

Bank's Carbon Footprint

Carbon Footprint through financed greenhouse gas emissions

Sustainability awareness and transition to a low carbon Economy becomes an imperative of today's era. What will be your commitments towards Paris agreement targets?

- ▶ Who are the top emmissioners in your portfolio?
- ▶ Which sectors will you promote?
- ▶ Which clients will you help to 'go green'?
- ▶ How will you establish an overall ESG strategy towards carbon footprint and non-financial reporting?

EY has designed a solution that helps you to understand your financed (scope 3) greenhouse gas emissions and set the right targets in our mutual effort to decarbonize the world. Business loans, retail mortgages, investments? We address all of them!

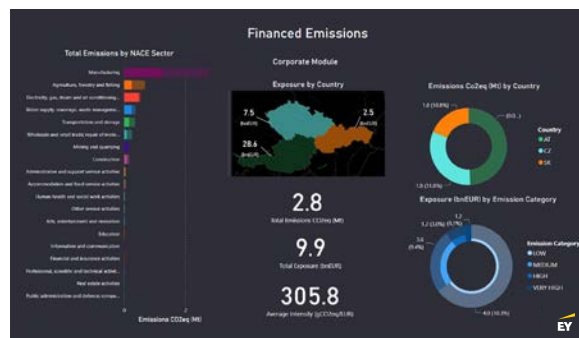


**Building a better
working world**

Bank's Carbon Footprint Engine in a nutshell

The engine is designed in line with Partnership for Carbon Accounting Financials (PCAF) standards, a primary industry-led initiative laying out comprehensive standards for carbon accounting in the financial sector.

- ▶ Developed in close collaboration with a major CEE banking group
- ▶ Designed and tested on real data covering 6 CEE countries
- ▶ Multiple calculation approaches structured into dedicated modules
- ▶ Interactive visualization and analytical layer in Power BI



Interactive corporate loans module dashboard outlining key figures and distribution of Bank's Carbon footprint across multiple metrics

Model process workflow



- ▶ Bank's internal data in predefined structure
- ▶ Reported emissions data at the client level
- ▶ ESG information from multiple external data sources
- ▶ Parametrization using industry and sector specific drivers and coefficients
- ▶ Easily comprehensible SAS calculation engine
- ▶ Modular structure allows sector focus and scalability
- ▶ Industry focused modules enhance calculation precision
- ▶ Built-in data quality testing ensures reliability
- ▶ Total carbon emissions for individual portfolios, sectors and clients in a structured form
- ▶ Identification of high emission segments and clients in an interactive visualized reports
- ▶ Benchmarks calculation and comparison with other reporting institutions

Key features

- ▶ Modular approach promotes scalability and focused deep dives
- ▶ Transparent and reliable calculation and complete engine documentation facilitates easy auditing
- ▶ Adherence to PCAF standards enables benchmarking as well as direct comparison with peers
- ▶ Flexible adaptations to selected entities, sectors or portfolios
- ▶ Power BI based rich visualization interactive layer

Modules

Tested ready-to-use POCs

- ▶ Corporate loans module Industry-level emissions based on NACE segmentation and Eurostat data
- ▶ Mortgage module
- ▶ Retail Residential mortgages emissions reflecting properties energy efficiency

Modules in development phase

- ▶ Corporate sector focused modules utilizing sectoral specific emission drivers and physical production
 - ▶ Energy module reflecting for proper energy mix and renewable sources identification
 - ▶ Manufacturing module
 - ▶ Agriculture module
- ▶ Other asset classes
 - ▶ Commercial real estate
 - ▶ Project finance
 - ▶ Sovereign bonds
 - ▶ Listed equities

Usage modes

- ▶ Initial one-off setup and emissions calculation for selected entities, segments or portfolios
- ▶ Managed services, i.e., regular calculation, analysis and emissions reporting with the most up to date engine features and updates
- ▶ Software as a service based on a licensing fee

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ey.com

Our team



Dusan Precechtel

Senior Manager
dusan.precechtel@cz.ey.com
 +420 731 627 096



Ondrej Novacek

Senior Consultant
ondrej.novacek@cz.ey.com
 +420 730 191 771