

# Disclosure on Green Banking

## Introduction

Climate change represents the most serious phenomenon in today's world. Across the globe, relentless efforts are being made to measure and mitigate climate change risks. Bangladesh is one of several nations to have made a commitment to controlling such threats. To supplement governmental efforts, Bangladeshi banks assume a share of the ecological responsibility to ensure a substantial reduction in carbon emissions. Banks' internal operations have a limited environmental impact compared to industrial sectors. However, their decisions can still affect the environment considerably, particularly if they finance environmentally-irresponsible customers. It is, after all, often banks who finance major industrial projects, some of which produce abundant carbon emissions.

Banks, therefore, have a responsibility to balance sustainable economic development with environmental protection when it comes to making investments. Here, the term 'green banking' is pertinent. This refers to activities that assist banks in reducing carbon emissions and minimizing their carbon footprint. Green banks finance clean technologies and projects seeking to mitigate pollution. 'Green banking' is an element of 'sustainable banking,' which means using money in an environmentally, socially and culturally conscious manner, fulfilling the needs of today without endangering the generations of tomorrow. Now, ecological preservation and sustainable development are cornerstones in the fight against the negative impacts of climate change.

The United Nations' Sustainable Development Goals (SDGs) reflect an agenda of worldwide significance. Along with most nations, Bangladesh is making a determined effort to attain these SDGs at the national level. This undertaking demands co-operation from various stakeholders. Among them, the banks and financial institutions that underpin the economy play a central role. The two basic tenets of sustainable banking are as follows:

- Environmentally-friendly or 'Green' banking
- Corporate social responsibility (CSR)

Cohesive endeavors from banks and financial institutions alike can safeguard long-term sustainability. Bangladesh Bank encourages banks'

Green Banking Units (GBUs) and CSR desks to cooperate toward making a sustainable impact. BRAC Bank has acted accordingly and established a Sustainable Finance Unit (SFU) as part of its credit risk management, thereby meeting regulatory requirements and boosting the efficiency of streamlining processes at the same time.

## Purpose and Scope

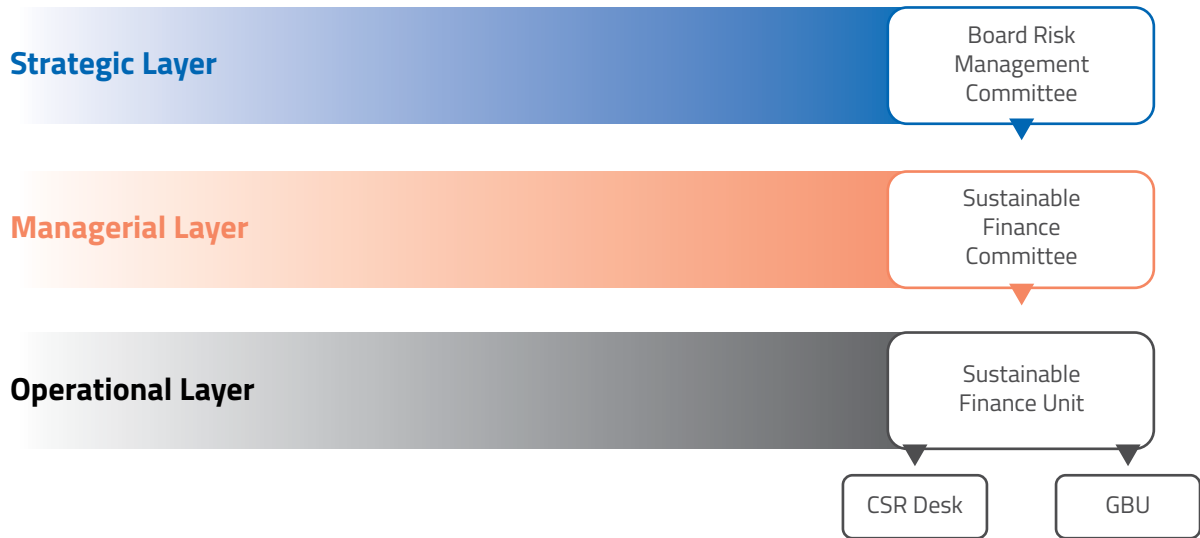
This disclosure outlines the banking philosophy to which all of our daily operations adhere. Simultaneously, it contributes toward our regulatory compliance. Crucially, we strictly abide by regulatory guidelines and follow international best practices in our green banking. In 2018, we took some bold steps in this regard. The new initiatives introduced not only cater to the expectations of our key stakeholders and shareholders, but they also harness the economic growth and sustainable development of Bangladesh as a whole.

## BRAC Bank and its Sustainability Framework

To monitor the SFU's activities, BRAC Bank established the Sustainable Finance Committee (SFC). Both the SFU and SFC were created with the Board's approval. The SFC comprises high-ranking management officials, chaired by our Deputy Managing Director and CRO. It guides the SFU, adhering to the terms of reference laid out by Bangladesh Bank. The Board Risk Management Committee (BRMC) serves as the apex authority, supervising all of the bank's sustainability activities.

The BRMC is authorized to approve budgets for green or CSR activities. On a monthly basis, the SFC meets to guide and review all SFU deliverables.

Driven by its 3P philosophy (people, planet and prosperity), BRAC Bank has always prioritized the promotion of responsible and sustainable banking across Bangladesh's real economy. Indeed, the bank's value-based ethos and unique culture advocates sustainable banking at all levels. Central to this is our devoted SFU which works tirelessly with multilateral stakeholders to make BBL greener. Contributing significantly to Bangladesh's SDG efforts, BBL stands out from the competition in terms of its green or sustainable financing.



### BRAC Bank's Galaxy of Sustainability

In September 2013, Bangladesh Bank introduced revolutionary guidelines on green banking. BRAC Bank is one of only a few banks to have adopted its principles. Since the bank's inception, two special units have been dedicated to the following: the pursuit of environmentally and socially responsible

initiatives; and the integration of environmental and social considerations into the bank's product design, strategic planning and policies. Under the stewardship of the SFC, the SFU represents the heartbeat of the bank's sustainability efforts. Its devoted work aims to positively affect not only BBL, but the whole banking industry.



## Environmental & Social Risk and Opportunity Management

BRAC Bank takes its responsibilities seriously when it comes to the planet and sustainability. Accordingly, it abides by all relevant regulations, and applies the highest international standards of environmental protection and social welfare. BBL adheres to Bangladesh Bank's guidelines on Environmental & Social Risk Management (ESRM) for banks and financial institutions dated February 8, 2017. Meanwhile, the Environmental Conservation Rule 1997 forms an integral element of its credit risk assessment framework. Loan proposals over a certain amount are subject to environmental and social due diligence. Within its environmental risk assessment, BBL complies with the IFC Safeguard for financing project proposals. Finally, BBL is the only bank in Bangladesh to have voluntarily complied with the UNEP FI principles for energy-efficient financing.

### Our Sustainable Financing Scope

As part of its cooperation with multilateral organizations to apply best global E&S practices, BBL offers to tailor financial modalities to help clients to adopt green technologies. Examples of such efforts include:

51 Products under Bangladesh Bank's Green Refinancing Scheme across the following business segments:

- **Renewable Energy:** Solar, Biogas, Wind & Hydro Electricity
- **Energy Efficiency:** Intervention based on Energy Audit, LED bulbs, etc.
- **Solid Waste Management:** Composting, Electrification

- **Liquid Waste Management:** ETP, STP, WWTP
- **Recycling:** Plastic, paper and battery recycling
- **Non-fire Block Brick:** Compressed Block Brick
- **Alternative Energy:** Tire Pyrolysis
- **Fire Brick:** Conversion, HHK, Tunnel
- **Miscellaneous:** Palm oil, Vermicomposting

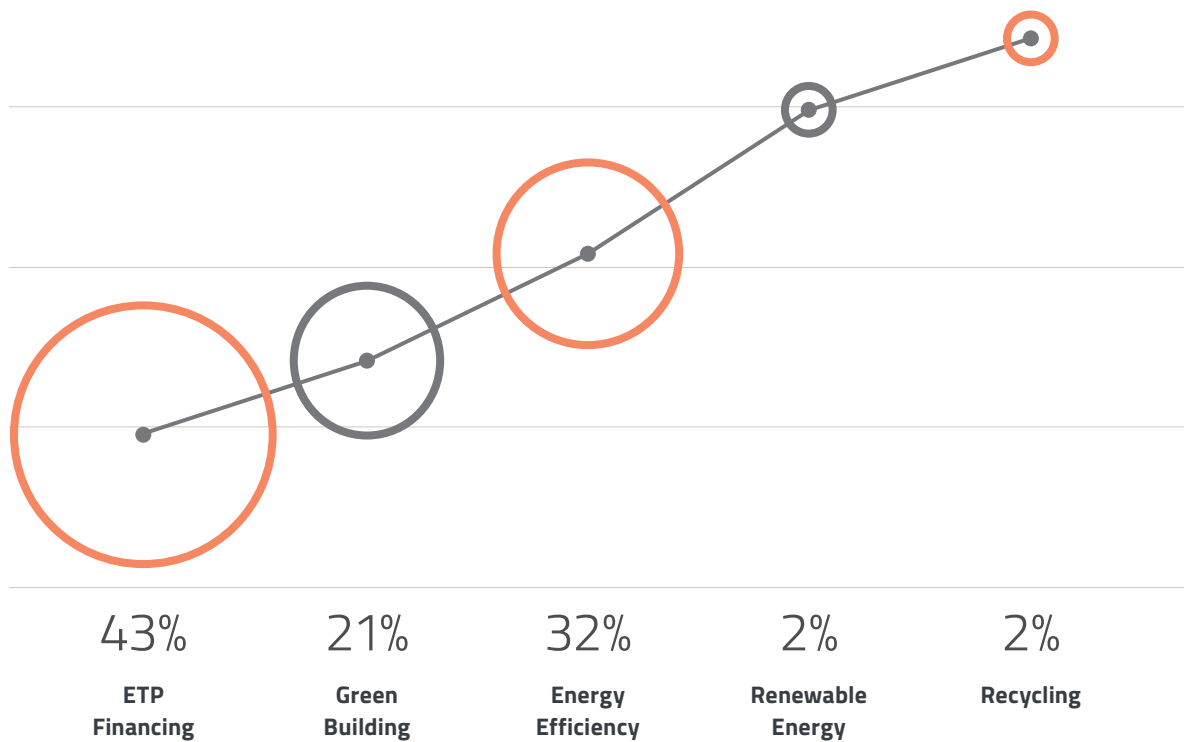
A unique green product named Planet Solution that offers tailored green products, meeting customers' needs to adopt green technologies



### Green Banking Portfolio

Aiding the socio-economic development of Bangladesh, BRAC Bank extends its financing facility to clients whose activities reduce environmental harm, promote energy efficiency, and help communities vulnerable to climate change effects.

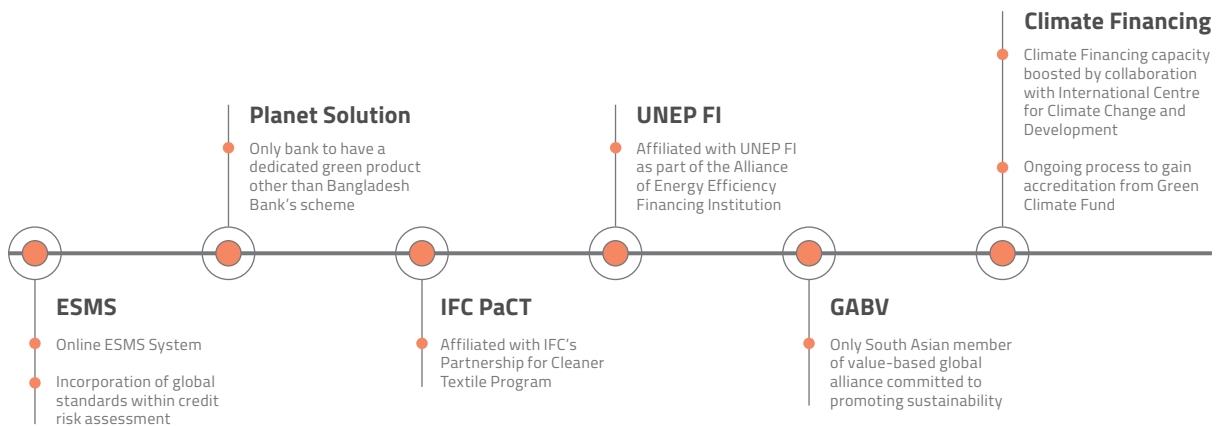
### Portfolio Status



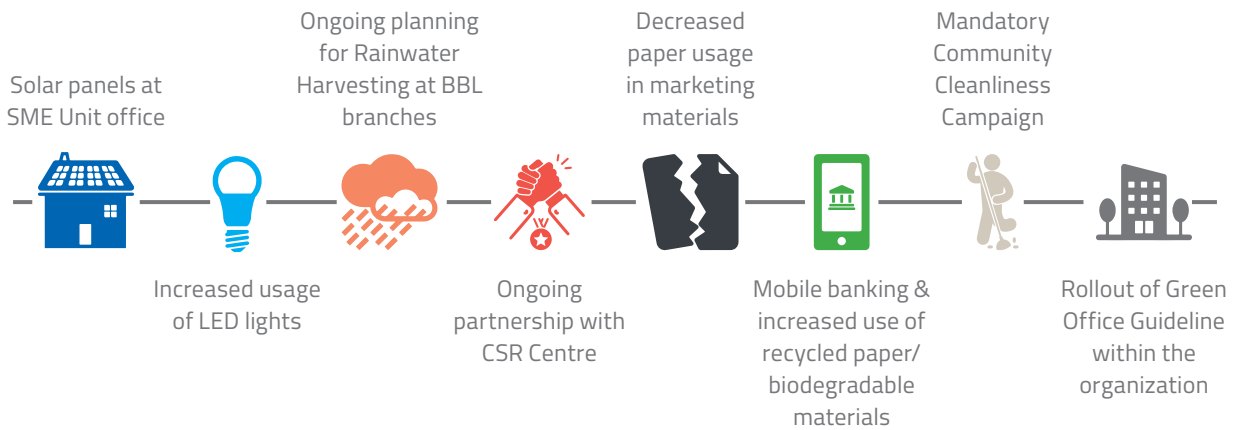
### Our Support



## Key Milestones So Far



## In-house Green Initiative



## Activity Flashback: 2018



ETP Financing



Green Industry Financing



LED Light financing:



Fire & Safety Equipment Financing



Energy Efficiency Equipment Financing





Safe Drinking Water for Climate Vulnerable Areas



Environmental Awareness Program for School Students



Creating Green Banking Awareness

## Conclusion

Banks and financial institutions can contribute significantly to ensuring the planet's sustainability. BRAC Bank's efforts in this regard are notable, especially in its green banking and CSR activities. BBL asserts that both of these elements are imperative for the long-term stability of the financial sector. By acting responsibly, BRAC Bank's green steps of today will make for a greener tomorrow. Our proactive measures reduce our carbon footprint and increase environmental

and ecological awareness. Green banking encourages clients to be more environmentally conscious, and to contribute to making the world a safer and healthier place in which to live. Opportunities are abundant in renewable energy technology, as well as reduced carbon transportation. These can be fully grasped when all sectors of the economy pull together in the same direction. It is here that banks play a leading role. As it gains popularity in Bangladesh, BRAC Bank avidly pursues ways of becoming a national pioneer in green banking.

# Structure of Sustainable Finance Committee

Chair



Members



Member Secretary

