ESG & SUSTAINABILITY REPORT 2025

Driving **Innovation**
Advancing **Inclusion**
Creating **Impact**

BRAC BANK

ESG & SUSTAINABILITY REPORT 2025

BRAC BANK

আস্থা অবিচল

CORE OF BRAC BANK

People

Our Responsibility

- Ethical values & working environment
- Fair recruitment & employment
- Staff development
- Deliver long-term satisfaction through diverse offerings
- Societal development and positive impact initiatives

Our Strategic Priorities

- Inclusive and supportive workplace
- Promote equity and ethical values
- Enable staff growth and professional development
- Local community support programs
- Emergency aid and relief provisions
- Sponsorships and partnerships with social organizations

Planet

Our Responsibility

- Green Finance
- Combat pollution
- Corporate Social Responsibility (CSR)
- accelerate ecological transformation

Our Strategic Priorities

- Environmental stewardship
- Emissions reduction
- Sustainable financing initiatives
- Responsible corporate practices aligned with environmental goals

Prosperity

Our Responsibility

- Economic Development
- Corporate Governance
- Socially Responsible Financing
- Technology & Innovation
- Data Privacy & Information Security
- Prudent Risk Management

Our Strategic Priorities

- Ensure long-term economic stability
- Promote ethical growth
- Foster innovation
- Digital excellence
- Enhance Financial Performance

ABOUT THE REPORT

In 2025, BRAC Bank issued first International Capital Market Association (ICMA) aligned Social Bond to raise BDT 1,000 crore from capital market and supported by Second Party Opinion from S&P. The initiative reflects the Bank's commitment to mobilizing capital towards areas that create meaningful social impact and advancing achievements of Sustainable Development Goals (SDGs) in Bangladesh.

BRAC Bank's ESG and Sustainability Report 2025 reflects our continued commitment to integrating environmental, social, and governance (ESG) and sustainability into our strategy, operations, and decision-making processes while creating long-term value for society, the environment, and our stakeholders. Guided by our sustainability vision of Driving Innovation, Advancing Inclusion & Creating Impact, the report presents our progress, strategic priorities, and performance in line with the ESG and sustainability dimensions in 2025.

Sustainability at BRAC Bank extends beyond compliance and risk management. We view sustainability as a strategic enabler that strengthens responsible growth, supports inclusive economic development, and contributes to long-term resilience. Through green and sustainable finance, climate initiatives, responsible banking practices, social impact programmes, and strong governance frameworks, we continue to embed sustainability across our business ecosystem.

This report provides a comprehensive overview of the Bank's progress in advancing green and sustainable finance, promoting financial inclusion, strengthening climate risk management practices, and creating measurable social and environmental impact. To ensure sustainability priorities reflect both stakeholder expectations and business considerations, BRAC Bank conducted a Double Materiality Assessment, considering both the impact of sustainability matters on the Bank and the Bank's impacts on society, the economy, and the environment. The assessment serves as the foundation for identifying material sustainability topics and shaping strategic priorities.

To ensure transparency, consistency, and global comparability, this report has been prepared following internationally recognized sustainability reporting standards and frameworks, including:

- Global Reporting Initiative (GRI) Standards
- International Sustainability Standards Board (ISSB) Standards — IFRS S1 and IFRS S2
- Partnership for Carbon Accounting Financials (PCAF) Methodology
- Bloomberg ESG Indexing and Disclosure Framework

Demonstrating leadership within Bangladesh's banking sector, BRAC Bank continues to strengthen climate-related reporting and carbon accounting practices. The Bank measures and reports Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions using the PCAF methodology, ensuring transparent and standardized measurement of both operational and financed emissions.

The report also includes disclosures relating to climate scenario analysis, climate-related risks and opportunities, sustainable finance performance, impact measurement, and key ESG indicators, strengthening transparency for investors and stakeholders.

This report covers BRAC Bank PLC's sustainability performance and activities for the reporting period 1 January 2025 to 31 December 2025, unless otherwise stated. The ESG and Sustainability Report is published annually and reflects our continued commitment to responsible banking, transparent reporting, and creating sustainable impact for future generations. This report has integrated BRAC Bank's climate and sustainability related disclosure aligned to the IFRS S1 and S2 reporting standards.

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A landmark milestone in our sustainability journey was the successful issuance of Bangladesh's first-ever Social Bond.

Meheriar M. Hasan
Chairperson

MESSAGE FROM THE CHAIRPERSON

As a value-driven financial institution, BRAC Bank PLC continues to view sustainability as an integral part of its long-term strategy and corporate purpose. Our commitment extends beyond financial performance to creating meaningful economic, social, and environmental impact for the people and communities we serve.

Bangladesh stands at the crossroad of economic growth and development, where financial inclusion, climate resilience, and responsible business practices are increasingly interconnected. In this evolving landscape, BRAC Bank remains steadfast in integrating Environmental, Social, and Governance (ESG) principles into our governance framework, financing decisions, operational processes, and stakeholder engagement practices.

In 2025, the Bank made notable progress in advancing its sustainability agenda. A landmark milestone in our sustainability journey was the successful issuance of Bangladesh's first-ever Social Bond. Structured in alignment with the International Capital Market Association (ICMA) Social Bond Principles, this pioneering initiative demonstrates BRAC Bank's commitment to mobilizing capital toward high-impact sectors, including women-led enterprises, affordable housing, healthcare, agriculture, food security, and Water, Sanitation and Hygiene. The Social Bond represents an important step toward deepening Bangladesh's sustainable finance ecosystem while reinforcing transparency, accountability, and measurable social impact.

We further strengthened our sustainable finance portfolio, expanded support for renewable energy, green infrastructure, climate-smart agriculture, and socially responsible financing initiatives, while continuing to play a leading role in sustainable banking in Bangladesh. Our ongoing efforts in financial inclusion, particularly for CMSMEs and women entrepreneurs, reflect our enduring belief that access to finance is a catalyst for equitable economic development.

We also continued to expand access to financial services in hard-to-reach and climate-vulnerable regions across Bangladesh, where communities often face barriers to formal banking and heightened exposure to climate risks. Through inclusive financing, agent banking, digital channels, and tailored financial solutions, BRAC Bank is helping underserved populations strengthen livelihoods, create economic opportunities, build financial resilience, and participate more actively in the formal economy. Our support for climate-sensitive sectors, rural entrepreneurs, smallholder farmers, and vulnerable communities contributes to enhancing adaptive capacity and fostering long-term social and environmental resilience.

Sustainability is equally embedded in our operational culture. Through accelerated digital transformation, resource efficiency initiatives, employee engagement, entrepreneurs' capacity building, diversity and inclusion efforts, and responsible business conduct, we strive to build a resilient institution capable of delivering long-term impact while minimizing environmental footprint.

Our purpose-driven approach is rooted in the belief that banking can be a force for positive change. Whether through empowering entrepreneurs, supporting underserved communities, financing environmentally and socially responsible projects, or strengthening governance and risk management, BRAC Bank remains committed to contributing meaningfully to Bangladesh's sustainable and climate-resilient future and to achieving the United Nations Sustainable Development Goals (SDGs).

The year also marked important advancement in transparency and disclosure. BRAC Bank became the first bank in Bangladesh to independently disclose climate and sustainability related information in line with the IFRS S1 and S2 reporting standards.

On behalf of the Board, I would like to express my sincere gratitude to our regulators, customers, shareholders, development partners, and employees for their continued trust, collaboration, and commitment. Together, we will continue to advance sustainable progress and create lasting value for future generations.

Meheriar M. Hasan
Chairperson, BRAC Bank PLC

We view sustainability not as a constraint on growth, but as a strategic opportunity to build a stronger and more resilient bank.

Salek Ahmed Abul Masrur
Chair of the Board Risk Management Committee

MESSAGE FROM THE CHAIR, BOARD RISK MANAGEMENT COMMITTEE

The global banking industry is experiencing a fundamental transformation, where sustainability has evolved from a peripheral consideration into a defining factor of long-term financial resilience, operational continuity and institutional relevance. Climate risk, social responsibility and governance integrity are now deeply interconnected with prudent banking practices and sustainable economic growth.

At BRAC Bank, we recognize that the evolving expectations of regulators, investors, shareholders, and customers are reshaping the risk landscape at an unprecedented pace. Climate-related disclosures are becoming increasingly mandatory, Environmental, Social and Governance (ESG) performance is influencing investment decisions, and stakeholders now expect measurable evidence of responsible and sustainable banking practices.

As Chair of the Board Risk Management Committee, I firmly believe that sustainability must be embedded within the core architecture of BRAC Bank's risk governance rather than treated as a standalone compliance initiative. This requires expanding traditional risk management frameworks to incorporate environmental and social dimensions alongside conventional financial indicators.

Accordingly, BRAC Bank continues to strengthen its risk oversight mechanisms by integrating sustainability considerations into credit assessments, portfolio monitoring mechanism, and strategic decision-making processes. We are enhancing our ability to evaluate climate transition risks, identify environmental vulnerabilities across our lending portfolio, and improve resilience against emerging disruptions that may impact our customers, operations, and the broader economy.

The bank also recognizes that sustainable banking creates meaningful operational and strategic advantages. Greater digitization, improved data governance, resource optimization, and predictive risk analytics are helping us enhance efficiency, strengthen regulatory preparedness, and support more informed decisions. At the same time, our commitment to transparency and ethical leadership reinforces stakeholder confidence and strengthens BRAC Bank's reputation as a trusted financial institution in Bangladesh and beyond. The business goals are being reshaped to help clients embrace similar initiatives, and internal measurement tools need to be in place to ensure a focused approach to high-impact sectors

Importantly, we view sustainability not as a constraint on growth, but as a strategic opportunity to build a stronger and more resilient bank. By embedding sustainability into our risk culture and governance practices, we are safeguarding long-term value creation while contributing responsibly to national development priorities and the transition toward a more sustainable economy. The Board Risk Management Committee remains committed to ensuring that BRAC Bank continues to navigate these evolving challenges with discipline, foresight, and integrity.

Salek Ahmed Abul Masrur
Chair of the Board Risk Management Committee
BRAC Bank PLC

At BRAC Bank, sustainability is embedded in the way we conduct business, create long-term value, and shape the future of banking.

Tareq Refat Ullah Khan
Managing Director & CEO

MESSAGE FROM THE MANAGING DIRECTOR & CEO

At BRAC Bank, sustainability is embedded in the way we conduct business, create long-term value, and shape the future of banking. We firmly believe that sustainable development can only be achieved when financial growth is aligned with environmental stewardship, social inclusion, and effective governance practices.

In 2025, we continued to strengthen our position as one of Bangladesh's leading sustainable financial institutions by integrating Environmental, Social, and Governance (ESG) considerations into our operations, financing activities, risk management framework, and strategic decision-making processes. Throughout the year, our focus remained on driving inclusive growth, expanding access to finance, supporting entrepreneurship, and enabling businesses and communities to transition toward a more resilient and sustainable future.

Our green and sustainable finance portfolio continued to expand through increased investments in renewable energy, energy efficiency, sustainable agriculture, green infrastructure, and socially responsible financing initiatives. Reflecting responsible banking strategies and driven by robust oversight frameworks, BRAC Bank allocated 83% of its 2025 lending portfolio to sustainable finance initiatives. At the same time, we further strengthened our Environmental and Social Risk Management (ESRM) practices to ensure that sustainability principles and responsible financing considerations remain embedded throughout the lending lifecycle.

In recognition of our continued progress in sustainable banking practices, BRAC Bank was recognised as one of the top-performing banks under the Sustainability Rating of the Central Bank in 2025, marking the fifth consecutive year of this recognition. This achievement reflects the collective efforts of our teams to strengthen ESG integration across our operations, governance, sustainable finance initiatives, and stakeholder engagement practices, and to align with evolving regulatory and global sustainability expectations.

One of our key achievements in 2025 was the issuance of Bangladesh's first Social Bond, which aims to mobilise sustainable capital toward high-impact sectors, including CMSMEs, women-led enterprises, affordable housing, healthcare, water and sanitation, agriculture, and financial inclusion for underserved communities. We believe innovative financing instruments such as thematic bonds will play a critical role in accelerating Bangladesh's inclusive economic growth and helping the country achieve the Sustainable Development Goals (SDGs).

Another significant milestone during the year was BRAC Bank's partnership with the European Investment Bank (EIB) to accelerate green finance initiatives in Bangladesh. Under this partnership, the EIB will provide up to EUR 60 million to support private-sector-led green and circular economy projects in Bangladesh. This collaboration reflects growing international confidence in BRAC Bank's sustainable banking capabilities and reinforces our commitment to climate-conscious financing.

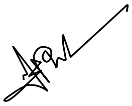
Digital innovation also remained central to our sustainability journey. Through continued investments in digital banking platforms, process automation, and operational efficiency initiatives, we enhanced customer accessibility and convenience while minimising environmental impact. We also maintained a strong focus on employee well-being, diversity and inclusion, ethical governance, cybersecurity, and transparency as essential pillars of sustainable growth.

Sustainability is deeply rooted in our corporate ethos and institutional values. As a member of the Global Alliance for Banking on Values and the United Nations Global Compact, and as a signatory to the Partnership for Carbon Accounting Financials, we remain committed to internationally recognised sustainability principles and responsible banking practices. These affiliations guide our approach to decision-making and reinforce our responsibility to generate positive environmental and social impact while maintaining long-term economic viability.

Despite ongoing global economic uncertainties and evolving market dynamics, Bangladesh continues to demonstrate remarkable resilience and immense potential. The banking sector plays a critical role in enabling sustainable economic progress, strengthening climate resilience, and supporting equitable growth. At BRAC Bank, we view today's challenges through the lenses of climate change and global market volatility. We do not view it solely as a risk but also as an opportunity to innovate, adapt, and emerge stronger in the financial sector.

As we move forward, we remain steadfast in our commitment to supporting Bangladesh's sustainable development aspirations through responsible banking, innovation, and strategic partnerships. We will continue to expand inclusive financing, strengthen climate resilience initiatives, enhance ESG integration across our business, and align ourselves with evolving global sustainability standards and stakeholder expectations.

I extend my deepest gratitude to our customers, regulators, shareholders, development partners, and employees for their trust and collaboration. Together, your unwavering support powers our journey to deliver sustainable value and shape a resilient future for generations to come.



Tareq Refat Ullah Khan
Managing Director & CEO
Chairperson of Sustainable Finance Committee
BRAC Bank PLC

We recognize that effective risk management is fundamental to sustainable banking and long-term value creation

Ahmed Rashid Joy
Additional Managing Director (AMD) & Chief Risk Officer

MESSAGE FROM THE CHIEF RISK OFFICER

At BRAC Bank, we recognize that effective risk management is fundamental to sustainable banking and long-term value creation. As the financial sector navigates an increasingly complex operating environment shaped by climate change, economic volatility, technological disruption, and evolving stakeholder expectations, integrating Environmental, Social, and Governance (ESG) considerations into risk management practices has become more critical than ever.

Throughout 2025, we continued to strengthen our risk governance framework by embedding sustainability and ESG considerations into our enterprise-wide risk management processes. Our approach reflects the understanding that environmental and social risks are intrinsically linked with financial and operational risks and therefore require proactive identification, assessment, mitigation, and monitoring across the banking value chain.

During the year, we further enhanced our Environmental and Social Risk Management (ESRM) framework in alignment with the sustainable finance guidelines of Bangladesh Bank and evolving international best practices. Through our experience in mobilizing concessional funds from the International Finance Corporation (IFC), we have embedded their performance standards in our credit appraisal process. As such, ESG standards and ESG risk assessments remain integrated into our credit evaluation and approval processes to ensure that financing decisions are aligned with responsible banking principles and sustainable development priorities.

The Bank also continued strengthening climate-related risk management, sustainability disclosures, financed emissions measurement, and governance practices in alignment with evolving global standards including IFRS S1 and S2 frameworks. BRAC Bank made history in 2025 by publishing Bangladesh's first IFRS S1 and IFRS S2 report on climate and sustainability related disclosure. This voluntary disclosure aligns the bank with global sustainability and climate risk reporting standards set by the International Sustainability Standards Board (ISSB).

Bangladesh Bank's latest Guideline on Climate Risk Management for Banks and Finance Companies will remain a key area for strengthening our risk governance in 2026. We continued to strengthen our understanding of the potential impacts of physical and transition climate risks on our portfolio, clients, and operations. In the coming years, we will work to improve our institutional preparedness to better mainstream climate risks and resilience in response to emerging climate-related challenges in Bangladesh and Beyond.

As part of our broader sustainability agenda, we also continued to support the growth of sustainable and green financing across sectors including renewable energy, energy efficiency, sustainable agriculture, and environmentally responsible infrastructure. At the same time, we maintained prudent risk oversight to ensure balanced growth, portfolio quality, and long-term financial resilience.

Operational resilience and cybersecurity also remained key priorities throughout the year. As digital banking adoption continues to accelerate, we strengthened our information security controls, fraud risk management mechanisms, and business continuity capabilities to safeguard customer trust and ensure uninterrupted banking services. We also continued to reinforce a strong risk culture across the organization through employee awareness, accountability, and governance practices.

Our commitment to responsible risk management is further supported by robust governance structures, transparent oversight mechanisms, and adherence to international sustainability principles and regulatory expectations. As a values-driven financial institution, we believe that effective risk management must not only protect the Bank from potential vulnerabilities but also enable sustainable opportunities that contribute positively to society, the economy, and the environment.

Looking ahead, BRAC Bank will continue to strengthen its ESG and climate risk capabilities, enhance data-driven risk assessment methodologies, and align risk management practices with evolving global sustainability frameworks and stakeholder expectations. We remain committed to fostering resilience, supporting sustainable economic growth, and ensuring that sustainability considerations remain embedded within our risk management and business decision-making processes.

As we move forward, BRAC Bank remains committed to advancing sustainable finance, strengthening ESG risk integration, and supporting Bangladesh's transition toward a more inclusive, climate-resilient, and sustainable economy. I sincerely thank our Board, management, regulators, employees, development partners, and stakeholders for their continued trust and collaboration in this journey.

Ahmed Rashid Joy
Additional Managing Director (AMD) & Chief Risk Officer
Head of Sustainable Finance Department
BRAC Bank PLC

You cannot get through a single day without having an impact on the world around you. What you do makes a difference and you have to decide what kind of difference you want to make.

Dr. Jane Goodall

Primatologist and Conservationist [1934 – 2025]

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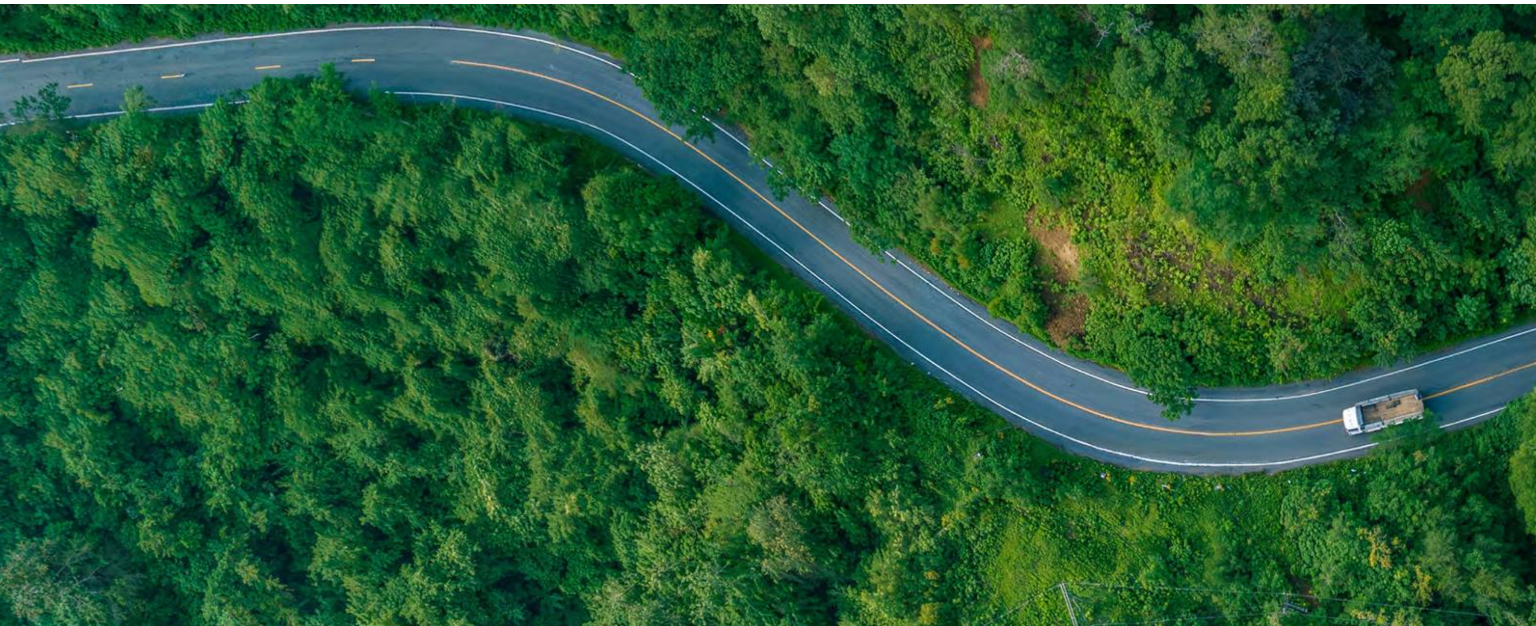

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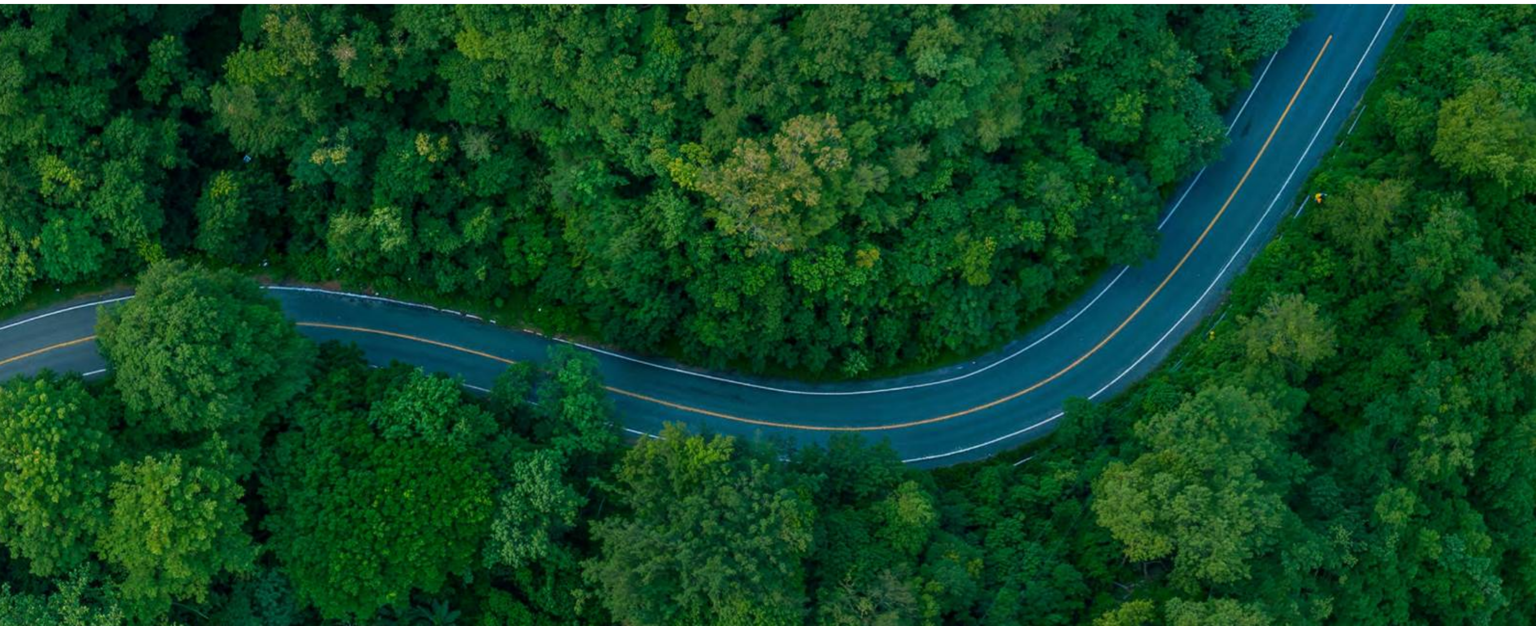


AWARD AND RECOGNITIONS

ICMAB

Best Corporate Award 2024 – **Gold**

Bangladesh Bank

Top-10 Sustainable Banks 2024 (5th consecutive year)

ICSB

Corporate Governance Excellence 2024 – **Gold**

Bloomberg ESG

Number 1 in ESG Rating among Bangladeshi Banks

VISA

Excellence in Cross-Border Debit

VISA

Excellence in Product Innovation – Cross-Border Medical Debit Card

VISA

Excellence in Value Proposition in an Affluent Card

VISA

Excellence in Visa E-commerce Business (Issuing)

VISA

Excellence in Visa POS Acquiring Business

VISA

Excellence in Visa E-commerce Acquiring Business

Awarding body	Award
Global SME Finance	Sustainable SME Financier of the Year – **Asia**
Mastercard	Excellence in Credit Business (Domestic + Cross Border)
Mastercard	Excellence in Business (Affluent)
J.P. Morgan Chase	4 Elite Quality Recognition Awards
Financial Alliance for Women	Gender Data Champion Award
Commonwealth Business	**Best Bank in Bangladesh**
Ministry of Exp. Welfare	Top Remittance Award
Centre for NRB	Top Ten Remittance Award
Ministry of ICT (CCA)	Best Digital Signature User Award
Qorus-Infosys	Reinvention & Finacle Innovation Awards 2025


BRAC

CHAPTER: ONE

SUSTAINABILITY OVERVIEW

1.1 About BRAC Bank

Brief Synopsis

BRAC Bank PLC is one of Bangladesh's leading private commercial banks, established in 2001 with a vision to promote financial inclusion, empower entrepreneurs and contribute to sustainable economic development. By pioneering collateral-light financing for Small and Medium Enterprises (SMEs) also known as the country's "Missing Middle", the Bank transformed access to formal finance for entrepreneurs who had traditionally been underserved. Over the years, BRAC Bank has evolved into a diversified financial institution, offering a comprehensive range of banking and financial solutions to individuals, businesses and institutions while supporting inclusive economic growth.

The Bank's journey is deeply rooted in the values of its founding shareholder, BRAC, one of the world's largest development organisations. This unique heritage shapes BRAC Bank's purpose-driven approach to banking, where commercial success is closely linked with creating positive social impact. As BRAC is the Bank's largest shareholder, the dividends it receives from the Bank support BRAC's development programmes in education, healthcare, financial inclusion, livelihoods, agriculture, climate resilience, humanitarian response and social empowerment. Through this distinctive ownership structure, BRAC Bank creates value that extends beyond financial performance, contributing to sustainable development and improving lives across Bangladesh.

Guided by its core values of Integrity, Innovation, Inclusiveness, Customer Centricity and Effectiveness (3ICE), BRAC Bank integrates sustainability into its business strategy and decision-making processes. Environmental, Social and Governance (ESG) considerations are embedded across responsible financing, Environmental and Social Risk Management (ESRM), financial inclusion initiatives and climate-related risk management. The Bank also promotes inclusive banking through TARA, its dedicated banking proposition for women, offering tailored financial solutions, exclusive lifestyle and business benefits, financial literacy initiatives and specialised support for women entrepreneurs. By helping women access finance, build businesses and strengthen their economic participation, TARA contributes to inclusive and sustainable development.

Innovation and responsible banking remain central to BRAC Bank's long-term strategy. The Bank continues to invest in digital transformation, technology and operational excellence to enhance customer experience while maintaining strong governance and information security standards. As the first bank in Bangladesh to achieve ISO/IEC 27001 certification for its Information Security Management System and the only Bangladeshi member of the Global Alliance for Banking on Values (GABV), BRAC Bank demonstrates its commitment to international best practices, responsible finance and values-based banking. Through continuous innovation, prudent risk management and strategic partnerships, the Bank remains focused on creating sustainable value for its customers, shareholders, employees, communities and the environment.

Share Capital

Particulars	2025 (BDT)	2024 (BDT)
Authorised Share Capital	50,000,000,000	50,000,000,000
Issued, Subscribed and Paid-up Capital	19,909,261,670	17,697,121,490

Credit Ratings

Based on the audited financial statements for the year ended 31 December 2025, BRAC Bank's credit ratings are as follows:

Credit Rating Agency	Long-term	Short-term
CRAB	AAA	ST-1
S&P Global Ratings	B+	B
Moody's Investors Service	B2	NP

These ratings reflect the Bank's strong financial position, prudent risk management practices and its ability to meet financial obligations under varying economic conditions.

Business Segments

BRAC Bank operates through three core business segments:

- Corporate and Institutional Banking
- Retail Banking
- SME Banking

These are supported by Treasury, Digital Banking, Agent Banking, Cards, Cash Management and other specialised banking services.

Distribution Network (As at 31 December 2025)

Service Touchpoints	Number
Business Regions	**8**
Branches	**194**
Sub-Branches	**116**
Premium Lounges	**26**
SME Unit Offices	**446**
Agent Banking Outlets	**1,122**
ATMs	**329**
RCDMs/CRMs	**171**
Customers Served	**2.3 Million+**

Office Address

Corporate Office Address

BRAC Bank PLC.
Head Office: Anik Tower (Ground Floor), 220/B,
Tejgaon Gulshan Link Road, Tejgaon I/A, Dhaka-1208, Bangladesh
Phone: 09677555124, 09677555125

Subsidiaries and Associate

Bangladesh

- BRAC EPL Investment Limited
- BRAC EPL Stock Brokerage Limited
- bKash Limited

International

- BRAC Saajan Exchange Limited (United Kingdom)

Associate

- bracIT Services Limited

Capital Market Information

Particular	Information
Trading Symbol	**BRACBANK**
Listed Exchanges	**Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE)**
Year of Listing	**2007**
Market Category	**A**
Face Value per Share	**BDT 10**
Total Issued Shares	**1,990,926,167**

1.2.
DRIVING INNOVATION, ADVANCING INCLUSION & CREATING IMPACT

Sustainability
is not only about
responsible resource management;
it is about creating meaningful and long-term value for our organization, our people, and the communities we serve. Guided by our commitment to Environmental, Social, and Governance (ESG) principles, we actively address sustainability risks and opportunities through the pillars of People, Planet, and Prosperity. By embedding these principles into our operations and decision-making, we strive to create positive impact and contribute to a more resilient and sustainable future for all.

This year's Sustainability Report theme, "Driving Innovation, Advancing Inclusion & Creating Impact," reflects our commitment to advancing sustainable growth through innovative solutions, inclusive practices, and responsible banking initiatives. We believe innovation plays a vital role in addressing emerging challenges, inclusion strengthens opportunities for all stakeholders, and meaningful impact drives long-term value creation. Through our sustainability journey, we continue to foster resilience, empower communities, and contribute to a sustainable and inclusive future.

ESG Highlights in 2025

Environment:

- Rated by Bloomberg as the top sustainable bank in Bangladesh with a score of **3.94**
- Recognized by the central bank as one of the top sustainable banks in Bangladesh for five consecutive years.
- Scope 1 Emission: **1,984.64 tCO_2**
- Scope 2 Emission: **18,986 tCO_2**
- Scope 3 Emission: **1,520,634.70 tCO_2**
- Green Finance Portfolio: **9%** (of total loan portfolio)
- Climate-Related Physical Risk at Portfolio Level: **4.7%**
- Climate-Related Transition Risk at Portfolio Level: **9%**
- Transition Finance Portfolio: **6.9%**

Social

The **largest** social financing portfolio in the country.

48% of total financing is directed toward Small and Medium Enterprises (SMEs).

Financing for women entrepreneurs represents **22%** of the total industry financing for Women-Owned SMEs (WSMEs).

Through Affordable Housing Financing, we have positively impacted the lives of **3,150** individuals.

Successfully issued the country's first Social Bond of BDT **10,000** million in alignment with ICMA Principles.

Socially Responsible Finance Portfolio: **8.9%**

Socioeconomic Advancement & Empowerment Financing: **5.8%**

Governance

87% of the board is comprised of independent directors, the highest percentage in the country.

37% female representation on the board.

A commitment to prudent risk management policies.

A robust information security system is in place to safeguard data and operations.

Published country's first IFRS S1 & S2 report aligned with ISSB principles.

Socially Responsible Finance Portfolio: **8.9%**

1.3 SUSTAINABILITY MILESTONES

BRAC Bank is committed to driving sustainable finance, creating long-term value for society, the environment and our stakeholders. This infographic highlights key milestones in our sustainability journey, showcasing our efforts in green financing, strategic partnerships and impactful initiatives. Each achievement reflects our dedication to a more inclusive, resilient and environmentally responsible future.

United Nations Global Compact

2019

Become a signatory to UN Global Compact

Global Alliance for Banking on Values

2019

Climate Change commitment with GABV, became a signatory of PCAF

ICMA International Capital Market Association

2025

Issued Country's first Social Bond in accordance with ICMA Principles

IFRS

2025

Published country's first independent IFRS S1 and S2 Report aligned with ISSB Standard

2025

Top sustainable bank of the country rated by Bloomberg

Bloomberg

2025

Top sustainable bank for five consecutive years rated by Bangladesh Bank

2019

Become the Executing Entity of Green Climate Fund Project

2022

Issued Affordable Housing Bond of USD 50M Subscribed by IFC

2023

Published First ever Sustainability Report of BRAC Bank PLC.

2023

Received USD 100 million green finance Citi-JICA Facility which is its first-ever private sector financing in Bangladesh

2023

We have started our GHG emission calculations according to PCAF

2024

Established 50 sustainable finance help desk

2024

Calculated and disclosed GHG emission of all scopes

5

BRAC BANK HAS BECOME

ONE OF THE TOP SUSTAINABLE BANKS

OF THE COUNTRY
FOR THE FIVE CONSECUTIVE YEARS
DECLARED BY BANGLADESH BANK

BRAC BANK
আস্থা অবিচল

CHAPTER: TWO

ESG MATERIALITY

ESG MATERIALITY

2.1. ESG Materiality Framework

BRAC Bank conducts a structured ESG materiality assessment to ensure that its sustainability priorities remain closely aligned with long-term business strategy and stakeholder expectations. This process helps identify the most important environmental, social and governance (ESG) issues that influence the Bank's operations, performance and overall impact.

To ensure a balanced perspective, the Bank follows a double materiality approach, which considers both financial and impact dimensions:

Financial Materiality

This focuses on how ESG-related risks and opportunities may affect the Bank's financial performance, asset quality, capital allocation and long-term value creation.

Impact Materiality

This examines how the Bank's lending, investment and operational activities impact the environment, society and the broader economy in Bangladesh.

By combining these two perspectives, BRAC Bank ensures that sustainability is fully integrated into risk management and strategic decision-making.

2.2 ESG Material Topics

The 2025 assessment reaffirms the key priorities identified in previous years while incorporating emerging themes shaped by regulatory developments, market expectations and evolving risks. Materiality considered:

Impact Materiality

Environmental

Key environmental areas include:

- Sustainable Finance
- Resource Efficiency & Circular Practices
- Climate Risk & Opportunity Management
- Greenwashing Risk
- GHG Emissions Management
- Sustainability Risks & Opportunities

Social

Key focus areas include:

- Diversity and inclusion
- Community engagement
- Employee development and well-being
- Human rights and fair labour practices
- Workplace health and safety
- Financial inclusion and addressing inequality

Governance

Key governance priorities include:

- Corporate governance and ethical practices
- Supply chain management
- ESG reporting and regulatory compliance
- Customer inclusion and responsible banking
- Risk management and internal controls
- Business continuity and digital ethics
- Board oversight and accountability
- Data privacy and cybersecurity

Financial Materiality

BRAC Bank evaluates how sustainability-related risks and opportunities may affect its financial performance over the short, medium and long term. This assessment is aligned with IFRS S1 and S2 standards.

Material Topics Considered under Financial Materiality:

Environmental	Social	Governance
Sustainable finance	Diversity and inclusion	Corporate governance and oversight
GHG emissions management	Employee well-being	Risk and compliance
Greenwashing risk	Human rights and labour practices	Responsible business practices and digital ethics

2.3 Material impact from Double Materiality Assessment

Aligned with stakeholder engagement and enterprise value creation, priority areas were identified, representing the intersection between financial materiality and impact materiality. By linking these topics, the Bank ensures its sustainability efforts are both meaningful and actionable. The key material topics identified:

- Sustainable finance
- Diversity and inclusion
- Human rights, fair & safe labour

SUSTAINABLE FINANCE:

Impact materiality:

Theme	Positive Impact	Status	Negative Impact	Status
Climate & Environmental Stewardship	Supports low-carbon and renewable energy through sustainable financing, promoting emission reduction and environmental resilience.	Actual	**Greenwashing Risk:** Inaccurate or unsubstantiated sustainability claims may create reputational, regulatory and legal risks.	Potential
Community & Social Impact	Supports community well-being through investments in affordable housing, healthcare and education, promoting social equity.	Actual	**Sectoral Financing Limitations:** Strict ESG criteria may limit financing access for certain industries, affecting inclusion and diversification.	Potential
Sustainable Economic Resilience	Financing sustainable businesses supports long-term economic stability, innovation and a resilient economy.	Potential	**Market Stability Risk:** Misaligned sustainability practices may increase volatility and reduce investor confidence.	Potential
Resource Sustainability	Promotes efficient use of natural resources, supporting long-term environmental sustainability.	Potential	**Unequal Benefit Distribution:** Sustainability benefits may not be evenly distributed across all communities.	Potential

Financial Materiality:

Theme	Positive Impact	Status	Negative Impact	Status
Regulatory & Compliance	**Compliance & Regulatory Costs:** Evolving ESG regulations and reporting requirements may increase operational costs and require additional resources.	Short to Medium Term	**New Market Opportunities:** Financing sustainable projects enables entry into emerging green sectors, supporting growth and revenue diversification.	Medium to Long Term
Reputation & Brand	**Brand & Reputation Risk:** Engagement with non-ESG-compliant clients or projects may damage credibility and weaken stakeholder trust.	Short to Long Term	**Enhanced Brand & Market Positioning:** Strong sustainability performance enhances reputation, competitiveness and long-term positioning.	Medium to Long Term
Investor Confidence & Capital Access	**Investor & Market Confidence Risk:** Inconsistent or unclear ESG disclosures may reduce investor confidence and affect growth potential.	Medium Term	**ESG-Driven Investment Appeal:** Increasing investor preference for ESG-aligned institutions can attract capital inflows and improve funding access.	Short to Long Term

Note: Status indicates whether the impact is currently observed (Actual) or may arise in the future (Potential). Also, the time horizons are defined as follows: Short-term (up to 1 year), Medium-term (1–5 years) and Long-term (beyond 5 years). Combined horizons (e.g., short to medium term) indicate impacts or opportunities that may materialise across multiple time periods.

DIVERSITY AND INCLUSION:

Impact Materiality				
Positive Impact	**Status**	**Negative Impact**	**Status**	**Impacted Stakeholders**
Improved workplace culture through diversity and inclusion, fostering collaboration, innovation and employee satisfaction.	Actual	**Resistance to Change:** Implementation of diversity initiatives may face internal resistance or bias.	Potential	Internal & external stakeholders
Enhanced talent acquisition and retention by attracting diverse and high-quality talent.	Actual	**Perception of Inequality:** Ineffective implementation may lead to dissatisfaction or perceived unfairness.	Potential	Internal stakeholders
Stronger community engagement through inclusive programmes, strengthening social impact.	Actual	**Reputational Risk:** Weak diversity practices may affect stakeholder perception and public image.	Potential	External stakeholders
Improved employee well-being and work-life balance, leading to higher productivity and motivation.	Actual	**Cultural Misalignment:** Poorly designed initiatives may not align with local context, creating discomfort.	Potential	Internal stakeholders
Greater innovation through diverse perspectives, improving problem-solving and decision-making.	Actual	**Collaboration Challenges:** Differences in perspectives, if not effectively managed, may create communication gaps or slower decision-making.	Potential	Internal stakeholders
Enhanced employee confidence and sense of belonging, strengthening engagement and contribution.	Actual	**Expectation Gap Risk:** Increased expectations around inclusion may create dissatisfaction if not consistently delivered across all levels.	Potential	Internal stakeholders

Financial Materiality				
Theme	**Financial Risk**	**Time Horizon**	**Financial Opportunity**	**Time Horizon**
Regulatory & Compliance	Failure to meet diversity and inclusion requirements may result in penalties or regulatory actions.	Short to Medium Term	**Increased Productivity & Innovation:** Diverse teams enhance creativity, problem-solving and overall performance.	Medium to Long Term
Cost & Talent Investment	Investment in diversity programmes, training and policy development may increase short-term costs.	Short Term	**Market Appeal & Customer Reach:** A diverse workforce improves understanding of customer needs and expands market reach.	Short to Long Term
Employee Retention	Lack of inclusion may increase attrition, leading to operational disruption and higher recruitment costs.	Short to Medium Term	**Stronger Employer Brand:** Commitment to diversity enhances reputation and supports talent attraction.	Medium to Long Term
Talent Competitiveness	Competitive Hiring Disadvantage: Lagging in diversity may reduce ability to attract high-quality talent.	Medium Term	**Improved Customer Alignment:** Workforce diversity enables better product alignment and revenue opportunities.	Medium to Long Term

Note: Status indicates whether the impact is currently observed (Actual) or may arise in the future (Potential). Also, the time horizons are defined as follows: Short-term (up to 1 year), Medium-term (1–5 years) and Long-term (beyond 5 years). Combined horizons (e.g., short to medium term) indicate impacts or opportunities that may materialise across multiple time periods.

HUMAN RIGHTS, FAIR & SAFE LABOUR

Impact Materiality				
Positive Impact	**Status**	**Negative Impact**	**Status**	**Impacted Stakeholders**
Improved worker safety and well-being through safe labour practices, reducing injuries and supporting healthier communities.	Actual	**Worker Exploitation Risk:** Weak labour standards may lead to unsafe conditions, unfair wages or excessive working hours.	Potential	External stakeholders
Strengthened protection of vulnerable groups, including migrant and low-income workers.	Actual	**Undetected Human Rights Violations:** Limited supply chain visibility may allow unethical practices to persist.	Potential	External stakeholders
Greater workforce stability through fair labour practices, reducing turnover and improving continuity.	Potential	**Social Conflict Risk:** Unaddressed labour concerns may lead to grievances, disputes or community unrest.	Potential	External stakeholders
Promotion of equitable and fair working conditions across value chains.	Potential	**Inequality & Discrimination Risk:** Lack of safeguards may result in unfair treatment or unequal opportunities.	Potential	External stakeholders

Financial Materiality				
Theme	**Financial Risk**	**Time Horizon**	**Financial Opportunity**	**Time Horizon**
Human Rights & Fair Labour	**Client Disruption Risk:** Labour disputes or unsafe conditions may affect client operations and repayment capacity.	Short to Medium Term	**More Stable Client Performance:** Strong labour practices improve operational stability and reduce credit risk.	Medium to Long Term
	Reputational Risk: Association with poor labour practices may impact brand value and investor confidence.	Short to Long Term	**Enhanced Brand Trust:** Strong human rights practices improve reputation and stakeholder confidence.	Short to Long Term
	Supply Chain Risk: Weak labour practices in client supply chains may lead to operational disruptions.	Medium Term	**New Business Opportunities:** Financing for labour compliance, safety upgrades and worker welfare initiatives.	Medium to Long Term
	Reduced Business Growth Risk: Labour-related issues may reduce client competitiveness and financing demand.	Medium Term	**Improved Client Resilience:** Strong labour standards enhance long-term client stability and banking relationships.	Medium to Long Term

Note: Status indicates whether the impact is currently observed (Actual) or may arise in the future (Potential). Also, the time horizons are defined as follows: Short-term (up to 1 year), Medium-term (1–5 years) and Long-term (beyond 5 years). Combined horizons (e.g., short to medium term) indicate impacts or opportunities that may materialise across multiple time periods.

2.4 Continuous stakeholder engagement

Based on the findings of the 2025 materiality assessment, the Bank acknowledges that open and consistent interaction with stakeholders plays a vital role in advancing its sustainability agenda. Ongoing dialogue enables the Bank to transform key ESG priorities into practical initiatives while ensuring that actions remain aligned with the expectations of stakeholders and emerging sustainability standards.

Looking ahead, the Bank aims to build a business that achieves long-term growth while contributing positively to society and the environment. Through its ESG framework, the Bank promotes engagement with employees, clients, regulators, investors and the broader community. Working closely with these stakeholders helps shape initiatives that generate mutual benefits, responsible progress and sustainable value over time.

Investors

How We Engage

Engagement through Investor Relations and ESG teams, including industry conferences, targeted discussions and regular updates on sustainability priorities.

How We Create Value

Transparent ESG disclosures and strong financial performance enhance investor confidence, improve access to sustainable capital and reinforce long-term credibility.

Suppliers

How We Engage

Transparent procurement processes, competitive bidding and supplier engagement programmes, including training and capacity building on ESG practices.

How We Create Value

Promoting ethical procurement and ESG alignment across the supply chain supports responsible sourcing, strengthens partnerships and drives sustainable value creation.

Customers

How We Engage

Continuous engagement through digital platforms, customer feedback channels, branches and contact centres, ensuring accessibility and inclusivity.

How We Create Value

Delivery of user-friendly digital banking solutions (e.g., Astha, CorpNet) and tailored financial products, including sustainable financing, supports customer needs and promotes responsible investment.

BANGLADESH'S FIRST SOCIAL BOND

BRAC Bank has issued first-ever social bond of Bangladesh, aligned with the 2025 ICMA Social Bond Principles, marks a transformative step for financial inclusion in the country. The bank will allocate 79% of proceeds to CMSME financing, prioritizing collateral-free loans to spark employment.

CHAPTER: THREE

SUSTAINABLE FINANCE

SUSTAINABLE FINANCE

3.1 Green & Sustainable Finance

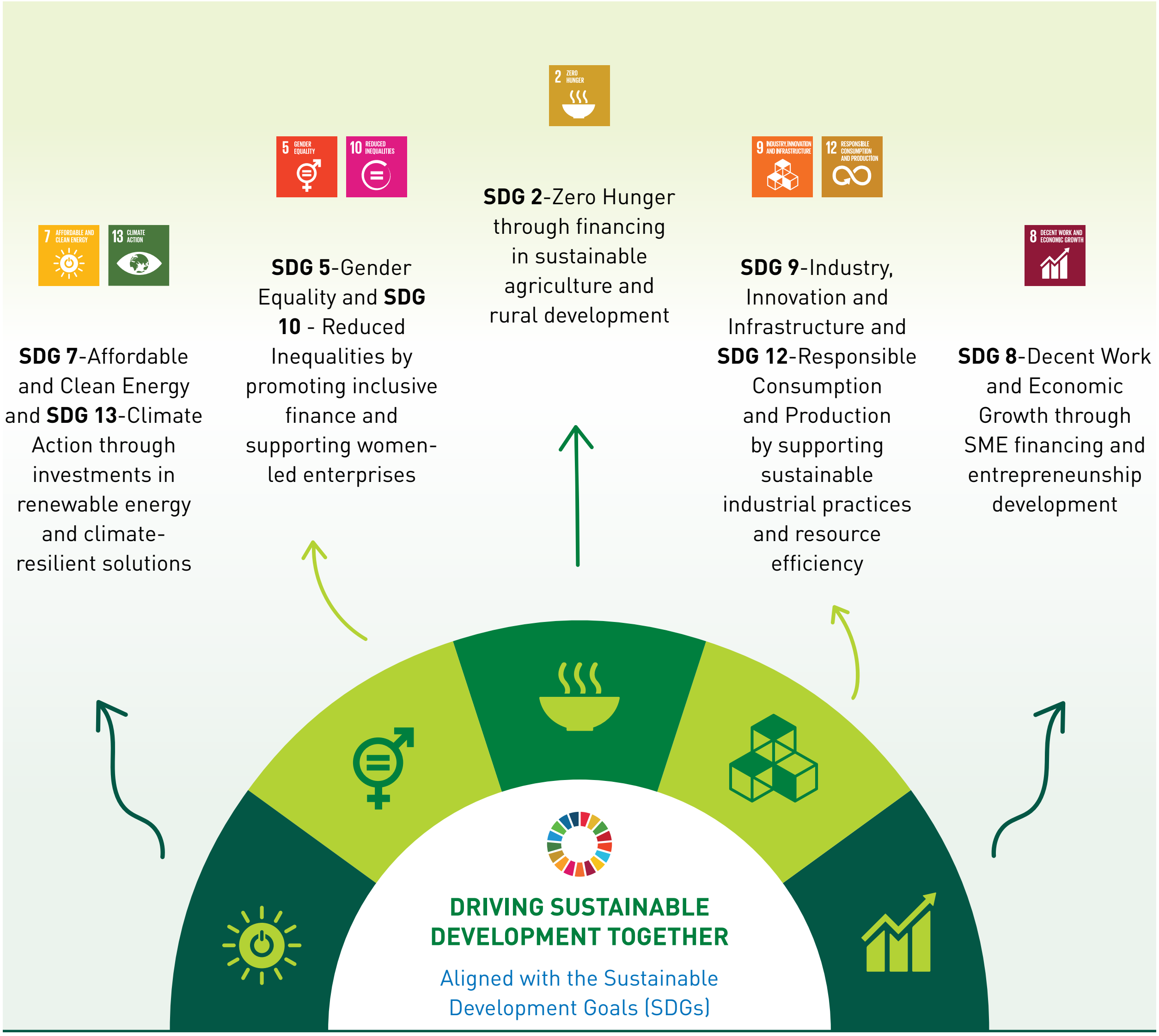
BRAC Bank recognises that finance plays a critical role in driving environmental protection, social progress and responsible economic growth. Through its green and sustainable financing initiatives, the Bank supports projects and businesses that contribute to climate resilience, environmental conservation and inclusive development.

3.1.1 Green Finance

Green finance focuses on environmentally responsible investments that reduce carbon emissions and promote resource efficiency. BRAC Bank provides financing for renewable energy solutions, including solar power, energy-efficient technologies and environment-friendly infrastructure. These investments support the transition to a low-carbon economy while contributing to the conservation of natural resources.

3.1.2 Sustainable Finance

Sustainable finance extends beyond environmental considerations by integrating Environmental, Social and Governance (ESG) factors into lending and investment decisions. This approach promotes responsible business practices, ethical governance, financial inclusion and long-term economic resilience. By embedding ESG principles into its financial activities, the Bank supports sustainable development outcomes for both communities and the environment.



3.2 Alignment with National and Global Priorities

BRAC Bank aligns its sustainable finance strategy with Bangladesh Bank's Sustainable Finance Policy and Taxonomy, while contributing to global frameworks such as the Paris Agreement and the United Nations Sustainable Development Goals (SDGs). These efforts reflect the Bank's commitment to responsible financing and climate-resilient growth.

By integrating sustainability into capital allocation, risk management and business strategy, BRAC Bank strengthens its role as a catalyst for inclusive, climate-resilient and sustainable economic development.

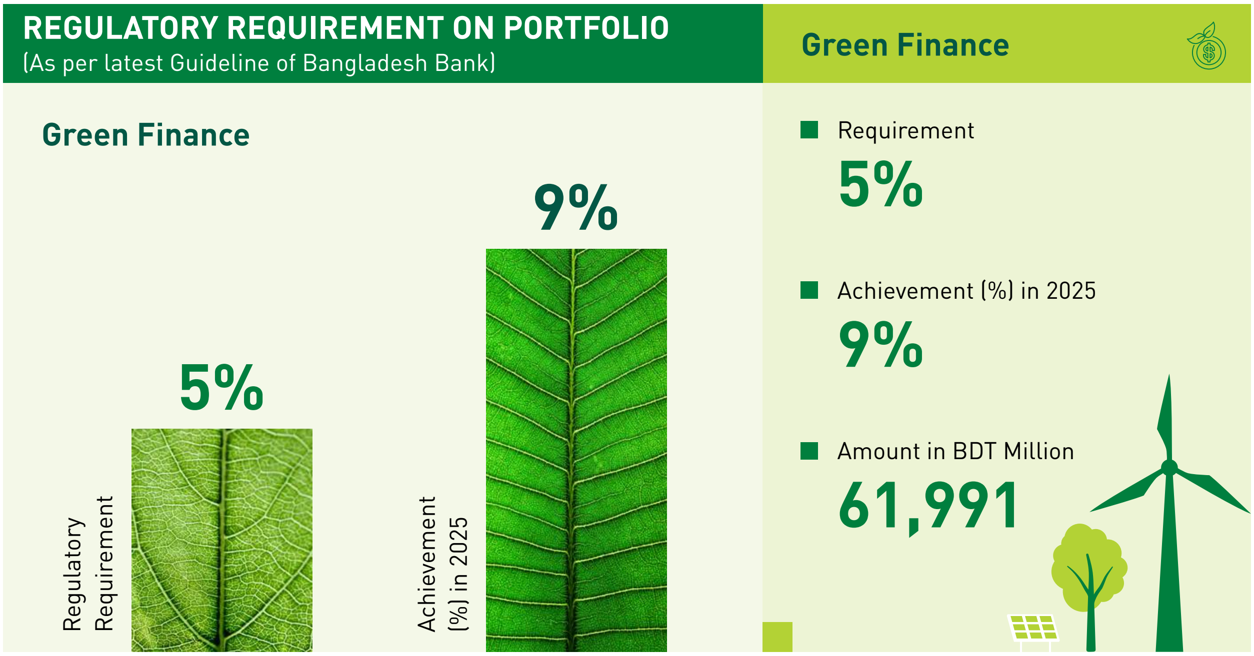
Through its financing activities, the Bank contributes to key SDGs, including:

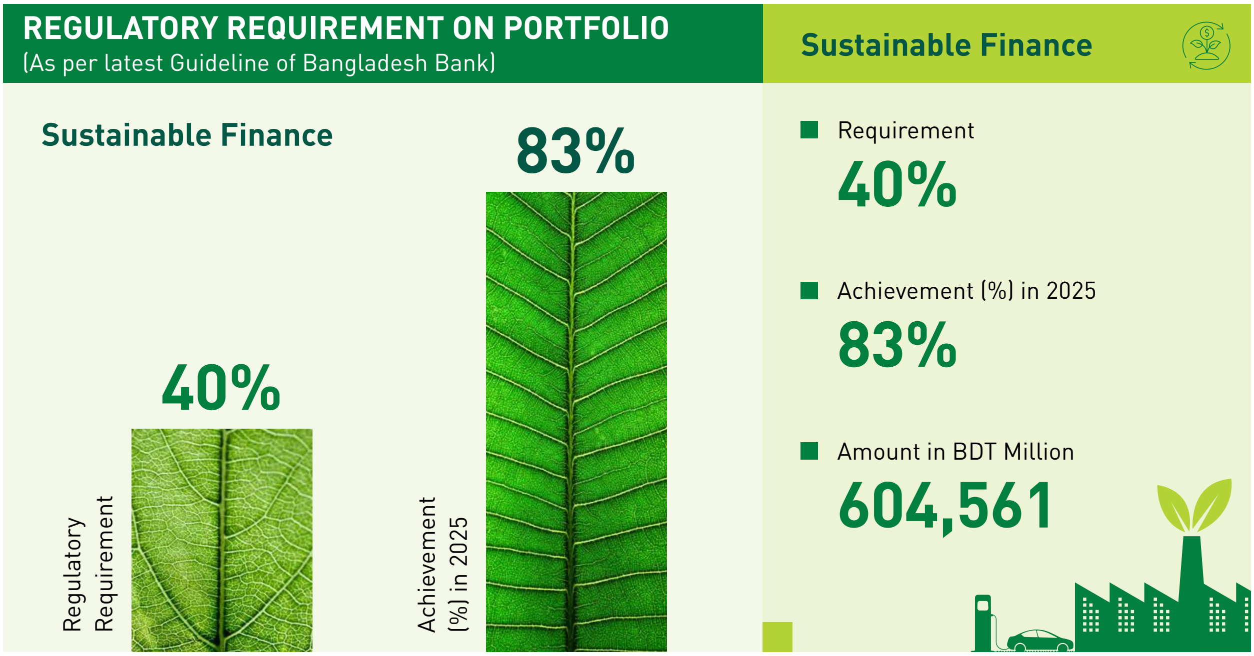
SDG Mapping of Sustainable Finance of BRAC Bank PLC

Sectors	Portfolio (BDT Million)	Major Categories	SDG Mapping
Green Finance	**61,991**	Renewable Energy	6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION
		Energy & Resource Efficiency	
		Circular Economy & Eco-Projects Financing	
		Lithium Battery Manufacturing	
		Green/Environment Friendly Establishments	
		Green Agriculture	
		Green CMSME	
		Green Socially Responsible Financing (SRF)	
		Green Shipyard	
		Information and Communication Technology	
Sustainable Agriculture	**4,180**	Crops	1 NO POVERTY; 2 ZERO HUNGER; 3 GOOD HEALTH AND WELL-BEING; 13 CLIMATE ACTION
		Pisciculture	
		Livestock	
Sustainable MSME	**253,337**	Micro	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
		Small	
		Medium	
Socially Responsible Financing	**58,452**	Financing in Green/Clean transportation projects	6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 13 CLIMATE ACTION; 15 LIFE ON LAND
		Digital Loan/credit using MFS or other digital medium	
		Financing/Investment through MFI (MRA Regulated)/ NGO (Govt. Approved) Linkage Mode for capacity building, Education, employment generation including self-employment	
		Financing in trading of green and agro products using ICT/online/e-business platform	
Other Sustainable Linked Finance	**226,599**	Low Risk Rated Projects/Initiatives using ESDD checklist	6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION
		Working capital and demand loan of Green Products/ projects/initiatives	

3.3 Overview of Sustainable Finance Portfolio

Bangladesh Bank has recently updated the reporting framework for green and sustainable finance to align with global best practices. In line with this guideline, BRAC Bank has developed a robust approach to track and manage its green and sustainable finance initiatives. By embedding sustainability principles into lending and investment decisions, BRAC Bank ensures that its financial support drives positive environmental and social impact while fostering responsible growth in alignment with national and global sustainability objectives. The portfolio of Green and Sustainable Finance as of 31 December 2025 is as below,





** Note: The above portfolio figures are prepared in accordance with SFD Circular Letter No. 01/2026 dated 13 January 2026 issued by Bangladesh Bank. Due to revisions in the reporting framework, the reported figures reflect adjustments under the updated guideline.

3.4 Driving Sustainability: Responding to Climate Risks and Harnessing Opportunities

At BRAC Bank, sustainability is embedded into our financing and operational decisions to create long-term environmental, social, and economic value.

3.4.1 Physical Climate Risk Management:

Focus Area	Key Actions	SDG Alignment
Climate Risks	Floods, storms & extreme weather	13 CLIMATE ACTION; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 8 DECENT WORK AND ECONOMIC GROWTH; 17 PARTNERSHIPS FOR THE GOALS
Potential Impact	Operational & financial disruption	
Risk Assessment	Sector & client vulnerability analysis	
Mitigation Measures	Adaptive & resilient business support	
Long-Term Goal	Sustainable & climate-resilient portfolio	
Physical Climate Risk Exposure	4.75% of total portfolio	

3.4.2 Managing Transition Risks:

Transition Risk Overview	Details	SDG Alignment
Key Challenges	Regulatory changes, market shifts & emerging technologies	13 CLIMATE ACTION; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 8 DECENT WORK AND ECONOMIC GROWTH; 17 PARTNERSHIPS FOR THE GOALS; 7 AFFORDABLE AND CLEAN ENERGY
Strategic Response	Supporting clean technology & low-carbon practices	
Long-Term Impact	Innovation, sustainable growth & green transition	
Transition Risk Exposure	9.05% of total Portfolio	

3.4.3 Socially Responsible Finance:

Key Areas Supported	Impact	SDG Alignment
Education	Improved access to learning opportunities	8 DECENT WORK AND ECONOMIC GROWTH; 17 PARTNERSHIPS FOR THE GOALS; 1 NO POVERTY; 10 REDUCED INEQUALITIES; 3 GOOD HEALTH AND WELL-BEING; 11 SUSTAINABLE CITIES AND COMMUNITIES; 4 QUALITY EDUCATION
Healthcare	Better healthcare accessibility	
Affordable Housing	Support for underserved communities	
Inclusive Growth	Reduced inequality & community development	
Socially Responsible Financing	BDT 64,672 million	

3.4.4 Advancing Socioeconomic Empowerment:

Focus Area	Impact	SDG Alignment
Women Entrepreneurs	Increased financial inclusion	8 DECENT WORK AND ECONOMIC GROWTH; 17 PARTNERSHIPS FOR THE GOALS; 1 NO POVERTY; 10 REDUCED INEQUALITIES; 11 SUSTAINABLE CITIES AND COMMUNITIES; 4 QUALITY EDUCATION; 5 GENDER EQUALITY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Small Businesses	Support for sustainable growth	
Low-Income Households	Improved economic participation	
Socio-economic Empowerment Financing	BDT 42,184 million	
Women Owned SME financing	22% of Total Portfolio	

3.4.5 Transition Finance:

Focus Area	Impact	SDG Alignment
Renewable Energy	Supporting clean energy adoption	
Energy Efficiency	Modernizing sustainable operations	
Low-Carbon Solutions	Reducing environmental impact	
Sustainable Technologies	Aligning with climate goals	
Transition Finance	BDT 50,453 million	

3.5 Concessional Financing to Support Green Initiatives

3.5.1 Bangladesh Bank Refinancing Schemes

BRAC Bank actively facilitates sustainable transition through Bangladesh Bank's refinancing schemes for green finance. Leveraging instruments such as the Green Transformation Fund (GTF), Technology Development Fund (TDF) and other refinancing facilities, the Bank enables clients to adopt energy-efficient technologies, renewable energy solutions, environmentally responsible operational practices etc. These initiatives continue to support the growth of sustainable investments across key sectors and contribute to reducing environmental impact.

3.5.2 Concessional Financing for Creating Social and Environmental Impact

BRAC Bank PLC leverages strategic partnerships with the Development Finance Institutions (DFIs) to anchor its sustainable finance initiatives. Alliances with organizations including International Finance Corporation (IFC), British International Investment (BII), Asian Development Bank (ADB) and Japan International Cooperation Agency (JICA) to secure long-term and concessional financing for high impact sectors. This financing directly advances achievement of the Sustainable Development Goals (SDGs) within Bangladesh.

This low-cost capital enables BRAC Bank to offer affordable and targeted credit lines for high impact sectors. These loans fuel micro, small, and medium enterprises (MSMEs), women-led businesses, and green, climate-resilient initiatives. Consequently, this targeted funding directly creates sustainable employment opportunities and drives inclusive economic growth across Bangladesh. By lowering borrowing costs for underserved sectors, the bank accelerates financial inclusion, fosters social equity, and promotes green growth.

These partnerships enforce strict ESG standards across all lending practices and enhance performance-driven portfolio of our Bank. Ultimately, bridging international development funds with local communities and businesses to build a more resilient financial ecosystem in Bangladesh. More importantly, involvement with DFIs such as IFC and ADB helps us strengthen our Environmental and Social (E&S) risk management practices. Securing long-term international funding involves a rigorous multi-stage process including strategic alignment, institutional due diligence and impact reporting to ensure alignment with international standards.

3.5.3 Key Development Partners

BRAC Bank currently collaborates with leading global development partners:

Completed

Norfund, FMO, IFC, British International Investment

Key Impact Area

- Support the working capital with lending program to women-owned MSMEs.
- Support long-term FCY requirements with lending program especially to export-oriented companies and other approved sectors.
- Support the working capital and trade-related lending program to Bangladeshi MSMEs being impacted by the COVID-19 pandemic.

Pipeline

European Investment Bank

European Investment Bank (EIB)
We are pleased to share that the European Investment Bank (EIB) is in our pipeline.

A strong partner in mobilizing financing for sustainable and impactful businesses.

Support long-term FCY requirements with lending program to eligible projects for Corporates, SMEs, mid-caps, and micro enterprises.

Ongoing

IFC, JICA, KfW DEG, British International Investment

Key Impact Area

- **Expanded access to affordable housing finance** for middle- and lower-middle-income retail clients to support improved living standards and home ownership.
- **Strengthened financial inclusion** through targeted financing support for privately-owned SMEs and women entrepreneurs.
- **Enhanced sustainable financing** in renewable energy, energy efficiency, and alternative energy sectors through partnerships with financial institutions.
- **Supported business continuity and economic resilience** of Bangladeshi MSMEs affected by the COVID-19 pandemic through working capital and trade-related financing.
- **Promoted women's economic empowerment and MSME development** through long-term local and foreign currency financing initiatives.

Strategic partnerships for Designing Innovative and Climate Finance for Inclusive and Resilient Growth

Along with core banking initiatives, BRAC Bank deepened its role as a purpose-driven financial institution by leveraging strategic global partnerships to accelerate innovation, financial inclusion, climate resilience, and sustainable development across Bangladesh. Through collaborations with international development agencies, the Bank transformed financing into a catalyst for long-term social and environmental impact for advancing inclusive and climate-resilient growth in Bangladesh. BRAC Bank's key impact-driven partnerships in 2025 included collaborations with KfW DEG, Water.org, and the United Nations Environment Programme.

Pioneering SME Products Innovation

In partnership with KFW DEG, BRAC Bank established Bangladesh's first impact-driven SME Innovation Lab — Finnovision. This groundbreaking platform institutionalized agile and customer-centric product innovation for cottage, micro, small, and medium enterprises (CMSMEs). It is a dedicated platform designed to test, refine and scale solutions that address contemporary economic, social and environmental challenges faced by CMSMEs, enabling the Bank to respond rapidly to evolving market needs. By embedding innovation into SME banking, BRAC Bank reinforced its pioneering commitment to inclusive entrepreneurship, sustainable business growth, and resilience-building for underserved enterprises.

The initiative marked a significant shift from traditional banking approaches toward a future-ready innovation culture — one that empowers small businesses to thrive in a rapidly changing economy.

Transforming Water and Sanitation Finance

BRAC Bank's partnership with Water.org continued to redefine sustainable finance in Bangladesh through the development of the country's first dedicated Water Supply and Sanitation (WSS) financing model within the financial sector.

Built on an omni-channel distribution strategy combining direct sales capabilities with partnerships with microfinance institutions (MFIs), the model expanded access to safe water and sanitation solutions for low-income communities nationwide.

Our broader WASH portfolio stands at USD 57 Million, providing safe water access to more than 2.9 million individuals and improved sanitation for 1.3 million people. Beyond infrastructure financing, the initiative contributed to improved public health, enhanced dignity, and greater climate resilience for vulnerable households.

Further strengthening this momentum, Water.org provided catalytic funding support in 2025 to facilitate the disbursement of BDT 100 crore through BRAC Bank's Social Bond for sustainable and climate-adaptive WASH infrastructure. This partnership demonstrated how innovative blended finance mechanisms can mobilize capital toward scalable social impact while advancing national sustainability priorities.

Advancing Gender-Responsive Climate Finance

Through a strategic collaboration with United Nations Environment Programme (UNEP), BRAC Bank launched a transformative initiative to expand gender-responsive climate finance in some of Bangladesh's most climate-vulnerable regions.

Co-implemented alongside UN Women, Stiftung BASE, and BRAC University, the initiative targets women entrepreneurs across 10 upazilas in five climate-exposed districts, including Satkhira, Khulna, and Cox's Bazar.

The programme aims to deploy USD 2.9 million in financing to at least 300 women-led or women-managed SMEs, enabling the adoption of climate-smart technologies such as clean cooking stoves, solar irrigation systems, biodigesters, and electric vehicles.

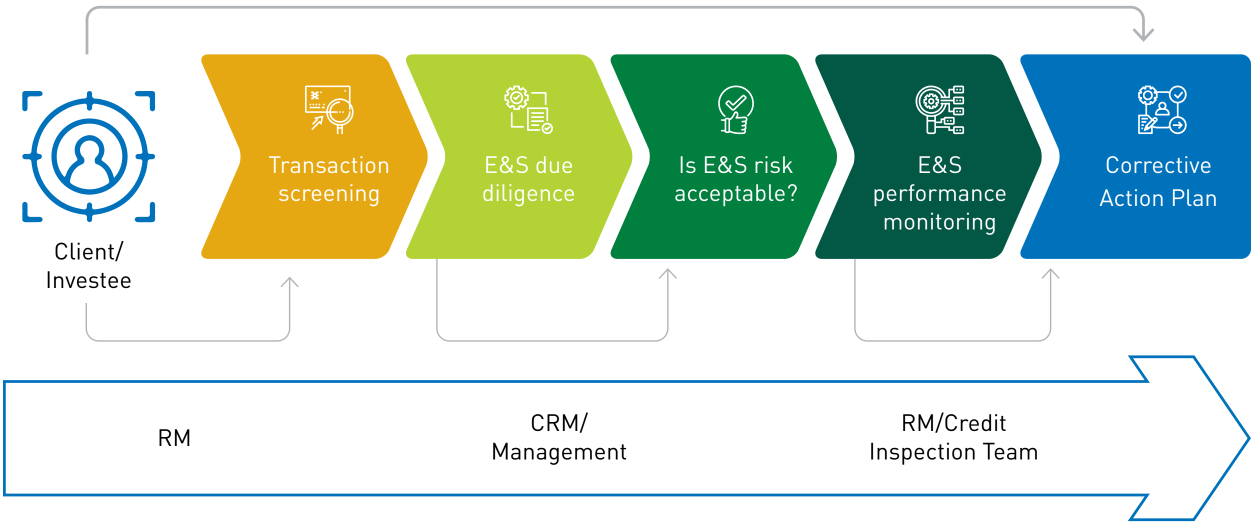
At the heart of the initiative is a fully digital, paperless loan onboarding platform that expands accessibility, reduces barriers to finance, and improves efficiency for women entrepreneurs in remote and climate-sensitive communities.

This partnership reflects BRAC Bank's growing leadership in aligning financial innovation with climate action, gender inclusion, and sustainable economic empowerment — ensuring that vulnerable communities are not left behind in the transition toward a greener economy.

Creating Shared Value Through Partnerships

These strategic partnerships underscore BRAC Bank's belief that meaningful progress toward sustainable development requires collective action. By combining financial expertise with global knowledge, catalytic funding, and innovative delivery models, the Bank continues to create measurable impact at scale for empowering entrepreneurs, strengthening communities, and accelerating Bangladesh's transition toward a more inclusive and climate-resilient future

3.6 Environmental and Social Risk Management (ESRM):



3.6.1 Overview

Environmental and Social Risk Management (ESRM) is a structured framework that enables financial institutions to identify, assess, mitigate and monitor environmental and social risks associated with lending and investment activities. In response to increasing regulatory expectations and stakeholder focus on responsible financing, BRAC Bank has embedded ESRM as a core component of its risk management framework. Our ESRM includes:

- ESRM Framework
- Integration Into Credit Processes
- Regulatory and International Alignment
- Capacity Building and Grievance Mechanism
- Commitment

ESRM Components Consists of the following:

3.6.2 ESRM Framework

BRAC Bank has established a comprehensive ESRM framework to systematically integrate environmental and social considerations into financing decisions. The framework covers key risk areas, including:

- Climate change and environmental impact
- Natural resource use
- Labour and human rights
- Occupational health and safety
- Community and social impacts

By incorporating these factors into credit evaluation processes, the Bank promotes responsible financing while safeguarding long-term portfolio quality.

3.6.3 Integration into Credit Processes

The ESRM framework is fully integrated into the Bank's credit risk assessment and approval procedures. Environmental and Social Due Diligence (ESDD) is conducted for relevant loan proposals prior to disbursement to identify potential risks and define appropriate mitigation measures.

Environmental and social performance is monitored throughout the loan lifecycle by Relationship Managers and credit officials to ensure ongoing compliance. Independent oversight is provided through the Credit Inspection function, strengthening accountability and adherence to established standards.

3.6.4 Regulatory and International Alignment

BRAC Bank aligns its ESRM practices with the ESRM Guidelines (2022) issued by Bangladesh Bank (June 2023), with the framework embedded within the Board-approved Credit Policy. The Bank also complies with the Central Bank's relevant policies –

- Guidelines on Corporate Social Responsibility for Banks and FIs (2022)
- Sustainable Finance Policy (2023)
- Guideline on Sustainability and Climate-related Financial Disclosure (2023)

Central Bank issues a Guideline on Climate Risk Management for Banks and Finance Companies in late 2025. BRAC Bank is taking initiatives to comply with this guideline by 2027.

3.6.5 Capacity Building and Grievance Mechanism

The Bank continues to strengthen institutional capacity in ESRM through regular training and awareness programmes for Relationship Managers, credit officials and sustainability teams. These initiatives enhance technical expertise and improve risk identification and management capabilities.

BRAC Bank also maintains an Environmental and Social Grievance Redress Mechanism, enabling affected stakeholders to raise concerns, which are reviewed and addressed through appropriate governance channels.

3.7 Compliance with Bangladesh Bank Sustainable Finance Policy

BRAC Bank PLC continues to align its sustainable finance strategy with the Sustainable Finance Policy and Green Finance Policy issued by Bangladesh Bank. The Bank integrates Environmental, Social and Governance (ESG) considerations across lending, governance, risk management and operations to support Bangladesh's transition toward a low-carbon, climate-resilient and inclusive economy in alignment with the Paris Agreement, SDGs and national climate commitments.

3.7.1 Policy Objectives

The policy aims to mobilize finance toward low-carbon development, aligning with the nation's INDC to cut GHG emissions by 5% unconditionally (or 15% conditionally) from business-as-usual levels by 2030. It promotes green finance, sustainable agriculture, CMSME financing, and socially responsible investments while mandating environmental risk assessments in credit processes.

3.7.2 Sustainable Finance Policy Alignment

Bangladesh Bank Policy Requirement	BRAC Bank Alignment
Minimum 40% Sustainable Finance Portfolio	83% portfolio aligned with sustainable finance
Minimum 5% Green Finance Portfolio	9% allocated to green finance
Sustainable Finance Governance	Sustainable Finance Department and Committee reporting to Board Risk Management Committee
Sustainable Finance Help Desk	50+ Help Desks established nationwide
ESRM & ESDD Screening	Integrated ESG risk assessment across lending
Sustainable Finance Taxonomy	Financing aligned with the central bank's Green and Sustainable Finance Taxonomy
Disclosure & Reporting	GRI, ISSB and PCAF aligned reporting
Climate Risk Integration	Climate mitigation and adaptation integrated into financing decisions

3.7.3 Key Sustainability Highlights

Climate & Green Finance

- Supported establishment of two utility scale solar power projects (total of 135 MW) contributing to an estimated annual avoidance of approximately 150,000 tCO_2 emissions
- Financed approximately BDT 50,453 million in low-carbon and climate-related technologies
- Expanded financing in renewable energy, energy efficiency and circular economy projects
- Renewable energy financing portfolio remained approximately 1.25 times higher than fossil fuel financing, reflecting the bank's strategic focus on accelerating Bangladesh's clean energy transition.

Operational Sustainability

Aligned with Bangladesh Bank's Green Banking framework, BRAC Bank continued operational decarbonization initiatives through:

Initiative	Sustainability Impact
Digital Banking Platforms (Astha & CorpNet)	Reduced paper usage and customer travel emissions
Paperless Banking	Lower operational carbon footprint
Resource Efficiency Measures	Improved energy and operational efficiency
Sustainability Training & Awareness	Strengthened employee ESG capacity

3.7.4 Environmental & Social Safeguard Policy

To strengthen policy alignment and institutional sustainability governance, BRAC Bank has developed its own Environmental & Social Safeguard Policy aligned with Bangladesh Bank's Sustainable Finance and Green Banking framework.

The policy establishes a comprehensive governance and risk management structure covering:

Key Policy Areas	Coverage
Governance & Oversight	Board Risk Management Committee, Sustainable Finance Committee & Sustainable Finance Department
ESRM & ESDD	Environmental and Social risk assessment and categorization tools
Green Financing	Green products, climate finance and eligible green sectors
Concessional Funding	Climate Risk Fund and refinancing initiatives
Internal Sustainability	Green office management and operational sustainability
Digital & Alternate Banking	Online banking and low-carbon delivery channels
Disclosure & Reporting	Sustainability reporting and IFRS S1 & S2 disclosure
Capacity Building	Employee training, awareness and green events
Stakeholder Protection	Grievance Redressal Mechanism

The policy also incorporates exclusion lists & IFC Performance Standard into its credit appraisal process, environmental and social prerequisites and enhanced green banking practices to ensure responsible and sustainable financing decisions.

3.7.5 Green Office Guideline

BRAC Bank has also introduced a dedicated Green Office Guideline to promote ethical business practices and strengthen in-house environmental management across the organization.

The guideline focuses on four key areas:

Green Office Focus Areas	Objectives
Resource Efficiency	Saving water, electricity and paper consumption
Green Workplace	Maintaining clean, healthy and environmentally responsible office premises and converting facilities into greener workplaces, including maintaining air conditioning temperature at 25°C to improve energy efficiency.
Green Technologies	Introducing energy-efficient and sustainable technologies across branches and offices
Employee Engagement	Green code of conduct for employees, sustainability training, awareness programs and capacity buidling on green and sustainable initiatives

These initiatives complement the Bank's broader Green Banking and operational decarbonization strategy.

3.7.6 Future Roadmap:

BRAC Bank remains committed to progressively advancing toward a net-zero and climate-resilient future through:

- Expansion of green and climate finance portfolios
- Strengthened climate risk integration
- Increased renewable energy and low-carbon financing
- Enhanced financed emissions measurement and disclosure
- Inclusive finance with stronger gender-responsive approaches
- Continued alignment with evolving Bangladesh Bank and global sustainability standards

3.7.7 Sustainable Products and Offerings:

Our Key Sustainable Finance Products:

OUR SUSTAINABLE FINANCE SOLUTIONS

Financing a Greener, More Inclusive and Responsible Future

Renewable Energy

Supporting solar, renewable energy projects and low-carbon technologies to reduce emissions and strengthen energy security.

Green & Environment-Friendly Establishments

Financing green buildings, sustainable infrastructure and environmentally responsible businesses and technologies.

Energy & Resource Efficiency

Supporting energy-efficient solutions, water efficiency, waste reduction, recycling and responsible resource use.

Green Agriculture

Financing climate-resilient farming, sustainable land use, efficient irrigation and resource-efficient agricultural technologies.

Circular Economy & Eco-Projects

Supporting recycling, waste management, eco-friendly production and sustainable material use to build a circular future.

Green CMSME Financing

Providing financing for SMEs to adopt cleaner production, energy-efficient machinery and environmentally sustainable operations.

Green Socially Responsible Financing (SRF)

Supporting initiatives that drive positive social impact, inclusive growth, community development and improved livelihoods.

Sustainable Advisory Support

Providing ESG guidance, climate risk support, regulatory compliance, green finance advisory and sustainability strategy support.

Sustainable Bank of Bangladesh in Bloomberg ESG Rating

Bloomberg

BRAC Bank has achieved a major milestone by being ranked the No. 1 sustainable bank in Bangladesh by Bloomberg with a score of 3.94.

CHAPTER: FOUR

ESG STRATEGY

ESG STRATEGY

4.1 Overview

Sustainability is a core pillar of BRAC Bank PLC's culture, shaping its operations, strategy, and decision-making to create long-term value for stakeholders. The Bank's sustainability approach is driven by key Environmental, Social, and Governance (ESG) priorities that support sustainable growth, risk mitigation, and measurable impact. Through responsible, inclusive, and innovative financial services, BRAC Bank promotes sustainable economic development, financial inclusion, enhanced customer experience, and community value creation.

Aligned with the United Nations Sustainable Development Goals (UN SDGs), Bangladesh Vision 2041, and the Bangladesh Green Finance Policy, the Bank integrates sustainability into its core operations by supporting low-carbon transition, strengthening transparency, driving innovation through technology, expanding social impact, and upholding strong governance practices

4.2 Sustainability and Climate related Strategy and Focus themes

1. Financing Transition – (Green Finance)

BRAC Bank actively supports the shift toward a sustainable and low-carbon economy by financing initiatives that generate positive environmental and social outcomes. The Bank focuses on projects that align with global climate and sustainability commitments, including the Paris Agreement and Bangladesh's Nationally Determined Contributions (NDCs), prioritizing investments that deliver measurable benefits. Through its Sustainable Finance Framework, BRAC Bank directs funding toward sectors that contribute to environmental resilience and responsible growth.

GREEN PROJECT AREAS AND EXAMPLES

Renewable Energy Generation

- Solar power plants for industrial or commercial use
- Rooftop solar panels for residential or corporate buildings
- Biomass energy production from agricultural waste

Energy Efficiency and Resource Optimization

- Installation of energy-efficient HVAC systems in offices and factories
- Water-saving technologies, such as low-flow fixtures or wastewater recycling
- Industrial process optimization to reduce energy and material consumption

Sustainable and Clean Transportation Solutions

- Electric vehicles (EV) fleets for corporate or public use
- Bicycle-sharing systems and pedestrian-friendly urban mobility initiatives
- Financing low-emission public transport or hybrid vehicles

Waste Reduction, Recycling, and Circular Economy

- Industrial waste-to-energy or recycling projects
- Community-based solid waste management and composting programs
- Packaging reduction and reuse initiatives in manufacturing
- Plastic recycling or upcycling programs

Eco-Friendly Commercial and Industrial Establishments

- Green-certified buildings (LEED, EDGE, or local sustainability certifications)
- Factories implementing energy and water-efficient processes
- Eco-parks or industrial zones designed to minimize environmental impact

Collective Impact

- Lower Carbon Emissions
- Conserve Resources
- Improve Community Well-Being
- Drive Sustainable Economic Growth
- Build a Resilient Future

Beyond internal funding, BRAC Bank collaborates with Bangladesh Bank and other development partners to enhance its sustainable finance capacity. The Bank maintains transparency by reporting performance metrics, including greenhouse gas emissions, climate-related impacts, and contributions to the UN Sustainable Development Goals (SDGs), through its annual Sustainability Reports.

2. Enhancing Disclosures – (Corporate Governance and Ethics)

BRAC Bank continues to lead in sustainability and responsible banking, earning top ESG ratings in Bangladesh and ranking second among diversified companies by Bloomberg. It is also recognized by Bangladesh Bank as a leading sustainable bank.

In 2025, the Bank published its third Sustainability & Impact Report, including verified greenhouse gas (GHG) emissions using the PCAF methodology. Strong governance by the Board and Senior Management ensures effective oversight of ESG risks and ethical business practices, reinforcing transparency, accountability, and stakeholder trust.

3. Digital Innovation and Customer-Centric Transformation

At BRAC Bank, sustainability and digital innovation are progressing hand in hand to build a more inclusive, resilient, and future-ready banking ecosystem. As customer expectations rapidly evolve toward seamless and technology-driven financial services, the Bank continues to strengthen its digital capabilities to improve accessibility, operational efficiency, and customer experience. This transformation is generating meaningful environmental and social impacts by reducing paper usage, lowering operational carbon footprint, and expanding access to financial services across Bangladesh.

Key Sustainability Contributions:

- Promoting paperless and low-carbon banking practices
- Enhancing customer convenience through digital services
- Expanding financial inclusion through technology-driven solutions

- Improving operational efficiency and reducing resource consumption
- Supporting sustainable economic participation across communities

Strengthening the Digital Banking Ecosystem

Digital transformation at BRAC Bank goes beyond technology adoption; it is a strategic pillar of responsible banking. Every digital solution introduced contributes toward long-term sustainable value creation for customers, businesses, and communities.

Astha – Digital Banking Platform

Astha, the Bank's flagship digital banking application, has emerged as a key driver of digital financial inclusion and sustainable banking practices. The platform now serves more than 1.2 million users and processes over BDT 200 billion in monthly transactions. In 2025, digital transactions through Astha surpassed physical counter transactions for the first time, reflecting a significant shift toward paperless

CORPnet – Corporate Digital Banking Platform

At the institutional level, BRAC Bank's corporate digital platform, CORPnet, continued to drive efficiency and digital adoption among corporate clients. In 2025, the platform processed BDT 227,321 crore through approximately 8 million transactions, achieving 43% year-on-year growth.

Digital Innovation for Financial Inclusion

BRAC Bank is leveraging digital innovation to democratize access to finance and strengthen inclusive economic participation across underserved communities.

Shafollo – Instant Digital Loan Platform

Through Shafollo, Bangladesh's first instant digital loan platform, the Bank is enabling entrepreneurs and small businesses to access collateral-free financing quickly and securely through mobile technology. Loans of up to BDT 500,000 are disbursed within 10 minutes, helping businesses meet urgent financial needs efficiently.

Shubidha – Digital Agri-Lending Platform

The Bank's digital agri-lending platform, Shubidha, is strengthening rural livelihoods and climate resilience by extending formal financial services to smallholder farmers. During 2025, the platform supported over 10,000 farming families with BDT 706 million in financing through rapid digital credit approvals.

Empowering Women through Digital Capability Development

BRAC Bank's sustainability journey also focuses on empowering women entrepreneurs through digital literacy and skill development initiatives. These programmes are helping women-led businesses enhance competitiveness and participate more actively in the digital economy.

AI Skill Development Workshop

During the reporting year, the Bank organized an AI Skill Development Workshop for 350 women entrepreneurs, equipping them with practical knowledge on digital branding, marketing automation, and product innovation.

"Amrai TARA" Training Programme

Implemented in collaboration with Bangladesh Open-Source Network (BdOSN), the "Amrai TARA" Training Programme empowered 30 women entrepreneurs with digital and business management skills.

Recognition and Achievements

BRAC Bank's commitment to digital innovation and sustainable banking practices has received national and international recognition during the reporting year.

Awards and Recognition

- Gold Award at the Qorus Reinvention Awards 2025 for innovation in digital banking
- Best Digital Signature User Award from the ICT Division, Government of Bangladesh
- Recognition for promoting secure, efficient, and paperless banking practices

Creating Long-Term Sustainable Value

Through continuous investment in digital transformation, BRAC Bank is building a sustainable banking model that balances economic growth, environmental responsibility, and social inclusion. By integrating digital innovation with sustainable finance and responsible banking practices, the Bank continues to redefine the future of sustainable banking in Bangladesh.

Long-Term Sustainability Vision

- Serving people through inclusive financial access
- Protecting the planet through reduced environmental impact
- Supporting long-term prosperity through sustainable economic growth seamless and consistent banking experience across branches, digital platforms, and alternative touchpoints

Building a Sustainable Future through Digital Innovation

Sustainable Impact

Reduces paper usage, lowers carbon emissions and operational costs.

Financial Inclusion

Digitalization expands accessibility, reaches more customers and promotes financial inclusion.

Recognized Leadership

Ranked 1st among all Bangladeshi banks by Bloomberg ESG rating and recognized as Top Sustainable Bank by Bangladesh Bank.

Transparency & Disclosure

Published 3rd Sustainability & Impact Report in 2025 including verified GHG emissions using the PCAF methodology.

ADVANCED TECHNOLOGY PLATFORMS

Core Banking System

Stronger operations and greater efficiency

Card Management Solutions

Secure and seamless card services

Astha Mobile Banking App

Banking, loans, disbursements & payments - anytime, anywhere

Upgraded Call Centre System

Better support and enhanced customer experience

Through innovation and responsible digitalization, BRAC Bank is building a sustainable future for people, planet and prosperity.

As a result, BRAC Bank's digital initiatives generate meaningful positive impact, including reduced carbon emissions, greater financial inclusion, improved service efficiency, and enhanced transparency. These efforts collectively strengthen stakeholder trust and deliver long-term value for customers, communities, and the broader economy.

4. Climate-Related Risk Management at BRAC Bank

Proactively addressing climate-related risks is a fundamental aspect of our sustainability agenda. We focus on both physical risks, which arise from environmental events, and transition risks, which emerge from the global shift to a low-carbon economy. By embedding these considerations into our operations, lending practices, and investment decisions, the Bank strengthens its resilience, supports clients in sustainable transitions, and aligns with international best practices.

Physical Risk Management

We assess the potential impact of climate-related events on our operations and clients to ensure preparedness and business continuity.

Key Focus Areas	Our Outcome
Assess vulnerability of branches, data centers and critical systems.	Better Preparedness
Evaluate exposure to extreme weather, floods, storms and other climate hazards.	Reduced Disruption
Analyze clients' exposure in climate-sensitive sectors.	Stronger Resilience
Integrate assessments into planning and client engagement.	Sustained Service Continuity

Transition Risk Management

We manage risks from the global shift to a low-carbon economy and support our clients in their transition.

Key Focus

- Financing sustainable sectors and green solutions.
- Promoting renewable energy and energy-efficient technologies.
- Supporting clean transportation and green infrastructure.
- Guiding clients toward sustainable business practices.

Aligning with Global & National Goals

- Paris Agreement
- Bangladesh Green Finance Policy
- UN Sustainable Development Goals (SDGs)

Supporting the Low-Carbon Transition

Mitigating financial and regulatory risks and positioning the Bank and our clients for long-term sustainable growth.

Our Outcome

- Lower Carbon Footprint
- Reduced Transition Risks
- Stronger Client Partnerships
- Sustainable Growth

By carefully managing physical and transition risks, BRAC Bank enhances its operational resilience while empowering clients and stakeholders to navigate the evolving climate landscape

5. Fostering Social Value and Inclusion

BRAC Bank advances financial inclusion and sustainable development through responsible and ESG-driven banking. Nearly 50% of its lending portfolio supports SMEs, driving economic growth and employment. Through agent banking, the Bank extends services to underserved rural and semi-urban communities.

The Bank promotes entrepreneurship with collateral-free microloans and small financing solutions, while prioritizing gender inclusion and affordable housing. Social and environmental safeguards guide all lending decisions.

ESG principles are embedded across operations, governance, and strategy, aligned with IFRS S1 standards. This enables BRAC Bank is to deliver lasting social impact, strengthen community resilience, and ensure sustainable long-term growth.

6. Pioneering Social and Environmental Impact through Thematic Bond Issuance

BRAC Bank issued Bangladesh's first Tk 1,000 crore Social Subordinated Bond, approved by Bangladesh Bank and BSEC. It strengthens Tier II capital (Basel III) while funding high-impact sectors like CMSMEs, women-led businesses, agriculture, affordable housing, and essential services.

Aligned with ICMA Social Bond Principles 2025 and verified by S&P Global Ratings, the bond ensures transparency and global standards.

BRAC BANK SOCIAL BOND

First in Bangladesh. Financing Impact. Building a Better Future.

Pioneering Step

Bangladesh's first Social Subordinated Bond of Tk 1,000 crore

Strengthens Capital

Bolsters Tier II capital under Basel III standards.

Financing Impact

Supports CMSMEs, women-led businesses, agriculture, affordable housing, and essential services.

Global Standards

Aligned with ICMA Social Bond Principles 2025 and verified by S&P Global Ratings.

Inclusive Growth

Promotes financial inclusion and channels funds to underserved and high-impact sectors.

Positive Impact

Drives job creation, entrepreneurship, rural development, and community wellbeing.

A milestone in sustainable finance, creating lasting value for people and the planet.

This initiative supports financial inclusion, channels funds to underserved sectors, and offers investors stable, risk-adjusted returns. It also drives job creation, entrepreneurship, rural development, and community wellbeing setting a benchmark for sustainable finance in Bangladesh.

4.3 Strategic Planning Horizons: Short, Medium, and Long-Term

BRAC Bank defines its short, medium, and long-term planning horizons in alignment with its overarching strategic objectives, ensuring that sustainability, ESG integration, and risk management are embedded across all decision-making processes. These planning periods provide a structured framework for achieving measurable impact, optimizing resource allocation, and driving the Bank's long-term growth and resilience.

Short Term Horizon

- Integrate ESRM & ESDD into all lending decisions
- Align with Bangladesh Bank & IFC standards
- Improve internal energy efficiency
- Embedded ESG in strategy & operations

Medium Term Horizon

- Expand green & climate-resilient investments
- Transition to renewable energy infrastructure
- Launched Bangladesh's first thematic social bond to support women-led businesses, SMEs & financial inclusion
- Strengthen gender inclusion & ESG governance

Long Term Horizon

- Achieve full ESG integration across all strategies
- Promote balanced gender representation
- Set realistic, data-driven sustainability targets
- Build long-term resilience & sustainable leadership

BRAC Bank's Memberships:

4.4 Assessment and Management of Risks and Opportunities

BRAC Bank integrates sustainability considerations into internal operations to manage risks and capture opportunities that may affect financial performance and long-term resilience.

4.4.1 Upstream Risk and Opportunity Management

The Bank ensures stable access to capital through strong governance, regulatory compliance, and transparent ESG performance.

- Robust compliance framework aligned with regulatory requirements
- Strong corporate governance ensuring accountability and transparency
- Regular ESG disclosures to maintain stakeholder confidence

This approach strengthens depositor trust and ensures consistent access to funding.

4.4.2 Internal Operations Risk Management

I. Employee Engagement and Well-being

- The Bank prioritizes a supportive and inclusive workplace to enhance productivity and retention.
- Continuous learning and development programs
- Employee engagement and recognition initiatives
- Competitive benefits and well-being support

II. Diversity and Inclusion

- A structured approach ensures fairness and equal opportunity across the workforce.
- Gender representation and leadership inclusion
- Pay equity monitoring and internal transparency
- Training to address unconscious bias

III. Corporate Governance and Ethics

- Governance frameworks ensure responsible decision-making and risk control.
- Code of Conduct covering ethics, anti-corruption, and compliance
- Whistleblower mechanism to strengthen accountability

IV. Data Security and Privacy

- A comprehensive cybersecurity framework safeguards operations and customer trust.
- Alignment with international security standards
- Regular audits and system upgrades
- Continuous employee awareness and training

4.5 Assessing and Managing Downstream Risks and Opportunities

Sustainability-related risks and opportunities are closely linked to the Bank's lending and financing activities.

RISK MANAGEMENT

All financing decisions incorporate environmental and social considerations.

- ESG-aligned lending practices
- Mandatory environmental and social due diligence (ESDD)
- Adherence to exclusion lists

OPPORTUNITY CREATION

The Bank leverages its core business to drive sustainable impact.

- SME and retail banking expansion
- Support for women-led enterprises
- Financing for environmentally and socially responsible projects

This ensures capital allocation contributes to inclusive and sustainable economic growth.

4.6 Sustainability-Linked Strategic Decision-Making

Sustainability is embedded into strategic decision-making across all levels of the Bank.

- Integration of ESG into lending, risk, and governance frameworks
- Evaluation of trade-offs between financial returns and sustainability impact
- Board-approved policies guiding responsible financing

All financing decisions are screened to ensure alignment with environmental and social standards while maintaining financial performance.

4.7 Current and Future Impact on Financial Performance

Environmental, social and governance risks

The Bank continuously evaluates ESG risks that may affect financial stability.

- Climate-related risks impacting credit exposure and asset quality
- Regulatory and compliance risks
- Reputational risks linked to ESG performance
- Current disclosures focus on qualitative insights supported by selected financial indicators.

Current and anticipated Impact of Sustainable Finance Activities

Sustainable finance is a key driver of long-term financial performance.

- Strong focus on SME and inclusive financing
- Support for women entrepreneurs and underserved segments
- Alignment of lending portfolio with sustainability objectives
- This approach enhances portfolio resilience, reduces risk exposure, and supports stable growth.

4.8 Resilience

BRAC Bank strengthens resilience by integrating sustainability into governance, operations, and lending practices.

- Inclusive workplace and strong governance framework
- Responsible lending aligned with long-term sustainability goals
- Continuous assessment of ESG risks and opportunities
- These measures support financial stability while enabling sustainable growth.

4.9 Impact on Business and Value Chain

Climate and ESG factors influence the Bank's business model and value chain.

Key Actions

- Climate risk stress testing across sectors
- Integration of ESG into credit risk assessment
- Monitoring financed emissions

Physical Risk Assessment

- Gradual improvement of location-based risk analysis
- Use of climate data and scenario modelling

Enhancing Resilience

- Integration of climate risks into lending frameworks
- Development of risk mitigation strategies for vulnerable sectors

Opportunities

Climate transition creates opportunities for growth and innovation.

- Expansion of green and sustainable finance
- Development of new financial products
- Partnerships with development institutions

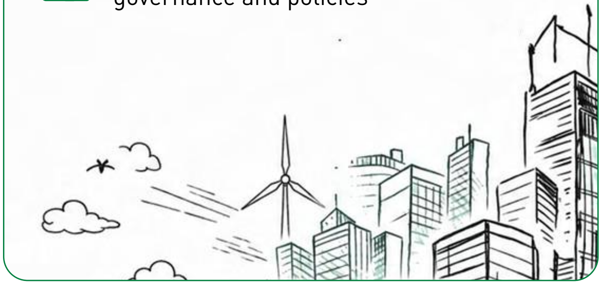
The Bank positions itself to capture emerging opportunities in a low-carbon economy while maintaining financial stability.

4.10 Impact of Climate Risks on Strategy and Decision-Making

Climate considerations are integrated into strategic planning and decision-making.

STRATEGIC FOCUS

- Alignment with national and global climate goals
- Portfolio decarbonization and sustainable financing
- Integration of climate risk into governance and policies



KEY ACTIONS

- Sector-level climate risk assessments
- Development of climate targets and transition pathways
- Strengthening internal capacity and governance

This ensures that climate risks and opportunities are systematically incorporated into long-term strategy and financial planning.

4.11 BRAC Bank Social Bond (Overview)

BRAC Bank has developed its Social Bond Framework in alignment with the 2025 International Capital Market Association (ICMA) Social Bond Principles to support inclusive and sustainable economic development in Bangladesh. As a member of the Global Alliance for Banking on Values (GABV), the Bank remains committed to values-based banking and expanding access to affordable financial services for underserved communities.

The Framework establishes a transparent approach for mobilizing capital toward projects that generate measurable social impact while supporting BRAC Bank's sustainability strategy and responsible banking practices. Through social bond issuances, the Bank aims to finance eligible social projects that promote financial inclusion, employment generation, women's economic empowerment, affordable housing, healthcare access, food security, and inclusive economic growth across Bangladesh.

4.11.1 Core Pillars of the Framework

In accordance with the ICMA Social Bond Principles, the Framework is built around four core pillars:

- **Use of Proceeds**
- **Process for Project Evaluation and Selection**
- **Management of Proceeds**
- **Reporting**

4.11.2 Objectives of the Framework

- Mobilizing capital for social impact
- Supporting inclusive economic growth
- Financing underserved communities and vulnerable populations

4.11.3 Responsible Financing and Risk Management

To ensure responsible and sustainable financing practices, the Framework incorporates a comprehensive exclusion list and environmental and social risk assessment process through BRAC Bank's Environmental and Social Management System (ESMS). These measures are designed to strengthen governance, manage potential risks, and ensure that financed activities align with the Bank's sustainability commitments and international best practices.

4.11.4 Governance and Oversight

The implementation and governance of the Framework are supported through dedicated oversight mechanisms involving:

- Sustainable Finance Committee
- Treasury Division
- ESG & Sustainable Finance Team
- Relevant Business and Operational Units

Sustainable Finance Committee

Provides strategic oversight and guidance on the implementation of the Social Bond Framework and ensures alignment with the Bank's sustainability objectives.

Treasury Division

Leads the structuring, issuance and management of social bond instruments and ensures effective management of proceeds in accordance with the Framework.

ESG & Sustainable Finance Team

Supports project evaluation and selection, monitors environmental and social impacts, and leads reporting and disclosure in line with the Framework requirements.

Relevant Business and Operational Units

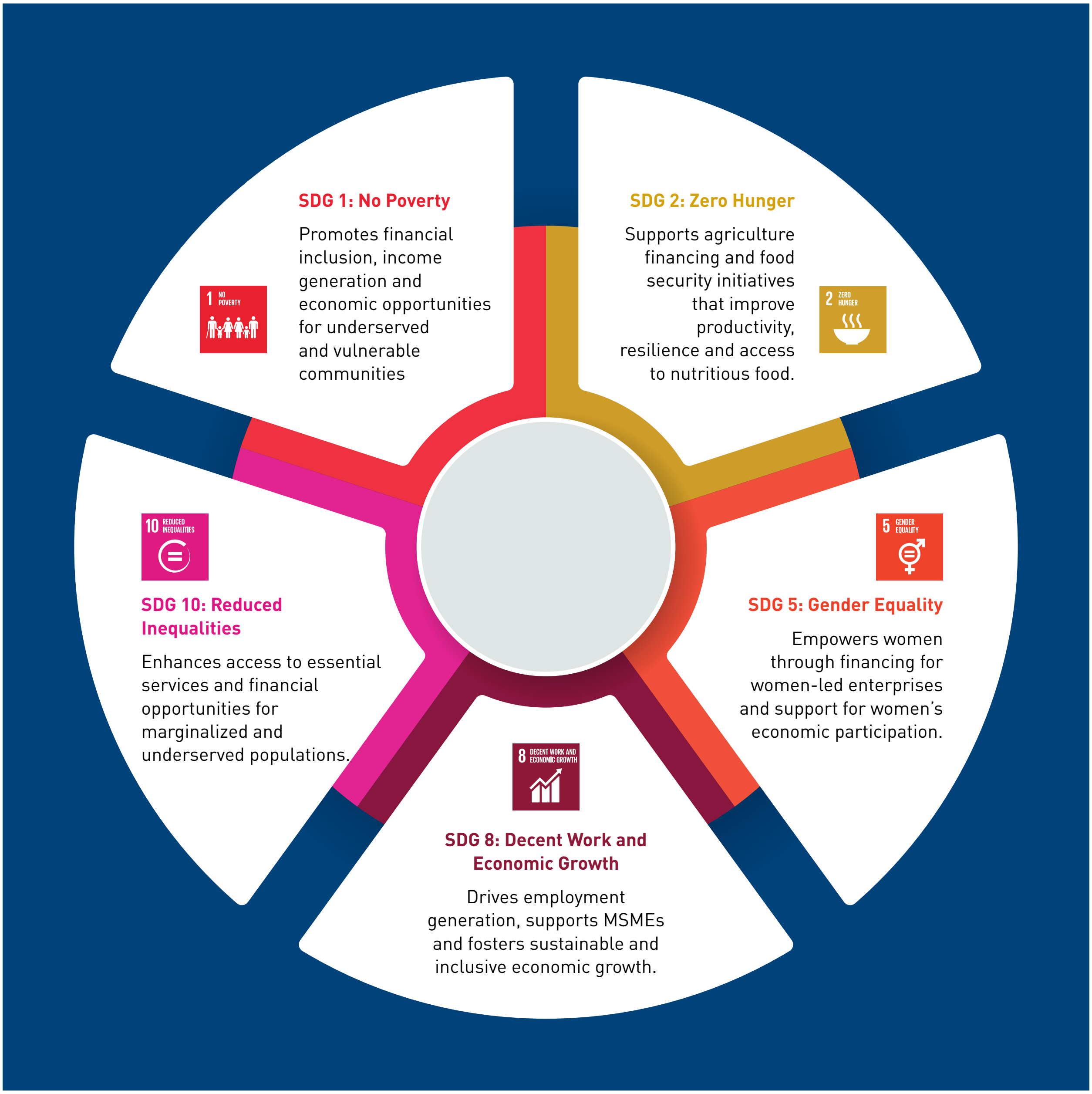
Identify, originate and manage eligible social projects and ensure effective execution and compliance with the Framework and applicable policies and procedures.

These governance arrangements promote transparency, accountability and effective oversight, ensuring that the proceeds are used to generate meaningful and measurable social impact.

BRAC Bank will disclose allocation and impact reporting annually to maintain transparency, accountability, and stakeholder confidence. In addition, external verification and a Second Party Opinion (SPO) review from S&P Global Ratings will support alignment with international market standards and recognized sustainable finance practices.

SDG Alignment with Social Bond

Aligned with SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequalities).



First in Bangladesh to Publish an ISSB Aligned IFRS S1 & S2 Report

Leading Global Sustainability Disclosure Standards

CHAPTER: FIVE

ESG RISK MANAGEMENT

ESG RISK MANAGEMENT

5.1 Sustainability-Related Risk Management Overview

BRAC Bank integrates ESG and climate-related risks into its overall risk management framework to ensure consistent identification, assessment, and mitigation across the value chain.

Sustainability risks are embedded within existing governance structures, including the Risk Management Framework and Risk Appetite Statement. This enables alignment between financial risk management and environmental and social considerations.

Climate-related risks are treated as a core component of sustainability risk, with dedicated processes to assess their potential impact on credit exposure, operations, and long-term financial stability. The Bank's approach is aligned with IFRS S2 principles, ensuring structured and transparent risk disclosure.

5.2 Upstream Sustainability Risks

Upstream risks relate to the Bank's ability to maintain stable access to capital and stakeholder confidence.

BRAC Bank manages these risks through a strong compliance and governance framework:

- Continuous alignment with regulatory requirements and evolving standards
- Robust anti-money laundering (AML) and sanctions compliance programs
- Regular updates and targeted training for employees across business functions

These controls reduce exposure to regulatory, reputational, and financial risks while reinforcing trust among depositors, investors, and regulators.

5.3 Risk Management Across Internal Operations

Employee Well-being and Workplace Risk

The Bank maintains a structured approach to employee health, safety, and engagement to ensure operational continuity and workforce stability.

- Health and wellness programs, including insurance and screenings
- Mandatory safety training and awareness initiatives
- Zero-tolerance policies on discrimination and harassment
- Continuous professional development and leadership programs

This supports a resilient workforce and reduces operational and reputational risks.

Information Security and Data Privacy

Data security is a critical operational risk area, given the Bank's reliance on digital systems and real-time data.

BRAC Bank applies a multi-layered cybersecurity framework:

- Alignment with international standards including ISO 27001 and PCI-DSS
- Dedicated Information Security Division with certified professionals
- Real-time threat detection, response, and recovery mechanisms
- Regular audits and compliance monitoring
- Employee and customer awareness programs

These measures protect data integrity, ensure regulatory compliance, and maintain customer trust.

Operational Risk Management

Operational resilience focuses on maintaining critical services during disruptions.

- Integration of risk controls across business processes
- Continuous monitoring of operational risks
- Preparedness for system, process, and external disruptions

This ensures continuity of services and minimizes financial and reputational impact.

5.4 Downstream Sustainability Risks

Downstream risks arise from financing activities and client operations, where environmental and social impacts are most significant.

BRAC Bank manages these risks through structured frameworks:

- Mandatory Environmental and Social Due Diligence (ESDD) for lending
- Integration of ESG criteria into credit risk assessment
- Application of exclusion lists to restrict high-risk activities
- Ongoing monitoring of client compliance throughout the loan lifecycle

The Bank also aligns its practices with Bangladesh Bank guidelines and international standards, including IFC Performance Standards where applicable.

This approach enables early identification of risks, supports responsible financing, and enhances overall portfolio quality.

Overall Risk Positioning

By integrating upstream, internal, and downstream risk management, BRAC Bank ensures that ESG risks are systematically addressed across its operations and financing activities.

This integrated approach strengthens resilience, supports regulatory compliance, and enables sustainable long-term growth

Since 2019,
Country's First Signatory of

PCAF®

and the First Bangladeshi bank to Disclose all GHG Emission Scopes, Leading the Way in Climate Transparency

CHAPTER: SIX

METRICS AND TARGETS

METRICS AND TARGETS

6.1 Introduction

As sustainability and climate resilience become increasingly important, BRAC Bank recognizes the importance of measuring and managing greenhouse gas (GHG) emissions to support informed decision-making, strengthen climate risk management, and facilitate the transition toward a low-carbon economy.

Demonstrating leadership within Bangladesh's banking sector, BRAC Bank began reporting financed emissions (Scope 3) from its business loan portfolio in 2022 and has progressively expanded its reporting boundary over time. The Bank now measures and discloses all scopes of its operational and financed emissions, covering:

- **Scope 1:** Direct operational emissions
- **Scope 2:** Indirect emissions from purchased energy
- **Scope 3:** Financed emissions, including business, home, and auto loan portfolios

6.2 GHG Emissions Assessment, PCAF Alignment and Endorsement

To strengthen the quality, transparency, and comparability of climate disclosures, BRAC Bank applies internationally recognized methodologies, including the Partnership for Carbon Accounting Financials (PCAF) framework.

As a member of the Global Alliance for Banking on Values, and a signatory to PCAF, the Bank continues to enhance its climate measurement framework and align its carbon accounting practices with global standards and climate commitments.

BRAC Bank's carbon accounting disclosures have received PCAF recognition, and detailed results are publicly available on the PCAF platform reinforcing the Bank's commitment to transparent, credible, and globally benchmarked climate reporting.

6.3 Carbon Footprint

A carbon footprint represents the total greenhouse gas emissions generated directly and indirectly by an organisation's activities. Measuring this footprint enables BRAC Bank to assess its environmental impact, identify emission-intensive areas and implement targeted mitigation strategies. This structured approach supports informed decision-making, strengthens accountability and aligns the Bank's operations with global climate objectives.

6.4 Understanding Scope 1, 2, & 3 Emissions

Scope 1 Direct emissions	Scope 2 Indirect emissions	Scope 3 Indirect emissions
Direct emissions that are owned or controlled by a company.	Indirect emissions that are a consequence of a company's activities but occur from sources not owned or controlled by it.	All emissions not covered in scope 1 or 2, created by a company's value chain.
EXAMPLE From burning fuel in the company's fleet of vehicles (if they're not electrically powered).	**EXAMPLE** The emissions caused by the generation of electricity that's used in the company's buildings.	**EXAMPLE** When the company buys, uses and disposes of products from suppliers.

Direct Greenhouse Gas Emissions

Scope 1: Scope 1 emissions are direct greenhouse gas (GHG) emissions from sources owned or controlled by BRAC Bank. These mainly arise from fuel consumption in generators, boilers, and bank-operated vehicles, as well as fugitive emissions from refrigeration and air-conditioning systems. These emissions represent the Bank's direct operational carbon footprint and are managed as part of its sustainability and climate-risk strategy.

Indirect Greenhouse Gas Emissions

Scope 2: Scope 2 emissions refer to indirect GHG emissions from purchased energy consumption, primarily electricity used across BRAC Bank's branches, offices, and operational facilities. Although generated externally, these emissions are attributed to the Bank due to its energy usage.

Scope 3: Scope 3 emissions include all other indirect emissions across BRAC Bank's value chain, including purchased goods and services, transportation, employee commuting and business travel, waste management, and financed emissions (Category 15). For financial institutions, financed emissions form a significant portion of the overall carbon footprint, representing emissions linked to loans and investments. Measuring these emissions supports transparency, climate-risk management, and sustainable financing decisions. Scope 3 emissions can be categorized into several key areas, including:

- **Purchased Goods and Services:** Emissions from procured goods and services such as IT equipment, office supplies, and outsourced activities.
- **Capital Goods:** Emissions from manufacturing long-term assets including office equipment, furniture, and banking infrastructure.
- **Fuel- and Energy-Related Activities:** Emissions from the production and transmission of purchased fuels and energy not included in Scopes 1 and 2.
- **Transportation and Distribution:** Emissions from upstream and downstream transportation of goods, materials, and services.
- **Waste Generated in Operations:** Emissions from waste disposal, recycling, and landfill activities.
- **Business Travel and Employee Commuting:** Emissions from employee travel for business purposes and daily commuting.
- **Leased Assets:** Emissions from upstream and downstream leased assets used or provided by the organization.
- **Processing, Use, and End-of-Life of Sold Products:** Emissions linked to the processing, use, disposal, and recycling of sold products.
- **Franchises:** Emissions generated from franchise operations associated with the organization.
- **Investments / Financed Emissions:** Emissions associated with loans, investments, and other financial services, including home, auto, and business financing, representing a key emission category for banks.

By measuring and disclosing emissions across these categories, BRAC Bank ensures a comprehensive understanding of its indirect carbon footprint, informs sustainable financing decisions and aligns with global standards such as the IFRS S1 and S2 frameworks.

6.5 Baseline Recalculation Procedure

To ensure the long-term accuracy, consistency and comparability of its greenhouse gas (GHG) emissions reporting, the Bank maintains a rigorous data management policy. This includes the provision to recalculate base-year (2023) financed emissions whenever material changes occur that could significantly impact the integrity or relevance of reported data.

Such recalculations are typically prompted by advancements in data quality, the acquisition of more granular portfolio-level information, or the adoption of country-specific emission factors and refined methodologies. By maintaining this disciplined approach, the Bank ensures that its emissions disclosures remain transparent and fully aligned with evolving international sustainability reporting standards and climate-related financial best practices.

6.6 Internal Emissions

BRAC Bank applies recognized greenhouse gas accounting principles consistent with ISO 14064 (2006) and PAS 2050, developed through collaboration among the British Standards Institution (BSI), DEFRA and the Carbon Trust for internal operations. These standards provide a structured approach to measuring and managing emissions associated with organizational activities.

The Bank's internal carbon footprint is calculated in accordance with the Greenhouse Gas Protocol Corporate Standard (2001), developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). This internationally accepted framework ensures a consistent and transparent methodology for quantifying and reporting greenhouse gas emissions across operations.

6.7 GHG Calculation Methodology

BRAC Bank measures its greenhouse gas (GHG) emissions using two internationally recognized frameworks: the PCAF Global GHG Accounting and Reporting Standard for financed emissions and the Greenhouse Gas Protocol (GHG Protocol) for emissions generated from internal operations. These standards ensure a consistent and transparent approach to emissions accounting across the Bank's activities.

For the 2025 GHG inventory, BRAC Bank has continued to use the "Emerging Economies" dataset to estimate emissions related to business loans and project finance portfolios. In the absence of fully developed country-level datasets for all segments, Bangladesh-specific data has been applied for motor vehicle loans, while regional proxy data from the Asia-Pacific (India) dataset has been used for home loans. This methodology reflects the Bank's effort to maintain accuracy and methodological consistency while working within existing data availability constraints. The equation used to calculate internal emission is,

GHG emissions = Activity X Emission Factors

Business Loan:

We have followed the PCAF 2019 methodology for calculating GHG emission from Business Loan. A brief detail of the methodology has given below,

Source Name	Exiobase Assets
Classification Type	Exiobase Sector Classification
Methodology Option	Option 3b
Activity Variable	Asset
Country	Emerging Economies (Regional Average) Emission Factors data as Bangladesh specific data are not available.
Emission Factor Source/ Year	PCAF Database 2019
Data Quality	5

The formula used to calculate business loan emission is,

$$\sum_{c} \text{Outstanding amount}_c \quad X \quad \frac{\text{GHG emissions}_s}{\text{Assets}_s}$$

Project Finance:

Project financing is basically the purpose driven investments mostly term loans. We have followed the PCAF 2019 methodology for calculating GHG emission from Project Financed. A brief detail of the methodology has given below,

Source Name	Exiobase Assets
Classification Type	Exiobase Sector Classification
Methodology Option	Option 3b
Activity Variable	Asset
Country	Emerging Economies (Regional Average) Emission Factors data as Bangladesh specific data are not available.
Emission Factor Source/ Year	PCAF Database 2019
Data Quality	5

The formula used to calculate business loan emission is,

$$\sum_{c} \text{Outstanding amount}_c \quad X \quad \frac{\text{GHG emissions}_s}{\text{Assets}_s}$$

Motor vehicle Loan:

PCAF 2020 methodology was followed for calculating GHG emission from Motor Vehicle Loan. Some relevant information of the methodology are as follows,

Source Name	EEA Passenger Vehicles
Methodology Option	Option 3a
Activity Variable	Distance Driven
Country	Bangladesh
Emission Factor Source/ Year	PCAF Database 2020
Vehicle Type	Octane: Toyota Corolla, Hybrid: Toyota Prius
Data Quality	4

The formula used to calculate Motor Vehicle emission is,

$$\sum_{t,f} \frac{\text{Outstanding amount}_v}{\text{Total value at origination}_v} \quad X \quad \text{Distance traveled}_s \quad X \quad \text{Efficiency}_{t,f} \quad X \quad \text{Emission factors}_f$$

Home Loan:

The source was PCAF Database 2023 for measuring GHG emission from Home/Mortgage Loan. Particulars of the methodology are disclosed below.

Source name	PCAF Global Buildings Dataset
Methodology Option	Option 2b
Activity Variable	Floor Area
Country	Asia Pacific (India) Emission Factors data as Bangladesh specific data are not available.
Building Type	Residential Buildings (Single Family House)
Emission Factor Source/ Year	PCAF Database 2023
Data Quality	4

The formula used to calculate Home Loan emission is,

$$\sum_{b,e} \frac{\text{Outstanding amount}_v}{\text{Property value at origination}_b} \quad X \quad \text{Estimated energy consumption from statistics}_{b.e} \quad X \quad \text{Floor area}_b \quad X \quad \text{Average emission factor}_e$$

Other Including Personal Loan and Credit Card

The source was PCAF Database 2023 for measuring GHG emission from sectoral average of public administration; education; health; recreation; other services of business loan. Particulars of the methodology are disclosed below.

Source Name	Exiobase Assets
Classification Type	Exiobase Sector Classification
Methodology Option	Option 3b
Activity Variable	Asset
Country	Emerging Economies (Regional Average) Emission Factors data as Bangladesh specific data are not available.
Emission Factor Source/ Year	PCAF Database 2019
Data Quality	5

The formula used to calculate business loan emission is,

$$\sum_{c} \text{Outstanding amount}_c \quad X \quad \frac{\text{GHG emissions}_s}{\text{Assets}_s}$$

Data Quality Score:

In this report, our disclosure ranges from data quality 4 to 5 for scope 3 (financed emission) calculation. The weighted data quality score for the calculation is 4.97; where score of 1 indicates high data quality and score of 5 indicates low data quality. For other calculations including scope 1, scope 2 and Scope 3 (internal emission), the data quality score is 2.

Certain	Score 1	Attribution factor and verified emissions for the activity carried out with the loan are known.
	Score 2	Attribution factor and unverified emissions for the activity carried out with the loan are known.
	Score 3	Attribution factor is known, and the primary physical activity data of the loan is used to calculate emissions (e.g. electricity consumption).
	Score 4	Attribution factor is known and average data for the sector activity in the region is used for the emission factor.
Uncertain	Score 5	Estimated data is used for attribution and emission factors.

Approach For Financed Emission:

BRAC Bank has used the Financial Control Approach for measuring and reporting the GHG emissions for financed portfolio as per PCAF standard.

Asset Class Coverage

BRAC Bank's financing portfolio spans multiple asset classes, including business loans, mortgage financing, motor vehicle loans, personal loans and credit cards, each requiring distinct approaches for estimating financed emissions. The PCAF Standard provides methodologies for several asset classes such as listed equity and corporate bonds, project finance, commercial real estate and sovereign debt. However, BRAC Bank's exposure to these categories remains relatively limited.

Conversely, the Bank maintains significant exposure in retail asset classes such as personal loans and credit cards, for which globally accepted methodologies for financed-emissions measurements are not yet available. As a result, emissions accounting currently focuses on asset classes where recognized standards and reliable data sources exist, while the Bank continues to monitor methodological developments to expand coverage in the future.

Sl	Asset Class	% of Portfolio	Disclosure Coverage (Yes/No)	Remarks
1	Listed equity and corporate bonds	0%	No	The activities are insignificant to the bank's total financed emissions.
2	Business loans and unlisted equity	36%	Yes (100%)	The financing in business other than project financing.
3	Project finance	48%	Yes (100%)	The investment that is purpose driven
4	Commercial real estate	0%	No	The activities are insignificant to the bank's total financed emissions.
5	Mortgages	2%	Yes (100%)	-
6	Motor vehicle loans	1%	Yes (100%)	-
7	Sovereign debt	0%	No	The activities are insignificant to the bank's total financed emissions.
8	Personal Loan, Credit Card and Other Retail Facilities	14%	Yes (100%)	-
8	Personal Loan, Credit Card and Other Retail Facilities	14%	Yes (100%)	-

The reason for Choosing Emission Factors of "Emerging Economies" for business loans:

Bangladesh is widely recognized as a developing market economy, ranking as the second-largest economy in South Asia and among the top global economies in terms of nominal GDP. The country is often identified by international financial institutions as part of the "Next Eleven" economies, reflecting its strong growth potential and gradual transition from a frontier market toward an emerging market economy.

Given that Bangladesh-specific emission factors are not yet available in the PCAF database, BRAC Bank has applied emission factors for Emerging Economies as the most appropriate proxy for estimating financed emissions within the business loan portfolio. Considering Bangladesh's economic structure and data limitations, this approach represents the best available methodology for ensuring reasonable accuracy and consistency in GHG emissions estimation for the reporting year, while the Bank continues to monitor the availability of more country-specific datasets in the future.

6.8 BRAC Bank's GHG emission accounting using PCAF

Indicator	Note	Year 2025		Year 2024	
		Attributed emissions (Ton CO2eq)	Attributed emissions share (%)	Attributed emissions (Ton CO2eq)	Attributed emissions share (%)
Scope 1	**1**	**1,984.64**	**0.13%**	**1,630.20**	**0.11%**
Diesel & Lubricants		376.60	0.02%	396.37	0.03%
Owned vehicle		199.74	0.01%	192.30	0.01%
Refrigerant		1,408.30	0.09%	1,041.53	0.07%
Scope 2		**18,986.86**	**1.23%**	**16,671.15**	**1.13%**
Purchased Electricity		18,986.86	1.23%	16,671.15	1.13%
Scope 3		**1,520,634.70**	**98.64%**	**1,459,165.87**	**98.76%**
Direct Emission	**3**	**57,262.24**	**3.71%**	**35,686.81**	**2.42%**
water use		40.17	0.00%	39.49	0.00%
Business travel		52,445.82	3.40%	29,685.97	2.01%
Emplotee commuting		4,094.26	0.27%	3,536.68	0.24%
Material Used		518.41	0.03%	2,274.10	0.15%
Waste Disposal		115.16	0.01%	106.30	0.01%
Hotel Stay		48.41	0.00%	44.28	0.00%
Financed Emission (Category:15)	**4**	**1,463,372.46**	**94.93%**	**1,423,479.06**	**96.35%**
Business loans	5	995,344	64.57%	967,509	65.48%
Project finance	6	425,684	27.61%	423,156	28.64%
Mortgages1		1,096	0.07%	1,042	0.07%
Motor Vehicle Loans		1,832	0.12%	1,530	0.10%
Other retail finance including personal loan, credit card etc.		39,417	2.56%	30,242	2.05%
Gross Total GHG emission		**1,541,606.20**	**100.00%**	**1,477,467.22**	**100.00%**
Avoided emissions					
Avoided internal emissions (Scope 2)	**7**	**93.83**	**0.49%**	**72.36**	**0.43%**
Avoided financed emissions (Scope 3, Category 15)*	**8**	**26,018.00**	**1.78%**	**18,039.19**	**1.27%**
Net Internal emission (Scope 2)		18,893	1.25%	16,599	1.14%
Total net internal emission		78,140	5.16%	53,916	3.69%
Net financed emission (Scope 3-Category 15)		1,437,354	94.84%	1,405,440	96.31%
Net Total GHG emission		**1,515,494.37**		**1,459,355.67**	

* *BRAC Bank has financed various green projects (for example: energy efficient machinery, Solar Power Plant etc.) which avoids carbon emissions. We have calculated the financed carbon avoidance be 14,946.92 tCO2 based on available energy audit reports. Additionally, a Grid tied Solar project was financed through which 11,071.08 tCO2 was avoided There are further green projects whose energy audit is not conducted. So, the actual number is much bigger.

The Bank demonstrated a strengthened commitment to renewable energy as avoided Scope 2 emissions rose from 72.36 to 93.83 tons of CO2 equivalent. This improvement reflects the strategic integration of solar power across its branch and ATM networks, further reducing the Bank's operational carbon footprint.

1. Avoided internal emissions (Scope 2)

A total of 140.048 MWh of electricity has been generated by BRAC Bank's solar power panels, installed at the Ho office and various branch locations. This generation has contributed to the avoidance of 93.83 tons of CO2.

2. Avoided financed emissions (Scope 3)

Through energy audits conducted across various green projects, we have calculated an avoided emission of 26,018.00 tons of CO2. This reduction in emissions is primarily attributed to the financing of energy-efficient machinery. There are further green projects whose energy audit is not conducted. So, the actual number is much bigger.

3. Scope 1 Emission Details

Indicator	Year 2025		Year 2024	
	Attributed emissions (Ton CO2eq)	Attributed emissions share (%)	Attributed emissions (Ton CO2eq)	Attributed emissions share (%)
Scope 1	**1,984.64**	**100%**	**1,630.20**	**100%**
Diesel & Lubricants	376.60	18.98%	396.37	24.31%
Owned vehicle	199.74	10.06%	192.30	11.80%
Refrigerant	1,408.30	70.96%	1,041.53	63.89%

4. Scope 2 Emission Details

BRAC Bank's scope-2 emission refers to the consumption of electricity that they purchase are not controlled by the Bank.

Consumption Year	GHG Emission (tCO2e)	Emission Factor Reference
2025	18,986.86	BD GEF 2022
2024	16,671.15	BD GEF 2022

5. Scope 3 Internal emission

BRAC Bank's scope-2 emission refers to the consumption of electricity that they purchase are not controlled by the Bank.

Indicator	Category	Year 2025		Year 2024	
		Attributed emissions (Ton CO2eq)	Attributed emissions share (%)	Attributed emissions (Ton CO2eq)	Attributed emissions share (%)
Internal Emission		57,262.24	100%	35,686.81	100%
Water Use	Category 1	40.17	0.07%	39.49	0.11%
Business Travel	Category 6	52,445.82	91.59%	29,685.97	83.18%
Employee Commuting	Category 7	4,094.26	7.15%	3,536.68	9.91%
Material Used	Category 1	518.41	0.91%	2,274.10	6.37%
Waste Disposal	Category 5	115.16	0.20%	106.30	0.30%
Hotel Stay	Category 6	48.41	0.08%	44.28	0.12%

** The increase in emissions can be primarily attributed to a significant rise in business travel, which accounts for the majority of the scope 3 Internal emissions compared to the previous year.

6. Financed emission:

Financed emissions (Scope 3, Category 15) represent the greenhouse gas (GHG) emissions associated with the financial products and services provided by an organization, including loans, investments and other financing activities. In the case of financed emissions, the Scope 1 and Scope 2 emissions of the financed entities or borrowers are typically considered, as these emissions result from activities supported by the financial institution's capital. Although indirect in nature, financed emissions often represent a significant share of a financial institution's overall carbon footprint.

For banks such as BRAC Bank, financed emissions capture the environmental impact linked to lending and financing portfolios, making them a critical component of climate-related risk assessment and sustainability reporting. Measuring these emissions helps the Bank better understand the carbon intensity of its portfolio, identify high-emitting sectors and support the transition toward more sustainable and low-carbon financing practices.

7. Business loan:

Indicator	Year 2025		Year 2024	
Sector activity	Attributed emissions (Ton CO2eq)	Attributed emissions share (%)	Attributed emissions (Ton CO2eq)	Attributed emissions share (%)
Petroleum, chemicals & non-metallic mineral products	262,875	26.41%	329,683	34.08%
Metal & metal products	195,519	19.64%	200,668	20.74%
Food production, beverages & tobacco	309,630	31.11%	219,576	22.69%
Sale, maintenance & repair of vehicles; fuel; trade; hotels & restaurants	17,470	1.76%	22,204	2.29%
Textiles, leather & wearing apparel	87,640	8.80%	93,095	9.62%
Electricity, gas & water	98,348	9.88%	78,446	8.11%
Manufacturing & recycling	8,084	0.81%	6,770	0.70%
Agriculture, hunting, forestry & fishing	3,554	0.36%	2,460	0.25%
Wood, paper & publishing	1,452	0.15%	4,966	0.51%
Public administration; education; health; recreation; other services	2,197	0.22%	1,519	0.16%
Electrical & machinery	4,944	0.50%	4,440	0.46%
Transport	117	0.01%	225	0.02%
Financial intermediation & business activity	2,094	0.21%	1,915	0.20%
Construction	722	0.07%	888	0.09%
Post & telecommunications	690	0.07%	643	0.07%
Mining & quarrying	0	0.00%	10	0.00%
Transport equipment	9	0.00%	0	0.00%
No sector	0	n/a	0	n/a
Total	**995,344**	**100.00%**	**967,509**	**100.00%**

Previously emissions from the Petroleum, chemicals & non-metallic mineral products", "Metal & metal products sector contributed a notable share to the overall emissions profile, this year recorded a visible decline from 43.43% to 37.43% in emissions from these sectors. This reduction reflects improved operational efficiency, better resource management practice and possible shift towards cleaner energy use and production process.

7. Business loan:

Indicator	Year 2025		Year 2024	
Sector activity	Attributed emissions (Ton CO2eq)	Attributed emissions share (%)	Attributed emissions (Ton CO2eq)	Attributed emissions share (%)
Petroleum, chemicals & non-metallic mineral products	28,668	6.73%	23,432	5.54%
Metal & metal products	44,880	10.54%	50,229	11.87%
Food production, beverages & tobacco	30,248	7.11%	27,719	6.55%

Indicator	Year 2025		Year 2024	
Sector activity	Attributed emissions (Ton CO2eq)	Attributed emissions share (%)	Attributed emissions (Ton CO2eq)	Attributed emissions share (%)
Sale, maintenance & repair of vehicles; fuel; trade; hotels & restaurants	178,603	41.96%	172,734	40.82%
Textiles, leather & wearing apparel	39,370	9.25%	47,606	11.25%
Electricity, gas & water	39,500	9.28%	42,800	10.11%
Manufacturing & recycling	23,959	5.63%	21,952	5.19%
Agriculture, hunting, forestry & fishing	18,065	4.24%	15,395	3.64%
Wood, paper & publishing	3,910	0.92%	4,787	1.13%
Public administration; education; health; recreation; other services	7,934	1.86%	7,985	1.89%
Electrical & machinery	2,674	0.63%	1,308	0.31%
Transport	4,735	1.11%	3,843	0.91%
Financial intermediation & business activity	1,690	0.40%	1,949	0.46%
Construction	655	0.15%	356	0.08%
Post & telecommunications	427	0.10%	582	0.14%
Mining & quarrying	264	0.06%	363	0.09%
Transport equipment	101	0.02%	116	0.03%
No sector	0	0.00%	0	0.00%
Total	**425,683**	**100.00%**	**423,156**	**100.00%**

Net tCO_2e of financed loan is calculated as 1,437,354 tons wherein, three major sectors "Petroleum, chemicals & non-metallic mineral products", "Metal & metal products", & "Food production, beverages & tobacco" are reported to have the higher emission intensity. These three segments alone comprise of about 61.35 % of total CO_2 emissions whereas they share only 22 % of Business Loan Portfolio.

Additional Disclosure:

As per PCAF guidelines, the financial institutions separately disclose the absolute scope 3 of borrowers and investees following a phase-in approach. In "Listed equity and corporate bonds" chapter of PCAF standard, scope 3 emission of borrowers at least in energy (oil & gas) & mining, transportation, construction, buildings, materials and industrial activities must be disclosed in the reports published in 2024 onwards. However, we have calculated the scope 3 GHG emission of all our business loans and project financed. And the total emission is 2,240,685.97 tCO_2 where project financed contributes 1,121,922 tCO_2e and business loan contributes 1,118,763 tCO_2e.

1,515,494 tCO_2
Net GHG Emission in 2025

20,972 tCO_2
Scope 1 & 2 GHG Emission in 2025

1,437,354 tCO_2
Net Financed GHG Emission in 2025

2.04 tCO_2
Scope 1 & 2 GHG Emission Per Employee in 2025

BRAC Bank will be mindful in monitoring these high emission sectors and work on possible solutions to minimize them. Based on the results, we have defined our transition plan where we intend to support our clients in the identified sectors to march towards low carbon technologies. Besides, we are trying to strengthen our data acquisition quality to improve our carbon accounting accuracy.

Our bank is focusing more to facilitate green and climate financing opportunities with priority to attain national targets set by the Government of Bangladesh, such as Vision 2041, Intended Nationally Determined Contributions (INDCs), Delta Plan 2100 and other international goals.


Proud Founding Member of
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CHAPTER: SEVEN

ESG GOVERNANCE

ESG GOVERNANCE

7.1 Governance overview

Sustainability is embedded in BRAC Bank's strategic direction and long-term value creation framework. It guides responsible banking, risk management and stakeholder engagement across all levels of the organization.

The Bank's ESG governance structure is designed in alignment with Bangladesh Bank's Sustainable Finance Guidelines and internationally recognized frameworks for sustainability and risk governance. It ensures effective oversight, accountability, and integration of environmental, social, and governance (ESG) considerations into decision-making processes.

ESG governance is structured across four levels:

- Board of Directors
- Board Risk Management Committee (BRMC)
- Sustainable Finance Committee (SFC)
- Sustainable Finance Department

This layered governance model ensures clear accountability from strategic oversight to operational execution.

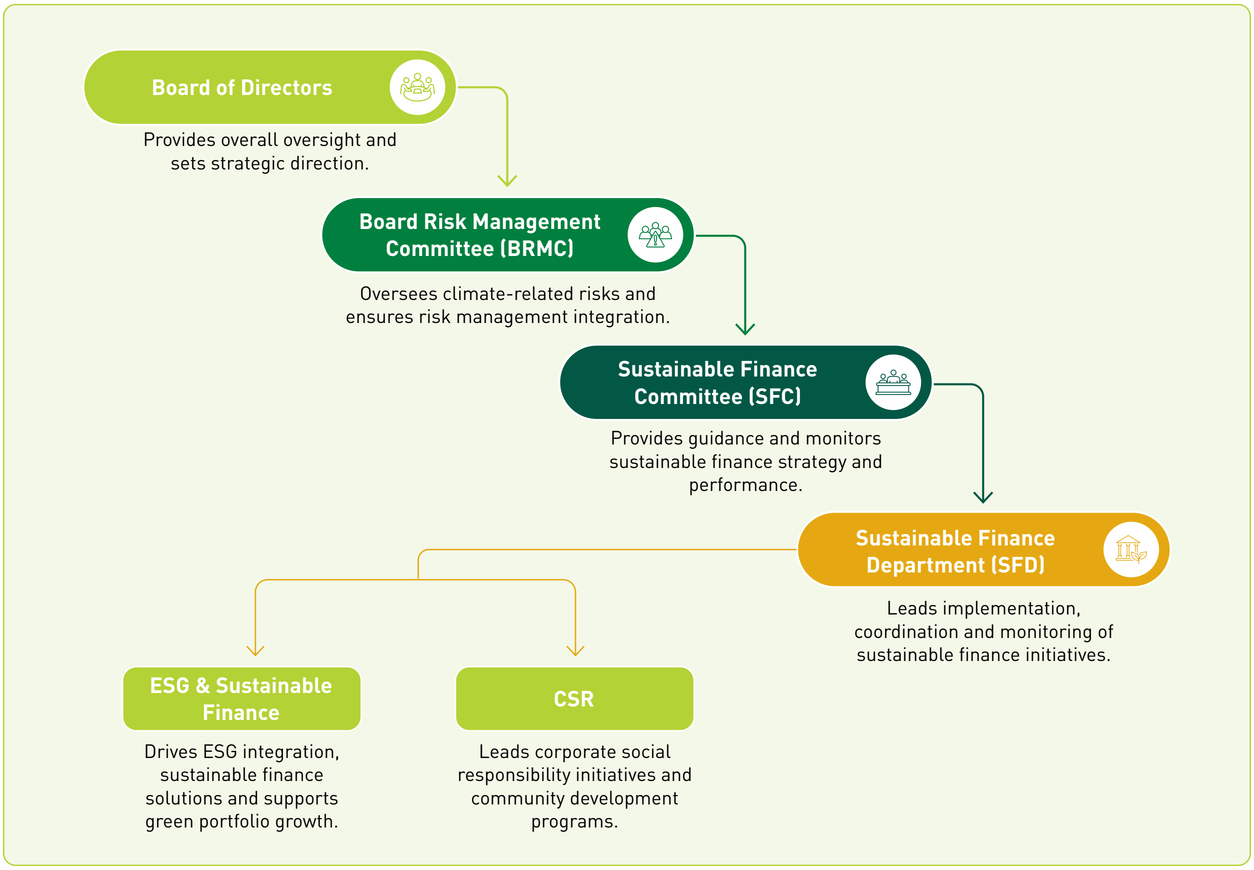
7.2 Board Oversight and ESG Leadership

The Board of Directors holds ultimate responsibility for ESG strategy and oversight. It ensures that sustainability priorities are integrated into the Bank's strategic objectives, risk appetite, and long-term business planning.

The Board is responsible for:

- Approving ESG and sustainability strategy
- Ensuring alignment of ESG objectives with corporate strategy
- Overseeing allocation of resources for sustainability initiatives
- Monitoring ESG performance and disclosures
- Ensuring transparency and accountability to stakeholders

Through this oversight, the Board ensures that ESG considerations are embedded into enterprise-wide decision-making and long-term value creation.



Members of Board Risk Management Committee (BRMC)

Mr. Salek Ahmed Abul Masrur

Independent Director
Chairperson, BRMC

Mr. Salek Ahmed Abul Masrur joined the Board of BRAC Bank PLC as an Independent Director in March 2022 and serves as Chair of the Board Risk Management Committee and a member of the Board Executive Committee. He brings over 36 years of banking experience across local and international markets, having held senior leadership roles at Bank Alfalah, Standard Chartered Bank, Citibank N.A., and ANZ Grindlays Bank. He previously served as CEO of The Consolidated Tea & Lands Co. (Bangladesh) Limited. Mr. Masrur holds an MBA from the University of Tennessee, USA, and a BBA from Trine University, USA.

Dr. Zahid Hussain

Independent Director
Member, BRMC

Dr. Zahid Hussain joined the Board of BRAC Bank PLC as an Independent Director in September 2020 and serves as a member of the Board Audit Committee and Board Risk Management Committee. He is an accomplished economist with extensive experience in macroeconomic policy and development finance, having served as a Lead Economist at the World Bank for over two decades. Dr. Hussain holds a PhD in Economics from Boston University, USA, and an MBA from the Institute of Business Administration, University of Dhaka.

Ms. Lila Rashid

Independent Director
Member, BRMC

Ms. Lila Rashid joined the Board of BRAC Bank PLC as an Independent Director in May 2024 and serves as a member of the Board Risk Management Committee and Board Audit Committee. A former Executive Director of Bangladesh Bank, she has extensive expertise in financial inclusion, microfinance, SME development, and policy formulation. She is currently involved in research on gender gaps in financial inclusion in Bangladesh. Ms. Rashid holds a PhD from Jawaharlal Nehru University, India, an MBA from the University of New Orleans, USA, and an M.Sc. from the University of Dhaka.

7.3 Governance Approach

The Bank is committed to maintaining the highest standards of integrity, transparency, and ethical conduct across its governance and business operations. To prevent and mitigate conflicts of interest, the Board of Directors has approved policies and procedures that require directors, senior management, and employees to identify, disclose, and appropriately manage any actual, potential, or perceived conflicts of interest. Individuals are expected to act in the best interests of the Bank, avoid situations where personal interests may influence professional judgment, and recuse themselves from discussions or decisions where a conflict exists. The Board and its committees oversee the implementation of these measures to ensure sound governance and objective decision making.

7.3.1 Disclosure of Conflicts of Interest

The Bank discloses material conflicts of interest to relevant stakeholders in accordance with applicable laws, regulatory requirements, and internal governance policies. Conflicts of interest subject to disclosure include, where applicable:

- Cross-board memberships involving members of the Board of Directors.
- Cross-shareholdings with suppliers and other stakeholders, where such relationships may create actual or perceived conflicts.
- Existence of controlling shareholders, if applicable, in line with the definition used in the Bank's consolidated financial statements.

- Related-party relationships, transactions, and outstanding balances, which are disclosed in the Bank's audited financial statements in accordance with applicable accounting standards and regulatory requirements.

The Bank periodically reviews its governance framework to strengthen conflict-of-interest management practices and promote accountability, fairness, and stakeholder confidence.

7.4 Sustainable Finance Committee (SFC)

In accordance with Bangladesh Bank guidelines, BRAC Bank has established a Sustainable Finance Committee (SFC) to provide structured oversight of ESG and sustainable finance initiatives.

The Committee is chaired by the Managing Director & CEO and operates under the supervision of the BRMC.

Mandate

The SFC is responsible for:

- Setting and reviewing ESG strategy and priorities
- Overseeing implementation of sustainable finance initiatives
- Integrating ESG into business and operational functions
- Monitoring ESG performance against defined KPIs
- Ensuring coordination across business divisions

The SFC provides a cross-functional platform that ensures ESG integration across all key business areas, including risk, finance, operations, technology, and human resources.

Members of Sustainable Finance Committee (SFC)

	Name	Designation	Years of Experience	Educational Background
Chairman				
	**Tareq Refat Ullah Khan**	MD & CEO	29	M.Com, MBA
Members				
	**Syed Abdul Momen**	AMD & Head of SME Banking	27	BSc. in Computer Communications
	**Mohammod Masud Rana FCA**	AMD & CFO	28	FCA, MCom (Accounting)
	**Md. Shaheen Iqbal, CFA**	AMD and Head of Wholesale Banking	26	B.Sc. in Engineering (Mechanical), MBA, CFA

	Name	Designation	Years of Experience	Educational Background
	**Ahmed Rashid Joy**	AMD & Chief Risk Officer	27	Masters in Bank Management (MBM)
	**A.S.M. Wasi Noman**	AMD & Chief Information Officer	25	MBA, B.Sc. in Engineering (CSE)
	**Md. Asif Bin Idrish**	DMD & Head of Corporate, Commercial, & Institutional Banking	22	BSc in Computer Science, MBA
	**Md. Mahiul Islam**	DMD & Head of Retail Banking	27	BBA in Finance
	**Sheikh Mohammad Ashfaque**	DMD & Head of Branches	19	BSc in Computer Science, MBA
	**Abdullah Al Mamun**	DMD and Head of Internal Control and Compliance	28	MA (Public Administration)
	**Monzula Morshed**	DMD and Chief Human Resources Officer	25	BBA, MBA

	Name	Designation	Years of Experience	Educational Background
	**Ekram Kabir**	Chief Communication Officer	33	MA in English
	**Indraneel Chattopadhyay**	Chief Marketing Officer	19	Master of Fine Arts
	**Nazmul Ahsan, CFA**	Head of Treasury	18	BBA in Finance
Member Secretary				
	**Tashmeem Muntazir Chowdhury**	Head of ESG & Sustainable Finance	14	MBA, B.Sc. in Engineering (EEE), 2026 Yale Climate Fellow

7.5 Sustainable Finance Department

To advance its sustainability agenda and strengthen ESG integration across the Bank, BRAC Bank has established the Sustainable Finance Department (SFD) as the central coordinating body for sustainability-related initiatives under the guidance of the Sustainable Finance Committee. The Department is responsible for embedding sustainability considerations into strategy, operations, risk management and stakeholder engagement processes.

The Department operates through two dedicated wings:

Wing	Primary Focus
ESG & Sustainable Finance Wing	Sustainable finance, ESG integration, sustainability reporting and climate risk management
Corporate Social Responsibility (CSR) Wing	Community development, financial inclusion and social impact initiatives

ESG & Sustainable Finance Wing

The ESG & Sustainable Finance Wing is responsible for integrating Environmental, Social and Governance (ESG) considerations into financing activities, risk management practices and sustainability-related disclosures. The Wing oversees Green, Sustainable and Transition Finance portfolios and supports implementation of sustainability initiatives across the Bank.

Key responsibilities include:

Area	Responsibilities
Regulatory Reporting	Ensuring timely preparation and submission of all sustainable finance-related regulatory and supervisory reports to Bangladesh Bank
Sustainability Reporting & Disclosure	Coordinating preparation and publication of sustainability-related reports and disclosures aligned with international standards and frameworks including GRI, PCAF and ISSB requirements
GHG Emissions Accounting	Managing measurement and reporting of greenhouse gas emissions covering Scope 1, Scope 2 and Scope 3 emissions using recognised methodologies
Climate Risk & ESG Integration	Supporting integration of climate-related and ESG risks into banking operations and risk assessment processes
Environmental and Social Risk Management (ESRM)	Strengthening Environmental and Social risk assessment processes within financing and lending activities
IFRS S1 & S2 Reporting	Coordinating sustainability and climate-related financial disclosure requirements aligned with IFRS S1 and IFRS S2 standards
Sustainable Finance Instruments	Supporting development and implementation of sustainable finance products and thematic financing instruments including Green and Social Bonds
Green Refinance & Concessional Funding	Facilitating Bangladesh Bank refinancing schemes and concessional financing for eligible green projects
DFI Engagement & Compliance	Managing sustainability-related requirements and compliance obligations of Development Financial Institution (DFI) partnerships
Advisory Support	Providing sustainability-related technical support for thematic financing initiatives and strategic projects

The Wing also ensures consistent integration of sustainability considerations into credit, operations and strategic decision-making processes.

Corporate Social Responsibility (CSR) Wing

The CSR Wing is responsible for overseeing the Bank's corporate social responsibility initiatives and ensuring alignment with broader sustainability objectives.

Key responsibilities include:

- Planning and implementing community development initiatives
- Supporting financial inclusion programmes
- Managing social impact initiatives aligned with national priorities
- Ensuring responsible utilisation of CSR funds
- Monitoring and reporting CSR activities and impact indicators

Through the Sustainable Finance Department and Sustainable Finance Committee, BRAC Bank ensures that sustainability is systematically integrated into business strategy, operations, governance and stakeholder engagement, reinforcing its commitment to responsible and sustainable banking practices.

CHAPTER: EIGHT

ENVIRONMENT & CLIMATE

ENVIRONMENT & CLIMATE

8.1 Current International/ National Policies

Global frameworks and domestic instruments are driving BRAC Bank to realign its portfolio toward low carbon and climate resilient sectors, unlocking sustainable finance opportunities while simultaneously intensifying transition risks, regulatory compliance burdens, and credit exposure within its existing lending base.

Current impact of International/ National Policies:

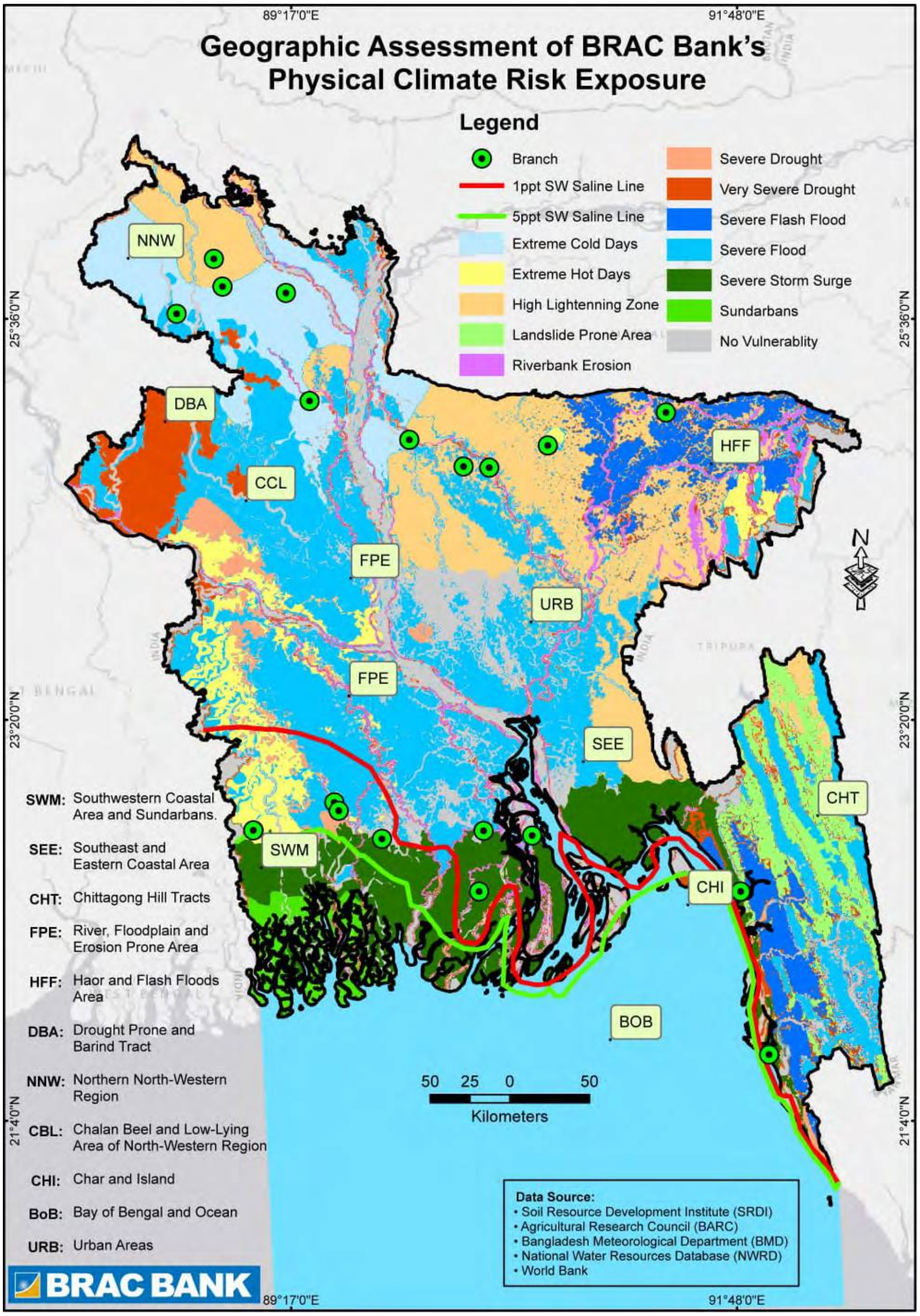
Paris Agreement	The Paris Agreement locks in net-zero aspirational targets and forces countries and firms to plan for a low-carbon transition; banks are expected to align their portfolios with decarbonization pathways	Financed emissions exposure: BRAC Bank's 2025 reporting shows that around 95% of its carbon footprint comes from financed activities, especially petroleum & chemicals, food & beverage, and metal manufacturing. Offering transition-finance and sustainability-linked loans to major emitters so they can retrofit, switch to renewables, or improve efficiency
IPCC	IPCC's latest reports stress more frequent and severe extreme-weather events (floods, cyclones, heat waves) and sea-level rise, especially in low-lying countries like Bangladesh	Physical risk exposure in the portfolio: A large share of the bank's borrowers is in agriculture, SMEs, and small scale manufacturing, which are highly exposed to climate shocks.
NAP	Bangladesh's NAP process aims to identify adaptation needs, integrate adaptation into planning and budgeting, and build a long-term adaptation-investment plan	Agriculture, rural SMEs, and flood-prone urban informal sectors are central to NAP analysis; these are also core client segments for BRAC Bank. This may affect the repayment capacity of the client. NAP-linked risk-maps and scenario exercises can be used to adjust loan-to-value, maturity, collateral quality, and insurance requirements.
Bangladesh Climate Change Strategy and Action Plan (BCCSAP)	BCCSAP has long framed how climate-change priorities are integrated into national development planning, including public-investment and sectoral programs	Clients may face income shocks due to climate vulnerable regions. Which leads to - default - Low return - Socially important - Not highly Profitable - Lower landing margins for the bank
NDC	Bangladesh's NDC 3.0 under UNFCCC sets emission-reduction targets and stresses the need for significant international climate finance to meet conditional mitigation goals	Regulatory pressure: Bangladesh Bank's climate-risk and green-finance guidance is being aligned with these NDCs, so high-carbon and climate-vulnerable sectors face tighter risk-weighting, stress-testing, and disclosure requirements. -Pressure on high emission clients. For Industries like Textile, Brick, Transport leads to High Compliance cost for clients and profitability decrease for banks -Short Term loss of profitable clients -Portfolio restructuring challenges

8.2 Portfolio Exposure in NAP-Identified Climate Hotspots

To evaluate the Bank's exposure to climate-related physical risks, the National Adaptation Plan of Bangladesh (NAP) climate stress area is being used. The objective was to identify branches operating in climate-vulnerable zones and quantify the corresponding portfolio exposure.

A mapping approach was applied by overlaying the Bank's branch locations onto the NAP-designated climate stress hotspot map. The top 20 districts, based on the Climate Vulnerability Index (CVI), where the Bank maintains a presence, were identified as the focus areas for the assessment. This enabled precise identification of branches situated in areas exposed to heightened physical risks such as flooding, cyciones, salinity intrusion, and riverbank erosion.

Based on this analysis, it was found that approximately 4.74% of the Bank's total portfolio is concentrated in NAP-identified climate hotspot areas. This indicates a relatively limited but noteworthy exposure to physical climate risks within the overall portfolio.



Physical risk Exposed area

Climate Stress Area	Physical Risk prone area under Portfolio	Highly Impacted by
Southwestern Coastal Area	Bagerhat	Rainfall Vulnerability, Sea level Rise, Salinity, Cyclonic Storm Surge, Erosion, Extreme Heat
	Barishal	
	Bhola	
	Khulna	
	Patuakhali	
	Baro Bazar	
	Satkhira	
	Daulatpur	
Chittagong Hill Tracts	Coxs Bazar	Rainfall Vulnerability, Flash Flood, Cyclonic Storm Surge, Drought, Extreme Heat, Lightening, Land Slide
	Chokoria	
Northern-Northwestern	Dinajpur	Rainfall Vulnerability, River Flood, Flash Flood, Erosion, Extreme Heat, Land Slide, Lightening
	Gobindaganj	
	Rangpur	
	Nilphamari	
	Syedpur	
Haor and Flash Flood	Jamalpur	Rainfall Vulnerability, Flash Flood, Erosion, Extreme Heat, Land Slide, Lightening
	Netrokona	
	Sunamganj	
	Mymensingh	
	Muktagacha	

This provides valuable insights for risk-informed decision-making, supporting the Bank's efforts to strengthen climate resilience. It can further guide:

- Targeted risk mitigation strategies in vulnerable regions
- Climate-sensitive credit appraisal and monitoring
- Alignment with national and international climate risk disclosure frameworks

Overall, the integration of NAP-based climate risk mapping into portfolio analysis demonstrates a proactive approach toward managing climate-related financial risks and enhancing sustainable banking practices.

8.3 Climate Scenario Analysis

Our capacity to identify climate-related risks through scenario analysis continues to evolve, as we strengthen our ability to measure, manage, and disclose climate-related exposures across our portfolio.

Drawing on the Network for Greening the Financial System (NGFS) framework, we have conducted a forward-looking climate scenario analysis using two reference pathways:

- An illustrative Net-Zero 2050 Scenario (assuming BRAC Bank adopts a net-zero target)
- The Current Policies Scenario

The following sections present the narrative and potential implications of each scenario for the Bank's portfolio:

Net-Zero Scenario (Hypothetical Pathway)

Scenario Description

While BRAC Bank PLC has not formally committed to a net-zero target, this scenario explores a forward-looking pathway in which the Bank aligns its financing activities with global net-zero emissions in long term.

Under the Net-Zero 2050 pathway, global warming is limited to 1.5°C through:

- Strong climate policies and carbon pricing mechanisms
- Accelerated technological innovation
- Rapid adoption of renewable energy and energy-efficient systems
- Coordinated international and national climate actions

This pathway assumes immediate policy interventions, stricter environmental regulations, and substantial investments in sustainable infrastructure and low-carbon industries.

For BRAC Bank, such a transition would require:

- Strategic rebalancing of lending portfolios
- Enhanced climate risk integration in credit appraisal
- Greater engagement with clients on decarbonization pathways
- Expansion of green finance and sustainable banking initiatives.

Climate Risk Profile

Short-to-Medium-Term Transition Risk: High

If BRAC Bank were to align with a net-zero pathway, the Bank and its borrowers may face elevated transition risks resulting from:

- Increased regulatory pressure on carbon-intensive industries
- Rising operational and compliance costs due to carbon pricing mechanisms
- Rapid technological shifts requiring large-scale capital investment
- Evolving global sustainability standards and ESG expectations
- Changing consumer and investor preferences toward low-carbon businesses

Long-Term Physical Risk to 2050: Low

Under the Net-Zero scenario, long-term physical climate risks are expected to be comparatively lower due to effective global mitigation efforts and accelerated decarbonization.

However, climate-related hazards would still persist in vulnerable regions such as Bangladesh, including:

- Flooding
- Cyclones
- Extreme rainfall
- Waterlogging
- Heat stress and temperature rise

Potentially Vulnerable Sectors

The following sectors within the Bank's financing portfolio could experience heightened financial stress during the transition:

- Energy and utilities
- Manufacturing and industrial production
- Steel and cement
- Transport and logistics
- Fossil fuel-dependent businesses

Strategic Implications

To navigate a hypothetical net-zero transition pathway, BRAC Bank may consider strengthening:

- Renewable energy financing
- Energy-efficient technologies
- Climate-resilient agriculture financing
- Green buildings and sustainable infrastructure
- Other Green & Sustainable Financing

These pressures could lead to:	Residual Physical Risk Consideration
- Increased Probability of Default (PD) among high-emission borrowers - Declining borrower creditworthiness - Reduced profitability and repayment capacity - Risk of stranded carbon-intensive assets - Supply chain disruptions and reduced export competitiveness	Although the Net-Zero scenario substantially lowers long-term catastrophic climate outcomes compared to higher-emission pathways, residual physical risks would still remain uncertain due to: - Climate variability - Delayed adaptation capacity - Infrastructure limitations - Population growth and urbanization pressures

Implications for BRAC Bank

If BRAC Bank were to adopt a net-zero pathway:

- The Bank would need to rebalance its portfolio, gradually reducing exposure to carbon-intensive industries
- There would be a growing need to scale up green and sustainable finance, including renewable energy and climate-resilient investments
- Enhanced client engagement and transition support mechanisms would become critical, particularly for CMSMEs
- Integration of climate risks and opportunities into credit assessment, pricing, and capital allocation frameworks would be essential

While the transition may pose short-term financial risks, it would position the Bank for long-term resilience and competitiveness in a low-carbon economy.

Current Policies Scenario	
Scenario Description	
The Current Policies scenario assumes that no significant additional climate policies are introduced beyond those already in place. Under this pathway, global emissions continue to rise until approximately 2080, leading to an estimated 3°C increase in global temperatures. This scenario reflects a world where climate action remains insufficient, resulting in severe and potentially irreversible environmental and socio-economic consequences. These include rising sea levels, increased frequency of extreme weather events, and widespread disruptions to ecosystems, infrastructure, and economic systems.	
Climate Risk Profile	
Long-Term Physical Risk to 2050: High	**Short-to-Medium-Term Transition Risk: Moderately Low**
BRAC Bank's portfolio would be exposed to substantial physical risks, including: - Flooding, cyclones, and salinity intrusion affecting borrower assets - Disruption of supply chains and business operations - Declining agricultural productivity and rural income These impacts could lead to: - Reduced repayment capacity of borrowers - Declining collateral values - Increased credit losses across multiple sectors	In the absence of strong policy action, transition risks are expected to remain relatively low in the short term. However, some level of risk may still arise from: - Gradual increase in stranded asset risk for carbon-intensive sectors - Market uncertainty regarding future policy shifts - External pressures from international markets, particularly for export-oriented industries The lack of early transition efforts may also result in higher long-term adjustment costs, should abrupt policy changes be implemented in the future

Implications for BRAC Bank

Under the Current Policies scenario:

- The Bank may face widespread credit risk deterioration due to physical climate impacts
- Climate risks would affect a broader segment of the portfolio, rather than being concentrated in specific sectors
- There would be increased pressure on collateral values and asset quality
- Long-term economic instability could affect overall financial system resilience

The scenario analysis highlights two distinct but critical risk pathways for BRAC Bank:

- A hypothetical Net-Zero pathway, which presents high transition risks but lower long-term physical risks, requiring proactive strategic adjustments
- A Current Policies pathway, which results in significant physical risks and systemic financial impacts, particularly in a climate-vulnerable context like Bangladesh

While BRAC Bank has not yet committed to a net-zero target, this analysis demonstrates that early alignment with a low-carbon transition could enhance long-term resilience, reduce exposure to severe physical risks, and unlock opportunities in sustainable finance.

8.4 Industry wise Climate Scenario and Risk Assessment

BRAC Bank integrates climate-change-related risks into its existing risk management frameworks through a structured and forward-looking approach that addresses both physical and transition risks, recognizing their evolving nature and potential impact on financial stability and business operations.

Climate Exposure Assessment:

To facilitate a more structured and meaningful assessment of our portfolio, we have consolidated our business exposures into five broad sectors. These groupings are designed to simplify analysis while ensuring comprehensive coverage of all key economic activities we serve.

These sectors reflect logical clusters of related industries based on their operational characteristics and value chain linkages. By organizing our portfolio in this manner, we are better able to evaluate sector-specific risks, opportunities, and performance trends in a clear and consistent way.

Agriculture & Natural Resources

- Agriculture, hunting, forestry & fishing
- Food production & beverages

Manufacturing & Industrial Production

- Petroleum, chemicals & non-metallic mineral products
- Metal & metal products
- Textiles, leather & wearing apparel
- Wood, paper & publishing
- Electrical & machinery
- Manufacturing & recycling

Transport, Trade & Hospitality

- Transport
- Sale, maintenance & repair of vehicles; fuel
- Trade
- Hotels & restaurants

Services & Financial Activities

- Financial intermediation & business activity
- Public administration
- Education
- Health

Energy & Utilities

- Electricity, gas & water

Current Scenario and Risk Assessment

Sector	Background	Climate Effects		Strategic Approach	
		Physical risks (short-term)	Transition risks (medium-term)	Physical Risk	Transition Risk
Agriculture	There is about BDT 9,773 million total portfolio in agriculture sector.	BRAC Bank has extended financing in this sector in many climate vulnerable districts including Sunamganj, Bhola, Khulna, Feni which are exposed by different hazards. For example, the agriculture portfolio was significantly affected by coastal flooding in 2025.	With stricter emission regulations in line with NDC 3.0, restriction on chemical fertilizer use, water use regulation, the agricultural sector will be impacted. As such, the borrowers may face increased operational expenditure, reduce profitability in the short run while their probability of default will be higher.	The Bank aims to enhance its portfolio while managing climate risks by investing in climate resilient agriculture, adding climate risk reduction approach in credit appraisal process and customizing financial products for most climate vulnerable districts.	A board-approved Climate Risk Management Strategy and transition financing for climate-resilient agriculture including water and energy efficient technologies to support clients in adopting sustainable practices and aligning with national and international climate goals.
Manufacturing & Industrial Production	Includes petroleum, chemicals, metals and textiles. which comprise total portfolio of BDT 199,429.23 million in these sectors.	Vulnerable to intense flooding and cyclones that cause direct damage to production facilities and Bank's assets including mortgage trigger supply chain disruptions. Also, disruption to transportation networks, utilities and supply chain will affect our clients' businesses. This risk will adversely affect borrowers' repayment capacity, business continuity, profitability and repayment capacity. Eventually, it will increase operational risks of BRAC Bank	This sector has been facing increasing transition risks due to strict environmental regulations, emission reduction policies, energy-efficiency requirements, and growing ESG compliance issues. Also, majority of BRAC Bank's corporate loan portfolio includes export-oriented industries such as textiles and garments that face additional pressure from global sustainability standards, emission and energy efficiency targets. Our borrowers with limited capacity to adopt energy efficient technologies or transition toward low-carbon supply chain will experience increased operational costs and potential market access constraints. Eventually, this could adversely affect their financial performance and loan repayment capacity. Furthermore, carbon-intensive industrial assets may face the risk of becoming stranded as Bangladesh accelerates its transition toward a lower-carbon economy.	Gradually, BRAC Bank will enhance lending in climate resilient infrastructure. Also, climate related physical risks need to embed in credit appraisal process while encouraging the borrowers to develop and periodically review their business continuity plan in line with the physical risks.	BRAC Bank will manage this transitional risk by providing tailored financial products for promoting green financing, energy-efficient technologies, green building and cleaner production processes, and ESG-aligned business practices.

Sector	Background	Climate Effects		Strategic Approach	
		Physical risks (short-term)	Transition risks (medium-term)	Physical Risk	Transition Risk
Energy & Utilities	Refers to electricity, gas and water sectors. Total lending to utilities and power generation stands at BDT 11,174 million. Historically high emissions have seen a marked reduction due to renewable initiatives	Climate induced hazards adversely impact this sector in the vulnerable districts, For example, our Energy and utility sector financing in Khulna is exposed to physical climate risks as it resides in low line topography. It is exposed to flooding, water salinity, waterlogging, and extreme rainfall events. These risks will enhance operational and maintenance cost, disrupt distribution, and affect the reliability of energy-related operations.	Investments in fossil-fuel heavy infrastructure (coal, gas) risk becoming stranded assets due to technological advancement and national commitments and regulation towards a low-carbon economy.	By supporting decentralized and climate-resilient energy infrastructure such as solar panels, BRAC Bank helps the borrowers reduce their dependency on conventional energy systems that are often disrupted by flooding, waterlogging, and extreme rainfall.	BRAC Bank has already started making strategic steps towards managing these transitional risks by shifting financing for renewable energy projects. For instance, a lending for a large-scale solar power plant in Sirajganj shows the bank's strategic shifts toward clean energy. Also, our exclusion list for financing includes coal power and mining activities to manage transitions.
Transport, Trade & Hospitality	Encompasses transport, fuel trade, hotels and restaurants, this sector accounts for BDT 231,285 million of Total lending.	This sector is highly exposed to physical risks due to its dependence on road, infrastructure, logistics, supply chain and tourism. Gaibandha and Bagerhat District have finance in trade sector, physical risks like recurrent flooding and riverbank erosion significantly disrupt local markets, supply chains, and economic activities.	This sector is facing transition risks, as evolving climate policies, sustainable trade practices may require adaptation in business operations and financing approaches.	BRAC Bank supports climate-resilient trade and logistics infrastructure to reduce disruptions from climate induced disasters.	The Bank promotes clean transportation financing and collaborates with low-carbon logistics providers to support sustainable trade practices and climate policy adaptation.

Sector	Background	Climate Effects		Strategic Approach	
		Physical risks (short-term)	Transition risks (medium-term)	Physical Risk	Transition Risk
Services & Financial Activities	Includes financial intermediation, health and education. This sector exhibits low emission intensity (which includes BDT 73,017 million portfolio)	Risks to operational resilience, specifically regarding the safety and continuity of branches, data centres and IT systems during extreme weather. Rangpur having finance in Service sector faces physical climate risks including floods, cold waves, and occasional droughts.	There is a risk of loss of customer trust and reputation if the bank cannot meet the technological, policy and regulatory changes. As such, certain assets financed by BRAC Bank may become stranded assets.	Accelerating digital banking services to reduce dependency on physical branches and paper-based operations, ensuring service continuity during climate-related disruptions.	Sectoral exposure analysis, portfolio diversification and transition finance strategies will reduce BRAC Bank's transition risks in this sector.

8.5 Geographic Distribution of Climate Vulnerable Collateral Exposure

The Bank conducted a district wise assessment of collateral assets located within identified high physical climate risk prone areas to better understand geographic concentration and potential vulnerability across its portfolio. The analysis indicates that 5.73% of the Bank's total collateral portfolio is exposed to regions susceptible to acute and chronic climate hazards such as flooding, cyclones, river erosion, storm surge, waterlogging, and excessive rainfall.

Among the climate vulnerable collateral portfolio, the highest concentration of exposure was identified in the south-western coastal and northern flood-prone regions of Bangladesh. Khulna accounted for the largest share of exposure at 24.61%, followed by Rangpur at 15.22% and Dinajpur at 11.27%. Significant exposure was also observed in Mymensingh (7.71%), Cox's Bazar (7.68%), and Nilphamari (6.04%).

The distribution further reflects notable concentration across coastal districts including Barisal, Satkhira, Bhola, Bagerhat, and Patuakhali, which are particularly vulnerable to cyclones, salinity intrusion, tidal flooding, and sea level rise. Exposure in northern districts such as Gaibandha, Jamalpur, and Nilphamari indicates sensitivity to river flooding and erosion risks, while Sunamganj and Netrokona represent exposure within haor and excessive rainfall affected regions.

From a climate risk management perspective, the analysis demonstrates that collateral exposure is concentrated across three major climate vulnerable zones of Bangladesh:

- Coastal and cyclone-prone belt
- Northern flood and river erosion-prone region
- Haor and excessive rainfall-prone region

This geographic mapping supports the Bank in identifying concentration risk, strengthening portfolio monitoring mechanisms, and integrating climate considerations into credit risk assessment in future collateral management processes. The exercise also enables the Bank to enhance resilience planning and adopt a more forward-looking approach toward climate-related financial risk management.

8.6 Inhouse Operational Practices

BRAC Bank adopts a structured approach to environmental sustainability by integrating resource-efficient operational practices with sustainable financing initiatives. The Bank is progressively transitioning from a linear operating model to a circular economy approach, focusing on minimizing environmental impact, optimizing resource use, and reducing waste generation across operations.

Environmental sustainability initiatives are embedded across branches, ATMs, offices, and digital infrastructure through the implementation of Reduce, Reuse, and Recycle (3R) practices and operational controls covering materials, energy, water, emissions, and waste management.

Key Operational Focus Areas

Area	Key Initiatives
Materials Management	Reduced paper usage through digitalization, sustainable procurement, and minimizing single-use materials
Energy Management	Energy-efficient equipment and optimized operational practices
Water Management	Resource monitoring and awareness initiatives to reduce unnecessary consumption
Emissions Management	Process digitization and operational efficiency initiatives supporting low-carbon operations
Waste Management	Waste segregation, responsible disposal practices, and recycling initiatives
IT Waste Management	Recycling, repurposing, and secure disposal of electronic equipment through certified vendors

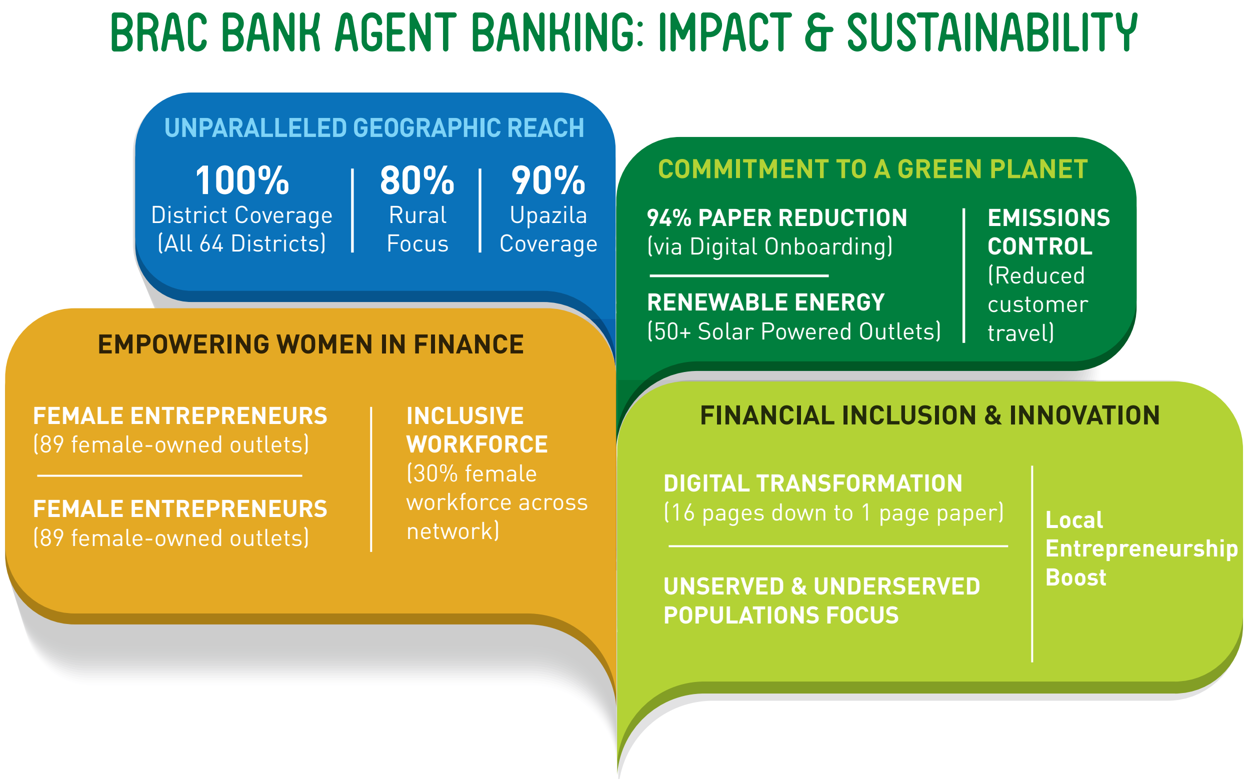
These initiatives support improved resource efficiency, responsible consumption practices, and reduced operational environmental impacts while reinforcing BRAC Bank's broader ESG commitments.

8.6.1 BRAC Bank Agent Banking: Driving Financial Inclusion and Sustainable Growth

BRAC Bank Agent Banking advances financial inclusion by extending formal banking services to underserved and unbanked populations, particularly in rural and remote areas. The channel provides services including account opening, deposits, withdrawals, remittances, and small-value transactions, supporting inclusive economic participation.

Since inception, the channel serves over 465,000 customers through more than 635,000 accounts, of which 27% are female customers.

The model contributes to environmental sustainability through reduced customer travel, low infrastructure requirements, and digital processes. Paperless onboarding has reduced documentation from 16 pages to 1 page containing customer consent, photograph, and signature. SMS-based notifications, in-house systems, and thermal printing further reduce paper usage. More than 50 Agent Banking outlets operate on solar energy, while outlets typically require minimal electricity consumption.



Main Focus of Agent Banking: Leaving no one behind

The network covers all 64 districts of Bangladesh, with over 90% Upazila coverage, and 80% of outlets located in rural areas, reinforcing the Bank's commitment to last-mile financial inclusion.

Across 1,100+ outlets, Agent Banking has created employment for over 3,000 individuals, of which around 30% are female. Additionally, 89 outlets are owned by female agents, supporting women's entrepreneurship and economic empowerment.

BRAC Bank also strengthens financial literacy and service quality through the Agent Banking e-Pathshala platform and Uthan Boithok (courtyard meetings), particularly supporting women and underserved communities through female agents and field officers.

SDG ALIGNMENT

1 NO POVERTY

NO POVERTY

By placing 80% of outlets in rural areas, the bank provides the "last mile" infrastructure for savings and credit, essential for poverty alleviation.

Outlets in Rural Areas

Last mile access to savings and credit

4 QUALITY EDUCATION

QUALITY EDUCATION

Upskilling the workforce via e-Pathshala and providing financial literacy to rural communities through Uthan Boithok.

e-Pathshala — Workforce upskilling

Uthan Boithok — Financial literacy for rural communities

5 GENDER EQUALITY

GENDER EQUALITY

Active empowerment through 89 female-owned outlets and 30% female employment; specifically addressing the "reluctance" of women to visit traditional branches.

89% Female-Owned Outlets

30% Female Employment

Addressing the "Reluctance"

Traditional Branches — Women-Friendly, Accessible Outlets

10 REDUCED INEQUALITIES

REDUCED INEQUALITIES

Coverage in all 64 districts ensures that remote and rural populations have the same financial opportunities as urban centers.

64 Districts Covered

Equal Financial Opportunities for All

Rural Communities | **Remote Areas** | **Underserved Populations** | **Urban Centers**

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

RESPONSIBLE CONSUMPTION AND PRODUCTION

Dramatic 94% reduction in paper usage (from 16 pages to 1) per account opening.

BEFORE 16 PAGES → **AFTER 1 PAGE**

94% REDUCTION

Less Paper Usage | **Reduced Waste** | **Resource Efficiency** | **Sustainable Future**

13 CLIMATE ACTION

CLIMATE ACTION

Reducing Scope 3 emissions (customer travel) and Scope 2 emissions (energy-efficient, solar-powered outlets).

SCOPE 3 EMISSIONS Reducing Customer Travel

SCOPE 2 EMISSIONS Energy-Efficient Operations

Lower Emissions | **Clean Energy** | **Energy Efficiency** | **Climate Responsibility**

AFFORDABLE AND CLEAN ENERGY

Direct investment in solar-powered outlets (50+) and low-energy operational requirements.

50+ Solar-Powered Outlets	Low-Energy Operational Requirements

Cleaner Energy Greener Future

Uses clean solar energy	Low energy consumption	Supporting a sustainable planet

DECENT WORK AND ECONOMIC GROWTH

Job creation for 3,000+ individuals and supporting sustainable income streams for local entrepreneurs.

3,000+ Jobs Created	Supporting Sustainable Income for Local Entrepreneurs

Job creation and inclusive employment	Empowering entrepreneurs and MSMEs	Driving inclusive Meconomic growth

INDUSTRY, INNOVATION, AND INFRASTRUCTURE

Developing a scalable, digital-first infrastructure with 90% Upazila coverage.

90% Upazila Coverage

Digital-first infrastructure	Scalable and innovative solutions	90% Upazila coverage for all

8.6.2 Use of Sustainable Paint for Healthier and Greener Workspaces

As part of BRAC Bank's commitment to sustainable infrastructure and employee well-being, environmentally responsible paints with low or zero Volatile Organic Compounds (VOCs) and reduced formaldehyde content have been used in interior spaces. These sustainable paints support improved indoor air quality while aligning with green building and ESG principles.

Before Painting

Unlike conventional paints, sustainable paints use water-based or bio-based materials and emit significantly lower levels of harmful gases such as formaldehyde (HCHO) and Total Volatile Organic Compounds (TVOC). The paints used are designed to comply with international indoor environmental quality standards, including low-VOC and green building requirements.

After Painting

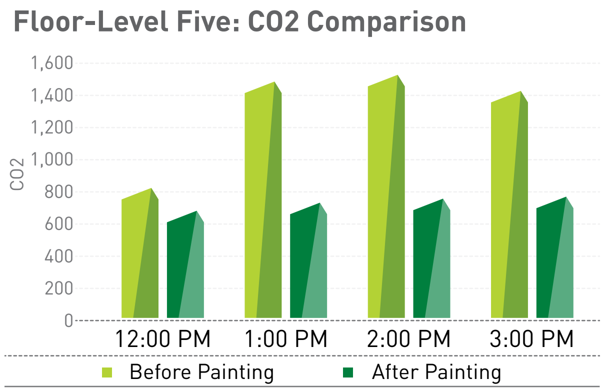
The initiative contributes to healthier indoor environments by reducing exposure to pollutants associated with respiratory issues, headaches, fatigue, and long-term health risks. Sustainable paints also support faster curing, lower off-gassing, and improved indoor air quality performance.

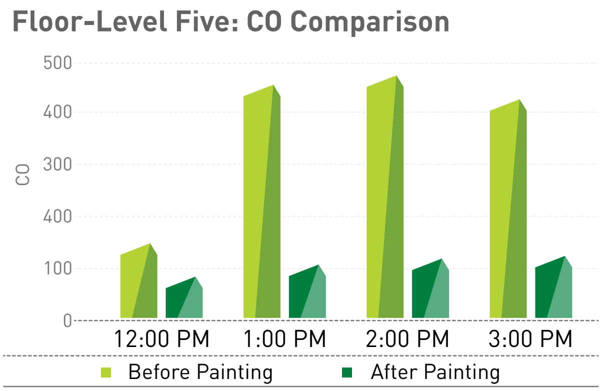
A pilot assessment conducted at BRAC Bank Anik Tower (Level Five) demonstrated measurable improvements in indoor air quality after painting. Between 24 August 2025 (before painting) and 31 August 2025 (after painting):

Floor- Level Five						
Date: 24th August, 2025						
	Time	CO	CO2	HCHO	AQI	TVOC
Before Painting	12:00pm	147	814	0.168	4	2.2
	1:00 pm	452	1473	0.501	6	6.8
	2:00 pm	470	1513	0.521	6	7.1
	3:00pm	424	1414	0.471	6	6.4
Date: 31th August, 2025						
After Painting	12:00pm	83	676	0.099	3	1.3
	1:00 pm	106	726	0.124	4	1.6
	2:00 pm	117	749	0.136	4	1.8
	3:00pm	123	762	0.142	4	1.9

The graphical comparison of indoor air quality parameters clearly demonstrates the positive impact of sustainable paint application in BRAC Bank. Two groups of indicators were analyzed:

a. Gaseous pollutants (CO and CO_2)

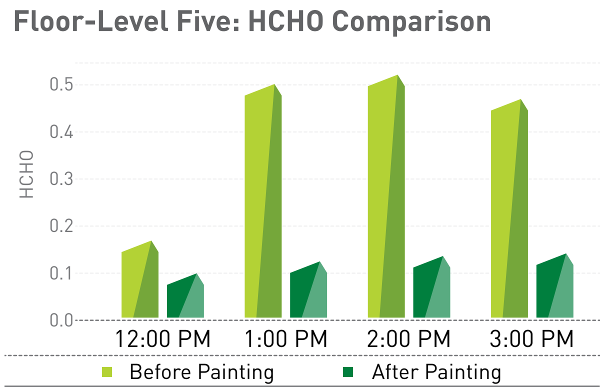


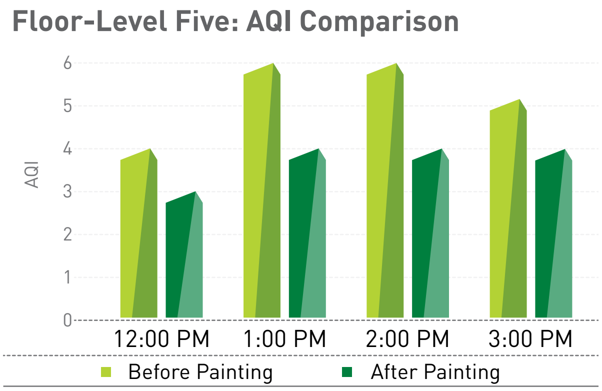


Comparison of CO & CO2 Levels Before and After Painting

The Bar Chart shows a significant reduction in carbon monoxide (CO) and carbon dioxide (CO_2) concentrations after painting. The average CO level decreased from approximately 373 ppm to 107 ppm, while CO_2 levels reduced from around 1,304 ppm to 728 ppm. This indicates a substantial improvement in indoor air conditions and reduced accumulation of harmful gases.

b. Chemical/comfort parameters (HCHO, AQI, and TVOC)





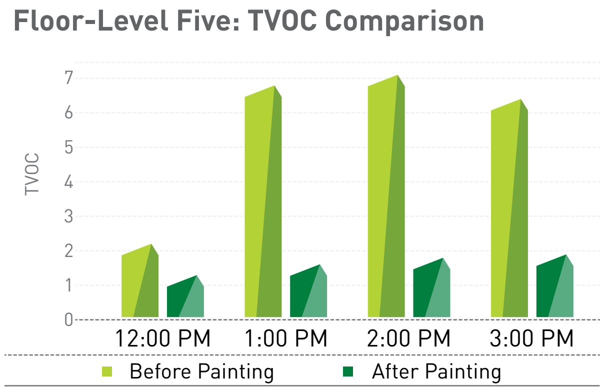


Figure: Comparison of HCHO, AQI, TVOC Levels Before and After Painting

The Bar Chart highlights notable improvements in chemical pollutants. Formaldehyde (HCHO) levels dropped from an average of 0.415 mg/m³ to 0.125 mg/m³, representing a significant reduction in toxic emissions. Similarly, TVOC concentrations decreased from approximately 5.6 mg/m³ to 1.65 mg/m³, indicating over 70% reduction in volatile organic compounds. The Air Quality Index (AQI) also improved from an average of 5.5 to 3.75, reflecting a shift toward healthier indoor air quality conditions.

Overall, both graphical analyses confirm that the use of sustainable paint has led to a marked reduction in indoor air pollutants, contributing to a safer, healthier, and more comfortable working environment. These improvements strongly support BRAC Bank's commitment to sustainability and employee well-being.

This initiative aligns with Bangladesh Bank's Sustainable Finance Guidelines and supports broader ESG objectives through:

- Improved employee health, comfort, and productivity
- Enhanced indoor environmental quality
- Reduced environmental impact from harmful emissions
- Strengthened alignment with green building and sustainability standards
- Long-term operational and maintenance efficiency

The adoption of sustainable paint reflects BRAC Bank's continued commitment to creating healthier, resource-efficient, and environmentally responsible workplaces.

8.6.3 Sustainability Learning and Capacity Building through ALO

BRAC Bank continued to strengthen its sustainability culture and embed ESG principles across the organization through ALO, the Bank's internal digital learning platform, by delivering a succinct training program on Sustainability and Sustainable Finance. The initiative was designed to enhance employee awareness, technical knowledge, and practical understanding of sustainability principles aligned with the Bank's commitment to responsible banking and sustainable development. During the reporting year, over 1,300 employees participated in the training.

Key Training Areas

- Sustainability, Sustainable Finance, and Green Finance concepts
- ESG integration into financial decision-making
- Bangladesh Bank's Sustainable Finance Policy and Green Taxonomy
- Environmental and Social Risk Management (ESRM) and Environmental and Social Due Diligence (ESDD) practices
- Sustainable agriculture, CMSME financing, and socially responsible finance
- Renewable energy, energy efficiency, waste management, and green investment opportunities
- Bangladesh Bank refinancing schemes (GRS, GTF, and TDF)
- Sustainability reporting, regulatory compliance, and responsible lending practices

Strengthening ESG and Sustainable Finance Capacity

The training placed significant emphasis on ESRM and ESDD processes, enabling employees to better understand environmental and social risk identification, assessment, and monitoring in financing activities. It also enhanced understanding of sustainability risks, regulatory expectations, and sustainable finance opportunities, supporting BRAC Bank's broader objectives of climate resilience, financial inclusion, responsible financing, and long-term sustainable value creation.

SUSTAINABILITY LEARNING THROUGH ALO

Through ALO, our employees are equipped with the knowledge and skills to drive sustainable impact and support responsible banking.

KEY TOPICS COVERED THROUGH ALO

- Sustainability & Natural Resources
- Sustainable Finance & Green Finance
- ESG Integration in Financial Decisions
- Sustainable Finance Policy & Green Taxonomy
- Environmental & Social Risk Management (ESRM)
- Environmental & Social Due Diligence (ESDD)
- Sustainable Agriculture, CMSME & Socially Responsible Finance
- Renewable Energy, Energy Efficiency, Waste Management & Green Investment
- Refinancing Schemes: GRS, GTF & TDF
- Regulatory Compliance, Sustainability Reporting & Responsible Lending

Empowering our people to embed sustainability in every decision and build a better tomorrow.

OUTCOME AND IMPACT

Through the ALO-based learning initiative, BRAC Bank continued to build internal capacity and strengthen organizational readiness to support sustainable financing practices.

KEY OUTCOMES

ENHANCED KNOWLEDGE

Stronger understanding of sustainability, ESG principles, and sustainable finance.

IMPROVED RISK MANAGEMENT

Better understanding of ESRM and ESDD processes to identify and manage environmental and social risks.

STRONGER COMPLIANCE

Increased awareness of policies, green taxonomy, and regulatory expectations.

ENABLED SUSTAINABLE FINANCING

Better equipped to support green financing, renewable energy, sustainable CMSME, andresponsible investment.

CULTURE TRANSFORMATION

Reinforced a sustainability-driven mindset across the organization and promoted responsible banking.

LONG-TERM IMPACT

Strengthened our ability to contribute to sustainable development and create long-term value.

8.7 Environmental Resource Consumption and Management of Materials

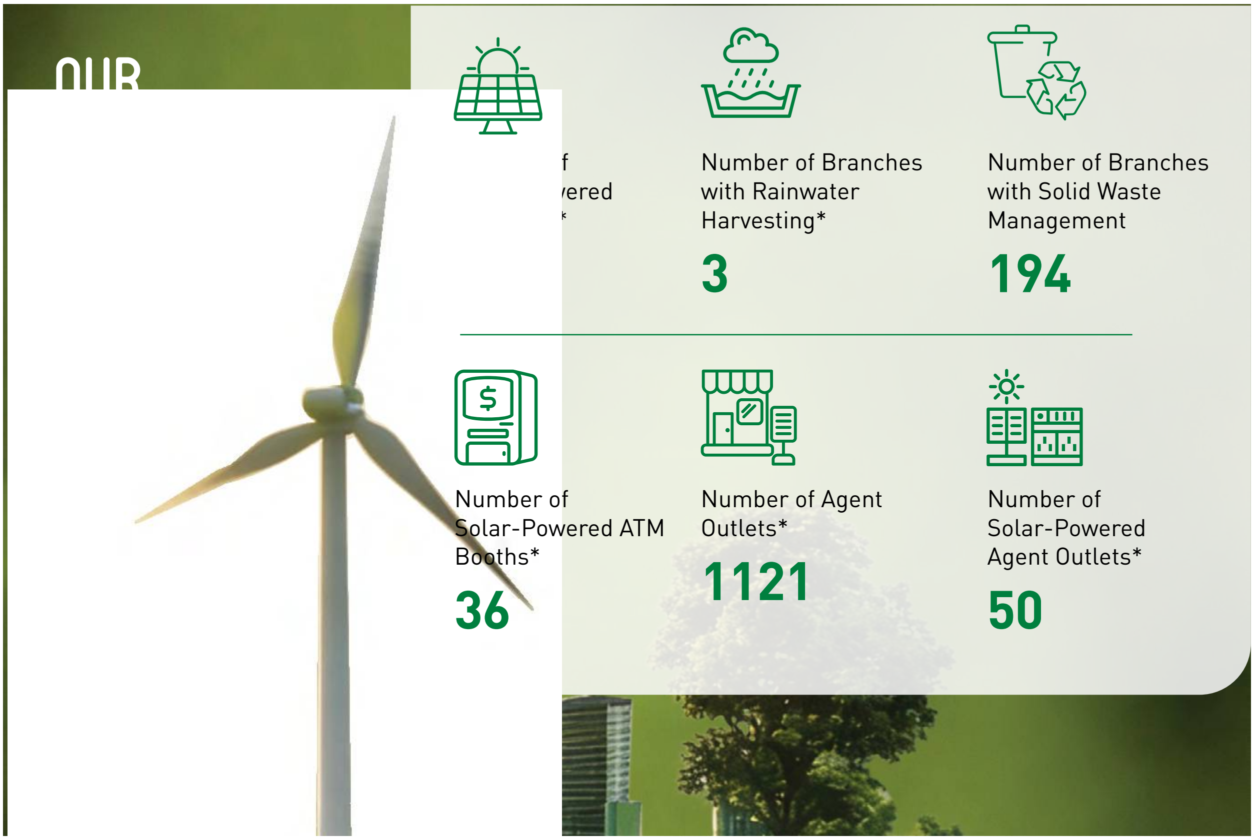
As part of its environmental stewardship efforts, BRAC Bank continuously monitors key environmental indicators to strengthen resource management, improve operational efficiency, and enhance climate-related disclosures.

Environmental Performance Indicators (2025)

Indicator	Performance
Total Energy Consumption	**14.47 thousand MWh**
Total Water Consumption	**270 thousand m^3**
Recycled Water as % of Total Water Consumption	**0.43%**
Scope 1 GHG Emissions	**1,984.64 tCO_2e**
Scope 2 GHG Emissions	**18,986.86 tCO_2e**
Scope 3 GHG Emissions	**1,520,634.70 tCO_2e**
Waste-related Scope 3 Emissions	**115.16 thousand tCO_2e**
Waste Utilized for Energy Recovery	**None**

Through continued digitalization, strengthened environmental monitoring, responsible waste management practices, and internationally aligned climate reporting, BRAC Bank continues to enhance environmental performance and support the transition toward a low-carbon and climate-resilient future.

Particulars	Number		
	Men	Women	Total
Total Number of Accounts *	2,854,186	615,190	3,469,376
Number of Accounts using Internet Banking *	992,678	267,454	1,260,132
Total Number of MFS Accounts *	45,390,206	37,287,249	82,677,455
Number of Employees Trained*	166	71	2136
Number of Customers Trained	24	-	331



8.8 Nature-based Approach:

8.8.1 Our Key Nature-Focused Financing Areas

We actively finance projects that generate measurable environmental benefits:

Financing Area	Key Intervention	Environmental Impact
Effluent Treatment Plants (ETP)	Industrial wastewater treatment systems	Reduction in water pollution, improved surface and groundwater quality
Sustainable Agriculture	Eco-friendly farming practices, reduced chemical use	Improved soil fertility, enhanced soil structure, increased biodiversity
Water Treatment Plants (WTP)	Safe Water Treatment and Purification System	Improved access to clean water, reduced water contamination, enhanced public and ecosystem health

8.8.2 Environmental Impact Overview

1. Water Quality Improvement

- Financing ETPs ensures proper treatment of industrial effluents
- Significant reduction in harmful discharge into natural water bodies
- Supports restoration of aquatic ecosystems

2. Soil Health & Fertility Enhancement

- Sustainable agriculture reduces dependency on chemical fertilizers
- Promotes organic inputs and better land management practices
- Improves long-term soil productivity

3. Biodiversity Conservation

- Healthier soil and water systems create favorable conditions for biodiversity
- Reduction in pollution helps protect flora and fauna
- Supports ecological balance in rural and industrial landscape

Impact evaluation of our financing is given below:

IMPACT EVALUATION OF OUR FINANCING

Financing Today, Restoring Tomorrow

INDICATOR	BEFORE FINANCING	AFTER FINANCING
Water Quality	Untreated industrial discharge	Treated effluent with reduced pollutants
Soil Condition	Chemical degradation	Improved organic content and fertility
Biodiversity	Declining ecosystem health	Gradual restoration of flora & fauna

8.8.3 Strategic Value Creation:

Our nature-focused financing approach contributes to:

Ecosystem Protection

Safeguarding natural resources through responsible lending

Climate Resilience

Supporting adaptive and sustainable practices

Sustainable Economic Growth

Aligning financial services with environmental stewardship

BRAC Bank remains committed to expanding its portfolio of green and nature-positive financing solutions. By integrating environmental considerations into our lending practices, we aim to play a pivotal role in protecting Bangladesh's natural ecosystems while fostering inclusive and sustainable development.

International Credit Rating Agencies Rate

BRAC Bank

As the best in Bangladesh

B+	**B2**
S&P Global Energy	Moody's

CHAPTER: NINE

SOCIAL

9.1 BRAC Banks Impact Through Social Initiative

HEALTHCARE

SDG 3 – Good Health and Well-being

Supports healthcare access, medical facilities, and community health initiatives, particularly in underserved areas.

Impact

- Better health for stronger communities

EDUCATION

SDG 4 – Quality Education

Promotes quality education through scholarships, educational support, and infrastructure development initiatives.

Impact

- Empowering minds, shaping the future

AFFORDABLE HOUSING

SDG 11 – Sustainable Cities and Communities

Improved housing access and living conditions for over 3,150 individuals through affordable housing initiatives.

Impact

- Better homes, better lives

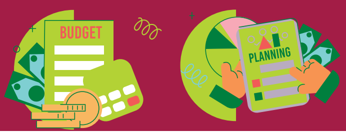
SME FINANCING & MICROFINANCE

SDG 8 – Decent Work and Economic Growth

Nearly **50% of the lending portfolio** supports SMEs, entrepreneurship, employment generation, and local economic growth.

Key Highlights

- 50% of lending portfolio dedicated to SME financing
- Supports SMEs
- Promotes entrepreneurship
- Generates employment
- Drives local economic growth



SOCIOECONOMIC ADVANCEMENT & EMPOWERMENT

SDGs 1, 5 & 10

Supports women entrepreneurs, SMEs, and low-income communities through inclusive financing initiatives, including a strong focus on Women-Owned SMEs (WSMEs).

Inclusive Financing Focus

- Women Entrepreneurs
- SMEs
- Low-income Communities
- Equal Opportunities

Contributing SDGs

- SDG 1: No Poverty
- SDG 5: Gender Equality
- SDG 10: Reduced Inequalities

9.2 Healthcare: Improving Community Health and Access to Essential Services

BRAC Bank continues to strengthen community wellbeing through investments in healthcare and Water, Sanitation and Hygiene (WASH) initiatives, supporting improved access to essential services for underserved populations. Through partnerships and sustainable financing initiatives, the Bank aims to create long-term health and socioeconomic benefits while improving living conditions in rural communities.

In line with the Bank's commitment to inclusive and sustainable development, the BDT 1,000 crore Social Bond Framework includes 10% allocation towards Access to Essential Services/Public Health Infrastructure, supporting financing initiatives that improve healthcare accessibility and strengthen social infrastructure.

SDG Alignment

3 GOOD HEALTH AND WELL-BEING | 6 CLEAN WATER AND SANITATION | 10 REDUCED INEQUALITIES | 17 PARTNERSHIPS FOR THE GOALS

Key Initiatives and Impact:

Initiative	Key Impact	Value/Reach
WASH Financing through MFI Partners	Financing safely managed water and sanitation facilities in rural communities	BDT 1,049 million disbursed
Capacity Building with Water.org	Training of field personnel on innovative WASH solutions	4,000+ personnel trained
Community Impact through WASH Financing	Improved access to sanitation and safe water	1.1+ million people impacted

9.3 Advancing Water, Sanitation and Hygiene (WASH)

Through collaboration with Water.org, BRAC Bank continued expanding access to safely managed water and sanitation facilities in underserved communities through MFI partner networks. The initiative supports improved public health outcomes and contributes to better living conditions and community resilience.

To strengthen sector capacity and stakeholder collaboration, BRAC Bank and Water.org hosted the country's first National Water Supply and Sanitation (WSS) Workshop, bringing together business leaders and key stakeholders to promote innovative solutions for improving community health and livelihoods.

Sustainability Impact

- Expanded access to safe water and sanitation facilities in rural communities
- Strengthened public health and hygiene practices
- Enhanced capacity building through sector-wide knowledge sharing initiatives
- Increased financial inclusion through sustainable social financing mechanisms
- Supported long-term community resilience and socioeconomic wellbeing

9.4 Affordable Housing: Expanding Access to Safe and Sustainable Living

Access to affordable housing plays an important role in promoting social wellbeing, financial security, and sustainable community development. BRAC Bank continues to support inclusive growth through affordable housing financing initiatives designed to improve access to formal housing finance for lower and middle-income households across Bangladesh.

In addition, the Bank's BDT 1,000 crore Social Bond Framework includes a dedicated allocation for Affordable Housing, reinforcing its commitment to expanding access to safe and sustainable living conditions for underserved communities.

SDG Alignment

Key Initiatives and Impact:

Initiative	Key Impact	Value/Reach
Affordable Housing Bond Issuance (2022)	Unsecured bond issued following regulatory approval	BDT 4,751 million
Affordable Housing Financing	Improved access to housing finance for lower and middle-income groups	3,150 individuals positively impacted
Social Bond Framework	Allocation for affordable housing initiatives	Included under BDT 1,000 crore Social Bond

9.4.1 Expanding Access to Affordable Housing Finance

Following approval from the Bangladesh Securities and Exchange Commission and permission from Bangladesh Bank, BRAC Bank issued an unsecured Affordable Housing Bond amounting to BDT 4,751 million in 2022. The proceeds from the bond are being utilized to support affordable housing loans for lower and middle-income households.

Key features of the financing programme include:

- Affordable housing loans designed for underserved income groups
- Financing provided at a maximum interest rate of 7.50% or as revised by Bangladesh Bank
- Expanded access to formal housing finance for families with limited financial resources
- Support for improved housing conditions and long-term household stability

Sustainability Impact

- Improved access to affordable and formal housing finance
- Reduced financial barriers to home ownership
- Enhanced living conditions and social wellbeing
- Strengthened financial inclusion for underserved populations
- Supported sustainable community development and long-term resilience

9.5 Socioeconomic Advancement & Empowerment

BRAC Bank continues to strengthen inclusive and equitable socioeconomic development by expanding access to finance, supporting women-led enterprises, and promoting financial inclusion across different life stages. Through women-focused banking solutions, entrepreneurship support, and youth engagement initiatives, the Bank seeks to create sustainable economic opportunities and strengthen long-term community resilience.

SDG Alignment

Women Entrepreneurship and Financial Inclusion – TARA

Through TARA, BRAC Bank's dedicated women banking platform, the Bank supports women through two key segments: TARA Entrepreneur (SME) and TARA Retail, delivering tailored financial solutions and ecosystem support to strengthen women's economic participation.

TARA Entrepreneur (SME)

The Women Entrepreneur Cell supports women-led enterprises through financing access, business capability development, mentorship, and market linkage opportunities.

Key Performance Highlights (2025)

Indicator	Performance
Women SME customers served	**130,000+**
WSME Lending Portfolio	**BDT 26.08 billion**
WSME Portfolio Growth	**22%**
WSME Deposit Portfolio	**BDT 28.73 billion**
WSME Deposit Growth	**67%**
Collateral-free WSME Loans	**93%**
Portfolio NPL Ratio	**1.3%**

Sustainability Impact

- Expanded financial inclusion for women-led businesses
- Increased access to collateral-free financing
- Strengthened entrepreneurship and income-generating opportunities
- Supported business formalization and sustainable enterprise growth
- Strengthened women's participation in the formal economy

TARA Retail

TARA Retail provides relationship-based banking and tailored financial products to support women across different stages of life and expand participation in formal financial systems.

Key Performance Highlights (2025)

Indicator	Performance
Women customers served	**465,340+**
Customer Growth	**22%**
Women accounts	**466,000+**
Deposit Portfolio	**BDT 129.68 billion**
Deposit Growth	**38.7%**
Contribution to Retail Deposits	**31%**
Retail Loan Portfolio	**BDT 13.86 billion**
Women Retail Loan Customers	**20,000+**
Registered Astha Users	**200,000+**
Credit Cards Issued	**29,500+**

Sustainability Impact

- Increased access to formal financial services for women
- Expanded digital financial inclusion
- Strengthened women's financial independence and participation
- Improved access to responsible financing and savings products

Student Banking – AGAMI

Launched in 2022, AGAMI supports students through savings products and education-related financial solutions, helping young individuals establish stronger financial foundations and encouraging early engagement with formal financial systems.

Key Performance Highlights (2025)

Indicator	Performance
Student File Services	**21K+**
Student File Growth	**86%**
Growth in AGAMI Savers Accounts	**93%**
Growth in Deposit Portfolio	**71%**

Sustainability Impact

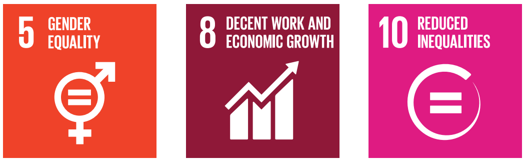
- Expanded financial inclusion among youth
- Improved financial awareness and responsible financial behaviour
- Supported future socioeconomic mobility and opportunities

9.6 Case Study: Uddokta 101 – Advancing Women-Led Enterprises

Limited access to business knowledge, formal finance, and market opportunities often creates barriers for women-led enterprises. To address these challenges, BRAC Bank launched Uddokta 101 under its TARA platform in collaboration with the University of Dhaka in 2021. As Bangladesh's first entrepreneurship accelerator programme exclusively for women entrepreneurs, the initiative aims to strengthen women-led SMEs through business education, mentorship, financial inclusion, and ecosystem support.

The programme has evolved into a nationwide academic-industry collaboration involving leading universities including BRAC University, East West University, Daffodil International University, and Chittagong Independent University, integrating practical learning with real-world business challenges.

Sustainability Impact & SDG Alignment



Impact Highlights

Area	Impact
Women entrepreneurs trained	**500+**
Programme batches	**17**
Women entrepreneurs trained in 2025	**263**
Businesses formalized	**~70%**
Participants becoming bankable	**~85%**
Participants accessing finance	**25%**
Average business growth	**60–70%**
Sales growth after programme participation	**50–60%**
Increase in repeat customers	**40–45%**

Participants reported improved financial literacy, stronger business management capabilities, increased customer engagement, and business expansion through new products, services, and market opportunities.

To assess long-term programme effectiveness, BRAC Bank organized the TARA Uddokta 101 Scale-Up Summit 2026, which reinforced the importance of mentorship, ecosystem partnerships, and inclusive access to finance in supporting sustainable women-led enterprise development.

Country's First Social Bond: Advancing Inclusive and Sustainable Finance

SOCIAL BOND FRAMEWORK - KEY HIGHLIGHTS

FOUR CORE PILLARS

In accordance with the ICMA Social Bond Principles

- USE OF PROCEEDS
- PROCESS FOR PROJECT EVALUATION AND SELECTION
- MANAGEMENT OF PROCEEDS
- REPORTING

SOCIAL BOND SIZE

Subscription of

BDT10,000

MILLION
Social Bond

FOCUS AREAS - ADDRESSING KEY SOCIO ECONOMIC PRIORITIES

- Financial Inclusion
- Employment Generation through CMSME Financing
- Affordable Housing
- Food Security
- Healthcare Access
- Socioeconomic Empowerment of Underserved and Vulnerable Communities

IMPACT ALIGNMENT - SUPPORTING UN SUSTAINABLE DEVELOPMENT GOALS

The framework directly supports UN SDGs 1, 2, 5, 8, and 10, focusing on poverty reduction, gender equality, and decent work.

1 NO POVERTY | 2 ZERO HUNGER | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES

In November 2025, BRAC Bank successfully issued Bangladesh's first BDT 1,000 crore Social Bond, aligned with the International Capital Market Association (ICMA) Social Bond Principles. The issuance received a Second Party Opinion (SPO) from S&P Global and was fully subscribed, reflecting strong investor confidence in the Bank's social finance framework and commitment to sustainable development.

Through its Social Bond initiative, BRAC Bank channels sustainable financing toward underserved communities and priority development sectors across Bangladesh. The framework is designed to support inclusive growth, responsible banking practices, and long-term socioeconomic development by improving access to affordable financial services for marginalized populations.

Objective of the Social Bond Programme

The Social Bond programme aims to strengthen financial inclusion and expand access to finance for underserved and vulnerable segments of society. The initiative focuses particularly on-

- CMSMEs (Cottage, Micro, Small and Medium Enterprises)
- Women entrepreneurs
- Rural and semi-urban communities
- Vulnerable and financially excluded populations

Eligible Social Financing Areas

Proceeds from the Social Bond are allocated to eligible social financing categories as defined under the framework:

Eligible Area	Focus
CMSME Financing	Employment generation and enterprise development
Women Entrepreneurship	Financing women-led businesses
Affordable Housing	Access to safe and affordable housing solutions
Agriculture & Food Security	Supporting sustainable agriculture value chains
Healthcare	Financing healthcare infrastructure and services
Essential Services	Improving access for underserved populations
Financial Inclusion	Expanding access to formal financial systems for vulnerable groups

Expected Social Outcomes

The Social Bond framework is designed to support broad-based social and economic development outcomes, including:

- Expansion of financial inclusion for unbanked and underserved communities
- Promotion of entrepreneurship and employment generation
- Empowerment of women entrepreneurs and advancement of gender equality
- Improved access to housing, healthcare, and essential services
- Strengthened food security and sustainable agriculture systems
- Enhanced rural development and community resilience
- Reduction of social and economic inequalities
- Promotion of responsible and sustainable financing practices

9.7 Human Capital: Building an Inclusive, Resilient, and Future-Ready Workforce

At BRAC Bank, human capital is recognized as a key driver of long-term sustainability and organizational resilience. Guided by the Bank's 3P Philosophy; People, Planet, and Prosperity, BRAC Bank continues to foster an inclusive and values-driven workplace that promotes diversity, employee wellbeing, capability development, and ethical governance. Through responsible people practices, the Bank aims to create sustainable value for employees while strengthening long-term business performance and social impact.

SDG Alignment

Workforce Diversity and Inclusive Employment

BRAC Bank remains committed to maintaining a fair, inclusive, and merit-based workplace where recruitment, development, and career progression are guided by equal opportunity principles. Recruitment and talent acquisition processes are designed to ensure non-discrimination across gender, religion, ethnicity, physical ability, and socioeconomic background.

The Bank also collaborates with organizations including the Bangladesh Business and Disability Network to strengthen inclusive employment opportunities and improve workforce diversity.

Workforce Profile (2025)

Indicator	Performance
Total Workforce	**10,293**
Female Workforce Representation	**16%**
Female Representation (Non-sales Workforce)	**25%**
New Employees Recruited	**2,071**
Female Representation in New Recruitment*	**27%**
Average Employee Tenure	**7 years**

*Excluding sales force.

To further strengthen leadership diversity and succession planning, BRAC Bank continues to invest in initiatives such as the Young Leaders Program (YLP) and Branch Young Leaders Program (BYLP) to identify and develop future leaders.

Learning, Capability Building and Future Readiness

BRAC Bank considers employee development as a strategic investment in human capital and business sustainability. The Bank continued to strengthen a structured learning ecosystem to enhance leadership capabilities, digital readiness, technical expertise, and risk awareness.

Learning & Development Highlights (2025)

Indicator	Performance
Total Training Participation	**115,072**
Unique Learners	**16,110**
Total Training Hours	**508,602**
Average Learning Hours per Employee	**31.57**
Growth in Training Hours	**52.94%**

Learning initiatives included leadership development programmes, specialized certifications, risk awareness training, and capability enhancement programmes to support a future-ready workforce.

Employee Wellbeing and Workplace Culture

BRAC Bank adopts a holistic approach toward employee wellbeing by supporting physical health, mental wellness, workplace inclusion, and work-life balance.

Employee Wellbeing Highlights (2025)

Additionally, the Bank continues to strengthen gender-inclusive workplace practices through childcare support, post-maternity reintegration programmes, leadership forums, and dedicated employee networks.

Talent Stability, Performance and Responsible Governance

BRAC Bank maintains a structured performance management framework focused on both business outcomes and values-based behaviour. Employees are evaluated through transparent performance systems supported by regular feedback mechanisms and leadership development opportunities.

Workforce Stability Indicators

Indicator	2023	2024	2025
Employee Turnover Rate	10%	7%	9%
Employee Retention Ratio	90%	93%	91%

The Board maintains oversight of key people-related priorities and establishes policies governing employee wellbeing, diversity and inclusion, learning and development, ethical conduct, and workplace standards.

Policy Framework Supporting Sustainable Human Capital and Responsible Governance

BRAC Bank's sustainability approach is supported by a comprehensive policy and governance framework that strengthens ethical conduct, employee wellbeing, environmental and social responsibility, risk management, and long-term organizational resilience. These policies ensure sustainability principles are embedded into decision-making processes and day-to-day operations while aligning with regulatory requirements and international best practices frequently assessed by Development Financial Institutions (DFIs) and other stakeholders.

Ethical Governance and Responsible Workplace Practices

BRAC Bank maintains a strong governance culture supported by policies designed to ensure fairness, accountability, and ethical conduct across the organization.

Key Policies

- Speak-Up (Whistleblowing) Policy
- Conflict of Interest Policy for the Board of Directors
- Sexual Harassment Elimination (SHE) Policy
- HR Grievance Redressal Process
- Compliance Policy
- Internal Audit Policy
- Concurrent Audit Policy

Sustainability Impact

- Strengthens ethical and transparent organizational culture
- Promotes safe and inclusive workplace practices
- Encourages employee voice and accountability
- Supports zero tolerance toward discrimination and workplace misconduct

Human Capital Development and Employee Wellbeing

The Bank continues to strengthen employee wellbeing and capability development through policies designed to support learning, inclusivity, and long-term workforce sustainability.

Key Policies

- Professional Certification Cost Reimbursement Policy
- Employee Wellbeing and HR Policies
- Inconvenience Allowance Policy
- Post-Maternity Return-to-Work Support Initiatives

Sustainability Impact

- Supports continuous learning and career progression
- Enhances employee wellbeing and workforce resilience
- Strengthens retention and long-term talent sustainability
- Promotes diversity and gender inclusion in the workplace

Sustainability and ESG Integration

BRAC Bank embeds environmental and social considerations into its operational and financing activities through dedicated sustainability policies and safeguards.

Key Policies

- Environmental & Social Safeguard Policy
- CSR Policy
- Green Office Guidelines

Sustainability Impact

- Supports environmentally and socially responsible financing decisions
- Encourages resource efficiency and sustainable operational practices
- Strengthens environmental and social risk management across business activities
- Aligns banking activities with broader sustainable development priorities

Risk Management, Operational Resilience and Information Security

The Bank maintains an integrated risk management framework to support business continuity, operational stability, and stakeholder trust.

Key Policies

- Risk Management Policy 2025
- Risk Appetite Statement (RAS) 2025
- Enterprise Business Continuity Policy
- ICT Security Policy
- Cloud Security Policy
- Foreign Exchange Risk Management Policy
- Money Laundering and Terrorist Financing Risk Management Guidelines

Sustainability Impact

- Enhances operational resilience and continuity
- Strengthens cybersecurity and information protection
- Supports regulatory compliance and responsible banking practices
- Reduces financial, operational, and reputational risks

Through these policies and governance mechanisms, BRAC Bank continues to integrate sustainability into people management, operational practices, risk oversight, and long-term strategic decision-making, supporting a resilient and responsible banking ecosystem.

9.8 Corporate Social Responsibility (CSR)

Governance & Global Commitments

To ensure the highest level of accountability, our CSR and sustainability initiatives are overseen by the Board of Directors and managed under the CSR Policy (Revised 2025). Bangladesh Bank's Policy Guidelines on Corporate Social Responsibility for Banks and FIs (SFD Circular No. 01, issued 09 January 2022) to ensure regulatory alignment, enhance governance, and adopt a more structured, transparent, and impact-driven approach to social contribution. We also align our operations with:

Global Alliance for Banking on Values (GABV):

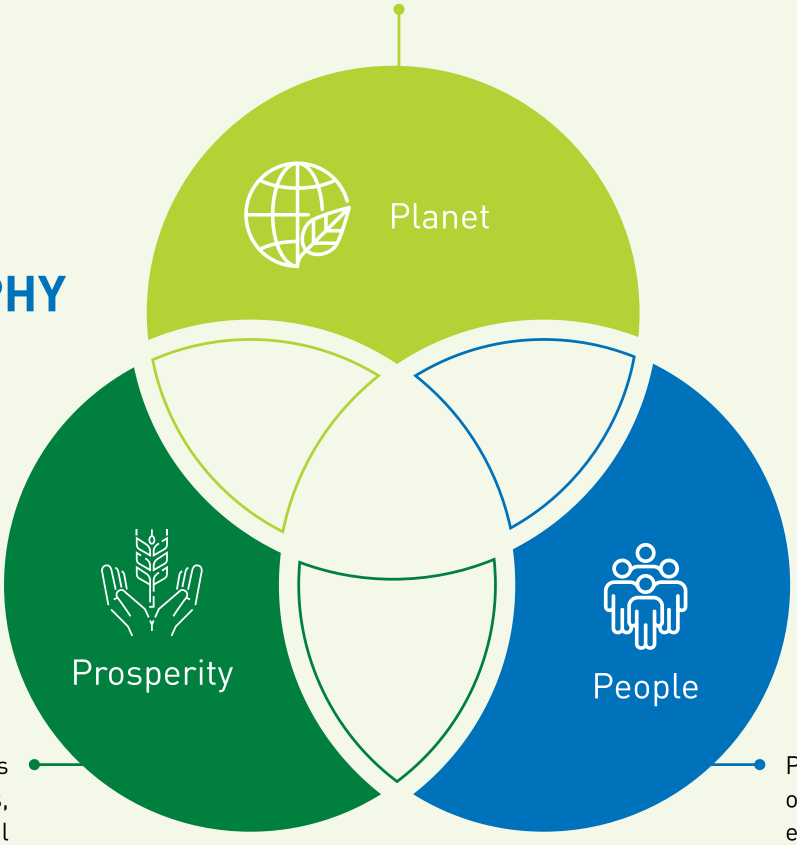
As mentioned earlier, BRAC Bank is the founding member of the GABV. We maintain our position as a leader in value-based intermediation. As such, our CSR initiatives also reflect the global best practices of value based banking.

UN Global Compact (UNGC):

We adhere to the ten principles of human rights, labor, environment, and anti-corruption.

3P PHILOSOPHY

Support environmental sustainability by funding and creating investment opportunities for relevant projects and initiatives as a Sustainable Bank



Integrate ESG focus in financial decisions, align financial services with SDG

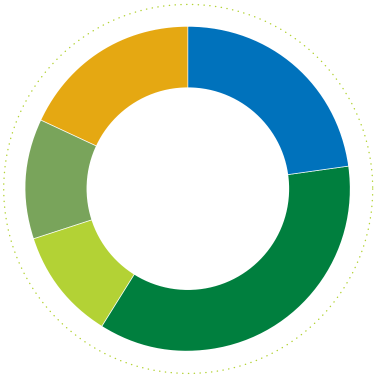
Prioritise the needs of our customers, employees, and the broader community, their environment

BRAC Bank's Key Focus for CSR Initiatives:

2025 CSR expenditure

In 2025, BRAC Bank contributed BDT 247.09 million to its CSR programmes.

Sector-wise CSR contribution in 2025



- **BDT 57.60 million** Education, **23%**
- **BDT 89.05 million** Health, **36%**
- **BDT 27.30 million** Environment, **11%**
- **BDT 29.50 million** Climate, **12%**
- **BDT 43.64 million** Others, **18%**

Education & Women's Empowerment

Education initiatives focus on removing financial barriers for women and entrepreneurs.

Key Initiatives

Aporajeyo TARA Scholarship

Bangladesh's first female-only scholarship, supporting students from over 25 districts.

Uddokta 101

An intensive 13-week training program for women entrepreneurs in collaboration with top universities.

Employee Children Scholarship

Dedicated support for children of employees with disabilities to foster internal inclusivity. universities.

Healthcare & Disability Inclusion

Health is the cornerstone of human dignity and economic resilience. We transitioned from traditional charity to high-impact social investment. In 2025, we dedicated 36% of our CSR budget to bridging the gap in specialized medical care for the underprivileged. By focusing on life-altering interventions, such as vision restoration for RMG workers, subsidized renal dialysis, and the provision of prosthetic limbs. We focused on empowering marginalized individuals to reclaim their livelihoods. Our initiatives align with Bangladesh Bank's guidelines, ensuring that quality healthcare becomes an accessible right rather than a privilege for the few.

BRAC Bank "Aporajeyo Ami"

BRAC Bank launched its flagship CSR initiative, "Aporajeyo Ami," focused on health in 2024. The word 'Aporajeyo' means 'Invincible'. As such, initiative aims to ensure that persons with disabilities are recognised, heard, and given the opportunities they need to contribute more to the country's economic development.

"Clear-vision Workplace" with Vision Spring

BRAC Bank collaborated with Vision Spring in 2024 to reduce vision impairment and enhance productivity. In 2025, this collaboration successfully delivered free eye screening and eyeglasses to over 43,042 factory workers from the bank's corporate and emerging corporate clients, 2,994 SME clients, and 1,498 co-workers.

In 2025, BRAC Bank invested
BDT 29.22 million
that enabled
47,534
individuals to access essential eye screening services

Eye care for the underserved communities with Grameen Healthcare Services Limited

In 2025, 44,545 patients were benefited BRAC Bank's CSR initiative, end-to-end eye care interventions in 1,110 villages located in Thakurgaon and Bogura districts. This initiative provided comprehensive eye care services, including free spectacles and medicines, through village-level and industrial camps targeting marginalized farmers, laborers, and the elderly. Key programs included School Sight Testing and health worker training to improve vision health across underserved communities.



Empower Ability: Powering every ability

In 2025, BRAC Bank through its partnership with Bangladesh Business and Disability Network (BBDN) worked on creating inclusive opportunities for persons with disabilities. Under the partnership, BBDN has organised Disability Sensitisation Workshops within the bank, where 85 BRAC Bank employees learned to break myths, stigmas, and stereotypes about disabilities while fostering awareness about the barriers faced by persons with disabilities and creating an enabling environment for employees and customers with disabilities within financial services and beyond. In 2025, BRAC Bank strengthened its commitment to inclusive growth by advancing employment, skills development, and workplace sensitisation for persons with disabilities, delivering measurable impact across key areas:

In 2025, BRAC Bank contributed
BDT 16 million
to support
7,029
kidney dialysis sessions for free of cost, and completion of the Oxygen plant, benefitting the entire patient base of the hospital.

Programme Area	Intervention	Outcome in 2025
Employment Generation	Job Fair dedicated to Persons with Disabilities	50 individuals secured job placements in 15 organisations
Capacity Building	Skills Development Training (Graphics Design and Digital Marketing)	75 individuals upskilled
Inclusion through policy	Empowerability: Powering every ability- a national level conference	More than 20 organisations, with 240 participants including associations, the private sector, and policymakers, came together on a platform to share best practices, foster collaboration, and promote policies that empower persons with disabilities across Bangladesh.
Workplace Inclusion	Disability Sensitisation Workshops	85 employees sensitised

Apart from the aforementioned initiatives, BRAC Bank also supported local communities in addressing other health related issues.

Strengthening healthcare access with Kidney Foundation Hospital, Sylhet

In 2025, the bank funded BDT 8 million for the completion of an oxygen plant at the Foundation's new premises and BDT 8 million to the Sir Abed Kidney Dialysis Fund, ensuring free dialysis treatment for financially disadvantaged patients.

Supporting Persons with Disabilities with Artificial Limbs and Braces

BRAC Bank provided BDT 5 million in assistance for artificial limbs and braces to 810 individuals in 2025.

Supporting injured students from Milestone Tragedy

BRAC Bank has provided free treatment support for 27 students affected by the plane crash at the Milestone School and College, Diabari Campus, in 2025. Through our partnership with the BRAC Limb and Brace Centre (BLBC), we provided students with comprehensive support that will be continued until they are fully recovered and able to resume their education

Enabling organisations that support the deaf

In 2025, BRAC Bank facilitated sewing training for 78 persons with hearing impairments at the Bangladesh National Federation of the Deaf (BNFD), contributing BDT 1.34 million to the BRAC Bank-renovated training room at its head office in Bijoynagar.

Contributing to Bangladesh Eye Trust Hospital

To ensure eye care for the marginalized, BRAC Bank donated Phaco machines worth BDT 10 million to the Bangladesh Eye Trust Hospital. This initiative facilitated free, life-changing cataract surgeries for 3,971 underprivileged individuals in 2025 alone, effectively restoring their sight and economic independence.

BRAC Bank contributed BDT 89.05 million to Health, supporting disability inclusion, employment generation for persons with disabilities, and access to eye care and healthcare.

Environment and Climate:

BRAC Bank Aporajeyo Desh

In 2025, BRAC Bank launched, the "Aporajeyo Desh", a flagship CSR programme aimed at strengthening environmental sustainability, climate resilience, and the livelihood security of vulnerable coastal communities in Bagerhat district. The bank partnered with the BRAC's Climate Change Programme to cover four climate-vulnerable upazilas—

Sarankhola, Morrelganj, Mongla, and Rampal. BRAC Bank provided BDT 56.00 million to this project to support more than 45,000 underserved people through integrated interventions on rainwater harvesting, sustainable agriculture, and homestead agroforestry. The programme addresses climate risks faced by coastal communities.

Recognising Environment Champions of Bangladesh

Another 2025 CSR initiative was "Dwijen Sharma Environment Award 2024," which recognised four individuals and initiatives for their outstanding contributions to environmental conservation and for inspiring collective responsibility to protect the environment through biodiversity conservation.

Promoting climate-smart agriculture

BRAC Bank supported 2,970 farmers and their families, collaborating with the Department of Agricultural Extension (DAE) in 2025 to promote climate-resilient crop production and help grassroots farmers in transitioning to high-yield crop varieties and sustainable farming methods in 10 districts. Through this initiative, DAE engaged 78 farmer cooperative groups and piloted 2,970 demonstration plots, providing seed, fertilisers, pesticides, and machinery, alongside establishing 172 vermicompost plants, thereby enhancing land productivity.

Supporting farmers in remote char areas to grow high-value crops

BRAC Bank and Gram Unnayan Karma (GUK) helped farmers in remote char areas in 2025 to grow high-value crops using innovative agricultural technology and know-how to increase yields of cash crops such as maize, jute, mustard, and green chilli.

Nail removal from trees campaign

BRAC Bank in collaboration with the Forest Department of the Ministry of Environment, Forest and Climate Change (MoEFCC) ran a Nail Removal Campaign in eight districts in 2025. Through this engagement, the bank contributed to safeguarding trees and strengthening environmental protection efforts, and reinforcing collective action for preserving Bangladesh's natural resources.

BRAC Bank contributed

BDT 56.80 million

to initiatives related to Climate Change Adaptation and Mitigation, and Environment.

CSR initiatives in other areas

BRAC Bank's 2025 Corporate Social Responsibility (CSR) portfolio highlights a holistic approach to nation-building, spanning cultural preservation, athletic development, healthcare expansion, and emergency humanitarian relief. These initiatives are strategically designed to empower marginalized communities and foster long-term social resilience.

I. Patronage of Art and Literature

For over 13 years, BRAC Bank, in collaboration with the Daily Samakal, has championed the "BRAC Bank-Samakal Literary Award" to honor intellectual contributions to Bangla literature. In 2025, the bank recognized works published in 2023, with a total investment of BDT 3.48 million.

- **Lifetime Achievement:** Veteran novelist Hasnat Abdul Hye received BDT 0.5 million for his lifelong literary service.
- **Diverse Honors:** Aminul Islam Bhuiyan was awarded for his work in Non-fiction and Translation, Dhruba Esh for Poetry and Novels, and Umme Farhana as the Young Writer.
- **Selection Integrity:** A distinguished four-member jury selected the winners from 467 submissions, ensuring the highest standards of intellectual recognition.

II. Athletic Empowerment: "Aporajeyo Alo"

The flagship women's hockey program, "Aporajeyo Alo" (Indomitable Light), was launched to discover and nurture female talent for the national pipeline.

- **Engagement:** In partnership with the Bangladesh Hockey Federation, 342 players from 18 districts participated in a nationwide tournament.
- **Tournament Cycle:** The competition spanned zonal and divisional levels, culminating in a final at the Maulana Bhasani National Hockey Stadium, where the BKSP team was crowned champion. This initiative provides a vital platform for women to showcase resilience and skill on a national stage.

III. Humanitarian Aid and Disaster Response

BRAC Bank leverages its extensive network to protect vulnerable populations during seasonal crises and unforeseen disasters.

- **Winter Relief:** To mitigate health risks from extreme cold, the bank distributed 49,000 hoodies and 13,000 blankets nationwide. This was facilitated through the Chief Advisor's Welfare Fund and the bank's internal SME network, reaching orphanages and madrasas.
- **Volunteer Outreach:** The youth group "Jhilimili" helped distribute items collected by bank staff to isolated hill communities.
- **Internal Support:** Following the devastating Korail shantytown fire in November 2025, the bank provided BDT 0.6 million in emergency aid to six members of its cleaning staff who lost their homes, ensuring their immediate recovery and shelter needs were met.

IV. Specialized Health Infrastructure

Expanding diagnostic access in underserved regions is a core pillar of the bank's health strategy.

- **Khalil Malik Foundation:** The bank contributed BDT 1 million to strengthen a Cancer and Kidney Screening Centre in Chuadanga.
- **Regional Reach:** This facility serves five southwestern districts, specifically targeting low-income populations where affordability often delays diagnosis.
- **Inclusive Commitment:** The center ensures that 30% of its underprivileged patients receive treatment free of charge, significantly lowering the barrier to life-saving healthcare.

BRAC Bank contributed
BDT 43.64 million
to others CSR initiatives.

9.9 VALUE-ADDED STATEMENT

BRAC Bank's value-added represents the value created through its diverse financing and operational activities, encompassing its core lending business, treasury and investment operations, foreign exchange dealings, and other related activities.

In 2025, despite significant macroeconomic volatility and political transformation, the bank demonstrated exceptional resilience, generating BDT 42,227 million in value for its stakeholders. This represents a 26% year-on-year increase from the BDT 33,635 million recorded in the previous year. Such growth underscores the bank's robust operational capabilities and strategic foresight in navigating adverse market conditions. By successfully enhancing its value-added performance, BRAC Bank has reinforced its position as a leading financial institution dedicated to sustainable value creation and stakeholder satisfaction.

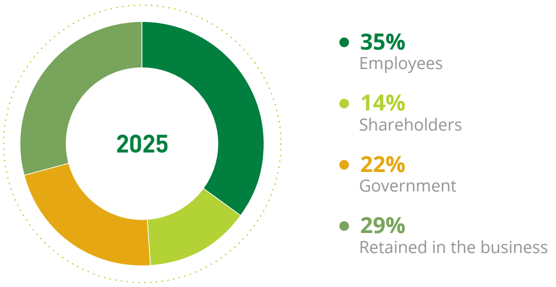
Value-added Statement (BDT in mn)

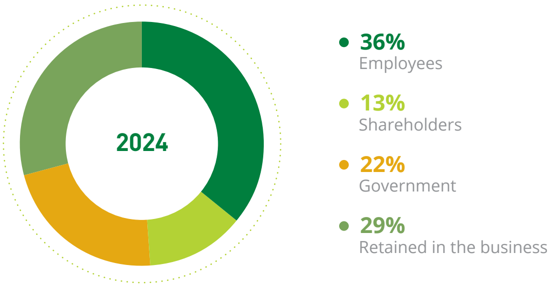
Value-added	2025		2024	
	Amount	%	Amount	%
Interest income	74,778		55,952	
Interest expenses***	63,000		42,491	
Net Interest Income	11,778		13,462	
Investment income	37,935		21,265	
Commission, exchange and brokerage	7,951		9,297	
Other operating income	282		227	
Operating expenses excluding staff costs and depreciation	(8,835)		(6,780)	
Provisions made during the current year	(6,884)		(3,836)	
Total Value Added by the Company	**42,227**	**100%**	**33,635**	**100%**

Distribution of Value-added (BDT in mn)

Value-added	2025		2024	
	Amount	%	Amount	%
To employees				
as salary and allowance	14,839	35%	11,992	36%
To providers of capital				
dividend to shareholders (cash and stock)	5,973	14%	4,424	13%
To government				
as corporate tax	9,194	22%	7,455	22%
For expansion and growth	12,222	29%	9,764	29%
as retained income	9,836	23%	7,712	23%
as depreciation	2,386	6%	2.052	6%
Providers of debts				
as interest expenses***			-	-
Total value distribution	**42,227**	**100%**	**33,635**	**100%**
Number of employees	10,293		9067	
Value added per employee	4.10		3.71	

*** Considering the business model, interest expenses have been adjusted within the net interest income calculation.





9.10 BRAC Bank's Approach to IFRS S1 & IFRS S2

BRAC Bank is committed to providing transparent, decision-useful and globally comparable sustainability disclosures through full alignment with the International Sustainability Standards Board (ISSB) Standards — IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

The 2025 ESG & Sustainability Report has been prepared in accordance with the disclosure requirements of IFRS S1 and IFRS S2, reflecting the Bank's commitment to integrating sustainability-related and climate-related risks and opportunities into governance, strategy, risk management and performance measurement. The report adopts the ISSB framework to enhance transparency, strengthen financial materiality assessments and improve comparability for investors, regulators, development finance institutions and other stakeholders.

Consistent with IFRS Sustainability Disclosure Standards, BRAC Bank's sustainability disclosures are structured around four interconnected pillars:

Governance

Oversight of sustainability and climate-related risks and opportunities by the Board and senior management.

Strategy

Integration of sustainability considerations into business strategy, financial planning and long-term value creation.

Risk Management

Processes for identifying, assessing, managing and monitoring sustainability and climate-related risks and opportunities.

Metrics & Targets

Quantitative and qualitative performance indicators, including greenhouse gas emissions, sustainable finance performance and other ESG metrics used to monitor progress.

Principles of Disclosure

The Bank has prepared this report in accordance with the fundamental qualitative characteristics prescribed by IFRS S1, ensuring that disclosures are:

Material

Focused on sustainability-related risks and opportunities that could reasonably affect enterprise value.

Complete

Covering all material information necessary for informed decision-making.

Neutral

Presented without bias and reflecting both positive and negative aspects of performance.

Accurate

Based on reliable data, robust methodologies and reasonable assumptions.

Comparable

Prepared using consistent methodologies and reporting boundaries to enable year-on-year and peer comparison.

Connected

Demonstrating clear linkages between sustainability, governance, strategy, risk management and financial performance.

Alignment with Global Frameworks

While IFRS S1 and IFRS S2 serve as the primary reporting framework, the report also reflects alignment with other internationally recognised sustainability standards and regulatory requirements, including:

- Global Reporting Initiative (GRI) Universal Standards 2021
- IFC Performance Standards
- Partnership for Carbon Accounting Financials (PCAF)
- Bangladesh Bank Sustainable Finance Guidelines and Taxonomy
- Commitment to Continuous Improvement

BRAC Bank continues to strengthen its sustainability reporting capabilities through enhanced governance, data management and climate-related risk assessment. The Bank remains committed to continuously improving the quality, consistency and completeness of its disclosures in line with evolving ISSB requirements and international best practices, reinforcing its commitment to responsible banking and long-term sustainable value creation.

9.11 Alignment with the UNGC principles

UN GLOBAL COMPACT PRINCIPLES	BRAC BANK'S ALIGNMENT
Principle 6: Elimination of Discrimination in Respect of Employment and Occupation	• Respect for human rights • Fair and meritocratic workplace • Inclusion and diversity
Principle 3: Freedom of Association & Right to Collective Bargaining	• Education brings life transformation • Education for underprivileged communities • Focus on girl child education
Principle 3: Freedom of Association & Right to Collective Bargaining	• Partnerships for social responsibility • Collaborative approach for sustainable impact
Principle 6: Elimination of Discrimination with Respect to Employment	• Workplace inclusion • Zero tolerance on discrimination • Women-centric initiatives & gender sensitization • Internal TARA (Women) forum
Principles 8 & 9: Environmental Responsibility & Environmentally Friendly Practices	• Sustainable finance for renewable energy • Sustainable finance desk at branches • Promote digital banking
Principles 8 & 9: Environmental Responsibility & Environmentally Friendly Technologies	• Sustainable finance desk at branches • Measure carbon footprint
Principles 3 & 10: Freedom of Association & Right to Collective Bargaining / Work Against Corruption	• Open and meritocratic work culture • Strong code of conduct & anti-bribery policies • Workplace flexibility
Principles 7 & 9: Prevent Environmental Degradation & Environmentally Friendly Technologies	• E-communication (digital correspondence) • Digital banking • Reduce plastic use • Save electricity, paper & water
Principles 7 & 8: Prevent Environmental Degradation & Environmental Responsibility	• Prioritize lending to clean & green energy businesses • Credit preference to environmental protection asset builders

9.12 Alignment with the GABV Principles

Principle	BRAC Bank's alignment
Principle 1 Social and environmental impact and sustainability are at the heart of the business model	BRAC Bank does not finance to projects that are detrimental to the environment, such tobacco, ship breaking, tannery etc.
Principle 2 Grounded in communities, serving the real economy and enabling new business models to meet the needs of both	Maintains long-term customer relationships through repeat lending. Prioritizes manufacturing and the real economy to create jobs and lasting social impact.
Principle 3 Long-term relationships with clients and a direct understanding of their economic activities and the risks involved	The bank's Relationship Managers maintain close contact with the customers, visit their places regularly to take stock of their business.
Principle 4 Long-term, self-sustaining and resilient to outside disruptions	Maintains a diversified SME, Corporate, and Retail portfolio reduce risks. Regularly updates business continuity and risk management frameworks to handle external disruptions.
Principle 5 Transparent and inclusive Governance	Good corporate governance, transparency, ethics and compliance are cornerstone of the bank's business model.
Principle 6 All of these principles embedded in the culture of the financial institution	GABV Principles are embedded in the value system of the bank.

9.13 BRAC Bank's Exclusion List

1. **Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans**, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or regulated under the Convention on International Trade in Endangered Species (CITES). (Links: United Nations (UN) list of banned chemicals and products; http://www.un.org/esa/coordination/Consolidated.list-13FinalFinal.pdf and CITES list of endangered species: http://www.cites.org/eng/app/E-Apr27.pdf)

2. **Forced Labour or Child Labour in Hazardous Working Conditions**

   - Forced Labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions, UNGC Principles and/or local legislations.

   - To address the issue of Child Labour, persons may only be employees if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

3. **Any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as:**

   - Ozone depleting substances, PCB's (Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, and unauthorized manufacturing of pesticides/herbicides or chemicals.

   - Wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES); or

   - Unsustainable fishing methods (e.g., blast fishing and drift net fishing in the marine environment using nets more than 2.5 km in length, deep sea bottom trawling, or fishing with the use of explosives or cyanide).

   - Operations impacting UNESCO World Heritage Site and/or Ramsar site.

4. **Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations.**

5. **Financing in Coal Power and Mining activities such as**

   - Coal power.

   - Power generation from any power plant the energy source of which, whether in whole or in part, is coal which delivers its power to the transmission or distribution grid.

   - Coal mining.

6. **Destruction of High Conservation Value areas.**

   Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

7. **Radioactive materials.**

   This does not apply to the purchase of medical equipment, quality control (measurement) equipment or any other equipment where the radioactive source is understood to be trivial and/or adequately shielded.

8. **Unbounded asbestos fibres.**

   This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

9. **Pornography or prostitution.**

10. **Racist and anti-democratic media**

11. **Commercial logging operations for use in primary tropical moist forest**

    - Illegal logging, and logging operations or conversion of land for plantation use in

    primary tropical moist forests.

12. **Production or trade in wood or other forestry products other than from sustainably managed forests**

13. **Production of trade in radioactive materials and unbounded asbestos fibres.**

14. **Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.**

15. **Ship breaking/ trading activities which include:**
    - Ships with prevalent asbestos use (for e.g. passenger cruise)
    - Ships listed on the Greenpeace blacklist*
    - Ships not certified "gas free" for hot work.

16. **In the event of any of the following products form a substantial part of a company's primary operations, or a financial institution, investment fund or company's financed business activities.**
    - Alcoholic beverages (excluding beer and wine)
    - Tobacco
    - Weapons and munitions
    - Gambling, casinos, and equivalent enterprises.

17. **Financing in any activities which is related to Brick production through Fixed Chimney Kiln (FCK).**

BRAC BANK
আস্থা অবিচল

Astha:
Digital Banking with a Lasting Impact

Registered Customers
1.3 Million+

Monthly Transaction Volume
BDT 25,000 Crore

Emissions Avoided
18,000+ tCO_2e

Paper Saved
150+ Tonnes

Trees Preserved
2,600+ Mature Trees

Every transaction is a step towards a more sustainable Bangladesh.

CHAPTER: TEN

ANNEXURE

ESG PARAMETER INDEX

Description	Unit	Response
PILLAR: ENVIRONMENT		
Theme: Climate Change		
GHG Scope 1 & 2 Location-Based	T CO2e	20,971.50
GHG Scope 1 & 2 Market-Based	T CO2e	20,971.50
GHG Scope 1	T CO2e	1,984.64
GHG Scope 2 Location-Based	T CO2e	18,986.86
GHG Scope 2 Market-Based	T CO2e	18,986.86
GHG Scope 3	T CO2e	1,520,634.70
Scope 3 Purchased Goods and Services Emissions	T CO2e	105,841.29
Scope 3 Fuel & Energy Related Activities Emissions	T CO2e	23,299.12
Scope 3 Waste Generated in Operations Emissions	T CO2e	115.16
Scope 3 Business Travel Emissions	T CO2e	52,445.82
Scope 3 Employee Commuting Emissions	T CO2e	3,536.68
Scope 3 Emissions from Investments	T CO2e	1,463,371.60
CO2 Scope 1 & 2 Location-Based	T CO2e	20,971.50
CO2 Scope 1 & 2 Market-Based	T CO2e	20,971.50
CO2 Scope 1	T CO2e	1,984.64
CO2 Scope 2 Location-Based	T CO2e	18,986.86
CO2 Scope 2 Market-Based	T CO2e	18,986.86
Carbon Offsets	T CO2e	15,040.75
Climate Change Policy	Y/N	N
Percent of Disclosure	Percentage	100%
Climate Change Opportunities Discussed	Y/N	Y
Risks of Climate Change Discussed	Y/N	Y
Climate Scenario Analysis	Y/N	Y
GHG Emissions Reduction Policy	Y/N	Y
Physical Risk Identified	Y/N	Y
Carbon Per Employee	Tonnes CO2e/ Employee	2.04
Air Pollutants Emissions (NOx, SOx, etc.)	Y/N	N/A
Climate Change Strategy	Y/N	N
Green Bond Issuance	Y/N	N
Environmental Certifications (ISO 14001, LEED)	Y/N	N
Paper and Plastic Reduction Programs	Y/N	Y
Habitats Protected or Restored.	Y/N	N/A
Emissions Reduction Initiatives	Y/N	Y
New Products - Climate Change	Y/N	Y
Scope of Disclosure	Nominal (1-3)	1,2

Description	Unit	Response
Investment in Sustainable Products	Million Reporting Currency	604,561.16
Carbon Pricing	Y/N	N
Adopts TCFD Recommendations	Y/N	Y
Theme: General		
Renewable Electricity Target Policy	Y/N	N
Financed Emissions - Scope 1,2,3	Metric Tonnes CO2e	3,661,716.80
Incorporates ESG Into the Investment Process	Y/N	Y
ESG Risks Incorporated in Underwriting	Y/N	Y
Attributable Lending to Env and Climate Solutions	BDT million	8,479.74
Attributable Lending to Renewable Energy	BDT million	1,933.32
Attributable Lending to Sustainable Transport	BDT million	16,838.86
Attributable Lending to Green Buildings	BDT million	8,479.74
Financed Scope 1+2 Emissions - Agriculture	T CO2e	23,868.76
Financed Scope 1+2 Emissions - Chemicals	T CO2e	21,153.28
Financed Scope 1+2 Emissions - Real Estate	T CO2e	3.14
Financed Scope 1+2 Emissions - Steel & Iron	T CO2e	240,399.00
Financed Scope 1+2 Emissions - Oil & Gas	T CO2e	290,391.43
Financed Scope 1+2 Emiss - Utilities & Pwr Gen	T CO2e	121,158.70
Financed Scope 1+2 Emissions - Mining	T CO2e	264.31
Financed Scope 1+2 Emissions - Transportation	T CO2e	4,852.46
Financed Scope 1+2 Emissions - Autos	T CO2e	1,832.07
Financed Scope 3 Emissions - Coal	T CO2e	0
Financed Scope 3 Emissions - Mining	T CO2e	0
Financed Scope 3 Emissions - Oil & Gas	T CO2e	38,771.03
Financed Emissions Reported - Scope 1+2	T CO2e	1,421,028.06
Financed Emissions Reported - Scope 3	T CO2e	1,520,072.12
Target Year to Exclude Coal Finance	2023	2023
Value of Agriculture Lending	million BDT	17,388.49
Value of Cement & Concrete Lending	million BDT	5,913.99
Value of Chemicals Lending	million BDT	5,075.51
Value of Coal Lending	million BDT	0
Value of Real Estate Lending	million BDT	49.18
Value of Steel & Iron Lending	million BDT	5,949.99
Value of Oil and Gas Lending	million BDT	4,100.07
Value of Utilities & Pwr Generation Lending	million BDT	8,486.16
Value of Mining Lending	million BDT	133.29
Value of Transportation Lending	million BDT	1,935.83
Value of Aviation Lending	million BDT	0
Value of Shipping Lending	million BDT	0
Value of Autos Lending	million BDT	2,452.58
Attributable Lending to Energy Efficiency	million BDT	15,336.32

Description	Unit	Response
Attributable Lending to Social Impact	million BDT	429.64
Sustainable/ESG Lending	million BDT	604,561.16
Incorporates ESG Screening Into Lend Process	Y/N	Y
Net Zero Financed or Underwriting Emiss Target	Y/N	N
Net Zero Financed Emissions Target Year	N/A	Yet to take a net zero target
GHG/CO2 per Lending	million BDT	254.85
GFANZ Signatory	Y/N	N
PCAF Signatory	Y/N	Y
Poseidon Signatory	Y/N	N
Financial Climate Stress/Scenario Testing	Y/N	Y
Mortgage Port with Physical Risk Exposure Pct	Percentage	2%
Paris Agreement Capital Transition Assessment	Y/N	N
Sustainable/ESG Underwriting	million BDT	716,176.02
Exclusion of Coal Investments	Y/N	Y
Target Year to Exclude Coal Investments	Year	Already Excluded
Exclusion of Oil & Gas Investments	Y/N	Y
Exclusion of Coal Underwriting	Y/N	Y
Environmental Quality Management Policy	Y/N	Y
Verification Type	Y/N	Y
Equator Principles Signatory	Y/N	N
SASB Reporting Company	Y/N	N
Offers Green Mortgage	Y/N	Y
Targets for Sustainable/ESG Finance	Y/N	Y
Exclusion of Oil Sands Finance	Y/N	N
PRI Report Verified by Third Party	Y/N	N
Sustainable/ESG Assets Under Management Pct	Percentage	83%
Financed Scope 1+2 Emissions - Coal	Thousand Metric Tonnes CO2e	0
Exclusion of Arctic Drilling Finance	Y/N	Y
Value of Aluminum Lending	Million Reporting Currency	0.00
UNEP Finance Initiative Principles for Sustainable Insurance signatory		N
Target Year to Exclude Oil & Gas Investments	Year	N/A
Exclusion of Oil Sands Investments	Y/N	N
Exclusion of Non-Certif Palm Oil Investments	Y/N	N
Exclusion of Arctic Drilling Investments	Y/N	N
Exclusion of Oil Sands Underwriting	Y/N	N
Exclusion of Arctic Drilling Underwriting	Y/N	N
GHG Verification Statement (External assurance for the report)	Y/N	Y
Investments in Operational Sustainability	Million Reporting Currency	N/A

Description	Unit	Response
GRI Criteria Compliance	Y/N	Y
Active Ownership/Engagement/Stewardship Policy	Y/N	Y
Value Chain	Customer Efficiency Initiatives	Y/N
Theme: Natural Capital		
Hazardous Waste	Metric Tonnes	0
Municipal Water	Thousand Cubic Meters	517
Reclaimed Water	Thousand Cubic Meters	2
Total Waste	Metric Tonnes	108.36
Waste Recycled	Metric Tonnes	0
Paper Recycled	Metric Tonnes	0
Raw Materials Used	Metric Tonnes	0
Number of Environmental Fines	Count	0
Amount of Environmental Fines	Million Reporting Currency	0
Waste Reduction Policy	Y/N	N
Total Water Discharged	Thousand Cubic Meters	269.62
Biodiversity Policy	Y/N	N
Water Policy	Y/N	N
Percentage of Hazardous Waste	Percentage	0.00
Hazardous Waste Recycled	Thousand Metric Tonnes	0.00
Percentage of Hazardous Waste Recycled	Percentage	0.00
Number of Significant Environmental Incidents	Count	0
Hazardous Waste Management Policy	Y/N	N
Number of Significant Environmental Fines	Count	0.00
Amount of Significant Environmental Fines	Million Reporting Currency	0.00
Environmental Accounting Cost	Million Reporting Currency	0
Total Water Recycled	Thousand Cubic Meters	0
Total Water Withdrawal	Thousand Cubic Meters	269.62
Number of Environmental Incidents	Count	0
Wastewater Management Policy	Y/N	N
Pct Water Recycled	Percentage	0.43%
Paper Consumption	Thousand Metric Tonnes	0.10836
Waste Used for Energy	Thousand Metric Tonnes	515
Air Pollution Reduction Policy	Y/N	0

Description	Unit	Response
Water Consumption	Thousand Cubic Meters	270
Rainwater Harvested	Thousand Cubic Meters	4
Theme: Value Chain		
Sustainable Packaging	Y/N	N
Energy Efficient Product Offerings	Y/N	Y
Product Lifecycle Design	Y/N	N
Energy		
Total Energy Consumption	Thousand Megawatt Hours	14,471,397
Renewable Energy Use	Thousand Megawatt Hours	140,048
Electricity Used	Thousand Megawatt Hours	14,331
Fuel Used - Natural Gas	Thousand Cubic Meters	0.00
Self Generated Renewable Electricity	Thousand Megawatt Hours	1913
Total Fuel Consumed	Thousand Megawatt Hours	137,872.15
Percentage Natural Gas of Total Fuel Consumed	Percentage	0.00
Self-Generated Total Energy	Thousand Megawatt Hours	140,048
Grid Electricity Used	Thousand Megawatt Hours	141,831
Fuel Used - Crude Oil/Diesel	Thousand Cubic Meters	136.49
Percentage Electricity of Total Energy Consumed	Percentage	100%
Percentage Renewable Energy Consumed	Percentage	0.93%
Percentage Coal of Total Fuel Consumed	Percentage	0.00
Fleet Fuel Used	Thousand of cubic meters	236.13
Liquefied Petroleum Gas (LPG) Used	Thousand Cubic Meters	0.00
Self-Generated Energy (Non-Renewable)	Thousand Megawatt Hours	0.14
Percentage of Grid Electricity Used	Percentage	99.07%
Energy Efficiency Policy	Y/N	N
Green Building Policy	Y/N	N
PILLAR: SOCIAL		
Theme: General		
Social Bond Issuance	Y/N	Y
UN Global Compact Signatory	Y/N	Y
Sustainable Development Goals Target Policy	Y/N	N

Description	Unit	Response
Theme: Business Practices		
Political Donations	Amount	0
Intellectual Property Rights Protection Policy	Y/N	N
Political Involvement Policy	Y/N	N
Business Ethics Policy	Y/N	Y
Anti-Bribery Ethics Policy	Y/N	Y
Amount of Anti - Competition Fines	Million Reporting Currency	0
Number of Fines for Anti - Competition	Count	0
Number of Fines For Bribery And Corruption	Count	0
Amount Of Fines For Bribery And Corruption	Million Reporting Currency	0
Percentage of Company Facilities Non-Compliance	Percentage	0
Cybersecurity Risk Management	Y/N	Y
Theme: Community & Customers		
Total Units Recalled	Count	0
Number of Partcpnts in Financial Literacy Programs	Count	17,071
Number of Fines For Data Breaches	Count	0
Amount of Fines For Data Breaches	Million Reporting Currency	0
Consumer Data Protection Policy	Y/N	Y
Number of Data Breaches	Count	0
Product Data Security Policy	Y/N	Y
Data Security Risks Discussed	Y/N	Y
Executive with Responsibility for Data Security	Y/N	Y
Pct Data Breaches Personal Id Info	Percentage	0
Number of Customers Affected By Data Breaches	Count	0
Human Rights Policy	Y/N	Y
Human Rights Due Diligence Process	Y/N	Y-as per Government directives
Human Rights Remediation Process	Y/N	Y
Number of Customers	Count	2.3 Million
Num of New Custmrs with First Time Accss to Finance	Count	144,036.00
Number of Customer Complaints	Count	3,345
Financial Inclusion Policy	Y/N	N
Financial Literacy Programs	Y/N	Y
Financial Products Transparency Policy	Y/N	Yes
Theme: Human Capital		
Number of Contractors	Count	255
Number of Employees - CSR	Count	6
Employee Turnover Pct	Percentage	9%
Pct Employees Unionized	Percentage	0.00

Description	Unit	Response
Pct Women in Management	Percentage	8%
Pct Women in Workforce	Percentage	16%
Pct Minorities in Management	Percentage	0%
Pct Minorities in Workforce	Percentage	15%
Workforce Accidents - Employees	Count	0.00
Lost Time from Accidents	Hours	0.00
Fatalities - Employees	Count	0.00
Fatalities - Total	Count	0.00
Health and Safety Policy	Y/N	Y
Equal Opportunity Policy	Y/N	Y
Training Policy	Y/N	Y
Fair Remuneration Policy	Y/N	Y
Employee Average Age	Years	36.35
Pct Disabled in Workforce	Percentage	0%
Lost Time Incident Rate - Employees	Lost Time Incidents/200,000 Hours Worked or 100 Full Time Employees	0.00
Employee CSR Training	Y/N	Y
Employee Training Cost	Million Reporting Currency	108
Employee Protection / Whistle Blower Policy	Y/N	Y
Total Hours Spent by Firm - Employee Training	Hours	391,116
Number of Part-Time Employees	Count	3.00
Number of Temporary Employees	Count	2
Policy Against Child Labor	Y/N	Y
Pct Women in Middle and or Other Management	Percentage	7%
Average Employee Training Hours	Hours	36.38
Number of Strikes and Lockouts	Count	0.00
Total Workforce	Count	12,724
Percentage Minorities IT Engineering	Percentage	19%
Voluntary Turnover Pct	Percentage	8%
Involuntary Turnover Pct	Percentage	1%
Gender Pay Gap Breakout	Y/N	N
Percentage Gender Pay Gap for Senior Management	Percentage	0.06
Percentage Gender Pay Gap Mid & Other Management	Percentage	0.14
Percentage Gender Pay Gap Employees Ex Management	Percentage	0.07
% Gender Pay Gap Tot Empl Including Management	Percentage	0.15
Percentage of Contractors in Total Workforce	Percentage	0.00
Company Discloses Employee Engagement Score	Y/N	Y (in terms of conducting a Pan-bank employee engagement survey)

Description	Unit	Response
N (survey result		
Company Diversity Target Indicator	Y/N	Y
PILLAR: GOVERNANCE		
Theme: Executive Structure		
CEO or Equivalent Appointed from Within	Y/N	Y
Female Chief Executive Officer or Equivalent	Y/N	N
Company Reported a Material Restatement	Y/N	N
Number of Female Executives	Count	1,657
Percentage of Female Executives	Percentage	16%
Theme: Compensation		
Executive Compensation Linked to ESG	Y/N	N
Say On Pay Provision	Y/N	N
Outside Compensation Advisors Appointed	Y/N	N
Fees Paid to Compensation Consultants	Units Reporting Currency	USD
ESG Linked Compensation for Board	Y/N	N
Clawback Provision for Executive Compensation	Y/N	N
Executive Compensation Consultant Srvcs Provided	Nominal (0-3)	0.00
Executive Comp Advisory Fees Pd to Comp Adv	Units Reporting Currency	USD
Pct of Compensation Advisory Fees Paid to Comp Adv	Percentage	0.00
Chg of Ctrl Benefits/Golden Parachute Agreements	Y/N	N
Say on Pay Number of Votes FOR	Count	0.00
Say on Pay Number of Votes AGAINST	Count	0.00
Say on Pay Support Level	Percentage	0.00
Say On Pay Number of Votes - ABSTAIN	Count	0.00
Say On Pay Number of Votes - BROKER NON VOTE	Count	0.00
Comp Discloses CEO or Equivalent Pay Ratio Flg	Y/N	N
CEO or Equivalent Pay Ratio (Median Employee)	Ratio	1.88
CEO or Equivalent Pay Ratio (Average Employee)	Ratio	29.48:1
CEO Pay Ratio Median Employee Compensation	Reporting Currency	BDT
CEO Pay Ratio Average Employee Compensation	Reporting Currency	BDT
CEO Pay Ratio CEO or Equivalent Total Comp	Reporting Currency	BDT
Frequency of Say on Pay Votes	Years	1 in a year
Company Has Executive Share Ownership Guidelines	Y/N	Yes
Director Share Ownership Guidelines	Y/N	Yes
Theme: Board Composition		
Years Auditor Employed	Years	25
Audit Financial Expert	Y/N	Y
CSR/Sustainability Committee	Y/N	Y
Size of CSR Sustainability Committee	Count	13
Number of CSR Sustainability Committee Meetings	Count	3

Description	Unit	Response
Percent of CSR Sustainability Committee Attendance	Percentage	76.9%
Number of Executives / Company Managers	Count	10,293
CEO Duality	Y/N	N
Board Size	Count	Total 8 Directors including 7 Independent Directors
Number of Independent Directors	Count	7 Independent Directors
Percentage of Independent Directors	Percentage	87.50%
Board Duration (Years)	Years	For Independent Directors: 6 Years
For Nominated Directors: 12 Years		
as per regulatory guideline		
Number of Board Meetings for the Year	Count	16 board meetings
		held in the year of 2025
Board Meeting Attendance Pct	Percentage	85.29%
% Women on Board	Percentage	37.50%
Board Average Age	Years	65
Board Age Limit	Years	Age Limit for Independent Directors: 45-75 years, Minimum Age limit for Nominated Directors & Shareholder Directors is 30 years
Audit Committee Meetings	Count	9
Independent Lead Director	Y/N	Yes
Independent Chairperson	Y/N	Yes
Former CEO or its Equivalent on Board	Y/N	Yes
Female Chairperson or Equivalent	Y/N	No
Num of Directors Attending less than 75 Pct of Mtg	Count	1
Number of Women on Board	Count	3
Number of Employee Representatives on the Board	Count	1
Age of the Youngest Director	Years	46
Age of the Oldest Director	Years	72
Board of Directors Age Range	Years	45 to 54 = 1 55 to 64 = 2 65 to 73 = 5
Independent Directors Board Meeting Attendance %	Percentage	85.71%
Size of Audit Committee	Count	4 Members
Number of Independent Directors on Audit Committee	Count	4
Pct of Independent Directors on Audit Committee	Percentage	100%

Description	Unit	Response
Independent Audit Committee Chairperson	Y/N	Yes
Number of Non-Exec Directors on Audit Committee	Count	4
Audit Committee Meeting Attendance Percentage	Percentage	86.11%
Non-Executive Director with Responsibility for CSR	Y/N	Yes
Executive Director with Responsibility for CSR	Y/N	No
Num Independent Directors on CSR Committee	Count	2
Pct Independent Directors on CSR Committee	Percentage	66.67%
CSR Committee Chairperson Independent	Y/N	Yes
Num of Non Exec Directors on CSR Committee	Count	3
Engagements/Proxy Voting Reslts Reported Published	Y/N	2
Presiding Director	Y/N	Yes
Classified Board System	Y/N	Yes
Unitary or Two Tier Board System	Nominal (1-2)	2
Number of Non Executive Directors on Board	Count	8
Percentage of Non-Executive Directors on Board	Percentage	100%
Executive Director Board Duration	Years	N/A
Number of Non-Exec Directors on Compensation Cmte	Count	0
Number of Compensation Committee Meetings	Count	0
Compensation Committee Meeting Attendance %	Percentage	0%
Size of Nomination Committee	Count	4
Num of Independent Directors on Nomination Cmte	Count	4
Pct of Ind Directors on Nomination Committee	Percentage	100%
Independent Nomination Committee Chairperson	Y/N	Yes
Number of Non-Exec Directors on Nomination Cmte	Count	4
Number of Nomination Committee Meetings	Count	2
Nomination Committee Meeting Attendance Percentage	Percentage	100%
Theme: Shareholder Rights		
Dual Class Unequal Voting Rights - Common	Y/N	No
Unequal Voting Rights Stocks Issued Includes Pfd	Y/N	No
Cumulative Voting System	Y/N	No
Poison Pill Expiration Date	N.A.	No
Controlled Company	Y/N	Yes
Director Election Vote Policy	Nominal (1-2)	1
Dual Class Unequal Voting Rights - Common	Y/N	No
Unequal Voting Rights Stocks Issued Includes Pfd	Y/N	No
Cumulative Voting System	Y/N	No
Poison Pill Expiration Date	N.A.	No
Controlled Company	Y/N	Yes
Director Election Vote Policy	Nominal (1-2)	1

ISSB DISCLOSURES FOR S1 AND S2

IFRS S1 Disclosures

Topic	IFRS Index	Location in Report
General Requirements	IFRS S1 – 54	Page 134-135
	IFRS S1 – 55	Page 134-135
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	IFRS S1 – 58	Page 134-135
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	IFRS S1 - 30	Section 4.4
	IFRS S1 - 31	Section 4.4
	IFRS S1 - 32	Section 4.4
	IFRS S1 - 33	Section 4.6
	IFRS S1 - 34	Section 4.4-4.5
	IFRS S1 - 35	Section 4.4 – 4.10
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	IFRS S1 - 37	N/A
	IFRS S1 - 38	N/A
	IFRS S1 - 39	N/A
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Topic	IFRS Index	Location in Report
Risk Management	IFRS S1 - 43	Section 5.3-5.4
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Metrics: Measuring Our Climate Impact	IFRS S1 – 45	Section 6.1 – 6.8
	IFRS S1 – 46	N/A
	IFRS S1 – 47	N/A
	IFRS S1 – 48	Section 6.8
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	IFRS S1 – 50	Section 6.6 – 6.7
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IFRS S2 Disclosures

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Governance	IFRS S2 - 5	Section 7.1 – 7.4
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Strategy	IFRS S2 - 8	Section 4.1 – 4.3
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	IFRS S2 - 10	Section 4.1 – 4.3
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	IFRS S2 - 12	N/A
	IFRS S2 - 13	Section 4.6 – 4.8
	IFRS S2 - 14	Section 4.6 – 4.7
	IFRS S2 - 15	Section 4.7 – 4.11
	IFRS S2 - 16	Section 4.7 – 4.11
	IFRS S2 - 21	Section 4.7 – 4.11
	IFRS S2 - 22	Section 4.1 – 4.3
Risk Management	IFRS S2 - 24	Section 5.1 – 5.10
	IFRS S2 - 25	Section 5.1 – 5.10
	IFRS S2 - 26	N/A
Metrics: Measuring Our Climate Impact	IFRS S2 – 29	Section 6.1 – 6.8
	IFRS S2 – 30	Section 6.1 – 6.8
	IFRS S2 – 31	Section 6.1 – 6.8
	IFRS S2 – 32	Section 6.1 – 6.8
	IFRS S2 – 33	Section 6.8
	IFRS S2 – 34	Section 6.8
	IFRS S2 – 35	N/A
	IFRS S2 – 36	N/A
	IFRS S2 – 37	N/A

GRI CONTENT INDEX

Statement of Use: BRAC Bank PLC. has reported in accordance with GRI Standards for the period from January 1st 2024 to December 31st 2024

Disclosure	Location in 2025 Report	Comment
General Disclosure GRI 2: General Disclosure 2021		
Disclosure 2-1 Organizational Details	6	Legal name, ownership, HQ address, subsidiaries in this report. Covered in the Annual Report.
Disclosure 2-2 Entities Included in the organisation's sustainability reporting	22	
Disclosure 2-3 Reporting Period, Frequency and Contact Point	6	
Disclosure 2-4 Restatements of information	-	N/A
Disclosure 2-5 External assurance	72	PCAF Endorsement
Disclosure 2-6 Activities, value chain and other business relationships	52-63, 146	
Disclosure 2-7 Employees	122, 147-148	
Disclosure 2-8 Workers who are not employees	147-148	
Disclosure 2-9 Governance structure and composition	84-89	
Disclosure 2-10 Nomination and selection of the highest governance body	84-89	
Disclosure 2-11 Chair of the highest governance body	84-89	
Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts	84-89	
Disclosure 2-13 Delegation of responsibility for managing impacts	84-89	
Disclosure 2-14 Role of the highest governance body in sustainability reporting	84-89	
Disclosure 2-15 Conflicts of interest	85-86	

Disclosure	Location in 2025 Report	Comment
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Disclosure 2-17 Collective knowledge of the highest governance body	84-89	
Disclosure 2-19 Remuneration policies	122-125, 148	
Disclosure 2-20 Process to determine remuneration	-	
Disclosure 2-22 Statement on sustainable development strategy	52-63	
Disclosure 2-23 Policy commitments	45-47	
Disclosure 2-24 Embedding policy commitments	123-125	
Disclosure 2-25 Processes to remediate negative impacts	122-125	
Disclosure 2-26 Mechanisms for seeking advice and raising concerns	122-125, 148	
Disclosure 2-27 Compliance with laws and regulations	45-47	
Disclosure 2-28 Membership associations	136-137	UN Global Compact and GABV alignment.
Disclosure 2-29 Approach to stakeholder engagement	35	Continuous Stakeholder Engagement
Disclosure 2-30 Collective bargaining agreements	147-148	
Material Topics GRI 3: Material Topics 2021		
Disclosure 3-1 Process to determine material topics	30	
Disclosure 3-2 List of material topics	30-34	
Disclosure 3-3 Management of material topics	30-34	
Economic Performance GRI 201: Economic Performance 2016		
Disclosure 201-1 Direct economic value generated and distributed	132	

Disclosure	Location in 2025 Report	Comment
Disclosure 201-2 Financial implications and other risks and opportunities due to climate change	92-110	
Disclosure 201-3 Defined benefit plan obligations and other retirement plans	-	BRAC Bank has separate Compensation and benefit policy where employee has defined benefit plan obligation and other retirement plans
Disclosure 201-4 Financial assistance received from Government	42	
Market Presence GRI 202: Market Presence 2016		
Disclosure 202-2 Proportion of senior management hired from the local community	84-89	
Indirect Economic Impact GRI 203: Indirect Economic Impacts 2016		
Disclosure 203-1 Infrastructure investments and services supported	52-63	
Disclosure 203-2 Significant indirect economic impacts	52-63	
Anti-Corruption GRI 205: Anti-corruption 2016		
Disclosure 205-1 Operations assessed for risks related to corruption	138, 147	
Disclosure 205-2 Communication and training about anti-corruption policies and procedures	122-124	
Disclosure 205-3 Confirmed incidents of corruption and actions taken	147	
Anti-competitive Behaviour GRI 206: Anti-competitive Behaviour 2016		
Disclosure 206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	147	
Materials GRI 301: Materials 2016		
Disclosure 301-1 Materials used by weight or volume	145	
Disclosure 301-2 Recycled input materials used	145	

Disclosure	Location in 2025 Report	Comment
Energy GRI 302: Energy 2016		
Disclosure 302-1 Energy consumption within the Organization	79	
Disclosure 302-2 Energy consumption outside of the Organization	80	
Disclosure 302-3 Energy intensity	78-81	
Disclosure 302-4 Reduction of energy consumption	79	
Disclosure 302-5 Reductions in energy requirements of products and services	79	
Water and Effluents GRI 303: Water and Effluents 2018		
Disclosure 303-1 Interactions with water as a shared Resource	145	
Disclosure 303-5 Water consumption	145	
Biodiversity GRI 304: Biodiversity 2016		
Disclosure 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	138	
Disclosure 304-2 Significant impacts of activities, products and services on biodiversity	138-139	
Disclosure 304-3 Habitats protected or restored	138	
Disclosure 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	138	
Emissions GRI 305: Emissions 2016		
Disclosure 305-1 Direct (Scope 1) GHG emissions	79	5.8 GHG emission accounting; ESG Parameter Index Scope 1 figure (1,984.64 T CO2e).
Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	79	

Disclosure	Location in 2025 Report	Comment
Disclosure 305-3 Other indirect (Scope 3) GHG emissions	79	Includes financed emissions (Category 15).
Disclosure 305-4 GHG emissions intensity	79-81	
Disclosure 305-5 Reduction of GHG emissions	79	
Waste GRI 306: Waste 2020		
Disclosure 306-2 Management of significant waste related impacts	145	
Disclosure 306-4 Waste diverted from disposal	145	
Supplier Environmental Assessment GRI 308: Supplier Environmental Assessment 2016		
Disclosure 308-1 New suppliers that were screened using environmental criteria	44-45	
Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken	44-45,68-69	
Employment GRI 401: Employment 2016		
Disclosure 401-1 New employee hires and employee Turnover	122-124	Turnover Rate table (2023-2025) on p.115; Voluntary/ Involuntary Turnover % on p.136.
Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	122-124	Policy names exist (p.116, e.g. Inconvenience Allowance) but no explicit FT vs PT/temp comparison.
Disclosure 401-3 Parental leave	122-124, 148	
Occupational Health and Safety GRI 403: Occupational Health and Safety 2018		
Disclosure 403-1 Occupational health and safety management system	122-124	
Disclosure 403-2 Hazard identification, risk assessment and incident investigation	122-124, 68-69	
Disclosure 403-3 Occupational health services	122-124	

Disclosure	Location in 2025 Report	Comment
Disclosure 403-4 Worker participation, consultation and communication on occupational health and safety	122-124	
Disclosure 403-5 Worker training on occupational health and safety	122-124	
Disclosure 403-6 Promotion of worker health	122-124	
Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	122-124	
Disclosure 403-8 Workers covered by an occupational health and safety management system	122-124	
Disclosure 403-9 Work-related injuries	122-124	
Disclosure 403-10 Work-related ill health		
Training and Education GRI 404: Training and Education 2016		
Disclosure 404-1 Average hours of training per year per employee	122-124, 148	
Disclosure 404-2 Programmes for upgrading employee skills and transition assistance programmes	106-107, 122-124	
Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews	148	
Diversity and Equal Opportunity GRI 405: Diversity and Equal Opportunity 2016		
Disclosure 405-1 Diversity of governance bodies and employees	149-151	
Non-discrimination GRI 406: Non-discrimination 2016		
Disclosure 406-1 Incidents of discrimination and corrective actions taken	122-124, 146-148	
Child Labor GRI 408: Child Labor 2016		
Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labour	122-124, 136-138	

Disclosure	Location in 2025 Report	Comment
Forced or Compulsory Labor GRI 409: Forced or Compulsory Labor 2016		
Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	122-124, 136-138	
Rights of Indigenous Peoples GRI 411: Rights of Indigenous Peoples 2016		
Disclosure 411-1 Incidents of violations involving rights of indigenous peoples	136-138	
Local Communities GRI 413: Local Communities 2016		
Disclosure 413-1 Operations with local community engagement, impact assessments and development programmes	114-128	
Disclosure 413-2 Operations with significant actual and potential negative impacts on local communities	114-128	
Supplier Social Assessment GRI 414: Supplier Social Assessment 2016		
Disclosure 414-1 New suppliers that were screened using social criteria	52-63	
Disclosure 414-2 Negative social impacts in the supply chain and actions taken	68-69	
Customer Health and Safety GRI 416: Customer Health and Safety 2016		
Disclosure 416-1 Assessment of the health and safety impacts of product and service categories	114-128	
Disclosure 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	146-148	
Customer Privacy GRI 418: Customer Privacy 2016		
Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	147	

ABBREVIATIONS AND ACRONYMS

ESDD	Environmental and Social Due Diligence
BSI	British Standards Institution
WRI	World Resources Institute and the
WBCSD	World Business Council for Sustainable Development
INDC	Intended Nationally Determined Contributions (INDCs)
PCB	Polychlorinated Biphenyls
CITES	Convention on International Trade in Endangered Species.
FCK	Fixed Chimney Kiln
SBP	Social Bond Principles
Unesco	united nations Educational, sciebtefic and cultural Organisation
TCFD	Task Force on Climate-related Financial Disclosures
ISSB	International Sustainability Standards Board
PCAF	Partnership for Carbon Accounting Financials
SFC	Sustainable Finance Committee
TDF	Technology Development Fund
GTF	Green Transformation Fund
GPPI	Green products, Projects and Initiative
UNGC	United Nations Global Compact
SFD	Sustainable Finance Department
ICMA	International Capital Market Association
ADB	Asian Development Bank
AML	Anti-Money Laundering
ADC	Alternate Delivery Channels
BAU	Business as Usual
BB	Bangladesh Bank
BBPLC	BRAC Bank PLC
BRMC	Board Risk Management Committee
BSEC	Bangladesh Securities and Exchange Commission
BSS	Bangladesh Secretarial Standards
CIRDAP	Centre on Integrated Rural Development for Asia and the Pacific
CMSEs	Cottage, Micro and Small Enterprises
CMSMEs	Cottage, Micro, Small and Medium Enterprises
CSR	Corporate Social Responsibility
DSE	Dhaka Stock Exchange Limited
ESG	Environmental, Social & Governance
ESRM	Environmental and Social Risk Management
ETP	Effluent treatment plant
FI	Financial Institution
FTE	Full Time Employee

GABV	Global Alliance for Banking on Values
GRI	Global Reporting Initiative
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
KPI	Key Performance Indicators
LEED	Leadership in Energy and Environmental Design
MANCOM	Management Committee
MFS	Mobile Financial Services
NBFI	Non-banking Financial Institutions
SAFA	South Asian Federation of Accountants
SFD	Sustainable Finance Department
SLR	Statutory Liquidity Ratio
SME	Small & Medium Enterprises
SRF	Socially Responsible Finance
UNCDF	United Nations Capital Development Fund
YLP	Young Leaders' Programme
RE	Real Economy
TBL	Tripple Bottom Line
DEG	*Deutsche Investitions-* und *Entwicklungsgesellschaft*

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