

# Annual Sustainability Report 2011



# SUSTAINABILITY POSITION STATEMENT

**IDLC is committed  
to sustainable  
development  
by creating  
long-term value –  
value for  
our stakeholders,  
value for the  
environment and  
value for  
the community.**

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## ABBREVIATIONS

AML	Anti-Money Laundering
ATA	Anti-Terrorist Activities
BDT	Bangladeshi Taka
BIBM	Bangladesh Institute of Bank Management
BRTA	Bangladesh Road Transport Authority
CBS	Core Banking Software
COP	Communication on Progress
CRM	Credit Risk Management
CRP	Centre for Rehabilitation of the Paralyzed
CSE	Chittagong Stock Exchange
CSR	Corporate Social Responsibility
DFIM	Department of Financial Institutions and Markets
DOE	Department of Environment
ERM	Environmental Risk Management
ETP	Effluent Treatment Plant
FS	Financial Sector Supplement
GHG	Green House Gas
GRI	Global Reporting Initiative
HR	Human Resources
ICC	Internal Control and Compliance
ICT	Information and Communication Technology
IDLCIL	IDLC Investments Limited
IDLCSL	IDLC Securities Limited
kWh	Kilowatt Hour
KYC	Know Your Customer
LEADS	Livelihood Education And Development Services
MIn	Million
NBFI	Non-Banking Financial Institution
RBA	Risk-based Auditing
SEC	Securities and Exchange Commission
SME	Small and Medium Enterprises
SRG	Sustainability Reporting Guidelines
UNGC	United Nations Global Compact
UNEP FI	United Nations Environment Programme Finance Initiative

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## STATEMENT OF CEO AND MANAGING DIRECTOR

“We take responsibility for our own actions, and we will ensure that we positively impact all our stakeholders, the environment and the overall community.”



In 2011, the financial sector in Bangladesh suffered firstly from a stock market crash and subsequently from a long drawn out liquidity squeeze. Rising fuel and fertilizer import costs and a worsening energy crisis continued to batter the macro-economy. Foreign currency reserves suffered from weak foreign aid flows and sluggish overseas remittances – all of which resulted in uncomfortably high interest rates and spiraling inflation and, ultimately, serious depreciation of the Bangladeshi Taka. With few new viable investment opportunities in the industrial sector and cost of funds sky-rocketing, the Non-Banking Financial Institution sector faced significant growth challenges. Even in this backdrop, IDLC's traditional 'loans and deposit' business grew satisfactorily.

Over the past 27 years, while growing into one of Bangladesh's blue-chip companies, IDLC has, at all times, remained true to its core values : its corporate ethics are grounded in transparency, statutory compliance and good governance, and it is committed to all stakeholders – employees, clients, regulators, shareholders, and the larger community. The company's strength is derived from the partnerships with its clientele across the country, the guidance of its Board of Directors and the efforts of its most professional and sincere staff.

In 2011, IDLC reviewed its CSR (Corporate Social Responsibility) policies, and decided to shift focus from traditional 'philanthropic activities' such as charities and

donations to the implementation of sustainable business strategies and initiatives that would create value for stakeholders in the long run. The company became members of the United Nations Global Compact (UNGC), the United Nations Environment Programme Finance Initiative (UNEP FI) and the Bangladesh CSR Centre, and also underwent a number of policy and structural changes to incorporate these sustainability strategies into its core operations.

We began focusing on community development initiatives while adopting a number of projects aimed at environmental management. We also began offering our own staff members opportunities to voluntarily participate in such initiatives and make a difference. Our experience over the past couple of years leads us to believe that there is an acute lack of awareness in Bangladesh regarding how sustainable business practices can and should be integrated into an organization's core values and everyday operations. Going forward, we plan to help create this awareness among both our own staff members and our external stakeholder groups.

**Selim R.F. Hussain**  
CEO and Managing Director  
IDLC Finance Limited

# REPORTING PARAMETERS

Reporting Period	January 1, 2011 – December 31, 2011
Reporting Cycle	Annual
Most Recent Previous Report	"Communication on Progress, 2010", dated May 2011 and submitted to UN Global Compact
Contact Person	Zurat Haque Manager, CSR Department IDLC Finance Limited Tel: +880-2-8834990, Ext 178 Cell: +880-1713-047-075 Email: zurat@idlc.com

## Report Boundary

This report covers strategic decisions and activities of IDLC Group, i.e. IDLC Finance Limited and its two subsidiaries, IDLC Investments Limited and IDLC Securities Limited in 2011, that support responsible and sustainable business practices.

## Scope of the Report

The document covers both specific Corporate Social Responsibility (CSR) initiatives and good practices throughout IDLC Group. Data provided in this report is for the period from January 1, 2011 – December 31, 2011. However, events up to February 29, 2012 have also been captured briefly.

## Approach to Reporting

### The report mainly covers:

- ◆ Policies and performance aimed at sustainable business growth and benefit of stakeholder groups;
- ◆ Performance measures, results achieved and challenges faced; and
- ◆ Future plans

## Materiality

Material issues for this sustainability report are those that have significant and positive impacts on the stakeholders, economy, environment and community in the long run. As such, this report highlights:

- ◆ The Group's economic, environmental and social performance
- ◆ Issues affecting the Group's performance standards in the long run

Going forward, we will also attempt to identify material issues through discussions with our internal and external stakeholder groups.



**CHAPTER 1**

**WHO WE ARE**

IDLC Finance Limited, Bangladesh's pioneering leasing company, was established in Dhaka in 1985. IDLC was formed through the collaboration of International Finance Corporation (IFC), German Investment and Development Company (DEG), Kookmin Bank, Korea Development Financing Corporation, The Aga Khan Fund for Economic Development, The City Bank Limited, IPDC of Bangladesh Limited and Sadharan Bima Corporation.

Today, IDLC Finance is the leading multi-product Non-Banking Financial Institution in Bangladesh with 27 branches and over 800 staff. IDLC offers a wide range of

loans, deposit and capital market products and services to Corporate, Consumer and SME client segments. IDLC operates in the Capital Markets through its two wholly-owned subsidiaries – IDLC Investments Limited, providing Merchant Banking services, and IDLC Securities Limited, providing Brokerage services.

The IDLC Group has always been a standard bearer for the financial sector in terms of corporate governance and statutory compliance. The Group is also highly regarded for its professional pool of resources and progressive work environment.

## IDLC AT A GLANCE

Registered Name	<b>IDLC Finance Limited</b>
Type of Organization	Non-Banking Financial Institution
Ownership	Public Limited Company
Governing Act	Financial Institutions Act, 1993
Subsidiaries (wholly-owned)	<ul style="list-style-type: none"> <li>◆ IDLC Securities limited (operational since September 18, 2006) and</li> <li>◆ IDLC Investments Limited (operational since August 16, 2011)</li> </ul>
Regulatory Authority	Bangladesh Bank Capital Market operations are regulated by the Securities and Exchange Commission
Branches	27 branches and 2 booths (including subsidiaries)
Human Resources*	559 permanent employees (including subsidiaries)
Registered Address	Bay's Galleria 57, Gulshan Avenue, Gulshan 1, Dhaka 1212 Tel: +880-2-883 4990 Fax: +880-2-883 4377
Credit Rating	Long-term rating: AA <sub>1</sub> ; Short-term rating: ST-1 (as of June 30, 2011)

\*As of December 31, 2011

### Vision

We will be the best financial brand in the country

### Mission

We will focus on quality growth, superior customer experience and sustainable business practices

### Strategic Objectives – 2012/2013

- ◆ Grow and develop our talent pool
- ◆ Fully leverage new core banking platform
- ◆ Optimize distribution points
- ◆ Grow and diversify funding sources
- ◆ Grow sales and service capabilities in Consumer Division
- ◆ Aggressively grow SME portfolio
- ◆ Focus on top-tier clients in Corporate
- ◆ Consolidate capital market operations and enhance capabilities

- ◆ Embrace internationally accepted corporate governance and sustainable business practices

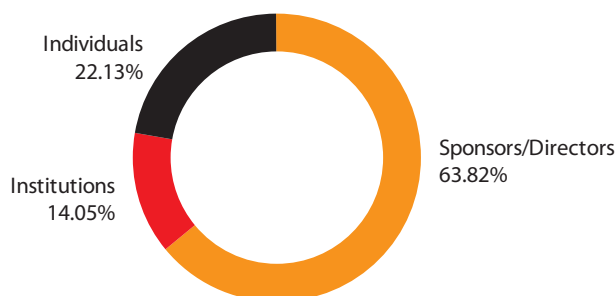
### Core Values



# OUR SHAREHOLDERS

IDLC is at present a 100% locally-owned company, with the following shareholding structure, as of February 29, 2012:

**Chart 1.1: Shareholding Structure of IDLC**



**Table 1.1: Shareholding Structure(February 29, 2012)**

Shareholders	% Shareholding
<b>SPONSORS/DIRECTORS</b>	
The City Bank Limited	28.37%
Transcom Group*	13.33%
Sadharan Bima Corporation	7.62%
Mercantile Bank Limited	7.50%
Reliance Insurance Company Limited	7.00%
<b>Sub-total</b>	<b>63.82%</b>
<b>INSTITUTIONS</b>	
Bangladesh Fund	3.19%
Eastern Bank Limited	2.19%
ICB	1.20%
Marina Apparels Limited	1.00%
Other Institutions	6.48%
<b>Sub-total</b>	<b>14.05%</b>
<b>INDIVIDUALS</b>	
General Public	22.13%
<b>Sub-total</b>	<b>22.13%</b>
<b>TOTAL</b>	<b>100.00%</b>

\*Composed of Eskayef Bangladesh Limited: 8.00%; Transcraft Limited: 4.01%; and Bangladesh Lamps Limited: 1.32%

## WHAT WE OFFER

### Corporate

#### Corporate Finance

- ◆ Term Loan
- ◆ Lease Finance
- ◆ Working Capital Finance
- ◆ Project Finance
- ◆ Refinancing and Special Funds
- ◆ Corporate Advisory Services

#### Structured Finance Solutions

- ◆ Fund-raising: Loan/Lease/Private Placement of Equity/Preference Shares/Bond/Foreign-currency Loan/Refinancing of Special Funds
- ◆ Project/Infrastructure Finance
- ◆ Advisory Services
- ◆ Securitization of Assets
- ◆ Structured Solutions

### Small and Medium Enterprise

- ◆ Small Enterprise Finance
  - > SME Loan
  - > Abashan Loan
  - > Seasonal Loan

- ◆ Medium Enterprise Finance
  - > Term Loan
  - > Lease Finance
  - > Working Capital Finance
  - > Project Finance
  - > Specialized Products
- ◆ Supplier Finance
- ◆ Women Entrepreneur Loan
- ◆ Commercial Vehicle Loan

### Consumer Finance

- ◆ Deposit Schemes
  - > Cumulative Term Deposit | Monthly/Quarterly/Annual Earner Deposit | Double/Triple Money Deposit | Short-term Deposit
- ◆ Home Loan
- ◆ Car Loan
- ◆ Personal Loan

### Capital Markets

- ◆ Portfolio Management
  - > Discretionary Portfolio Management (MAXCAP)
  - > Margin Lending (Cap Invest)
- ◆ Investment Banking (IPO, RPO, Bond Issuance, Rights Shares Offering, Corporate Advisory etc.)
- ◆ Research
- ◆ Brokerage Services

## COMMITTEES OF IDLC

Following are the major committees of the Board and Management:

- ◆ **Board of Directors' Committee**

- > Executive Committee
- > Audit Committee

- ◆ **Management Committee**

- > Management Committee (ManCom)
- > Credit Evaluation Committee (CEC)
- > Asset Liability Management Committee (ALCO)
- > Internal Control and Compliance Committee
- > HR and Remuneration Committee
- > Corporate Governance Committee
- > Ethics and Compliance Committee
- > BASEL II Implementation Committee

## BOARD OF DIRECTORS



**Mr. Anwarul Huq**  
Chairman  
Nominated by Reliance Insurance Ltd



**Mr. Rubel Aziz**  
Director  
Nominated by The City Bank Ltd



**Mr. Md. Habibur Rahman Mollah, FCA**  
Director  
Nominated by Transcom Group



**Mr. Aziz Al Kaiser**  
Director  
Nominated by The City Bank Ltd



**Mr. Hossain Mehmood**  
Director  
Nominated by The City Bank Ltd



**Mrs. Meherun Haque**  
Director  
Nominated by The City Bank Ltd



**Mr. K. Mahmood Sattar**  
Director  
Nominated by The City Bank Ltd



**Mr. Md. Rezaul Karim**  
Director  
Nominated by Sadharan Bima Corporation



**Mr. A.K.M. Shahidul Haque**  
Director  
Nominated by Mercantile Bank Ltd



**Mr. Farooq Sobhan**  
Director (Independent)



**Mr. Selim R.F. Hussain**  
CEO and Managing Director  
IDLC Finance Limited

# MANAGEMENT COMMITTEE



**Mr. Selim R.F. Hussain**  
CEO and Managing Director



**Mr. H. M. Ziaul Hoque Khan, FCA**  
Deputy Managing Director and CFO



**Mr. M. Jamal Uddin**  
Head of Corporate Division



**Mr. Zahid Ibne Hai**  
Head of SME Division



**Mr. Irteza A. Khan**  
Head of Consumer Division



**Mr. Asif Saad Bin Shams**  
Head of Credit and Collection



**Mrs. Bilquis Jahan**  
Head of Human Resources



**Mr. Mir Tariquzzaman**  
Chief Technology Officer



**Mr. M. Ataur Rahman Chowdhury**  
Head of Operations



**Mr. Mustaq Ahammed, FCA**  
Head of ICC



**Mr. Md. Moniruzzaman**  
Managing Director, IDLCIL



**Mr. Md. Saifuddin**  
Managing Director, IDLCSL

## GEOGRAPHIC COVERAGE

The IDLC Group has a total of 27 branches and 2 booths located in the following areas of Bangladesh:

**Table 1.2: Geographic Coverage**

Locations	IDLC Finance Limited	Subsidiaries	Total
Dhaka	6	5	11
Chittagong	2	2	4
Narayanganj	1	1	2
Narshingdi	1		1
Savar	1		1
Keraniganj	1		1
Bogra	1		1
Sylhet	1	1	2
Comilla	1		1
Gazipur (Booth)	1	1	2
Imamganj (Booth)	1		1
Tongi	1		1
Jessore	1		1
<b>Total</b>	<b>19</b>	<b>10</b>	<b>29</b>

## AWARDS AND RECOGNITIONS

### **SAFA (South Asian Federation of Accountants) Best Presented Accounts Awards**

SAFA Best Presented Accounts Award for 2005, 2006, 2007, 2009 and 2010

### **ICAB (The Institute of Chartered Accountants of Bangladesh) National Awards**

ICAB National Award for best published Annual Accounts and Reports for 2004, 2006, 2007, 2009 and 2010

### **ICMAB (The Institute of Cost and Management Accountants of Bangladesh) Awards**

ICMAB Best Corporate Award 2010 | ICMAB Best Corporate Performance Award 2008 |  
ICMAB National Best Corporate Award 2007

### **“COMMWARD Excellence in Communication 2009” and “Superbrands” recognition in 2009**

## **CHAPTER 2**

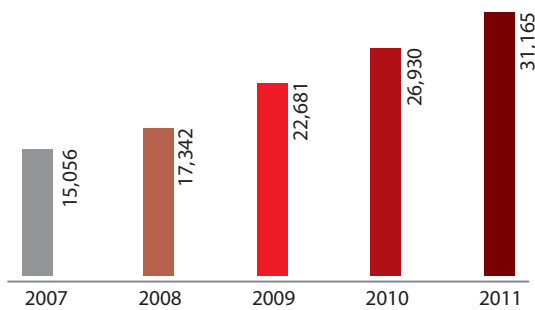
# **CONTRIBUTION TO GROWTH**



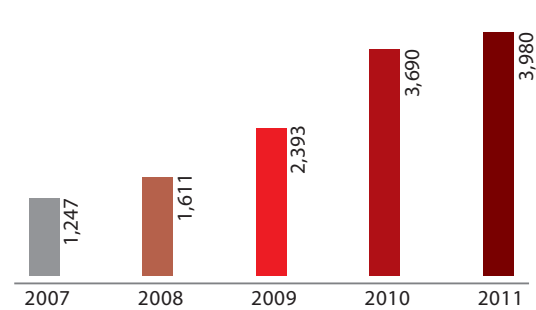
# CONSOLIDATED GROUP FINANCIALS

In the year 2011, the economy of Bangladesh faced major challenges in the form of liquidity pressures, a volatile money market and a turbulent capital market, marked by the historic crash in December 2010. Despite all these challenges, IDLC's core business operations, namely loan and deposit operations, achieved significant growth compared to the previous years.

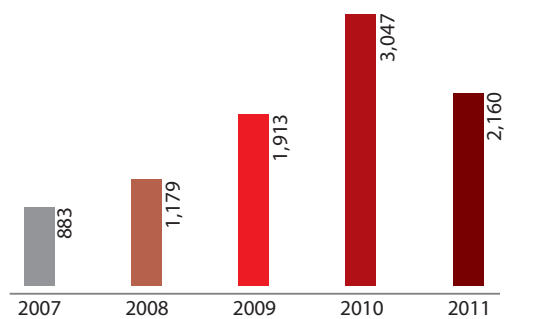
**Chart 2.1: Total Assets (in BDT Mln)**



**Chart 2.2: Shareholders' Equity (in BDT Mln)**



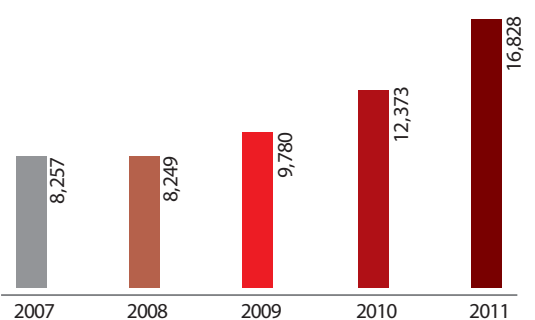
**Chart 2.3: Operating Income (in BDT Mln)**



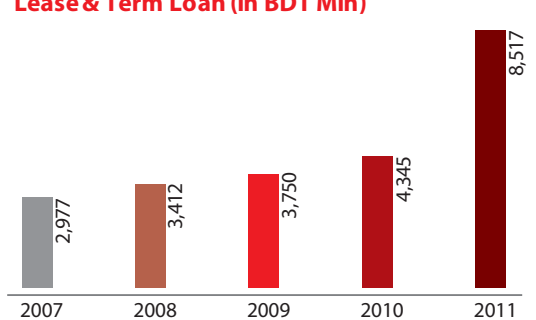
**Chart 2.4: Profit (in BDT Mln)**



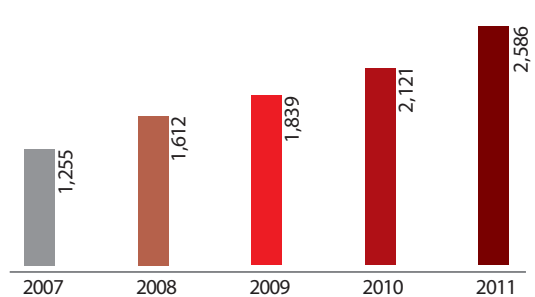
**Chart 2.5: Growth in Deposit Portfolio (in BDT Mln)**



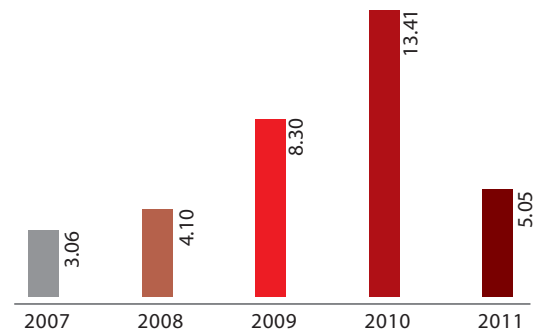
**Chart 2.6: Disbursement - Lease & Term Loan (in BDT Mln)**



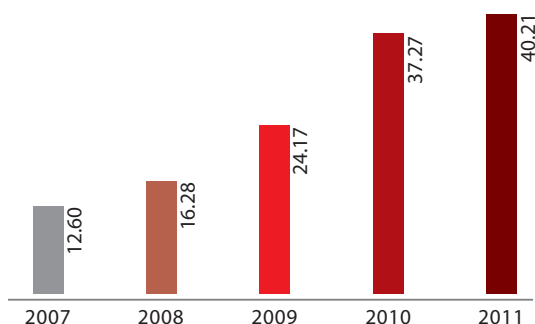
**Chart 2.7: Disbursement - Housing Finance (in BDT Mln)**



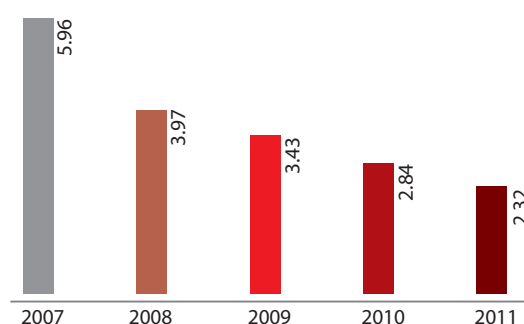
**Chart 2.8: Earnings per Share (in BDT)**



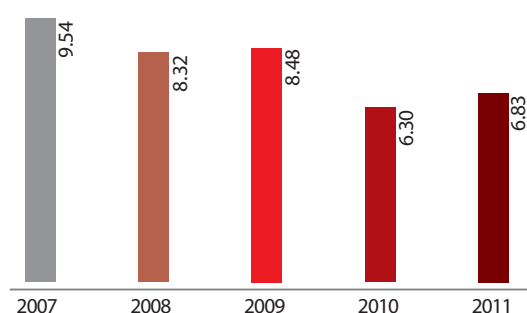
**Chart 2.9: Net Asset Value per Share (in BDT)**



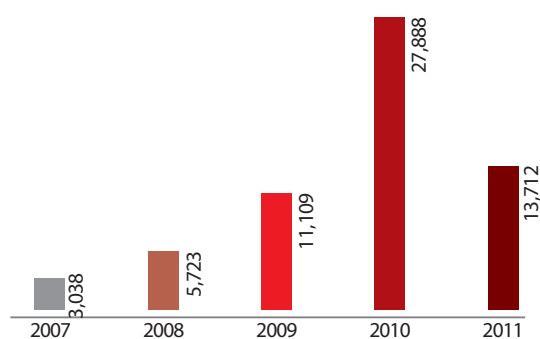
**Chart 2.10: Non-performing Loan Ratio (in %)**



**Chart 2.11: Debt-Equity Ratio**



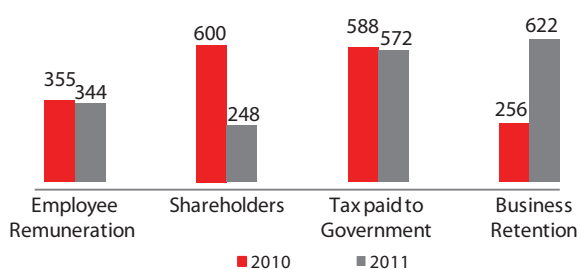
**Chart 2.12: Market Capitalization (in BDT Mln)**



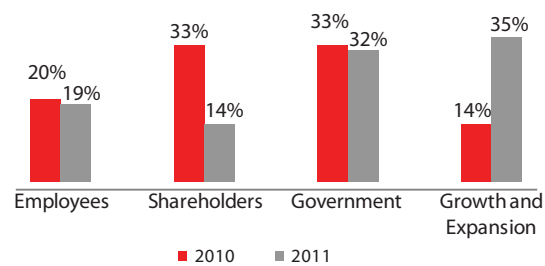
## DISTRIBUTION OF VALUE ADDITION

Value addition is the wealth created by IDLC by extending Corporate Finance, Consumer Finance, SME Finance, Supplier Finance and Merchant Banking services, which is distributed among Employees (as remuneration), Government (as taxes), Shareholders, and invested for Business Growth and Expansion.

**Chart 2.13: Distribution of Value Addition (in BDT Mln)**



**Chart 2.14: Distribution of Value Addition (in %)**



## **CHAPTER 3**

# **HOW WE DO OUR BUSINESS**

# CORPORATE GOVERNANCE AND STATUTORY COMPLIANCE

Corporate governance is the system by which companies are directed and controlled by the management in the best interest of all the stakeholders, thereby ensuring greater transparency and better and timely financial reporting.

Maintaining an effective, dynamic and business-focused Corporate Governance mechanism, along with a culture of openness and accountability, is the key priority of IDLC's Board of Directors. IDLC strives to excel in the

best governance practices through independent and distinct roles for different committees, and continuously reviews and improves Corporate Governance policies and practices to ensure ongoing transparency of the company's operations and delivery of quality information to the stakeholder groups.

IDLC ensures that its Corporate Governance practices comply with all aspects of Bangladesh Bank's DFIM Circular No. 7 dated September 25, 2007, and the SEC Notification No. SEC/CMMRRCD/2006-158/Admin/02-08 dated February 20, 2006.

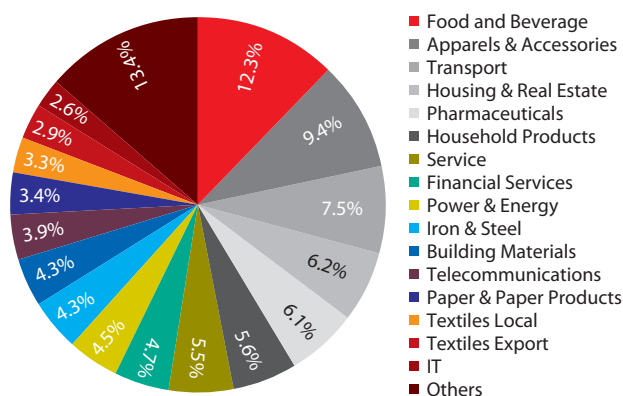
Moreover, we also believe that the basic form of corporate responsibility for any organization is to abide by the laws, rules and regulations of the country in which it operates, and IDLC is a standard bearer in terms of statutory compliance in the financial sector of Bangladesh.

## PORTFOLIO DIVERSIFICATION

### SECTORAL EXPOSURE

As part of its diversification and risk management strategy, IDLC provides financing facilities to a wide range of sectors, as detailed in the chart below.

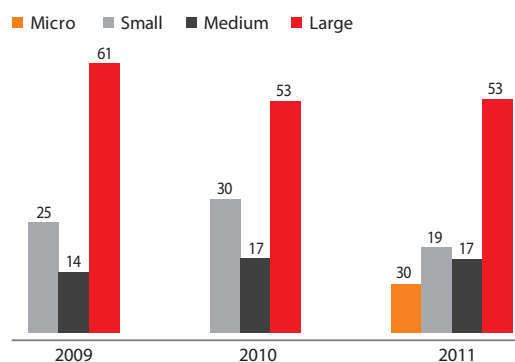
Chart 3.1 Sectoral Exposure (December 2011)



### PORTFOLIO DISTRIBUTION

IDLC offers various financial services catering to the unique requirements of small, medium and large industries (segregated as per industry definition of Bangladesh Bank). Starting from 2011, "Small" industries were further classified into "Micro" and "Small" industries.

Chart 3.2: Breakdown of Portfolio (in %)



# ANTI-CORRUPTION POLICIES AND PRACTICES

IDLC has a dedicated Internal Control and Compliance (ICC) Department for maintaining a transparent system, while preventing/solving incidents of corruption within the Group. This is ensured through periodic audits of each division and branch, in addition to regulatory and statutory audits respectively by Bangladesh Bank and statutory auditor. Moreover, commitment from the employees is required to maintain a workplace free from corruption.

## ZERO-TOLERANCE POLICY

IDLC maintains a “Zero-Tolerance Policy” with regard to incidences of corruption or malpractice within the organization. In case of identification of any such incident through periodic audits or any other means, a thorough investigation is undertaken against the accused, and if proven responsible, the person is either charged for monetary compensation or is terminated with immediate effect.

### FUTURE PLAN: WHISTLE-BLOWING GUIDELINE

IDLC is introducing “Whistle-Blowing Guideline” by the first quarter of 2012, with the objective of:

- ◆ Establishing a formal channel for employees to report malpractices within the organization, which may not be detected through formal audits, and
- ◆ Providing protection to the whistle-blowers within the organization

The approved Policy will be disseminated across the Group to make employees aware of their rights and responsibilities in this regard.

## RISK-BASED AUDITING

In 2011, IDLC introduced “Risk-based Auditing (RBA)” to its internal audit system, focusing on key risk areas that may result in non-compliance with internal policies, procedures and regulatory requirements.

After identification of the risk areas, risk-based audit checklists are prepared to develop an action plan and reduce impact of the risk areas, while major risk indicators are identified to form a basis for better risk control and management in future. ICC Department, in collaboration with respective departments, is responsible for the audit process.

### OBJECTIVES

- ◆ Identify risk-oriented areas considering the probability of the occurrence/non-compliance and its impact
- ◆ Ensure company’s focus on emerging risks that are not yet well managed
- ◆ Adopt appropriate risk-mitigation strategies

Risk-based auditing is conducted twice a year in case of high-risk areas, and once a year in case of moderate or low risk areas. Table 3.1 shows the status of conducting departmental and branch audits:

**Table 3.1: Risk-based Auditing**

Status	Departmental Audits	Branch Audits
Audits completed in 2011	12	9
Audits planned in 2012	24	17

### FUTURE PLAN: INTRODUCTION OF GUEST AUDITORS

Introduction of Guest Auditors has been proposed, who will provide a third-party view to set up detailed audit criteria for extraordinary cases and thus add value to IDLC’s existing audit system. However, this is a relatively new concept in Bangladesh, and will only be adopted if proven feasible for IDLC.

## PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING

IDLC adopts strict measures to discourage involvement in activities such as money laundering and terrorist financing, in compliance with Money Laundering Prevention Act 2009 and Anti Terrorism Act 2009 of Bangladesh Bank. These are also integrated in our core risk management system.

Major initiatives taken in this regard are:

- ◆ As per regulatory directives, IDLC introduced its own policy to prevent money laundering and terrorist financing, comprising of KYC (Know Your Customer) guidelines that form a part of IDLC’s Credit Policy.
  - > Applicable for all individual and institutional clients for both asset and liability products.
  - > Business units must consider KYC criteria while establishing business relation with a new client. Detailed reporting is done at the time of preparing project appraisals.

- > Customer's proper identity, profile of controlling shareholders and authenticity of source of funds are the key areas that are looked into.
- > Additional due diligence is conducted in case of Public Figures and Associates, and Politically Exposed Persons.
- ◆ Proper screening and background checking of candidates is performed during recruitment.
- ◆ Extensive training is provided to employees for identification, prevention and avoidance of such issues.

**Table 3.2: Employee Participation in AML Training**

Divisions	2011	2012 (Target)
Employees from Business Units	39	104
Employees from Support Units	9	41
Employees from ICC	4	2
<b>Total</b>	<b>52</b>	<b>147</b>

## TECHNOLOGICAL DEVELOPMENT

IDLC considers Information and Communication Technology (ICT) to be vital for ensuring faster and more efficient service. As such, IDLC continuously adopts latest and more user-friendly technologies as the key to achieve excellence.

## INTRODUCTION OF CORE BANKING SOFTWARE

In 2011, IDLC introduced Oracle Flexcube UBS, one of the top Core Banking Softwares (CBS) worldwide, for conducting its day-to-day operations and transactions in a more efficient and timely manner. IDLC is proud to be the first-ever NBF in Bangladesh to have a core banking platform, along with only a few other top-tier scheduled banks, while being the fastest-ever CBS implementer in Bangladesh.

**FLEXCUBE went live in  
January 2012**

## **CHAPTER 4**

# **CORPORATE SOCIAL RESPONSIBILITY (CSR) AND IDLC**

At IDLC, we believe that the basic difference between Corporate Social Responsibility (CSR) and Corporate Philanthropy is in terms of the nature and scope of their activities.

**Philanthropy is what we do with our money, whereas CSR is how we are making that money.**

Philanthropy is only one-time contributions from the company's after-tax profits, with no long-term objective, whereas CSR is thoroughly integrated in an organization's core values and activities, requiring responsible practices from the organization to achieve the desired outcome.

CSR can be more suitably defined as a self-regulating mechanism that helps an organization assume responsibility for its own actions and decisions, with limited, if no negative impact on the economy, environment and surrounding community, i.e., CSR helps a company become responsible and sustainable in the long-run.

**CSR integrates the three P's of People, Planet and Profit to meet the present needs without compromising the needs of the future generation.**

## INTRODUCING CSR AT IDLC

IDLC is well regarded for its contributions to environmental and community development in the past years. Starting from 2010, IDLC renewed this commitment to create shared value for its stakeholder groups, environment and the broader community as part of its Corporate Social Responsibility (CSR).

### MEMBERSHIPS

IDLC became members of a number of local and global initiatives in late 2010 to conduct its CSR activities as per globally acceptable standards:

- ◆ **UNGC (United Nations Global Compact)**, promoting sustainable practices in the areas of Human Rights, Labor, Environment and Anti-corruption ([www.unglobalcompact.org](http://www.unglobalcompact.org))
- ◆ **UNEPFI (United Nations Environment Programme Finance Initiative)**, promoting environmentally responsible practices among financial institutions worldwide ([www.unepfi.org](http://www.unepfi.org))
- ◆ **CSR Centre**, promoting the concept of CSR among the corporate houses in Bangladesh, while acting as the local network of UNGC ([csrcentre-bd.org](http://csrcentre-bd.org))

### STRUCTURAL REFORMS

A dedicated CSR Department was formed in 2011 for a more structured and focused approach to CSR. A CSR Committee has also been proposed comprising of the CEO and Managing Director, Chief Financial Officer, Head of Credit Risk Management, and Head of Human Resource Department of IDLC.

### CSR GUIDELINE

A CSR Guideline was introduced in 2011, defining the scope and mode of IDLC's CSR activities in future, as detailed below:

#### ◆ ETHICAL BUSINESS PRACTICE

- > **Corporate Governance, Statutory Compliance and Transparency:** to maintain the highest level of corporate governance, statutory compliance, and transparency at all stages of business decision, operation and communication – for which IDLC is highly regarded in the financial sector of Bangladesh.
- > **Non-discrimination:** to provide equal opportunities to all our employees, irrespective of their age, gender, race, religion, ethnicity, physical attributes etc.
- > **Employee Health and Safety:** to secure a healthy and safe work environment for our employees, while offer competitive remuneration packages and benefit schemes, and arrange awareness sessions, training programs etc.
- > **Product Responsibility:** to be responsible at all times by avoiding direct or indirect negative impact caused by our products and services on our stakeholders, environment and the community.

#### ◆ COMMUNITY DEVELOPMENT

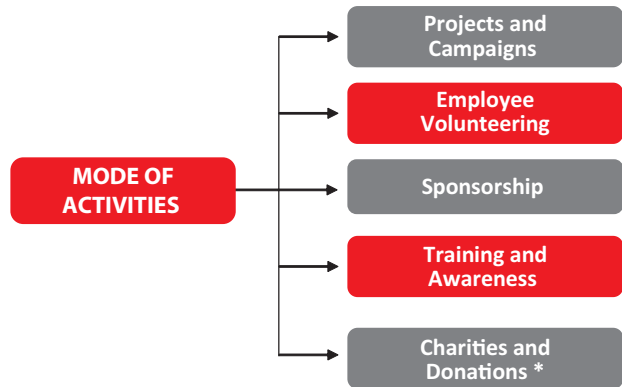
- > **Education, Healthcare and Sustainable Livelihood:** to spread the benefits of education, healthcare and sustainable livelihood among the underprivileged section of our community.
- > **Disaster Management:** to provide basic necessities and rehabilitation facilities to the victims of natural calamities.
- > **Social Issues:** to advocate for various social issues benefiting certain groups of people and/or the entire nation.



◆ **ENVIRONMENTAL STEWARDSHIP**

- > **Environmental Risk Management (ERM):** to control and minimize environmental risks in projects financed by IDLC.
- > **Environment-friendly Technologies:** to adopt environment-friendly technologies and promote companies introducing such technologies in Bangladesh.
- > **Preservation of Resources:** to trigger responsible behavior among our employees, as well as external stakeholder groups, for efficient and responsible utilization of resources.
- > **Waste Management:** to contribute to better waste management, following the three principles of 'Reduce, Reuse and Recycle'.
- > **Renewable Energy:** to finance projects introducing or commercializing alternative and/ or renewable energy technologies in Bangladesh as a solution to our growing energy deficiency.

Activities in the above areas will be undertaken in the following modes:



\*Although IDLC is gradually moving away from philanthropic activities, the impact of charities and donations in the lives of underprivileged people cannot be completely denied in a developing country like Bangladesh. Therefore, a certain portion of IDLC's budget each year will be dedicated to various philanthropic deeds.

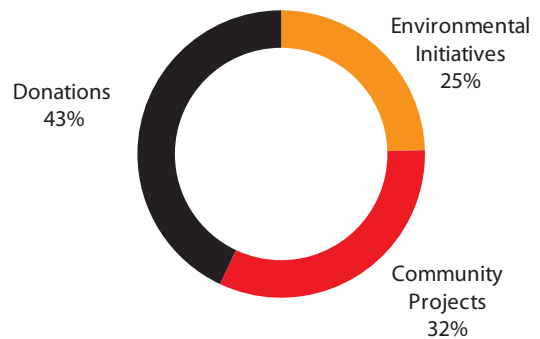
## CSR INVESTMENTS

Chart 4.1 summarizes utilization of funds specifically allocated for CSR activities in 2011. The chart shows that major portion of our CSR Budget in 2011 was utilized in carrying out various philanthropic activities.

**Scope of Work in Future**

To better utilize our limited resources, IDLC is gradually moving away from direct charities and donations, and focusing more on initiatives having potential for long-term value creation, and requiring more involvement of our stakeholder groups, especially our employees and clients.

**Chart 4.1: CSR Investments in 2011**



## EMPLOYEE ORIENTATION

In 2011, IDLC's main commitment was to create awareness among its employees regarding better and more responsible practices. As such, IDLC's CSR Department conducted an orientation session for employees across different branches of the Group, focusing on the following aspects:

- ◆ Difference between Corporate Philanthropy and Corporate Social Responsibility
- ◆ Definition of a sustainable business
- ◆ Relevance and benefits of environmentally and socially responsible practices in the context of a financial institution
- ◆ Local and global sustainability initiatives
- ◆ CSR commitment, strategy and focus of IDLC
- ◆ CSR initiatives undertaken till now, and
- ◆ Role of each employee in gaining this objective

**Table 4.1: CSR Orientation Sessions in 2011**

Completed Sessions up to February 2012	12
Trainers	4
Trainer Hours	24
Trainees	252
Trainee Hours	252
Remaining Sessions*	6

\* The remaining sessions will be completed by the second quarter of 2012

**FUTURE PLAN: CSR ORIENTATION FOR NEW RECRUITS**

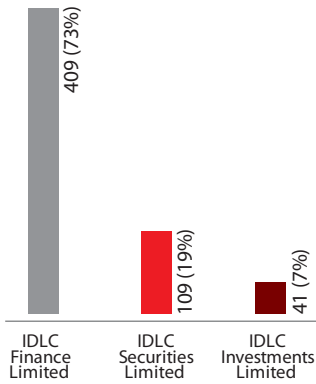
IDLC plans to include CSR as part of the orientation program for new recruits. This is to provide them a positive image of their employer, while encourage them to share new and innovative ideas and contribute in making IDLC a truly responsible brand.

## **CHAPTER 5**

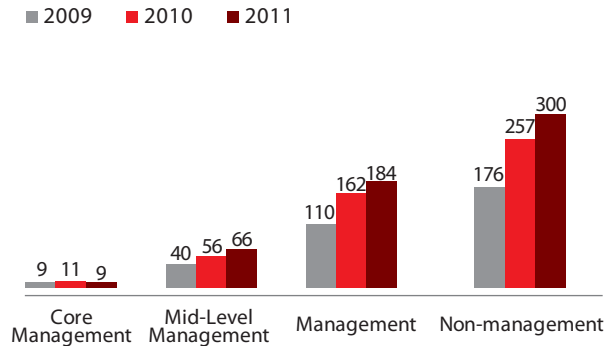
# **OUR PEOPLE – OUR RESOURCES**

# HR STRENGTH

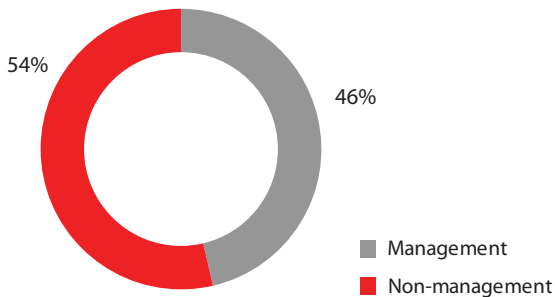
**Chart 5.1: HR Strength of IDLC Group**



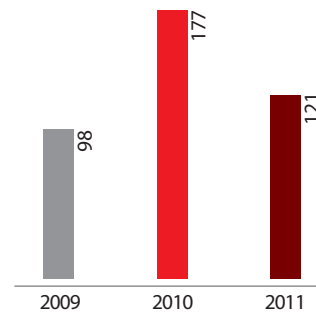
**Chart 5.2: Growth in Human Resources**



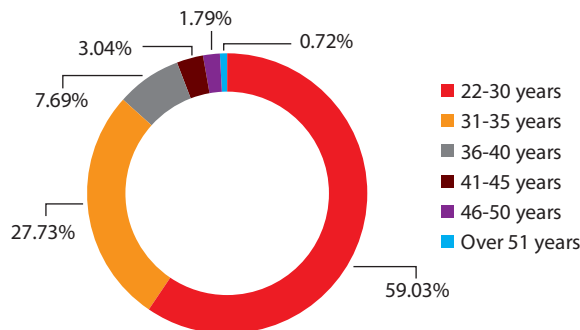
**Chart 5.3: HR Strength as per Management Position**



**Chart 5.4: Recruitment Status**



**Chart 5.5: Employee Age Analysis**



# WORK ENVIRONMENT

IDLC offers challenging career options for young and competent professionals. We nurture young talents from the leading business schools, who can bring new ideas and skills on board, and contribute to a dynamic and ever-innovating work environment.

IDLC maintains an open workplace culture where employees are free to share their ideas and opinions. Employees have easy access to the senior management at all times for their advice and guidance.

# NON-DISCRIMINATION AND DIVERSITY

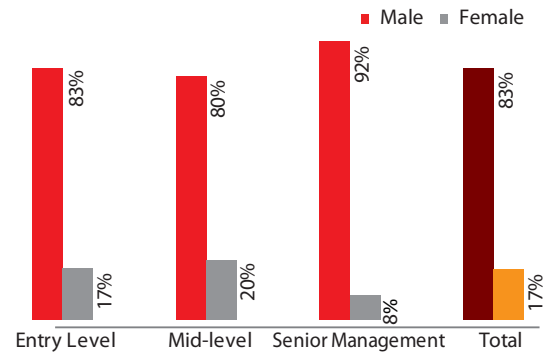
At IDLC, we value non-discrimination and diversity as the key to better human resource management.

IDLC aims to ensure equal opportunities for all its employees, irrespective of their age, gender, race, religion, ethnicity, physical characteristics or any other attributes. Employees are recruited and assessed solely on the basis of their merit and performance. Moreover, IDLC also encourages recruitment of people from different places, cultures and backgrounds, especially at branches located in different areas, to create a more diversified and dynamic environment across the Group. Non-discrimination at all levels of human resource management has been integrated in IDLC's core values and is a part of employee Code of Conduct. In this regard, IDLC's prime focus has been to ensure "Gender Neutrality" across the Group.

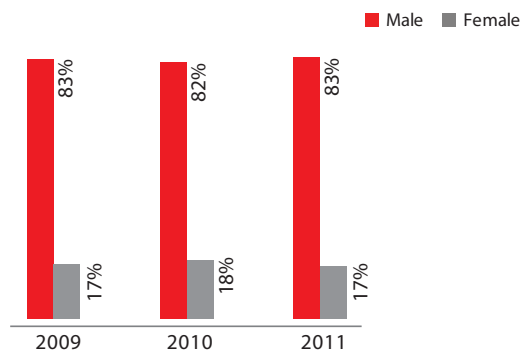
IDLC provides a competitive career prospect for female employees, while offering them a comfortable work environment and opportunity to maintain work-life balance through facilities such as flexible working hours, maternity benefits, discrimination and harassment-free environment etc.

**Here it should be mentioned that although gender neutrality is IDLC's prime focus for non-discrimination, IDLC does not have any specific target for male-female ratio across the Group. This is because IDLC's topmost priority is to recruit and retain the best performers in the industry to sustain superior service quality at all times.**

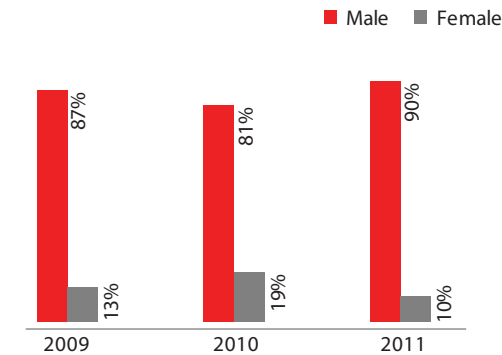
**Chart 5.6: Gender Diversification**



**Chart 5.7: Female Participation over the Years**



**Chart 5.8: Gender-based Recruitment Status**

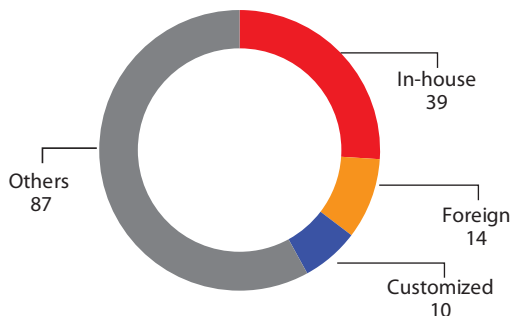


## DEVELOPMENT OPPORTUNITIES

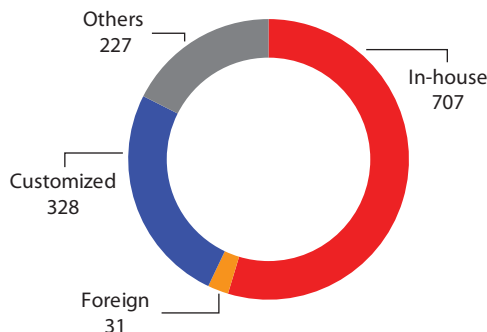
### TRAINING PROGRAMS

IDLC offers a wide range of training programs and workshops for both personal and professional development of its employees. Training needs are identified mainly through Performance Appraisal process, while Training Need Assessments are conducted occasionally through IDLC's local training partner.

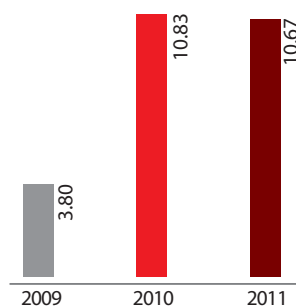
**Chart 5.9: Training Sessions in 2011**



**Chart 5.10: Training Participants in 2011**



**Chart 5.11: Training Investments in 2011 (in BDT MIn)**



## JOB ROTATION

At IDLC, we prioritize placing the right people in the right places as per their competencies, and investing in their capacity and skill development to help them reach their full potential. As such, IDLC strongly encourages job rotation by its employees across the organization.

**IDLC plans to formalize Job Rotation across the Group by including this provision in its HR Manual, and all Management Trainees will be subject to a rotation period of at least one (1) year. .**

## BENEFIT SCHEMES

All permanent employees of the IDLC Group enjoy various facilities and benefit packages.

**BENEFIT SCHEMES**

Profit-Sharing Scheme | Group Life Insurance  
| Hospitalization Insurance | Employee Welfare Fund

**COMPANY CONTRIBUTIONS**

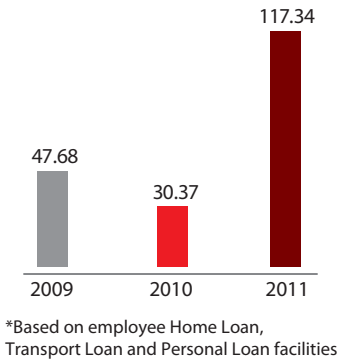
Transport Maintenance Support Scheme | Furniture and Household Equipment Allowance | Education Support Scheme | Annual Recognition Scheme

**LOAN FACILITIES**

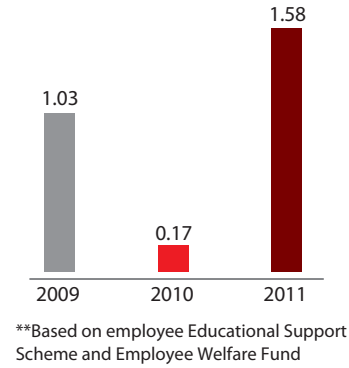
Housing Loan | Transport Loan | Personal Loan

Charts 5.12 and 5.13 show IDLC's year-on-year contribution to major employee benefit packages:

**Chart 5.12: Employee Loan Facilities\* (in BDT Mln)**



**Chart 5.13: Employee Support Scheme\*\* (in BDT Mln)**



## MATERNITY BENEFITS

IDLC provides extensive maternity benefit facilities to its female employees. Provisions regarding maternity leave and other benefits are covered in IDLC's Human Resource (HR) Manual, which is complied with throughout the Group.

Female employees are given maternity leave for four (4) months, as per industry practice, and are entitled to full salary and other benefits packages throughout the entire duration of the leave.

# EMPLOYEE HEALTH AND SAFETY

## WORKPLACE SAFETY

A safe, healthy and hygienic work environment is maintained at all branches of the IDLC Group. Sufficient lighting and other utilities, air-conditioning and separate toilet facilities are provided for the comfort of its employees during work.

Moreover, all the branches are adequately equipped with fire-fighting equipments and fire drills are arranged at regular intervals to prepare employees in the event of any fire hazard.

## EMPLOYEE VACCINATION

A vaccination program was arranged at IDLC's Corporate Head Office on December 14, 2011, for the employees and their family members, for prevention against Hepatitis B and Cervical Cancer. An awareness session had also been arranged earlier at IDLC to inform the employees of the causes, prevention and treatment measures against these diseases.

Hepatitis B is an infectious disease of the liver, caused by the Hepatitis B virus, transmitted from exposure to infectious blood or body fluids, tears, saliva etc. Acute



illness ultimately leads to death. Worldwide every 1 out of 3 people are infected by this virus, whereas 10-30 million more people become infected every year. An estimated 1 million people die each year from Hepatitis B and its complications.

Cervical Cancer is a very common type of cancer of the uterus, occurring most commonly in women over the age of 30. As per an estimate of WHO (World Health Organization), at least 200,000 women worldwide die of Cervical Cancer each year, whereas many more are diagnosed with it.

The vaccines were provided by authorized service providers for GlaxoSmithKline, one of the largest pharmaceutical companies in the world. Follow-up sessions are also being arranged accordingly at IDLC premises.

## INSURANCE COVERAGE

All permanent employees of IDLC are entitled to receive both Life Insurance and Hospitalization Insurance coverage during their stay at IDLC, securing both the employees and their families in the event of any unfortunate occurrence.

### FUTURE PLAN: ROAD SAFETY TRAINING

Lack of basic road safety awareness has become a major concern in Bangladesh in recent times. As per an official estimate of Bangladesh Road Transport Authority (BRTA), around 3,500 people are killed from nearly 4,100 road accidents every year. However, the actual number is assumed to be a lot higher.

Structural and infrastructural flaws of the roads and highways, flawed vehicles, reckless driving by unskilled and unlicensed drivers, jaywalking pedestrians, and disregard to traffic rules are mainly responsible for the worsening situation.

As part of its commitment to employee safety, IDLC is arranging an awareness session in 2012 on "Basic Road Safety" for the personal car drivers of IDLC employees and pool car drivers of IDLC.

## OTHER ASPECTS OF HR MANAGEMENT

### LEAVE FACILITIES

IDLC employees are entitled to twenty-five (25) working days of Annual Leave and 5 days of Casual Leave every year, receiving full salary and other benefit packages during the leave. Female employees are offered maternity leaves and benefits, as mentioned above, in addition to these leave facilities.

### NOTICE PERIOD

Both IDLC and the employees are required to provide a notice period of at least one (1) month in the event of any

termination, change of responsibility or job switch.

### GRIEVANCE MECHANISM

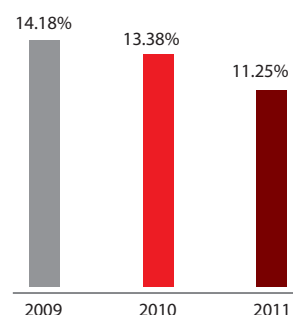
IDLC does not have any dedicated grievance policy or mechanism in place to address such issues. However, it follows an open-door policy where employees can always inform the HR Department regarding any act of discrimination, harassment and/or other ill treatments within the organization.

### IDLC plans to introduce a specific Grievance Policy across the Group in 2012

## EMPLOYEE SATISFACTION

IDLC focuses on a dynamic HR process with the objective of attracting and retaining the best people in the industry, and developing a skilled, competitive and motivated workforce. The significant reduction in employee turnover rate over the years reflects employee satisfaction at IDLC.

Chart 5.14: Employee Turnover Rate



## **CHAPTER 6**

# **ENVIRONMENTAL STEWARDSHIP**



To become environmentally responsible, every organization should assume responsibility for their own actions and decisions, and accordingly minimize or control negative environmental impacts directly or indirectly resulting from their operations.

In 2011, IDLC focused on the following areas to improve its

own environmental performance:

- ◆ Awareness creation among stakeholder groups
- ◆ Adoption of environment-friendly technologies
- ◆ Streamlining own operations to become more environmentally responsible

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## ENVIRONMENTAL RISK MANAGEMENT

To control direct or indirect impacts on the environment by the projects we finance, IDLC has incorporated Environmental Risk Management (ERM) Guidelines of Bangladesh Bank. The Guidelines offer one General and 10 sector-specific checklists to identify and assess environmental risks associated with projects, rating them as "High", "Moderate" or "Low" risk projects, based on Environmental Factors external to the projects and Environmental Management System of the borrower.

### WHAT WE ARE DOING

The Department of Environment (DOE) has classified all sectors, based on possible impact on the environment by their activities, into four categories: Green, Orange A, Orange B and Red, with "Red" being the most polluting sector(s). For projects representing "Red" sectors, business

units at IDLC are required to use sector-specific checklists provided in the ERM Guidelines to assess environmental implications of that particular project. If the risk-rating is "High", the proposal is then forwarded to the Board of Directors for taking credit decision.

**At IDLC, we aim to bring in place better standards, processes and technologies, and to work together with the clients to minimize or mitigate environmental impacts of the projects.**

### FUTURE REQUIREMENTS

IDLC believes that extensive training for all business units and credit-assessment teams can play a crucial part to get the best benefit out of this process. At the same time, mandatory implementation by all financial institutions will also ensure a level playing field.

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## RESPONSIBLE LENDING

To promote environmentally responsible business practices in the small-business segments, IDLC made installation of ETP (Effluent Treatment Plant) in production plants a pre-condition for disbursement in a couple of

projects. Moreover, IDLC also provided the required funds for installation of the ETPs.

However, only installation of the ETP is not enough. Awareness and understanding, coupled with intervention from respective government bodies, is required to achieve success.

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## ENVIRONMENT-FRIENDLY TECHNOLOGIES

### SERVER VIRTUALIZATION

IDLC is gradually moving into a virtualized environment for the servers, with the objective of capacity optimization,

cost reduction, reduced power consumptions by servers and cooling systems, and reduced CO<sub>2</sub> emission, ultimately leading to a greener IT infrastructure within the organization.

Table 6.1 summarizes the results achieved over the years due to implementation of this technology:

**Table 6.1: Server Virtualization**

Particulars	2010	2011	2012 (Targeted)
No of Physical Servers	28	27	22
No of Virtual Servers (after consolidation and virtualization)	2	11	30
Reduction in power consumption (in kWh)*	14,000	77,000	210,000
Reduction in CO <sub>2</sub> Emission (in tons)*	8	44	120

\*Every server virtualized saves 7,000 kWh of electricity and 4 tons of CO<sub>2</sub> emission per year

## VIDEO CONFERENCING

To save travel time for the employees, all major branches of IDLC Group are connected with Corporate Head Office via video conferencing facility.

**Table 6.2: Video Conferencing**

Branches connected with Corporate Head Office	5
Meetings hosted per annum (on average)	200
Traveling participants saved per annum (on average)	800
Traveling km saved per annum (on average)	45,800
Reduction in CO <sub>2</sub> emission per annum	8.71 tons

## PRESERVATION OF RESOURCES

Bangladesh has a population well over 160 Million. Rapid population growth, urbanization and industrialization are creating pressure on natural and national resources like electricity, water, natural gas etc. In addition to limited availability, lack of awareness among people regarding efficient and responsible consumption of these resources is creating an increasing gap between demand and supply.

To play its part in securing a better environment, IDLC took the initiative to promote more responsible practices among its employees for efficient utilization of valuable resources like electricity, water and paper.

The objective was to:

- ◆ Create awareness among our employees, while spread the message through them among their

- ◆ families and friends to have a broader impact
- ◆ Reduce electricity and paper consumption at IDLC by at least 20% over a period of three months
- ◆ Establish IDLC as an environmentally and socially responsible brand

## WHAT WE DID

- ◆ Stickers and posters with relevant messages and action items were placed across all branches of the IDLC Group
- ◆ These messages are regularly being used as screensavers and wallpapers in PCs
- ◆ CSR Department is conducting a CSR Orientation program for the employees that covers a section on responsible consumption practices
- ◆ IDLC's IT Department is continuously adopting latest and environment-friendly technologies (detailed below) that is helping reduce both electricity and paper consumption across the Group



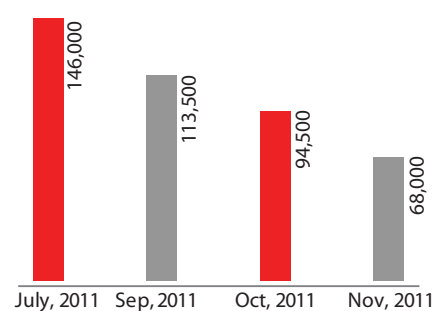


Table 6.3 below summarizes the change in consumption pattern over a period of three months after implementation of this initiative, across five branches of IDLC Group. Data collected in July, 2011 has been considered as the baseline data.

**Table 6.3: Paper Consumption**

Particulars	July-11	Sep-11	Oct-11	Nov-11
Consumption	146,000	113,500	94,500	68,000
Reduction Target	20%			
Reduction achieved*	-	22%	35%	<b>53%</b>

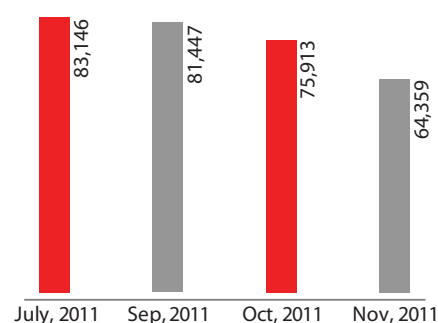
**Chart 6.1: Paper Consumption Units**



**Table 6.4: Electricity Consumption (in kWh)**

Particulars	July-11	Sep-11	Oct-11	Nov-11
Consumption	83,146	81,447	75,913	64,359
Reduction Target	20%			
Reduction achieved*	-	2%	9%	<b>23%</b>

**Chart 6.2: Electricity Consumption in kWh**



\*Compared to baseline data of July, 2011

Note: The month of August has not been considered due to limited working hours in observation of the holy month of Ramadan

## **FUTURE PLAN: AWARENESS AMONG SCHOOL CHILDREN**

At IDLC, we believe that responsible practices aimed at environment and community development requires mass education and awareness, which should start very early in a person's life. Families and later educational institutions can play a major role here.

To contribute to this process, IDLC is launching an awareness campaign across different schools. We will target students between the age group of 12 to 14, who will later spread the message across their schools.

**In 2012, we have realistically targeted a maximum of eight schools, including both government and private schools.**

In the campaign, we will mainly focus on:

- ◆ Responsible utilization of resources like electricity, water, gas, paper etc.
- ◆ Importance of tree plantation for a greener environment
- ◆ Keeping our roads clean
- ◆ Road safety measures
- ◆ Community Service

## **GREEN ENVIRONMENT – OUR COMMITMENT**

### **PLANTING TREES**

Indiscriminate destruction of trees and forestlands for developing agricultural lands and residential areas has become a major concern in Bangladesh. Growing population, along with increasing industrialization and urbanization is mainly responsible for this rapid deforestation, which is putting Bangladesh in one of the most vulnerable positions with respect to climate change.

As part of our commitment to environmental protection, IDLC sponsored a tree plantation event in the University of Dhaka in August, 2011. The program formally inaugurated the country-wide 160 million tree plantation campaign of Mr. Musa Ibrahim, the first Bangladeshi to conquer Mount Everest.

Besides sponsoring the whole event, IDLC employees also took part in planting 1,000 saplings in the University premises.



## FUTURE PLAN: CARBON FOOTPRINT ANALYSIS

IDLC is conducting Carbon Footprint Analysis on a pilot basis in three of its branches, including the Head Office

Carbon footprint is a measure of the Green House Gases (GHG) emitted through day-to-day human and organizational activities. Considering IDLC's nature of operations as a financial institution, seven major sources have been identified that are responsible for GHG emission by IDLC:

**Electricity | Diesel (used in generators) | Octane | CNG | Paper | Organic Waste | Air Travel**

Based on the emission data, calculated in tons per year, per capita GHG emission in 2011 will be determined and compared with the allowable limit/

national average for GHG emission in Bangladesh to identify IDLC's position, and accordingly environment-friendly products and services, and internal and external strategies will be developed to minimize and/or neutralize this impact.

The strategies and plans will be developed in consultation with IDLC's core management personnel, and training sessions will be arranged to facilitate the implementation process.

An agreement was signed in this regard on January 22, 2012 with Waste Concern Consultants, a leading consultancy firm in Bangladesh offering consultancy services and project assistance for capacity development in the area of environmental sustainability through better prevention, control and management approaches.

The three-month long project is due to be completed in May 2012.



## **CHAPTER 7**

# **GIVING BACK TO COMMUNITIES**

In 2011, IDLC focused on community development through partnerships by engaging its funds, organizational expertise and resources. Employee volunteering hours and fund-raising activities were arranged on a number of occasions. The objective was to create long-term value in the lives of the people, instead of providing just one-time solutions.

## PARTNERING WITH LEADS

In 2011, IDLC partnered with **LEADS (Livelihood Education and Development Services)**, an NGO working for poverty reduction and sustainable social development by improving livelihood skills of the poor community, especially women and children.

LEADS provides better educational support to underprivileged children enrolled in different government primary schools, while teaching them social and moral values and responsible practices. Currently the organization has a total of 39 children.

IDLC initially arranged a session at its Corporate Head Office for its employees to interact with the children and see their development. Some of the employees even contributed financially to help these children.

The children at LEADS come from very low-income families, and it often becomes very difficult for their parents to afford the basic necessities for their education. Again, as most of the children live in slum areas, they are also deprived of basic healthcare facilities, even pure drinking water. All these combine to poor attendance of the children in schools, ultimately resulting in dropouts.

As such, IDLC, in consultation with LEADS, donated items such as books, school copies, stationeries, school bags, uniforms, computers etc. for facilitating education for the children. Water filters and first-aid boxes were also given to their families to ensure basic healthcare facilities. LEADS



also signed agreements with the parents of each child in return of these items, requiring them to complete at least primary education of their children.

However, continued education of these children entirely depends on livelihood generating opportunities of their parents and cost of living in the city. As such, LEADS is also trying to financially empower the mothers of these children by teaching them various skills for income generation.



### FUTURE PLAN: WEBSITE DEVELOPMENT FOR LEADS

To undertake its activities on a much broader scale, LEADS needs to reach both institutional and individual sponsors/donors both at home and abroad,

and the most convenient means of communication is through a website. As such, IDLC's IT Department and CSR Department are designing and developing the website for LEADS as part of IDLC's employee volunteering program. The website is expected to be launched by the second quarter of 2012.

## CONTRIBUTION TO SEID TRUST

SEID Trust is a non-government voluntary organization working for the social inclusion and promotion of the rights of underprivileged children with intellectual and multiple disabilities, including autism. It mainly works with children coming from very poor families in slum areas, where they are often neglected and considered a liability to their families. SEID Trust aims to empower these children through special education, healthcare and vocational training, enabling them to take responsibility of their own lives.

Currently SEID Trust is managing four centers in different locations of Dhaka, helping a total of 450 children.

IDLC has been a regular contributor to SEID Trust. In 2011 as well, we contributed financially to help the organization carry out their activities and meet daily needs of the children.

More information on SEID Trust is available at [www.seidtrustbd.org](http://www.seidtrustbd.org)



## SUPPORT FOR IBRAHIM

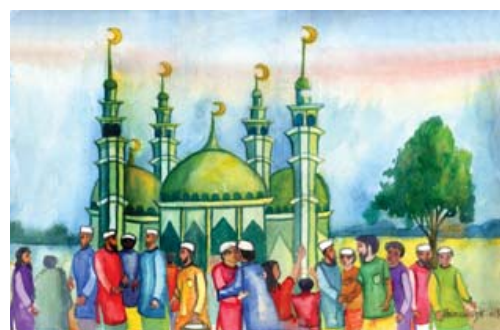
The IDLC Group designed and sourced its Eid Greeting Cards in 2011 in cooperation with CRP (Centre for Rehabilitation of the Paralyzed). The theme of the card was a mouth-painting by Ibrahim, one of the patients and vocational trainees at the Savar-based CRP.

26 year old Ibrahim had both his upper limbs amputated after he suffered a spinal injury when he fell from a height while at work. CRP treated him with the required therapy and arranged special mouth-painting classes for him in cooperation with one of the faculty members of the Institute of Fine Arts, University of Dhaka. Learning such a skill is now helping Ibrahim make his own living, instead of being dependent on his family.

By using Ibrahim's mouth-painting, IDLC took his story to a broader group of people, including IDLC's employees, clients, peers and other stakeholders, who can come forward and assist CRP in their cause.

CRP was founded in 1979 by a British physiotherapist, Ms. Valerie Taylor, in response to the desperate need for healthcare and rehabilitation facilities for people with spinal injuries in Bangladesh. CRP, the only organization of its kind in Bangladesh, has a holistic approach to rehabilitation by focusing on physical, psychological and economic rehabilitation, while ensuring successful reintegration of discharged patients in the community.

More information on CRP is available at [www.crp-bangladesh.org](http://www.crp-bangladesh.org)





## HELPING OUT THALASSAEMIA PATIENTS

IDLC arranged blood donation programs at its premises to help out the patients of Bangladesh Thalassaemia Hospital. Through this event, IDLC employees voluntarily donated blood for treatment of the people suffering from Thalassaemia.

Thalassaemia is a blood-related genetic disorder. Patients with this disease require regular blood transfusion to live



and lead a near-normal life. The hospital, an initiative of Bangladesh Thalassaemia Samity, treats on an average 15-20 patients per day by providing fresh blood at very low cost. The hospital mainly collects blood by arranging voluntary blood donation campaigns in different educational institutions and organizations. It was very encouraging to note that some of our clients also came forward to donate their blood for this noble cause.

More information on Bangladesh Thalassaemia Hospital is available at [www.thalbangla.org](http://www.thalbangla.org)



## CHARITABLE ASSISTANCE

IDLC regularly donates old IT equipments such as computers, printers etc. to the Group's support staff, as well as to institutions working for the education of underprivileged children. LEADS is such an organization that received computers and printers from IDLC in 2011. Moreover, in January 2012, IDLC further donated brand

new computers to three schools in Jessore to facilitate basic computer education among the school children.

IDLC employees distributed blankets to the marginal people in 22 locations at Bogra, Jessore and nearby areas, who were affected by the extreme weather during winter.

IDLC also made financial contributions to two individuals suffering from heart disease and cancer.



# FINANCIAL INCLUSION

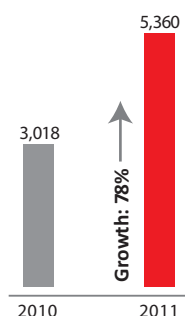
At IDLC, we believe that the benefits of financial products and services should be made available at affordable costs to those groups of the society that have limited access to traditional modes of financing. We also believe it is our responsibility to share with our stakeholders latest financial knowledge to help them take informed decisions.

## FINANCING SMALL AND MEDIUM ENTERPRISES

Small and Medium Enterprises are regarded as the growth drivers of an economy. However, considering the nature and scale of their operations, more customized and specialized financing modes are required to serve their needs. In recent years, SME financing has become a very lucrative sector for banks and NBFIs in Bangladesh. IDLC established its SME department in 2006. With its wide range of services including Term Loan and Lease for small, medium and macro enterprises; Commercial Vehicle Loan; Women Entrepreneur Loan and Supplier Finance facilities, SME is now one of the major revenue earners of IDLC, while grabbing the fifth position in the local financial market within a short time.

Through our branches across the country, IDLC reaches SME clients even in many remote locations. We also have dedicated SME booths in two major SME hubs of the country: Gazipur and Imamganj.

**Chart 7.1: SME Disbursement (in BDT Mln)**

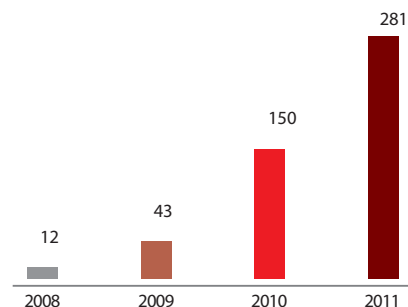


## WOMEN EMPOWERMENT

Besides encouraging increasing female participation across the Group, IDLC contributes to women empowerment through its financing operations as well. Women entrepreneurs with the skills and potential often do not have access to traditional modes of financing to help them grow their business. To remove such barriers, IDLC's SME Department has been offering a special "Women Entrepreneur Loan" facility since 2007. We offer working capital and lease finance facilities without any collateral for up to a specific limit, and with flexible and convenient repayment options.

It may be mentioned that IDLC also receives refinancing facility from Bangladesh Bank against funds disbursed under Women Entrepreneur Loan Facility.

**Chart 7.2: Disbursement: Women Entrepreneur Loan (in BDT Mln)**



## FUTURE PLAN: WOMEN ENTREPRENEURSHIP FINANCE TEAM

IDLC's SME Department is forming a dedicated "Women Entrepreneurship Finance Team" in 2012 to better respond to the unique needs of women entrepreneurs in a short time. The major activities of this team are to:

- ◆ Provide women entrepreneurs easier and faster access to finance
- ◆ Arrange need-based training on both technical and business management
- ◆ Maintain liaison with various chambers and other relevant bodies to identify potential women entrepreneurs
- ◆ Act as a catalyst to form special arrangements between women entrepreneurs and large corporate houses, with the objective of developing forward and backward linkages, and
- ◆ Arrange various events, seminars and promotional campaigns

## BRANCH EXPANSION

In the last two years, the IDLC Group has expanded its operations by opening a number of branches in different locations of the country to provide the latest financial services to people.

New Branch Location	Year of Establishment
Narayanganj	February 2010
Savar	February 2010
Nandankanon	August 2010
Comilla	October 2010
Narshingdi	December 2010
Keraniganj	December 2010
Mirpur, Dhaka	June 2011
Tongi	August 2011
Jessore	January 2012

## ENHANCING FINANCIAL LITERACY

To enable its stakeholders take informed financial and investment decisions, IDLC both participated and arranged a number of programs in 2011 on various issues:

**Table 7.1: Financial Literacy Programs**

Department/Subsidiary	Financials/Investment Issues	Target Group
Consumer Division	Wealth Management Services (Loans, Deposits and Investments); Orientation on Home Loan Facility; Special Facility of IDLC Home Loan; Loan Facilities for clients under TLA arrangement etc.	Real Asset Developers
Consumer Division	Apartment Financing System; Home Loan Offers etc.	Visitors at different property and housing fairs
IDLC Investments Limited	Orientation to Merchant Banking Activities in the Capital Markets of Bangladesh, arranged by Bangladesh Institute of Bank Management (BIBM)	Entry and Mid-level executives from different banks and NBFIs
IDLC Investments Limited	Merchant Banking and Job Responsibilities of Authorized Representatives.	Chittagong-based investors in the capital market

## CHAPTER 8

# STAKEHOLDER ENGAGEMENT

# COMMUNICATING WITH STAKEHOLDERS

IDLC has developed a number of channels to communicate frequently with its stakeholder groups regarding its various responsible practices and initiatives:

- ◆ Separate “Sustainability” section in IDLC’s website, with provision for feedback or suggestions
- ◆ Communication of CSR initiatives via press release in leading daily newspapers, IDLC’s website and IDLC’s monthly publication, Monthly Business Review
- ◆ Updates to employees via internal emails

## STAKEHOLDERS ENGAGED IN 2011

At IDLC, we believe that commitment from all stakeholder groups is necessary for any organization to establish itself as a responsible brand. That is why IDLC prioritizes stakeholder engagement issues while planning any sustainable initiatives.

The stakeholder groups engaged in 2011 mainly include:

- ◆ Employees
- ◆ Clients
- ◆ Community Groups

**Table 8.1: Stakeholder Engagement**

Particulars	Engagement Mechanism
<b>Awareness Creation</b>	
CSR orientation sessions	Communicating IDLC’s commitment and strategies regarding CSR and sustainable business practices to our employees
<b>Human Rights</b>	
Employee welfare	Internationally accepted human resource management practices through commitment to non-discrimination and diversity, professional and personal development opportunities, benefit schemes for better living standards, extensive maternity benefits etc.
Employee health and safety	Vaccination program for employees and their family members
<b>Anti-corruption</b>	
Management of risks due to corruption and malpractices	Introduction of risk-based auditing and extensive training of employees on anti-money laundering
<b>Technological Development</b>	
Adoption of better technologies	Introduction of Core Banking Software across the Group
Environment-friendly technologies	Server virtualization and video conferencing facilities, aimed at capacity maximization, reduced cost and power consumption, and lower CO <sub>2</sub> emission, leading to a greener IT infrastructure across the Group
<b>Environmental Stewardship</b>	
Responsible resource utilization	Campaign across the IDLC Group regarding more efficient and responsible utilization of resources such as electricity, water and paper by IDLC employees
Responsible lending practices	Adoption of Environmental Risk Management (ERM) Guidelines to better identify and control negative environmental impacts resulting from projects financed by IDLC
Commitment to a greener environment	Plantation of 1,000 trees at the University of Dhaka by IDLC employees
<b>Community Development</b>	
Education and healthcare	Assistance to LEADS and SEID Trust in providing better education and healthcare facilities to underprivileged children and children with physical and mental disabilities
Sustainable livelihood	Promoting the activities of CRP to a broader group of people by using a mouth-painting by Ibrahim, a patient and vocational trainee at CRP, as the theme of IDLC’s Eid greeting card

Particulars	Engagement Mechanism
Employee volunteering	<ul style="list-style-type: none"> <li>◆ Blood donation by employees for treatment of Thalassaemia patients</li> <li>◆ Donation of blankets and warm clothes in 22 locations at Bogra and Jessore</li> <li>◆ Donation of computers to three schools in Jessore</li> <li>◆ Individual financial contribution by employees for helping out Thalassasemia patients and children at LEADS</li> </ul>
<b>Financial Inclusion</b>	
Women empowerment	Women Entrepreneur Loan facilities to women entrepreneurs with skills and growth potentials, but with limited access to traditional modes of financing to run their business
Financial literacy programs	Sharing latest financial and investment knowledge with various stakeholder groups to help them take informed decisions


## **CHAPTER 9**

# **COMPLIANCE STATUS**

# GRI CONTENT INDEX

This document has been prepared following the Global Reporting Initiatives (G3) Indicator Protocols and its Financial Sector Supplement. We have self-declared our report to be complying with Application Level "C".

For attaining Application Level "C", i.e. the basic level for GRI reporting, the report must comply with specific standard disclosures covered in "Sustainability Reporting Guidelines". The compliance status has been presented using the following four indicators:

	=	Full compliance to the performance indicator by IDLC
<b>Partial</b>	=	Compliance to the performance indicator is in process or is partially complete
Not Reported	=	Performance indicator has not been covered in this report
NA	=	Performance indicator is not applicable for IDLC or GRI Level "C" reporting

**Table 9.1: Status of Standard Disclosures in terms of Performance Indicators\***

Indicators	Full Compliance	Partial Compliance	Not Reported	NA
Product and Service Impact - FS	1	0	5	1
Economic Performance Indicators	1	2	6	0
Environmental Performance Indicators	1	8	11	10
Social Performance Indicators - Labor Practice and Decent Work	0	7	3	4
Social Performance Indicators - Human Rights	0	1	7	1
Social Performance Indicators - Society	2	3	5	0
Social Performance Indicators - Product Responsibility	1	0	5	4
<b>Compliance Status</b>	<b>6</b>	<b>21</b>	<b>42</b>	<b>20</b>

\*including Financial Sector Supplement (FS)

Detailed compliance status has been provided in the GRI Content Index below:

**Table 9.2: GRI Content Index**

Global Reporting Elements		Status	Reference	
			Segment Title	Page
<b>STRATEGY AND ANALYSIS</b>				
1.1	Statement of CEO and Managing Director		Statement of CEO and Managing Director	05
<b>ORGANIZATIONAL PROFILE</b>				
2.1	Name of the Organization		IDLC Finance Limited	
2.2	Primary products and services		What we Offer	09
2.3	Operational Structure		Committees of IDLC	10
2.4	Location of the organization's headquarter		IDLC at a Glance	08
2.5	Number of countries where the organization is operational		Geographic Coverage	13
2.6	Nature of ownership and legal form		IDLC at a Glance	08
2.7	Markets served		Geographic Coverage	13



Global Reporting Elements		Status	Reference	
			Segment Title	Page
2.8	Scale of the reporting organization	✓	IDLC at a Glance; Our Shareholders; What we Offer; Consolidated Group Financials	08, 09, 15
2.9	Significant changes during the reporting period in terms of size, structure or ownership	✓	Branch Expansion	40
2.10	Awards received during the reporting period	✓	Awards and Recognitions	13
<b>REPORT PARAMETERS</b>				
3.1	Reporting period	✓	Annual	
3.2	Date of most recent previous report (in any)	✓	May 2011	
3.3	Reporting cycle	✓	Annual	
3.4	Contact points regarding the report or its contents	✓	Reporting Parameters	06
3.5	Process for defining report content	✓	Reporting Parameters	06
3.6	Boundary of the report	✓	Report Boundary	06
3.7	Any specific limitation on the scope of the report	✓	Scope of the Report	06
3.8	Basis for reporting on subsidiaries that may affect comparability from period-to-period	✓	Approach to Reporting	06
3.9	Data measurement techniques and the basis of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.		NA	
3.10	Explanation in terms of any restatement of information provided in earlier reports	✓	No such restatement has been made	
3.11	Significant changes from previous reporting periods in terms of scope, boundary or measurement methods applied in this report.	✓	NA	
3.12	GRI Content Index: Table identifying location of Standard Disclosures in the report	✓	GRI Content Index	46
<b>GOVERNANCE, COMMITMENTS AND ENGAGEMENT</b>				
4.1	Governance structure of the organization	✓	Corporate Governance and Statutory Compliance	18
4.2	If the Chair of the highest governance body is also an executive officer	✓	Board of Directors	11
4.3	For unitary board structure, the number of members of the highest governance body that are independent and/or non-executive members	✓	Board of Directors	11
4.4	Mechanism for shareholders or employees to provide recommendations to the highest governance body	✓	Through Annual General Meeting Work Environment	25
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)		NA	

Global Reporting Elements		Status	Reference	
			Segment Title	Page
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.		NA	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.		NA	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.		NA	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. Include frequency with which the highest governance body assesses sustainability performance.		NA	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.		NA	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.		NA	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.		NA	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> <li>◆ Has positions in governance bodies</li> <li>◆ Participates in projects or committees</li> <li>◆ Provides substantive funding beyond routine membership dues, or</li> <li>◆ Views membership as strategic</li> </ul>		NA	
4.14	List of stakeholder groups engaged by the organization	✓	Communicating with Stakeholders	43
4.15	Basis for identification and selection of the stakeholder groups	✓	Communicating with Stakeholders	43
<b>PRODUCT AND SERVICE IMPACT PERFORMANCE INDICATORS (FINANCIAL SERVICE SECTOR SUPPLEMENT)</b>				
<b>PRODUCT PORTFOLIO</b>				
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	✓	Portfolio Distribution	18
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.		Not Reported	
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.		Not Reported	
<b>AUDIT</b>				
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.		Not Reported	

Global Reporting Elements		Status	Reference	
			Segment Title	Page
<b>ACTIVE OWNERSHIP</b>				
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.		Not Reported	
FS11	Percentage of assets subject to positive and negative environmental or social screening.		Not Reported	
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.		NA	
<b>ECONOMIC PERFORMANCE INDICATORS</b>				
<b>ECONOMIC PERFORMANCE</b>				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Partial	Contribution to Growth; CSR Investments	15, 23
	<b>EC1-FS:</b> Commentary added to the value generated by the organization's community investment programs and breakdown of community investment by theme.		CSR Investments	23
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.		Not Reported	
EC3	Coverage of the organization's defined benefit plan obligations.	✓	Benefit Schemes	27
EC4	Significant financial assistance received from government.		Not Reported	
<b>MARKET PRESENCE</b>				
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.		Not Reported	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.		Not Reported	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operations.	Partial	Non-discrimination and Diversity	26
<b>INDIRECT ECONOMIC IMPACTS</b>				
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement.		Not Reported	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.		Not Reported	
<b>ENVIRONMENTAL PERFORMANCE INDICATORS</b>				
<b>MATERIALS</b>				
EN1	Materials used by weight or volume.		Not Reported	
EN2	Percentage of materials used that are recycled input materials.		Not Reported	
<b>ENERGY</b>				
EN3	Direct energy consumption by primary energy source.		Not Reported	
EN4	Indirect energy consumption by primary source.		Not Reported	

Global Reporting Elements		Status	Reference	
			Segment Title	Page
EN5	Energy saved due to conservation and efficiency improvements		Environment-friendly Technologies; Preservation of Resources	31, 32
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Partial	Carbon Footprint Analysis	35
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		Not Reported	
<b>WATER</b>				
EN8	Total water withdrawal by source.		NA	
EN9	Water sources significantly affected by withdrawal of water.		NA	
EN10	Percentage and total volume of water recycled and reused.		NA	
<b>BIODIVERSITY</b>				
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		Not Reported	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		NA	
EN13	Habitats protected or restored.		Not Reported	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.		Not Reported	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		NA	
<b>EMISSIONS, EFFLUENTS AND WASTES</b>				
EN16	Total direct and indirect greenhouse gas emissions by weight.	Partial	Carbon Footprint Analysis	35
	EN16-FS: Commentary added to invite reporting on greenhouse gas emissions relating to business travel.			
EN17	Other relevant indirect greenhouse gas emissions by weight.	Partial	Carbon Footprint Analysis	35
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partial	Carbon Footprint Analysis	35
EN19	Emissions of ozone-depleting substances by weight.	Partial	Carbon Footprint Analysis	35
EN20	NO, SO, and other significant air emissions by type and weight.	Partial	Carbon Footprint Analysis	35
EN21	Total water discharge by quality and destination.		NA	
EN22	Total weight of waste by type and disposal method.	Partial	Carbon Footprint Analysis	35
	EN22-FS: Commentary added to specify primary types of waste streams being paper and waste IT for financial institutions.		Charitable Assistance	39
EN23	Total number and volume of significant spills.		NA	

Global Reporting Elements		Status	Reference	
			Segment Title	Page
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.		NA	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.		NA	
<b>PRODUCTS AND SERVICES</b>				
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.		Not Reported	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.		NA	
<b>COMPLIANCE</b>				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.		Not Reported	
<b>TRANSPORT</b>				
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.		Not Reported	
<b>OVERALL</b>				
EN30	Total environmental protection expenditures and investments by type.	Partial	CSR Investments	23
<b>SOCIAL PERFORMANCE INDICATORS: LABOR PRACTICES AND DECENT WORK</b>				
<b>EMPLOYMENT</b>				
LA1	Total workforce by employment type, employment contract and region, broken down by gender.	Partial	Work Environment; Non-discrimination and Diversity	25, 26
LA2	Total number and rate of new employee hires and employee turnover by age group, gender and region	Partial	Non-discrimination and Diversity; Employee Satisfaction	26, 29
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Partial	Benefit Schemes	27
<b>LABOR/MANAGEMENT RELATIONS</b>				
LA4	Percentage of employees covered by collective bargaining agreements.		NA	
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Partial	Notice Period	29
<b>OCCUPATIONAL HEALTH AND SAFETY</b>				
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		Not Reported	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.		Not Reported	

Global Reporting Elements		Status	Reference	
			Segment Title	Page
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Partial	Employee Vaccination	28
LA9	Health and safety topics covered in formal agreements with trade unions.		NA	
<b>TRAINING AND EDUCATION</b>				
LA10	Average hours of training per year per employee by gender and by employee category.	Partial	Training Programs	26
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		Not Reported	
LA12	Percentage of employees receiving regular performance and career development reviews.		Not Reported	
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>				
LA13	Composition of governance bodies and breakdown of employee category according to gender, age group, minority group membership and other indicators of diversity.	Partial	Board of Directors; HR Strength; Non-discrimination and Diversity	11, 25, 26
LA14	Ratio of basic salary of men to women by employee category.		Not Reported	
<b>SOCIAL PERFORMANCE INDICATORS: HUMAN RIGHTS</b>				
<b>INVESTMENT AND PROCUREMENT PRACTICES</b>				
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.		Not Reported	
	HR1-FS: Commentary added to report on investment agreements for the financial services.			
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.		Not Reported	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		Not Reported	
<b>NON-DISCRIMINATION</b>				
HR4	Total number of incidents of discrimination and corrective actions taken.	Partial	Non-discrimination and Diversity	26
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>				
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.		NA	
<b>CHILD LABOR</b>				
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.		Not Reported	

Global Reporting Elements	Status	Reference	
		Segment Title	Page
<b>FORCED AND COMPULSORY LABOR</b>			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.		Not Reported
<b>SECURITY PRACTICES</b>			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.		Not Reported
<b>INDEGENOUS RIGHTS</b>			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.		Not Reported
<b>SOCIAL PERFORMANCE INDICATORS: SOCIETY</b>			
<b>COMMUNITY</b>			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.		Not Reported
FS13	Access points in low-populated or economically disadvantaged areas by type.	Partial	Geographic Coverage; Branch Expansion 13, 40
FS14	Initiatives to improve access to financial services for disadvantaged people.	Partial	Financial Inclusion 40
<b>CORRUPTION</b>			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	✓	Risk-based Auditing; Prevention of Money Laundering and Terrorist Financing 19
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	✓	Prevention of Money Laundering and Terrorist Financing 19
SO4	Actions taken in response to incidents of corruption.	Partial	Zero-Tolerance Policy 19
<b>PUBLIC POLICY</b>			
SO5	Public policy positions and participation in public policy development and lobbying.		Not Reported
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		Not Reported
<b>ANTI-COMPETITIVE BEHAVIOUR</b>			
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.		Not Reported
<b>COMPLIANCE</b>			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.		Not Reported

Global Reporting Elements		Status	Reference	
			Segment Title	Page
<b>SOCIAL PERFORMANCE INDICATORS: PRODUCT RESPONSIBILITY</b>				
<b>CUSTOMER HEALTH AND SAFETY</b>				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.		NA	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.		NA	
<b>PRODUCT AND SERVICE LABELLING</b>				
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.		Not Reported	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		NA	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		Not Reported	
FS16	Initiatives to enhance financial literacy by type of beneficiary.	✓	Enhancing Financial Literacy	41
<b>MARKETING COMMUNICATIONS</b>				
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.		Not Reported	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.		Not Reported	
<b>CUSTOMER PRIVACY</b>				
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		Not Reported	
<b>COMPLIANCE</b>				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		NA	



# UNGC PRINCIPLES

**Table 9.3: Compliance with UNGC Principles**

UNGC Principles	Section	Page
<b>Human Rights</b>		
<b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights	Our People - Our Resources	25
<b>Principle 2:</b> Businesses should make sure that they are not complicit in human rights abuses	Not Reported	
<b>Labour</b>		
<b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	NA	
<b>Principle 4:</b> Businesses should uphold the elimination of all forms of forced and compulsory labour	Not Reported	
<b>Principle 5:</b> Businesses should uphold the effective abolition of child labour	Not Reported	
<b>Principle 6:</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation	Non-discrimination and Diversity	26
<b>Environment</b>		
<b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges	Not Reported	
<b>Principle 8:</b> Businesses should undertake initiatives to promote greater environmental responsibility	Responsible Lending; Preservation of Resources; Plantating Trees	31, 32, 34
<b>Principle 9:</b> Businesses should encourage the development and diffusion of environmentally friendly technologies	Environment-friendly Technologies	31
<b>Anti-corruption</b>		
<b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery	Anti-corruption Policies and Practices	19

**CHAPTER 10**

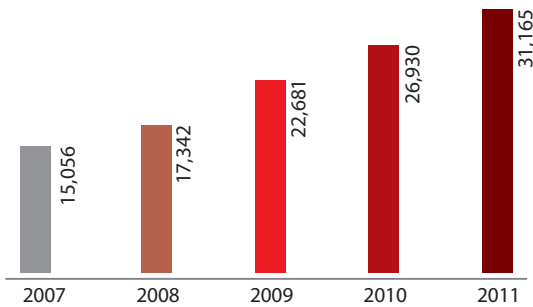
**CONCLUSION**

# CITIZENSHIP DATA

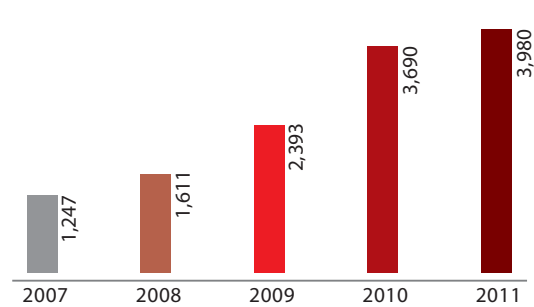
## CONTRIBUTION TO GROWTH

### KEY FINANCIALS

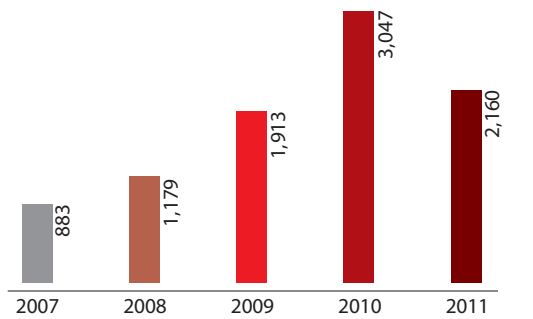
**Chart 2.1: Total Assets (in BDT Mln)**



**Chart 2.2: Shareholders' Equity (in BDT Mln)**

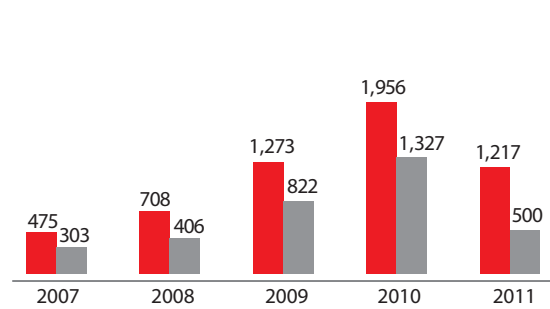


**Chart 2.3: Operating Income (in BDT Mln)**

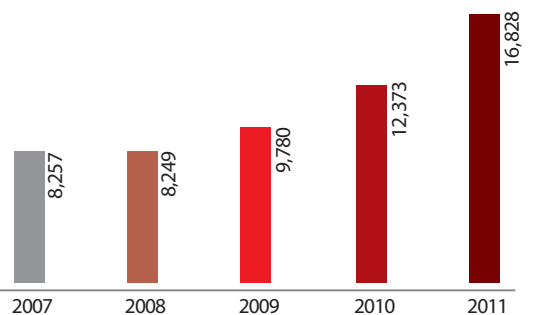


**Chart 2.4: Profit (in BDT Mln)**

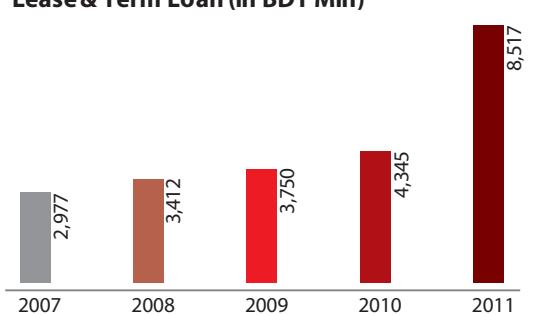
■ Profit before Tax ■ Profit after Tax



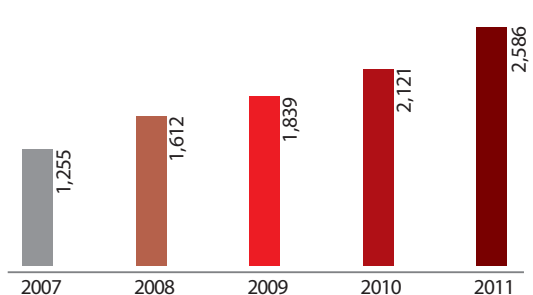
**Chart 2.5: Growth in Deposit Portfolio (in BDT Mln)**



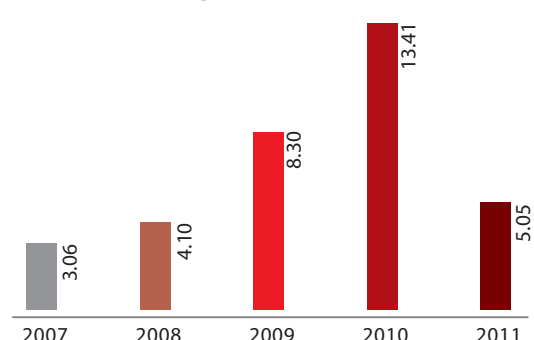
**Chart 2.6: Disbursement - Lease & Term Loan (in BDT Mln)**



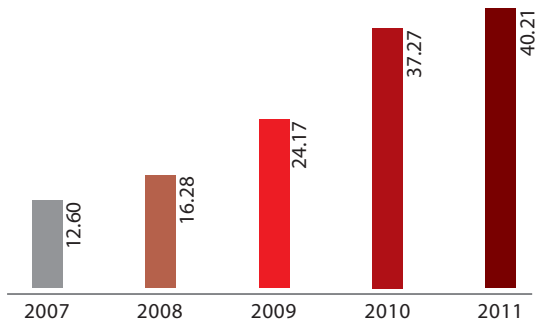
**Chart 2.7: Disbursement - Housing Finance (in BDT Mln)**



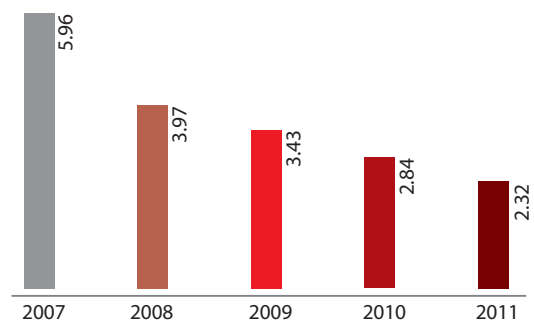
**Chart 2.8: Earnings per Share (in BDT)**



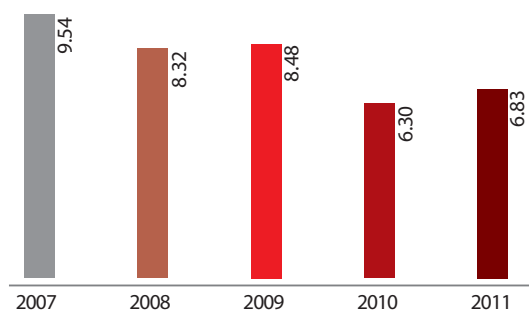
**Chart 2.9: Net Asset Value per Share (in BDT)**



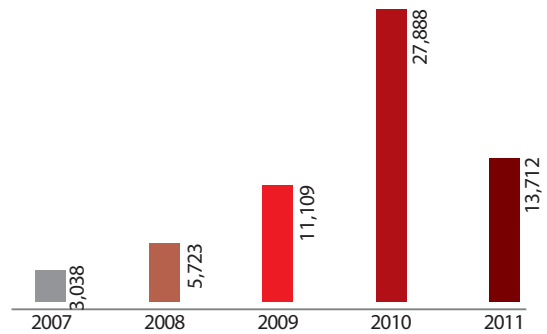
**Chart 2.10: Non-performing Loan Ratio (in %)**



**Chart 2.11: Debt-Equity Ratio**

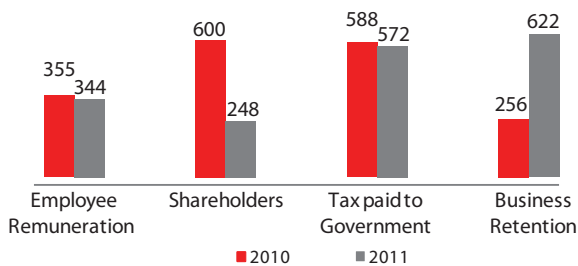


**Chart 2.12: Market Capitalization (in BDT Mln)**

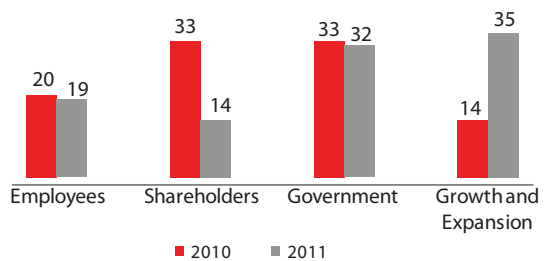


**DISTRIBUTION OF VALUE ADDITION**

**Chart 2.13: Distribution of Value Addition (in BDT Mln)**

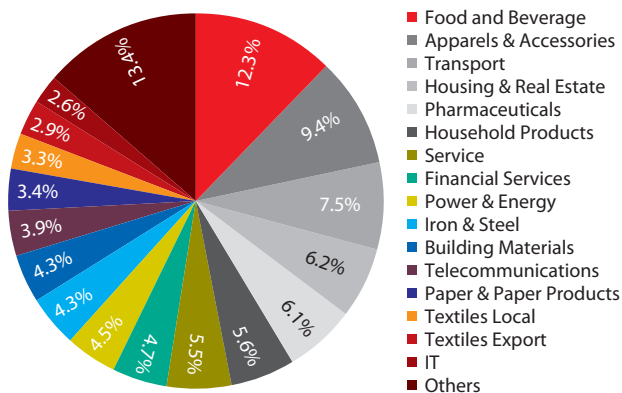


**Chart 2.14: Distribution of Value Addition (in %)**

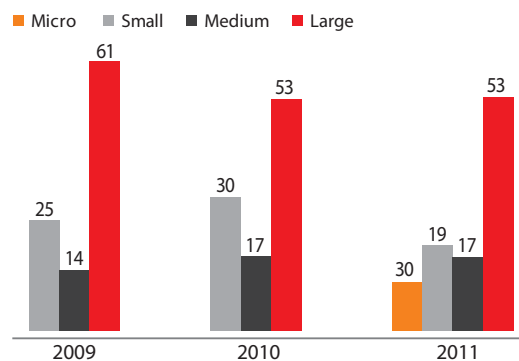


**PORTFOLIO BREAKDOWN**

**Chart 3.1 Sectoral Exposure (December 2011)**



**Chart 3.2: Breakdown of Portfolio (in %)**



# ANTI-CORRUPTION INITIATIVES

**Table 3.1: Risk-based Auditing**

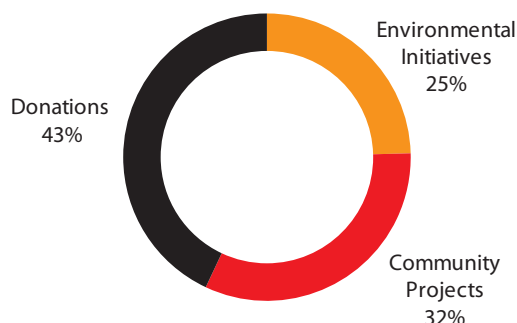
Status	Departmental Audits	Branch Audits
Audits completed in 2011	12	9
Audits planned in 2012	24	17

**Table 3.2: Employee Participation in AML Training**

Divisions	2011	2012 (Target)
Employees from Business Units	39	104
Employees from Support Units	9	41
Employees from ICC	4	2
<b>Total</b>	<b>52</b>	<b>147</b>

# ORIENTATION TO CSR

**Chart 4.1: CSR Investments in 2011**

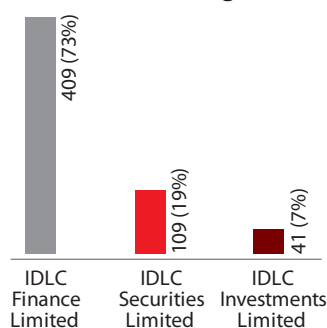


**Table 4.1: CSR Orientation Sessions**

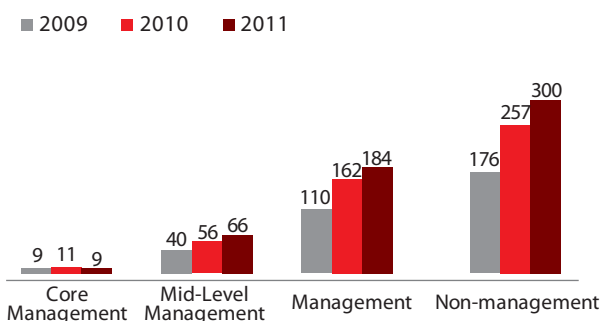
Completed Sessions up to February 2012	12
Trainers	4
Trainer Hours	24
Trainees	252
Trainee Hours	252
Remaining Sessions	6

# OUR PEOPLE - OUR RESOURCES

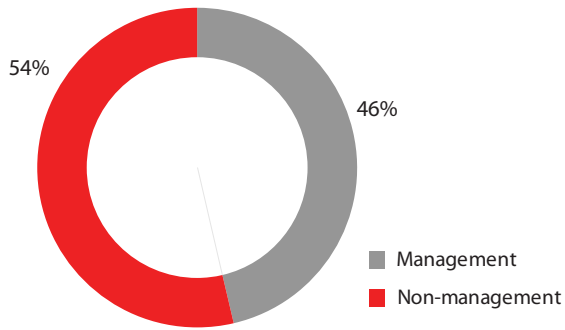
**Chart 5.1: HR Strength of IDLC Group**



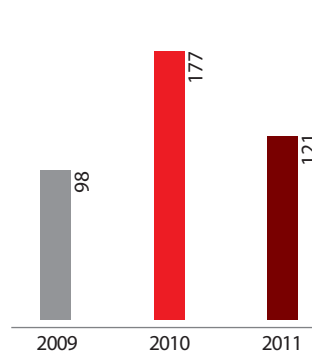
**Chart 5.2: Growth in Human Resources**



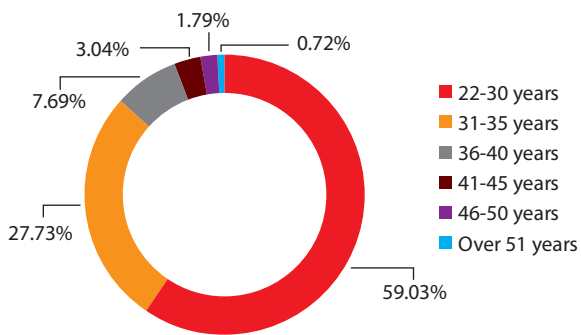
**Chart 5.3: HR Strength as per Management Position**



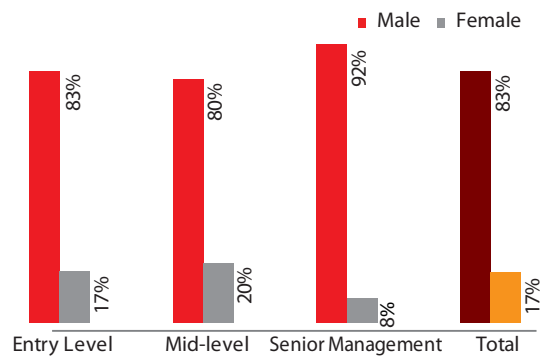
**Chart 5.4: Recruitment Status**



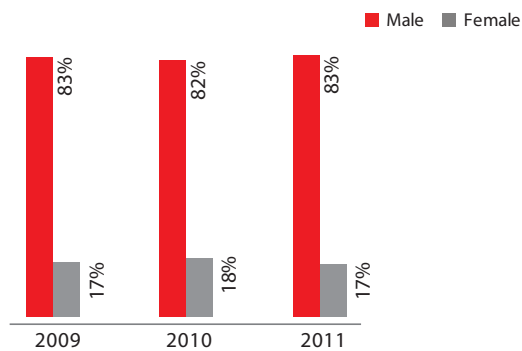
**Chart 5.5: Employee Age Analysis**



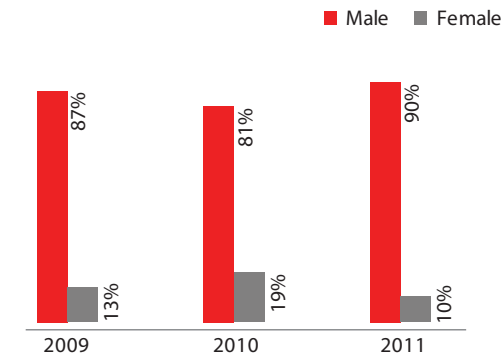
**Chart 5.6: Gender Diversification**



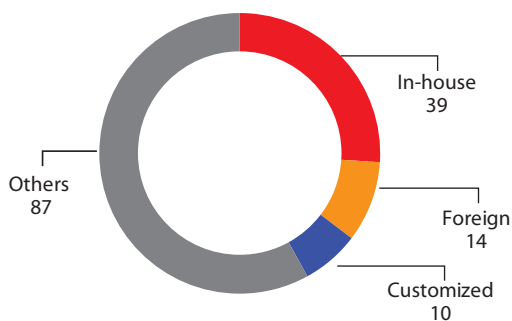
**Chart 5.7: Female Participation over the Years**



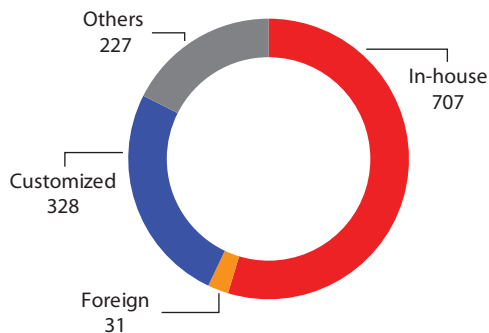
**Chart 5.8: Gender-based Recruitment Status**



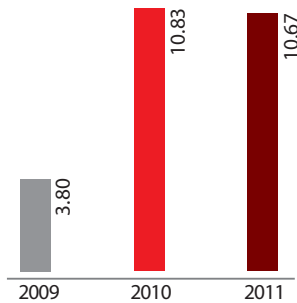
**Chart 5.9: Training Sessions in 2011**



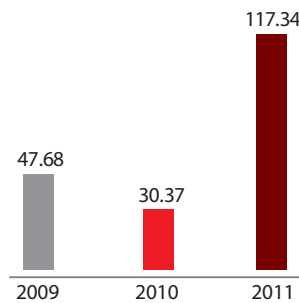
**Chart 5.10: Training Participants in 2011**



**Chart 5.11: Training Investments in 2011 (in BDT Mln)**

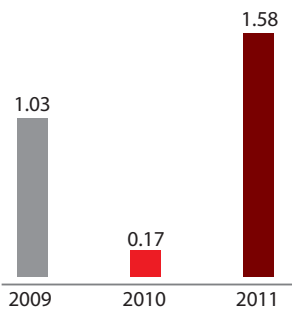


**Chart 5.12: Employee Loan Facilities\* (in BDT Mln)**



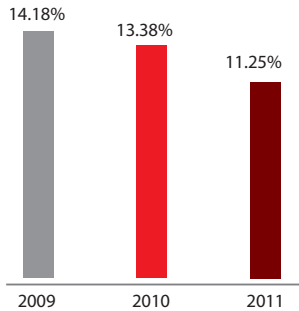
\*Based on employee Home Loan, Transport Loan and Personal Loan facilities

**Chart 5.13: Employee Support Scheme\*(in BDT Mln)**



\*Based on employee Educational Support Scheme and Employee Welfare Fund

**Chart 5.14: Employee Turnover Rate**



## ENVIRONMENT-FRIENDLY TECHNOLOGIES

**Table 6.1: Server Virtualization**

Particulars	2010	2011	2012 (Targeted)
No of Physical Servers	28	27	22
No of Virtual Servers (after consolidation and virtualization)	2	11	30
Reduction in power consumption (in kWh)	14,000	77,000	210,000
Reduction in CO <sub>2</sub> Emission (in tons)	8	44	120

**Table 6.2: Video Conferencing**

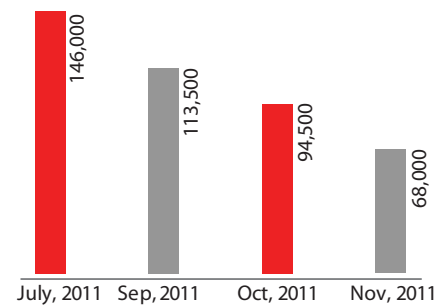
Branches connected with Corporate Head Office	5
Meetings hosted per annum (on average)	200
Traveling participants saved per annum (on average)	800
Traveling km saved per annum (on average)	45,800
Reduction in CO <sub>2</sub> emission per annum	8.71 tons

# PRESERVATION OF RESOURCES

**Table 6.3: Paper Consumption**

Particulars	July-11	Sep-11	Oct-11	Nov-11
Consumption	146,000	113,500	94,500	68,000
Reduction Target	20%			
Reduction achieved	-	22%	35%	<b>53%</b>

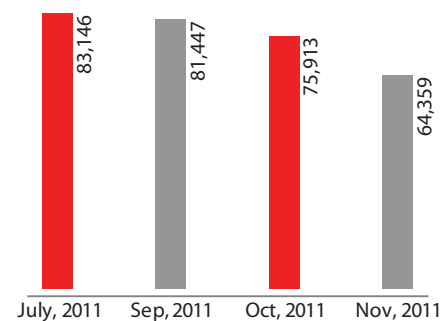
**Chart 6.1: Paper Consumption Units**



**Table 6.4: Electricity Consumption**

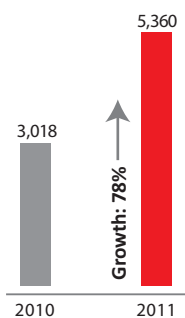
Particulars	July-11	Sep-11	Oct-11	Nov-11
Consumption	83,146	81,447	75,913	64,359
Reduction Target	20%			
Reduction achieved	-	2%	9%	<b>23%</b>

**Chart 6.2: Electricity Consumption in kWh**

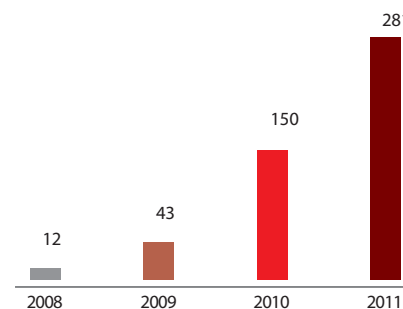


# FINANCIAL INCLUSION

**Chart 7.1: SME Disbursement (in BDT Mln)**



**Chart 7.2: Disbursement: Women Entrepreneur Loan (in BDT Mln)**





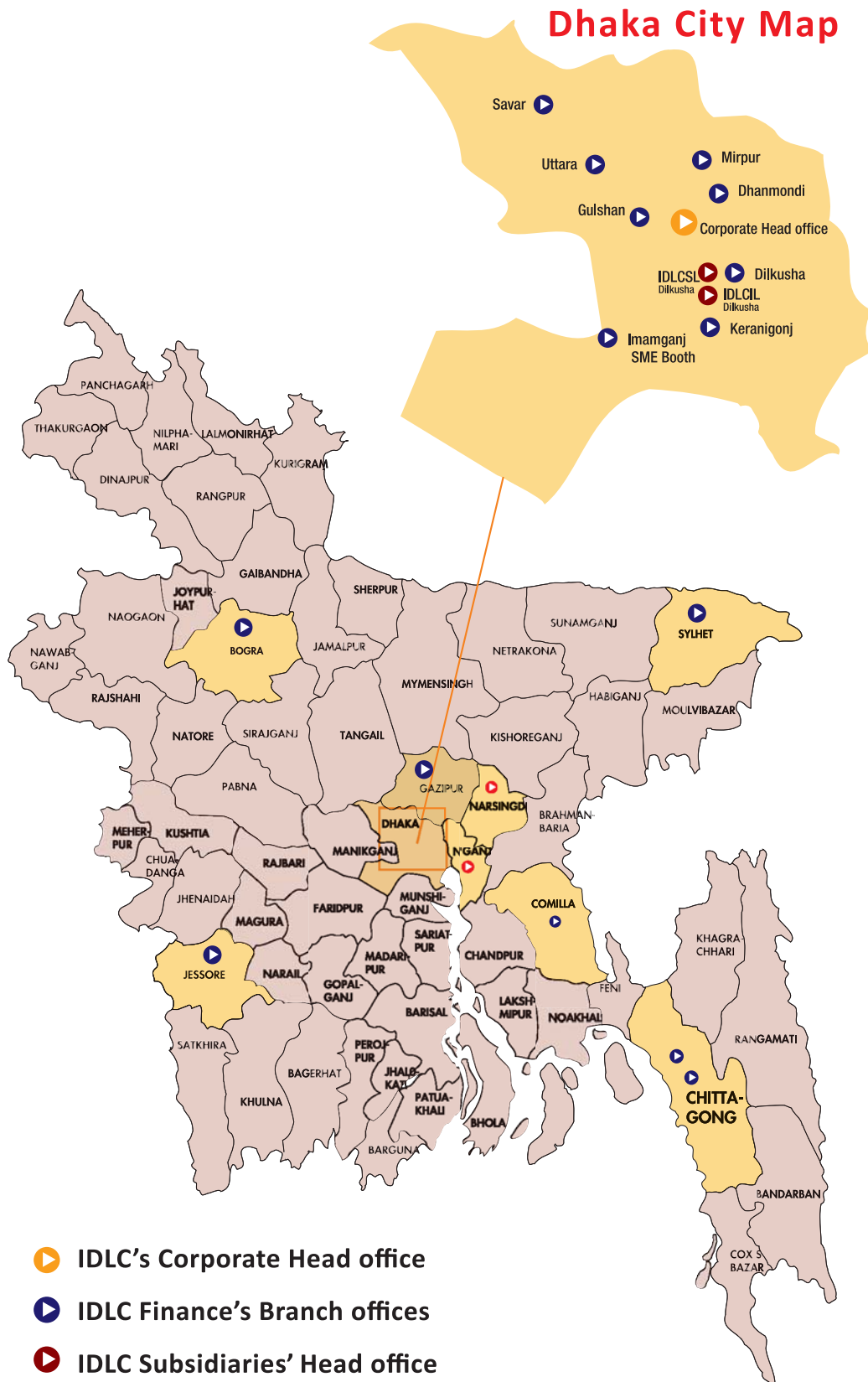
**Table 7.1: Financial Literacy Programs**

Department/Subsidiary	Financials/Investment Issues	Target Group
Consumer Division	Wealth Management Services (Loans, Deposits and Investments); Orientation on Home Loan Facility; Special Facility of IDLC Home Loan; Loan Facilities for clients under TLA arrangement etc.	Real Asset Developers
Consumer Division	Apartment Financing System; Home Loan Offers etc.	Visitors at different property and housing fairs
IDLC Investments Limited	Orientation to Merchant Banking Activities in the Capital Markets of Bangladesh, arranged by Bangladesh Institute of Bank Management (BIBM)	Entry and Mid-level executives from different banks and NBFIs
IDLC Investments Limited	Merchant Banking and Job Responsibilities of Authorized Representatives.	Chittagong-based investors in the capital market

## FUTURE PLANS

CSR Orientation for new recruits at IDLC | Introduction of “Whistle-blowing Guideline” across the Group | Introduction of Guest Auditors | Road Safety Training for personal car drivers of IDLC employees, and the organization’s pool car drivers | Awareness creation among school children regarding environmental and social responsibility | Carbon Footprint Analysis (already under way) | Website development for LEADS | Formation of a dedicated “Women Entrepreneurship Finance Team”

# IDLC'S PRESENCE





**CORPORATE HEAD OFFICE**

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