Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

42nd SESSION
12 – 14 November 2025

Thursday, 13 November 2025

Agenda item 3. Review of developments in harmonization of sustainability reporting requirements and their practical implementation

Presented by

Eslam Mahdy
Middle East Regional Lead
Partnership for Carbon Accounting Financials

Partnership for Carbon Accounting Financials

Presentation for the forty-second session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

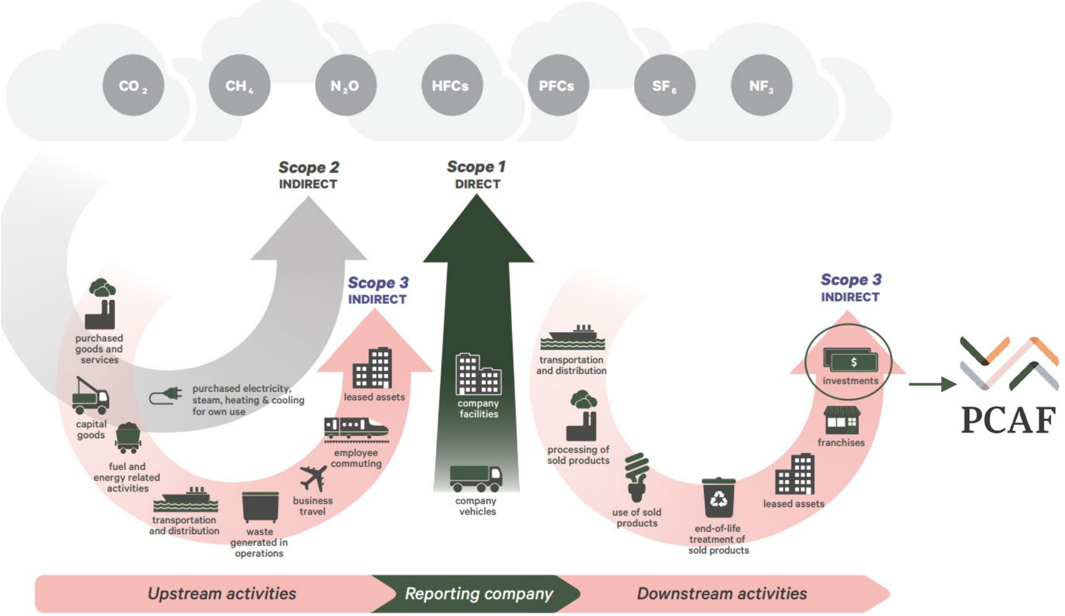
PCAF Partnership for Carbon Accounting Financials

Eslam Mahdy
PCAF MENA Lead and Engagement Group Coordinator

November 2025

GHG accounting for financial institutions, PCAF focus on Scope 3 Cat. 15

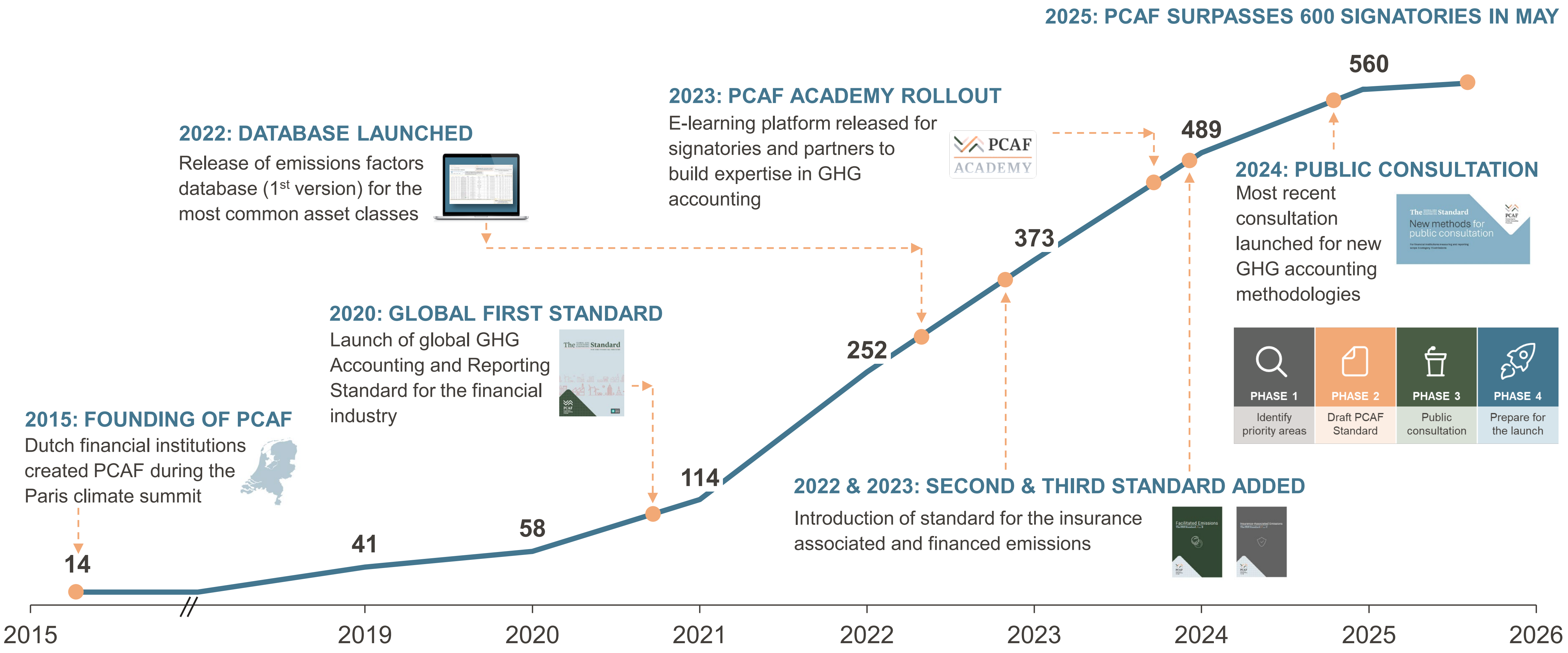
Source: CDP



Source: GHGP

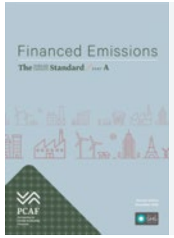
Greenhouse gas (GHG) accounting for financial institutions is the annual accounting and disclosure of **GHG emissions** associated with **financial activities** at a fixed point in time in line with financial accounting periods.

PCAF has grown into a global standard-setter through the introduction of new standards, tools and platforms



PCAF Standard Development

PCAF CURRENTLY PUBLISHED THREE STANDARDS

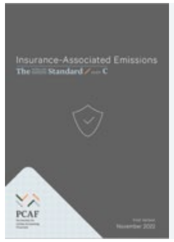


Part A – Financed Emissions

- 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**.



Part C – Associated Emissions

- Provides methodological guidance for measuring and reporting the GHG emissions associated with **re/insurance underwriting for two segments**. 1st edition launched in 2022.
- **Two segments:** 1) commercial lines, and 2) personal motor lines.

THE WORKING GROUPS ARE IMPROVING AND EXPANDING THE STANDARDS

PCAF offers signatories the chance to be a part of working groups to develop updates to the standard and to work with peers on technical guidance.

PHASE 1	PHASE 2	PHASE 3	PHASE 4
Identify priority areas	Draft PCAF Standard	Public consultation	Prepare for the launch

PCAF harmonizes the reporting of Scope 3 Category 15 and enables FIs to comply to sustainability reporting standards globally

ISSB **IFRS S1 & S2** – Reporting of financed emissions as part of the transition risks required to be reported in S2	**ALIGNED**
CSRD **ESRS (CSRD)** – *Requires reporting of Scope 1,2 & 3 emissions under E1 Climate Change, refers to PCAF for S3C15*	**ALIGNED**
GRI **GRI** – *Sustainability Reporting Disclosure Standards GRI 305 requires reporting of Scope 1,2 & 3 emissions*	**ALIGNED**
SASB **SASB** – *Sustainability Accounting Standard for the Financial Industry advises the reporting of financed emissions*	**ALIGNED**
GHGP – *Provides guidance on Scope 1,2 and 3 reporting. PCAF builds upon and advances the GHG Protocol*	**BUILT UPON**

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

PCAF ensures interoperability and alignment with major sustainability reporting frameworks, facilitating consistent, transparent and comparable emissions disclosures

Community and collaboration: Build connections within a global network of financial institutions dedicated to GHG transparency

660+ SIGNATORIES

300+ DISCLOSURES

85+ COUNTRIES GLOBALLY

Regional Chapters

01	Africa	04	Latin America & Caribbean
02	Asia-Pacific	05	Middle East & North Africa
03	Europe	06	North America

National Chapters

01	Brazil	04	The Netherlands
02	China	05	United Kingdom
03	D/A/CH/Li	06	India

Why to join? PCAF equips signatories with methodologies, tools, and guidance to effectively measure and disclose GHG emissions linked to financial activities

THE ADDED VALUE OF PCAF:

STANDARDISATION

Helps establish a consistent GHG accounting and disclosure framework across the financial sector.

TRANSPARENCY AND ACCOUNTABILITY

Enhances stakeholder trust through consistent emissions tracking.

REGULATORY COMPLIANCE SUPPORT

Aligns with global and regional emissions accounting standards like GHGP, ISSB and GRI.

KNOWLEDGE-SHARING

PCAF hosts regional and national implementation teams to stimulate peer-to-peer learning.

RESOURCES OFFERED BY PCAF TO SIGNATORIES:

Standard Development
Participate in working groups to develop updates to the standard

Technical Assistance
Customized support for emissions measurement and reporting

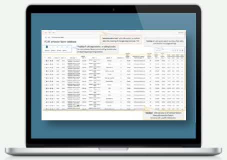
PCAF Emission Factor Database
Emission factor dataset aligned with PCAF methodology

PCAF Academy
Self-paced e-learning program to deepen understanding of GHG accounting standards

Community and Collaboration
Build connections within a global network of financial institutions

Global Recognition
Get promoted by PCAF recognizing your commitment to GHG accounting and disclosure

PCAF can show great success enabled through global collaboration and innovation



Emission Factor Database

UN-convened Net-Zero Asset Owner Alliance
net-zero banking alliance
UN-convened Net-Zero Insurance Alliance
Paris Aligned Investment Initiative
CDP DISCLOSURE INSIGHT ACTION
Joint Impact MODEL
SCIENCE BASED TARGETS
GREENHOUSE GAS PROTOCOL
CRREM
GRESB
ToC
kosif

Collaboration with the Ecosystem

Expert Advisory Through Technical Assistance Team

Global Standards

PCAF Engagement Group

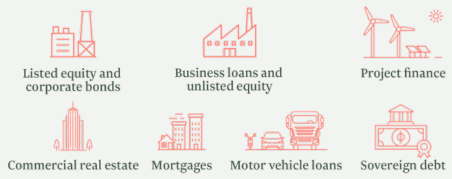
For Central Banks and Financial Regulators

PCAF ACADEMY

PCAF Academy

PCAF Partnership for Carbon Accounting Financials
partners with
PERSEFONI
Watershed
S&P Global

Partnership Program



Standardizing Disclosures and Raising reporting quality

The PCAF Engagement Group for Central Banks and Financial Regulators

PCAF has recently announced the launch of the PCAF Engagement Group for Central Banks and Financial Regulators: a new format designed to foster dialogue with central banks and financial regulators worldwide.

Objectives

- **Share knowledge :** Inform central banks and other financial regulators on the processes and progress of the PCAF Standard developments and resources.
- **Strengthen harmonization :** Support the consistent implementation of PCAF GHG accounting methodologies and strengthen uniformity in the disclosures.
- **Raise awareness:** Serve as a source of guidance and assistance on the PCAF Standard to ensure the global harmonized understanding of the body of work created by PCAF.

- Qatar Financial Centre Regulatory Authority (QFCRA), Qatar.
- Office of the Superintendent of Financial Institutions, (OSFI), Canda.

Thank you.

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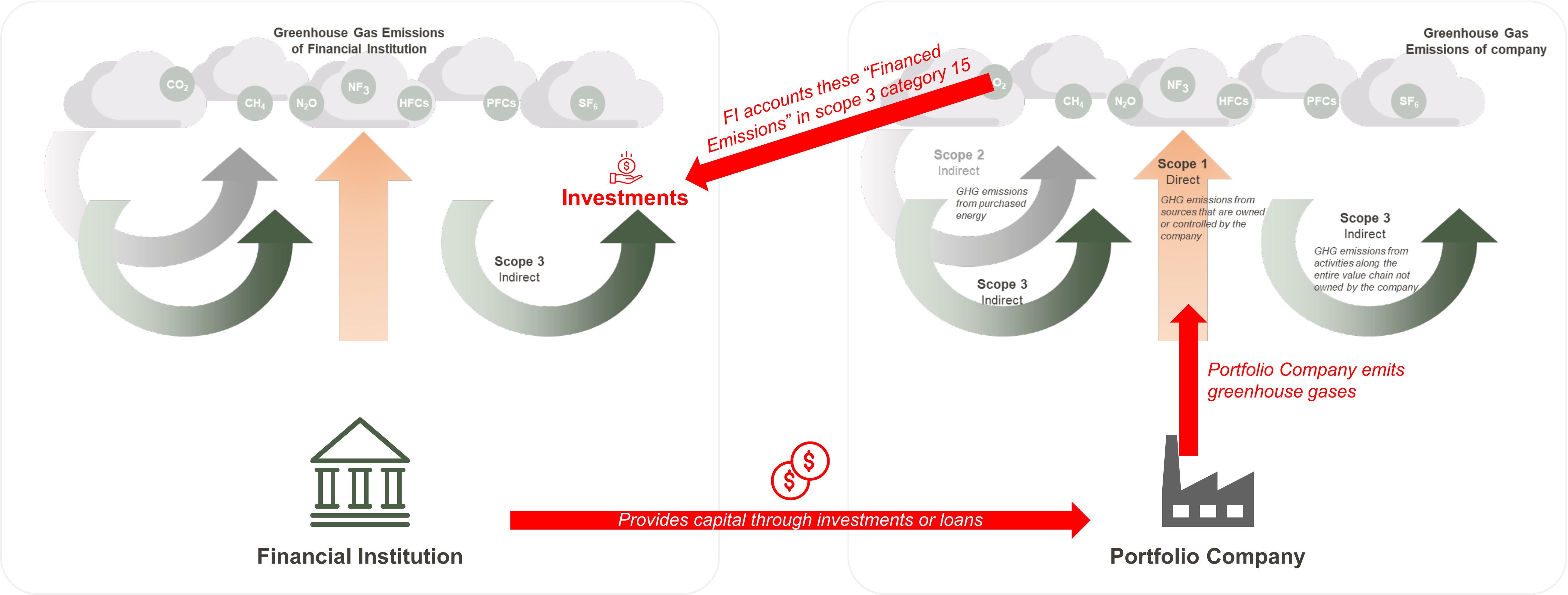
Financial institutions indirectly create a climate impact through their financial activities – PCAF allows FIs to account for this impact



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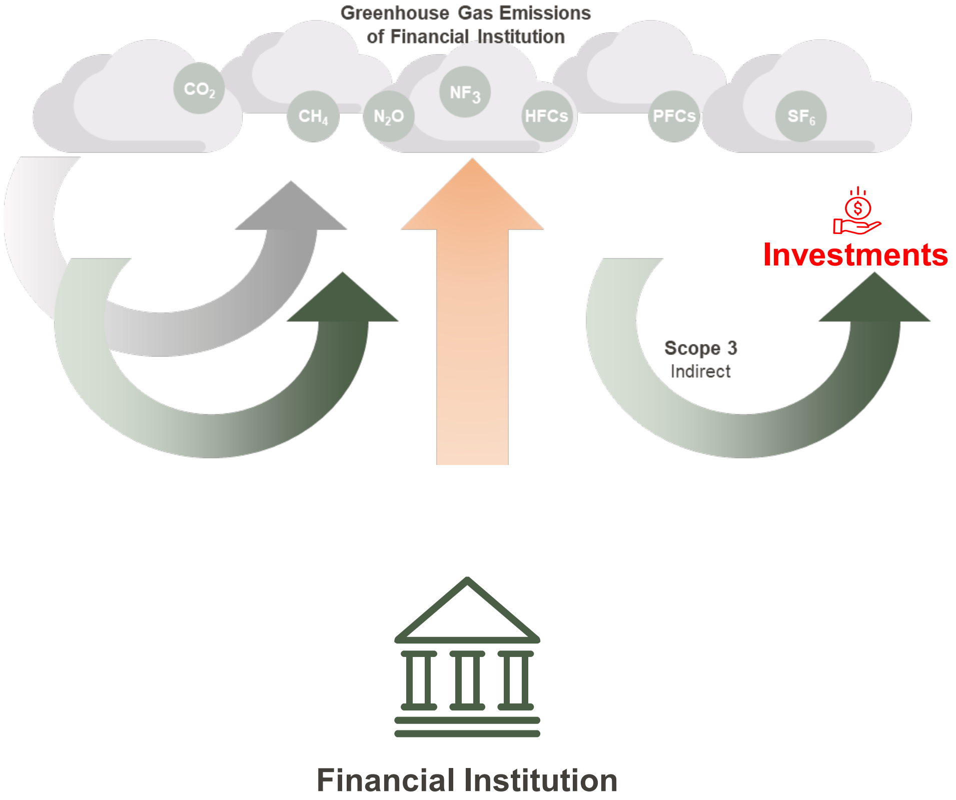

[1]Source: CDP

Why is it important for a Financial Institution to account for it's **financed emissions?**

PCAF provides the global standard to measure and disclose financed emissions for FIs.

PCAF works with various global partners and collaborators

All Global Net-Zero Alliances and Net-Zero Initiatives

UN-convened Net-Zero Asset Owner Alliance

Global asset owners committed to decarbonising their investment portfolios and achieving net-zero emissions by 2050

UN-Convened, Industry-led Net-Zero Banking Alliance

Paris Aligned Investment Initiative

Reporting, Target-Setting and Sector Alignment initiatives

CDP DISCLOSURE INSIGHT ACTION

SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

GREENHOUSE GAS PROTOCOL

CRREM

GRESB

Joint Impact MODEL

Leading local Sustainable Finance networks and actors

VfU

kosif Korea Sustainability Investing Forum

ToC MONGOLIAN SUSTAINABLE FINANCE ASSOCIATION

GREEN FINANCE FORUM OF 60 绿色金融60人论坛

General Council for Islamic Banks and Financial Institutions CIBAFI المجلس العام للبنوك والمؤسسات المالية الإسلامية

More than 660 financial institutions joined PCAF – an industry-led initiative to measure and disclosure GHG emissions associated with financial activities

660+
SIGNATORIES

85+
COUNTRIES GLOBALLY

300+
DISCLOSURES

Mitsubishi UFJ Financial Group, Inc.	Bank of America	BNP Paribas	Sumitomo Mitsui Financial Group, Inc.
Standard Bank Group	HSBC Holdings PLC	Citi	First Abu Dhabi Bank
Barclays	Itaú Unibanco	QNB Group	Emirates NBD
Allianz SE	Banco Santander	FirstRand Group Ltd.	Morgan Stanley

PCAF MENA

	Financial institution	Headquarter
01	Frist Bank of Abu Dhabi FAB	UAE
02	Commercial International Bank CIB	Egypt
03	Ahli United Bank	Bahrain
04	Emirates NBD	UAE
05	Bank ABC	Bahrain
06	National Bank of Kuwait	Kuwait
07	Bank al Etihad	Jordan
08	QNB	Qatar
09	Jordan Ahli Bank	Jordan
10	Amen Bank	Tunisia
11	Arab Energy Fund	Multilateral based in KSA
12	Jordan Kuwait Bank	Jordan
13	Al Rayan Bank	Qatar
14	Commercial Bank of Dubai	UAE

	Financial institution	Headquarter
15	Riyad Bank	KSA
16	EBank (Export Development Bank)	Egypt
17	Al Baraka Bank Egypt S.A.E.	Egypt
18	Ahli Bank	Qatar
19	National Bank of Bahrain	Bahrain
20	Housing Bank	Jordan
21	Suez Canal Bank	Egypt
22	Happy Smala Impact Fund HSIF	Morocco

22 SIGNATORIES

09 COUNTRIES

Co-Chairs:
Shargiil Bashir (FAB) and Vijay Bains (ENBD)

PCAF Standard Development

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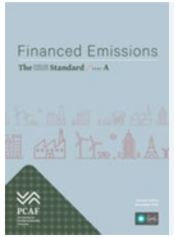

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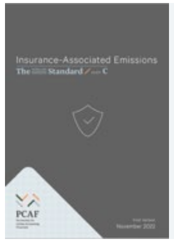

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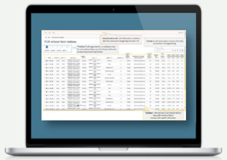
PCAF can show great success enabled through global collaboration and innovation



Emission Factor Database

Collaboration with the Ecosystem

Global Standards

PCAF Engagement Group

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Expert Advisory Through Technical Assistance Team

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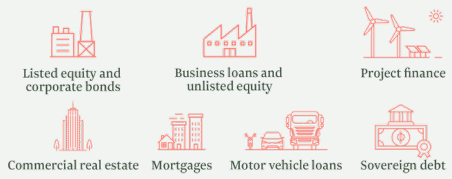
PCAF partners with PERSEFONI Watershed S&P Global

Partnership Program



Standardizing Disclosures and Raising reporting quality

Technical Assistance: Gain direct access to expert advisory and personalized assistance

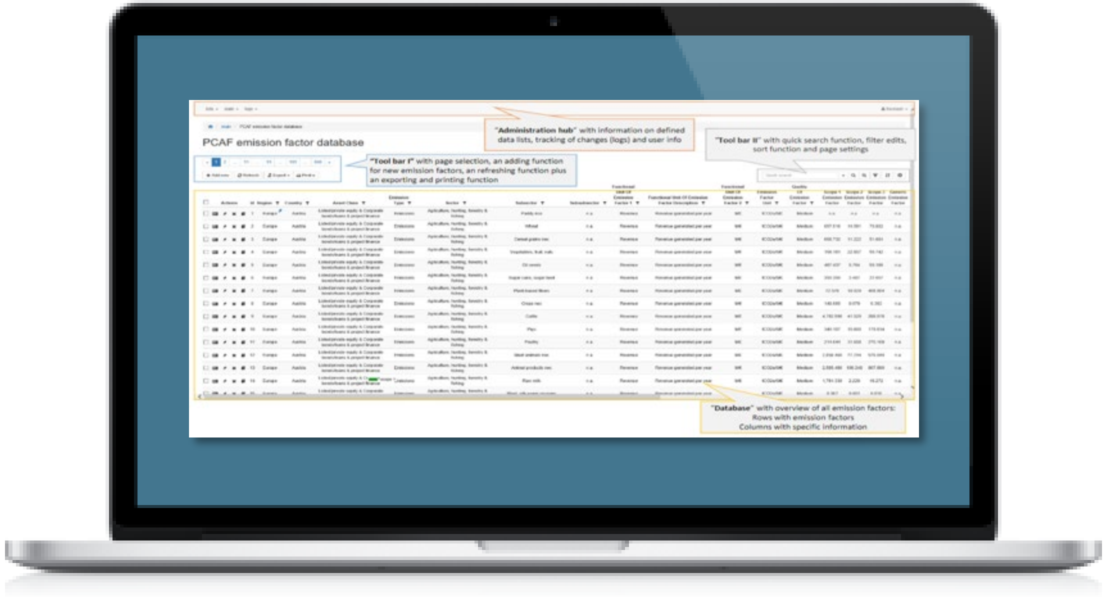
The **Technical Assistance (TA)** team is the **first point of contact** for all signatories on any technical support related to the PCAF Standards. The TA team consists of **PCAF experts** who are **dedicated to supporting all signatories globally**.

Live support during office hours	Expert advisory at any time	Dedicated review & feedback on your GHG accounting	Tools, templates & guidance
• Through bi-weekly office hours, the TA team answers any signatory questions and queries live. • The office hours also provide a great platform to learn about the resolution of other signatories' questions.	• Signatories can, at any point, reach the TA team directly through a dedicated inbox. • An expert will provide bespoke advice and share best practices, drawing on the accumulated, in-depth PCAF experience within the team.	• The TA offers guidance and feedbacks on signatories' emission accounting and disclosures to ensure alignment with the PCAF Standard and enhance overall quality of disclosures.	• Access to a pool of useful tools, templates and best practice guidance on everything related to PCAF is available to all signatories, e.g. FAQs on technical questions and guidance on emissions hotspot analysis.

With access to PCAF's technical advisors, signatories are well equipped to start and finesse their measurement and disclosure of GHG emissions associated with financial activities.

PCAF Database: Enables financial institutions to start with GHG accounting

- Directly based on the PCAF methods to kick-start the assessment of emissions associated with financial activities
- Including emission factors for the insurance-associated emission Standard Lines of Business
- Hotspots the most emissions intensive emissions attributed to bank, investor or re/insurer



Available for PCAF signatories	Set of publicly available emission factors across geographies and asset classes	Transparent	Includes data quality

PCAF provides more than standards for measuring emissions associated with financial activities, but provides real solutions for FIs on net zero

Applying and following the PCAF Standard and methodologies, does not just allow you to measure and report on your institution's financed emissions, it also allows you to drive apply strategic decision making and understand risks and opportunities from the net zero transition:

DRIVE CLIMATE-RELATED BUSINESS GOALS

By measuring financed emissions, you can achieve tangible business outcomes:

1) Understanding and managing climate risk
2) Insights into developing innovative financial products and re-aligning financial flows
3) Drive stakeholder and shareholder transparency

PARTICIPATE IN THE GLOBAL NET ZERO ECOSYSTEM

Achieving success on net zero requires tight collaboration within the wider ecosystem, including standard and framework setters, regulators, NGOs, the public and private sector.

PCAF is deeply embedded within this ecosystem and with its global structure and focus on local nuances, which allows signatories to be interconnected everywhere.

ENSURE COMPLIANCE WITH GLOBAL REGULATION

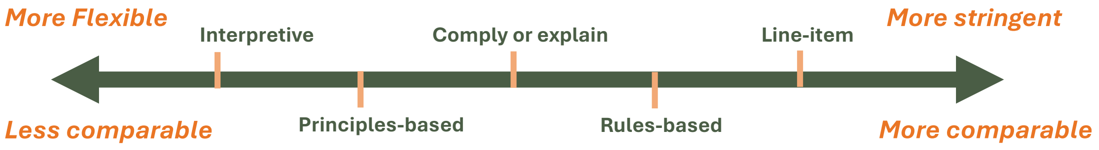
PCAF is closely interconnected with global regulation; following PCAF helps you comply with

- EU ESRS
- ISSB – S2
- GRI
- Greenhouse Gas Protocol

The principle-based nature of the PCAF Standard ensures that the Standard can be applied to various emerging regulations worldwide

There is no ‘one-size-fits-all’ sustainability reporting regulation

- Depending on different regional and geographic factors, the sustainability reporting approaches followed by countries can differ immensely:
  - Current state of the reporting landscape
  - Sustainability reporting maturity of local companies
  - Climate of the policy and economic environment
  - Composition of the local and regional industries
  - Social context of the country and government
  - Demand for sustainability data by investors



The PCAF Standard aligns with various types of (emerging) sustainability reporting regulations

→ The PCAF Standard is a **principle-based reporting and calculation standard** that allows for **flexible application**. Financial institutions can select calculation methodologies that are relevant to their unique portfolio or offered financial services.

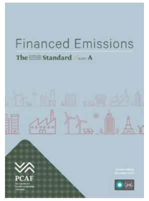
→ The PCAF Standard provides **detailed guidance on calculating Scope 3 Category 15** emissions, which is required by many sustainability reporting regulations. This guidance is more specific than the general sustainability reporting requirement for emissions often outlined in regulatory documents.

→ **PCAF continuously works to ensure interoperability** with global sustainability reporting standards and national regulations. This is achieved through research, interoperability analyses, and active engagement with standard setters and regulators.

PCAF

PCAF's Part A – Financed Emission standard which consists of seven distinct asset classes

Current Scope including three Standards



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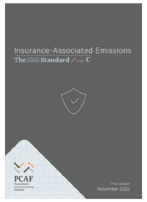

Part C – Insurance-Associated Emissions

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Listed Equity and Corporate Bonds

Business Loans and Unlisted Equity

Project Finance

Listed Commercial Real Estate

Mortgages

Motor Vehicle Loans

Sovereign Debt

Availability of data determines the method of calculating financed emissions

FINANCED EMISSIONS $= \sum$ **Attribution factor$_c$** x **Emissions $_c$**

(with c = borrower or investee company)

- The attribution factor is used to show the FI's share of the investee's emissions
- An investee is a general term and could represent a company, property, project etc. (asset class dependent)

$$\frac{\textbf{Outstanding amount}_c}{\textbf{Total book value of equity}_c + \textbf{debt}_c}$$

or

$$\frac{\textbf{Outstanding amount}_c}{\textbf{Enterprise value including cash (EVIC)}}$$

1. **Reported emissions$_c$**

or

2. **Physical activity-based emissions$_c$**

or

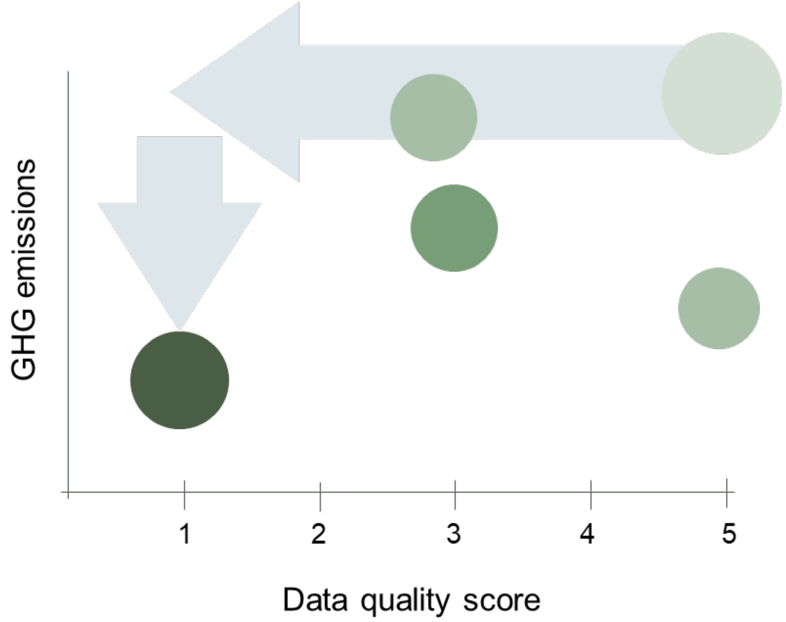
3. **Economic activity-based emissions$_c$**

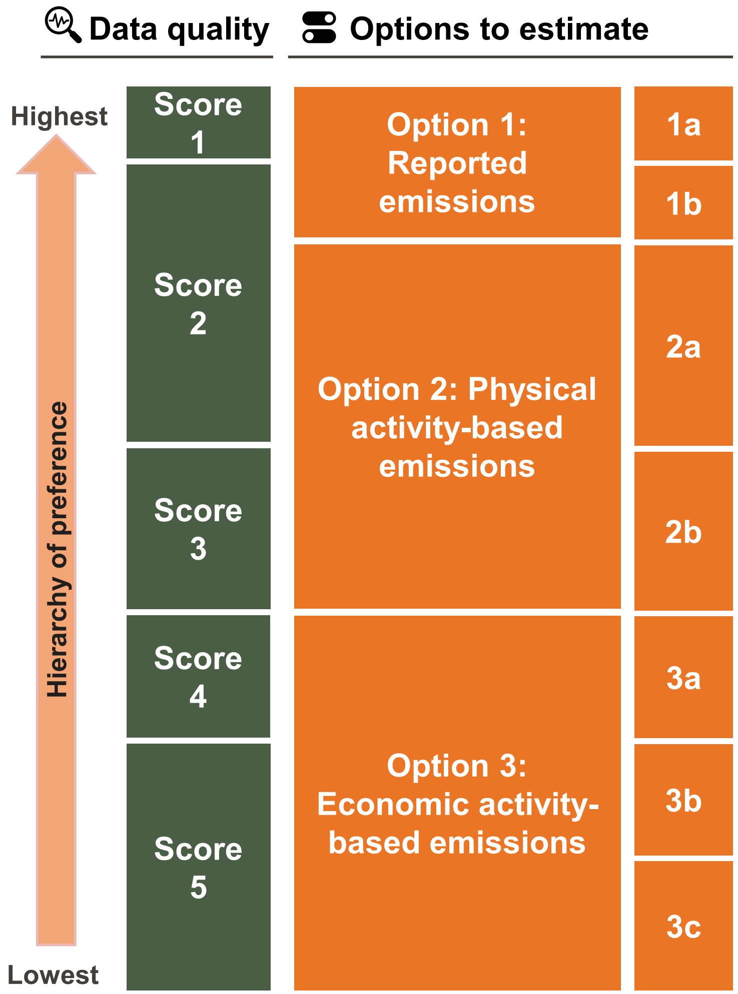
Hierarchy of preference

Having a data quality scoring system enables FIs to get started even with very limited data availability

Data limitations should not deter financial institutions from starting their GHG accounting journeys

- Always aim for the highest data quality score
- If no data is available, start with data quality score 5
- Improve data quality over time by collecting more accurate measures





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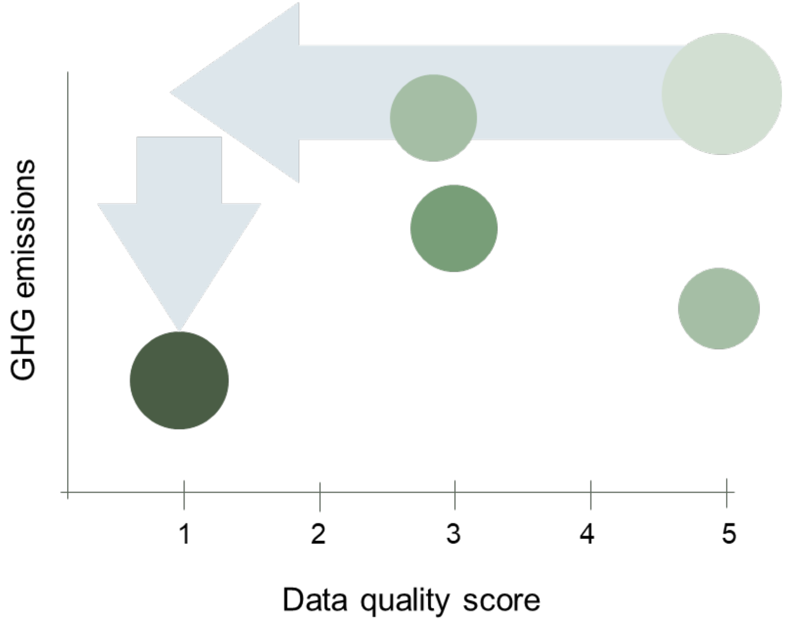

Data Quality	Options to estimate the financed emissions		When to use each option
Score 1	Option 1: Reported emissions	1a	Outstanding amount in the company and EVIC are known. **Verified emissions** of the company are available.
Score 2	Option 1: Reported emissions	1b	Outstanding amount in the company and EVIC are known. **Unverified emissions** calculated by the company are available.
Score 2	Option 2: Physical activity-based emissions	2a[69]	Outstanding amount in the company and EVIC are known. Reported company emissions are not known. Emissions are calculated using primary physical activity data of the **company's energy consumption** and emission factors[70] specific to that primary data. Relevant process emissions are added.
Score 3	Option 2: Physical activity-based emissions	2b	Outstanding amount in the company and EVIC are known. Reported company emissions are not known. Emissions are calculated using primary physical activity data of the **company's production** and emission factors specific to that primary data.
Score 4	Option 3: Economic activity-based emissions	3a	Outstanding amount in the company, EVIC, and the **company's revenue**[71] are known. Emission factors for the sector per unit of revenue are known (e.g., tCO_2e per euro or dollar of revenue earned in a sector).
Score 5	Option 3: Economic activity-based emissions	3b	Outstanding amount in the company is known. Emission factors for the sector per unit of asset (e.g., tCO_2e per euro or dollar of asset in a sector) are known.
Score 5	Option 3: Economic activity-based emissions	3c	Outstanding amount in the company is known. Emission factors for the sector per unit of revenue (e.g., tCO_2e per euro or dollar of revenue earned in a sector) and **asset turnover ratios** for the sector are known.

High-level steps to measure and disclose financed emissions

1 SCOPING

Define scope of the assessment

2 IDENTIFY DATA NEEDS

Identify data needs to measure

3 APPLY METHODS

Collect data & apply methods

4 REPORT + DISCLOSE

Prepare reports and disclose

General approach to calculate financed emissions:

FINANCED EMISSIONS

$$= \sum_{i} \frac{\text{Investment}_i}{\text{Investee equity}_i + \text{Investee debt}_i} \times \text{Emissions of investee}_i$$

(with i = investee)

PCAF Engagement Group

For Central Banks and Financial Regulators

In response to the joint interest in closer cooperation, The PCAF Engagement Group provides an opportunity for central banks and other financial regulators to collaborate with PCAF. This will include the following engagement activities:

Progress and knowledge sharing about PCAF

- To receive a quarterly PCAF newsletter containing updates and recent developments.
- To receive invites to global workshops, events, and meetings organized by PCAF.
- If requested, PCAF technical experts taking part in the financial regulators' events and capacity building programmes.

Technical support and PCAF Academy

- To get access to the self-paced e-learning platform of PCAF; the PCAF Academy.
- To get access to the PCAF Technical Assistance team via emails for inquiries on the application of the PCAF Standard.

Access to the PCAF Emission factor database

- To get an access to the PCAF emission factor database.
- The regulators will have the chance to contribute to the emission factors database, mainly by referring to the publicly available national databases that can be included in the database.

Communication and collaboration

- The regulators may join the quarterly one-hour financial regulator meetings.
- Optional: to mention the name of the financial regulator the PCAF website.