

# Green Disclosure:

Human being is the paragon of virtue. They are to behave in such a manner that others can look up to them as an emblem of sheer perfection. So it is our responsibility to act in a way that is rational and ethical. The human civilization has evolved from pre-historic era to utter modernization and has come long way. We have learnt to improve and use resources with great optimization. This world has limited resources and if we want to attain sustainable growth then care should be taken before taking even one step ahead. Our action today will have a lasting impact for our next generation. So we should make hay while the sun shines. Mother nature cannot voice her agonies but by actions she expresses her grievances. The natural calamities are perfect examples of her wrath and via this we should be able to understand the warning signals. So, our actions should be measured, calculated and cautiously undertaken.

Being a compliant financial organization we must strive to operate efficiently following ethical and sustainable banking practices. Having started its journey in 2013 with representatives from different divisions, BRAC Bank's Green Banking Unit (GBU) is currently chaired by Head of Risk Management. The GBU is responsible for various activities spanning from Environmental & Social Management System (ESMS) policy formulation up to ensuring good governance and implementation of green practices across the bank.

## 1. Purpose and scope

The purpose of this disclosure is to demonstrate our banking philosophy that we adhere to in our daily operation. At the same time it is also a part of regulatory compliance. Our green banking practices are comprehensively in line with the regulatory guideline and international best practices. In the year 2015 we have explored some uncharted territories and took new strides in the field of green banking.

## 2. Policy Formulation and Governance

We have formulated our bank specific Green Banking Policy in 2012 and was approved by the Board. Later in 2015, we reviewed the policy. The amended version considers the social aspect with greater significance. Also complimenting it there are Environmental and Social Risk Management ESRM Policy and Procedure Guideline, E&S Eligibility Criteria, E&S Risk Assessment Tool and Central Bank's policies and circulars guiding us from time to time. To

accommodate the changes in roles within the bank, we revisited the members of the Green Banking Unit (GBU). Presently, there are 22 members representing their own departments in GBU.

### **3. Incorporation of Environmental Risk in CRM**

Also worth mentioning, the number of Projects applicable for Environmental Due Diligence (EDD) and Projects being rated (i.e. Environmental Risk Rating) has been increasing appreciably over time. Environmental risk rating is an integral part of our credit appraisal process. Our prudent Credit Risk Management team has put up a magnificent end to end process for the appraisal of borrowers. Bangladesh Bank vide ERM Guideline stated, that Environmental risk rating is to be done for all individual customers (corporate, institutional, personal, small and medium enterprise) whose aggregate facilities are above the following financing thresholds:

- For Small and Medium Enterprises (SMEs), financing > BDT 2.5 million
- For Corporate, financing > BDT 10 million. and
- For real estate financing > BDT 10 million

### **4. Initiating In-house Environment Management**

Keeping in mind that to reduce paper usage can actually help save trees, we are aligned with Green Banking values. Here are some initiatives that we already have taken that portray our Green thoughts.

Internal communications are done through Microsoft Outlook (email) and Lync (Voice). Most of the staff have dedicated user IDs to use. We ensure point to point video conferencing for head offices based staff communication. An effective printing management solution is established in head office where every employee is now accountable and responsible for printing. Maximum customer communications are being done through emails, SMS. Fund transfer and utility bill payments to third party accounts have been made available through Online Banking. As a result, customers can execute fund transfer through paperless and automated system such as Internet Banking, BEFTN, BACH, RTGS, NPSB. No requirement of commuting and causing noise and air pollution. We have introduced “Smart opener”, a technology based green banking initiative. This will give a potential customer the convenience of opening bank account at his/her preferred location. Using a tablet/notebook equipped with internet connectivity, a bank representative will assist the customer with all requisite

courses of actions. This service will enable opening of account instantly and eliminate rework due to data entry and documentation errors. This service is first of its kind in Bangladesh.

### **5. Green Financing**

GBU made allotment of around BDT 5500 million under green budget for the year 2015, whereby the achievement rate is appreciable. It comprises of green financing, climate risk fund, Marketing, Training and Capacity Building. We have gone for Direct Green Financing as well as provided Working Capital Financing to projects having ETP/Solar Panels/double hull oil tanker.

### **6. Green CSR Activities**

Some CSR activities have been rolled out in 2015 that highlighted our sincere effort for sustainable banking. BRAC Bank took responsibility of website of Bishwo Shahitto Kendro (BSK) for two years as part of its CSR activities. The website will enable BSK to raise fund through online banking system of BRAC Bank. It will also enable people to avail e-book reading facilities in future. Due to impact of climate change, some parts of our country are badly hit by severe cold. BRAC Bank donated blankets to Prime Minister's Relief Fund and distributed blankets on its own for the cold affected people. Last but not the least, we ran a competition and organized a live webcast for employees of the bank on values-based banking as part of global initiative of Global Alliance for Banking on Values (GABV). The program was aimed at creating awareness about values-based banking that includes sustainable and responsible financing and green banking.

### **7. Employee Training and Consumer Awareness**

For continuous capacity building of our human resource, all newly recruited employees have been taken under the purview of Green Banking in their Orientation Programs. Moreover, for existing employees our e-learning module on green banking plays an instrumental role in enhancing their knowledge base. In 2015, approximately 1500 employees have been enlightened with sessions on green banking. Furthermore, with the constant support and guidance from our regulators we always strive to incorporate better practices and norms in the business operation.