

Green Banking activities in EXIM Bank



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What is Green Banking i.e Environmental Risk Management & its purpose?

It's a Banking for saving the environment from different hazards and pollution. A risk due to environmental impacts caused by environmental conditions generating an element of uncertainty or possibility of loss in the context of a financing transaction.

Purpose

The overall purpose of Environmental Risk Management is to understand and manage risk that arises from environmental concerns. This brings a focus on planning and implementing policies and procedures to mitigate environmental risks.

The specific purposes are to:

- Ø Examine the environmental issues and concerns associated with potential business activities proposed for financing
- Ø Identify, evaluate and manage the environmental risk and the associated financial implications arising from these issues and concerns
- Ø Enhance the credit/investment risk appraisal process

Approach

The following approaches have been used to enhance environmental risk management:

- Ø Banks should be able to ascertain risks arising out of environmental issues
- Ø The practice should be directed towards addressing the focused environmental problem that is causing the risks. It should not be used as a tool to solve problems in general
- Ø The practice needs to be value adding to the customer and should not be policing in nature. Bank will work with the potential customers in a collaborative manner. Together, they should plan the business activity that will adequately address the environmental risk.
- Ø Bank will use Environmental Risk Management to strengthen the relationship with the customer and not to create unease.
- Ø Environmental Risk Management will focus on managing risks and not on avoiding risks. This intended for inculcating responsible financing practices and not for discouraging/ reducing financing. However, if there are business activities that are inherently irresponsible and managing these risks are not feasible, the Bank will avoid financing.

Activities under Phase-I.

As per Bangladesh Banks guideline, EXIM Bank has developed and passed a comprehensive Green Banking Policy and taken following steps showing general commitment on environment through in-house performance.

Policy Formulation and Governance

EXIM Bank has formulated an environmental or Green Banking policy and strategy for approval the Board of Directors. As per clause # 1.1 of BRPD circular # 2 dated 27/02/2011. The Directors of the Board has assigned to the Executive Committee of the Board to perform the Green Banking activities/prot-folio of the Bank.

The committee is responsible for reviewing the bank's environmental policies, strategies and program. The committee also shall approve a fund in the annual budget allocation for green banking.

EXIM Bank has also formed a separate Green Banking Unit or Cell having the responsibility of designing, evaluating and administering related green banking issues of the bank. The senior executives and operational head of different service delivery station/point are assigned with the responsibility of leading the unit. The above committee are sitting in the meeting at a certain interval and analyze the periodical progress of Green Banking activities of EXIM Bank.

Incorporation of Environmental Risk in CRM:

EXIM Bank has incorporated Environmental and Climate Change Risk as part of the **existing credit investment methodology (IRG/CRG)** prescribed to assess a prospective customer and formulate/ circulate checklist for different specific sectors.

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Technical Annexes.

General Environmental Due-Diligence Checklist AND Specific sector-wise due diligence checklist.

This check list are to be used for all proposals for financing being considered by the Banks. If there are no specific checklists for the particular sector under consideration, the general EDD alone, is to be used to determine the EnvRR. Branches were instructed to complete a response to each of these questions as Yes or No or Not Applicable (NA), and determine the EnvRR. If a question does not apply to the sector under consideration, it should be excluded by deducting from the total number of questions used to calculate the percentages in determining the EnvRR. The justification for any exclusion is to be documented separately and retained on file with the EnvRR checklists.

Initiating In-house Environment Management:

A 'Green Office Guide' and a set of general instructions already circulated to the employees for efficient use of electricity, water, paper and reuse of equipments for example: Online communication & document, double-side printing to save papers, Ecofont in printing, use scrap paper as notepads, avoid disposable cups/glasses, Installation of energy efficient electronic equipments and automatic shutdown of computers, fans, lights, air coolers, etc. To promote the in house practice as well as building awareness a class (at least) on each & every training course has been included.

Introducing Green finance:

EXIM Bank has declared to prefer Eco friendly business activities and energy efficient industries at the time of selecting/marketing investment customer. Environmental infrastructure such as renewable energy project, clean water supply project, wastewater treatment plant, solid & hazardous waste disposal plant, bio-gas plant, bio-fertilizer plant will be encouraged and financed by bank. Consumer loan programs may also be applied for promoting environmental practices among the clients.

To comply with the instruction of Bangladesh Bank EXIM Bank has allocated Fund in the Budget for Green Banking as under for the year 2012:

S.L	Particulars	Amount (in crore Taka)	Remarks
1	Green Finance	2500.00 crore	For installation of ETP, Projects financed having ETP(Full amount Disbursed), Bio-gas Plant, Solar Panel, Bio-Fertilizer Plant, Habala Zig Zag Klin etc.
2	Climate Risk Fund	5.00 crore	Part of CSR activities that related to Climate Change.
3	Marketing, Training and Capacity Building	5.00 crore	Online Banking, Internet Banking, Mobile/SMS Banking, ATM

It is mentionable here that Bank has inserted a mandatory clause for installing ETP for any Composite Textile, Dyeing units for availment of investment from EXIM Bank. A Photograph of ETP installed to the project of an investment customer of the Bank are as follows.



It may be mentioned here that Bank has already used/ utilized a considerable amount of fund in the sector and trying to achieve the target/budget even in the tight money market situation within June 2013

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Bank has also extended investment to the Bio-Gas plant entrepreneur for installation and operation through its Gazipur, Faridpur, Dinajpur, Rangpur, Fenchugonj, Barishal & Rajshahi branches.



(An under constructed Bio-Gas plant and complete Bio-Gas Plant investment by EXIM Bank)

Creation of Climate Risk Fund:

EXIM Bank will invest in the economic activities of the flood, cyclone and drought prone areas at the regular profit rate without charging additional risk premium. However, bank has advised to the EXIM Bank Foundation to build/retain a Climate Change Risk Fund for distribution to the affecting people in case of emergency. The Board of EXIM Bank has allocated following Climate Risk Fund during the year-2012-2013.

S.L	Particulars	Amount (in crore Taka)	Remarks
1	Climate Risk Fund	5.00 crore	Part of CSR activities that related to Climate Change.

Introducing Green Marketing:

Green marketing is the marketing of products that are presumed to be environmentally safe. Green marketing is expected to help awareness development among common people. The Board of EXIM Bank has allocated following Marketing, Training and Capacity Building Fund during the year-2012-2013.

S.L	Particulars	Amount (in crore Taka)	Remarks
1	Marketing, Training and Capacity Building	5.00 crore	Online Banking, Internet Banking, Mobile/SMS Banking, ATM

Meantime Bank has installed 23 ATM both another 20 ATM booth are in pipeline. 2 CDM and 5 POS machines are also installed.

Online Banking:

Online banking is a green banking. Bank is giving more emphasis to make the easiest way to help environment by eliminating paper waste, saving gas and carbon emission, reducing printing costs and postage expenses. Meantime all the branches of the Bank have included under the system of online banking.

Supporting Employee Training, Consumer Awareness and Green Event:

Bank has taken massive program to cover all of its employee under formal training for building awareness about Green Banking among themselves. Besides, issuance of circular, guideline and arrange workshop, seminar etc for building awareness both the employees and its customers will be continued.



(Dr. Mohammed Haider Ali Miah, Managing Director & CEO of the Bank is delivering his speech in the inaugural session of a training course on Green Banking at EXIM Bank Training Institute, Dhaka.)

Disclosure and Reporting:

Disclosure and Reporting to Bangladesh Bank's Green Banking Cell and others on Green Banking Activities are in practice along with periodical upgrading the same in Bank's websites.

EXIM Bank has completed all the steps and events fixed by Bangladesh Bank under Phase-I.

Activities under Phase-II

EXIM Bank has taken plan for completion the actions under **Phase-II within December 31, 2012.**

Sector Specific Environmental Policies:

Bank has formulated strategic design for specific policies for different environmental sensitive sectors such as Agriculture, Agri-business (Poultry & Dairy), Agro farming, Leather (Tannery), Fisheries, Textile and Apparels, Renewable Energy, Pulp and Paper, Sugar and distilleries, Construction and Housing, Engineering and Basic Metal, Chemicals (Fertilizers, Pesticides and Pharmaceuticals), Rubber and Plastic Industry, Hospital/Clinic, Chemical Trading, Brick Manufacturing, Ship breaking etc.

Green Strategic Planning & Year's Theme:

Bank has determined for green targets through strategic planning. Bank has determined a set of achievable targets and strategies, and disclose these in the annual reports and websites for green financing and in-house environment management. Bank has fixed its years theme as **"Be Green, Remain Green & Patronize Green"** for accelerating the Green Banking activities through its every spheres of operations. Recently Bank issuing/circulating all instruction, Office Order, Guideline & Resolution through e-mail instead of circulating hard copy. Each and every executives and officers are instructed to maintain and search e-mail as a routine work.

Setting up Green Branches:

A Green Branch will be featured by the provision of the maximum use of natural light, use of renewable energy, use of energy saving bulbs and other equipments, reduced water and electricity use, use of recycled water etc. Such a branch of the bank would be specifically designated as a 'Green Branch'. **The Green Branch will be entitled to display a special logo approved by Bangladesh Bank.** The criteria for certification of a 'Green Branch' will be circulated by Bangladesh Bank in due course of time. EXIM Bank has already established a few branches and one building of Head Office under solar system.



(EXIM Islamic VISA Card Division 87, Gulshan, Dhaka-1212)

Improved In-house Environment Management:

Strategy of reuse, recycling of materials and equipments, and source reduction and waste minimization strategy should be part of in-house environmental management in Phase-II. Bank are increasingly relying on virtual meeting through the use of video conferencing in lieu of physical travel which would help saving cost and energy. Meantime video conference with the Manager of Chittagong, Sylhet and North Bengal areas already been conducted.



(Dr. Mohammed Haider Ali Miah, Managing Director & CEO of the Bank is conducting a video conference with Mr. Md. Shahidullah, Branch Relationship Manager of Agrabad Branch & Zonal Head of Chittagong)

Rigorous Programs to Educate Clients:

Bank instructed to its branches to initiate workshop, seminar and customer get together to aware them regarding their participation towards protection the environment from different hazards. Slogan of Green Banking has also been circulated/transmitted to encourage the related all.

Disclosure and Reporting of Green Banking Activities:

Disclosure and Reporting to Bangladesh Bank and others on Green Banking Activities on periodically and upgrading the same in our websites are in regular practice of the Bank.

EXIM Bank has taken initiative to cover most of the issues fixed by Bangladesh Bank under Phase-II within December-2012 in case of other measures/issues to be completed by 30th June 2013 with the activities of Phase-III.

Activities under Phase-III:

The time lining for the actions to be taken under **Phase-III will not exceed December 31, 2013.**

Designing and Introducing Innovative Products:

To explore/innovate environment friendly ideas and products, a marketing/development unit already formed under guidance of senior management to design/prepare at least 2/3 Green Banking Products within 1st quarter of the year 2013.

Reporting in Standard Format with External Verification:

Exim Bank will publish independent Green Annual Report following internationally accepted format like Global Reporting Initiatives (GRI) targeting their stakeholders. There will be arrangement for verification of these publications by an independent agency or acceptable third party.

Reporting Green Banking Activities on Quarterly Basis:

EXIM Bank will report its initiatives/activities under the said program to the **Department of Off-site Supervision of Bangladesh Bank on quarterly basis.** Bank is submitting the report narrating/stating its performance/initiatives which will be continued. Bank will keep its **annual report** and **websites updated** with the disclosures on green banking initiatives/activities.

Export Import Bank of Bangladesh Ltd a third generation private commercial bank is committed to work with the business community for betterment of the community and nation as a whole through each and every spheres of its operation. The Board of Directors, Shareholders and all members of operation management are thinking and working in an identical manner/way to achieve the business goal as well as to perform socially desirable/required fundamental issues also. On that very spirit nationally and globally identified environmental issue also has got top priority in the process of action/operation.

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