

**SAUDI BANGLADESH INDUSTRIAL AND
AGRICULTURAL
INVESTMENT COMPANY LIMITED**

Green Banking Policy

April 2015

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Abbreviations

CRM:	Credit Risk Management
CSR:	Corporate Social Responsibility
E&S:	Environmental and Social
ERM:	Environmental Risk Management
GB&CSR:	Green Banking and CSR
GBU:	Green Banking Unit
GOG:	Green Office Guideline

CHAPTER 1

INTRODUCTION

1.1 Green Banking:

As per instruction of Green Banking and CSR Department of Bangladesh Bank, FIs shall adopt a green Banking Policy (GBCSRD Circular No-04 dated August 11, 2013).

A green bank means an ethical, a socially responsible and a sustainable bank. A green banker is more than a banker, it is not an individual but a unit or a group or a team. Green finance, as a part of Green Banking makes a great contribution to the transition to resource-efficient and low carbon industries i.e. green industries and a green economy in general. For developing green banking practices, an indicative Green Banking policy and Strategy framework needs to be covered through a time frame work to be segregated into following three phases.

- i. Phase I: by June 30, 2014;
- ii. Phase II: by December 31, 2014; and
- iii. Phase III: by June 30, 2015

Specific deadline for completion of each activity has been detailed in different chapters of this Policy document.

1.2 SCOPE AND OBJECTIVE:

The Green Banking Policy of SABINCO has been prepared in light of the “Policy Guidelines for Green Banking” issued by the GB & CSR Department of Bangladesh Bank (GBCSRD Circular No 4) on August 11, 2013. The objective of this policy will be as follows:

- i. Governance
- ii. Incorporation of E & S Risks in Credit Risk Management
- iii. In house Environment Management
- iv. Green Finance, Products and Marketing
- v. Climate Risk Fund
- vi. Training, Awareness and Green Events
- vii. Disclosure and Reporting

CHAPTER 2
GOVERNANCE

2.1 FORMATION OF A GREEN BANKING UNIT:

SABINCO shall form a Green Banking Unit (GBU) with representation from different departments in SABINCO. The GBU shall be responsible for the design, implementation and evaluation of relevant green banking issues across the organization within the stipulated timeline, as well as for periodic reporting to the GB&CSR Department of Bangladesh Bank.

Composition of the GBU, and any change thereafter, shall be approved by the Management Committee and where applicable shall be placed for EC/Board approval.

2.2 FUND ALLOCATION FOR GREEN FINANCING:

To increase share of "Green" financing in the overall financing portfolio, SABINCO shall approve a considerable fund in their annual budget towards allocation for green banking.

2.3. EXECUTION:

Particulars	Executing Body	Deadline
2.1 Formation of the Green Banking Unit	Management Committee	June 30, 2014
2.2. Fund Allocation for Green Financing	Credit Committee/Investment	June 30, 2014

CHAPTER 3

INCORPORATION OF ENVIRONMENTAL RISKS IN CREDIT RISK MANAGEMENT

3.1. INCORPORATION OF ENVIRONMENTAL RISK IN CRM:

As environmental risk is a facilitating element of credit risk, it should be integrated with credit risk Management in all aspects.

In this regard, SABINCO already complies with the "Environmental Risk Management (ERM) Guidelines for Banks and Financial Institutions in Bangladesh" dated April 2011, and shall comply with all subsequent circulars, regulations and/or guidelines issued by Bangladesh Bank and other relevant regulatory bodies. Accordingly appropriate internal policies, due diligence checklists and reporting formats has been prepared and shall be updated regularly.

3.2. SECTOR-SPECIFIC ENVIRONMENTAL POLICIES:

SABINCO follows the guidelines prescribed in "The Environment Conservation Rules, 1997" issued by the Ministry of Environment and Forest of the Government of the People's Republic of Bangladesh; and "Environmental Risk Management (ERM) Guidelines for Banks and Financial Institutions in Bangladesh" issued by Bangladesh Bank, while financing in any of the following sectors:

- i. Agri-business (Poultry and Dairy);
- ii. Cement;
- iii. Chemicals (Fertilizers, Pesticides and Pharmaceuticals);
- iv. Engineering and basic metal;
- v. Housing;
- vi. Pulp & Paper;
- vii. Sugar & distilleries;
- viii. Tannery;
- ix. Textile and apparels;
- x. Ship breaking.

SABINCO shall also adopt guidelines in all subsequent laws and regulations issued by relevant regulatory bodies. Any change / deviation has to be approved by the Management Committee of SABINCO, and where applicable, shall be placed for Executive Committee and/or Board Approval.

3.3. FI SPECIFIC ERM PLAN AND GUIDELINES:

SABINCO has already formulated a guideline on 'Environmental Risk Management' which had been approved by the Board of Directors in its 109th session held on September 13, 2011. In addition to national laws and regulations, SABINCO will adopt internationally accepted standards and practices to bring in place a more rigorous E&S Risk Management framework. Environmental and Social Impact Assessment (ESIA) shall be conducted for large projects, where applicable.

3.4. EXECUTION

Particulars	Executing Body	Deadline
3.1. Incorporation of Environmental Risk in CRM	Investment	June 30, 2014
3.2. Sector-specific Environmental Policies	Investment	December 31, 2014
3.3. FI Specific ERM Plan and Guidelines	Investment	December 31, 2014

CHAPTER 4

IN-HOUSE ENVIRONMENT MANAGEMENT

4.1. GREEN OFFICE GUIDELINE:

SABINCO shall prepare a "Green Office Guide (GOG)" which will be followed for better management of in house environmental issues; responsible utilization of electricity, water, paper and energy; and maintenance of a cleaner and more hygienic office environment, in participation of all the employees of SABINCO. In this regard, a draft GOG is attached at Annexure-1.

4.2. INVENTORY MANAGEMENT:

SABINCO shall prepare an inventory of their consumption of water, paper, electricity, energy and shall take measures to reduce electricity, water and paper consumption.

4.3. GREEN OFFICE:

Head office of SABINCO shall be featured by the provision of the maximum use of natural light, use of renewable energy; use of energy saving bulbs and other energy efficient equipments, reduced water and electricity use, use of recycled water etc. with strive to make its Head office "Green" by focusing on two basic parameters:

Initiatives in this regard will include, but not be limited to, the following:

- i. In place of relying on printed documents, online communication should be extensively used (where possible) for office management and make sure that the printers are defaulted to duplex for double side printing to save papers;
- ii. SABINCO may apply Eco-font in printing to reduce use of ink, use scrap paper as notepads and avoid disposable cups/glasses to become more eco-friendly. Installation of energy efficient electronic equipments and automatic shutdown of computers, fans, lights, air coolers etc. will help reducing electricity consumption;
- iii. Energy saving bulbs should replace normal bulbs;
- iv. SABINCO should make plans to use solar energy at their premises to save electricity.

- v. SABINCO should take steps to save energy from corporate business travel and encourage employees to purchase energy efficient cars (where applicable) and reduce gas and petroleum consumption.
- vi. SABINCO should give more emphasis to make the easiest way to help the environment by eliminating paper waste, saving gas and reducing carbon emission, reducing printing costs and postage expenses.

4.4. GREEN TECHNOLOGIES:

SABINCO shall resort to more environment-friendly technologies aimed at greater work efficiency; reduction of electricity, paper and energy consumption, and subsequent GHG emission.

Going forward, SABINCO shall focus on the reduction and reuse of materials and equipments as well, where applicable.

4.5. EXECUTION

Particulars	Executing Body	Deadline
4.1. Green Office Guideline	Admin	June 30, 2014
4.2. Inventory Management	Admin, ICC	June 30, 2014
4.3. Green office	Admin	December 31, 2014
4.4. Green Technologies	IT, Admin	December 31, 2014

CHAPTER 5

GREEN FINANCE, PRODUCTS AND MARKETING

5.1. GREEN FINANCE:

SABINCO shall focus on Green Finance activities in the following manner:

i. **Phase I:**

Eco friendly business activities and energy efficient industries will be given preference in financing by SABINCO. Preference shall be given to environmental infrastructure projects including, but not limited to, adoption of renewable energy and/or energy-efficient technology; supply of clean water; establishment of effluent and/or waste water treatment plant, solid and hazardous waste disposal plant, bio-gas plant, bio-fertilizer plant etc.

ii. **Phase II:**

SABINCO shall identify specific environmentally harmful activities and reduce its financing activities in those areas; and target certain percentage of its portfolio to consist of eco-friendly and environmental loans;

5.2. GREEN MARKETING:

Green Marketing refers to the marketing and promotion of products and services that are environmentally-friendly themselves, or are positioned and marketed in an environment-friendly manner. Such efforts shall not only provide the promised environmental benefits, but also help increase awareness among the client groups.

5.3. DESIGN AND INTRODUCTION OF INNOVATIVE PRODUCTS:

Besides mitigating negative environmental impacts through its products and services, SABINCO shall actively design and introduce innovative green products addressing core environmental and climate change issues of Bangladesh.

Design of such products shall be done upon consultation with the GB&CSR Department of Bangladesh Bank, and as per international best practices.

5.4. EXECUTION:

Particulars	Executing Body	Deadline
5.1. Green Finance	GBU	Phase I: June 30, 2014
		Phase II: December 31, 2014
5.2. Green Marketing	GBU	June 30, 2014
5.3. Design and Introduction of Innovative Products	GBU	June 30, 2015

CHAPTER 6

CLIMATE RISK FUND

6.1. CREATION AND UTILIZATION OF CLIMATE RISK FUND:

SABINCO will create a Climate Change Risk fund targeting climate-vulnerable areas namely flood, cyclone and draught prone areas in Bangladesh which will be used in case of emergency and the fund could be created as part of CSR expenditure.

6.2. EXECUTION

Particulars	Executing Body	Deadline
6.1. Creation and Utilization of Climate Risk Fund	Creation of CR Fund: Board Utilization of CR Fund: Admin/HR	June 30, 2014

CHAPTER 7

TRAINING, AWARENESS AND GREEN EVENTS

7.1. EMPLOYEE TRAINING:

Employee awareness development and training on environmental and social risk and the relevant issues should be a continuous process as part of SABINCO's Human Resources Development.

SABINCO shall prepare a training calendar at the beginning of each year for staff training, and accordingly conduct the sessions throughout the year. At least one (1) session shall be conducted per quarter.

7.2. CLIENT AWARENESS AND GREEN EVENTS

SABINCO shall arrange, individually and/or jointly, and sponsor seminars, workshops or events aimed at improving understanding and awareness on E&S issues by clients and other stakeholder groups, and minimizing negative environmental impacts of SABINCO's own operations.

Moreover, CSR activities such as tree plantation shall also be considered as Green events.

7.3. EXECUTION:

Particulars	Executing Body	Deadline
7.1. Employee Training	HR	June 30, 2014
7.2. Client Awareness and Green Events	HR/GBU	June 30, 2014

CHAPTER 8

DISCLOSURE AND REPORTING

8.1. REPORTING ON GREEN BANKING ACTIVITIES

- i. **Phase I:** SABINCO shall report initiatives and progress in terms of implementing green banking activities to the GB&CSR Department of Bangladesh Bank on a quarterly basis, as per format prescribed in the “Policy Guidelines for Green Banking” (GBCSRD Circular No 4; dated August 11, 2013).
- ii. **Phase II:** SABINCO will try to prepare Green Banking and Sustainability Report highlighting past performances, current activities and future initiatives,
- iii. **Phase III:** SABINCO will follow the guidelines of Bangladesh Bank and other internationally accepted format like Global Reporting Initiatives (GRI) when applicable.

8.2. DISCLOSURE OF GREEN BANKING ACTIVITIES

SABINCO shall disclose its “Green Banking” activities into its website, and continuously update the website. SABINCO shall make Annual Financial Reports and Sustainability Reports available on the website.

8.3. EXECUTION

Particulars	Executing Body	Deadline
8.1. Reporting on Green Banking Activities	Green Banking Unit	Phase I: June 30, 2014
	GBU	Phase II: December 31, 2014
	Finance/ GBU	Phase III: June 30, 2015
8.2. Disclosure of Green Banking Activities	GBU	June 30, 2014

CHAPTER 9

MONITORING, COORDINATION AND IMPLEMENTATION

9.1 MONITORING AND COORDINATION

The following persons shall be responsible for coordinating across all departments, monitoring results, and accordingly suggesting measures in case of any deviation.

Responsible Person	Roles and Responsibilities	Report to
Green Banking Unit	<ul style="list-style-type: none">i. Collection, filing and record maintenance of all relevant external policies, circulars and guidelines, and internally developed policies, documents, checklists and memos;ii. Day-to-day coordination across all departments regarding implementation of the Green Banking activities;iii. Monitoring progress of green banking initiatives across different departments through periodic progress reports;iv. Reporting to the Management Committee, in case of any deviation, and taking necessary measures, in consultation with the GBU and all parties concerned; andv. Collection of information from all departments and accordingly preparing and submitting the quarterly report to the GB&CSR Department of Bangladesh Bank;	Management Committee

9.2 IMPLEMENTATION

The Executing Bodies, as identified in the above chapters, shall be responsible for implementation of the respective areas in time. They shall also be responsible for preparation of all relevant guidelines, checklists and memos.

9.3 Review:

This policy may be reviewed (if necessary) once every 2 (two) years by the GBU. Any modification/change in the policy is subject to Board/EC approval.

Annexure-1

Green Office Guide

The employees of SABINCO should maintain the followings:

1. Reduce energy consumption:

Personal Computers:

- a) Don't power your computer system up until you really need it;
- b) Switch off your PC system over lunch and whenever you plan to be away from your desk for an extended period of time;
- c) Turn off your screen when you're not using it.

Printers:

Switch printers off at the end of the work day. Personal printers should be turned off when not in use for extended periods.

Photocopiers:

Switch copiers off at the end of the work day.

Lights:

- a) At night, switch lights off in general office areas;
- b) Take advantage of natural light whenever possible;
- c) When natural light is not available, use energy- efficient bulbs instead of standard light bulbs;
- d) Turn off the lights every time you leave a room (office room, conference room, etc).

2. Reduce solid Waste

- a) Email whenever possible;
- b) Post documents to Intranet or shared computer drives;
- c) Use paper already printed on one side for notepaper;
- d) Use print preview to check the document on the screen before printing;
- e) Print or copy on both sides of the paper;
- f) Only make the copies you need – try to avoid making spares “just in case.”
- g) Route documents to multiple users rather than sending multiple copies;

- h) Try to use smaller size fonts where possible – especially for drafts;
- i) Lighter copies use less toner, so when printing or copying, set the image quality to a tolerable “light” level.
- j) Try to use reusable or recyclable packaging or packaging made from recycled materials.