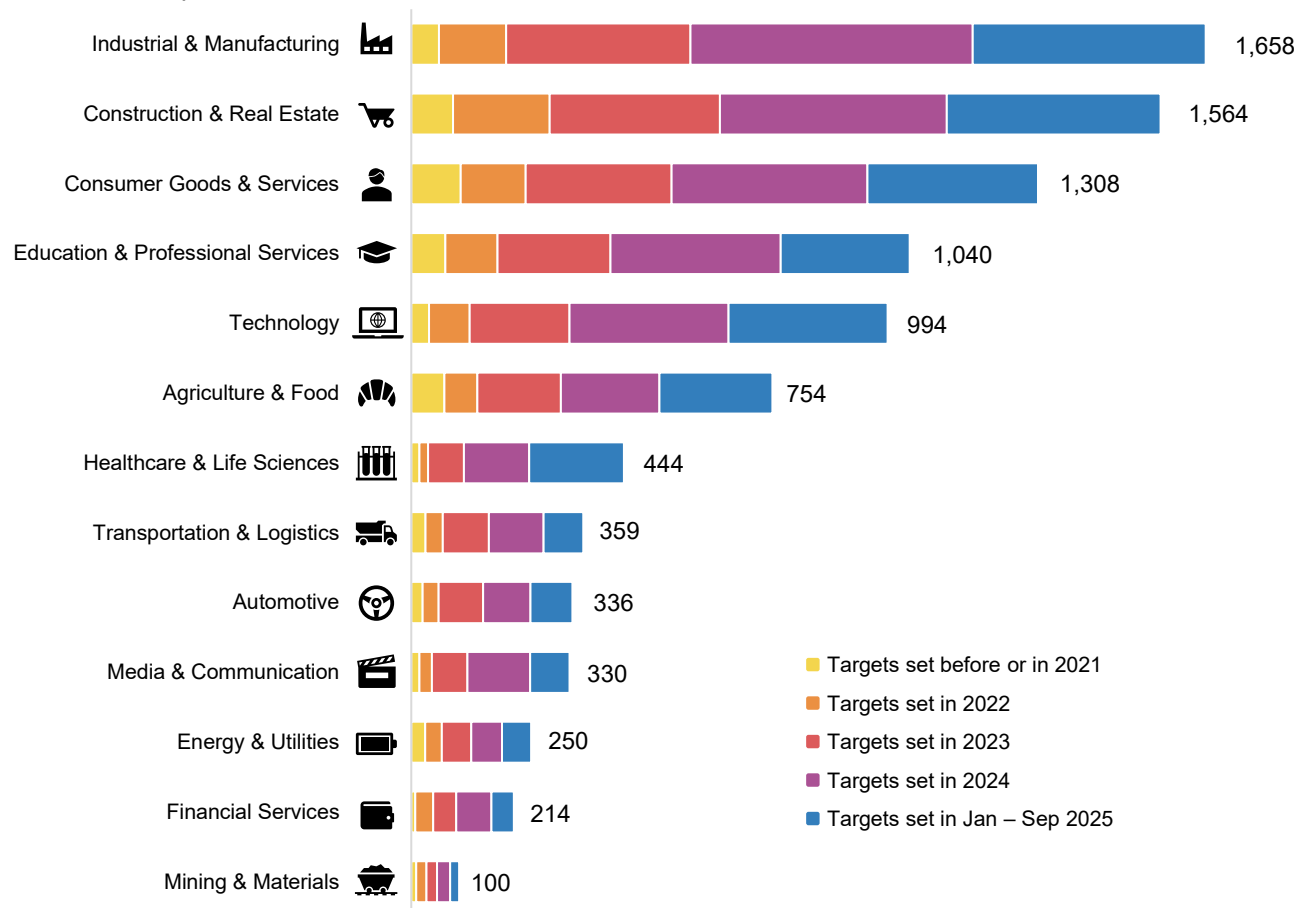
Source: MUFG compiled from SBTi, Net Zero Tracker and various public sources

Global Industry Trends – *Industrial & Manufacturing Leads in Target Setting*

The Industrial & Manufacturing sector — which includes electrical equipment, machinery, manufacturers and distributors — accounts for approximately 18% of companies with SBTi targets set (as of Sep 2025).

Companies with SBTi targets, by sector, by year first target set

Unit: No. of companies



Industrial and manufacturing companies often have:

- **Energy-intensive** operations
- **Large & complex** supply chains
- Significant **Scope 1 and Scope 2 emissions** due to direct operations & energy use

Top CAGRs (2021-2025)

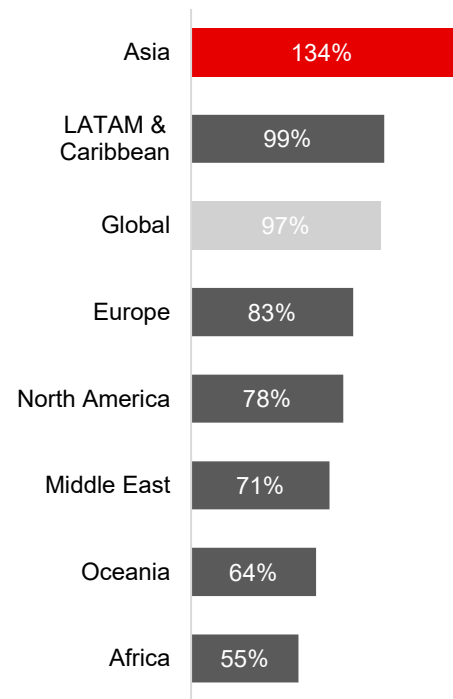
- 102%**
Healthcare & Life Sciences
- 87%**
Technology
- 80%**
Industrial & Manufacturing

Global Trends by Geography – *Europe Leads on Targets, Asia Gains Momentum*

European businesses lead the way for science-based targets, while Asia has experienced the largest growth in companies setting SBTi targets.

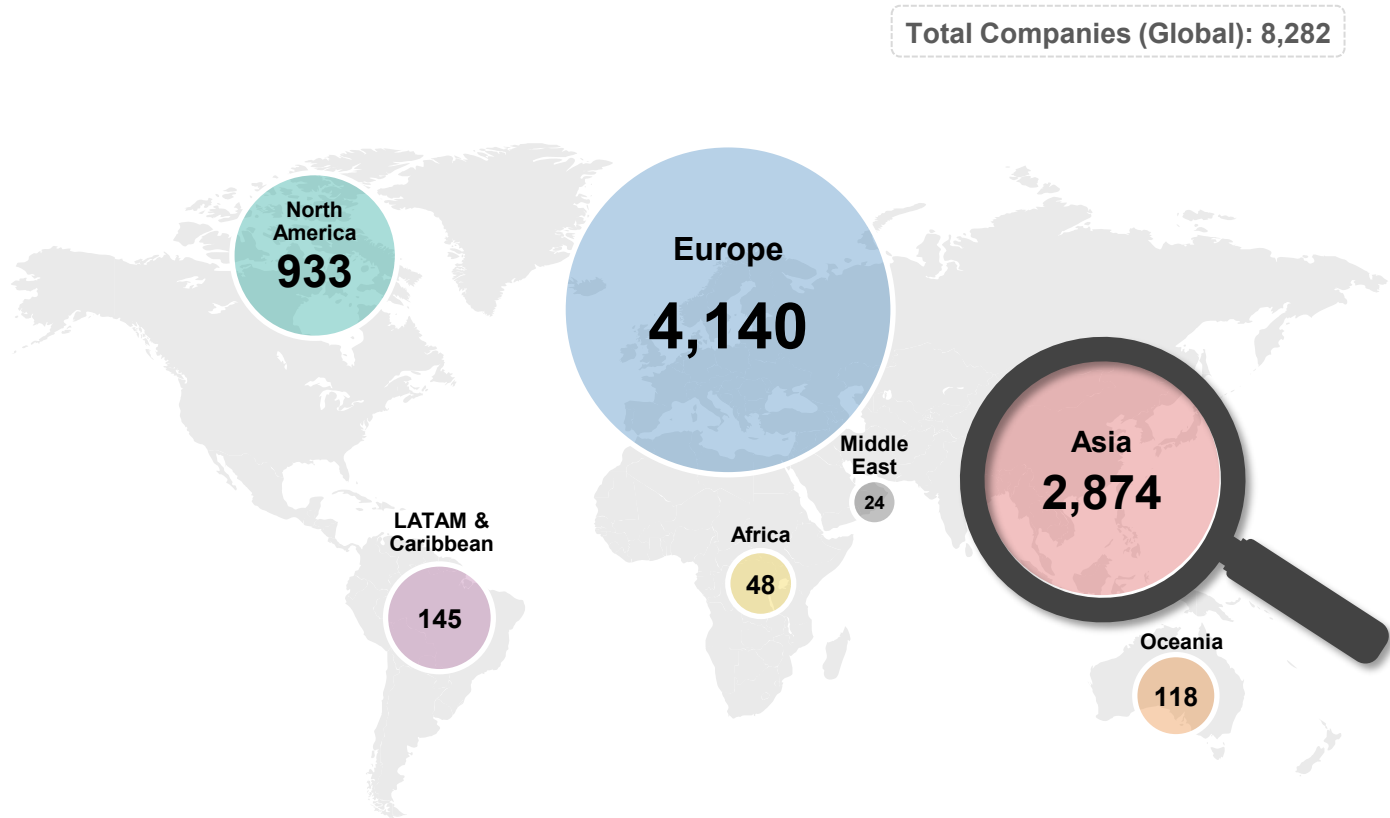
Growth in cumulative companies with SBTi targets between end of 2023 and end of Jun 2025

Unit: %



Distribution of companies with SBTi targets at the end of Jun 2025, by region

Unit: No. of companies



Source: MUFG compiled from SBTi and various public sources

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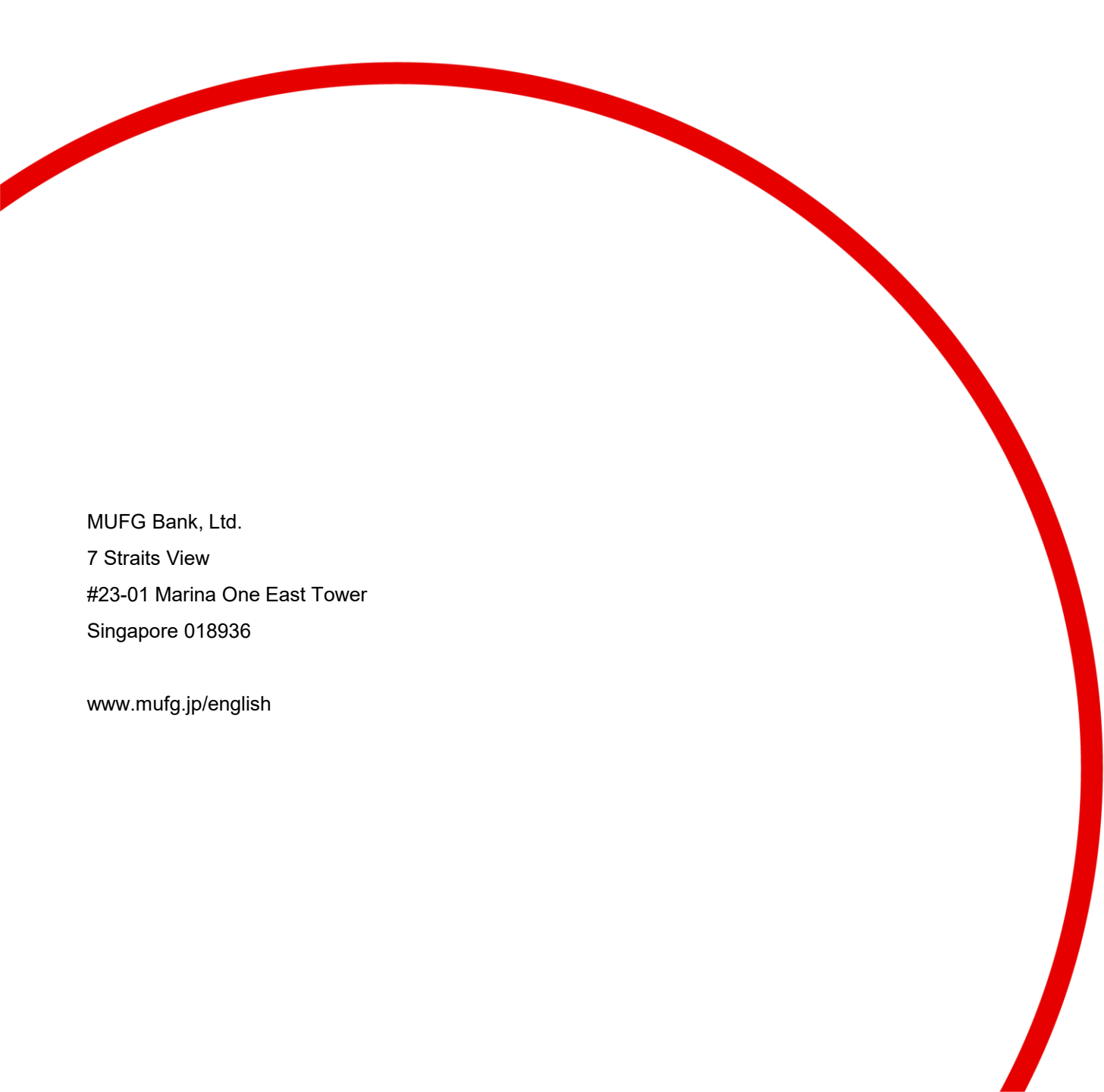
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