

**INFRASTRUCTURE DEVELOPMENT COMPANY
LIMITED**

GREEN BANKING POLICY

1.1. Introduction:

Infrastructure Development Company Limited has become a well-known financial institution in Bangladesh for financing in medium to large-scale infrastructure and renewable energy projects in Bangladesh. IDCOL recognizes the significance of environmental, health / safety and social considerations in infrastructure development and believes in sustainable development.

In order to achieve the above, IDCOL is committed to Green Banking to:

- (a). Mainstream environmental, health / safety and social (E&S) considerations in appraising and financing infrastructure projects to avoid / minimize adverse impacts and risks to the environment and people that may be affected
- (b). Ensure compliance with all relevant E&S policy and legislative requirements and laws of the lands with which it engages and remain responsive to the E&S requirements of international best practices
- (c). Avoid / minimize land acquisition and resettlement through selection of appropriate locations and design of projects
- (d). Where land acquisition is unavoidable, compensate replacement value of such acquired land/property will be paid before displacement or replace with land having equal value and quality together with other facilities such as housing and basic infrastructure facilities.
- (e). Ensure protection of vulnerable groups, such as the economically and socially disadvantaged, women, children, physically handicapped and indigenous people such as *adibasi* populations and take appropriate measures to restore their livelihood as relevant.
- (f). Ensure the E&S issue in its day-to-day business for optimum use of natural resources
- (g). Facilitate environment friendly projects

Objectives:

The objectives of Green Banking Policy for IDCOL will be as follows:

- To comply with the applicable national and international environmental regulations
- To maintain the operations of the institutions in energy efficient way
- To reduce carbon footprint from financial activities
- To ensure the in-house environment-friendly practices
- To encourage the environment friendly sectors

Scope:

This Green Banking Policy will cover all activities, process, products and services of IDCOL including the in-house maintenance including the head office and regional offices. It will also govern the initiatives of financing of various projects. It will encourage the financing of environment friendly sectors as well as the environment sensitive sectors.

Benefit

This Green Banking Policy will help to prevent any pollution that has possibilities to occur and ensure the continual improvement of the environment.. Green financing under this Policy will expand and develop the sectors in environment friendly ways. It will also lead IDCOL to contribute to the conservation of environment.

Classification of phases

This Green Banking Policy is divided in three phases; Phase I is more focused to the in-house environment friendly practices; Phase II is for a complete Environment Management System and Phase III is for Innovation and Standard Verification.

Phase I: General Commitment to Environment through In-house Performance

Under Phase I activities IDCOL will emphasis on its own environmental compliances. Its in-house practices for protection and preservation of environment will accomplish Phase I. This will largely depend on the performance of its internal management, its employees, practices, activities and operations. The deadline for accomplishment of Phase I will be on or before 30th June 2014. Following is the action plan for Phase I:

1.1. Policy Formulation and Governance

For the Policy Formulation, IDCOL has developed this Policy for Green Banking; for governance, there will be a high power Committee formulated with the following members:

Designation in IDCOL	Designation in the Committee
Executive Director & CEO	Chairman
CFO & Head of Operations	Member
Director Investment & Head of Advisory	Member
Head of Renewable Energy	Member
Unit Head, Credit Risk Management	Member Secretary

Functions of this Green Banking Committee will be:

- To approve the budget for the green banking activities and present the same for sanction
- To perform any other functions as implies under any other provisions of this Policy

- To monitor the functions of the Green Banking Unit formed under this Policy
- To approve the planning of green banking

There will be a Green Banking Unit formed with the following members:

Designation in IDCOL	Designation in the Unit
Unit Head, Other Renewable Energy	Unit Head
Unit Head, Small & Medium Infrastructure	Member
Unit Head, Credit Administration	Member
Environmental Specialist	Member
Officer, Legal Affairs	Member Secretary

This Green Banking Unit will be responsible for the following:

- To design the green banking activities or environment friendly project
- To operate and administer the approved green banking activities
- To publish and disseminate the green banking activities
- To evaluate the environmental risk of any project and present the same in Credit Risk Management (CRM)
- To report the exiting green banking activities of IDCOL to the Committee and any other concerned authority with the previous sanction of the Committee
- To perform any other functions under this Policy

1.2. Incorporation of Environmental Risk in CRM

Under article 3.2.2 of the National Environmental Policy 1992 with cross reference to section 12 of the Environment Conservation Act 1995, every new industrial unit needs to go through environment assessment via Environment Impact Assessment and Environment Clearance Certificate. Similarly IDCOL will conduct environmental due diligence in measuring the environmental risk of any prospective project before giving credit to it. For this purpose the Environment Risk Management (ERM) Guideline of Bangladesh Bank will be the core mechanism and form a part of this Policy.

1.3. Initiating In-House Environment Management

IDCOL will ensure the efficient conservation of natural resources (renewable and non-renewable), for example energy, water, paper in its day to day operation and maintenance of its head office and regional offices.

1.3.1. Replacement of high energy consuming electrical equipment to efficient one

- By using energy efficient bulb (preferably T5) instead on fluorescent
- By using inverters in ACs

- By Installing separate energy meters to ensure the regular monitoring and review
- By using sensor control lighting in stairs/stores/in places which are in least use
- By using Auto/Push pump in toilets/basins
- By ensuring regular servicing and maintenance to ensure the efficient life span of equipment

1.3.2. Ensure efficient energy usage

- By ensuring the highest usage of sun light (Day light saving initiative)
- Turn off the light/fan/AC/Computer/Printer/Photocopier when not in use
- Keeping the computer in sleep/energy saving mode when applicable
- Taking special care of the public properties like printer/photocopier/fax machine to keep them turn off at the end of a working day.
- By unplugging the socket after turning the switch off.

1.3.3. Efficient Use of paper, water and other resources

- By using the scrape papers as notepad
- By reusing the files
- Minimizing use of plastic files as these are not biodegradable
- By printing the necessary papers in double sides with minimum ink
- By increasing reliance on online correspondence in order to reduce the paper correspondence
- By switching off the engine of cars when in traffic signal
- By using fuel efficient car for the official use
- Ban poly bag completely within the authorized premises

1.4. Introducing Green Finance

IDCOL will give priority to finance the environment-friendly and environment-sensitive sectors; here Environment Friendly sectors includes the renewable energy sectors which are eco-friendly by ensuring the sustainable use of the resources and not putting any adverse effects on the environment whereas Environment Sensitive sectors includes those which usually contribute to environmental pollution but such pollution can be mitigated by the application of necessary equipment and process e.g. Effluent Treatment Plant, 4 R's (Reduce, Reuse, Recover and Recycle) programs and proper waste management, regular assessment on environmental risks and impacts etc. IDCOL will finance the following but not limited to Environment Friendly Sectors and Environment Sensitive Sectors subject to the internal sanction and approval process of IDCOL:

Environment Friendly Sectors:

- Solar Home System
- Domestic Biogas Plant

- Solar Irrigation Pump
- Bio-gas based power plant
- Bio-mass based power plant
- Solar Mini-grid

Environment Sensitive Sectors:

- Clean Water Supply Projects
- Waste Water Treatment Plant
- Solid and Hazardous Waste Disposal Plants
- Power Plants
- Recycling of domestic, agricultural or industrial wastes

1.5. Creation of Climate Risk Fund

IDCOL does its Corporate Social Responsibility (CSR) on regular basis. It will create a Climate Risk Fund from its annual budget. This fund will be used for providing relief and reconstruction to the victim of different natural calamities in the country and in case of any other emergency as it deems necessary by the Green Banking Committee. Financial assistance from this fund will be extended to the Sponsors of the projects funded by IDCOL in case of exposure of any environmental risks. The application of this fund will be a part of CSR of IDCOL.

1.6. Introducing Green Marketing

Conservation of environment will be the prime concern during publicity, branding and marketing. IDCOL will disseminate its services to its customers through environment friendly way. Publicity through website, text messages (e-marketing), using recycled and handmade craft papers for marketing, visual presentation through projector will be given priority.

1.7. Supporting Employee Training, Consumer Awareness and Green Event

IDCOL will ensure awareness among its employees as well as its visitors about the environment friendly practices not only in professional but also in their personal lives. IDCOL expects to raise awareness among the employee

- By providing training to the employees in efficient energy usage
- By developing Green Usage Guides on the efficient use of water, paper, electronic equipment etc.
- By circulating the Green Usage Guides to the employees (through internal web campaign)
- By encouraging the employees to buy and use energy efficient and eco friendly transports, lighting, electronic equipment etc.

IDCOL will display visual signage/posters to keep everyone including the visitors conscious about the practices for sound and healthy environment.

1.8. Disclosure and Reporting of Green Banking Activities

IDCOL will disclose its Green Banking Policy and the activities under this policy; it will report to the Green Banking and CSR Department of Bangladesh Bank in the specified format on quarterly basis regarding its Green Banking.

2. Phase II: Complete Environment Management System (EMS) as per the standard of ISO 14001:2004

IDCOL will work for setting up a complete System of Environment Management. For this purpose IDCOL will flourish its activities already undertaken in Phase I and it will also broaden its activities beyond its head office. The time limit for Phase II will be on or before 31st December 2014. For a complete system of environment management, IDCOL will initiate for the following:

2.1. Sector Specific Environmental Commitment

IDCOL will develop sector specific Environmental Commitment for the projects and programs initiated for Green Financing under Clause 1.4 of this Policy. This commitment will include a proper environmental policy, vision and mission statement. The environmental commitment will be publicly available to make all relevant stakeholders aware of it.

2.2. Green Strategic Planning, Environmental Management Plan (EMP)

IDCOL will develop a Green Strategic Planning for but not limited to the following with details target and achievable time frames:

- Target for Green Financing
- Contribution to Climate Risk Fund
- In-house Environment Management
- Reduction of consumption of resources (water, electricity, gas, paper, petrol etc) in day to day office management

These strategic planning will be subject to approval of the Green Banking Committee, the Green Banking Unit.

2.3. Setting up Green Regional Offices

IDCOL will initiate to turn its regional offices into Green Branches as instructed by Bangladesh Bank from time to time and obtain the certification from Bangladesh Bank of the same. These regional offices will bear the special logo of Green Branches as assigned by Bangladesh Bank.

2.4. Improved In-House Management

IDCOL will take necessary planning and design for waste minimization strategy, minimization of energy usage, increasing the reliance on e-communications etc leading to the improvement of the in-house environment management as described under clause 1.3 of this Policy

2.5. Formulation of Project Specific Environment Risk Management Plan and Guidelines

IDCOL will develop its own Environment Risk Management Plan and Guidelines with project specific provisions for assessment and monitoring of environmental risk of any projects before financing. Such guidelines shall be in compliance with the internationally recognized standards and in addition to any available National Guidelines.

2.6. Rigorous Program to Educate Clients

IDCOL will extend its Environment Management to its clients. It will introduce rigorous program to train and encourage its clients to comply with the environmental regulations and to undertake resource efficient and environmental activities in their in-house practices.

2.7. Disclosure and Reporting of Green Banking Activities

In addition to the reporting obligation under clause 1.8 of this Policy, IDCOL will report and disseminate the following:

- Independent Green Banking and Substantiality Report showing its past performance, ongoing activities and future planning
- Updated and detailed information for the performance of the major clients after the rigorous program for their Environment Management

3. Phase III: Innovation and Standard Verification

Phase III aims at addressing the whole eco-system through the innovation of new initiatives which will be helpful to mitigate the core environmental challenges to the country. The time frame for Phase III will be on or before 30th June 2015. IDCOL will undertake the following for Phase III:

3.1. Innovative Initiatives

IDCOL will continue its search for innovative initiatives which will meet up the core environmental challenges of the country:

- For exploring new sectors for green financing
- For development of environment management for but not limited to its in-house management, its employees, its clients etc.

3.2. Standard Reporting and External Verification

IDCOL will publish its annual independent Green Banking Report in internationally accepted format. In order to publish such report, the Green banking Committee may consider the format of Green Reporting Initiative (GRI). These annual Reports will be open for verification by any independent agency or acceptable third party. In addition to this, IDCOL will update its annual report and websites regarding its green banking activities.

4. Miscellaneous

This Policy will be subject to the following provisions:

4.1. Effectiveness

This Policy will be effective from the date of its being approved by the Board of Director of IDCOL.

4.2. Amendment

This Policy may be amended in writing from time to time as deemed appropriate by the Green Banking Committee.

4.3 Budgets for implementation

IDCOL will approve a considerable fund in its annual budget for the implementation of the activities and planning undertaken under this Policy.

4.4 Circulars of Bangladesh Bank

- Formats time to time published by Bangladesh Bank for reporting will be an integral part of this Policy;
- The Circulars of Bangladesh Bank regarding Green Banking will be guiding instrument for interpretation of this Policy