

Green Banking Disclosure

"Avj wñ KZK cwi i wxi cti ,
wechq mwo Kti v bv awi i xtz "

আল আ'রাফ ৫৬.

*"And do not do mischief on the earth,
after it has been set in order".*

Islami Bank Bangladesh Limited (IBBL), due to its Shari'ah based features, has tremendous responsibility in establishing a sound and strong base of overall equity and justice for the mankind and the earth, and hence offers its customers a variety of financial services with a firm emphasis on ethical and environmental concerns.

Bank's mission

To establish Islamic Banking through the introduction of a welfare oriented banking system and also ensure equity and justice in all economic activities, achieve balanced growth and equitable development through diversified investment operations particularly in the priority sectors and less developed areas of the country. To encourage the socio-economic development and financial services to the low-income community particularly in the rural areas.

Bank's Commitment

As one of the largest banks in the country we are committed to ensure proactive and prudent management for the environmental degradation arising from our business activities. We are also committed to comply with environmental regulation for maintaining ecological as well as social balance and retaining the globe safe habitable for all living beings and their future generation.

Policy formulation & governance

After obtaining BRPD Circular No 02 dated 27th February 2011 on "Policy Guidelines for Green Banking" of Bangladesh Bank, the Board of Directors of IBBL adopted the Green Banking Policy for the Bank in its 183rd Meeting held on 24th March, 2011 and Human Resources Division of IBBL issued Circular Letter NO. HRD/4199 dated 16th June, 2011

advising all the concerned to practice Green Banking activities in the light of Bangladesh Bank's Policy Guidelines. The Green Banking Department was also formed accordingly and approved by the board of Directors in its emergent meeting held on 24th September 2011. Green Banking Department is placed for functioning under the supervision of Bank's Risk Management Wing (RMW).

Moreover, the Risk Management Committee (RMC) of the board looks after, as the high power committee, the Green Banking activities.

Major Green Banking Performance

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 **44,456.13** million in 2013. The performances of some major areas of green investment were as follows:

Amount in million taka

Particulars	No. of units	Amount disbursed
a. Direct Green Investment	932	3,432.22
i. Bio gas	09	7.01
ii. Solar system	17	117.78
iii. Bio fertilizer plant	03	1.70
iv. Environment friendly brick fields	36	887.76
v. Energy saving bulbs production plants	02	74.61
vi. Recycling plant	25	2,098.16
vii. Others	840	245.20
b. Indirect Green Finance	339	41,023.91
i. Projects having ETP	190	39,641.72
ii. Projects having Zig Zagkiln	149	1,382.19
Total (a+b)	932	44,456.13

2. In house Green Banking Initiatives

Initiatives have been taken by IBBL with a view to practice Green Management in the offices. Efficient use of resources, reduction of waste, saving energy and money improve our working environment. Some initiatives of In-house Environmental Management are mentioned below:

Green Office Guides

The Bank has drawn up a Green Office Guides which was circulated through the instruction circular no. RMW/GBD/1296 dated January 07, 2013. This Guide is used in the offices to determine the style of daily functional behaviour of all tier of workforce. The guidelines focus on the following areas:

i. Waste Management

Demand management, reuse and recycling are the indicative methods of reducing solid waste. However, careful management and disposal of inevitable solid waste is advised.

ii. 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 consumption of the Bank for 2013 is as under:

(Taka in million)

Particulars	Amount
a. Electricity	202.10
b. Gas	3.49
c. Fuel	54.85
Subtotal (a + b + c)	260.44
Water	10.35
Grand total	270.79

iii. Paper Consumption Management

Use of scrap/one side used papers for note pad has become usual practice. One side used papers are also used in the printing for draft copies of the office assignments. Taka 51.60

million were used for 2013 for consumption of papers and photocopies.

iv. Renewable Energy Usage

The Bank installed Solar panels at Head Office, 32 branches as well as 04 (four) ATM booths as a part of its commitment to the usage of renewable energy resources.

v. Green Travel

IBBL always encourage the officials to choose Green approaches for any business travel which reduce environmental impact. In this connection, use of hybrid autos, public transport and car pooling system have been advised.

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 **taka 204.46 million** in 2013. The Bank finances in the climate change vulnerable areas at regular rate of investment without charging additional risk premium. The Fund is also used in the events and projects which improve the living standard of the climate change vulnerable people and enhance the sustainability of the environment. Projects and other activities which came under the Fund in 2013 are given below:

i. Rehabilitation Support for Disaster Victims

IBBL distributed taka 2.49 million among the tornado victims of B. Baria district; taka 17.00 million for flood victims in different districts; blanket worth of taka 63.00 million.

ii. Tube Wells and Sanitary Latrines with Zero Profit

To improve the living standard of the rural people, IBBL finances for the installation of tube wells and sanitary latrines in the rural areas with zero profit (Quard), only the principal amount of investments is recovered. The benefits/returns the Bank forwent in favour of the poor people in the sectors in 2013 is taka 0.59 million.

The position of the investment activities (quard) in 2013 is given below:

Particulars	Number of Units	Amount (Million taka)
Tube well	710	3.12
Sanitary Latrine	279	0.79

iii. Economic Activities in the Disaster Prone Areas

The Bank invests a significant amount in the economic activities of 35 districts which are disaster prone to support the victims and rural people.

iv. Fael Khair Agro-Inputs Program

Islami Bank Foundation (IBF) has been operating “Fael Khair Agro-Inputs Program (FKAIP), a profit/interest free loan (quard) program in the major Sidr affected 12 districts, as declared by the Government since 2008 under an agency agreement with Islamic Development Bank (IDB) for an amount of US\$9.00 million equivalent to BDT 616.00 million approximately. The program conducts its activities in the 07 (seven) sectors, i.e. Agriculture/Farming, Agriculture Machinery, Fishing (Boat & Net), Pond Fisheries, Animal Husbandry, Poultry and Small Business, aiming at the improvement of the life and environment of the affected people. The detail of the program for the year 2013 is shown below:

Particulars	Amount	Remarks
Administrative cost	38.80	Million taka
Number of employees	192	(Bank employees 34 & Foundation employees 158)
Number of beneficiaries	47,778	

v. Exclusive Sponsorship for city Beautification

Anything beautiful easily attracts of everyone. City beautification is a common phenomenon in recent days and IBBL significantly adopts various city beautification projects by planting charming flower plant which help reduce carbon footprint in the atmosphere.

vi. Tree Plantation Movement

Every year IBBL plants a large number of trees all over the country to save the environment. Last year’s performance in his connection is as under:

Particulars	2013
No. of sapling distributed	607,000
No. of Branches involved	208
Total expenses for this program (million taka)	14.56

4. Other activities that help Reduce GHGs

i. 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.

ii. Alternative Delivery Chanel

I-banking, M-Cash, Online banking, SMS Banking, Call center, ATM services, Khidma Card (Credit Card) services, Hajj Card services, Remittance Card services, Call center and Phone banking are some of the products help reduce carbon emission by reducing customers physical movement.

iii. Digitalization of Document

Many of the documents of the bank are converted into softcopy. Books of Accounts are fully automated & electronic. Lion share of the internal and external communication are done through authenticated e-mail. All kinds 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. Online applications are invited and entertained for fresh recruitment.

iv. Online Banking

All branches of the bank are under online network. Clients can now easily deposit, withdraw, remit fund and check account balances from 286 branches.

v. Installation of IP Phone

IBBL installed IP-Phone services at Head Office, Zonal Offices and all AD Branches. As a result visual communication without physical movement of officials/executives has been facilitated which help reduce fuel consumption and carbon emission.

5. Training and Education

IBTRA arranges Green Banking training Programs in Dhaka and 14 (fourteen) Zones and takes programs to familiarize Green

Banking practices. Besides, officials of the Bank attends the Training programs/works shop/seminars on Green Banking issues arranged by Bangladesh Bank Training Academy and BIBM. Green Banking Training performances in 2013 are mentioned in the next:

Number of Course Conducted	170
Participants of Employee training programs	3,463
Participants of customer awareness programs	4,533
Expenditure	Tk.1.68 million

6. Green Marketing

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 virtual world of communication is also being used as the means of promoting the Bank's environment friendly products and services. Brochure, Leaflets, Banner, Flag, Hard board, Festoon, Dangler, Billboard and alike means of advertising are also used to popularize the Green products of the Bank. IT Fair-2013 in Bogra Zilla School was a remarkable marketing event of IBBL which attracted huge response from the people.

The Bank also uses the occasion of opening ATM booths and Branches to popularize the Bank's environment friendly products and services. Clients are also encouraged to modify their product lines, set up modern machinery from the environmental viewpoint. The Green marketing expenditure of the Bank was taka 37.51 million for the year 2013.

7. Programs to educate clients

The Bank instructed to its branches to initiate workshop, seminar and customer get together to make aware them regarding their participation towards protection of the environment from different pollution and hazards.

8. Disclosure and Reporting of Green banking activities

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

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

Recognition from BB

Bangladesh Bank has recognized Islami Bank Bangladesh Limited as one of the top ten Green Banks, based on green banking performance 2012.

Management approach:

The Bank is actively supportive of sustainable banking. Business avenues from alternative and sustainable finance in the green sector are tried to find out always.

From operational perspective Islami Bank Bangladesh limited desires to reduce its own impact on the environment.

From the above details of performance and planning, it is evident that our achievements in the field of Green Banking activities are significantly mentionable. Notwithstanding that we have still a wide area for penetrating and improving Green Banking activities as desired by our core values as well as by the Central Bank.