

Green Banking of IBBL: a Pledge for Sustainable Future

Islami bank Bangladesh limited has adopted the green banking or environmentally friendly banking practices in both of its In-house activities and customer services as its core principle.

Bank's Objectives of Green Banking

The broad objectives of the Bank's green banking are to use resources with responsibility avoiding waste and giving priority to environment and society. In particular, it aims to:

- Assess the environmental impacts of the Bank associated with its internal operational activities.
- Reduce CO2 emissions by way of decreasing use of electricity consumption and transportation, increasing reuse and recycling of paper, PET, toners, cartridges and batteries and use of green products at bank offices/ branches.
- Assess environmental impacts from commercial activities and investigate potential banking products that reduce adverse impacts.
- Design and launch green banking products (promoting environmentally responsible investment).

Policy formulation & governance

IBBL adopted the Green Banking Policy for the Bank approved by the Board. Having started its journey in 2011 under Head of Risk Management Wing, the Green Banking Department (GBD) has circulated Green Office Guide, different instructions for all workforce to adopt appropriate green initiatives.

Moreover, the Risk Management Committee (RMC) of the IBBL Board looks after, as the high powered committee, the Green Banking activities.

Major Green Banking Performance of 2014

1. Green Investment (Finance)

Green Investments (finance) 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. Green Investments combine both **Direct** and **Indirect** green investments.

As per Bank's principles of giving preferences for eco-friendly business activities and energy efficient industries, it takes different steps for enhancing the green investment. Bank's green finance exposures were taka **54,751.12** million in 2014. The performances of some major areas of green investments were as follows:

(Amount in million taka)

Particulars	No. of units	Amount disbursed
a. Direct Green Investment	1064	629.24
i. Bio gas	09	0.89
ii. Solar system	18	131.08
iii. Bio fertilizer plant	02	0.20
iv. Environment friendly brick fields	31	125.97
v. Energy saving bulbs production plants	03	29.16
vi. Waste and hazardous disposal plant	06	2001.77
vii. Waste paper recycling plant	12	394.64
viii. PET bottle recycling plant	12	370.05
ix. Waste battery recycling plant	11	510.46
x. Clean water supply project	14	4.12
xi. Others	4018	23.46
b. Indirect Green Finance	696	51,156.02
i. Projects having ETP	219	48,352.51
ii. Projects having Zig Zag kiln & tunnel kiln	477	2803.51
Total (a+b)	4832	54,751.12

2. Incorporation of Environmental Risk in IRM

Environmental Risk rating is an integral part of the investment appraisal process. Bangladesh Bank vide ERM Guidelines stated that Environmental Risk rating is

to be done for all individual customers (corporate, institutional, personal, SME) whose aggregate facilities are above the following financing thresholds:

For SME, financing > BDT 2.5 million

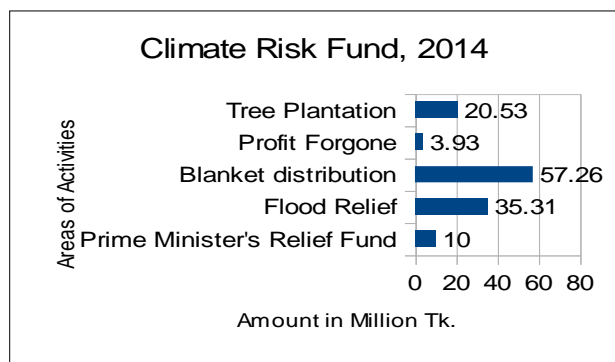
For Corporate, financing > BDT 10 million

For Real estate, financing > BDT 10 million

In 2014, 2031 investment clients were environmentally risk rated which were about 90% of all the eligible investment clients.

3. 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.127.03 million in 2014.



4. Green Promotion & Marketing

i. Online Banking

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.

ii. Online Advertisement

Bank is increasingly focusing on online platforms like Face book, Websites etc. for promotional activities. All our products, 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.

iii. 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, Remittance Card, Khidmah Card mCash, i-banking, i-recharge, SWIFT, Call center, Online banking, SMS banking etc are being promoted through vigorous advertisements in both the electronic and the print media. The Green marketing expenditure of the Bank was Tk. 18.00 million for the year 2014.

5. 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 on the 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 & branches has reduced the need for physical travel associated with 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 operation.

6. 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/workshops/seminars on Green Banking issues arranged by Bangladesh Bank Training Academy and BIBM in the year.

Training and Awareness programs on Green Banking-2014

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

7. In-house Environment Management

Initiatives taken by IBBL in 2014 with a view to practising Green Management in the offices:

i. Green Office Guide

All operational units i.e. Wings, Divisions, Departments, Branches adopted and practised the Green Office Guide meticulously circulated by the GBD.

ii. Waste Management

Demand management, reuse and recycling are the indicative methods of reducing solid waste. All the e-wastes and solid wastes are collected from every operational unit and disposed of centrally through e-

tendering. The Bank earned Tk. 1.14 million in 2014 from this process.

iii. Energy & water Management

The Bank advises the officials to adopt energy and water efficient practices. The offices try to ensure efficient use of gas, fuel, electricity and water with a view to reduce carbon emission. Energy efficient equipments like energy saving bulbs, less sound electricity generators etc are used in the offices. Energy consumptions of the Bank for 2014 were as under:

(Taka in million)

Particulars	Amount
a. Electricity	255.79
b. Gas	2.73
c. Fuel	50.60
Subtotal (a +b +c)	309.12
Water	12.32
Grand total	321.44

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. Taka 169.69 million was used for consumption of papers and photocopies during the period.

v. Renewable Energy Usage

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 choose Green approaches for any business travel which reduce environmental impact. In this connection, public transport and car pooling system are advised.

vii. Ethical Banking

The Bank aims to run in such a way that it doesn't have any negative impact either on 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 like investments in tobacco, liquor etc.

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.

8. Disclosure and Reporting of Green banking activities

IBBL has been regularly reporting its green Banking activities/initiatives to the Bangladesh Bank on quarterly basis since 2011.

In view of highlighting our Green Banking activities/initiatives and creating awareness amongst the stakeholders, a separate section has been incorporated in our Annual Report, Website and other internal publications for disclosing our Green Banking activities/initiatives.

9. Accolade and Appreciation

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.

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 users of Internet Banking service
- 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 aims to protect the environment through resource re-using and re-cycling 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 wastes, 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.