MORNINGSTAR | SUSTAINALYTICS

Climate Solutions

The PCAF Reporting Guide

Supporting PCAF-Aligned Financed Emissions Reporting

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Morningstar Sustainalytics provides the data and tools financial institutions need to measure, report and act on financed emissions in line with PCAF standards. This guide summarises our coverage, capabilities and how we address the key PCAF requirements.

What is PCAF and Why Does It Matter?

The Partnership for Carbon Accounting Financials (PCAF) is the global standard for measuring and disclosing the greenhouse gas emissions associated with a financial institution's investments and loans — known as Scope 3 Category 15 'financed emissions'. Adoption is accelerating, driven by regulatory pressure (TCFD/IFRS S2, EU Taxonomy), investor expectations, and net-zero target-setting.

Asset Class Coverage

We cover 16,000 issuers across our emissions universe. The table below shows our support for each PCAF asset class.

Asset Class	Denominator	Supported?	Coverage	Notes
Listed Equity	EVIC	**YES**	16,000 issuers	
Corporate Bonds	EVIC	**YES**	16,000 issuers	
Sovereigns	GDP*	**YES**	170 sovereigns*	
Private Equity	EVIC	**YES**	˜2,000 private companies	
Real Estate	Property value	**NO**	N/A	
Corporate Loans	Equity + debt	**NO**	N/A	

** Sovereign carbon intensity uses unadjusted GDP; transition to PPP adjusted GDP is in progress.*

Key PCAF Requirements — How We Support Them

Financed Emissions Calculation

We provide issuer-level Scope 1, 2 and 3 emissions, EVIC and sovereign carbon intensity data, enabling the PCAF attribution-factor calculation across listed equity, corporate bonds and sovereigns. Pre-built portfolio carbon footprint outputs are available via datafeed, API, Sustainalytics Global Access or Morningstar Direct.

Portfolio-Level Metrics

- **Weighted Average Carbon Intensity (WACI):** Available for listed equity and corporate fixed income. Sovereign WACI in development.
- **Carbon Footprint:** Pre-calculated output in our aggregated data feeds and reporting templates.
- **High-Emitting Sector Exposure:** Portfolio-level breakdown with NACE sector mapping for NZIF 2.0 alignment.
- **Scenario Analysis:** 4 transition scenarios (IPR RPS/FPS, IEA NZE/STEPS) and 2 physical risk scenarios (RCP 2.6/8.5), with emissions projections to 2050 and Transition VaR.

Data Quality

We update our full 16,000-issuer universe quarterly. Our PCAF aligned Carbon Emission Data Quality Score is available at Scope 1, Scope 2, Scope 3 and combined Scope 1&2 level, in line with the updated PCAF standard. Rolling 3-year historical data with restatements is provided as standard.

2025 PCAF Standard Updates — What's New and How We Support It

In late 2025, PCAF released a significant update to the Global GHG Accounting and Reporting Standard, alongside new supplemental guidance on avoided emissions and forward-looking metrics. Key changes are summarised below.

Requirement	What PCAF Requires	Our Support
Expanded Asset Coverage	New methods for securitisations, structured products, sub-sovereign debt.	Our data is held at issuer level and maps across equity and fixed income securities. While we don't currently provide emissions data at a security level, we do see appetite from clients to use our issuer level data to apply at the project or security level using their own analysis.
Mandatory Full Scope 3	Full Scope 3 required across all sectors.	We cover Scope 3 total + all 15 category splits.
Avoided Emissions (EER/ EAE)	Expected Emissions Reductions and Expected Avoided Emissions must be reported separately.	An avoided emissions model is being explored for efficacy. We already provide a broad suite of forward-looking metrics across our Transition and Emissions datasets in the interim.
No Netting	Avoided emissions cannot offset Scope 1, 2 or 3 financed emissions.	Our reporting templates will keep absolute and avoided emissions as distinct, separate disclosures.

How We Deliver

- **Data Feed/API** Monthly feed or API access to raw emissions and financial data.
- **Sustainalytics Global Access** Interactive issuer-level analysis.
- **Morningstar Direct** Fund comparison, analytics and reporting.
- **Outsourced Reporting** Templated or fully customised branded reports at any volume.
- **Fund Look-Through** 63,000 funds covered with 10 levels of look-through for fund-of-funds financed emissions.

Regulatory & Standards Alignment

- **TCFD/IFRS S2:** Emissions data, transition scenario assessments and reporting templates aligned to TCFD/ISSB requirements.
- **GHG Protocol:** All collected and estimated data adheres to GHG Protocol accounting norms.
- **EU Taxonomy:** Full EU Taxonomy solution covering Revenue, CapEx and OpEx across all three KPIs.

To find out more, visit sustainalytics.com, or contact your Morningstar Sustainalytics relationship manager.

Why Morningstar Sustainalytics:

Our data and insights allow investors to spend less time grappling with sustainability and climate, and more time making the most of it. For over 30 years, Morningstar Sustainalytics has worked to put the promise of sustainable investing into practice: with deep data and end-to-end solutions that cover the entire investment value chain - from decision making, to monitoring and reporting.