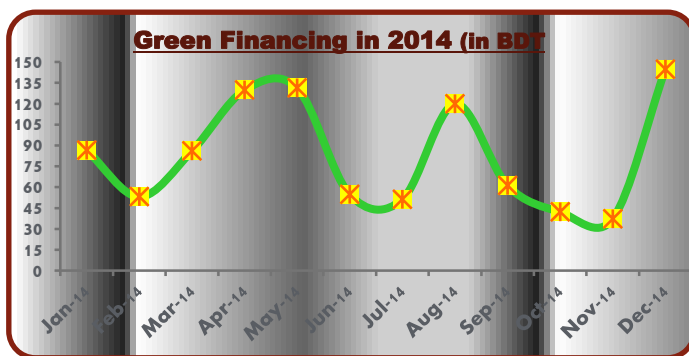


Green Disclosure



2014 has paved a new horizon in the Green Banking area of BRAC Bank Limited with the introduction of new ventures. The bank has attained new heights in green financing and also explored new business prospects.

Policy formulation & Governance

The Green Banking Unit (GBU) formulated BBL specific Green Banking Policy which has been approved by the Brac Bank Board. Also complimenting it are the 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. Being a compliant financial organization we strive to operate efficiently and achieve ethical and sustainable banking practices. Having started its journey in 2013 with representatives from different divisions, the 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. Not only has it signed agreements with the central bank for environment friendly financing but the GBU has also liaised with internationally acclaimed green practitioners to incorporate them in business operations. To gather knowledge in these aspects, GBU members conducted rigorous field visits as well.

Incorporation of Environmental Risk in CRM

The number of projects eligible for Environmental Due Diligence (EDD) and Projects being rated (i.e. Environmental Risk Rating - EnvRR) has been increasing appreciably over time. Environmental risk rating is an integral part of the credit appraisal process. The prudent Credit Risk Management team has put up an efficient 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 SME, financing > BDT 2.5 million

For Corporate, financing > BDT 10 million

For real estate financing > BDT 10 million

In 2014, more than 1800 borrowers have been environmentally risk rated. All the eligible corporate and SME clients fall under the purview of this rating. It is to be noted that while the development of sector specific environmental risk policies is underway, the credit appraisal process inherently considers the environmental risk aspect for the borrowers.

In-house Environment Management

Also worth mentioning, is that the consumption of water, paper and energy has seen a downward trend within the organization. A research conducted by "Conserveatree" reveals that 1 ream (500 sheets) of paper uses 6% of a tree. Therefore, we continue to encourage paperless banking wherever applicable and possible. 149 SME Unit Offices and 3 SME Krishi Branches are powered by solar energy. For in-house green management we adhere to the guideline prescribed in the Green Office Guide.

Green Finance

The GBU made an allotment of around BDT 3500 million under the Green Budget for the year 2014, which was achieved successfully. This budget comprises of green financing, climate risk fund, marketing and training & capacity building. In 2014 Green Financing was the highest contributor towards the achievement of the Green Budget. BRAC Bank funded Direct Green Financing as well as provided Working Capital Financing to projects having ETP, Solar Panels and double hull oil tanker. To explore new ventures in environment friendly brick fields, GBU has conducted several field visits, meetings with existing and prospective entrepreneurs, brick manufacturing associations, foreign and local consultants and central bank officials. The outcome is positive and we aspire to see the fruition of this endeavor.

Online Banking

We are an online bank with more than 370 ATMs. The mobile and internet banking subscribers are also increasing significantly. We are also persistently pursuing e-commerce facilities. Having introduced business via e-Commerce in 2010 BRAC Bank is rapidly gaining success in this field. The online payment gateway has served as a crucial component in the Green Banking initiative by reducing the use of paper and increasing paperless transactions. To make customers' lives more convenient we have successfully integrated the eCommerce payment gateway with the BRTA website. Now customers can make car bill payments from the comfort of their home or office. At present people are purchasing Bangladesh railway, bus and local airlines tickets of various route online via the Brac Bank online payment gateway. Customers also have the option of NOT printing the ATM paper receipt instead of always receiving it by default. It is an eco-friendly initiative to save redundant usage of receipt paper.

Employee Training, Consumer awareness & Green Event

BRAC Bank organized an awareness program for ATM and CDM using customers on the occasion of World Paperless Day. We facilitated to launch the website of Bishwo Shahitto Kendro (BSK) as part of our CSR activities.

For continuous capacity building of human resource, all newly recruited employees are trained on Green Banking during their Orientation Program. Moreover, for existing employees the e-learning module on green banking plays an instrumental role in enhancing their knowledge base. Till date, approximately 1200 employees have received various trainings on green banking. Furthermore, with the constant support and guidance from the regulators we continue strive to incorporate better practices and norms in business operations.

With a view to fostering environmentally sustainable development in the country, Bangladesh Bank (BB) organized "Green Finance Conference-2014" at Bangladesh Bank Training Academy (BBTA). Dr. Atiur Rahman, Governor, Bangladesh Bank graced the



event as the chief guest. To emphasize the importance of environmentally conscious (green) banking to all, the governor encouraged everyone to communicate in the

language of green and to operate with a green mind. He appreciated BRAC Bank's initiative to use solar panels in 149 unit offices and urged others to use such alternate sources of energy in their operations. On behalf of BRAC Bank, Head of Risk Management (HoRMD) participated as panel speaker in the session titled "Strengthening Collaboration between Banks, Technology Providers and Beneficiaries to Promote Green Industry". HoRMD emphasized the importance of awareness and usage of updated & innovative software applications to combat fraud forgeries and eliminate environmental degradation.