

Managing Financed Emissions



Financial institutions and Portfolio Managers are facing increased pressure to measure and disclose their financed emissions, and others are committing to reduce financed emissions across their portfolios in response to stakeholder expectations.

What are Financed Emissions?

Financed emissions refer to the greenhouse gas (GHG) emissions associated with financial institutions' lending, investments, and other financial activities. For most financial institutions, these emissions fall primarily under **Scope 3.15** and represent the **largest** share of their total emissions.

Role of financial institutions

▪ Influence of capital allocation and lending:

Financial institutions have control over carbon intensity through their investment and lending choices. By funding low-carbon sectors and companies, they can drive systemic change towards sustainability

▪ Impact on portfolio companies:

Investments influence portfolio companies' emissions management practices, making financial institutions a key player in achieving global climate goals

Why calculate financed emissions?

Market Differentiation

- Strong financed-emissions management differentiates institutions as sustainable finance leaders
- Enables access to green capital, sustainability-linked financing, and climate incentives

Rising Investor Expectations

- Rising investor demand for financed emissions transparency
- Increased scrutiny of investment sustainability
- Need to embed financed emissions disclosures into business processes

Strengthened Risk Management

- Financed emissions data highlights exposure to carbon-intensive sectors
- Supports stronger due diligence, portfolio resilience, and long-term stability

How Sia can Help

We design customized measurement frameworks aligned with leading standards such as PCAF and the GHG Protocol, ensuring methodological rigor across portfolios.

Measurement and methodology

We centralize emissions data to improve coverage, auditability and comparability supported by clear governance, controls, and transparent treatment of data gaps (including estimation where appropriate).

Data architecture and governance

Automation and advanced analytics reduce operational burden while improving insights a enabling hotspot analysis, scenario exploration, and more efficient updates as data improves.

AI-Enabled Analytics

We produce disclosure-ready outputs tailored to regulators, investors, and internal stakeholders grounded in consistent methodology, documentation, and traceability, to support compliance with global standards (ISSB, CSRD, SFDR, EU Taxonomy, CA SB253/261).

Regulatory alignment and reporting

Gregory McNamara

gregory.mcnamara@sia-partners.com

Judy Sandford

judy.sandford@sia-partners.com