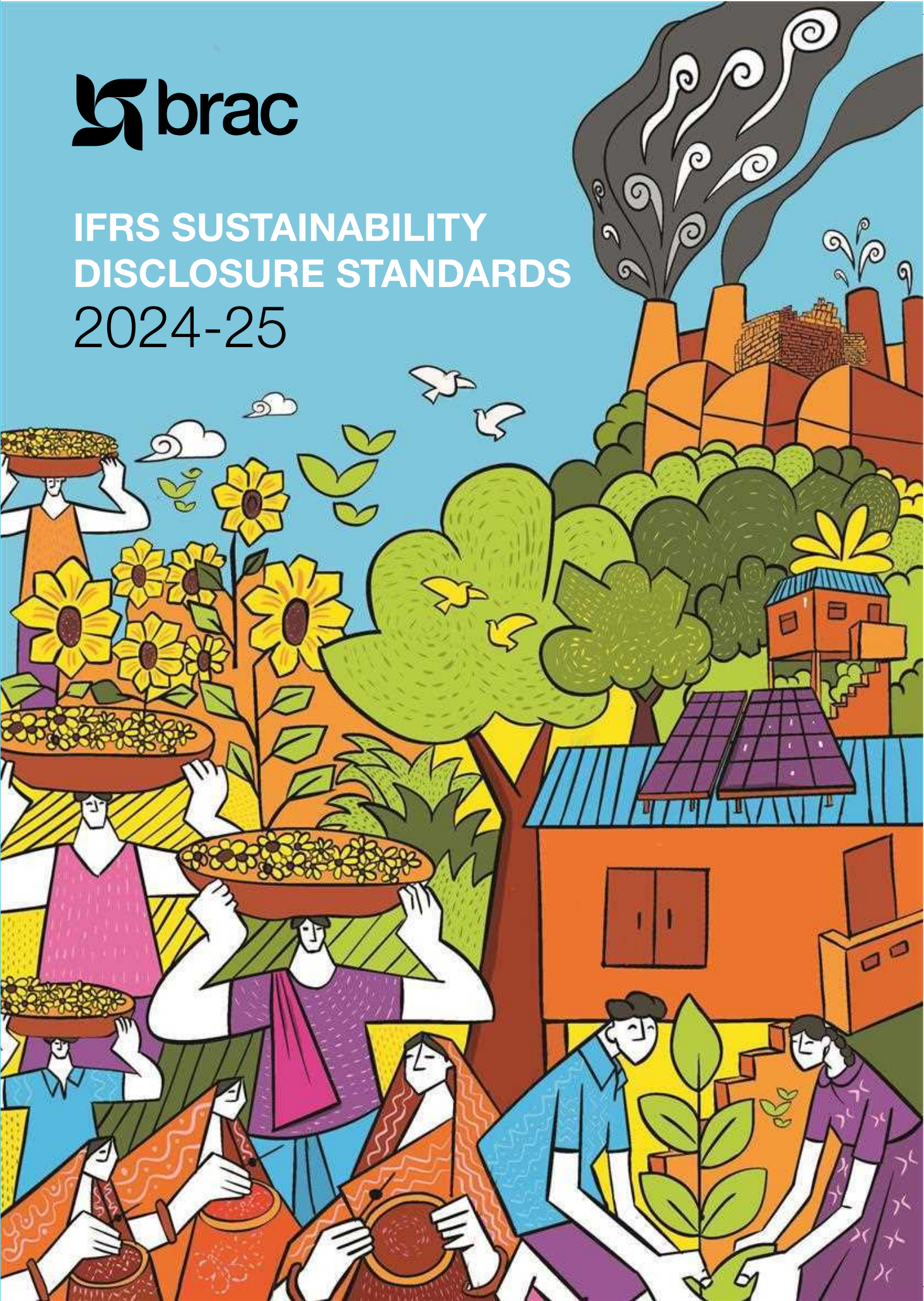
brac

IFRS SUSTAINABILITY DISCLOSURE STANDARDS 2024-25



The cover artwork illustrates BRAC's climate journey under IFRS: recognising risks such as industrial emissions, responding through climate adaptation and mitigation across programmes and departments, empowering communities through social enterprises, and investing in nature and future generations to build long-term resilience.

BRAC'S SUSTAINABILITY AND CLIMATE RELATED DISCLOSURES

International Financial Reporting Standards (IFRS)
International Sustainability Standards Board

2024-25

YOUNG MEN AND WOMEN GROWING UP TODAY FACE UNIQUE CHALLENGES. WE ALL HAVE AN EQUAL RESPONSIBILITY TO INVEST TIME AND ENERGY IN SHAPING THEIR THINKING AND BUILDING THEIR CAPACITIES TO PREPARE THEM FOR THE FUTURE.

Sir Fazle Hasan Abed
Founder, BRAC

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Print
Progressive Printers Pvt. Ltd.

Printed in FSC Paper

ABOUT BRAC

BRAC is an international development organisation founded in Bangladesh in 1972 that partners with over 100 million people living with inequality and poverty to create opportunities to realise human potential. BRAC is known for its community-led, holistic approach and for delivering long-term impact at scale. BRAC works with communities in marginalised situations, hard-to-reach areas, and post-disaster settings across Asia and Africa, with a particular focus on women and children. BRAC operates as a solutions ecosystem, including social development programmes, social enterprises, humanitarian response, a bank, and a university. BRAC was born and proven in the South. It has become a world leader in developing and implementing cost-effective, evidence-based programmes and has been recognised as the number one development organisation in the world for multiple consecutive years by the Geneva-based independent media organisation NGO Advisor.

VISION

A world free from all forms of exploitation and discrimination, where everyone has the opportunity to realise their potential.

MISSION

Our mission is to empower people and communities in situations of poverty, illiteracy, disease, and social injustice. Our interventions aim to achieve large-scale, positive changes through economic and social programmes that enable men and women to realise their potential.

VALUES

Integrity
Innovation
Inclusiveness
Effectiveness

FOREWORD FROM THE THE EXECUTIVE DIRECTOR

This report reflects BRAC's conviction that climate resilience, transparency, and accountability must now sit at the core of development practices. As climate risks intensify and development gains become increasingly fragile, institutions like ours must not only scale action on the ground, but also raise the bar on how we measure, disclose, and govern our climate impact. This first IFRS-aligned sustainability report marks an important step in that direction.

Bangladesh is the seventh most climate-vulnerable country in the world, and six of the seven districts with the highest poverty rates are also among the most exposed to climate risks. In many of these districts—particularly in the southern coastal region—BRAC's data shows that households are incurring losses equivalent to nearly half of their annual income due to climate-induced disasters. These shocks threaten to reverse decades of hard-earned development gains for communities who have fought the hardest to improve their lives.

For over five decades, BRAC has been a steadfast partner in Bangladesh's development journey. Our work has reached millions—advancing financial inclusion, expanding access to education and healthcare, and strengthening resilience to shocks—always guided by the lived realities of the people we serve.

Today, as climate impacts grow in both intensity and frequency, those realities are changing rapidly. Many communities are being uprooted by slow-onset climate impacts, while millions more live one disaster away from extreme poverty. The progress they have achieved—often through extraordinary perseverance—is increasingly at risk.

At BRAC, our responsibility has always extended beyond delivering programmes. It is also to help shape systems that work for people when they need them most. This report is part of that responsibility.

In response, BRAC is scaling up its climate action to help communities protect their development gains and strengthen local adaptive capacity. We work closely with communities across Bangladesh to build resilience, support climate-adaptive livelihoods, and accelerate the adoption of green energy solutions—recognising that climate action must be both people-centred and systems-oriented.

As part of our broader effort to catalyse landscape-level change, BRAC is proud to be the first non-governmental organisation in Bangladesh to voluntarily adopt the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards. By aligning our reporting with IFRS S1 and IFRS S2, we aim to set a new benchmark for

transparency, governance, and accountability in the development sector—particularly in relation to carbon accounting and climate action.

Between July 2024 and June 2025, BRAC invested BDT 1.93 billion (approximately USD 15.8 million) in climate-related initiatives, directing resources to where they are most urgently needed. We supported 559,000 farmers with crop insurance to safeguard livelihoods against increasingly unpredictable weather. At BRAC Centre, our headquarters, we reduced greenhouse gas emissions by 17 percent over six years and saved more than 103.6 million pages of paper. Our rooftop solar programme—now underway across 32 establishments nationwide—is expected to meet 55 percent of electricity demand at these sites. Additional initiatives, including the BRAC Declutter Fair 2025 and our work addressing plastic pollution, have collectively prevented and offset significant carbon emissions.

These outcomes are not isolated achievements. They reflect an integrated effort to embed sustainability and climate resilience across our programmes, operations, and institutional systems.

Looking ahead, BRAC will continue to strengthen its systems, deepen partnerships, and invest in data-driven solutions that accelerate climate resilience at scale. We recognise that meaningful progress requires sustained collaboration across government, civil society, and the private sector. By committing to higher standards of transparency and accountability, we aim not only to strengthen our own practice, but to help catalyse sector-wide transformation—so that development gains are protected for generations to come.

Asif Saleh
Executive Director
BRAC

FOREWORD FROM THE THE MANAGING DIRECTOR

Bangladesh stands at a crossroads in time, where the urgency of social and economic development intersects with escalating climate impacts —while also needing to advance an inclusive green transition of our economy. For many people in Bangladesh, climate change is not a distant threat—it's a lived reality. It is already driving displacement on a significant scale in Bangladesh. Our findings show that half of all people living in urban slums across the country come from just 10 districts, most of which are among the most climate-vulnerable.

Over the past half century, BRAC has evolved into a comprehensive solutions ecosystem — a continually expanding constellation of organisations united by a single ethos: to solve social problems, whatever it takes. The climate crisis, given its scale and its far-reaching impact on all areas of life, requires an equally broad and adaptive response. Some challenges call for development-driven interventions, others for entrepreneurial approaches, and many for a combination of the two.

BRAC Social Enterprises embody this approach. Our mission extends far beyond the quest for growth: we utilise enterprise solutions to advance social development and address the real needs of people. This commitment is reflected in our first Sustainability (S1) and Climate Disclosure (S2) reports, prepared in alignment with the International Financial Reporting Standards (IFRS).

Across our enterprises, we are investing directly in frontline producers and accelerating climate adaptation. This includes the expansion of resilient seed varieties, adaptive farming techniques, and climate-smart livestock practices that help reduce methane emissions. Simultaneously, we are shrinking our environmental footprint by strengthening sustainable production processes, improving water and waste management, and developing greener supply chains that reduce fossil fuel dependence and promote a circular economy.

For example, BRAC Seed and Agro Enterprise is strengthening safe and sustainable food systems by promoting bio-fertilisers, bio-pesticides, and agricultural mechanisation. It also preserves nearly 1,000 germplasm varieties to protect biodiversity and ensure future climate adaptation. BRAC Dairy is reducing water stress through circular water-reuse systems, while BRAC Artificial Insemination is developing climate-smart cattle breeds that are more climate resilient, more efficient, and have lower methane emissions.

Aarong, guided by its mission to celebrate Bangladesh's artisanal heritage, supports communities on the frontlines of climate change. The enterprise equips artisans with disaster-resilient production practices, enabling them to better prepare for floods and other climate-induced shocks. By ensuring steady and dignified

As we move forward, our BRAC Social Enterprises will continue to expand access to tools for the frontline producers, artisans, and communities, to strengthen their climate resilience, promote circular and low-carbon practices, and create long-term social and environmental value.

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We are also helping customers make more sustainable choices. Through awareness campaigns and a growing set of sustainable practices, Aarong has been steadily nurturing a culture of conscious consumption—encouragin g customers to reuse shopping bags, choose lower-impact materials, and make sustainability a natural part of each

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purchase. Looking ahead, Aarong plans to scale up solar installations, transition fully to recyclable or biodegradable packaging, and begin measuring its carbon footprint.

As we move forward, our BRAC Social Enterprises will continue to expand the access to tools for the frontline producers, artisans, and communities, to strengthen their climate resilience, promote circular and low-carbon practices, and create long-term social and environmental value.

Our journey is not just about pursuing climate initiatives in isolation. It is about sparking conversations among stakeholders and reshaping our understanding of how we treat the planet. Together, we are in the enterprise of innovating, scaling solutions, and championing practices that safeguard livelihoods and protect the environment. Together, we are in the business of building a world that works for everyone—not just the privileged few.

Tamara Hasan Abed
Managing Director
BRAC Enterprises

FOREWORD FROM THE MEMBER, GOVERNING BODY

As we witness the increasing frequency of intense cyclones hitting the coast each year, farmers struggling with salinity in their lands, drought-stricken farmlands, and a growing number of climate migrants in the urban slums of Dhaka, we understand that climate change is not a distant threat but a present-day emergency, particularly for communities facing the most significant challenges.

Bangladesh, as a nation, and BRAC, as an organisation, have proven to be champions in climate change adaptation. Despite the challenges, innovative solutions have been pioneered every day in the communities that are most impacted. From community-based adaptation and climate-smart agriculture to financial instruments designed to build resilience, BRAC's solutions are proving effective, even in the most challenging conditions.

For BRAC, as the world's largest development organisation with a strong presence across Bangladesh, the climate crisis is not only a challenge but also an opportunity for transformative development. It is closely linked to livelihoods, health, women's empowerment, education, and beyond. In response, BRAC has made significant strides in combating the climate crisis through various adaptation interventions. These interventions are not only scalable but also deeply human, rooted in the needs of the communities most affected.

At BRAC, our Social Enterprises also play a crucial role in promoting environmental sustainability and introducing low-carbon strategies. Aarong, Bangladesh's leading lifestyle brand, has empowered communities for decades, helping artisans and associates build sustainable livelihoods and resilience.

BRAC's first Sustainability (S1) and Climate Disclosure (S2) reports stand as testaments to our long-standing commitment to creating a more equitable and livable world. These commitments have been upheld since Sir Fazle Hasan Abed initiated this journey. Over time, BRAC has strategically adapted its programmes and enterprises to address emerging crises, like climate change.

The adoption of S1 and S2 disclosures under IFRS (International Financial Reporting Standards) demonstrates our commitment to aligning with global standards of financial transparency, as well as our accountability towards the climate and the environment. These standards provide a universal framework that allows our stakeholders to clearly understand our operational and financial strategies related to climate and sustainability.

These disclosures reflect our unwavering commitment to governance, risk management, current emissions, and future targets, ensuring integrity and clarity.

This publication is more than just a technical compliance document for BRAC. It represents our pledge to safeguard environmental resources, bring innovations in adaptation interventions, bridge climate science with ground realities, promote low-carbon development, and nurture the next generation of climate entrepreneurs.

Muhammad Farhad Hussain
Member, Governing Body
Chair of the sustainability board, BRAC

FOREWORD FROM THE THE CHIEF FINANCIAL OFFICER

It is with great pleasure to present BRAC's first sustainability report prepared in alignment with the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards, specifically IFRS S2: Climate-related Disclosures.

The IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information provides the overarching framework ensures consistency, comparability, and reliability in sustainability reporting. Key steps included strengthening our capacity to track climate-related risks and opportunities, integrating scenario analysis into financial planning, and ensuring that material sustainability issues are reflected in our reporting.

At BRAC, we believe long-term impact comes from both effective programmes and sustainable, responsible action, supporting our mission to empower people and our vision of a poverty-free, resilient, and inclusive Bangladesh.

BRAC integrates sustainability across its programmes, enterprises, and operations from eliminating single-use plastics, promoting renewable energy, and climate-smart agriculture to large-scale projects like mangrove plantations and adaptation clinics and so on. Through Aarong and other social enterprises, BRAC links environmental

stewardship with social responsibility, embedding sustainable practices into value chains while supporting livelihoods and community resilience.

For this first disclosure report, the Strategy and Risk Management sections focus on a select number of BRAC's programmes, enterprises and operations, rather than the entire organisation. In line with IFRS S2: Climate-related Disclosures, the report covers governance, strategy, risk management, and relevant metrics and targets related to climate.

These elements highlight how climate risks and opportunities are identified, managed, and embedded into our overall operations and mission.

Looking ahead, we remain dedicated to continuous improvement by integrating climate and sustainability considerations into our resource allocation, capital investments, and risk management processes. Through alignment with global financial disclosure standards, we aim to enhance stakeholder confidence and continue to strengthen the long-term resilience of the communities we serve.

We remain committed to continuous improvement and to aligning our financial and sustainability reporting with international best practices.

Sabbir Ahmed
Chief Financial Officer
BRAC

FOREWORD FROM THE DIRECTOR, INTERNAL AUDIT DEPARTMENT

It is with great pride that I reflect on BRAC's pioneering step towards sustainability reporting through our first independent compliance with the International Sustainability Standards Board (ISSB) - IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures). This achievement marks a significant milestone for BRAC, symbolising our ongoing commitment to transparency, accountability, and the strengthening of an IFRS-compliant culture within Bangladesh's development sector.

The successful completion of this reporting cycle not only highlights the robustness of BRAC's governance structure but also underscores the Finance, Audit & Risk Committee's (FARC) expanded role in overseeing sustainability and climate-related initiatives. This oversight ensures that our reporting meets international standards and reflects the highest levels of integrity and reliability.

Aligned with the Institute of Internal Auditors (IIA) Global Internal Audit Standards, our Internal Audit function has evolved beyond its traditional assurance role. We have worked closely with management to enhance our capacity to assure the reliability of sustainability and climate-related data, thereby strengthening trust in the systems supporting these critical disclosures.

This first cycle of IFRS S1 and S2 reporting lays a solid foundation for future sustainability disclosures within the development sector. It sets a precedent

accountability, and the strengthening of an IFRS-compliant culture within Bangladesh's development sector.

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This first cycle of IFRS S1 and S2 reporting lays a solid foundation for future sustainability disclosures within the development sector. It sets a precedent that will guide other organisations in the sector and beyond in advancing their own IFRS-compliant reporting practices.

As we continue this journey, Internal Audit will remain focused on fostering a culture of compliance and continuous improvement, providing valuable insights to FARC and management. Together, we will ensure that BRAC's sustainability disclosures continue to be credible, transparent, and responsive to the expectations of our stakeholders.

I extend my sincere gratitude to BRAC's leadership, management, and all colleagues who have supported this initiative. Their unwavering dedication has been instrumental in achieving this important milestone.

Nanda Dulal Saha, FCA
Director, Internal Audit
BRAC

FOREWORD FROM THE DIRECTOR, CCP, UDP AND DRMP

Climate change is no longer abstract data on a graph; it is floodwater entering homes, cyclone winds tearing down shelters, and saline water creeping into once-fertile fields. For over three decades, my work has shown me that resilience is built not in boardrooms, but in villages, informal settlements, and coastal embankments where people confront these risks every day. In Bangladesh, one of the most climate-exposed nations in the world, every flood or saline intrusion is not just an environmental event but a financial and social shock for millions.

At BRAC, we do not treat climate resilience as an add-on. Our climate change, urban development, and disaster risk management programmes tackle the realities of a climate-stressed nation head-on: helping farmers secure harvests with saline-tolerant crops, cutting urban emissions through waste recycling, and enabling communities to prepare for, survive, and recover from disasters. These are not side projects; they are the foundation of sustainable development in Bangladesh.

What makes this work transformative is how climate risks and opportunities are governed. Oversight runs from our board committees down to the field, embedding accountability and action at every level. This ensures that our climate strategy is not aspirational; it is operational, shaping decisions, investments, and daily practice.

This sustainability disclosure, aligned with IFRS standards, marks a milestone as it translates lived realities into transparent and accountable data. It demonstrates not only the scale of our climate action, investments, reduced emissions, diverted waste, and expanded solar power but also that NGOs, too, can and must lead with credibility, precision, and ambition.

We know that risks are intensifying. Yet within them lie opportunities such as rooftop solar projects that cut costs and emissions, digital systems that streamline operations, and nature-based solutions that secure both carbon sinks and community incomes. We are proving that science-based strategies can both protect people and unlock new pathways of resilience.

Md Liakath Ali, PhD
Director
Climate Change Programme
Urban Development Programme
Disaster Risk Management Programme
BRAC

ACRONYMS

AFOLU: Agriculture, Forestry, And Other Land Use

AYII: Area Yield Index Insurance

BCCSAP: Bangladesh Climate Change Strategy And Action Plan

BDT: Bangladeshi Taka

BEP: BRAC Education Programme

BHP: BRAC Health Programme

CAPEX: Capital Expenditure

CCP: Climate Change Programme

CO_2: Carbon Dioxide

CO2e: Carbon Dioxide Equivalent

CRA: Climate Risk Assessment

CRF: Climate Resilience Framework

CRH: Climate Resilient House

CVA: Climate Vulnerability Assessments

DCS: Digitisation of Client Services

DDMT: District Disaster Management Team

DEFRA: Department for Environment, Food and Rural Affairs

DMSC: Disaster Management Steering Committee

DRMP: Disaster Risk Management Programme

FARC: Finance, Audit and Risk Committee

GHG: Greenhouse Gas

HCMP: Humanitarian Crisis Management Programme

HFC: Hydrofluorocarbons

HGV: Heavy Goods Vehicle

IDCOL: Infrastructure Development Company Limited

IFRS: International Financial Reporting Standards

IPCC: Intergovernmental Panel on Climate Change

IPPU: Industrial Processes and Product Use

JO-CREWSnet: Jameel Observatory Climate Resilience Early Warning System Network

MEAL: Monitoring, Evaluation, Accountability, And Learning

MF: Microfinance

MIT: Massachusetts Institute of Technology

NAP: National Adaptation Plan

NBR: National Board of Revenue

NBS: Nature-Based Solutions

NDC: Nationally Determined Contributions

NGO: Non-Governmental organisation

ODC: Organisational Development Committee

OPEX: Operating Expenses

PCC: Programme Coordination Committee

PLEASE: Plastic Free Rivers and Seas for South Asia

PTM: Protocol and Travel Management

RWH: Rainwater Harvesting

RJSC: Registrar of Joint Stock Company

SDG: Sustainable Development Goals

UDMT: Upazila Disaster Management Team

UDP: Urban Development Programme

UNFCCC: United Nations Framework Convention on Climate Change

UPGP: Ultra-Poor Graduation Programme

USD: United States Dollar

WASH: Water, Sanitation and Hygiene

WII: Weather Index Insurance

GLOSSARY

ADAPTATION

In human systems, the process of adjustment to actual or expected climate and its effects, in order to moderate harm or exploit beneficial opportunities. In natural systems, the process of adjustment to actual climate and its effects; human intervention may facilitate adjustment to expected climate and its effects.

ADAPTATION CLINIC

A one stop agricultural service centre for strengthening adaptive capacity of climate vulnerable farmers through providing holistic services.

ADAPTIVE CAPACITY

The ability of systems, institutions, humans and other organisms to adjust to potential damage, to take advantage of opportunities or to respond to consequences.

CARBON FOOTPRINT

Measure of the exclusive total amount of emissions of carbon dioxide (CO2) that is directly and indirectly caused by an activity or is accumulated over the lifecycle stages of a product.

AMAR BON

A special type of forestry model developed by BRAC Climate Change Programme, where mixed species of trees are planted on fallow land in such a way that a crop is available throughout the year. A combination of three types of trees - timber, fruit and medicine - is used to ensure afforestation through planting of diverse and mixed species of indigenous species.

CLIMATE CHANGE

A change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods

CLIMATE-RELATED OPPORTUNITIES

Climate-related opportunities refers to the potential positive effects arising from climate change for an entity. Efforts to mitigate and adapt to climate change can produce climate-related opportunities for an entity.

CLIMATE SCENARIO ANALYSIS

Climate scenario analysis is a method used to evaluate the potential impacts of climate change on organisations and economies by creating various plausible future scenarios. These scenarios typically consider different levels of greenhouse gas emissions, climate policies, and socio-economic factors to assess how these changes might affect an entity's operations, financial performance, and overall resilience.

CLIMATE-RELATED PHYSICAL RISKS

Risks resulting from climate change that can be event-driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk). Acute physical risks arise from weather-related events such as storms, floods, drought or heatwaves, which are increasing in severity and frequency. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss and changes in soil productivity.

CLIMATE-RELATED TRANSITIONAL RISK

Risks that arise from efforts to transition to a lower-carbon economy. Transition risks include policy, legal, technological, market and reputational risks. These risks could carry financial implications for an entity, such as increased operating costs or asset impairment due to new or amended climate-related regulations.

CO2 EQUIVALENT

The universal unit of measurement to indicate the global warming potential of each greenhouse gas, expressed in terms of the global warming potential of one unit of carbon dioxide.

DISASTER RISK

The likelihood over a specified time period of severe alterations in the normal functioning of a community or a society due to hazardous physical events interacting with vulnerable social conditions, leading to widespread adverse human, material, economic, or environmental effects that require immediate emergency response to satisfy critical human needs and that may require external support for recovery.

DISASTER RISK REDUCTION

The strategic and instrumental measures employed for anticipating future disaster risk; reducing existing exposure, hazard, or vulnerability; and improving resilience.

GREENHOUSE GASES

The seven greenhouse gases listed in the Kyoto Protocol: carbon dioxide (CO_2); methane (CH_4); nitrous oxide (N_2O); hydrofluorocarbons (HFC_s); nitrogen trifluoride (NF_3); perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6).

MITIGATION

A human intervention to reduce emissions or enhance the sinks of greenhouse gases.

MITIGATION MEASURES

Technologies, processes or practices that contribute to mitigation, for example, renewable energy technologies, waste minimisation processes, and public transport commuting practices.

MONGLA MODEL

A proven model for ensuring long-term safe water access for climate-vulnerable communities by combining three interlinked pillars: climate adaptive water technology, behavioural practices, and sustainability measures.

RESILIENCE

The capacity of interconnected social, economic and ecological systems to cope with a hazardous event, trend or disturbance, responding or reorganising in ways that maintain their essential function, identity and structure. Resilience is a positive attribute when it maintains capacity for adaptation, learning and/or transformation.

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THE REPORT AT A GLANCE

REPORTING BOUNDARIES AND APPROACH

As BRAC's first sustainability disclosure under the International Financial Reporting Standards (IFRS), the report applies transition relief under IFRS S1, with an initial focus on climate-related risks and opportunities (IFRS S2). The scope currently covers selected programmes and operations, with climate metrics limited to BRAC Centre, Dhaka, and serves as a baseline for future organisation-wide reporting. Disclosures are structured around the IFRS core pillars: governance, strategy, risk management, and climate metrics and targets. Together, they provide transparency on BRAC's early efforts to address climate-related risks and opportunities, alongside adaptation and mitigation measures. Broader coverage is planned in future reporting cycles.

SUSTAINABILITY APPROACH

BRAC integrates environmental, social, and climate considerations across its programmes, social enterprises, governance, and operations to drive resilience and long-term impact. Its sustainability approach is guided by the Climate Resilience Framework (focusing on adaptive, anticipatory, absorptive, and transformative capacity), the Climate Change Strategy (2016-2020, now under revision for 2026-2030), and the Environment Policy (2017), and the Environmental and Social Safeguard Framework (2017). BRAC also aligns its interventions with national priorities, including the National Adaptation Plan (NAP), the Nationally Determined Contributions (NDCs) and sectoral climate targets.

Practical actions include phasing out single-use plastics across operations and undertaking sustainability initiatives such as the Mangrove Plantation Project, that planted 120 thousand saplings across 54.5 acres from 2021-2023, projected to sequester approximately 1,500 tonnes of CO_2 equivalent (tCO_2e) each year once mature. BRAC has also launched Adaptation Clinics, one-stop service centres for climate-adaptive agriculture, that promote regenerative agriculture, and ensure food security. Through the PLEASE initiative in Cox's Bazar, southern Bangladesh, BRAC is strengthening municipal waste management, promoting circular economy practices, and establishing a recycling facility projected to reduce greenhouse gas (GHG) emissions by approximately 1,272 tCO_2e annually.

BRAC Social Enterprises are also embedding sustainability by promoting climate-smart agriculture, green industry practices, renewable energy integration, and circular solutions such as biogas production. Aarong has reduced reliance on plastics by introducing reusable and biodegradable alternatives. It also promotes natural fibre yarns and paperless operations, avoiding 1.8 million paper prints. Complementing these measures, Aarong has introduced fabric-based shopping bags linked to tree plantation initiatives and continues to train artisans on sustainable practices, embedding resilience and sustainability across its supply chain.

GOVERNANCE

BRAC's governance of sustainability and climate is embedded across its board, executive and programme levels, ensuring oversight of risk, strategy and performance. Climate-related responsibilities are integrated into programme leadership roles to strengthen decision-making, policy alignment and reporting. At the board level, the Finance, Audit and Risk Committee (FARC) oversees disclosures under the IFRS S1 and S2. The Organisational Development Committee (ODC), chaired by the Executive Director, ensures that sustainability initiatives remain strategically aligned. The Carbon Footprint Reduction Management Committee, led by the Director of the Climate Change Programme (CCP), Urban Development Programme (UDP) and Disaster Risk Management Programme (DRMP), drives mitigation and low-carbon measures across operations. BRAC's Environment Policy (2017) further guides action through a three-tier structure, comprising Green Standing Committees, Green Teams and Green Envoys at the field level.

INTEGRATION OF CLIMATE RISKS AND OPPORTUNITIES INTO BRAC'S STRATEGY

BRAC faces significant physical climate risks from cyclones, droughts, heat stress, salinity, and erratic rainfall, which affect operations, programme delivery, and infrastructure, increasing costs and challenging sustainability. It also faces transitional risks arising from policy, legal, technological, and reputational changes linked to low-carbon development, with short- and medium-term financial implications. Risks are assessed over short-term (0-12 months), medium-term (1-5 years), and long-term (>5 years) horizons, with impacts considered continuous across operational regions.

The draft BRAC Climate Change Strategy 2026-2030 aims to build resilience for 1.5 million people and reduce 0.5 million tCO_2e through the mainstreaming of adaptation, scaling resilient interventions, implementation of Nature-Based Solutions, and development of a low-carbon pathway.

BRAC integrates climate risks into its strategy and decision-making through targeted measures, including climate-resilient housing, adaptive agriculture, water resource management, disaster preparedness, and microfinance for vulnerable households. Community-level adaptation initiatives include a one-stop service centre for climate adaptive agriculture called Adaptation Clinics, urban resilience planning, and delivering climate-informed advisories. Mitigation is advanced through mangrove plantations, a community-based forestry model called Amar Bon, solar irrigation reducing diesel use, and plastic reduction in urban coastal areas. BRAC Social Enterprises contribute to research on resilient seeds and crops, livestock, biodiversity conservation, renewable energy, circular water management, waste-to-energy, and industrial resource efficiency.

For BRAC and its clients, climate impacts have already materialised; in 2024, Cyclone Remal caused BDT 8.25 million losses to UPGP participants and damaged 5,499 houses, while Eastern Flash Floods affected nearly 70,000 microfinance clients and caused BDT 3.03 million in losses. Insurance schemes covered 559,000 farmers, issuing over 400,000 policies in FY 2024-2025.

At the same time, BRAC has realised financial opportunities, such as the digital E-Approval system, which saved BDT 8.31 million, and the rooftop solar project across 32 sites, expected to meet 55% of annual electricity demand and cut utility costs by approximately 45%.

In FY 2024-2025, BRAC invested BDT 1.93 billion in climate-related initiatives,

spanning climate-adaptive agriculture and water systems, livelihood adaptation, skills development, capacity building on resilient livelihoods, flood relief and rehabilitation, climate-resilient health systems, urban planning, and waste management.

Using Bangladesh's National Adaptation Plan (NAP) which incorporates climate scenario analysis (SSP5-8.5), BRAC conducted its first climate scenario analysis, highlighting salinity intrusion

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RISK MANAGEMENT

BRAC integrates climate-related risks into its programme and enterprise-wide Risk Management Policy and Framework, applying a likelihood–impact matrix and climate vulnerability assessments (CVAs) to evaluate exposure, sensitivity, and adaptive capacity, thereby prioritising risks such as cyclones, floods, heat stress, and salinity.

Additionally, BRAC's Five-Year Strategic Plan 2021-2025 incorporates climate change as a key programmatic priority. These are complemented by hazard-specific modelling and alignment with national and global frameworks, including Bangladesh's NAP, NDC, and the IPCC, ensuring science-based responses. Risk management is also operationalised through BRAC's climate resilience framework and climate change strategy, which guides programmes to integrate climate, environmental, and social safeguards into decision-making and long-term strategy.

CLIMATE METRICS AND TARGETS

BRAC's initial carbon footprint coverage currently includes selected establishments, with plans to expand to additional sites in future reporting periods. For this reporting period, BRAC calculated its greenhouse gas (GHG) emissions in alignment with IFRS S2 guidelines and the GHG Protocol Corporate Standard, focusing on Scope 1, 2, and 3 inventories for the BRAC Centre in Dhaka, Bangladesh.

Using activity data from utility bills, fuel use, and procurement, other relevant departments, alongside

emission factors from DEFRA, UNFCCC, and the National Grid, total gross GHG emissions for 2024-2025 were reported at 9,777.58 tCO_2e in 2024-2025, marking a significant 17% reduction from the 2019 baseline of 11,781.73 tCO_2e.

In terms of programme-level emission reduction, initiatives during 2024-2025 included 10 tCO_2e avoided through reuse and recycling at the declutter fair, 672.5 tCO_2e offset via the PLEASE Project's waste diversion, 1,036 tCO_2e saved through digitisation of client services, and the distribution of 300,000 saplings nationwide for long-term carbon capture.

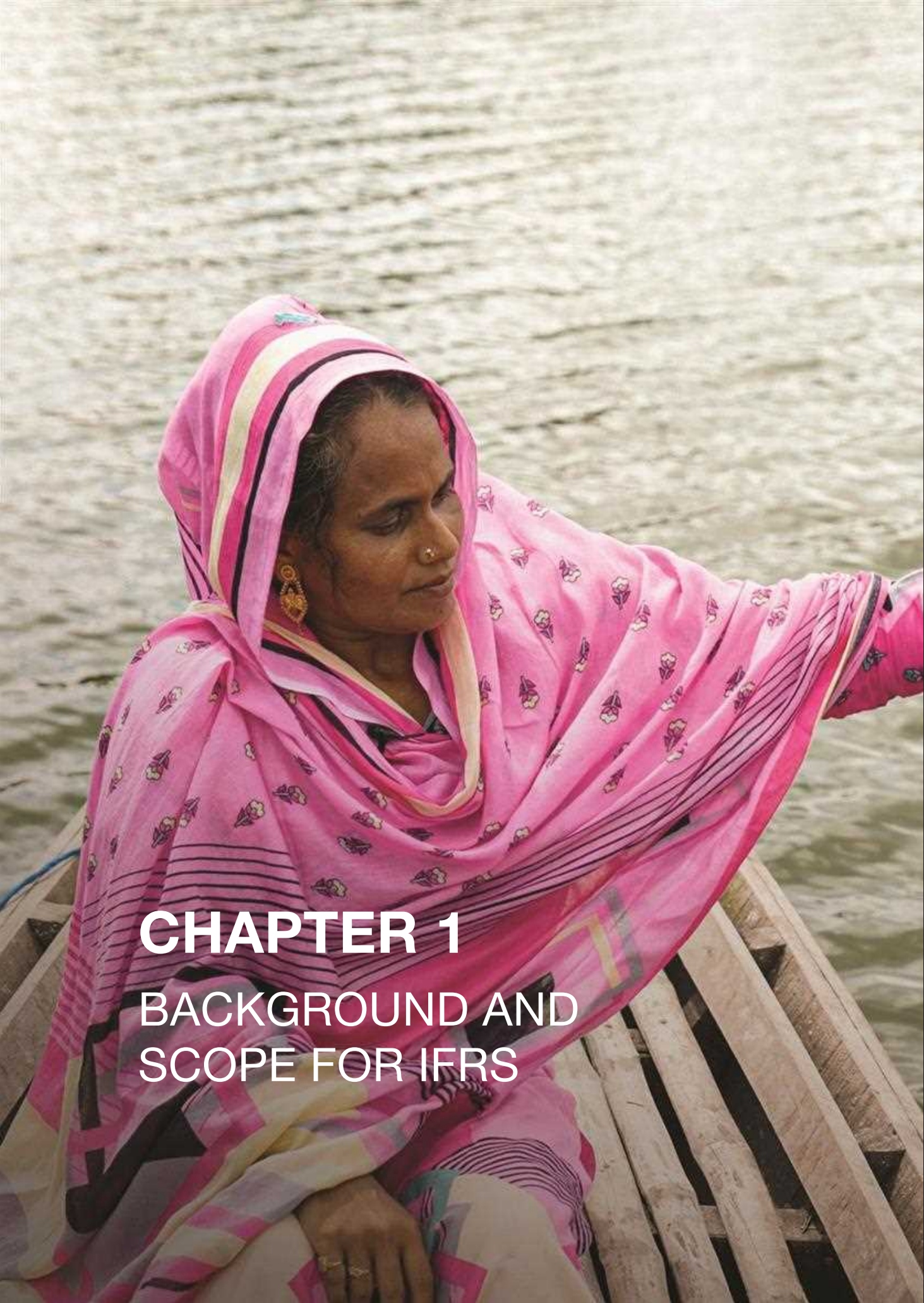
Looking ahead, BRAC's adaptation targets for 2025-2026 include supporting 90,000 people with integrated water management, climate-resilient agriculture, and nature-based solutions under the Rain for Life Project, reaching one million farmers through crop insurance, establishing 11 Adaptation Clinics, cultivating 5,000 bighas of sunflower farming, and establishing 50 new Amar Bon forests. Additionally, selected multipurpose cyclone shelters in southwest Bangladesh are proposed to be converted into multi-objective shelters, providing a safe refuge for vulnerable communities during both heatwaves and cyclones. As part of BRAC's broader climate adaptation efforts, the organisation is also co-designing The Big Bet, a multi-country climate adaptation initiative aimed at reducing climate vulnerability for around 14 million people across Bangladesh, Liberia, Tanzania, and Uganda by 2030.

Mitigation targets for 2025-2026 include installing 4.04 MW of rooftop solar, deploying seven new solar irrigation units, saving 1,272 tCO_2e annually through plastic recycling, and advancing large-scale mangrove plantations for carbon sequestration. Furthermore, by 2026 Aarong aims to increase solar installations across its outlets and centres, and transition to 100% recyclable or biodegradable packaging by 2027

FINANCIAL COMMITMENTS

For FY 2025-2026, BRAC has committed BDT 1.42 billion for climate adaptation, mitigation, and building resilience. This figure reflects only the budgets submitted at the start of the fiscal year; it is expected to increase as additional projects and funding are secured by

For FY 2025-2026, BRAC has committed BDT 1.42 billion for climate adaptation, mitigation, and building resilience. This figure reflects



CHAPTER 1

BACKGROUND AND SCOPE FOR IFRS

1.1 Background and objectives

BRAC stands as the largest development organisation in Bangladesh, reaching one in every five people in the country as of 2024. With 16 Programmes, BRAC addresses some of the most pressing issues faced by vulnerable communities, spanning health, education, poverty, livelihoods, disaster risk reduction, and climate change adaptation. By focusing on inclusive and sustainable development, BRAC empowers individuals and communities to overcome poverty and inequality.In Financial inclusion and poverty alleviation, BRAC supported 14 million people by providing access to financial services and raising awareness. Additionally, 131,982 ultra-poor households, including 2,931 persons with disabilities, received asset transfers and climate-adaptive enterprise support, empowering them to build long-term, sustainable livelihoods.

In health and nutrition, BRAC provided services and disseminated awareness messages to 3.5 million people, resulting in improved well-being and reduced vulnerabilities. 987,910 people gained access to WASH services and awareness, promoting better health outcomes.

Education remains a cornerstone of BRAC's mission, with 202,717 children accessing learning opportunities. Notably, 99% of BRAC school students continued their education, demonstrating the programme's effectiveness in fostering long-term academic retention.

BRAC strengthened community resilience by providing disaster risk reduction services to 11 million people. Over 1.9 million households received capacity-building and preparedness training, while 922,043 households benefited from weather forecasts and early warning systems, mitigating disaster impacts. At the forefront of climate action, 32,503 households adopted climate-adaptive solutions, including rainwater harvesting, resilient agriculture, climate resilient housing, and tree plantation, enhancing long-term sustainability.

This report discloses BRAC Bangladesh's sustainability and climate-related risks and opportunities in accordance with IFRS S1 and S2, providing stakeholders with helpful information regarding resource allocation, sustainability-related measures and policies, and climate adaptation and mitigation efforts of the organisation.

The report also outlines sustainability and climate-related risks and opportunities that may influence BRAC's financial resilience, or cost of capital across short-, medium-, and long-term horizons.

11 MILLION
people were supported through disaster risk reduction services.

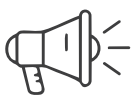
3.5 MILLION
people received essential awareness messages.

14 MILLION
people gained access to financial inclusion.

1.9 MILLION
households participated in capacity-building and preparedness training.

987,910 PEOPLE
were provided with access to WASH services.

202,717 CHILDREN
were given access to diverse learning opportunities.



922,043 HOUSEHOLDS
received weather forecasts and early warning systems.

131,982 ULTRA-POOR
households received climate-adaptive enterprise support.

32,503 HOUSEHOLDS
successfully implemented climate-adaptive solutions.

1.2 Scope of the disclosure

Building on BRAC's extensive efforts across various sectors, it is important to highlight the organisation's commitment to sustainability and climate action.

As a public interest entity, BRAC is required to comply with the IFRS (International Financial Reporting Standards) sustainability (S1) and climate-related disclosure (S2) standards, which are effective for BRAC from the Financial Year of 2024-2025.

Under the regulations of the Financial Reporting Council (FRC), the National Board of Revenue (NBR) and Registrar of Joint Stock Company (RJSC), BRAC must implement these standards and provide financial and non-financial disclosures in its annual report as part of the upcoming year-end financial statements.

IFRS S1 implies the disclosure of sustainability-related financial information of an entity, particularly sustainability-related risks and opportunities.

IFRS S2 demands the disclosure of climate related financial information, including the GHG emissions of the entity for the reporting year and emission reduction targets. It also discloses climate related risks and opportunities.

IFRS has four pillars: governance, strategy, risk management, as well as matrices and targets regarding the entity's sustainability, and climate-related risks and opportunities.

According to Appendix E5 of IFRS S1 general requirements for disclosure of sustainability related financial information, entities reporting for the first period applying this standard are permitted to disclose information on only climate-related risks and opportunities (in accordance with IFRS S2) while consequently applying the requirements in this standard to the extent as they relate to the disclosure of information on climate-related risks and opportunities. If an entity uses this transition relief, it shall disclose that fact.

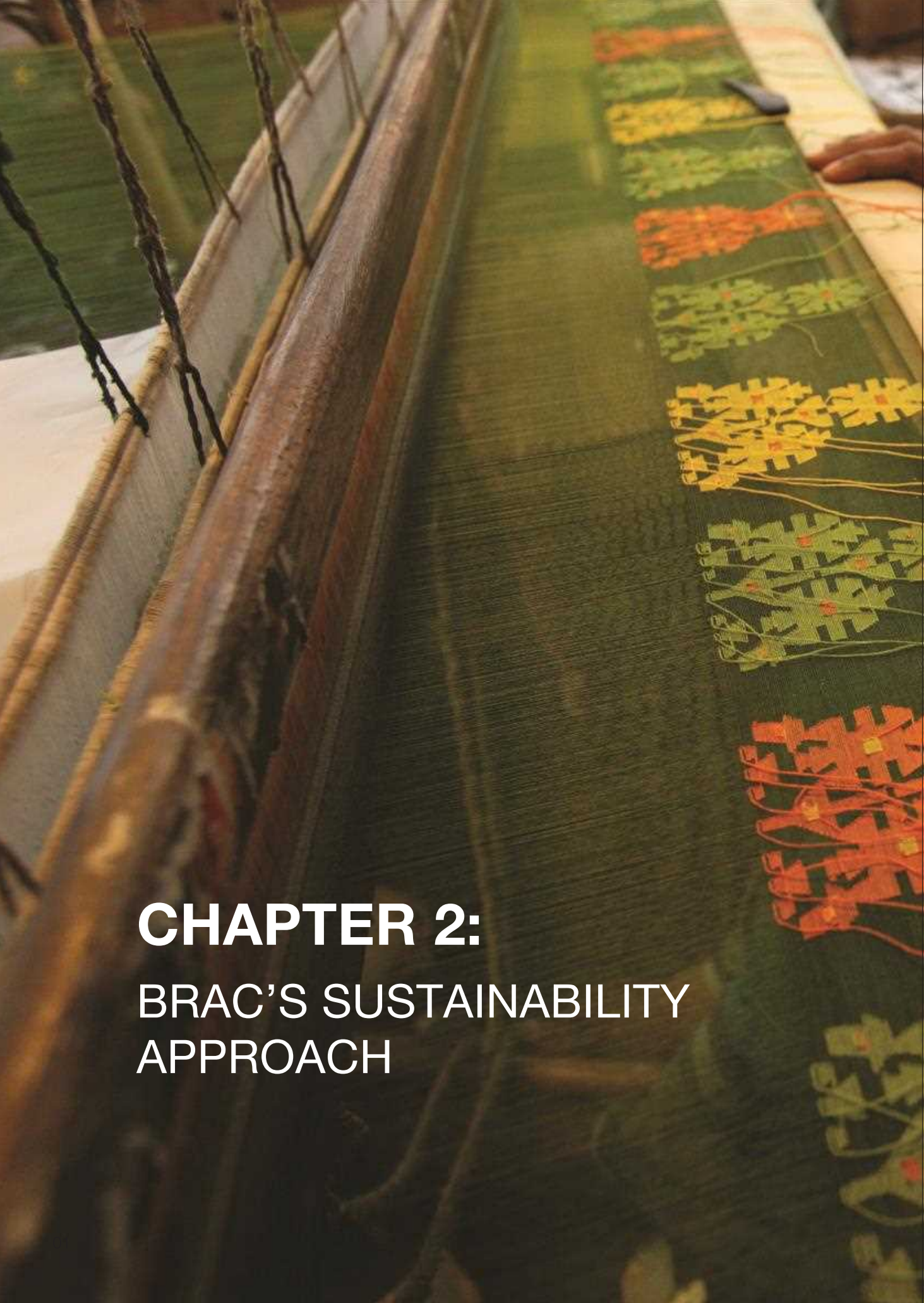
As BRAC is reporting IFRS disclosure for the first time, the entity will use transition relief for the reporting period of 2024-2025. For this report, BRAC will focus on disclosing information on climate-related risks and opportunities as per climate disclosure (S2) while providing brief information on sustainability disclosure (S1).

The IFRS S2 applies to:

1. climate-related risks to which BRAC is exposed, including:
   - a. Climate-related physical risks; and
   - b. Climate-related transition risks
2. climate-related opportunities available to BRAC

For this initial and first disclosure report, the strategy and risk management sections focus on a selected number of BRAC's programmes, social enterprises and operations, rather than the entire organisation. This limited scope reflects the time constraints and data availability challenges encountered in preparing the first report. Expanding coverage across all programmes remains a priority for future reporting cycles. Similarly, the climate metrics section includes data exclusively from BRAC Centre, the operational head office in Dhaka, central Bangladesh. The climate metrics and targets disclosed in this report serve as a starting point for establishing baseline measurements for IFRS reporting.

In line with IFRS reporting standards, this report outlines BRAC Bangladesh's disclosures on sustainability and climate-related risks and opportunities. The standard requires the organisation to provide stakeholders with clear insights into these four core components:



CHAPTER 2:

BRAC'S SUSTAINABILITY APPROACH

2.1 Sustainability-related risks and opportunities in strategy and value chain

Aligned with BRAC's mission of social equality and empowerment, the organisation prioritises environmental concerns and social sustainability in all its planning, decision-making, and implementation processes. BRAC's initiatives aim to create large-scale, positive change through economic and social programmes that empower people to realise their potential, regardless of gender, age, disability, or ethnicity. Moreover, conducting these initiatives in an environmentally responsible manner to safeguard the public, employees, and the planet is a core value of BRAC's management system.

As one of the most climate-vulnerable countries, Bangladesh faces significant challenges, and with BRAC's footprint spanning the entire country, climate change has become one of the primary considerations in implementing BRAC's activities, particularly in the agricultural sector. In line with the Paris Agreement on climate change, Sustainable Development Goal (SDG) 13, the National Adaptation Plan (NAP), and BRAC's vision to make Bangladesh climate-resilient, the organisation developed a Climate Resilience Framework (CRF) with four key components: adaptive capacity, anticipatory capacity, absorptive capacity, and transformation.

Additionally, with a focus on agriculture and food security, nature-based solutions, renewable energy, water security, action research, and climate information services (CIS), BRAC has its own climate change strategy 2016-2020 (which is currently under review for an updated version for 2026-2030). These policies ensure the incorporation of sustainability and a climate lens into BRAC's activities in addition to social and financial inclusion, leading towards a sustainable and holistic approach. Regarding environmental sustainability, BRAC has formulated an Environmental and Social Safeguard Framework (ESSF), a set of guidelines followed by the Programmes for all their operations. BRAC also runs a carbon footprint reduction management committee, engaging its top management and leading low-carbon initiatives throughout BRAC. Mitigation is being prioritised through taking large-scale solar energy projects into consideration.

BRAC has a long-standing commitment to ensuring that its programmes and operations are designed and implemented in an environmentally sustainable and socially responsible manner. This commitment is anchored in three key policy frameworks: the Climate Change Strategy, the Environment Policy (2017), and the Environmental and Social Safeguard Framework (2017). These policies collectively guide BRAC's approach to integrating climate-smart, green, and environmentally sustainable practices across all programme activities and operational processes.

Through these frameworks, BRAC ensures that environmental sustainability considerations are systematically embedded into project planning, design, and implementation. All BRAC programmes operate with the objective of minimising negative environmental impacts while enhancing long-term resilience for the communities BRAC serves. This includes ensuring that interventions are assessed and implemented in line with recognised sustainability standards and best practices.

BRAC's policies and interventions align closely with Bangladesh's national policies and frameworks, such as the National Environment Policy (1992), the Bangladesh Delta Plan (BDP) 2100, and the National Sustainable

Development Strategy (NSDS). These efforts ensure that BRAC's contribution supports the country's broader sustainability goals. Additionally, BRAC's frameworks align with those of major development organisations such as the Asian Development Bank or the World Bank's environmental and sustainability-related frameworks. This alignment strengthens BRAC to maintain consistency with national priorities, strengthen the relevance of its interventions, and reinforce accountability for environmental and social performance across its value chain.

2.2 Sustainable initiatives

BRAC's commitment to sustainability is not just a statement, but a comprehensive strategy. A prime example is the decision to eliminate single-use communication materials, such as PVC banners and festoons, from all programmes, departments, and field operations starting in 2022. This large-scale shift to eco-friendly alternatives for events and awareness campaigns demonstrates BRAC's dedication to reducing plastic waste and environmental harm. The initiative is set to bring significant sustainability benefits for BRAC's operations in the long run. In line with its sustainability commitments, BRAC has banned single-use plastics across its operations. With the support and understanding of the staff, partners, donors, and other stakeholders, this transition reduces plastic waste and enhances the sustainability of BRAC's internal value chain and everyday operational practices. Plastic drinking water bottles have also been replaced with reusable glasses and water jugs at BRAC's restaurants, events, and meetings.
BRAC also implements projects that directly contribute to environmental sustainability. The mangrove plantation for climate mitigation project has established 54.5 acres of mangrove forests, planting 120,000 mangrove saplings across two phases (2021-2023). When mature, the plantation is expected to sequester approximately 1,500 tonnes of CO_2 equivalent (tCO_2e) annually, contributing to long-term climate mitigation.

BRAC also operates one-stop service centres for climate-adaptive agriculture called Adaptation Clinics, which promote sustainable agriculture by transforming fallow lands, improving cropping intensity, and encouraging year-round production through climate-resilient, locally relevant practices. These clinics use a participatory approach to help farmers adopt regenerative and resilient agricultural techniques, directly supporting food security and environmental sustainability.

Beyond its core programmes, BRAC Social Enterprises has also taken steps to embed sustainability within its operations and value chains. Several initiatives are underway, ranging from sustainable agriculture to green industrial practices. For example, the Green Packaging Project is developing biodegradable alternatives to single-use plastics, while BRAC Seed and Agro Enterprise is promoting safe food production through bio-fertilisers and bio-pesticides that improve soil health and reduce chemical dependency. In agriculture, efficiency is being enhanced through mechanisation, solar-powered irrigation and grain storage, and improved logistics, alongside adaptive trials of new crop, livestock, and fisheries varieties suited to Bangladesh's ecosystems.

BRAC Social Enterprises are also investing in renewable energy and resource efficiency, including solar integration in agri-business, effluent and wastewater treatment systems, condensate and waste-heat recovery technologies, and full transition to LED lighting. These measures reduce water extraction, cut energy use, and lower greenhouse gas emissions, contributing directly to climate mitigation.

In parallel, natural solutions such as using cow dung for bio-fertiliser and biogas production, and promoting climate-adaptive cattle breeds, reflect a circular, low-carbon approach to food and livestock systems.

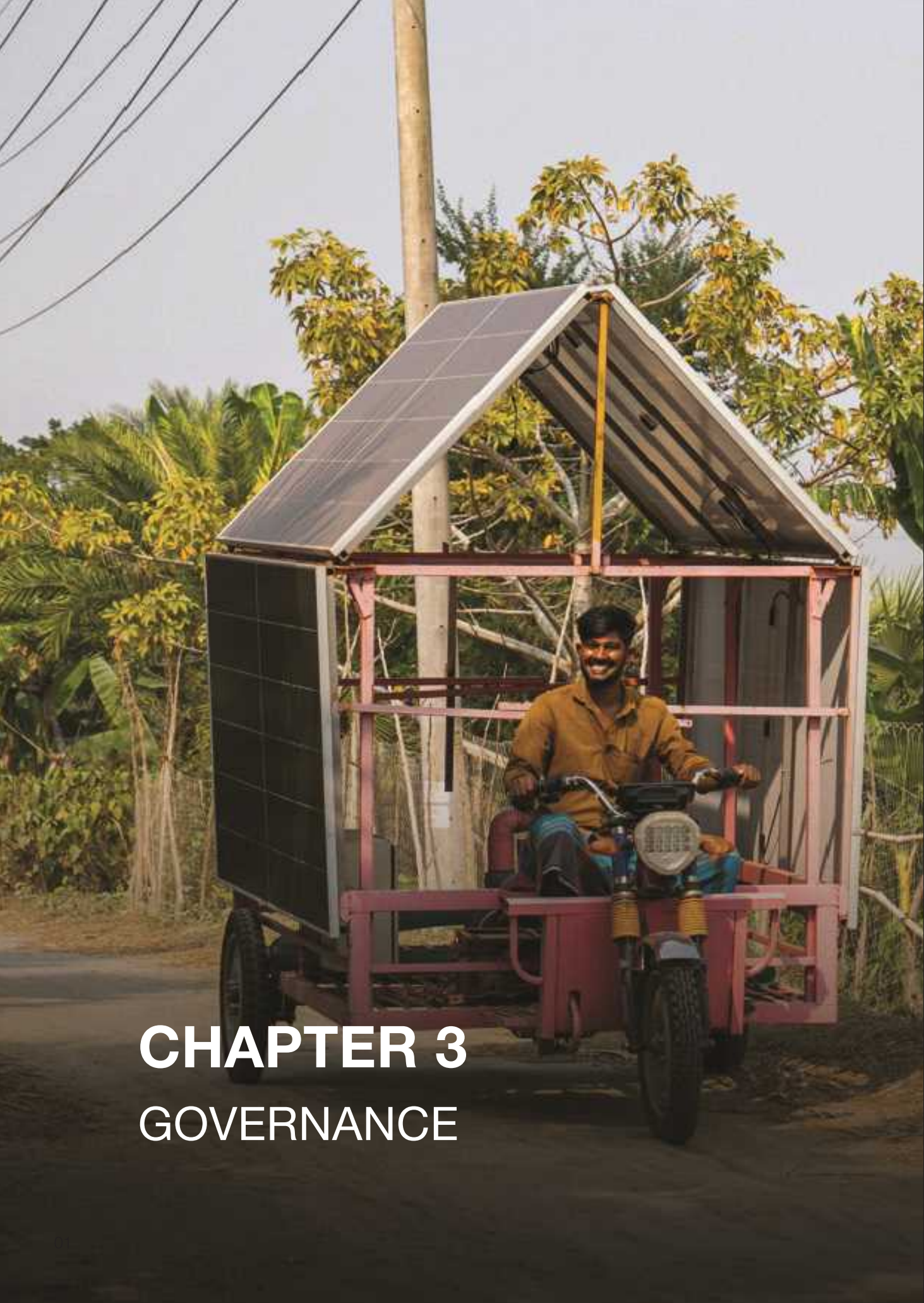
Lastly, Aarong's sustainability approach is rooted in both environmental stewardship and social responsibility. As a certified member of the World Fair Trade organisation (WFTO), Aarong supports thousands of rural artisans, 90% of whom are women, ensuring fair pay, safe working conditions, and long-term livelihoods. Its operations increasingly integrate sustainable practices using natural fibres, recycled trims, and biodegradable packaging, while banning single-use plastics and phasing in hybrid vehicles and renewable energy across outlets. Aarong is also leading with bold initiatives such as the "bring your own bag" campaign, which eliminates free single use paper bags and channels proceeds from reusable and paid paper bags into tree-planting efforts across Bangladesh. Together, these measures demonstrate Aarong's commitment to linking ethical fashion with climate-conscious production.

This commitment is already translating into measurable impact. Aarong now produces 35 million recycled or biodegradable tags and labels annually, uses over 15 million yards of natural fibre yarns, and has cut plastic bag use by half a million pieces each year. Its e-invoicing system alone has avoided 1.8 million paper prints, while the reuse of 40,000 cartons has reduced new purchases by 20%. Wastewater management is another key priority, with 14 effluent treatment plants now in place at production centres to safeguard water resources. Aarong's Taaga Man sustainable collection prioritises recycled and locally sourced trims, with 100% biodegradable and recycled packaging, and garments crafted from organic cotton and recycled polyester yarn. Water-based printing with recycled water safeguards local ecosystems, while even details such as recycled plastic buttons reflect Aarong's commitment to conscious design. With Worldwide Responsible Accredited Production certified factories ensuring ethical production and an AI-driven system under development to track and offset carbon emissions through tree planting, Taaga Man demonstrates Aarong's ability to merge sustainability with innovation at every stage of production.

Equally important is Aarong's social and community footprint. Through its village-based production model, Aarong engages 65,000 artisans across decentralised hubs, reducing the need for commuting and thereby lowering potential carbon emissions. These artisans support an estimated 300,000 household members, extending benefits well beyond direct employment.

Disaster-resilient practices, including training on climate adaptation to floods and cyclones, further strengthen community preparedness and household resilience in the face of climate shocks. By combining livelihood security with climate-smart practices, Aarong is embedding sustainability directly into the lives and futures of its artisan communities.

Together, these measures demonstrate BRAC's proactive approach to integrating sustainability-related risks and opportunities into its strategy, business model, and value chain, ensuring its operations remain resilient and impactful over the long term. This alignment ensures that sustainability is not treated as a parallel agenda, but as an integral part of how BRAC designs, implements, and scales its interventions. At BRAC, sustainability measures are not standalone initiatives, they are interwoven with climate-related projects and programme strategies, creating mutual reinforcement across short-, medium-, and long-term horizons.



CHAPTER 3
GOVERNANCE

Climate change and environmental sustainability are the strategic priorities of BRAC management towards building up responsible development. This focus is central to BRAC's strategic vision and reinforces the organisation's commitment to responsible inclusive stakeholder engagement. BRAC's approach to sustainability governance is driven by strong internal frameworks that align with global standards and national priorities. This commitment is guided by BRAC's climate change and sustainability team, whose core objective is to create long-term social value while safeguarding the environment and enhancing community resilience. Sustainability factors are becoming a mainstream part of investment decision-making. There are increasing calls for companies to provide high-quality, globally comparable information on sustainability-related risks and opportunities, as indicated by feedback from many consultations with market participants.

3.1 Finance, audit and risk committee (FARC) charter

The finance, audit and risk committee is a subcommittee of the governing body (board) and plays an important role in providing oversight of governance, risk management, internal control and compliance practices. This applies to both financial and non-financial activities. The committee assists the board by providing advice and guidance on the adequacy of governance and assurance. The composition of the committee is:

1 Chair of the committee

2 A minimum of two and a maximum of three members

The executive director and managing director attend committee meetings in an ex officio capacity, providing insight and support as needed. The board chair, members, and secretary, who do not serve on the committee, may attend meetings as observers and contribute insights to assist with the committee's deliberations. The audit observations are presented by the director of internal audit, who serves ex officio as a member of the committee.

Designation	Place within the Committee
Member, Governing Body	Chair
Member, Governing Body	Member
Member, Governing Body	Member
Chief Financial Officer	Secretary

In the 54th meeting of FARC, the charter assumed responsibility for overseeing the reporting of sustainability (S1) and climate (S2) disclosures. A three-tired committee structure was recommended to manage the sustainability and climate reporting process effectively, in line with IFRS S1 and S2.

i. Implementation Level:

A dedicated team of subject matter experts within the Climate Change Programme (CCP) operates under the supervision of the Director, CCP, Urban Development Programme and Disaster Risk Management Programme. Additionally, the existing carbon footprint reduction management committee will be repurposed to oversee sustainability and climate change issues.

ii. Management Level:

The organisational development committee (ODC), led by the executive director has taken over the oversight of sustainability initiatives.

iii. Board Level:

Given the technical competence of the FARC, it will oversee the responsibility of Sustainability (S1) and Climate (S2) Disclosure reporting under IFRS.

3.2 Organisational development committee (ODC)

The organisational development committee (ODC) of BRAC is a high-level internal committee entrusted with driving strategic changes as well as improving institutional efficiency across BRAC Bangladesh. The ODC has been established to provide oversight, guidance, and support for the successful implementation of strategic development projects. This committee ensures alignment with organisational development priorities set forth in the existing strategy, effective resource utilisation, risk mitigation, and timely delivery of project objectives. Integrating climate change and environmental sustainability into BRAC's policy practices, strategic planning, design and execution and relevant decisions are taken and governed by this committee. Chaired by the Executive Director of BRAC the ODC comprises of the following:

Designation	Place within the Committee
Executive Director, BRAC	Chair
Chief Financial Officer, BRAC	Member of Executive Body
Senior Director, Microfinance Programme, BRAC	Member of Executive Body
Senior Director, BRAC Enterprises	Member of Executive Body
Senior Director, People, Culture and Communications, BRAC	Member of Executive Body
Senior Director, Advocacy, Innovation & MEAL, BRAC	Member of Executive Body
Director, Technology Division, BRAC	Member of Executive Body
Director, Operations, BRAC	Member of Executive Body
Director, Climate Change and Sustainability (or relevant Director, as required)	Member of Executive Body

3.3 Carbon footprint reduction management committee

To initiate various low-carbon initiatives and create awareness among staff, BRAC developed a carbon footprint management reduction committee that guides the pathways towards different mitigation components and environmentally sustainable activities.

The committee is responsible for ensuring that the mitigation goals are closely aligned with BRAC's long-term objectives, while working to establish BRAC as a low-emission organisation in the long run. The primary objective is strategic planning to develop and implement organisation-wide strategies and policies focused on reducing greenhouse gas (GHG) emissions, while the overarching goal is to collaborate with internal and external experts to establish a standardised methodology for measuring the carbon footprint of all BRAC entities (Scope 1, 2, and 3 emissions).

The committee is chaired by the Director of Climate Change Programme, Urban Development Programme and Disaster Risk Management Programme, and comprises senior leads from various BRAC programmes, departments, and enterprises, reflecting a cross-functional and holistic approach.

Members of carbon footprint reduction management committee:

Name	Designation	Place within the Committee
Md Liakath Ali, PhD	Director, Climate Change Programme, Urban Development Programme, Disaster Risk Management Programme, BRAC	Chairperson
Ahmed Najmul Hussain	Director, Administration and Road Safety Programme, BRAC	Member
Md Belayet Hossan	Associate Director, Microfinance Programme, BRAC	Member
Md Shajedur Rahman	Head, Leadership Communication and Employee Engagement, BRAC	Member
Md Mesbahun Nabi	Head, Security Risk Management, Transport, Protocol & Travel Management, BRAC	Member Secretary
Meghnad Saha	Additional Chief Engineer, Maintenance Department, BRAC	Member
Muhammad Raquibul Hasan	Project Head, Technology Division, BRAC	Member
Sowrav Kumar Saha	Deputy General Manager, Human Resource Division, BRAC	Member
Md. Saiful Islam,	Senior Manager, BRAC Dairy and Food Project, BRAC	Member

3.4 Environmental policy governance

BRAC's Environment Policy, approved in 2017, establishes a policy governance structure to ensure that environmental regulations and compliance are circulated across all BRAC programmes through structured channels while ensuring implementation and monitoring at the field level. The policy is currently being updated, with more clearly defined roles and structures for various committees at different levels (governance, management, operation) in the updated version.

The existing policy comprises of three tiers;

1

Green standing committee (top level)

A governance body called the green standing committee consisting of top-level management staff supervises the overall policy measures and implementation set by the BRAC Environmental Policy. This green standing committee primarily consists of Programme Coordination Committee (PCC) members to review, adjust and discuss existing policies, and approve of or suggest new ones. They also act as a medium for mainstreaming these policies at the managerial level.

2

Green team (mid-level)

A team consisting of mid-level staff representing each of BRAC's core programmes and selected supporting programmes is responsible for identifying current gaps or loop holes in the current programme structure; analyse possibilities of improvement; assess potential measures to modify existing structures; propose new ideas, activities or projects to improve environmental efficiency and sustainability of the programme.

3

Green envoy (field level)

BRAC's green envoy consists of managerial staff members in charge of field activities while acting as the liaison to spread awareness on the BRAC Environmental Policy among field staff and encourage that the policy is incorporated in field operations as much as possible. They also act as a medium to collect any feedback regarding the policy from the field to the HO. The green team and 'green envoy' regularly engage in dialogue with peers to assess existing needs, scope for environmental improvement and individual feedback. Thus s/he acts as the 'go-to' person or focal point in their own programmes or departments to address programmatic issues.

CHAPTER 4:

INTEGRATION OF CLIMATE RISKS AND OPPORTUNITIES INTO BRAC'S STRATEGY

This chapter explains how BRAC manages climate-related risks and leverages opportunities, in line with IFRS S2 guidelines. It identifies the physical and transitional risks that most significantly impact BRAC, highlights the time horizons over which these risks may affect BRAC's operations, and outlines the opportunities that climate change creates to strengthen resilience and deliver impact. The chapter also examines how climate-related risks and opportunities are influencing BRAC's business model, value chain, and strategic decision-making, including adaptation and mitigation measures already implemented. Finally, it assesses their implications for BRAC's financial performance, investment planning, and long-term resilience, drawing on an initial climate scenario analysis.

4.1 BRAC's climate change strategy

Climate-related risks are already affecting BRAC's operations, particularly in programme delivery, operational continuity, and infrastructure management in climate-vulnerable regions. Issues such as increased salinity, frequent cyclones, erratic rainfall, drought, and heat stress are disrupting activities across agriculture, livelihoods, WASH, and health programmes. Damage to roads, office premises, and community infrastructure has hindered BRAC's ability to reach clients, deliver services, and maintain operational efficiency.

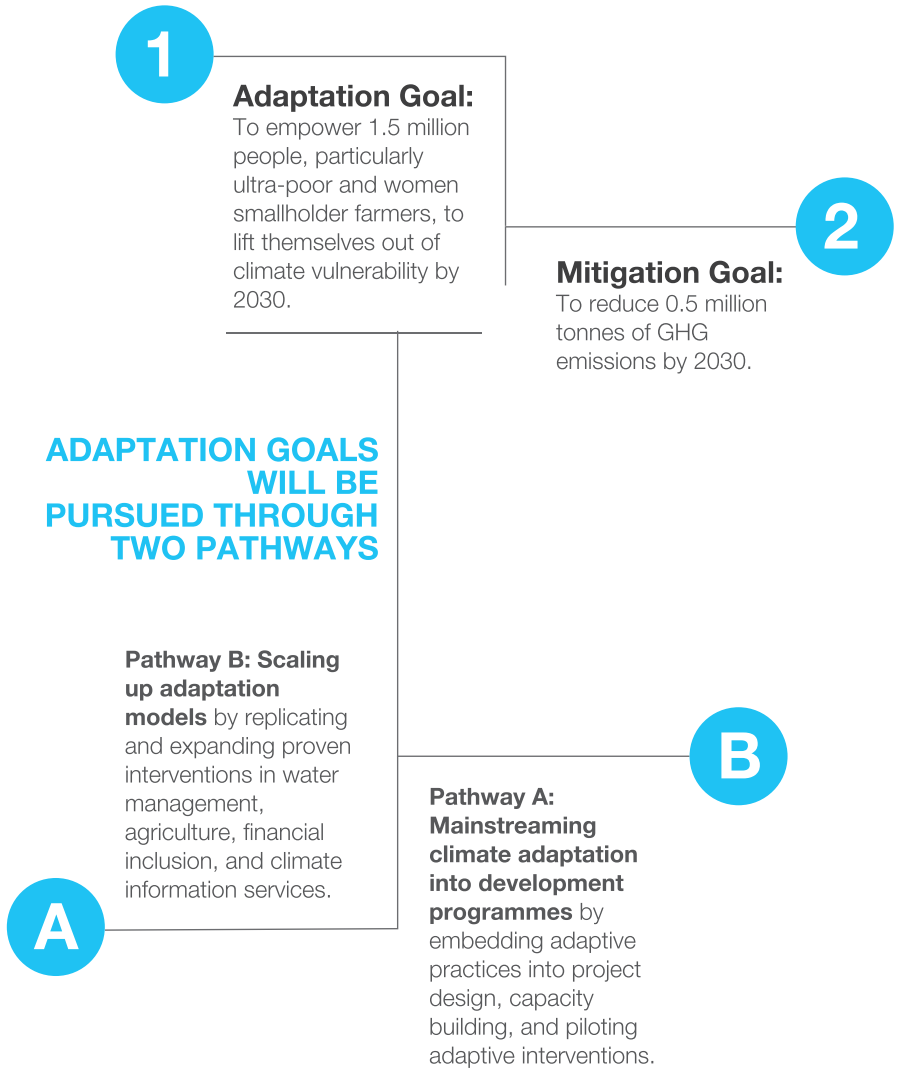
Looking ahead, anticipated climate impacts, such as intensified cyclones, prolonged droughts, and extreme heat events, are expected to further challenge BRAC's development interventions. These challenges will require adjustments in programme design, resource allocation, and operational procedures. The resulting risks could drive up infrastructure maintenance costs, increase the need for relocation, and demand greater emergency response efforts, while also affecting the long-term sustainability of programmes and community outcomes.

To address these challenges, BRAC's Climate Change Strategy 2016-2020 marked the organisation's first comprehensive effort to become a climate-smart organization. The strategy aimed to strengthen BRAC's role in national and global climate action by mainstreaming climate considerations into its programmes, advancing adaptation and mitigation, and strengthening internal capacity. Its overarching goal was to reduce community vulnerabilities and contribute to climate-resilient development in line with the SDGs, while guiding decision makers to integrate climate priorities across

FIVE THEMATIC AREAS OF CLIMATE CHANGE STRATEGY

Building on the foundations of the 2016-2020 strategy, BRAC has continued to expand its climate agenda, drawing lessons from past initiatives while responding to emerging climate-related risks and opportunities. The forthcoming Climate Change Strategy for 2026-2030 represents an evolution of this approach, setting more ambitious adaptation and mitigation goals, aligning with national and global commitments, and sharpening BRAC's focus on climate resilience, low-carbon pathways, and the integration of climate action across the organisation.

The new strategy sets the following climate change goals:



To support the mitigation goal, BRAC is implementing nature-based solutions (NBS) such as mangrove plantations and agroforestry, alongside promoting low-carbon, energy-efficient technologies in sectors like water and agriculture. A key initiative is the solar rooftop project in partnership with IDCOL, which will install four MWp rooftop solar systems at 32 establishments to generate 4,944 MWh of clean electricity annually, contributing to SDG 7 and Bangladesh's NDC targets.

4.2 Climate-related physical risks for BRAC

BRAC recognises that climate change poses significant risks to its operational, financial, and social impact objectives, particularly given its extensive footprint across climate-vulnerable regions of Bangladesh. The organisation operates in areas highly exposed to both acute and chronic physical climate risks, which have direct implications for BRAC's development programmes, infrastructure, financial planning, and service delivery to communities.

Salinity (drinking water and soil)

Increasing salinity in drinking water sources and agricultural soil, particularly in coastal and estuarine regions, undermines community health, water security, food production, and the effectiveness of BRAC's climate adaptation and development programmes. The expansion of shrimp farming exacerbated salinity intrusion, further reducing agricultural productivity and freshwater availability. This directly impacts BRAC's agriculture, livelihoods, and WASH interventions, with operational challenges in climate-vulnerable areas. Salinity-induced waterlogging also damages office infrastructure in affected regions.

Intensity and frequency of cyclones or storm surge

Frequent and severe cyclonic events and storm surges impact BRAC's clients, causing loss of homes, livelihoods, and critical community infrastructure. Inundation due to storm surges poses a threat to lives and properties especially in the coastal region. Consequently, programme activities are frequently disrupted, affecting the delivery of essential services and interventions in climate-vulnerable coastal and low-lying regions. Storm surges increase the risk flooding BRAC office premises, posing risks to operational continuity and physical assets.

Intensity of drought

Initially manifesting as a rainfall deficit, drought progressively depletes soil moisture and critical water reserves, triggering a severe hydrological shortfall. This directly compromises the availability of safe drinking water in the communities BRAC serves. Simultaneously, intensified evaporation places crops under extreme stress, precipitating widespread agricultural failure. Additionally, drought increases salinity in the topsoil, diminishing forage production for livestock, which affects livestock-related programme activities. For BRAC, these conditions directly threaten programme delivery, damaging livelihoods, destabilising food security, and imposing significant economic costs.

Waterlogging

Projected increases in intense rainfall will severely aggravate urban and agricultural waterlogging, directly threatening BRAC's operational continuity all over the country and devastating the crop yields central, to the livelihoods BRAC supports. This stagnation of water disrupts essential services, damages infrastructure, and compounds public health risks within vulnerable communities.

Frequency of floods

Floods are associated with particular dangers to human populations and climate change is increasing the risk of river and coastal flooding in Bangladesh. Floods also overwhelm community resilience, with historical data showing a direct correlation between inundation and deadly outbreaks of waterborne diseases. Floods have a severe impact on BRAC's clients, resulting in the loss of lives and livelihoods, and causing major disruptions to programme activities. Additionally, there is also a threat of flooding to BRAC offices, as increasing water levels driven by riverbank erosion in northern Bangladesh heighten the risk to infrastructure and operations.

Erratic rainfall

Extreme precipitation events will become more frequent and intense, posing a direct and escalating risk to BRAC's operational continuity. More intense and erratic rainfall is also increasing the frequency and severity of flash floods, which directly damage infrastructure, disrupt BRAC's communications and field operations, and threaten the agricultural livelihoods at the core of our programmes. This physical risk is further exemplified by water ingress during heavy rainfall in some office premises with tin-shaded roofs, damaging furniture and logistical assets.

Heat stress

Heat stress is expected to have adverse impacts on food availability and prices across the globe. The increasing frequency and intensity of heatwaves, particularly in tropical Bangladesh, exacerbate human vulnerability by amplifying health risks and threatening economic stability. This intensification directly challenges BRAC's operations, demanding enhanced adaptation across our health and livelihood programmes. Extreme heat also causes illness among BRAC staff, lowering productivity and disrupting normal programme activities.

4.3 Climate-related transitional risk

Transitioning to a lower-carbon economy can entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of risk to organisations.

BRAC currently doesn't have a specific policy in place to streamline climate actions that reduce greenhouse gas (GHG) emissions. However, different initiatives promoting reduced carbon footprint at the organisational level are currently ongoing as well as under consideration to facilitate a transition to a low-carbon development. This transition could carry financial implications, such as increased operating costs or asset damage due to new or amended climate-related policies. This transition includes policy, legal, technological and reputational risks and consequently can be defined as a climate-related transitional risk.

The risk may affect BRAC's financial prospects across both short-term and medium-term horizons considering the fact that transitional risks can often significantly impact an entity's financial performance. However, practising and incorporating mitigation initiatives will have greater financial outcome in the long run with added organisational reputation.

4.4 Time horizons for the risks identified

In Bangladesh, climate-related risks such as floods, droughts, cyclones, and salinity intrusion are already affecting BRAC's operational regions and, as projected, will continue to intensify due to climate change. Given the overlapping, continuous nature of these risks, BRAC does not differentiate individual risks by separate time horizons but rather applies a common framework for all identified risks and opportunities. Accordingly, BRAC defines short term as 0-12 months, medium term as 1-5 years, and long term as more than 5 years.
Considering the fact that climate change induced risks are getting intensive with new challenges evolving every year, BRAC has decided following time horizons aligning with the timelines used for strategic decision-making:

Time horizon	Type of risk	Type of risk
Short term (0 to 12 months)	Transitional risk	Physical risk
Medium term (1 to 5 years)	Transitional risk	Physical risk
Long term (beyond 5 years)	N/A	Physical risk

4.5 Climate-related opportunities for BRAC

BRAC recognises several climate-related opportunities that could reasonably be expected to affect its long-term programme delivery prospects, operational efficiency, and community impact. These opportunities align with and directly support BRAC's climate risk mitigation and resilience objectives.

4.5.1 Increased adaptive capacity

BRAC is proactively enhancing the adaptive capacity of climate-vulnerable communities through the development and delivery of climate-resilient services. Notable initiatives include:

- **Climate-resilient housing and infrastructure:** Development and iterative design of nature-sensitive, sustainable, and accessible cyclone shelters and climate-resilient housing infrastructure. These initiatives are tailored to meet the specific needs of vulnerable coastal and flood-prone communities and aim to reduce the loss and damage caused by extreme events.

- **Climate adaptive agriculture solutions:** Integration of advanced climate forecasting tools with participatory agricultural adaptation planning. This approach models key climate phenomena, including heat stress, precipitation variability, salinity intrusion, and cyclone-driven impacts, to generate future climate projections. BRAC then uses these results to develop and promote locally appropriate, evidence-based agricultural adaptation practices for smallholder farmers.

- **Water security innovations:** Identification and promotion of context-specific, scalable water security technologies such as rainwater harvesting, to improve reliable and equitable access to safe drinking water in high-risk areas. These interventions use climate forecasting data and are supported through stakeholder engagement at local, national, and international levels to mobilise climate adaptation financing and policy action.

4.5.2 Enhancing community resilience and disaster preparedness

BRAC's Disaster Risk Management Programme identifies significant opportunities to strengthen community resilience in the face of escalating climate risks.

- Focus on disaster risk reduction, emergency preparedness, rapid response, and long-term resilience building in climate-vulnerable areas. Its core priorities including gender inclusiveness, and advocacy for vulnerable communities, present opportunities to embed climate adaptation measures.

- Mainstream early warning dissemination, inclusive emergency preparedness, and risk-informed development planning.

4.5.3 Resource efficiency and municipal waste management

To enhance climate resilience within its operational footprint, BRAC seeks opportunities to improve resource efficiency. These efforts are expected to reduce operational costs, lower climate-related risks, and improve environmental sustainability. Key initiatives include:

- Adoption of more efficient transport modes and distribution processes across programme operations.

- Improvements in building energy efficiency through the adoption of low-emission designs and renewable energy integration.

- Implementation of water-saving technologies to reduce water consumption in programme facilities.

- Promotion of recycling and material reuse strategies to reduce waste and environmental impacts.

Additionally, BRAC has identified opportunities in improving municipal waste management systems, particularly in urban coastal areas, as a means to enhance climate resilience and environmental sustainability.

4.5.4 Expansion of climate adaptation products and services

Recognising the growing demand for community-level climate risk management solutions, BRAC is expanding its portfolio of adaptation services and climate resilience financing mechanisms. These include:

- Crop insurance: Development and scaling of crop insurance products to protect smallholder farmers from climate-induced agricultural losses. This contributes to income stability and food security in vulnerable areas.

- New research-driven climate interventions: Ongoing investment in research and development to design innovative climate adaptation solutions tailored to the evolving risks in Bangladesh's coastal, riverine, and urban regions.

- Adaptation Clinics: BRAC operates one-stop service centres for climate-vulnerable farming communities.These centres provide holistic services, including climate-adaptive technologies, advisory support, agri-inputs (such as quality seed, organic fertiliser, and machinery), weather and climate-based information, market linkages, and capacity-building with a climate change adaptation lens.

4.5.5. GHG emission reduction and renewable energy

To support Bangladesh's national climate goals and improve long-term operational resilience, BRAC is exploring opportunities to reduce its own greenhouse gas emissions and enhance energy security through:

- Development of new renewable energy projects.
- Adoption of energy-efficient technologies and operational practices in facilities and community services.
- Strategic alignment of programme activities with low-carbon development pathways.
- Implementing digital client services (DCS) and E-approval processes to reduce paper use.
- Integrating nature-based solutions into climate change projects such as mangrove plantations, and innovative forestry models.
- Assessing BRAC's carbon footprint to identify emissions hotspots and monitor progress of emission reduction strategies.

4.6 Impact of risks and opportunities on BRAC's value chain and decision making

BRAC has integrated climate-related physical risks into its organisational strategy and decision-making processes, with targeted measures to safeguard infrastructure, sustain programme delivery, and strengthen community resilience.

Programme-specific measures to address climate risks are integrated into decision-making. For example, in response to salinity in drinking water and agricultural soils, BRAC is introducing salinity-resistant crop varieties and providing training for farmers. To tackle drought, BRAC is promoting polyethylene lined ponds/reservoirs preventing water percolation, efficient irrigation practices, and drought-tolerant crops, while also introducing soil fertility enhancement techniques. In flood-prone areas, interventions include floating gardens, flood-tolerant crop varieties, and diversified livelihoods suited to waterlogged conditions. Agro-meteorological advisory services provide farmers with weekly advisories through voice SMS, enabling better planning for erratic rainfall. Through the Jameel Observatory-CREWSnet Project, in collaboration with the Massachusetts Institute of Technology (MIT), BRAC is piloting climate and hazard modelling to inform long-term adaptation planning, including the establishment of multi-purpose heatwave and cyclone shelters in extreme heat-prone areas.

In addressing transitional risks, BRAC recognises that introducing new low-carbon policies will lead to increased CAPEX, OPEX, and maintenance costs, along with the need for staff training. To manage these challenges, BRAC is implementing the following strategies:

- Gradual substitution of existing products and services with lower emission alternatives
- Piloting new technologies to minimise the risk of investments that do not yield results
- Conducting staff capacity building to cascade knowledge to field level
- Providing operation and maintenance manuals for low-carbon technologies
- Incorporating community perspectives into new policies

BRAC also has a dedicated Climate Change Programme with technical expertise in adaptation and mitigation, and a team tasked with preparing BRAC's Carbon Inventory. A yearly budget of approximately BDT 24,34,883 is allocated for this work, and a third-party consultant was engaged to reassess BRAC Centre's carbon footprint for this reporting period. While transitioning to low-carbon options will increase upfront costs, these measures are expected to improve efficiency and reduce long-term energy dependence.

Opportunities exist for BRAC to scale up climate adaptation, disaster preparedness, and nature-based solutions, which will strengthen community resilience and open avenues for climate-focused partnerships and innovation. BRAC's carbon footprint reduction management committee drives low-carbon initiatives

across programmes. Initiatives like energy-efficient building design, renewable energy adoption, and water conservation are being integrated into internal operations. For example, LED light replacements in all district offices since 2019 have reduced electricity consumption by 27% in 55 districts, and by around 20% nationwide.

Decision-making also prioritises community-centric interventions, such as climate-resilient housing, multi-purpose cyclone shelters, climate-adaptive agriculture, rainwater harvesting, and waste management models that emphasise local participation and foster partnerships with municipalities, private innovators, and green enterprises. These opportunities not only strengthen BRAC's climate resilience but also contribute to Bangladesh's NDC targets and global sustainability goals.

4.7 BRAC's climate adaptation and climate mitigation efforts

BRAC actively implements a range of direct and indirect climate adaptation initiatives at the community, local, regional, and national levels to address the physical risks of climate change. Current efforts include climate impact awareness campaigns, capacity-building for local communities, farmers, and government officials, and the development of youth leadership to foster climate resilience.

Programmatic **adaptation efforts:**

1. **BRAC's Climate Change Programme's** Jameel Observatory-CREWSnet Project is enhancing community resilience by developing and operationalising an integrated, evidence-based decision-support system. This system delivers timely, actionable climate information to frontline communities, enabling better preparedness and response to climate risks. By integrating local knowledge with scientific data, the programme is strengthening adaptive capacity, climate-informed decision-making, and risk reduction planning within vulnerable areas, while also contributing to long-term community resilience and sustainability. BRAC also promotes climate resilient houses (CRHs) in disaster-prone areas which are specially designed structures that protect families and livestock during extreme weather events. Each CRH serves as both a durable home and a mini-cyclone shelter for neighbouring families, equipped with WASH and rainwater harvesting facilities to enhance community resilience. The programme also operates Adaptation Clinics, one-stop agricultural service centres, that strengthen the capacity of climate-vulnerable farmers. These clinics promote regenerative, climate-adaptive agricultural practices, provide access to adaptive seeds and inputs, deliver localised weather information, and offer advisory services to help farmers manage climate risks, intensify cropping patterns, and sustain year-round production.

2. **BRAC's Disaster Risk Management Programme** strengthens community resilience by providing early warnings, emergency response, and recovery support in climate-vulnerable areas. It helps communities prepare for disasters like floods and riverbank erosion, and supports recovery efforts that promote climate-resilient rebuilding and long-term adaptation.

3 **BRAC's Microfinance Programme** contributes to building the resilience of climate-vulnerable communities by offering tailored financial services that enable low-income households to better adapt to climate-induced risks. The programme provides collateral-free microloans, exclusively targeting women through organised women's groups, thereby empowering them to manage livelihoods and household resilience in the face of climate shocks. Additionally, the programme extends dedicated financial products for agriculture workers, supporting them to invest in climate-adaptive farming practices and increase yields despite increasing climatic stresses such as drought, floods, or salinity intrusion.

4 **BRAC's Ultra Poor Graduation Programme** puts climate resilience central to the graduation model, with households supported to adopt water and soil management, resilient crops, livestock rearing, and heat-adaptive housing. Innovative land-use, gardening, and fodder production techniques build food security and income stability, enabling the ultra-poor to withstand climate shocks and transition out of extreme poverty. It builds resilient livelihoods by promoting diversified, climate-resilient income options tailored to local risks and market opportunities.

5 **BRAC's Urban Development Programme** emphasises locally-led adaptation actions, engaging communities, local government, and city actors to develop climate adaptation plans at the local, ward, and town levels. In Sirajganj, UDP pilots climate-adaptive urban agriculture to improve food security for low-income communities affected by floods, heatwaves, and migration. In Satkhira, community-driven governance and climate-smart water supply technologies address acute salinity and water scarcity, easing burdens on women and children. In Cox's Bazar, locally led waste management solutions reduce urban vulnerability and complement government systems, building healthier, more resilient municipalities.

6 **BRAC's Skills Development Programme** equips climate-vulnerable and COVID-affected youth with apprenticeship-based training in market-driven occupations. Partnerships with local training providers link young people to labour markets, while Artisans Development Training strengthens employability and decent work opportunities. Women-owned micro and small enterprises benefit from productivity support, and youth entrepreneurs establish businesses with access to finance, ensuring resilience and sustainable livelihoods in climate-affected regions.

7 **BRAC Education Programme** ensures climate education is embedded in BRAC's schools through revised curricula, teacher guides, fun worksheets, and assessment tools. Training for staff, teachers, and school management committees strengthens climate knowledge and action. Research and surveys ensure that climate awareness becomes a core part of children's education, equipping the next generation to adapt to climate risks.

8 **The Humanitarian Crisis Management Programme** integrates climate-smart infrastructure and awareness in displacement and crisis settings. Initiatives include solar-powered deep tube wells and lighting, improved waste management, and solar systems in health centres. Staff receive training on environmental safeguards and inclusivity, while climate awareness campaigns in camps strengthen resilience.


brac seed

9 **BRAC WASH Programme** ensures safe water and sanitation for climate-vulnerable areas through context-specific installations. Pilots like the integrated water resources management and habitat co-creation in the barind tract showcase innovative approaches to water scarcity and sustainable habitat design.

10 **BRAC Health Programme** is tackling climate-driven health risks by strengthening disease surveillance, early warning systems, and community resilience. Through national and city-level partnerships, it detects and responds to vector- and waterborne diseases, trains health workers, and mobilises communities for prevention, from dengue control in Barisal to climate health surveillance in Naogaon and Satkhira. By integrating climate risks into health services and championing gender-responsive, community-based action, the programme is helping to build a frontline defence against climate-sensitive diseases.

11 **The Integrated Development Programme** promotes climate-smart farming practices including, stress-tolerant seeds, vermicomposting, bio-pesticides, drip irrigation, sack and multilayer vegetable cultivation, and small water reservoirs. Adaptation also extends to housing and infrastructure, with plinth raising and heat insulation measures reducing disaster risks for vulnerable households.

Programmatic **mitigation efforts:**

1 **Mangrove Plantation for Climate Mitigation (MPCM)** and Alternative Livelihood Project in its first phase has created 17 acres of mangrove forest of 40,000 mangrove saplings in the year 2021 in the newly formed sandy land of the National Special Economic Zone, Mirsarai, Chattogram. The project's second phase, from October 2022 to December 2023, covered more 37.5 acres of mangrove plantation. As of July 2025, there is a stable mangrove plantation of 54.5 acres with 88,800 mangrove saplings. The plantation is projected to sequester around 1500 tCO_2e per year when mature.

2 **Amar Bon, an innovative forestry model** developed by BRAC Climate Change Programme, where mixed species of trees are planted on fallow land in such a way that a crop is available throughout the year. A combination of three types of trees - timber, fruit and medicine - is used to ensure afforestation through planting of diverse and mixed species of indigenous species. The system is designed to address the intertwined challenges of climate change, biodiversity loss, and rural poverty in Bangladesh. This initiative aims to enhance biodiversity, sequester carbon, and improve ecosystem health, contributing to both climate change mitigation and adaptation. As of June 2025, BRAC Climate Change Programme has created 374 Amar Bon on 88 acres of land since 2019.

3 **BRAC's Mobile Solar Irrigation System** (***Ponkhiraj***) is an eco-friendly, community-based solution designed to reduce reliance on fossil fuels and address irrigation challenges in rural Bangladesh. By harnessing abundant solar energy, the system lowers irrigation costs by up to 70% compared to diesel-based pumps, while also reducing carbon emissions. Piloted in districts like Patuakhali, Jamalpur, and Satkhira, the initiative supports small-scale farmers with efficient irrigation and even enables surplus electricity use or sharing at the household level.

4 **The Plastic Free Rivers and Seas for South Asia (PLEASE)** initiative under BRAC's Urban Development Programme is addressing the plastic pollution crisis exacerbated by tourism and Rohingya refugee influx in Cox's Bazar. The initiative aims to facilitate effective collaboration among key stakeholders to reduce structural barriers, strengthen existing waste management actors. The project is enhancing the municipality's waste management efficiency through the development of a comprehensive and sustainable waste management system, and also promoting household-level waste segregation, and encourages circular economy practices by supporting green enterprises and community-led recycling initiatives.

Climate adaptation and mitigation **efforts under BRAC Social Enterprises**

1

Development of climate-resilient crops and adaptive trials: Collaborative research on salinity-tolerant varieties with Khulna University; adaptive trials for crops, livestock, fisheries, and honey bees to strengthen resilience against salinity, drought, temperature extremes, and disease outbreaks.

2

Conservation of plant genetic resources: Collection, duplication, and preservation of ~1,000 germplasm in national and international seed vaults to secure biodiversity for future breeding and adaptation to climate change impacts.

3

Phytosanitary compliance and export standards: Investment in accredited laboratories, upgraded certification systems, and strict chemical control measures to meet global export standards and support resilient agri-value chains.

4

Climate-smart livestock and fodder: Development of climate-smart cattle breeds with lower methane emissions, promotion of leguminous fodder crops, and use of cow dung as bio-fertiliser to improve soil fertility and resilience.

5

Renewable energy and energy efficiency: Expansion of solar-powered irrigation, storage, and processing; complete shift to LED lighting in 2019; planned installation of condensate recovery and exhaust gas boiler systems to reduce fuel use and emissions.

6

Circular water management: Establishment of an effluent treatment plant (2017) and a wastewater distribution system (2024), ensuring treated wastewater is reused and reducing pressure on freshwater resources.

7

Sustainable waste-to-energy solutions: Use of cow dung for biogas production as a renewable energy source, reducing reliance on fossil fuels and promoting circular resource use.

8

Community resilience: Aarong supports communities to adapt to climate-induced disasters by training artisans in disaster-resilient practices, equipping them to better cope with floods and other climate-related events. Aarong also promotes women's economic empowerment by providing steady livelihoods for rural women, thereby strengthening resilience in climate-vulnerable communities.

4.8 Financial position, financial performance and cash flows

This section outlines how climate-related risks and opportunities have impacted BRAC's financial performance, position, and cash flows during the reporting period, and how these impacts are expected to evolve over the short, medium, and long term. In line with IFRS S2 requirements, BRAC reports both the current financial effects of climate-related factors, such as increased operational costs from extreme weather events, investments in climate adaptation, and emerging green opportunities, as well as the anticipated financial effects that may influence strategic planning, capital allocation, and resource mobilisation in the coming years.

The sections below reflect BRAC's understanding of material climate-related risks and opportunities, identified through climate risk assessments, and outline how these are integrated into BRAC's strategic planning and financial decision-making processes. Additionally, the expected changes to its financial position based on ongoing and planned investments are highlighted, including those related to climate resilience, decarbonisation, and clean energy.

4.8.1 Climate-related risks and opportunities impacting BRAC's and its participants' financial performance

Climate-related **disasters**

In 2024, BRAC's financial performance was significantly impacted by two major climate-related disasters: Cyclone Remal and the Flash Floods. **Cyclone Remal affected 8,729 BRAC clients** across nine coastal districts. Financial losses included:

- **BDT 82,53,650 loss** for 2,794 Ultra-Poor Graduation Programme clients.
- Extensive damage to participant-owned assets, including **5,499 houses, 5,050 latrines, and 170 tube-wells** (both partial and full damage).

The Eastern Flash Floods also significantly impacted BRAC's operations, particularly affecting **69,801 clients** of the Microfinance (MF) Programme across seven districts, leading to disruptions in regular loan repayments. Additionally, 2,474 clients under the Ultra Poor Graduation Programme experienced financial losses amounting to **BDT 30,34,444**. These events disrupted program operations, health services, and training activities across multiple sectors, directly affecting BRAC's cash flow and operational expenses due to emergency response and participant support.

Crop **insurance**

From 2021 to 2025, BRAC introduced various Weather Index Insurance (WII) and Area Yield Index Insurance (AYII)[1] schemes in Bangladesh. These insurance products provided affordable protection for farmers cultivating crops such as beans, potatoes, maize, and paddy (aman rice and boro rice). Through this initiative, more than 559,000 farmers have been brought under insurance coverage with approximately 5.86 million decimals of land.

During 2024-2025, a total of 406,519 insurance policies were issued, covering an aggregate of 4,054,343 decimals of land under crop insurance.

Breaking it down by crop and scheme:

- For aman (paddy) 2024, 9,484 farmers were insured under WII, covering 97,722 decimals of land, while 89,182 farmers were insured under AYII, covering 932,230 decimals of land.
- In the potato 2024 season, AYII provided coverage to 42,430 farmers, with a total sum insured of 222,888 decimals of land.
- Similarly, for Maize 2024, AYII insured 24,240 farmers, covering 204,889 decimals of land.
- In the boro (paddy) 2025 season, 29,837 farmers were covered under WII, with a total sum insured of 302,428 decimals of land, while 211,346 farmers were insured under AYII, covering 2,294,186 decimals of land.

BRAC's disaster **risk management**

With increasing climate risks, Bangladesh is experiencing more frequent climate-induced disasters. BRAC has developed comprehensive disaster risk management strategies that span the entire country, covering 495 upazilas across 64 districts. An institutional governance structure supports BRAC's disaster management and humanitarian assistance, providing policy guidance, leadership, and timely, effective management support. The Disaster Management Steering Committee (DMSC), chaired by BRAC's Executive Director, oversees this structure. It is supported by district disaster management teams (DDMT) and upazila disaster management teams (UDMT) in each district and upazila, respectively. Additionally, BRAC's Disaster Risk Management Programme (DRMP) plays a dedicated role in building disaster resilience and providing a holistic response after each disaster.

BRAC's emergency responses are categorised into three levels across these multilevel disaster management teams: Category 1, Category 2, and Category 3, based on the number of people affected by major natural disasters such as floods, cyclones, and earthquakes. To mitigate disaster impacts and provide emergency responses, BRAC operates a core funding mechanism led by the DMSC, which is disbursed in response to Category 2 (up to 3 million people affected) and Category 3 (3 million or more people affected) disasters, in consultation with the DDMT. International resource mobilisation is also ensured through the DRMP. For Category 1 disasters (affecting fewer than 5,000 people), BRAC has a contingency fund of BDT 0.1 million, enabling the UDMT to respond independently, though it may seek advice from higher authorities. This contingency fund is replenished as soon as it is used, regardless of how often disasters occur throughout the year.

[1] This type of insurance is based on the average yield of a given area. It covers all natural risks except those caused by human actions.

E-Approval **system**

The E-approval platform, a digital pilot innovation introduced by the Microfinance (Dabi) strategy team, has significantly enhanced internal administrative processes by streamlining and digitising key functions such as travel allowance bills, travel approvals, leave applications, and procurement requests for field staff. This initiative aims to improve efficiency, transparency, and cost-effectiveness across all operational areas. From January 2025 to 26 June 2025, a total of 48,883 applications have been successfully approved through the E-approval system. This includes 24,062 travel allowance bill submissions, 11,939 leave applications, 6,773 travel approvals, 237 non-purchase items and 5,872 purchase items. Additional financial, non-financial and administrative approval processes are also being integrated into the platform.

Most significantly, the implementation of the E-approval system has resulted in substantial financial savings. It is estimated that approximately **BDT 8.31 million** has been saved to date through this digital platform, reflecting reductions in administrative overhead, paper usage, and process time. Overall, the E-approval initiative exemplifies how strategic digital transformation can drive both operational excellence and financial efficiency.

IDCOL supported rooftop **solar project of BRAC**

BRAC initiated the Rooftop Solar Project across 32 establishments of BRAC in collaboration with IDCOL. The project supports BRAC's commitment towards clean energy and low carbon development while implementing 4.04 MW rooftop solar in different entities of BRAC. The entities include BRAC NGO, BRAC Learning Centres, BRAC Centre for Development Management, Enterprises, BRAC Transport as well as BRAC University Campus at Savar. The system will be directly connected to the national grid through Net Energy Metering. The Net Energy Metering Policy of the Government will ensure excess solar electricity supplied to the grid while in exchange, BRAC can either import equal electricity from the grid or receive the price of net amount of exported electricity. The 4 MWp (DC) rooftop solar systems will generate 4,944 MWh of clean electricity/year, covering 55% of existing yearly demand. This will result in a 45% (46.3 million BDT) savings in the existing utility expenses. BRAC will contribute approximately 20% of the total investment as equity for this project.

4.8.2 BRAC's climate-related expenditure for the FY 2024-2025

During the 2024-2025 reporting period, multiple BRAC programmes undertook significant climate-related interventions with significant financial implications. The Skills Development Programme invested BDT 35.7 million to provide apprenticeship-based training for climate-vulnerable and COVID-19 affected youth, BDT 40.1 million to deliver market-driven skills training and employment support in climate-affected areas, and BDT 61.8 million to enhance employability for youth from climate-impacted households through artisans development training. The Climate Change Programme spent BDT 531.7 million towards climate-adaptive agricultural inputs, resilient water technologies, rainwater harvesting systems, and community-based surface water treatment solutions.

The BRAC Education Programme directed BDT 1.8 million to develop climate-focused curricula and materials, along with BDT 0.12 million for climate awareness surveys, teacher training, and related resource development. The Humanitarian Crisis Management Programme invested BDT 8.69 million in waste carriage-way development, solar-powered deep tube wells, and lighting; BDT 13.07 million in staff training on environmental and social safeguards; BDT 5.16 million in environmental assessments, solar systems for health centres, and climate awareness campaigns; and BDT 12.35 million in nature-based mitigation, wastewater recycling, and tree plantation.

The Disaster Risk Management Programme spent BDT 552.9 million for healthcare, WASH, cash subsidies, infrastructure repairs, and hygiene kit distribution in flood-affected areas. The WASH Programme spent BDT 48.1 million on water system installations in climate-vulnerable areas and BDT 7.8 million on integrated water resource management in Barind.

The BRAC Health Programme invested BDT 50.2 million in post-flood healthcare and awareness campaigns, and BDT 154.6 million in strengthening climate-sensitive disease surveillance and building resilience against climate-related health risks.

The Ultra-Poor Graduation Programme spent BDT 7.14 million to increase financial access and climate adaptation skills for vulnerable households, and BDT 171 million on climate-resilient water, soil, crop, housing, and livestock management practices. The Integrated Development Programme invested BDT 6.65 million in climate-resilient seeds, composting, adaptive agriculture, bio-pesticides, flood protection, and water storage. The Urban Development Programme invested BDT 224.9 million in climate-adaptive urban agriculture, water security in salinity-affected areas, scaling Town Climate Adaptation Plans, and improving waste management in climate-impacted municipalities.

In total, BRAC's climate-related expenditure for FY 2024-25 amounted to approximately BDT 1.93 billion.

4.8.3 Financial performance over time horizons

Over the short (0-12 months), medium (1-5 years), and long-term (5+ years), BRAC anticipates that climate-related opportunities within its Microfinance Programme will continue to support financial performance by enhancing client resilience and reducing climate-related risks in climate-vulnerable areas. With over 10 million clients served through 3,000+ operational MF branches, ongoing investments in adaptive agriculture, weather-based advisory services, and crop insurance are expected to strengthen rural livelihoods and drive continued demand for BRAC's services.

BRAC anticipates that its financial position will remain stable in the short term due to ongoing integration of climate risk management into its core programmes, particularly in microfinance, agriculture, and disaster risk reduction. In the medium to long term, BRAC is strategically investing in climate-resilient infrastructure and adaptive agriculture, as well as data systems for risk monitoring, such as the Jameel Observatory-CREWSnet climate modelling initiative with MIT. These investments are expected to enhance programme effectiveness and reduce long-term operational risks in climate-vulnerable regions. Additionally, BRAC is scaling up investment in climate information services to reduce the financial exposure of smallholder farmers, which in turn strengthens loan repayment and overall portfolio

4.9 Climate scenario analysis

This section outlines BRAC's assessment of the resilience of its strategy and business model to climate-related changes, developments, and uncertainties, in line with the disclosure requirements under IFRS S2. The analysis draws on identified climate-related risks and opportunities and is supported by scenario-based evaluations that are proportionate to BRAC's scale and operational context. The scenarios used, their relevance, time horizons, and operational scope have also been detailed to provide transparency on the analytical inputs that inform BRAC's resilience planning. The climate scenario was not developed internally by BRAC, due to unavailability of specific quantitative data and technical resources.

Climate Change Scenarios

Scenario 1 (SSP1- 2.6)	According to the IPCC, SSP1-2.6 represents low future greenhouse gas emissions (GHG) resulting in a global temperature increase of around 1.8°C by the year 2100. It envisions relatively optimistic trends for human development in the future.
Scenario 2 (SSP5-8.5)	According to the IPCC, SSP5-8.5 is a very high emissions scenario and a global temperature increase of around 4.4°C by the year 2100.

Impact on BRAC's **strategies and interventions**

Under Scenario 1:

The low GHG emissions scenario (SSP1-2.6) have CO_2 emissions declining to net zero around 2070, followed by varying levels of net negative CO_2 emissions. The SSP1 pathway illustrates a world with low population growth, high income, and reduced inequalities, food produced in low GHG emission systems, effective land use regulation and high adaptive capacity (i.e., low challenges to adaptation). This is the best possible scenario where low levels of adaptation efforts are required to combat the impacts of climate change. We are already beyond this scenario, hence not considering SSP1-2.6 in BRAC's climate scenario analysis.

Under Scenario 2:

In case of the impact on BRAC's strategy and interventions, the physical risk of salinity intrusion has been selected for the climate scenario analysis.

According to the National Adaptation Plan 2023-2050 (NAP), the SSP5-8.5 states that future sea-level rise will push salinity further inwards in the near and mid-term. The 1 ppt salinity-affected areas will increase by 7.5 percent in the 2050s while the 5 ppt areas are expected to increase by 9 percent under SSP5-8.5. The situation will be severe across the southwestern coast. Consequently, climate change-induced sea-level rise is significantly increasing river salinity during the dry season which gets further aggravated due to less water availability in the major rivers. Among the NAP proposed adaptation interventions, community-based rainwater harvesting through indigenous techniques and conservation of wetlands for drinking water supplies in climate stressed areas have been considered as one of the NAP priority areas under the water resource sector. The investment for this intervention has been kept at 30 billion BDT with a potential for a private sector of 7%.

Considering the increasing water security issues in the coastal regions of Bangladesh, and also aligning with the national priorities, BRAC started implementing projects related to access to safe drinking water for the climate vulnerable communities as one of their strategic priorities.

The Mongla Model (a comprehensive water security solution) is a climate-resilient household rainwater harvesting (RWH) system implemented in Mongla, a very high salinity prone sub-district (salinity ranging from 8 to more than 16 ppm as per the 2010 data of Soil Resource Development Institute) of Bagerhat district, that ensures safe water availability by designing a system to capture and store monsoon rainfall (May-October) for use during the dry season (November-April). The system uses a corrugated iron roof (90m^2 catchment area, runoff coefficient 0.9) and gutters to channel rainwater into a 2,000-litre tank, sized conservatively based on 22 years of rainfall probability analysis (200mm average monsoon rainfall). This captures around 1,494 litres monthly during the monsoon, fully replenishing the tank to meet a five-member household's dry-season demand (10 litres/day), leaving a 180-litre buffer by April's end, thus providing year-round safe water for around 67,000 people despite variable climate conditions.
Considering the future projections for salinity intrusion, BRAC's strategy will aim to further mitigate water scarcity issues by undertaking more districts of Bangladesh under an umbrella coverage of RWH. For example, BRAC has allocated under its core fund, around 100 million BDT, for scaling up the RWH system in 3 climate-vulnerable coastal sub-districts (Sarankhola, Morrelganj, Rampal) of Bangladesh. BRAC has a plan to use the allocated finances for this particular intervention over a short to long-term period.

Crop insurance

Agriculture is considered to be one of the most vulnerable sectors to climate variabilities. NAP states that the potential impacts and risk for crops under SSP5-8.5 are high for almost all the climate hazards including increased salinity, frequent and more severe cyclones, erratic rainfall, heat stress as well as frequent flash floods, except medium risk for severe droughts and river floods. BRAC provides finance to approximately 10 million people, many of whom are smallholder farmers increasingly impacted by climate shocks such as unseasonal rainfall, cold waves, and excessive heat. In response, BRAC introduced weather index-based crop insurance in 2021 under its Microfinance Programme, later expanding to include area yield index insurance to address physical-climate risks. By 2023, nearly 80,000 farmers covering 10,000 acres of crops were insured, with 9,000 farmers receiving pay-outs worth BDT 3.7 million over three cropping seasons. Not only does crop insurance act as a key climate adaptation tool for smallholder farmers, this integration into the Microfinance Programme is building financial resilience for smallholder farmers in Bangladesh.

Sunflower cultivation

Bangladesh National Adaptation Plan (NAP) states that under SSP5-8.5 scenario, around 18 percent of the coastal area might get inundated due to rising sea level while resulting in increased salinity and impacting coastal livelihood through reduced crop and fish production. A rice crop production loss of 7.4 percent and 10.1 percent is expected to occur based on sea-level rises of 0.62 metres and 0.92 metres, respectively, under the RCP8.5[2] scenario. The risk associated with sea level rise induced salinity over the crops is high as per the SSP5-8.5 scenario while having a potential impact of damages to traditional varieties, low yields, change in cropping pattern, limited scope for agricultural production and so on.
The current scenario, that is, the changing climate, rising sea levels and other anthropogenic factors are forcing a vast area of Bangladesh's coastal zone to remain barren due to the high salinity of arable lands. Consequently, farmers in coastal regions are unable to produce any traditional crops during the dry season (November through May) as popular crops cannot tolerate the salt.
Considering the hurdles of coastal farmers, NAP has stressed importance on extension of stress tolerant seeds as one of their adaptation priorities with an investment potential of BDT 20 billion.
Starting from 2023 BRAC through its different programmes started supporting coastal farmers with improved-quality sunflower seeds, fertilisers, training and necessary financial support to cultivate thousand acres of fallow land in the coastal areas of Bangladesh. Sunflowers are saline-resistant high value crops that grow quickly, offering a stable opportunity for income generation to farmers who can no longer cultivate more saline-sensitive crops. The Department of Agricultural Extension, a technical Government body, estimates that Bangladesh has a 26% local demand for edible oils where only 10% is home grown. Sunflowers can play a vital role in meeting the additional 16% demand by cultivating the oilseed in fallow lands, most of which remain in the saline-prone zones. BRAC is working with the coastal farmers to create a sustainable business linkage within the local and national market. This initiative is attracting more farmers to get involved in sunflower farming. Some farmers even aspire to establish their own

[2] RCP8.5 (Representative Concentration Pathways) is a high greenhouse gas emissions scenario in the absence of policies to combat climate change, leading to continued and sustained growth in atmospheric greenhouse gas concentrations; https://www.ipcc.ch/site/assets/uploads/sites/3/2019/11/03_SROCC_SPM_FINAL.pdf

sunflower oil enterprises to increase their income and create job opportunities for the local population. In addition to sunflower and other salt tolerant varieties, BRAC is promoting different agricultural technologies that work for coastal soil containing high salinity; like saline soil pit management using double layer mulching, application of bio-fertiliser etc. Using these soil management approaches have reduced the soil salinity to a considerable amount. Field data from the Climate Change Programme of BRAC shows that, soil salinity has reduced to 2118 mS/m from 8581 mS/m after using double layer mulching technology while bio fertiliser has reduced the salinity to 2023 mS/m from 6665 mS/m. The government is eager to continue the initiatives exploring various varieties of sunflower seeds in terms of high salinity resistance and high yield while testing additional crops for adoption leading to building resilience.

Together, these initiatives show how BRAC's strategy is adapting to climate scenarios and national priorities. By scaling rainwater harvesting, expanding crop insurance, and promoting saline-tolerant crops and soil management, BRAC embeds resilience at the core of all its strategies. Uncertainties over salinity and sea-level rise remain, but BRAC's flexible approach ensures it can adjust as climate-related risks evolve. This first climate resilience assessment demonstrates how climate-related physical risks are already shaping interventions and affirms BRAC's readiness to expand, innovate, and align with global climate goals.

CHAPTER 5:
RISK MANAGEMENT

This chapter outlines BRAC's processes for identifying, assessing, prioritising, and monitoring climate-related risks and opportunities. It provides readers with a clear understanding of how BRAC integrates these considerations into its overall risk management framework. The chapter details the methodologies, data sources, and analytical approaches used, as well as the parameters for evaluating the nature, likelihood, and potential impact of risks. Additionally, it highlights how BRAC assesses climate-related opportunities and how risk management processes inform broader strategic and operational decision-making.

BRAC has established its own Risk Management Service, alongside a Risk Management Policy and Framework, to embed risk management into governance, strategy, planning, and reporting processes. The Risk Management Service ensures effective implementation of BRAC's interventions through a risk rating matrix (extreme, significant, high, moderate, low), which evaluates the likelihood of occurrences and their associated impacts (negligible, minor, moderate, severe, catastrophic). According to BRAC's Risk Management Policy, major impacts on business operations include disasters like flash floods, cyclones, and tidal surges. In response to the increasing physical risks affecting BRAC's operations and

infrastructure, the Risk Management Unit and Climate Change Programme initiated an assessment of climate-related events' detrimental effects on local-level programmes, which incur substantial losses annually. The initiative began with climate vulnerability assessments (CVAs) for BRAC offices in Satkhira, considering exposure, sensitivity, and adaptive capacity. The analysis identified a greater emphasis on exposure and sensitivity indicators due to low adaptive capacity, leading to higher climate vulnerability. BRAC is now conducting risk assessments across all MF offices to minimise financial losses and ensure climate resilience.

BRAC also integrates climate change, environmental, and social considerations into its policies and strategies, such as the Climate Change Strategy (2016-2020), Environment Policy (2017), and Environmental and Social Safeguard Framework (2017). These frameworks guide BRAC's programmes to adopt climate-smart and environmentally sustainable practices, with climate financing incorporated into operational plans to enhance climate resilience across initiatives.

Following an extensive review of resilience literature, BRAC developed a Climate Resilience Framework (CRF). The framework outlines processes for

climate-vulnerable communities to identify risks, access resources, and respond to climate shocks, promoting monitoring, evaluation, learning, and adaptive management.

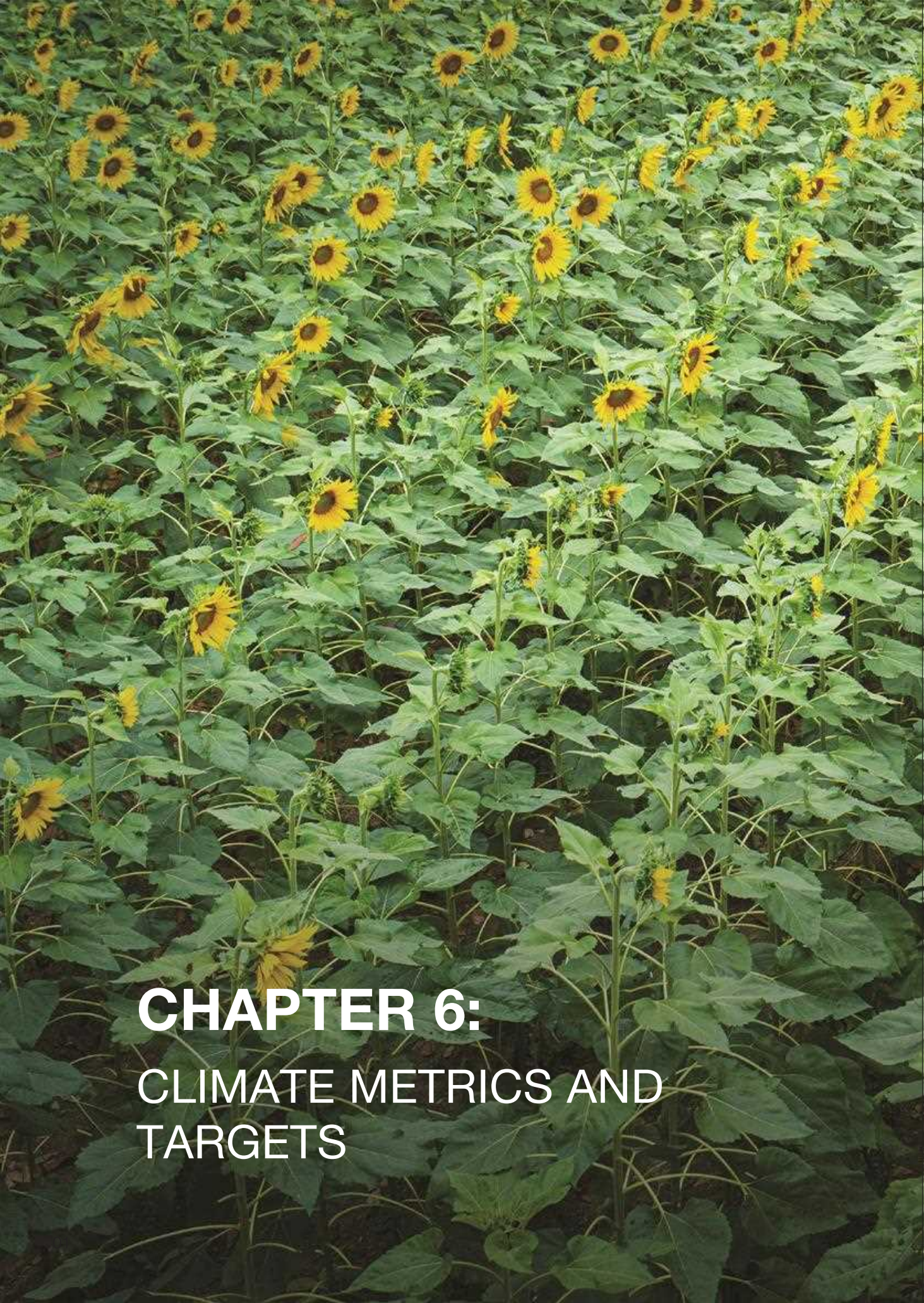
As part of its risk identification and assessment processes, BRAC programme teams and climate specialists conduct CVAs and Climate Risk Assessments (CRAs) at project sites. These processes, along with national and global policy frameworks such as Bangladesh's National Adaptation Plan (NAP), Nationally Determined Contributions (NDC), and the IPCC guidelines, help BRAC identify climate-related risks, prioritise interventions, and align operations with national climate and development priorities.

BRAC's Five-Year Strategic Plan (2021-2025) positions climate change as a key priority. Over the past five years, this plan has led to interventions such as scalable climate-adaptive water technologies, climate-resilient agriculture and food security. The strategy for 2026-2030 continues this focus on climate-adaptive agriculture, water security, environmental safeguards, nature-based solutions, climate information services, and mitigation.

BRAC conducted its first formal climate-related scenario analysis for the 2024-2025 IFRS report. While BRAC has yet to build technical capacity for

advanced quantitative modelling, the analysis used climate risk projections from Bangladesh's NAP, supplemented by internal judgement and programme data, to assess major risks like salinity intrusion and water scarcity.

Currently, climate change is a top priority for BRAC, both in terms of financial investments and programmatic interventions. BRAC prioritises climate-related risks based on their relevance to programme delivery, financial risks to participants, and alignment with national priorities. Risks are monitored through programme-level data collection, periodic CVA/CRA updates, project evaluations, and iterative application of BRAC's CRF. BRAC prioritises climate-related risks based on their immediate and long-term impacts on core programme participants, particularly in agriculture. Weekly agro-meteorological advisories are disseminated to protect crops from risks like erratic rainfall. Additionally, through the Jameel Observatory-CREWSnet Project in partnership with MIT, BRAC advances hazard-specific modelling for heat stress, cyclones, wind, tidal surges, and salinity, enabling future risk prioritisation based on location-specific climate projections.



CHAPTER 6:
CLIMATE METRICS AND TARGETS

As the realities of climate change grow more urgent, measuring and managing greenhouse gas (GHG) emissions has become essential for any organisation striving toward sustainability. BRAC recognises that as one of the world's largest development organisations, its operational footprint carries both responsibility and opportunity. In line with BRAC's long-standing commitment to environmental stewardship and responsible resource management, the organisation has adopted a more structured and data-driven approach to understanding and reducing its climate impact.

In the 2024-2025 reporting year, BRAC conducted a comprehensive reassessment of its carbon footprint, building on the baseline established in 2019. This reassessment reflects BRAC's evolving carbon reduction strategy and its commitment to integrating GHG emissions monitoring across key programmes and operations. Through this process, BRAC aims not only to track emissions with greater accuracy but also to identify pathways for mitigation that align with global climate goals and national priorities.

6.1 Carbon footprint and organisational boundaries

BRAC is a globally renowned development organisation with a nationwide presence in Bangladesh. With over 100 million people engaged through its initiatives and a broad range of programmes, enterprises, and operations including outreach in marginalised, remote, and post-disaster areas, BRAC's scale makes comprehensive GHG accounting across its full value chain a complex undertaking.

Given the size and operational diversity of the organisation, it was not feasible to assess emissions from BRAC's entire value chain during this reporting period. For the 2024-2025 IFRS climate-related disclosure, the carbon footprint assessment has focused on BRAC's Head Office, BRAC Centre in Dhaka. This facility-level boundary provides a practical and comparable scope, especially as a similar assessment was conducted in 2019. The current reassessment therefore serves not only to establish updated GHG emissions figures, but also to track changes over time, helping inform future mitigation actions and long-term sustainability planning.

In line with standard GHG accounting practices, defining organisational boundaries is a foundational step in determining which parts of an organisation are included in the carbon footprint. Organisations may have a range of structures such as subsidiaries, joint ventures, franchises, or wholly owned operations, and the choice of boundary approach determines which of these are included in the emissions inventory.

To ensure consistency and transparency in reporting, entities must adopt a consolidation approach and apply it uniformly. This is especially important for organisations with complex structures, where clarity around what is included within the reporting scope becomes crucial.
There are two main approaches recognised under the GHG Protocol for setting organisational boundaries: the equity share and the control approach. Under the equity share model, emissions are accounted for based on the proportion of ownership in an operation, reflecting the economic interest the organisation holds. This method focuses on the risks and benefits that flow to the entity, regardless of legal ownership structures. Alternatively, the control approach requires organisations to report 100% of the emissions from operations over which they have control, regardless of ownership share. Control may be defined in financial or operational terms.

For this carbon footprint assessment, BRAC has applied the operational control approach. This means the organisation reports emissions from all operations and activities over which it has full operational authority. In the case of this reporting period, the assessment focuses specifically on BRAC Centre, the organisation's head office, where BRAC exercises complete control over day-to-day operations and decision-making. Emissions have been calculated only for those sources where data were available and where BRAC Centre has direct operational control.

6.1.1 Operational Boundaries

Operational boundaries determine the business activities of the reporting organisation that generate emissions. It also determines which of these activities should be included in the calculation and how these activities should be classified (i.e., direct or indirect emissions).

The table below lists the activities under Scope 1, 2 and 3 for which resulting GHG emissions have been calculated for the 2024-2025 reporting period. For Scope 3, it also states the categories in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Activities	**Relevant category under GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard**
Fuel Consumption	N/A
Air Conditioners	N/A
Refrigerators	N/A
Company-Owned Vehicles	N/A
Purchased Electricity	N/A
Material Uses	Category 1: Purchased goods and services
Waste Disposal	Category 5: Waste generated in operations
Business Travelled by Air	Category 6: Business travel
Business Travelled by Land	Category 6: Business travel
Freighting Goods	Category 1: Purchased goods and services
Employee Commuting	Category 7: Employee commuting
Food Consumption	Category 1: Purchased goods and services
Water Supply	Category 1: Purchased goods and services

6.2 Methodology

For this reporting period, BRAC has calculated its greenhouse gas (GHG) emissions in line with the IFRS S2 requirements, which direct entities to use the Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard (2004) as the foundational framework for GHG accounting and inventory development.

Accordingly, BRAC has followed the GHG Protocol Corporate Standard, jointly developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). This internationally recognised framework is widely adopted across various sectors for its rigorous and standardised approach to GHG measurement, classification, and reporting.

Under this methodology, all relevant emission sources from BRAC Centre were identified. Activity data was collected from BRAC Centre's utility bills, fuel consumption records, procurement records, and other verifiable operational inputs. Emission factors used in the calculation were derived from reliable and regionally appropriate sources, including Department for Environment, Food and Rural Affairs (DEFRA) 2024, UNFCCC 2021, and National Grid Emission Factor 2022.

The assessment focused on BRAC Centre, BRAC's Head Office in Dhaka, as the defined organisational boundary for this reporting period. Carbon emissions are broadly categorised into three types under the Greenhouse Gas Protocol framework:

1

Scope 1 (direct emissions): Emissions from sources that are owned or directly controlled by the entity. Examples include fuel combustion in company-owned vehicles, industrial processes, and on-site power generation.

2

Scope 2 (indirect energy emissions): These are emissions from the generation of purchased electricity, heating, or cooling consumed by the entity. Although generated elsewhere, these emissions are attributed to the end user.

3

Scope 3 (other indirect emissions): These include all other emissions that occur in the value chain of the reporting entity, including transportation, business travel, waste disposal, product use, outsourced services, and supply chain operations.

Quantifying a carbon footprint involves data collection and emission factor analysis. The general formula used was:

GHG emissions = Activity data X Emission Factor

6.3 Climate metrics: results and discussion

6.3.1 Scope 1 GHG emissions

Scope 1 (direct) GHG emissions refer to greenhouse gases released from sources that are directly owned or controlled by an organisation. These emissions typically result from the combustion of fuels and the use of equipment that releases refrigerants or other gases on-site. For BRAC Centre, Scope 1 emissions arise from activities such as operating fuel-powered generators, using air conditioning and refrigeration systems (which may leak refrigerants), and running company-owned vehicles. These sources reflect BRAC's operational energy use and internal transportation, representing the organisation's direct contribution to greenhouse gas emissions through daily functions under its control. The emissions associated with these activities are detailed in the following section.

- **Fuel consumption**

  During the reporting period, a total of 36.72 tonnes of CO_2 equivalent (tCO_2e) greenhouse gas emissions were generated from fuel consumption. This included 650 litres of diesel, contributing 1.73 tCO_2e (4.71%), and 25 litres of lubricants, contributing 0.07 tCO_2e (0.19%). The largest share of emissions came from the use of 17,070.97 cubic metres of natural gas, which accounted for 34.92 tCO_2e or 95.10% of the total. Natural gas was the dominant source of fuel-related emissions, making up the overwhelming majority of the total.

- **Refrigerant used in air conditioners**

  During the reporting period, a total of 134.42 tonnes of CO_2 equivalent (tCO_2e) greenhouse gas emissions were generated from refrigerant leakage from the AC used by the BRAC Centre. This included 340 kg of HFC-134a, resulting in 22.1 tCO_2e (32.89%), 103 kg of R-410A, contributing 9.91 tCO_2e (14.75%), and 400 kg of R-22, which accounted for 35.2 tCO_2e (52.36%). R-22 was the highest contributor to refrigerant-related emissions, making up more than half of the total GHG emissions in this category.

- **Refrigerant used in refrigerators**

  A total of 0.00105 tonnes of CO_2 equivalent (tCO_2e) greenhouse gas emissions were generated from refrigerant leakage. This included 0.295 kg of 600A, contributing 0.00000266 tCO_2e (0.25%), and 0.268 kg of HFC-134a, resulting in 0.00105 tCO_2e (99.75%). Although the total emissions from refrigerants were minimal, HFC-134a was the dominant contributor in this category.

- **Company-owned vehicles**

  During the reporting period, a total of 1,285.59 tonnes of CO_2 equivalent (tCO_2e) greenhouse gas emissions were generated from passenger vehicle use at BRAC Centre. The vehicles travelled a combined distance of 7,643,995 kilometres, consuming approximately 1,297,624 litres of fuel across various types and categories. Small (saloon cars contributed 581.10 tCO_2e, with 675,441 litres of petrol and 61,525 litres of CNG consumed. Medium (sedans or microbus) cars emitted 193.80 tCO_2e from the use of 167,625 litres of petrol and 77,369 litres of CNG. Large (SUV) cars accounted for 272.90 tCO_2e, with emissions coming from 27,259 litres of diesel, 128,684 litres of petrol, and 4,728 litres of CNG. Additionally, average-sized (pick-ups or buses) diesel engine vehicles emitted 199.19 tCO_2e through the consumption of 154,993 litres of diesel. Petrol-fuelled vehicles were the dominant source of emissions, followed by diesel and CNG. This analysis highlights the significant impact of transportation activities on BRAC Centre’s overall carbon footprint and underscores the need for considering fuel-efficient or low-emission alternatives in future transport planning.

Total Scope 1 Emissions

In the carbon footprint assessment of BRAC Centre, Scope 1 emissions totalled 1,456.73 tCO_2e, with the majority (88.25%) coming from company-owned vehicles. Air conditioning systems contributed 9.23%, mainly due to refrigerant leakage, while fuel combustion accounted for 2.52%. Emissions from refrigerators were negligible. This indicates that transportation and cooling systems are the primary sources of direct emissions.

Scopes	Activities	GHG Emissions (tCO_2e)	Percentage (%)
Scope-1	Fuel consumption	36.72	2.64
	Air conditioners	67.21	4.84
	Refrigerators	0.001	0.00
	Company-owned vehicles	1,285.59	92.52
Total Scope-1 emissions		**1,389.52**	**100.00**

6.3.2 Scope 2 GHG emissions

Scope 2 (indirect) GHG emissions refer to emissions generated from the consumption of purchased electricity, heat, or steam, which occur at the production source but are accounted for in the organisation's footprint due to its energy use. At the BRAC Centre, Scope 2 emissions arise solely from the use of purchased electricity to power its buildings, equipment, and daily operations. Although these emissions occur off-site (at the power plants that generate electricity), they are attributed to BRAC because the organisation is the end-user. This category highlights the environmental impact of energy dependency and underscores the potential for emission reductions through improved energy efficiency, demand-side management, or shifting to renewable energy sources. The emissions associated with this activity are detailed in the following section.

Purchased electricity

A total of 1,726.80 megawatt-hours (MWh) of electricity was purchased, resulting in 1,070.62 tonnes of CO_2 equivalent (tCO_2e) greenhouse gas emissions. Electricity consumption varied across the months, with the highest usage recorded in May 2024 at 178.80 MWh (110.86 tCO_2e) and the lowest in January 2025 at 97.20 MWh (60.26 tCO_2e). The data shows a general increase in electricity usage during the warmer months, which may be attributed to higher demand for cooling. This category represents a significant portion of the BRAC Centre's overall emissions and highlights the importance of exploring energy efficiency measures and renewable energy alternatives to reduce electricity-related emissions.

Total Scope 2 emissions

In the 2024-2025 carbon footprint assessment of BRAC Centre, Scope 2 emissions, which result from the purchase of electricity, totalled 1,070.62 tCO_2e, making up 100% of this category. This reflects the centre's reliance on grid electricity as a significant source of indirect emissions from energy consumption.

Scopes	Activities	GHG Emissions (tCO_2e)	Percentage (%)
Scope-2	Purchased electricity	1,070.62	100
Total Scope-2 emissions		**1,070.62**	**100**

6.3.3. Scope 3 GHG emissions

Scope 3 GHG emissions encompass all other indirect emissions that result from an organisation's activities but are generated from sources not owned or directly controlled by the organisation. These emissions typically span the entire value chain and often constitute the largest portion of an organisation's carbon footprint.

At the BRAC Centre, Scope 3 emissions arise from several everyday and operational activities. These include the use of materials such as paper and office supplies, waste disposal practices, air travel for business purposes, and the freighting of goods for office operations. Additionally, employees commuting to and from work, food consumption in cafeterias or at events, and the supply of water for daily use contribute to this category.

Though indirect emissions, these reflect the broader environmental impact of BRAC's operational ecosystem. They also present key opportunities for engagement, policy development, and sustainable procurement to drive meaningful emission reductions. The emissions associated with these activities are detailed in the following section.

Material used

BRAC Centre procured 36.31 tonnes of materials, resulting in 142.20 tonnes of CO_2 equivalent (tCO_2e) emissions. The majority of emissions came from construction-related metal (29 tonnes), contributing 110.66 tCO_2e. Other contributors included electrical items, both large items like fire pump sets and small items like cables, totalling 15.43 tCO_2e. Battery (Li-ion and NiMH) added 4.13 tCO_2e, while plastic (PVC) contributed 4.40 tCO_2e. Paper from printing and official use accounted for 1.45 tCO_2e, and used clothing items emitted 5.13 tCO_2e. Construction metals were the dominant emission source, highlighting the importance of sustainable waste management practices.

Activities	Material type	Annual uses (tonnes)	GHG emissions (tCO_2e)	Remarks
Construction	Metals	29	110.66	All types of metal pipes, fire extinguishers, panels, CCTV server & relevant materials
Other	Clothing	0.23	5.13	Staff uniform and cleaning clothes
Electrical items	Electrical items - large	3.3	10.78	Fire pump sets
	Electrical items- small	1	5.65	Fire alarm cable & CCTV cable
	Batteries- Li ion	0.07	0.44	Panel batteries
	Batteries - NiMh	0.13	3.69	Panel batteries
Plastic	Plastics: PVC (including PVC forming)	1.5	4.40	Detection system pipes
Paper	Official printed paper	1.08	1.45	Considering 2,12,569 pages used for printing purposes and 0.02 tonne used for checklists and other official purposes.
	Total	**36.31**	**142.20**	

Waste disposal

During the reporting period, BRAC generated a total of 26.13 tonnes of waste, resulting in 12.08 tonnes of CO_2 equivalent (tCO_2e) emissions. The majority of this waste (24 tonnes) came from household residuals disposed of in landfills, contributing 11.93 tCO_2e. Clothing waste (0.23 tonnes) and a portion of paper waste (0.02 tonnes) were also sent to landfill, emitting 0.11 tCO_2e and 0.02 tCO_2e, respectively.

In contrast, 1.88 tonnes of paper waste were managed through a closed-loop recycling process, contributing only 0.01 tCO_2e. Landfilling remains the dominant disposal method and emission source, highlighting an opportunity to expand recycling efforts and reduce environmental impact.

Note: *BRAC produces 3.5-4 tonnes of recycled paper waste annually. For emission calculations, 50% is assumed to be open-loop recycled (used by Aarong for handmade products) and another 50% is assumed to be closed-loop recycled (used to produce BRAC notebooks). Since DEFRA does not provide an emission factor for open-loop recycling, emissions were calculated only for the closed-loop portion.*

Waste type	Annual generation (tonnes)	Means of disposal	GHG Emissions (tCO_2e)
Clothing	0.23	Landfill	0.11
Paper and board	0.02	Landfill	0.02
Paper and board	1.88	Close-loop Recycle	0.01
Household residual waste	24.00	Landfill	11.93
Total	**26.13**		**12.08**

Business travel by air

Air travel made a notable contribution to the BRAC Centre's greenhouse gas emissions during the reporting period, totalling 156.56 tCO_2e. Of this, international flights were the largest contributor, with just 75 passengers generating 95.09 tCO_2e over a distance of 7,06,171 passenger-kilometres. In contrast, domestic flights carried 923 passengers and covered 3,36,144 passenger-kilometres, resulting in 61.47 tCO_2e. Although fewer in number, international trips had a disproportionately higher emission impact due to longer travel distances. These figures, drawn from protocol and travel management (PTM) records, emphasise the carbon intensity of air travel, especially international routes, and present an opportunity for BRAC to explore lower-emission alternatives or invest in carbon offsetting for essential travel.

Activities	Type	Class	No. of passengers	Total Distance travelled (passenger.km)	GHG Emissions (tCO_2e)	Data source
Flight	Domestic	Economy class	923	3,36,144	61.47	PTM, BRAC
Flight	International	Economy class	75	7,06,171	95.09	PTM, BRAC
Total				**10,42,315**	**156.56**	

Business travel by land

The BRAC Centre team provided the total business travel cost for the reporting period, which amounted to BDT 19,16,83,196. Based on this, the total travel distance was estimated using the standard per-kilometre travel cost of BDT 2.12, as published by the Bangladesh Road Transport Authority (BRTA). Accordingly, the travel distance was calculated as approximately 9,04,16,602 passenger-kilometres. Using this estimated distance, the associated GHG emissions from business travel by bus were calculated to be 2,456.62 tCO_2e.

Activities	Vehicle Types	Vehicle Categories	Total Distance travelled (passenger.km)	GHG Emissions (tCO_2e)	Remarks
Business Travel	Intercity buses	Coach and local buses	9,04,16,602	2,456.62	Travel distance was estimated by dividing the total cost by BRTA's per-kilometre rate.

Freighting goods

Freight and goods transportation activities at the BRAC Centre resulted in 6.68 tonnes of CO_2 equivalent (tCO_2e) greenhouse gas emissions during the reporting period. The majority of emissions came from the use of HGV Rigid vehicles (7.5–17 tonnes, average laden), primarily trucks and courier vans running on diesel, which travelled 15,364.85 tonne-kilometres and emitted 5.84 tCO_2e. In comparison, average vans using CNG, including cars, microbuses, and local/public buses, accounted for 0.71 tCO_2e over 1,137.51 tonne-kilometres. Meanwhile, average vans using diesel, such as motorcycles and pickups, added a smaller share of 0.13 tCO_2e. Although HGVs represented less than half the total weight transported, they were responsible for nearly 87% of emissions in this category, highlighting their greater emission intensity and the importance of optimising heavy vehicle efficiency or transitioning to cleaner fuel alternatives.

Vehicle Types	Fuel Uses	Total Weight (tonnes)	Total Distance (tonne.km)	GHG Emission (tCO_2e)	Remarks
Average VAN	CNG	73.23	1,137.51	0.71	*Cars, microbuses, minibuses, buses, Local buses, public buses, vans, and CNG are considered 'Average VAN' vehicles using CNG fuel.*
Average VAN	Diesel	17.01	203.96	0.13	*Motorcycles, Pathao (ridesharing)-bikes, pickups, and pickup vans are considered 'Average VAN' vehicles using diesel fuel.*
HGV Rigid (7.5-17 tonnes, Average Laden)	Diesel	49.79	15,364.85	5.84	*Trucks, covered vans, and courier-service vans are considered 'HGV Rigid (7.5-17 tonnes, Average Laden)' vehicles using Diesel fuel.*
Total		**140.04**	**16,706.32**	**6.68**	

Employee commuting

Employee commuting activities contributed a total of 45.14 tonnes of CO_2 equivalent (tCO_2e) greenhouse gas emissions over the course of the reporting year, based on 240 working days. Among the vehicle types, local buses using diesel played the most significant role, covering 177,024 kilometres and emitting 21.24 tCO_2e. Medium cars running on CNG, commonly used for daily staff transport, travelled 81,216 kilometres and contributed 12.99 tCO_2e. Meanwhile, motorbikes powered by petrol accounted for 1,09,104 kilometres and 10.91 tCO_2e. Although motorbikes travelled a significant distance, their overall emissions remained lower than buses and medium cars, suggesting fuel type and vehicle efficiency as key determinants of emission levels.

Note: *A total of 86 BRAC employees who commute daily between their homes and the BRAC Centre individually without using BRAC Transport and who use fossil fuel-based vehicles have been considered for this calculation*

Types of Vehicles	Fuel used	Distance travelled per day (km)	Distance travelled (km) in one calendar year (240 working days)	GHG Emissions (tCO_2e)	Remarks
Motorbike	Petrol	454.6	1,09,104	10.91	
Medium Car	CNG	338.4	81,216	12.99	*Cars and CNG are considered 'Medium Car' vehicles using CNG fuel.*
Bus (Local Buses)	Diesel	737.6	1,77,024	21.24	
Total			**3,67,344**	**45.14**	

Food consumption

Food consumption accounted for a total of 4,494.02 tonnes of CO_2 equivalent (tCO_2e) greenhouse gas emissions during the reporting period, making it the single largest contributor to BRAC Centre's overall emissions. A total of 1,238,970 food items were served, including 847,470 average meals, which alone contributed 3,983.11 tCO_2e, nearly 89% of food-related emissions. Additionally, 154,280 hot or cold snacks resulted in 311.65 tCO_2e, and 237,220 standard breakfasts contributed an additional 199.26 tCO_2e. The significant emissions from meal consumption highlight the carbon intensity of food systems.

Types	Amount	GHG emissions (tCO_2e)
Standard breakfast	2,37,220	199.26
Cold or hot snacks	1,54,280	311.65
Average meals	8,47,470	3,983.11
Total	**12,38,970**	**4,494.02**

Note: *The reported emissions from food consumption are attributable to the wide range of activities hosted at BRAC's Head Office, which serves as a central hub for the organisation's development operations. This includes providing catering for numerous workshops, conferences, donor meetings, training sessions, and capacity-building events for staff, and national and international partners throughout the reporting period. Therefore, this figure reflects the operational footprint of these programmatic and stakeholder engagement activities and is not solely representative of daily meals for Head Office employees.*

Water supply

During the reporting period, BRAC Centre consumed a total of 27,042 cubic metres of water, resulting in 4.14 tonnes of CO_2 equivalent (tCO_2e) greenhouse gas emissions. Monthly water usage ranged from 1,364 m^3 in January 2025 (0.21 tCO_2e) to a peak of 2,917 m^3 in June 2024 (0.45 tCO_2e). The emission levels closely followed the consumption patterns, with the highest emissions occurring during the peak summer months.

Total Scope 3 emissions

In the 2024-2025 carbon footprint assessment, BRAC Centre's total scope 3 emission is 7,317.44 tCO2e.

The overwhelming majority (61.42%) came from food consumption, indicating a substantial environmental impact from catering and meal-related activities. Other contributors include business land travel (33.57%), air travel (2.14%), material use (1.94%), and employee commuting (0.62%). Minor sources such as waste disposal, freighting goods, and water supply collectively accounted for less than 0.5%.

Scopes	Activities	GHG emissions (tCO_2e)	Percentage (%)
Scope-3	Material uses	142.20	1.94
	Waste disposal	12.08	0.17
	Business travelled by air	156.56	2.14
	Business travelled by land	2,456.62	33.57
	Freighting goods	6.68	0.09
	Employee commuting	45.15	0.62
	Food consumption	4,494.02	61.42
	Water supply	4.14	0.06
Total Scope-3 emissions		**7,317.44**	**100**

6.3.4 Total gross reporting emissions

The carbon footprint assessment of the BRAC Centre reveals total gross greenhouse gas emissions of 9,777.58 tCO_2e. The analysis reveals that Scope-3 emissions dominate the Centre's carbon footprint, contributing 74.84% of the total, largely due to food consumption (45.96%) and business travel by land (25.13%). Scope-1 emissions, accounting for 14.21%, are primarily driven by company-owned vehicles (13.15%) and air conditioning systems. Scope-2 emissions from purchased electricity represent 10.95% of total emissions. Minor contributors include refrigerants, commuting, water supply, and freight activities.

Overall, BRAC Centre's GHG emissions have decreased significantly by 17% (2,004.15 tCO_2e), from 11,781.73 tCO_2e in 2019 to 9,777.58 tCO_2e in 2025. This reduction reflects a substantial decline in emissions across most activity areas.

Scopes	Activities	GHG Emissions (tCO_2e)	Percentage (%)
Scope-1	Fuel consumption	36.72	0.38
	Air conditioners	67.21	0.69
	Refrigerators	0.001	0.00
	Company-owned vehicles	1,285.59	13.15
Total Scope-1 emissions		**1,389.52**	**14.21**
Scope-2	Purchased electricity	1,070.62	10.95
Total Scope-2 emissions		**1,070.62**	**10.95**
Scope-3	Material uses	142.20	1.45
	Waste disposal	12.08	0.12
	Business travel by air	156.56	1.60
	Business travel by land	2,456.62	25.13
	Freighting goods	6.68	0.07
	Employee commuting	45.15	0.46
	Food consumption	4,494.02	45.96
	Water supply	4.14	0.04
Total Scope-3 emissions		**7,317.44**	**74.84**
BRAC Centre's total gross GHG emissions		**9,777.58**	**100.00**

6.3.5 Emission reduction initiatives in the reporting period

While the reporting boundary for climate metrics in this reporting period was limited to emissions from BRAC Centre, this disclosure report goes beyond this scope by capturing relevant data and information from programmatic initiatives across the organisation. This reflects BRAC's broader commitment to sustainability, with various programmes and events actively undertaking emission reduction efforts throughout the year. The following initiatives, therefore, highlight emission reduction actions implemented across different areas of BRAC's operations.

BRAC Declutter Fair 2025

BRAC implemented initiatives aimed at reducing greenhouse gas emissions while fostering a culture of sustainability. One of the most impactful was the BRAC Declutter Fair 2025, which focused on extending the lifespan of consumer goods and promoting reuse and recycling.

The fair encouraged individuals to sell their unused items, making them accessible to others in need, thereby reducing the demand for newly manufactured products. This simple yet effective approach not only supported sustainable consumer habits but also directly reduced the carbon emissions associated with the production and distribution of new goods.

A wide range of items including clothing such as sarees, dresses, shirts, trousers, panjabis, shoes, bags, blazers, as well as electronic devices like mobile phones, laptops, headphones, and power banks were exchanged during the event. Through this initiative, BRAC successfully avoided an estimated 10,000 kilograms of carbon dioxide (CO_2) emissions. To put this into perspective, the avoided emissions are equivalent to the annual CO_2 absorption capacity of approximately 440 mature trees. The BRAC Declutter Fair 2025 underscores how targeted initiatives can have a measurable impact on reducing emissions while raising awareness about the carbon footprint of consumer behaviour.

PLEASE project

During the reporting period (June 2024 - July 2025), the initiative diverted a total of 79,219 kg of plastic waste and 394,390 kg of organic waste from the environment across three key interventions: a floating barrier pilot in waterways, large-scale clean-up drives, and a community-driven plastic barter system. These combined efforts resulted in an estimated CO_2 offset of 672,509 kg (672.5 tonnes CO_2e), contributing significantly to emissions reduction and circular waste solutions.

Digitisation of client services (DCS)

By replacing traditional paper-based processes, DCS significantly reduces paper consumption, contributing to environmental sustainability while enhancing service delivery efficiency. The intervention also minimises the operational load on field staff and improves data accuracy and security.

The primary objectives of this intervention are to reduce the environmental impact by minimising paper-based documentation in microfinance operations, thereby contributing to more sustainable practices. It also aims to enhance operational efficiency and reduce service delivery time for member admissions and loan/savings processing. By shifting to digital record-keeping, the initiative seeks to improve data accuracy, security, and accessibility. This responsible approach to digitisation supports BRAC's broader climate and sustainability commitments. Additionally, the intervention is designed to empower staff by equipping them with technology-enabled tools, enabling them to serve clients better.

Under the traditional method, each client's admission and loan cycle generates an estimated 11 to 17 pages of paper documentation, including forms, photocopies, and reports. Between June 2024 and May 2025, the Digitisation of Client Services (DCS) saved approximately 103.6 million pages, equivalent to 12,950 trees, 1.04 billion litres of water, and 1,036 metric tons of CO_2 emissions, across 7.4 million loan cycles, by reducing an average of 14 pages per loan.

Sapling distribution

In 2024, BRAC's Microfinance Programme undertook a major greening initiative by distributing 300,000 saplings across Bangladesh, with a particular focus on Rangpur, Chattogram, and Sylhet divisions. The effort reached diverse recipients, including community members, micro-entrepreneurs, educational institutions, government bodies, and youth volunteers. A wide variety of fruit-bearing, medicinal, and timber species such as neem, moringa oleifera, jackfruit, coconut, lychee, chapalish, and koroch were selected based on local climatic conditions and community needs. While the distribution marks an important step, it is only the beginning; the true climate benefit will unfold over time as these saplings mature into trees, offering carbon sequestration, shade, and environmental resilience. With this foundation, the programme plans to expand its efforts, continuing to drive nature-based solutions across vulnerable regions in the years to come.

6.4 Climate-related targets

BRAC has established various climate-related adaptation and mitigation targets to monitor progress toward its strategic objectives.

6.4.1 Adaptation targets

1. BRAC's Rain for Life project supports integrated water management, climate-resilient agriculture, and nature-based solutions in three climate-vulnerable upazilas: Assasuni, Mongla, and Patharghata. By 2027, the project aims to improve the climate resilience of 30% of the local population (approx. 90,000 people). Specific adaptation metrics include:

   a. Safe drinking water access for **30,000 people,** reducing water-related health issues by 10%.

   b. Adoption of climate-adaptive agricultural practices by **35,000 farmers**, with an expected 10% increase in household income.

   c. Engagement of **15,000 individuals** in biodiversity conservation.

   d. Establishment of **54 Climate Action Groups**, with 50% women participation.

2. The **rainwater harvesting** system will expand to 3 additional climate-vulnerable coastal upazilas (Sarankhola, Morrelganj, Rampal) in Bangladesh. In the following year, BRAC plans to identify 15-16 upazilas facing extreme water scarcity and extend the RWH model as a blanket coverage for those areas.

3 Under the **Jameel Observatory-CREWSnet project**, two existing multipurpose cyclone shelters (one in Assasuni upazila and one in Keshabpur upazila) are to be converted to multi-objective shelters (Adaptation Fortress), providing safe refuge for vulnerable communities during both heatwaves and cyclones. For the first pilot in Baradal union's, Banasree Sikkha Niketan secondary school located in Assasuni, Southwestern Bangladesh which also serves as a cyclone shelter has been selected. The school has the capacity to accommodate **2,000 people during emergencies**. As part of the pilot, five rooms have been proposed to be converted into heatwave sheltering rooms for community use. Each room will be equipped with four air conditioners, each with a **1.5 ton capacity**, all of which will be solar-powered. The site for the second pilot in Keshabpur is still under community survey and feasibility assessment to determine local needs and suitability.

4 **The Big Bet** on climate change adaptation is a multi-country initiative, co-designed with governments, to support around **14 million people in total (including three million women smallholder farmers and their households)** across Bangladesh, Liberia, Tanzania, and Uganda in reducing climate vulnerability by 2030. The programme aims to build a scalable, cost-effective model for inclusive, locally-led adaptation by integrating climate information, production support, financial tools, and post-harvest services addressing the interconnected barriers women face in adapting to climate impacts. A core focus is to strengthen systems that outlast the programme, by partnering with government, private sector, and communities to improve agricultural extension, climate services, and market access, while embedding these within enduring community structures. The initiative also prioritises women's empowerment helping them build confidence and capacity to manage finances, interpret climate data, and make timely, informed decisions. Sustainability remains central to the approach, with a commitment to regenerative agricultural practices that restore soil health and avoid environmental harm.

5 The Microfinance Programme aims to reach **one million people next year**, supporting climate-vulnerable farmers with crop insurance services.

6 Climate Adaptive Agriculture:

a. **Three new** Adaptation Clinics will be established in Derai, Morrelganj and Sarankhola upazilas in Bangladesh

b. A focus area will be **climate-resilient sunflower farming** where sunflower will be cultivated on 5000 bighas of land with support from the Climate Change Programme

c. In collaboration with the Bangladesh Rice Research Institute, BRAC will introduce a **device that optimises urea** use by inserting it 6 cm deep within the soil, reducing urea use by 30% and thereby reducing nitrous oxide emissions

7 **One solar-powered fish dryer** will be established in Kalapara upazila, southern Bangladesh. It is an automated sensor-based device that will be operated by the community and will serve as an income-generating source for them.

8 BRAC's **Integrated Climate Change Programme (ICCP)** is designed to strengthen climate resilience among the most vulnerable households in Bangladesh's climate hotspots. Anchored in three key pillars: increased access to climate-resilient WASH and health services, increased income from climate-adaptive agriculture, and improved climate risk management capacity; the programme will aim to reduce climate-induced development setbacks by promoting sustainable infrastructure, diversified livelihoods, and informed decision-making. Through access to safe water and sanitation, resilient health services, inclusive agricultural support, and climate information services, ICCP seeks to build lasting resilience at the household level and ensure that vulnerable populations can adapt effectively to current and future climate risks.

9 BRAC's **Amar Bon** initiative is set to expand in the coming year, with a target of establishing approximately 50 additional Amar Bon.

10 **Agro-meteorological advisory** services will be expanded beyond the three current clinics in Keshabpur, Assasuni and Shyamnagar to include 11 more Adaptation Clinics across the country, with an aim to provide agro-meteorological advisories to over 14,000 farmers. **Climate Information Services** will also be expanded and integrated into other BRAC programmes, such as the ICCP.

6.4.2 Mitigation targets

1. BRAC has initiated a **rooftop solar** project across **32** BRAC establishments in collaboration with IDCOL. The project supports BRAC's commitment to clean energy and low carbon development by implementing 4.04 MW of rooftop solar across various BRAC entities.

2. The **Rain for Life project's** biodiversity conservation interventions aim to achieve an annual sequestration target of **1,200 tCO_2e**.

3. As part of the **mangrove project**, BRAC will germinate and plant approximately **5,000 seeds** at the designated project site. Additionally, **1,000 new saplings** will be planted in the coming year to fill gaps within the existing mangrove plantation.

4. The **PLEASE project** has established a plastic recycling facility in Cox's Bazar which will process **100% recycled plastic** as input. The facility is expected to result in net emissions savings of approximately **1,272 tonnes of CO_2 equivalent** per year.

5. BRAC plans to expand the mobile solar irrigation initiative by operationalising seven additional units in the coming year to support more farming communities with sustainable, low-cost irrigation solutions.

6. By 2026, **BRAC Enterprises** will install a **10 T/hr steam** condensate recovery system to recycle hot condensate for boiler feedwater, thereby conserving freshwater, reducing energy use, cutting greenhouse gas emissions, and strengthening long-term sustainability in factory operations.

7. **Aarong** plans to increase solar installations across its outlets and centres by FY 2026, and transition to **100% recyclable** or **biodegradable** packaging by FY 2027. From 2025, the organisation plans to initiate structured measurement of its carbon emissions across operations, while continuing to integrate sustainability messaging into its campaigns on an ongoing basis.

6.4.3 Climate-related investment targets

For the 2025-2026 period, BRAC has set ambitious climate-related investment targets across its programmes, focusing on climate adaptation, mitigation, and resilience-building for climate-vulnerable communities.

The Skills Development Programme will invest BDT 0.75 million in climate awareness activities. The Climate Change Programme has allocated BDT 754.5 million to scale up climate-adaptive agriculture through Adaptation Clinics, promote resilient water technologies, expand rainwater harvesting and surface water treatment systems, implement nature-based solutions for water and agriculture, install rooftop solar systems in BRAC establishments, pilot mobile Adaptation Clinics for microfinance clients, and introduce climate-resilient livestock and fisheries models.

The Education Programme will direct BDT 5.4 million towards developing climate-focused curricula, workshops, and audio-visual content, alongside BDT 9.46 million

for climate change research, training for staff and School Management Committees, and curriculum revisions. The Humanitarian Crisis Management Programme (HCMP) will invest BDT 4.28 million in site stabilisation through waste carriage-ways, solar deep tube wells, and tree plantation, and BDT 1.79 million for environmental assessments, solar system maintenance in health centres, and climate awareness campaigns.

The Disaster Risk Management Programme has allocated BDT 96.3 million for capacity building, community awareness initiatives, disaster simulations, and policy engagement with government stakeholders.

The WASH Programme will invest BDT 40.17 million in water system installations in climate-vulnerable areas and BDT 7 million in integrated water resource management in Barind. The BRAC Health Programme will direct BDT 306.5 million to campaigns, training, and research on climate change and health, along with BDT 6.27 million to address vector-borne diseases such as dengue through awareness and local government collaboration.

The Ultra-Poor Graduation Programme will invest BDT 77 million in climate-adaptive livelihoods, saline-tolerant agriculture, vertical and integrated farming, and risk management tools including insurance and climate forecasting.

The Integrated Development Programme will spend BDT 5.5 million to promote homestead gardening with climate-resilient crops, adaptive inputs, and skills training for women's alternative livelihoods. The Urban Development Programme will allocate BDT 63.65 million to continue climate-adaptive urban agriculture, water security solutions, and climate-resilient urban planning as in the previous year. Finally, BRAC's Integrated Climate Change Programme, currently in its design phase, will invest BDT 50.97 million to build resilience in climate hotspots and protect development gains in the most vulnerable households.

The proposed climate-related budget from various BRAC programmes for FY 2025-26 stands at approximately BDT 1.42 billion. As this figure reflects only the budgets submitted at the start of the fiscal year, it is expected to increase as additional projects and funding are secured by BRAC's programmes over the course of FY 2025-26.

WAY FORWARD

As BRAC embarks on the next phase of sustainability and climate disclosure, the focus will be on strengthening internal capacity across the organisation, particularly among programme teams working directly with climate change and sustainability components. Building a deeper understanding of sustainability principles, greenhouse gas emissions, and climate adaptation will be central to this effort. BRAC will prioritise greater coordination among its programmes to ensure that internal sustainability, climate adaptation, and mitigation projects and activities are fully captured for future disclosures.

In parallel, BRAC will gradually expand the scope of reporting to include project-level carbon footprint assessments, supported by the development and implementation of targeted carbon reduction strategies. A key focus will remain on developing technically advanced, organisation-specific climate scenarios to guide long-term resilience planning. Establishing robust systems for data collection and analysis from diverse sites and field operations will form the backbone of this process. Rigorous quality assurance and control measures will also be maintained to ensure the precision and reliability of greenhouse gas quantification and audits. These steps will enable BRAC to enhance the quality and depth of its reporting and further embed sustainability into its operations, driving measurable impact for the communities it serves.

DISCLAIMER

Limitations of the report

Given the scale and complexity of BRAC's nationwide operations across diverse programmes, enterprises, and sectors, it was not feasible within this reporting cycle to account for every operational emission source throughout the entire value chain. As a result, the Climate Metrics chapter of this report includes Scope 1, 2, and 3 emissions exclusively from BRAC Centre, the organisation's head office in Dhaka.

Similarly, the climate scenario analysis presented in this report relies on secondary data and literature reviews aligned with Bangladesh's National Adaptation Plan (NAP), rather than being developed internally through programme-specific climate modelling or risk projections.

Lastly, although the gross GHG emissions reported are based on BRAC Centre only, programmatic information, such as adaptation and mitigation efforts and emission reduction initiatives, includes available data collected from various departments, enterprises, and programmes within BRAC.

ANNEX

Core component	IFRS S1 and S2 Disclosure Clauses	Addressed in chapter and/or chapter sections
BRAC's Sustainability Approach	S1 30, 32 (a), 33 (a)	BRAC's Sustainability Approach
		Sustainability-Related Risks and Opportunities in strategy and value chain
Governance	S1 27 (a), S2 6 (a)	Governance
Integration Of Climate Risks And Opportunities Into BRAC's Strategy	S2 8	BRAC's Climate Change Strategy
	S2 10 (a), (b)	Climate-related physical risks for BRAC
		Climate-related transitional risk
	S2 10 (c), (d)	Time horizons for the risks identified
	S1 29, 30	Climate-related opportunities for BRAC
	S2 10 (a)	
	S2 13 (a), (b)	Impact of risks and opportunities on BRAC's value chain and decision making
	S2 13 (a), 14 (a), 14(a) (i) (ii) (iii) (iv) (v)	
	S2 14 (a) (ii) (iii)	BRAC's adaptation and mitigation effort
	S2 15 (a), (b), 16 (a), (c)	Financial position, financial performance and cash flows
	S2 22 (a), (i), (ii), (iii), 22 (b)-5	Climate Scenario Analysis
Risk Management	S2 25 (a), (c)	Risk Management
Climate Metrics and Targets	S2 29 (a) (iii), (vi)	Carbon footprint and organisational boundaries
	S2 29 (a) (ii) (iii)	Methodology
	S2 29 (a) (i)	Climate metrics: Results and Discussion
	S2 33 (b), (c), (d)	Climate-related targets

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