



THE BANK TO TRUST

GREEN BOND

ANNUAL IMPACT REPORT 2021





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CEOs Statement



Mr. Hussein Abaza
Chief Executive Officer

Dear partners,

It is with great pleasure we share CIB's first Green Bond Impact Report with our partners, clients and peers.

In 2021, CIB made history by becoming the first Egyptian bank to issue a certified green bond, with a subscription value of USD 100 million, after receiving approval from the Financial Regulatory Authority. The issuance of this green bond has been fully subscribed to by the International Finance Corporation (IFC) and is supported by their Green Bond Technical Assistance Program.

CIB's first Green Bond Impact Report gives an overview of the allocation of eligible green assets to the Bank's Green Bond and describes the impact it generated on a portfolio level. CIB has produced this Green Bond Impact Report for its stakeholders, highlighting the use of proceeds and projected impacts of its first green bond, as well as promoting transparency.

CIB's Green Bond program is one of many efforts undertaken by the Bank to support sustainable projects that require financing, such as those in renewable energy, climate adaptation and mitigation, industrial energy efficiency, green buildings, and resource efficiency. Moreover, this program supports Egypt's economy and increases the share of renewables in Egypt's energy mix, mainstreams green buildings across the country, and further develops resource efficiency best practices in the industrial sector.

The Green Bond program aims to provide clients with convenient solutions to solving complex financial challenges, such as climate change. Furthermore, the Bank continuously works toward achieving System Transformation to low carbon economy, as well as expanding its green product offerings, to promote sustainable economic growth without compromising the environment and society at large. CIB has long placed sustainable finance at the center of its operations and will continue to work towards introducing green products that better meet the needs of its clients, environment and society. We thank you for your support in empowering the Bank to move forward with this program, and we look forward to sustainably growing with our partners for many years to come.

Summary

CIB has been a long-time supporter of sustainable finance and a strong believer in the role corporations must play in seeking sustainable and comprehensive solutions to mitigate climate change. Consequently, CIB has opened subscription for the first green bond to be issued in the local market with a value of USD 100 million. After receiving initial approval from the Financial Regulatory Authority on 21 June 2021, the issuance of this green bond has been fully subscribed to by the International Finance Corporation (IFC), the private arm of the World Bank Group.

The program aims to support projects that promote sustainable solutions to climate change and that require financing, such as renewable energy, industrial energy efficiency, green buildings, and resources efficiency. This program helps support Egypt's economy and increases the share of renewables in Egypt's energy mix and mainstream green buildings across the country, and further develops resource efficiency best practices in the industrial sector.

CIB's green bond program supports national efforts to scale up the share in green projects, following in the country's footsteps, as well as demonstrating to global capital markets and policy-makers CIB's commitment to sustainable finance.

This report gives an overview of the allocation of eligible green assets to the Commercial International Bank Green Bond and describes the impact of the Green Bond at a portfolio level.



About CIB

CIB is committed to creating a more sustainable future. The Bank is actively pursuing a strategy of economic development that will both boost its business results and guarantee environmental preservation.

CIB has received multiple accolades and international recognition for its accomplishments in responsible banking. These achievements are a testament to the Bank's sustainability efforts following the highest global standards. CIB's responsible banking journey began in 2013. The Bank has been setting an example for responsible business models in the Egyptian banking sector since then. The Bank prioritizes environmental and social impact alongside profitability, cost savings, and operational efficiency.

In 2021, CIB was awarded the Financial Leadership in Sustaining Communities in the Middle East Award by Global Finance's Sustainable Finance Awards and the Sustainable Bank of the Year Award by the African Banker Awards. The Bank also received Egypt's Gender Equity Seal (EGES) certification.

In the same year, CIB became the first Egyptian Private bank to issue a certified green bond. The issuance of the bond comes in line with the Bank's climate strategy and its commitment to fulfilling the goals of the Paris Agreement. In keeping with its commitment to sustainable development, CIB has produced this green bond impact report for its stakeholders, highlighting the use of proceeds and projected impacts of its first green bond.

**Awarded
Best Green Bond
in Africa in 2021 by
EMEA Finance!**

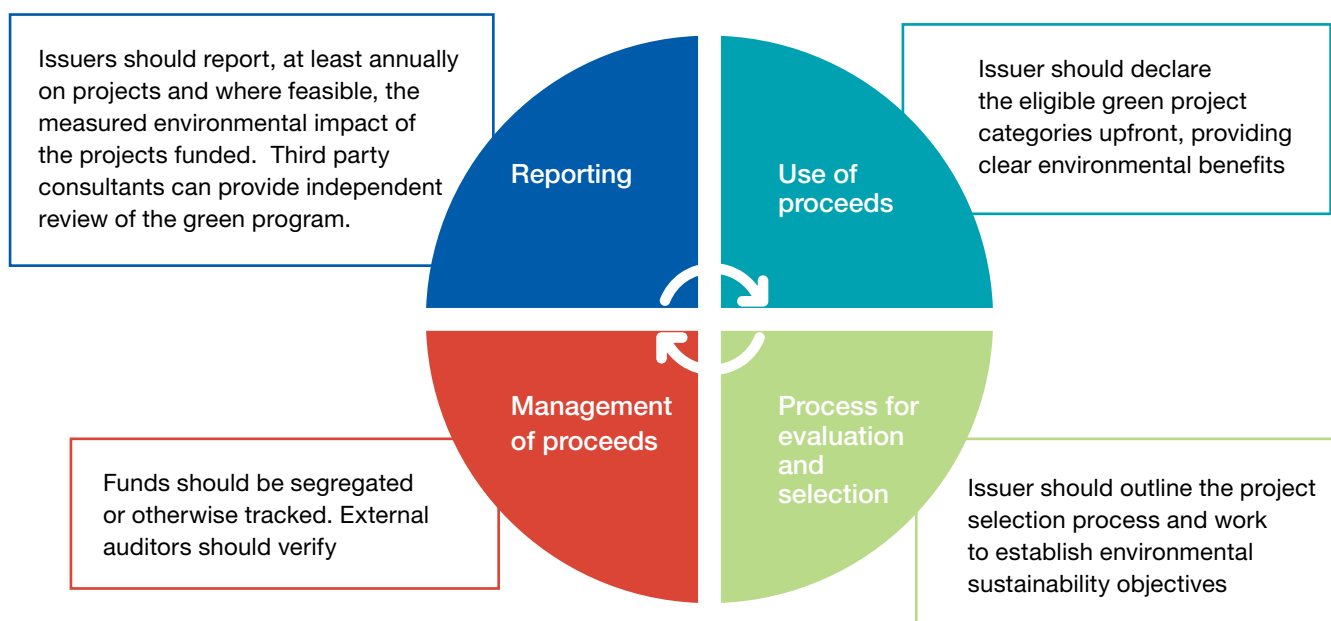
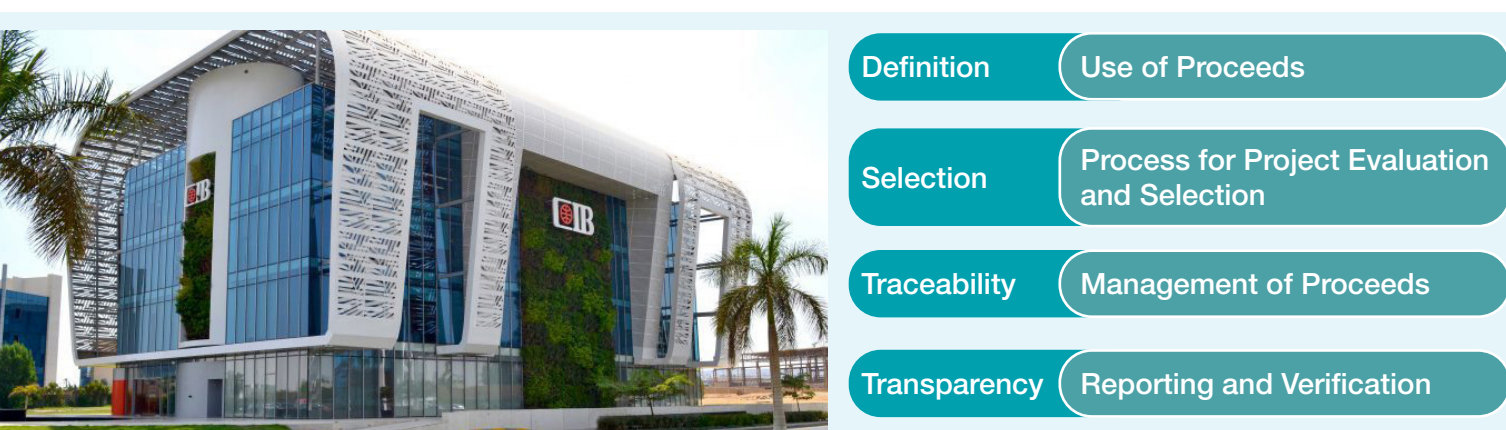




Overview of CIB USD 100 Million Green Bond

In collaboration with the IFC, CIB issued Egypt's first corporate green bond. The primary goal of this offering is to provide funding for initiatives that address critical environmental concerns, including climate change, natural resources depletion, biodiversity loss, and air, water, and soil pollution. As a result, CIB will be able to support private sector efforts seeking funding for renewable energy, agriculture, green buildings, and resource efficiency projects.

CIB's Green Bond Framework¹ has been developed in line with the four key pillars of the Green Bond Principles (GBP):



¹CIB Green Bond Framework, available [here](#)



Use of Proceeds

The use of proceeds is the most important factor in determining if a bond is “green.” The proceeds of CIB’s green bond are used to finance or refinance green projects that support the transition to a low-carbon economy, have a beneficial impact on the environment and climate, and meet CIB’s Green Bond eligibility criteria in CIB Green Bond Framework.

For projects to be eligible for the allocation of proceeds for the green bond program’s first issuance, they must be located in Egypt and comply with the country’s applicable laws, the FRA’s guidelines for green bond issuance, ICMA’s GBPs², and the IFC’s climate finance eligibility criteria.

CIB’s Green Bond categories include energy efficiency, renewable energy, sustainable transport, waste and water efficiency, energy management systems, non-energy GHG reductions, and green buildings with EDGE, BREEAM, or LEED certification. The green building certification system is focused on making buildings more resource efficient. To qualify for certification, a new building must achieve a reduction in energy, water, and materials compared to a conventional building.

The Eligibility Criteria table in the Green Bond Framework provides a summary of the types of assets eligible for finance under CIB’s Green Bond program. The Exclusion List for the projects to be financed is available in the Green Bond Framework.

CIB’s green bond proceeds are used in line with ICMA’s Green Bond Principles and will align with the following UN SDGs that are relevant to CIB’s strategy:



Goal 6 Clean Water and Sanitation



Goal 7 Affordable and Clean Energy



Goal 9 Industry, Innovation, and Infrastructure



Goal 11 Sustainable Cities and Communities



Goal 13 Climate Action

²ICMA’s Green Bond Principles, available [here](#)



Project Evaluation and Selection Process

To be included in the green bond asset portfolio, each eligible green project/asset should meet CIB's Green Bond eligibility criteria, as well as CIB's Environmental and Social Risk Management Policy, including the Exclusion List to ensure compliance with the relevant standards:

1. Green asset prospection and initiation by identifying eligible projects
2. Internal screening process by assessing project eligibility and greenhouse gas emission reductions using the IFC's Climate Assessment for Financial Institutions (CAFI®) digital tool
3. Individual project approval by presenting the potentially eligible green projects after completing the screening process with the Green Bond Task Force (GBTf)

Members of the Green Bond Task Force will meet on a quarterly basis to review the Green Bond program's progress. The Green Bond Task Force (GBTf) is responsible for the following:

- Supervising the Green Bond Asset Portfolio and total aggregate amounts issued under CIB's Green Bonds
- Managing future updates to the Green Bond Framework and possible future expansion of the eligibility criteria due to the dynamic nature of the sustainable finance/green bond market
- Approving eligible green assets to be included in the Green Asset Portfolio
- Reviewing the status of each proposed sub-project and/or sub-project selection criteria and ensuring proper implementation

Management of Proceeds

The green bond proceeds will be managed by CIB under a ledger sub-account named "Green Bond Asset Account." The CIB Green Bond Asset Portfolio is dynamic, with assets maturing and new eligible assets regularly being added. The GBTf is responsible for supervising the Green Bond Asset Portfolio and the total aggregate amount issued in CIB's Green Bonds. The GBTf meets quarterly to ensure that the aggregate amount in the Green Bond Asset Portfolio is equal to or greater than the aggregate amount raised by CIB's Green Bonds. The GBTf will also manage future updates to this framework and possible future expansion of the eligibility criteria.

Reporting and verification

- The annual report will be certified by the Bank's CFO
- CIB's external auditors will verify that the total outstanding amount reported in the annual report is correct and allocated to the stated eligible projects
- CIB's external verifier will confirm the accuracy of the annual impact report
- The end-of-year report will be certified by an independent adviser that is accepted by the FRA
- Reviewer for the compliance of the Green Bond Framework with ICMA's GBPs: A Second Party Opinion ("SPO") has been obtained prior to the issuance of the green bond from an SPO³. The SPO was issued prior to the first issuance. The report included an assessment of the compliance of CIB's Green Bond Framework with both FRA guidelines for green bond issuance and ICMA's Green Bond Principles

³Second Party Opinion-SPO available [here](#)



Green Bond Framework

The CIB Green Bond Framework sets the governing guidelines and principles for issuing green bonds at CIB. It reflects the Bank's strong commitment to advancing its sustainable finance agenda and establishing itself as a leading example in Egypt's banking sector.

The Framework has been developed based on international standards and best practices, such as:

- The Green Bond Principles (GBP), 2018 edition issued by the International Capital Market Association (ICMA)
- The Egyptian Financial Regulation Authority's policy guidelines⁴, issued in July 2019
- International Finance Corporation (IFC) climate definitions and metrics policy applied to climate investments

CIB uses this framework as a reference for the issuance of green bonds, in line with its strategic priorities, future funding needs and the Bank's Environmental and Social Management System (ESMS) framework.



⁴The Egyptian Financial Regulation Authority's policy guidelines, available [here](#)



Some Impactful Cases

Case 1	Company “A”
Industry Sector	Food and Beverages
Project Type	Energy Efficiency
Project Summary	The project implemented in Company A that specializes in food and bakery, aims to increase the factory’s production capacity by installing modern energy-efficient production lines. This results in more than 20% of energy savings per unitary product as compared to business as usual.
Climate Problem	Company A was planning to increase its production capacity to nearly 3 times its old capacity. Using similar machines to its current production line and following business as usual would have resulted in excessive energy consumption and increased GHG emissions, which would have had negative effects on the surrounding environment.
Mitigation Opportunity	By implementing modern energy-efficient production lines that have the same capacity of lower energy consumption compared to their current production lines, running costs were reduced. This resulted in a competitive final product price and had a positive impact on the environment through Green House Gas (GHG) emission reduction.
Key Economic and Environmental Results	<ul style="list-style-type: none"> • Project: Food Production Line Expansion • Use of Proceed: Energy Efficiency • Location: Cairo, Egypt • Economic and Environmental Impacts Indicators: <ul style="list-style-type: none"> o Loan Amount: EGP 96,631,822.59 o Annual pre-loan production: 500,000,000 unit/yr o Annual post-loan production: 1,500,000,000 unit/yr o Annual energy savings: 112,000.00 kWh/yr o Percentage savings: 20.92 % o GHG reduction: 46.03 tCO₂e/yr



Case 2	Company “B”
Industry Sector	Plastic and Packaging
Project Type	Energy Efficiency
Project Summary	The project implemented in Company B that specializes in dairy manufacturing aims to increase its product packaging capacity by installing modern energy-efficient packaging machines. This results in more than 15.81% of energy savings per unitary product as compared to business as usual.
Climate Problem	Company B was planning to increase its product packaging capacity by more than 20%. Using similar machines to its current production line and following business as usual would have resulted in excessive energy consumption and increased GHG emissions, which would have had negative effects on the surrounding environment.
Mitigation Opportunity	By purchasing and installing modern energy-efficient product packaging machines that have lower energy consumption levels, compared to the factory's current packaging lines, running costs were reduced. This resulted in a competitive final product price and had a positive impact on the environment through GHG emission reduction.
Key Economic and Environmental Results	<ul style="list-style-type: none"> • Project: Dairy Food Packaging Line Expansion • Use of Proceed: Energy Efficiency • Location: Cairo, Egypt • Economic and Environmental Impacts Indicators: <ul style="list-style-type: none"> o Loan Amount: 80,000,000 EGP o Annual pre-loan production: 97,188.00 Tons/yr o Annual post-loan production: 117,747.00 Tons/yr o GHG reduction: 1,361.68 tCO₂e/yr o Annual energy savings: 3,383,669 kWh/yr



Case 3	Company “C”
Industry Sector	Infrastructure
Project Type	Water Treatment
Project Summary	This project is a seawater desalination plant that provides clean drinkable water to surrounding communities with a production capacity of 20,000 m ³ per day.
Climate Problem	<p>According to the United Nations, Egypt might reach the state of “absolute water crisis” by 2025, with less than 500m³ per capita. Today, as a result of rapid population growth, water availability stands at 663m³ per capita, well below the critical point of 1000 m³ per capita defined as “water scarcity,” in contrast to 2,526 m³ per capita in 1970. The situation is further aggravated by the tensions surrounding the Grand Ethiopian Renaissance Dam, noting that 98% of Egypt’s fresh water is sourced from the Nile.</p> <p>It is worth noting that 80% of water use goes into agriculture, a strategic economic segment that accounts for more than 11% of its GDP. Water availability is therefore treated as a matter of national security and is placed at the top of the Egyptian Cabinet’s priorities. Heavy investments are underway under the National Water Plan 2017-2037 forecasted at USD 50 billion. USD 1.1 billion of contracts have been awarded in the field of water treatment from 17 January until 18 August (55% greater than awards in 2015 and 2016, totaling USD 640 million).</p>
Mitigation Opportunity	The project provides a water treatment capacity of 20000 m3 per day by establishing a seawater desalination plant to provide clean drinkable water to surrounding communities.
Key Economic and Environmental Results	<ul style="list-style-type: none"> • Project: Sea Water Desalination Plant • Use of Proceed: Adaptation • Location: Red Sea Egypt, Egypt • Economic and Environmental Impacts Indicators: <ul style="list-style-type: none"> o Loan Amount: 45,000,000 EGP o Desalinated Water: 7,300,00 m³/year



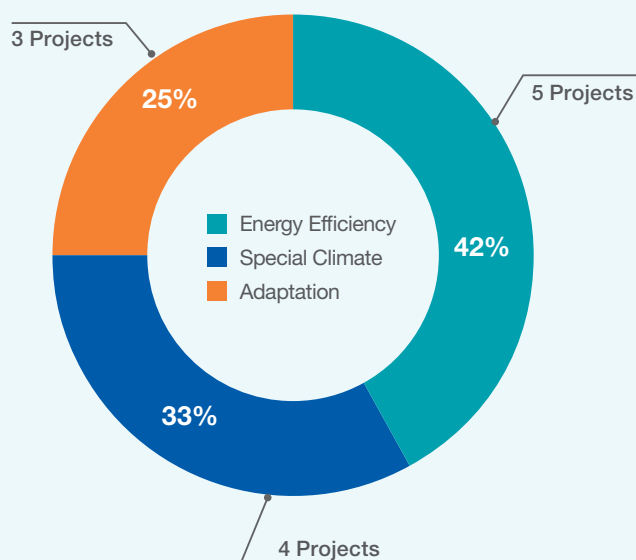


Summary of Projects' Impacts

As a reporting indicator, CIB is tracking its GHG emission reduction per year using IFC's CAFI® tool. The following indicators depend on each type of project:

Type of projects	Measuring indicators
Energy efficiency projects	Energy saved and GHG emission reduced/avoided
Renewable projects	Installed renewable energy capacity in (MW), energy produced in (MWh) and GHG emissions reduced / avoided
Green buildings	Certification type EDGE or BREEAM (good or higher) or LEED certification (silver or higher), GHG reduced, Savings in (water energy and material)water energy and materials
Sustainable transportation	Number of vehicles financed (Non-motorized transport-Transport oriented urban development, length of railways built (in case of mass transit)
Water and wastewater	Annual absolute (gross) water uses before and after the project in m3 per year, reduction in water use (in percentages), annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m3 per year or as percentages
Waste Projects	Waste that is recycled before and after the project in % of total waste and/or in the absolute amount in tons per year

According to classification of the 12 approved projects on CAFI, the types are as follows:



The impact report of the selected activities uses indicators consistent with those recommended by the Handbook and Framework for the harmonized Impact Report published by ICMA in June 2019. Massive investments have been allocated against different eligible green activities, which include energy efficiency, water efficiency, green buildings, desalination, wastewater treatment and renewable energy. The estimated annual impact of the use of proceeds is demonstrated below:

Estimated Annual Impact of the Use of Proceeds



12,984
tons CO₂eq/yr
GHG emissions
reduction



57,522,011
kWh/yr
Energy savings



12,775,000
m³/yr
Wastewater treated



7,300,000
m³/yr
Desalinated water

In 2021, CIB has been actively investing in various corporate sustainable projects with environmental and social impacts, such as creating tens of job opportunities in the industrial sectors, in addition to providing more than 7,300,000 m³/yr of clean water for drinking and agricultural activities in rural communities. These projects have resulted in the reduction of GHG emissions by more than 12,984 tons CO₂/yr and treated more than 12,775,000 m³/yr of wastewater, which improved the health and wellbeing of habitants in the surrounding environment.



Leading Sustainability by Example

CIB has been a long-time supporter of sustainable finance and a strong believer in the role corporations must play in seeking sustainable and comprehensive solutions to mitigate climate change. In line with CIB's commitment to sustainable development and its active role in creating a more sustainable future, CIB has decided to implement all green building requirements and register for EDGE certification for its new headquarters.

CIB's new headquarters in the Financial District at the New Capital is under construction on a land plot area of 9,164 m², with a built-up area of 31,400 m². The new building project has registered to receive the EDGE certificate. CIB's engineering and business teams are currently completing the required certification process.

In cooperation with the IFC, CIB has succeeded in building a core team that advocates for the EDGE Green Building certification to beneficiaries and provides support to relationship managers and loan officers in the following areas:

- Assessing, during the design phase, the most cost-effective way to receive the certification with real-time impact assessment
- Setting clear objectives
- Outlining the impact
- Highlighting benefits for stakeholders

CIB HQ will save energy by 41.7% and reduce water consumption by 29.6% and material use by 25.2%, resulting in a GHG reduction of 805.40 tons of CO₂.



Projected Savings



Energy

41.7%



Water

29.6%



Material

25.2%



GHG Emissions

805.40 tons CO₂



THE BANK TO TRUST

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