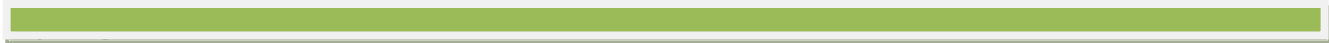




# Sustainability Report 2011



# Sustainability Report (SR) 2011

BRAC EPL Investments Ltd. (BEIL) is the pioneer in publishing a Sustainability Report (SR) amongst the financial institutions in Bangladesh. Initially the first report is being incorporated into the Company’s Annual Report 2011 and the foundations are being laid to publish it on a yearly basis. To support BEIL’s vision and business principles, we have recently integrated Sustainability with the Marketing and Corporate Affairs Department.

BEIL has adapted SR to become a part of a sustainable global economy where organizations manage their economic, environmental, social and governance performance, and *impacts responsibly and report transparently*. BEIL bases its SR on the Global Reporting Initiative (GRI) guidelines, which provides organizations with a comprehensive **SR** framework with global recognition.

- The motto of GRI is aligned with some of the Business Principles (Mission) of BEIL
  - Adherence to socially responsible business practices (Equal opportunity, development and empowerment of people)
  - Zero tolerance to breach of compliance, regulatory requirements & laws.
  - To keep pace with global market in terms of knowledge and best practices to build internationally reputed organization.
  - A sustainable global economy should combine long term profitability with **social justice** and **environmental care**. This refers that, for organizations, sustainability covers the key areas of economic, environmental, social and governance performance.

Being a proud member of the BRAC family, BEIL has already ensured compliance with all local laws and regulations prevailing in Bangladesh. Strong corporate governance has been structured to maintain transparency and the internal culture of the organization. While preparing the first integrated SR, it has been a great honor to report on 49 indicators based on the existing business practices of BEIL as per GRI 3.1 guidelines. Other indicators are non-reported due to being not applicable to our business or the required data not being available.

## Application Level:

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	• Profile Disclosures Output	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15		Report on all criteria listed for level C plus: 1.2 3.9,3.13 4.5-4.13, 4.16-4.17		Same as requirement for Level B	
	• Disclosure on management approach Output	Not required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach Disclosed for each Indicator Category	Report Externally Assured
	• Performance Indicators & Sector Supplement Performance Indicators Output	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic and environment.**		Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.***		Respond on each core and Sector Supplement* indicator with due regard to the materiality Principal by either: a) reporting on the indicator or b) explaining the reason for its omission.	

\* Sector supplement in final version  
 \*\* Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines  
 \*\*\* Performance Indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines

Figure 1: Application Level

At the current stage of reporting we have declared to comply with GRI Application Level B and aim to advance to B+ reporting by next year by applying for external assurance checked. All data are consolidated at corporate level by the relevant departments. The qualitative reports on various subjects were provided by experts throughout the organization.

## 1. Strategy and Analysis

### 1.1 Chairman's Review

BRAC's mission of working with people whose lives are dominated by extreme poverty, illiteracy, disease and other handicaps and striving to bring about positive changes in the quality of life through multifaceted development intervention, sits firmly at the core of BRAC EPL Investments Ltd's (BEIL) belief system.

To understand the linkage between a social organization like BRAC and a commercial enterprise like BEIL, one must appreciate the role played by all of BRAC's commercial investments in supporting BRAC's broader objectives. All these enterprises are aimed at addressing some specific needs and serve as an intervention in the market. To demonstrate, BRAC Bank Limited (which owns a majority stake of BEIL) pioneered lending to Small & Medium Enterprises (SME) to address the challenges small businesses face in getting access to finance. The SME sector is now recognized by economists as the undisputed symbol of sustainable, gender balanced development and progress of Bangladesh.

BRAC's investment in BEIL (through BRAC Bank) is a part of its mission to create access to the capital market for small investor and to become more 'inclusive' in our approach. We strive to be the champion/pioneer in providing access to capital markets for these small investors besides carrying out the traditional functions of a merchant bank. All our initiatives such as, reducing the minimum investment amount to just BDT 100,000 and BDT 500,000 (for nondiscretionary and discretionary portfolio management services respectively), frequent investor awareness programs and our rapid expansion outside Dhaka to take our services closer to the average investor bear testament to our inclusive positioning in the market.

The year 2011 will be remembered as one of the most challenging year in recent times for the financial sector in Bangladesh. We witnessed the largest crash in the country's stock market, longest liquidity crisis in the money market, an immensely fluctuating foreign exchange market and other flashpoints in the economic arena. This financial crisis underscores the importance of sustainability at the core of building a healthy economy. I am very happy to state that BEIL has always created products and services aligned with the evolving needs of the society from its inception, working with a clear vision and emphasis on sustainable development that continued to attract the trust and loyalty of its stakeholders.

BEIL has adopted the three "P" agenda – Planet, People and Profit as its fundamental guiding principle. BEIL has a strong operating platform and a clear, focused strategy. Tight management of risks, capital and costs will continue to be a priority. We have built leading positions in our core business and we are well-placed to benefit from better quality of assets. While continuing to pursue business targets, BEIL is committed to maintaining a high standard of Corporate Governance in the operations of the company.

We understand that the financial sector holds a key responsibility in the development and sustainability of our society and economy. Therefore, BEIL tries to address and mitigate any issues evolving around us to ensure we meet and exceed social expectations. Our business principles and strategy is linked with our non-financial performance and we are also the pioneer in the industry to publish a sustainability report based on the guideline provided by Global Reporting Initiative (GRI). We strongly believe this initiative will help us solidify BEIL's position as a socially responsible company supporting sustainable business practices and ensuring the long-term sustainable growth of our company, stakeholders and economy.

We believe that profit does not need to arise at the expense of the environment and this 'mind set' can be a powerful force for positive change. In line with the social objectives of BRAC and BRAC Bank, at BEIL we promote inclusion and sustainable enterprises. In this regard, 2011 was a remarkable year as BEIL has formed and developed a new product class called Impact Investments. This unique and first of its kind financial product in Bangladesh is ready to provide all types of financial, advisory and CDM Project related services to sustainable

enterprises. We believe this service line will be helpful for the business enterprises who wish to realize the financial value and generate revenue from their environment friendly projects.

Furthermore, as with all of BRAC's social enterprises and investments, the profits and surpluses generated by BEIL, goes through BRAC Bank to BRAC and provide funding for many of BRAC's non-earning activities under the Health, Education and other development programs.

In linking empowerment of the poor and our enterprise, we have found that we can be different from purely commercial endeavors by our willingness to accept low profit margins and openness to shouldering considerable market risk to stay on course with our stated objectives and mission.

We hope to help create for future generations, a sustainable and an inclusive world in which both commercial endeavors and enterprises that seek to serve the community can co-exist and contribute to a more equitable society.

Finally, it is this thought I would like to leave you with: by supporting BEIL you are becoming a partner in our mission to change the world for a better tomorrow for all our children.

*"Poor people are human beings and can do things for themselves, and it's our duty to empower them so that they can analyze their own situation, see how exploitation works in society, and see what they need to do to escape exploitative processes" ( Sir Fazle Hasan Abed, March, 2005)*

-SD

**Muhammad A. (Rumeel) Ali**  
**Chairman**

---

## 1.2 Key impacts, risks and opportunities

### **Risk Management Approach**

As an institution BRAC EPL Investments Ltd. faces several types of risks over the short-term as well as the long-term. While the likelihood and impact of the different types of risk varies, at BEPLI we have a central, proactive strategy towards risk management. This framework follows on the basic principle of risk planning i.e. identify, assess and mitigate.

The following is a description of the common risk categories and their mitigations:

#### **Market Risk and Credit Risk (Portfolio Management)**

Market risk is the uncertainty regarding the values of certain variables that are determined in the financial markets (Money market and Capital market). Among these variables, as a Merchant Bank, BRAC EPL Investments is exposed to interest rate risk and stock price risk. A large part of the revenue of the firm is generated from margin loan channeling. For most products, rate on margin loan remains fixed at some pre-contracted level whereas the rates on the loan facility that the firm gets from different Banks and FIs may change on short notice. There is a real possibility that the firm face a zero or negative spread on loan channeling business for a short period of time.

Unlike developed capital markets, Bangladesh capital market is yet to be introduced the sophisticated Derivative products that can deal with market risk and credit risk. At BRAC EPL we have only a few measures to deal with the market risk. They are:

- Optimum Diversification in Proprietary Portfolio (PP): the fund manager follows a much-diversified style of portfolio management. At present, the proprietary fund is well diversified in various industry and sectors such as Banks, NBFIs, Pharmaceuticals, Textiles, Power, Insurance, Telecom, Foods and Allied and Tannery etc. Diversification across so many industries is the first defense in the face of market risk.
- Fundamentals based Stock Selection for the PP: The second line of defense against market risk is to practice stock selection based on fundamentals. It can be assumed that fundamentally based issues that are valued at a fair level have lesser possibility of severe losses than the junk issues.

Client Diversification: As per SEC rules, BEPL follows a cap on single client exposure. No single client is given a margin loan in excess of BDT 10 crore. Again BEPL maintains a list of approved securities within which clients must invest. Both these steps minimize the level of credit risk to which BEI is exposed to at any given time.

#### **Operational Risk**

Operational Risk is a form of risk that summarizes the risks a company or firm encounters when it attempts to operate within a given field or industry. Operational Risk is the risk of losses that will incur directly or indirectly due to an event or action causing the failure of technology, processes, infrastructure, personnel, unauthorized activities, non-compliance of regulatory or corporate governance, failure to meet internal processes and other risks having an operational impact. Common sources of operational risks are:

- Operational errors
- Changes in statutory requirements
- Technological obsolescence
- Turnover of trained staff
- Money laundering
- Late or incorrect payments
- Inadequate or incorrect documentation.
- Natural disasters, fire, theft

## **Managing Operational Risk**

Suitable internal control measures are in place at BEIL, to address operational risks. BEIL has also established a Legal & Compliance Department to address operational risks and to frame and implement policies to encounter such risks. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and management, or from external events. BEIL's operational risk management aims to minimize unexpected and ruinous losses and to manage expected losses. The Internal Control & Compliance Department also develops policies, processes and procedures for managing operational risk in all of the company products, activities, processes and systems by identifying and assessing the risks inherent in operations

Risk control and measurement techniques taken by BRAC EPL are as under:

- The Internal Control & Compliance Department undertakes periodic and on demand audit to review the operation and compliance to statutory requirements
- Suitable delegated authority level
- Maintenance of assets through maintenance agreement with vendor
- Proper risk transfer measures by taking appropriate insurance coverage for all assets of the Company
- Infusing organizational values and ethics in employees
- Strict compliance of Employees Code of Conduct
- Building favorable working environment for the staff

BEIL's business and operational processes are largely dependent on the IT infrastructure and associated systems. To ensure smooth functioning of these processes a strong IT risk management framework is in place to deal with major threats. Following are the key measures adopted to minimize risk exposure:

- Implementation of proper data backup system
- Regular upgrading of hardware and software to keep it up to state-of-the-art level
- Regular preventive maintenance for server boxes, server systems and other critical network equipment
- Frequent maintenance and health-checks to ensure network quality and security
- Ensuring security related patches, hot fixes, anti-virus updates, and other updates are applied to the designated boxes on time
- In-house IT expertise to carry out primary trouble shooting to reduce down-time
- Enforcement of strict SLA (service level agreement) with third party application providers to minimize system down time
- Reviewing health check reports and signaling early warnings for proactive action

## **Business Risk Management**

BEIL's Investment Banking Division (IBD) provides Issue Management & Corporate Advisory services to its clients along with underwriting services. While rendering these services IBD faces certain risks associated with its business processes. Correctly identifying and addressing these risks is critical for the IBD.

### **1) Market Risk**

Market risks such as inflation rate, exchange rate fluctuation, interest rate go hand in hand with any investment. As such, the value of investment may decline over a given time period simply because of economic changes or other events with impact large portion of the market. Asset allocation and diversification can project against market risk because different portion of the market tend to underperform at different times.

- a) **Global** – Though the world is on the road to recovery from the Global Recession, the developed world is still suffering from high levels of unemployment, slow growth and investment protectionism. Bangladesh has been quite resilient to such negative shocks; however, it has been affected indirectly by remittances, foreign inflow of income by overseas workers, which is one of the crucial drivers of the economy. The health of the global economy has been negatively affected and major shortfall in FDI and development loans from international donors such as the World Bank, IMF etc. are further slowing down infrastructure and power projects.

**Mitigations:** In order to stay healthy in the midst of the Global recession, BEIL has targeted markets which have remained resilient throughout the slowdown. The investment banking team has completed cross-border deals with multinational and foreign companies with strong fundamentals. They have also served clients in the local markets with strong revenue potential, conservative, cost structure, and macro development driven vehicles for the economy. This is what drives sustainable growth for BEIL Investment Banking services; we hand-pick our clients, sectors, markets, people and processes which are built to last. We partner with companies that look forward to stable and durable growth.

b) **Local** - Business demand is directly affected by macroeconomic factors such as output, current account balance, asset valuation, foreign exchange rates, health of the banking system and its ability to lend, etc. Currently, Bangladesh is in the midst of a correction in its equity capital markets. Therefore, the appetite of clients for one of our key investment banking services such as raising capital through equity by issuing initial public offerings has gone down. On the other hand, there has been a rise in corporate advisory solutions or services rendered by investment banks as companies are more cautious and plan their business expansions once the equity market begins to accumulate growth again.

**Mitigation:** Bangladesh has been recognized as “The Next 11” by Goldman Sachs Asset Management. As one of the top investment destinations in the global arena among frontier markets, Bangladesh continues to deliver robust GDP growth year over year. BRAC EPL believes BRICs along with frontier markets will account for 60% of worldwide growth in the future. Secondly, Bangladesh’s immense population growth and young demographics of labor force will continue to drive domestic production and export competitiveness abroad. Most importantly, the emergence of the increased middle class, their income growth, spending power and living standards will fuel domestic consumption and growth prospects. Therefore, Bangladesh is well positioned to achieve continuous growth in the coming years. However, whatever the growth trajectory of the nation, we are present to serve the country’s corporate leaders and their need for capital to grow their business in a healthy and stable manner.

2) **Liquidity Risk** – Liquidity risk pertains to issue of liquidity in the banking system in Bangladesh. This is by far the largest risk that is affecting businesses and their future growth across the country. The nation has experienced a cycle of oversupply of money to a credit crunch in the past year. In order to combat inflationary pressures, the government raised CRR to tame banks’ aggressive exposure to the equity capital markets and the real-estate market. One is highly volatile and the other highly illiquid and both have reached their peak in the recent years. This is detrimental to expansion, start-up, and investment plans of clients who are looking for growth by raising capital.

**Mitigation:** If the overall banking system faces liquidity crisis, it is difficult for investment banks to overcome the crisis. However, as a leading investment bank in the country, we try to arrange the financial resources from diversified sources. Besides the local banking channel, BEIL has access to funds from foreign lenders, i.e. DEG, FMO, NORFUND. We are also able to partner with international investment banks, i.e. Merrill Lynch, Barclays Capital, and foreign funds to provide equity support required for establishment of new projects or expansion of businesses.

3) **Inflation Risk** – Inflation risk directly affects purchasing power of businesses across Bangladesh. It forces businesses to be cautionary with costs and make most of its profits as it increases cost of capital as well as cost of production. For an investment bank, however, it creates uncertainty in timing investment solutions for its clients and in predicting the markets, raising capital, strategizing investment schedules, etc.

**Mitigation:** We provide customized fund raising solution for our clients as per their requirement. We design the transaction structure for individual clients in such a fashion so that the cost of capital for the client is minimum. If the inflationary pressure results in liquidity crunch in the local banking system, we can arrange the funds with low cost from foreign sources. Besides, we do trend analysis of the macroeconomic factors which may affect the business to be able to take precautionary steps and thus advise to our clients.

4) **Regulatory Risk** – Regulatory risks pose a major threat to investment banking activities in this country. Especially after the correction in the capital markets, the Bangladeshi people have lost confidence in the healthy functioning of capital markets. Regulatory bodies have therefore become strictly conservative and overly cautious in designing consequent rules and regulations to police merchant banks and their activities. Recent restrictions on Book Building method has slowed down the business of Investment Banking.

**Mitigation:** As for the regulations of the capital market, the regulators along with the participants of the capital market are trying to develop the rules, regulations and Acts to protect the investors of the market. Bangladesh capital market has been facing rapid growth over the past couple of years and emerging as a frontier market which attracted the foreign investments. However, being a major participant of the capital market as an investment bank, BEIL is always cooperative with the regulators in an effort to develop the regulatory system in order to drive the growth of the capital market. Government has already taken initiative to reform the regulatory system to restore investors' confidence and sustain the growth. We also believe that the government is taking appropriate measures to support the growth of the Capital Market.

## 2. Organizational Profile

### 2.1 Name of the organization

BRAC EPL Investments Ltd.

### 2.2 Primary services

**BEIL's primary services are**

#### **Issue Management & Underwriting**

- Initial Public Offering (IPO)
- Repeat Public Offering (RPO)
- Rights Issue
- Direct Listing

#### **Mergers & Acquisitions**

- Joint Venture Opportunities
- Due Diligence
- Buyer's Strategy
- Seller's Strategy

#### **Structured Finance & Corporate Advisory**

- New Debt Issues
- Refinancing of Existing Obligations
- Advising of Debt Market Opportunities
- Debt Products Raise
  - Preferred Shares
  - Loan Syndication
  - Corporate Bonds
  - Convertibles & Equity Linked Products
  - Asset Backed Securities

#### **Private Equity**

- Formulating Business Plans
- Conducting Due Diligence
- Attracting & Selecting Investors
- Legal & Institutional Support
- Project Documentation



## **Portfolio Management**

### **2.3 Operational structure**

BEIL is a subsidiary of BRAC Bank Ltd and a full-fledged merchant bank.

### **2.4 Location of organization's headquarters**

#### **BRAC EPL Investments Limited (Corporate Head Office)**

House# 18 Road#123

Gulshan, Dhaka 1212

### **2.5 Countries with major operations**

Currently BEIL is operating only in Bangladesh

### **2.6 Nature of ownership and legal form**

BEIL is a full-fledged merchant bank

### **2.7 Markets served**

- BRAC EPL is arguably the only merchant bank providing seamless execution capabilities from portfolio management to capital market solutions
- BRAC EPL Investments has 8 branches across the country with a customer base of 4,000
- BEIL has international client base from all over the world.

### **2.8 Scale of the reporting organization**

- Total Assets Under Management currently totals USD 110m and Deposit of USD 50m
- Total employee in 2011 was 83

### **2.9 Significant changes during the reporting period**

There has been no significant change during the reporting period of year 2011.

### **2.10 Awards received in the reporting period**

In year 2011, BEIL did not receive award of any kind.

## **3. Report Parameters**

### **Report Profile**

#### **3.1 Reporting Period**

Reporting period is for year 2011 for most of the information and some information is as of from June 2011-December 2011 after the corporate head office has been relocated in May 2011.

#### **3.2 Date of most recent previous report**

This is the first time initiative by BEIL to publish its sustainability report for 2011

#### **3.3 Reporting Cycle**

BEIL plans to publish SR every year with the same cycle of Annual Report

#### **3.4 Contact Point for questions regarding the report or its contents**

We welcome and appreciate queries regarding our Sustainability Report. We believe this will help us flourish our report in future. One may send an email to following contact person:

**Sabrina Shahidullah**

Assistant Manager

Marketing, Sustainability and Corporate Affairs

Email: [sabrina.shahidullah@bracepl.com](mailto:sabrina.shahidullah@bracepl.com)

## **Report Scope and Boundary**

### **3.5 Process for defining report content**

The management committee members of respective departments have given their views on materiality of various sections of the report and also last year's annual report has been influential in determining the structure and content of this report.

### **3.6 Boundaries of the report**

This report provides a detailed summary of the sustainability performance and practices of BEIL and its consolidated operating businesses. BEIL is a subsidiary of BRAC Bank Ltd. and shares many of the same fundamentals in its business operations. Initially we have reported mostly on the corporate head office in terms of environmental aspects as data was not available for the regional offices of BEIL. We plan to implement data collection and monitoring mechanisms at other offices to include in the next reporting cycle. In our first report we have attempted to identify all range of materials covering aspects of economic, social, and environmental impacts to assess our existing operating standard. This has also helped us recognize the overlooked factors that we may not be measuring or monitoring. We are already in the process of implementing monitoring tools to address these issues. BEIL plans to extend the boundary to cover the value chain both upstream and downstream eventually.

### **3.7 Limitations on the report scope or boundary**

See 3.6

### **3.8 Basis for reporting on joint ventures, subsidiaries, etc.**

**We are not able to include this section in the first SR and plan to report from next cycle.**

### **3.9 Data measurement techniques**

The data has been collected from respective departments on related indicators through, face to face interview, questionnaire and survey. All quantitative data and qualitative data has been provided from office record of respective departments. The calculations have been made based on internationally recognized standards and procedures mentioned in footnote.

### **3.10 Restatements of information**

This report contains a restatement of information relating to BEIL's major financial indicators and environmental data. Some of the data has been calculated and converted to yearly data due to nature of the available information.

### **3.11 Significant changes from previous reporting periods**

This is the first report being published.

### **3.12 GRI Index.**

This report is structured by GRI indicator. The indicators appear in the order given in the GRI's G3.1 Sustainability Reporting Guidelines. The GRI Index is shown on **pages 37-40** of this Report.

### **3.13 External assurance.**

External report assurance was not sought for this report.

## 4 Governance, Commitments & Engagement

### 4.1 Governance structure of the organization

#### ***Corporate Governance in BRAC EPL Investments Limited***

Corporate governance is the structured process through which an organization is directed, controlled and held accountable in the best interests of all stakeholders. BRAC EPL Investments Limited considers good corporate governance to be the cornerstone of a well-managed organization. Good corporate governance does not only amount to timely reporting and greater transparency but is denoted by the composition of the board, decision-making powers and the setting of the internal culture of the organization. The establishment and endorsement of such governance is piloted by a highly qualified and independent Board and a veteran management team.

The maintenance of good and sustainable corporate governance practices has been a priority of the Board of BRAC EPL Investments Limited from initiation. The Board and Management Team also ensure maintaining of compliance with all local laws and regulation prevailing in Bangladesh.

#### **Board of Directors**

##### Composition

The Board of BRAC EPL Investments Limited comprises seven directors who possess a wide range of experience both locally and internationally in financial services. Of the seven, four are nominee directors of BRAC Bank Limited. This number is suitable for the current range of operations of the Company. Each of our Directors brings specific expertise, knowledge and insight to ensure the Board performs effectively in all areas.

##### Board Meetings

The Board meets once every calendar month to discuss operational and strategic issues based on management requirement, macro and micro economic changes and market conditions. Consequently, agendas for every meeting are set well in advance with items proposed by the Managing Director and CEO and senior management to ensure each Board member is adequately conversant with each issue at the time of the meeting. Board Members are free to recommend inclusion of any matter in the agendas for discussion. The Company Secretary attends all Board Meetings to ensure all relevant regulations and internal policies regarding the conduct of Board Meetings are complied. Other departmental heads and senior management are invited to attend Board Meetings where agendas related to their work are discussed. The Managing Director and CEO makes a detailed business and operational presentation at the end of each Board Meeting to update the Board Members on performance, changes in business conditions, changes in human resources and other operational matters. Such presentations also aim to involve the Board in the fast changing landscape of the financial sector and capital market in Bangladesh.

##### Board's responsibility

The Board's primary objective is to define and maintain the strategic objectives of the company and to provide leadership. Specific responsibilities include approving all information to be provided to shareholders, monitoring periodic financial performance, approving financial statements and budgets and reviewing all operational and risk related policies.

The Board further delegates authority to specialized committees to undertake detailed monitoring, advisory and oversight of tasks such as financial audit, risk management, internal controls, credit controls and approvals of business proposals.

### Role of the Chairman

The Chairman plays a pivotal role in the determination of strategy, its implementation and its attainment. The Chairman is also responsible for setting up the Board and ensuring its effectiveness in governing the activities of the company. He however has no engagement in the day to day running of the business.

### Role of the Managing Director & CEO

The Managing Director & CEO is responsible for running the day to day activities of the company and implementation of the strategy set by the Board. He maintains direct control over all policies and activities and is accountable to the Board for performance.

### Management Committee

A number of committees operate within the organization under the supervision of the Managing Director & CEO who have specific delegated tasks and report back on specific issues. The committees are:

1. MANCOM - The Management Committee is the company's permanent collegiate executive body, which presently has 11 members comprising all departmental heads. With the Managing Director & CEO in the chair, the committee periodically scrutinizes the activities and performance of various departments and the company as a whole. The MANCOM also discusses/reviews many issues pertinent to smooth functioning of the company and takes decisions accordingly. The members of the Management Committee are:
  - a) Managing Director & CEO
  - b) Head Of Corporate & Institutional Banking
  - c) Head of Portfolio Management
  - d) Head of Marketing, Sustainability & Corporate Affairs
  - e) Head of Impact Investments
  - f) Head of Structured Finance
  - g) Head of Financial Reporting & Tax
  - h) Head of Budgeting & Strategic Planning
  - i) Head of Treasury
  - j) Head of Risk Management & Compliance
  - k) Head of Human Resources
  - l) Head of Administration
  - m) Head of IT

In addition to MANCOM, due consultative process is followed to address wide ranging issues particularly related to risk management, treasury functions, investments and valuation.

### Directors' remuneration

The Directors of the company do not get any performance based remuneration or incentives. They only receive fees for attending Board Meetings.

### Internal Control

The Company's internal control systems are intended to secure reasonable assurance that assets are safeguarded against unauthorized use, transactions are authorized and properly recorded and risks are managed to reduce the probability of failure in achieving the business objectives. The internal control systems are designed to address all business risks, including financial, operational and strategic risks. Major elements of the control environment of the company are as follows:

- Regular Board meeting with comprehensive agenda dealing with all major aspects of business;
- Regular Management Committee meeting with specific issues relating to operation of the Company;
- An effective management structure and a proper delegation of authority with job descriptions for each division and section;
- Defined operating guidelines and procedures with authorization limits set for different levels;

- An internal audit department reporting to the Board through Managing Director & CEO on compliance of procedures and authority limits;
- A comprehensive annual budgetary system with provisions for regular review;
- Accounting and operational manuals;
- A comprehensive financial reporting system including actual performance compared with budget.
- Review and analysis of fund position on daily basis;
- Well defined policies relating to personnel issues;

**Internal Audit**

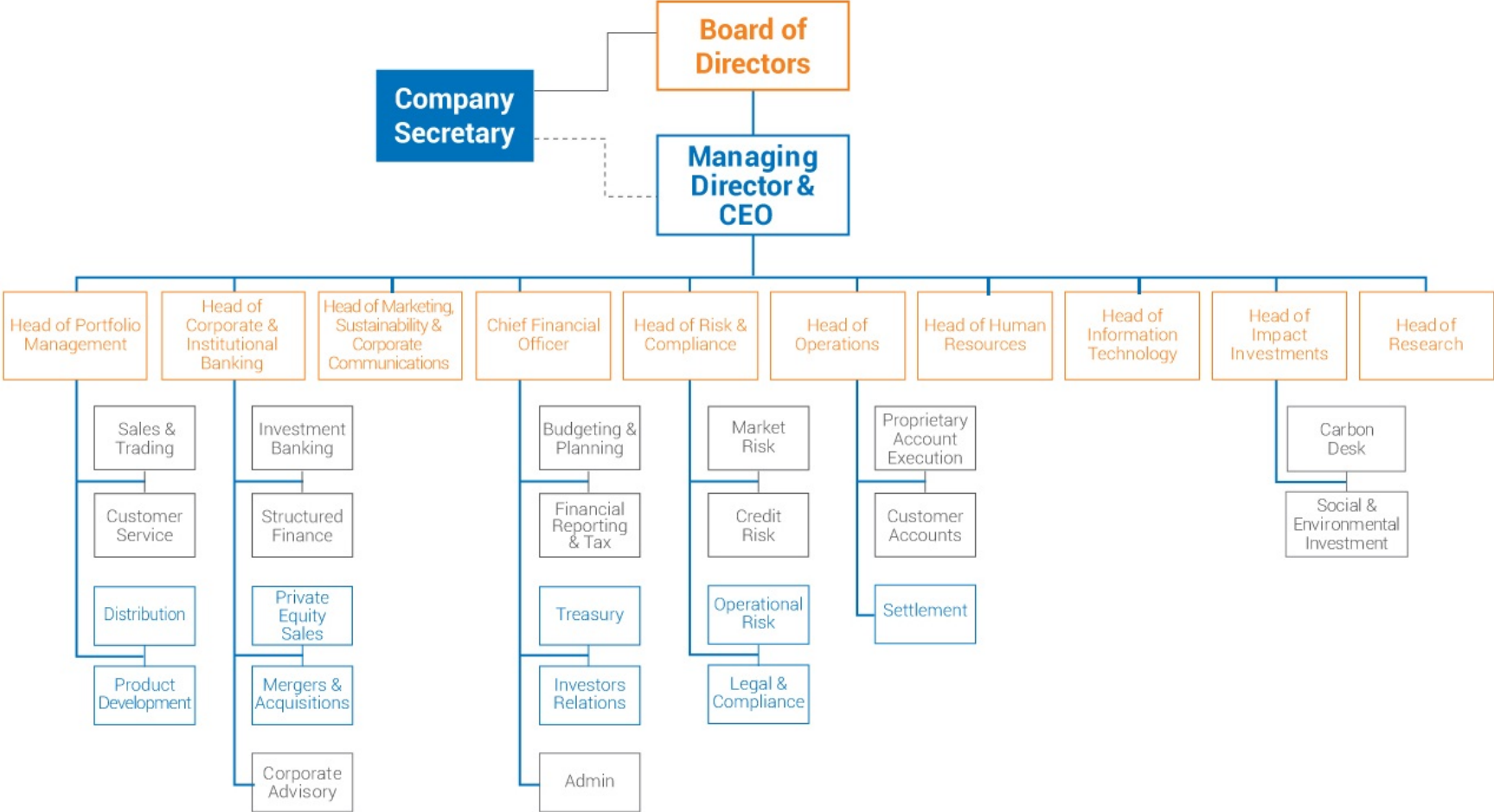
The internal audit department reports to the Board and administratively to the Managing Director & CEO. The reporting covers matters relating to risk assessment, audit charter and related audit plans, results of internal audit activities and matters that deemed necessary by the Internal Audit departments. The department has designed and maintained a quality assurance and improvement program that address all pertinent aspects of the internal audit.

**Appointment of external auditors**

The Auditor is appointed by the shareholders at the Annual General Meeting. Based on the proposal of the Board and Management, S.F. Ahmed & Co. Chartered Accountants were appointed as auditors for the year ended 31 December 2010 by the shareholders.

# Organogram- BRAC EPL Investments Ltd.

Organogram 



#### 4.2 Chair of the highest governance body

Muhammad A. (Rume) Ali, Chairman

#### 4.3 Independent members of highest governance body

See 4.1

#### 4.4 Shareholders and employees input to the highest governance body

Shareholders input see 4.16 (Shareholder Engagement). Employee input is communicated to the highest governance body through Town Hall Meetings and Management Retreats.

#### 4.5 Compensation link to performance for highest governance body

There is no compensation link observed with performance for highest governance body. At BEIL the Directors of the company do not get any performance based remuneration or incentives. They only receive fees for attending Board Meetings.

#### 4.6 Conflicts of interest avoidance

As stated in the BEIL's principles the following three are the guiding principles for all levels of operations to assist with conflicts of interest avoidance:

- Being the employer choice through equal opportunity, development and empowerment of our people.
- Practicing the highest ethical standards in all our dealings through an honest, open and enabling organizational culture.
- Zero tolerance in breach of compliance, regulatory requirements and laws of the land

#### 4.7 Highest governance body qualifications



**Muhammad A. (Rume) Ali**

**Chairman**

Muhammad A. (Rume) Ali joined the Board of **BRAC Bank** in 2007 and was elected the Chairman in 2008, taking over from the Founder Chairman Sir. Fazle Hasan Abed. He is the **Managing Director, Enterprises of BRAC** and also a Director of **Delta Brac Housing Finance Corporation Limited, BRAC Karnofuli Tea Company Ltd., BRAC Kayachora Tea Company Ltd., BRAC Bashkhali Tea Company Ltd., BRAC Kodala Tea Estate, BRAC Services Limited (BRAC Centre Inn)**. He was elected the **Chairman of BRAC EPL Investments Limited and BRAC EPL Stock Brokerage Limited in 2009 and BRAC Saajan Exchange Ltd** in 2011 after BRAC Bank Limited's acquisition of these companies. Apart from these, he is also the **Chairman of b-Kash Limited and Documenta Limited,**

Rume Ali served at different levels in local and international banking sectors. Prior to joining BRAC in 2007, he served as the **Deputy Governor of Bangladesh Bank** from 2002 to 2006 and was responsible for Supervision, Anti Money Laundering, Information Technology, Bangladesh Bank Training Academy and Credit Information Bureau. During this period he was also the Project Director of the Central Bank strengthening Project and the Chief Coordinator of Focus Groups on Risk Management Guidelines which initiated major regulatory reforms, particularly in the Risk Management area.

With his appointment as **Country Head and General Manager of ANZ Grindlays** in March 1997, Rume Ali became the first Bangladeshi to head a major international bank in Bangladesh. In July 2000, following the takeover of ANZ Grindlays by Standard Chartered Bank, Rume Ali was appointed the **CEO of the Standard Chartered Group** in Bangladesh, heading both Standard Chartered Bank and Standard Chartered Grindlays Bank. His banking experience includes stints in India, United Kingdom and Australia. Rume Ali was elected a **Fellow of the Institute of Bankers, Bangladesh**, in 2001. At present, he is the **Vice Chairman of Bangladesh Association of Banks.**

Rumee Ali is director on the boards of several organizations including **The CSR Center, International Centre for Study of Bengal Art**, member of the **Global Steering Committees of the 'Performance Based Grants Initiative' of the International Finance Corporation, Washington DC** and with the **Global Alliance on Banking on Values (GABV)**, member of the Technical Advisory Committee of the **Bangladesh Investment Climate Fund**. He served as a member of the **Better Business Forum**, was the **Vice President of the Employers Federation** and was member of the Governing Body of **PKSF** (2002-07). He also served as a member of the National Advisory Committee on Small & Medium Enterprises (2005/6) and served as a member of the Committee on Strategic Policy Review of Small & Medium Enterprises Foundation. He was the **Chairman of the National Task Force on Anti Money Laundering** constituted by the Ministry of Finance (2002-06), member **Bangladesh Computer Council** (2004-06), **Institute of Bankers, Bangladesh** and participated as a member of Bangladesh Team in PRGF negotiations with IMF/World Bank (2003-06).

He received a number of awards including C. R. Das Research Council Gold Medal for 'Banker of the year 1995', Atish Dipanker Award for Banking - 2000, 'CEO of the Year -2000' by Junior Chamber International, Bangladesh and Sorojini Naidu Award for Banking 2008.

Rumee Ali was born in Dhaka, Bangladesh in 1951. He has a Masters in Economics from University of Dhaka.



**Saiful Islam**  
**Vice Chairman**

Saiful Islam is the Vice Chairman of BRAC EPL Investments Ltd., and the Former Senior Vice President of the Dhaka Stock Exchange (DSE). He was also Senior Vice President and Chief Operating Officer of Union Capital Limited (UCL), a brokerage house, merchant bank and leasing company in Bangladesh. Prior to UCL, Islam was the head of Operations of Peregrine Capital Limited (PCL), Bangladesh Branch Office, Manager, Securities Operations of PCL and Manager, Settlements and Client Services, Custodial Services of Standard Chartered Bank, Bangladesh. He has over 17 years of global and local experience in key business and supporting roles.



**Syed Mahbubur Rahman**  
**Director**

Syed Mahbubur Rahman, Managing Director & CEO of BRAC Bank Limited has been in this position since May 2010. Before that he served as the Deputy Managing Director of the bank. Prior to joining BRAC Bank Limited, he served at Prime Bank Limited as the Deputy Managing Director. He also worked with IDLC Finance Limited, Standard Chartered Bank, ANZ Grindlays Bank and CitiBank, NA in different capacities. He started his career in Saudi Bangladesh Agriculture and Industrial Investment Co. (SABINCO)

Besides being the Managing Director & CEO of BRAC Bank Limited, he also is the Director of BRAC EPL Investments Limited, BRAC EPL Brokerage Limited, Industrial and Infrastructure Development Finance Company Limited (IIDFC) and Dun & Bradstreet Bangladesh Ltd. He has 22 years of experiences in Banking & Finance Institutions. During his banking career, he attended numerous trainings, seminars and workshops on different aspects of banking held both in the country and abroad.

Syed Mahbubur Rahman obtained his MBA from Institution of Business Administration, University of Dhaka.

He was also a theater activist and took part in many plays.





**Nabil M. Rahman**  
**Director**

Nabil Mustafizur Rahman joined BRAC Bank Limited in January 2009 as Chief Credit Officer. Prior to joining BRAC Bank Limited he worked with AB Bank as Head of Structured Finance.

He also served as Head of Investment with IPDC. Before that he worked with HSBC, Credit Agricole Indosuez, ANZ Grindlays Bank and Beximco Group. He started his career with Joyful Miles Ltd. in Hong Kong. His expertise and exposure are primarily in Risk Management and Corporate Finance. He also has experience in Islamic Banking with HSBC Amanah.

He attended various training courses and participated in seminars and workshops on different aspects of banking, especially in risk management locally and abroad. He has 17 years of working experience in the banking industry and the commercial sector. He obtained an MBA from Institute on Business Administration, Dhaka University.



**Nanda Dulal Saha**  
**Director**

**Mr. Nanda Dulal Saha FCA** is the Director of BRAC EPL Investments Limited. He has been appointed to the Board in 2009.

Mr. Saha is a Fellow member of the Institute of Chartered Accountants of Bangladesh and a member of the Institute of Internal Auditors (IIA), USA and IIA Bangladesh. He is also a member of the Information Systems Audit and Control Association (ISACA), USA and ISACA Dhaka, Bangladesh Chapter. He has been nominated as Director- Membership of the ISACA Dhaka, Bangladesh Chapter for the year 2011 and 2012.

Mr. N D Saha, is currently serving as Associate Director of Internal Audit of BRAC and BRAC International, the largest Non-Governmental Humanitarian Organization (NGO) in the world. He achieved BRAC Values Award in 2012.

Before joining BRAC, Mr Saha worked with Rahman Rahman Huq, Chartered Accountants, a member firm of KPMG International which is one of the "big 4" Accounting Firms in the world, in Audit and Assurance Services for about four and half years.

Mr. N D Saha is currently member of Technical and Research Committee and Information & Communication Committee of the Institute of Chartered Accountants of Bangladesh. He was also member of the Quality Assurance Board and Review Committee for Published Accounts and Reports of the same Institute.

He has altogether more than ten years of working experience in accounting, audit, internal control and risk management services.

Mr. Saha participated in good number of professional training, seminar, workshops, symposium etc. in home and abroad. He has traveled different countries including Malaysia, Uganda, Tanzania, South Sudan, Liberia, Sierra Leone in connection with the profession.

Academically he completed his Honours and Masters in Accounting from National University.



**Mark Michael Reinecke**  
**Director**

Mark Michael Reinecke is Ex-Managing Director of Equity Partners Limited. He was the former Managing Director of Indosuez W.I. Carr Securities for Thailand, Indonesia, and the Philippines, and, prior to that, was the Senior Vice President of Asset Plus Securities Company Limited, the leading local merchant bank in Thailand. Reinecke has over 20 years of experience as an international stockbroker in Asia, who started his career with Barings Securities. Mark Reinecke was educated in Law at London School of Economics (LSE), with a specialty in Islamic Law from the School of Oriental and African Studies (SOAS).



**Khaled Yusuf Farazi**  
**Managing Director & CEO**

Khaled Farazi has joined BRAC EPL Investments Ltd as Chief Executive Officer in October 2009. He is a very well-known professional in the field of corporate finance and Capital Markets in Bangladesh as well as international markets, having more than decade of wide ranging experience gained in debt arrangement and financial management. Prior to joining BRAC EPL Investments Ltd., he worked for seven years at Standard Chartered Capital Markets with particular focus on Syndication and project finance across various sectors including power, telecom, textile, refineries, food and beverage, and Agro-based industries.

Khaled Farazi also has significant exposure to the corporate world in the United Kingdom, having work at the prestigious Holland and Holland Limited as the Sales and credit controller. He also has financial management experience in several UK based companies such as Tsunami (UK) Limited, European Design Center Limited and North Fabric Warehouse Limited.

Khale Farazi is a pioneer in introducing innovative products in the debt capital market in Bangladesh and has received several awards in recognition of his work. He received the SPOT award for assigning the largest ever debt syndication in the private sector for Orascom Telecom Bangladesh Limited in 2006. In addition to this, he received SCB CEO's Award for Bangladesh for arranging a US\$ 250 million syndicated loan for Bangladesh Petroleum Corporation. He was also acknowledged the Value Award for extracting tremendous business value through significant cross selling of different products at various departments at SCB from a single project finance transaction.

Khaled Farazi has also been accredited for several professional trainings and examinations including Association of Certified Chartered Accountants (ACCA), Level II, Credit Skills Assessment (Standard Chartered Bank), Being a talented Manager, Indonesia, Leveraging Business Strategy, Thailand and Leveraging Business Excellence, India.

Khaled Farazi Graduated BA (honors) in Accounting and Business from London Guildhall University and received his MBA in Finance from Oxford Brooks University, UK in 2002.

## **4.8 Mission statement and codes of conduct**

### **VISION**

BRAC EPL Investments Limited aims to provide innovative, pioneering and world-class sustainable investment banking solutions including creation of access to capital markets for individual investors and social enterprises.

Corporate Strategy & Business principles

#### **Business principles**

- Taking pride in the fact that we are a member of the BRAC family.
- Maximizing profit while ensuring optimum values for our stakeholders.
- Business policies, process and people which enable
- Being the employer of choice through equal opportunity, development and empowerment of our people.
- Practicing the highest ethical standards in all our dealings through an honest, open and enabling organization culture.
- Zero tolerance in breach of compliance, regulatory requirements and laws of the land.
- Being sensitive to social and environmental needs.
- Taking lessons from global markets in terms of innovation, knowledge and best practices for building an internationally reputed institution.

#### **Corporate strategy**

- Take leadership roles in the industry, offer innovative products and services and consistently outperform competitors.
- To become the leading investment bank in Bangladesh with appropriate guidance and best technical assistance.
- Increase the outreach of capital market benefits by providing access to small investors with appropriate guidance and best technical assistance.
- Extend a range of pioneering, innovative and diversified capital market solutions for institutions.
- Leverage the brand to an optimum level.
- Analyze the risk matrix and be prepared for adverse market scenarios.
- Define parameters in line with business risks; develop comprehensive operation manuals to ensure a strict culture of compliance.
- Forge and nurture unparalleled relationships with clients and regulators.
- Establish strong relationships with all stakeholders.
- Nurture and implement a performance driver corporate culture.
- Set smart, ambitious and attainable financial targets.
- Define clear objectives for each employee aligned with the overall business strategy.
- Identify and recognize individual talent to ensure appropriate allocation of human capital within the organization

## **4.9 Highest governance body to performance oversight**

See 4.1

## **4.10 Highest governance body to performance evaluation**

See 4.1

## **4.11 Precautionary approach**

The Audit Committee is responsible for reviewing policies related to risk, but it is the responsibility of the Chief Executive Officer and senior management to determine the appropriate level of risk and to take necessary steps to mitigate.

#### 4.12 Endorsement of externally developed principles

BEIL currently do not have any endorsement of externally developed principles.

#### 4.13 Significant association memberships

At this moment BEIL has no significant membership or affiliation with environmental or social associations.

#### 4.14 List of stakeholder groups

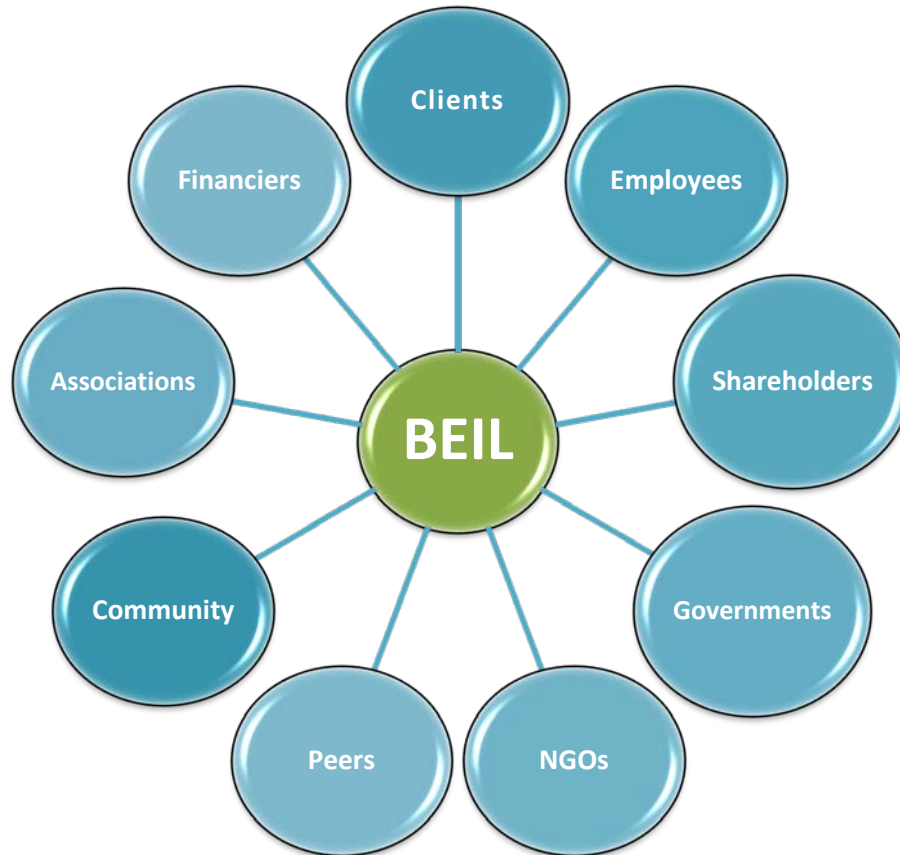


Figure 2: List of stakeholders

#### 4.15 Stakeholder identification and selection process

Stakeholder identification and selection has been made by analyzing the level of involvement of each group of people with BEIL. The analysis has been performed by reviewing the type of services we are providing, the target audience, influencers, business operation factors and other considerations of BEIL's day to day activities.

#### 4.16 Stakeholder engagement

- **Clients**

Clients' engagement with BEIL is considered to be very vital, as similar to many other forward looking organizations. Our motto is not only to make profit but also to reflect on the impact of each client's business outcome to the society. Therefore, BEIL treats each customer very seriously and from time to time we customize our services in order to create a positive impact. Through the report our clients will have a greater understanding about our core business practices and will have greater trust in our company as it shows the improved strategy and management systems.

- **Employees**

There are 83 full time employees at BEIL engaged in contributing towards the vision of the organization. We believe our people are our change agent. Our business principal reflects on addressing the importance of a fair

and just workplace. Employees are entitled to discretionary bonus based on the company's performance along with other facilities. We believe that SR will assist us in creating a bridge between BEIL & the employees and increase employee morale.

- **Shareholders**

Shareholders are one of the primary concerns of BEIL. Every year a Director's report is published addressing various issues that might impact our shareholders. Shareholders elect each members of the Board of Directors, which in turn appoint its Chairman, at least one Vice Chairman and the members of its various committees. As per The companies Act 1994, the Directors prepare the financial statements to present before the shareholders on each Annual General Meeting. The Board of Directors is appointed to act for and on behalf of the shareholders, to oversee the day to day business affairs. Through the SR shareholders will be able to see the risk reduction both in operational and reputational level.

- **Governments**

BEIL has begun its journey under new management in 2010 and started its operation as a full-fledged merchant bank. We are governed by the Companies Act 1994 and Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Regulations Act 1996. Our research team is actively involved in tracking changes and new developments of related Government laws and regulations that might affect our business. Our legal and compliance department undertakes periodic and on demand audit to review the operation and compliance of statutory requirements. One of our business principle is - Zero tolerance in breach of compliance, regulatory requirements and laws of the land. Through SR various government bodies will have a standard view point on our social and environmental side along with economic performance.

- **NGOs**

Being part of the BRAC family has given us the opportunity to focus on the socials needs from the very beginning of BEIL. Therefore, the initiative to publish a sustainability report will add value and aid us in attaining our social and environmental related goals. Various NGOs will also be giving valuable inputs in various related aspect to bring positive change in the society as a whole.

- **Peers**

We believe we are the first ever merchant bank who has started its journey with social goal integrated with its vision and business principles. We wish to pioneer in bringing positive changes in the society and encourage peer organizations to join the league.

- **Community**

By operating across the country in Bangladesh, BEIL is attempting to create value in the local communities by generating employment, creating access to the capital markets in regions which did not have this facility before and adding to regional economic development by spending locally. BEIL's long term commitment is to expand to further untapped regions in Bangladesh in order to bring its products and services to a greater number of people.

- **Associations**

At BEIL we prefer to have association with organizations, which takes social and environmental aspects into consideration along with their economic goals. This report also aims to communicate the message of these concerns to build a better sustainable world.

- **Financiers**

We believe, to expand and strengthen our supply chain we need to adapt non financial reporting to get access to multinational thematic funds available worldwide. Becoming a signatory member is one of the major requirements of the world renowned institutions such as IFC, ADB and many others to get concession. Being compliant with Environmental & Social Management System (ESMS) will lead us to become one of the signatory members at the same time it will help us improve investor relationship.

#### **4.17 Key stakeholder issues and concerns**

After publishing the first SR, we plan to conduct continuous survey to gain an understanding of the outcome of publishing a non-financial report and how it is being perceived by the stakeholders specially the clients, employees and shareholders.

## Economic

### Management Approach

Creating access to the capital markets for small investors is the primary goal and vision of BEIL. Management of BEIL strives to be honest and open in all communications, whether external or internal. BEIL has taken the initiative to be one of the first entities in its industry to include GRI reporting in its annual report which is an indicator of its transparency.

**Indicator- EC 1)** Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

Table 1: Direct Economic Value Generated

<i>Statement of Total Value added</i>				
<i>BRAC EPL Investments Ltd</i>				
<i>For the Year ended Dec 2011</i>				
<i>Amount In BDT</i>				
<i>Particulars</i>	<i>2011</i>	<i>%</i>	<i>2010</i>	<i>%</i>
Revenue from Continuing operations	812,649,661		593,193,913	
*Paid as Direct & Operating Expenses	629,670,757		388,577,935	
<b>Value added</b>	<b>182,978,904</b>		<b>204,615,978</b>	
Income from Investment	(115,070,180)		125,071,984	
<b>Total Value Created</b>	<b>67,908,724</b>		<b>329,687,962</b>	
<b>Value Distribution</b>				
Employee_Note 1	46,634,414	69%	53,725,777	16%
<b>Capital Providers:</b>	<b>714,412</b>	<b>1%</b>	<b>91,139,378</b>	<b>28%</b>
Finance Costs	714,412		1,139,378	
Divedend to Shareholders	-		90,000,000	
Government_Note 2	45,509,095	68%	71,469,718	22%
Communities(Corporate Social Investment)	510,500		-	
<b>Reinvested in the group to maintain &amp; develop Operations:</b>	<b>(25,459,697)</b>	<b>-38%</b>	<b>113,353,089</b>	<b>34%</b>
Depreceation	17,179,388		8,572,461	
Retained Profit/Loss	(42,639,085)		104,780,628	
Deferred taxation	-		-	
	<b>67,908,724</b>	<b>100%</b>	<b>329,687,962</b>	<b>100%</b>
<b>Value added ratios</b>				
Number of Employees(as on Dec'10 & '11')	83		45	
Revenue per Employee	9,790,960		13,182,087	
Value Created per employee	818,177		7,326,399	
Corporate social Investment-% of profit after Taxation	1.20%		-	
Employer Contributions	629,275		355,217	
Note-1	Salary ,Bonuses and Allowance			
Note-2	Income Tax paid to Govt			

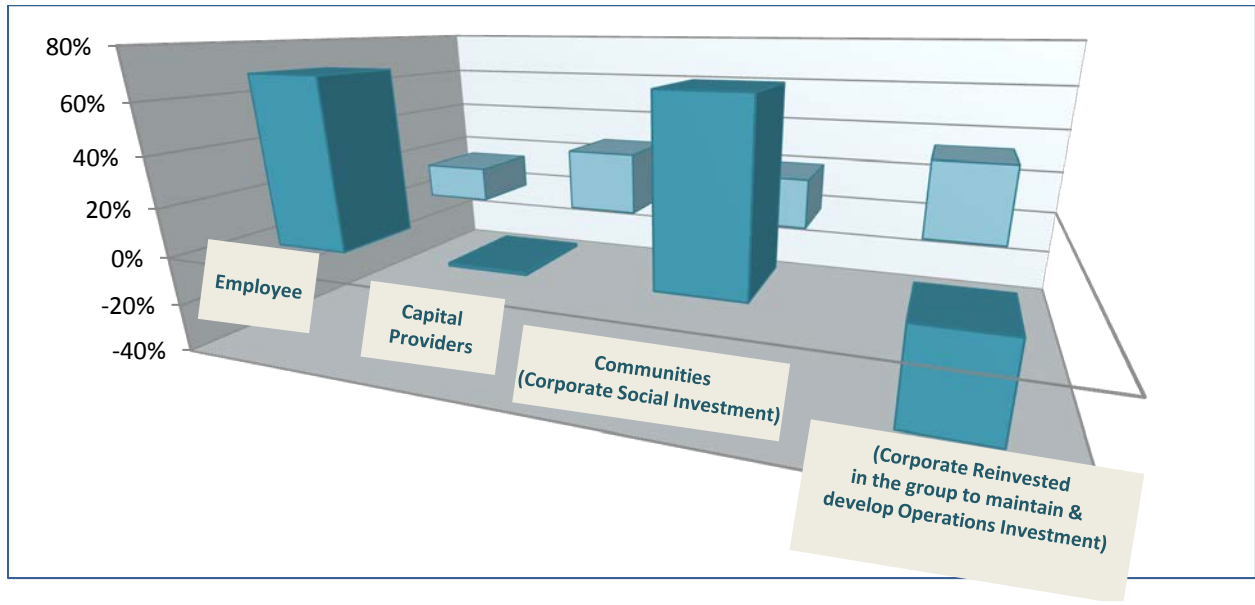


Figure 3: Economic Value Distribution

**Indicator-** EC 2) Financial implications, risks and opportunities of climate change.

We consider our organization to be moderately exposed to regulatory and other risks relating to climate change. We anticipate businesses in Bangladesh will be subject to strict environmental regulation in the near future. Already a range of environment protection legislations have been made mandatory for respective businesses in Bangladesh to fight natural disasters due to climate change. Being a fully fledged investment bank, we believe business practice changes due to climate change may increase scope for environmentally friendly businesses and cause prospective client base to increase.

To cater these business needs BEIL has decided to adapt Social and Environmental Management System (SEMS) and look forward to publish sustainability report every year. We continue to believe that climate change will bring commercial opportunities.

**Indicator-** EC 4) Significant financial assistance received from government.

**BEIL has not received any financial assistance of any kind from government.**

**Indicator-** EC 5) Range of ratios of standard entry level salary by gender compared to local minimum salary at significant locations of operation:

**There is no gender bias in any aspect of operation and the entry level salary is same for both female and male employees.**

**Indicator-** EC 6) Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.

BRAC EPL Investments Limited is committed to stakeholder value creation and supporting local communities as far as possible. A significant aspect of this spend is remuneration for locally resident employees. The number of employees by region who benefit from employment is reflected below:

Table 2 By Region employee benefit

Region	Number of Employees	
	2011	2010
Dhaka	74	48
Sylhet	3	3
Chittagong	3	3
Chowmohani	2	0
Comilla	1	0

By operating across the country in Bangladesh, BEIL is attempting to create value in the local communities by generating employment, creating access to the capital markets in regions which did not have this facility before and adding to regional economic development by spending locally. BEIL's long term vision is to expand to further untapped regions in Bangladesh in order to bring its products and services to a greater number of people.

**Indicator- EC 7)** Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation:

Table 3: Locally hired employees at regional offices

Region (Regional offices)	2009			2010			2011		
	Local Hire %	Full-time	Contractual	Local Hire %	Full-time	Contractual	Local Hire %	Full-time	Contractual
Dhaka	100%	10	0	100%	48	0	100%	74	2
Sylhet	100%	0	0	100%	3	0	100%	3	0
Chittagong	100%	0	0	100%	3	0	100%	3	0
Chowmohani	100%	0	0	100%	0	0	100%	2	0
Comilla	100%	0	0	100%	0	0	100%	1	0
Total	100%	10	0	100%	54	0	100%	83	2

(At all regional offices the staffing has been done on the basis of fully local hiring.)

### Environmental Management Approach

At BEIL, we are committed to operate in a manner that protects the environment. Our organization thrives to share best practices among our own teams to build and maintain momentum toward creating sustainable growth of our business.

#### Things we already do:

1. Get everybody to turn off their AC, Lights and Other Electronic Equipments while not needed.
2. We use the available technology to teleconference, online e-attendance system and leave management for paper free processing. (Note: Online e-attendance system and leave management system is managed by Human Resources Department)



3. A high capacity central printer on every floor instead of printer on every desk. (Note: IT department is managing all the computer related services)
4. Have procedures for the disposal of electronic equipment, old batteries and other waste.
5. One photocopier for the entire facility
6. We do not turn on the office lights unless we have to, the windows in our office designed to allow natural light.
7. We use energy saving bulbs and less carbon emitting air- conditioners have been installed at the office facility.
8. Canteen facility is available with porcelain plates, cups and stainless steel utensils instead of one-time use ones to limit waste.
9. Water saving taps and duel compartment flash system sanitary equipments have been installed for water conservation.

Information shown is based on consumption of corporate office year 2011. A separate monitoring system is to be implemented at the regional offices to monitor the information on relevant indicators as well for 2012 SR.

**Aspect: Materials**

**Indicator- EN 1) Materials used by weight or volume**

**Table 4: The materials are used by volume**

Materials Used	2011
Paper (mention unit)	240 Rim (A separate head in the inventory is kept)
Lubricants (Grease & Oil)	50 Liters (As per servicing log book)
Tyres	8 Pieces ( As per purchase Invoice)
Batteries	4 Pieces (As per purchase Invoice)

**(From next reporting cycle we plan to keep track of material being used by weight.)**

**Indicator- EN 2) Percentage of materials used that are recycled input materials:**

**Table 5: Percentage of materials used that are recycled input materials**

Recycled Input Materials Used	2011
Paper	100% (by re-selling)
Tyres	100% (by re-selling)
PET Water Bottles	100% (By re-use and re-selling)

**(Waste materials are sold to recyclers chosen by the procurement department.)**

**Aspect: Energy**

**Indicator- EN 3) Direct energy consumption by primary energy source:**

**Table 6: Direct energy consumption**

	Diesel	Octane	CNG	Electricity
2011	1837 Liters	341 Liters	3,326 Cubic Meter	58.944 MWh

**(Data: June-December 2011. Corporate office moved to separate location in May 2011)**

**Indicator- EN 5) Energy saved due to conservation and efficiency improvements.**

The entire corporate office has been installed with split type air conditioning machines and energy savings lights throughout the office facility.

BEIL has adapted various best practices to conserve energy and efficiency improvement throughout its business functions some of the practices are stated below:

1. Online e-attendance and leave system to aid paper free processing
2. Limit printing by allowing staff members to communicate via email and an established corporate culture of making decisions via office email.
3. Common printing facility for central use at every floor of the office facility instead of one at every desk.
4. Encourage both side printing to reduce paper consumption
5. All monitors displays have been set to display off after 5 minutes and set for sleep mode after 30 minutes to reduce energy consumption.
6. Two of the office vehicles have been converted to CNG to reduce carbon emission and cost efficiency.

**A comparison has been shown between energy saving approach verses traditional approach:**

*(The calculation has been made based on set market standards as the installation of energy efficient technologies have been adapted very beginning of office setup. Therefore, actual comparison was not possible)*

**Table 7: Comparison of Energy Consumption by Energy Saving Bulbs and Traditional Bulbs**

Number of Energy Saving Bulbs= 240 (23watt equivalent to traditional120watt bulbs as stated on the packaging)				
	Unit	Hours	Watt	Total
<b>By Using Energy Efficient Bulbs</b>	<b>240Unit of bulbs</b>	<b>1944Hours/Year</b>	<b>23 Watt</b>	<b>10,731 kWh</b>
<b>By Using traditional Bulbs</b>	<b>240Unit of bulbs</b>	<b>1944 Hours/Year</b>	<b>120 Watt</b>	<b>55,987 kWh</b>
			<b>Savings per year</b>	<b>45,256 kWh</b>

***(Total working days in 2011= 243 Days and average 8 hours per day)***

**Table 8: Comparison of Energy Consumption by Split Air Conditioner and Window Air-Conditioners**

Number of Split Air-Conditioner= 30 (3.5kw equivalent to 5kw traditional window type Air-Conditioner)				
	Units	Hours	Watt	Total
<b>By Using Split Air-Conditioner</b>	<b>30 Units</b>	<b>1944 Hours/Year</b>	<b>3.5K.Watt</b>	<b>2,04,120 kWh</b>
<b>By Using window type Air-Conditioner</b>	<b>30 Units</b>	<b>1944 Hours/Year</b>	<b>5K Watt</b>	<b>2,91,600 kWh</b>
			<b>Savings per year</b>	<b>87,480 kWh</b>

***(Total working days in 2011= 243 Days and average 8 hours per day)***

**Indicator- EN 7) Initiatives to reduce indirect energy consumption and reductions achieved:**

**See Indicators EN 5**

**Aspect: Water**

**Indicator- EN 8) Total water withdrawal by source:**

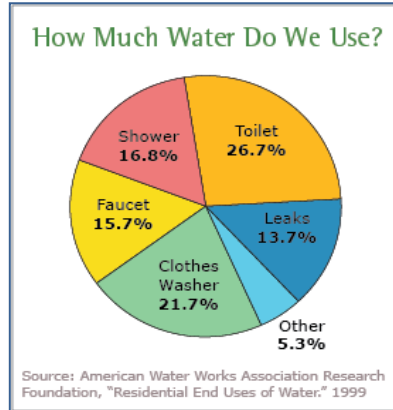
**Table 9: Water consumption at BEIL**

<b>Year 2011</b>
<b>2441.14 Kiloliters</b>

The water consumption is very insignificant amount at the corporate office and all the taps and sanitary equipments have been installed that conserves water. A number of 9 toilets with dual-flush system have been installed and a number of 11 taps with faucet aerators to limit the total water flow. On average per person water use per day is 183 liters (Aprox.)<sup>1</sup>.

**Initiative 01- Water Saved by Water Saving Flushing System:**

Water saved at BEIL per year due to installation of dual flush toilet is **94.77 Kiloliters/Year** Aprox.<sup>2</sup>



**Figure 4: Residential End Uses of Water**

“Replacing an 11 liter single flush toilet with a 4.5/3 liters dual flush toilet can save about 11,000 liters per year per person.”- Information has been collected from the fact sheet adapted from the City West Water “Water Conservation Solutions Handbook”, Australia.

<sup>1</sup> **Water usage June-December 2011= 1424 Kiloliter**  
**Yearly usage calculation =  $\frac{1424 \times 12}{7} = 2441.14$  Kiloliter**

Calculate water use figures per day per person

Annual water use (m3) =A	Office Work days per year (days)= I	Number of employees (annual average)= B	Water use per person per office day = (A/I)/B=J
-----------------------------	--	---	--

**\*Source: <http://www.green-office.org.uk/audit.php?goingto=factsheet5>**

**Per person water usage:  $(2441.14/243)/55 = .183$  Kiloliters = 183 liters**

<sup>2</sup> **Calculation water conservation by dual flush toilets:**

The frequency of toilet flushes per toilet is often greater in offices than homes, although the frequency is highly variable from facility to facility. It is reasonable to assume an average of 2 to 4 flushes per person per 8 hour shift. While it is reasonable to use average toilet usage estimates for program planning, performing toilet retrofit projections of water use on individual office facilities requires calculations based on unique site data. A sample calculation might be:

Data: 243 working days in year 2011 \*

Number of user at corporate office: 55 staff members + 10 visitors  
 243 days X 65 user X 3 toilet flushes/day = 47,385 toilet flushes/year  
 49,920 flushes / 9 toilets = **5265 flushes/year/per toilet**

Water usage per year with traditional toilets= **5265** flushes X 5 liters = 26,325 Liter  
 Water usage per year with dual flash toilets = **5265** flushes X 3 Liters = 15,795 Liter  
 Water saving per year = 10,530 liter/per toilet  
 Water saving per year for all toilets = 10530 X 9 = 94,770 Liters/ year = **94.77 Kiloliters/ Year**  
**(Process of calculation adapted from Alliance for Water Efficiency website: [www.allianceforwaterefficiency.org](http://www.allianceforwaterefficiency.org))**

**Initiative 2 – Water saved by installation of low flow water faucets:**

The low flow faucet aerator uses only 1.9-5.6 liters per minute (lpm). Often we use more water in our sinks than necessary. To minimize the amount of water used every day, we have inwith the water saving faucet aerator. A high-efficiency bathroom sink faucet flowing at 5.6 lpm can reduce flow rate by 32 percent over a traditional faucet with a maximum flow rate of 8.3 lpm. A faucet flowing at 3.8 lpm can reduce flow rate by 45 percent over a traditional faucet with a maximum flow rate of 8.3 lpm. At BEIL we save **120.1 Kiloliters/ Year** aprox.<sup>3</sup> by simply installing the low flow faucets.

“Retrofit studies conducted in Seattle, Washington, and East Bay Municipal Utility District in California have shown that a household can save approximately 2157 liters per year by simply replacing existing bathroom sink faucet aerators with high-efficiency 5.6 lpm aerators.” (Information Source: Official website of United States Environment Protection Agency- [www.epa.gov](http://www.epa.gov))

**Indicator-** EN 9) Water sources significantly affected by withdrawal of water.

See **Indicator-EN8**

**Indicator-** EN 10) Percentage and total volume of water recycled and reused:

No initiative has yet been taken to plan water recycling. The amount of water used is very minimal at BEIL.

**Indicator-** EN 11) Land adjacent to protected areas.

BEIL is not aware of any operational sites that are owned, leased, managed in, located in, adjacent to or that contain protected areas and areas of high biodiversity value outside protected areas.

**Aspect: Emissions, Effluents, and Waste**

**Indicator-** EN 16) Total direct and indirect greenhouse gas emissions by weight:

<sup>3</sup> **Water conservation calculation for water saving faucets:**

National Average (USA)*	
Daily Per Capita Faucet Use Duration	8.1 minutes

\*Mayer, et. al. 1999 ([www.h2ouse.org](http://www.h2ouse.org))

Avg. Faucet Flow Rate at BEIL	2.75 lpm
Avg. Flow rate of traditional Taps	8.3 lpm

**Water usage by water conserving taps: 8.1 minute X 2.75 Liters = 22.3 Liters/ Tap**

**Water usage by traditional taps: 8.1 Minute X 8.3 Liters = 67. 23 Liters/ Tap**

**Water saved due to waster conserving taps: 44.93 Liters/ Tap**

**Total Saving by using Water conserving taps per Day at BEIL: 44.93 liters X 11 Taps = 494.23 Liters Saved/Day**

**Yearly Savings: 494.23 Liters X 243 day = 120097.89 Liter/ Year = 120.1 Kiloliters/ Year Aprox.**

- There has been 243 working days in 2011
- All GPMs (Gallons per Minutes) are converted to LPM (Liters per Minutes)

**Table 10: Direct Emissions by energy source<sup>4</sup>**

	Diesel (a)	Octane (b)	CNG (c)	Electricity (d)	Total
2011	4.933 metric tons of CO2	.775 metric tons of CO2	6.225 metric tons of CO2	38.17 metric tons of CO2	50.103 metric tons of CO2

**Table 11: Indirect Emissions by Business travel of Year 2011<sup>5</sup>**

Total Kilometers Traveled for Business :	<b>106225KM</b>
Emissions:	13.07 metric tons of CO2

**Indicator- EN 17) Other relevant indirect greenhouse gas emissions by weight:**

In 2011, BEIL had CO2 emissions from business travel of 13.07 metric tons. This represents approximately **21 Percent<sup>6</sup>** of BEIL’s total CO2 emissions.

**Indicator- EN 19) Emissions of ozone-depleting substances.**

BEIL does not have significant (if any) emissions of ozone-depleting substances (CFCs, HCFCs, halons and methyl bromide).

<sup>4</sup> **Factors used for calculation:**

Travel By CNG run car: 21135 Km  
 Travel By Octane run car: 12000 Km  
 Air Travel: 106225 KM  
 Diesel Electricity Generator 120 KVA used Diesel: **1837 Liters**  
 Electricity Usage: 58.944 MWh  
 (Other consumptions as given on Indicator EN 3)

**Calculation Methodology:**

- a) The emission has been calculated by using stationary combustion tool version 4 prepared by Michael Gillenwater, Environmental Resources Trust of **The Greenhouse Gas Protocol (GHG Protocol)**
- b) The emission has been calculated by using mobile combustion GHG tool version 2.3
- c) The emission has been calculated by using mobile combustion GHG tool version 2.3
- d) Electricity usage X Emission Factor = 58.944 MWh X .6476 metric tons CO<sub>2</sub> / kWh = 38.17 metric tons of CO2 the emission factor for Bangladesh has been collected from UNFCC.

<sup>5</sup> The emission has been calculated by using mobile combustion GHG tool version 2.3 and using online GHG calculator at [www.climatecare.org](http://www.climatecare.org)

<sup>6</sup> **Calculation Methodology:**

Direct Emission = 50.103 metric tons of CO2  
 Indirect Emission = 13.07 metric tons of CO2  
 Total Direct and Indirect Emission= 63.2 metric tons of CO2  
 Percentage of CO2 Emission:  $\frac{\text{Emission by Air Travel} \times 100}{\text{Total Emission}} = \frac{13.07 \times 100}{63.2} = 21\%$

**Indicator- EN 22)** Waste by type and disposal method:

**Table 12: Waste Disposal Method**

Waste Type	Disposal Method	Amount
Paper	Shredding/Sell to re-cycle	(The amount was not recorded for year 2011)
Oil Filters	Destroyed and dispose with garbage	10 Units
Tyres	Recycle by reselling	8 Units
Batteries	Recycle by reselling	1
Computers	Onsite storage (at IT)	N/A
Lubricants	Disposed at servicing stations	50 Liters
Air Filter	Disposed at servicing stations	10Units
Plastic Bottles	Re-use and reselling	528 Units

**Indicator- EN 28)** Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.

**There has been no fine or non-monetary sanction for non-compliance with environmental laws and regulations since inception of BEIL.**

### Labor Practices and Decent Work

#### Management Approach

BEIL, through its various operating companies, is committed to promoting and sustaining the health, safety, skills and potential of our workforce. Our goal is to develop an engaged and connected workforce, where the goals of management and employees are aligned, and workers can be more productive, flexible in the face of change and motivated to embrace and support Company initiatives. We are guided by values that include:

- Working together as a team
- Focusing on the customer experience
- Pursuing excellence in all we do
- A dedication to the safety and well-being of all employees
- A commitment to ethical behavior
- Supporting the communities in which we live and work

#### Aspect: Employment

**Indicator- LA 1)** Total workforce by employment type, employment contract, and region, broken down by gender.

At the end of 2011, BEIL employed 85 employees. Of these employees 83 were full-time and approximately 88 percent was stationed in Dhaka. The distribution of our employees by region is shown in Table 12.

**Table 13: Regional Employee Distribution 2009-2011**

Region (Regional Offices)	2009		2010		2011	
	Full-time	Contractual	Full-time	Contractual	Full-time	Contractual
Dhaka	10	0	48	0	74	2
Sylhet	0	0	3	0	3	0
Chittagong	0	0	3	0	3	0

Chowmohani	0	0	0	0	2	0
Comilla	0	0	0	0	1	0
<b>Total</b>	<b>10</b>	<b>0</b>	<b>54</b>	<b>0</b>	<b>83</b>	<b>2</b>

**Indicator- LA 2)** Total number and rate of new employee hires and employee turnover by age group, gender, and region.

**Table 14: Total number of employees by gender in respect of job category or designation**

Category/ Designation	2009		2010		2011	
	Male	Female	Male	Female	Male	Female
Executive	0	0	18	5	16	9
Sr. Executive	0	0	4	0	17	2
Assistant Manager	2	0	8	0	9	1
Deputy Manager	1	1	4	3	5	3
Manager	2	2	5	0	6	0
Senior Manager	0	0	0	0	3	1
Associate Director	0	0	2	3	4	3
Director	1	0	1	0	3	0
CEO	1	0	1	0	1	0
<b>Total</b>	<b>7</b>	<b>3</b>	<b>43</b>	<b>11</b>	<b>64</b>	<b>19</b>

**Table 15: Total number of employees by year and gender**

Gender	2009	2010	2011
<b>Male:</b>	7	43	64
<b>Female:</b>	3	11	19

**Table 16: Rate of employee turnover by age and gender in the last 2 years**

Gender	2009	2010	2011
<b>Male:</b>	0	5	12
<b>Female:</b>	0	1	5

**Indicator- LA 3)** Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.

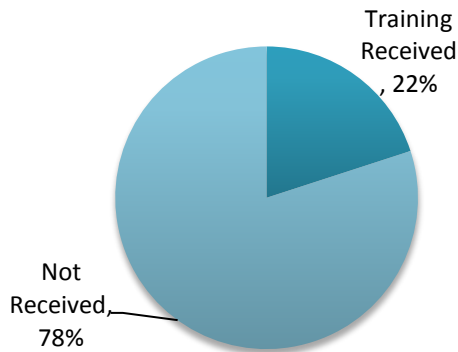
There is no difference by significance of location of operation. Benefits that are provided to full –time employees are:

1. Bonus
2. Annual Leave
3. Mobile Benefit
4. Insurance Benefit

**Aspect: Occupational Health & Safety**

**Indicator-** LA 6) Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programs.

**22% of the employees have received occupational health and safety related trainings.**



**Figure 5: Occupational Health and Safety Training**

**Indicator-** LA 9) Health & safety topics covered in formal agreements with employees

- First Aid & Choking
- Artificial Respiration (AR)
- Cardio Pulmonary Resuscitation (CPR)
- Shock & Bleeding
- Wounds & Dressing of wounds
- Burn, Electric Injuries and Poisoning – Bites
- Fit, Fainting-Unconsciousness
- Bone Fracture & Immobilization of fracture
- Transportation of Casualties

**Aspect: Training and Education**

**Indicator-** LA 10) Average hours of training per year per employee by gender, and by employee category.

**Table 17: Average Hours of Training by Employee Category**

Category/Designation	Avg. Hours 2010	Avg. Hour 2011
CEO		32
Director		40
Associate Director		112
Senior Manager		64
Manager	18	56
Deputy Manager		152
Assistant Manager	12	24
Sr. Executive	8	232
Executive		224
<b>Total</b>	<b>38</b>	<b>936</b>



**Table 18: Average Hours of Training by Employee Category and Gender**

Category/Designation	Avg. Hours 2010		Avg. Hour 2011	
	Males	Females	Males	Females
CEO			32	
Director			40	
Associate Director			112	
Senior Manager			24	40
Manager	18		56	
Deputy Manager			88	64
Assistant Manager		12	24	
Sr. Executive	8		224	8
Executive			224	
<b>Total</b>	<b>26</b>	<b>12</b>	<b>824</b>	<b>112</b>

**Indicator-** LA 11) Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.

**Our Employees engaged in a 2 day work shop on Team Building and Business understanding at Rajendrapur, BCDM and the training was not job specific.**

**Indicator-** LA 12) Percentage of employees receiving regular performance and career development reviews, by gender.

**Regardless of gender all employees are reviewed for performance based on the same performance indicators linked to promotion and remuneration.**

**Aspect: Diversity and Equal Opportunity**

**Indicator-** LA 13) Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.

**Table 19: By Age Group and Gender**

Age	2009			2010			2011		
	M	F	Total	M	F	Total	M	F	Total
Below 30	3	2	5	27	7	34	44	14	58
30-50	4	1	5	16	4	20	19	5	24
Above 50	0	0	0	0	0	0	1	0	1
<b>Total</b>	<b>7</b>	<b>3</b>	<b>10</b>	<b>43</b>	<b>11</b>	<b>54</b>	<b>64</b>	<b>19</b>	<b>83</b>

**Table 20: By Religion**

Religion	Number	%
Islam	73	88%
Hindu	8	10%
Buddhist	0	0
Christian	2	2%

**Table 21: Composition of governance bodies and breakdown of employees per employee category according to gender**

Category/ Designation	2009		2010		2011	
	Male	Female	Male	Female	Male	Female
Executive	0	0	18	5	16	9
Sr. Executive	0	0	4	0	17	2
Assistant Manager	2	0	8	0	9	1
Deputy Manager	1	1	4	3	5	3
Manager	2	2	5	0	6	0
Senior Manager	0	0	0	0	3	1
Associate Director	0	0	2	3	4	3
Director	1	0	1	0	3	0
CEO	1	0	1	0	1	0
<b>Total</b>	<b>7</b>	<b>3</b>	<b>43</b>	<b>11</b>	<b>64</b>	<b>19</b>

**Indicator- LA 14)** Ratio of basic salary of men to women

There is no basic salary difference of men to women at BEIL. Therefore the ratio is 1:1.

**Indicator- LA 15)** Return to work and retention rates after parental leave

There has been no paternal leave availed by any employees of BEIL since its operation has started. However, there is maternity leave of 180 days available for female employees of BEIL according to HR policy.

### Human Rights Performance Indicators

#### Aspect: Investment and Procurement Practices

**Indicator- HR 3)** Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

A total of 112 hours of training has taken place on the following topic:

- 1. Certificate of Corporate Governance & Addressing Financial Fraudulence, Abusive Market manipulation & Inside Trading.**

#### Aspect: Non-discrimination

**Indicator- HR 4)** Total number of incidents of discrimination and corrective actions taken: **1**

A female employee of BEIL has an allegation against a male colleague for making unpleasant, harassing & discriminating comment at open floor, for which the male employee has been terminated based on the justifiable remarks and evidence being reported.

*(Company does not want to reveal the name(s) to honor the confidentiality and exclusivity)*

#### Aspect: Assessment

**Indicator-HR 10)** Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments:

**There has been no operation that has been subject to human rights reviews and/or impact assessment yet as the management system is already in compliance with labor related laws of Bangladesh.**

**Indicator-HR 11)** Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms:

**There has been no grievance recorded since the operation started, however the human resources department maintains an open door policy for BEIL's staff to address such issues.**

## **Society**

### *Management Approach*

At BRAC EPL Investments Limited (BEIL), compliance of what are required to be adhered to is always given a paramount importance. In pursuit of developing a disciplined and rule-based work culture, the concerned departments of BEIL endeavor to keep themselves aware of the regulatory issues that are already in place to follow while remaining alert of the changes being made to the existing regulations as well as what are being introduced afresh. In order to make the task of compliance from the risk of oversight as far as possible, the following 3-stage rigorous process of due diligence is followed:

- Concerned business departments/units study the laws/rules to properly understand and follow the regulatory requirements;
- Legal and Compliance Department does the necessary vetting to ensure that regulatory requirements have been properly followed;
- External lawyers are engaged for more rigorous vetting when such need arises particularly before submission of commercially important papers/documents.

### **Aspect: Corruption**

**Indicator- SO 3)** Percentage of employees trained in organization's anti-corruption policies and procedures.

**"Certificate of Corporate Governance & Addressing Financial Fraudulence, Abusive Market manipulation & Inside Trading."**

**BEIL has sent one employee to obtain aforementioned training in year 2011. BEIL intend to arrange more employees for these types of trainings in the coming years.**

**Indicator- SO 4)** Actions taken in response to incidents of corruption:

**There has been no incident of corruption reported in year 2011**

### **Aspect: Public policy**

**Indicator- SO 5)** Public policy positions and participation in public policy development and lobbying

We try to seize opportunities, whenever they arise, to logically register our views/opinion on any proposed regulatory measures or industry-related issues that may impact our businesses/activities. In doing so, we make our representation either organizationally in our own right or through the industry body where we have participation.

### **Aspect: Compliance**

**Indicator- SO 8)** Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

**There has been no fine or non-monetary sanction made for non-compliance with laws and regulations.**

## Product Responsibility Management Approach

Quality, understood in its widest sense, is the foundation of our approach to Product Responsibility. At BEIL, we make extensive information available to our customers on all of our services and strive to comply with all legal requirements for product labeling (Service Disclosure). We are guided by the Security and Exchange Commission (Merchant Banker and Portfolio Manager) regulations Act 1996 regarding all relevant aspects; which we strictly adhere to.

- Our Communications Policy requires that all marketing or advertising materials go through the correct legal procedures before publication; and in-line with our brand values and guidelines.
- Our communications strategy incorporates both ATL and BTL (ATL for Retail and BTL for Corporate)
- We care greatly about our customers' wants, needs and viewpoints about our products, our company, our brand and feel we can create value through a deep understanding of these priorities.
- We seek to utilize "pull" rather than "push" marketing and to create a customized experience for our customers. Through strong communication, we can fold intuitive design, thoughtful solutions and practical approaches into services that exceed our customers' sustainability expectations.
- Customer privacy is important to BEIL and efforts are always ongoing to ensure that all business units have the necessary training and data privacy protocols in place.
- Identifying, defining, measuring, improving, optimizing and steering the way we conduct our activities within BEIL has been part of our continuous improvement culture since the creation.
- Backed by our strong research and development capabilities, we have always strived to develop services which are safe and best in class.
- We have continuously focused on adapting new technologies and making innovative use of constrained resources to differentiate our services.

### Aspect: Marketing Communications

**Indicator- PR 4)** Non-compliance with regulations concerning product and service information and labeling

There has been no non-compliance with regulation issues faced during year 2011 due to service information disclosure or for any service type that is offered by BEIL. We follow all the concerning rules and regulations imposed nationally. The legal and compliance department assist the respective departments with monitoring in this regard.

**Indicator- PR 5)** Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

A customer segmentation study was conducted at the end of 2011, where the retail customers of BEIL were asked to partake in a telephone interview. A total of 2031 customers participated in the survey, which covered areas/topics such as Customer Profiling, Corporate Reputation, Brand Awareness /Advertising Awareness, Customer Insight and Future Market Needs.

Survey results showed positive responses on the almost all variables with Customer Service cited as the most liked feature by 49% of the respondents. Of the feature that needs to be improved, 23% identified the level of Interest on margin loan as the variable in most need of improvement. (Note: A recent competitor analysis has shown our interest level on margin loans to be one of the most competitive in the market).

**Indicator- PR 6)** Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.

The marketing policy requires that all marketing communications are reviewed by our Marketing, Sustainability and Corporate Affairs Department prior to publication. BEIL intend to maintain the co-branding and promotional

affiliation with business that does not conflict with our vision and business principles. BEIL is on the process of publishing its brand manual by early 2012.

To add more, BEIL follows relevant developments in legislation, international standards and voluntary codes related to marketing communications (including advertising, promotion and sponsorship), so as to continuously adopt its practices and ensure compliance with best practice. BEIL will look to further promote such adherence to laws, standards and voluntary codes through comprehensive training program specifically designed to meet the needs of BEIL communicators.

**Indicator- PR 7)** Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.

**There has been no incident of non-compliance with regulations and voluntary codes concerning marketing communications by types of outcomes.**

**Indicator- PR 8)** Substantiated complaints regarding breaches of customer privacy.

Customer privacy is important to BEIL and we have not received any material complaints concerning breaches of customer privacy or losses of customer data. Efforts are ongoing to ensure that all of our business units have the necessary data privacy protocols in place. We did not face any fine or sanction for non-compliance of laws and regulations in 2009-2011.

**Indicator- PR 9)** Non-compliance with laws and regulations concerning products and services

**See Indicator PR 4**

# Content Index

GRI Section	GRI 3.1 Disclosure	Description	Page
<b>Strategy and Analysis</b>	1.1	Executive statement	02-04
	1.2	Key impacts, risks and opportunities	04
<b>Organizational Profile</b>	2.1	Name of the organization	07
	2.2	Primary brands, products and/or services	07
	2.3	Operational structure	08
	2.4	Location of organization's headquarters	08
	2.5	Countries with major operations	08
	2.6	Nature of ownership and legal form	08
	2.7	Markets served	08
	2.8	Scale of the reporting organization	08
	2.9	Significant changes during the reporting period	08
	2.10	Awards received in the reporting period	08
<b>Report Parameters</b>	3.1	Reporting period	08
	3.2	Date of most recent previous report	08
	3.3	Reporting cycle	08
	3.4	Contact point for report	08
	3.5	Process for defining report content	09
	3.6	Boundaries of the report	09
	3.7	Limitations on the report scope or boundary	09
	3.8	Basis for reporting on joint ventures, subsidiaries, etc.	09
	3.9	Data measurement techniques	09
	3.10	Restatements of information	09
	3.11	Significant changes from previous reporting periods	09
	3.12	GRI Index	09
<b>Governance, Commitments &amp; Engagement</b>	3.13	External assurance	09
	4.1	Governance structure of the organization	10-14
	4.2	Chair of the highest governance body	14
	4.3	Independent members of highest governance body	14
	4.4	Shareholders and employees input to the highest governance body	14
	4.5	Compensation link to performance for highest governance body	14
	4.6	Conflicts of interest avoidance	14
	4.7	Highest governance body qualifications	14-17
4.8	Mission statement and codes of conduct	18	

GRI Section	GRI 3.1 Disclosure	Description	Page
	4.9	Highest governance body to performance oversight	18
	4.10	Highest governance body to performance evaluation	18
	4.11	Precautionary approach	18
	4.12	Endorsement of externally developed principles	19
	4.13	Significant association memberships	19
	4.14	List of stakeholder groups	19
	4.15	Stakeholder identification and selection process	19
	4.16	Stakeholder engagement	19-20
	4.17	Key stakeholder issues and concerns	20
<b>Economic</b>	MA	Management approach	21
	EC1	Economic value generated	21
	EC2	Financial implications, risks and opportunities of climate change	22
	EC3	Coverage of organization's defined-benefit plan	22
	EC4	Financial assistance from government	22
	EC5	Standard entry level wage compared to local minimum wage	22
	EC6	Spending on locally-based suppliers	22-23
	EC7	Procedures for local hiring	23
	EC8	Infrastructure investments and services for public benefit	n/av
	EC9	Indirect economic impacts	n/av
<b>Environmental</b>	MA	Management approach	23-24
	EN1	Materials used by weight or volume	24
	EN2	Recycled input materials used	24
	EN3	Direct energy consumption	24
	EN4	Indirect energy consumption	24
	EN5	Energy saved due to conservation and efficiency improvements	25
	EN6	Initiatives to provide energy-efficient products and services	n/ap
	EN7	Initiatives to reduce indirect energy consumption	25
	EN8	Water withdrawal by source	26
	EN9	Water sources significantly affected by withdrawal of water	27
	EN10	Water recycled and reused	27
	EN11	Land adjacent to protected areas	27
	EN12	Impacts of activities on biodiversity in protected areas	n/ap
	EN13	Habitats protected or restored	n/ap
	EN14	Strategies for managing impacts on biodiversity	n/ap
	EN15	IUCN Red List species affected by operations	n/ap

GRI Section	GRI 3.1 Disclosure	Description	Page
	EN16	Direct and indirect greenhouse gas emissions	27
	EN17	Other relevant indirect greenhouse gas emissions	28
	EN18	Initiatives to reduce greenhouse gas emissions	n/ap
	EN19	Emissions of ozone-depleting substances	28
	EN20	NO, SO and other significant air emissions	n/ap
	EN21	Water discharge by quality and destination	n/ap
	EN22	Weight of waste by type and disposal method	29
	EN23	Significant spills	n/ap
	EN24	Transported, imported or exported hazardous waste	n/ap
	EN25	Water bodies and habitats affected by water discharge/runoff	n/ap
	EN26	Mitigation of environmental impacts of products/services	n/ap
	EN27	Products sold and packaging materials reclaimed	n/ap
	EN28	Non-compliance with environmental laws and regulations	29
	EN29	Environmental impacts of transporting products	n/ap
	EN30	Environmental protection expenditures	n/ap
<b>Labor Practices and Decent Work</b>	MA	Management approach	29
	LA1	Workforce by employment type and region	29
	LA2	Employee turnover by age group, gender and region	30
	LA3	Benefits provided to full-time employees and not provided to temporary or part-time employees	30
	LA4	Collective bargaining agreements	n/ap
	LA5	Minimum notice periods regarding operational changes	n/ap
	LA6	Management-worker health and safety committees	31
	LA7	Rates of injury	n/av
	LA8	Education, training, counseling and prevention programs regarding serious diseases	n/ap
	LA9	Health and safety topics covered in formal agreements with trade unions	31
	LA10	Training per year, per employee	31-32
	LA11	Skills management and lifelong learning programs	32
	LA12	Performance and career development reviews	32
	LA13	Composition of governance bodies and employees according to diversity indicators	32-33
	LA14	Ratio of basic salary of men to women	33
LA15	Return to work and retention rates after parental leave	33	



GRI Section	GRI 3.1 Disclosure	Description	Page
<b>Human Rights</b>	HR1	Investment agreements that include human rights clauses	n/ap
	HR2	Human rights screening of suppliers and contractors	n/ap
	HR3	Human rights policies and procedures training for employees	33
	HR4	Incidents of discrimination	33
	HR5	Incidents of freedom of association and collective bargaining	n/ap
	HR6	Incidents of child labor	n/ap
	HR7	Incidents of forced or compulsory labor	n/ap
	HR8	Human rights policies and procedures training for security personnel	n/ap
	HR9	Incidents of violations involving rights of indigenous people	n/ap
	HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	33
	HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	34
<b>Society</b>	MA	Management approach	34
	SO1	Impacts of operations on communities	n/av
	SO2	Business units analyzed for risks related to corruption	n/av
	SO3	Anti-corruption policies and procedures training for employees	34
	SO4	Response to incidents of corruption	34
	SO5	Public policy development and lobbying	34
	SO6	Financial and in-kind contributions to political parties	n/ap
	SO7	Anti-competitive behavior, anti-trust, and monopoly practices	n/ap
	SO8	Fines and non-monetary sanctions for non-compliance with laws and regulations	34
<b>Product Responsibility</b>	MA	Management approach	35
	PR1	Health and safety impacts of products and services	n/ap
	PR2	Non-compliance concerning health and safety impacts of products and services	n/ap
	PR3	Products and service information required by procedures	n/ap
	PR4	Non-compliance with regulations concerning product and service information and labeling	35
	PR5	Practices related to customer satisfaction	35
	PR6	Adherence to laws and standards codes related to marketing communications	36
	PR7	Non-compliance with regulations concerning marketing communications	36
	PR8	Substantiated complaints regarding breaches of customer privacy	36
	PR9	Non-compliance with laws and regulations concerning products and services	36

**Note: n/av = not available, n/ap= not applicable**