



GHG Report

For the Fiscal Year 2023

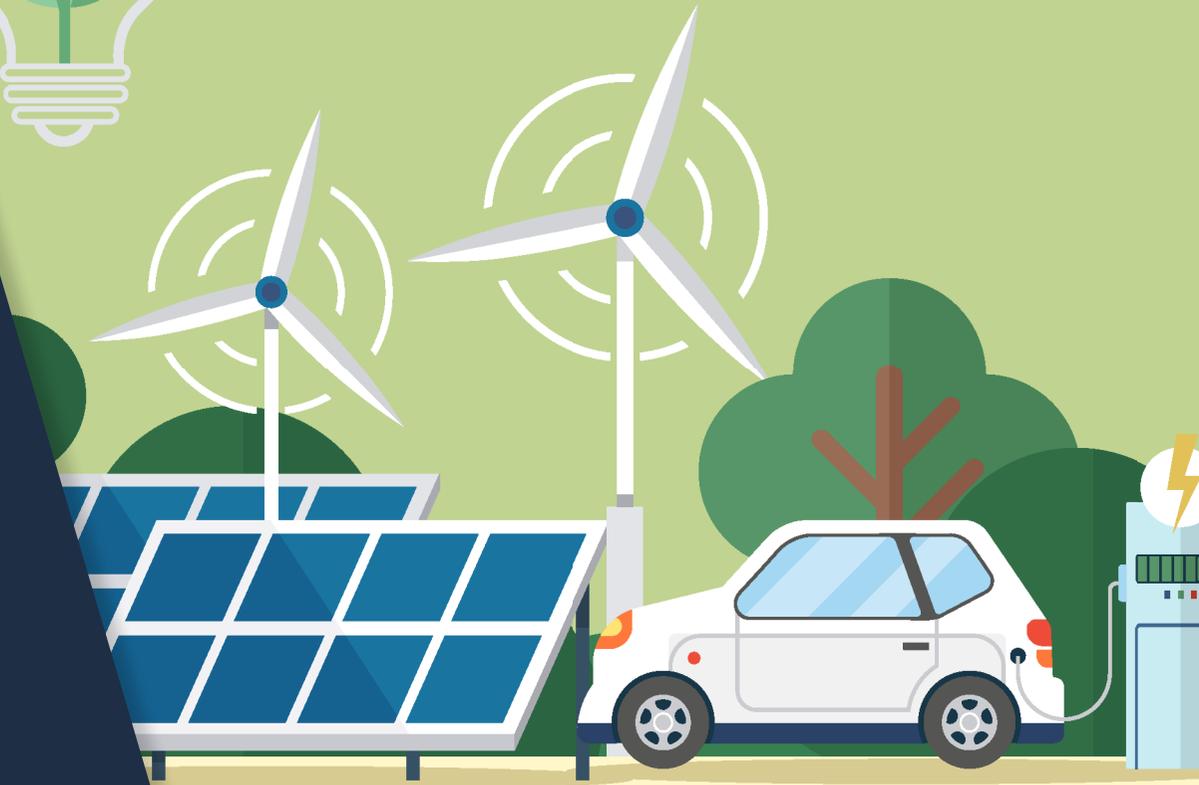


TABLE OF CONTENTS

03

MESSAGE From the CEO

05

ABBREVIATIONS & ACRONYMS

05

KEY DEFINITIONS

06

EXECUTIVE SUMMARY

07

APPROACH & METHODOLOGY

- 07 Brief
- 08 Scope and Boundaries
- 08 Basis of calculations
- 09 Emission Factors
- 09 Reporting Period
- 09 Data Quality and Completeness

11

CALCULATIONS

13

KEY TAKEAWAYS

14

FORWARD LOOKING



Message From the CEO

I am pleased to present to you SICO's Annual Greenhouse Gas (GHG) Report for the year 2023. It is with great pride that I share our progress and initiatives aimed at reducing our environmental footprint while fostering sustainability across our operations.

In line with our commitment to environmental stewardship, I am delighted to report that SICO has made significant strides in reducing GHG emissions. In comparison to our base year of 2021, we achieved a remarkable 20% reduction in absolute emissions and a 23% reduction in GHG intensity. Moreover, when compared to the previous year, our efforts resulted in a notable 32% reduction in absolute emissions and an impressive 46% reduction in intensity. These accomplishments underscore our unwavering dedication to minimizing air emissions and mitigating our environmental impact.

One noteworthy achievement pertains to the decrease in fugitive emissions, primarily attributed to SICO Bahrain's transition to a green building, which notably reduced refrigerant usage. Furthermore, the adoption of eco-friendlier cooling systems by both SICO Bahrain and SICO Invest contributed to a reduction in scope 1 emissions. These efforts led to a significant improvement, with scope 1 emissions accounting for just 2% in 2023, compared to 48% and 31% in 2021 and 2022, respectively.

However, despite our progress, we recognize the challenges posed

by an increase in business travel, which contributed to a notable 19% increase in scope 3 emissions compared to the base year and a 17% increase compared to the previous year.

Amidst this progress, our commitment to sustainability remains steadfast. In 2023, we continued to engage in impactful climate change initiatives. As part of our ongoing partnership with The National Initiative for Agricultural Development (NIAD)'s 'Forever Green' campaign, we completed our fourth tree-planting effort. SICO has planted more than 2,582 trees in urban areas since the beginning of the campaign, resulting in an estimated 46.48 tons of CO₂e sequestration. These trees not only generate oxygen and absorb carbon dioxide but also enhance air quality, promote biodiversity, and contribute to Bahrain's target of achieving net-zero carbon emissions by 2060.

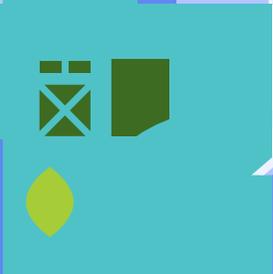
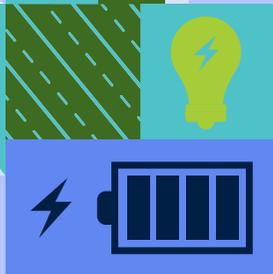
As we reflect on our achievements and challenges, I am confident in our ability to navigate the complexities of sustainability and drive positive change. Together, we will continue to pursue innovative solutions, foster partnerships, and uphold our commitment to environmental responsibility.

Thank you for your continued support as we strive to build a more sustainable future for generations to come.

Najla Al Shirawi
Chief Executive Officer



When compared to the previous year, our efforts resulted in a notable 32% reduction in absolute emissions and an impressive 46% reduction in intensity.





Abbreviations & Acronyms

CHW	Chilled Water
EPA	United States Environmental Protection Agency
ESG	Environmental, Social, Governance
FCU	Fluid Cooling Unit
FTEs	Full Time Employees
GHG	Greenhouse Gas Emission
GWP	Global Warming Potential
ICAO	International Civil Aviation Organization
IPCC	Intergovernmental Panel on Climate Change
kWh	Kilo Watt per Hour
Mt	Metric Ton
PICV	Pressure independent control valves
RTh	Refrigeration Ton-hour

Key Definitions

CO ₂ e	Carbon dioxide equivalent or CO ₂ e means the number of metric tons of CO ₂ emissions with the same global warming potential as one metric ton of another greenhouse gas.
Direct Emissions	Direct GHG emissions are emissions from sources that are owned or controlled by the reporting entity.
Indirect Emissions	Indirect GHG emissions are emissions that are a consequence of the activities of the reporting entity but occur at sources owned or controlled by another entity.
Scope 1	Scope 1 emissions is equivalent of Direct Emissions and have the same definition.
Scope 2	Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling.
Scope 3	Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.
RTh	Refrigeration Ton-hour: expression of cooling energy, where on Refrigeration Ton is the rate of heat removal required to freeze a metric ton (1000 kg) of water at 0°C in 24 hours.

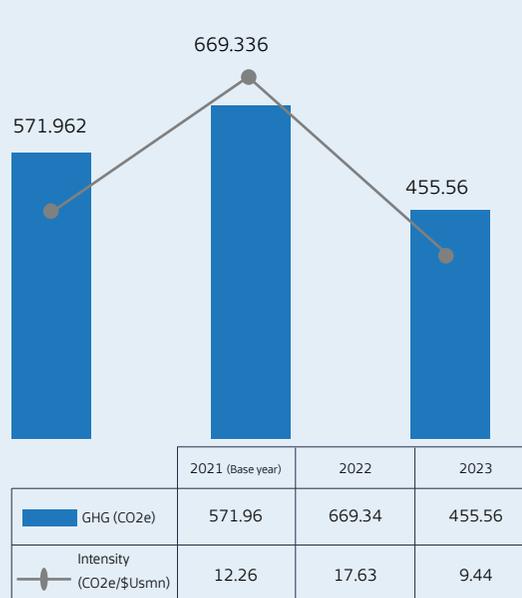




Executive Summary

In its third consecutive carbon footprint report, SICO has shown significant strides in curbing its carbon emissions, demonstrating its strong commitment to sustainability.

Total carbon emissions have witnessed a remarkable decline of 32%, dropping from 669.36 Mt CO₂e in 2022 to 455.5 Mt CO₂e. This was reflected in a notable 46% decline from last year's emissions and a 6% reduction from base year (2021). Notably, SICO's scope 1 emissions have experienced a drastic reduction, totaling only 7.87 Mt CO₂e compared to 210.79 Mt CO₂e in 2022. Additionally, scope 2 emissions have recorded a decrease from 317.38 Mt CO₂e in 2022 to 282.72 Mt CO₂e. The implementation of district cooling systems in SICO's Bahrain and UAE offices, and a series of relevant measures adopted by the IT team with regards to energy efficiency have both been instrumental in reducing scopes 1 and 2 emissions compared to the previous year.



*This impressive progress in reducing GHG emissions is underscored by a **20%** reduction in absolute emissions and **23%** reduction in GHG intensity when compared to the base year of 2021. Moreover, compared to the previous year, 2022, SICO has achieved a substantial **32%** reduction in absolute GHG emissions and an impressive **46%** reduction in intensity. These reductions exemplify the company's ongoing efforts to minimize air emissions and mitigate its environmental impact.*

Noteworthy reductions in fugitive emissions have been achieved due to SICO Bahrain's transition to a green building, resulting in a specific reduction of refrigerants. Furthermore, the adoption of eco-friendlier district cooling systems in both Bahrain and UAE offices has contributed to a significant reduction in scope 1 emissions. In 2023, these emissions accounted for a mere 2%, marking a substantial improvement compared to 48% and 31% in years 2021 and 2022, respectively.

It is, however, important to acknowledge that SICO has experienced an increase in business travel, leading to a notable 19% increase in scope 3 emissions compared to the base year and a 17% increase compared to the previous year. Business travel now represents more than half of scope 3 emissions, constituting 53% of the total. This surge in travel highlights an area where further efforts are needed to mitigate emissions.



Total GHG Emissions

455.56

Mt CO₂e



Scope 1

7.87 Mt CO₂e



GHG Per Employee

7.12¹ Mt CO₂e



Scope 2

282.72 Mt CO₂e



GHG Intensity

9.44 Mt CO₂e



Scope 3

164.97 Mt CO₂e

* Represents 43.8% of FTEs



Approach & Methodology

GHG Breakdown Emissions in Mt CO2e

Scope 1



Mobile Combustion

7.89

Scope 2



Electricity Consumption

102.64



District Cooling

180.08

Scope 3



Business Travel

69.68



Employee Commuting

87.06



Waste generated in operations

0.54



Home Office

7.68

455.55

Mt CO2e

Total GHG Emissions

Sico emissions 2021-2023





Emission Factors

Emission factors convert activity data (e.g., amount of fuel used, kilometers driven, and kilowatt-hours of purchased electricity) into a value indicating carbon dioxide equivalent (CO₂e) emissions generated by that activity. Emissions factors used were based on:

- Intergovernmental Panel on Climate Change (IPCC) default emission factors.
- Country-specific emission factors (when available). Wherever possible, the emission factors indicate CO₂e. Based on their Global Warming Potential, they transform the impact of each of the six GHGs included by the Kyoto Protocol into a common measure of tons of CO₂e (GWP). Based on the IPCC 100-years GWP coefficients, the GWP is a measure of how much heat a respective gas retains in the atmosphere over a specific time horizon. Main formula: GHG Emissions = Activity * Emission Factor

Reporting Period

The reporting period covers from the 1st of January 2023 to the 31st of December 2023.

Data Quality and Completeness

As per the GHG Protocol, Scope 1 breakdown includes: Stationary Combustion, Mobile Combustion and Fugitive Emissions. The former is considered irrelevant to SICO's business, as it covers combustion of fuel in owned or controlled stationary equipment such as boilers, furnaces, burners, turbines, heaters, and incinerators, and was accordingly disregarded in the calculations. For fire suppressors, under fugitive emissions, none was used during the reporting period and accordingly resulted in zero emissions.

Under Scope 2, electricity consumption of SICO B.S.C (c), SICO Funds Services, SICO Invest L.L.C., and SICO Capital were calculated using the consumption figures reported in electricity bills in the respective offices.

Finally, Scope 3 entails 15 categories, as per the GHG protocol. Some of these categories were excluded due to irrelevance, such as upstream transportation and distribution, while others were excluded due to lack of data, such as Capital Goods.





Details of scopes with their underlying assumptions and exclusion reasons are mentioned below:

Scope 1

- Stationary Combustion

Reason of Exclusion

Irrelevant to the sector.

- Fugitive Combustion

Reason of Exclusion

-Fire suppressors were excluded as there were no leakages during the reporting year.

-No reported Refrigerants data

- Mobile Combustion

Assumptions / Limitations

-Sico B.S.C. data was proxied from last year year's data

-Mobile combustion for SICO Capital has been calculated based on the 3000-liter consumption of petrol as communicated via the team

Scope 2

- Electricity Consumption

- District Cooling

Assumptions / Limitations

Sico Invest reported consumption of 15,632.37 RTH which was multiplied by 8, as the regular daily working hours, to detect the value of RT

Scope 3

- Purchased Goods and Services

Reason of Exclusion

Lack of Data from vendors.

- Capital Goods

Reason of Exclusion

Lack of Data from vendors.

- Fuel and energy-related activities not included in Scope 1 & 2

Reason of Exclusion

Lack of Data from vendors.

- Upstream transportation and distribution

Reason of Exclusion

Lack of Data from vendors

- Waste Generated in Operations

Reason of Exclusion

Only paper and E-waste were included due to lack of data from other vendors

Assumptions / Limitations

Average paperweight was set at 5 grams

- Business Travel

- Employee Commuting

Assumptions / Limitations

-Due to lower employees' reporting, data from last year has been used as a proxy.

-Working from home: Reporting employees were assumed that they worked 50% from home during the 12 months period

- Represents 43.8% from total no. of employees

- Upstream Leased Assets

Reason of Exclusion

No leased assets by SICO.

- Downstream Transportation and Distribution

Reason of Exclusion

Irrelevant to sector.

- Processing of Sold Products

Reason of Exclusion

Irrelevant to sector.

- Use of Sold Products

Reason of Exclusion

Irrelevant to sector.

- End-of-Life Treatment of Sold Products

Reason of Exclusion

Irrelevant to sector.

- Downstream Leased Assets

Reason of Exclusion

Irrelevant to sector.

- Franchises

Reason of Exclusion

No franchises at SICO

- Investments

Reason of Exclusion

SICO's decision to exclude

● Included ● Excluded ● Partially included

Calculations

Scope 1

Mobile Combustion

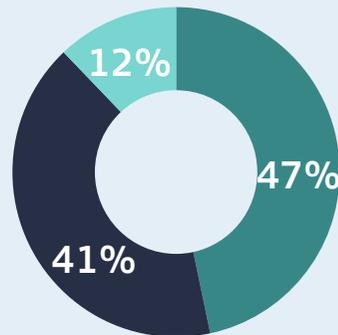
Sico B.S.C and SICO Capital each possess one vehicle, the car owned by SICO Invest was sold. In the case of Bahrain, petrol consumption remained consistent with the previous year, thus similar data of 550 liters was employed. SICO Capital experienced a slight decline in reported petrol consumption, using 3,000 liters compared to 3,303 liters from the previous year. In total, this resulted in a 13% reduction in emissions, amounting to a total of 7.87 MT CO₂e.



Scope 2

Electricity Consumption

The transition to a sustainable building had a positive impact on the rate of electricity consumption. Various IT initiatives were undertaken to enhance energy efficiency as well. This led to a significant 53% decrease, resulting in a total electricity consumption of 254,153.00 kWh. The majority of consumption originated from Bahrain, followed by Saudi Arabia and the UAE.



SICO Electricity Consumption Breakdown - 2023

- SICO BSC
- SICO Capital
- SICO Invest

In accordance with the UNFCCC emissions factor specific to each location, the total carbon emissions resulting from the aforementioned electricity consumption were 102.6418 Mt CO₂e. This represents reductions of 56% and 36% compared to 2022 and the base year of 2021, respectively.

District Cooling

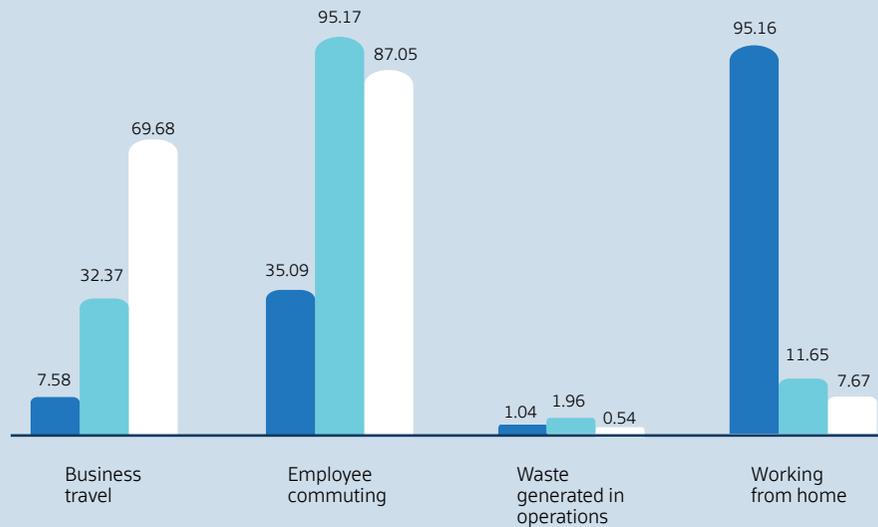
SICO Invest firm disclosed its cooling system data this year, along with Bahrain's figures. This resulted in a significant increase in consumption, rising from 306,643.26 RT of low-emitting refrigerants, reported solely from Bahrain last year, to 453,773.87 RT reported in 2023 from both Bahrain and UAE

offices. Bahrain accounted for the majority of reported refrigerant tons, making up 72% of the total reported RTh.

Considering the environmentally friendly nature of such systems and the energy savings they offer, this increase in consumption resulted in an overall emission of only 180.0762 MT CO₂e, nearly double the value reported last year. It should be noted that the increase is mainly due to the inclusion of UAE's cooling system figures, which were reported for the first time in 2023.



Scope 3



Business Travel

As international travel returned to normal pace, compared to the base year when strict COVID-19 measures were in place, FY 2023 experienced a significant increase in business travel, totaling around 131 trips. The majority of these trips were taken by employees based in Bahrain and were primarily conducted plane, with only 10 trips being done by car. Throughout the year, employees spent a combined total of 397 nights in different countries, with 164 nights in Saudi Arabia, 139 nights in the UAE, 48 nights in the UK, and another 46 nights in various other countries. The Business Travel category resulted in 69.6845 MT CO₂e emissions, with 28% attributed to the trips themselves and the remainder stemming from accommodation nights.



Employee Commuting

In 2023, there was a slight 14% increase in the distance traveled by employees commuting to and from work, amounting to a total of 526,072.80 km. This data includes both reported and estimated figures. Of this distance, 87.7% was covered by passenger cars, while the remaining portion was driven using SUVs, vans, or buses. The largest surge in commuting distance came from Bahrain employees, who accounted for 94% of the total kilometrage compared to 75% in the previous year. SICO continues to encourage its employees to adopt ridesharing methods in order to mitigate the environmental impact of commuting.



Waste

Sico's commitment to its "No Plastic, No Printing" policy has led to a commendable decrease in reported paper and e-waste. The consumption of paper and marketing materials decreased to approximately 0.52 tons, compared to 1.56 tons reported in the previous year, which were subsequently sent to a landfill. Additionally, 100 kg of e-waste were destroyed, down from 950 kg reported in FY 2022. These efforts resulted in a total of 0.54 MT CO₂e emissions.



Home office

Only a total of five employees reported working from home, with four of them based in the Bahrain office. Based on the provided data, it was assumed that 50% of their working days were spent working from home. This resulted in 7.6764 MT CO₂e emissions, representing a 34% decline compared to the previous year. Since 2020/2021, SICO has adopted a hybrid working model, similar to many other companies in the industry.



Key Takeaways

During FY 2023, SICO maintained and implemented various initiatives that contributed to a decrease in carbon emissions.

In alignment with SICO's commitment to sustainable practices, the company has continued its partnership with The National Initiative for Agricultural Development (NIAD)'s 'Forever Green' campaign. Under the patronage of Her Royal Highness Princess Sabeeka bint Ibrahim Al Khalifa, SICO has completed its fourth tree-planting effort. To date, over 2,582 trees have been planted in urban areas, resulting in an estimated sequestration of 46.48 tons of CO₂e. This initiative reflects the company's dedication to expanding green spaces in Bahrain and contributing to the nation's goal of achieving net-zero carbon emissions by 2060.

Internally, SICO has maintained its sustainability measures regarding plastics and paper. The "No Plastic, No Printing" policy implemented last year remains robust, with digitized business cards being used. The complete elimination of plastic

bottles, cutlery, and cups continues, and all recyclable materials are sent to a local supplier for recycling processes.

Notably this year SICO's IT department has implemented various measures to enhance energy efficiency within the organization. These include investing in energy-efficient hardware such as servers and computers, utilizing virtualization technology to consolidate infrastructure, and implementing power management policies for devices to ensure low-power states when not in use. Transitioning to cloud services has also contributed to optimizing data center operations and reducing the need for extensive in-house infrastructure. Furthermore, the IT department focuses on developing energy-efficient software solutions, implementing data center cooling optimization strategies, promoting green IT practices, and monitoring energy usage in IT infrastructure. By integrating these practices, SICO's IT department plays a crucial role in enhancing energy efficiency, further supporting the company's commitment to sustainability and environmental stewardship.



To date, over **2,582** trees have been planted in urban areas, resulting in an estimated sequestration of **46.48** tons of CO₂e.



Forward Looking

As the need for businesses to effectively respond to the negative effects of environmental changes grows, SICO recognizes the urgency to adapt swiftly. With the launch of our third Carbon Footprint Assessment report, SICO is actively refining its business model to bolster its resilience against climate-related challenges. Since embarking on our sustainability journey, enhancing operational efficiency has remained a focal point. Aligned with the objectives outlined in our baseline report, our efforts remain concentrated on three pivotal areas: conservation, recycling, and offsetting. In this forward-looking section, we reflect on these areas via strategies and initiatives to drive positive change and continue our sustainability journey.

Offsetting



Mumtalakat

Continuing our offsetting efforts, we partnered with Safa the newly launched portal by Mumtalakat and are actively engaged in a transformative project involving the development and construction of two waste-to-energy facilities at the Odayeri and Komurcuoda landfill sites. The primary objective of this

project is to establish, operate, and maintain landfill waste-to-energy systems comprising landfill gas (LFG) collection infrastructure, flaring stations, and gas engines paired with generators to generate electricity. Through the combustion of LFG in the gas engines, electricity will be produced, with any surplus LFG being safely flared



Environmental Stewardship

- **Scope 1 and Scope 2 Emissions:**

We recognize the importance of addressing scope 1 and scope 2 emissions, which contribute significantly to our carbon footprint. Through the implementation of advanced systems and practices, such as efficient heating and cooling solutions, we will continue to minimize these emissions. Our focus will be on adopting eco-friendly alternatives, leveraging district cooling systems, and optimizing energy consumption across all our offices.

By leveraging energy-efficient technologies and renewable energy usage, and optimizing our operational processes, we aim to achieve substantial reductions in both absolute emissions and GHG intensity. It's worth noting that we occupy three floors of the Bahrain World Trade Center in which the building has solar panels at the parking lots. Our aim is to surpass the impressive progress we have made so

far, setting new benchmarks for environmental stewardship

- **Scope 3 Emissions:**

While we acknowledge the challenges posed by business travel, which has contributed to increased scope 3 emissions, we are committed to mitigating its environmental impact. We will explore alternative travel options, promote remote collaboration, and invest in sustainable transportation solutions. Our premises already includes electronic vehicles' (EV) charging stations at the parking lots.

By adopting innovative approaches and encouraging responsible travel practices, we aim to reduce our scope 3 emissions and create a more sustainable travel culture within our organization.



Resource Efficiency

- **Waste Management:**

SICO recognizes the importance of responsible waste management in achieving a circular economy. We will implement comprehensive waste reduction and recycling programs across our offices, focusing on e-waste and paper consumption. By promoting awareness, providing adequate recycling infrastructure, and partnering with reputable recycling organizations, we aim to minimize waste generation and maximize resource recovery.

- **Water Conservation:**

Preserving water resources is a crucial aspect of our sustainability agenda. Through the adopted water-efficient technologies, and the yearly employees' pertinent awareness campaigns, we will work towards reducing water consumption across our operations. Our goal is to achieve significant water savings while ensuring efficient water management practices in all our facilities.



Biodiversity and Conservation

- **Tree-Planting Initiatives:** Building upon our successful

partnership with The National Initiative for Agricultural Development (NIAD)'s 'Forever Green' campaign, we will continue to contribute to reforestation efforts. By planting trees in urban areas and engaging our employees, stakeholders, and local communities, we aim to enhance biodiversity, improve air quality, and sequester carbon dioxide. Our target is to exceed the number of trees planted each year, making a lasting positive impact on the environment.

- **Ecosystem Preservation:** SICO recognizes the significance of preserving natural ecosystems. We will actively engage in initiatives that protect and restore habitats, support the conservation of endangered species, and promote sustainable land use practices. By collaborating with environmental organizations and investing in ecosystem restoration projects, we aim to contribute to the preservation of biodiversity and the well-being of our planet.

Together, with the support of our stakeholders, employees, and partners, we will continue to lead the way in driving sustainability and building a better world for generations to come.



Disclaimer

SICO Carbon Footprint report includes non-financial figures that are subject to data limitations and uncertainties, due to the nature of the information provided and/or calculations methods. The report has been prepared by IdealRatings, Inc. The selection of measurement techniques can result in different findings. SICO reserves the right to update the measurement techniques and methodologies, if needed, in the future. SICO cannot be held accountable for external use of this report's content.

SICO Carbon Footprint report has been prepared by IdealRatings, Inc. for the reporting period 1st January 2023 to 31st of December 2023. It does not represent an independent third-party assurance of SICO's management approach to sustainability nor Carbon Footprint. IdealRatings has been commissioned by the SICO Group to calculate the carbon footprint of allocations for its 2021 Environmental Report. Through this engagement, data has been collected and calculated following the WRI GHG Protocol principles of relevance, completeness, consistency, transparency, and accuracy.

IdealRatings' work has included interviews with key SICO Group personnel, a review of internal and external documentation, and an interrogation of source data and data collection systems.

Ideal Ratings has concluded the points listed below:

Relevance

We have ensured the GHG inventory appropriately reflects the GHG emissions of the company and serves the decision-making needs of users, both internal and external to the company.

Completeness

The SICO Group continues to use the operational control approach to define its organizational boundary.

The SICO Group calculates total direct scope 1, 2 and major scope 3 emissions, including relevant upstream and downstream emissions for several scope 3 emissions sources. Reported environmental data covers most employees and key entities that meet the criteria of being subject to control or significant influence of the reporting organization.

Consistency

To ensure comparability, IdealRatings has followed international used guidelines for the

sake of future comparisons with the base year. Any future revisions or refinements to the methodology shall be clearly stated in the coming reports.

Transparency

Where relevant, we have included appropriate references to the accounting and calculation methodologies, assumptions and re-calculations performed.

Accuracy

To the best of our knowledge, all data presented within this report is considered accurate within the limits of the quality and completeness of the data provided by the SICO Group.

About SICO

SICO is a leading regional asset manager, broker, market maker and investment bank, with USD 6 bn in assets under management (AUM). Today SICO operates under a wholesale banking licence from the Central Bank of Bahrain and oversees three wholly owned subsidiaries: an Abu Dhabi-based brokerage firm, SICO Financial Brokerage, a specialised regional custody house, SICO Fund Services Company (SFS). SICO also Saudi-based investment banking company, SICO Capital. Headquartered in the Kingdom of Bahrain with a growing regional and international presence, SICO has a well-established track record as a trusted regional bank offering a comprehensive suite of financial solutions, including asset management, brokerage, investment banking, and market making, backed by a robust and experienced research team that provides regional insight and analysis of more than 90 percent of the region's major equities.

About IdealRatings

IdealRatings is a leading financial data and technology provider that empowers global asset managers, asset services, financial institutions, and asset owners with an array of responsible investment solutions. IdealRatings provides its world class clients with innovative data services, analytical tools, and reports for a global universe of equities, fixed income, and REITs with a mission to enable responsible investments worldwide. IdealRatings' state of the art technology infrastructure offers over 10 million data points for diverse instruments backed by an experienced research team, proprietary methodology and robust guidelines customization engine. For more information visit idealratings.com.