

# **Environmental Social and Governance Policy**

**Public Version**

**Cargills Bank PLC**



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## Executive Summary

Cargills Bank Plc., having considered the importance of achieving the Sustainable Development Goals of United Nations and the need to transcend towards a green economy, a well-articulated Environmental, Social and Governance Policy (ESG Policy) has been developed aligning with the Central Bank guidelines and formats developed by International Finance Corporation.

Having the vision to become a responsible corporate citizen protecting our planet with love and humanity for future generations, Cargills Bank developed a mission to support the future generations by protecting the environment, through the expertise of our multidisciplinary team of employees.

Our objective is to improve social and environmental performance, adhering to IFC guidelines and performance standards. Further our ESG Policy is aligned to support The Sri Lanka Green Finance Taxonomy, Central Bank's Road Map and directions for sustainable financing initiative. Identifying this, Cargills Bank has already developed banking products to empower identified segments in the bottom of the pyramid.

Cargills Bank has identified the risks stemming from associated climate, environmental and other green financing activities considering the nature, scale, and the complexity. It helps the Bank to avoid and/or manage proactively any social and environmental risks likely to arise from a project or activity for which the bank grants a loan, by conducting social and environmental due diligence prior to loan approval and disbursement.

Our core business further expanded towards sustainable procurement include, adopting strategies to avoid unnecessary consumption and manage demand, minimizing environmental impacts over the life of the goods and services.

General operational guidelines for sustainability can be built on accomplishing the reducing of, bank waste, bank transport footprint, water footprint, bank energy footprint. The Bank need to proactively apply sound environmental practices to internal operations with regard to energy savings practices.

## 1 Our Vision and Mission

**Our Vision** -To become a responsible corporate citizen protecting our planet with love and humanity for future generations.

**Mission** To extend our love and humanity to future generations protecting the environment by consuming less, leaving the resources for the unborn today by adapting innovative solutions and conducting responsibly guided by our ethics and values, synergies with the expertise of our multidisciplinary team of employees.

**The main objectives of the ESG Policy are:**

- To identify and assess social and environmental impacts of the activities of the Bank and thereby to enhance its understanding and mitigate environmental and social risks (E&S Risks) associated with Bank's transactions.
- To promote improved social and environmental performance in projects the bank initiates with our partners.
- Adherence to IFC's Performance standards (PS), international best risk management practices when financing the private sector activities and thereby to significantly reduce the Bank's environmental and social risks.

Bank policy is aligned to support the green taxonomy of Sri Lanka aligning with the Central bank's road map for sustainable financing.

## 2 Aligning with the National ESG Policy

Our ESG Policy is aligned to support The Sri Lanka Green Finance Taxonomy, Central Bank's Road Map and directions for sustainable financing initiative.

### 3 Sustainable Finance Initiatives (Deposit and Lending Products Development)

Identifying this, Cargills Bank has already developed banking products to empower identified segments in the bottom of the pyramid. These products are focused on supporting women (Abhimani), children (Podihitiyo), and encouraging micro businesses to build savings (Diriya Investment Plan). To support this initiative bank has assigned responsibilities among various departments including, HR, Finance, Risk, Compliance, CAD, Logistics, IT, SME, and Marketing.

#### 3.1 Lending Operation and ESMS ( Environmental and Social Management System) Policy Guidelines

Cargills Bank has identified the risks stemming from associated climate, environmental and other green financing activities considering the nature, scale, and the complexity. It helps the Bank to avoid and/or manage proactively any social and environmental risks likely to arise from a project or activity for which the bank grants a loan, by conducting social and environmental due diligence prior to loan approval and disbursement.

Cargills Bank's proposed ESMS and its operational procedures shall complement the Bank's existing environmental and social policies, risk management practices and operational procedures and will thereby be aligned with the Bank's typical loan management cycle. Therefore, a separate document on "ESMS policy guidelines" has been developed, for more operational clarity.

## 4 Cargills Bank Guidelines on Sustainable (Green) Procurement & Operations

Principles of sustainable procurement include, adopting strategies to avoid unnecessary consumption and manage demand, Minimizing environmental impacts over the life of the goods and services, fostering innovation in sustainable products and services through the design and implementation of procurement, ensuring that fair and ethical sourcing practices are applied and that suppliers are complying with socially responsible practices, including legislative obligations to employees.

To ensure these aspects, it is important to ensure that the suppliers work with the bank in a responsible manner and meet basic standards of environmental and social performance.

## 5 General Operations

General operational guidelines for sustainability can be built on accomplishing the reducing of, bank waste, bank transport footprint, water footprint, bank energy footprint. The Bank need to proactively apply sound environmental practices to internal operations with regard to energy savings practices. Minimizing the consumption of resources, including Electricity of all the banks' head office and branch offices are very important. Therefore, it is important to maintain equipment in a timely manner, Enhanced computer servers and use of high-energy-use monitors with energy efficient LCD monitors, Launching of an employee energy-efficiency training / awareness program, implement more other energy-efficiency projects can be the way to achieve reduced energy footprint in bank wide operations, reducing water consumption and waste.