Financing Emissions Report 2023

Aligning Suez Canal Bank with Global Sustainability Standards

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Executive Summary

Introduction

- The Suez Canal Bank Financing Emissions Report, issued in March 2024, marks a significant milestone in our journey towards environmental stewardship and sustainable banking practices. This report is the culmination of a detailed analysis of the bank's financed emissions, highlighting our ongoing commitment to transparency and accountability in our environmental impact. The primary purpose of this report is to provide a comprehensive overview of the emissions associated with the bank's financial activities. By quantifying Scope 1 and Scope 2 emissions, the report aims to shed light on the direct and indirect environmental impacts of its finance activities. This analysis not only aligns with global sustainability standards but also supports the bank's strategic decision-making towards reducing its carbon footprint and enhancing environmental sustainability.

- This initiative is a collaborative effort between Suez Canal Bank and two leading sustainability-focused entities, ESG& and Dcarbon. Together, we have combined our expertise and resources to ensure that the data presented is both accurate and reflective of our emissions profile. ESG& has contributed its cutting-edge technology and analytical capabilities, making it possible to handle complex data with precision. Dcarbon has provided invaluable insights into carbon accounting and reporting, ensuring that our methods adhere to international standards and best practices.

- By publishing this report, Suez Canal Bank reaffirms its dedication to leading the financial sector towards a more sustainable future. We understand the critical role that financial institutions play in influencing the environmental landscape and are committed to being at the forefront of this transformative journey. Through continued collaboration with our partners, ESG& and Dcarbon, and by engaging with our stakeholders, we aim to enhance the scope and accuracy of our emissions reporting in the years to come, driving meaningful change in the industry.

Detailed Analysis

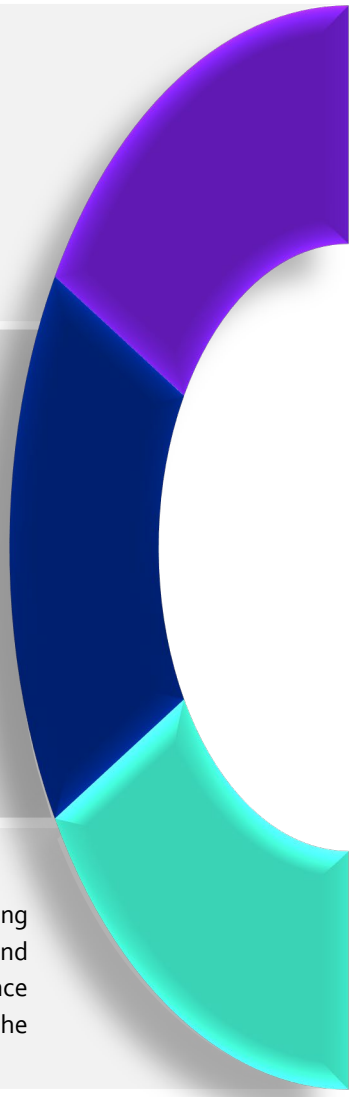
The Suez Canal Bank Financing Emissions Report delivers an in-depth examination of the bank's financed emissions, covering both direct and indirect impacts, to foster transparency and informed decision-making.

Strategic Collaboration

This initiative is supported by partnerships with ESG& and Dcarbon, who contribute their technological and carbon accounting expertise, ensuring adherence to global sustainability standards.

Commitment to Sustainability

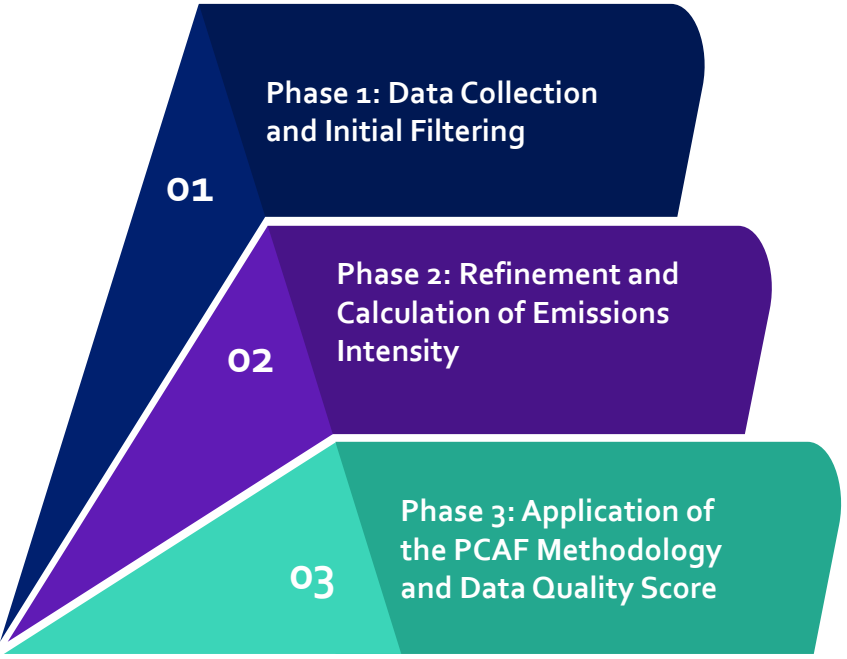
Suez Canal Bank commits to ongoing enhancements in emissions reporting and industry leadership, aiming to influence significant environmental improvements in the financial sector.



Methodology

- The methodology employed in this report for calculating financed emissions adheres to a structured and rigorous approach, ensuring the accuracy and relevance of the data presented.

- Suez Canal Bank, in collaboration with ESG& and Dcarbon, utilizes advanced data collection and analysis techniques to quantify the greenhouse gas emissions associated with its direct finance activities.



Phase 1: Data Collection and Refinement

- The financed emissions report for Suez Canal Bank begins with a focused approach, selecting around the 70% of the bank's direct finance portfolio that significantly impacts the overall financed emissions.

- This phase involves rigorous data collection from clients, followed by the application of specific exclusion criteria based on financial health, ensuring that the final population analyzed is both representative and financially sound.

Phase 2: Database Enhancement and Emissions Estimation

- Transitioning to a more comprehensive emerging market database, ESG& enhances the scope and quality of data, which is crucial for accurate emissions reporting. The use of the International Standard Industrial Classification (ISIC) Level 4 facilitates precise categorization of economic activities, enhancing the reliability of emissions calculations.

- The integration of Climate Edge technology streamlines the process, ensuring efficient data handling and accurate industry matching.

Phase 3: Application of PCAF Methodology and Ensuring Data Quality

- The final phase involves the application of the Partnership for Carbon Accounting Financials (PCAF) methodology, which standardizes the calculation of financed emissions across various asset classes.

- This methodological rigor is complemented by a stringent data quality assessment, achieving a data quality score of 4, which underscores the accuracy and reliability of the emissions data used in the report, aligning Suez Canal Bank's emissions reporting with international best practices and enhancing the transparency of its sustainability initiatives.

Suez Canal Bank has embarked on a rigorous analysis of its financed emissions, demonstrating its steadfast commitment to sustainability and responsible banking practices. This report embodies the bank's efforts to assess the environmental impact of its financing activities, highlighted by a commitment to transparency, ongoing enhancement, and strategic collaborations.

Suez Canal Bank's total financed emissions reach approximately 1.06 million mtCO2e, combining both direct and indirect sources (Scope 1 and Scope 2 emissions). Scope 1 emissions, primarily from direct operations like manufacturing and energy production, account for 966.4k mtCO2e, while Scope 2 emissions, related to purchased energy, add another 92.4k mtCO2e.

The electricity sector is the largest contributor to the bank's financed emissions, accounting for 798.47k mtCO2e. Additionally, business loans are identified as significant drivers, contributing 893k mtCO2e, emphasizing the impact of the bank's finance activities in specific sectors.

The infographic highlights key metrics such as the Average Financed Emissions/Total Direct Finance Intensity of 55.97, which measures emissions per unit of financial output, and the Weighted Average Carbon Intensity (WACI) of 72.37 mtCO2e per million Egyptian pounds of revenue, illustrating the bank's environmental impact relative to its economic activities.

Electricity is the top industry by FE

The Electricity sector emerges as the top emitter, accounting for 798.47mtCO2e, followed by the Energy and Construction sectors with 153.31k and 74.73k mtCO2e respectively.

S2 FE 92.4k mtCO2e

The Scope 2 emissions, which account for indirect emissions from purchased electricity, heat, or steam, summed up to approximately 92.4mtCO2e.

S1 FE 966.4k mtCO2e

Scope 1 emissions, which include direct emissions from the entities financed by the bank, totaled around 966.4mtCO2e.

Total FE 1.06 mn mtCO2e

The bank's total financed emissions amounted to approximately 1.06mn tCO2e, which encompasses both Scope 1 and Scope 2 emissions.

Business Loans is the top Asset Class by FE

Business Loans and Project Finance are identified as significant contributors to the bank's total financed emissions.

Average FE/ Total Direct Finance Intensity 55.97

The Average FE/ Total Direct Finance Intensity of 55.97 represents a critical metric in Suez Canal Bank's report on financed emissions.

WACI 72.37

The WACI of 72.37 tCO2e per million Egyptian pounds of revenue highlights Suez Canal Bank's detailed scrutiny of its financial portfolio's environmental impact.

Total Direct Finance of EGP 21.2bn

The bank's financial engagement of EGP 21.2 billion underscores its significant role in the economic landscape.

Key Findings

This detailed table outlines the financed emissions (FE) and financial metrics across various industries for Suez Canal Bank, using the Global Industry Classification Standard (GICS) codes to categorize sectors. It presents a comprehensive view of both S1 and S2 financing emissions in tCO2e, total emissions (TE), and evaluates financial implications through the average of FE to total finance and total revenue percentages.

Industry (GICS Code)	S1 Financing Emission (mtCO2e)	S2 Financing Emission (mtCO2e)	TE Financing Emission (mtCO2e)	Average of FE/Total Finance	Average of FE/Total Revenue
Business Loans	**823,560.28**	**69,336.60**	**892,896.89**	**80.41**	**2.24**
Electricity (GICS 551010)	791,498.64	6,968.11	798,466.76	585.02	2.31
Manufacturing (GICS 2010)	25,634.76	39,761.86	65,396.61	61.70	2.86
Financial and Insurance (GICS 402020)	1,387.50	21,077.27	22,464.77	2.67	3.84
Wholesale and Retail Trade (GICS 255010)	598.42	457.87	1056.29	3.39	0.07
Construction (GICS 201030)	4018.73	1066.19	5084.92	8.24	0.60
Transportation and Storage (GICS 203040)	422.23	5.30	427.53	1.58	2.97
Project Finance	**142,840.12**	**22744.54**	**165584.66**	**18.27**	**1.42**
Energy (GICS 101020)	136,828.52	16,476.65	153,305.17	18.07	0.12
Manufacturing (GICS 2010)	4,478.09	4,839.43	9,317.52	29.24	0.95
Accommodation and Food Service (GICS 253010)	472.40	1,262.71	1,735.12	0.80	2.37
Construction (GICS 201030)	1,055.26	89.59	1,144.86	5.72	6.28
Wholesale and Retail Trade (GICS 255010)	445.90	228.28	674.18	6.90	0.44
Financial and Insurance (GICS 402020)	5.84	76.15	81.99	0.26	0.14
Listed Equity	**27.47**	**302.17**	**329.64**	**1.07**	**0.51**
Information and Communication (GICS 451020)	15.39	301.30	316.69	2.12	0.37
Manufacturing (GICS 2010)	12.08	0.87	12.95	0.02	0.65
Grand Total	**966,427.88**	**92,383.31**	**1,058,811.19**	**55.97**	**1.88**

Challenges and Recommendations

- In the pursuit of comprehensive and transparent emissions reporting, Suez Canal Bank has encountered several significant challenges and limitations, particularly in the arena of data collection and analysis. These challenges stem from the diverse nature of the bank's loan portfolio, which includes a variety of industries with differing levels of data availability and reporting standards.

- Furthermore, the methodology currently employed relies heavily on emission factors and may not capture company-specific nuances, thus limiting the precision of the emissions calculations.

- The current scope of the report, which focuses on around 70% of the bank's direct finance portfolio, presents another limitation. This approach assumes a representative sample of the bank's overall activities, which may not be accurate and could potentially underrepresent certain sectors with significant emissions.

- Moreover, the exclusion of Scope 3 emissions—representing indirect emissions along the value chain—means that the report might not fully reflect the bank's comprehensive emissions footprint.

- Proposed enhancements include the integration of more granular and company-specific data, which would improve the accuracy of emissions estimates. Additionally, the bank aims to adopt advanced analytical tools and expand the coverage of its reporting to include a broader segment of its portfolio.

- These steps will help provide a more accurate and holistic view of the bank's financed emissions.

- Strategic partnerships with organizations like ESG& and Dcarbon have been instrumental in overcoming some of the challenges faced in emissions reporting.

- These collaborations have enhanced the analytical capabilities of the bank and improved the accuracy and credibility of the report. The expertise provided by these partners has been crucial in refining the bank's approach to measuring and reporting financed emissions.

- Looking forward, Suez Canal Bank is committed to continuous improvement in its emissions reporting processes. Recommendations for future efforts include further expanding the scope to include Scope 3 emissions, enhancing data collection techniques, and integrating sustainability more deeply into all areas of the bank's operations.

- These initiatives aim not only to enhance the transparency and accuracy of the bank's reporting but also to solidify its commitment to environmental stewardship and sustainable financial practices.

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Introduction

The Role of the Financial Sector in Climate Change

- The global context of climate change has never been more pressing or pervasive in its implications for ecosystems, economies, and societies. As the planet faces unprecedented environmental challenges, including rising global temperatures, extreme weather events, and biodiversity loss, the imperative for comprehensive action is clear.

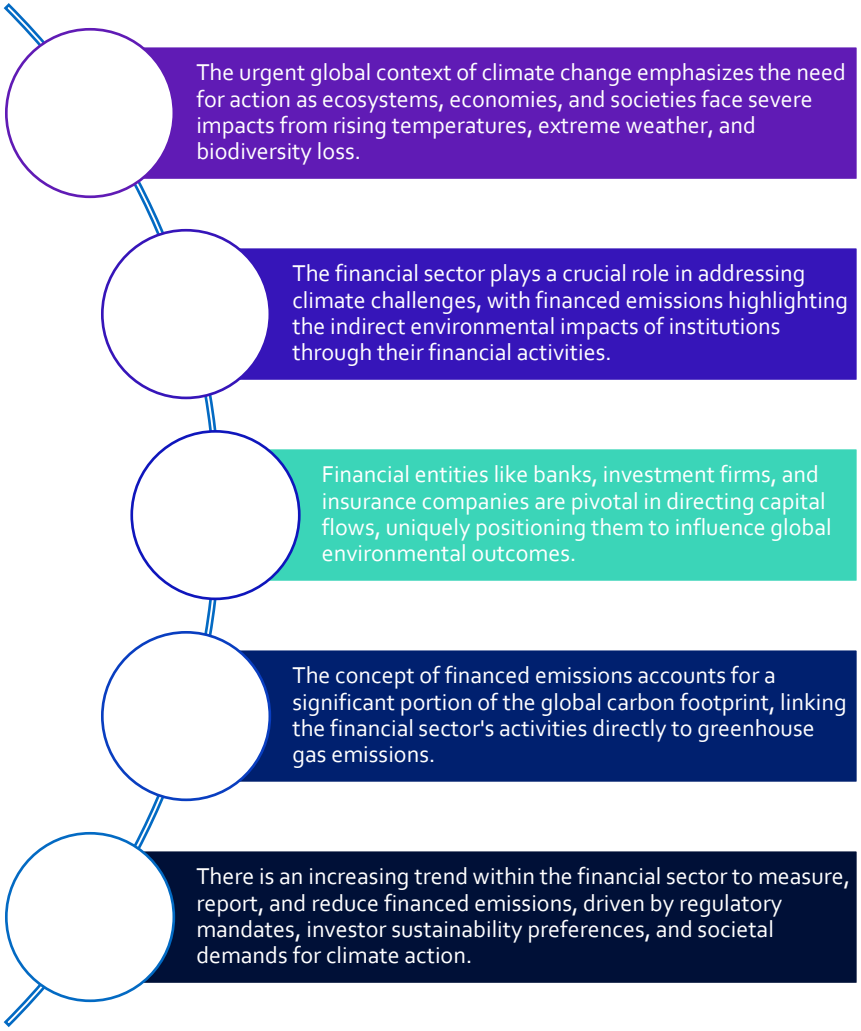
- Central to this action is the role of the financial sector, which wields significant influence over global and local economies. The concept of financed emissions is a critical piece of this puzzle, shedding light on the indirect environmental impact of financial institutions through their lending, investing, and financial service practices.

- Financial institutions, including banks, investment firms, and insurance companies, play a pivotal role in the global economy, directing capital flows to various sectors and industries. This positions them uniquely to influence environmental outcomes significantly.

- The projects and companies they choose to finance directly impact the level of greenhouse gas (GHG) emissions released into the atmosphere. Thus, financed emissions—those emissions indirectly generated through the financial activities of these institutions—constitute a substantial portion of the global carbon footprint.

- Recognizing this, there is a growing movement within the financial sector to measure, disclose, and ultimately reduce financed emissions. This movement is driven by a combination of factors: increasing regulatory pressures, shifting investor preferences towards sustainability, and a broader societal demand for action on climate change.

- Reporting on financed emissions allows banks and other financial institutions to understand and manage their climate-related risks and opportunities, aligning their portfolios with a low-carbon future.



Global Initiatives and the Path Forward

- Several global initiatives and standards have emerged to guide the financial sector in addressing its climate impact. The Task Force on Climate-related Financial Disclosures (TCFD) provides a framework for companies, including financial institutions, to disclose climate-related risks and opportunities in a consistent and comparable manner.

- The PCAF offers specific guidelines for measuring and disclosing financed emissions, enabling financial institutions to assess and report their climate impact accurately.

- These initiatives underscore the critical role of transparency and accountability in the financial sector's efforts to combat climate change. By reporting on financed emissions, institutions not only demonstrate their commitment to environmental stewardship but also contribute to the global understanding of financial flows' impact on the climate.

- This, in turn, facilitates more informed decision-making by investors, regulators, and the institutions themselves, promoting a shift towards sustainable finance.

- For the banking sector, embracing financed emissions reporting is not just about compliance or reputation management; it is about actively participating in the global transition to a sustainable and low-carbon economy. Banks have the power to influence the environmental practices of the companies they finance, encouraging them to adopt more sustainable operations and business models.

- Through strategic lending and investment policies, banks can support the development of renewable energy, sustainable agriculture, and green technologies, contributing to the mitigation of climate change and the achievement of global sustainability goals.

- The importance of financed emissions reporting extends beyond the banking sector itself, affecting the broader trajectory of global environmental efforts. As financial institutions begin to align their portfolios with the Paris Agreement goals and other international climate commitments, they play a pivotal role in mobilizing the necessary capital for a sustainable future. In this way, the financial sector becomes a key driver of environmental innovation and progress, underscoring the critical importance of financed emissions reporting in the fight against climate change.

- In conclusion, the banking sector's engagement with financed emissions reporting is a vital step towards understanding and mitigating its environmental impact.

- As the world grapples with the challenges of climate change, the financial sector's role in facilitating a transition to a sustainable economy has never been more crucial. Through transparency, accountability, and strategic action, banks and financial institutions can lead the way in securing a healthier planet for future generations.

Regulatory and Stakeholder Pressure

- In an era marked by escalating environmental challenges and the global transition towards sustainability, Suez Canal Bank's Financing Emissions Report emerges as a critical tool for aligning the bank's operations with international environmental standards.

- This report underscores the importance of measuring financed emissions as a foundational step in adhering to the Carbon Border Adjustment Mechanism (CBAM), BASEL principles, the Network for Greening the Financial System (NGFS) participation, and the IFRS S2 standards.

- It highlights how measuring financed emissions is not merely a compliance exercise but a strategic imperative for risk assessment and sustainable financial planning.

- The Suez Canal Bank's initiative to quantify financed emissions signifies a proactive approach to understanding and managing the environmental impact of its direct finance activities. This process is crucial for several reasons:

Compliance with Emerging Regulations

- The CBAM and IFRS S2 standards are indicative of a broader regulatory trend toward strict environmental accountability.

- Measuring financed emissions places the bank in a position of readiness to comply with these and future regulations, ensuring that its operations remain sustainable and profitable.

Strategic Risk Management

- Understanding that the Egyptian Central Bank is part of the active involvement in the NGFS workstreams, such as "Net Zero for Central Banks," requires from the local banks to have a solid foundation of data on financed emissions.

- This participation not only enhances the bank's capacity to manage environmental risks but also contributes to the collective knowledge and efforts of the global financial system in addressing climate change.

- Adhering to the BASEL principles for effective management and supervision of climate-related financial risks requires a deep understanding of how financed activities contribute to climate change.

- By measuring financed emissions, Suez Canal Bank can identify high-risk areas within its portfolio and develop strategies to mitigate these risks, ensuring long-term resilience.

- Moreover, the complex landscape of environmental regulations and standards presents both challenges and opportunities for financial institutions. For Suez Canal Bank, adherence to these frameworks is facilitated by the comprehensive measurement and reporting of financed emissions.

CBAM Impact

- As global markets adjust to the carbon pricing mechanisms introduced by CBAM, banks must reassess the carbon footprint of their portfolios. This adjustment is crucial for maintaining competitiveness and compliance in an increasingly carbon-conscious global economy.

Regulatory and Stakeholder Pressure

BASEL Principles Compliance

- Integrating climate risks into strategic risk management, as mandated by the BASEL principles, begins with understanding the source of these risks.
- The measurement of financed emissions provides the necessary data to inform this integration, aligning the bank's risk management practices with best practices for environmental and financial stability.

IFRS S2 Standards Fulfilment

- The upcoming mandatory adoption of IFRS S2 standards, which require comprehensive reporting on climate-related risks and opportunities, highlights the critical role of financed emissions measurement.
- This reporting is essential for disclosing how climate risks affect the bank's financial planning, access to finance, and overall strategy.
- The Financing Emissions Report for Suez Canal Bank is a pivotal step towards comprehensive environmental risk management and strategic planning in adherence to international standards and regulations.
- By measuring financed emissions, the bank not only fulfils a key requirement of standards such as IFRS S2 but also positions itself as a leader in the transition towards a sustainable financial sector.
- This proactive approach ensures that Suez Canal Bank can navigate the complexities of the global regulatory landscape, manage risks effectively, and seize the opportunities presented by the shift towards a low-carbon economy.

Benefits of Emissions Reporting

- Emissions reporting, particularly within the banking sector, is emerging as a crucial practice for navigating the complexities of the modern financial and environmental landscape.

- For banks, the adoption of emissions reporting methodologies provides a myriad of benefits that extend beyond mere compliance with current regulations.

- These benefits encompass enhanced risk management, increased investor confidence, adherence to regulatory expectations, and a significant contribution to global sustainability goals.

- Moreover, for banks operating in regions like Egypt, where such regulations might not yet be stringent, proactively adopting emissions reporting can offer a strategic advantage.

Regulatory Compliance and Future-Readiness

- While regulations surrounding emissions reporting and sustainability practices may vary globally, there is a clear trend towards more stringent environmental disclosure requirements.

- For banks in regions like Egypt, where such regulations may not yet be as comprehensive, proactively adopting emissions reporting practices ensures future readiness.

- When regulations inevitably become stricter, banks that have already integrated emissions reporting into their operations will find themselves well ahead of the curve, minimizing compliance costs and avoiding the rush to meet new standards.

- This foresight positions the bank as a leader in sustainability, potentially influencing industry standards and practices.

Enhanced Risk Management

- Emissions reporting enables banks to gain a comprehensive understanding of their financed emissions and, by extension, the environmental impact of their lending and investment portfolios. This insight is invaluable for identifying and assessing climate-related risks.

- By understanding which sectors or projects contribute most significantly to their carbon footprint, banks can make informed decisions to mitigate these risks, adjust their portfolios towards less carbon-intensive assets, and enhance their resilience against climate change-related financial volatility. This proactive approach to risk management is critical in safeguarding the bank's long-term sustainability and financial health.

Increased Investor Confidence

- Investors are increasingly prioritizing sustainability and climate impact in their investment decisions. By demonstrating a commitment to emissions reporting and environmental stewardship, banks can significantly boost investor confidence.

- Transparent reporting practices signal to current and potential investors that the bank is not only aware of its environmental impact but is also taking concrete steps to mitigate it. This can enhance the bank's attractiveness to a growing pool of green and ESG-focused investors, securing its competitive edge in the market.

Benefits of Emissions Reporting

Contribution to Global Sustainability Goals

- Banks play a pivotal role in the global economy, and their investment decisions have far-reaching implications for environmental sustainability. Through emissions reporting, banks can align their operations and lending practices with global sustainability goals, such as those outlined in the Paris Agreement and the United Nations Sustainable Development Goals (SDGs).

- By financing projects and companies that prioritize reducing their carbon footprint, banks contribute directly to the global effort to combat climate change. This not only enhances the bank's reputation as a responsible corporate citizen but also supports the transition to a low-carbon economy.

Proactive Understanding and Strategic Advantage

- The process of emissions reporting provides banks with a deep understanding of their current environmental impact, enabling them to be strategic and proactive in addressing it.

- Recognizing the sectors and activities that are most carbon-intensive allows banks to prioritize efforts where they can have the most significant impact. This proactive stance is particularly advantageous in regions where environmental regulations are evolving.

- By anticipating changes and voluntarily adopting best practices in emissions reporting, banks can establish themselves as leaders in sustainability, setting benchmarks for the industry and shaping the regulatory landscape.

- For banks, the benefits of emissions reporting are clear and multifaceted. From enhancing risk management and investor confidence to ensuring regulatory compliance and contributing to global sustainability efforts, emissions reporting is a critical tool in the modern bank's arsenal.

- Moreover, by adopting these practices proactively, banks not only prepare themselves for future regulatory requirements but also gain a strategic advantage, positioning themselves as leaders in the transition towards a more sustainable and resilient banking industry.

Overview of the Bank's Decision to Measure Emissions Despite Not Being a PCAF Signatory

Proactive Leadership

- In an era where the impact of climate change is undeniable, the role of financial institutions in fostering sustainability has never been more critical. Suez Canal Bank's decision to measure and report financed emissions, despite not being a signatory of the PCAF, stands as a testament to its proactive leadership and unwavering commitment to environmental stewardship.

- This initiative reflects a deep understanding of the bank's pivotal role in the broader socio-economic landscape and its potential to influence positive environmental change.

Strategic Vision for Sustainability

- Suez Canal Bank's approach to emissions reporting is rooted in a strategic vision that recognizes the interconnectedness of environmental sustainability and financial performance.

- By voluntarily adopting financing emissions measurement practices, the bank aims to align its operations and investment strategies with global sustainability goals, thereby ensuring long-term resilience and competitiveness. This forward-thinking stance is driven by the belief that financial institutions must lead by example, advocating for and implementing practices that contribute to a sustainable future.

Understanding the Bank's Environmental Footprint

- The decision to embark on financed emissions reporting is part of a broader effort to understand the bank's environmental footprint.

- Recognizing that the activities it finances can significantly impact carbon emissions, Suez Canal Bank has undertaken this initiative to gain insight into the indirect emissions stemming from its portfolio. This understanding enables the bank to identify high-impact areas, demonstrating a comprehensive approach to environmental responsibility.

Setting a Precedent in the Financial Sector

- By measuring and reporting financed emissions without the formal impetus of PCAF membership, Suez Canal Bank sets a precedent for the financial sector, particularly in regions where such practices are not yet widespread. This leadership initiative signals to peers the importance of proactive environmental stewardship and the feasibility of undertaking such measures independently of external mandates. The bank's actions contribute to raising the bar for sustainability practices within the industry, encouraging a sector-wide shift towards more responsible and transparent environmental reporting.

Anticipating Future Regulatory Requirements

- Suez Canal Bank's decision to measure financed emissions also reflects a strategic anticipation of future regulatory landscapes. With global and regional regulatory frameworks increasingly emphasizing sustainability and disclosure of climate-related risks, the bank positions itself ahead of potential mandates. This foresight ensures that when regulations evolve to require emissions reporting, Suez Canal Bank will not only be compliant but will have already established a robust framework for measuring and managing its financed emissions. Suez Canal Bank's initiative to measure and report financed emissions underscores its role as a proactive leader in the financial sector's transition to sustainability.

- This decision, made independently of PCAF signatory status, reflects a comprehensive commitment to understanding and reducing the bank's environmental impact. Through strategic vision, stakeholder engagement, and anticipation of future trends, Suez Canal Bank demonstrates that financial institutions can play a pivotal role in addressing climate change, setting a benchmark for environmental stewardship in the banking industry.

Report's Objectives and Scope

- The primary aim of this report is to delineate the comprehensive approach undertaken by Suez Canal Bank in measuring and analyzing financed emissions within its portfolio.

- In a world grappling with the urgent need for climate action, the bank recognizes its pivotal role in fostering sustainable practices across the financial sector. The objectives outlined in this report are reflective of a broader commitment to sustainability, transparency, and environmental stewardship.

Measuring the Bank's Financial Emissions

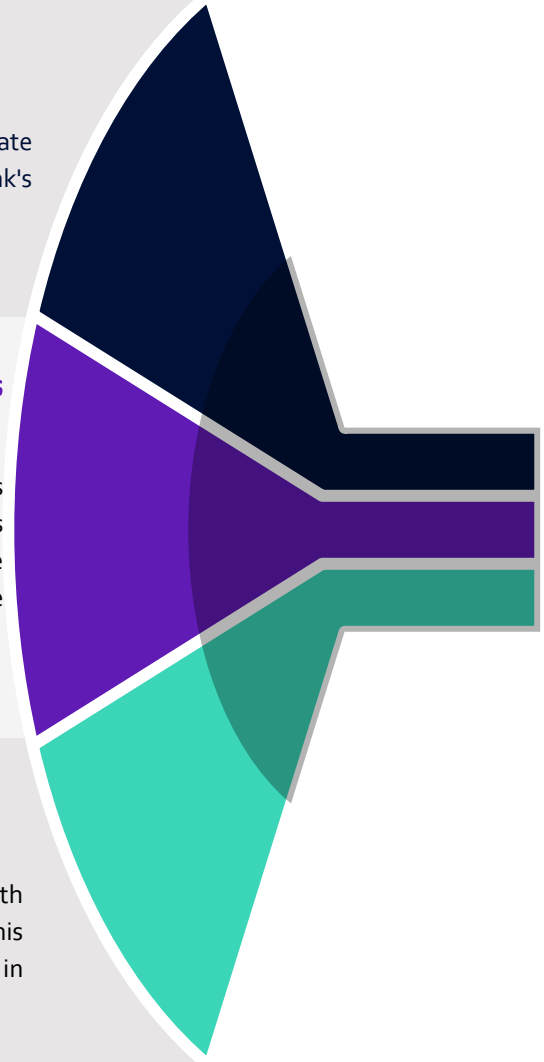
At the forefront of this report's objectives is the accurate measurement of emissions financed by Suez Canal Bank's lending and investment activities.

Identifying Opportunities for Financing Emissions Reduction

Through the detailed analysis of financed emissions, the bank aims to pinpoint strategic opportunities for emissions reduction. This involves identifying high-impact sectors and clients within the bank's portfolio and developing targeted strategies to encourage and support sustainable practices among its clientele.

Aligning with Global Sustainability Standards

The report is also aimed at aligning the bank's operations and financial services with international sustainability targets, such as the SDGs and the Paris Agreement. This alignment signifies the bank's commitment to contributing to global efforts in combating climate change and promoting sustainable development.



Scope of the Report

- The comprehensive report prepared to Suez Canal Bank, by ESG&, marks a pivotal step in assessing and managing the bank's financed emissions.

- The scope of this report is designed to provide a transparent, detailed account of the bank's financed emissions, encompassing the methodologies employed for emissions measurement, the rationale behind the selection of around the 70% of the Bank's direct finance portfolio as a focus group, and an overview of the sectors and industries covered.

Methodologies for Emissions Measurement

- The emissions measurement methodology adopted in this report is grounded in the principles outlined by the PCAF, adapted to fit the specific context of Suez Canal Bank's operations and client base. This methodology involves a comprehensive approach to calculating the GHG emissions financed by the bank's lending and investment activities. Key components of the methodology include:

Data Collection

- Systematic gathering of relevant data from around the 70% of the Bank's direct finance portfolio, including energy consumption, operational practices, and financial data, to accurately assess their contribution to financed emissions.

Sector-Specific Factors

- Application of sector-specific emission factors to account for the varied carbon intensity across different industries. This approach ensures a nuanced analysis that reflects the unique environmental impact of each sector.

Carbon Accounting Standards

- Utilization of internationally recognized carbon accounting standards to ensure that the emissions calculations are consistent, comparable, and in line with global best practices.

Selection of around the 70% of the Bank's direct finance portfolio

- The decision to focus the analysis on around the 70% of the Bank's direct finance portfolio stems from a strategic approach to maximize the impact and relevance of the report. This selection criteria is based on several factors:

Portfolio Impact

Around the 70% of the Bank's direct finance portfolio were identified as having the most significant impact on the bank's overall financed emissions, making them critical targets for emissions reduction strategies.

Data Availability and Quality

These clients were also selected for their ability to provide an acceptable level of quality of the necessary data for accurate emissions calculation, ensuring the reliability of the report's findings.

- The report's methodology, focus on around the 70% of the Bank's direct finance portfolio, and coverage of key sectors provide a solid foundation for Suez Canal Bank's efforts to measure, report, and ultimately reduce financed emissions. By adopting a comprehensive and strategic approach, the bank not only enhances its sustainability profile but also contributes to the global transition towards a low-carbon economy. Through this detailed scope, the report aims to offer actionable insights, drive meaningful change, and set a precedent for transparency and accountability in the banking sector's approach to climate change.

Partnership Overview

The Role of Partnerships

- In the realm of sustainability reporting and financed emissions analysis, partnerships are not just beneficial; they are imperative. For Suez Canal Bank, forging strategic alliances is a cornerstone of its approach to enhancing its environmental impact assessment and reporting capabilities.

- These collaborations bring in external expertise, advanced technology, and specialized data, all of which are crucial for refining the bank's sustainability efforts. Partnerships amplify the bank's capacity to navigate the complexities of sustainability reporting. They provide access to a broader spectrum of data, innovative methodologies, and best practices in emissions analysis.

- By collaborating with specialized entities, the bank can tap into niche expertise and advanced tools that might be beyond its internal capabilities. These alliances also open avenues for sharing knowledge, experiences, and challenges, fostering a collaborative environment that accelerates progress in sustainability reporting.

- A prime example of such a partnership is the bank's collaboration with ESG& and Dcarbon. The strategic partnerships with ESG& and Dcarbon are not just a testament to Suez Canal Bank's commitment to sustainability but also a reflection of the broader trend in the financial industry towards collaborative efforts in tackling environmental challenges.

- By joining forces with these specialized entities, the bank is better equipped to enhance its sustainability reporting, deepen its understanding of financed emissions, and contribute more effectively to the global transition towards a low-carbon economy.

Leveraging Technology

Through its partnership with ESG&, the bank leverages cutting-edge technology to streamline its data collection and analysis processes. ESG&'s platforms enable the bank to efficiently gather, manage, and analyze sustainability data, ensuring accuracy and consistency in its reporting.

Specialized Data Access

Dcarbon, with its focus on carbon accounting, provides the bank with specialized data that is crucial for a nuanced understanding of financed emissions. This data is key to identifying emission hotspots, assessing the carbon intensity of different sectors, and evaluating the environmental impact of the bank's financing activities.

Joint Sustainability Efforts

The collaboration extends beyond data and technology. It encompasses joint efforts in sustainability initiatives, where the bank, ESG&, and Dcarbon work together on projects aimed at reducing emissions, promoting green finance, and enhancing overall environmental performance.

Methodology

Objective and Purpose

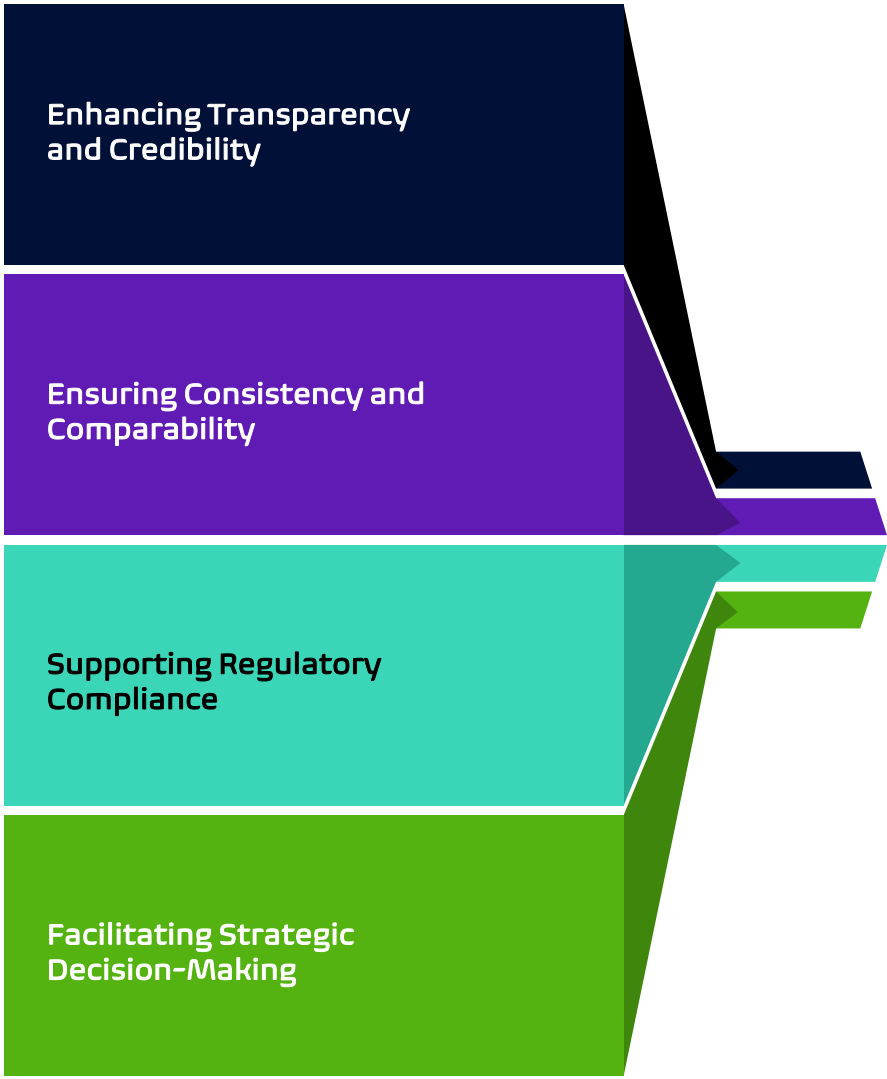
- The Methodology section of the Suez Canal Bank's Financing Emissions Report underpins the entire analysis by establishing a framework for how emissions data is collected, calculated, and interpreted. This crucial section serves several vital purposes:

- Detailing the methodology used for emissions calculation reassures stakeholders of the accuracy and reliability of the information presented. It provides a clear roadmap of the steps taken from data collection to final emission figures, thereby enhancing the report's credibility.

- Standardized methods allow for the consistent reporting of financed emissions, which is essential for benchmarking against industry peers. This consistency supports comparability, which is critical for regulators, investors, and the global community to gauge the bank's performance in relation to others in the financial sector.

- By aligning the methodology with international standards such as the PCAF, the bank ensures it meets current regulatory requirements and is well-prepared for future regulatory developments. This proactive approach helps mitigate risks associated with regulatory non-compliance.

- A well-defined methodology provides insights into key areas where environmental impact can be managed and reduced. It informs the bank's strategic planning, investment decisions, and helps in identifying opportunities for improvement in environmental performance.



Approach

- The approach to calculating financed emissions for Suez Canal Bank's portfolio involves a detailed, phased methodology designed to ensure accuracy, comparability, and comprehensiveness.
- Starting with Phase 1: Data Collection and Initial Filtering, Phase 2: Refinement and Calculation of Emissions Intensity, and finally Phase 3: Application of the PCAF methodology and data quality score.
- By following this detailed approach, Suez Canal Bank not only adheres to the highest standards of emissions reporting but also demonstrates its commitment to transparency and responsible banking. This systematic process allows the bank to manage its environmental impact effectively and align its financing activities with broader sustainability goals.
- This section outlines the phased exclusion process and the methodology for calculating emissions intensity.

Phase 1: Data Collection and Initial Filtering

- Initially, the bank faced challenges in obtaining sufficient data at the detailed ISIC Level 4 for companies in the Middle East and Africa.
- To address this, the geographical scope was expanded to include emerging markets, broadening the data pool and enhancing the diversity and accuracy of the emissions profiles analyzed.
- This step ensures that the bank's financed emissions report is grounded in a comprehensive and representative dataset, essential for reliable analysis.

Phase 2: Refinement and Calculation of Emissions Intensity

- Once we have secured a clean and standardized dataset, the next step is to calculate the emissions intensity across its financial portfolio. This process includes filtering out irrelevant data.
- Then, using ESG& Emerging Market database, emission factors specific to the industries and regions of the financed companies are applied.
- This enables the bank to accurately assess the environmental impact of its financed activities by calculating the emissions intensity for each portfolio segment, which quantifies the environmental impact per unit of financial activity.

Phase 3: Application of the PCAF Methodology and Data Quality Score

- In the final phase, the PCAF methodology is applied to standardize the reporting process and align it with global best practices.
- The PCAF framework offers a structured approach to convert financial data across various asset classes into carbon emissions equivalents, ensuring that the bank's reporting is comparable with other institutions globally.
- Additionally, each data point is assigned a quality score based on its accuracy, recency, and reliability, enhancing the overall credibility of the report.

Phase 1: Data Collection and Initial Filtering

Phase I: Data Collection and Initial Filtering Overview

- The first phase of the financed emissions report for Suez Canal Bank, orchestrated by ESG&, focuses on the selection and initial filtering of data to ensure precision and relevance in environmental impact assessments. This phase begins with the strategic identification of the top around 70% of the bank's direct finance portfolio, emphasizing clients with significant contributions to the bank's overall financed emissions.

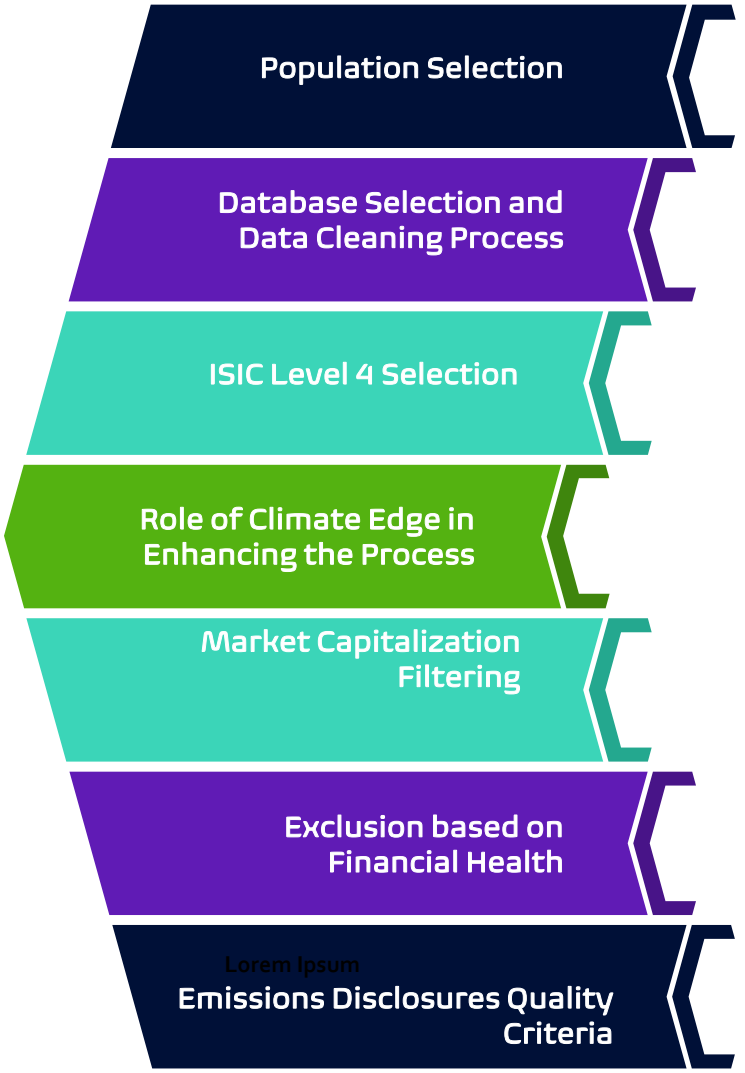
- Clients are selected based on the size of their financial dealings with the bank and are further filtered based on the robustness of their financial statements, excluding those with unreliable financial data to maintain the integrity of the emissions data.

- This selective approach guarantees that the analysis is conducted on a representative sample of financially stable clients, which significantly enhances the accuracy and reliability of the emissions report.

- Subsequently, the data collection process extends to refining the dataset through several rigorous steps. Initially, ESG& utilizes the MEA database but shifts to a more comprehensive emerging market database to capture a broader and more diverse set of emissions data across various sectors and geographies.

- This transition is crucial for obtaining a richer dataset that supports a more detailed and robust analysis. The data undergoes extensive cleaning, including standardization and alignment with ISIC Level 4 classifications, which enables precise categorization of industries and tailoring of emissions factors to each client's specific sector.

- Moreover, financial health filters are applied to exclude companies with negative revenue or equity, ensuring the financial stability of the data sources. These methodologies, supported by the digital capabilities of Climate Edge, enhance the data's accuracy, making the emissions reporting for Suez Canal Bank not only comprehensive but also aligned with the highest standards of environmental and financial accountability.



Population Selection

- In preparing the financed emissions report for Suez Canal Bank, ESG& has concentrated its analysis on around the 70% of the Bank's direct finance portfolio within the bank's loan direct finance portfolio.

- This targeted approach is strategic, focusing on those clients who have the most significant impact on the bank's overall financed emissions.

- The selection and subsequent exclusions are guided by the bank's commitment to a thorough and accurate assessment of its environmental footprint.

- The process for selecting and refining the population for the financed emissions report involves several key steps:

1. **Initial Selection of around 70% of the Bank's direct finance portfolio**: ESG& begins by identifying around the 70% of the Bank's direct finance portfolio based on the size of their loan finance within Suez Canal Bank's portfolio. This group is chosen for their potential substantial contribution to the bank's financed emissions, making them a priority for detailed analysis.
2. **Exclusion Based on Financial Health:** Clients that did not yet finalize reliable financial statements are excluded. This criterion is applied as it can indicate financial instability, which might affect the reliability of emissions data.

Final Population for Analysis

- After applying the exclusion criteria, the final population for the financed emissions analysis consists of 48 clients.

- These clients represent a total finance amount of EGP21.2 billion. This refined group is deemed to provide a representative and financially sound sample for the emissions reporting.

- By concentrating on around the 70% of the Bank's direct finance portfolio and applying specific exclusion criteria, ESG& ensures that Suez Canal Bank's financed emissions report is based on a robust and relevant population.

- The focus on clients with significant loan sizes and stable financial health enhances the accuracy and reliability of the emissions analysis.

- This approach aligns with the bank's commitment to responsible banking practices and provides a solid foundation for assessing and managing its environmental impact.

Database Selection and Data Cleaning Process

Database Selection

- In the initial stages of preparing the financed emissions report for Suez Canal Bank, ESG& utilized the Middle East and Africa (MEA) database, which comprised approximately 3,000 companies.
- However, to enhance the scope and quality of the data, the decision was made to transition to the emerging market database, which encompasses a broader population of around 15,000 companies.
- This shift was driven by the need for a more comprehensive dataset that could provide a richer and more diverse pool of emissions data, essential for accurate and robust analysis.
- The emerging market database offers a more extensive coverage of companies across various sectors and geographies, enabling ESG& to capture a wider range of emissions profiles.
- This expanded database is crucial for identifying relevant benchmarks and comparable for around Suez Canal Bank's 70% of the Bank's direct finance portfolio, ensuring that the emissions reporting is grounded in a solid and representative dataset.

Database Selection and Data Cleaning Process

Data Cleaning Process

- The data cleaning process for the emerging market database involves several critical steps to ensure the accuracy and reliability of the emissions data.

- The selection of the emerging market database and the meticulous data cleaning process undertaken by ESG& are critical components of the financed emissions reporting for Suez Canal Bank.

- By leveraging a comprehensive and rigorously vetted dataset, ESG& ensures that the emissions reporting is based on accurate, reliable, and relevant data.

- This attention to detail and commitment to data quality underpin the credibility and integrity of the financed emissions report, aligning with the bank's sustainability objectives and the principles of responsible banking.

Removal of ADRs and GDRs

- All American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs) are removed from the database.
- These financial instruments can introduce complexities and inconsistencies in the emissions data, as they represent shares of foreign companies traded on local stock exchanges.

Exclusion Based on Financial Health

- Companies experiencing negative revenues or negative equity are excluded from the database.
- This criterion is applied to maintain financial stability and ensure that the emissions data is derived from economically sound companies.
- Negative financial indicators can affect the reliability of emissions reporting and are therefore considered a basis for exclusion.

Listing Status

- Only companies that are publicly listed are included in the database.
- This ensures that the emissions data is sourced from entities with a certain level of transparency and regulatory oversight, enhancing the credibility of the data.

Manual Collection of Emissions Data

- ESG& manually gathers emissions data, specifically Scope 1 and Scope 2 emissions, for each company in the database.
- This hands-on approach allows for a thorough review of the data, ensuring its accuracy and relevance to the financed emissions report.

Reviewing Process

- To ensure the quality and reliability of the database, a robust reviewing process is in place. The team member who initially researched the data is not permitted to review their own work. Instead, another team member conducts a review of each data point entered the database.
- This separation of duties helps prevent errors and biases, ensuring a higher level of data integrity.

Testing Scenarios

- ESG& performs more than 15 testing case scenarios to validate the quality and reliability of the database.
- These tests are designed to identify any inconsistencies, inaccuracies, or anomalies in the data, allowing for timely corrections and enhancements.
- This rigorous testing ensures that the database is a reliable foundation for the financed emissions analysis.

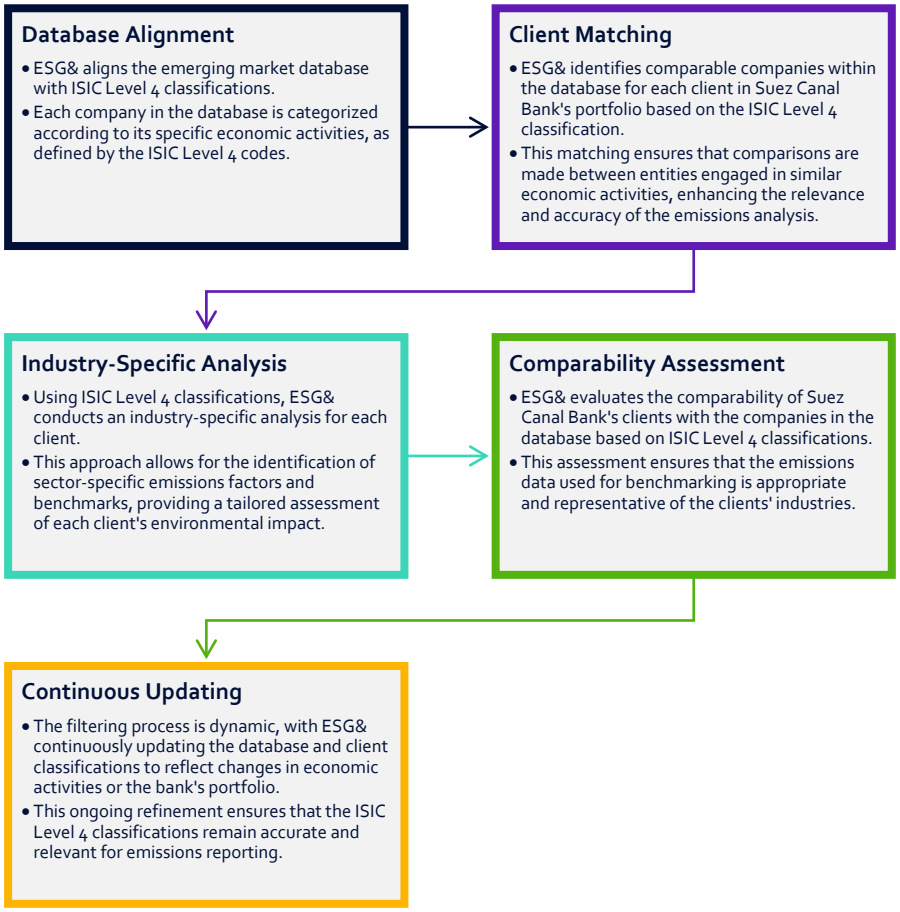
ISIC Level 4 Selection

Overview of ISIC Level 4

- The International Standard Industrial Classification (ISIC) system, specifically Level 4, is integral to ESG&'s process of preparing the financed emissions report for Suez Canal Bank.
- ISIC Level 4 offers a detailed classification of economic activities, enabling precise categorization of industries.
- This granularity is crucial for emissions reporting as it allows for an accurate assessment of the environmental impacts associated with distinct sectors.
- For Suez Canal Bank's financed emissions reporting, employing ISIC Level 4 classifications ensures that each client's primary economic activities are accurately identified.
- This classification is essential for determining the appropriate emissions factors and benchmarks for each industry, leading to a refined calculation of financed emissions.

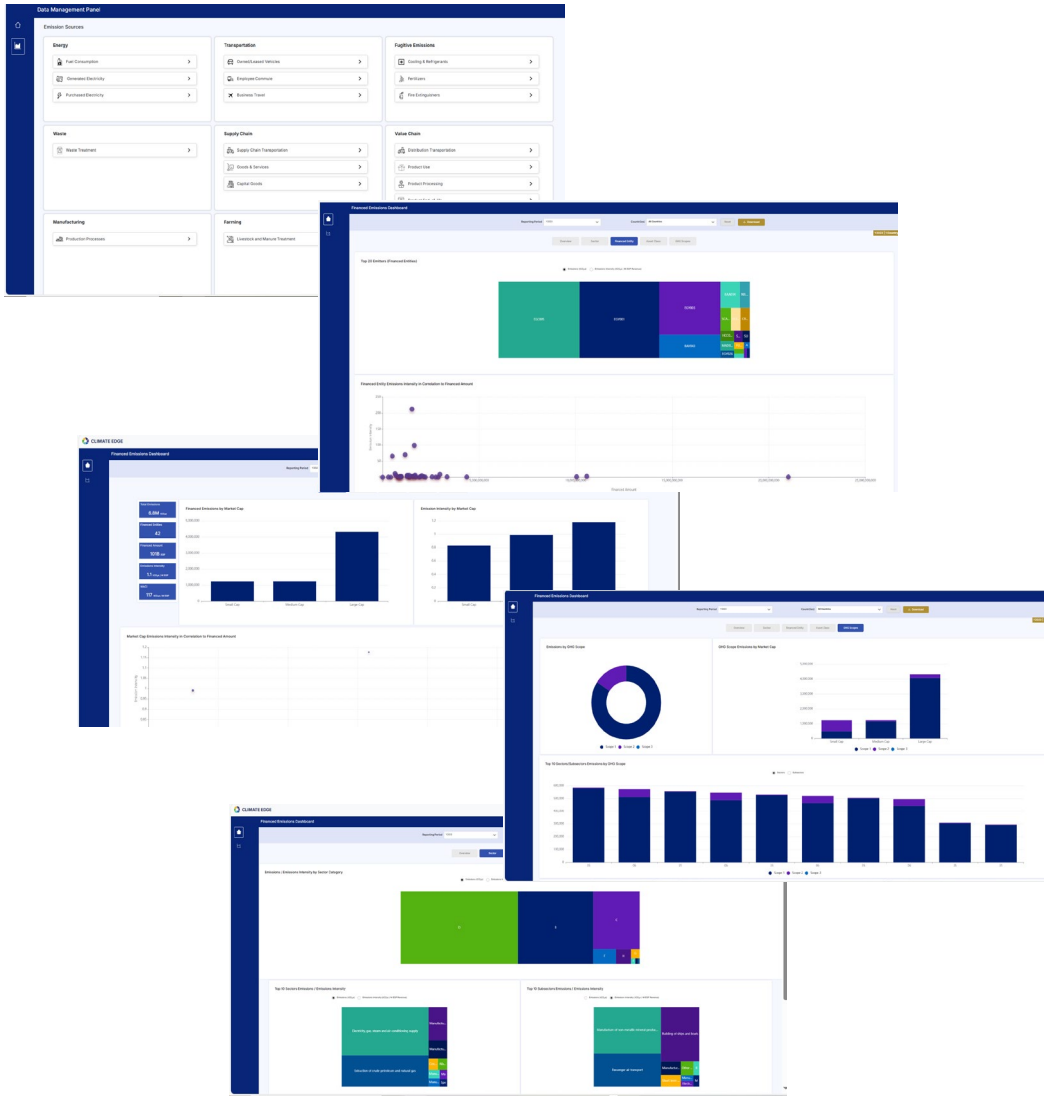
Selection Process

- The process of filtering the database and ensuring comparability among Suez Canal Bank's clients based on ISIC Level 4 involves several key steps:



Role of Climate Edge in Enhancing the Process

- The utilization of Climate Edge, a digital solution, significantly enhances the efficiency and speed of the ISIC Level 4 selection and database filtering process.
- Climate Edge provides a platform for automating data alignment, client matching, and industry-specific analysis, streamlining the workflow and reducing the potential for errors.
- The digital solution enables ESG& to quickly access and analyze vast amounts of data, ensuring that the comparability assessment is conducted with precision and accuracy.
- By leveraging Climate Edge, ESG& can expedite the process of updating classifications and incorporating new data, keeping the emissions reporting for Suez Canal Bank current and relevant.
- The use of ISIC Level 4 classifications for database filtering and client comparability is a critical aspect of ESG&'s approach to financed emissions reporting for Suez Canal Bank.
- The integration of Climate Edge into this process further enhances the efficiency and accuracy of the analysis.
- By leveraging the granularity of ISIC Level 4 and the capabilities of Climate Edge, ESG& provides Suez Canal Bank with a detailed and reliable understanding of its financed emissions, aligned with the bank's commitment to sustainability and responsible banking practices.



Market Capitalization Filtering

- In the process of preparing a financed emissions report for Suez Canal Bank, ESG& employs market capitalization filtering as a critical step in refining the population of companies for analysis.
- Market capitalization, which represents the total market value of a company's outstanding shares, is a key metric used to categorize companies based on their size.
- This stratification is essential for ensuring proper comparability across different company sizes, as it allows for a more nuanced analysis of financed emissions.

Market Capitalization Categories

Large Market Cap

Companies with a market capitalization of more than USD 10bn are classified as large.

These companies are typically well-established, with significant operations and a substantial impact on the market.

Their large scale often means they have a considerable environmental footprint, making them a priority for emissions analysis.

Medium Market Cap

Companies with a market capitalization between USD 2bn and USD 10bn fall into the medium category.

These companies are generally in a growth phase, with expanding operations that may have a growing environmental impact.

Analyzing this group is important for understanding the emissions trends of emerging market leaders.

Small Market Cap

Companies with a market capitalization of less than USD 2bn are considered small.

These companies are often in the early stages of development or operate in niche markets.

While individually they may have a smaller environmental footprint, collectively they can contribute significantly to financed emissions.

Market Capitalization Filtering

Filtering Process

- The filtering process based on market capitalization involves several steps.
- Market capitalization filtering is a vital component of the financed emissions reporting process. It ensures that the analysis is tailored to the size and scale of the companies being evaluated.
- By stratifying companies based on their market value, ESG& can provide Suez Canal Bank with a more accurate and meaningful assessment of its financed emissions.
- This approach allows for the identification of emissions trends and patterns across different company sizes, contributing to a comprehensive understanding of the bank's environmental impact.

Data Collection

ESG& gathers market capitalization data for each company in the database. This information is typically sourced from financial databases, stock exchange listings, and company financial statements.

Categorization

Each company is categorized into the large, medium, or small market cap group based on its market value. This categorization is done systematically to ensure consistency and accuracy.

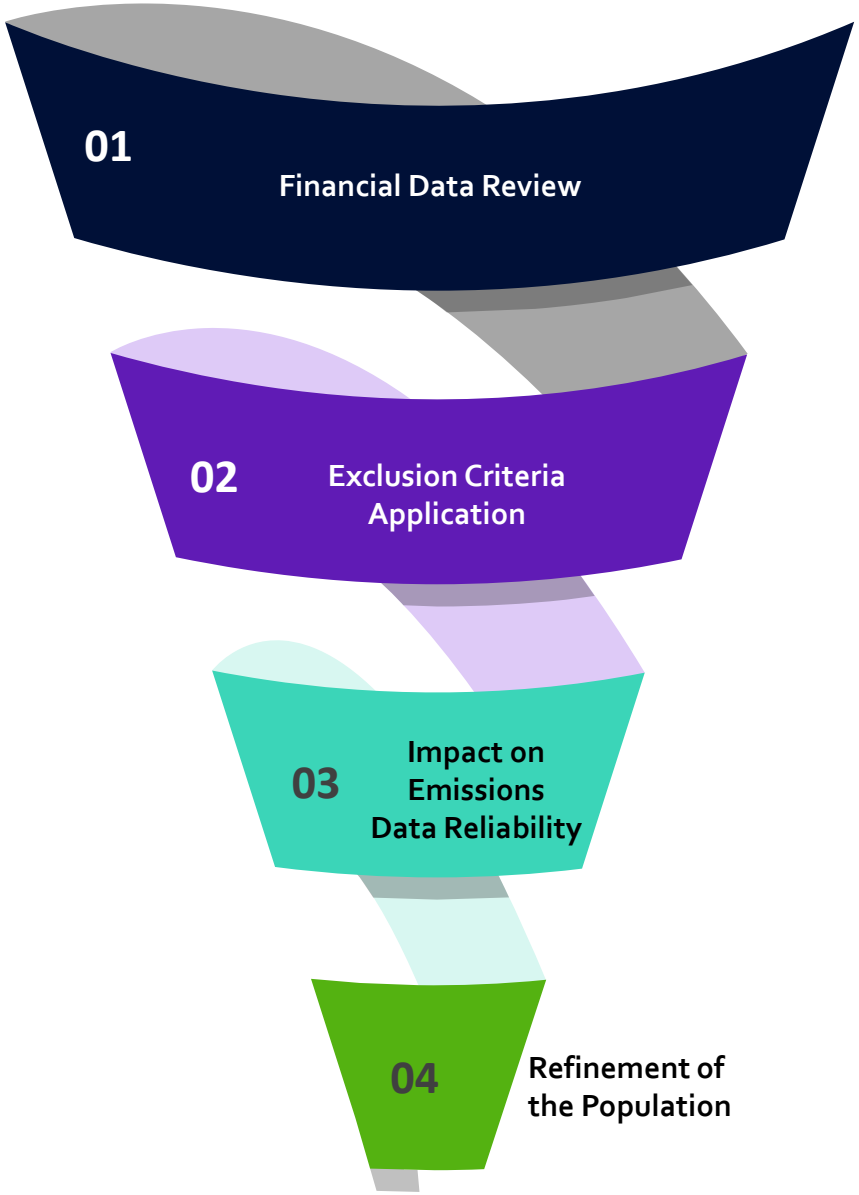
Comparability Assessment

ESG& assesses the comparability of Suez Canal Bank's clients with the categorized companies.

This involves matching clients with comparable companies within the same market cap category to ensure that the emissions analysis is conducted among similar-sized entities.

Refinement

The population is further refined by excluding companies that do not fall within the relevant market cap categories for Suez Canal Bank's clients. This step ensures that the analysis focuses on the most relevant comparables.



Exclusion Based on Financial Health

- In the process of preparing a financed emissions report for Suez Canal Bank, ESG& employs a critical filtering criterion based on financial health. This step involves excluding any company with unstable financial health, as financial distress can significantly affect the reliability and accuracy of the emissions information.

Negative Revenue and Equity: Indicators of Financial Distress

Negative Revenue: Revenue is a key indicator of a company's operational performance. Negative revenue can occur in certain situations, such as accounting adjustments in industries like construction, where the percentage of completion method is used.

However, negative revenue can also indicate a company's inability to generate sufficient income from its operations, potentially leading to financial instability.

Negative Equity: Equity represents the residual interest in the assets of a company after deducting liabilities.

Negative equity can arise from accumulated losses, large dividend pay-outs, or significant write-downs in asset values. It is often a sign of financial distress, indicating that the company's liabilities exceed its assets.

Exclusion Process

- The exclusion of companies with negative revenue or equity is a crucial aspect of ESG&'s methodology for financed emissions reporting. By focusing on financially stable companies, the analysis provides a more accurate and reliable assessment of Suez Canal Bank's financed emissions. Financial health is an important factor in ensuring the quality of emissions data, as it reflects a company's capacity to maintain consistent and accurate environmental reporting.

Emissions Disclosure Quality Criteria

- In the process of preparing a financed emissions report for Suez Canal Bank, ESG& employs a filtering methodology to ensure the accuracy and relevance of the emissions data.
- This methodology involves three key steps: emissions disclosure existence, recency of emissions data, and Scope 1 and Scope 2 disclosure.
- ESG& prioritizes companies that have disclosed their emissions, as this transparency is indicative of a commitment to sustainability and provides the necessary data for a comprehensive analysis.

Filtering Process: Companies are reviewed to determine whether they have publicly disclosed their emissions. This review encompasses sustainability reports, environmental disclosures, and other relevant documents.

Data Availability: The availability of emissions data is crucial for the accurate calculation of financed emissions. Companies that do not disclose their emissions are excluded from further analysis, ensuring that the report is based on reliable and transparent information.

Encouraging Best Practices: By prioritizing companies that disclose their emissions, ESG& supports and promotes best practices in environmental reporting. This approach aligns with Suez Canal Bank's commitment to sustainability and responsible banking.

Recency of Emissions Data

- The relevance and timeliness of emissions data are essential for an accurate assessment of a company's environmental impact. ESG& excludes any emissions data reported before the last three years to ensure that the analysis reflects the current state of the companies' emissions.

Relevance of Data: Emissions data can become outdated quickly due to changes in operations, technology, or regulations. Recent data is more likely to represent the current environmental performance of a company accurately.

Exclusion of Outdated Data: ESG& systematically reviews the emissions data to identify and exclude any information older than three years. This ensures that the analysis is based on timely and relevant data.

Emissions Disclosure Quality Criteria

Scope 1 and Scope 2 Separate Disclosure

- For a precise calculation of emissions intensity, it is crucial to distinguish between Scope 1 and Scope 2 emissions.
- Scope 1 emissions are direct emissions from sources owned or controlled by the company, while Scope 2 emissions are indirect emissions from the generation of purchased energy.
- The separate disclosure of Scope 1 and Scope 2 emissions allows for a more nuanced analysis of a company's emissions profile. It enables ESG& to assess the direct and indirect environmental impacts of the company's operations.
- ESG& reviews the emissions disclosures to ensure that companies have reported Scope 1 and Scope 2 emissions separately. Companies that do not provide this level of detail are excluded from the analysis.
- Accuracy of Emissions Intensity Calculation: The distinction between Scope 1 and Scope 2 emissions is critical for accurately calculating emissions intensity. It allows for a more precise assessment of the company's contribution to greenhouse gas emissions.
- The filtering methodology employed by ESG& for Suez Canal Bank's financed emissions reporting ensures that the analysis is based on transparent, timely, and detailed emissions data.
- By prioritizing emissions disclosure, recency of data, and separate Scope 1 and Scope 2 disclosure, ESG& ensures that the report provides an accurate and meaningful assessment of the bank's financed emissions.
- This approach aligns with the bank's commitment to responsible and sustainable financing practices and enhances the credibility and reliability of the emissions report.

Phase 2: Refinement and Estimation Factor Calculation

Phase 2: Refinement and Estimation Factor Calculation Overview

- In Phase 2 of Suez Canal Bank's financed emissions report, ESG& focuses on enhancing the accuracy of the emissions data through rigorous refinement and precise calculation. This phase is critical for ensuring that the bank's emissions reporting meets international standards and accurately reflects its environmental impact.
- The process begins with setting a minimum comparable requirement, which is essential for effective benchmarking. This ensures robust comparisons of emissions intensities across the bank's portfolio, identifying performance metrics and areas needing improvement.
- The refinement process involves expanding the dataset to include a sufficient number of comparable companies, guaranteeing statistical significance and representativeness. ESG& calculates the emissions intensity for both Scope 1 (direct emissions from owned or controlled sources) and Scope 2 (indirect emissions from purchased energy), using a formula that relates emissions to company revenue.
- This standardization facilitates meaningful comparisons across different scales of company operations.
- The final step in this phase is calculating the average emissions intensity, which serves as a crucial benchmark for evaluating environmental performance across the bank's client portfolio. This streamlined approach significantly supports Suez Canal Bank's commitment to sustainable and responsible banking practices, reinforcing its position in managing environmental risks effectively.

Expansion Process

- ESG& adheres to a minimum comparable requirement. This requirement is crucial for ensuring the accuracy and reliability of the emissions benchmarking.

- Having a minimum number of comparable companies is essential for accurate benchmarking. It allows for a more robust comparison of emissions intensity across similar companies, reducing the potential for skewed results due to a limited sample size. This approach ensures that the benchmarking process is based on a representative and statistically significant dataset.

- To meet the minimum comparable requirement, ESG& employs a step-by-step approach to expanding the scope.

- By adhering to a minimum comparable requirement and employing a systematic approach to expanding the scope, ESG& ensures that the benchmarking analysis is based on a robust and representative dataset. This approach enhances the accuracy and reliability of the emissions report, providing valuable insights for Suez Canal Bank's sustainability initiatives and responsible financing practices.

Emissions Intensity Measurement

- ESG& employs a specific methodology for calculating the emissions intensity of Scope 1 and Scope 2 emissions. This calculation is essential for assessing the environmental impact of the bank's portfolio in relation to its revenue generation.

Scope 1 and Scope 2 Emissions

- Scope 1 Emissions: Direct emissions from sources owned or controlled by the company, such as fuel combustion, company vehicles, and fugitive emissions.
- Scope 2 Emissions: Indirect emissions from the generation of purchased electricity, heat, or steam that the company consumes.

Emissions Intensity

- Emissions Intensity Formula: The emissions intensity for both Scope 1 and Scope 2 emissions is calculated using the following formula:
- Emissions Intensity= Total Emissions (mtCO_2e CO_2e) per Revenue (USD million)
- This formula provides the emissions intensity in terms of mtCO_2e per USD million of revenue.

Revenue as a Common Denominator

- By using revenue as a common denominator, ESG& ensures that the emissions intensity is normalized across companies.
- This allows for a fair comparison regardless of the size or scale of the company's operations.

Comparability Across Industries

- Standardizing emissions by revenue also enables comparability across different industries.
- Companies in different sectors can have vastly different emissions profiles, but by expressing emissions intensity relative to revenue, ESG& can compare their environmental efficiency.

Benchmarking and Performance Assessment

- The standardized emissions intensity is used as a benchmark to assess the environmental performance of Suez Canal Bank's clients.
- Companies with lower emissions intensity are considered more environmentally efficient, as they generate less emissions per unit of revenue.

Strategic Decision-Making

- The comparability provided by standardized emissions intensity supports Suez Canal Bank's strategic decision-making.
- The bank can use this information to identify areas for improvement, set emissions reduction targets, and prioritize financing towards more sustainable projects and companies.

Emissions Intensity Measurement

Data Collection and Calculation

- Data Collection: ESG& collects data on the total Scope 1 and Scope 2 emissions for each company, as well as their annual revenue.
- Calculation: The total emissions for each scope are divided by the company's revenue in USD million to determine the emissions intensity for Scope 1 and Scope 2 separately.

Standardization and Comparability

- The standardization of emissions by revenue is a critical aspect of the emissions intensity calculation. This standardization enhances comparability across companies of different sizes and financial performances.
- By standardizing emissions by revenue, ESG& ensures that the analysis is comparable and meaningful across companies of different sizes and industries.
- This approach provides Suez Canal Bank with valuable insights into the environmental efficiency of its portfolio, supporting the bank's commitment to sustainability and responsible financing practices.

Outlier Removal Using the Interquartile Range Method

- In the process of preparing Suez Canal Bank's financed emissions report, ESG& employs the Interquartile Range (IQR) method for outlier removal. This statistical technique is used to identify and exclude outliers in the emissions intensity data, ensuring that the analysis is not skewed by extreme values. The IQR method is particularly useful in emissions reporting as it provides a robust way to clean the data without making assumptions about its distribution.

IQR Method

- The IQR is a measure of statistical dispersion and is calculated as the difference between the third quartile (Q_3) and the first quartile (Q_1) of a dataset. The quartiles divide the data into four equal parts, with Q_1 representing the 25th percentile and Q_3 representing the 75th percentile.

Calculating the IQR:

- Sort the emissions intensity data in ascending order.
- Determine Q_1 and Q_3, which are the median values of the lower and upper halves of the dataset, respectively.
- Calculate the IQR as $Q_3 - Q_1$.
- Establishing the Cutoff Factor: A typical cutoff factor used in the IQR method is 1.5. This factor is used to define the range beyond which data points are considered outliers.

Identifying Outliers:

- Lower Bound: $Q_1 - 1.5 * IQR$
- Upper Bound: $Q_3 + 1.5 * IQR$
- Any data points lying outside this range are identified as outliers.
- Excluding Outliers: Outliers identified using the IQR method are excluded from the emissions intensity dataset. This ensures that the remaining data is more representative of the central tendency of the dataset, providing a more accurate basis for analysis.
- The use of the Interquartile Range (IQR) method for outlier removal is a critical step in ESG&'s methodology for Suez Canal Bank's financed emissions reporting. By identifying and excluding statistical anomalies, the IQR method ensures that the emissions intensity data is more representative and reliable. This approach enhances the accuracy of the emissions analysis, providing valuable insights for Suez Canal Bank's sustainability initiatives and responsible financing practices

Outlier Removal Using the Interquartile Range Method

Advantages of using the IQR Method

Robustness

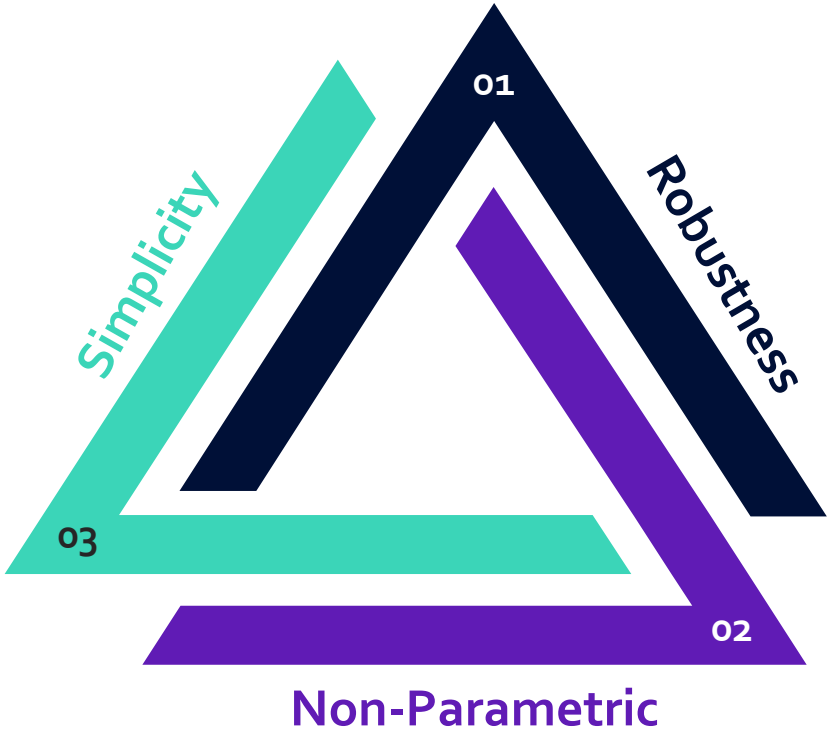
- The IQR method is robust to the presence of outliers, making it suitable for emissions data, which can often have extreme values due to variations in company operations and reporting practices.

Non-Parametric

- Unlike methods that assume a specific distribution (e.g., normal distribution), the IQR method does not make any assumptions about the underlying distribution of the data, making it more versatile and applicable to different types of data.

Simplicity

- The IQR method is relatively simple to calculate and implement, making it an efficient tool for data cleaning in emissions reporting.



Average Emissions Estimation

- In the process of preparing Suez Canal Bank's financed emissions report, ESG& employs a critical step of estimating the average emissions intensity for Scope 1 and Scope 2 emissions.
- This estimation is conducted after refining the dataset by removing outliers, ensuring that the average is based on a representative and reliable set of data.
- The average emissions intensity serves as a crucial benchmark for assessing each client's environmental performance within the bank's portfolio.

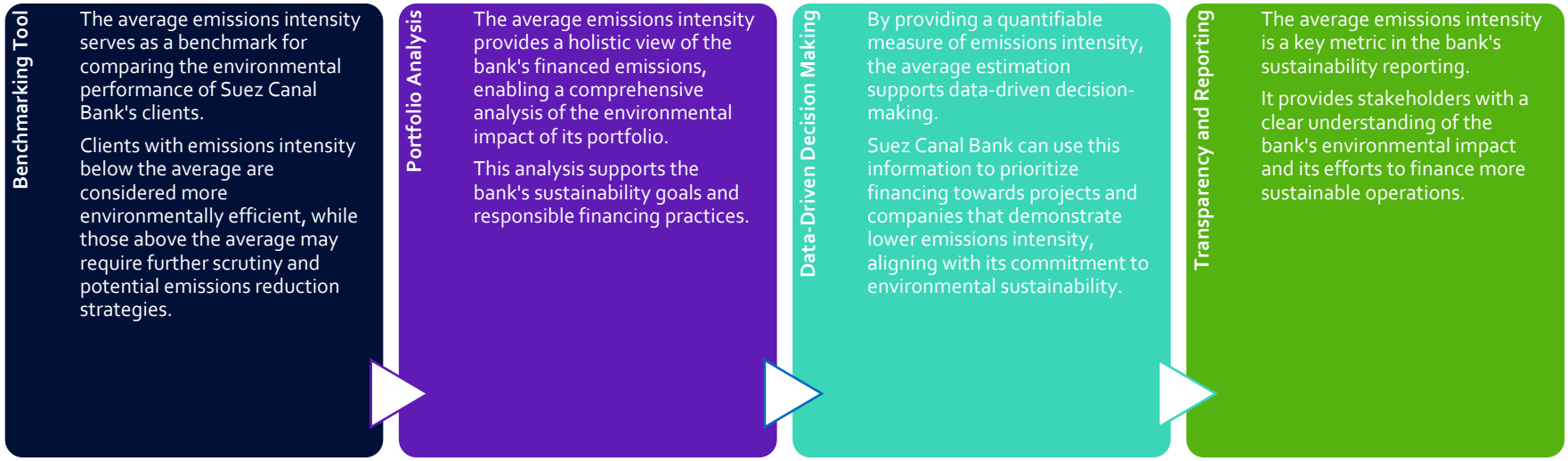
Calculating Average Emissions Intensity

- The average emissions intensity is calculated for both Scope 1 and Scope 2 emissions, providing a comprehensive view of the direct and indirect emissions associated with the bank's financing activities.

Scope 1 Emissions Intensity	Definition: Scope 1 emissions are direct emissions from sources that are owned or controlled by the company, such as fuel combustion, company vehicles, and fugitive emissions.
	Calculation: Sum the Scope 1 emissions intensity values for all remaining companies in the dataset after outlier removal. Divide the total by the number of companies to obtain the average Scope 1 emissions intensity.
Scope 2 Emissions Intensity:	Definition: Scope 2 emissions are indirect emissions from the generation of purchased electricity, heat, or steam that the company consumes.
	Calculation: Similarly, sum the Scope 2 emissions intensity values for all remaining companies. Divide the total by the number of companies to obtain the average Scope 2 emissions intensity.
Unit of Measurement	The average emissions intensity is expressed in mtCO2e per USD million of revenue.
	This standardization allows for consistent comparison across different companies and industries.

Average Emissions Estimation

- The estimation of average emissions intensity for Scope 1 and Scope 2 emissions is a pivotal component of ESG&'s methodology for Suez Canal Bank's financed emissions reporting.
- By providing a benchmark for environmental performance, the average emissions intensity enables a comprehensive and comparative analysis of the bank's portfolio.
- This approach enhances the credibility and relevance of the emissions report, supporting the bank's commitment to sustainability and responsible banking practices.



Phase 3: Application of the PCAF Methodology and Data Quality Score

Phase 3: Application of the PCAF Methodology and Data Quality Score Overview

- Following the initial phases focused on data collection, refinement, and emissions intensity calculation, Suez Canal Bank incorporates a crucial step in aligning its financed emissions reporting with global standards: the application of the Partnership for Carbon Accounting Financials (PCAF) methodology.

- This phase is instrumental in enhancing the precision and comparability of the bank's emissions reporting, ensuring adherence to internationally recognized practices for quantifying financed emissions.

- In Phase 3 of Suez Canal Bank's financed emissions reporting, the bank implements the PCAF methodology, a critical component that ensures precision and compliance with international standards for quantifying financed emissions.

- The PCAF framework enables the bank to systematically measure and report greenhouse gas (GHG) emissions across various financing activities, ensuring a standardized approach to environmental impact assessment.

- This methodology is fundamental not just for calculating direct and indirect emissions via a general formula (Emissions x Attribution Factor) but also adapts across different asset classes such as listed equity, corporate bonds, business loans, project finance, and real estate.

- By adopting this method, Suez Canal Bank enhances the accuracy and comparability of its emissions reporting, underpinned by a rigorous data-driven process.

- Utilizing the PCAF methodology ensures that the emissions reporting is comprehensive and consistent with global best practices in emissions accounting, which supports the bank's commitment to transparency and accountability in sustainability efforts.

- The data quality score of 4, indicative of high-quality and reliable emissions data, further validates the emissions calculations. This score not only reflects the credibility of the data but also enhances the bank's sustainability reporting framework, aligning it with stringent global standards and regulatory requirements like CBAM and IFRS S2 standards.

- By integrating advanced methodologies and maintaining a high data quality score, Suez Canal Bank positions itself as a leader in responsible banking, actively contributing to mitigating climate change and fulfilling commitments to sustainable finance and climate-related financial risks.

PCAF Methodology Principles

- The Partnership for Carbon Accounting Financials (PCAF) standard offers a comprehensive framework for financial institutions to measure and report GHG emissions associated with their financing activities. ESG& employs the PCAF methodology in preparing Suez Canal Bank's financed emissions report, ensuring a systematic and standardized approach to quantifying the bank's environmental impact.

- The PCAF methodology is built on several core principles that ensure its applicability and effectiveness in measuring financed emissions

Transparency

- PCAF emphasizes transparent reporting, enabling stakeholders to understand the methodologies used and the sources of data. This transparency is crucial for building trust and credibility in the emissions reporting process.

Applicability

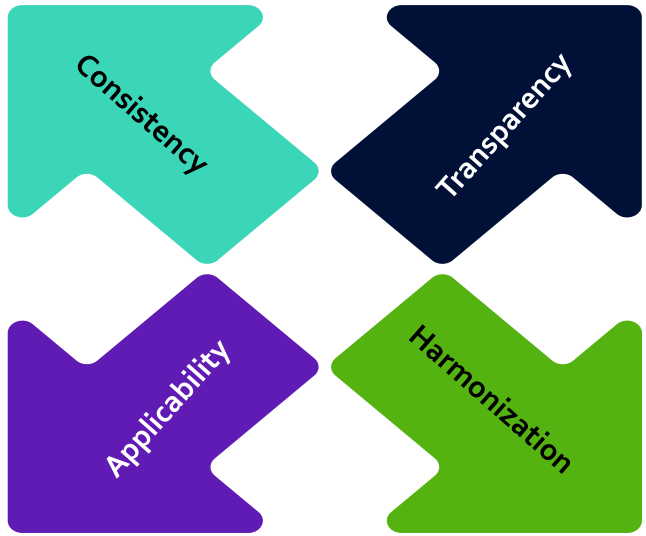
- The methodology provides a consistent approach to calculating emissions across different financial products and asset classes. This consistency allows for comparability of emissions data over time and across institutions.

Consistency

- PCAF is designed to be applicable to a wide range of financial institutions, including banks, asset managers, and insurers. Its flexibility allows it to be adapted to different organizational structures and portfolios.

Harmonization.

- The PCAF standard aims to harmonize emissions accounting practices in the financial sector, aligning with global GHG accounting standards and frameworks such as the GHG Protocol.



Calculation of Financed Emissions

- The core of the PCAF methodology is a general formula that calculates financed emissions, taking into account both direct and indirect emissions associated with financing activities:

Financed Emissions=Emissions × Attribution Factor

- Emissions: The total GHG emissions of the financed company or project, which can be estimated using ss

- Attribution Factor: The fraction of the company's or project's emissions allocated to the financial institution, based on its share of equity or debt in the financed entity.

Application Across Asset Classes

- The PCAF methodology is designed to be applicable across various asset classes, each with tailored calculation approaches for emissions and attribution factors:

Listed Equity and Corporate Bonds:

- For these asset classes, the attribution factor is typically based on the financial institution's share of ownership or investment in the company.

- Emissions data can be sourced from company reports or sector-based benchmarks.

Business Loans and Project Finance

- In these cases, the attribution factor is based on the financial institution's share of the loan or financing provided to the project or company.

- Emissions estimates may require more detailed project-specific data.

Mortgages and Commercial Real Estate

- For real estate financing, the emissions are often calculated based on the energy consumption and emission factors associated with the property.

- The attribution factor is based on the financial institution's share of the mortgage or loan.

Data Quality Scoring

The PCAF methodology provides a robust and standardized approach for ESG& to measure and report the financed emissions of Suez Canal Bank.

By applying this methodology across different asset classes, ESG& ensures that the bank's emissions report is comprehensive, consistent, and aligned with global best practices in emissions accounting. This systematic approach supports the bank's commitment to transparency and accountability in its sustainability efforts.

The data quality score of 4 indicates that the emissions data used in the calculation is of an acceptable quality, based on the PCAF's grading system. This score reflects the reliability and accuracy of the emissions estimates, ensuring that the financed emissions report is based on credible and verifiable data.

By employing the PCAF methodology with a focus on achieving a data quality score of 4, ESG& ensures that Suez Canal Bank's financed emissions report is based on reliable and high-quality data. The use of emissions intensity as a standardized measure, combined with the attribution factor, provides a clear and accurate assessment of the bank's indirect environmental impact.

This approach aligns with the bank's commitment to sustainability and responsible financing practices, enhancing the credibility and transparency of its emissions reporting.

By integrating the PCAF methodology and aiming for a high data quality score in its financed emissions calculations, Suez Canal Bank significantly advances its sustainability reporting framework.

This phase not only underscores the bank's commitment to rigorous environmental accountability but also aligns its reporting practices with leading global standards.

The application of the PCAF equation, combined with a stringent approach to data quality, positions the bank as a responsible player in the financial sector, actively contributing to the global efforts to mitigate climate change through transparent and accountable financing practices. This phased methodology for calculating financed emissions ensures a rigorous, data-driven approach to assessing Suez Canal Bank's environmental impact. By systematically filtering and refining the dataset, the bank can achieve a high level of accuracy and reliability in its financed emissions reporting.

This comprehensive process not only adheres to the emerging regulatory requirements, such as those implied by the CBAM and IFRS S2 standards, but also aligns with the bank's commitment to sustainable finance, as guided by the Principles for Responsible Banking (PRB) and BASEL principles for climate-related financial risks.

Findings and Analysis

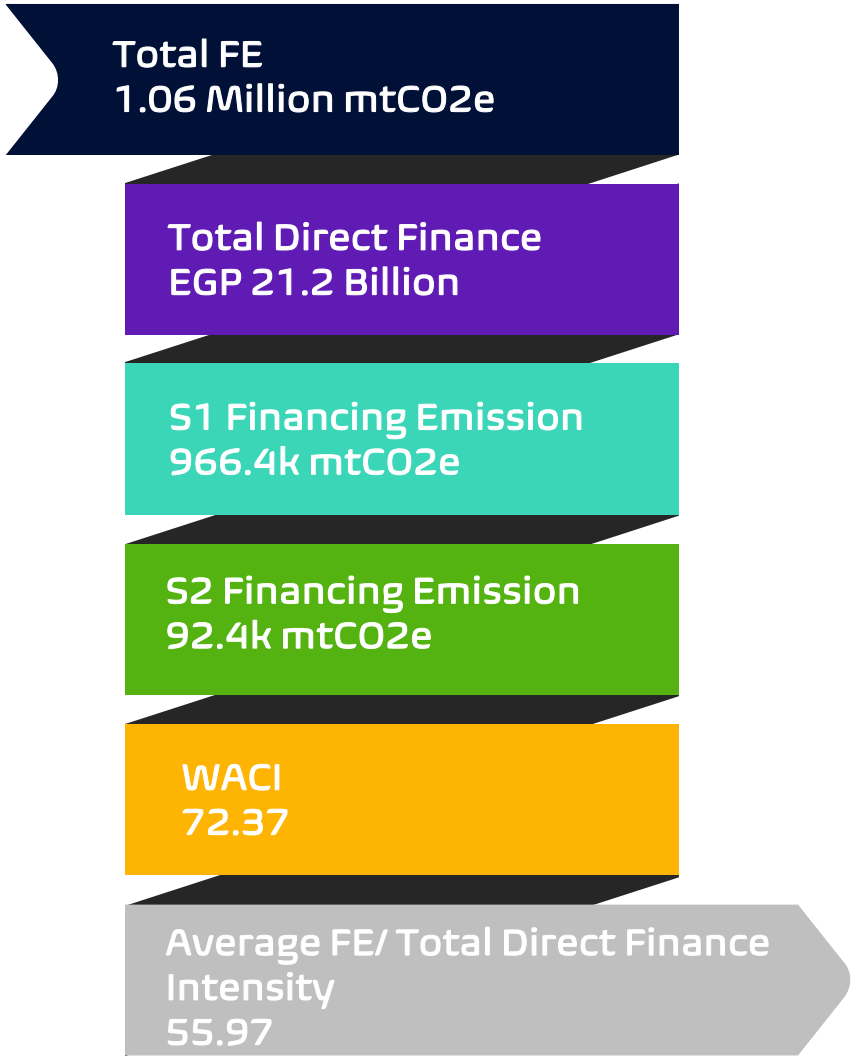
Overview of Suez Canal Bank's Total Financing Emissions

- In a decisive move towards sustainable banking, Suez Canal Bank has embarked on a comprehensive assessment of financed emissions within its portfolio. This Findings and Analysis section is the culmination of a meticulous review process, leveraging the PCAF methodology to quantify and scrutinize the greenhouse gas emissions financed by the bank's investments and lending practices.

- The analysis of financed emissions is an exercise in both accountability and foresight. It serves a dual purpose: providing a snapshot of the current impact of the bank's financial activities on the environment and shaping the trajectory for future investment strategies. This in-depth examination not only responds to the increasing demands from stakeholders for climate-conscious financial practices but also anticipates regulatory shifts that prioritize environmental impacts in financial reporting.

- Suez Canal Bank has taken a significant step in quantifying the environmental impact of its financial activities through a comprehensive analysis of financed emissions across its portfolio. This overview synthesizes the bank's total financing emissions comparing them against the total finance in Egyptian Pound Millions (EGPmn) and unveiling the emissions intensity for each sector.

- Suez Canal Bank's latest report delineates a clear picture of the bank's financial commitments and the associated environmental impact. The reported figures reveal a substantial total direct financing amount of EGP 21.2 billion. This financial prowess is contrasted with the bank's financed emissions, providing an insight into the environmental cost of economic activities supported by the bank.



Overview of Suez Canal Bank's Total Financing Emissions

Financed Emissions: Scope 1 and Scope 2

- The Suez Canal Bank's financed emissions report segregates the emissions into Scope 1 and Scope 2 categories, which are critical for understanding the nature of the bank's indirect environmental impact:

- Scope 1 Financing Emission: At 966.4k mtCO2e, Scope 1 emissions represent the direct emissions from the bank-financed projects. These emissions are from sources that are owned or controlled by the entities receiving the bank's funds, such as the combustion of fuels.

- Scope 2 Financing Emission: Scope 2 emissions, amounting to 92.4k mtCO2e, are indicative of the indirect emissions resulting from the electricity or energy purchased and consumed by the bank's financed projects or businesses.

Total Financed Emissions (FE)

- When combined, the total financed emissions for the bank's direct finance equate to 1.06 million mtCO2e.

- This figure is a comprehensive indicator of the bank's direct finance financed emissions burden, encapsulating both the direct and indirect emissions associated with its financial activities.

- It is a metric that reflects the environmental repercussions of economic growth and the necessity of integrating sustainable practices in financed projects.

Average Financed Emissions Intensity

- With an average financed emissions intensity of 55.97, the bank can assess the emissions efficiency of its financing.

- This intensity measure, calculated as mtCO2e per unit of currency financed, serves as a benchmark for the bank to gauge its performance against other institutions and sustainability goals. An intensity of 55.97 indicates the emissions produced for every million Egyptian pounds financed by the bank.

Weighted Average Carbon Intensity

- The Weighted Average Carbon Intensity (WACI) of around Suez Canal Bank's 70% of the Bank's direct finance portfolio ' direct finance portfolio is a critical metric for understanding the environmental impact of the bank's financing activities.

- With a WACI of 72.37 tons of carbon dioxide equivalent per million EGP of revenue (mtCO2e/EGPmn), the bank can assess the emissions intensity associated with its financial support. This metric not only helps in evaluating the environmental footprint of the bank's portfolio but also provides insights into potential sustainability risks and opportunities.

- A lower WACI value indicates that the bank's direct financing is associated with lower emissions intensity, suggesting a more environmentally sustainable portfolio. By tracking and managing this metric, Suez Canal Bank can align its financing activities with environmental goals and regulatory requirements, ultimately contributing to a more sustainable future.

Suez Canal Bank's Financing Allocation and Emissions Implications by Sector

- Suez Canal Bank's strategic distribution of financial resources across different sectors is a testament to its commitment to driving economic growth and managing the associated emissions footprint. This detailed examination, sorted by the largest financing amounts, emphasizes sectors with significant financial engagement and their potential environmental impacts, giving attention to the bank's role in supporting the transition to sustainable practices.

Sector	S1 Financing Emission	S2 Financing Emission	TE Financing Emission	Percentage of Total Direct Finance	WACI	FE/ Total Finance	FE/ Total Revenue	Data Quality Score
Electricity	791,499	6,968	798,467	8%	48.15	585.02	2.31	4.00
Energy	136,829	16,477	153,305	14%	13.20	18.07	0.12	4.00
Manufacturing	30,125	44,602	74,727	14%	4.32	46.62	2.06	4.00
Financial and Insurance	1,393	21,153	22,547	21%	3.65	2.07	2.92	4.00
Construction	5,074	1,156	6,230	3%	1.41	7.88	1.41	4.00
Accommodation and Food Service	472	1,263	1,735	6%	1.03	0.80	2.37	4.00
Wholesale and Retail Trade	598	458	1,056	1%	0.03	3.39	0.07	4.00
Transportation and Storage	422	5	428	1%	0.54	1.58	2.97	4.00
Information and Communication	15	301	317	0%	0.04	2.12	0.37	4.00
Grand Total	**966,428**	**92,383**	**1,058,811**	**70%**	**72.37**	**57.20**	**1.32**	**4.00**

Suez Canal Bank's Financing Allocation and Emissions Implications by Sector

Electricity

- Separating electricity from the broader energy category, the bank's direct financing indicates an investment in power generation and distribution. This sector's transition to sustainability can be accelerated by the bank's strategic financing of renewable and low-emission electricity projects.

- At the forefront of the bank's emissions profile is the Electricity sector, with a substantial total of 798,467 mtCO2e, out of which 791,499 are Scope 1 emissions, reflecting direct emissions from sources owned or controlled by the financed entities.

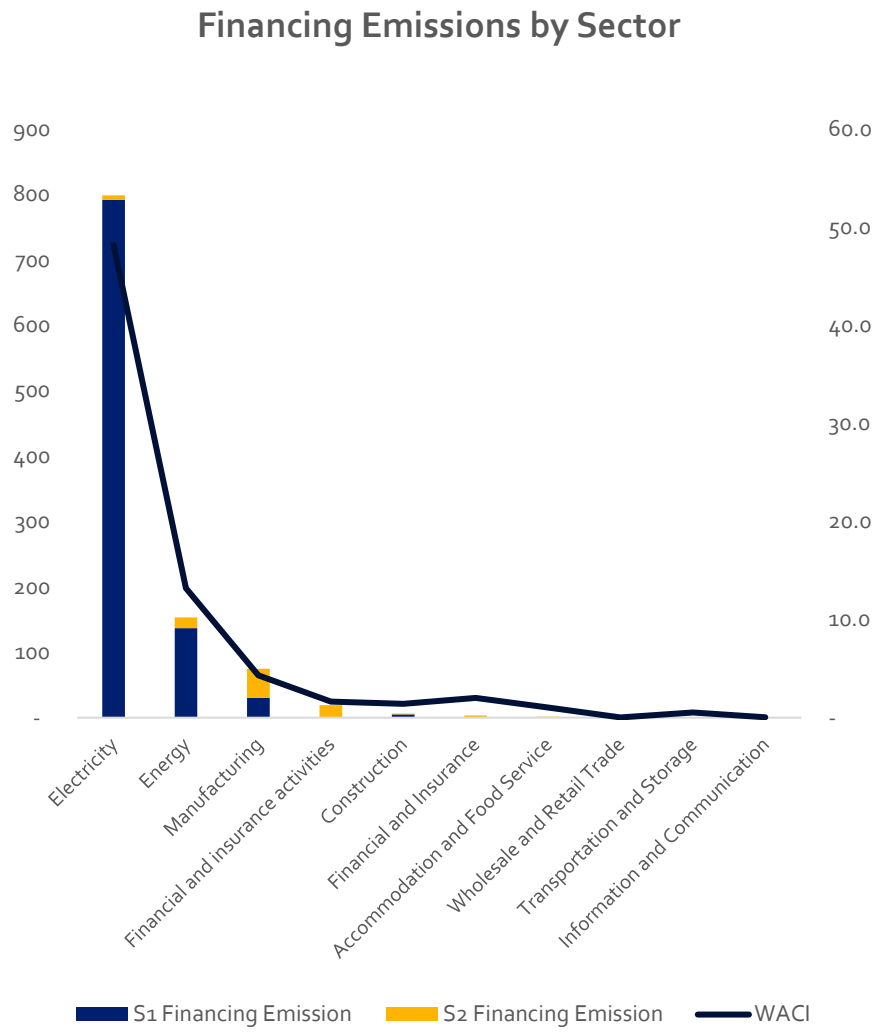
- This sector shows a high WACI of 48.2 mtCO2e per EGPMn, indicative of its energy-intensive nature and the critical need for sustainable investment strategies.

Energy

- The financing allocated to the energy sector highlights the bank's significant role in a crucial infrastructure domain with a traditionally high emissions intensity. Investments are likely directed towards both fossil fuels and renewable energy sources, indicating potential for leading a shift towards low-carbon energy solutions.

- The Energy sector exhibits a total of 153,305 mtCO2e, where 136,828 are Scope 1 emissions, and an emissions intensity of 16,476.

- This suggests the bank's significant role in financing activities within a sector that is pivotal to the transition towards renewable and low-carbon energy sources.



Suez Canal Bank's Financing Allocation and Emissions Implications by Sector

Manufacturing

- As the second largest recipient of the bank's financing, the manufacturing sector's diverse activities, from heavy industry to high-tech production, have a substantial emissions profile.

- The bank's investment here suggests a strategic emphasis on industrial growth, which comes with a responsibility to encourage and finance energy efficiency and lower emissions technologies within this sector.

- The Manufacturing sector follows with total financed emissions of 74,727 mtCO2e, with 30,125 from Scope 1. The sector's WACI stands at 4.3, signifying the impact of industrial activities on the bank's emissions footprint and the potential for implementing cleaner technologies and efficiency improvements.

Financial and Insurance

- Investments in financial and insurance services reflect the bank's support for economic stability and growth. While these services have a relatively lower direct emissions profile, the bank can influence emissions indirectly through green financing initiatives and investments in sustainable projects.

- In Financial and Insurance services, the total financed emissions stand at 22,547 mtCO2e, with a WACI of of 3.7, indicative of the sector's indirect emissions impact.

Construction

- The construction sector, encompassing a broad range of activities from infrastructure development to real estate, has a considerable direct and indirect emissions impact.

- The bank's support in this sector underscores the opportunity to finance green construction practices and sustainable building technologies.

- In the Construction sector, a lower total emissions figure of 6,230 mtCO2e, with 5,074 from Scope 1, reflects a relatively lower impact, but a WACI of 1.4 signals the importance of sustainable construction practices.

Accommodation and Food Service

- The significant allocation to accommodation and food services points to the bank's role in tourism and hospitality, sectors with considerable energy and water usage. Financing in this area carries the potential to foster sustainable tourism and eco-friendly food service practices.

- The Accommodation and Food Service sector presents total financed emissions of 1,735 mtCO2e, showcasing the WACI of 1.0, reflecting the potential for green financing in the hospitality industry.

Wholesale and Retail Trade

- With a smaller yet impactful financial contribution, wholesale and retail trade are essential for market operations.

- The sector's emissions can be influenced by the bank's investment decisions, promoting sustainable supply chains and responsible consumption practices.

- For Wholesale and Retail Trade, the financed emissions total 1,056 mtCO2e, with the lowest WACI of 0.03, emphasizing the role of supply chain optimizations and the adoption of green practices in commerce.

Suez Canal Bank's Financing Allocation and Emissions Implications by Sector

Transportation and Storage

- Financing in transportation and storage is crucial for a functioning economy and carries significant emissions from logistics and freight.
- The bank's role here includes the potential to support innovations in sustainable logistics and low-emissions transportation solutions.
- The Transportation and Storage sector shows total financed emissions of 428 $mtCO_2e$ and a WACI of 0.54, which highlights the opportunity for the bank to support innovations in sustainable logistics and transportation.

Information and Communication

- As the smallest financed sector, information and communication hold immense potential for emissions reduction through digital solutions.
- The bank's investment in this sector could support the development of green IT and telecommunication services that contribute to emissions mitigation across all economic activities.
- Lastly, the Information and Communication sector has total financed emissions of 317 $mtCO_2e$ and a WACI of 0.04, pointing towards the growing importance of digital solutions in reducing overall emissions.

Strategic Implications

- The aggregated data from Suez Canal Bank's portfolio underlines the importance of sector-specific strategies to manage and reduce financed emissions.
- The varying intensities across sectors reflect both the current state of emissions and the potential for impactful change. The bank is positioned to lead by example, leveraging its financial influence to support projects and initiatives that align with global efforts to mitigate climate change and promote a sustainable future.
- This overview acts as a foundation for strategic decision-making, guiding the bank toward investment opportunities that not only promise financial returns but also contribute positively to the bank's emissions profile and the broader environmental context.
- Suez Canal Bank's portfolio shows a clear recognition of the role that financial institutions play in influencing the emissions trajectory of various economic sectors.
- By allocating resources to sectors with the highest financial engagement, the bank is positioned to drive not just economic growth but also the adoption of low-carbon and sustainable practices across the board. The bank's strategic investments signal an awareness of the critical balance between financial support and environmental stewardship.

Suez Canal Bank's Financing Allocation and Emissions Implications by Asset Class

- This section introduces a comprehensive examination of the bank's emissions footprint, segmented by the various asset classes within its portfolio.
- Asset classes are distinct categories of financial instruments that carry unique risk profiles and contribute differently to the bank's overall emissions. By dissecting the financing emissions according to these classes, Suez Canal Bank gains profound insights into how each investment type—be it corporate bonds, project finance, equity investments, or commercial real estate—impacts its carbon footprint.
- This level of analysis is indispensable for developing asset-specific strategies that can reduce emissions and align the bank's investment portfolio with the broader goal of sustainable development.

Asset Class	S1 Financing Emission	S2 Financing Emission	TE Financing Emission	Percentage of Total Direct Finance Portfolio	WACI
Business Loans and Unlisted Equity	823,560	69,337	892,897	40%	56.92
Project Finance	142,840	22,745	165,585	27%	14.97
Listed Equity and Corporate Bonds	27	302	330	2%	0.47
Grand Total	**966,428**	**92,383**	**1,058,811**	**70%**	**72.37**

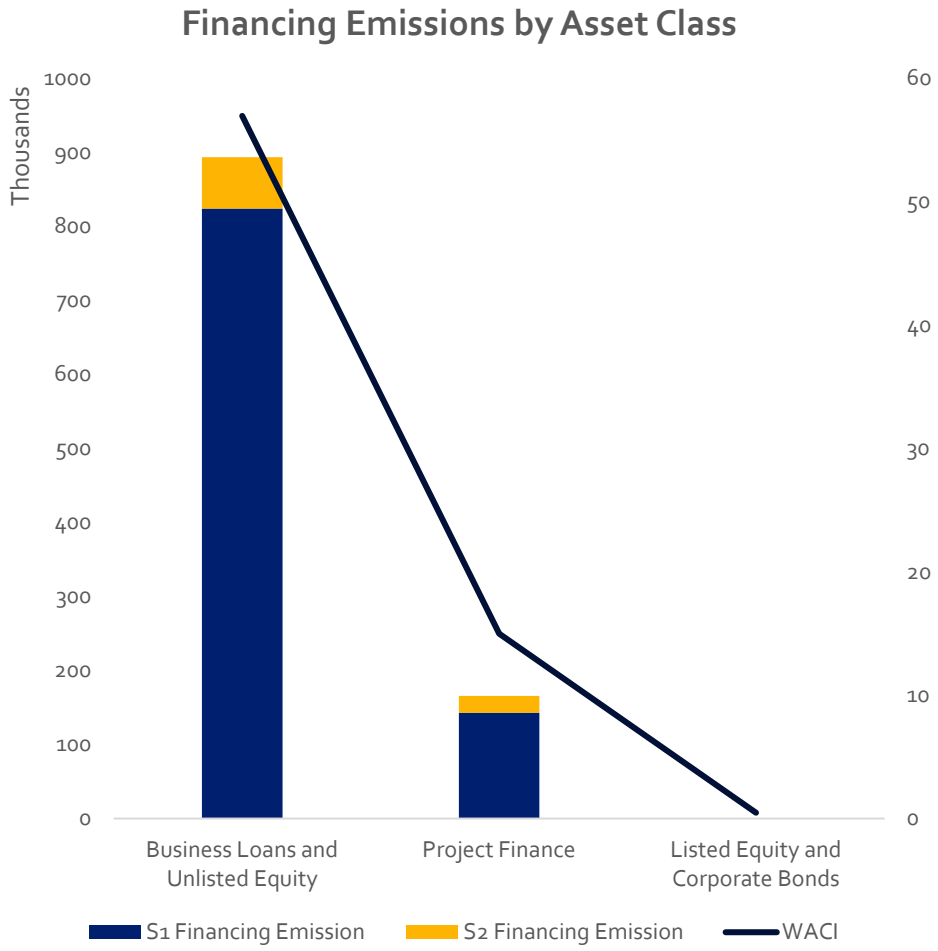
Suez Canal Bank's Financing Allocation and Emissions Implications by Asset Class

Listed Equity and Corporate Finance

- Listed equity refers to the bank's investments in publicly traded companies. While this asset class traditionally has a lower direct impact on the bank's financed emissions, it is a crucial area for shareholder engagement on environmental issues.
- The emissions footprint linked to listed equity investments reflects the bank's portfolio companies' operational practices.
- The bank can influence these emissions through active shareholder advocacy and by prioritizing investments in companies with strong environmental performance records.

Project Finance

- Loans for project finance represent a significant portion of the bank's asset class emissions. These are typically large-scale investments in infrastructure and development projects, which often have substantial environmental footprints.
- The high total financing emissions from this class driven by the fact that many of the bank's financed projects are in sectors with high GHG outputs, such as energy, manufacturing, and construction.



Suez Canal Bank's Financing Allocation and Emissions Implications by Asset Class

- The bank has an opportunity here to drive change by integrating stricter environmental criteria into its project financing decisions and by offering favourable terms for projects that demonstrate a commitment to reducing emissions.

- Loans categorized under Project Finance have a notably higher emissions total, indicative of the direct impact these loans have on environmental footprints.

- Project finance typically involves funding for infrastructure and development projects that have significant energy and resource needs. The higher emissions are expected due to the nature of these projects, but they also present an opportunity for the bank to engage in environmental risk management and to promote sustainable practices within financed projects.

Business Loans and Unlisted Companies

- This asset class includes loans where the use of funds is designated for specific corporate activities, likely with known environmental implications.

- It is noteworthy that this class exhibits a higher intensity of emissions, implying that the bank's capital is often channelled into activities with higher emissions per unit of finance.

- This finding underscores the need for enhanced due diligence and the potential for the bank to establish green financing principles that guide corporate borrowers towards sustainability.

- This asset class represents the bank's targeted corporate loans for specific activities with known outcomes, which could range from expanding business operations to developing new facilities.

- It's evident from the chart that this category has both a high total of financing emissions and a WACI. This suggests that the activities financed under this class have a considerable environmental impact per unit of finance, possibly indicating that these loans are directed toward high-emission sectors or projects with less stringent sustainability criteria.

- The bank's examination of financed emissions by asset class reveals both challenges and opportunities.

- While the absolute numbers highlight areas of high environmental impact, the intensity metric provides a nuanced view that can guide targeted actions.

- As the bank moves forward, it can leverage these insights to transition towards a greener portfolio, reducing financed emissions, and contributing positively to the global fight against climate change.

IFRS S2 – Financing Emissions Disclosures

Purpose of the Section

- This section aims to provide a comprehensive disclosure of Suez Canal Bank's financed emissions in accordance with IFRS S2 standards. The purpose of disclosing financed emissions is to ensure transparency regarding the environmental impact of the bank's lending and investment activities.

- By adhering to these international standards, Suez Canal Bank demonstrates its commitment to sustainability, aligns with global best practices, and meets regulatory requirements.

Reference to IFRS S2

- According to IFRS S2, entities involved in commercial banking activities are required to disclose their financed emissions. This requirement is outlined in paragraph B62, which mandates the disclosure of absolute gross financed emissions, disaggregated by Scope 1, Scope 2, and Scope 3 greenhouse gas emissions for each industry by asset class.

- This detailed disclosure is essential for understanding the entity's exposure to climate-related risks and opportunities associated with its financial activities.

Importance of Disclosing Financed Emissions under IFRS S2

- Disclosing financed emissions under IFRS S2 is crucial for several reasons. Firstly, it ensures regulatory compliance, helping Suez Canal Bank adhere to international standards.

- Secondly, it fosters transparency and accountability, building trust with stakeholders by providing them with clear and comprehensive information about the bank's environmental impact. This transparency is essential for investor confidence, as ESG-focused investors increasingly prioritize institutions that demonstrate sound management of environmental risks.

- Lastly, it enhances risk management by enabling the bank to identify and mitigate climate-related risks, thereby ensuring long-term resilience and sustainability.

Objectives of the Disclosure

- The primary objectives of Suez Canal Bank's financed emissions disclosure include measuring the environmental impact of its financial activities and aligning with international standards.

- By quantifying GHG emissions associated with its portfolio, the bank can identify high-emission sectors and develop targeted strategies to promote sustainability.

- This disclosure also facilitates engagement with stakeholders, providing them with accurate information and fostering a collaborative approach to achieving sustainability goals. Ultimately, the document reflects the bank's ongoing commitment to continuous improvement in environmental performance, ensuring that its operations contribute positively to global efforts to combat climate change..

Financing Emissions Scopes

- This section outlines the specific scopes of GHG emissions covered for the purpose of this analysis. It provides a detailed overview of Scope 1 and Scope 2 emissions, which encompass direct emissions from sources owned or controlled by the financed entities, and indirect emissions associated with their purchased electricity and energy needs.

- These scopes are essential for understanding the direct and secondary environmental impacts of the bank's financing activities. While Scope 3 emissions, which include all other indirect emissions within a company's value chain, are also significant, they are not estimated in this analysis due to the current lack of standardized reporting and the resultant challenges in ensuring data accuracy and reliability.

- This focused approach allows for a more precise and clear assessment of the bank's environmental footprint through its direct and energy-related financial activities.

Scope 1 Emissions

- Scope 1 emissions represent the direct GHG emissions from sources that are owned or controlled by entities receiving the bank's funds. These include emissions from the combustion of fuels in facilities or vehicles directly financed by Suez Canal Bank. For the reporting period, the bank's total Scope 1 financed emissions amount to 966.4k mtCO2e.

This significant figure underscores the direct environmental impact of the bank's financial activities on its clients' operations, primarily in sectors such as energy, manufacturing, and transportation, which are inherently carbon intensive.

Scope 2 Emissions

- Scope 2 emissions are indirect GHG emissions associated with the consumption of purchased electricity, heat, or steam by the bank's financed projects or businesses.

- For this period, Scope 2 financed emissions total 92.4k mtCO2e. These emissions reflect the environmental impact of energy consumption in the operations of entities financed by Suez Canal Bank.

- This includes the use of electricity in manufacturing plants, office buildings, and other facilities where electricity is a primary energy source.

Scope 3 Emissions

- Scope 3 emissions encompass all other indirect GHG emissions that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Financing Emissions Scopes

These can include emissions from the production of purchased goods and services, business travel, employee commuting, waste disposal, and the use of sold products and services.

However, due to the lack of standardization in Scope 3 category disclosures, estimating these emissions accurately remains challenging. Many companies disclose different categories of Scope 3 emissions; some focus on waste, others on business travel and commuting, while some do not disclose at all.

This inconsistency in data makes it difficult to maintain the quality of estimations. Therefore, to ensure the accuracy and reliability of our emissions reporting, we have decided not to estimate Scope 3 emissions at this stage.

Reasons for Excluding Scope 3 Emissions

- In our analysis, we have encountered significant challenges in estimating Scope 3 emissions due to the lack of standardized disclosures among the companies in our portfolio.
- The categories of Scope 3 emissions vary widely between companies—some disclose only waste-related emissions, others focus on business travel or employee commuting, and some provide no disclosures at all.
- This variability introduces substantial uncertainty and potential inaccuracies in our estimates. We have decided not to estimate Scope 3 emissions at this stage based on the following criteria:

Lack of Standardization	Companies do not consistently disclose Scope 3 emissions, leading to significant variability in the categories reported.
	This lack of standardization makes it challenging to aggregate and compare data meaningfully.
Partial Disclosures	Many companies disclose only selective Scope 3 categories such as waste-related emissions or business travel, while others do not provide any Scope 3 data.
	This inconsistency hampers our ability to estimate overall Scope 3 emissions accurately.
Data Quality Concerns	The reliability of available Scope 3 emissions data varies widely, with some companies providing detailed, verified reports, and others offering limited or no information.
	This disparity affects the quality and credibility of any aggregated Scope 3 emissions estimate.
Resource Constraints	Accurately estimating Scope 3 emissions requires significant resources and detailed data collection processes.
	Given the current state of data availability, the resource investment needed would not yield sufficiently reliable results.

IFRS S2 B62-a Absolute Gross Financed Emissions

- As part of the IFRS S2 B62-a disclosure, it is essential to report on the comprehensive financing emissions data for an entity engaged in commercial banking activities.
- The disclosed figures include Scope 1 Financing Emissions totalling 966,427.88 mtCO2e and Scope 2 Financing Emissions amounting to 92,383.31 mtCO2e. The total emissions, combining both Scope 1 and Scope 2, ascend to 1,058,811.19 mtCO2e.
- This thorough reporting underpins the commitment to transparency and accountability in environmental impacts. Furthermore, the average of financed emissions relative to total finance is 55.97%, while the average relative to total revenue is 1.88%.
- These metrics provide crucial insights into the scale of emissions attributed to financed activities and underscore the financial sector's role in environmental stewardship.
- Such detailed emissions reporting facilitates stakeholders in evaluating the environmental impact of banking operations and aligns with global efforts to enhance sustainability in financial practices.

Type	Grand Total
S1 Financing Emission (mtCO2e)	966,427.88
S2 Financing Emission (mtCO2e)	92,383.31
TE Financing Emission (mtCO2e)	1,058,811.19
Average of FE/Total Finance	55.97
Average of FE/Total Revenue	1.88

IFRS S2 B62-a-i Absolute Gross Financed Emissions by Industry

- The table provided adheres to the IFRS S2 B62-a-i reporting standard, detailing Absolute Gross Financed Emissions by Industry. It categorizes and presents the Scope 1 and Scope 2 emissions for various industries identified by their respective Global Industry Classification Standard (GICS) codes, with a further breakdown of the total emissions.

- The Electricity industry (GICS 551010) leads with the highest emissions, showing 791,498.64 mtCO2e for Scope 1 and 6,968.11 mtCO2e for Scope 2, culminating in a total of 798,466.76 mtCO2e. This is followed by the Manufacturing sector (GICS 201060), which combines emissions from various entries, totalling 30,125.93 mtCO2e and 44,601.16 mtCO2e for Scope 1 and Scope 2 respectively, leading to a total of 74,727.08 mtCO2e.

- Other sectors like Energy, Construction, and Financial and Insurance also report significant emissions, highlighting the diverse sources of financed emissions across the financial spectrum. This structured disclosure enables stakeholders to assess the environmental impact of financed activities and aligns with the global move towards sustainability by providing transparent, quantifiable data on financed emissions

Industry	GICS Code	S1 Financing Emission	S2 Financing Emission	TE Financing Emission
Electricity	551010	791,498.64	6,968.11	798,466.76
Manufacturing	2010	30,125.93	44,601.16	74,727.08
Energy	101020	136,828.52	16,476.65	153,305.17
Construction	201030	5,073.99	1,155.78	6,229.78
Financial and Insurance	402020	1,393.34	21,153.42	22,546.76
Wholesale and Retail Trade	255010	1,044.32	686.15	1,730.47
Accommodation and Food Service	253010	472.40	1,262.71	1,735.12
Transportation and Storage	203040	422.23	5.30	427.53
Information and Communication	451020	15.39	301.30	316.69

IFRS S2 B62-a-ii Absolute Gross Financed Emissions by Asset Class (Funded Amounts)

- Under the guidelines of IFRS S2 B62-a-ii, entities engaged in commercial banking are required to report detailed breakdowns of their financed emissions across different categories, reflecting the depth of financial activities in relation to their environmental impact. Specifically, this disclosure includes comprehensive data on Scope 1 and Scope 2 emissions for various financial services:

Business Loans

- This segment reported substantial emissions with Scope 1 Financing Emissions at 823,560.28 metric CO_2 equivalent ($mtCO_2e$) and Scope 2 at 69,336.60 $mtCO_2e$, totalling 892,896.89 $mtCO_2e$. The average of financed emissions relative to total finance stands at 80.41%, with a 2.24% representation against total revenue, highlighting the significant environmental footprint of this financing category.

Project Finance

- Emissions data shows 142,840.12 $mtCO_2e$ for Scope 1 and 22,744.54 $mtCO_2e$ for Scope 2, amounting to a total of 165,584.66 $mtCO_2e$. The average of financed emissions relative to total finance is lower at 18.27%, with 1.42% relative to total revenue, indicating a comparatively moderate environmental impact from projects financed under this category.

Listed Equity

- This category shows relatively minor emissions figures with 27.47 $mtCO_2e$ for Scope 1 and 302.17 $mtCO_2e$ for Scope 2, summing up to 329.64 $mtCO_2e$. The proportions of financed emissions to total finance and total revenue are minimal at 1.07% and 0.51% respectively, reflecting the lesser direct environmental impact through financed equities.

- These figures underscore the varying degrees of environmental impacts across different financial services and facilitate an understanding of how financial decisions align with broader sustainability goals. Such transparency is crucial for stakeholders assessing the environmental implications of their investments and for banks to manage their environmental risks effectively

Asset Class	S1 Financing Emission ($mtCO_2e$)	S2 Financing Emission ($mtCO_2e$)	TE Financing Emission ($mtCO_2e$)
Business Loans	823,560.28	69,336.60	892,896.89
Project Finance	142,840.12	22744.54	165584.66
Listed Equity	27.47	302.17	329.64

IFRS S2 B62-b-i Gross Exposure to Each Industry by Asset Class

- This section presents an analysis of financed emissions and direct finance percentages to each industry categorized under by Asset Class , specifically, Business Loans, Project Finance, and Listed Equity.

Business Loans

- For Business Loans, the significant contributors include the Financial and Insurance sector, with TE Financing Emissions of 22,464.77 mtCO2e, representing 28.87% of the total direct finance, followed closely by the Electricity and Manufacturing sectors, which are pivotal in the bank's portfolio.

Industry (GICS Code)	TE Financing Emission (mtCO2e)	Total Direct Finance (%)
Financial and Insurance (GICS 402020)	22,464.77	28.87%
Electricity (GICS 551010)	798,466.76	11.68%
Manufacturing (GICS 2010)	653,96.61	11.65%
Construction (GICS 201030)	5,084.92	5.93%
Wholesale and Retail Trade (GICS 255010)	1,056.29	1.32%
Transportation and Storage (GICS 203040)	427.53	1.15%
Total Business Loans	**892,896.89**	**58.09%**

IFRS S2 B62-b-i Gross Exposure to Each Industry by Asset Class

Project Finance

- Project Finance is dominated by the Energy sector, emitting 153,305.17 mtCO2e, making up 20.83% of the total, with additional contributions from sectors like Accommodation and Food Service and Manufacturing.

Industry (GICS Code)	TE Financing Emission (mtCO2e)	Total Direct Finance (%)
Energy (GICS 101020)	153,305.17	20.83%
Accommodation and Food Service (GICS 253010)	1,735.12	9.06%
Manufacturing (GICS 2010)	9,317.52	6.56%
Financial and Insurance (GICS 402020)	81.99	1.32%
Construction (GICS 201030)	1,144.86	0.85%
Wholesale and Retail Trade (GICS 255010)	674.18	0.00%
Total Project Finance	**165,584.66**	**38.63%**

IFRS S2 B62-b-i Gross Exposure to Each Industry by Asset Class

Listed Equity

- Listed Equity has a smaller scale of emissions, with the Manufacturing and Information and Communication sectors contributing to a total of 329.64 mtCO2e, highlighting a diverse but focused investment strategy across these financial instruments.
- Each category reflects the bank's strategic financial engagements and their associated environmental impacts within their specific sectors.

Industry (GICS Code)	TE Financing Emission (mtCO2e)	Total Direct Finance (%)
Manufacturing (GICS 2010)	12.95	2.63%
Information and Communication (GICS 451020)	316.69	0.63%
Total Listed Equity	**329.64**	**3.27%**

IFRS S2 B62 Continued

IFRS S2 B62-b-ii Gross Exposure to Each Industry by Asset Class (Undrawn Loan Commitment)

- In the current disclosures, only funded amounts were included for analysis, excluding undrawn loan commitments.
- This decision was made to focus on the actual and immediate environmental impacts associated with disbursed funds.
- Undrawn loan commitments, representing potential future financial engagements, could introduce variables that are not yet impactful or quantifiable.
- By concentrating solely on funded amounts, the analysis provides a more precise and direct reflection of the bank's current contributions to greenhouse gas emissions through its active financial engagements.
- This method ensures that the reporting is based on concrete data, supporting accurate assessments of the entity's environmental footprint at this stage.

IFRS S2 B62-c-i Percentage of the Entity's Gross Exposure

- For its initial financing emissions report, Suez Canal Bank decided to concentrate on its top clients, which make up around 70% of the bank's direct finance portfolio.
- This decision was made to ensure that the bank's first emissions disclosure is both manageable and accurate. These clients represent a significant portion of SCB's financial activities and give a meaningful insight into the bank's environmental impact.
- Furthermore, SCB chose to exclude sovereign loans from this analysis due to the difficulties in measuring emissions linked to these types of loans. Sovereign loans often involve a wide range of activities and are complex in nature, making it challenging to accurately assess their associated emissions.
- By omitting these from the initial report, SCB aims to create a clear and reliable emissions profile that can be systematically expanded in future reports to include more complicated financial products like sovereign loans.

IFRS S2 B62-c-ii Impacts of Risk Mitigants

- In its emissions disclosure, the bank did include the impacts of risk mitigants in the gross exposure calculations for funded amounts.
- This approach recognizes that the bank's financial arrangements often involve various forms of insurance provided by local insurers, as well as the possibility of other financing instruments that reduce exposure of the bank to financial losses.
- These mitigants are considered critical components of SCB's overall risk management strategy.
- By incorporating the impacts of these risk mitigants into the emissions calculations, Suez Canal Bank offers a realistic portrayal of its financed activities' environmental impact.
- The bank acknowledges that the financial protection offered by these measures directly influences its operational sustainability and the environmental outcomes of its financing.
- This comprehensive inclusion ensures that the emissions data presented is both transparent and reflective of all factors affecting the bank's lending activities.
- This methodology enables SCB to provide stakeholders with a detailed and accurate understanding of how risk management strategies, including insurance interact with and influence the environmental footprint of its financial engagements.
- This in-depth approach helps to convey a full picture of the bank's environmental impact, ensuring that stakeholders have a clear view of both the financial and ecological aspects of SCB's operations.

IFRS S2 B62-d Methodology

- The methodology employed by SCB to calculate financed emissions encompasses a detailed, phased approach, ensuring the accuracy, comparability, and comprehensiveness of the data.
- The process starts with a strategic selection of the top around 70% of the bank's direct finance portfolio, focusing on clients who significantly impact the bank's financed emissions. This targeted approach is crucial for ensuring a robust analysis of the bank's environmental footprint.
- During the initial data collection phase, Suez Canal Bank, in collaboration with ESG&, systematically gathers relevant data, including energy consumption and operational practices.
- This data is essential for accurately assessing financed emissions. Applying sector-specific emission factors allows for nuanced analysis, reflecting the varied carbon intensity across different industries. Internationally recognized carbon accounting standards are utilized to ensure that the emissions calculations are consistent and comparable.
- A core component of the methodology is the application of the PCAF standard, which provides a structured framework for measuring and reporting greenhouse gas emissions associated with financial activities.
- This includes calculating financed emissions using a formula that considers both direct and indirect emissions, with attribution factors based on the financial institution's share of equity or debt in the financed entity.
- The PCAF methodology is designed to be applicable across various asset classes, providing tailored approaches for calculating emissions and attribution factors.
- Finally, Suez Canal Bank integrates these methodologies to produce a financed emissions report that not only aligns with global best practices but also supports the bank’s commitment to transparency and accountability in its sustainability efforts.
- This systematic approach enables the bank to manage its environmental impact effectively and align its financing activities with broader sustainability goals.
- Please see the Methodology section (page 22) for further details.

Challenges and Limitations

Objective of the Section

- In the pursuit of a comprehensive and transparent understanding of financed emissions, Suez Canal Bank has navigated through a complex landscape of data collection, analysis, and interpretation.
- Reporting on emissions, particularly in the context of a diverse loan portfolio, presents a unique set of challenges and limitations that can affect the accuracy and completeness of the analysis.
- Acknowledging these hurdles is not just an exercise in transparency but is also a testament to the bank's integrity and its commitment to the principle of continuous improvement.
- By sharing the challenges encountered and the limitations faced, the bank opens the door to constructive dialogue, shared learning, and collaborative problem-solving with stakeholders.
- The objective of disclosing the challenges and limitations is multifaceted. Primarily, it underlines the bank's dedication to an honest appraisal of its sustainability reporting processes.
- This sets the foundation for trust and credibility, both internally and externally, as it showcases the bank's willingness to address and overcome the complexities involved in financed emissions reporting.

Challenges and limitations

Highlight the areas where the bank's current methodologies and data sources may fall short, providing a clear path for targeted enhancements in data collection and analysis techniques.

Demonstrate the bank's commitment to transparency, acknowledging that while strides have been made in understanding and managing financed emissions, there is always room for growth and development.

Foster an environment of learning, where each challenge becomes an opportunity for innovation, and every limitation serves as a catalyst for the advancement of sustainability measures.

Limitations of the Current Methodology and Areas for Improvement

Methodological Constraints

- The journey towards accurately quantifying financed emissions is fraught with methodological constraints, each carrying implications for the fidelity of the bank's sustainability reporting.
- Currently, the bank's methodology heavily relies on broad emission factors that are applied across various sectors and activities. While this approach provides a scaffold for estimation, it lacks the precision that specific, activity-based data would offer.
- The methodology is also constrained by assumptions that must be made when direct data is unavailable, introducing a layer of uncertainty into the results.
- Furthermore, the exclusion of Scope 3 emissions, which encompasses indirect emissions in the value chain, means that the bank's current reporting may not fully capture the entire emissions landscape of its financing activities.

Coverage and Scope

- The focus on around the 70% of the Bank's direct finance portfolio, while strategic, presents another limitation in the bank's attempt to paint a comprehensive picture of its financed emissions.
- This approach assumes that these clients are representative of the bank's broader portfolio, which may not be the case.
- The diversity of the bank's clients and their varying degrees of environmental impact mean that significant emissions could be underrepresented in the analysis.
- The current scope, therefore, might obscure the full extent of the bank's emissions footprint and its areas of highest impact.

Limitations of the Current Methodology and Areas for Improvement

- The ongoing refinement of the bank's methodology is a commitment to its stakeholders and to the environment, reflecting an ethos of continuous improvement and responsible banking.
- To enhance the robustness of its financed emissions reporting, the bank is looking at several avenues for improvement. These include:
- By addressing these areas for improvement, Suez Canal Bank can not only enhance the accuracy and comprehensiveness of its emissions reporting but can also solidify its position as a leader in environmental stewardship within the financial sector.
- The ongoing refinement of the bank's methodology is a commitment to its stakeholders and to the environment, reflecting an ethos of continuous improvement and responsible banking

Granular Data Integration

By collecting and integrating more detailed data specific to each client's activities, the bank can improve the accuracy of its emissions estimates. This requires a collaborative effort with clients to report more precise and activity-specific emissions data.

Sophisticated Analytical Tools

Adopting advanced analytics and modelling tools can help the bank better handle the complexity of emissions calculations. Machine learning and artificial intelligence could be leveraged to identify patterns and make more informed estimations where data is lacking.

Expanding Scope of Analysis

To better reflect its entire portfolio, the bank aims to broaden the analysis beyond 70% of the Bank's direct finance portfolio. This expansion would allow for a more inclusive and representative assessment of the bank's financed emissions.

Dynamic Benchmarking

Incorporating real-time industry benchmarks and continuously updated emissions factors can make the bank's methodology more responsive to the evolving landscape of emissions reporting.

Scope 3 Emissions Inclusion

Recognizing the significance of indirect emissions, the bank is considering methodological revisions that would include Scope 3 emissions in its reporting, offering a more holistic view of its financed emissions.

Enhanced Client Collaboration

The bank intends to strengthen partnerships with clients to encourage and facilitate improved emissions reporting and reduction strategies.

Recommendations

Recommendations

Strengthen Data Collection and Quality Assurance:

- Collaborate with Clients: Work closely with clients to improve the quality and granularity of emissions data. Provide guidance and support to help them enhance their reporting practices.

- Leverage Technology: Invest in advanced data management systems and analytics tools to streamline data collection, ensure data accuracy, and facilitate comprehensive analysis.

Expand Scope of Analysis:

- Include Scope 3 Emissions: Broaden the analysis to encompass Scope 3 emissions, which cover indirect emissions in the value chain. This will provide a more holistic view of the bank's financed emissions.

- Increase Portfolio Coverage: Extend the analysis beyond around the 70% of the Bank's direct finance portfolio to include a larger portion of the bank's portfolio, ensuring a more representative assessment of its financed emissions.

Enhance Methodological Rigor:

- Adopt Sector-Specific Approaches: Tailor methodologies to specific sectors to account for industry nuances and improve the accuracy of emissions estimates.

- Benchmark Against Best Practices: Regularly benchmark the bank's methodologies against industry best practices and evolving standards to ensure they remain robust and relevant.

Foster Strategic Partnerships:

- Collaborate with Experts: Continue to partner with organizations like ESG& and Dcarbon to leverage their expertise in sustainability and carbon accounting.

- Engage with Industry Consortia: Join industry consortia and working groups focused on sustainable finance to share knowledge, learn from peers, and contribute to the development of standardized approaches.

Integrate Sustainability into Financial Products:

- Develop Green Finance Products: Offer financial products that incentivize sustainable practices, such as green bonds, sustainability-linked loans, and green mortgages.

- Incorporate ESG Criteria: Integrate ESG criteria into lending and investment decision-making processes to align the bank's portfolio with sustainability goals.

Enhance Stakeholder Engagement and Communication:

- Transparent Reporting: Regularly report on the bank's financed emissions and sustainability initiatives, providing stakeholders with clear and comprehensive information.

- Stakeholder Dialogue: Engage in dialogue with clients, investors, regulators, and other stakeholders to understand their expectations, share progress, and gather feedback for continuous improvement.

Recommendations

Set Ambitious Targets and Monitor Progress:

- Establish Emissions Reduction Targets: Set clear and ambitious targets for reducing the bank's financed emissions and align them with international climate goals.

- Monitor and Report Progress: Regularly monitor and report on the progress towards achieving these targets, using transparent and verifiable metrics.

Foster a Culture of Sustainability:

- Employee Training: Provide training and resources to employees to enhance their understanding of sustainability issues and the bank's sustainability goals.

- Incentivize Sustainable Practices: Implement incentive structures that reward employees for contributing to the bank's sustainability objectives.

Conclusion

- By implementing these recommendations, Suez Canal Bank can strengthen its sustainability reporting, enhance its management of financed emissions, and reinforce its commitment to environmental stewardship. These efforts will not only contribute to the bank's sustainability goals but also position it as a leader in responsible banking, fostering trust and credibility among its stakeholders.

Appendixes

Appendix A: Selected Sample for Company-Specific Estimation Benchmarking Analysis

ISIC 0610

ISIN	Name	Country	Sector	Business Activities	ISIC Code	Market Cap	Market Cap Size	Revenue	Reporting Period	TE/ USD Rev mn	S1 / USD Rev mn	S2/ USD Rev mn	Total Emissions	Scope 1	Scope 2 - Location Based
AEA006101017	Abu Dhabi Natnl Ol Cmpny fr Dstrbtn PJSC	United Arab Emirates	Energy	Oil / Gas Refining / Marketing	0610	12,490,000,000	Large	87,410,000,001	2023	6.03	1.04	4.98	158,170	27,320	130,850
SA14TG012N13	Saudi Arabian Oil Co	Saudi Arabia	Energy	Integrated Oil / Gas	0610	1,880,000,000,000	Large	2,780,000,000,003	2023	2,735.34	2,121.98	613.36	71,800,000	55,700,000	16,100,000
INE213A01029	Oil and Natural Gas Corporation Ltd	India	Energy	Integrated Oil / Gas	0610	42,010,000,000	Large	82,246,652,927	2023	338.93	325.54	13.39	8,896,586	8,545,142	351,444
CNE1000007Q1	PetroChina Co Ltd	China	Energy	Integrated Oil / Gas	0610	201,530,000,000	Large	102,146,000,000	2022	6,116.80	4,559.41	1,557.39	160,560,000	119,680,000	40,880,000
RU0009024277	NK Lukoil PAO	Russia	Energy	Integrated Oil / Gas	0610	53,291,428,157	Large	20,441,921,323	2022	2,002.82	1,786.24	216.58	52,572,000	46,887,000	5,685,000
Q1						42,010,000,000		82,246,652,927.0		338.9	325.5	13.4	8,896,586.0	8,545,142.0	351,444.0
Q2						53,291,428,157		87,410,000,001.0		2,002.8	1,786.2	216.6	52,572,000.0	46,887,000.0	5,685,000.0
Q3						201,530,000,000		102,146,000,000.0		2,735.3	2,122.0	613.4	71,800,000.0	55,700,000.0	16,100,000.0
IQR						159,520,000,000		19,899,347,073.0		2,396.4	1,796.4	600.0	62,903,414.0	47,154,858.0	15,748,556.0
Outlier Cutoff Value						239,280,000,000		29,849,020,609.5		3,594.6	2,694.7	900.0	94,355,121.0	70,732,287.0	23,622,834.0
Lower Bound						(197,270,000,000)		52,397,632,317.5		(3,255.7)	(2,369.1)	(886.6)	(85,458,535.0)	(62,187,145.0)	(23,271,390.0)
Higher Bound						440,810,000,000		131,995,020,609.5		6,330.0	4,816.6	1,513.3	166,155,121.0	126,432,287.0	39,722,834.0

Appendix B: Glossary of Terms

Term	Definition
Carbon Intensity	A measure of the amount of carbon dioxide emissions produced per unit of economic activity, typically expressed in tons of CO_2 equivalent per million USD of revenue (tCO_2e/USDm).
Carbon Accounting	The process of measuring and reporting the greenhouse gas emissions associated with an organization's activities or a financial institution's financed emissions.
Climate-related Financial Disclosures (TCFD)	Recommendations developed by the Task Force on Climate-related Financial Disclosures that provide a framework for companies and financial institutions to disclose climate-related risks and opportunities.
Emissions Factors	Conversion factors used to estimate the amount of greenhouse gases emitted from a specific activity, based on the type of fuel used, technology employed, or other relevant parameters.
ESG (Environmental, Social, and Governance)	Criteria used to evaluate the sustainability and ethical impact of a company or business. ESG factors are increasingly used in investment decision-making to assess potential risks and opportunities.
Financed Emissions	Greenhouse gas emissions associated with the financial activities of a bank or financial institution, including loans, investments, and other financial products.
Green Finance	Financial products and services that support environmentally sustainable projects, such as renewable energy, energy efficiency, and low-carbon technologies.
Greenhouse Gas (GHG)	Gases that trap heat in the atmosphere, contributing to global warming and climate change. Common GHGs include carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O).
Scope 1 Emissions	Direct greenhouse gas emissions from sources owned or controlled by an organization, such as emissions from combustion in owned or controlled boilers, furnaces, or vehicles.
Scope 2 Emissions	Indirect greenhouse gas emissions from the generation of purchased electricity, heat, or steam consumed by an organization.
Scope 3 Emissions	Indirect greenhouse gas emissions not covered in Scope 2, including emissions from the organization's value chain, such as upstream and downstream activities like raw material extraction, transportation, and product use and disposal.
Sustainability-Linked Loan	A loan product that incentivizes borrowers to achieve predefined sustainability performance targets, often with financial benefits such as reduced interest rates for meeting these targets.

Appendix B: Glossary of Terms

Term	Definition
Weighted Average Carbon Intensity (WACI)	A metric that calculates the average carbon intensity of a portfolio or loan book, weighted by the proportion of each company's financing, expressed in tons of carbon dioxide equivalent per million USD of revenue (tCO2e/USDm).
Climate Risk	The potential financial risk associated with the impacts of climate change, including physical risks (e.g., extreme weather events) and transition risks (e.g., policy changes, technological shifts).
Decarbonization	The process of reducing or eliminating carbon dioxide emissions from an organization's operations or a financial institution's investment portfolio.
Emission Reduction Targets	Specific goals set by an organization or financial institution to reduce greenhouse gas emissions over a defined period.
Environmental Impact Assessment (EIA)	A process used to evaluate the environmental consequences of a proposed project or activity before deciding to proceed.
Green Bond	A type of fixed-income security issued to finance or refinance projects that have positive environmental benefits, such as renewable energy projects or sustainable water management.
Greenhouse Gas Protocol (GHGP)	A widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions.
Low-Carbon Economy	An economy that has significantly reduced greenhouse gas emissions, typically through the adoption of clean energy sources and energy-efficient technologies.
Net-Zero Emissions	A state in which the amount of greenhouse gases emitted into the atmosphere is balanced by an equivalent amount removed or offset, resulting in no net increase in atmospheric greenhouse gases.
Renewable Energy	Energy derived from natural sources that are replenished at a faster rate than they are consumed, such as solar, wind, hydro, and geothermal energy.
Sustainable Development Goals (SDGs)	A set of 17 global goals set by the United Nations to address global challenges, including climate change, poverty, inequality, and environmental degradation.

Appendix B: Glossary of Terms

Term	Definition
Transition Finance	Financing solutions aimed at supporting companies and industries in their transition towards a low-carbon and sustainable economy.
Carbon Neutrality	The state of achieving net-zero carbon emissions by balancing emitted carbon with an equivalent amount of carbon sequestered or offset.
Carbon Offset	A reduction in emissions of carbon dioxide or other greenhouse gases made to compensate for emissions made elsewhere.
Carbon Pricing	A method for reducing global warming emissions by putting a price on carbon emissions, typically through a carbon tax or a cap-and-trade system.
Circular Economy	An economic system aimed at eliminating waste and the continual use of resources through reuse, recycling, and regeneration.
Corporate Social Responsibility (CSR)	A business model in which companies integrate social and environmental concerns into their operations and interactions with stakeholders.
Energy Efficiency	The practice of using less energy to provide the same level of energy service, thereby reducing energy consumption and associated emissions.
Environmental, Social, and Governance (ESG) Investing	An investment approach that considers environmental, social, and governance factors alongside financial factors in the investment decision-making process.
Fossil Fuel Divestment	The act of removing investment assets from companies involved in extracting fossil fuels, as a means of addressing climate change.
Greenwashing	The practice of making misleading or unsubstantiated claims about the environmental benefits of a product, service, or company's practices.
Life Cycle Assessment (LCA)	A methodology for assessing the environmental impacts associated with all stages of a product's life, from raw material extraction to disposal.
Materiality Assessment	A process used to identify and prioritize environmental, social, and governance issues that are most significant to an organization's business and stakeholders.
Natural Capital	The world's stock of natural resources, including air, water, soil, and living organisms, which provide ecosystem services that support human life and economic activity.
Socially Responsible Investing (SRI)	An investment strategy that considers both financial return and social/environmental good to bring about positive social change.

Appendix C: References to PCAF Standards and Relevant Literature

This appendix provides a comprehensive list of references to the Partnership for Carbon Accounting Financials (PCAF) standards and other relevant literature that underpin the methodologies and approaches used in the Suez Canal Bank Financing Emission Report.

PCAF Standards

- **Partnership for Carbon Accounting Financials (2020).** The Global GHG Accounting and Reporting Standard for the Financial Industry. [Online] Available at: https://carbonaccountingfinancials.com/standards .

- **Partnership for Carbon Accounting Financials (2021).** Guidance for Asset Owners and Asset Managers. [Online] Available at: https://carbonaccountingfinancials.com/guidance-for-asset-owners-and-managers .

- **Partnership for Carbon Accounting Financials (2021).** Guidance on Scope 3 Category 15: Investments. [Online] Available at: https://carbonaccountingfinancials.com/guidance-on-scope-3-category-15-investments .

Relevant Literature

- Task Force on Climate-related Financial Disclosures (2017). Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures. [Online] Available at: https://www.fsb-tcfd.org/publications/final-recommendations-report/

- United Nations Environment Programme Finance Initiative (2020). Principles for Responsible Banking. [Online] Available at: https://www.unepfi.org/banking/bankingprinciples/ .

- World Resources Institute & World Business Council for Sustainable Development (2004). The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard. [Online] Available at: https://ghgprotocol.org/corporate-standard .

Acknowledgment

- In presenting this Financed Emissions Report, ESG& extends its deepest appreciation to all those who have contributed their time, expertise, and insights to make this endeavor not only possible but also impactful. This report reflects a shared commitment to sustainability and environmental stewardship, made tangible through the collaborative efforts of Suez Canal Bank, Dcarbon, and our team at ESG&.

Suez Canal Bank

- We are particularly grateful to **Mohamed Amr, Head of Sustainability and Sustainable Finance at Suez Canal Bank**, for his visionary leadership and steadfast dedication to advancing the bank's sustainability agenda. His guidance has been instrumental in shaping the scope and direction of this report.

- Special thanks also to **Islam Abdel Dayem, Sustainability and Sustainable Finance Deputy Manager** a valued member of the Sustainability team at Suez Canal Bank, whose diligence and expertise significantly contributed to the data collection and analysis process. His efforts have ensured the report's accuracy and relevance to the bank's strategic goals.

Dcarbon

- Our gratitude extends to **Ahmed Alaa, Environmental Manager at Dcarbon**, for his expert analysis and insights into environmental impact assessments, which have enriched this report's findings.

- We also wish to acknowledge **Eglal Hassan, ESG Director at Dcarbon**, whose leadership in environmental, social, and governance criteria has been pivotal in aligning our methodologies with best practices and industry standards.

- This report stands as a testament to the power of collaboration across organizations and disciplines. The individuals mentioned here, along with many others who have contributed behind the scenes, have demonstrated a remarkable commitment to sustainability and excellence. Their collective efforts have not only made this report possible but have also laid the groundwork for continued progress in environmental stewardship within the banking sector and beyond.

- As ESG&, we are proud to have partnered with Suez Canal Bank and Dcarbon in this important endeavor. We look forward to continuing our collaborative efforts to advance sustainability initiatives, drive innovation, and contribute to a more sustainable future for all. Our heartfelt thanks to every team member and partner who has played a part in this journey.

- This Acknowledgments section is designed to convey gratitude in a personalized and meaningful way, highlighting the collaborative spirit and individual contributions that have made the financed emissions report a comprehensive and insightful document for Suez Canal Bank.

Letter of Assurance

ESG& is a platform specifically designed to evaluate a company's sustainability performance, with a particular focus on environmental impact. It employs Environmental, Social, and Governance (ESG) criteria to assess various aspects of a company's operations and practices. A key feature of ESG& is its capability to calculate carbon emissions, offering valuable insights into a company's contribution to climate change and its efforts to mitigate environmental harm.

ESG& was engaged by Suez Canal Bank (SCB) to perform a financing emissions study for its direct finance portfolio for the reporting period from January 1, 2023, to December 31, 2023.

As SCB's consultant, we were tasked with assisting the bank in estimating its financing emissions from all its direct finance activities based on the Partnership for Carbon Accounting Financials (PCAF) standards and international best practices.

The specifications provided guidance at the organizational level for the quantification and reporting of financing emissions.

Procedure for Estimating SCB Financing Emissions

The following procedures were undertaken to successfully estimate SCB's financing emissions:

- Define Reporting Period, Operational, and Organizational Boundaries: Established the timeframe and scope of the assessment.
- Portfolio Identification: Identified direct finance activities that took place during the reporting period.
- Data Collection: Prepared a customized data collection sheet and gathered relevant data from various departments.
- Assumptions and Exclusions: Defined all assumptions and exclusions involved in the calculations.
- Emission Calculations: Calculated financing emissions under Scope 1 and Scope 2.
- Data Quality Assessment: Assessed the quality of the data and identified any hotspots.
- Recommendations: Provided recommendations to improve the data collection process and reduce greenhouse gas (GHG) emissions.

Quality Assurance and Control

The quality assurance and quality control activities for the provided data involved several processes to ensure its integrity and accuracy:

- Data Review: All data provided by SCB's team was thoroughly reviewed, analyzed, and edited by our technical team.
- Addressing Discrepancies: In cases of data discrepancies and outliers, direct calls and virtual meetings were held to verify the data, and updated data was supplied upon request.
- Clarification Requests: When provided data was unclear, multiple requests were made for clarification and official receipts. Assumptions, data gaps, and exclusions were clearly declared and justified.

The process was conducted by a multidisciplinary, independent team, including researchers for auditing environmental information, adhering to our values of integrity, confidentiality, professional competence, objectivity, and due diligence.

Conclusion

Based on the processes and procedures conducted, there is no evidence that the financing emissions statement presented is materially incorrect or unfairly represents the financing emissions data and information. It has been prepared in accordance with PCAF and international best practices. In our opinion, SCB has established appropriate systems for the collection, aggregation, and analysis of quantitative data for determining these financing emissions for the stated period and boundaries.

It is our opinion that SCB has established appropriate systems for the collection, aggregation and analysis of quantitative data for the determination of these financing emissions for the stated period and boundaries.

This verification statement, including the opinion expressed herein, is provided to SCB and is solely for the benefit of SCB in accordance with the terms of our agreement.

Yasmin Shokri

ESG&
Innovation with IMPACT

Yasmin Shokri
CEO