



UNION BANK LTD
SHARIAH BASED BANK

Green Banking Policy

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Chapter- One

Preface

1.1 Purpose

While the country's environment is facing threat in various ways hindering sustainable economic growth and endangering human health, experts feel green banking can be an avenue to reduce pollution and save the environment.

“Green House Effect” induced Global warming is a global issue that calls for a global response. Warming of the climate system is caused by increasing concentrations of green house gases produced by human activities such as deforestation and burning fossil fuels. The rapid change in climate would probably be too great to allow many eco systems to suitably adapt, since the changes have direct impact on bio diversity, agriculture, forestry, dry land, water resources and human health. However, there is general lack of adequate awareness on the above issues and hence there is urgent need to promote certain urgent measures for sustainable development and corporate social responsibility. Being a part of financial corporate house of the country, Union Bank Limited is well concerned about the enormous loss of Biodiversity, Climatic change and damage occurred in environment. We have to focus on environmental issues at the centre of banking activities. An increasing number of banks around the world are strengthening green banking activities by way of launching products which are friendly to the environment.

1.2 Scope

Green banking approach pushed the banking in a unique position in economy which gives pivotal importance to human well-being as well as its environment. In our country banks have taken initiatives on environmental issues in their activities, especially in the form of stopping lending to high-pollution and high energy

consumption industries while facilitating financial support to green industries. The public concern in our country has been growing significantly for the last few years, mostly due to apparently unusual weather patterns, rising natural disasters, declining air quality etc. Adhering to the Green banking concept laid in Policy Guideline on Green Banking introduced by Bangladesh Bank and the best practices available in banking sector, we are pleased to introduce the ‘Policy Guideline on Green Banking’ for our bank.

1.3 Banks and its area to promote Green banking:

- Great opportunity to reach a significant number of people of the country who visits the bank number of times for transaction.
- Primary lender to individuals and large corporate help the bank to encourage its clients on environmental issues.
- In-house environment management
- Awareness building among the stakeholders by organizing seminars symposiums to make them conscious regarding green banking as well as introducing green products.
- Green Financing with an objection to reducing investment facilities to certain environment harmful projects and check necessary environmentally due diligence factor before investment.
- Environmental Risk Management.
- Training, awareness and Green events.

1.4 Capitalizing the opportunity

- Promote and launch of green banking products and services.
- Assist corporate, SMEs, suppliers for quick adoption of environment friendly practices by ways of

- Risk mitigating measures that include environmental risk.
- Incentivizing clients- corporate and individual for green banking.
 - Promote the renewable energy at all levels in the banks in its day to day operation.
 - Image building by way of showing commitment to the environment.
 - Could be able to reduce operational cost due to strict control of wastage of paper and misuse of stationery.
 - Increase of productivity as well as the level of quality of the employees by using the optimum service of technology.
 - Able to create very healthy work environment by installing eco friendly equipment.

Chapter- Two

Phase-I

In-house environment Management

To develop the Green Banking practices in the country, a green banking policy and strategy framework has been developed in the following manner:

2.1 Ethics of UBL Green banking initiatives:

Being a responsible corporate house of the country, Union Bank limited believes every single step taken today would go a long way to build our future, more greener. The spirit of Union Bank Limited regarding green banking initiatives would add the number of values:

- Green vision of healthy, wealthy and clean future of Bangladesh.
- Chance to work with environment consciousness and commitment.
- Help us to mitigate the level of risk of the bank arising from deteriorated environmental scenario and climate change.
- Creation of opportunity for UBL clients by active participation and contribution towards environmental conservation.
- Other people would be encouraged.

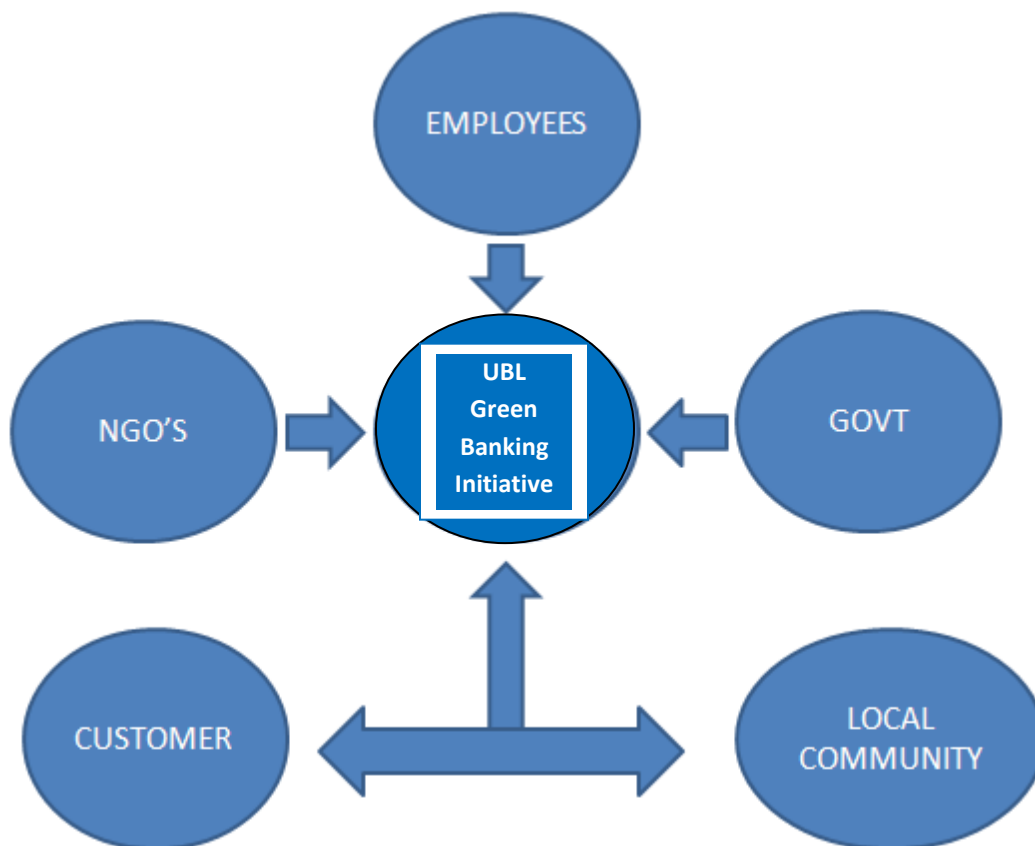
2.2 UBL Plan to establish the Green banking activities:

- To establish in-house environment management.
- To ensure environment friendly atmosphere for employees to make every one environmentally concerned.
- Adherence to the Environmental Risk Management (ERM) guidelines.
- Launch of green banking products and services supported to environment.
- To provide support to our clients to be more environmentally conscious.
- Financing in green project.
- To support environment friendly organizations as a part of Corporate Social Responsibility (CSR) activities.

- Alliance with Non Governmental Organizations (NGO's) and other environmental focus groups for green banking activities.

2.3 Stakeholders of UBL Green Banking:

Combined efforts of multi stakeholders are must to protect ecological balance.



UNION BANK LIMITED Green initiative is to be driven by the collaboration, participation, co-operation, support among employees, outside partners, clients and other concern. The clients and business houses will be encouraged to comply with environmental rules and regulations and undertake efficient environmental activities. Bank will introduce and organize various program time to time to motivate and educate the clients.

Chapter- Two

Phase-II

Policy & Strategic Plan

3.1 Formation of Green Banking Unit (GBU)

The management of Union Bank Limited should establish a separate green banking unit having the responsibility of designing, evaluating, and administering related Green Banking issues of the bank. The audit committee of the Board of Directors of the Bank would act as the high powered committee who would be responsible for reviewing the bank's environmental policies, strategies and programs every year

Green Banking Unit would perform the following activities:

- To implement In-house Environmental Risk Management
- To conduct a preliminary environmental risk review using Environmental Due Diligence checklists (EDD).
- To ensure Environmental Risk Rating (ERR)
- To take initiatives to create Climate Risk Fund (CRF)
- To take initiatives to introduce Green Finance
- To introduce Green Marketing
- To formulate and update policy and governance
- To issue awareness building circular to Head Office /Divisions/Departments/ Branches.
- To support Employees' Training, Clients' Awareness and Green Event
- To disclose Green Banking Activities in annual report
- Report to Committee for Green Banking
- To plan, organize and evaluate staff activities
- Report to the Department of Off-site Supervision of Bangladesh Bank on quarterly basis vis-à-vis initiatives/activities under the said program.

3.2 Work process flow of Green Banking Unit

In order to boost up Green Banking performance, UBL's Management Committee would form a strong committee to be entitled 'Green Banking Coordination Committee' (GBCC) comprising of the following members:

SL No	Nominated Senior Executives	Designation
01	Deputy Managing Director	Chairman
02	Head of HRD	Member
03	Head of IAD	Member
04	Head of ICT	Member
05	Head of ID	Member
06	Head of Investment	Member
07	Head of Green Banking	Member Secretary
08	Head of ICC	Member

It may be mentioned here that a competent full time officials to be designated to assist the team leader and keep coordination among the members of the team. The main objective to form this committee is to formulate policies and designing, evaluating and administering related Green Banking issues. Activities of green banking may be carried out in three major areas:

- Green Finance
- Green Awareness Program
- Environmental Risk Management

3.3 UBL's In-House Environment Management

To go green and play a proactive role in environmental and ecological aspects concentrated at our day to day functioning to identify and implement 'Green Banking' measures. These measures may range from reduction in consumption of energy and paper by making the employees aware.

UBL's in-house environmental management practices:

3.4 Conserve energy by

- Switching off all lights and electronic equipments (computers, monitors, photocopiers, printers etc.) when not in use.

- Use of energy saving bulbs.
- Installation of solar panel in the Corporate Head Office (CHO) and branches for generating electricity.
- Maintaining regulated AC temperature
- Optimization of the use of natural light & wind in Head office and branches.

3.5 Saving Paper:

- Recycling paper internally.
 - Sharing electronic files, e-mail instead of paper based communication.
 - Setting default the duplex printing option (both side printing)
 - Using technologies for paperless communication with our clients as well as during interbank correspondence.
 - Buying the paper with 'recycle' mark.
 - Introducing of 'e-greeting' and electronic circulation of other promotional materials.
 - Adding the message 'think before you print' at the bottom of every e-mail, circular etc.
 - Introducing of 'e-statement'. We should send account statements and balance confirmations etc. to the clients through online and through email, which would save enormous amount of paper, time, cost and above all the environment.
 - Issuing of dateless diaries to employees & clients. It would reaffirm UBL's commitment for environmental concerns.
 - All Correspondences (circular, letters etc) with Head office and branches should be made through email instead of hard copy (except special requirements).
 - Try to reuse of old file-folders, envelops.
 - Saving consumption of office stationary.
 - Following other printing tips would also reduce paper consumption:
- Printing on reusable sheets.

- Printing multiple pages on single sheets of paper
- Printing only the pages required.
- Previewing documents before printing.
- Increasing margin width of the documents.

3.6 Ensure employees' engagement & build awareness by

- Circulating 'Green Office Guide' which would be a written guideline for green banking.
- Arrangement of in-house training for the employees on green banking measures & tips.
- Encouraging them to purchase hybrid vehicles/fuel efficient vehicles.
- They may be encouraged for practicing carpool.
- Eco-friendly message to be included in the internal correspondence.
- Periodical meeting to discuss the Green Banking issues.
- Contest among the branches on Green Banking activities.
- All branches of the bank may prepare a list of their goods, furniture fixture etc. to arrange or keep the important commodities and reject the unnecessary goods/ things and thus clean up the branch with better set up and get up.
- Observation of fortnightly/ monthly/ quarterly green hour at branches.

3.7 Waste management

- Green banking encourages the employees to be cautious about misuse & wastage of resources like water, gas, electricity, paper, foods etc.
- Each group of waste should be kept in a separate place, which does not pollute the environment and all the wastes must be disposed off separately.
- Reducing e-wastage through upgrading existing PCs.
- Proper disposal of old discarded electronic equipment in order to minimize the effect of environmental hazardous & toxic material.
- Use of solar energy/renewable energy sources.
- Audio/video conference in lieu of physical travel.

3.8 Online banking

- Use of Outlook for internal messaging
- Use of Internet banking
- Mobile/ phone banking
- Database required for number of branches with online coverage

Others:

Union Bank Limited Green Banking Business Areas:

Union Bank Limited Green Banking initiative aimed at customer driven by then objective of collaborating with each of our customer and making Green Banking a part of our life. These initiative ranges from Green banking product & service offerings, incentives to customer for Green practices, Green engagement to Green communications to our customer. The bank will as certain customer's feeling about where and how their money is invested for earnings.

4.1 Adherence to Environmental Risk Management (ERM)

Guidelines

Union Bank Limited would be aware of the environmental issues and must go for financing the projects that do not pollute the environment. The industries that are financed by the bank should not release any kind of effluents, chemicals or smoke to the environment. Banks must not finance any projects that pollute the environment in any way. Bank may play a pivotal role by reducing and prohibiting credit risk against unethical activities by unruly industrialist of the country. Moreover, the Bank should comply with the instructions stipulated in the detailed guidelines on Environmental Risk Management (ERM) in consideration of a part of the Green Banking Policy. Bank would incorporate Environmental and Climate Change Risk as part of the existing overall credit risk methodology prescribed to assess a prospective borrower from both credit and environmental risk point of view. This would include integrating environment risks in the checklists, audit guidelines and reporting formats. All of this will help to maintain Environment

Risk that cover possible sources of Environmental Risk such as land use, Climate change related events (cyclone, drought), animal diseases/pathogens such as avian influenza, solid waste including waste feed, animal waste, carcasses, sediments, wastewater discharges, hazardous materials, etc will be reviewed under Environmental Due Diligence (EDD) checklists.

4.2 Financing the energy efficient & eco friendly business

For financing, environment friendly business activities and energy efficient industries would be given preference by UBL.



Spectrum of some green business

4.3 Green banking Products & Services

□ **Electronic banking:** It is the platform of giving the clients the convenience of banking anytime anywhere through internet banking, mobile banking, phone banking. This would reduce the pollution contributed by the clients as they do not have to resort to physical statements or travel to the branches.

□ **Privilege financing for Green vehicle:** As an initiative towards more environment friendly way of life we may offer full or partial on processing fee/profit rate in our car/other vehicle loan facility on types which uses green technology or uses alternate mode of energy.

□ **Home Finance:** In our existing Home Loan facility, we may offer reduced processing fees or privileged profit rate to clients who construct or purchase homes with renewable energy.

4.4 Selection of Business proposal

- Environmental infrastructure such as renewable project, clean water supply project, waste water treatment plant, solid and hazardous waste disposal plant, bio gas plant, bio-fertilizer plant would get preference by the bank at the time of selection of the project.
- In opening L/C to procure equipments for installation of Effluent Treatment Plant and Water Treatment Plant (WTP), for solar energy, bio-gas and Hybrid Hoffman Kiln in brick field, UBL would give high preference and take utmost care.
- When financing in durable assets, UBL would incorporate ERM guideline provided by Bangladesh Bank.

4.5 Green Communication, Employee Participation & Awareness And Client Engagement

Employee Participation and Client Engagement

- Union Bank Limited would celebrate Green events with its clients in different occasions to build awareness about the environment amongst employees and clients.
- Union Bank Limited would celebrate the World Environment Day on 5th June every year. To mark the occasion, branches across the country along with their clients may take the green pledge by undertaking a number of activities as:
 - Signature campaigns
 - Plantation and distribution of trees
 - Arrangement of drawing and essay competition for children
 - Campaigning for raising eco fund etc.
 - Employees of the UBL may participate in the Green campaigning by wearing the green T-shirts and caps with green message as a gesture of its commitment towards the environment.
 - Emphasizing our green banking commitment, UBL itself or in partnership with reputed print/ electronic media may launch awards for contribution to environmental conservation or most environmentally responsible organization etc.
 - In addition to our ‘Green Banking’ commitment, UBL may pledge its support to the world’s largest global climate change event; the ‘Earth Hour’ on 28th March every year.

Green communication

Union Bank may extensively capitalize the opportunity of using existing internal media to reach to the clients and seek their collaboration in the ‘Green Banking’ movement.

- ATM charge slips to carry green messaging
- Green message on Visiting Cards (recycled paper)
- Green message in the letter head pad, envelop (recycled paper)
- Green message in the E-statement

- Green message in the UBL's web site

4.6 OTHER GREEN BANKING INITIATIVES:

Creation of Climate Risk Fund

Union Bank Limited would create a "Climate Risk Fund" from its CSR expenses. From this fund, bank may compensate itself while financing the natural calamities prone areas at the regular rate without charging additional risk premium. This fund would be used in case of emergency. Areas will include, but not limited to post-disaster rehabilitation, skill development and alternative livelihood, climate adoptability, climate resilient housing facilities.

Green awareness & training fund

Union Bank Limited should allocate budget for the training of its employees to impart knowledge of climate change to them and raise awareness among the employees and the stakeholders.

Green Marketing

Green marketing is the marketing of products that are presumed to be environmentally safe. Green marketing incorporates a broad range of activities including product modification, changes to the production process, packaging as well as modifying advertising. Union Bank Limited should use environmental causes for marketing their services to consumer. Besides avoiding negative impacts on environment through banking activities, Union Bank Limited should introduce

environment friendly innovative green products to address the core environmental challenges of the country.

Setting up Green Branches

Bank may open number of new branches and also convert existing branches with green banking features. A green branch should be featured by the provision of:

- Maximum use of natural light
- Use of renewable energy
- Use of energy saving bulbs and other equipments
- Reduced use of water and electricity and use of recycle water.

Chapter- Four

Phase-III

Launching of New Product

5.1 Activities under Phase-III have to be completed. At this phase the bank needs to address the whole eco-system through environment friendly initiatives and introduce innovative green products.

Designing and introducing innovative products:

5.2 To avoid the negative impacts on environment bank need to be introduced or invent environment friendly products to address the core environmental challenges of the country. Green Banking focuses on social safety and security through changing the negative impacts of the society.

Standardized reporting format with external verification:

5.3 The bank would publish the independent Green annual report following internationally accepted format like Global Reporting Initiatives (GRI) upon verification by an independent agency or acceptable third party.

Reporting standard format with external verification:

The bank would report its initiatives/activities under the said program to the Department of Off-site supervision of Bangladesh Bank on quarterly basis as per instruction by Bangladesh Bank.

Chapter- Five

Amendment and Compliance

□ **Amendment of the policy**

Taking the dynamic nature of the banking business and changing characteristics of the environment into consideration, the policy is subject to undergo the ongoing process of review, modification and revision as and when required. Moreover, to accommodate the changes in environment condition, government policy, central bank's directives and experience of the bank while dealing with Green Banking, this policy would be brought under the process of amendment and revision immediately.

□ **Compliance**

The compliant bank would be awarded in the following manners:

- Compliant bank would get reward point on 'Management' component while computing the CAMELS rating conducted by Bangladesh Bank.
- Bangladesh Bank would publish the list of Top Ten Banks for their initiatives taken to combat climate change in the official website of Bangladesh Bank, thus highlighting the banks' green banking commitment and compliance.
- Bangladesh Bank would significantly consider Green banking activities or practices of a bank while giving permission for opening new branches of the bank.

□ **Conclusion**

Green banking objectives and policies are not uniform across financial institutions. But the thrust of Green Banking always would be the same. “Sustainable development and banking business would go hand in hand to save our planet and make it greener.” Union Bank Limited feel honored to be part of Green Banking activities and firmly believe the remark of Bangladesh Bank Governor Dr. Atiur Rahman, “we envision Bangladesh as a mature advanced economy in 2050, with levels of human development and technological advancement sufficient to place her among leading Asian nations in terms of financial prosperity as well as social and environmental responsibility”.

Thank You