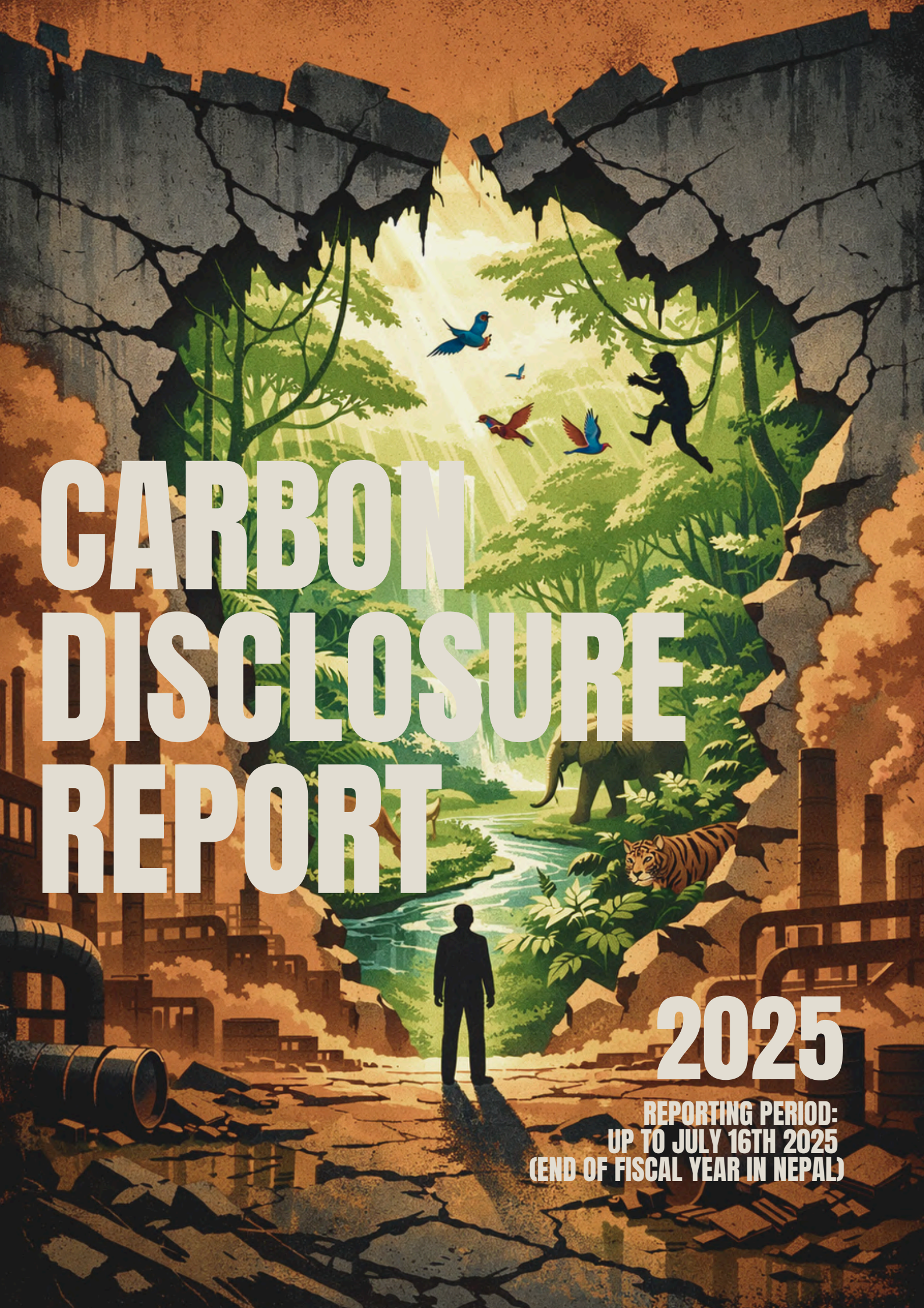


CARBON DISCLOSURE REPORT

2025

REPORTING PERIOD:
UP TO JULY 16TH 2025
(END OF FISCAL YEAR IN NEPAL)

MATURITY IN CLIMATE ACTION

The 2024/25 Carbon Disclosure Report represents a significant milestone in Laxmi Sunrise's journey towards net-zero. This marks our third consecutive year of reporting under the Partnership for Carbon Accounting Financials (PCAF), signaling a clear transition from initial data collection to achieving deeper, informed portfolio insights.

Over these three reporting cycles, we have progressively strengthened our institutional capacity and refined our methodologies to better understand the climate impact of our financial activities. Building on the foundational work of previous years, where we expanded our scope to include Business Loans and Project Finance, this year's disclosure now provides a mature and comprehensive view of our entire eligible portfolio. As of July 16, 2025, our disclosure encompasses 80.50% of our total loan portfolio, covering critical sectors such as Motor Vehicles, Mortgages, Business Loans, and Project Finance (both Hydroelectricity excluded and included).

OUR PCAF COMMITMENT AND PROGRESS

Laxmi Sunrise has consistently worked to enhance the transparency and precision of its climate reporting since becoming a signatory to the PCAF in December 2021. This phase of our journey marks a shift from initial measurement toward a more mature, data-driven understanding of our environmental impact.

STRENGTHENING DATA FOR BETTER INSIGHTS

Our primary focus over recent reporting cycles has been on improving data quality and refining our methodologies for carbon accounting. By transitioning toward more specific client data and reducing our reliance on broad sectoral proxies, we are achieving a clearer picture of our portfolio's climate impact. These improvements allow us to identify precisely where our financing can most effectively support a low-carbon transition, making this year’s disclosure our most technically robust to date.

ESG AREAS

BUILDING RESPONSIBLE BUSINESS

Our ESG framework is built on three pillars that drive sustainability, responsibility, and integrity.

ENVIRONMENTAL

- Climate action & carbon reduction
- Waste management

SOCIAL

- Employee well-being & diversity
- Community engagement

GOVERNANCE

- Transparency & accountability
- Ethical business practices

THE STRATEGIC IMPORTANCE OF CARBON DISCLOSURE

This disclosure is not merely a reporting requirement; it is a critical and strategic tool for responsible banking. It is vital for several reasons:

MEASURING ABSOLUTE IMPACT

It allows us to calculate the total greenhouse gas (GHG) emissions associated with our credit and investment activities, providing a baseline for accountability.

MANAGING TRANSITION RISKS

High-quality data helps us understand how evolving global and national climate policies may impact our lending, ensuring the Bank remains resilient against climate-related financial risks.

IDENTIFYING MITIGATION OPPORTUNITIES

By pinpointing carbon-intensive sectors within our portfolio, we can better engage and support our clients in adopting energy-efficient technologies and sustainable operational practices.

SUPPORTING NATIONAL NET-ZERO GOALS

Our reporting directly aligns our financial activities with Nepal's national climate ambitions and the Nepal Green Finance Taxonomy 2024, demonstrating our role as a catalyst for a greener economy.

PORTFOLIO COVERAGE

Full disclosure is not merely a reporting requirement; it is a critical and strategic tool for responsible banking. It is vital for several reasons:

	ASSET CLASS	COVERAGE FOCUS
01	Motor Vehicles	Focus on accelerating Electric Vehicle (EV) adoption.
02	Mortgages	Promotion of energy-efficient "Green Mortgages".

	ASSET CLASS	COVERAGE FOCUS
03	Business Loans	Comprehensive tracking of emissions in agriculture, manufacturing, and trade.
04	Project Finance	Full disclosure for renewable energy (Hydroelectricity) and infrastructure projects.

HIGHLIGHTS

FINANCED EMISSIONS: ABSOLUTE AND EMISSION INTENSITY

In accordance with PCAF standards, we report absolute emissions across four scopes and avoided emission of Project Finance (Hydroelectricity) to ensure transparency in our value chain.

Asset Class	Bank's Exposure (EUR Million)	Absolute Emissions (tCO2e)	Avoided Emissions (tCO2e)	Emission Intensity (tCO2e/EUR Million)	Data Quality Score
Business Loans	1028.84	370,110.89		359.74	5
Mortgages	117.81	9,857.64		83.68	4
Motor Vehicles*	18.23	2,255.96		123.79	3 and 4
Project Finance (Hydroelectricity Excluded)	100.34	604.92		6.03	5
Project Finance (Hydroelectricity)	174.35		48,619.56	278.87	3
Total	**1,439.54**	**382,829.42**	**48.619.56**		

*Note: Our Weighted Average Data Score for motor vehicles stands at 3.06, reflecting our continuous efforts to move from sector-level proxies to borrower-specific data

SECTORAL BREAKDOWN

Asset Class	Scope 1 (tCO2e)	Scope 2(tCO2e)	Absolute Emissions (tCO2e)
Motor Vehicles	2,247.60	8.37	2,255.96
Passenger Vehicles and Vans	898.37	8.37	906.74
Buses	1,349.23	-	1,349.23
Mortgages	6,724.18	3,133.46	9,857.64
Business Loan	283,395.14	86,715.75	370,110.89
Project Finance (Hydroelectricity excluded)	454.60	150.32	604.92
Total	**292,821.52**	**90,007.90**	**382,829.41**

BUSINESS LOAN BREAKDOWN

SECTORS	Bank's Exposure (EUR)	Scope 1 (tCO2e)	Scope 2 (tCO2e)	Absolute Emissions (tCO2e)	Scope 3 (tCO2e)
Agriculture, Forestry, and Fishery	37,190,358.62	121,009.10	29,374.43	150,383.54	237,401.16
Mining and Quarrying	276,324.10	788.54	102.72	891.26	394.66
Manufacturing Units					
Food Production, Beverage, and Tobacco	136,771,100.49	23,820.48	16,360.02	40,180.50	129,251.95
Textile, leather, and wearing apparel	5,863,871.33	631.08	935.82	1,566.90	14,999.24
Wood, Paper, and Publishing	7,596,168.29	847.40	873.87	1,721.27	7,989.14
Petrochemical and non-metallic mineral products	152,981,113.36	49,897.27	5,639.29	55,536.56	81,168.86
Medicine	4,744,821.44	151.49	105.65	257.14	1,634.27
Electricity,Gas, and Water					
Gas and Gas Pipeline	6,620,844.43	4,088.67	78.31	4,166.97	6,347.38
Electricity and Water	2,087,837.77	942.55	132.16	1,074.71	618.20
Metal Products, Machinery & Electronic Equipment, & Assemblage					
Metal and Metal Products	30,950,347.56	3,965.90	1,076.88	5,042.78	91,255.02
Machinery and Electronic Equipment	16,972,503.57	356.44	540.76	897.20	13,495.08

BUSINESS LOAN BREAKDOWN

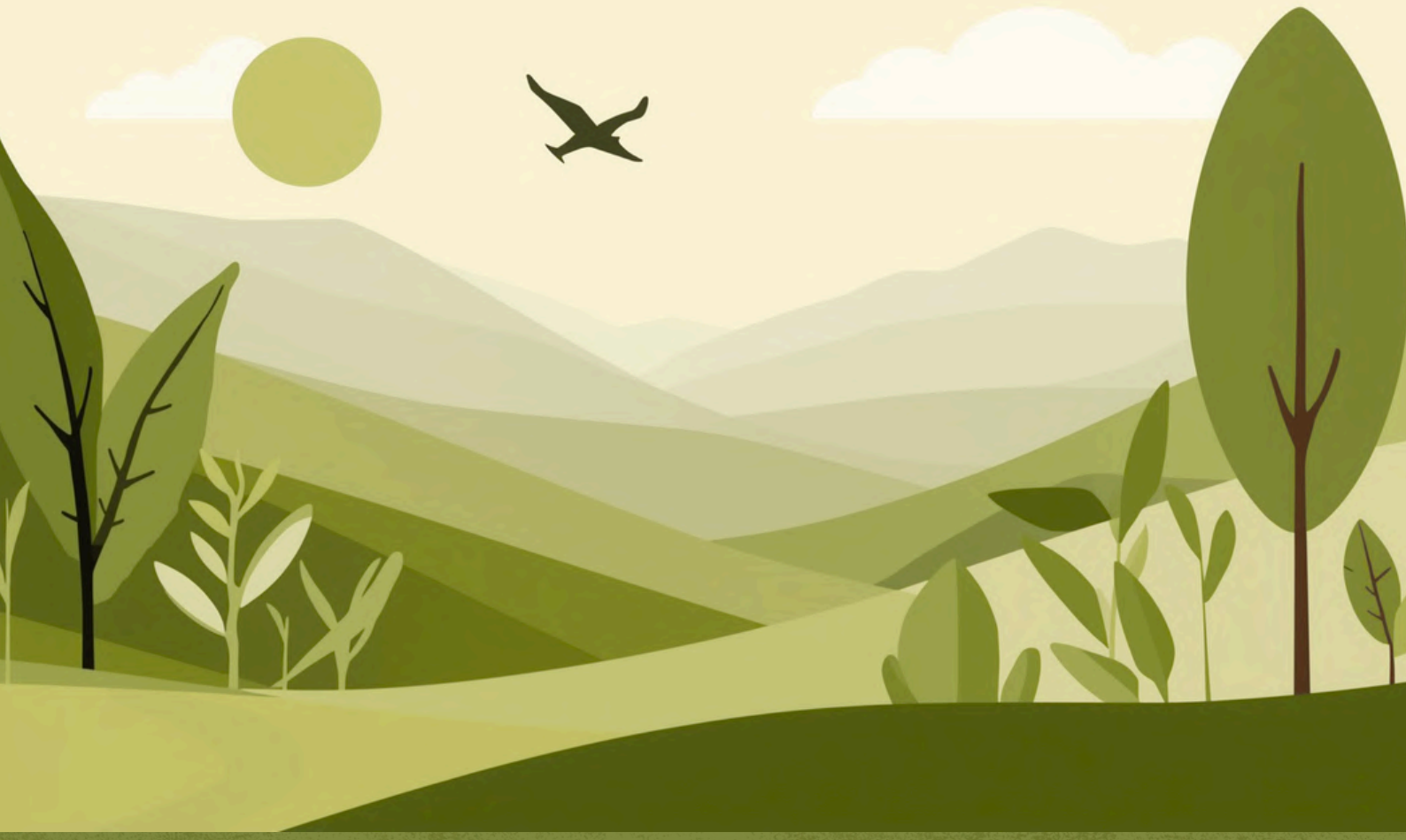
SECTORS	Bank's Exposure (EUR)	Scope 1 (tCO2e)	Scope 2 (tCO2e)	Absolute Emissions (tCO2e)	Scope 3 (tCO2e)
Construction	153,940,642.98	993.12	237.95	1,231.07	23,501.49
Transport and Communication	26,448,900.00	2,769.08	1,070.94	3,840.02	15,990.71
Wholesale and Retail	306,483,031.89	68,628.72	28,102.80	96,731.52	459,271.51
Tourism	6,198,049.33	538.71	307.93	846.64	6,357.61
Other Services	50,650,329.44	3,675.42	1,500.62	5,176.05	33,483.25
Educational Services	14,782,004.43	280.55	263.21	543.76	1,798.03
Financial Intermediation and Business Activity	68,275,162.42	10.62	12.38	23.00	130.88
Total (Business Loan)	1,028,833,411.45	283,395.14	86,715.75	370,110.89	1,125,088.44

PROJECT FINANCE (HYDROELECTRICITY EXCLUDED)

SECTORS	Bank's Exposure (EUR)	Scope 1 (tCO2e)	Scope 2 (tCO2e)	Absolute Emissions (tCO2e)	Scope 3 (tCO2e)
Tourism	52,777,927.14	87.89	58.65	146.55	1,287.30
Transportation	25,837,114.68	277.67	10.07	287.74	224.88
Telecommunication	20,210,836.52	23.90	50.69	74.60	317.88
Others	1,506,069.31	65.13	30.90	96.04	523.31
Total	100,331,947.66	454.60	150.32	604.92	2,353.37

AVOIDED EMISSIONS FROM RENEWABLE ENERGY PROJECTS

Asset Class	Bank's Exposure (EUR Million)	Avoided Emissions (tCO2e)	Emission Intensity (tCO2e/EUR Million)	Data Score
Project Finance (Hydro Electricity)	174.35	48,619.56	278.87	3 (Option 2)



SECTORAL INSIGHTS & AVOIDED EMISSIONS

THE IMPACT OF RENEWABLE ENERGY

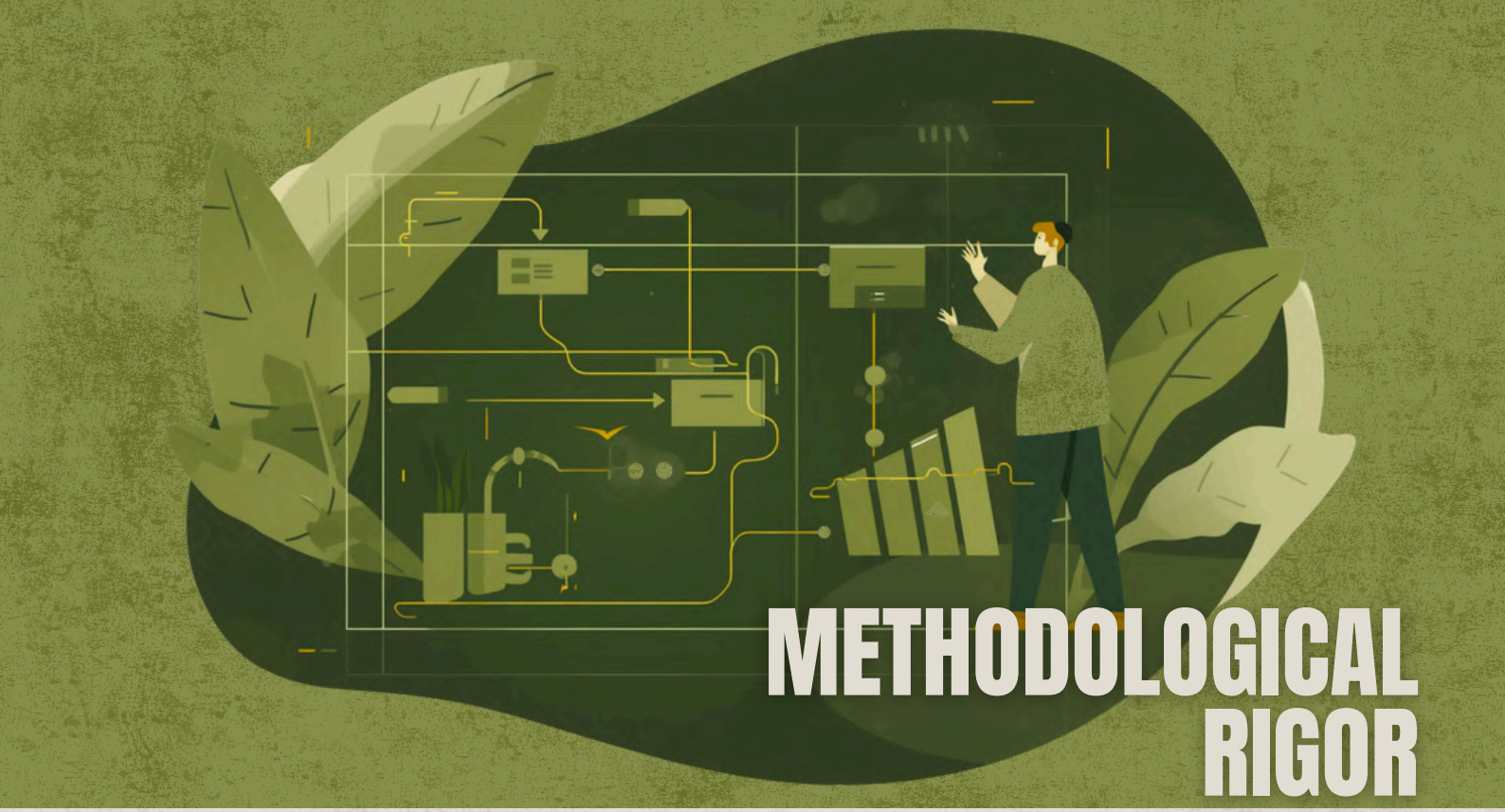
Renewable energy remains the primary driver of our decarbonization strategy. During the FY 2024/25 reporting cycle, our hydropower investments alone resulted in **48,619.56 of avoided emissions.**

DRIVING THE EV TRANSITION

Emissions from our motor vehicle portfolio have steadily declined as we prioritize **EV financing.** This aligns with our goal to support cleaner mobility and reduce the transport sector's carbon footprint in Nepal.

DECARBONIZING THE BUSINESS PORTFOLIO

Business loans contribute the largest share to our absolute emissions, particularly in **Agriculture, Manufacturing, and Wholesale/Retail.** We are now using these insights to support clients in adopting energy-efficient upgrades and cleaner production technologies.



METHODOLOGICAL RIGOR

We adhere to the 2nd edition of the PCAF Global Standard (2022). Our data collection utilizes the PCAF Database March 2025 and country-specific factors for Nepal and India to ensure localized accuracy.

CLASSIFICATION METHODOLOGY

Exiobase Sector Classification

ACTIVITY VARIABLE

Assets

REGION/ COUNTRY

Emerging Economies, Asia Pacific, Nepal and India

CURRENCY EXCHANGE

1 EUR = 160.61 NPR (as of 16 July 2025).

EMISSION SCOPES

Reported across Scope 1 (Direct), Scope 2 (Indirect Electricity), and Scope 3 (Supply Chain).

SOURCE

PCAF Database March 2025, Ember 2021. EEA Passenger Vehicle 2020

PORTFOLIO DISCLOSED

100% Disclosure Coverage (For All Applicable Asset Classes)

FUTURE OUTLOOK AND COMMITMENT TO CLIMATE ACTION

As we look toward 2026 and beyond, Laxmi Sunrise is accelerating its efforts to lead the transition toward a low-carbon and resilient economy. We are moving beyond measurement to meaningful action, integrating our internal sustainability successes with our broader financial influence.

NET-ZERO ALIGNMENT BY 2045

Laxmi Sunrise is firmly committed to achieving Net-Zero emissions by 2045, fully aligning our corporate growth with Nepal's national climate commitments made at COP26. We are dedicated to scaling climate-positive finance, prioritizing renewable energy and climate-resilient infrastructure across all loan categories.

CURRENT SUSTAINABILITY PRACTICES IN ACTION

Our path forward is built on the strong foundation of practices we have already institutionalized across our network:

Operational Excellence: We have implemented a robust waste management system by collaborating with certified recycling partners to ensure proper segregation of biodegradable, recyclable, and hazardous waste.

Internal Emission Reduction: Through our Eco-Initiatives, we are actively reducing our carbon footprint by transitioning to LED lighting, inverter-based HVAC systems, and a phased transition to an electric vehicle (EV) fleet for official use.

Innovative Sustainable Finance: We continue to refine and scale our specialized products, such as Green Mortgages, EV Loans, Green Loans, Social Lens Loans, Gender Lens Loans and other Sustainability Linked Loans which incentivize borrowers to meet verified environmental performance targets.

Structured Governance: Our sustainability agenda is driven by a comprehensive governance model, including an E&S Leadership Council, ensuring that E&S risks and opportunities are embedded in every strategic decision.

The ESMF Foundation: All our activities are guided by our newly established Environmental and Social Management Framework (ESMF), which provides step-by-step methodology for integrating ESG principles into both our credit and internal operations.