# Sustainability Report: Green Finance, ESG Progress and Strategic Vision

IBBPLC has strategically expanded its sustainable banking initiatives across three core domains- Sustainable Finance which encompasses Green Finance and Green Banking, Corporate Social Responsibility and Financial Inclusion ensuring comprehensive alignment with the Sustainable Development Goals (SDGs), the Integrated Nationally Determined Contribution (INDC), the principles of Islamic Shari'ah and the Bank's overarching mission and long-term strategic vision. Through these integrated efforts the Bank seeks to embed sustainability across its operational, financial and social practices, thereby fostering long-term value creation for stakeholders while contributing meaningfully to Bangladesh's broader sustainable development agenda.

This report provides a comprehensive analysis of IBBPLC's advancements in Environmental, Social and Governance (ESG) initiatives for the year 2025 highlighting the Bank's continued efforts to enhance its reporting framework through the integration of climate-related risks and broader ESG considerations, thereby ensuring full alignment with evolving regulatory requirements while simultaneously addressing the expectations of diverse stakeholders.

## IBBPLC's ESG Framework and Strategic Focus

ESG principles are embedded across the Bank's business strategy, financial operations and risk management practices to drive long-term value creation for stakeholders and contribute meaningfully to Bangladesh's sustainable development goals. The ESG framework is overseen by the Board of Directors with support from the Risk Management Committee (RMC) and the Sustainable Finance Committee (SFC). These bodies collectively review and approve decisions related to sustainable and green finance ensuring effective governance, risk management and alignment with environmental, social and sustainability objectives.

## IFRS S1 (Sustainability-related Financial Disclosures) and IFRS S2 (Climate-related Financial Disclosures)

IFRS S1 (Sustainability-related Financial Disclosures) and IFRS S2 (Climate-related Financial Disclosures) are internationally recognized standards issued by the IFRS Foundation to strengthen the transparency, consistency and reliability of sustainability and climate-related reporting by financial institutions. They equip investors and stakeholders with clear and comparable non-financial information regarding the financial implications of ESG and climate-related risks. Structured around four key pillars, these standards comprehensively address all essential ESG dimensions. In Bangladesh, the central bank has outlined a three-year implementation roadmap for banks to achieve full compliance with these disclosure requirements.

## Pillar 1: Governance

The Board's Risk Management Committee (RMC), established under the Banking Companies Act, oversees climate and sustainability-related risks reviewing green policies, strategies and programs. It ensures appropriate expertise, receives quarterly Sustainable Finance Reports and evaluates major projects through Environmental and Social Risk Ratings. High and medium risk transactions require an Environmental and Social Action Plan (ESAP) and escalation to senior authorities where necessary. The RMC monitors regulatory targets and enforces corrective actions. Management supports oversight through a Sustainable Finance Committee working with the Risk Management Wing to integrate climate controls, ICAAP guidance and environmental risk mitigation into internal processes.

## Pillar 2: Strategy

The entity assesses current and anticipated sustainability and climate-related risks and opportunities across its business model and value chain considering geographic exposure, asset types and short, medium and long-term horizons aligned with Islamic financing tenors. Strategy incorporates mitigation, adaptation, transition planning, resource allocation and greenhouse gas targets. Progress and trade-offs are monitored and disclosed. Financial impacts on position, performance and cash flows are evaluated including potential material adjustments. Climate resilience is assessed through scenario analysis consistent with IFRS S2 covering assumptions, time horizons, operational scope, funding capacity, asset flexibility and investment plans to ensure long-term sustainability and adaptability.

## Pillar 3: Risk Management

The Bank, adhering to its Board-approved Sustainable Finance Policy and Bangladesh Bank's ESRM Guidelines, systematically identifies, assesses, prioritizes and monitors climate and sustainability risks subjecting all investment proposals to Environmental and Social Risk Ratings, EIA clearance and ESDD screening via an Excel-based risk model aligned with national regulations. Projects are classified by risk level with mandatory ESAPs and covenants while oversight by the Risk Management Wing and Sustainable Finance Committee ensures continuous compliance, portfolio review, regulatory alignment and promotion of renewable and energy-efficient investments across all sectors including sensitive industries to advance sustainable development objectives.

## Pillar 4: Metrics & Targets

IBBPLC is in the process of establishing a comprehensive framework for climate-related metrics and targets in alignment with applicable regulatory guidance and emerging international standards. The Bank is developing systems to measure and disclose Scope 1, Scope 2 and Scope 3 greenhouse gas emissions including financed emissions across relevant asset classes and industries. Methodologies, data inputs, assumptions and allocation approaches are being structured to ensure accuracy and transparency. The Bank also intends to define measurable climate-related targets, assess exposure to transition and physical risks and evaluate the potential role of carbon credits. Formal reporting will commence upon completion of data validation and system readiness.

## Sustainable and Green Finance Target vs. Achievement

In 2025, the Bank achieved 27.50% in Green Term Investment disbursement surpassing the 5% benchmark prescribed by Bangladesh Bank by more than five times. Additionally, Sustainable Finance disbursement reached 16.98% against the 20% target set by Bangladesh Bank.

A detailed overview of sustainable and green finance disbursement for the year, in comparison to the previous year and Bangladesh Bank's targets, is presented below.

**Sustainable Investment Disbursement Target Achievements:**

(Amount in million Tk.)

| Achievement Target | Achievement in 2024 | Achievement in 2025 | Growth |
|---|---|---|---|
| 20.00% | 12.57% | 16.98% | 4.41% |

**Green Term Investment Disbursement Target Achievement:**

(Amount in million Tk.)

| Achievement Target | Achievement in 2024 | Achievement in 2025 | Growth |
|---|---|---|---|
| 5.00% | 24.16% | 27.50% | 3.34% |

**Sector-wise Term Disbursement:**

(Amount in million Tk.)

| Sl. No. | Sectors of Green Finance | 2024 | 2025 | Growth |
|---|---|---|---|---|
| 1 | Renewable Energy | 69.22 | 68.11 | (1.60)% |
| 2 | Energy & Resource Efficiency | 2,638.34 | 2,305.13 | (12.63)% |
| 3 | Liquid Waste Management | 530.62 | 535.11 | 0.85% |
| 4 | Circular Economy & Eco-Projects Financing | 2,367.55 | 1,616.29 | (31.73)% |
| 5 | Environment Friendly Brick Production | 219.49 | 208.01 | (5.23)% |
| 6 | Green/ Environment Friendly Establishments (with LEED certificates) | 11,346.61 | 9,751.43 | (14.06)% |
| **Total** | | **17,171.83** | **14,484.08** | |

**Sector-wise Sustainable Linked Investment Disbursement:**

(Amount in million Tk.)

| Sl. No. | Sectors of Sustainable Linked Finance | 2024 | 2025 | Growth |
|---|---|---|---|---|
| 01. | Sustainable Agriculture | 29,873.72 | 49,678.13 | 66.29% |
| 02. | Sustainable MSME | 13,850.42 | 33,093.24 | 138.93% |
| 03. | Other Sustainable Linked Finance | 34,466.70 | 78,443.61 | 127.59% |
| **Total** | | **78,190.84** | **161,214.98** | |


*Inauguration of ATM/CRM booth at Dhaka College*

**Sector-wise Top Contribution by Our Customers:**

(Amount in million Tk.)

| Sl. No. | Sectors | Items | Amount Disbursed in 2025 | % of total green term disbursement | Number of clients |
|---|---|---|---|---|---|
| 1 | Green/ Environment Friendly Establishments | Green Industry certified with LEED Gold | 9,751.43 | 67.33% | 5 |
| 2 | Energy & Resource Efficiency | LED Bulb/ Tube Manufacturing/ Assembly Plant | 231.94 | 1.60% | 1 |
| 3 | Recycling & Manufacturing of Recyclable Goods | Paper Recycling Plant | 1,072.14 | 7.40% | 9 |
| 4 | Environment Friendly Brick Production | Tunnel Kiln | 208.01 | 1.44% | 4 |

## Green Transformation Fund (GTF)

Through a formal Participation Agreement with Bangladesh Bank, the Bank has obtained refinancing facilities under the Green Transformation Fund (GTF) denominated in US Dollars, Euros and Bangladeshi Taka, thereby strengthening its capacity to advance sustainable and green financing initiatives in alignment with national environmental objectives.

## Environmental & Social Risk Rating

The Bank has formally integrated Environmental and Social Risk Management (ESRM) into its overall investment risk assessment framework incorporating structured Environmental and Social Due Diligence (ESDD) checklists as part of the customer onboarding process to systematically evaluate potential environmental and social risks prior to financing approval.


*Opening of Hajj Booth, Dhaka*

## Dedicated Sustainable Finance Help Desk

The Bank has established Dedicated Sustainable Finance Help Desks across all branches of IBBPLC to facilitate and promote sustainable-linked and green financing initiatives. These desks serve as structured support platforms to guide clients, enhance awareness and streamline the processing of environmentally and socially responsible investment proposals. As part of regulatory compliance, comprehensive quarterly reports detailing their activities, performance outcomes and operational progress are systematically prepared and submitted to Bangladesh Bank.

## Sustainability Rating

IBBPLC has been recognized as one of the top ten high-performing banks in Bangladesh based on the Sustainability Rating for the years 2020 and 2021 reflecting the Bank's strong commitment to responsible banking practices and sustainable financial management. This distinguished recognition has further strengthened the Bank's overall supervisory standing and contributed positively to its CAMELS rating, thereby reinforcing its institutional resilience and financial soundness.

## Technological Advancement for Green Activities and Green Growth

The Bank provides a comprehensive suite of modern, technology-driven and automated banking services including online and internet banking platforms, ATM networks, Customer Relationship Management (CRM) systems, Visa and credit card facilities, CellFin, mCash and a dedicated call center. Collectively, these advanced digital solutions enhance operational efficiency and customer accessibility while simultaneously promoting environmentally sustainable practices by minimizing paper usage, reducing physical branch visits and lowering overall resource consumption to contribute to a measurable reduction in the institution's carbon footprint.

## In-house Management

To further reinforce its commitment to Green Banking initiatives, the Bank has formulated and implemented the 'Principles for In-house Green Operations', a comprehensive internal guideline designed to strengthen resource efficiency, optimize internal management practices, and promote environmentally responsible operational conduct across the institution. This framework has been formally disseminated to all relevant stakeholders to ensure uniform understanding, effective implementation and sustained compliance with the Bank's green operational objectives.

## Employees Training and Capacity Building

A total of 585 employees underwent comprehensive training on Green and Sustainable Finance covering all Investment In-Charges, designated responsible officials and nearly all entry-level personnel to ensure institution-wide capacity building and effective implementation of sustainable finance guidelines.

## CSR Activities

The bank's CSR activities are conducted in accordance with its CSR policy aligned with the directives of Bangladesh Bank.

## Climate Risk Fund

IBBPLC can utilize the Climate Risk Fund to invest in projects associated with Socially Responsible Finance (SRF) particularly those focused on affordable basic infrastructure, access to essential services such as healthcare, job creation, food security, socioeconomic development and empowerment. Additionally, the fund can support financing for orphanages, child rehabilitation centres, elderly care homes and shelters for individuals affected by cold weather.

**Key Accomplishments of the Green Banking Department in 2025**

- Expanded Green Portfolio Exposure increasing the share of environmentally sustainable investments in total investment portfolio compared to 2024.
- Enhanced internal Green Banking compliance across branches to ensure proper reporting and implementation of sustainable finance guidelines.
- Enhanced sustainability reporting and disclosure ensuring timely and accurate submission of quarterly green banking reports to Bangladesh Bank.
- Promoted paperless banking initiatives reducing internal paper consumption through digitization of investment processing and documentation systems.
- Strengthened stakeholder engagement on green transition financing opportunities.
- Launched employee awareness campaigns on sustainability practices encouraging energy conservation and responsible resource usage at branch level.
- Encouraged prudent utilization of energy, water and office resources across branch operations.

**Strategic Plan of the Green Banking Department for 2026**

- Strengthen disclosures on the Bank's sustainability and climate-related financial risks and opportunities in line with the guidelines of Bangladesh Bank.
- Conduct comprehensive training for all employees on sustainability and climate-related financial risks and opportunities.
- Prioritize achieving the 20% Sustainable Finance disbursement target.
- Enhance the implementation of In-house Green Banking practices.
- Promote renewable energy adoption in branch operations.
- Strengthen Environmental & Social Risk monitoring.
- Expand sustainable product innovation.
- Strengthen climate data governance.
- Promote carbon-neutral banking operations.

# Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) of IBBPLC has been playing a very significant role in the socio-economic reality of Bangladesh. IBBPLC follows its Shar'ia-based principles and conducts CSR activities to address challenges such as poverty, unemployment, limitations in education and healthcare and the risks of climate change. These activities are not limited to social welfare but are a real example of sustainable development and ethical banking. IBBPLC conducts a large part of its CSR activities through Zakat and Sadaqah funds. These include distributing Zakat among the poor and helpless people of the country every year, providing financial assistance to widows and orphans, distributing winter clothes and distributing food items during the month of Ramadan. These initiatives are making a significant contribution to improving the quality of life of urban slums and the rural poor.

As per guidelines given by Bangladesh Bank vide their SFD Circular No.01 dated 09.01.2022, CSR fund allocation should be 30% for promoting of Education Sector, 30% for Promoting of Health care Sector, 20% for Environment and Climate Change, Mitigation & Adaptation sector and 20% for Other Programs with Improvement of Arts, Literature, Culture, Sports, Humanitarian, Social Care and Disaster Management sector of total CSR Budget respectively.

As per Bangladesh Bank's SFD Circular No.05/2023 dated 23.11.2023, to continue the Bank's CRF (Climate Risk Fund) activities, CSRD plans to spend a total of Tk.11.92 million in 2026, including Tk.1.92 million of unspent CRF funds from 2025 (as per the said circular, unspent money from the previous year's budget of CRF funds will have to be added to the next year's CRF budget and this money cannot be spent on any other area except CRF activities).

In 2025, IBBPLC spent Tk.81.39 million among 0.30 million beneficiaries in various sectors. However, the total CSR expenditure by IBBPLC among 19.14 million beneficiaries in various sectors from 1983 to 2025 is Tk.17087.68 million.

Below is a breakdown of how much money has been spent on each sector under the Bank's CSR activities :

**(1) Promoting of Education Sector:** CSR activities in the education sector are one of the priorities of Islami Bank Bangladesh PLC. IBBPLC is providing scholarships to meritorious but financially disadvantaged students, especially at the secondary, higher secondary and university levels. In addition, it is developing the Madrasa education system, constructing school-college buildings, establishing technical training centers and providing assistance in IT and vocational education. As a result, skilled human resources are being created, which is playing a long-term role in the economic development of the country.

In 2025, A one-time grant of Tk.1.50 Million has been given to the 01 (one) children of a Lawyer martyred after the July'2024 revolution to continue his Education. IBBPLC spent an amount of Tk.4,629.13 million for 0.60 million beneficiaries from 1983 to 2025 for this purpose. Out of which Tk.2.00 million was spent for 06 (six) beneficiaries for this purpose in the year'2025.

**(2) Promoting of Health Care Sector:** Considering the limitations of healthcare in Bangladesh, Islami Bank Bangladesh PLC. provides free medical camps, eye treatment programs, maternal and child health services and medical assistance to poor patients. IBBPLC is making a significant contribution to the health sector by establishing hospitals and diagnostic centers or providing modern medical equipment. During the Covid-19 pandemic, the provision of healthcare supplies and medical assistance from the Bank's CSR fund was particularly noteworthy.

IBBPLC spent an amount of Tk.2722.66 million for 7.24 million beneficiaries from 1983 to 2025 for this purpose. Out of which Tk.5.20 million for 60 (sixty) beneficiaries were contributed in 2025.

**(3) Environment and Climate Change, Mitigation & Adaptation Sector:** Islami Bank Bangladesh PLC. is undertaking tree plantation programs, investments in environmentally friendly projects and green banking activities under CSR activities to protect the environment. Investments in renewable energy, solar power projects and environmentally friendly industries to address the risks of climate change are helping in the sustainable development of Bangladesh. These initiatives are taken out of the belief that preserving nature is a moral responsibility of mankind according to the concept of 'Welfare' of Islamic banking philosophy.

IBBPLC contributed an amount of Tk.207.29 million to 4.02 million beneficiaries from 1983 to 2025 for environmental issues of the country. Out of which Tk.6.22 million for 0.10 million beneficiaries were contributed in 2025.

**(4) Other Sectors :**

**(4.A) Disaster Management:** As Bangladesh is a disaster-prone country, IBBPLC's CSR activities are of utmost importance in the event of floods, cyclones, river erosion and other natural disasters. IBBPLC provides assistance in the affected areas by distributing relief, providing rehabilitation activities, constructing houses and providing clean water. Being a corporate citizen of the country, IBBPLC always stands beside the distressed humanity. Disaster relief program including winter blanket and relief distribution, donation to Prime Minister Relief Fund and rehabilitation program etc.

Already this year, IBBPLC across the country have distributed a total number of 2,00,000 pieces winter blankets to the poor peoples under it's CSR activities including 75,000 in the ''Chief Advisor's Relief Fund''. An amount of Tk.8,106.32 million for 6.39 million vulnerable persons was spent by IBBPLC from 1983 to 2025. Out of which Tk.61.50 million for 0.20 million beneficiaries were contributed in 2025.

**(4.B) Infrastructure Development:** In 2025, we have donated of Tk.0.80 million to the Child Day Care Center ''PUSPITA'', Motijheel C/A, Dhaka-1000 to provide day care and educational opportunities to sons and daughters of the private bankers as per guideline of the Bangladesh Bank.

An amount of Tk.500.62 million to 0.41 million beneficiaries was spent by IBBPLC from 1983 to 2025 for this purpose. Out of which Tk.0.86 million for 03 (three) beneficiaries were contributed in 2025.

**(4.C) Promoting of Arts, Literature, Culture & Sports:** Islami Bank Bangladesh PLC, as part of its CSR activities, continues to play an important role in preserving the country's culture and heritage. IBBPLC believes that a nation's cultural practices and values are an integral part of its social development. Keeping this goal in mind, IBBPLC provides grants to various cultural programs, preservation of traditional arts, folk music and drama, literary activities and cultural organizations. Through these grants, the Bank is making an effective contribution to the development of national culture, increasing cultural awareness among the new generation and creating a healthy entertainment environment.

An amount of Tk.469.38 million to 0.25 million beneficiaries was spent by IBBPLC from 1983 to 2025 for this purpose. Out of which Tk.0.10 million contributed for 01 (One) beneficiary like ''1st Bangladesh Journalist Association Media Award-2025'' in 2025.

**(4.D) Other Welfare Sectors:** Islami Bank Bangladesh PLC. operates Quard-e-Hasana (profit free investment) and micro-investment programs to alleviate poverty. Through this, small entrepreneurs, rural women and low-income groups are getting business and self-employment opportunities. These initiatives are playing an effective role in reducing social inequality and increasing financial inclusion.

IBBPLC contributed an amount of Tk.452.28 million to 0.22 million beneficiaries from 1983 to 2025 for other welfare Sectors of the country. Out of which Tk.5.51 million for 08 (eight) beneficiaries were contributed in 2025.

# Sector wise CSR expenditure of IBBPLC from 1983 to 2025

(Amount in Million Taka)

| Year | Promoting of Education Sector 30% | | Promoting of Health Care Sector 30% | | Environment and Climate Change, Mitigation & Adaptation Sector 20% | | Other Sector's 20% | | | | | | | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Disaster Management | | Infrastructure Development | | Promoting of Arts, Literature, Culture & Sports | | Other's (When the authorities deem it necessary) | | | |
| | Amount | Beneficiary | Amount | Beneficiary | Amount | Beneficiary | Amount | Beneficiary | Amount | Beneficiary | Amount | Beneficiary | Amount | Beneficiary | Amount | Beneficiary |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 1983-2009 | 285.34 | 265197 | 873.62 | 6055481 | --- | --- | 217.61 | 452291 | 60.83 | 413622 | 68.75 | 187107 | 61.31 | 56674 | 1567.46 | 7430372 |
| 2010 | 67.80 | 98787 | 64.11 | 721,160 | 7.36 | 15,240 | 64.06 | 158,760 | 12.00 | 2 | 11.22 | 41,964 | 11.87 | 655 | 238.42 | 1036568 |
| 2011 | 56.17 | 128925 | 25.78 | 128556 | 0.48 | 3 | 21.79 | 32,928 | 248.75 | 636 | 7.15 | 643 | 50.55 | 118115 | 410.67 | 409806 |
| 2012 | 83.80 | 3014 | 39.75 | 19230 | 12.48 | 493822 | 87.93 | 597866 | 1.61 | 144 | 8.24 | 11 | 75.38 | 34438 | 309.19 | 1148525 |
| 2013 | 135.26 | 7756 | 71.50 | 95,255 | 22.94 | 592722 | 140.10 | 254078 | 78.97 | 7 | 5.86 | 21 | 21.79 | 768 | 476.42 | 950607 |
| 2014 | 161.34 | 7928 | 89.47 | 125079 | 21.12 | 723673 | 190.16 | 498768 | 40.20 | 5 | 15.21 | 17 | 7.02 | 51 | 524.52 | 1355521 |
| 2015 | 175.24 | 8930 | 226.04 | 99469 | 21.42 | 757558 | 323.90 | 606320 | 26.60 | 6 | 5.12 | 643 | 22.11 | 33 | 800.43 | 1472959 |
| 2016 | 161.00 | 14235 | 16.84 | 209 | 26.39 | 690251 | 425.95 | 481644 | 0.00 | 0 | 0.12 | 4 | 40.47 | 751 | 670.77 | 1187094 |
| 2017 | 382.82 | 12924 | 28.97 | 116 | 26.40 | 644162 | 568.46 | 420566 | 21.00 | 2 | 11.50 | 3 | 18.62 | 20 | 1057.77 | 1077793 |
| 2018 | 2118.57 | 7792 | 1.80 | 22 | 1.00 | 4 | 663.86 | 271962 | 8.20 | 3 | 6.40 | 10 | 13.24 | 32 | 2813.07 | 279825 |
| 2019 | 585.66 | 8858 | 0.86 | 4 | 0.45 | 3 | 180.04 | 421485 | 0 | 0 | 150.00 | 1 | 114.14 | 7 | 1031.15 | 430358 |
| 2020 | 186.91 | 10039 | 15.75 | 18 | --- | --- | 505.79 | 403594 | 0.8 | 1 | 145.37 | 10 | 0.62 | 3 | 855.24 | 413665 |
| 2021 | 64.99 | 6982 | 1000.74* | 7 | 0.43 | 3 | 482.81 | 256992 | 00 | 0 | 4.26 | 20678 | 1.91 | 3 | 1555.14 | 284665 |
| 2022 | 46.26 | 63 | 8.27 | 6 | 20.20 | 22 | 3197.05 | 632580 | 00 | 0 | 00 | 0 | 1.91 | 3 | 3273.69 | 632674 |
| 2023 | 62.82 | 10003 | 252.85 | 8 | 40.40 | 514 | 605.83 | 285471 | 0.40 | 1 | 30.00 | 2 | 5.56 | 3398 | 997.86 | 299397 |
| 2024 | 53.15 | 10004 | 1.11 | 10 | --- | --- | 369.48 | 416636 | 0.40 | 1 | 0.08 | 1 | 0.27 | 829 | 424.48 | 427481 |
| 2025 | 2.00 | 6 | 5.20 | 60 | 6.22 | 103780 | 61.50 | 200000 | 0.86 | 3 | 0.10 | 1 | 5.51 | 8 | 81.39 | 303858 |
| **Total** | **4629.13** | **601443** | **2722.66** | **7244690** | **207.29** | **4021757** | **8106.32** | **6391941** | **500.62** | **414433** | **469.38** | **251116** | **452.28** | **215788** | **17087.68** | **19141168** |