

IDLC Finance Limited
Statement on green banking as of 31/03/2017
Policy Formulation and Governance

1.1.1	Formulation and Board/Regional Head approval of Green Banking Policy	Yes	No	Remarks
		Yes		An amended version of the Green Banking Policy, incorporating observations of FMO, has been approved by IDLC Board on June 23, 2014

1.1.2	Allocation of Fund in the Budget for Green Banking (In Million Taka)	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Remarks
	Green Finance	BDT 250 Million				BDT 250 Million	
	Climate Risk Fund	-					
	Marketing, Training and Capacity Building	-					

1.1.3	Utilization of Funds (In Million Taka)	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Remarks
	Green Finance	BDT 154.73 Million				BDT 154.73 Million	
	Climate Risk Fund	-					
	Marketing, Training and Capacity Building	-					

1.1.4	Formation of Green Banking Unit	Yes	No	Composition (Name, Designation & Department)	Remarks
		Yes		Mr. Md. Shahriar Rahman, Senior Executive Officer, Green Banking Desk Mr. Kazi Farhan Zahir, DGM, Head of Structured Finance, Corporate Mr. Farzana Islam Lisa, AGM, Corporate Mr. Md. Jobayer Alam, DGM, Head of Strategic Planning Mr. Rashedul Haque, AGM, Head of Products and Marketing, Consumer Mr. Adnan Rashid, AGM, Credit Risk Management(CRM) Ms. Shamima Akter, AGM, Human Resource Department Mr. Rahat Azim, Manager, IT Ms. Tabassum Abedin, Sr. Manager, Admin Mr. Mahbub-ul-Kader, AGM, ICC (Internal Credit and Compliance) Ms. Sherifa Amreen, Manager, Marketing Communications Ms. Ayesha Haque, Manager and Head of CSR	

1.2 INCORPORATION OF ENVIRONMENTAL RISK IN CORE RISK MANAGEMENT

		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Remarks
1.2.1	No of projects applicable for environmental due diligence (EDD)	160					
1.2.2	No of projects rated (Environmental Risk Rating sanctioned)						
	Low	98					
	Moderate	8					
	High	54					
1.2.3	Rated Projects Financed	Total Number (Disbursed)	195				
		Low	141				
		Moderate	8				
		High	46				
		Total amount disbursed (in million tk)	4203.22				
		Low	3712.38				
		Moderate	104.00				

		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Remarks
	High	386.83					
	Loan classification as of quarter end						
		UC(standard)	SMA	SS	DF	BL	
	No of projects	1554					
	Amount (in million tk)	34135.15					

1.3 Initiating in house environment management

		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Remarks
1.3.1	No of branches and booths (Data in each quarter will reflect the cumulative figure)	34 Branches 1 Booth					
1.3.2	No of branches powered by solar energy (Data in each quarter will reflect the cumulative figure)	02					
1.3.3	No of booths powered by solar energy (Data in each quarter will reflect the cumulative figure)	0					

1.3.4	Introduction of Green Office Guide or General Instruction	Yes	No	Remarks
		Yes		A Green Office Guideline has been approved by the Management on June 24, 2014

	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Total		Remarks
Solar Energy /Renewable Energy Plant											Indirect Green
Bio-fertilizer Plant											
Hybrid Hoffman Kiln (HHK)/ (Conversion from FCK to Zigzag)/Compressed Block											Direct Green
Fire safety											Direct Green
Green Industry	2	BDT 150 Million							2	BDT 150 Million	Direct Green
Energy Efficiency											Direct Green
Green Finance at reduced rate of interest											

1.5 Utilization of Climate Risk Fund

		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Remarks
1.5.1	Fund for part of CSR activities (Event) related to climate change (In million taka)	-				-	
1.5.2	Fund for part of CSR activities (project) related to climate change (In million taka)	-				-	

1.6 Introduction Green Marketing

1.6.1	Introduction of Green banking Products (Please Specify)	
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1.7 Employee Training, Consumer Awareness and Green Event

		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Remarks
1.7.1	No of programs/trainings/seminar/workshops/awareness program exclusively conducted for Green Banking	5				4	The Green Climate Fund (GCF), the world's largest climate fund, is designed to help developing countries achieve their ambition for low-carbon resilient development. Countries can access GCF financing through three funding windows – the adaptation, mitigation and private sector facility (PSF). To further this ambition, Acclimatise, IIED and ICCCAD are commissioned by the Climate and Development Knowledge Network (CDKN)'s to support Bangladesh's private sector to engage in climate relevant activities through its project titled "Building Readiness of the Private Sector in Bangladesh for Green Climate Fund (GCF) Accreditation". In this regard, IDLC's Green Desk attended the workshop titled "How can the private sector in Bangladesh develop project concepts for the GCF?" dated January 15, 2017 at Nascent Gardenia, 27 Park Road, Baridhara, Dhaka. This workshop is a part of a series of workshops being organized under the project. In the first phase an inception workshop was organized in June 2016 to generate awareness and make a business case for

		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Remarks
							<p>private sector engagement. A second workshop was conducted in August 2016 to support the institutional assessment phase of the project that seeks to assess the capacities of shortlisted entities within Bangladesh to access the GCF as either national implementing entities (NIEs) or executing entities (EEs). Building on these previous workshops, this workshop aimed to provide guidance and focused capacity building support to both potential NIEs and EEs on GCF project development. IDLC is exploring its opportunity for the NIE/EE of GCF in Bangladesh.</p> <p>As a part of the online survey on Transparency International Bangladesh (TIB)'s study titled "Climate Change Adaptation Finance in Bangladesh: Governance Standards Assessment", a validation workshop was arranged on March 12, 2017, Sunday, at 10:00 – 13:00 hours at the Meghomala conference room of TIB office. This validation workshop was a stakeholder's engagement based on the findings of that online survey with a view to recommend measures to</p>

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Remarks
						<p>enhance our governance to access such Global Funds. (Annexure II A)</p> <p>IDLC Green Desk attended a half-day long Roundtable Discussion which was held at the Bangladesh Institute of Bank Management (BIBM) on 06 February, 2017 in its Auditorium. The discussion was jointly organized by Sustainable and Renewable Energy Development Authority (SREDA), German Cooperation (GIZ), Bangladesh Institute of Bank Management (BIBM) and The Daily Samakal. A paper titled “Green Banking for Sustainable Energy Development” was presented in meeting by Dr. Shah Md. Ahsan Habib, Professor & Director (Training), BIBM. Mr. SK Sur Chowdhury, deputy governor of Bangladesh Bank moderated the roundtable discussion. (Annexure II B)</p> <p>IDLC Green Desk attended a training on “Green Buildings and Rating Systems” organized by the SREDA (Sustainable and Renewable Energy Development Authority). The session was chaired by the prominent figures in the field of</p>

		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	Remarks
							sustainability and it was held on March 07, 2017 at 9:00 am, Gomoti Hall (9th floor), IEB Bhaban, Ramna. Dhaka.
1.7.2	No of participants covered						
	Employees	5				4	
	Customers	13				6	
1.7.3	Green Events (Please Specify)	1				1	IDLC Finance Limited has received an award for being the 1st financial Institution to achieve a LEED Certified Green Office (World Trade Center Branch, Chittagong) in Bangladesh. The award was received during the closing ceremony of 8th Bangladesh Infrastructure Innovation and Development (BIID) Expo 2017 at Bangabandhu International Conference Center-BICC Dhaka, held on March 4, 2017. (Annexure II C)

1.8 Disclosure of green banking activities

Disclosure In	Status	Remarks
Annual Report	Yes	Green Banking activities have been covered in IDLC's 2016 Annual Report.
Website	Yes	Green Banking activities are updated regularly under the section "Green Banking and Sustainability" in IDLC's website (www.idlc.com). Furthermore, different news and press releases are also available in the website news section.
Media	Yes	News of the workshops, seminars and green expo's were covered by different printing & online media as well as the social media.
Preparation of Independent green banking and sustainability report	Yes	IDLC prepares an independent Sustainability Report following the GRI (Global Reporting Initiatives) Guidelines. Our sustainability Report for the year 2016 has already been finalized and it will have extensive coverage on green financing.

2.1 Sector specific environment policy

2.1.1	Formulation of sector specific Environment Policy (Under phase 2) (If yes then please give pin points in a separate sheet)	Yes	No	Remarks
		In Process		IDLC with support from FMO and FI Konsult, is implementing an ESMS (Environmental and Social Management System) across the organization. Recently, Bangladesh Bank has published a new guideline titled "Guidelines on Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions in Bangladesh". IDLC is currently reviewing this guideline & within the given timeline, necessary changes will be made to our credit policy with a revision of sector specific Environment Policy.
2.1.2	Name of the sectors for which specific environment policy formulated	Following sectors has been decided considering sector specific exposure and their environmental and social risk: Textiles, apparels and accessories, power and energy, iron and steel, building materials, cement, glass, ceramics and pipes, pharmaceuticals, food and beverage, telecommunication, transport, paper and packaging etc.		

2.2 Green Strategic Planning

2.2.1	Formulation of green strategic planning (If yes then please describe in a separate sheet)	Yes	No	Remarks
				IDLC has already established the Sustainable Finance Unit & Sustainable Finance Committee as per Bangladesh Bank Guideline. Under this unit, strategic planning for green & CSR activities are under process.

2.3 Environment Risk Management Plan

2.3.1	Formulation of Banks specific environmental risk management plan and guideline	Yes	No	Remarks
		Yes		IDLC complies with Bangladesh Bank guideline on Environmental Risk Management (ERM) for FI dated January, 2011 and the ECR-1997 standard. IDLC also complies with the UNGC and UNEP FI

				<p>principles on a voluntary basis being the only listed FI in Bangladesh</p> <p>IDLC have been implementing Environmental and Social Management System (ESMS) from March 1, 2016 to compute scoring of risk of different sectors, under different business segment. Meanwhile, Bangladesh Bank has issued a new guideline titled "Guidelines on Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions in Bangladesh". IDLC is currently on the process of reviewing our existing ESMS to the proposed ESRM guideline before making necessary changes into our credit risk management framework.</p>
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Progress of Green Finance

IDLC Finance Limited

January-March 2017

(Taka in million)				
Total Loan Disbursement (Funded)	Direct Green Finance (Disbursement)	Indirect Green Finance (Disbursement)	Toal Green Finance (Disbursement)	Direct Green Finance as % of Total Loan Disbursement
13,151.10	154.73		154.73	1.18%

Details of Green Finance

Renewable Energy

		Amount (in million Taka)			Amount (in million Taka)
Bio-gas	Setting up of Bio-gas Plant in existing Dairy & poultry Farm		Solar Energy	Solar Home System	
	Integrated Cow Rearing and Setting up of Bio-gas Plant			Solar Micro/Mini Grid	40.00
	Organic Manure from Slurry			Solar Irrigation Pumping System	
	Mid Range Bio-gas Plant			Solar PV Assembly Plant	
	Biomass based large scale Bio-gas Plant			Solar PV Plant capable to produce 1 MW or more Power	
	Poultry & Dairy based large scale Bio-gas Plant			Solar Cooker assembly Plant Solar Cooker	
Hydro-Power	Hydropower (Pico, Micro & Mini)			Solar Water Heater Assembly Plant	
Wind- Power	Wind Energy driven Power Plant			Solar Air Heater & Cooling System Assembly Plant	
				Solar Energy Driven Cold Storage	
				Surface Water Purification Plant using Solar Pump	

Energy Efficiency			
	Amount (in million Taka)		Amount (in million Taka)
Substitution of Conventional Lime Kiln by Energy Efficient Kiln		Energy efficient Improved Cook Stove(ICS)/ICS Renewable/Hybrid Cook Stove	
Substitution of Conventional lighting system, electronic material, Boiler with energy efficient alternatives on the basis of Energy Audit		LED Bulb/Tube Manufacturing Plant	
Auto sensor power switch assembly Plant		LED Bulb/Tube Assembly Plant	
Waste Heat Recovery System			

Solid Waste Management			
	Amount (in million Taka)		Amount (in million Taka)
Methane Recovery from Municipal waste & to produce Power		Auto sensor power switch assembly Plant	
Municipal waste to Compost		Hazardous waste treatment facility	

Liquid Waste Management			
	Amount (in million Taka)		Amount (in million Taka)
Biological Effluent Treatment Plant (ETP)	4.73	Waste Water Treatment Plant	
Combination type (Chemical +Biological) of ETP		Sewage Water Treatment Plant	
Conversion of Chemical ETP to Combination type (Chemical+ Biological) of ETP		Central Effluent Treatment Plant	

Alternative Energy	
	Amount (in million Taka)
Production of Burnable Oil from waste Tire by the Process of Pyrolysis	

Fire Burnt Brick	
	Amount (in million Taka)
Setting up of Hybrid Hoffman Kiln(HHK)/Tunnel Kiln/equivalent technology in Brick manufacturing Industry	

Non Fire Block Brick	
	Amount (in million Taka)
Compressed Block-Brick	
Autoclaved Aerated Concrete	

Recycling & Recyclable Product			
	Amount (in million Taka)		Amount (in million Taka)
Waste Paper Recycling Plant for production of recycled paper		Recyclable Poly Propylene Thread & Baggage Manufacturing Plant	
Plastic Waste Recycling Plant (PVC, PP, LDPE, HDPE,PS)		PET Bottle Recycling Plant	
Recyclable Baggage Manufacturing Plant		Solar Battery Recycling Plant	
Used Lead Acid Battery Recycling Plant			

Green Industry	
	Amount (in million Taka)
Establishment of Green Industry	150.00

Safety and Security of Factory	
	Amount (in million Taka)
Ensuring Work Environment and Security of Workers of Textile and Garments Industry	

Miscellaneous	
	Amount (in million Taka)
Vermicompost	
Palm Oil Plant	

Others	
	Amount (in million Taka)

Annexure II A

Climate Change Adaptation Finance in Bangladesh: Governance Standards Assessment

Call for improving governance standards in Bangladesh's adaptation fund

Bangladesh's overall standard of governance in climate change adaptation (CCA) finance is satisfactory, nonetheless, there are ample scopes for improvement in the areas of transparency, accountability, integrity and participation in prioritizing, accessing, delivering and monitoring of the adaptation fund.



This was revealed today during a validation workshop titled: Climate Change Adaptation (CCA) Finance in Bangladesh: Governance Standards Assessment, held at Transparency International Bangladesh (TIB)'s head office at Dhanmondi.

With the support from Transparency International (TI) Secretariat, Berlin and the global CSO network Adaptation Watch, TIB conducted an online survey among 35 stakeholders comprising public, private, NGO and International agencies from 15th January to 5th March 2017 to assess Bangladesh's prevailing state of governance in CCA Finance.

The survey focused on four core components of climate finance: prioritize; access; deliver and monitor and looked into those four areas using five governance lenses: transparency, accountability, participation, coherence and integrity.

The results showed that Bangladesh's overall standard of governance in CCA Finance was 3.09 out of 5.00 scale. However, when all four CCA finance components were measured against governance indicators; transparency, accountability, integrity and participation were found to be major challenges in terms of prioritizing, accessing, the delivery and monitoring of CCA finance.

In the opening session, Dr. Iftekharuzzaman, Executive Director and Professor Dr. Sumaiya Khair, Deputy ED of TIB, Ian Tellam of Adaptify, a partner of Adaptation Watch, Thoams Vink of TI-S and Zakir Hossain Khan, Senior Programme Manager, TIB's Climate Finance Governance also spoke. Officials from the relevant Ministries, development partners, private sector, NGOs and academia attended.

Annexure II B

Stakeholders Roundtable Discussion on “Green Banking for Sustainable Energy Development”

Stakeholders Roundtable Discussion on the research project “Green Banking for Sustainable Energy Development” held at BIBM

Written by Manager

Tuesday 7th February 2017

A half-day long Roundtable Discussion was held at the Bangladesh Institute of Bank Management (BIBM) on 06 February, 2017 in its Auditorium. The discussion was jointly organized by Sustainable and Renewable Energy Development Authority (SREDA), German Cooperation (GIZ), Bangladesh Institute of Bank Management (BIBM) and The Daily Samakal.

A paper titled “**Green Banking for Sustainable Energy Development**” was presented in meeting by **Dr. Shah Md. Ahsan Habib**, Professor & Director (Training), BIBM. He said

“The Bangladesh Bank (BB) may think of fixing different targets of green loan disbursements for different banks and non-banking financial institutions (NBFIs),” while presenting the findings at the discussion. He pointed out limited knowledge, awareness and capacity on the green interventions and products as the critical challenges to expand the green financing.

He said, “Bankers engaged especially at the branch or field level, and the intermediaries or suppliers should be motivated while they need exposure on the use, benefits and technical aspects of green products.” He noted, “To overcome the challenge, it is important to invest more resources in outreach, demonstrations, and training and awareness building.” Mr. Mustafiz Shafi, Executive Editor, The Daily Samakal gave inaugural speech in the discussion meeting.

Mr. SK Sur Chowdhury, deputy governor of Bangladesh Bank moderated the roundtable discussion. He said that the doorway of green economy will be opened up through transforming the growth process into green. And green banking is a vital catalyst for green growth.” He assured the central bank’s supports in pursuing sustainability Priorities within the mandate of maintaining monetary and currency stability to foster growth and development in the national interest.

“Awareness is very important for expanding the use of renewable energy across the country,” SREDA chairman Anwarul Islam Sikder said, adding that the government was ready to provide all kinds of supports to boost green energy initiatives across the country.

Among others, Dr. Muhamad Abdul Mazid, former secretary, Dr. Toufic Ahmed Chowdhury, Director General of the BIBM, Humaira Azam, deputy managing director of the Bank Asia Limited, Siddique Zobair, member of the SREDA and SM Zahid Hasan, acting programme coordinator, Sustainable Energy for Development (SED) programme of the GIZ also spoke on the occasion. The discussants and the participants highly appreciated the research paper.

Annexure II C

IDLC receives an award for LEED Certified Green Office



IDLC Finance Limited has received an award for being the 1st financial Institution to achieve a LEED Certified Green Office (World Trade Center Branch, Chittagong) in Bangladesh. The award was received during the closing ceremony of 8th Bangladesh Infrastructure Innovation and Development (BIID) Expo 2017 at Bangabandhu International Conference Center-BICC Dhaka, held on March 4, 2017. Sustainable & Renewable Energy Development Authority (SREDA) and Power Cell of Ministry of Power, Energy & Natural Resources, Bangladesh issued the award under the category of “Achievement in the year 2016” where IDLC has achieved it for adopting sustainable business practices within the organizational framework by LEED certified office which is an exemplary initiative amid the financial institutions of Bangladesh.

Representatives from Financial Institutions, Government Delegates from Ministry of Power, Media Personals, Foreign Consultants of Global Companies from different countries were present at the occasion.