



# Partnership for Carbon Accounting Financials

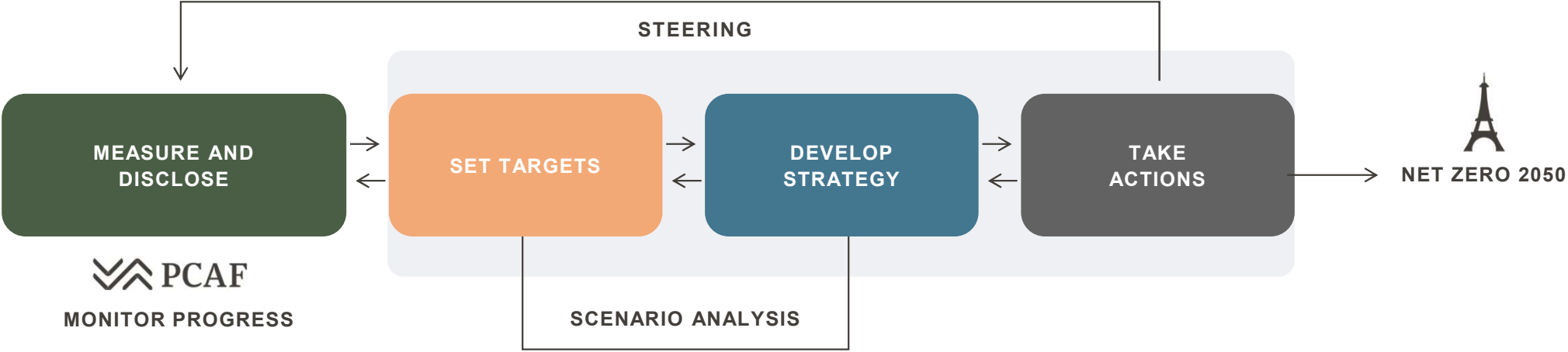
GHG accounting as the starting point in financing towards net zero

**GREEN & SUSTAINABLE FINANCE  
CONFERENCE #2, NICOSIA**



THURSDAY, 18 JANUARY 2024

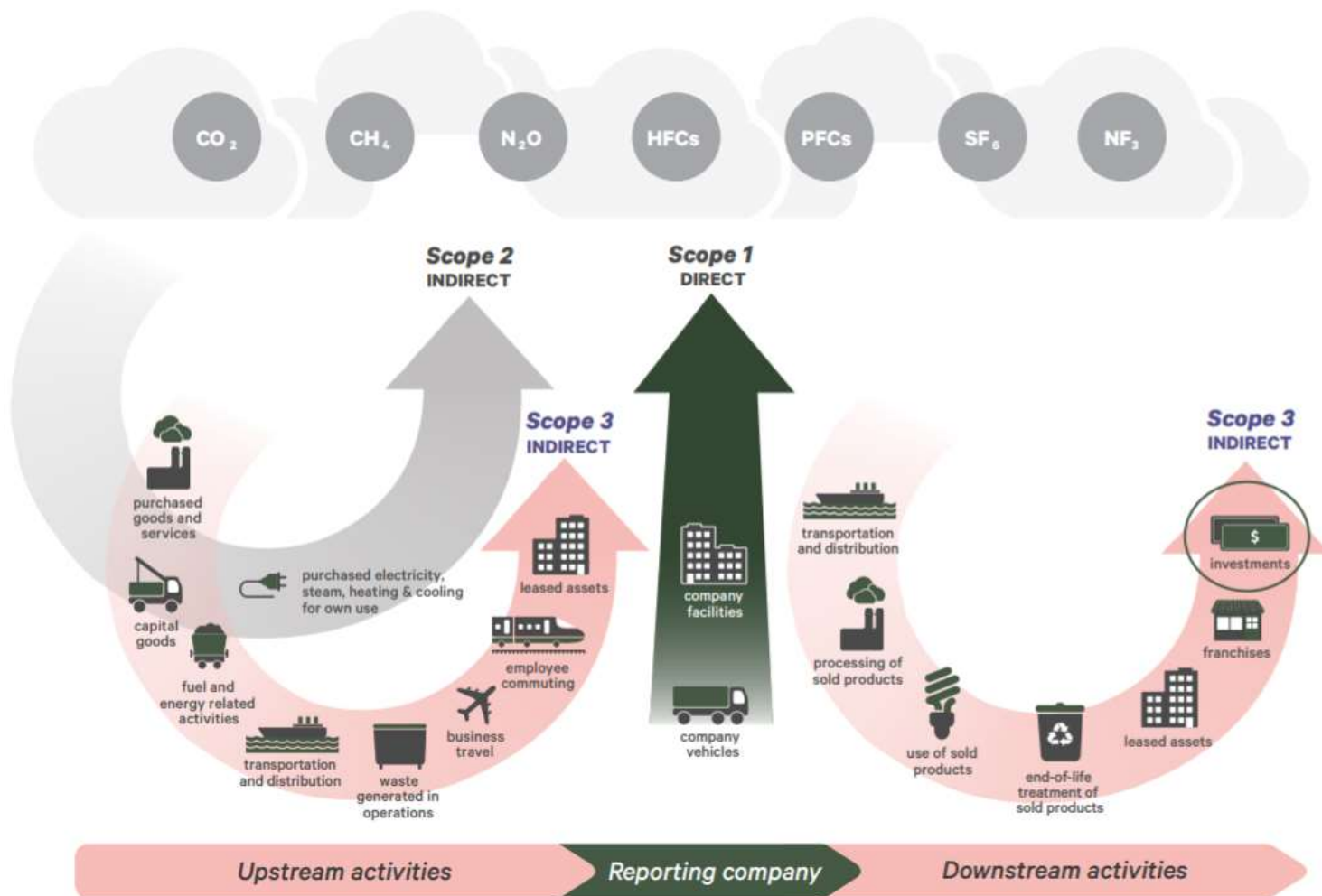
# GHG accounting as the starting point in financing towards net zero



# Intro to GHG accounting for financial institutions

**Greenhouse gas (GHG) accounting for financial institutions** is the annual accounting and disclosure of **GHG emissions** associated with **loans and investments** at a fixed point in time in line with financial accounting periods.

**What gets measured gets managed.**



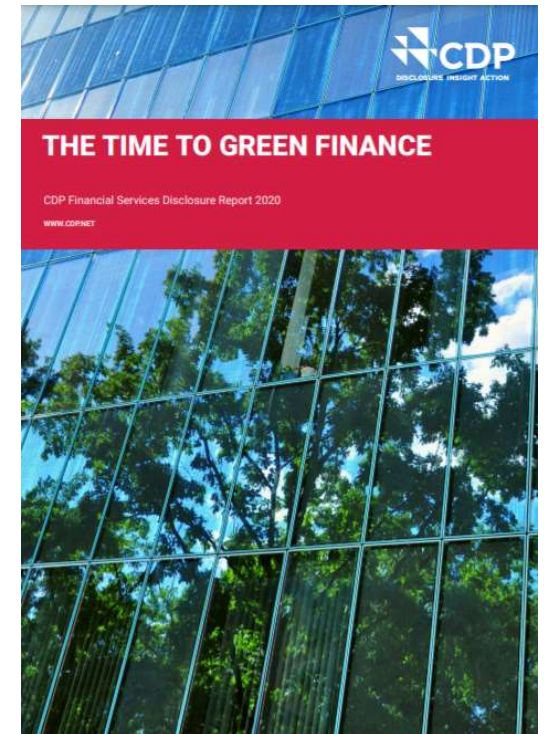
**Key principle:** financial institutions indirectly create a climate impact through their loans and investments.

# Scope 3, Category 15 emissions are the largest component of the climate impact of a financial institution

**Portfolio emissions of global financial institutions are on average 700x larger than direct emissions.\***



**#TimeToGreenFinance**  
\*Per organization reporting financed emissions



# PCAF: A global industry-led initiative to standardize the measurement and disclosure of emissions associated with financial activities

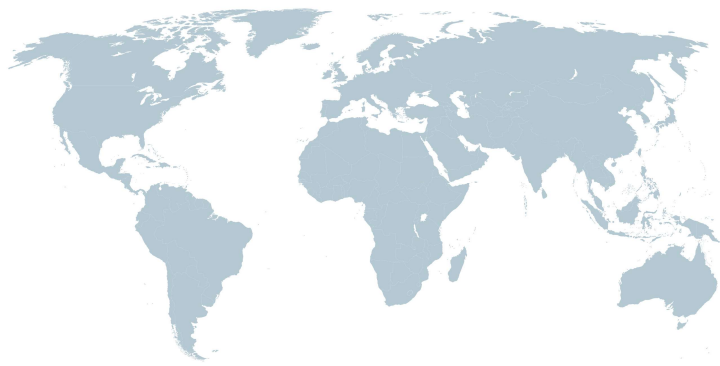
2015: NETHERLANDS



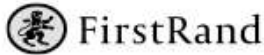
2018: NORTH AMERICA



2019: GLOBAL



GLOBAL BOARD OF DIRECTORS



Morgan Stanley



Nordea

# 458 financial institutions in 73 countries are part of PCAF, 162 have disclosed



**PCAF OBJECTIVES**

- Develop the Global GHG Accounting and Reporting Standard for the Financial Industry
- Increase the number of financial institutions that use the Standard and disclose financed emissions to over 1,000 institutions worldwide by year-end 2025

CHECK THE FULL LIST OF PCAF SIGNATORIES [HERE](#)

DOWNLOAD THE GLOBAL GHG ACCOUNTING AND REPORTING STANDARD [HERE](#)

# The PCAF Standard consists of three parts for financial institutions to measure and report emissions from their financial activities



## Part A – Financed Emissions

- Provides methodological guidance **to measure and disclose GHG emissions** associated with seven asset classes as well as guidance on emission removals.

## Part B – Facilitated Emissions

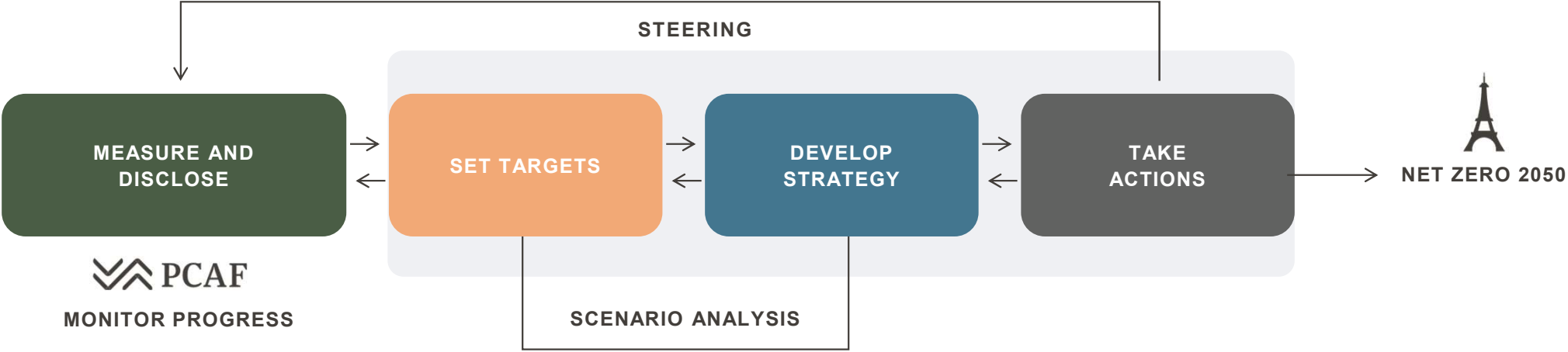
- Provides methodological guidance for measuring and reporting the GHG emissions associated with **capital markets transactions**.
- Launched on **1<sup>st</sup> December 2023**.

## Part C – Insurance-Associated Emissions






- Provides methodological guidance for measuring and reporting the GHG emissions associated with **re/insurance underwriting for two segments**.
- **The two segments** are: 1) commercial lines, and 2) personal motor lines.



# Based on GHG accounting, financial institutions can meet disclosure rules, set climate targets and prepare further actions



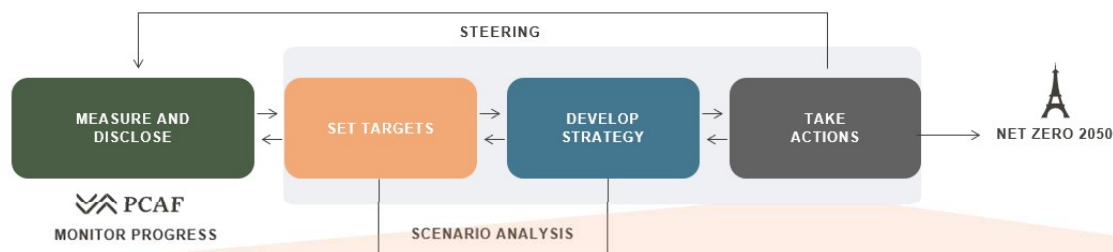
# Many regulations and legislations already require GHG accounting and reporting

<u>REGULATIONS</u>	<u>REPORTING REQUIREMENT</u>			<u>VOLUNTARY/ MANDATORY</u>
	<u>SCOPE 1</u>	<u>SCOPE 2</u>	<u>SCOPE 3</u>	
 EU Taxonomy Regulation	✓	✓	✓	<b>Mandatory</b> for public interest entities (PIEs)* with 500+ employees
 Sustainable Finance Disclosure Regulation (SFDR)	✓	✓	✓	<b>Mandatory</b> for all FMPs and Pas in the EU with 500+ employees
 Accounting Directive & Non-Financial Reporting Directive (NFRD) <sup>1</sup>	<i>No specific disclosure requirements<sup>1</sup></i>			<b>Mandatory</b> in all EU Member States for public interest entities (PIEs)* with 500+ employees
 Corporate Sustainability Reporting Directive (CSRD)	✓	✓	✓	<b>Mandatory</b> for undertaking in scope of NFRD plus entities with 250+ employees and all listed companies
 Capital Requirements Regulation (CRR) & Capital Requirements Directive (CRD)	✓	✓	✓	<b>Mandatory</b> for large FIs with issued securities on an EU market

<sup>1</sup> Does NOT impose detailed disclosure requirements; GHG accounting and reporting, for instance, is NOT required. Allows for non-disclosure of information if this is made transparent and reasons are given.

\* Public interest entities (PIEs), i.e. entities established in the EU whose securities are admitted to trading on an EU regulated market, as well as licensed credit institutions and insurance companies having their registered office in the EU and entities designated by a Member State as such

# GHG accounting informs climate strategies and actions to develop products that support the transition toward net zero



## Triodos Bank

Special mortgage to improve the energy efficiency of houses

Triodos Bank developed a dedicated financial product with a lower interest to customers that renovate their homes and aim to improve energy efficiency (B, A, A+)

## beneficial state bank

Funding and affordable financing for clean vehicles

The bank partnered with the State of California to provide grants and affordable financing to help income-qualified Californians purchase or lease a new or used hybrid or electric vehicle

## BARCLAYS

Green loan to fund green energy and sustainability projects

Barclays' SME clients can borrow up to £5 million to fund projects with positive climate impact or that help reduce climate impact. Including harnessing and storing solar and wind energy, or upgrading to eco-friendly machinery

## ABN·AMRO

Commercial real estate tools to improve buildings energy efficiency

ABN AMRO enables real estate clients increase the energy efficiency of the buildings and associated carbon emissions. Through its Sustainable Investment Tool, the bank assesses the assets and recommends improvement measures along with special financing offerings



**Thank you.**



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