

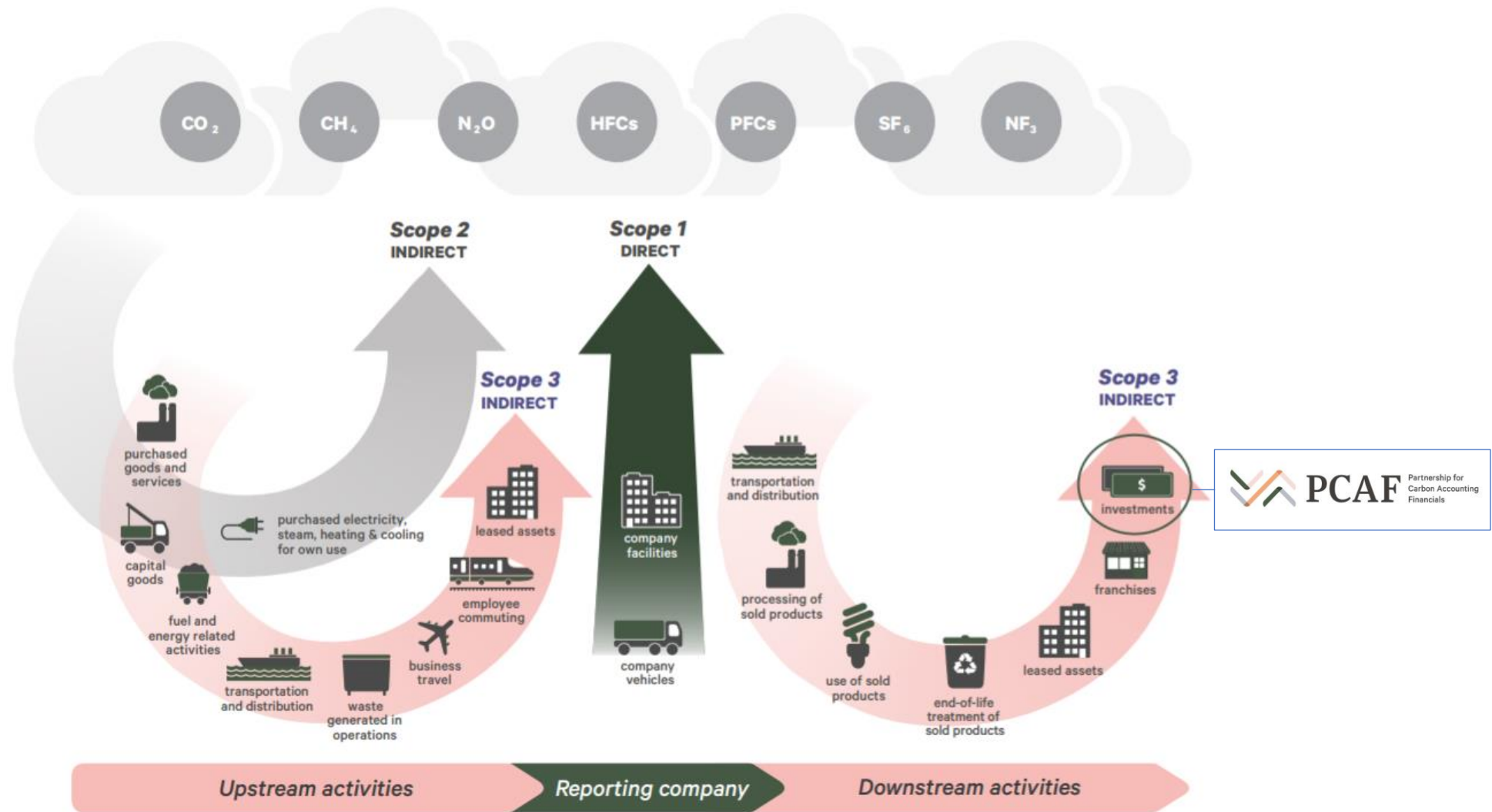


# Partnership for Carbon Accounting Financials

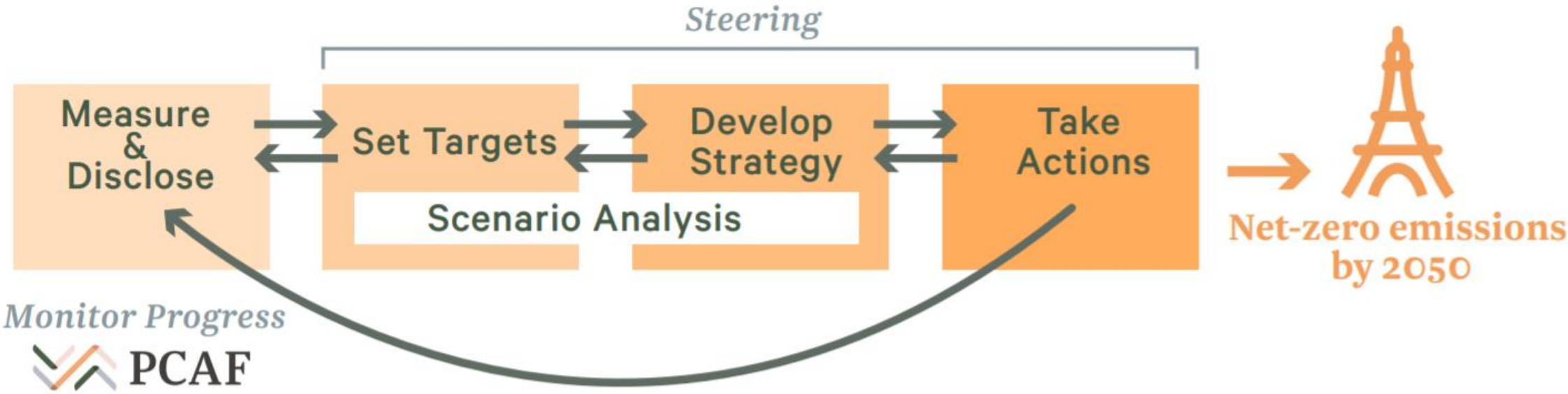
Enabling financial institutions to  
assess and disclose financed emissions

Prepared for the Financial Services Agency, Japan (JFSA)  
November 2022

# The key principle is that financial institutions indirectly create a climate impact through their loans and investments



# GHG accounting allows financial institutions to measure, disclose and monitor progress towards net zero



[DOWNLOAD THE STRATEGIC FRAMEWORK \(PDF, 2.1 MB\)](#)

# PCAF: A global industry-led initiative to standardize the measurement and disclosure of financed emissions

2015: Netherlands

2018: North America

2019: Global



Global Steering Committee



# More than 340 financial institutions in 63 countries part of PCAF, representing \$85+ trillion in total assets



## Objectives of PCAF

1 Develop the Global GHG Accounting and Reporting Standard for the Financial Industry

2 Increase the number of financial institutions that use the Standard and disclose financed emissions to over **250 institutions worldwide by year-end 2022**

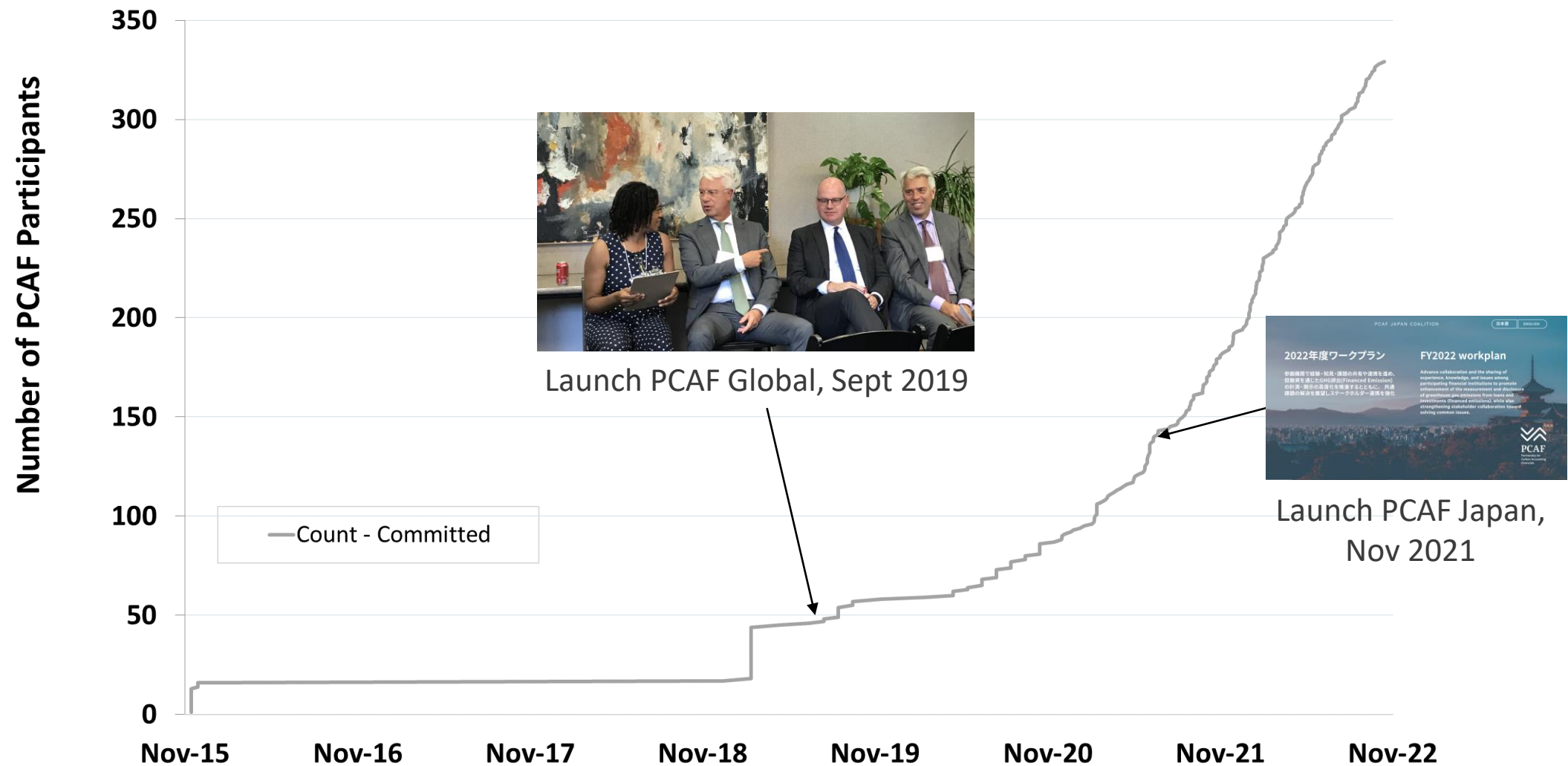
Check the full list of PCAF signatories [here](#)

Download the Global GHG Accounting and Reporting Standard [here](#)



# Global growth

Number of PCAF Global Participants  
(2015-Present)





# PCAF Asia-Pacific

Over 20% of FIs in PCAF are from Asia-Pacific, representing more than \$23 trillion in total financial assets

## PCAF Japan

The 24 financial institutions in PCAF Japan make up \$17 trillion in total financial assets

PCAF Japan is led by Mizuho Financial Group, supported by the secretariat for PCAF Japan

APAC accounted for over 25% of all new PCAF signatories in the last six months

# In the last three years PCAF has influence the global adoption of GHG accounting and disclosure by FIs

## Key Achievements

- 1 Surpassed the initial goal of 100 FIs and the subsequent one of 250 FIs, earlier than expected. Today 305.
- 2 PCAF signatories hold over \$80 trillion USD, representing over 25% of total financial assets globally
- 3 Published the GHG Accounting and Reporting Standard with the GHG Protocol Built on Mark
- 4 Created an emissions factors database which helped kick-start measurement and disclosure of financed emissions
- 5 At the end Nov 2022, 99 FIs have disclosed financed emissions.
- 6 PCAF established collaboration with key stakeholders (SBTi, CDP) and all net zero initiatives
- 7 The PCAF Standard is aligned with TCFD and CDP disclosure requirements, and with SBTi's and NZAOA's target setting methods
- 8 EU/EBA , US SEC, ISSB disclosure rules explicitly includes financed emissions and includes PCAF as an example.
- 9 The ECB's Climate Risk Guide includes PCAF in their "Expectations" for SSM-banks. (SSM = single supervisory mechanism)





Since 2015, PCAF participants have developed and tested GHG accounting methods, leading to a globally harmonized Standard



# The GLOBAL GHG ACCOUNTING & REPORTING Standard

FOR THE FINANCIAL INDUSTRY



“This standard has been reviewed by the GHG Protocol and is in conformance with the requirements set forth in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard, for Category 15 investment activities.”

# The GLOBAL GHG ACCOUNTING & REPORTING Standard

FOR THE FINANCIAL INDUSTRY



## Listed Equity and Corporate Bonds

$$\frac{\text{Outstanding amount}}{\text{EVIC or Total company equity + debt}} \times \text{Company emissions}$$

EVIC = enterprise value including cash



## Business Loans and Unlisted Equity

$$\frac{\text{Outstanding amount}}{\text{EVIC or Total company equity + debt}} \times \text{Company emissions}$$

EVIC = enterprise value including cash



## Project Finance

$$\frac{\text{Outstanding amount}}{\text{Total project equity + debt}} \times \text{Project emissions}$$

### GHG accounting for six asset classes



## Commercial Real Estate

$$\frac{\text{Outstanding amount}}{\text{Property value at origination}} \times \text{Building emissions}$$



## Mortgages

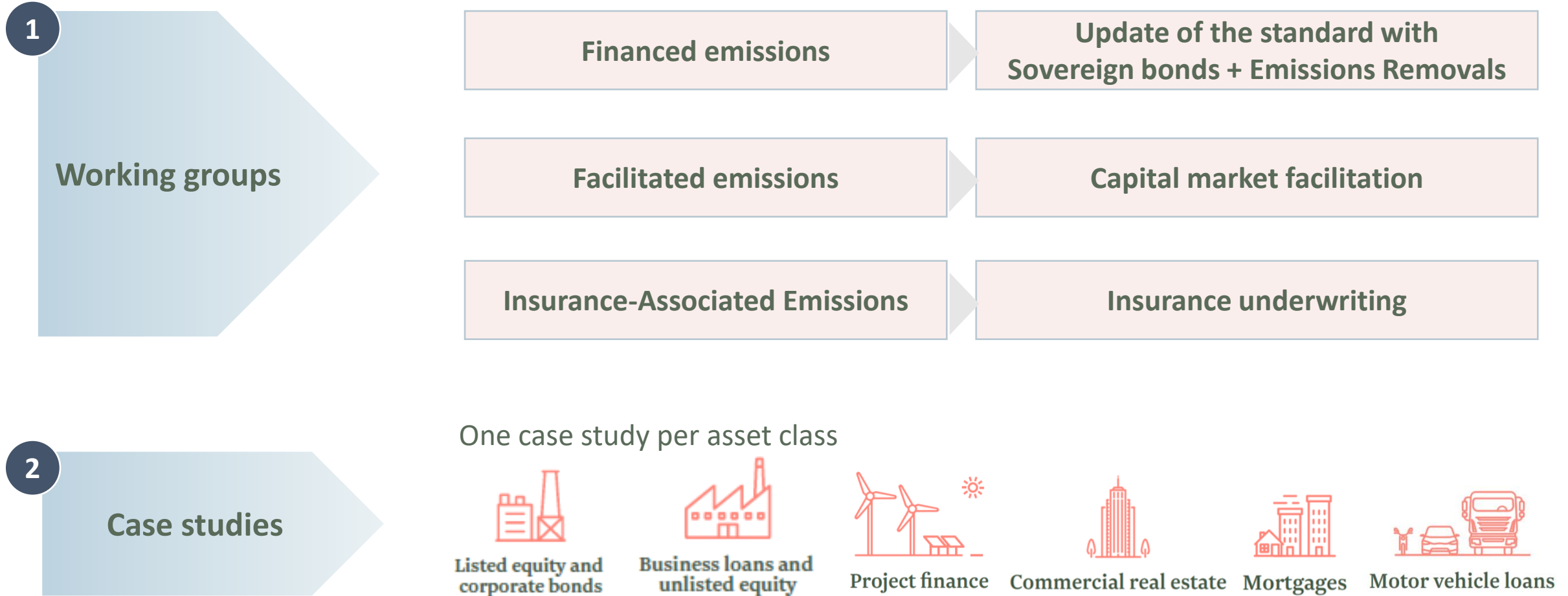
$$\frac{\text{Outstanding amount}}{\text{Property value at origination}} \times \text{Building emissions}$$



## Motor Vehicles Loans

$$\frac{\text{Outstanding amount}}{\text{Total value at origination}} \times \text{Vehicle emissions}$$

# PCAF is finalizing three new reports + case studies



# Coming this December: The new PCAF Standard



The 2<sup>nd</sup> Edition of the Standard will include new GHG accounting and reporting methodologies for:

- (Part A) sovereign debt, emission removals
- (Part B), facilitated emissions, will be coming in early 2023
- and (Part C) insurance-associated emissions, launched in November 2022

Download the Global GHG Accounting and Reporting Standard for Insurance-Associated Emissions [here](#)

# PCAF's open-source database enables financial institutions to start with GHG accounting at asset class level

lists main logs

PCAF emission factor database

PCAF emission factor database

1 2 ... 11 ... 51 ... 101 ... 646

Add new Refresh Export Print

“Administration hub” with information on defined data lists, tracking of changes (logs) and user info

“Tool bar I” with page selection, an adding function for new emission factors, an refreshing function plus an exporting and printing function

Quick search

Actions	Id	Region	Country	Asset Class	Emission Type	Sector	Subsector	Subsubsector	Functional Unit Of Emission Factor 1	Functional Unit Of Emission Factor Description	Functional Unit Of Emission Factor 2	Emission Factor Unit	Quality Of Emission Factor	Scope 1 Emission Factor	Scope 2 Emission Factor	Scope 3 Emission Factor	Generic Emission Factor
<input type="checkbox"/>	1	Europe	Austria	Listed/private equity & Corporate bonds/loans & project finance	Emissions	Agriculture, hunting, forestry & fishing	Paddy rice	n.a.	Revenue	Revenue generated per year	ME	ICO2a/ME	Medium	n.a.	n.a.	n.a.	n.a.
<input type="checkbox"/>	2	Europe	Austria	Listed/private equity & Corporate bonds/loans & project finance	Emissions	Agriculture, hunting, forestry & fishing	Wheat	n.a.	Revenue	Revenue generated per year	ME	ICO2a/ME	Medium	657.516	14.591	70.802	n.a.
<input type="checkbox"/>	3	Europe	Austria	Listed/private equity & Corporate bonds/loans & project finance	Emissions	Agriculture, hunting, forestry & fishing	Cereal grains nec	n.a.	Revenue	Revenue generated per year	ME	ICO2a/ME	Medium	608.732	11.222	51.664	n.a.
<input type="checkbox"/>	4	Europe	Austria	Listed/private equity & Corporate bonds/loans & project finance	Emissions	Agriculture, hunting, forestry & fishing	Vegetables, fruit, nuts	n.a.	Revenue	Revenue generated per year	ME	ICO2a/ME	Medium	156.181	22.807	59.742	n.a.
<input type="checkbox"/>	5	Europe	Austria	Listed/private equity & Corporate bonds/loans & project finance	Emissions	Agriculture, hunting, forestry & fishing	Oil seeds	n.a.	Revenue	Revenue generated per year	ME	ICO2a/ME	Medium	487.437	5.764	50.188	n.a.
<input type="checkbox"/>	6	Europe	Austria	Listed/private equity & Corporate bonds/loans & project finance	Emissions	Agriculture, hunting, forestry & fishing	Sugar cane, sugar beet	n.a.	Revenue	Revenue generated per year	ME	ICO2a/ME	Medium	350.350	3.487	22.657	n.a.
<input type="checkbox"/>	7	Europe	Austria	Listed/private equity & Corporate bonds/loans & project finance	Emissions	Agriculture, hunting, forestry & fishing	Plant-based fibres	n.a.	Revenue	Revenue generated per year	ME	ICO2a/ME	Medium	72.570	19.029	408.804	n.a.
<input type="checkbox"/>	8	Europe	Austria	Listed/private equity & Corporate bonds/loans & project finance	Emissions	Agriculture, hunting, forestry & fishing	Crops nec	n.a.	Revenue	Revenue generated per year	ME	ICO2a/ME	Medium	148.065	0.079	0.363	n.a.
<input type="checkbox"/>	9	Europe	Austria	Listed/private equity & Corporate bonds/loans & project finance	Emissions	Agriculture, hunting, forestry & fishing	Cattle	n.a.	Revenue	Revenue generated per year	ME	ICO2a/ME	Medium	4,782.990	41.529	288.078	n.a.
<input type="checkbox"/>	10	Europe	Austria	Listed/private equity & Corporate bonds/loans & project finance	Emissions	Agriculture, hunting, forestry & fishing	Pigs	n.a.	Revenue	Revenue generated per year	ME	ICO2a/ME	Medium	349.107	15.800	179.814	n.a.
<input type="checkbox"/>	11	Europe	Austria	Listed/private equity & Corporate bonds/loans & project finance	Emissions	Agriculture, hunting, forestry & fishing	Poultry	n.a.	Revenue	Revenue generated per year	ME	ICO2a/ME	Medium	214.644	31.658	275.109	n.a.
<input type="checkbox"/>	12	Europe	Austria	Listed/private equity & Corporate bonds/loans & project finance	Emissions	Agriculture, hunting, forestry & fishing	Meat animals nec	n.a.	Revenue	Revenue generated per year	ME	ICO2a/ME	Medium	2,858.460	77.214	576.044	n.a.
<input type="checkbox"/>	13	Europe	Austria	Listed/private equity & Corporate bonds/loans & project finance	Emissions	Agriculture, hunting, forestry & fishing	Animal products nec	n.a.	Revenue	Revenue generated per year	ME	ICO2a/ME	Medium	2,505.400	109.248	807.890	n.a.
<input type="checkbox"/>	14	Europe	Austria	Listed/private equity & Corporate bonds/loans & project finance	Emissions	Agriculture, hunting, forestry & fishing	Raw milk	n.a.	Revenue	Revenue generated per year	ME	ICO2a/ME	Medium	1,781.330	2.229	16.272	n.a.
<input type="checkbox"/>	15	Europe	Austria	Listed/private equity & Corporate bonds/loans & project finance	Emissions	Agriculture, hunting, forestry & fishing	Wool, silk, worm cocoons	n.a.	Revenue	Revenue generated per year	ME	ICO2a/ME	Medium	0.307	0.001	0.010	n.a.

“Database” with overview of all emission factors:  
Rows with emission factors  
Columns with specific information

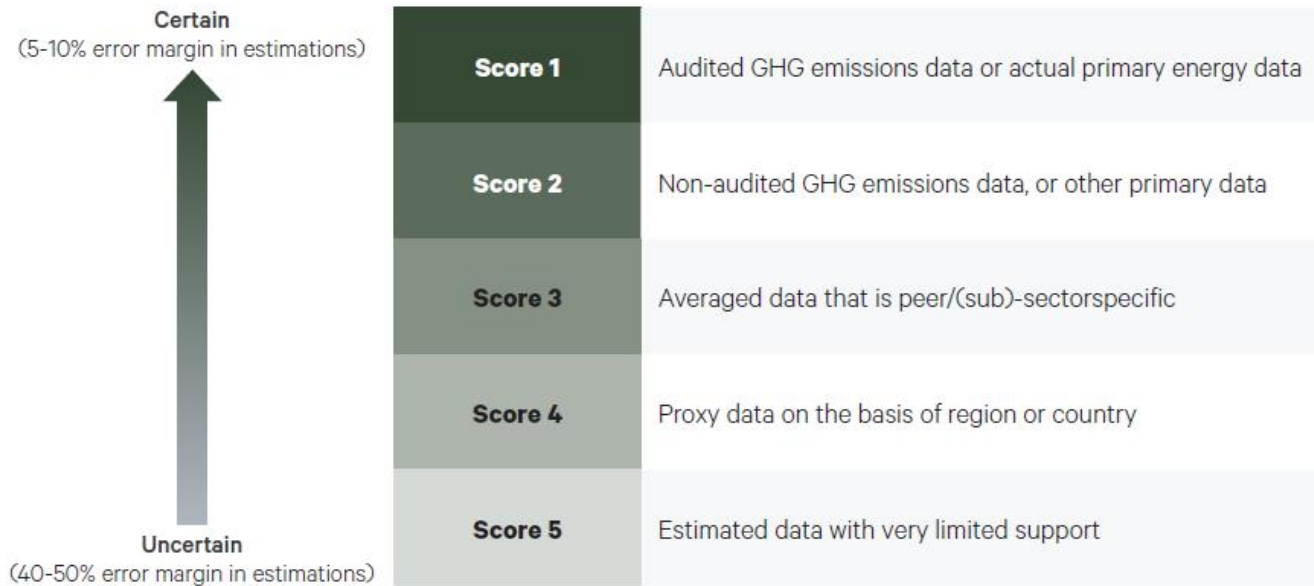
## Characteristics

- Free access for PCAF participants
- Transparent
- Editable and thus extendable through “authorized” users
- Comprehensive with as many geographies, asset classes & sectors as possible
- Includes data quality score card

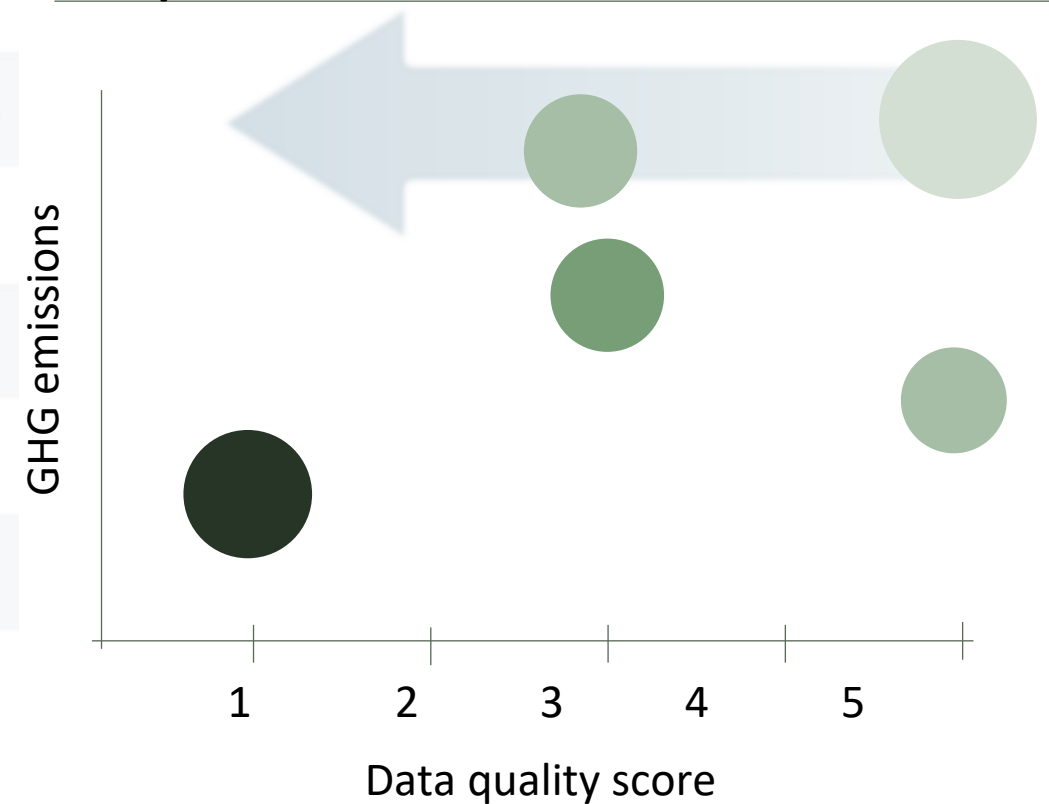


# PCAF proposed to score data quality to measure accuracy and progress

## Data quality scoring from 1 to 5....



...enables a bank to develop a strategy to improve data over time





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