

CARBON DISCLOSURE REPORT

Reporting Period:
Up to July 15th 2024
(End of Fiscal Year in Nepal)



Laxmi Sunrise is a progressive financial institution committed to aligning sustainable development with sound banking practices. We believe that long-term profitability and responsible stewardship of environmental and social systems go hand in hand. Guided by this belief, we have integrated environmental, social, and governance (ESG) considerations into our core operations, with the goal of creating enduring value for our stakeholders and contributing to a more inclusive and sustainable future.

As part of our broader commitment to climate action and sustainable finance, Laxmi Sunrise became a signatory to the Partnership for Carbon Accounting Financials (PCAF) in December 2021. This step reflects our dedication to transparent and standardized carbon accounting within our portfolio. The disclosure in this report marks our second PCAF submission, reinforcing our resolve to measure, manage, and reduce the greenhouse gas emissions associated with our lending and investment activities.

We continue to align our practices with global best standards and are proactively working to support the transition to a low-carbon economy. Through this journey, we aim to lead by example in the Nepalese banking sector by promoting accountability, driving climate-conscious decision-making, and contributing meaningfully to the goals of the Paris Agreement and national climate priorities.



PORTFOLIO OVERVIEW

As of July 15, 2024, 69.09% of our total loan portfolio has been covered in this disclosure, encompassing key sectors such as:

- Motor Vehicle Loans
- Mortgages
- Business Loans
- Project Finance (including and excluding hydroelectricity)

New this year: We have included first-time disclosures of business loans and project finance, significantly expanding the scope of our carbon accounting.

Asset Class	Bank's Exposure (EUR Million)	Emissions (tCO ₂ e)
Motor Vehicle Loans	10.82	1,528.98
Mortgages	95.35	9,485.46
Business Loans	874.26	190,293.42
Project Finance (Hydroelectricity Excluded)	95.10	705.56
Hydroelectricity (Avoided Emissions)	146.73	20,347.11 (Avoided)

GHG EMISSIONS METHODOLOGY

Our GHG emissions are calculated in accordance with the PCAF Global GHG Accounting and Reporting Standard, ensuring a consistent, standardized and transparent methodology.

Classification Methodology
Exiobase Sector Classification



Region/Country
Emerging Economies, Asia Pacific, Nepal and India



Portfolio Disclosed
69.09% of the total loan portfolio (EURO 1,771.38 million)



Source/Year
PCAF Database March 2025, Ember 2021, EEA Passenger Vehicle 2020



Currency Exchange
1 EURO =146.12 NPR (as on July 15th, 2024)



Activity Variable
Assets



Emission Scopes
Scope 1: Direct Emissions
Scope 2: Indirect Emissions
Scope 3: Indirect Emissions from supply chain



SECTORAL INSIGHTS

Motor Vehicle Loans: Emissions from passenger vehicles and vans have declined, reflecting a continued shift in financing toward **electric vehicles (EVs)**. We are actively **prioritizing EV financing** as part of our strategy to reduce transport-related emissions and support cleaner mobility in Nepal.

Mortgages: Emissions have shown a **slight decline**. To further this trend, we are promoting our **Green Mortgage Loan** product, which is designed to **significantly reduce emissions** by supporting environmentally friendly housing solutions.

Business Loans: Business loans remain a significant contributor to financed emissions, particularly from the **agriculture, manufacturing, wholesale, and retail sectors**. With this being the **first year of disclosure for business loans**, we are also emphasizing support for **energy-efficient technologies and sustainable business practices**, aligned with Nepal's economic and environmental goals.

Project Finance: Emissions trends are mixed, with positive contributions from **renewable energy investments**, and higher emissions linked to projects in **tourism, transportation (e.g., cable cars), and telecommunications**. This year, we expanded our reporting to include these sectors. Moving forward, we are focusing on financing **low-carbon and energy-efficient infrastructure**, supporting Nepal's transition to a more sustainable and climate-resilient economy.

Asset Class	Bank's Exposure (EUR Million)	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Absolute Emissions(tCO ₂ e)	Emission Intensity (tCO ₂ e/EUR Million)	Data Quality Score
Motor Vehicle Loans	10.82	1,527.27	1.71	1528.98	141.36	
Passenger Vehicles and Vans	10.31	649.95	1.71	651.66		3 (Option 2)
Buses	0.51	877.32	-	877.32		4 (Option 3a)
Mortgages	95.35	6,470.30	3,015.16	9,485.46	99.48	4
Business Loans	874.26	131,086.71	59,206.71	190,293.42	217.66	5
Project Finance (Hydroelectricity Excluded)	95.10	550.16	155.40	705.56	7.42	5 (Option 3b)
Total	1,222.25	139,634.44	62,378.98	202,013.42		

Note: Weighted Average Data Score (for Motor Vehicle Loans): 3.05

SECTOR WISE BREAKDOWN

BUSINESS LOANS

Asset Class	Bank's Exposure (EUR Million)	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Absolute Emissions (tCO ₂ e)
Agriculture, Forestry and Fishing	43.73	65,290.85	33,64.40	98,938.25
Mining and Quarrying	4.62	3,182.22	3,182.22	6,364.44
Manufacturing Units	264.52	11,611.77	4,829.81	16,441.58
Electricity, Gas and Water	5.27	11,358.74	71.21	11,429.95
Metal Products, Machinery & Electronic Equipment & Assemblage	35.68	5,334.77	3,918.48	9,253.25
Construction	89.67	989.35	237.04	1,226.40
Transport and Communication	24.81	7,618.48	2,759.12	10,377.59
Wholesale and Retail	275.94	20,757.47	8027.92	28,785.39
Tourism	6.13	340.10	200.96	541.05
Other Services	42.31	4,492.52	2,221.42	6,713.94
Educational Services	16.23	60.24	56.52	116.76
Financial Intermediation and Business Activity	69.49	60.37	59.43	119.81
Total	874.26	131,086.71	59,206.71	190,293.42

PROJECT FINANCE (Hydroelectricity Excluded)

Asset Class	Bank's Exposure (EUR Million)	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Absolute Emissions (tCO ₂ e)
Tourism	52.04	105.65	70.50	176.15
Transportation	28.53	385.63	15.51	401.14
Telecommunication	13.02	25.18	53.40	78.58
Others	1.51	33.71	15.99	49.70
Total	94.34	550.16	155.40	705.56

SCOPE 3 EMISSIONS

Asset Class	Scope 3 (tCO ₂ e)	Emission Intensity (tCO ₂ e/EUR Million)	Data Quality Score
Business Loans	473,203.23	583.82	5
Project Finance (Hydroelectricity Excluded)	2,436.71	25.89	5 (Option 3b)

BUSINESS LOANS

Asset Class	Scope 3 (tCO ₂ e)
Agriculture, Forestry and Fishing	113,097.1
Mining and Quarrying	3,182.22
Manufacturing Units	39,695.72
Electricity, Gas and Water	8,508.48
Metal Products, Machinery & Electronic Equipment & Assemblage	132,680.55
Construction	23,412.30
Transport and Communication	27,563.89
Wholesale and Retail	119,868.81
Tourism	4,210.38
Other Services	37,205.14
Educational Services	386.09
Financial Intermediation and Business Activity	597.67
Total	510,408.37

PROJECT FINANCE

Asset Class	Scope 3(tCO ₂ e)
Tourism	1547.32
Transportation	309.52
Telecommunication	334.84
Others	270.80
Total	2,462.48

AVOIDED EMISSIONS FROM RENEWABLE ENERGY PROJECTS

Hydroelectricity investments avoided 20,347.11 tCO₂e in emissions during FY 2023/24, reinforcing our commitment to low-carbon growth.

Asset Class	Bank's Exposure (EUR Million)	Avoided Emissions (tCO ₂ e)	Emission Intensity (tCO ₂ e/EUR Million)	Data Score
Project Finance (Hydroelectricity)	146.73	20,347.11	137.97	3 (Option 2b)



OUR KEY ENVIRONMENTAL COMMITMENTS



Net Zero Emission by 2045

Aligned with Nepal's Commitment at COP26



Scaling Up Green Finance

Prioritizing renewables and climate-resilient infrastructure



Energy-Efficient Products

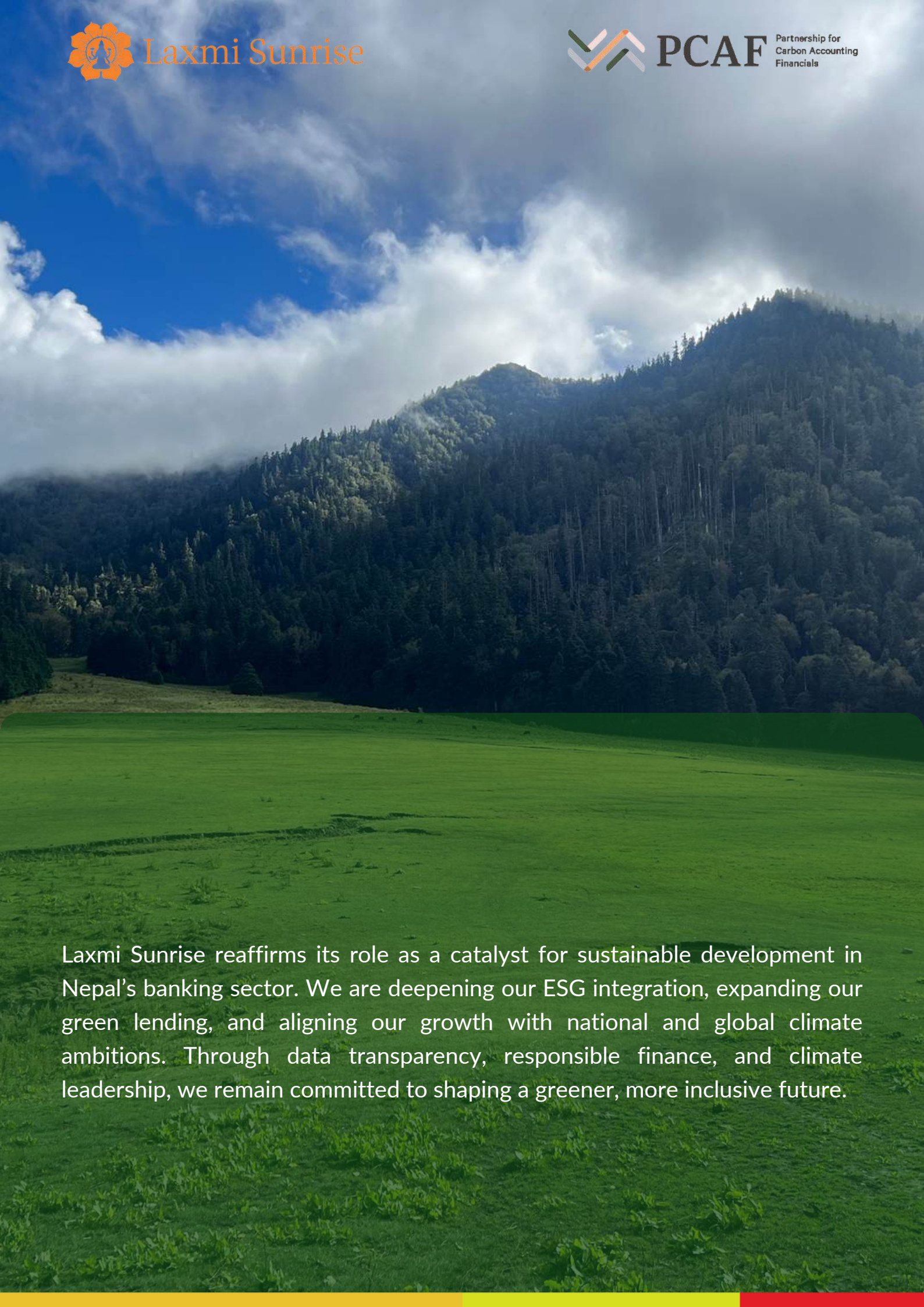
Promoting eco-friendly technologies across sectors



Reduce, Reuse, Recycle

Reduce waste, reuse items, recycle materials- to protect our planet

Through these efforts, Laxmi Sunrise is committed to shaping a greener, low carbon future while delivering long term value to our clients, communities, and stakeholders.



Laxmi Sunrise reaffirms its role as a catalyst for sustainable development in Nepal's banking sector. We are deepening our ESG integration, expanding our green lending, and aligning our growth with national and global climate ambitions. Through data transparency, responsible finance, and climate leadership, we remain committed to shaping a greener, more inclusive future.