

ADVANCING THE TRANSITION TO NET-ZERO

May 2023



About This Report

As a signatory and a founding member of the United Nations Environment Programme Finance Initiative (UNEP FI)'s Net-Zero Banking Alliance (NZBA), CIB is committed to achieving net-zero emissions by 2050 and driving the transition to a low-carbon economy. As part of the Bank's commitment, this report presents CIB's financed emissions and portfolio targets for the power generation and commercial and residential real estate sectors.

Using a system thinking approach, the report analyzes the interconnections between finance, emissions, and climate change, emphasizing the importance of a holistic approach to sustainable finance. The report presents CIB's portfolio target setting approach, which sets ambitious targets for emission reduction across its lending portfolio and identifies key interventions to support the transition to a low-carbon economy. As part of CIB's Sustainable Finance Strategy, the report also outlines the Bank's commitment to aligning its lending portfolio with the goals of the Paris Agreement and achieving net-zero emissions by 2050.

In regards to the power generation sector, the report identifies the need to expand investments toward renewable energy sources, such as wind and solar power. Similarly, in terms of the commercial and residential real estate sector, the report highlights the importance of reducing emissions from buildings through energy-efficient retrofits and green building practices. CIB's portfolio target setting approach aims to support this transition by setting targets for emission reduction and increasing investments in renewable energy projects.

By following a system thinking approach, CIB's Sustainable Finance Strategy recognizes the

interconnected nature of finance, emissions, and climate change, and aims to drive the transition to a low-carbon economy through ambitious portfolio target setting.

Editorial Policy

This report presents CIB's financed emissions data and portfolio targets for two sectors – Power Generation, and Commercial & Residential Real Estate – during the reporting period from 1st January 2021 to 31st December 2021. The emissions assessment and target setting process have been prepared in accordance with the PCAF Standard and the UNEP FI Guidelines for Climate Target Setting, and following internationally the IEA's Net Zero by 2050 climate scenario. CIB aims to expand its coverage scope of its portfolio emissions assessment as well as disclose the emissions from more asset classes and carbon-intensive sectors in the future reports.

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Table of Contents

About This Report	2
A Word From Our Executives	4
Executive Summary	7
CIB's Path to Net-Zero	8
Assessment Highlights	10
Matching the Climate Change Puzzle: A Look into National and CIB Commitments	13
Overview on Egypt's Climate Change Commitments	14
CIB's Climate Pathways	16
Leading the Transition: Our Initiatives for a Low-Carbon Future	18
CIB's Operational Carbon Footprint Over the Years	20
Moving Beyond Operational Emissions : Assessing Portfolio Financed Emissions	22
Advancing Data Quality	24
Power Generation Sector	25
Commercial & Residential Real Estate Sector	31
Moving Forward: Delivering On Commitments And Driving Innovation	37
Annexes	40
Calculations Methodology of Financed Emissions	41
Glossary	44
Abbreviations and Acronyms	46
Limited Assurance Statement	47
Disclaimer	48

Message from Our CEO



As Egypt's leading Private Sector bank, we assume responsibility for driving transition to a net-zero economy and helping our nation take one step closer to make good on the promise of the Paris Agreement. We also acknowledge that the world has substantial energy needs and that different countries are in different stages of development. We want to make sure CIB's transition plan reflects these realities.

In developing CIB's path to net-zero emissions by 2050, we are building on our sustainability journey that started since 2013 and have set goals and commitments to accelerate this transition. As we continue to finance clean energy solutions, realign our business models and work towards a net-zero future, we know we cannot do this alone. Tackling climate change will require tremendous collaboration from everyone: our clients, industry peers, investment community, NGO partners and in particular, governments around the world. There is a critical need for strong public policy to accelerate the global economy's transition to net-zero.

Getting to net-zero means we must support our clients in their own transitions to net-zero, and we must understand where they are in their journeys to make progress. Our intention is to work with all our clients to develop credible plans and transition to net-zero together. It has also informed our decision to join the Glasgow Financial Alliance for Net-Zero (GFANZ)'s Africa Network Advisory Board, following our role as co-founders of Net-Zero Banking Alliance, CIB is keen to extend its efforts to achieve a continent based climate change solution that empowers regional communities to achieve sustainable growth.

We will also encourage the responsible retirement of carbon-intensive assets rather than divestment as part of these transition plans. We will continue to assess our client relationships, a regular part of how we manage our business, and prioritize partnering on transition strategies before turning to client exits as a last resort.

Mr. Hussein Abaza

Chief Executive Officer and Managing Director

Message from Our CRO



CIB has a diversified business model, serving the various sectors of the economy both at the national and international level. This diversification increases the breadth of analysis and action to be taken with respect to climate-related risks, and it also helps to take advantage of a wider range of climate-related opportunities.

CIB believes that risks related to climate change are cross-cutting drivers of existing risks. They affect, with different levels of relevance and intensity, the existing risk categories already envisaged in the risk management framework of the Group, including credit risk, operational risk, reputational risk, market risk, and liquidity risk. Climate-related financial risks are increasingly becoming more relevant for financial institutions. Central banks, financial supervisors, investors, rating agencies, and other parties around the world are taking a

keen interest in risks and opportunities deriving from climate strategies, not only as drivers of financial impacts but also as indicators of a new way of running the business, more attentive to the world we live in.

Mr. Talha Karim
Chief Risk Officer

Message from Our CSO



In April 2021, CIB decided to join the Net Zero Banking Alliance as a founding signatory. In the same year, the Bank issued Egypt's first private sector US 100 million Green Bond in collaboration with the IFC and subscribed to the Task Force for Climate-Related Disclosures. These voluntary commitments testify to CIB's conviction that climate is a core component of our growth equation and a pivotal factor framing our risk and portfolio management. We have also been aware of the complexity and the magnitude of challenge inherent in the 2050 net zero commitment, an uncharted new territory for most banks worldwide. NZBA reports represent a confluence

of science and finance, where scenarios, methodologies, sectoral pathways, and emission factors represent emerging vocabulary becoming increasingly essential for bankers. CIB is aware that as a large banking organization, we have a significant influence in advancing Transition Finance to accelerate the shift toward a low-carbon economy. Representing Africa on NZBA Steering Group, CIB is keen to build the African net zero narratives reflecting the continents' context, challenges, and prospects.

Dr. Dalia Abdel Kader
Chief Sustainability Officer



EXECUTIVE SUMMARY

CIB's Path to Net-Zero 8

Assessment Highlights 10

CIB's Path to Net-Zero

“CIB is the first Bank in Egypt and the MENA region to commit to net-zero. CIB also represents Africa on the Net-Zero Banking Alliance (NZBA) Steering Group.”

The world is undergoing a pivotal transformation in how we live, learn, and do business, placing sustainability at the center of all efforts to address global environmental challenges. As a regional advocate of sustainable finance, CIB is well-aware of the key role of the banking industry in tackling said challenges and the efforts required to achieve the globally set targets of mitigating the impacts of climate change.

CIB is the leading private sector bank in Egypt, dedicated to creating outstanding value for its stakeholders. The Bank has become one of the founding signatories of the NZBA—convened by the UNEP FI—since its inception in April 2021, rendering CIB one of the world’s leading banks that share the vision and pledge to advance and deliver on the banking sector’s climate commitments, set in alignment with the goals of the Paris Agreement. CIB is also the only bank in the MENA region to join NZBA and the only bank that represents Africa in the NZBA Steering Group. Furthermore, CIB is the first bank in Egypt to support the Task Force on Climate Related Financial Disclosures (TCFD). The Bank is working to address cutting-edge questions on risk assessment and disclosures, partnering with regional and global financial institutions that are active in this domain.

Since 2018, we have been reporting on our greenhouse gas (GHG) emissions, covering scope 1 and 2 emissions, as well as a large extent of the

Scope 3 emissions of our operations. As a step in our path toward net-zero, we have committed to assessing and disclosing the financed emissions our corporate loans portfolio, in alliance with the NZBA. On a yearly basis, we will be disclosing our financed emissions and following up on our loans portfolio to understand how lending decisions affect the climate and to track our progress toward achieving our set targets. With this, we also hope that other banks and financial institutions will follow to account financed emissions as their significance is central to transitioning to a net-zero society.



The Beginning of Our Decarbonization Journey: From Operations to Portfolio Assessment

Environmental & Social Risk Management (ESRM) in the Risk Assessment Framework

In line with the Bank's [Sustainable Finance Policy](#), CIB's ESRM framework integrates environmental and social credit risk assessment into its business processes. This occurs in a set of actions that is implemented concurrently with CIB's risk management procedures according to international best practices

2016: First Environmental and Social Risk Management System (ESRMS) launch in Egypt

Communicating Our Commitments toward Net-Zero Emissions

We commit to aligning our portfolios with the goals of the Paris Agreement and achieving our portfolio GHG reduction targets in line with the NZBA.

2021: CIB becomes a founding signatory of the Net-Zero Banking Alliance (NZBA)

2022: CIB publishes first NZBA Baseline Financed Emissions Report

01



02



03



04



Reducing Our Environmental Impact

We aim to reduce the GHG emissions associated with our operations and business activities through promoting resource efficiency and increasing the share of electricity generated from renewable sources.

2021: CIB reaches a reduction of 46% from the 2018 baseline for its operational carbon emissions intensity per employee

Supporting the Transition to a Low-Carbon Economy

We work to help our clients transition to low-carbon solutions and operations through facilitated loans, grants, and technical assistance.

2021: CIB becomes Egypt's first private sector bank to issue a USD 100 million green bond

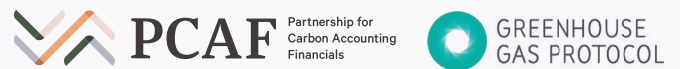
2022: CIB publishes its first Green Bond Impact Report

Assessment Highlights

Building on its five-year journey of operational GHG reporting and management, CIB has conducted an assessment of the financed emissions of its corporate loans portfolio for 2021. This milestone is supported by further intermediate targets for the portfolio with respect to the power generation and the commercial and residential real estate sectors, which will help fulfil the Bank’s commitment toward net-zero emissions by 2050.

CIB has become the first Bank in Egypt to join the Partnership for Carbon Accounting Financials (PCAF) in 2022 and has developed this assessment in accordance with the PCAF Standard.

Baseline: GHG Emissions Assessment



The below table presents the results of CIB’s first assessment of financed emissions for our corporate loans portfolio under the “Business Loans and Unlisted Equity” asset class as defined in the PCAF Standard, covering the period from January to December 2021. The assessment includes the financed emissions of the Bank’s top clients by outstanding loans in each of the selected carbon-intensive sectors.

	Sector exposure from total corporate loans portfolio ¹	Coverage ² per sector	Absolute financed emissions per sector Scope 1+2	Economic emissions Intensity Scope 1+2 ³	Physical emissions intensity Scope 1+2
<p>Power Generation</p>	3.5%	99.8%	723,499 tCO ₂ e	2,112 tCO ₂ e/\$M loaned	0.33 tCO ₂ e/MWh
<p>Commercial & Residential Real Estate</p>	5.2%	96%	8,366 tCO ₂ e	17 tCO ₂ e/\$M loaned	NA*



¹ Sector exposure from total corporate loans portfolio by outstanding loans.

² Coverage from the total outstanding loans portfolio in each sector.

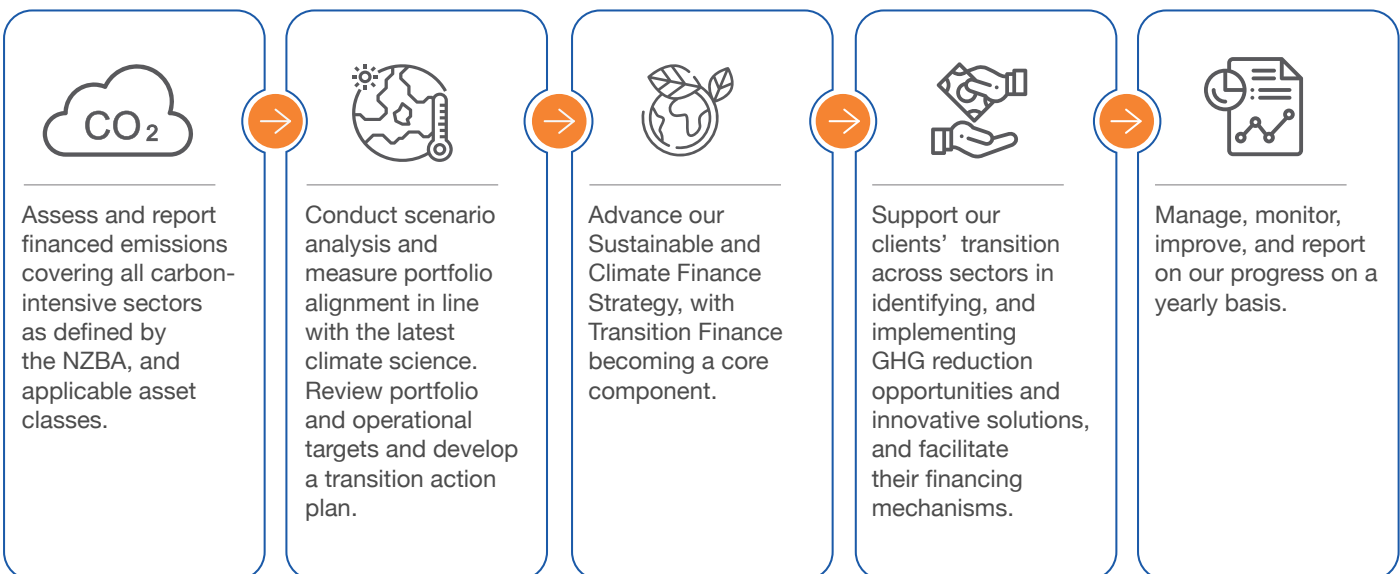
³ This presents absolute emissions (scope 1 and 2) divided by the loan volume expressed as e.g., tCO₂e/\$M loaned according to the PCAF standard.

* Due to the unavailability of activity data from real estate clients during the reporting period, we could not calculate the physical emissions intensity. CIB is currently developing its data management system to allow for disclosing such metrics in upcoming reports.

Target Setting: Portfolio Intermediate Targets







Sector	Scenario	Emissions Assessed	Metric	2021 Baseline	2030 Target	Target Coverage ⁴
 Power Generation	IEA NZE	Scope 1+2	tCO ₂ e/MWh (Intensity)	0.33	0.165 (-49%)	99.8%
 Commercial & Residential Real Estate	IEA NZE	Scope 1+2	tCO ₂ e (Absolute)	8,366	4.685 (-44%)	100%

Advancing Forward: CIB's Roadmap to Net-Zero Financed Emissions



4- Coverage as a percentage of total financed emissions assessed of the relevant sector.

CIB's Alignment with the NZBA Guidelines

	NZBA Guidelines	CIB's Commitment to Net-Zero
 <p>Target Scope</p>	<ul style="list-style-type: none"> Targets shall cover lending activities. Signatories should prioritize sectors based on GHG emissions, GHG intensities and/or financial exposure in their portfolio in their first round of target setting. 	<p>Intermediate 2030 targets for corporate loans of two of the Bank's carbon-intensive sectors; Power generation and Commercial & Residential Real Estate, as a first round of target setting.</p>
 <p>Metrics</p>	<p>Targets shall be set based on:</p> <ul style="list-style-type: none"> Absolute emissions; and/or Sector-specific emissions intensity 	<p>Production-based intensity target has been set for the power generation sector, while absolute emissions target has been set for the commercial & residential real estate sector.</p>
 <p>Baseline</p>	<p>Base year for targets shall be no more than 2 full reporting years prior to the year when the target is set.</p>	<p>This is the Bank's first reporting year; hence, 2021 is selected as the baseline.</p>
 <p>Benchmark Scenario</p>	<p>The scenarios used by banks shall come from credible and well-recognized sources and banks should provide rationale for the scenario(s) chosen.</p>	<p>Targets set in accordance with the IEA Net-Zero Emissions by 2050 (NZE) scenario.</p>
 <p>Horizon</p>	<p>Intermediate targets shall include a target for 2030 or sooner</p>	<p>Intermediate targets for 2030 have been set for the power generation and commercial & residential real estate sectors, under the asset class "Business Loans and Unlisted Equity".</p>
 <p>Emissions Data</p>	<p>To calculate emission profiles, banks to explain the allocation approach used, data sources credibility and limitations.</p>	<p>Detailed methodology on calculations of financed emissions of the Bank's portfolio's emissions is provided.</p>

5- Further details are provided under the sections "[Power Generation](#)" and "[Commercial & Residential Real Estate](#)".



Matching the Climate Change Puzzle

A Look into National and CIB Commitments

Overview of Egypt's Climate Change Commitments	14
CIB's Climate Pathways	16
Leading the Transition through our Sustaining Sectors Program	18
CIB's Operational Carbon Footprint Over the Years	20
Moving Beyond Operational Emissions: Assessing Portfolio Financed Emissions	22
Advancing Data Quality	24



Overview of Egypt's Climate Change Commitments

Egypt's Vision 2030 is centered around achieving a competitive, balanced, diversified, and knowledge-based economy that is characterized by justice, social integration and participation, with a balanced and diversified ecosystem, benefiting from its strategic location and human capital to achieve sustainable development for a better life of all Egyptians. The efforts dedicated to fighting climate change fall within Egypt's path toward achieving sustainable and inclusive development that, in turn, aims to eradicate poverty and strives to achieve prosperity for future generations.

In the wake of the Paris Agreement, Egypt has been focusing its efforts on tackling climate change by implementing various initiatives. In 2015, Egypt submitted its Intended Nationally Determined Contribution (INDC) to the United Nations Framework Convention on Climate Change (UNFCCC), pledging to reduce its GHG emissions by 2030. As part of this, Egypt aims to generate 20% of its electricity from renewable sources by 2022 and 42% by 2035, along with implementing energy efficiency measures.

Egypt also launched several other initiatives as part of its plans to fight climate change, such as the "Sustainable Energy Strategy for Egypt 2035", which aims to promote renewable energy projects, develop infrastructure, and reduce carbon emissions. The country has also developed a National Green Growth Strategy to promote sustainable economic growth while reducing GHG emissions. Egypt has also joined the Global Covenant of Mayors for Climate and Energy, demonstrating its commitment to reducing GHG emissions and adapting to the impacts of climate change. Despite facing some challenges in implementing all these commitments, Egypt is making strides toward achieving a sustainable and low-carbon future.

Egypt's National Climate Change Strategy 2050

Egypt is committed to delivering its fair share of climate action as part of the global efforts dedicated to fighting climate change. Given Egypt's high vulnerability to climate change, the ability to adapt to and combat its adverse impacts has become an imperative necessity. From this standpoint, Egypt prepared its first National Strategy for Climate Change Adaptation and Disaster Risk Reduction in 2011, and a Low Emission Development Strategy (LEDS) was issued in 2018, which was prepared to be in line with the Sustainable Development Strategy (SDS) – Egypt Vision 2030. To integrate all aspects of climate change into the national planning efforts, the National Council for Climate Change (NCCC) has requested the development of the first comprehensive National Climate Change Strategy for Egypt until 2050.

The Evolution of Egypt's Regulatory Landscape toward Mainstreaming Sustainable Finance

In recent years, global attention has shifted toward sustainable finance and environmental, social, and governance (ESG) investing. Egypt's financial landscape is no exception, with the Central Bank of Egypt (CBE) and the country's Financial Regulatory Authority (FRA) taking steps to integrate ESG factors into financial decision-making.

In early 2022, the CBE issued new regulations requiring banks to disclose information on their ESG and climate actions. This includes information on the bank's environmental policies and practices, GHG emissions, and energy usage. Banks are also required to disclose information on their investments in sustainable projects and any green bonds they have issued.

In addition to the CBE's regulations, the FRA has also taken steps to promote ESG investing in Egypt. In 2021, the FRA issued new guidelines requiring all listed companies to disclose information on their ESG actions. This includes information on each company's environmental impact, social responsibility, and corporate governance practices.

The FRA's guidelines also require companies to disclose any ESG risks they face, as well as their strategies for mitigating those risks. This information is intended to help investors make more informed decisions about where to allocate their capital.

These new regulations reflect a growing trend toward sustainable finance and ESG investing worldwide. By requiring banks and companies to disclose information on their ESG actions, investors are better able to evaluate the sustainability and long-term viability of potential investments. This, in turn, can help promote more responsible and sustainable business practices in Egypt and beyond, as well as facilitate the world's transition into a more sustainable economy.

CIB's proactive approach to integrating sustainability into its business operations allowed it to comply with the CBE's recent guidelines on sustainable finance, which were only imposed on national banks, highlighting its ahead-of-the-curve stance among local banks.



CIB's Climate Pathways

CIB understands that its commitment to delivering value creation to its stakeholders and the ecosystem is subject to its understanding and implementation of sustainable finance in its business operations. On that account, the Bank is committed to aligning its sustainable finance strategy with national and international climate strategies.

CIB's Sustainable Finance Strategy (SFS) is based on a system thinking approach, which pays tribute to the Bank's ecosystem and helps shape the direction of its growth strategy. The SFS introduces business models that draw on synergies and collaborations between the Bank's internal and

external ecosystems to create the desired business impact. It proposes solutions that leverage ESG dimensions, aligning with Egypt's 2030 Sustainable Development Strategy, African Agenda 2063, and the UN's Sustainable Development Goals (SDGs). The ecosystem-based business model (EBM) is a critical component of the SFS, celebrating departmental competencies and creating vital connections with CIB's external ecosystems. The SFS seeks growth opportunities through better risk management and enhanced revenue generation, positioning CIB as a trendsetter in sustainable finance.

Leading Egypt's Sustainable Development Transition



Regional and Global Actor in Sustainable Finance

Risk Management

Revenue Generation

Reputation

Ecological Footprint

Stemming from its commitment to climate action, CIB has had an Environmental and Social Risk Management (ESRM) System since 2016. The system is continuously utilized as a mitigation tool for the Bank's identified negative impact areas, as well as a means of promoting social and environmentally friendly practices. The ESRM ensures that the Bank considers the environmental and social risks of its prospective financing opportunities and empowers the Bank to engage with prospective clients to manage and mitigate these identified risks.

CIB's Sustainable Finance Strategy (SFS) supports relevant ESG pillars to provide the Bank with lucrative growth opportunities in terms of managing environmental and social (E&S) risks and capturing new business opportunities. The strategy focuses on leveraging the ESG pillars to build a robust E&S Risk Management framework that enacts the IFC ESRM, the Equator Principles, and the TCFD. The strategy also outlines how to promote revenue generation through leveraging the ESG criteria.

Financing the Transition

CIB strives to lead by example through maintaining GHG efficiency across its operations by continuously monitoring and improving its performance and by directing investments in mitigation measures. The Bank is also setting the path for the private sector's transition toward a low-carbon economy by aligning its financing and investments with the goals of the Paris Agreement, in terms of providing products and services that satisfy its clients' needs and priorities across a myriad of sectors. CIB continuously seeks to support national strategic priorities related to climate change through its innovative initiatives, products, services, and capacity building programs. The Sustaining Sectors Program is an ongoing proof of commitment toward actively engaging in the national transition toward greening the economy.

CIB's Environmental and Social Risk frameworks have been developed in line with global standards and best practices" Currently, the Bank is focused on integrating Climate Risk into its systems and strategy.



Strategic Approach

- ▶ Acknowledging the nature of risks and the synergies between climate-related risks and traditional risk categories, such as credit, market, etc. The SFS includes the relevant ESG dimensions.
- ▶ CIB's ESG risk management measures are becoming on par with state-of-the-art international risk frameworks. The Bank has initiated a thorough gap analysis to upgrade its ESRM and ensure the full and efficient implementation of all system stages, from pre-appraisal to monitoring and reporting, across all its business lines. CIB is adopting and integrating other relevant global E&S risk

frameworks, such as the Equator Principles and TCFD Climate Change Risk Management, as well as implementing TCFD recommendations. The TCFD framework involves the identification of climate risk within the lending portfolio, in addition to heat mapping, scenario analysis and stress testing exercises, all of which CIB aims to carry out.

- ▶ Introducing new angles to risk assessment that consider both the risks and opportunities posed by climate change, as with every risk identified, a cross-selling and lending opportunity of green products is created.



Leading the Transition: Our Initiatives for a Low-Carbon Future

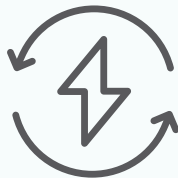
The Sustaining Sectors Program

CIB actively cooperates with its corporate clients to create a more sustainable future. To that end, the Bank has announced its [Green Bond Framework](#) and launched the Sustaining Sectors Program, a knowledge- and action-oriented program. This program is designed to target corporates from various sectors and help them leverage sustainability to realize their potential and advance their growth while driving system transformation toward a circular economy. The program discusses new global and national trends and best practices, and it features multiple stakeholders, renowned thinkers, and subject-matter experts. It also equips businesses with the necessary tools, capacity-

building training, and financial products to help them transition to a low-carbon economy. CIB also supports its clients benefit from green sustainable finance loans, learn about the regulations to enter global markets, and explore ways to grow their business.

To date, CIB’s Sustainability Team has successfully conducted energy walkthrough audits for 12 clients across various sectors within the “Other Industries” category, including food and beverages, textiles, pharmaceuticals, paper, plastic, and tourism, and the Bank will continue to engage with more clients in the upcoming years. The conducted walkthrough audits have resulted in:

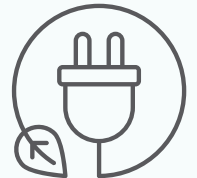
52



Potential no. of energy efficiency measures

54

GWh/year



Potential annual energy savings identified during the energy walkthrough audits

32,000

tCO₂e/year



Potential annual GHG emissions reductions

80

Million EGP/ year



Potential energy cost savings

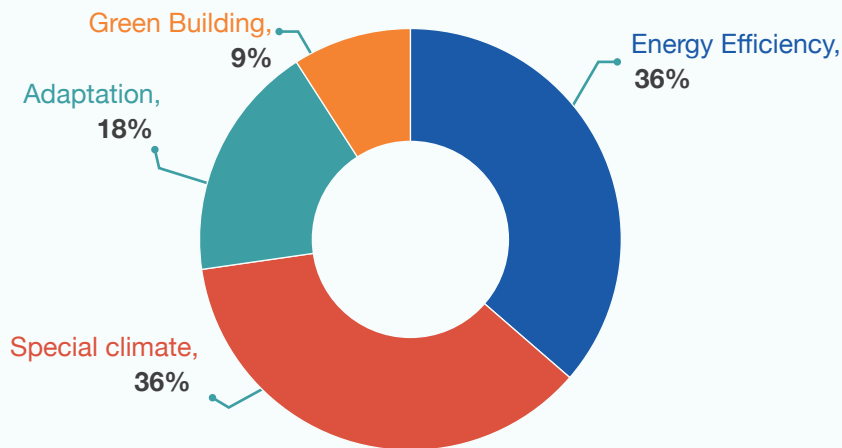
Green Bond Program

In 2021, the Bank successfully issued its first green bond offering, which was fully subscribed to by the IFC after receiving approval from the FRA. The Green Bond Program has been designed to finance sustainable solutions to tackle the impacts of climate change and support the Bank's corporate clients' transition to a low-carbon future. Such solutions include renewable energy, industrial energy efficiency, green buildings, and resource efficiency.

The program not only supports Egypt's economy by increasing the share of renewables in the country's energy mix, but also boosts the adoption of green

buildings and further advances resource efficiency practices in the industrial sector. The funds generated from the bond are directed to finance or re-finance the environmentally friendly projects that drive the shift towards a low-carbon economy, have a positive impact on the environment and climate, and abide by CIB's Green Bond eligibility criteria outlined in the Green Bond Framework. CIB's Green Bond Program encompasses various green categories such as energy efficiency, renewable energy, sustainable transportation, waste and water efficiency, energy management systems, non-energy GHG reductions, and green buildings certified under EDGE, BREEAM, or LEED.

Approved Projects 2022 - 2021
(Category & % of Total Projects)



Massive investments have been allocated against different eligible green activities, which include energy efficiency, water efficiency, green buildings,

desalination, wastewater treatment, and renewable energy. The estimated annual impact of the use of proceeds is demonstrated below:

2,884
tCO₂e/year

GHG Emission Reduction



12,775,000
m³/year

Treated Water



7,519,548
kWh/year

Energy Savings



5,943
m³/year

Water Savings

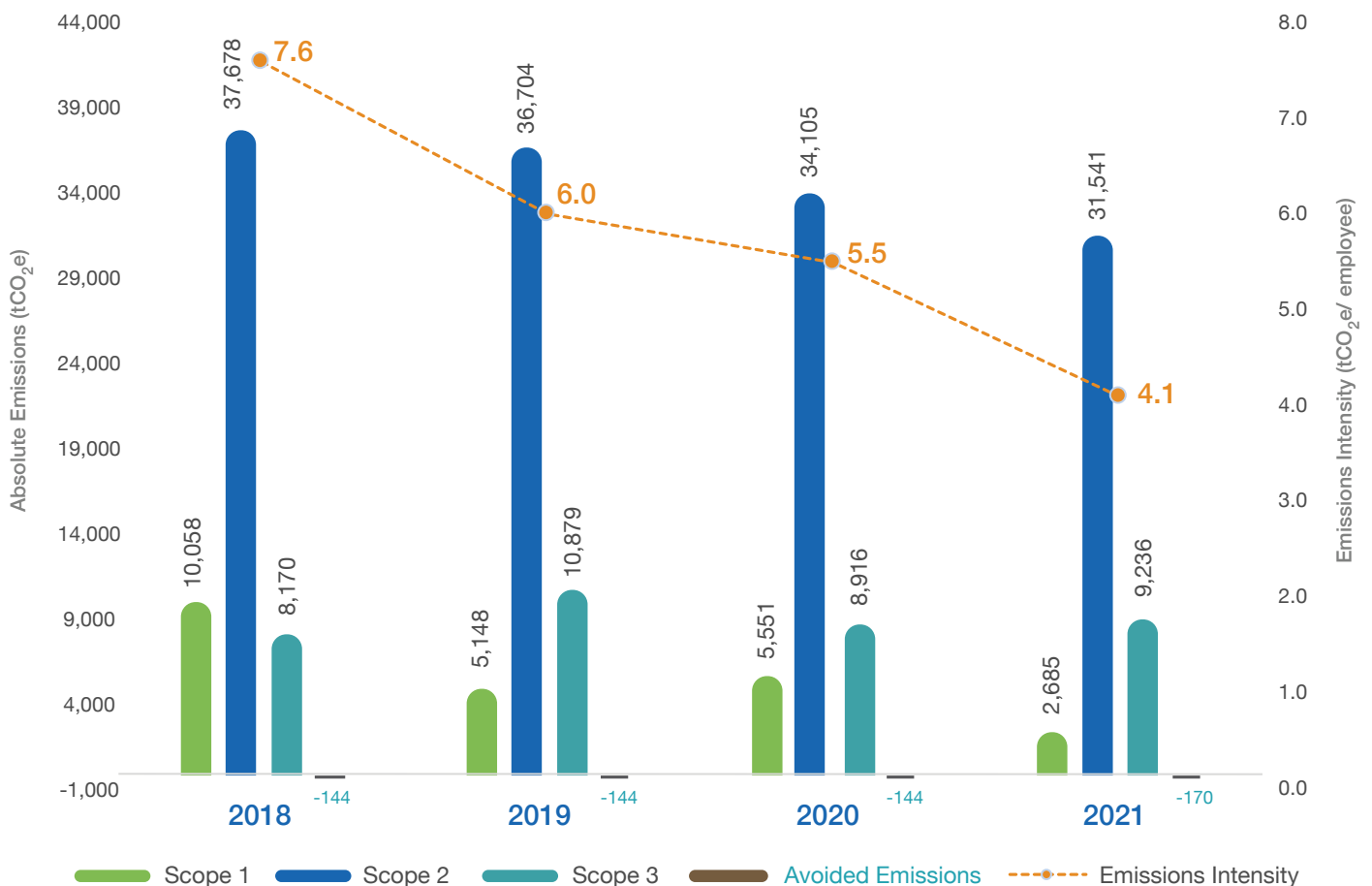


CIB's Operational Carbon Footprint Over the Years

Transitioning to net-zero emissions entails reducing the Bank's operational emissions of scope 1 and 2 and non-category 15 scope 3 emissions to reach carbon neutrality by 2050. CIB has been reporting on, managing, and continuously seeking opportunities to reduce its operational emissions

since 2018, and it has been reducing its carbon emissions intensity per employee for four years, reaching a 46% decrease in 2021 from the 2018 baseline.

Operational Absolute Emissions and Emissions Intensity (2018 - 2021)



Decarbonization Action Plan:

How are we reducing our operational GHG emissions?



For further details on our operational carbon footprint assessment and actions, please refer to [CIB 2021 Ecological Footprint Report](#).

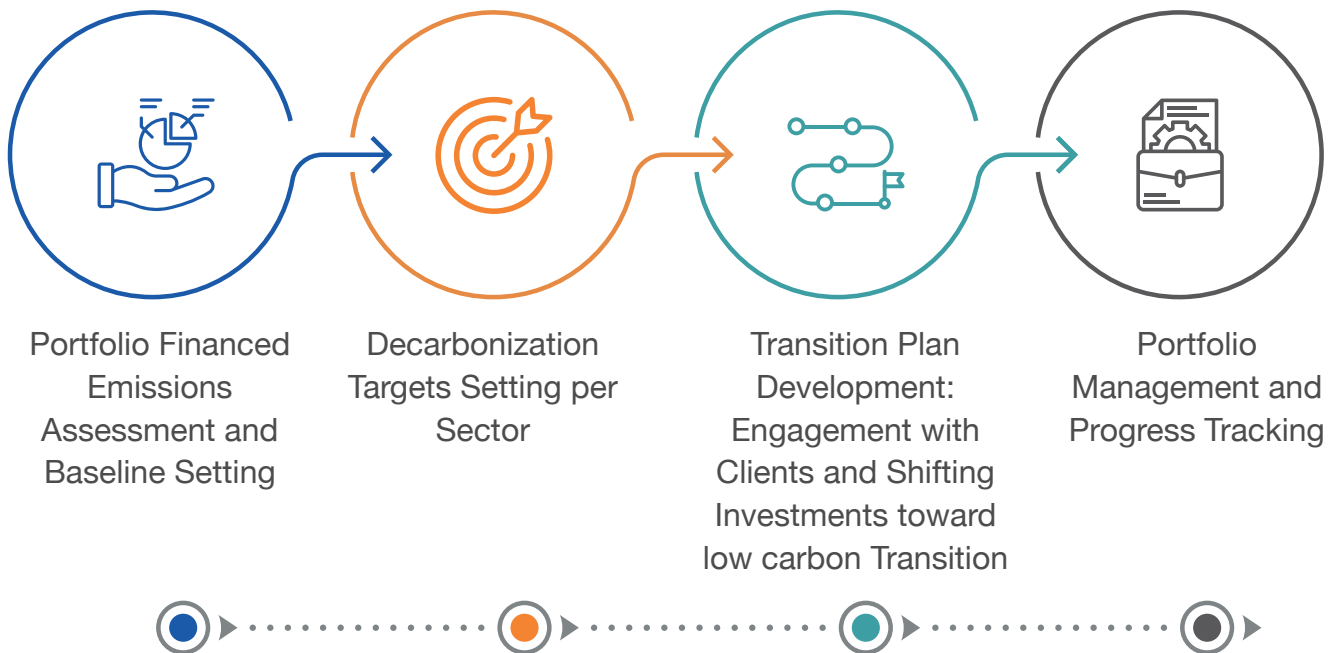
Moving Beyond Operational Emissions: Assessing Portfolio Financed Emissions

Moving forward in accordance with its internal sustainability roadmap, CIB has begun assessing its portfolio financed emissions and setting decarbonization targets on its corporate loans portfolio for two sectors. The Bank aims to target the nine most carbon-intensive sectors, as defined by the NZBA, which are of high significance with regards to CIB’s lending activities. The Bank has taken a leading role in recognizing the importance of calculating its category 15 scope 3 emissions in order to effectively address its impact on climate change. As the first bank in Egypt to do so, CIB has set an example for other banks to follow.

In this report, we present our intermediated decarbonization targets set for the [Power Generation](#) and [Commercial & Residential Real Estate](#) sectors, in accordance with the latest science-based methodologies and as per the NZBA Guidelines for Climate Target Setting. These targets have been revised by our key sustainability governance bodies and approved by the Bank’s Board of Directors.

Our Strategic Alignment Pillars

CIB has set its strategy to align with the pathway to a 1.5°C future and has committed to steering its portfolio toward a low carbon transition.



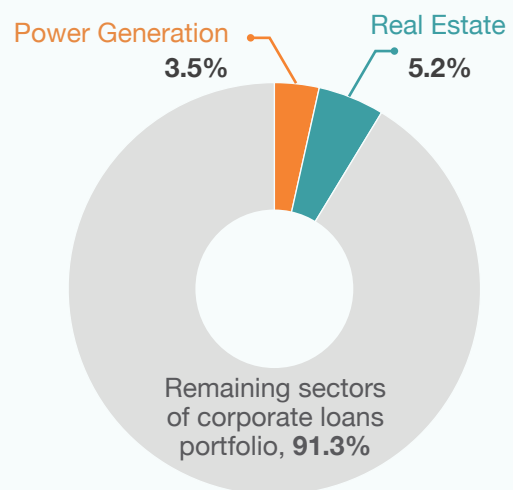
Scope of the Report

CIB's path toward net-zero emissions by 2050 represents a milestone to the Bank's corporate portfolio loans emissions assessment and target setting and is steered by the UNEP FI Guidelines for Climate Target Setting for Banks (NZBA). We began by disclosing our corporate loans financed emissions in accordance with the Partnership for Carbon Accounting Financials (PCAF), the Global GHG Accounting and Reporting Standard for the Financial Industry, and following the Greenhouse Gas Protocol Guidelines, specifically Category 15: Investments. Our portfolio targets per sector were developed in accordance with science-based decarbonization target methodologies and scenarios, including the International Energy Agency's (IEA) Net-Zero Emissions by 2050 (NZE) scenario.

The Bank's assessment covers two carbon-intensive sectors from the corporate loans segment of the "Business Loans and Unlisted Equity" asset class, as defined in the PCAF Standard. The Bank used economic activity emission factors to calculate the emissions from the two chosen sectors, and calculations concluded that the power generation and the commercial and residential real estate sectors represent a contribution of 3.5% and 5.2%, respectively, of the Bank's corporate loans portfolio. Both sectors also represent 21% of CIB's total outstanding loans to carbon-intensive sectors⁶.

CIB plans to expand the coverage scope of its portfolio's emissions assessment and disclose the emissions of more asset classes and carbon-intensive sectors in future reports. The Bank also aims to update its portfolio's emissions reduction targets as needed, in line with the latest insights into climate science, as well as measure its portfolio's alignment with international standards using widely accepted science-based decarbonization scenarios and methodologies. Furthermore, in line with the disclosure timeline set by the NZBA guidelines, targets for the remaining carbon-intensive sectors will be communicated in future reports.

Share of sectors covered in the assessment, from the total corporate loans portfolio, by outstanding loans (%)



Corporate loans to carbon & non-carbon intensive sectors, by outstanding loans (%)



⁶ Carbon-intensive sectors correspond to the nine sectors identified in one of the UNEP FI Guidelines for Climate Target Setting for Banks. CIB will work on expanding the scope of reporting to include other carbon-intensive sectors in upcoming assessments.

Advancing Data Quality

To ensure the quality of collected data and consistency of obtained results, we have integrated multiple cross-checks and quality control measures throughout our assessment and target setting process.

Due to the limited data availability with regards to sectoral and country-specific emission factors (for Egypt), we have used average economic emission factors set for the Middle East, given the region's closest relevance to Egypt. In this assessment, we have only considered the primary activity per client in the selection of the International Standard Industrial Classification of All Economic Activities (ISIC) codes.

We acknowledge that our baseline is a dynamic process and anticipate an improvement in data quality in the upcoming years due to increased

client disclosures, greater availability of financial and production data in emerging markets, and enhanced coverage of climate topics by third-party data aggregators. Therefore, we will review and update our emissions baseline if there is a significant change in the results of our calculations due to the availability of new data from clients.

We aim to enhance our data quality scores in future assessments by improving our data collection and management systems, as well as supporting our clients in tracking the required data to enable further granularity when it comes to assessing financed emissions across all applicable sectors and asset classes.





Power Generation Sector



Power Generation

Sector Insights and Shifts

The power generation sector is a significant contributor to global GHG emissions and plays a crucial role in addressing climate change. According to the IEA's World Energy Outlook 2022 report, the power sector accounts for approximately 40% of global energy-related carbon dioxide (CO₂) emissions, which concludes the significance and the major contribution of the power generation sector to climate change. Such findings emphasize the need for urgent action to reduce the sector's carbon emissions to achieve the goals of the Paris Agreement and other sustainable development goals related to climate change.

The power sector's carbon footprint needs to decrease to limit the global temperature increase to 1.5°C. The shift toward low-carbon power sources, such as renewable energy, nuclear, and CCS technologies, as well as improving power generation efficiency and implementing energy efficiency measures, can play a crucial role in reducing the sector's carbon emissions.

National Outlook

Egypt's first updated Nationally Determined Contributions (NDCs) report aims to reduce the country's GHG emissions by 30% by 2030 compared to the business-as-usual scenario. The NDC highlights the power generation sector's significant contribution to GHG emissions in Egypt, accounting for approximately 60% of the country's total emissions. The NDC also indicates that the power sector's emissions are projected to increase by 23% by 2030.

To achieve its emission reduction target, Egypt plans to increase the share of renewable energy in its electricity mix to 42% by 2035. This would

help reduce the use of fossil fuels, which are responsible for a significant portion of the sector's GHG emissions.

Overall, Egypt recognizes the significant impact the power generation sector has on climate change and is taking proactive measures to reduce GHG emissions. The country aims to make significant progress toward its climate change mitigation goals by increasing the share of renewable energy in the electricity mix, improving energy efficiency, and implementing carbon capture, utilization, and storage (CCUS) technologies

National Regulatory Framework & CIB's Role

The CBE issued guidelines on sustainable finance, while the Egyptian Exchange (EGX) launched a sustainability index to promote sustainable investment practices, and the FRA mandated listed companies to submit quarterly ESG reports that include climate-related financial disclosures and are in accordance with global standards and frameworks, such as the GRI and TCFD.

Overall, CIB is actively involved in addressing climate change through various initiatives and policies across its value chain. CIB also understands and is committed to its role, as the leading commercial bank in Egypt, in supporting the country's efforts to mitigate the impact of the power generation sector on climate change and transition to a more sustainable future.



Baseline Assessment

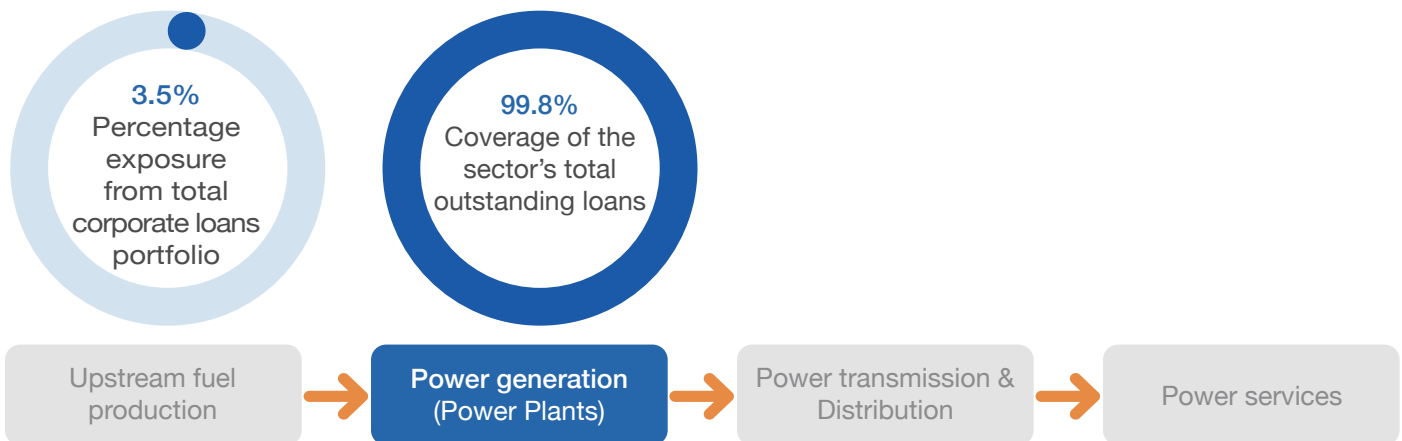
We identified the power generation sector as one of the main carbon-intensive sectors of our corporate loans portfolio, representing 3.5% of CIB's total loans portfolio. We began the assessment by analyzing the current technology mix and plant efficiency of our portfolio, and we measured the financed emissions for 100% of the sector's total loans exposure, noting that the technologies adopted by our clients include solar, wind, and oil and gas-powered stations. CIB's power generation clients are divided into both public and private sector companies, with the former being

governmental entities responsible for producing and delivering electricity to consumers nationwide.

The Bank's private sector clientele comprises companies that were developed on a build-operate-own-transfer (BOOT) independent power producer (IPP) program to sell generated electric power in accordance with the power purchase agreement (PPA) executed between other private sector companies and government-owned companies.

CIB's Power Generation Portfolio

Our assessment scope aligns with the NZBA and is limited to clients involved in electricity generation only.



Power Generation Financed Emissions Results – 2021



Power Generation Sector

Scope 1+2 emissions (tCO ₂ e)	Economic emissions intensity (tCO ₂ e/\$M loaned) ⁷	Physical emissions intensity (tCO ₂ e/MWh)	Weighted data quality score ⁸ (High Quality = 1; Low Quality = 5)
723,499	2,112.17	0.33	4.00

The adopted financed emissions methodology was based on the PCAF Standard's Business Loans and Unlisted Equity asset class methodology, while the emission factors used were retrieved from PCAF's

database and were selected based on the relevant ISIC code. The detailed methodology can be found in the Annex: [Calculation Methodology of Financed Emissions](#).

⁷ This is absolute emissions (scope 1 and 2) divided by the loan volume expressed as e.g., tCO₂e/\$M loaned according to the PCAF standard.

⁸ For further details, please refer to the section "Data Quality Scores" of the annex "Calculations Methodology of Financed Emissions".



Target Setting and Scenario Selection

In setting our targets, we have selected the latest recognized scenario to achieve net-zero emissions by 2050: “International Energy Agency (IEA) – Net-Zero Emissions (NZE)” (see graph below). This scenario is built on a new, hybrid modelling approach used for the first time, and it combines the relative strengths of the World Energy Model (WEM) and the Energy Technology Perspectives (ETP) model.

The IEA NZE scenario aligns with the NZBA guidelines and limits global warming to no more than 1.5°C above pre-industrial levels by 2100. The IEA NZE scenario also demonstrates a conservative reliance on negative emission technologies and minimizes misalignment with other SDGs. The IEA NZE scenario is considered a credible and well-recognized scenario, and it meets the NZBA requirements by being with no or limited temperature overshoot (50% probability).

The IEA NZE scenario indicates that emissions from power generation will fall to net-zero in aggregate in advanced economies by 2035 and globally by 2040. Achieving this transition will require the deployment of renewable energy technologies, significant improvements in energy efficiency, and a just transition for affected communities. By utilizing the IEA NZE scenario as a benchmark, we can develop evidence-based strategies to support the transition to a net-zero power system.

Our chosen pathway was built upon the principles of the SDA and the convergence ambition approach. The SDA entails worldwide convergence of emissions intensity for significant sectors by 2050. In contrast, the convergence ambition approach, rather than relying on a specific trajectory, outlines a gradual decrease in the emission metric to achieve the goal along the route, even if it entails substantial

declines to meet the scenario's pathway.

The data collected included the total gross generated electricity by the selected clients during the base year (2021), in which the attributed activity data was calculated to develop the portfolio targets, along with the assessed financed emissions.

In line with the IEA NZE scenario, we are committed to a carbon intensity target for financed power generation activities that involves a 49% reduction in the production intensity of scope 1 and 2 during the period 2021–2030 (from 0.33 to 0.165 tCO₂e/MWh). Achieving this target will allow us to align our power generation portfolio with the mandates of the Paris Agreement.

49%



Carbon Intensity Target

Reduction in scope 1+2 by 2030
(from 330 down to 165 gCO₂/kWh)

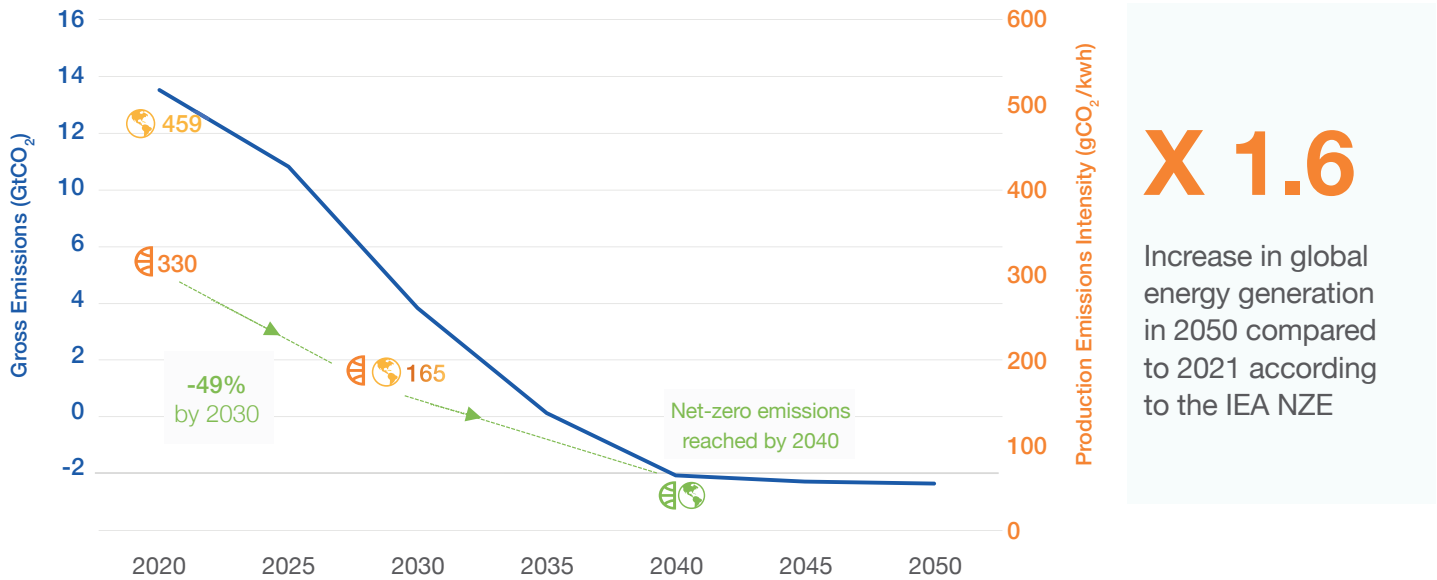
⁹ The WEM is a large-scale simulation model designed to replicate how competitive energy markets function and to examine the implications of policies on a detailed sector by sector and region by region basis.





¹⁰ The ETP model is a large-scale partial optimization model with detailed technology descriptions of more than 800 individual technologies across the energy conversion, industry, transport, and buildings sectors.

Intermediate Targets – Corporate Loans: Power Generation Sector

Target Type	Scenario	Scope	Unit	Base Year (2021)	Target Year (2030)	% Reduction
Physical Intensity	IEA NZE	Scope 1+2	tCO ₂ e/MWh	0.33	0.165	49%

IEA NZE - Power Generation Sector



 Global Emissions Intensity (gCO ₂ /kWh)	 CIB's Portfolio Emissions Intensity (gCO ₂ /kWh)
 Path to Net-Zero Emissions	 Power Generation Sector Gross Emissions (GtCO ₂)

Sector Decarbonization Levers

Accelerating Transition Finance

To achieve the portfolio reduction targets, CIB is working on developing a robust climate transition plan in which decarbonization measures are identified on a strategic level, both in terms

of shifting our investments and loans toward renewable energy and in supporting our current clients' transition toward a low-carbon economy through a set of tailored engagement methods.



Power Generation Sector



Strategic Portfolio Decarbonization Actions

To achieve its net-zero targets by 2050 in the power generation sector, CIB is aiming to steer its portfolio toward green transition finance through further investing in power generation from renewable resources. The Bank shall assess the investment and loan amounts needed to decarbonize its portfolio within this sector and reach its targets by 2030 and 2050.



Client Engagement Decarbonization Measures

- Expanding the implementation of renewable energy systems, such as solar, wind, and hydro power systems.
- Exploring the feasibility of waste-to-energy (WTE) solutions, such as the conversion of non-recyclable waste materials into usable heat, electricity, or fuel through a variety of processes, including combustion, gasification, pyrolyzation, anaerobic digestion, and landfill gas recovery.
- Sustainable biomass, rehabilitation/ construction of biomass units for heat and electricity generation.
- Using smart technologies, including real-time energy demand/supply solutions.
- Exploring opportunities of co-generation and distributed/decentralized energy sources.
- Further exploration and implementation of grid energy storage to manage electricity generation/loads.



Commercial & Residential Real Estate Sector

Commercial & Residential Real Estate

Sector Insights and Shifts

The IEA World Energy Outlook 2022 report highlights the significant impact of the real estate sector on climate change, with buildings accounting for **30% of global final energy consumption** and 15% of total emissions from end-use sectors in 2021, which doubles when indirect emissions from electricity and heat production are included. Despite the shift away from fossil fuels, direct emissions from the buildings sector have increased by 0.5% per year since

2010. The global floor area in the buildings sector is expected to increase by 20% between 2021 and 2030, with **80% of the increase occurring in emerging markets and developing economies**. The NZE scenario projects a decline of 45% in direct CO₂ emissions from the real estate sector by 2030 and over 98% by 2050.

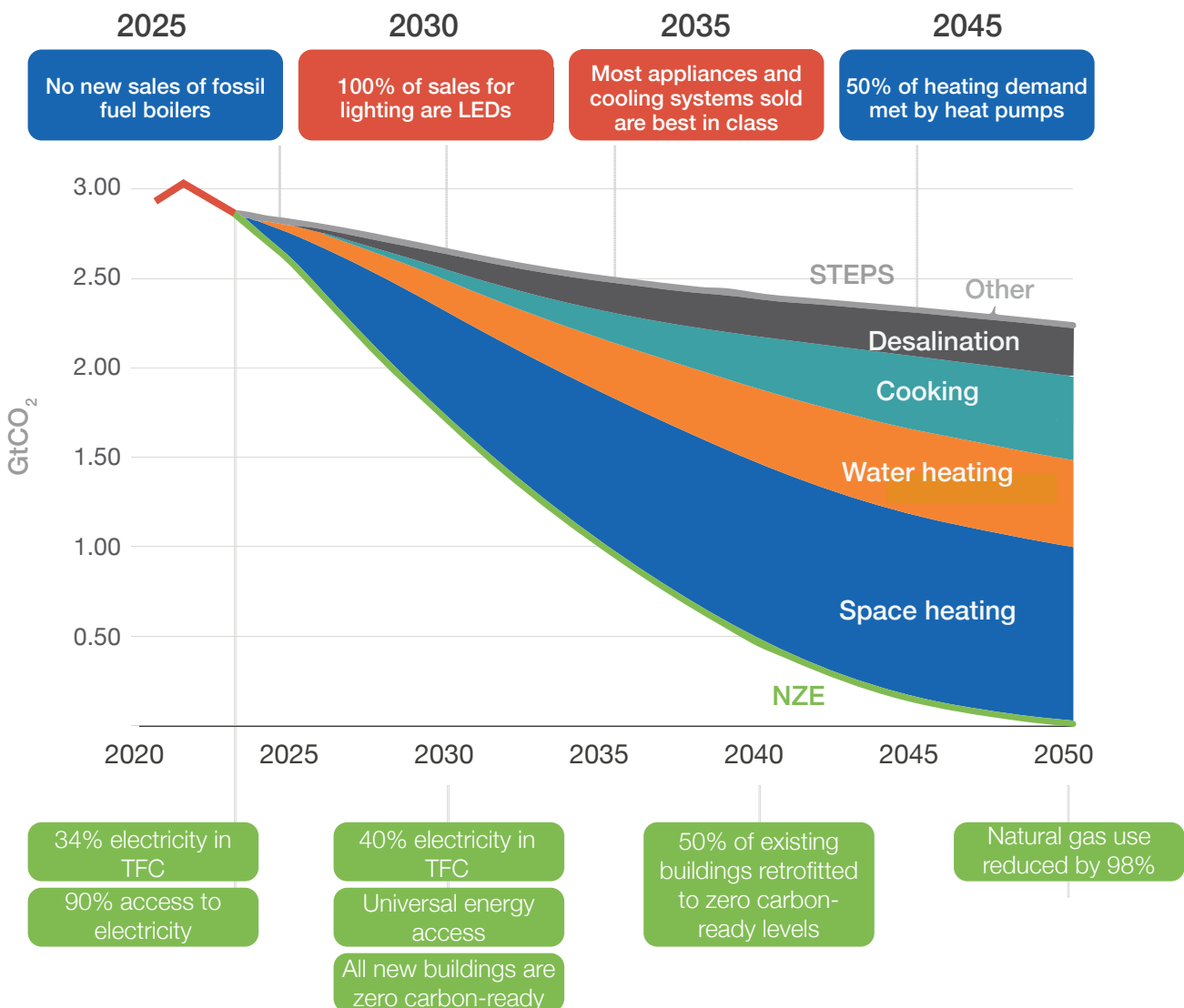


Figure 1. Emissions reductions and key milestones in the buildings sector in the NZE scenario relative to the STEPS, 2020–2050

To achieve this, the NZE scenario proposes implementing mandatory zero-carbon building energy codes for all new buildings in all regions by 2030 and retrofitting existing buildings at a rate of 2.5% per year by 2030 in advanced economies and 20 million dwellings per year in emerging markets and developing economies.

In the NZE scenario, energy efficiency, electrification, and behavioral change are expected to contribute to **80% of emissions reductions in the building sector by 2030 and 70% by 2050**. The energy consumed per square meter in 2030 needs to be **45% less than in 2021**, with building envelope improvements in existing and new buildings accounting for most of the intensity reductions in heating and cooling energy.

National Outlook

Egypt's efforts toward promoting sustainability in buildings and urban development align with the country's commitments under the Paris Agreement and its goal of achieving net-zero emissions by 2050. Based on Egypt's updated Nationally Determined Contributions (NDC), the country plans to install **5,300 solar water heaters**, expand the use of LED lighting in the residential sector, and develop **16,960 residential units that meet green building standards by 2030**. Additionally, the country aims to increase green spaces and sustainable parks, irrigated with treated wastewater, to reduce GHG emissions from the real estate sector.

These measures will significantly reduce Egypt's carbon footprint and contribute to the path toward achieving a net-zero emissions future. The installation of rooftop PV panels for electricity generation, the expansion of energy efficiency labels and specifications for appliances, and the elimination of non-energy efficient equipment will increase the use of renewable energy and energy efficiency in existing and new buildings. The promotion of green buildings through energy efficiency codes, renovation procedures, and voluntary guidelines will further enhance sustainability efforts. Furthermore,

the Egyptian FRA has introduced regulations to promote energy efficiency financing, which can encourage the adoption of energy-efficient technologies in the real estate sector. Overall, Egypt's efforts toward promoting sustainability in buildings and urban developments are vital for achieving its climate commitments under the Paris Agreement and transitioning toward a net-zero emissions future.

Regulatory Framework & CIB's Role

CIB has a responsibility, together with other national banks in Egypt, to play a key role in reducing the real estate sector's carbon footprint. The importance of this role is further emphasized in light of the lack of a regulatory framework for building energy consumption in Egypt. Banks and investors can have a significant impact on promoting sustainable building practices by investing in energy efficiency, low-carbon materials, and sustainable design projects, as well as incorporating ESG factors into their lending and underwriting practices.

CIB has already taken steps toward promoting sustainable finance practices through green bonds and sustainable finance guidelines. In fact, CIB is Egypt's first green bond issuer, having issued a USD 100 million green bond in 2021 to finance renewable energy and energy efficiency projects.

Additionally, the Egyptian FRA's latest regulations to promote energy efficiency financing will help CIB's indirect contribution encourage the adoption of energy-efficient technologies in the real estate sector.

Baseline Assessment

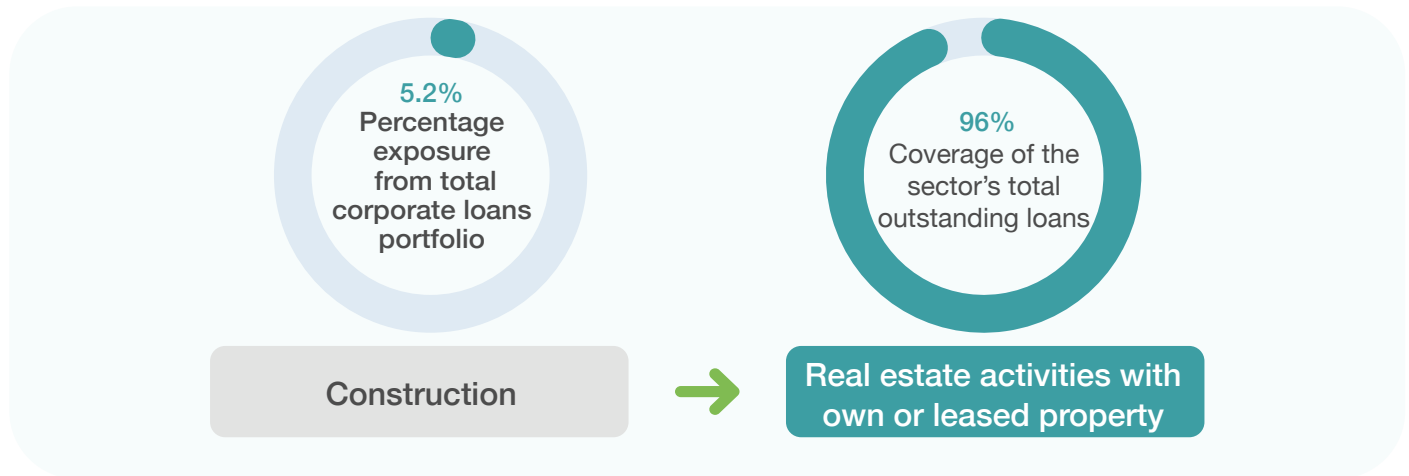
We have selected the real estate sector for our second NZBA emission assessment and target setting process. The sector represents 5.2% of CIB’s total corporate loans portfolio, and we have estimated its emissions to represent around 96% of the portfolio.

The real estate sector is divided into mixed use, commercial, residential, and service sub-sectors. Our mixed-Use portfolio usually comprises at least three significant revenue streams, namely retail, residential, and commercial revenues. Emission-generating activities include constructing, owning, managing, and marketing hotels, residential units, and tourism villages with related supplementary services, including entertainment, sporting, and commercial activities.

The commercial sub-sector includes constructing and managing properties used exclusively for business purposes or to provide a workspace, and that includes retailers of all kinds, office spaces, hotels, malls, restaurants, and stores.

CIB’s Commercial & Residential Real Estate Portfolio

Value chain activities of the real estate sector, which are in scope of this assessment, include activities related to owned or leased property as per the ISIC classification, as this aligns with the target setting methodology.



Commercial & Residential Real Estate Financed Emissions Results, 2021

Commercial & Residential Real Estate		
Scope 1+2 emissions (tCO ₂ e)	Economic emissions intensity (tCO ₂ e/\$M loaned) ¹¹	Weighted data quality score ¹² (High Quality = 1; Low Quality = 5)
8,366	17	4.02 ¹³

The adopted financed emissions methodology was based on the PCAF Standard’s Business Loans and Unlisted Equity asset class methodology, while the emission factors used were retrieved from PCAF’s

database and were selected based on the relevant ISIC code. The detailed methodology can be found in the Annex: [Calculation Methodology of Financed Emissions](#).

11- This is absolute emissions (scope 1 and 2) divided by the loan volume expressed as e.g., tCO₂e/\$M loaned according to the PCAF standard.

12- For further details, please refer to the section “Data Quality Scores” of the annex “Calculations Methodology of Financed Emissions”.

13- A lower data quality score is attributed to the use of asset-based economic emission factors, due to unavailability of data. CIB is working on enhancing this score by retrieving higher quality and production-based data from clients in upcoming assessments.

Target Setting and Scenario Selection

For the commercial and residential real estate sector, intermediate targets for 2030 have been set in accordance with the IEA NZE scenario, covering scope 1 and 2 emissions. The IEA NZE scenario provides a critical framework for assessing the pathways necessary to achieve net-zero emissions in the buildings sector. The scenario indicates that by deploying renewable energy technologies and improving building energy efficiency, emissions in buildings can drop by around 45% from 2021 to 2030 and by more than 95% by 2050.

As previously stated for the power generation sector, and following thorough inspection, the IEA NZE scenario was selected as it aligns with the NZBA guidelines, limiting global warming to no more than 1.5°C above pre-industrial levels by 2100, and it demonstrates a conservative reliance on negative emission technologies while minimizing misalignment with other SDGs. By utilizing the IEA NZE scenario as a benchmark, we can develop evidence-based strategies to support

the transition to a net-zero real estate industry.

In line with the IEA NZE scenario, we are committed to a carbon absolute target for commercial and residential real estate activities that involves a 44% reduction in scope 1 and 2 absolute emissions during the period 2021–2030 (from 8,366 to 4,685 tCO₂e). Achieving this target will allow us to align our commercial and residential real estate portfolio with the mandates of the Paris Agreement.

44%



Absolute Emissions Target

Reduction in scope 1 and 2 by 2030 (from 8,366 down to 4,685 tCO₂e)

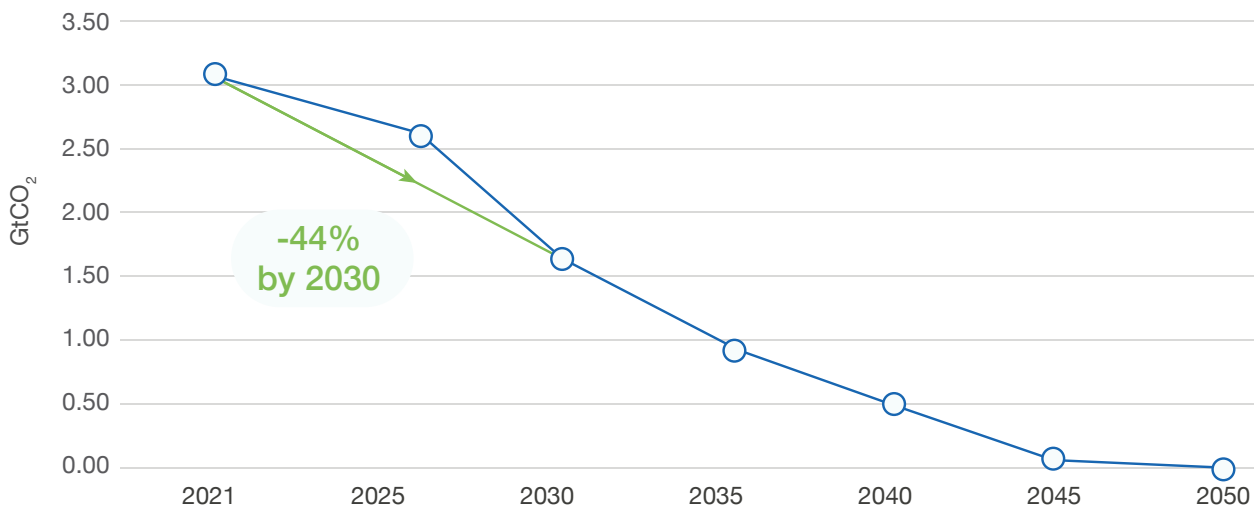
Intermediate Targets – Corporate Loans: Commercial & Residential Real Estate Sector

Target Type	Scenario	Scope	Unit	Base Year (2021)	Target Year (2030)	% Reduction
Absolute	IEA NZE	Scope 1+2	tCO ₂ e	8,366	4,685	44%

Real Estate

In buildings, emissions should drop by approximately 45% from 2021 to 2030 and more than 95% to 2050.

IEA NZE - Buildings Sector



*Assuming a 20% increase in the portfolio's gross floor area.

Sector Decarbonization Levers

Accelerating Transition Finance

CIB is already developing a strong climate transition plan to meet the portfolio's reduction targets, focusing on identifying decarbonization measures in the commercial and residential real estate sector.

The plan involves strategically shifting investments and loans toward green buildings and supporting clients' transition toward a low-carbon economy through personalized engagement methods.



Commercial & Residential Real Estate Sector



Strategic Portfolio Decarbonization Actions

To achieve our net-zero targets by 2050 in the real estate sector, CIB aims to explore opportunities in growing its investment and lending amounts to green, mixed-use real estate development projects and offer new green building incentive loans. The Bank also targets enhancing the collected data to conduct more accurate and improved GHG emissions assessments and identify potential and actual risks and opportunities.



Client Engagement Decarbonization Measures

- Installing energy efficient lighting fixtures, such as LEDs, in addition to lighting control systems, such as occupancy and vacancy sensors.
- Installing ventilation control systems, such as CO₂ sensors.
- Installing external shading devices or reflective sheets to reduce solar heat gain.
- Adopting energy efficiency measures for steam boilers and improving steam distribution with enhanced insulation or steam and hot water distribution networks, as well as using steam traps.
- Reducing cooling loads by using reflective paint on roofs and/or exterior walls, as well as adding insulation material on roofs and/or walls and installing green roof layers.
- Reducing solar heat gain and heat transfer by using high-performance glazing, such as double and or low-emissivity (Low-E) glazing.
- Installing variable speed drives (VSD) on motors and equipment to reduce energy consumption by controlling the speed based on the varying demand.
- Using the chillers' compressors' waste heat to reduce energy consumption for water heating.
- Installing efficient variable refrigerant flow cooling systems.
- Using renewable energy, such as solar photovoltaic (PV) solutions.
- Increasing water efficiency by using water sub-metering and automatic shut-off nozzles and marking hand-operated valves in such a way that open, close, and directed-flow positions are easily identified.



**Moving
Forward**

**Delivering on
Commitments
and Driving
Innovation**



The Path Forward

CIB Leading the Way in the Transition to a Low-Carbon Economy

As a founding signatory of the NZBA, CIB is taking a leading role in representing Africa on its Steering Group. The Bank is focused on delivering the banking sector's ambition to align its climate commitments with the Paris Agreement's goals with collaboration, rigor, and transparency. With a profound understanding of the urgency needed in addressing the climate crisis, CIB is demonstrating its commitment to supporting the transition toward a sustainable future.

CIB believes that its role as a banking industry leader in the transition to a net-zero economy is not merely reporting but leading the way. The Bank is pursuing strategic business opportunities that consider environmental and social factors to support its operations, clients, and communities in transitioning toward a low-carbon economy. CIB's commitment to aligning its business model with the Paris Agreement's goals is unwavering, and it continues to invest in and promote green financing solutions.

The Bank's active engagement with various global working groups (GWGs), such as regulatory bodies, policy makers, and its clients and peers, has been instrumental in promoting the transition toward a net-zero economy. CIB believes collaboration and engagement with stakeholders, along with its leading role in the region's transition toward a sustainable economy, are essential in progressing toward our collective goals.

In 2022, CIB held a panel on "The Role of Financial Institutions in Sectoral Decarbonization" with a focus on green built environments and energy in Sharm El-Sheikh, Egypt, on "Decarbonization Day" at COP27. The panel aimed to drive an interactive dialogue between banks, MDBs, corporates,

and the Glasgow Financial Alliance for Net Zero (GFANZ). CIB leveraged its longstanding expertise in sustainability and its membership in the Capital Mobilization workstream under GFANZ to advance the region's decarbonization goals and extend its support to stakeholders to achieve sustainable growth.

Therefore, CIB launched the Sustaining Sectors Program in 2021, a multi-purpose platform that aims to drive sustainable growth and facilitate the transition to a low-carbon economy in Egypt. This action-oriented program acts as a knowledge hub, introducing best practices, new global and national trends, and the latest technologies. It incentivizes business leaders' transition toward a low-carbon economy and provides financial solutions to support this transition. The first phase of the program focused on the textile, construction (green built), and food and beverage sectors, in collaboration with the IFC under the green bond/technical assistance program. With support from the IFC, the program provided different applicable green solutions for each sector, energy audit walkthroughs for clients, and sectoral studies as guidelines to identify opportunities in decarbonization.

Currently, CIB is working on the next phase of the program, which aims to further advance sustainable practices, foster industry collaboration, and facilitate the transition to a low-carbon economy. Through this program, the Bank aims to support its corporate clients in navigating an evolving regulatory landscape and integrating sustainability into their business strategies. By offering knowledge sharing, financial solutions, and technical assistance, CIB strives to promote sustainable growth and contribute to Egypt's national efforts in combating climate change.

Overall, CIB's commitment to sustainability and the transition to a low-carbon economy is evident through its leadership in the NZBA, active engagement with stakeholders, and the launch of the Sustaining Sectors Program. CIB is paving the way for a more sustainable future for Egypt and beyond.

Moving Forward with Financed Emissions Reporting

This report presents CIB's first assessment of the financed emissions of its corporate loan portfolio, as of December 2021, including sector-specific portfolio targets. The sectors that have been selected for the assessment are power generation and commercial and residential real estate. We are aware that our role in the banking industry in tackling climate change is key, and reporting on our financed emissions is only a small part of our sustainability reporting, where a lot is being done to carry on the global agenda of a green economy and sustainable future.

CIB is committed to reporting on its financed emissions, and as a step in achieving this, we have recently committed to the PCAF. As a founding member of the NZBA and in alignment with our commitment, we will continue to enhance our reporting methodologies and disclose our financed emissions for these sectors and other carbon-intensive sectors on a yearly basis. We also commit to reporting on the progress of our set targets and updating them as needed to align with the latest climate science and emerging methodologies.

We are continuously working on improving and refining our analysis and coverage using the data sources and methodologies available for the various sectors. We expect the data quality scores to improve over time as clients continue to expand their disclosures to meet growing regulatory and stakeholder expectations. We are aiming to annually report our progress against the targets in a transparent manner. Nevertheless, financed

emissions may not be comparable year-on-year, and baselines and targets may need to be re-evaluated as data availability and methodologies are refined over time.

In the coming years, we aim to extend the scope of reporting to include more asset classes and carbon-intensive sectors. The financed emissions of all carbon-intensive sectors, as per the NZBA guidelines, should be disclosed in upcoming reports. We are also working to conduct scenario analysis and measure our portfolio alignment using widely accepted, science-based decarbonization scenarios and methodologies.

For future assessments, CIB will apply a refined methodology to evaluate the emissions of its corporate loans portfolio. The Bank will strive to collect more data from clients and will take into consideration more location- and emissions-related factors. This methodology will ensure that CIB's reporting on its portfolio is more accurate. Furthermore, a climate transition plan will be established and refined over time as part of the Bank's efforts to meet its portfolio's reduction targets toward net-zero by 2050.



Annexes

Calculations Methodology of Financed Emissions

Our assessment covers the corporate loans segment, from the “Business loans and unlisted equity” asset class as defined in the first edition of The Global GHG Accounting and Reporting Standard for the Financial Industry (2020), a PCAF publication.

Sectoral Classification

The scope of clients analyzed is determined based on sectoral filtering and includes the codes shown in the table below. For the corporate loans portfolio, we use ISIC Revision 4 codes. ISIC codes are assigned at the individual client level, and we then determine the clients’ group level ISIC code by assessing lending limits provided by CIB to each individual client within the sector.

Sector	ISIC Rev.4 Classification of Principal Activity
Power Generation	3510 Electric power generation, transmission, and distribution
Commercial & Residential Real Estate	6810 Real estate activities with owned or leased property

Input Data for Emissions Calculations

To calculate the absolute financed emissions from business loans, we retrieved clients’ financial data, including total revenues and assets, as well as data needed to calculate the company value of each client, such as enterprise value including cash (EVIC) for listed companies and total equity and debt for private or non-listed companies. Outstanding loan amounts were retrieved from CIB’s databases per client per sector.

The PCAF database of emission factors expressed in tCO₂e/\$M of revenue per sector (ISIC Revision 4) and country—exported from the environmentally extended input-output (EEIO) database, EXIOBASE—were used to complete the calculations of emissions.

Calculation of Clients’ Financed Emissions

In this assessment, we focused on computing scope 1 and 2 of our top clients by outstanding loans in each of the two sectors. To calculate the absolute financed emissions per sector, we used the following general formula (equation 1), as specified in the PCAF Standard.

Equation 1: General equation to calculate financed emissions

$$Financed\ emissions\ (tCO_2e) = \sum_{i=1}^n Attribution\ factor_i \times Company\ emissions_i\ (tCO_2e)$$

i = company/client per sector

14 For corporate loans, this is defined as the value of the debt that the borrower owes to the lender (i.e., disbursed debt minus any repayments).

To calculate the company emissions, we followed Option 3: Economic activity-based emissions, where emissions are estimated using sector-specific average emission factors. The following

formulas were used to calculate the attribution factor and the emissions per company for each of the two sectors:

Equation 2: Company emissions

$$\text{Company emissions}_i \text{ (tCO}_2\text{e)} = \text{Revenue}_c \text{ ($M)} \times \frac{\text{GHG Emissions}_s}{\text{Revenue}_s \text{ ($M)}}$$

C = company

S = sector

Equation 3: Attribution factor

$$\text{Attribution factor} = \frac{\text{Outstanding Loan amounts}_c}{\text{Company value}_c^{15}}$$

When calculating the loan portfolio emissions intensities per sector, we consolidated the clients' financed emissions and outstanding loans data using the equation below.

Equation 4: Economic Emissions intensity

$$\text{Economic Emissions intensity (tCO}_2\text{e / $M Loaned)} = \sum_{i=1}^n \text{Attribution factor}_i \times \frac{\text{Company emissions}_i}{\text{Outstanding Loans}_i}$$

i = company/client per sector

¹⁵ The PCAF standard defines this as: the sum of total company equity and debt, for private companies as well as the company enterprise value including cash (EVIC) for listed companies.

Data Quality Scores

When calculating the clients' financed emissions, we adopted the PCAF data quality hierarchy table to help make our calculation methodologies more transparent.

Table 1. General description of the data quality scores

Data Quality (Score 1 = highest data quality: Score 5 = lowest data quality)	Options to Estimate the Financed Emissions	When to Use Each Option
Score 1	Option 1: Reported emissions	1a Outstanding amount in the company and total company equity plus debt are known. Verified emissions of the company are available.
		1b Outstanding amount in the company and total company equity plus debt are known. Unverified emissions calculated by the company are available.
Score 2	Option 2: Physical activity- based emissions	2a Outstanding amount in the company and total company equity plus debt are known. Reported company emissions are not known. Emissions are calculated using primary physical activity data for the company's energy consumption and emission factors specific to that primary data. Relevant process emissions are added.
		2b Outstanding amount in the company and total company equity plus debt are known. Reported company emissions are not known. Emissions are calculated using primary physical activity data for the company's production and emission factors specific to that primary data.
Score 3		
Score 4	Option 3: Economic activity- based emissions	3a Outstanding amount in the company, total company equity plus debt, and the company's revenue is known. Emission factors for the sector per unit of revenue are known (e.g., tCO ₂ e per euro of revenue earned in a sector).
Score 5		3b Outstanding amount in the company is known. Emission factors for the sector per unit of asset (e.g., tCO ₂ e per euro of asset in a sector) are known.
		3c Outstanding amount in the company is known. Emission factors for the sector per unit of revenue (e.g., tCO ₂ e per euro of revenue earned in a sector) and asset turnover ratios for the sector are known.



Glossary

Absolute emissions	Emissions attributed to a financial institution's lending and investing activity. (Expressed in tonnes CO ₂ e.)
Asset class	A group of financial instruments that have similar financial characteristics.
Attribution factor	The share of total GHG emissions of the borrower or investee that are allocated to the loan or investments.
Business loans	Loans and lines of credit for general corporate purposes (i.e., with unknown use of proceeds as defined by the GHG Protocol) to businesses, non-profits, and any other structure of organization that are not traded on a market and are on the balance sheet of the financial institution.
Economic emissions intensity	This is absolute emissions divided by the loan and investment volume expressed as e.g., tCO ₂ e/\$M invested or loaned according to the PCAF standard.
Enterprise value including cash (EVIC)	The sum of the market capitalization of ordinary shares at fiscal year end, the market capitalization of preferred shares at fiscal year-end, and the book values of total debt and minorities' interests. No deductions of cash or cash equivalents are made to avoid the possibility of negative enterprise values.
Environmentally extended input-output (EEIO) data	EEIO data refers to EEIO emission factors that can be used to estimate scope 1, 2, and upstream scope 3 GHG emissions for a given industry or product category. EEIO data is particularly useful in screening emissions sources when prioritizing data collection efforts.
EXIOBASE	A global, detailed multi-regional environmentally extended supply-use table and input-output table. It was developed by harmonizing and detailing supply use tables for a large number of countries, estimating emissions, and resource extractions by industry.
Financed emissions	GHG emissions that occur as a result of financing, including lending and investment activity. These activities fall within scope 3, category 15 of the GHG protocol.
GHG accounting of financial Portfolios	The annual accounting and disclosure of GHG emissions associated with loans and investments at a fixed point in time in line with financial accounting periods. This is also called portfolio GHG accounting.
Greenhouse gases (GHG)	GHGs are atmospheric gases that absorb and emit radiation within the thermal infrared range and that contribute to global climate change. The seven gases include carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF ₆), and nitrogen trifluoride (NF ₃).

Power Generation	Refers to fuel use in electricity plants, heat plants and combined heat and power (CHP) plants. Both main activity producer plants and small plants that produce fuel for their own use (auto-producers) are included. <i>Source: IEA Net Zero by 2050 A Roadmap for the Global Energy Sector</i>
Residential	Energy used by households including space heating and cooling, water heating, lighting, appliances, electronic devices, and cooking equipment. <i>Source: IEA Net Zero by 2050 A Roadmap for the Global Energy Sector</i>
Scenario analysis	A process of analyzing future events by considering alternative possible outcomes.
Scope 1 emissions	Direct GHG emissions that occur from sources owned or controlled by the reporting company—i.e., emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.
Scope 2 emissions	Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company. Scope 2 emissions physically occur at the facility where the electricity, steam, heating, or cooling is generated.
Scope 3 emissions	All other indirect GHG emissions (not included in scope 2) that occur in the value chain of the reporting company. Scope 3 can be broken down into upstream emissions that occur in the supply chain (for example, from production or extraction of purchased materials) and downstream emissions that occur as a consequence of using the organization’s products or services.
Scope 3 category 15 (investments) emissions	This category includes scope 3 emissions associated with the reporting company’s loans and investments in the reporting year, not already included in scope 1 or scope 2.
Services	Energy used in commercial facilities, e.g. hotels, offices, catering, shops, and institutional buildings, e.g., schools, hospitals, offices. Energy use in services includes space heating and cooling, water heating, lighting, equipment, appliances, and cooking equipment. <i>Source: IEA Net Zero by 2050: A Roadmap for the Global Energy Sector</i>
Total balance sheet value	A balance sheet is a financial statement that reports a company’s assets, liabilities, and shareholders’ equity. The balance sheet value refers to the sum of total equity and liabilities, which is equal to the company’s total assets.
Unknown use of proceeds	Unknown use of proceeds refers to investments and loans for general (corporate or consumer) purposes (i.e., the financial institution does not know exactly for what activity the money is used, which holds for general purposes loans).

Source: PCAF Standard.



Abbreviations and Acronyms

CIB	Commercial International Bank
EnMS	Energy Management System
ESRM	Environmental and Social Risk Management
ETP	Energy Technology Perspectives
GHG	Greenhouse Gas
IEA	International Energy Agency
IPCC	Intergovernmental Panel on Climate Change
NZBA	Net-Zero Banking Alliance
NZE2050	Net-Zero Emissions by 2050
PCAF	Partnership for Carbon Accounting Financials
TCFD	Task Force on Climate-Related Financial Disclosure
tCO₂e	Tons of Carbon Dioxide Equivalent
UNEP FI	United Nations Environment Programme Finance Initiative
VSD	Variable Speed Drive
WEM	World Energy Model
\$M	Million US Dollars

Limited Assurance Statement

To the Bank's Board of Directors,

We were appointed by the Bank to conduct the financed emissions calculations and develop portfolio GHG reduction targets pertaining to the Bank's corporate loans portfolio of selected sectors, for the period from 1 January 2021 to 31 December 2021.

Auditors' Independence and Quality Control

We adhere to integrity, objectivity, competence, due diligence, confidentiality, and professional behavior. We maintain a quality control system that includes policies and procedures regarding compliance with ethical requirements, professional standards, and applicable laws and regulations.

Auditors' Responsibility

In conducting the financed emissions calculations and targets development, we have adopted the Partnership for Carbon Accounting Financials (PCAF), Global GHG Accounting and Reporting Standard for the Financial Industry. 2020 "First edition", the Greenhouse Gas Protocol Guidelines, the UNEP FI Guidelines for Climate Target Setting for Banks, the Science-Based Targets Framework for Financial Institutions, the World Energy Outlook Report, and the IEA Net Zero Emissions by 2050 scenario.

It is our responsibility to express a conclusion about the quality and completeness of the primary data collected/provided by the Bank. We have performed the following quality assurance/quality control tasks:

- Several rounds of data requests were performed whenever the received information was not clear;
- All data presented in this report were provided by the reporting entity and revised and completed by our technical teams;
- For data outliers, meetings were held to investigate the accuracy of the data and new data was provided when requested; and
- Any gaps, exclusions and/or assumptions have been clearly stated in the report.

Conclusion

Based on the aforementioned procedures, nothing has come to our attention that would cause us to believe that the Bank's raw data used in the financed emissions calculations or the targets development have not been thoroughly collected and verified and truly represent the Bank's resource consumption in the reporting period related to all categories/aspects identified in this report. We do not assume and will not accept responsibility to anyone other than the Bank for the provided assurance and conclusion.

Dr. Abdelhamid Beshara,

Founder and Chief Executive Officer

Masader, Environmental &
Energy Services S.a.e Cairo,
April 2023



Abdelhamid Beshara



ABOUT MASADER

Masader is an innovative interdisciplinary consulting, design and engineering sustainability firm based in Cairo, aiming at leveraging positive impact across the MENA region and globally. It specializes in Resource Efficiency, Sustainable Management of Natural Resources, and Integrated Sustainability Solutions. Since 2015, Masader has led 100+ projects across the areas of energy, environment, climate change & carbon footprint, circular economy, green building (LEED), as well as corporate sustainability strategies, reporting and certification.

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DISCLAIMER

Please note that the analysis and calculation of scenarios and targets related to climate change mitigation is an evolving process. The estimation of these goals is based on certain assumptions and methodological frameworks, which may be subject to change over time and can impact the progress of the objective and its commitments. The estimates provided in this report were based on internal bank and non-financial metric information submitted by external institutions, and CIB was not responsible for verifying the information provided by external sources.

Furthermore, we are aware of the challenges we will face in our race to net-zero due to the fact that both CIB's and our clients' targets are subject to external dependencies, including, but not necessarily limited to:

- Governmental policy commitments
- Technological advances
- Clients' performance versus their own commitments

Arising from our full commitment to supporting our clients' climate transition and decarbonization plans, we will do our best to engage with different stakeholders to overcome challenges and achieve our set targets.

This report contains forward-looking statements that go beyond factual data. It consists of our beliefs and expectations, along with underlying assumptions. Such statements are based on CIB's current assumptions and plans, and they do involve risks and uncertainties, which could lead to significant deviations from the actual results. Several critical factors and externalities, such as the financial markets and conditions in Egypt, Africa, and other countries; asset prices and market volatility; the implementation of countries' strategies and policies; our clients' commitments, etc., could cause actual outcomes to differ materially from those contained in any forward-looking statement.

