



# SICO GHG Report

For the Fiscal Year 2021



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## Message From the CEO



“  
We Are Ready to Embrace  
Our Responsibility to  
Contributing to a More  
Sustainable Future.”

If the past couple of years have taught us anything, it is that a commitment to the sustainability of our people and our planet should always be at the forefront of our strategy. Recent global events have made us more aware than ever of the extent as to which our activities can impact our environment and our stakeholders. As climate change becomes a daily reality and not just a prediction of things to come, the task of reducing greenhouse gas (GHG) emissions has taken on more urgency. It has become crystal clear that climate change presents imminent and far-reaching threats to every aspect of our lives and that making a difference will surely require collective action.

The 2019 Climate Action Summit called upon countries to present realistic and concrete action plans that are compatible with the global goals set to reduce greenhouse gas emissions by 45% over the next decade. The summit succeeded in relaying the urgency for action to address the climate emergency, which was felt by governments, the private sector, and civil society. The Kingdom of Bahrain announced its aim in 2021 to achieve net zero carbon emissions by 2060 through technology such as carbon capture and tree planting to compensate for its emissions. The Kingdom's target of a 30% carbon emission reduction by 2035 includes quadrupling the area of Bahrain's mangroves, doubling tree coverage, and investing in sustainable technologies.

The challenges brought forth by the COVID-19 pandemic in the past couple of years not only transformed the way we live our lives and conduct business but have also reinforced the need for a collaborative and holistic approach that is vital when combating global environmental and health crises.

Today, companies around the world are becoming increasingly mindful of their carbon emissions and are taking serious measures to reduce their impact. In fact, a recent report by Net Zero Tracker, a non-profit group of global climate researchers, indicates that more than 600 of the world's largest publicly traded companies including Apple, Amazon, and even the large

energy players like Shell and Aramco, have put targets in place to reduce their GHG emissions to 'net zero' by 2050.

At SICO, we too are aware of our environmental footprint and are currently putting in place proactive strategies to optimize our oversight and take action towards minimization. We understand that companies have an obligation to take action and lead by example in order to help mitigate the repercussions caused by global activities and to work to pre-empt further harmful implications on the planet.

As such, we have decided to gather the data in this report as a solid means of measuring the impact our operations have and determining the areas that are most pressing and demand improvement. By benchmarking our activities in such a manner, we will be able to identify the key sources that contribute to our impact and set realistic, quantifiable objectives for mitigation.

The information included in this report will serve to make us more conscious of our carbon footprint and GHG emissions so that we are able to put in place steps to offset, monitor, and report on our performance in the years to come. Once we fully comprehend the scope of our carbon footprint, there are a variety of initiatives we can undertake to offset our impact. Directing our attention towards more sustainable alternatives, such as green energy, energy-efficient appliances, conservation, and waste reduction, and of course the commitment to becoming a progressively digital organization are all examples of potential next steps.

SICO is proud to be taking this crucial step on our sustainability journey. We are confident that it will increase our accountability and awareness when it comes to our role in the global climate change conversation. We fully intend to step up our plan of action on all fronts and are ready to embrace our responsibility to contributing to a more sustainable future.

**Najla Al Shirawi**  
Chief Executive Officer



“

To offset our carbon footprint, we are working with a broker that will move us closer to becoming a carbon neutral business in the years to come.

## Abbreviations & Acronyms

EPA	United States Environmental Protection Agency
ESG	Environmental, Social and Corporate Governance
FTEs	Full Time Employees
GHG	Greenhouse Gas Emission
GWP	Global Warming Potential
IPCC	Intergovernmental Panel on Climate Change
KWH	Kilo Watt per Hour
Mt	Metric Ton
UNFCC	United Nations Framework Convention on Climate Change

## Key Definitions

CO <sub>2</sub> e	Carbon dioxide equivalent or CO <sub>2</sub> e means the number of metric tons of CO <sub>2</sub> 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.



## Executive Summary

Climate change is considered one of the most pressing issues confronting nations, governments, corporations, and citizens. It affects both human and ecological systems, and it could result in significant changes in resource consumption, production, and economic activity.

The greenhouse gas (GHG) emissions associated with an entity's or individual's actions are measured by a carbon footprint, which is a widely acknowledged technique of evaluating the influence of human activity on global warming.

Environmental reporting, particularly carbon footprint reporting, has become a worldwide focus in recent years, as it has become increasingly important not just to evaluate a company's financial success but also to analyze ESG behavior and GHG emissions. SICO initiated measuring and disclosing its carbon footprint as a first step towards taking remedial actions.

This Carbon Footprint Report establishes a foundation for effective climate action by tying prior efforts together, clearly

identifying areas of our climate impact, and showing critical intervention points to substantially reduce GHG emissions in the coming decades. The report includes a detailed breakdown of SICO's GHG emissions.

The reporting period is from January 1 to December 31, 2021, and it includes GHG emissions including direct emissions from controlled equipment and assets, emissions from purchased electricity, and selected categories from Scope 3 emissions. The study and estimates were based on the Greenhouse Gas Protocol, the Intergovernmental Panel on Climate Change (IPCC) Guidelines for Greenhouse Gas Inventories, the Environmental Protection Agency (EPA), and the United Nations Framework Convention on Climate Change (UNFCCC).

The total GHG emissions of our business as of 2021 were 571.962 Mt CO<sub>2</sub>e, including: Scope 1: 272.841 Mt CO<sub>2</sub>e, Scope 2: 160.230 Mt CO<sub>2</sub>e and Scope 3: 138.891 Mt CO<sub>2</sub>e.

Total GHG Emissions

**571.962** Mt CO<sub>2</sub>e



Scope 1

**272.841** Mt CO<sub>2</sub>e



Scope 2

**160.230** Mt CO<sub>2</sub>e



Scope 3

**138.891** Mt CO<sub>2</sub>e



CO<sub>2</sub>e Emissions Per Employee\*

**5.84** Ton/employee

\*Represents 82% of FTEs

# Approach & Methodology

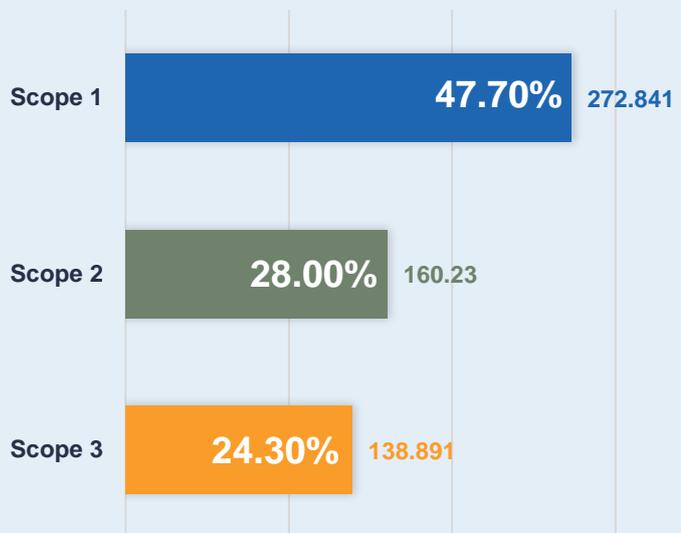
## Brief

GHG EMISSIONS In Mt CO2e

Scope 1	Scope 2	Scope 3	
 Mobile Combustion 3.841	 Electricity Consumption 160.230	 Business Travel 7.587	 Employee Commuting 35.091
 Refrigerants 269		 Waste disposal 1.047	 Home Office 95.166

**Total GHG Emissions**

**571.962**



## Scope and Boundaries

The report covers SICO B.S.C. (c), SICO Fund Services Company B.S.C. (SFS), both located in Bahrain, and SICO Financial Brokerage L.L.C., located in UAE (all referred to hereinafter as SICO). Company headquarters is in Manama Bahrain, in a 1,100m<sup>2</sup> office building where SICO B.S.C and SFS occupy 4.5 floors. SICO Capital was excluded from this initial report because the company was acquired in March of 2021. The report follows the Operational Control Approach..



Covered Emissions Breakdown			
Emission scope	Sources	Units	Breakdown
Scope 1	Refrigerants	KG	Gas leakage due to operation
	Mobile combustion	KM	KM drove by bank owned cars
Scope 2	Purchased Electricity	KWH	Consumption per month
Scope 3	Waste Disposal (E-waste and paper)	Mt	E-waste disposed
		Mt	Consumption of paper
	Business travel	KM	Trips on behalf of the bank
	Employee commuting	KM	Total trips from and to the office
	Home office	Hours	Hours spent WFH

## Basis of calculations

The calculations and analysis were based on different standards, protocols, and guidelines. Scope 1 emissions was based on EPA calculations methodology guidance and GHG protocol, Scope 2, and scope 3 were calculated using the UNFCC calculations methodology guidance.

## 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 (CO<sub>2</sub>e) emissions generated by that activity. Emissions factors used were based on:

- United Nations Framework Convention on Climate Change (UNFCC)
- Intergovernmental Panel on Climate Change (IPCC) default emission factors

- Country-specific emission factors (whenever they are available)

Wherever possible, the emission factors indicate CO<sub>2</sub>e. 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 ton of CO<sub>2</sub>e (GWP). Based on the IPCC 100-years GWP coefficients, the GWP is a measure of how much heat the 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 2021 to the 31st of December 2021. Since this is SICO's first report for; 2021 will be considered the baseline year to which all future years will be referenced.

## 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 fugitive emissions, two aspects were covered: Fire suppressors and air conditioning. SICO owned 39 fire suppressors; 34 in B.S.C and SFS and 5 in SICO Financial Brokerage L.L.C. Given that they were not used during the reporting period, and therefore no pertinent leakages occurred, it was excluded from the calculations. For air conditioning, the leakage rate was not available. Accordingly, the average rate of IPCC default values under EPA's guidance was used.

Under Scope 2, electricity consumption of SICO B.S.C (c) and SFS were estimated, using the monetary value paid per floor in the building, since electricity bills are issued jointly for all floors used by SICO Bahrain. Further to this, electricity consumption bills for April, May and June were approximated based on available data.

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 in the below table:

Data Element	Inclusion	Reason of Exclusion	Assumptions / Limitations
<b>Scope 1</b>			
Stationary Combustion	Excluded	Irrelevant to the sector	
Fugitive Combustion	Partially included	Fire suppressors were excluded as there were no leakages during the reporting year.	<ul style="list-style-type: none"> <li>Leakage rate was estimated as a simple average of IPCC values for annual leakage rates and the EPA guidance on the commercial buildings' estimated leakage rates; 8% for chillers and 1% for standalone refrigerants</li> </ul>
Mobile Combustion	Included		<ul style="list-style-type: none"> <li>The price of Petrol used in Bahrain is 200 Fils/liter</li> </ul>
<b>Scope 2</b>			
Scope 2	Included		<ul style="list-style-type: none"> <li>The percentage of consumption was assumed from the occupied floors' monetary value in the overall building's electricity bill</li> <li>Months April, May, and June were estimated from previous and following months</li> </ul>
<b>Scope 3</b>			
Purchased Good and Services	Excluded	Lack of Data from vendor	
Capital Goods	Exclude	Lack of Data from vendor	
Fuel and energy-related activities not included in Scope 1 and 2	Excluded	Lack of data from vendor	
Upstream transportation and distribution	Excluded	Irrelevant to sector	
Waste Generated in Operations	Partially Included	Lack of data	<ul style="list-style-type: none"> <li>Paper, E-waste, and ink cartridges were only included</li> </ul>
Business Travel	Included		
Employee Commuting	Included		<ul style="list-style-type: none"> <li>Cars were assumed to be regular medium sized.</li> <li>Emission factor used is 0.18659 KG CO<sub>2</sub>e for each KM traveled by medium-sized car and 0.10312 KG CO<sub>2</sub>e for each KM traveled by average local bus.</li> <li>Value represents 82% of full-time employees (FTEs)</li> </ul>
Upstream Leased Assets	Excluded	No leased assets by SICO	
Downstream Transportation and Distribution	Excluded	Irrelevant to sector	
Processing of Sold Products	Excluded	Irrelevant to sector	
Use of Sold Products	Excluded	Irrelevant to sector	
End-of-Life Treatment of Sold Products	Excluded	Irrelevant to sector	
Downstream Leased Assets	Excluded	Irrelevant to sector	
Franchises	Excluded	No franchises at SICO	
Investments	Excluded	SICO's decision to be excluded from the initial report	



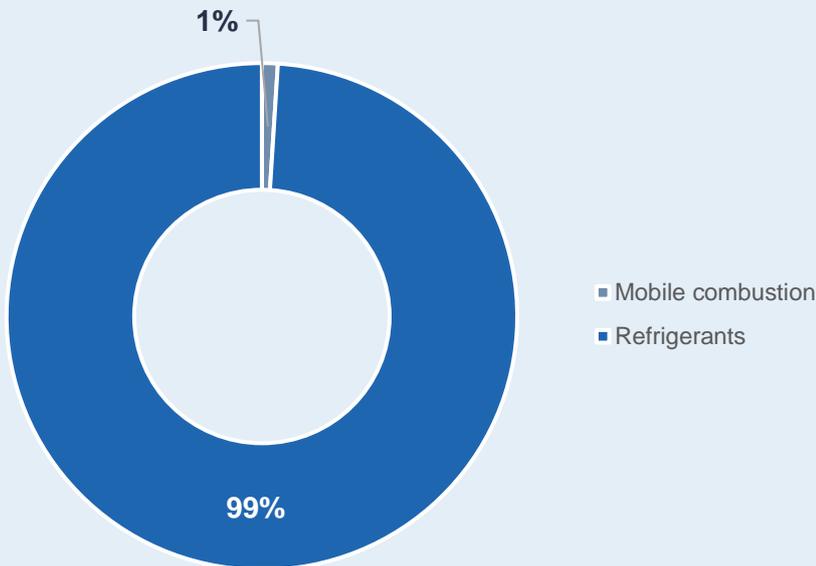
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We have contracted an outside vendor to help us recycle our paper and plastic waste.

# Calculations

## Scope 1

Scope 1 Breakdown



### Mobile Combustion

In 2021, SICO B.S.C. (c), and SFS owned 2 vehicles that travelled a total of 28,000 KM, with fuel consumption of 1,400 Liters of petrol, this corresponded to 3.259 Mt CO<sub>2</sub>e. As for SICO Financial Brokerage L.L.C., it owned 1 vehicle that travelled 5,000 km with average consumption of 250 Liters of petrol, this was based upon that each car consumes 1 liter of petrol for each 20 km. Thus, for each liter of petrol consumed, 0.002328 of Mt CO<sub>2</sub>e is generated.

 **3.259** Mt CO<sub>2</sub>e in Bahrain     **0.582** Mt CO<sub>2</sub>e in UAE    **Total | 3.841** Mt CO<sub>2</sub>e

### Refrigerants Leakage

During the reporting period, SICO B.S.C. (c), and SFS had 3 chillers and 2 stand-alone commercial applications which were charged with 652.5 KG of R-22 (HCFC-22) and 12.5 KG of R-410, respectively. Using IPCC values for annual leakage rates and the EPA guidance on the commercial buildings' estimated leakage rates, the above charges corresponded to emissions of 266 Mt CO<sub>2</sub>e and 3 Mt CO<sub>2</sub>e, respectively. In UAE, we did not report the refrigerants' leakages.

 **266** Mt CO<sub>2</sub>e     **3** Mt CO<sub>2</sub>e    **Total | 269** Mt CO<sub>2</sub>e

## Scope 2

### Electricity Consumption

Energy consumption is mainly represented in purchased electricity from the national grid, which is used for HVAC, lighting, equipment, others. Electricity consumption in Bahrain offices for the reporting period 2021 was estimated to be around 303,237 kWh. Knowing that the emission factor in Bahrain is 0.4749 of KG CO<sub>2</sub>e for each 1 KWH consumed, this was reflected in 144.016 Mt CO<sub>2</sub>e. On the other hand, SICO Financial Brokerage L.L.C., consumed 45,891 KWH equivalent to 16.214 Mt CO<sub>2</sub>e. The emission factor in UAE is lower than in Bahrain, whereas in UAE for each 1 kWh consumed, 0.3533 KG CO<sub>2</sub>e is emitted.



## Scope 3

Scope 3 Breakdown



### Business Travel

In 2021, there were 6 business trips by Aircraft on behalf of SICO to different locations which counted for 0.6828 Mt CO<sub>2</sub>e. In addition to this, 6,858 KM were conducted by passenger cars which totaled to equate 1.901 Mt CO<sub>2</sub>e. Accommodation for all these trips accounted for 5.00331 Mt CO<sub>2</sub>e, where employees stayed for a total of 33 days during the reporting period.

7.58712 Mt CO<sub>2</sub>e



## Employee Commuting

In 2021, 135,643 km were driven by SICO BSC employees to and from the office using passenger car which emitted 25,309.63 KG of CO<sub>2</sub>e while 24,070 km were driven by bus which emitted 2,482.1 KG of CO<sub>2</sub>e. SFS employees traveled 19,050 KM by car and 2,265 KM by bus, which emitted 3,554.6 and 233.57 KG of CO<sub>2</sub>e, respectively. SICO Financial Brokerage L.L.C., employees traveled 15,480 KM by car, and 5,385.6 KM by bus, these are reflected in 2,955.59 and 555.36 KG of emitted CO<sub>2</sub>e, respectively.

**35.091** Mt CO<sub>2</sub>e



## Waste Disposal

The calculation involved tracking the kilograms or units of each type of waste (plastic, glass, mixed, etc.) and assigning an emission factor based on how it was disposed of. SICO consumed paper and marketing materials of about 1,000 KG of paper which was sent to a landfill and 610 KG of E-waste that was destroyed. The aforementioned waste values equaled a value of 1.04732 Mt CO<sub>2</sub>e. In addition to this, SICO used 46 ink cartridges in 2021, with a total weight of 1.058 KG when empty. Ink cartridges were sent to a landfill, reflecting a total value of 0.00001 Mt of emitted CO<sub>2</sub>e.

**1.04732** Mt CO<sub>2</sub>e



## Home office

Due to the Corona Virus, work from home was required during the reporting period. From January till the first 2 weeks of September, nearly half of our employees had to work from home which corresponded to emissions of about 95.166 Mt CO<sub>2</sub>e.

**95.166** Mt CO<sub>2</sub>e



## Key Takeaways

SICO is committed not only to ensuring that its operations have no adverse impact on the environment but also to raising awareness and promoting sustainable business practices across its surrounding community to preserve the environment. To put these words into action, SICO has adopted several pertinent initiatives throughout the past years.

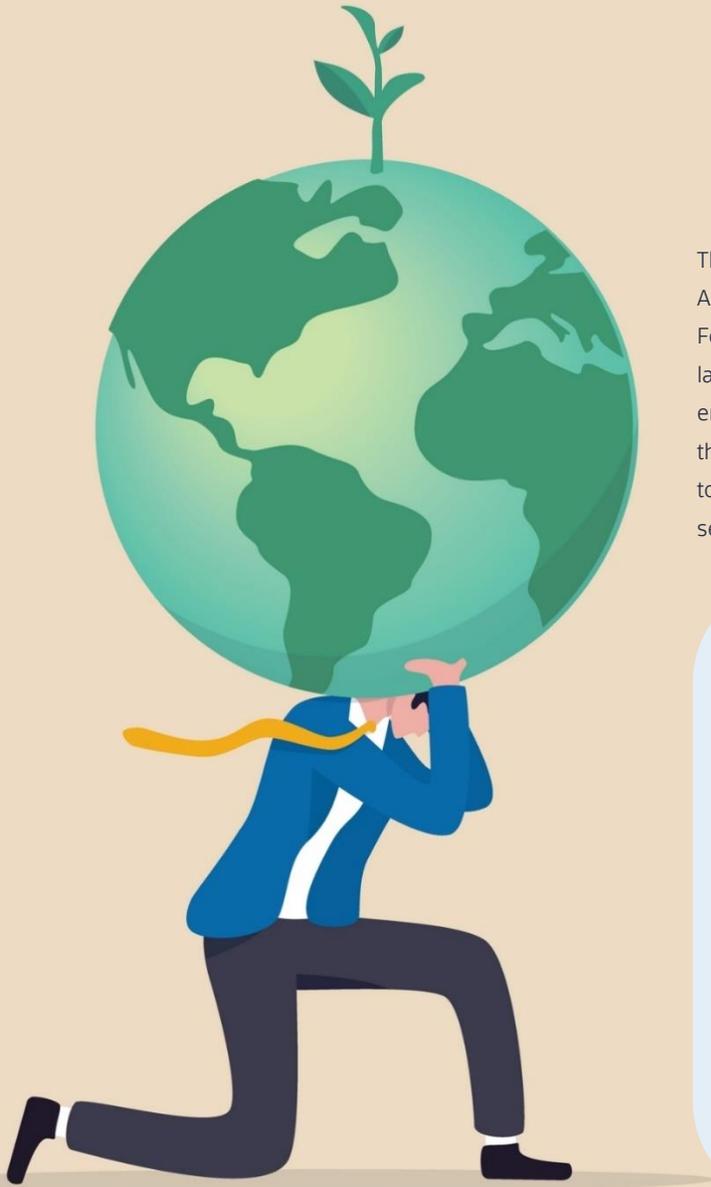
We provide our employees with personalized reusable glass water bottles to reduce the use of single-use plastics throughout the company. We have also changed default settings on all printers across the bank to black and white and double-sided printing to reduce our paper and ink consumption, thereby reducing both paper and electronic waste. We also encourage employees to turn off monitors, lights, and other electronic equipment at the end of the day and have instructed them to close applications on their computers when not in use to reduce energy consumption.

In 2018, SICO launched an internal Go Green initiative to raise awareness within the bank on practices that both the bank and our employees can adopt to reduce our carbon Footprint.

In December 2019, SICO held a company-wide no-print day in line with its efforts to minimize its environmental Footprint. The day was a massive success, with a decrease in printing rates by 95%, from approximately 300 pages daily to just 15 pages on the day.

In 2021, SICO was active with several key programs that are already starting to have a multiplier effect and make a difference. One of the major environmental initiatives of the year was our support for Bahrain's national afforestation campaign "Forever Green." SICO was the first Bank in Bahrain to launch this type of initiative and, as such, management was keen to build on the success of their first project in 2020 to plant trees on 16th December Avenue in collaboration with the National Initiative for Agricultural Development (NIADBH) and the Northern Municipality. The "Forever Green" campaign aims to plant more than 50,000 trees at 27 sites in various governorates on a total area that covers more than 70,000 sqm at a total cost of more than BD 500,000.





The aforementioned initiatives were reflected in encouraging figures. According to the Global Carbon Atlas, supported by BNP Paribas Foundation, Bahrain has reached its lowest GHG per Capita within the last 10 years reaching 20.54 Mt per capita. Our CO<sub>2</sub>e emissions per employee is estimated to be 5.84 ton/employee that is below third of the country's GHG intensity rate. SICO's scope 1&2 per employee, 4.4 ton/employee came in line with the average of the GCC's financial sector of 4.3 ton/employee<sup>1</sup>.



#### SICO's CO<sub>2</sub>e Emissions Per Employee

**5.8** Mt/employee



#### GCC Financial Sector Scope 1 & 2 Per Employee

**4.3** Mt/employee



#### SICO's Scope 1 & 2 Per Employee

**4.4** Mt/employee

<sup>1</sup> Including outliers

## Forward Looking

Combating the imminent threat of irreversible climate events requires action. With the launch of our first Carbon Footprint Assessment report, it was very important for us to outline actionable initiatives that we can undertake to minimize our negative impact on the environment.

Our activities currently focus on 3 key areas:



**Conserving**



**Recycling**



**Offsetting**

SICO is amid finalizing a move to new corporate headquarters at Bahrain's iconic World Trade Center. The move was an opportunity for us to rethink our operational model to ensure that we are functioning in the most efficient manner possible while ensuring an optimal working environment for our people. The modern open seating floor plan will be outfitted with energy-saving light sensors, air conditioners, and LED lights. Our new work from home policy which will, in some circumstances, not require employees to commute back and forth to the office daily, will also work to conserve our overall energy consumption. Additionally, we will be minimizing our consumption of fossil fuels with the purchase of a hybrid company car

We have contracted an outside vendor to help us recycle our paper and plastic waste. The initiative will hopefully encourage our people to be more mindful of their waste and to follow suite with similar good habits in their personal lives.

To offset our carbon footprint, we are working with a broker that will move us closer to becoming a carbon neutral business in the years 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 2021 to 31st of December 2021. 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 4.5 billion in gross assets under management (AUM) and USD 4.1 billion in net AUM. Today, SICO operates under a wholesale banking license from the Central Bank of Bahrain, with around 98 employees.

Headquartered in the Kingdom of Bahrain with a growing regional presence in three countries, SICO has a well-established track record as a trusted regional bank offering a comprehensive suite of financial solutions, including asset management, brokerage, market-making, investment banking, advisory, treasury, and custody and fund administration, backed by a robust and experienced research team that provides regional insight and analysis of more than 90% 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](https://www.idealratings.com).