**Internship Report**

**On**

**Evaluation of Practices of Environmental Risk Management – Study on Janata Bank Limited**

**Submitted To**

**Controller of Examinations**

**National University**

**Gazipur, Dhaka-1704**

**Supervised by**

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**Session: 2011-2012**

**Program: BBA**

**Major in Finance**





**National University, Bangladesh**

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**Letter of Transmittal**

29th January, 2017

Controller of Examinations

National University

Gazipur, Dhaka-1704

Subject: Submission of internship report.

Dear Sir

With great gratification I am submitting my internship report on evaluation of practices of environmental risk management-study on janata bank limited. I have found the study is quite interesting, beneficial & insightful and tired my level best to prepare an effective &creditable report.

I have concentrated my best effort to achieve the objectives of the report and hope that my endeavor will serve the purpose. The practical knowledge and experience gathered during the report preparation will immeasurably help in my future professional life. I will be obliged if you kindly approve this endeavor.

Yours sincerely

……………………….

Mahmudul Hasan Bhuyan

Roll no: 1202678

Registration no: 00001106774

Session: 2011-2012

Major in finance

BBA program

Daffodil institute of it (DIIT)

**Certification of Supervisor**

This is to certify that, Mahmudul Hasan Bhuyan, national university roll no:1202678, registration no:00001106774, academic session 2011-2012, major in finance, is a regular student of 8th semester (final semester) of BBA program, department of business administration, daffodil institute of IT. He has completed a three month internship program on evaluation of practices of environmental risk management - study on janata bank limited under my supervision which is a fulfillment of practical requirement of obtaining BBA degree.

I wish him success in all his future endeavors.

…………………………….

Aminul Haque Russel

Lecturer

Department of Business Administration

Daffodil institute of IT (DIIT)

**Student’s Declaration**

I, hereby declare that my internship report entitled evaluation of practices of environmental risk management- study on janata bank limited including the result of my work at JBL, under the supervision of Aminul Haque Russel (lecturer of BBA program), Daffodil Institute Of IT.

I further affirm that the work presented in this report is original and on part or whole of this report has been submitted to in any other national institute for any degree or any other purpose.

…………………………..

Mahmudul Hasan Bhuyan

Roll no: 1202678

Registration no: 00001106774

Session: 2011-2012

Major in finance

BBA program

Daffodil Institute of IT (DIIT)

**Acknowledgement**

At first I would like to express my deepest gratitude to almighty Allah for giving me the opportunity with strength, ability and patience to carry on this work. In conducting this study, I have received generous help and assistance from my colleagues, customers and I would like to mention with profound gratitude and pleasure.

First and foremost, I am highly to my supervisor. Aminul Haque Russel, lecturer of Daffodil Institute of IT. His instructive suggestion and comment have largely inspired me to prepare the internship report successfully.

My sincere gratitude go to senior Executive officer, of the Janata Bank Ltd, motijheel Corporate Branch, Dhaka for giving the excellent opportunity and support me to complete my internship report.

I perceive as this opportunity as a big milestone in my career development. I will strive to use gained skills and knowledge in the best possible way, and I will continue to work on their improvement, in order to attain desired career objectives. Hope to continue cooperation with all of you in the future.

**Executive Summary**

The main objectives of Environment risk management is the reducing of environmental degradation. Janata bank limited is the one of state owned banking Bangladesh. To serve the nation janata bank limited performs some activities for their clients.

The report is prepared to analyze the environment risk management of janata bank limited which contents of six chapters. Chapter one introduction describes about objective, methodology, scope and limitation of the report. Chapter two contain about the organizational overview of janata bank limited. Chapter three theoretical frameworks. Chapter four named guideline of environment risk management described of environmental risk management guideline of Bangladesh bank and janata bank limited. And analysis of determining the environment risk management due diligence checklist. Chapter five named is practices of environment risk management. Last chapter is a particular of finding, recommendation, and conclusion.

Janata bank create and generate an environment of trust and discipline that encourages and motivates everyone in the bank together the objectives of the bank with a commitment to quality and excellence in services the janata bank limited makes a great contribution for the banking industry with full of ideal commercial activities through authentic performance. Janata bank limited performs the entire banking role as a result one can easily get all the simple and intricate banking operation. In a word, this bank was appropriate for me my internship. Janata bank serves the people by the three sections namely general banking, investment, and foreign exchanges operation.

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**Acronyms**

|  |  |
| --- | --- |
| **Acronyms** | **Full name** |
| **JBL** | Janata bank limited |
| **BDT** | Bangladesh Taka |
| **CAMEL** | Capital adequacy, Asset quality, Management, Earnings andLiquidity. |
| **SWIFT** | Society for worldwide interbank financial telecommunication |
| **DOE** | Department of Environment |
| **EDD** | Environmental Risk Due Diligence |
| **ECR** | Environmental Conservation Rules |
| **EnvRR** | Environmental Risk Rating |
| **ETP** | Effluent Treatment Plant |
| **SME** | Small and Medium Enterprise |
| **FI** | Financial Organizations under the Financial Institutions Act. |
| **ECA** | Environmental Conservation Act |
| **BEFTN** | Bangladesh electronic fund transfer network |
| **RTGS** | Real time gross settlement |
| **PMIS** | Personal management information system |
| **NPL** | Non performing loans |
| **CBS** | Core banking system |

**List of Table & Graph**

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**Chapter: 1**

**Introduction**

* 1. **Origin of the Study**

Internship report is a partial requirement of graduation. It offers a great opportunity for any student to get some tremendous and brilliant ideas about the practical field. It also a challenging experience to prepare internship report which increase intellectual abilities as an efficient graduate. As banking sector have emerged as the most important player of our economy and they also offer a passionate environment for career development. So it was my premier objective since the very beginning of BBA program to accomplish internship in this type of financial institution. The BBA program is designed to focus on theoretical and professional development of the student to take up business as a profession as well as service as a career. The internship provides the students to link their theoretical knowledge into practical fields. In this connection, I am student of BBA (finance) in the department of bachelor of business administration (BBA) at daffodil institute of IT (under national university) was assigned to prepare an internship report under the guidance of supervising teacher on a selected subject matter to highlight my experience and to conduct an in depth analysis on the subject matter. janata bank limited (JBL) is a commercial bank and financial institution in Bangladesh. The internship topic is practices of environmental risk management of Bangladeshi bank – A study on janata bank limited. I have tried my level best to present my experience of the practical orientation in this report.

* 1. **Objectives of the Study**

**General Objective:** To evaluate practices of environmental risk management of janata bank limited.

**Specific Objectives:**

* To examine the environmental issues and concerns associated with potential business activities proposed for financing.
* To Identify, evaluate and manage the environmental risks and the associated financial implications arising from these issues and concerns.
* To show the environment protection measures in the lending process of janata bank limited.
	1. **Methodology of the Study**

This is a descriptive type of report. This report is based on both primary & secondary information. Also, analyze the quantitative information collected from secondary sources which contain past and present facts and figures, and condition of janata bank limited.

**Primary sources**

* Conversation with officers & employees of the branch.
* Interactions with the customers at JBL.

**Secondary sources**

* Annual report of Janata bank limited.
* Annual report of Bangladesh bank.
* Relevant books.
* Newspaper.
* Internet.
* Official website of JBL.

**1.4. Scope of the study**

This study is aimed at providing the practical knowledge on the overview of the practices of the environmental resources of management of Bangladeshi bank –on the study at janata bank. It also should be helped way to gathering practical knowledge about of the banking business. The subject matter of the report or study consists of practices of environmental resources of Bangladeshi bank-project report of janata bank.

**1.5. Limitation of the study**

The total report on the environmental resources management of janata bank limited. Though the internship program is a practical oriented program, it faces of the some difficulties. The major difficulties I have faced during my period are as included:

* Time is the main constraint and limitation for preparing the report because three month is not to cover of the whole process.
* This study completely official record, annual report, official website of JBL.
* Lack of organized data.
* Most of the information has been taken secondary sources.
* Do not get to genuine information from customer.
* Personal barriers like inability to understand some official term office decorum etc creates problems to me.
* Finally, the lack of the depth of my knowledge and the analytical capacity for writing such report is also short coming of this study.

**CHAPTER: 2**

**Overview of Janata Bank Limited**

 **2.1 Introduction**

Janata Bank Limited, one of the state owned commercial banks in Bangladesh, has an authorized capital of BDT. 20000.00 million (Approx. US$ 250 million), paid up capital of Tk. 19140.00 million, reserve of Tk.17976.20 million. The Bank has a total asset of Tk. 586082.98 million as on 31st December 2013. Immediately after the emergence of Bangladesh in 1971, the erstwhile United Bank Limited and Union Bank Limited were merged and renamed as Janata Bank. On 15th November, 2007 the bank has been corporatized and renamed as Janata Bank Limited. Janata Bank Limited currently operates through **905** branches including 4 overseas branches in United Arab Emirates. It is linked with 1239 foreign correspondents all over the world. The Bank employs more than 14(fourteen) thousand personnel’s. The mission of the bank is to actively participate in the socio- economic development of the nation by operating a commercially sound banking organization, providing credits to viable borrowers, efficiently delivered and competitively priced, simultaneously protecting depositors funds and providing a satisfactory return on equity to the owners. The Board of Directors is composed of 13 (thirteen) members headed by a Chairman. The Directors are representatives from both public and private sectors. The Bank is headed by the Chief Executive Officer & Managing Director, who is a reputed banker. The corporate head office of the Bank is located in the capital city Dhaka with 10 (ten) Divisions comprising of 44 Departments.

**2.2 Vision**

To become the effective largest commercial bank in Bangladesh to support socio-economic development of the country and to be a leading bank in South Asia.

**2.3 Mission**

Janata Bank Limited will be an effective commercial bank by maintaining a stable growth strategy, delivering high quality financial products, providing excellent customer service through an experienced management team and ensuring good corporate governance in every step of banking network.

**2.4 Basic Information**

**Table: 2.4 Corporate profile Janata Bank Limited**

|  |  |
| --- | --- |
| **Genesis** | Janata Bank Limited the 2nd largest stage owned Commercial Bank (SBC) Bangladesh is playing pivotal role in overall financial activities of the country. The Bank emerged as Janata Bank by combining the erstwhile United Bank Limited and Union Bank Limited under the Banks Nationalization Order (president’s Order 26) of 1972 and was restructured as a Limited company in November,2007. |
| **Legal Status**  | Public Limited Company (Governed by the Bank Companies Act 1991)  |
| **Chairman** | Shaikh md. Wahid-uz-zaman |
| **Managing director &ceo** | md.abdussalam |
| **Company Secretary** | Md.Mosaddake-ul-Alam |
| **Registered Office** | Janata Bhaban110, Motijheel C/A Dhaka-1000 bangladesh |
| **Authorized Capital**  | BDT.30,000 Million |
| **Paid of Capital** | BDT.19,140 Million |
| **Operating Profit** | BDT.10,683.34 Million |
| **Crediting Rating**  | By Alpha Credit Rating Limited (on the basis of Audited Balance sheet -2012,2011,2010 & Other information ) Rating Model Long Term Short Term Government Support AAAAR-1 Without Government Support A+ AR-2 Outlook Stable Date of Rating 19 September’ 2013 Expiry Date 18 September’ 2014 |
| **Employee(30.12.14)** | 14534 |
| **Branches** | 905 |
| **Subsidiary Companies** | 1.janata Capital and Investment Company Limited 2.janata Exchange Company SRL,Italy |
| **Phone PABX**  | 9560000,9566020,9565041-45 |
| **FAX** | 88-02-9554460,9553329 |
| **SWIFT** | JANBBDDH |
| **Website** | www.janatabank-bd.com |
| **E-mail** | md@janatabank –bd.com |

Source: Official website of JBL

**2.5. View of Some Project Financed by the Bank**

Janata Bank Limited and its subsidiaries financed the following project:

* Financing to Garments Industry.
* Credit scheme with a view to extension and reforming of erected house.
* Financing to Dying Industry.
* Financing to Pharmaceuticals Industry.
* Financing to large scale Industry.
* Financing to SME.
* Financing to Cottage Industry.
* Financing to software development and IT sector.
* Financing to Leather sector.
* Finance for processing fruit juice and others.
* Financing to ship building Industry.

**2.6. Business Strength**

* Second largest bank of country.
* Wide network of 905 Branches across the country including 4 overseas branches.
* Sponsoring the government.
* Personalized service.
* Well- connected distribution channel from Head office to all branches.
* Healthy correspondent relationship with foreign banks.
* Majority of the branches run with computer s under centralized network.
* Sound and large Capital base.
* Sustainable growth.

**Chapter: 3**

**Theoretical Framework**

**3.1. Introduction**

Environment means the surrounding condition of any person, institutions or objects. These surroundings may be influence those persons, institutions or objects in different ways such as –economic, social, political, cultural, and technological, etc. Bank is the special types of business organization. Bank collects money from a group of people as deposit and lends those to another group of people for profit. When environment is not favorable, shortage of deposit as well as investment are felt. Though performance or activities of all business are influenced by environment, but for bank environmental changes are very sensitive. So, the bankers need to be always careful to have a look at the environmental changes (positive or negative) in order to undertake right course of action.

**3.2. Definition of Environment**

We know environment can be defined from different point of view which is given below:-

**Terms of Economic Environment**

The totally of economic factor, such as employment, income, inflation, interest rates, productivity, and wealth, that influences the buying behavior of consumers and institutions.

**Terms of Business Environment**

Business environment such type of surrounding situation or influencing power that influences activity operations and decision of an organization. In this way, the success or failure of a business are largely influenced by the environment.

**Financial Environment**

Financial environment is a part of an economy with the major player’s Bing firms, investors, and markets. Essentially, this sector can represent a large part of well-developed economy as individuals who retain private property have the ability to grow their capital.

**3.3. Characteristics of Environment**

Following are the major characteristics of the environment

**Totality of external forces:** Environment is the sum totals of all those factors/forces which are available outside the business and over which the business has not control. It is the group of many such forces that is why, its nature is of totality.

**Specific and general forces:** The forces present outside the business can be divided into two parts-specific and general.

1. **Specific:** these forces affect the firms of an industry separately, e.g., customers, suppliers, competitive firm, investors, etc.
2. **General:** these forces affect the firms of an equally. Such as, social, political, and legal.

**Interrelatedness:** The factors business environments are co-related. Environment is co-related of the banking activities of the risk management.

**Dynamic nature:** As is clear that environmental is a mixture of many factors and changes in some or other factors continue to take place.

**Uncertainty:** Nothing can be said with any amount of certainty about the factors of the business environment because they continue to changes quickly.

**Complexity**: Environment comprise of many factors. All these factors are related to each other therefore; their individual effect on the business cannot be recognized.

**Relativity:** Business environment is related to the local conditions and this is the reason as to why the business environment happens to be different in different countries and different even in the same country at different places.

**3.4. Essential of Study of Environment of Banking**

Environment of banking that the whole socio-economic activities are controlled by environment. It is not possible to achieve success from any initiative by ignoring the influence of the environment. An interested reader of the subject of banking as well as new entrepreneurial clients of a bank, directors and bankers must have sufficient knowledge regarding the environment of bank and its elements with greater importance. It is essential to remain careful to peruse environmental changes to cope. They must operate in social environment of enormous scope, complexity and change. Bankers need to study closely the changes in the environment of banking in order to apply handle many problems some are given below:

**variation in demand for money:** as the banks collect deposit from the surplus unit and give it as loan to the deficit unit, they need to know and should have the ability to predict how much volume of money the depositors are expected to withdraw from the accounts within a certain limit of time. On the other hand, if the demand for money suddenly rises, then it may not be possible for the bank to supply huge amount of money. So it requires extensive idea regarding environment of monetary demand in the market.

**Variation in credit demand:** the demand for credit varies in varied periods of time. Suppose: short term credit is needed for working capital expenditure of big amount, it requires fixed and long term credit. So the bankers need to have idea about how much to allocate for short term credit and how much to allocate for long term credit.

**Variation in funds supply:** the main supply of the fund is the deposit money the surplus savers. So when and for what reason, the depositors and the central bank will increase or decrease the supply of fund., the bankers need to have an ideas about those.

**Variation in interest rate:** the rise and fall of interest rate on both depositors loan to borrowers affects the banking job a lot. If interest on deposit falls, bank fund will be decline and if rate increase, then the fund will be increased. Again the increase of interest rates on Loanable fund will lead the borrowers to take less money as loan. A study of environment will help banker’s tackle such situation.

**Variation in credit condition:** the terms and conditions of credit are influenced by the environment. So when environment changes, it requires a changes in the terms and conditions of credit policies.

**3.5. Environmental Obligations of Bank**

Although the banking and financial institutions are not directly affected by the environmental degradation, there are indirect costs to banks. To protect the environment pollutions and environmental hazards, JBL encourages projects which take care of following points while financing them viz.:

* Sustainable development and use of natural renewable natural resources.
* Protection of human health, bio-diversity, occupational health and safety.
* Efficient production, delivery and use of energy.
* Pollution prevention and waste minimization.
* Pollution controls (liquid effluents and air emissions) and solid and chemical waste management.

**3.6. Environment Obligation of Janata Bank Limited**

Environment obligation is to the describing of legal social and economic activities. Environmental obligations are to reducing of environmental degradation. Bank is to the friendly practices of the environment risk management. Environment obligations of janata bank limited are included:

**Legal obligation**

* To comply with relevant environmental legislation.
* To ensure adoption and formulation of environment friendly banking policy.

**Social obligation**

* To minimize environmental degradation.
* To promote environment-friendly practices.
* Reducing carbon foot point from the banking activities.
* To encourage stakeholders in green activities.
* To promote awareness in the society about the effect greenhouse effect

**Economic Obligations**

* To ensure environment protection measures in lending.
* Mass investment in green finance.

**3.7. Environmental Risk**

Environmental risk is a facilitating element of credit risk arising from environmental issues. These can be due to environmental impacts caused by and / or due to the prevailing environmental conditions. These increase risks as they bring an element of uncertainty or possibility of loss in the context of a financing transaction. An increasing awareness of these issues and their impact on financial institutions and business enterprises has driven the creation of a guideline encouraging banks and FIs to integrate Environmental Risk Management (ERM) policies into existing Credit Risk Management procedures. Banks and financial institutions need to adopt ERM practices in a formal and structured manner in line with global norms so as to protect their financing from the risks of a deteriorating environment and ensure sustainable banking practices.

**3.8 Sources of Environmental Risk**

Sources of environmental risk are given included:

**Land location:** Borrowers may plan and / or operate on land that is prone to environmental impacts by virtue of its geographical location. Activities on land in the flood plain or along the coastal belt are more vulnerable, and are a source of risk. Being located in a highly polluted area enhances the possibility of closure of all activities even though it may not be a direct individual contributor. Businesses that may displace local inhabitants or that are close to protected habitat areas are at risk of being directed to close or move out. Also, being located in a declared (though degraded) forest area, which is an eco-sensitive area, makes it vulnerable. Closure of such activities is possible when enforcement is tightened.

**Regulatory noncompliance:** Borrowers may plan and / or operate without technologies (e.g. effluent treatment plants) or management systems that will ensure compliance to the prevailing environmental laws. In such a situation, the borrowers are vulnerable to closure or shutting operations by the Department of Environment (DOE) due to enforcement of environmental compliance.

**Labour/social skill:** The borrower has to provide a safe and healthy working environment for its labour / employees. If it does not, then there is potential for accidents, injury and death and also exposure to occupational health issues. Apart from occupational health & safety, there is other labour / social issues that tend to get combined to create unrest conditions. These issues include child labour, forced labour, discrimination, disciplinary practices, working hours and wage compensation.

**Community/public opposition:** Borrowers may have inadequate environmental management practices in their operations. This can lead to excessive water abstraction, effluent releases, emissions and improper waste management that affect community living in the vicinity of the borrower’s premises.

**Climate Changes Impact:** Climate change is a global physical phenomenon with very drastic and adverse environmental, social and human consequences. Bangladesh is already experiencing climate-induced extreme weather events, e.g. cyclones, floods and droughts.

**3.9 Types of Environment Risk**

Types of Environment risk are as given below

**Direct Risk:** This risk can occur when a Bank/FI exercises operational control over a borrower’s business or in some cases where a Bank/FI takes possession of contaminated land held as security. In such cases, the Bank/FI may not only lose its original advance, but may also be forced to meet substantial clean-up costs.

**Indirect Risk:** This risk incurred by the Bank/FI due to borrower’s inability to repay because of environmental or climate change reasons. As Bangladesh strengthens enforcement of environmental regulations and public interest groups grow pressure increases on business to minimize their environmental impacts.

**Reputation Risk**: Reputation risk is present in financing transactions particularly where the Bank/FI is considering a large exposure. The Bank/FI’s reputation can be damaged if there is a failure of the business activity due to environmental reasons. The Bank/FI will be seen as engaging in irresponsible business practices that do not adequately address the environmental issues. Thus, the more responsibility the Bank/FI demonstrates, the less reputation risk it will face.

**Business/industry Risk**: Changing environmental conditions and/or requirements may impact the borrower’s capacity to meet the obligation to repay. This is an indirect risk.

**Management Risk:** Poor management may result in closures and community protests that can adversely impact the business and the borrower’s capacity to repay. This is an

Indirect risk

**Security and Collateral risk:** Risk that the Bank/FI might be exposed due to poor quality of the security/collateral, e.g. contaminated land or disposal of hazardous chemicals, in case of a default. This is a direct risk.

**Legal Risk:** This risk can take a number of different forms. Most obviously, banks are at risk if they do not comply with relevant environmental legislation. More specifically, they are at risk of lender liability for clean-up costs or claims for damages if they take possession of property that contaminates or pollutes, as a result of realizing security. This is a direct risk.

**Chapter: 4**

**Guidelines of Environmental Risk Management**

**.**

**4.1. Environmental Risk Management Guideline of Bangladesh Bank**

Environmental risk is a facilitating element of credit risk arising from environmental issues. These can be due to environmental impacts caused by and / or due to the prevailing environmental conditions. These increase risks as they bring an element of uncertainty or possibility of loss in the context of a financing transaction.

**4.2. About Environmental Risk Management**

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

* examine the environmental issues and concerns associated with potential business activities proposed for financing
* Enhance the credit risk appraisal process.

**Applicability:** Environmental Risk Management is applicable across all financing transactions undertaken by Banks/FIs as all of these occur within the context of environmental concerns. Some transactions are inherently more exposed to these risks than others. The main determinants of environmental risk are the nature of a borrower’s business activity and the vulnerability of the location of the business activity. With other aspects being the same, environmental risks will vary according to different forms of transactions, e.g. risks associated to a short-term financing is considerably less compared to a long-term financing to support the establishment of a large chemical or power plant.

**4.3. Stages in Environmental Risk Management**

There are different stages in Environmental Risk Management as applied to financing transactions: identifying, evaluating / rating, mitigating and monitoring & controlling.

**Identifying Risks:** At the time of identifying the financing, all environmental issues relevant to the proposed business activity needs to be determined. Of these, there may be some issues that can pose environmental risks. These need to be identified.

**Rating Risks:** Once the environmental risks are identified, these need to be evaluated. The evaluating or rating of risks is generally done using simple methods that estimate risk as a product of the likelihood / probability and the impact of the negative consequence.

**Mitigating Risks:** Once the risks are evaluated or rated, mitigation of these environmental risks need to be planned in the design and / or plans of the proposed business activity. It is only after assurance that these risks can be mitigated should the Banks/FIs proceed further with the financing process.

**Monitoring & Controlling Risks:** During the implementation, the Banks/FIs should monitor these environmental risks as a part of its credit monitoring. The outcome of this monitoring should feedback to tighten controls of these risks.

**4.4. Organizational Requirements**

**Policies:** policies are to the principles and requirement show the given below:

**Principles:** All Banks and FIs should make an “in principle” commitment to Environmental Risk Management in general and to the following in specific:

* Integration of Environmental Risk Management in their credit policies and procedures.
* Building awareness and providing Constant training and capacity building of their staff relevant to Environmental Risk Management.
* Adoption of a value adding approach to Environmental Risk Management with their potential borrower and aim to facilitate the borrower in addressing environmental issues that could lead to risks.

**Requirement:** All Banks and FIs should pass a Resolution of the Board or appropriate top & senior management committee on the adoption of these Guidelines and acceptance of the above principles. On an annual basis, all Banks/FIs should undertake a top management review to determine whether Environmental Risk Management is being effectively practiced in its operations.

**4.5. Procedures**

Procedures are containing of relationship banking/marketing credit risk management, financing business activities etc. Procedures of environment risk management are given below:

**Relationship Banking /Marketing/ Identifying and Planning for Environmental Risks:**

Banks/FIs have to identify environmental risks whenever a potential borrower approaches for financing. Banks/FIs are recommended to take a holistic approach towards assessing environmental risk and look at the inherent risks posed by the overall activities of the client as opposed to constraining themselves to the specific project seeking financing.

Banks/FIs providing credit to the same client, in a consortium or discretely, need to ensure that all the parties involved have shared information and risk ratings of the client so that the parties involved have identified and evaluate all the environmental risks involved and arrived at the same conclusion regarding the level of risk associated with the finance. As part of the Relationship Banking function, the Environmental Due- Diligence (EDD) checklist given in the Technical Annex and the Environmental Risk Rating (EnvRR) given in the Technical Manual are to be completed prior to forwarding the proposed financing to the credit risk management for consideration.

**Credit Risk Management/ Integrating Environmental Risks:** Banks/FIs have credit risk management procedures that need to be modified to integrate Environmental Risk Management considerations.

**Financing Business Activities:** In this credit risk management function, it is required to verify whether the EnvRR has been correctly done. If not, the Relationship Banking function should be asked to redo the EDD checklist.

**Portfolio Management:** On an ongoing basis, Banks/FIs should also estimate the environmental risks on their financing portfolio and consider approaches to managing them annually. At a portfolio level, Banks/FIs should classify their financing of business activities across the Department of Environment (DOE)’s Categories of Red Orange A, Orange B and Green (Schedule 1 of the ECR 1997). Banks/FIs should estimate the number and financial exposure to each of these categories.

In addition, Banks/FIs should classify their financing of business activities based on their environmental risks, i.e. “High”, “Moderate” or “Low” (Refer Part 3 Technical Manual), and estimate the number and financial exposure to each.

**Credit processing and Approval Process/ Incorporating Environmental Risk Covenants:** Banks/FIs need to modify credit processing and approval processes to include Environmental Risk Management considerations. Wherever the EnvRR is “High”, the credit approval decision should be taken by the Executive Committee / Board. For all other ratings of the EnvRR, there is no separate requirement for approval decision all credit agreements should include the standard condition / covenant about meeting the regulatory requirements. At the time of approving the financing, it needs to be ensured that the appropriate, additional condition / covenant have been included wherever EnvRR is “High”.

**Credit Administration/ Verifying Environmental Risk Considerations:** Prior to the disbursement where EnvRR is “High”, Banks/FIs have to verify that the conditions / covenants (e.g. obtaining environmental clearance certificate) is met prior to disbursement. Documented evidence of adhering to the conditions / covenants should be provided.

**Credit Monitoring: Carrying out Environmental Risk Monitoring:** To minimize credit losses, Banks/FIs have monitoring procedures in systems already in place. These systems need to be modified to include environmental risk considerations wherever EnvRR is rated as high in the following manner:

* Banks/FIs should carry out periodic inspections to ensure that proper environmental management is being adopted. EDD checklists should be used as guidance for these inspections as well. Whenever the monitoring requires more than the usual management expertise, e.g. specific technical expertise, Banks/FIs should use external consultants. Evidence of the periodic monitoring should be maintained.
* Banks/FIs should follow-up with the borrower on the findings of the inspections. Borrower should send written documentation on the action taken. Banks/FIs should maintain record of the same. Banks/FIs should take cognizance of the commitment to follow-up on these findings in taking decisions to deal with the borrower. During the annual audit/inspection, the Bangladesh Bank will verify whether the Banks/FIs have considered environmental risk as a part of their credit risk management.

**Credit Recovery:** No new procedures are required in relation to environmental risk management.

**Database on Non-Performing Loans (NPLs) due to Environmental Risks:** Banks/FIs should establish and maintain a database of NPLs that are due to environmental reasons, either in partial or full. If the borrower has indicated environmental factors as one of the reasons for delays in making repayments, then this should be noted in the database. The purpose of this database is to ensure that the Banks/FIs streamline their own institutional knowledge for better decision-making in their future financing.

**Reporting system:** Banks/FIs are required to have a reporting system, with a view to intimating management, shareholders, and other stakeholders on the use of these Guidelines. This reporting should be done on an annual basis and should form a part of their Annual Report.

**4.6. Technical Annexes**

**General Environmental Due-Diligence Checklist:** This checklist is to be used for all proposals for financing being considered by the Banks/FIs. If there are no specific checklists for the particular sector under consideration, the General EDD checklist alone, is to be used to determine the EnvRR rating. Please complete a response to each of these questions as Yes or No or No 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.

Table 4.6 general environmental due-diligence

|  |  |
| --- | --- |
|  **Particulars** | **Yes / No / NA** |
| **Possible sources of environmental risk** |  |
| **1. Environmental Clearances:** In the proposal for financing, have all the applicable compliances to environmental laws, i.e. site clearance certificate and environmental clearance certificate, been obtained from the Department of Environment (DOE)? Have these clearances been obtained after submitting the appropriate documents for the different pollution category of industries (Green, Orange-A, Orange-B and Red)? |  |
| **2. Land location / Site:** Is the land location / site free from vulnerability from an environmental perspective? Vulnerability can arise due to the issues such as the location being on the river bank (floods) and on national parks /forests (non-compliance)? |  |
| **3. Climate Change:** Is the proposal for financing protected against climate change related impacts such as cyclones, storm surges, floods and droughts change related impacts such as cyclones, storm surges, floods and droughts if relevant? |  |
| **Borrower’s Environmental Management Systems** |  |
| **4. Commitment:** Is the potential borrower’s top management committed to environmental management? |  |
| **5. Manpower:** Has the potential borrower planned for manpower resources to address environmental issues? |  |
| **6. Skills:** If so, is the manpower skilled to address environmental issues? |  |
| **7. Labour / social issues:** Does the management adopt good practices visa-à occupational health & safety and associated issues such as child labour, forced labour, wage compensation, discrimination and working hours |  |

**Determining overall EnvRR**

The italicized questions are the more important / critical ones. The EnvRR is determined as follows:

|  |  |
| --- | --- |
| **Criteria** | **EnvRR** |
| If answers to any one of the italicized questions is “No” | “High” |
| If answers to all italicized questions is “yes” but 50% or more of the non italicized questions is “No” | “High” |
| If answers to all italicized questions is “yes” and if answers to more than 25% and less than 50% of the remaining questions is “No” | “Moderate” |
| If answers to all italicized questions is “yes” and if answers to less than 25% of the remaining questions is “No” | “Low” |

**4.7. Sector Environmental Due-Diligence Checklist: Cement**

This checklist should be used for all proposals for financing in the cement sector Please complete a response to each of these questions as Yes or No or Not Applicable (NA), and determine the EnvRR.

**Legal classification**

As per ECR 1997, this is Red category.Key issues and proposed technologies / approaches

Table 4.7: Sector Environmental Due-Diligence Checklist

|  |  |
| --- | --- |
| **Particulars** | **Yes / No / NA** |
| **Air emissions:** Are air emission prevention and control measures systems installed in all point sources of emissions in operational processes and also in the handling and storage of intermediate & final goods? |  |
| **Waste water / ETP:** Is there an Effluent Treatment Plant (ETP) to treat the Waste water discharges? |  |
| **\* Does the ETP design ensure that there is no by-pass arrangement?** |  |
|  **Solid waste:** Are there responsible methods to dispose the solid waste / sludge from the ETP been included in the design? |  |
| **\* Have proper provisions been made for the management of solid waste - including clinker production waste and kiln dust?** |  |
| **Noise:** Have noise control measures been put in place in grinding, handling and transportation? |  |
| **Monitoring:** Does environmental monitoring for continuous monitoring equipment on all dust emission lines? |  |

**Determining overall EnvRR**

The italicized questions are the more important / critical ones. The EnvRR is determined as follows:

|  |  |
| --- | --- |
| **Criteria** | **EnvRR** |
| **If answers to any one of the italicized questions is “No”** | “High” |
| **If answers to all italicized questions is “yes” but 50% or more of the non italicized questions is “No”** | “High” |
| **If answers to all italicized questions is “yes” and if answers to more than 25% and less than 50% of the remaining questions is “No”** | “Moderate” |
| **If answers to all italicized questions is “yes” and if answers to less than 25% of the remaining questions is “No”** | “Low” |

**4.8. Matrix for quick guidance on potential Environmental risks**

**A. Overall Risk based on Project Location**

Table: 4.8. A Overall Risk based on Project Location

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sl.****No.** | Description | Env.Clear | Land/ Site | ClimateChange | Remarks, ifany |
| **A1** | On the coast | Yes | Yes | Yes  |  |
| **A2** | Inland – Flood plain | Yes | Yes | Yes |  |
| **A3** | Inland – outside flood plain | Yes | No  | No  |  |

**B. Sector Specific Risk**

Table: 4.8. b Sector Specific Risk

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Sl.No. | Description | Env.Cler | Effl | Haz.Chm | Wase | AirEnv. | Othrs | Remarks, if any |
| **B1** | Agri-Poultry | Yes | Yes | Yes  | Yes |  | Yes | Avian Flu |
| **B2** | Agri-Dairy | Yes | Yes | No | Yes | Yes | No |  |
| **B3** | Cement | Yes | Yes | No | Yes | Yes | Yes | Noise |
| **B4** | Chemicals-Fertilizers | Yes | Yes | Yes | Yes | Yes | Yes | Noise |
| **B5** | Chemicals-Pesticides | Yes | Yes | Yes | Yes | Yes | Yes | WHO Guidelines,Fire/Explosios |
| **B6** | Chemicals-Pharmaceuticals | Yes | Yes | Yes | Yes | Yes | Yes | Genetics, Bioethics,Labour |
| **B7** | Engg. and basic metal | Yes | Yes | No | Yes | Yes | Yes | Noise, Fire/explosions |
| **B8** | Housing | Yes | Yes | No |  | Yes | Yes | Noise, debris |
| **B9** | Pulp & paper | Yes | Yes | No | Yes | Yes | Yes | Noise, odour |
| **B10** | Sugar & distilleries | Yes | Yes | No | Yes | Yes | Yes | Water avail., odour |
| **B11** | Tannery | Yes | Yes | Yes | Yes |  | Yes | Odour |
| **B12** | Textile and apparels | Yes | Yes | Yes | Yes | Yes | Yes | Labour, Fire / Expl&ExportReqts |
| **B13** | Ship breaking | Yes  | Yes  | Yes  | Yes  | No  | Yes  | Labour |

**4.9. Environmental Risk Guidelines of janata Bank Limited**

The financial and economic development of Bangladesh is inextricably linked to our vulnerability to environmental degradation. An increasing awareness of these issues and their impact on financial institutions and business enterprises has driven the creation of a guideline encouraging banks and FIs to integrate Environmental Risk Management (ERM) policies into existing Credit Risk Management procedures.

**4.10. Environmental Issues**

Environmental pollution is engulfing the earth gradually and making it unlivable for the human being and other creatures. Air pollution, water pollution, garbage and pollution of the natural environment are all challenge for us which are mainly caused by deforestation, destruction of wetlands, depletion of soil nutrients etc. In recent years Bangladesh is making progress in addressing its environmental issues by implementing green banking policies.

**Management Outlook towards Green Banking**

* Focused on socially responsible investment.
* Designed to aid environmentally conscious businesses and consumers through better loan rates and other incentives.
* Planned to increase sustainable green finance.
* Future plan to set up “Green Branch”.
* Installation of Solar Panels in branch offices.
* Green Finance in 46 products under Bangladesh Bank re-financing scheme.
* Introduction of online banking in all of 908 branches within 2016.
* Budget allocation is to the increasing environment sector.
* Environment is to the practices of friendly activities.

**4.11. Approaches of Environment Risk Management**

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

* Banks/FIs should be able to ascertain risks arising out of environmental issues.
* Banks/FIs should be able to ascertain risks arising out of environmental issues are causing the risks.
* It should not be used as a tool to solve problems in general.
* The practice needs to be value adding to the borrower and should not be “policing” in nature.
* Banks/FIs should work with the potential borrowers in a collaborative manner.
* Together, they should plan the business activity that will adequately address the environmental Together; they should plan the business activity that will adequately address the environmental.
* Banks/FIs should use Environmental Risk Management to strengthen the relationship with the borrower and not to create unease.
* Environmental Risk Management should focus on managing risks and not on avoiding risks. This is 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 is not feasible, the Bank/FI should avoid finance

**4.12. Inter-Relationship with Credit Risk**

Environment risk management inters relationship to the credit risk are to the given below:

**Environmental Risk &Credit Risk:** Environmental risk affects credit risk to a great extent. This is one of the several risks that Banks/FIs must take into account when assessing financing opportunities. Wherever environmental issues are minor, the risks are also less or minor. In such cases, environmental risk has a marginal or incremental impact. However, when environmental issues are major, the risk can be so large that they become the most prominent credit risk. It is therefore, not to underplay the importance of environmental risks.

**Integrating With Credit Risk Management:** As environmental risk is a facilitating element of credit risk, Banks/FIs should integrate Environmental Risk Management with credit risk management in all aspects. No separate Environmental Risk Management systems are required. In fact, such separate systems may be counter-productive, as having two parallel systems will hinder effectiveness.

**4.13. About Guideline of Environment Risk Management**

About guidelines of environment risk management are as included:

**Establishing a Minimum Standard**

These Guidelines establish a minimum standard on what Banks/FIs should be having in terms of Environmental Risk Management. Having such a minimum standard ensures that a level playing field is maintained in the financial sector in Bangladesh. Banks/FIs can go beyond the requirements of these minimum Guidelines.

**Applicability**

Banks/FIs need to integrate Environmental Risk Management into their credit risk management processes. Developed in line with the Credit Risk Management Guidelines, these Guidelines will help in this regard. It is important to integrate in a manner that will work best for the Banks/FIs. Following these Guidelines verbatim is not necessary but they should be used without compromising the value-addition that will result for the Banks/FIs themselves, and also for borrowers in achieving better environmental performance.

These Guidelines should necessarily be used for all individual customers (corporate, institutional, personal, small and medium enterprise) whose aggregate facilities are above the following financing thresholds: For Small and Medium Enterprises (SMEs), financing > BDT 2.5 million For Corporate, financing > BDT 10 million. And For real estate financing > BDT 10 million.

These Guidelines should be used for both financing required for new, green field projects as well as those pertaining to existing facilities, e.g. renovation and expansion.

**Benefit**

The following are the benefits that Banks/FIs will derive from adopting these Guidelines:

* Awareness on environmental issues within the staff of Banks/FIs will grow substantively.
* Ability and capacity to address environmental risks in a structured and systematic manner will be established. And, this will lead to reducing NPLs arising directly or indirectly due to environmental issues.
* Borrowers will be encouraged to adopt better management practices that will lead to an overall better environmental performance and preparedness for climate change induced events. This will be a particularly useful contribution in the context of the country’s deteriorating environmental conditions and its particular vulnerability to climate change.
* Last but not the least, these Guidelines will help Banks/FIs demonstrate to the Bangladesh Bank, a higher commitment to addressing environmental issues and a focus on the environmental / sustainability sector.

**Recommendations for the Future**

By implementing these Guidelines, Banks/FIs will consider environmental risk as a part of their credit risk management. As more implementation experience is obtained, the following initiatives will be required to further support Banks/FIs in general and / or to establish these approaches across the financial sector in Bangladesh:

**Updating these Guidelines:** These Guidelines require to be constantly updated. Any significant change to the environmental conditions, laws and practices may necessitate updating. These Guidelines are dynamic documents, which will be revised as and when required, and at least once in every 3 years.

**Further integration with Credit Risk Management:** The structure of these Guidelines is in line with the Credit Risk Management Guidelines. As and when the Banks update their Credit Risk Management Guidelines, Environmental Risk Management is to be fully integrated within the text of those Guidelines.

**Environmental Risk Rating:** In this first version of these Guidelines, a qualitative approach to risk rating has been adopted with a view to keeping it simple and easy-to-use. In subsequent revisions, numerical risk rating methods will be used to strengthen the objectivity of the rating being provided.

**Database of External Consultants:** Banks/FIs may require the services of external consultants to address technical issues pertaining to the management of environmental risks. For this purpose, Banks/FIs need to have access to a database of external consultants along with their technical expertise so that these consultants can be called upon to provide the necessary support. Such a database may be developed once implementation experience is obtained in the introductory phase of the Guidelines.

**Environmental Insurance:** Environmental insurance is a specialist form of insurance providing cover against losses that could be incurred as a result of action arising due to environmental conditions, environmental / pollution impacts and climate change impacts. Insurance products are an effective mechanism to transfer risks associated with financing transactions and can be developed and used by Banks/FIs.

**4.14. Key Responsibilities in Different Functions**

As environmental risk management is a part of the credit risk management, the same organizational structure is to be used key roles and responsibilities of environmental risk management are included:

**Relationship banking / Marketing Function:** The responsibilities of this function are, to be aware of environmental issues confronting the various sectors, to communicate to the potential borrower that environmental information is sought with a view to avoiding unexpected situations in the future, to assess the potential borrower and the proposed business activity using a due-diligence checklist and provide an Environmental Risk Rating (EnvRR).

**Credit Risk Management Function:** The responsibilities of this function are to be aware of environmental issues confronting the various sectors, to review the completed due-diligence checklist and the EnvRR.

**Credit processing and Approval Function:** The Environmental Risk Management responsibility of this function is to ensure that the additional financing conditions / covenants, if any, are included in the agreements.

**Credit Administration Function:** The Environmental Risk Management responsibility of this function is to ensure that additional financing conditions / covenants, if any, in the financing ensure agreements are met prior to initiating disbursement.

**Credit Monitoring Function:** This function is to ensure that environmental risk monitoring should also be undertaken as a part of monitoring credit risks.

**Overall Responsibility:** The Chief Executive of the Banks/FIs will be responsible for ensuring the integration of Environmental Risk Management into Credit Risk Management. The operational responsibility will be with the Head of Credit or any of the senior management team member nominated by the Chief Executive

**4.15. Principle of Environment Risk Management**

All Banks and FIs should make an “in principle” commitment to Environmental Risk Management in general and to the following in specific:

* Integration of Environmental Risk Management in their credit policies and procedures.
* Building awareness and providing Constant training and capacity building of their staff relevant to Environmental Risk Management.
* Adoption of a value adding approach to Environmental Risk Management with their potential borrower and aim to facilitate the borrower in addressing environmental issues that could lead to risks.
* Banks/FIs have credit risk management procedures that need to be modified to integrate Environmental Risk Management considerations.
* Financing business activities this credit risk management function, it is required to verify whether the EnvRR has been correctly done. If not, the Relationship Banking function should be asked to the EDD checklist.
* Wherever the EnvRR is “High”, the credit risk management function will ensure that additional conditions / covenants are included. Examples of.
* The borrower will conduct business and maintain property in compliance with all environmental laws.
* The borrower will provide environmental clearance certificates as and when obtained or renewed.
* The borrower will have emergency response procedures in place.
* The borrower will take immediate and necessary remedial action in the event of a hazardous spill or release.
* The borrower will not use the property for disposing of producing, treating, storing or using contaminants, pollutants, toxic substances or hazardous materials or wastes.
* The borrower will employ a separate environmental manager with required background and skills to address environmental problems.
* The borrower will ensure adequate preparedness to climate change extreme events such as floods and cyclones
* Banks/FIs need to modify credit processing and approval processes to include Environmental Risk Management considerations.
* Wherever the EnvRR is “High”, the credit approval decision should be taken by the Executive Committee / Board. For all other ratings of the EnvRR, there is no separate requirement for approval decision.
* Prior to the disbursement where EnvRR is “High”, Banks/FIs have to verify that the conditions / covenants (e.g. obtaining environmental clearance certificate) is met prior to disbursement. Documented evidence of adhering to the conditions /covenants should be provided.
* To minimize credit losses, Banks/FIs have monitoring procedures in systems already in place. These systems need to be modified to include environmental risk considerations wherever EnvRR is rated as high in the following manner.
* No new procedures are required in relation to environmental risk management.

**Chapter: 5**

**Practices of Environmental Risk Management**

**5.1. Environment Protection Initiatives**

Environment protection initiatives are given below:

**A. Formulation of Green Policy Giving:** importance of environment protection the Board of Directors of JBL has approved a Green Banking Policy of Directors of JBL has approved a Green Banking Policy of Directors of JBL has approved a Green Banking Policy Bangladesh Bank. The policy has now been implemented in lending and internal environment management.

**B. Green Banking Structure:** To implement green banking policy as per the regulatory requirement we have framed an appropriate organizational structure.

  **Figure: 5.1 green banking structure.**

**Green Banking Committee**

Our Audit Committee acts as the Green Banking Committee. The Committee evaluates and recommends environment friendly banking policy, strategy and activities to the Board for approval on annual basis.

**Green Banking Unit**

We have a Green Banking Unit headed by a Deputy Managing Director under the Green Banking Committee. The role, duties and responsibilities of the Unit are:

* Formulation and evaluation of environment friendly banking policy.
* Monitoring and supervision of Green Banking operations.
* Reporting Green Banking activities to the management, Green Banking Committee and central bank on quarterly basis.

**Green Banking Desk**

A green banking desk is in place under the Risk Management Division to perform all green banking initiatives and coordinates the green finance activities, green reporting etc.

**5.2. Environmental Risk as a part of Credit Risk**

Environmental and climate change risk can hamper the business stability of the borrowers in respect of both profitability and reputation. Consequently, the extent of risk for the banks will be higher. So, we have incorporated environmental and climate change risk as part of the existing credit risk management prescribed to assess a prospective borrower. Environment risk management are to the reducing of risk and formulated &evaluating risk management.

We have formulated an Environment Risk Management Guidelines which is:

* Approved by the Board of Directors.
* Introduced general and sector specific environmental due diligence checklists.
* The checklist includes poultry, dairy, cement, chemicals, pesticides, pharmaceuticals, engineering, housing, pulp & paper, sugar, tannery, textiles & apparels, ship breaking etc.
* All projects in the said sectors are rated as high, moderate and low using EDD checklist to assess and mitigate social & ethical risks.

**5.3. Green Banking Activities**

Green banking activities of environment risk management are included:

**Management of In-house Environment**

We have taken a number of initiatives for in-house environment management defining the clear indication for maintaining a green office. The following initiatives are taken in this regard:

* A 'Green Office Guide' has circulated to the employees for implementation.
* Measures have taken to save electricity, water and paper consumption.
* Applying eco-font in printing to reduce ink and paper.
* Installation of printers having both sides printing. Option to lessen use of paper.
* Introduction of Real Time Gross Settlement (RTGS) in all branches.
* Introduction of Bangladesh Electronic Fund Transfer Network (BEFTN) to reduce dependency on paper based transaction.
* Installation of online MIS software for data collection, analysis and management reporting.
* Installation of Personal Management Information System (PMIS) software for Human Resources Management.
* Introduction of online banking in all of its 908 branches.
* Introduction of web-mail system for paperless communication.
* Use of energy saving bulbs instead of normal bulbs in branches/offices of the bank.

**5.4. Budget Allocation**

We are aware of environmental degradation and so are giving priority in green finance. Budget in this sector is increasing gradually compare to previous years. In 2015 allocation was BDT 5000 million which will be 5420 million in 2016. To reducing environmental degradation are to increasing of budget. Bank is to the financing of the environmental sector. Budget allocation graphically presentations are to given below:

Figure 5.4 Budget allocation of environment risk management.

|  |  |
| --- | --- |
| **Year** | **Budget (BDT)** |
| **2013** | **2,380.00** |
| **2014** | **2,467.00** |
| **2015** | **5,000.00** |
| **2016** | **5,420.00** |

**Green Financing:** We have given preference to eco-friendly business activities and energy efficient industries. Environmental infrastructure such as renewable energy project, clean water supply project, Effluent Treatment Plant (ETP) and projects with ETP, solid & hazardous waste disposal plant, bio-gas plant, bio-fertilizer plant, brick fields having Hybrid Holfman Kiln (HHK), Finance in Solar pump, technology are encouraged as a part of green financing practices. Environment risk management is to the reducing of the risk, and friendly practices of environment activities. We are also financing in various eco-friendly projects under re-financing scheme of Bangladesh Bank at a subsidized rate of interest.

**Green Marketing:** It is marketing of products and services based on environmental factors or awareness. Presently we are Advertising our products/brand, notice, circular etc. through internet/electronic media.

**Online Banking:** JBL has drafted an action plan to launch on line banking service in all the branches by 2016 to comply with the Government’s ‘Digital Bangladesh’ strategy. For performing online banking, the bank has launched Real time Online Banking activities by the real time centralized online Core Banking System (CBS) softwareTEMENOS-24 (T24) in 503 branches in 2015. We have installed 31 ATM booths and shared 4,800 ATM of other banks across the country.

**Green Awareness and Training:** Employee awareness and training on environmental and social risk are much essential for green banking campaign. JBL Staff College is continuously organizing training courses on Green Banking to train up executives/officers. Credit departments are assigned for developing knowledge/awareness among the consumers and clients on environmental degradation and green banking.

**5.5. Climate Risk Fund/CSR Activities**

We have created a fund as part of our CSR activities to finance in the economic activities of the flood, cyclone, ayela and drought affected areas at a lower rate of interest/without interest.

* All of 908 branches are computerized.
* Out of 908 branches 503 branches are running by online banking.
* Finance in Zig zag brick fields.
* Loan to 55 biogas plants.
* Loan to 186 solar panels.
* Loan to 15 HHK brick fields.
* Loan to 23 Vermi composed fertilizer.
* Real time online banking in 503 branches.
* Establishing 31 ATM booths along with 4,800 shared.
* BDT 5,420 million budgets allotted for 2016.
* Financing of the energy savings.

**5.6. Disclosure of Green Banking Activities**

We have started publishing green banking and sustainability reports in our quarterly bulletin. Initiatives/steps/projects that have taken as part of environment friendly activities are also disclosed in our website and annual report. We have complied of the following issues required for green banking policy:

* Own green banking policy.
* Green Banking Committee and Green Banking Unit.
* Budget allocation for green finance.
* Incorporation of Environmental Risk in the Credit Risk Management.
* In-house environment protection initiatives.
* Introduction of green guide.
* Introduction of green product.
* Introduction of green marketing.
* Online banking.
* Employee training and Consumer awareness.
* Green strategic plan.
* Disclosure and reporting of Green Banking.
* Environment risk management is to measuring of the risk.

**Management outlook towards Green Banking**

* Focused on socially responsible investment.
* Designed to aid environmentally conscious businesses and consumers through better loan rates and other incentives.
* Planned to increase sustainable green finance.
* Future plan to set up “Green Branch”.
* Installation of Solar Panels in branch offices.
* Green Finance in 46 products under Bangladesh Bank re-financing scheme.
* Introduction of online banking in all of 908 branches within 2016.
* Budget allocation is to the increasing environment sector.
* Environment is to the practices of friendly activities.

**5.7. General Environmental Risk Due-Diligence Checklist Management**

This checklist is to be used for all proposals for financing being considered by the Banks/FIs. If there are no specific checklists for the particular sector under consideration, the General EDD checklist alone, is to be used to determine the EnvRR rating.

**Environmental Clearances:** In the proposal for financing, have all the applicable compliances to environmental laws, i.e. site clearance certificate and environmental clearance certificate, been obtained from the Department of Environment (DOE). Have these clearances been obtained after submitting the appropriate documents for the different pollution category of industries.

**Land Location:** site free from vulnerability from an environmental perspective. Vulnerability can arise due to the issues such as the location being on the river bank floods) and on national parks /forests (non-compliance).

**Climate change:** Is the proposal for financing protected against climate change related impacts such as cyclones, storm surges, floods and droughts if relevant.

**Commitment:** Is the potential borrower’s top management committed to environmental management.

**Manpower:** Has the potential borrower planned for manpower resources to address environmental issues.

**Skills:** If so, is the manpower skilled to address environmental issues.

**Labour / social issues:** Does the management adopt good practices vis-avis occupational health &safety and associated issues such as child labour, forced labour, wage compensation, discrimination and working hours.

**Determining of ENVRR:**

The italicized questions are the more important / critical ones. The EnvRR is determined as follows:

Table: 5.7Determining of ENVRR

|  |  |
| --- | --- |
| **Criteria** | **EnvRR** |
| If answers to any one of the italicized questions is “No” | “High” |
| If answers to all italicized questions is “yes” but 50% or more of the non italicized questions is “No” | “High” |
| If answers to all italicized questions is “yes” and if answers to more than 25% and less than 50% of the remaining questions is “No” | “Moderate” |
| If answers to all italicized questions is “yes” and if answers to less than 25% of the remaining questions is “No” | “Low” |

**Chapter: 6**

**Findings, Recommendations,**

**Conclusion**

**6.1. Findings**

Bank always contribute towards the economic development of a country. Compared with other bank. Janata bank limited is also playing leading role in socio-economic development of the country. The bank is to that financing of the environment sector. Janata Bank is financing of various environment risk management project such as HHK project, solar panel. Bio-gas plant etc. finding of environment risk management are given below:

* To creating of climate risk fund.
* Risk is not to measure of the sector wise. Evaluating of the risk high, law, and moderate
* All of sectors are not to maintain environment due diligence checklist.
* Lack of the loan facilities. And interest rate is high.
* Stakeholder is not to investing of environmental project.
* To measuring introduced general and sector specific environmental due diligence checklist.
* Designed to aid environmentally conscious through better loan rates and other incentives.
* To increasing of the environmental degradation.
* Environmental and climate are to changes risk can hamper the business stability of the borrowers in respect of both profitability and reputation.
* To ensure environment protection measure in lending.
* To promote awareness in the society about the effect of green house effect.

**6.2. Recommendations**

There are some recommendations are to the given below

* Employee awareness and training on environmental and social risk and others program.
* To ensure the adoption and formulation of environment are friendly practices of banking policy.
* To reducing of carbon footprint from the banking policy.
* To promote the environment friendly practices.
* To measure introduced general and sector specific environmental due diligence checklist.
* To encourage of stakeholders in the environment risk management activity are to that financing of the project.
* To reducing of the environmental degradation.
* All projects in the said sectors will be rated as high, moderate and low using EDD check list to assess and mitigate social & ethical risk.
* Janata bank is to the financing to various eco friendly projects as a part of the environment friendly activities.
* To disclosure of the environment risk management.
* Increasing of the loan facilities and interest rate are low.

**6.3. Conclusion**

Bangladesh is great field of banking business .today the banking service is very competitive. The internship program, in first, has been arranged for getting knowledge of practical banking and to compare this practical knowledge with theoretical knowledge. Janata bank limited is a third generation commercial bank in the country with commendable operating performance directed by the mission to provide prompt and different services to clients. We have given preference to eco friendly business activities and energy efficient industry. It provides a wide range of commercial banking services JBL has achieved success among its peer group within a short span of time with its professional and dedicated team of management having long experience, commendable knowledge and expertise in conversion with modern banking. JBL are to the employee awareness and training on environmental and social risk is much essential for the green banking campaign. Environment is to reducing of the risk. Environment risk management is also minimization of risk. Environment risk management are checklist of sector wise checking of environment due diligence. to encouraging of investing of stakeholder. To reducing of risk and disclosure of the environment risk management. Janata bank are financing by the environmental sector. Environment risk management is to evaluating and formulation of the friendly practices activities.

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**Websites**

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**Others resources**

1. Annual report of janata bank limited: year2010-2015.