

Islami Bank Bangladesh Limited
Risk Management Wing
Green Banking Department
Head Office, Dhaka.

Green Banking Performance 2014

Green Banking is an emerging issue in the present banking arena. It is a kind of welfare banking for the society. Islami Bank Bangladesh Limited (IBBL), based on Shari’ah, emphasizes human rights, green investments and trade, social involvement, ecological impact and animal welfare etc. and takes various initiatives and steps for performing Green Banking activities.

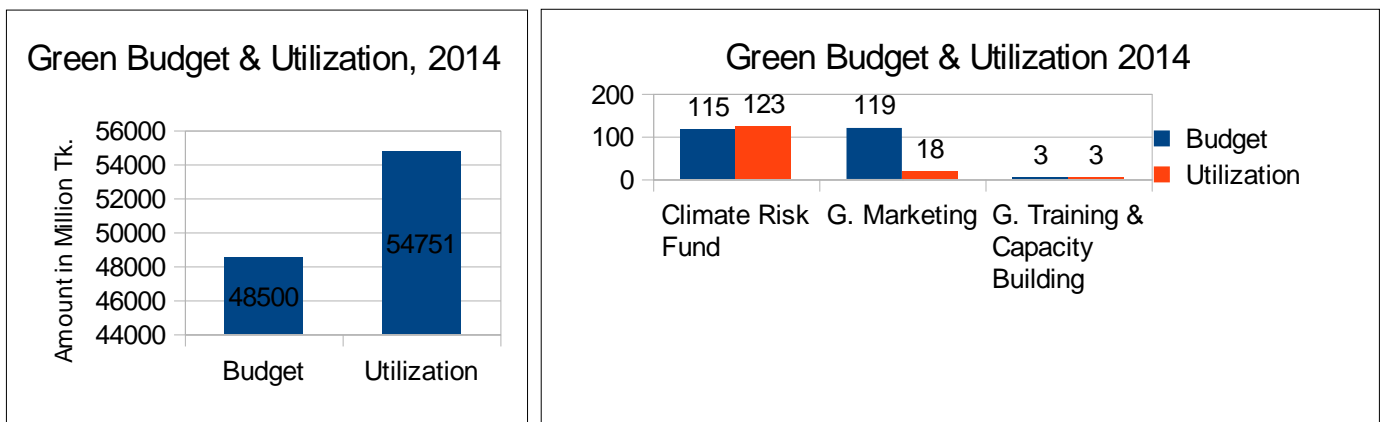
Accolade and Appreciation

Last year Bangladesh Bank (BB) did not disclose in their websites the ranking of the top ten green banks for the year. However, in the Annual Report on Green Banking 2012-published by BB in their websites, Islami Bank Limited was ranked among top ten banks in Bangladesh for Green Banking Activities. IBBL was also ranked as 1st in Climate Risk Fund Utilization activities among banks.

IBBL is always enthusiastic in participating and arranging various programs on green banking and environmental issues. IBBL as a recognition of its better Green Banking practices was selected for presenting a paper for the seminar on “Green Banking: Opportunities & Initiatives in Bangladesh” held on 23 January 2014 organized by Bangladesh Bank Training Academy (BBTA). IBBL was also designated as discussant for the seminar on “Green Banking & Environmental Risk Management” held on 21st August 2014 organized by BBTA.

Green Budget- 2014 & its Utilization

The Budget for Green Banking reflects the Bank's commitment towards the Green Banking. In 2014, the Green Investment got highest allocation. All the main areas of Green Banking Budget 2014 and Utilization thereof are below: (Amount in million Tk.)



Green Investment

Green Investments implies the financial services to the businesses and projects that help prevent deterioration of the environment as well as which are not harmful to the environment. The Bank gives priority in disbursing the environment friendly investments like renewable energy, energy efficiency, waste management, alternative energy, recycling & recyclable product, green industry, safety and security of factory, clean water supply etc. Some of these green investments of 2014 of the Bank are given below:

Green Investments for 2014

Particulars of Green Investments	Disbursement in 2014		Disbursement in 2013		Growth/decrease (%)	
	Number	Amount in million Tk.	Number	Amount in million Tk.	Number	Amount in million
Projects financed having ETP	219	48352.51	192	39677.00	14.06%	21.87%
Bio-gas plant	9	0.89	9	7.00	0%	-87.29%
Solar Home System & Solar Panel trades	18	131.08	17	117.78	5.88%	11.29%
Bio-fertilizer plant	2	0.20	3	2.00	-33.33%	-90%
Projects financed having Tunnel Kiln	22	632.87	8	761.00	175%	-16.84%
Installation of Zigzag kiln	31	125.97	28	126.90	10.71%	-.79%
Projects financed having Zigzag kiln	455	2170.64	149	1382.00	205.37%	57.07%
Waste and hazardous disposal plant	6	2001.77	2	500.00	200%	300.35%
Waste paper recycling plant	12	394.64	9	981.00	33.33%	-59.77%
Waste battery recycling plant	11	510.46	9	198.00	22.22%	157.81%
PET bottle recycling plant	12	370.05	5	419.00	140%	-11.68%
Financing of LED bulb production	3	29.16	2	75.00	50%	-61.12%
Safe/Clean Water Supply Projects	14	4.12	3	4.00	366.67%	3%
Improved cooking stove (Bandhu Chula)	6	1.50	4	0.06	50%	2400%
Green finance at zero rate of return	3930	21.96	3087	15.27	27.31%	43.81%
Electricity Generation from Rice Husk	1	176.34	1	111.35	0%	58.37%
Rice bran Oil Production	2	441.07	2	373.86	0%	17.98%
Total	4835	55368.53	3530	44751.22	36.97%	23.73%

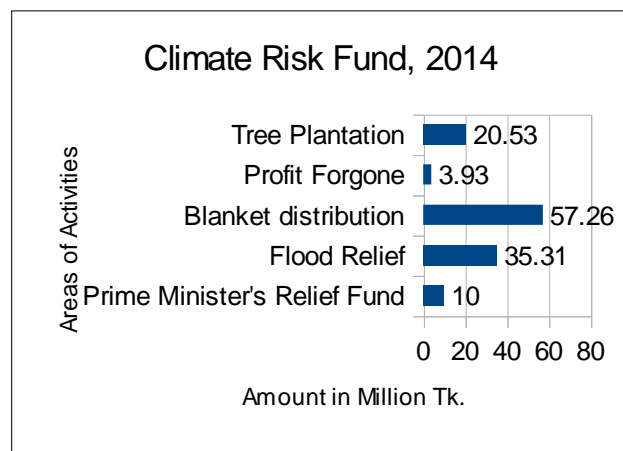
Environmental Risk Management

The Bank has incorporated Environmental and Climate Change Risk Management as a part of the existing investment risk assessment methodology integrating environmental risks in the checklists, audit guidelines and reporting formats. High Environmental Risk Rated (EnvRR) investment proposals are approved only by the Board stipulating appropriate covenant which is supervised for improving from High EnvRR. The total number of projects/exposures applicable for EnvRR in 2014 was 2257. Rating and disbursement against rated projects are shown in the following table:

Particulars	Low	Moderate	High	Total
No. of exposures/investments rated	1503	456	72	2031
Amount disbursed against rated exposures (Tk. in millions)	88024.79	25878.15	15043.92	128946.86

Climate Risk Fund

The Climate Risk Fund policies of the Bank support projects, programs, and economic activities in the flood, cyclone, drought, severe cold etc prone areas of the country as a part of the CSR expenses. Total expenses in the climate risk related avenues were Tk.125.10 million in 2014. Projects and other activities which came under the Fund in 2014 are given below:



i. Rehabilitation Support

The Bank donated Tk. 10 million to the Prime Minister's Relief Fund to help and rehabilitate the flood and river erosion affected people of the country in 2014. The Bank also directly donated Tk. 35.31 million as the relief work for flood affected people. The Bank also donated blanket worth Tk. 57.26 million among the severe cold-hit poor people.

ii. Profit Forgone

To improve the standard of living of the rural people, IBBL finances the setting up of tube wells and sanitary latrines in the rural areas without charging any rate of return, only the principal amount of investments is recovered. The benefits/returns the Bank waived were Tk.3.93 million in favour of the poor people in the sector in 2014:

Investment activities with zero rate of return

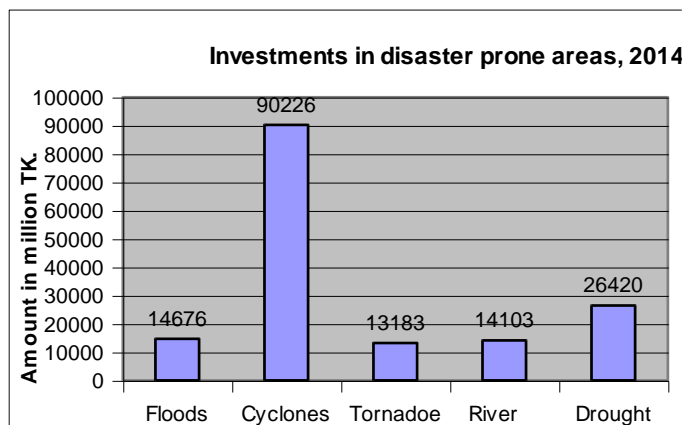
Particulars	Number of Units	Amount in million Tk.
Tube well	3495	19.50
Sanitary Latrine	1493	6.60

iii. Tree Plantation Movement

The Bank has been observing Plantation Program since 2003 in the rainy season under Rural Development Scheme to conserve the environment. In 2014, the Bank distributed 723,672 saplings of indigenous fruit varieties among 0.82 million RDS members that cost TK. 20.53 million and in 2013, this cost was Tk. 14.56 million against 607,627 saplings.

Investments in the Disaster Prone Areas

The Bank's investments in the areas of the country which are prone to different types of disasters are 27.49% of its total investment portfolio. These areas are mostly less developed and needs regular investments which IBBL takes as its one of the priorities to support the economic activities of the regions. In case of any emergency, the Bank utilizes its Climate Risk Fund as its part of CSR to continue the economic activities. The amounts of investments in the economic activities of 32 districts during 2014 are presented in the chart:



Green Marketing

Our Green Marketing and Products initiatives are:

1. Customers can get instant registration for i-Banking (Internet Banking): i-Banking is designed to implement our commitment to green banking and to enable customers to do banking at their own convenience without visiting the branches. Our i-Banking facility allows the customer to bank from anywhere, anytime with total security and confidentiality. This is an absolutely free of cost service.

2. We are increasingly focusing on online advertising:

Bank is increasingly focusing on online platforms like Face book, Websites etc. for promotional activities. All our offers, promotions, news are available on websites that reduce the dependency on print media. All these Digital initiatives are reducing carbon footprints on day-to-day communication activities.

3. The Bank emphasizes selling products and/or services based on their environmental benefits. A number of such products and services like ATM debit card, Visa Debit Card, M-cash, I-banking, I-recharge, Remittance card, SWIFT, Call center, Online banking, SMS banking etc are being promoted through vigorous advertisement in both the electronic and the print media. The Green marketing expenditure of the Bank was Tk. 18.00 million for the year 2014.

Green Training and Awareness Programs

The Bank emphasized the training and awareness programs on green banking to ensure the reduction of carbon emission from its operational activities. The Bank arranged Green Banking Training Programs in Dhaka and 13 (thirteen) Zones to revamp the Green Banking practices. Besides, officials of the Bank attended the Training programs/works shop/seminars on Green Banking issues arranged by Bangladesh Bank Training Academy and BIBM this year. Green Banking Training performance in 2014 are mentioned below:

Training and Awareness programs on Green Banking

1	Number of courses/training conducted	288
2	Participants of employee training programs	7405
3	Participants of customer awareness programs	3771
4	Expenditure (Course conducting)	Tk.2.91 million

Automation

The Bank has a good number of products which are automated and time savings for the customers. Advanced technologies are being used to provide prompt and environment friendly customer services.

Various continuous processes have been there to minimize the banks direct operational impact to environment in Bangladesh:

- ⤴ Soft archival of customer documents for electronic access and retrieval is enabling us to reduce consumption of paper
- ⤴ Majority of internal memos, process notes and records are in electronic form
- ⤴ Internal communications are done through emails. Most of the staffs have dedicated email IDs for office use.
- ⤴ Customer communications are being done through emails, SMS or ATM display instead of letter communication(except for regulatory requirements)
- ⤴ Video conferencing with offices has reduced the need for physical travel with associated carbon emission.
- ⤴ Most of Foreign Trade Services of the Bank are handled through Centralized Trade Processing. Besides, all circulars, notices, memoranda and queries are issued through Intranet. Employment notices, moreover, are given on website and online applications are invited & entertained.
- ⤴ The Centralized Investment Proposal Processing System of the Bank has been introduced for efficient and prompt disposal of the investment proposals and to make the whole process of investment system more transparent which is running as a Pilot Project.

In-house Environmental Management

The Bank practices In-house management of its offices giving utmost importance to the environment. The Bank has made it a regular practice to follow the Green Office Guide of the Bank in its day-to-day office operations to minimize and reduce carbon emissions, achieve more efficient use of resources and reduction of waste, save energy and money, and help improve our working environment. The followings are some of its outcomes:

i. Waste Management

Waste minimization through demand management, reuse and recycling are the preferred methods of reducing solid waste. Wooden door, ceiling fan, air cooler, generator, aluminum fixed partition, switch/socket, cable, electric tube, swing door, server room, battery, water filter, table glass, cheque writer, trunk, signboard, table, tube light shed, chair, type writer, computer, calculator, exhaust fan, circuit breaker, LAN cable, sofa are some of the e-waste and other solid waste items of the Bank which are collected from every operational unit and disposed centrally through e-tendering that are environmentally friendly and safe. The Bank earned Tk. 1.14 million and Tk. 1.76 million in 2014 and 2013 respectively selling its e-waste and other wastes.

ii. Energy Management

The Bank advises the officials to adopt energy efficient practices. The offices try to ensure efficient use of gas, fuel and electricity with view to reducing carbon emission. Energy efficient equipments like energy bulbs, less sound generators etc are used in the offices. The Bank also introduced the system of auto shutdown of electrical equipments. Total energy cost of the bank was Tk. 309.12 million in 2014 which was taka 260.44 million in 2013.

iii. Water Management

The Bank encourages its staffs and officers to practice austerity in using water and also does large borrowers to conserve & recycle water. The Bank used Tk. 10.35 million in 2013 and Tk. 12.32 million in 2014 for the consumption of water in the offices.

iv. Paper Consumption

Paper consumption in the offices is managed such a way that contributes saving of paper in the daily operations of the Bank. Use of scrap/one side used papers for note pad has become usual practice to the employees. One side used papers are also used in the printing for draft copies of the office assignments.

Tk. 169.69 million and Tk. 194.64 million were used for 2014 and 2013 respectively in the consumption of papers and photocopies.

v. Renewable Energy

The Bank installed Solar panels at Head Office, 32 Branches as a part of its commitment to the usage of renewable energy resources.

vi. Green Travel

IBBL always encourages the officials to undertake Green travel for any business travel which reduce environmental impact. In this regard bank use hybrid autos, use public transport and car pooling system.

vii. Ethical Banking

The Bank aims to run in such a way that it doesn't have any negative impact on either society or the environment. The principles of the Bank based on Islamic Shari'ah have a direct impact on how it invests and utilizes its resources. It does not finance enterprises that deal in morally questionable businesses.

The Bank attempts to maximize social welfare, reduce hazards, protect the nature and any type of degradation in its operational areas and activities. Moreover, the Bank's core principle is the protection of resources for the future generation.

Priorities for 2015

IBBL has the plan to focus on the following areas of Green Initiatives:

- ⤴ To take initiatives for the disbursement of Direct Green Investments 5% of total disbursed funded investments of the year
- ⤴ To take initiatives also for disbursement not less than the amount of 2014 in Indirect Green Investments to the environment friendly projects
- ⤴ To increase Internet Banking
- ⤴ To maximize Video Conferencing
- ⤴ To increase efforts towards near paperless banking
- ⤴ To promote Tree Plantation Campaign
- ⤴ To promote green initiatives through advertisement in print/electronic media
- ⤴ To rationalize use of consumption of paper, water, electricity and utilities
- ⤴ To motivate investment clients to safeguard the environment
- ⤴ To lessen own carbon footprint through efficient in-house management

Management Approach

The Bank recognizes the environmental hazards caused by consumption of resources and release of waste from own business activities and aim to protect the environment through resource recycling as well as efficient use of energy and resources. We are committed to continually minimize our operational environmental impacts, by monitoring environmental performance; setting improvement targets; and by implementing and evaluating environmental management program that save energy and water, manage waste, recycle materials, reduce business trips, and promote green procurement and provide wide range of e-banking services.

The Bank adopts processes to assess the environmental and social risks and opportunities arising from its client's business activities and manages the Bank's exposure to reduce its own carbon foot print on the environment according to Environmental Conservation Rules (ECR) 1997 and Environmental Risk Management (ERM) Guidelines of Bangladesh Bank.