Normative

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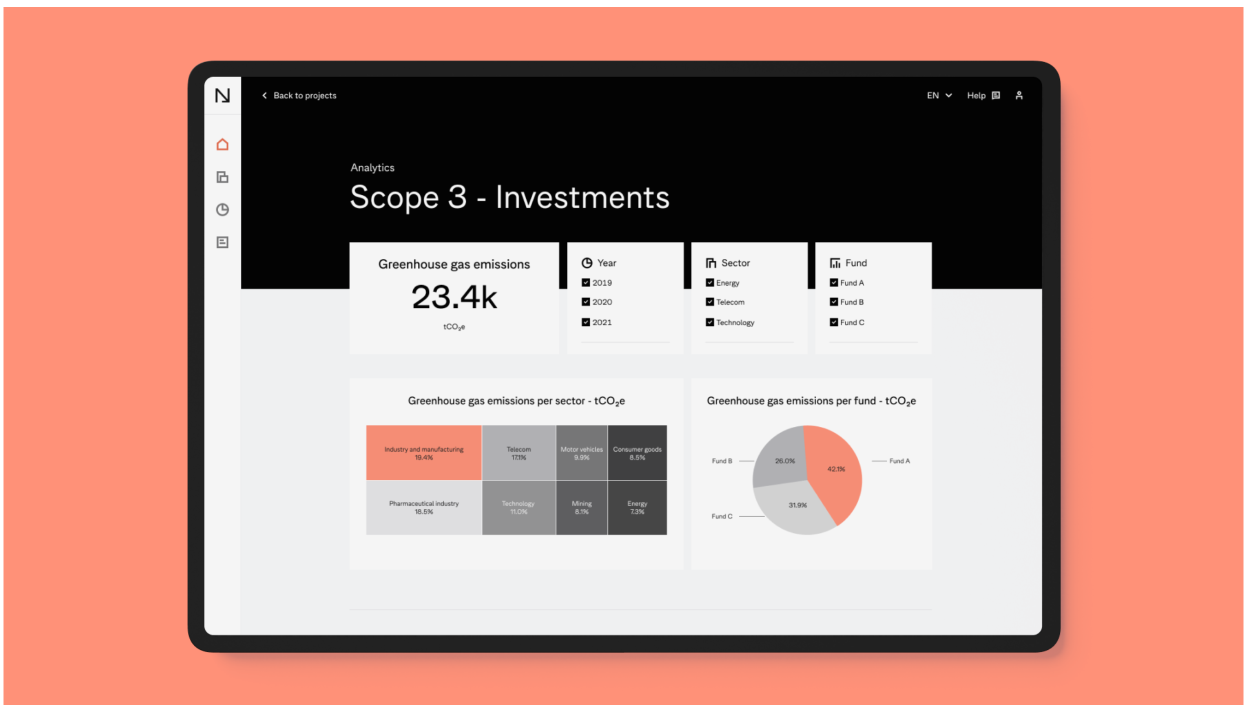
Normative empowers financial institutions to transition to a net-zero economy



- Financial institutions face some of the strictest climate disclosure requirements of any sector.
- Normative's new product update automates the process of accurately calculating financed emissions private equity firms, VC's, and other financial institutions.
- For financial institutions, financed emissions are 700 times larger than directly-generated emissions, and are challenging to calculate manually.

The latest product update from the Normative carbon accounting engine enables financial institutions to comply with legislation and turn their net-zero commitments into pragmatic, science-based transition plans.

"*Financed emissions account for 98% of our total carbon footprint. We need to address these emissions to stay compliant with reporting legislation, to understand the sources of risk in our portfolio, and to meet our climate goals.*" says Zoë VanderWolk, Investor Relations & Sustainability Manager at ETF Partners, a leading European Climatech Venture Capital firm.

Financial institutions – such as banks, venture capital firms, and private equity – face some of the strictest climate disclosure requirements of any sector. The UK's Streamlined Energy and Carbon Reporting (SECR) policy requires organizations to disclose carbon emissions information in their annual reports. In the EU, the Sustainable Finance Disclosure Regulation (SFDR) obligates financial market participants to report sustainability impact, including scope 3 emissions. The US Securities and Exchanges Commission (SEC) has also proposed rules that would require climate-related disclosures for investors.

Normative delivers the world's most accurate carbon emissions calculations through scopes 1, 2, and 3 for enterprises. Its scope 3 emissions calculations are performed with automation-driven data collection and processing, and are broken down into granular insights in the platform's visualization dashboard.

These comprehensive carbon calculations enable financial institutions to stay compliant with disclosure requirements and to report their emissions in alignment with frameworks like Partnership for Carbon Accounting Financials (PCAF) and Task Force on Climate-Related Financial Disclosures (TCFD). In addition, the unparalleled accuracy of these calculations provides the foundation from which financial institutions can make immediate and verifiable carbon reductions throughout their portfolios.

Normative's latest product update further automates calculations of scope 3 category 15, also known as "financed emissions". Defined by the Greenhouse Gas Protocol – the standard for calculating corporate carbon footprints – category 15 covers investments and financial services. This includes activities encompassed by PCAF such as listed equity and corporate bonds, business loans and unlisted equity, and project finance. Category 15 is especially relevant to financial institutions, which have 700 times more financed emissions than directly-generated emissions, according to the CDP.

"*Normative's automated calculations saved us countless hours of manual work while producing our scope 3 footprint. The accuracy and granularity of the data ensured that we had the information necessary to effectively plan and implement our emissions reductions*," Zoë VanderWolk continues.

Complicating the task of disclosure is the complex structure of financial value chains, which include emissions from many "downstream" sources such as equity and debt. To stay compliant with climate disclosure requirements, financial institutions need tools that can comprehensively and efficiently calculate the carbon emissions from their investments and other financial activities.

"*At Normative, we help our customers produce science-based and accurate carbon calculations, which empowers them to make emissions reductions where it really counts. Our latest product update is key for financial institutions to stay compliant with legislation and take control of their value chain emissions,*" says Kristian Rönn, CEO and Co-founder of Normative.

Normative's carbon accounting engine enables businesses to comprehensively calculate their emissions. The engine draws from over 30 million data points to translate business activities and financial spend into a comprehensive carbon footprint calculation. Powered by automation, the engine is especially valuable for financial institutions, whose complex value chains are difficult to parse manually.

Read more about how Normative helps firms calculate their financed emissions, as well as the methodology behind the carbon accounting engine, in this article.

About Normative
Normative is the world's first carbon accounting engine, enabling enterprises to calculate their full carbon footprints and reduce their emissions to net zero. With rigorous, science-based emissions factors and rich value chain insights, Normative delivers accurate and comprehensive carbon calculations through scope 1, 2, and 3 for enterprises globally. Headquartered in Stockholm, Normative accelerates the transition to net zero and partners with leading climate change organizations including the UN.
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