

# Net Zero Emission Target Setting Disclosure



Our path to



2050

Supporting Bangladesh's transition to a low-carbon  
economy

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## List of abbreviations

ATM	-	Automated teller machine
APIs	-	Active Pharmaceutical Ingredients
BaU	-	Business-as-Usual
BAPI	-	Bangladesh Association of Pharmaceutical Industries
CAGR	-	Compound Annual Growth Rate
CBL	-	The City Bank Limited
CCUS	-	Carbon Capture, Usage and Storage
CDM	-	Cash Deposit Machine
DGDA	-	Directorate General of Drug Administration
E&S	-	Environment & Social
GFAZ	-	Glasgow Financial Alliance for Net Zero
GHG	-	Greenhouse Gases
GWh	-	Gigawatt hours
IEA	-	International Energy Agency
ktCO <sub>2</sub> e	-	kilotons of carbon dioxide equivalence
MWh	-	Megawatt Hour
NZBA	-	Net-Zero Banking Alliance
NZE	-	Net Zero Emissions
PCAF	-	Partnership for Carbon Accounting Financials
RMG	-	Readymade Garments
SDGs	-	Sustainable Development Goals
TCFD	-	Task Force on Climate-related Financial Disclosures
tCO <sub>2</sub> e	-	Tonnes of Carbon dioxide equivalence
UN	-	United Nations

## Executive Summary

Climate change has emerged as one of the most pressing challenges of our time. With global consensus through agreements like the Paris Climate Agreement and the Glasgow Climate Pact, the urgency of addressing this challenge has become increasingly clear. These agreements call for limiting global warming to 1.5°C above pre-industrial levels and achieving net-zero greenhouse gas (GHG) emissions by 2050. The government of Bangladesh has submitted its Nationally Determined Contribution (NDC) in alignment with the Paris Agreement, outlining targets for reducing carbon emissions. At City Bank, a responsible financial institution, we are not only dedicated to reducing our own GHG emissions but also to enabling our clients to decrease their carbon footprint.

In 2022, City Bank joined the UN's Net-Zero Banking Alliance (NZBA), signifying our commitment to achieving net-zero emissions. As an NZBA signatory, we've set targets for Scope 3 financed emissions, guiding a shift from high-emission to low-carbon financing. Recognized as a top sustainable bank for three consecutive years (2020, 2021 & 2022) by Bangladesh Bank, the central bank of Bangladesh, and awarded for our sustainable practices by the German Agency for International Cooperation (GIZ) and Bangladesh Institute of Bank Management (BIBM), and as the Best Sustainable Finance Bank in Bangladesh by Global Finance, a US-based leading financial publication, in 2022, we've shown unwavering dedication to sustainability. City Bank thus voluntarily setting these targets as a committed and good corporate citizen of the planet earth.

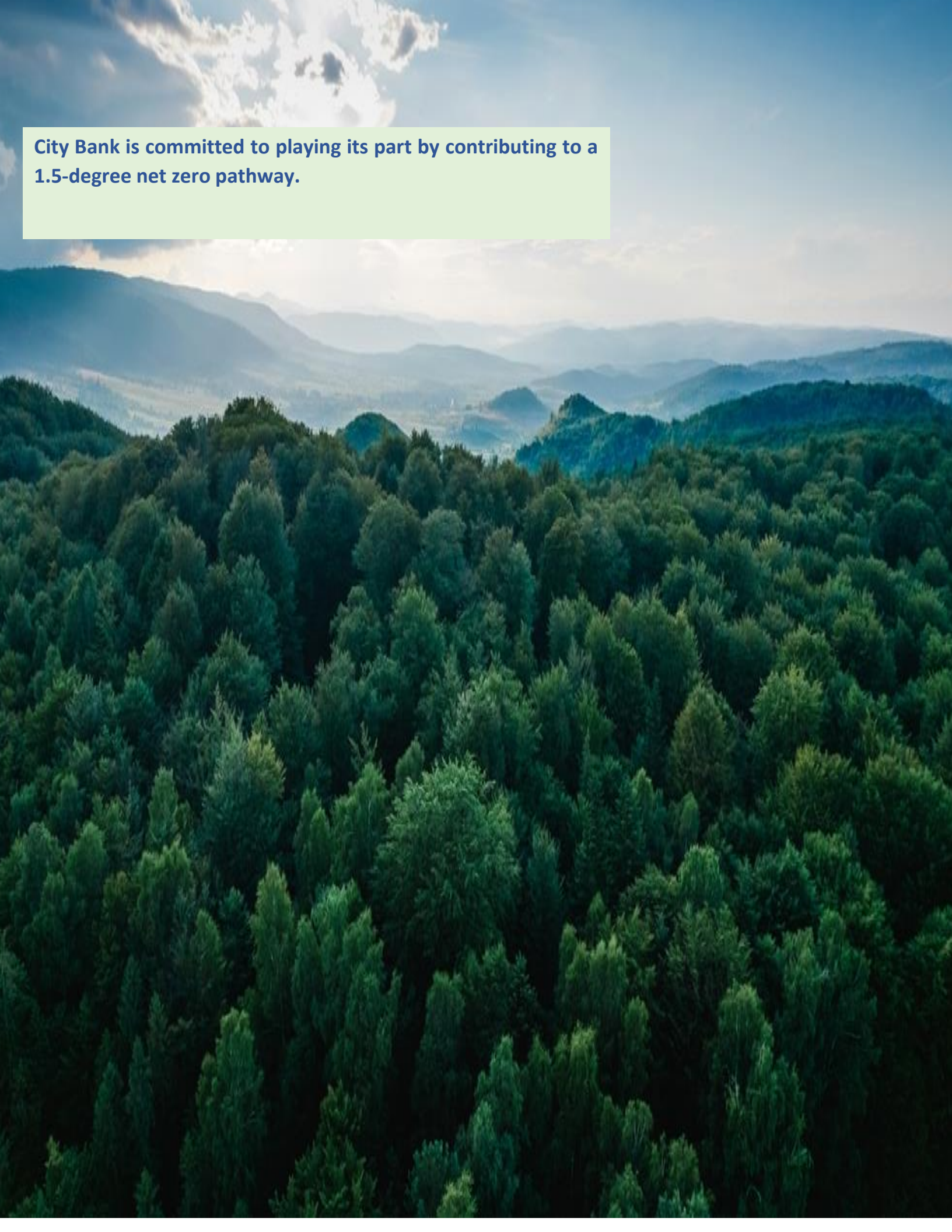
### City Bank's Net Zero ambition

City Bank is deeply committed to addressing climate change, recognizing the urgency of additional measures. Aligned with the Paris Agreement, our goal is to contribute to this global initiative of limiting global warming to 1.5°C above pre-industrial levels and achieve net-zero greenhouse gas (GHG) emissions by 2050. We approach this with careful planning and well-defined targets, understanding the intricacies and challenges.

Our commitment involves setting quantifiable, time-bound GHG reduction targets across our operations and financing activities. We actively engage in discussions and actions to expedite global efforts by 2030 towards net-zero by 2050. We've outlined our net-zero trajectory and targets for three major sectors namely Power, RMG & Textile, and Pharma, focusing on sector-specific goals. By adhering to these targets, we're driving the transition to sustainability, fostering growth, and protecting stakeholders from climate risks, positioning them to benefit from this global shift.

Our vision is to lead as a sustainable bank, but success depends on our clients' actions in reducing their carbon footprint. We plan to measure annual progress, periodically review targets, and integrate them into our financing and client engagement through our tailor made advisory and external consultations. Through these measures, we aim to make a lasting contribution to the global initiative for a sustainable future.

**City Bank is committed to playing its part by contributing to a 1.5-degree net zero pathway.**



## 1. Introduction

The world must limit global warming to 1.5°C above pre-industrial levels to avoid the worst effects of climate change, which will require global greenhouse gas (GHG) emissions to decline by nearly half (from 2010 levels) by 2030.

Financial institutions, integral to the real economy, bear a significant climate change responsibility. Their direct GHG emissions are noteworthy, but even more critical are their indirect emissions linked to asset ownership and transactions. By aligning with the Paris Accord, financial institutions can drive systemic change needed to achieve net-zero emissions. Initiatives like the Glasgow Financial Alliance for Net Zero (GFANZ), Task Force on Climate-related Financial Disclosures (TCFD), and Partnership for Carbon Accounting Financials (PCAF) are gaining traction.

In this landscape, City Bank has pledged to align net zero initiative, reinforcing its commitment to green and ethical banking. CBL's sustainable finance disbursement in 2022 reached 19.30% of total loan disbursement, with green finance at 5.90% of total term loan disbursement. CBL is also reducing emissions through digitalization and responsible lending, actively considering environmental and social risks in its credit assessments.

CBL's entry into the Net-Zero Banking Alliance (NZBA) aligns with its commitment to a greener planet and a sustainable financial institution model in Bangladesh. CBL is developing a 2050 net-zero roadmap for operational and lending portfolio emissions, extending its efforts to enhance energy efficiency and reduce energy consumption.

Beyond addressing its own emissions, CBL aims to support clients in reducing GHG emissions in their financed operations. The next phase of CBL's net-zero journey involves planning and setting targets to reduce emissions in identified priority sectors. Using the Partnership for Carbon Accounting Financials (PCAF) standard, CBL has calculated its financed emissions across sectors for the relevant borrowers.



## 2. About City Bank

City Bank is a significant financial institution in Bangladesh with a 40-year history of driving positive change and adapting to evolving customer needs.

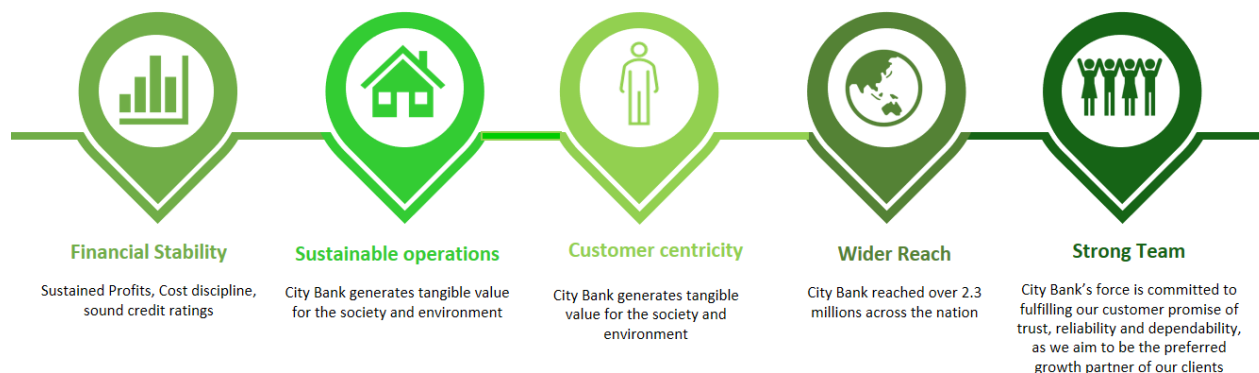
City Bank primarily operates within Bangladesh, boasting a network of 133 branches, 12 sub-branches, 32 Sustainable Finance Help-Desk units, and 116 SME-S unit offices and 351 live ATMs spanning the nation. Additionally, the bank extends its services digitally through its unique digital nano loans that can be accessed by an eligible customer via their bKash app and directly credited to their bKash wallet. CBL has been actively supporting female entrepreneurs by its women banking wing known as City Alo.

Beyond their core banking offering, City Bank also provides brokerage services (through City Brokerage Limited, a fully owned subsidiary) and investment/merchant banking services (via City Bank Capital Resources Limited, a fully owned subsidiary).

City Bank also has a global presence through its subsidiaries, including CBL Money Transfer Sdn. Bhd. in Malaysia, specializing in money transfer services from Malaysia to Bangladesh, and City Hong Kong Limited, offering comprehensive trade finance services to corporate customers.

Readymade garments, energy and power industry, textile spinning & weaving mills, cement, steel, SME and retail sectors are the major lenders of City bank.

Some of the major factors that set City Bank apart from other banks in Bangladesh include:



*Figure: Factors that make city Bank different from other banks in Bangladesh*

### 3. Overview of the scopes

The GHG Protocol Corporate Standard divides a company's emissions into direct and indirect emissions.

- **Direct emissions** are emissions from sources that are owned or controlled by the reporting company.
- **Indirect emissions** are emissions that are a consequence of the activities of the reporting company but occur at sources owned or controlled by another company.

Emissions are further divided into three scopes (see table below). Direct emissions are included in scope 1. Indirect emissions are included in scope 2 and scope 3. While CBL has control over its direct emissions, it has influence over its indirect emissions. A complete GHG inventory therefore includes scope 1, scope 2 and scope 3. By definition, scope 3 emissions occur from sources owned or controlled by other entities in the value chain. The emissions from the city bank borrowers/lenders falls under scope 3 emissions of the bank.

*Table: Overview of the scopes*

Emissions type	Scope	Definition
<b>Direct emissions</b>	Scope 1	• Emissions from operations that are owned or controlled by City Bank
	Scope 2	• Emissions from the generation of purchased or consumed electricity by City Bank
<b>Indirect emissions</b>	Scope 3	• All indirect emissions (not included in scope 2) that occur in the value chain of City Bank, including both upstream and downstream emissions and the financed emissions from the city bank borrowers.

As an NZBA signatory, CBL commits to establishing robust targets for financed emissions tied to lending and investments, including clients' Scope 1, Scope 2, and Scope 3 emissions where reliable data is available. This aligns with the Paris Climate Agreement's objectives.

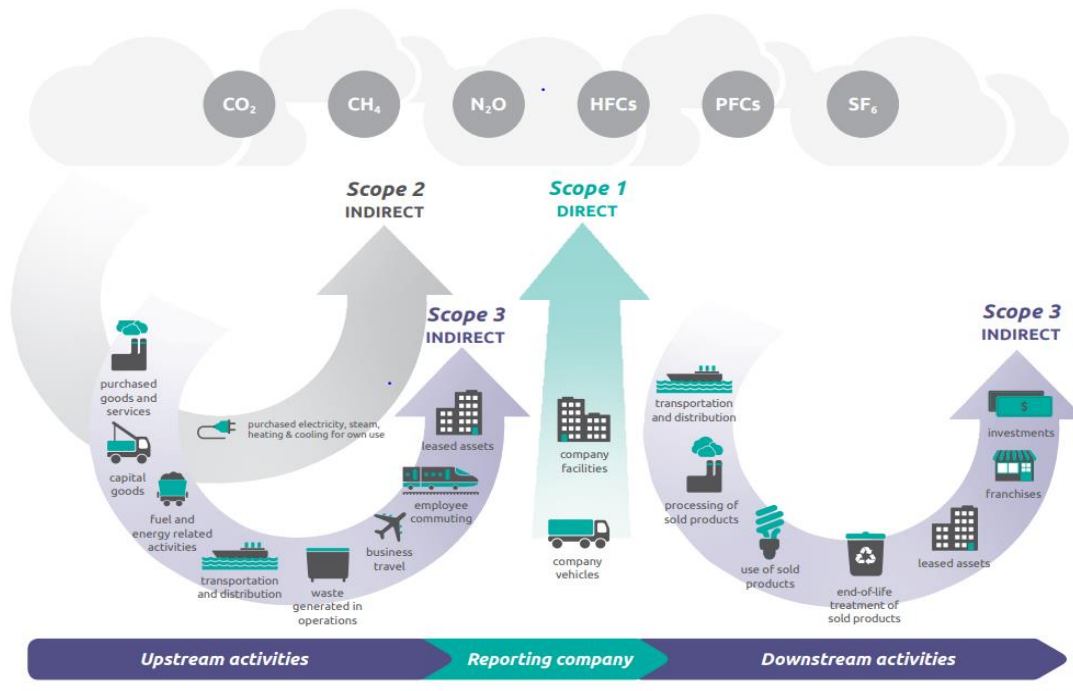


Figure: Overview of GHG Protocol scopes and emissions across the value chain<sup>1</sup>

#### 4. GHG emissions from the City Bank's operations

Our direct environmental footprint is attributed to the resources we consume to effectively run our operations and serve our customers and other stakeholders. This primarily includes purchased electricity from the grid and the use of diesel generator sets at our branches in case of power outages.

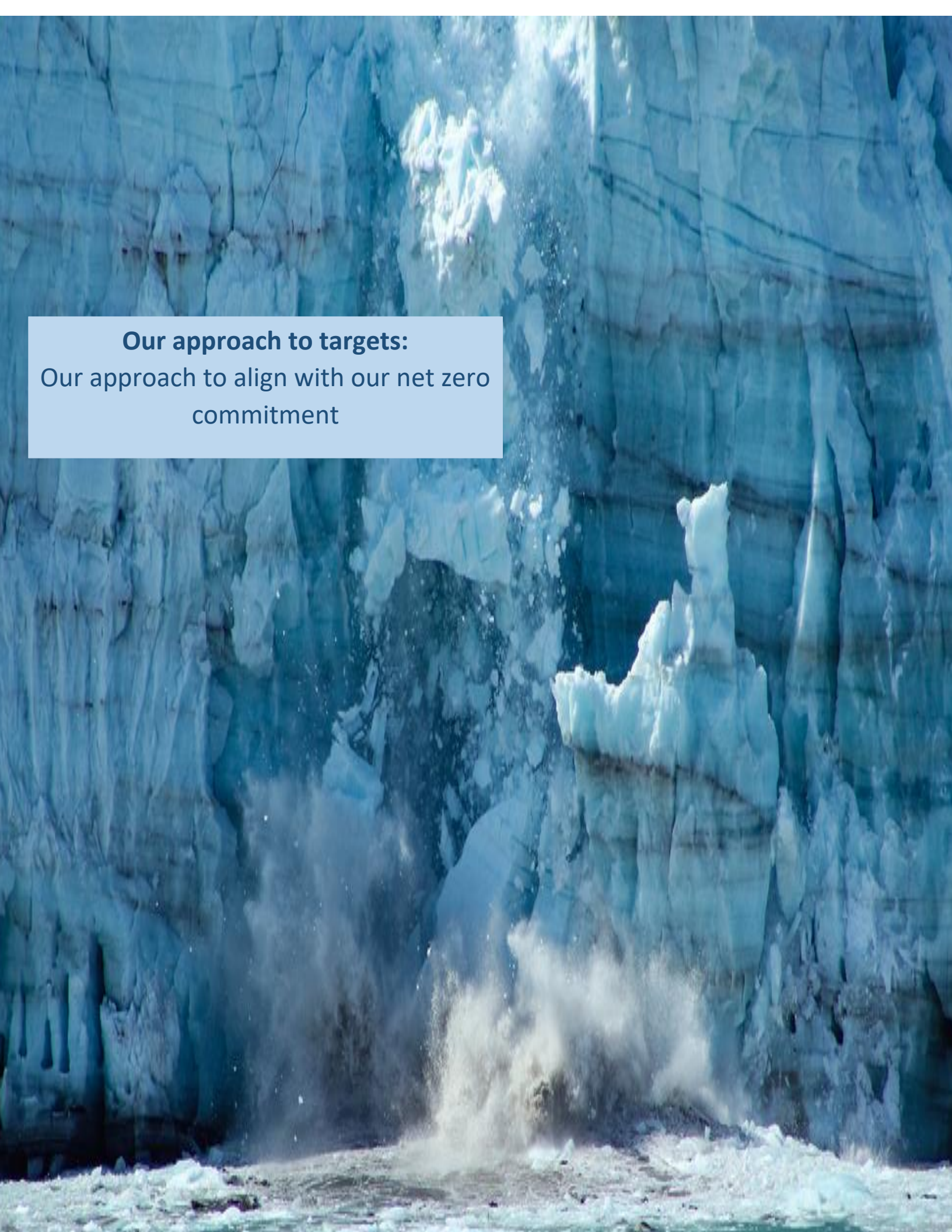
City Bank monitors and tracks the key resources it uses in its operations, undertakes measures to minimize its consumption and reports its impacts and progress on an annual basis. Given its nature of business, CBL's highest environmental impacts come from its Scope 1, Scope 2, and Scope 3 GHG emissions, as part of operating a pan Bangladesh physical and digital presence of 133 Branches, 12 sub-branches, 1 Principal office and 1 Head office, and 415 ATMs & CDMs. In the year 2022, CBL's total carbon emission for scope 1, scope 2 & scope 3 (daily employee commute only) stood at 9.7 kilo ton of CO<sub>2e</sub>, which includes diesel and electricity consumption.

For reducing carbon emission from our internal operation, our key priorities are:

- Opt for Green building features (e.g., LEED certified Green Building)
- Integration of Renewable Energy (e.g., Installation of Solar Panel)
- Using Building Envelope (e.g., Fiberglass insulation, light-colored coatings on the roof)
- Air Conditioning System (e.g., Use of Unitary Air Conditioner)
- Lighting & Controls (e.g., LED lighting, use of sensors)
- Using Energy Efficiency Appliances (e.g., use of energy-efficient labeled appliances)

<sup>1</sup> Source: Greenhouse Gas Protocol, Corporate Value Chain (Scope 3) Accounting and Reporting Standard





**Our approach to targets:**

Our approach to align with our net zero  
commitment

## 5. Our approach to setting targets for CBL Lending Portfolio

### Our plan to achieve net zero

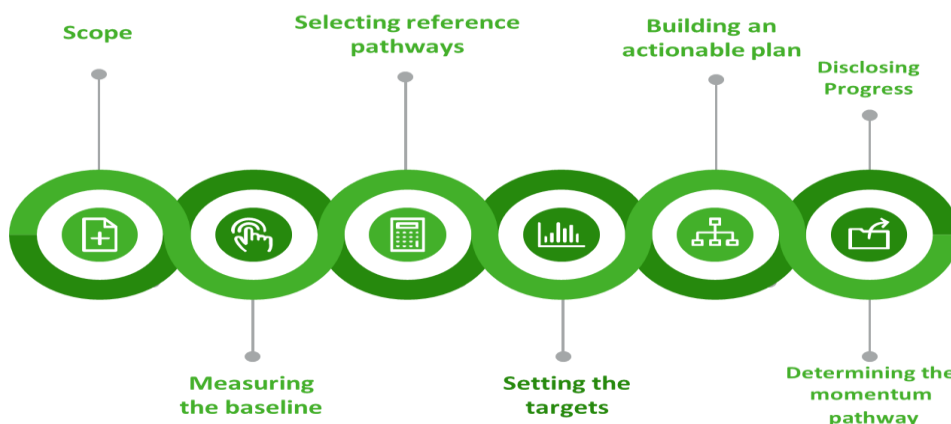
Our roadmap is driven by our purpose: unlocking potential in people and businesses through sustainable finance for today and future generations. It's built on years of engagement, shaping our actions and setting intermediate net-zero targets.

Our target-setting has taken the following aspects into consideration:

- The overall objectives of the Paris Agreement – near-term (2030) and long-term (2050)
- Recommendations and methodologies from leading industry associations and scientific research
- City Bank’s overall strategic direction and net-zero ambition

### Our Approaches

We've conducted a thorough and thoughtful examination of the routes that economies, industries, and businesses, including our own, can take to achieve net-zero emissions by 2050 to decide which course to follow moving ahead. Our strategy entails seven steps that will allow us to achieve carbon reductions across the Bank's financing activities in a transparent manner.



### Key principles of target setting

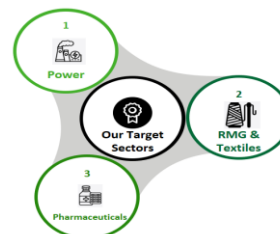
In this study, we have considered Scope 1, 2 and 3 emissions approach to identify the sectors responsible for the emissions and for setting up the targets.

## 6. Our net zero aligned emissions reduction targets

### Overview of our emissions reduction targets

In our lending portfolio, we've pinpointed the Power, RMG & Textile, and Pharma sectors as major GHG contributors, making them our primary targets for emissions reduction by 2030. This targeted approach underscores our dedication to minimizing the environmental impact of these sectors, as they play a pivotal role in shaping the sustainability of our financial operations and the broader ecosystem.

Net zero aligned pathways set for three sectors (Based on IEA NZE Scenarios)		Target reduction	
		2030	2050
1.	Power	47%	100%
2.	RMG & Textile	55%	100%
3.	Pharma	45.80%	100%

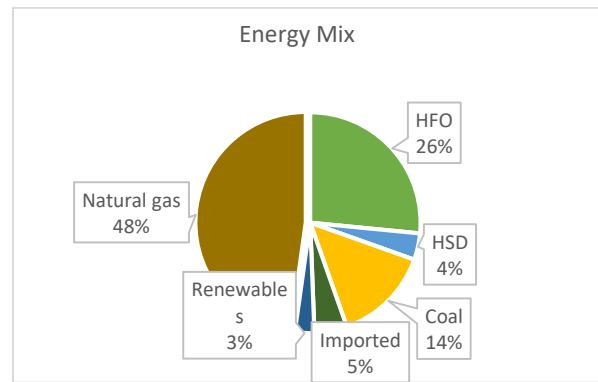


## 6.1 Power Sector

Electricity plays pivotal role in the economic growth through development of sustainable infrastructure as well as poverty eradication. Reliable electricity supply is a vital issue for the world today. Future economic growth crucially depends on the long-term availability of electricity, which are affordable, available, and environmentally friendly. Climate change and public health are closely interrelated with electricity. In line with this aspect, Bangladesh Government designed an extensive power generation plan to create sustainable growth of power sector and for overall development of the country economy.

Total generation installed capacity 24,263 MW and annual increment of generation capacity was 7.9%. The highest peak generation was 14,782 MW in April 2023.

The figure below showcases the energy mix of the country in 2022:



However, to reduce dependency on fossil fuels, initiatives of renewable and nuclear-based power generation have been considered to ensure generation of clean energy. Also, if Bangladesh intends to reach net zero emissions by 2050, power sector more than any other industry needs to decarbonize.

Power sector is responsible for major CO<sub>2</sub> emissions, approximately 35 % of all emissions in Bangladesh, making it the single largest source of carbon emissions, mostly because of the combustion of natural gas, oil and coal in fossil-fuel based energy production. Therefore, a substantial shift in the power generation process is required, to create energy leading to reduced GHG emissions.



Here in City Bank, we are adopting the Global landmark International Energy Agency's Net Zero Emissions (IEA NZBA) scenario as the reference road to set commitments to attain net zero consistent levels of emissions intensity for our financing of the power industry. For this industry, an absolute emission target, expressed in tons of CO<sub>2</sub>e emissions (tCO<sub>2</sub>e), has been set.

### City Bank's targets for the Power sector

City Bank provides numerous services to clients in power sector. The financing covers the whole value chain starting from power equipment manufacturer to profound power generation, to transmission, grids, and downstream distributors all of it.

In alignment with the IEA NZE scenario, our dedication is unwavering in achieving a 47% reduction in carbon emissions by 2030 compared to our 2022 baseline. We are aware that this goal is challenging, especially considering our significant presence in a nation where power demand is projected to rise exponentially, and where the national plan for achieving net zero extends beyond 2050.

Nevertheless, City Bank remains resolutely committed to achieving net zero emissions by 2050, and we will take proactive steps to channel our financial support toward initiatives that reduce emissions in the Power sector, as outlined in the following key commitments:



**1** We will encourage and support our clients in setting and achieving their decarbonization targets by financing their transition activities and focusing on clients with ambitious decarbonisation targets.



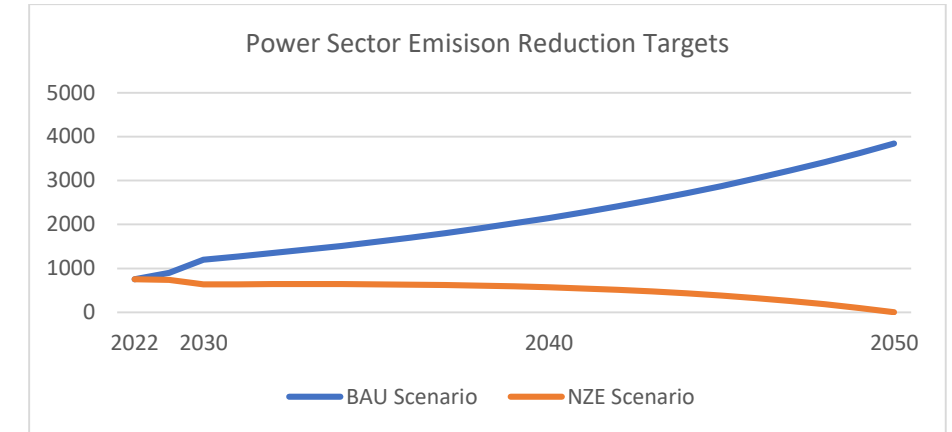
**2** We will increase the share of renewable activities in our Power portfolio (i.e., specialist renewable companies, through specific purpose lending to renewable activities, or to the renewable subsidiaries of parent corporates).



### Projections:

Utilizing the financed emissions data calculated from our power sector lending portfolio, for the base year 2022, which is representing our business-as-usual (BaU) scenario, we have projected CO<sub>2</sub>e emissions trends leading up to the interim year 2030 and the ultimate target year 2050. Furthermore, in alignment with the IEA NZE scenario specific to the power sector, we have computed emissions for the corresponding years. The graph below provides a visual representation of both the BaU Scenario and the IEA NZE Scenarios. Notably, the NZE scenario shows our commitment to finance environment friendly sustainable projects.

Power Sector	2022	2030	2050
BaU Scenario (ktCO <sub>2</sub> e) Emission	752	1,199	3,845
IEA NZE Scenario (ktCO <sub>2</sub> e) Emission	752	635	0



### Strategic action plan to steer CBL's power sector lending portfolio towards achieving net-zero emissions

Achieving a net-zero carbon emissions in the power sector is a critical step in addressing climate change and transitioning to a sustainable energy future. To achieve net-zero emissions in the power sector by 2050, a comprehensive action plan has been devised for the City Bank with clear milestones as follows:

- Increase the share of renewable activities in our power portfolio
- No new funding of fossil fuel boilers
- Encourage and support our clients in setting and achieving their decarbonization targets by financing their transition activities
- Phase out all investments in the large oil fired power plants in the 2030s
- Increase the share of renewable activities in our power portfolio
- Have a significant portfolio of green bonds and sustainable investments
- Shift towards financing carbon capture and storage technology
- Electricity generation from solar PV and wind

## 6.2 Ready-made Garments & Textiles Sector

Readymade garments sector is an integral part of developing the economy of Bangladesh. The readymade garments sector is continuously helping and performing to increase the national economy, country's GDP, per capita income, job opportunities especially for women with sustainable goals, and emphasizes environmental benefits. Today, Bangladesh holds the 2<sup>nd</sup> position in garment exporting. With the highest number of green garment factories in the world, the Bangladesh RMG industry has been leading the world in sustainable garment manufacturing. The ecosystem of the RMG & Textile sector comprises around 1,780 approx. textile mills which includes 938 fabric manufacturers with a capacity to produce 9,150 million meters of fabric per annum.

Growing at an annual rate of 7-8 %, RMG exports from Bangladesh more than doubled between 2011 and 2019. As of December 2022, total exports around stood at USD 45.35 billion, capturing a market share of 7.87% out of the global apparel export market of \$576 billion<sup>2</sup>.

The textile and apparel industry plays a substantial role in contributing to worldwide carbon emissions, with estimates suggesting it contributes between 6% and 8% of the total global carbon emissions, equivalent to approximately 1.7 billion metric tons of carbon emissions annually<sup>3</sup>. Whereas in Bangladesh, the RMG & Textile sector contributes 12.5 % to 15 % of CO<sub>2</sub> emissions, an average 8% annual growth in CO<sub>2</sub> emissions over the past two decades<sup>4</sup>.



Image Source: Freepik

The textile and garment manufacturing value chain encompasses multiple stages, each contributing varying percentages of carbon dioxide emissions to the environment. From fiber production to the end of a product's life cycle, carbon emissions occur at different levels. The following graph illustrates the distribution of carbon emissions for the fiscal year 2019-2020, broken down by percentage.<sup>5</sup>

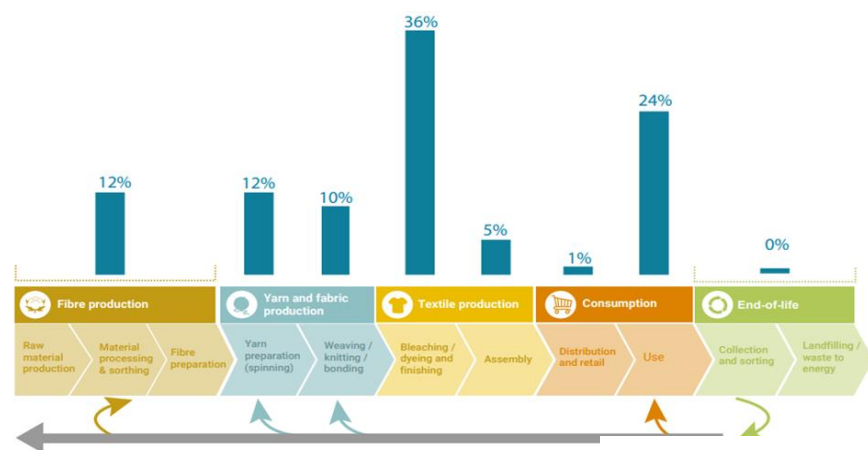


Image Source: UNEP

### Net Zero in RMG (Ready-made garments) & Textiles

Achieving net zero in the garments & textile sector requires a significant shift to sustainable practices throughout the entire value chain, from raw material sourcing to garment manufacturing, transportation, and end-of-life disposal.

Some of the key areas where emissions can be reduced include:

**Using more sustainable fibers**

- The production of cotton, the most widely used fiber in the garment industry, is a major source of greenhouse gas emissions.
- Switching to more sustainable fibers, such as recycled polyester or organic cotton, can significantly reduce emissions.

**Financing Energy Efficiency**

- The garment industry is a major consumer of energy, particularly in the manufacturing process.
- By improving energy efficiency in factories, emissions can be significantly reduced.

**Reducing water use**

- The garment industry is also a major consumer of water, particularly in the dyeing and finishing processes.
- By reducing water use, emissions can be reduced as well.

**Minimizing waste**

- The garment industry produces a lot of waste, from fabric scraps to discarded garments.
- Recycled materials can help to reduce emissions by diverting waste from landfills and incinerators.
- By minimizing waste, emissions can be reduced.

### City Bank's targets for the RMG & Textiles sector

City Bank extends a wide range of services to clients within the garments and textile sector. Our financing spans the entire value chain, commencing with raw material processing, garment and textile manufacturers and extending through various stages, including production, distribution, and retail. The manufacturing process alone is responsible for a substantial portion of these emissions due to energy-intensive operations and chemical treatments.

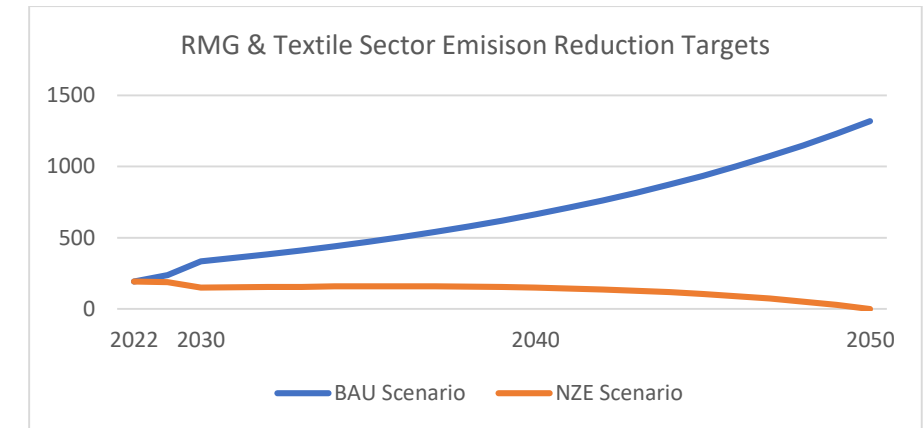
In alignment with the IEA NZE scenario, we are unwavering in our commitment to achieving a 55% reduction in absolute emissions by 2030 compared to our 2022 baseline. We recognize the complexity of this endeavor, particularly given our substantial presence in a nation where energy demand is projected to rise continually, and where the national roadmap to achieve net zero extends beyond 2050.

Nonetheless, City Bank remains resolute in our pursuit of net-zero emissions by 2050. We will proactively redirect our financial support towards initiatives that mitigate emissions within the garments and textile sector, as outlined in our forthcoming key commitments.

### Projections:

Utilizing the financed emissions data calculated from our RMG & Textile sector lending portfolio, for the base year 2022, which is representing our business-as-usual (BaU) scenario, we have projected CO<sub>2</sub>e emissions trends leading up to the interim year 2030 and the ultimate target year 2050. Furthermore, in alignment with the International Energy Agency's Net Zero Emissions (IEA NZE) scenario specific to the RMG & Textile sector, we have computed emissions for the corresponding years. The graph below provides a visual representation of both the BaU Scenario and the IEA NZE Scenarios. Notably, based on these scenario results, it is evident that our lending portfolio emissions are on track to reach net-zero status by the year 2050, underscoring our commitment to environmental sustainability.

RMG & Textile Sector	2022	2030	2050
BaU Scenario (ktCO <sub>2</sub> e) Emission	193	335	1,319
IEA NZE Scenario (ktCO <sub>2</sub> e) Emission	193	151	0



### Strategic action plan to steer CBL's RMG & Textile sector lending portfolio towards achieving net-zero emissions

The garments and textile sector plays a significant role in global carbon emissions, underscoring the urgency of aiding clients in their transition toward more sustainable and eco-friendly practices. Attaining a net-zero carbon footprint in the garments and textile industry is paramount within the broader context of combating climate change. In order to support our lending clients within this sector on their journey towards sustainability, City Bank has formulated a comprehensive strategic roadmap as follows:

Net Zero Action Plans	Net Zero Action Plans for RMG/Textile Sector		
	2030	2040	2050
	<ul style="list-style-type: none"> <li>Discontinue financing for textile companies using coal-fired boilers for their operations</li> <li>Increase the share of renewable activities in our RMG/Textile portfolio</li> <li>Encourage and support borrowers in financing energy-efficient technologies and practices</li> <li>Promote the financing and adoption of waste heat recovery devices in textile manufacturing processes, allowing clients to harness excess heat for additional energy generation, thereby reducing emissions</li> </ul>	<ul style="list-style-type: none"> <li>Explore the possibility of implementing carbon offset programs for textile clients</li> <li>Financial support for circular economy initiatives in the textile sector, encouraging the recycling and reuse of materials and minimizing waste generation.</li> <li>Improve the sustainability of the supply chains of the clients, including responsible sourcing of materials and reducing emissions in the production of raw materials</li> </ul>	<ul style="list-style-type: none"> <li>City Bank's textile sector lending portfolio will be entirely transitioned to clients utilizing renewable energy sources. We will no longer provide financing for companies reliant on fossil fuels.</li> <li>Focus on financing projects and initiatives within the textile sector that actively contribute to carbon removal and sequestration, furthering the goal of achieving net-zero emissions.</li> </ul>

These interventions represent critical steps in our ongoing efforts to support our clients and the industry at large in their pursuit of sustainable and environmentally responsible practices.

<sup>2</sup> Source - bida.gov.bd/readymade-garments

<sup>3</sup> Source - greenclimate.fund

<sup>4</sup> Source – Green Climate Fund report

<sup>5</sup> Source - UNEP (2020). Sustainability and Circularity in the Textile Value Chain: Global Stocktaking

### 6.3 Pharmaceuticals Sector

The pharmaceutical industry is one of the major sectors of the Bangladesh economy. The pharmaceutical industry is one of the key areas contributing to the country's GDP. The pharma sector in Bangladesh, known for its advanced technology and knowledge-based approach, has undergone significant transformation since the early 1980s. Through four decades of dedicated effort, Bangladesh has now emerged as a prominent hub for generic drug production in the region.

According to data from the Bangladesh Association of Pharmaceutical Industries (BAPI) and the Directorate General of Drug Administration (DGDA), there are approximately 257 licensed pharmaceutical manufacturers in operation, with around 150 of them actively producing drugs. These manufacturing companies collectively satisfy about 98% of the local demand for pharmaceuticals. To cover the remaining 2% of demand, specialized products such as vaccines, anti-cancer medications, and hormone drugs are imported.



Image Source: PharmOut

Out of the drugs manufactured in Bangladesh, 80% are generic drugs, while the remaining 20% are patented drugs. According to the Director General of Drug Administration (DGDA), the industry encompasses 3,657 generics of allopathic medicine, 2,400 registered Homeopathic drugs, 6,389 registered Unani Drugs, and 4,025 registered Ayurvedic drugs.<sup>6</sup>

The pharmaceutical industry in Bangladesh, poised as the next multi-billion-dollar opportunity, has experienced remarkable growth in the past half-decade. Between 2013 and 2018, the compounded annual growth rate (CAGR) over six years stood at an impressive 14.6%, while the CAGR for the five years from 2014 to 2018 reached 15.6%, as reported in the IMS Health Report. Industry experts predict that Bangladesh's pharmaceutical sector will continue its upward trajectory, with a projected year-on-year growth rate of 15%, reaching a total market value of \$5.11 billion by 2023. This growth is primarily driven by substantial investments from local companies, who are eager to capture a larger share of the global market. Bangladesh is on track to become a significant global center for producing high-quality, affordable generic medicines and vaccines in the near future.<sup>7</sup>



Image Source: Adobe Photos

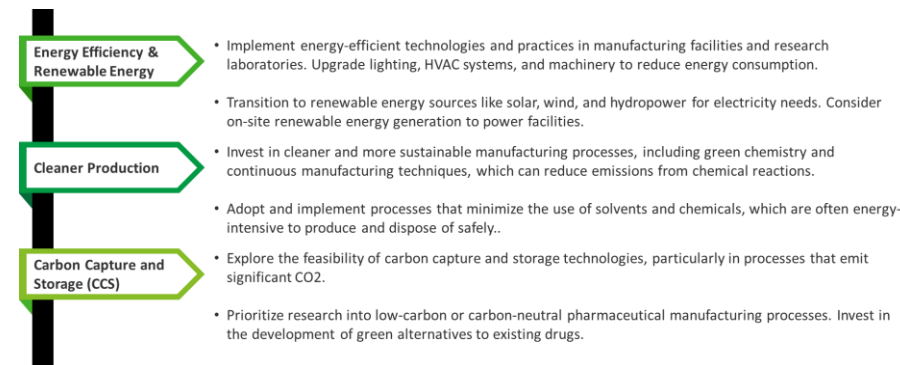
<sup>6</sup> Source: Pharmaceutical Industry of Bangladesh, The multi-billion Dollar Industry

Climate change clearly impacts health and health systems, and yet the pharmaceutical industry itself has been fueling the climate crisis. While it may not get as much attention as some industries, the sector is responsible for 4.4% of global emissions and its CO<sub>2</sub> footprint is forecast to triple by 2050 if left unchecked.

#### Net zero in Pharma

The pharmaceutical industry, just like any other sector, contributes to environmental effects, and given the urgent climate crisis, it bears a duty to discover methods to lessen this adverse influence. According to a recent Data survey, 43% of those surveyed identified environmental concerns as the pharmaceutical industry's top priority to tackle. At each step of the pharmaceutical supply chain, there is an associated carbon footprint, extending even to the initial stages where the raw materials for active pharmaceutical ingredients (APIs) are procured.

Becoming "Net Zero" in the pharmaceutical sector requires a concerted effort across the entire value chain, from research and development to manufacturing and distribution. It's a long-term commitment that not only reduces emissions but also aligns the sector with global climate goals and demonstrates corporate responsibility in the face of climate change.



#### City Bank's targets for the Pharma sector

In the midst of the escalating climate crisis, the scrutiny of corporate efforts to address environmental sustainability challenges intensifies. The pharmaceutical (pharma) industry's role in these issues is intricate, spanning the entire product value chain and presenting a multifaceted landscape of opportunities and challenges. While navigating the complexity of this landscape is no small task, it is equally true that it presents numerous opportunities for hastening the rate of progress and uncovering novel business prospects that can pave the way for the pharmaceutical sector to achieve a "Net Zero" status.

We are adopting the Global landmark IEA NZBA scenario as the reference road to set commitments to attain net zero consistent levels of Absolute Emissions for our financing of the pharma industry. For this industry, a target Absolute financed emission, expressed in tonnes of CO<sub>2</sub>e emissions (tCO<sub>2</sub>e), has been set.

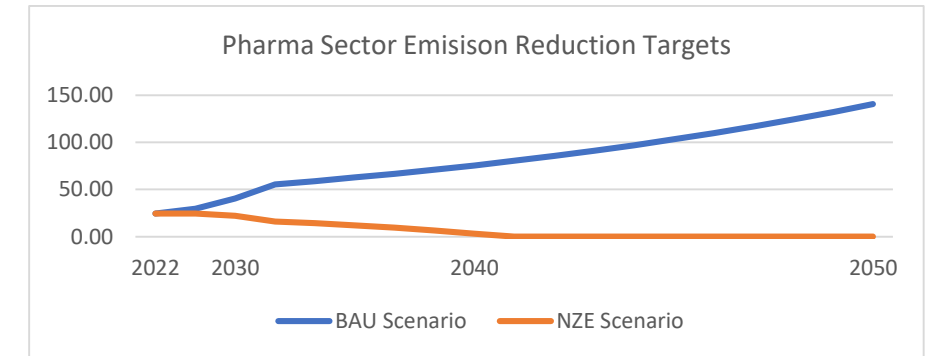
#### Projections:

Utilizing the financed emissions data calculated from our pharma sector lending portfolio, for the base year 2022, which is representing our business-as-usual (BaU) scenario, we have projected CO<sub>2</sub> emissions trends leading up to the interim year 2030 and the ultimate target year 2050. Furthermore, in alignment with the International Energy Agency's Net Zero Emissions (IEA NZE) scenario specific to the pharma sector, we have computed emissions for the corresponding years. The

<sup>7</sup> Source: Pharmaceutical Industry of Bangladesh, The multi-billion Dollar Industry

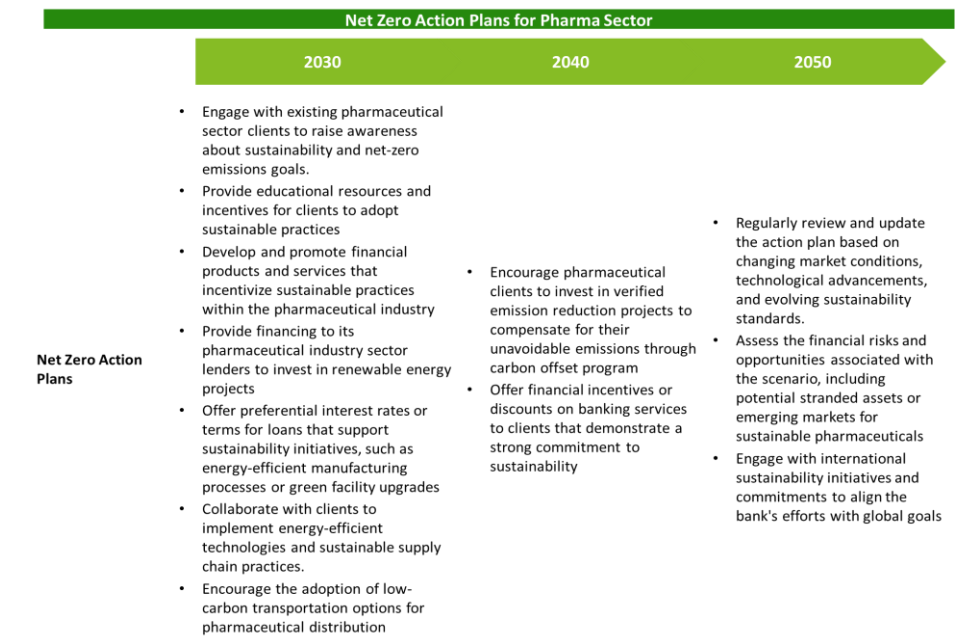
graph below provides a visual representation of both the BaU Scenario and the IEA NZE Scenarios. Notably, based on these scenario results, it is evident that our lending portfolio emissions are on track to reach net-zero status by the year 2050, underscoring our commitment to environmental sustainability.

Pharma Sector	2022	2030	2050
BaU Scenario (ktCO <sub>2</sub> e) Emission	25	41	141
IEA NZE Scenario (ktCO <sub>2</sub> e) Emission	25	22	0



#### Strategic action plan to steer CBL's pharma sector lending portfolio towards achieving net-zero emissions

To steer its pharmaceutical industry sector lending portfolio toward achieving net-zero emissions, a comprehensive action plan is required. This plan involves collaboration with pharmaceutical clients, adoption of sustainable financing practices, and a commitment to monitoring and reporting progress. Here's a strategic action plan:



By implementing this strategic action plan, City Bank can actively support its pharmaceutical industry sector clients in achieving net-zero emissions, contributing to the global effort to combat climate change and promote sustainability in the pharmaceutical sector.



# THE WAY FORWARD

## 7. Way Forward

### 1. Engagement with our clients:

Assisting our clients in their journey towards sustainability is integral part of our net zero commitment. The effectiveness of our own net zero goals is closely intertwined with the success of our clients' transition plans. This is why we are unwavering in our dedication to collaborating with our clients and empowering them to transform their businesses through sustainable and transition financing.

### 2. Periodic Monitoring:

In line with our commitment as a signatory to NZBA, we maintain our dedication to transparency. Periodically, we will monitor the sectors in which we've established emissions reduction targets.

### 3. Reviewing Pathway:

Regularly reviewing and, when relevant, adjusting our goals and methodologies is a vital part of our strategy. We acknowledge that the reference scenarios used to establish our emissions reduction targets will continue to develop over time, we will review our pathway where necessary and possible. This approach lays a solid foundation for our upcoming round of target setting, giving us greater confidence in our strategy.

