

PCAF Report

FY'2024



Introduction

Introduction to PCAF

The Partnership for Carbon Accounting Financials (PCAF) is a global coalition of financial institutions committed to developing and implementing a standardized method for assessing and disclosing the greenhouse gas (GHG) emissions linked to their loans and investments. PCAF acknowledges the significant role financial institutions play in driving change and facilitating the transition to a low-carbon society, in alignment with the Paris Climate Agreement. Essentially, financed emissions are the indirect emissions that financial institutions are accountable for due to their financial backing of companies and projects that produce GHGs.

By measuring financed emissions, financial institutions like Caspian can conduct scenario analysis, set targets, guide actions, and report progress. These steps are vital for aligning portfolios with climate goals and achieving decarbonization.

In early FY'2024, Caspian became the first Indian NBFC to join the PCAF, taking a step further towards sustainable finance and a commitment to measure and disclose its financed emissions. To put this into effect and ensure comprehensive measurement and assessment of the economic, social and environmental impact, Caspian partnered with an impact modelling organisation, Joint Impact Model¹(JIM).

Caspian Debt has utilized the JIM tool, which aligns with the PCAF (Partnership for Carbon Accounting Financials) standard, to measure its financed greenhouse gas emissions across various scopes. The company has achieved an average data quality score of 4 for these measurements, basing the calculations on the underlying economic activity.

Beyond these scopes, Caspian Debt is also focusing on tracking and disclosing emissions from its internal operations. This initiative aims to increase transparency, helping the company to identify emission sources more effectively and implement strategies to manage and reduce its carbon footprint. By doing so, Caspian Debt is taking proactive steps toward sustainability and environmental responsibility.

Please note: *Caspian Debt does not hold any financial or operational control over any of the companies it lends to. Consequently, all our financed emissions are categorized under Scope 3 emissions as neither the operational control nor the financial control consolidation approach applies to our investments. As per the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, these emissions are appropriately classified under Scope 3, specifically within category 15 (Investments). This approach ensures transparency and aligns with the reporting requirements.*

¹The Joint Impact model uses econometric modelling based on Social Accounting Matrices. The results are based on modelled estimates, sectoral data and averages available for the sector and country of operations in addition to the attribution factor as per the PCAF standard. Therefore, the results are estimated figures and should be interpreted as such



GHG accounting report for scopes 1, 2 and 3

Scopes and categories	Baseline year emissions (tCO ₂ e) (if relevant)	Current reporting year emissions (tCO ₂ e)
Scope 1 emissions		
Total Scope 1		NA
Scope 2 emissions		
Total scope 2		49.83
Upstream scope 3 emissions		
Category 1: Purchased goods		
Category 2: Capital goods		
Category 3: Fuel- and energy-related activities		
Category 4: Upstream transportation and distribution		
Category 5: Waste generated in operations		
Category 6: Business travel		■ 78.20
Category 7: Employee commuting		■ 29.90
Category 8: Upstream leased assets		
Downstream scope 3 emissions		
Category 9: Downstream transportation and distribution		
Category 10: Processing of sold products		
Category 11: Use of sold products		
Category 12: End-of-life treatment of sold products		
Category 13: Downstream leased assets		
Category 14: Franchises		
Category 15: Investments		■ 54,728
Total emissions all scopes		
Scope 1 total emissions		■ 0
Scope 2 total emissions		■ 49.83
Scope 3 total emissions		■ 54,836.00
Overall total emissions		■ 54,885.90

Note:

- Scope 1 is not applicable currently as Caspian Debt does not own or control any boilers, furnaces, vehicles, etc. and neither does it control any emissions from chemical production in owned or controlled process equipment.
- This is our first year of disclosure, therefore we intend to use this as our baseline year going forward.

Absolute Financed Emissions

Financed emissions in absolute terms

Activity	Total outstanding loan (x €1,000)	Scope 1 & Scope 2 emissions (tCO ₂ e)	Scope 3 emissions (tCO ₂ e)	Emission intensity (tCO ₂ e/ €M) ²	Weighted data quality score (Scope 1+Scope2)	Weighted data quality score (Scope 3)
Absolute emissions per asset class						
Business Loans³						
Food & Agriculture	6,443.60	9,328.57	13,383.77	3,524.79	▪ 4	▪ 4
Small Business Financing	23,391.46	1,263.55	1,547.35	120.17	▪ 4	▪ 4
Affordable Housing Finance	865.22	43.75	51.92	110.57	▪ 4	▪ 4
Clean Energy & Energy Efficiency	2,291.58	1,934.17	3,033.90	2,167.96	▪ 4	▪ 4
General Impact	4,163.74	10,151.73	5,559.32	3,773.31	▪ 4	▪ 4
Healthcare	2,080.91	1,588.82	4,898.66	3,117.62	▪ 4	▪ 4
Microfinance	5,110.95	317.45	376.76	135.83	▪ 4	▪ 4
Financial Inclusion Enablers	1,517.55	570.90	677.55	822.67	▪ 4	▪ 4
Total	45,865.01	25,198.93	29,529.22	1,193.24		

Note:

- Caspian Debt has utilized the JIM tool, which aligns with the PCAF standard, to measure its financed greenhouse gas emissions across various scopes based on the economic activity of 96 active portfolio companies.
- Scope 3 here excludes downstream emissions.
- We have one asset class—business loans—divided into Direct Lending (Wholesale) and Retail Lending. We have included financed emissions from our Direct Lending Portfolio, while additional data is required for the Retail Lending Portfolio, which we plan to include in our next disclosure.

²Emissions Intensity refers to tonnes of CO₂ equivalent emissions per million euros of outstanding loans

³This covers 96 out of 118 active companies in the Direct Portfolio as of March 2024, representing 89% of the direct portfolio's loan outstanding and 66% of the total outstanding (Direct + Retail Lending).

