

2012  
SUSTAINABILITY  
REPORT



## 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

## ABBREVIATIONS ▶

<b>ADB</b>	Asian Development Bank
<b>AGM</b>	Annual General Meeting
<b>AML</b>	Anti-Money Laundering
<b>BDT</b>	Bangladeshi Taka
<b>BSEC</b>	Bangladesh Securities and Exchange Commission
<b>CBS</b>	Core Banking Software
<b>CMC</b>	Co-management Committee
<b>CSR</b>	Corporate Social Responsibility
<b>DFIM</b>	Department of Financial Institutions and Markets
<b>ERM</b>	Environmental Risk Management
<b>GHG</b>	Green House Gas
<b>GRI</b>	Global Reporting Initiatives
<b>HR</b>	Human Resources
<b>ICC</b>	Internal Control and Compliance
<b>IDLCIL</b>	IDLC Investments Limited
<b>IDLCSL</b>	IDLC Securities Limited
<b>ILO</b>	International Labour Organization
<b>IFG</b>	International Factors Group
<b>IPAC</b>	Integrated Protected Area Co-management
<b>ICT</b>	Information and Communication Technology
<b>JICA</b>	Japan International Cooperation Agency
<b>KPI</b>	Key Performance Indicator
<b>kWh</b>	Kilo Watt Hour
<b>LEADS</b>	Livelihood Education and Development Services
<b>NBFI</b>	Non-banking Financial Institution
<b>NPS</b>	Net Promoter Score
<b>NRB</b>	Non-Resident Bangladeshi
<b>SBBN</b>	Small Business Banking Network
<b>SEF</b>	Small Enterprise Finance
<b>SME</b>	Small and Medium Enterprises
<b>SNS</b>	Satchari Nishorgo Sangastha
<b>SQ</b>	Service Quality
<b>TSC</b>	Technical School and College
<b>TVET</b>	Technical and Vocational Education and Training
<b>UNEP FI</b>	United Nations Environment Programme Finance Initiative
<b>UNESCAP</b>	United Nations Economic and Social Commission for Asia and the Pacific
<b>UNGC</b>	United Nations Global Compact
<b>USD</b>	US Dollars
<b>VSO</b>	Voluntary Service Overseas
<b>W2RF</b>	Waste to Resource Fund Limited
<b>WEL</b>	Women Entrepreneur Loan

# STATEMENT OF THE CEO AND MANAGING DIRECTOR



2012 was a challenging year for both banks and financial institutions in Bangladesh. For most of the first half of 2012, the financial markets suffered from a liquidity squeeze brought on by the central bank's 'conservative' monetary policy. Interest rates sky-rocketed and remained high throughout the year. New businesses and industrial projects suffered from a shortage of gas and power. The bearish sentiments that followed the end-2010 stock market crash continued and the financial markets also suffered from a number of 'scams', which negatively affected confidence levels amongst both bank management and clients.

Despite such challenges, the IDLC Group performed satisfactorily. The Capital Market businesses, IDLC Investments Limited and IDLC Securities Limited, naturally, bore the brunt of the depressed stock market, but the 'Loans and Deposit' business performed very well. Core (i.e. Consumer and Corporate) Customer Deposits grew by 31 percent while Core Loans and Advances (to Corporate, SME and Consumer segments) grew by 29 percent over the previous year. The ratio of Non-performing Loans (NPL) dropped from 2.32 percent in 2011 to 2.09 percent at the end of 2012. Overall, the Group PAT witnessed an year-on-year growth of almost 42 percent.

At IDLC, we have a simple philosophy :

- We will grow our business while maintaining the highest standards of corporate governance, statutory compliance and ethical practices;
- We will invest in our people, our technology, our processes and our Brand;
- We will add value to all our stakeholders – clients, regulators, shareholders, staff, and society in general.



In 2012, IDLC Finance continued, and indeed enhanced, its memberships with the UN Global Compact (UNGC), the UN Environment Programme Finance Initiative (UNEP FI), and the CSR Centre of Bangladesh. These associations have served to guide and support our business practices and align them with international sustainability standards.

IDLC's commitment to 'sustainable business practices' is borne out of this need to continuously add value to all stakeholders and become the best financial brand in the country. We are committed to sustainable development because we believe that a good corporate citizen in Bangladesh can create sustainable returns for all stakeholder groups.

The environment is an area we have particularly focused on and we are proud at having initiated the process of converting the IDLC Group into a 'carbon-neutral' organization. We have also incorporated the 'green banking' guidelines into all our decision making processes. In the second half of 2012, we began an environmental awareness program for school children and our initial experience suggests this to be very effective. In 2013 we plan to set up a 'green-desk' with dedicated staff to focus on financing alternative energy projects.

Our commitment to and achievements in different areas are outlined in the section 'Disclosure on Management Approach'. We will continue to publish our progress every year against each of these commitments.



Selim R.F. Hussain  
CEO and Managing Director

# REPORTING PARAMETERS

<b>Reporting period</b>	January 1, 2012 – December 31, 2012
<b>Reporting cycle</b>	Annual
<b>Most recent previous report</b>	"Annual Sustainability Report 2011", published in April 2012
<b>Report Application Level</b>	"B" (Self-declared)
<b>Contact person</b>	Zurat Haque Manager, CSR Department, IDLC Finance Limited Tel: +880-2-8834990, Ext 178 Email: zurat@idlc.com

## BOUNDARY

This report covers strategic decisions, commitments and sustainability initiatives in 2012 of the IDLC Group, i.e. IDLC Finance Limited and its two subsidiaries, IDLC Investments Limited and IDLC Securities Limited. In addition to reporting on core CSR activities, it also covers strategies and initiatives of both IDLC's business and support functions that are closely integrated with its CSR and sustainability commitment.

## SCOPE

This report covers the period from January 1, 2012 to December 31, 2012.

The report is prepared based on the Global Reporting Initiative (GRI) guidelines, disclosing IDLC's performance in 2012 against specific indicators under six general categories: Economic, Environmental, Labor Practices and Decent Work, Human Rights, Society, and Product Responsibility, as well as against the Product and Service Impact Performance Indicators of the Financial Sector Supplements.

The scope has changed significantly from last year's reporting in terms of:

- Reporting against 48 GRI Performance Indicators, compared to 27 in 2011 (inclusive of Financial Sector Supplements);
- Reporting on Management Disclosure against each of the performance categories mentioned above;
- Upgrading Report Application Level to "B" in 2012, from "C" in 2011;
- Covering more stakeholder engagement initiatives.

However, no third-party/external assurance has been sought for this report.

## APPROACH TO REPORTING

The report mainly covers:

- Management commitment towards sustainable business;
- CSR strategies and initiatives of IDLC;
- Sustainable practices by major business and support functions, in line with IDLC's CSR and sustainability commitment;
- Integration of sustainability commitment with business strategies;
- Results achieved;
- Challenges faced and measures taken;
- Inclusion of important stakeholder groups; and
- Future plans

Moreover, sources of the major data used in this report, and underlying assumptions for the measurement/calculations, have also been disclosed.

## MATERIALITY

Issues having significant impacts on major stakeholder groups, and the company's economic, environmental and social performance and good governance practices in the long run have been considered as Material Contexts for this report.

Going forward, discussions with major internal and external stakeholder groups will be a key process for identifying such material issues.

We are working hard to make our Sustainability Report more transparent and forthcoming. We also aim to provide a more robust and informative report by upgrading our metrics and goal setting, and we recognize that there is always room for improvement in our data collection and reporting process.

# DISCLOSURE ON MANAGEMENT APPROACH

This section provides the context for understanding IDLC's performance against specific indicators and future strategies relating to Economic Performance, Environmental Performance, Labor Practice and Decent Work, Human Rights, Society, and Product Responsibility (including Product and Service Impact Disclosure):

## ECONOMIC PERFORMANCE

The performance of IDLC was directly affected by the ongoing crisis in the financial market of Bangladesh, as well as the prolonged bearish trend in the capital market. In spite of these challenges, IDLC performed impressively throughout 2012 across its various business segments and support units. Our operating income increased by 11 percent to BDT 2,403 Million, while net profit after tax was BDT 713 Million, showing a 43 percent growth over last year. Our total assets witnessed a growth of 21 percent to become BDT 37,784 Million in 2012, and we received BDT 1,192 Million from various refinancing windows of Bangladesh Bank.

Although we did not open any new branches, we continued to enter new markets and serve new client segments from our existing service points across the country.

Our broader contribution to the economy is mainly highlighted by creation of jobs, payment to the national exchequer, and contribution to both individual and institutional development with our diversified products and services. In 2012 alone, we created jobs for 119 people, paid BDT 404 Million as corporate tax to the Government Exchequer, increased lending by 67 percent to small and medium enterprises, and disbursed BDT 2,736 Million for home ownership.

Moreover, we are increasingly using technological innovations as a tool to bring more dynamism in our processes, and we also became the first NBF to launch the core banking software within the shortest possible time.

## LABOR PRACTICE AND DECENT WORK

We recognize that successful employment relationships are built on mutual benefits, understanding and trust. At IDLC, we strive to provide the best working place for our employees by embracing diversity and meritocracy, and ensuring equal opportunities for all. In addition to our Human Resource Department, we have a dedicated HR and Compensation Committee headed by the CEO and Managing Director himself, to better address issues related to human resource management across the Group.

We have made it our top priority to ensure that each member of our workforce acts with the highest levels of ethics, integrity and commitment by conforming to a formalized Code of Conduct and Ethics. We provide every possible development opportunities to our people through extensive training sessions, workshops and career advice.

We are particularly keen on hiring and developing female employees for improving gender balance across the organization. Hence we take extra care to provide the best facilities to our female employees at all times, including flexible working hours, maternity leave benefits, transportation facilities following late working hours

## ENVIRONMENTAL PERFORMANCE

We are continuing to integrate environmental considerations in our business performance and strategic decisions. We are taking the approach of streamlining our own performance first, while at the same time undertaking independent measures aimed at minimizing the impacts of environmental degradation and climate change.

We have adopted the Environmental Risk Management guidelines of Bangladesh Bank in our credit assessment process to make our lending operations more responsive to environmental challenges. We have also recently voluntarily adopted a checklist based on the UN Global Compact (UNGC) Principles to ensure better environmental and social safeguard of various projects. We are also strategically increasing our 'green' portfolio by focusing on various environment-friendly projects.

In addition, to manage our own carbon footprint, we are continuously undertaking various internal and external measures. Adoption of energy efficient technologies across the organization and regular plantation activities are some of the major initiatives in this regard.

We believe environmental concerns can be managed through mutually beneficial solutions for both IDLC and its stakeholders. As such, we are sharing better practices with our stakeholder groups to spread awareness regarding our mutual responsibilities for a better environment. Instead of viewing these as obstacles to our progress, we view environmental challenges as opportunities to introduce innovative products, processes and service solutions for continuous growth and development. Going forward, we will strategically focus on neutralizing direct or indirect environmental impacts of our product portfolio.

etc. We have also recently launched IDLC's "Ladies Forum" in participation of all our female colleagues to better understand and address issues and concerns faced by them at work.

We believe that every worker has a right to a safe and healthy workplace. Although the nature of our operation does not put our employees at significant occupational risks, we make it a point to ensure a healthy, hygienic and safe working environment across all our branches, while providing sufficient insurance coverage and medical benefits for our employees and their families.

## HUMAN RIGHTS

We are committed to complete eradication of any discrimination and biasness, both conscious and unconscious, arising from issues such as age, gender, race, religion, ethnicity, or any other attributes. Employees undergo counseling sessions, as and when required, to help them properly address and manage these issues. We also have in place a formal grievance mechanism to help employees access the appropriate authorities with their concerns.

The nature of our operation negates the scope of using any form of forced labor or child labor within our organization. However, going forward, we will work with our clients and major suppliers in addressing these issues, where applicable, relating to their operations. We already require our clients to disclose incidence of child labor in their facilities, which is considered in our credit decisions.

For broader community development, we are working with marginal groups in different regions by contributing to their skills development and livelihood generation. Going forward, we have plans to work with indigenous groups as well.

## SOCIETY

We combine both business and CSR in working for the community around us. We have partnered with a number of NGOs and development organizations providing better educational and healthcare facilities to underprivileged children. Moreover, with our long term strategy for community empowerment, we are focusing mostly in North Bengal, one of the most underdeveloped regions of Bangladesh, aiming skills development of the disadvantaged group and providing alternative livelihood opportunities for them in the long run. Our main focus is on female groups, contributing to women empowerment. At the same time, we are involving our customer groups as well in some of these initiatives.

We exercise strict control and compliance to ensure ethical and transparent practices across all our functions by maintaining a zero-tolerance policy. Our dedicated Internal Control Committee, and Internal Control and Compliance Department, address various operational risks and accordingly take necessary measures to manage such risks. Till date, IDLC has not faced any charges related to non-compliance in any area of operation. To continue maintaining an environment free of all forms of corruption, we also update our policies regularly to bring on board the best practices.

## **PRODUCT RESPONSIBILITY (INCLUDING PRODUCT AND SERVICE IMPACT DISCLOSURE)**

With the vision to become the best financial brand in the country, aiming for "Stakeholder Happiness", IDLC started the year 2012 with a renewed sense of energy, innovation and quality growth by unveiling its new logo and brand pay-off line in 2012.

Our products and services directly contribute to the growth and expansion of small, medium and large enterprises, while enabling people to accumulate and own assets. In 2012, IDLC introduced a range of new products and services in response to the changing needs of its growing customer base. A uniform Service Quality Guideline is being introduced to ensure standard service delivery across the organization.

Since the nature of our operation dictates possession of confidential and sensitive customer information, we make it our topmost priority to maintain customer privacy at all times. Moreover, we comply with all the applicable rules and regulations in both our marketing communications and product promotion activities. Our Ethics and Compliance Committee is responsible for ensuring such ethical business practices by all units of IDLC.

Moreover, we are continuously upgrading our credit assessment process to better identify and address environmental and social issues related to our business, which form a significant part of our product responsibility. Going forward, both short term and long term measures will be adopted together with our clients to address and manage these issues in mutually beneficial manners. Moreover, we will increase our focus on arranging awareness sessions, seminars and discussions with our clients, partners and other stakeholder groups to continue sharing of information and best practices, and accordingly develop future strategies.



## Niall FitzGerald

Niall FitzGerald is the former Chairman and CEO of Unilever. He is also the Deputy co-Chairman of Thomson Reuters, a Trustee of the Leverhulme Trust, and a member of the Foundation Board of the World Economic Forum. He was awarded the Honorary Knight Commander of the Order of the British Empire in 2002.



CHAPTER 1

# BUSINESS AND SUSTAINABILITY

"Corporate Social Responsibility is a hard-edged business decision. Not because it is a nice thing to do or because people are forcing us to do it... but because it is good for our business."

*Niall FitzGerald*

# CSR AND SUSTAINABLE BUSINESS AT IDLC

At IDLC, we believe that the basic difference between Corporate Social Responsibility (CSR) and Corporate Philanthropy lies in the nature and scope of these activities, and the degree of accountability of the organization for achieving the desired outcome.

We believe that CSR is a self-regulating mechanism that helps an organization assume responsibility for its own actions and decisions, and conduct its business in a responsible manner by integrating the 3 P's: People, Planet and Profit. And a business thus conducted is known as a Sustainable Business.

## 3 P's:

**People**, refers to the community in which we live and conduct our business;

**Planet**, refers to the surrounding environment; and

**Profit**, refers to the economic profit generation, which is vital for the long-term survival of any organization

## WHY CSR?

Organizations with strong CSR commitment are more likely to gain advantage over competitors. Achievements in terms of CSR and Sustainable Business can be used for:

**Brand Promotion**, by gaining public support for the organization's continued presence in the local and global markets;

**Brand Differentiation**, based on reputation gained from corporate governance, statutory compliance, ethical practices and responsible operations;

**Attracting and Retaining Talents**, by changing perception of applicants and existing employees about the organization that is committed to responsible practices, and thus increasing their desire to be associated with that organization;

**Increasing Employee Commitment**, where employees satisfied with the organization's CSR practices are likely to be more positive, engaged, productive and loyal;

**Gaining Customer and Investor Trust**, thus having a clear advantage over peers and competitors;

**Building a Favorable Image**, in the minds of the employees, clients and other important stakeholders that is imperative for the organization's sustained operations; and

**Identifying better Business Prospects**, where customers will be more willing to do business with an organization that is deemed responsible and sustainable in the long run.

## MEMBERSHIP WITH SUSTAINABILITY INITIATIVES

IDLC became members of a number of voluntary local and global initiatives in late 2010 to manage its CSR activities following globally acceptable standards:

- UNGC (United Nations Global Compact), promoting ten principles, detailed in later part of this report, for sustainable practices in the areas of Human Rights, Labor, Environment and Anti-corruption;
- UNEP FI (United Nations Environment Programme Finance Initiative), promoting environmentally responsible practices among financial institutions worldwide; and

- CSR Centre, promoting the concept of CSR among the corporate houses in Bangladesh, while acting as the local network of UNGC. IDLC also has representation in the Board of the CSR Centre.

Although these initiatives are voluntary in nature, compliance is mandatory to continue membership with these initiatives, thus showing IDLC's commitment to walk the extra mile for a responsible and sustainable business.

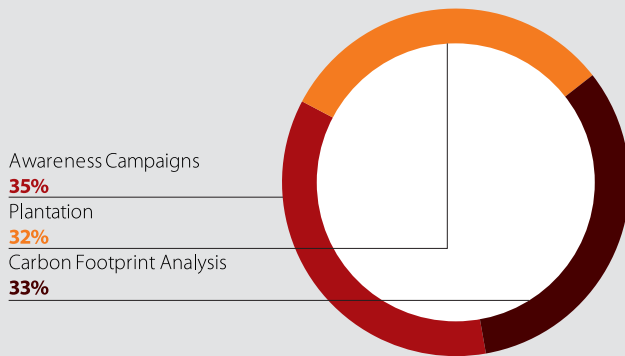


## FOCUS AREAS OF IDLC

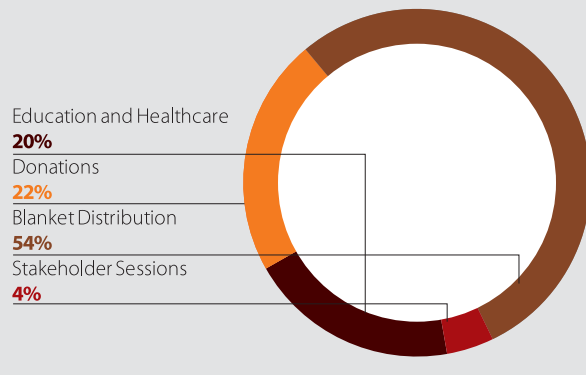


## CSR INVESTMENTS

**Chart 1.1 Environmental Activities in 2012**



**Chart 1.2 Community Initiatives in 2012**





## Douglas Adams

Douglas Noel Adams is an English writer, humorist and dramatist. He is best known as the author of "The Hitchhiker's Guide to the Galaxy" which started as a BBC radio comedy and later was developed into a "trilogy" of five books, a television series, several stage plays, comics, a computer game, and a feature film. His contribution to the UK radio is commemorated in The Radio Academy's Hall of Fame.



CHAPTER 2

## ABOUT US

"To give real service you must add something which cannot be bought or measured with money, and that is sincerity and integrity."

*Douglas Adams*

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 26 branches and 2 SME booths, and over 600 permanent staff across the Group. IDLC offers a wide range of loan and deposit products to its Corporate, Consumer and SME client segments, while operating 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, statutory compliance and ethical business practices. The Group is also highly regarded for its professional pool of resources and progressive work environment

Ownership	
Public Limited Company	
Governing Act	
Financial Institutions Act, 1993	
Regulatory Authority	
Bangladesh Bank	
Credit Rating	
Long-term	Short-term
AAA	ECRL-1
Validity: May 9, 2012 to May 8, 2013	

**VISION MISSION**

We will be the best financial brand in the country

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

**CORE VALUES**

Integrity | Customer Focus | Trust and Respect | Equal Opportunity | Eco-friendly | Passion | Simplicity

**STRATEGIC OBJECTIVES**

- 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.

**CODE OF CONDUCT AND ETHICS**

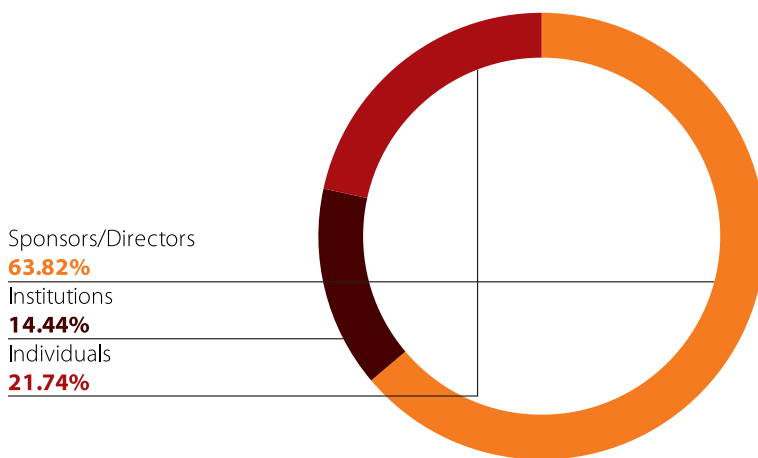
In accordance with the approved and agreed Code of Conduct, IDLC employees shall:

- Act with integrity, competence, dignity and in an ethical manner when dealing with customers, prospects, colleagues, agencies and public;
- Act and encourage others to behave in a professional and ethical manner that will reflect positively on IDLC employees, their profession and on IDLC, at large;
- Strive to maintain and improve the competence of all in the business;
- Use reasonable care and exercise independent professional judgment;
- Not restrain others from performing their professional obligations;
- Maintain knowledge of and comply with all applicable laws, rules and regulations;
- Disclose all conflicts of interest;
- Deliver professional services in accordance with IDLC policies and relevant technical and professional standards;
- Respect the confidentiality and privacy of customers, people and others with whom they do business; and
- Not engage in any professional conduct involving dishonesty, fraud, deceit or misrepresentation or commit any act that reflects adversely on their honesty, trustworthiness or professional competence.

# SHAREHOLDING STRUCTURE

As of December 31, 2012, IDLC has a total of 123,750,000 shares outstanding, with the following ownership status:

**Chart 2.1 Shareholding Structure (Dec 2012)**



## PRODUCTS AND SERVICES

### FOR LARGE LOCAL AND MULTINATIONAL CORPORATE HOUSES, WE OFFER:

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

### WE ALSO PROVIDE STRUCTURED FINANCE SOLUTIONS IN THE FORMS OF:

Fund-raising through 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

### FOR SMALL AND MEDIUM ENTERPRISES, WE OFFER:

Small Enterprise Finance (SME Loan, Abashan Loan, Seasonal Loan, Revolving Short-term Loan, SME Sachal Loan) | Medium Enterprise Finance (Term Loan, Lease Finance, Working Capital Finance, Project Finance, Specialized Products) | Supplier Finance | Women Entrepreneur Loan | Commercial Vehicle Loan

### FOR RETAIL CLIENTS, WE OFFER:

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

### FOR CAPITAL MARKET CLIENTS, WE OFFER:

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

# CORPORATE GOVERNANCE

Maintenance of an effective Corporate Governance process remains a key priority of the Board of IDLC. To ensure clarity about the Directors' responsibilities towards the stakeholders, Corporate Governance has to be dynamic and business-focused, within a culture of transparency and accountability. As such, clear structures and processes supported by well understood policies and practices have been instituted, and are regularly updated, to guide overall management of the organization.

IDLC ensures that its Corporate Governance practices comply with all the aspects of the Notification No. SEC/CMMRRCD/2006-158/Admin/44 dated August 07, 2012 issued by the Bangladesh Securities and Exchange Commission (BSEC), and those of the DFIM Circular No. 7 dated September 25, 2007 of Bangladesh Bank. Moreover, independent roles of the Board of Directors; separate and independent roles of the Chairman and Chief Executive Officer; distinct roles of the Company Secretary, Chief Financial Officer and Chief Compliance Officer; and different Committees of the Board allow IDLC to achieve excellence in the best Corporate Governance practices.

## BOARD OF DIRECTORS

The Board of IDLC comprises of eleven Non-executive Directors, including two Independent Directors, and one Executive Director, i.e. the CEO and Managing Director of IDLC.

All Non-executive Directors, other than the Independent Directors, are nominated by their respective organizations, and the elected Directors nominate two Independent Directors for the Board. The Directors are then appointed by the shareholders in the Annual General Meeting (AGM). The CEO and Managing Director of IDLC is also appointed by the Board subject to consent of the shareholders in the AGM. Any change in the Board members requires intimation to the Bangladesh Bank, all scheduled banks and financial institutions, Bangladesh Securities and Exchange Commission (BSEC), and stock exchanges.



<p>01 <b>Anwarul Haq</b> Chairman-nominated by Reliance Insurance Limited</p>	<p>02 <b>Rubel Aziz</b> Director-nominated by The City Bank Limited</p>
<p>03 <b>Md. Habibur Rahman Mollah, FCA</b> Director-nominated by Transcom Group</p>	<p>04 <b>Aziz Al Kaiser</b> Director-nominated by The City Bank Limited</p>
<p>05 <b>Hossain Mehmood</b> Director-nominated by The City Bank Limited</p>	<p>06 <b>Meherun Haque</b> Director-nominated by The City Bank Limited</p>
<p>07 <b>Kazi Mahmood Sattar</b> Director-nominated by The City Bank Limited</p>	<p>08 <b>Md. Rezaul Karim</b> Director-nominated by Sadharan Bima Corporation (SBC)</p>
<p>09 <b>M. Amanullah</b> Director-nominated by Mercantile Bank Limited</p>	<p>10 <b>Farooq Sobhan</b> Independent Director</p>
<p>11 <b>Syed Abu Naser Bukhtear Ahmed</b> Independent Director</p>	<p>12 <b>Selim R. F. Hussain</b> Ex Officio</p>

## QUALIFICATION OF THE BOARD MEMBERS

The Board members of IDLC have extensive knowledge and experience in the areas of finance, economy, management, business administration, marketing and law to ensure formulation of the right policies and strategies for business expansion and sustainable development, and conduct management audits in a balanced manner.

## DIRECTORS' REMUNERATION

Directors are not entitled to any remuneration other than attending meetings of the Board and its Committees, as per DFIM Circular No. 03 dated February 24, 2010.

## CONFLICTS OF INTEREST

Each Board member endeavors to avoid any conflict of his/her personal interests with the interests of the organization, while performing his/her respective duties and responsibilities objectively and effectively.

They are to avoid receiving or allowing immediate family members to receive improper personal benefits from the company. Also each Board member has to make a full disclosure to the entire Board regarding any transaction or relationship that could raise any conflict of interest with the company and accordingly seek the Board's authorization for such transactions or relationships.

## BOARD MEETINGS

Meeting of the Board of Directors is mandated to be held at least once every three (3) months. The rest of the Committees hold meetings as and when required.

# RISK MANAGEMENT

Risk assessment refers to the processes by which a company identifies and assesses risks related to achievement of strategic objectives. Continuously changing external and internal environments require a dynamic risk assessment process that must occur at all levels of the organizational structure, and entails adoption of various measures to strengthen the ability of an organization to cope with the complexities of the business environment in which it operates.

As a financial institution, the major risks faced by IDLC include Credit Risk, Market Risk, Liquidity Risk, and Operational Risk. To manage these risks in line with the Corporate Governance policies and practices, IDLC is governed by the following committees of the Board and the 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 Compensation Committee | Corporate Governance Committee | Ethics and Compliance Committee | BASEL II Implementation Committee

Of the above committees, the Credit Evaluation Committee (CEC) and Asset Liability Management Committee (ALCO), comprised of IDLC's senior management, are responsible for regular review of issues relating to market, credit and liquidity, and subsequent recommendations for addressing and mitigating the associated risks. Activities of these committees are supported by the Credit Risk Management (CRM) Department by independent assessment of projects from a risk-weighted point of view, thus setting business priorities in line with IDLC's risk appetite, as well as by the Credit Administration Department (CAD) and Internal Control and Compliance (ICC) Department through operational risk assessment across the company. Our Internal Control Committee addresses and assesses operational risks across the company, while ensuring a framework to identify, assess and manage such risks. Also the BASEL Implementation Unit (BIU) implements Capital Adequacy and Market Discipline (CAMD) instructions of Bangladesh Bank across the company.

The Board also acknowledges its overall responsibility for maintaining the adequacy and effectiveness of IDLC's internal control system. The Board views internal control framework as a tool to manage the company's risks within an acceptable risk profile, rather than completely eliminating the risk of failure to achieve the policies, goals and objectives of the IDLC Group.

# MANAGEMENT COMMITTEE

**Zahid Ibne Hai**  
Head of SME Division

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

**Md. Saifuddin**  
Managing Director, IDLCSL

**Mustaq Ahammed, FCA**  
Head of ICC



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

**Bilquis Jahan**  
Head of Human Resources

**Selim R. F. Hussain**  
CEO & Managing Director



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

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

**Mir Tariquzzaman**  
Chief Technology Officer

**Asif Saad Bin Shams**  
Head of Credit & Collection



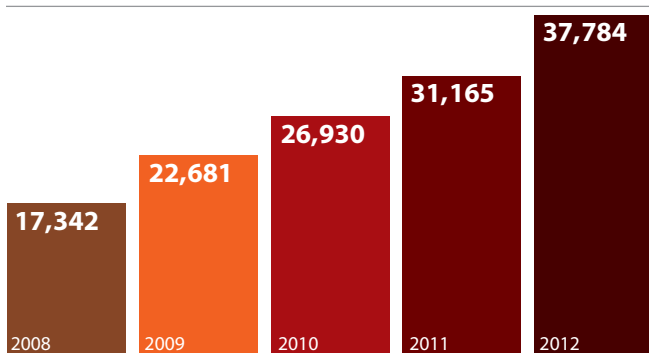
**H. M. Ziaul Hoque Khan, FCA**  
Deputy Managing Director & CFO

# FINANCIAL PERFORMANCE

## KEY FINANCIALS (CONSOLIDATED)

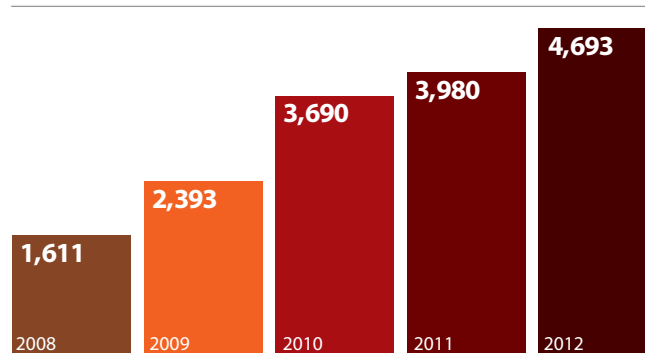
### Chart 2.2 Total Assets

(in BDT Mln)



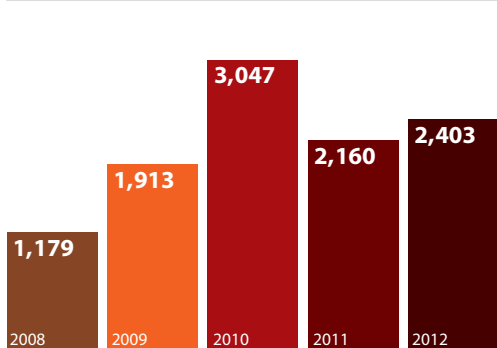
### Chart 2.3 Shareholders' Equity

(in BDT Mln)



### Chart 2.4 Operating Income

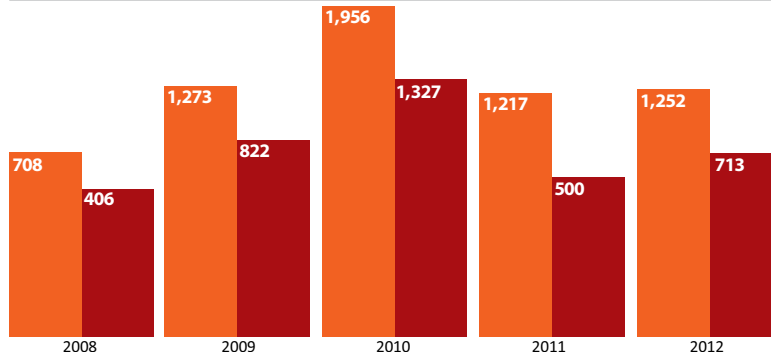
(in BDT Mln)



### Chart 2.5 Profitability

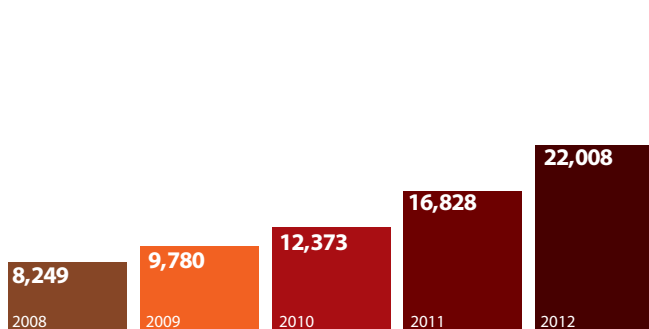
(in BDT Mln)

■ Profit before Tax  
■ Profit after Tax



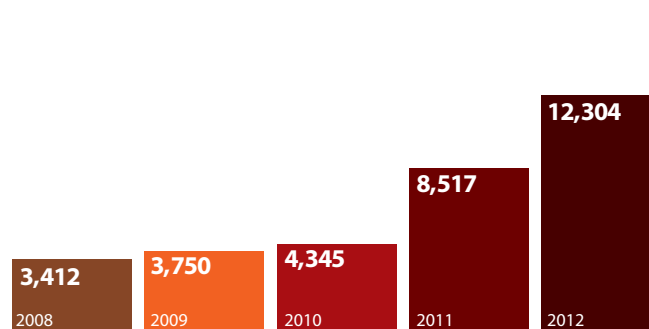
### Chart 2.6 Growth in Deposit Portfolio

(in BDT Mln)



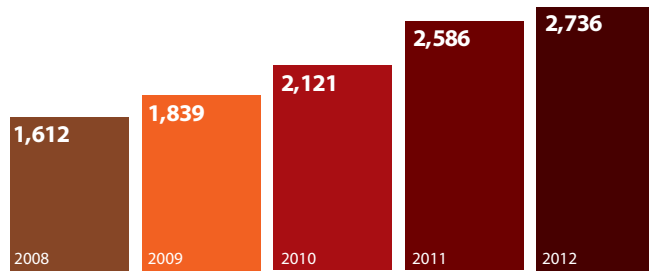
### Chart 2.7 Disbursement - Lease & Term Loan

(in BDT Mln)



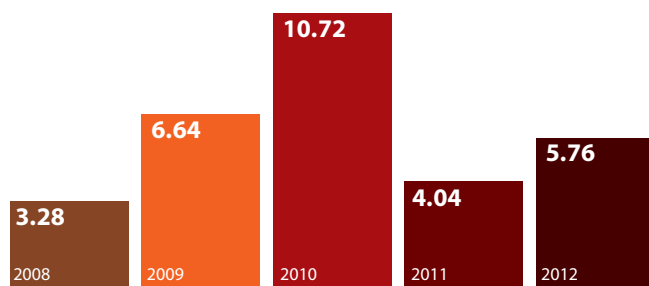
### Chart 2.8 Disbursement - Housing Finance

(in BDT Mln)



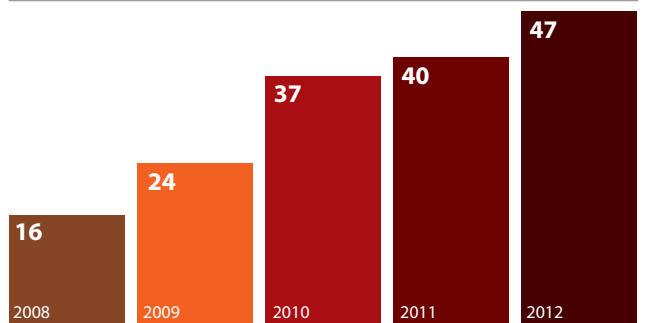
### Chart 2.10 Earnings per Share

(in BDT)

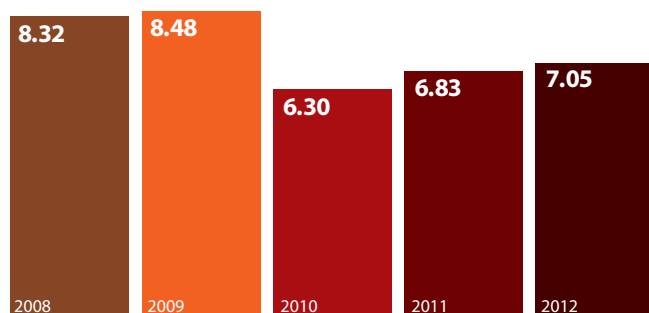


### Chart 2.12 Net Asset Value per Share

(in BDT)

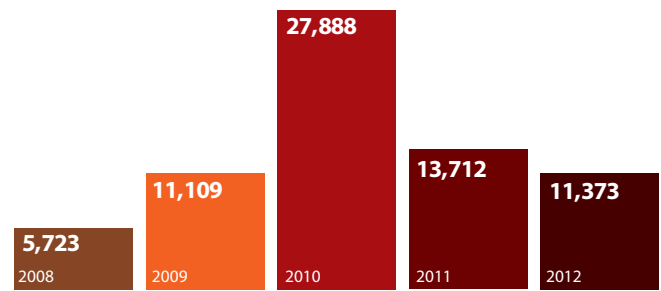


### Chart 2.14 Debt-Equity Ratio



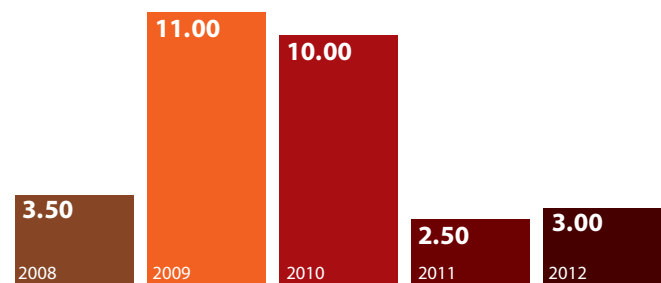
### Chart 2.9 Market Capitalization

(in BDT Mln)



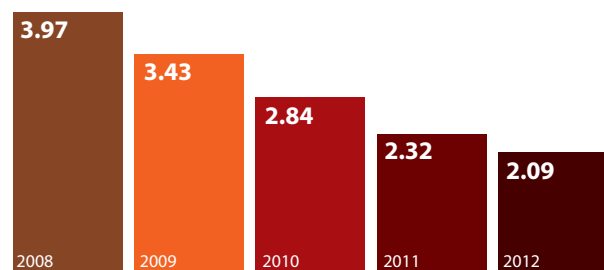
### Chart 2.11 Dividend per Share\*

(in BDT)



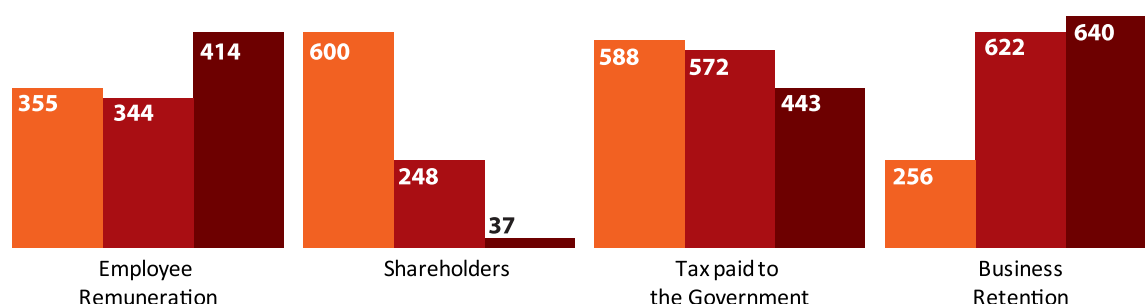
\* Per share of BDT 10

### Chart 2.13 Non-performing Loan Ratio



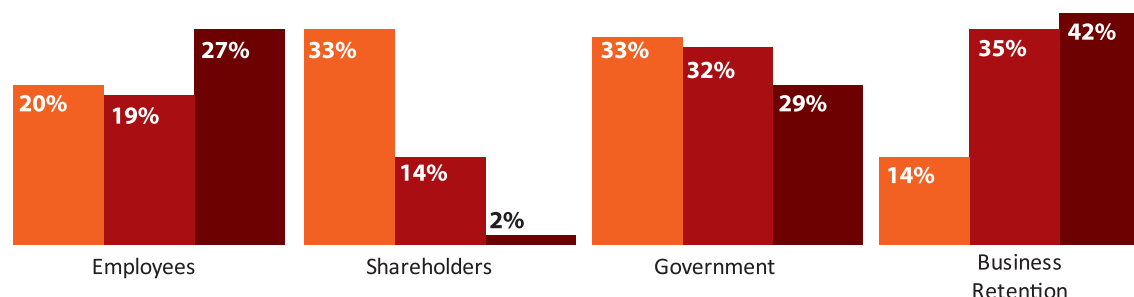
**Chart 2.15 Distribution of Value Addition** (in BDT Mln)

2010 2011 2012



**Chart 2.16 Distribution of Value Addition** (in %)

2010 2011 2012



## PARTICIPATION IN REFINANCING PROGRAMS

IDLC is one of the largest participants in the refinancing programs of Bangladesh Bank and other donor organizations, with the objective of diversifying its source of funds through dependable sources at significantly lower costs, and transferring this benefit to the customers by offering financing at competitive rates.

In 2012, IDLC received BDT 1,192.58 Million from various refinancing windows of Bangladesh Bank, especially Women Entrepreneur and Agro Refinancing Facility for SMEs, as well as from ADB and JICA funds. IDLC, so far, is the highest fund receiver, out of 39 participating banks and NBFIs, under the JICA-assisted Financial Sector Project organized by Bangladesh Bank Refinancing and Pre-Financing Scheme in June 2012, with total refinancing amounting to BDT 91.42 Million.

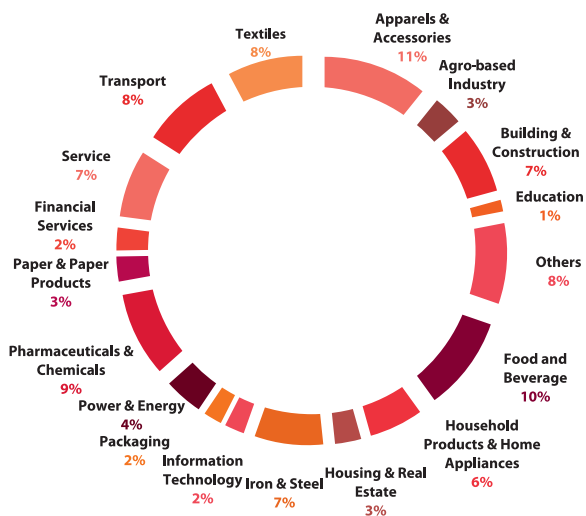
In 2012, such refinancing contributed to 10 percent of IDLC's total funding mix, compared to 83 percent Term Deposits and 5 percent Bank Borrowing.

## CONTRIBUTION TO THE GOVERNMENT EXCHEQUER

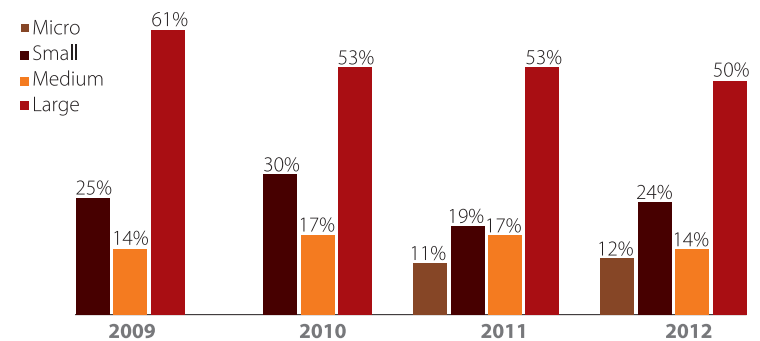
In 2012, IDLC contributed BDT 404 Million to the Government Exchequer as Corporate Income Tax of the Company. Also BDT 287.73 Million was collected and deposited to the Government Exchequer as withholding tax and VAT.

# BUSINESS FOCUS

**Chart 2.17 Sectoral Exposure**



**Chart 2.18 Industrial Portfolio**



## MEMBERSHIPS

### ASSOCIATIONS

Bangladesh Leasing and Finance Companies Association | Asian Financial Services Association | Bangladesh Merchant Bankers Association | Bangladesh Association of Publicly Listed Companies

### INSTITUTE

The Institute of Bankers, Bangladesh

### CHAMBERS OF COMMERCE AND INDUSTRY

International Chamber of Commerce – Bangladesh | Metropolitan Chamber of Commerce and Industry | Dhaka Chamber of Commerce and Industry | Bangladesh German Chamber of Commerce and Industry | The Federation of Bangladesh Chambers of Commerce and Industry

### INTERNATIONAL MEMBERSHIPS

International Factors Group (IFG) - an international association of factoring companies | Small Business Banking Network (SBBN) - a global initiative to improve access to financial services by small businesses

In addition, IDLC is also members of the UNGC, UNEP FI and CSR Centre of Bangladesh for its sustainability initiatives.



## Bill Gates

William (Bill) H. Gates is the Co-founder and Chairman of Microsoft, the worldwide leader in personal-computer software, services and solutions. He is ranked among the world's wealthiest people, and was named by *Time* magazine as one of the 100 people who most influenced the 20<sup>th</sup> century. In 2000, Gates and his wife created the 'Bill & Melinda Gates Foundation', the largest charitable foundation in the world. As of 2007, they were the second-most generous philanthropists in the USA, having given over USD 28 Billion to charity.



## CHAPTER 3

# VALUE FOR OUR EMPLOYEES

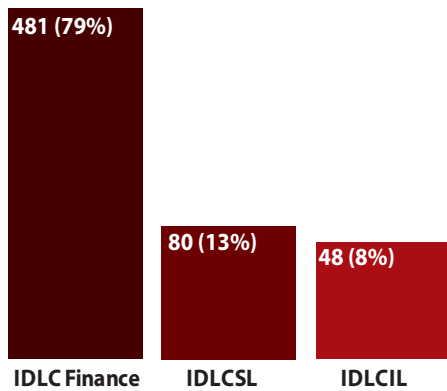
“Take our 20 best people away, and I will tell you that Microsoft would become an unimportant company.”

*Bill Gates*

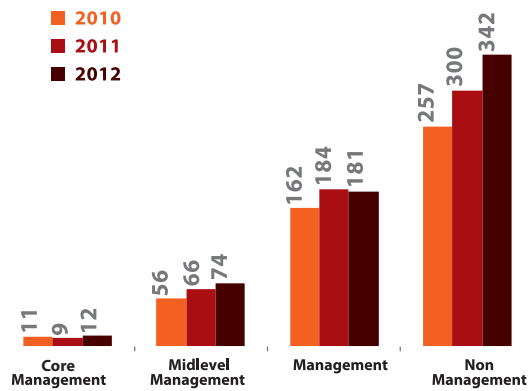
# MAJOR INDICATORS OF HR MANAGEMENT

## EMPLOYEE PROFILE

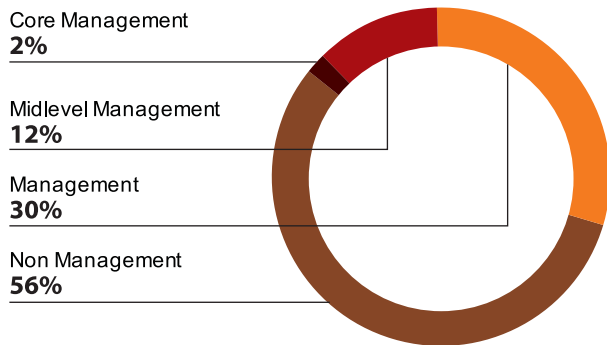
**Chart 3.1 HR Strength of the IDLC Group**



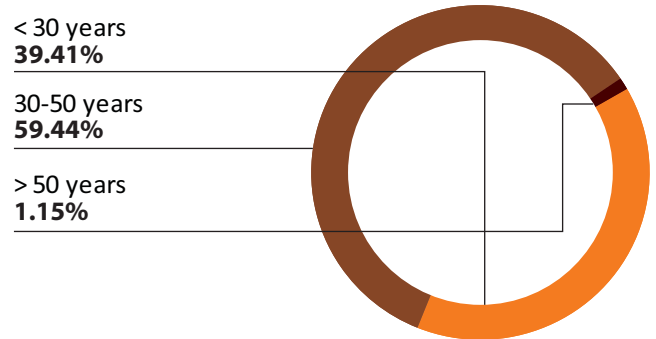
**Chart 3.2 Growth in Human Resources**



**Chart 3.3 Management vs. Non-Management**

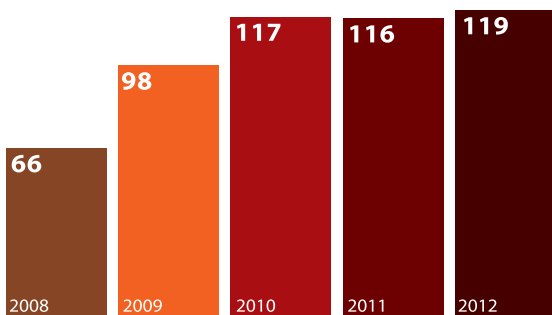


**Chart 3.4 Employee Age Analysis**



## RECRUITMENT

**Chart 3.5 Recruitment Status**

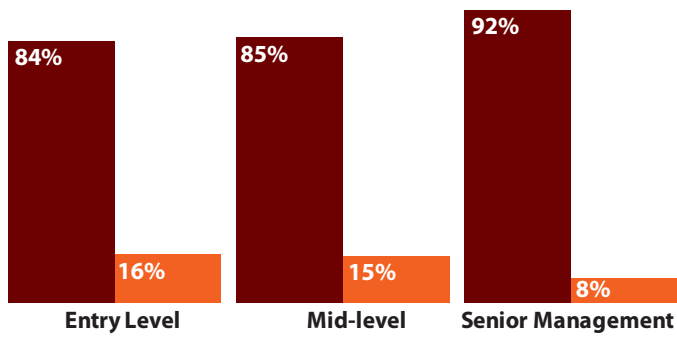




## GENDER BALANCE

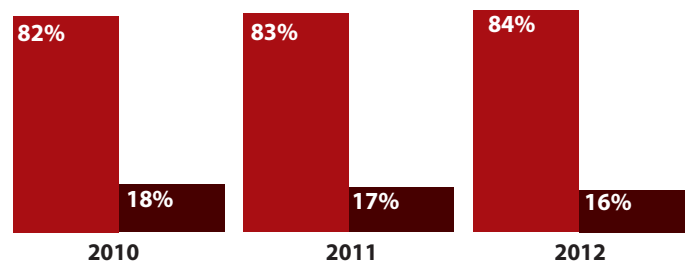
**Chart 3.6 Gender Diversification across Employment Positions**

■ Male ■ Female



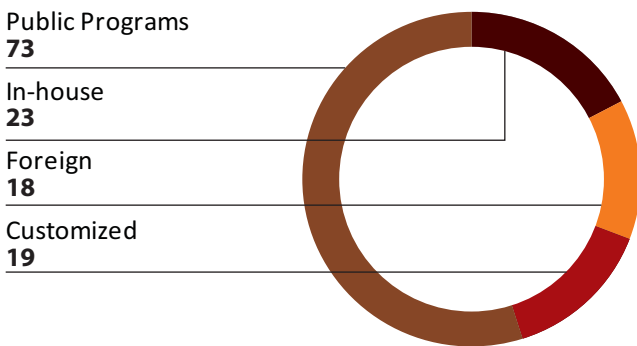
**Chart 3.7 Female Participation over the years**

■ Male ■ Female

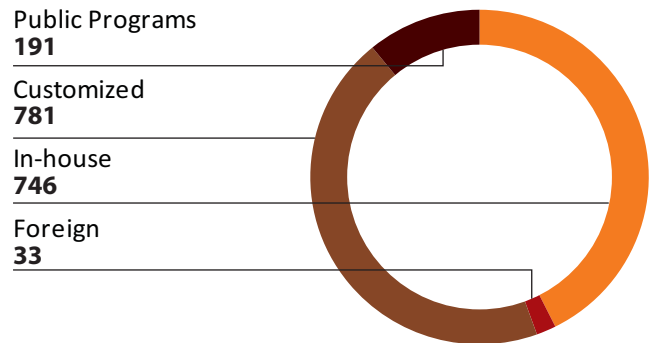


## TRAINING & DEVELOPMENT

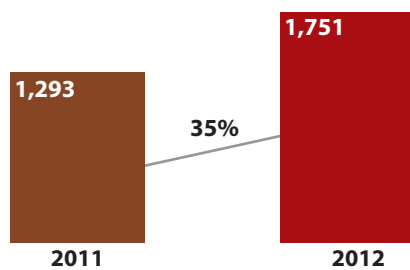
**Chart 3.8 Training Sessions in 2012**



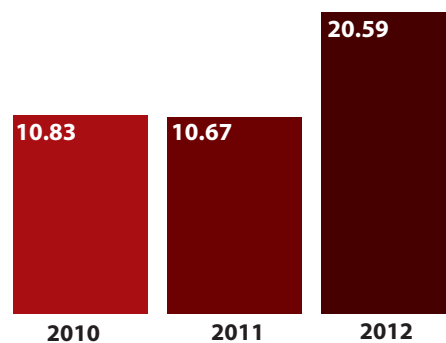
**Chart 3.9 Training Participants in 2012**



**Chart 3.10 Increase in Training Participants**

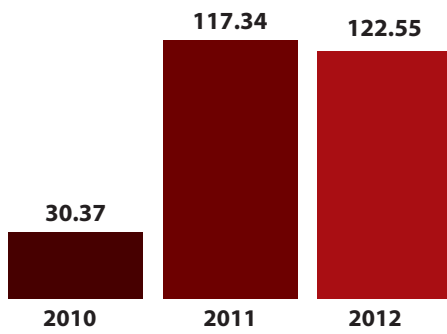


**Chart 3.11 Training Investments (in BDT Mn)**

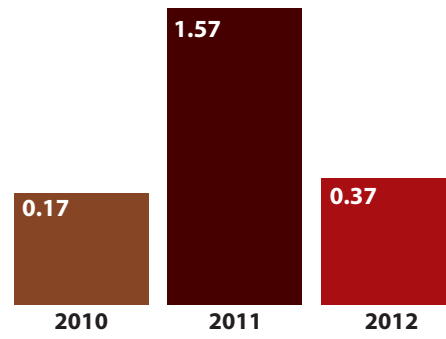


## EMPLOYEE BENEFITS

**Chart 3.12 Employee Loan Facilities\***  
(in BDT Mln)

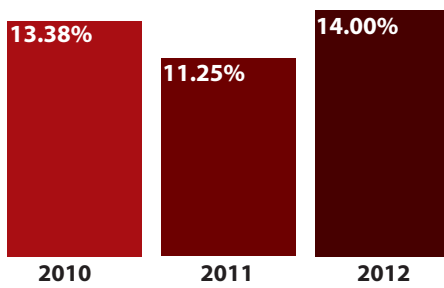


**Chart 3.13 Employee Support Scheme\***  
(in BDT Mln)

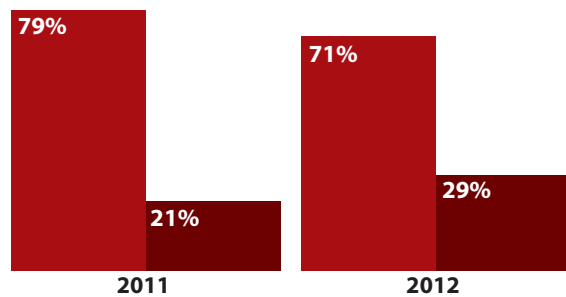


## TURNOVER

**Chart 3.14 Employee Turnover**



**Chart 3.15 Gender Classification in Turnover**  
■ Male ■ Female



\*Employee Loan Facilities include Home Loan, Transport Loan and Personal Loan; Employee Support Schemes include contributions to the Employee Welfare Fund and Education Support Scheme

# CREATING VALUE FOR OUR EMPLOYEES

## WORK ENVIRONMENT

At IDLC, we promote an environment where diversity is embraced, where people are evaluated based on their merit and performance, and where everyone is treated with respect and dignity. We offer challenging prospects to young and competent professionals, make career development opportunities widely available, and encourage employees to attain both their professional and personal goals. To put it simply, we strive to continue being a company where the best people want to work.

## DIVERSITY

Embracing diversity is a key element of IDLC's long-term strategy in terms of human resource management. Although IDLC is not exposed to widely different cultures and backgrounds owing to operations limited within Bangladesh only, during recruitment, we prioritize people from our respective areas of operations, thus promoting diversity and inclusion across the organization, providing equal access to job opportunities, and meeting stakeholder expectations.

Our diversity commitment includes a range of aspects such as gender, age, religion, ethnicity, background and cultural orientation, and physical characteristics, including disability. We work closely with our external head hunting agencies, helping them understand our diversity priorities and access the widest possible pool of talent. Rather than just expanding minority representation in our workforce, we strive to foster a culture where diverse values and beliefs are shared, thus increasing competitiveness of the organization.

## NON-DISCRIMINATION

Non-discrimination at all levels of human resource management has been integrated in IDLC's core values and is a part of our employee Code of Conduct. We aim to ensure equal opportunities for all our employees, regardless of their diverse backgrounds and characteristics. We consider meritocracy and performance as the most important criteria during recruitment and evaluation. To ensure non-discrimination, IDLC's strong focus has been on "Gender Neutrality" across the organization.

## GENDER NEUTRALITY

We continue to focus on achieving a better balance between male and female employees in our workforce, particularly at management and decision-making levels, and there is complete commitment of the Board and the Management in this regard.

At present, we have one female member in our Board, while female participation in mid-level management has declined to 15 percent from 20 percent a year earlier; however, percentage of female participation in our senior management positions has remained stable.

Though success in this regard has been slower than preferred, we are not the only financial institution facing such challenges. We are particularly keen on developing female colleagues within the organization for improving gender balance, rather than resorting to external hiring. We also strive to continue eradication of unconscious bias and unintentional disadvantages objected towards female employees in IDLC.

**On February 7, 2013, IDLC launched its very first "Ladies Forum" for all female members of the IDLC Group, to ensure various issues and practical challenges faced by women at work are well understood and addressed, and future strategies and decisions are taken accordingly.**

## TRAINING PROGRAMS

IDLC offers a variety of training programs, suiting specific needs of its employees for both their personal and professional development. Investments in employee training programs amounted to BDT 20.59 Million in 2012, increasing by more than 90 percent compared to the same period last year.

## INTERNSHIP PROGRAMS

IDLC offers extensive Internship Programs to fresh graduates from leading public and private universities of the country. The interns undergo a 3-month program with different business and support units, and are eligible to apply for a permanent position in the company at the end of the internship period.

Such programs provide them the opportunity to familiarize with corporate culture and work environment, while developing their competitive skills for future jobs.

## EMPLOYEE BENEFITS

Major facilities include Benefit Schemes such as Performance Bonus, Insurance Coverage, Welfare Fund etc., and Loan Facilities such as Housing Loan, Transport Loan, Personal Loan etc.; whereas Company Contributions include Transport Maintenance Support Scheme, Furniture and Household Equipment Allowance, Education Support Scheme, Annual Recognition Scheme etc.

To encourage more participation of female employees across the organization, we provide facilities including flexible working hours, maternity benefits, transportation facilities following late working hours etc.

## WORKPLACE SAFETY

The nature of our activities exposes our employees to minimum occupational health and safety risks. A safe, healthy and hygienic work environment is maintained across all branches of the IDLC Group. Sufficient lighting and other utilities, air-conditioning and separate toilet facilities are ensured. All the branches are adequately equipped with fire-fighting equipments, and fire drills and fire safety training are arranged on a regular basis to prepare employees in the event of any fire hazard. Moreover, doctor facilities are provided every two weeks at major branches.

## EMPLOYEE HEALTH MANAGEMENT

IDLC provides comprehensive life and hospitalization insurance coverage to its employees. Moreover, health awareness sessions are also organized with third-party service providers on a regular basis.

IDLC is currently conducting a vaccination program against Hepatitis B and Cervical Cancer for its employees and their family members. After completion of the first batch in December 2012, following an awareness session, the second round began in February 2013, due to be completed next year.

## JOB ROTATION

IDLC strongly encourages job rotation by its employees across different departments. Job rotation has been formalized across the Group, subjecting all Management Trainees to a rotation period of six (6) months.

## SUCCESSION PLANNING

IDLC has a formal succession planning in place to ensure continuity in leadership and avoid vacancies in key positions over an extended period. This plan focuses on identification and subsequent development of candidates for high-level management positions that may/have become vacant due to resignation; new career opportunities, both within or outside the organization; and/or demise. As such, IDLC is keen on assessing leadership needs of the company to ensure selection of qualified future leaders, having diversified qualifications and compatibility with the organization's mission, values and goals.

## GRIEVANCE MANAGEMENT

IDLC ensures prompt and impartial resolution of employee grievances resulting from any discrimination or deprivation. IDLC makes a point to reassure employees that they will be treated fairly at all times, and if faced with an unwanted situation not in line with the values the organization stands for, they are always at liberty to bring it forward to the management, as mandated in relevant policies. Moreover, employees receive proper counseling as well before reverting to work, if such grievances arise.

## WORK-LIFE BALANCE

Being a financial institution, IDLC employees need to work for a specific number of hours. Keeping that aside, IDLC has a flexible approach to allow its employees strike the balance between their professional and personal lives. Our senior management also has an open approach in this regard.

## EMPLOYEE EVALUATION

An effective performance management process is critical to our success in the long run. In measuring employee competency and performance, we seek to promote a culture of meritocracy, strong risk management and non-discrimination.

Our employees are evaluated not only in consideration of their goal-based performance, but also how targets have been achieved over the year, and accordingly employee development plans are proposed. Comprehensive feedback is provided to each employee regarding their expectation on pay and promotion, while highlighting each individual's strengths and areas they need to develop.

## EMPLOYEE ENGAGEMENT

### Orientation

All new recruits at IDLC go through an extensive orientation session, to have a comprehensive understanding of the core functions, both business and support, of IDLC. This session is conducted usually after 2-3 months of their joining IDLC, to help them better relate to IDLC's operations.

### Employee Motivation

To ensure continued performance and morale among its employees, IDLC provides Spot Awards for special achievements, while arranging Team-building Programs, corporate and family events such as picnic, family day, corporate night etc.

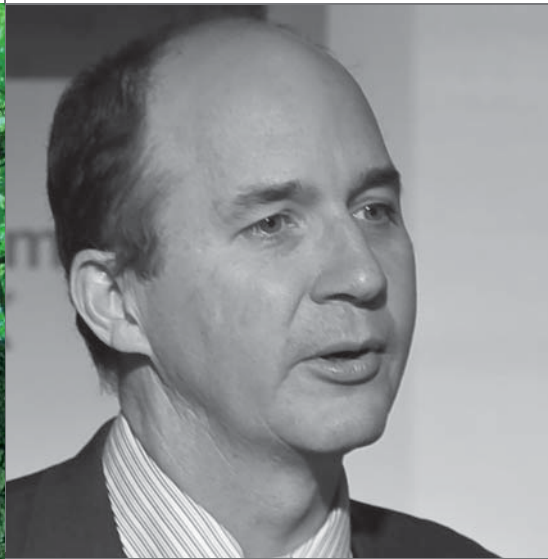
### Communication

Our employee engagement mechanisms include internal communications and employee volunteering initiatives. Emails are circulated on a regular basis, updating employees of IDLC's recent initiatives/achievements, changing money market scenario and regulatory issues etc., while softcopy of the MBR (Monthly Business Review), a monthly publication of IDLC, is also provided.

### Employee Volunteering

As part of employee volunteering initiatives, IDLC employees are involved in the arrangement of various events across the Group, as well as contributing in various CSR activities through idea sharing and active participation.

**IDLC is in the process of introducing a new HR Automation Software, as detailed in the segment "Technological Innovations" in page 58.**



## Carter Roberts

Carter Roberts is the President and CEO of the World Wildlife Fund. He had also worked for Procter & Gamble, and had received an MBA from the Harvard Business School. With inspiration from nature and a background in business, he has sought to solve problems by creatively influencing the way markets and businesses operate.

He also serves on the boards of the Grantham Institute for Climate Change; InterAction, a consortium of development and environmental NGOs; and the Nicholas Institute at Duke University.



## CHAPTER 4

# ENVIRONMENTAL SUSTAINABILITY

“Companies still thinking about the environment as a social responsibility rather than a business imperative are living in the dark ages.”

*Carter Roberts*

# RESPONSIBLE BUSINESS

Financial performance and conditions for both debt and equity may be weakened by a number of factors including climate-sensitive market conditions; lowered efficiency and performance of assets due to climate change, requiring more frequent replacements; higher incidences of insurance claim; impact on employee health, safety and productivity etc.

In light of these, there is a considerable opportunity and responsibility for financial institutions to take a leading role in climate change adaptation. Many financial institutions, including members of the UNEP FI and UNGC, have environmental and social goals associated with their investments, as do major companies in which they invest. However, considering only historical data in environmental and social impact assessments will likely disregard material changes occurring during a project's life cycle and as such, financial decisions on this basis may fail to cope with new climate change and social considerations. As a result, mitigation measures in environmental and social management plans may not function as intended.

Understanding this need, IDLC has incorporated the Environmental Risk Management (ERM) Guidelines of the Bangladesh Bank in its credit assessment process to ensure better environmental and social safeguard of the projects financed by IDLC.

Taking these safeguard measures one step further, IDLC has voluntarily adopted an additional checklist, prepared in light of the ten principles of UN Global Compact to further assess environmental and social risks associated with the projects. The checklist

addresses **Human Rights** issues such as wage levels, overtime facilities and leave facilities in comparison with industry standards, health and safety standards at the workplace, presence of adequate fire-fighting equipments etc.; **Labor** issues such as incidences of child labor or forced/bonded labor; gender balance within the workforce etc.; **Environmental** issues such as use of energy-efficient products and processes, significant

We should understand that continued competitiveness in the market requires overcoming a range of barriers including public policy support ensuring a level playing field, innovative financial instruments designed as per market needs, a strong carbon market, and entrepreneurs promoting clean technologies and environment-friendly products, while effectively leveraging public or donor funds to offer the risk-reward balance required for long-term institutional investments. At the same time, continuous information updates, supported by additional research data and application of risk-management tools, will facilitate incorporation of climate change considerations into decision making, thus making investments more climate-resilient and better adapted to the changing conditions.

conservation measures, percentage of recycled and/or reused raw materials, waste disposal methods, environmental management plan of the organization etc.; and lastly, **Anti-corruption** policies and practices of the organization with regard to non-compliance with existing rules and regulations. Responses to these issues are considered during the final credit decision, and accordingly, business units are required to plan appropriate safeguard measures in consultation with the borrower(s). Voluntary adoption of this measure further reflects on IDLC's

commitment to strongly manage adverse environmental and social issues related to its financing/investments, and thus create a sense of accountability among its borrower(s) as well.

## MAXIMIZING GREEN PORTFOLIO

In addition to streamlining its risk management process, IDLC is taking active measures to gradually increase its "Green" portfolio in a structured manner. In 2012, IDLC's SME Division provided financing to different projects for installation of Effluent Treatment Plants and Waste Recycling Plants in various industries and for setting up biogas plants, as well as Supplier Finance facilities to enterprises working in the renewable energy sectors in regions including Dhaka, Narshingdi, Bogra etc.

Some recent major initiatives in this regard include:

Signing of an agreement between Waste to Resource Fund Limited (W2RF) and IDLC's





Structured Finance Department. Under this arrangement, IDLC will provide financial advisory services for design, monitoring and evaluation of investments in solid waste management projects for reduction of GHG (Green House Gas) emission across Asia and Africa.

The Board of W2RF consists of representatives from the Bill & Melinda Gates Foundation, UNESCAP, and Waste Concern from Bangladesh. The first project to be financed is a CDM (Clean Development Mechanism) project located at Bulta, Dhaka. IDLC is the first financial institution in Bangladesh to be involved in such a project as a financial advisor.

Signing of an MoU with Clean Energy Alternatives Inc. (CEA) and IDLC's SME Department. CEA is an organization providing consultancy services for introduction and adoption of clean energy technologies. Under this arrangement, IDLC will target projects/sectors promoting the use of energy-efficient technologies, with primary focus on brick kiln projects adopting HHK (Hybrid Hoffman Kiln) and other low carbon technologies.



## CARBON FOOTPRINT ANALYSIS

IDLC conducted carbon footprint analysis of its operations in May 2012. The study was conducted across three major branches on a pilot basis, with the objective of minimizing/neutralizing IDLC's carbon footprint for better environmental management. IDLC is one of the first financial institutions in Bangladesh to have undertaken such an initiative.

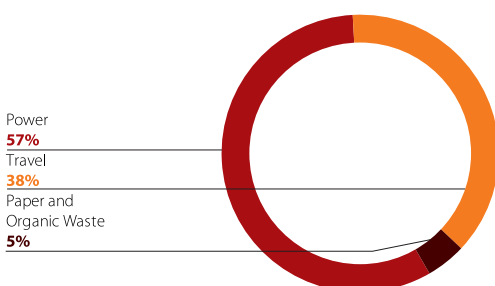
This study helped calculate Green House Gas (GHG) emissions in 2011 by the following major sources:

Carbon footprint is the measure of the Green House Gas (GHG) emission by an organization as a result of its regular activities. Being a financial institution, the major sources of GHG for IDLC are electricity, diesel (used in generators), octane, CNG (for vehicles), paper, organic waste and air travel.

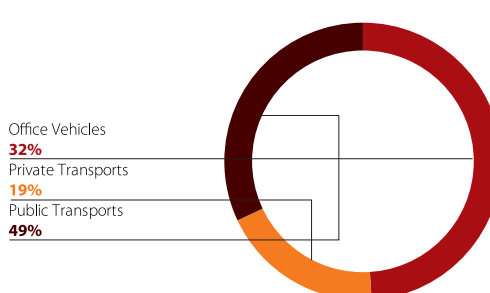
**Table 4.1 Major Sources of GHG Emission**

Particulars	Sources	Consumption/Year	CO <sub>2</sub> Emission/Year	
Power	Electricity	591,696 kWh	381 tons	439 tons
	Diesel	20,361 liters	58 tons	
	Octane	12,879 liters	32 tons	
Travel	CNG	138,319 m <sup>3</sup>	253 tons	289 tons
	Air Travel	33,980 km	4 tons	
Waste Generation	Paper	10,244 kg	33 tons	36 tons
	Organic Waste	2,391 kg	3 tons	
<b>Total Emission in 2011</b>			<b>764 tons</b>	

**Chart 4.1 Major Sources of Emission**



**Chart 4.2 Travel Footprint**



To minimize and/or neutralize this carbon footprint, IDLC is undertaking a combination of short-term and long-term measures including regular tree plantation, adoption of environment-friendly technologies; use of more energy-efficient devices for lighting and air conditioning purposes; increasing focus on green financing etc.

The three-month study was conducted by Waste Concern Consultants, a leading consultancy firm in Bangladesh working for capacity development in environmental sustainability by offering better prevention, control and management approaches.

## PLANTATION ACTIVITIES

Growing population, industrialization and urbanization are increasingly causing indiscriminate destruction of trees and forestlands, posing a major concern all around the world. Not only is this adversely affecting the climate, but also giving rise to various natural calamities, putting countries like Bangladesh in a vulnerable position. Growing awareness among people, as well as coordinated efforts from both public and private sectors are crucial for preserving our natural environment and scale down climate change adversities.

With this understanding and as part of its broader environmental management approach, IDLC regularly undertakes plantation initiatives in different locations to reduce its own carbon footprint. In 2012, our major activities included a "Community Plantation Program at Satchari, Sylhet", and "Tree Plantation at Mirpur DOHS".

### COMMUNITY PLANTATION AT SATCHARI, SYLHET

IDLC undertook a "Community Plantation" initiative at Satchari, Habiganj, Sylhet in August 2012, combining alternative livelihood options and biodiversity conservation with tree plantation. The initiative was undertaken together with Satchari Nishorgo Sangastha (SNS), the local Co-management Committee (CMC) at Satchari reserved forest area, under the broader Nishorgo Network of USAID's IPAC (Integrated Protected Area Co-management) project.

Under this approach, 7,500 saplings of local varieties of fruit-bearing and medicinal species were planted across 750 households in the core zone and buffer zone of the Satchari protected forest area. Priorities were given to households with high dependence on forest resources. The plants, under ownership of the households, are expected to increase income level of these household after 2/3 years, from the sale of fruits, woods and other products from the mature trees, and in the process, reduce dependence on forest resources. However, the mature trees can not be cut before 25 years.

The plants included Amrapali (Hybrid Mango), Bau Kool, Amla, Hybrid Guava, Olive and Black Berry. The plants and associated materials such as fertilizer, fencing etc. were sponsored by IDLC, whereas the project beneficiaries provided land, labor and equipments for weeding and watering the plants. Initial orientation sessions were also arranged with experts from the Forest Department and the Department of Agricultural Extension prior to distribution of the plants, and the plantation and subsequent maintenance are being closely monitored by the Satchari CMC.

#### Project Rationale

Livelihood of many people in Bangladesh is directly or indirectly dependent on natural forest areas and wetlands, while meeting their daily needs of foods, woods, medicines, house-building materials etc. Moreover, these forest areas have cultural and spiritual significance as well. Therefore, effective and sustainable conservation of these resources is critically important for the greater benefit of these forest-dependent communities.

However, many of these dependent communities are increasingly getting involved in the illegal cutting of mature and regenerated trees for developing farm lands, sourcing woods and timber for construction works and furniture manufacturing etc. And this growing trend is accelerating deforestation and destruction of biodiversity.

To turn around this situation, a local management system in participation of the community people should be in place to create awareness regarding the importance of tree plantation and biodiversity conservation. Moreover, alternative measures should be adopted to reduce dependence on forest resources, thus contributing to the conservation process.

The word "Satchari" refers to the seven streams, flowing through the forest area of the Satchari National Park. Situated in Chunarughat Upazilla under Habiganj district and established in 2006 as a national park, the tropical evergreen park comprises of 243 hectares, as part of the 6,205 hectares of Raghunandan Hills Reserve Forest. There are 24 species of mammals, 149 species of birds, 6 species of amphibians, and 18 species of reptiles in the park. Some flagship attractions for tourists are the Hoolock Gibbon and Phayre's Langur, as well as bird species like Oriental Pied Hornbill, Red Jungle Fowl, Red-headed Trogon, Pygmy Woodpecker etc.



### MAJOR OBJECTIVES OF THE PROJECT

- Increased awareness among the local community regarding the importance of tree plantation and conservation;
- Higher income generating potential of the households after 2/3 years through alternative livelihood options, by extracting maximum value from the mature trees; and
- Reduced dependence on forest resources, thus contributing to conservation and biodiversity;

An MoU was signed with SNS on July 18, 2012, and the plantation was completed by August 2012.



**165 tons of CO<sub>2</sub> emission reduction targeted per year**

## TREE PLANTATION AT MIRPUR DOHS

In September 2012, IDLC planted 700 saplings of local varieties at Mirpur DOHS, the newest and largest DOHS area in Bangladesh for housing defense officers and their families. IDLC is the first private organization to have undertaken such an initiative in this area.



15.4 tons of CO<sub>2</sub> emission reduction targeted per year



# ENVIRONMENTAL AWARENESS CAMPAIGN IN SCHOOLS

IDLC, together with LEADS – a social organization of TRK Consultancy Services, has initiated a campaign across different schools to create awareness among the school children on various environmental issues.

The half-day sessions consist of presentations, workshops and team-based activities with 50 children from each school, focusing on issues such as types and causes of environmental pollution, identification of natural and national resources and causes of wastage etc., while the students are asked to come up with measures that are feasible and easily adaptable in their lives to address these issues. Moreover, stickers with responsible messages and tri-color waste bins for source-separation of waste materials are also provided to the school authorities for use within the school premises.



Udayan Higher Secondary School  
(October 1, 2012)



Viqarunnisa Noon School & College  
(January 17, 2013)



Bangladesh International School & College  
(February 4, 2013)



Jhigatola Government High School  
(February 11, 2013)



Dhaka Residential Model College  
(February 14, 2013)

The children are then assigned the task of sharing this knowledge with their families, relatives and friends, and nominate one of their friends to take part in a follow-up session after two months to share updates of these activities.

Till now, IDLC and LEADS have jointly covered the above five schools under this campaign.

# BICYCLE TOUR OF BANGLADESH

IDLC sponsored a country-wide campaign titled “Bangladesh is marching forward: Let’s visit the country on Bicycle”, an initiative of Musa Ibrahim, the first Bangladeshi to conquer Mount Everest.

Musa Ibrahim and his team of twenty cyclists went on a tour of 25-days covering 90 educational institutions across 40 districts of Bangladesh. The group carried the messages for green education, responsible environmental practices, importance of tree plantation, awareness against drug abuse, and the liberation war of 1971, while encouraging the youth to participate more in adventure as a way of life. 630 saplings of local varieties were also planted in the school premises during the campaign. Employees from IDLC’s Gazipur, Chittagong, Comilla and Jessore branches also actively participated in the event in their respective areas.

<b>Joint Organizer</b>	<b>Everest Academy</b> <b>Prothom Alo Bondhushava</b>
<b>Green Partner</b>	<b>IDLC Finance Limited</b>
<b>Cycle Partner</b>	<b>Meghna Group</b>



# CUSTOMER INCLUSION

## WORLD ENVIRONMENT DAY



IDLC observed World Environment Day on June 5, 2012 by distributing pot plants among its Consumer Division's deposit clients with a simple message "Let's make a greener planet!" Considering the importance of tree plantation in the context of Bangladesh, this effort was much appreciated by our clients.

## CALENDAR FOR SME CLIENTS

IDLC's SME Department published the 2013 calendar combining environmental considerations with stakeholder inclusion program. This initiative was much appreciated by our clients, and they lauded IDLC's attempt to feature major environmental concerns, while suggesting simple measures to address those.

### Opening Address of the Calendar

Sadly, very few people seem to understand and recognize that the future of the human race will be directly shaped by the environment which we will leave for future generations. Therefore, it is high time we embraced practices that have positive impacts or no negative impact on our environment, while adopting a lifestyle that is in harmony with nature. Such practices lead us towards environmental sustainability – fulfilling our needs without compromising the rights of the future generations.

IDLC is committed to sustainable development and looks beyond the immediate profit motive. All our actions and decisions are influenced by our desire to achieve environmental and social sustainability in the long run and we believe that this can be achieved by making conscious and relatively small changes in the way we operate.

The IDLC Group urges you to recognize the need for all of us to become environmentally friendly **now**.

# ENVIRONMENT-FRIENDLY TECHNOLOGIES

Information and Communication Technology (ICT) is fast becoming indispensable for financial institutions to ensure smooth operation and efficient services. IDLC is one of the very few organizations in Bangladesh to have recognized this need, and thus embraced ICT as the key to achieving excellence in various aspects of everyday operations.

Accordingly, the new core banking system, Oracle Flexcube Universal Banking Solution (FCUBS), became operational in January 2012, result of significant efforts of a team of professionals from all the departments of IDLC throughout the previous year. This system has enabled creation of a number of satellite systems to further enhance our operational efficiency and MIS generation, and we have just completed a year of efficient operation on this platform.

Green computing is always the focus of the IDLC Group, with the objective of capacity maximization, cost efficiency, and reduction of our carbon footprint. Initiatives such as server virtualization and consolidation, video conferencing facility, technologies aiming reduction of paper usage across the office etc. are playing a major role in this regard.

## SERVER VIRTUALIZATION

IDLC initiated server virtualization process back in 2010. Table 4.2 summarizes achievements over the years in reducing power consumption and CO<sub>2</sub> emission:

**Table 4.2 Server Virtualization**

Particulars	2010	2011	2012	2013*
No of physical servers	28	27	23	20
No of virtual servers (after consolidation)	2	11	29	38
Reduction in power consumption (in kWh)	14,000	77,000	203,000	266,000
Reduction in CO <sub>2</sub> emission (in tons)	8	44	116	152

\*Target

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

## VIDEO CONFERENCING

IDLC's video conferencing facility connects five major branches with the Corporate Head Office, on an average saving 45,800 km of traveling and 8.71 tons of CO<sub>2</sub> emission per year from meetings conducted through video conferencing.

## GOING FORWARD

In 2013, we are taking our IT platform to a whole new level, starting with a unified communication project to bring the people of dispersed branches closer and thus enabling them to work in collaboration, irrespective of their physical presence. With implementation of this project, all IDLC branches will be connected with audio and video conferencing facilities enhancing online collaboration.

PCs and other IT equipments consume a lot of electricity and have high levels of carbon emission. Therefore, IDLC plans to switch to "Green PCs" in 2013 to become more environmentally sustainable, while increasing its technological competitiveness.

A Green PC is assembled with environment-friendly components that consume less power and that can be recycled. It comes with features such as supporting sleep modes by cutting down power for unnecessary components; dimming the monitor when it is not in use for some time; keeping radiation by CPU, monitor etc. at lower levels etc.

<b>60 percent electricity consumption ↓</b>
<b>23 percent CO<sub>2</sub> emission ↓</b>
<b>20 percent cost ↓</b>



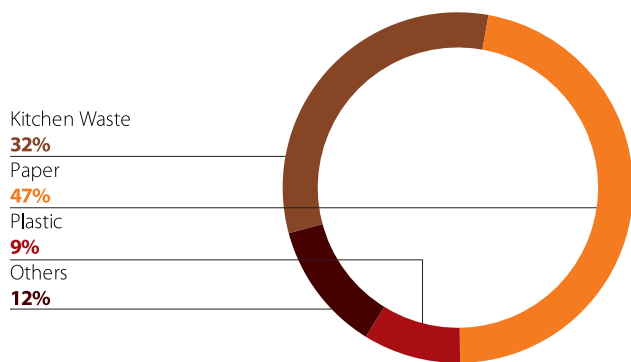
# WASTE MANAGEMENT

The nature of our operations limits waste generation mainly to paper, old IT equipments and kitchen wastes.

As seen in the chart, paper constitutes, on an average, 47 percent of IDLC's total waste generation. Considering the nature of our business, we often deal with confidential and sensitive information related to our business and our clients. As such, extreme caution is exercised in storage of old files and disposal of waste papers.

Moreover, old IT equipments are either donated to different NGOs or sold off through fixed vendors.

**Chart 4.3 Waste Generation by Type**





## William Ford, Jr.

William Clay "Bill" Ford, Jr. is the great-grandson of Henry Ford, and the Executive Chairman of Ford Motor Company. Under his direction, Ford Motor Company made technological progress towards improving fuel efficiency, with the introduction of the Hybrid Electric Escape, the most fuel efficient SUV on the market.



## CHAPTER 5

# SERVING THE COMMUNITY

"Social obligation is much bigger than supporting worthy causes. It includes anything that impacts people and the quality of their lives."

*William Ford, Jr.*

# COMMUNITY EMPOWERMENT

In a country burdened with overpopulation, it is an irony that lack of skilled manpower is one of the major challenges faced by industries. IDLC believes that in addition to focusing on skills development, targeting both domestic and export markets, more non-traditional avenues of employment should also be created. A coordinated effort from both public and private sectors is crucial to address this issue.

In light of the above, IDLC is exploring sustainable measures for skills development and alternative livelihood opportunities, leading to community empowerment.

## SKILLED MANPOWER FOR THE RMG SECTOR

IDLC arranged a discussion session titled “Partnership for Sustainable Development” in September 2012, bringing together stakeholders from both public and private sectors, along with representatives from different RMG companies. The objective was to address various issues in devising a sustainable model for skills development of the marginal and underprivileged people, targeting placement in the RMG industry as sewing machine operators.

Following outcome of the session, IDLC is currently working with the TVET Reform Project of ILO, technical consultant for the project, and TSC Gazipur, the training partner for this project with assistance from TVET; Shiree, an international development organization funded by the UK Government, for sourcing people for the training; and Fareast

Knitting and Dyeing Industries Limited, the industry partner for this project. The project aims skills development of people from the Gazipur belt and North Bengal. On-the-job training at Fareast will follow initial institutional training at TSC Gazipur, in close collaboration with Fareast and TVET.

In future, this model can be stepped up to start a common training facility catering industry needs.



## MODEL VILLAGE PROJECT

IDLC signed an MoU with VSO Bangladesh in March 2013 for undertaking a Model Village Project in North Bengal.

IDLC will conduct various activities for youth and community empowerment, sustainable livelihood generation, environmental management, and primary healthcare awareness, over a period of one year. Pairabond Jono Kallan Unnayan Sangstha (PJKUS), a local NGO, will be working as the Management Partner in close collaboration with VSO Bangladesh for implementation of the project activities.

**Target village: Sadarpur, Mithapukur, Rangpur**

**Area: 161 acres**

**Population: 1,024 (197 households)**

**Male-Female ratio: 52:48**

**Major occupation: Agriculture**



Mr. Sukamal Sinha Chowdhury, GM, SME and Special Programmes Department, Bangladesh Bank, was present as the Special Guest in the event

### About VSO

Voluntary Service Overseas (VSO) is a leading international development organization working in developing countries against poverty, social injustice and discrimination. VSO places international volunteers in the target areas to create sustainable local networks, bringing people, especially the youth groups together to share knowledge, build capacities, and promote international understanding and action.

In Bangladesh, VSO follows a Model Village concept, combining technical expertise and innovations of international volunteers with local networks within the small geographical areas of a Model Village. They are currently working in different villages across the South West, the North West, and the Chittagong Hill Tracts areas of Bangladesh.

## DISTRIBUTION OF BLANKETS

Bangladesh recorded its lowest temperatures in over 40 years this winter. With the temperature dropping to 3 degrees Celsius, normal work and life were seriously disrupted, and people at the bottom of the income ladder suffered the most, while many reportedly died from cold-related illnesses. In this back-drop, the IDLC Group distributed around 5,000 blankets and warm clothes amongst the worst-hit communities in various areas of North Bengal and Jessore.

The distribution took place in three phases, in cooperation with a number of NGOs. The first phase of the distribution covered Northern regions of Bogra (Bogra Shadar, Sherpur, Dhupchachia, Gabtoli, Nandigram, Kahalu, Shibganj, Shajahanpur, Shataher and Adamdighi), Natore, Sirajganj (Sirajganj Shadar, Chadaikona, Talgachi and Ullapara), and Gaibandha (Gaibandha Shadar and Gobindoganj), in cooperation with BRAC. Another distribution program was arranged at the Jessore branch of IDLC at the same time, with support from our employees, clients and other stakeholders.

The second phase targeted remote Char areas of Nilphamari and Kurigram in North Bengal, organized in cooperation with local NGOs such as JSKS (Jhanjira Shomaj Kollan Shangstha) and OVA

(Own Village Advancement) at Nilphamari, and PIDIM Foundation at Kurigram. The distribution was coordinated by Shiree, an UK-based organization working for the development of the extreme poor.

The last phase took place at Lalmonirhat in North Bengal, in cooperation with ASOD (Assistance for Social Organization and Development), a local NGO.

It may be mentioned that IDLC distributes warm clothes and blankets every winter among the underprivileged people.



Mr. S.M. Ferdous Hossain, DGM, SME and Special Programmes Department, Bangladesh Bank, was present as the Special Guest in the event at Nilphamari

# OTHER ACTIVITIES



IDLC is sponsoring 15 children of SEID Trust for one year. A formal ceremony was arranged in this regard in February 2013.

SEID Trust is a voluntary non-government organization working for the rights and social inclusion of underprivileged children with physical and mental disabilities, including autism. At present, they are operating four centers in and around Dhaka with over 450 children, aided by both individual and institutional sponsorships. IDLC has been a regular partner of SEID Trust for the last seven years.



IDLC is assisting Shishu Bikash Chhaya, a residential centre located at Old Dhaka, providing better education and healthcare facilities to underprivileged children.

The centre houses seventeen children who are mostly orphans or from broken families in the slum areas. The children have been enrolled in different government primary schools, and the centre makes every effort to nurture their talents. IDLC sponsored operational expenses of the centre for October 2012 and it will be continued in the coming years as well.



IDLC arranged a painting competition in its Jessore branch in January 2013, celebrating one year of the branch's opening. The theme of the competition was the natural beauty and six seasons of Bangladesh, our cultural festivals, and portrayal of our towns and villages. 150 children from different schools participated in the event, accompanied by their parents. The event was much appreciated by our stakeholders in Jessore.

IDLC has recently co-sponsored "Bijoy Parbon" – a three-day cultural event at the University of Dhaka, organized by Utse

Bangladesh, celebrating our Victory Day on December 16 and cultural diversity of our country. The event, the first of its kind in Bangladesh, was marked by a diverse range of activities in participation of renowned personalities from different fields such as literature, music, sports, fashion, adventure etc.

The event committee comprised of Dr. AAMS Arefin Siddique, Honourable Vice Chancellor, University of Dhaka; Dr. Anowar Hossain, Honourable Vice Chancellor, Jahangirnagar University; Professor Abdullah Abu Sayeed, Founder Director, Bishwa Shahitya Kendra; Mr. Anisul Haque, renowned writer and journalist; Mr. Abed Khan, CEO, ATN News; and many other distinguished personalities.



In October 2012, IDLC arranged a blood donation program at its Sylhet branch, in participation of its employees, clients and other stakeholders. A total of 104 bags of blood were collected for Bangladesh Thalassaemia Hospital and Bangladesh Red Crescent Society.



In January 2013, IDLC arranged another blood donation program at its Chittagong branch, for Bangladesh Thalassaemia Hospital and Lions Club of Chittagong Karnaphuli, in participation of its employees.

IDLC also assisted Sylhet Diabetic Hospital for installation of a dialysis machine for providing better treatment facilities to its patients.

## EMPLOYEE VOLUNTEERING INITIATIVES

IDLC's IT Department developed a dedicated website for LEADS, an NGO providing better education and healthcare for underprivileged children.

Employees of IDLC's Chittagong branch collected funds for purchase of blankets and warm clothes, and distributed those among the street people with assistance from "Power of Youth", a voluntary youth club in Chittagong.

Every year, our employees also donate warm clothes and their Zakat funds for helping the underprivileged people.

## SERVING SMALL BUSINESSES

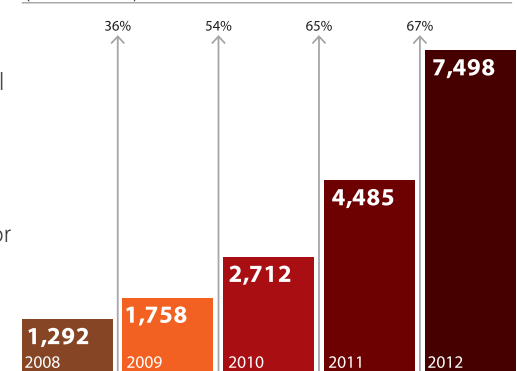
Small and Medium Enterprises (SME) are the growth drivers of any economy. Researches estimate presence of approximately six million SMEs in Bangladesh, making up 75 percent of the domestic economy, while accounting for 80 percent of industrial employment and 25 percent of the total workforce. With continuous development in business models and service approaches, the total SME portfolio in Bangladesh stood at USD 11.60 Billion in June 2012, registering a year-on-year growth of 28.4 percent.

However, the nature and scale of their operations dictate more specialized financing solutions to start, operate and expand these businesses. Recognizing this need and the potential of SMEs to contribute to the economy, serving small businesses has become fundamental to IDLC's core strategy, and we have significantly stepped up lending to such enterprises in recent years by focusing more on special products, customized solutions and geographic expansion. At the end of 2012, the

number of live customers of SME Department stood at 5,222, while commercial lending increased by 67 percent over the same period in 2011.

Moreover, recognizing the fact that capital alone is not always enough for growth of a small business, we also arrange seminars, discussion sessions and workshops/training programs for new and expanding small business entrepreneurs,

**Chart 5.1 Disbursement under SME Finance**  
(in BDT Mn)



helping them expand their businesses and employee base, and grow their revenues. Major events of 2012 have been detailed in the section “Financial Literacy/Inclusion Programs”.

In 2012, SME launched two new products:

**SME SACHAL Loan**, a facility for small and medium trading, manufacturing, service, agriculture, non-farm and agro-based industries etc.; and

**Revolving Short Term Loan**, a facility to meet the working capital requirements of comparatively larger SMEs in trading, manufacturing and service ventures, especially to help the entrepreneurs meet their short-term cash flow needs.

IDLC has recently joined the **Small Business Banking Network (SBBN)** – a global initiative of bankers, finance professionals and experts dedicated to improving access to financial services for small businesses. IDLC is the first NBF from Bangladesh to have gained this membership, which will help us:

- Access a global platform for interacting with banking professionals worldwide;
- Share knowledge with over 550 peer bankers from 42 financial institutions and industry experts worldwide;
- Access global banking and international best practices;
- Enhance knowledge and develop skills in the core functions; and
- Participate in quarterly webinars and events on various issues related to banking.

IDLC has earned the prestigious membership status as one of the shareholders of the **International Factors Group (IFG)** – an international association of factoring companies. IDLC is the first financial institution from Bangladesh to have gained this status.

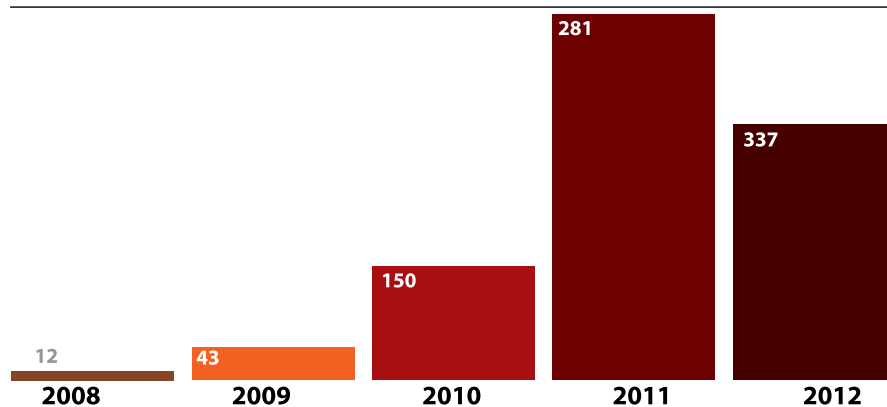
This membership will enable IDLC to access various network building and knowledge sharing initiatives of IFG in Factoring business, gain extensive learning opportunities in Supplier Financing, and adopt international best practices.

Established in 1963, IFG helps factoring companies conduct cross-border business. It is recognized as the representative Trade Association for the Factoring and Asset-based Finance Industry, focusing mainly on education and events, industry information and regular news.

IFG today is represented by more than 160 members from 50 countries worldwide.

## CONTRIBUTION TO WOMEN EMPOWERMENT

**Chart 5.2 Disbursement under WEL Facility**  
(in BDT Mn)



IDLC’s SME Department offers “Women Entrepreneur Loan”, a special facility providing working capital and term financing to women entrepreneurs having the potential to grow their businesses, but lacking access to traditional financing channels.

A dedicated team has also been formed to better respond to the unique requirements of the women entrepreneurs.



# SUPPORTING HOME OWNERSHIPS

Home ownership enables families accumulate wealth and assets over the long term, while supporting the development of stable and prosperous communities. With this understanding, IDLC offers a diverse range of facilities to support our borrowers, including NRBs, own a home.

Disbursement under the Housing Finance Facility in 2012 alone was BDT 2,736 Million. It may be mentioned that Home Loan facility of Consumer Division alone contributes to around 85 percent of the total Consumer Finance portfolio.

IDLC launched “RegistraLoan”, the first loan of its kind in Bangladesh to facilitate apartment buyers meet property registration cost.

IDLC also recently launched “Construction Loan” facility to help borrowers build their property with plans and features most important to them.

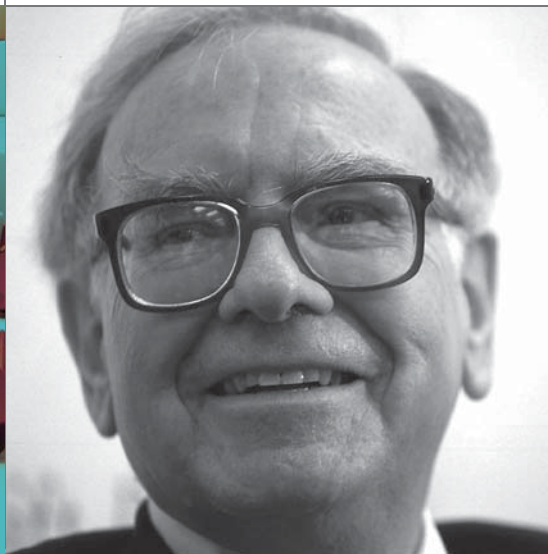
IDLC also offers “Home Loan Shield” – a special Life Insurance coverage taking over outstanding principal amount of the home loan with IDLC, in the event of the unfortunate demise of the home loan borrower(s).

# FINANCIAL LITERACY/INCLUSION PROGRAMS

IDLC arranged/participated in the following major events in 2012, creating awareness among its external stakeholder groups on various financial issues, products and services, and thus enabling them to take informed decisions:

**Table 5.1 Financial Literacy/Inclusion Programs**

Department/Subsidiary	Event
<b>SME Division</b>	Discussion session with entrepreneurs from the light engineering sector in Bogra;
	Collaboration with INSPIRED, supported by the European Union, for capacity development of both the employees and customers of SME Department;
<b>Consumer Division</b>	Participation in the REHAB Fair in February 2013, in presence of 45 developers and around 3,000 customers, discussing about the products of Consumer Division;
	Customer awareness program regarding insurance coverage under Home Loan Shield, taken against the Home Loan facility of IDLC;
	Presentation on IDLC’s home loan policies and benefits at the project handover ceremony of Impulse Properties Limited, covering around 800 customers;
	Corporate Sales Visits to Syngenta Pharmaceuticals Limited, KAFCO, Alpine Fresh Water, Radiant Pharma, Institute of Microfinance, Borak Real Estate Limited and Azim Group, discussing IDLC’s retail products;
	Discussion sessions with major real estate developers to strengthen relationship for future business;
	Presentation on IDLC’s profile, deposit products, retail loans and other financial services at Sylhet MAG Osmani Medical College Golden Jubilee program, with over 650 participants; and in GP (Grameen Phone) Fair at GP House in presence of all GP employees;
<b>IDLC Investments Limited</b>	Key Note Presentation on “Portfolio Management” in a seminar of the University of Asia Pacific (UAP), in presence of senior faculty members, most notably Professor Jamilur Reza Chowdhury, Honorable VC of UAP, and the University students;
	Presentation on Merchant Banking Activities and Regulations for 25 participants from various financial institutions;
	Extensive media coverage through informative articles, market commentaries and weekly report publication in the Financial Express titled “IDLC Investment Insight”;
<b>IDLC Securities Limited</b>	Investor awareness program, in participation of over 500 investors from Gazipur and Narayanganj, on issues including the stock market, investment methodology, rules and regulations of BSEC, companies listed with BSEC, decision making in connection with the investment, method of selecting the right securities based on fundamentals etc.;
<b>ICC Department</b>	Presentation on AML procedures in the CAMLCO Conference organized by the Bangladesh Bank;



## Warren Buffett

Warren Edward Buffett is widely considered as the most successful investor of the 20<sup>th</sup> century. He is the primary shareholder, Chairman and CEO of Berkshire Hathaway, and is consistently ranked among the world's wealthiest people. He is noted for his adherence to the value investing philosophy and for his personal frugality despite his immense wealth. In 2012, the *Time* magazine named him one of the most influential people in the world. Buffett is also a notable philanthropist, having pledged to give away 99 percent of his fortune to philanthropic causes, primarily via the Gates Foundation.



## CHAPTER 6

# WALKING THE EXTRA MILE

“Price is what you pay,  
value is what you get.”

*Warren Buffett*

# RE-BRANDING OF IDLC

IDLC unveiled its new logo and brand pay-off line in a press conference in Dhaka on March 11, 2012.

At IDLC, our vision is to become the best financial brand in the country. The new logo, with red and black as predominant colors, will continue to reemphasize the company's traditional strengths and strong reputation for corporate governance, statutory compliance, consistency, stability and profitability, while reflecting a sense of renewed energy, innovation and quality growth through a modern outlook.

At IDLC, we aim for a more visionary target of 'Stakeholder Happiness'. All staff members of the IDLC Group are committed to 'owning and living' this new message. This concept has now become our guiding philosophy, one that will validate all our actions. And therefore, our new logo includes our tagline – Financing Happiness.

**"We are confident the new brand will stand out amongst the crowd and clearly differentiate IDLC from competitors."** – Anwarul Huq, Chairman, IDLC Finance Limited

**"It is the staff of the IDLC Group who individually, and collectively, must take ownership of their brand...[They are] the ambassadors for the IDLC Brand"**. – Selim R.F. Hussain, CEO and Managing Director, IDLC Finance Limited

## TECHNOLOGICAL INNOVATIONS

Continuous innovations in our IT infrastructure, service delivery and software solutions have helped us achieve:

**0% downtime**

Saving over 120 tons of CO<sub>2</sub>

**100% bandwidth ↑**

Reduction of power consumption by around 200,000 kWh

**100% on-time delivery**

**Implementation of HR Software for more efficient employee management**

A unified communication system across the Group

We are also the only Bangladeshi NBFIs and the fastest-ever implementer of CBS (Core Banking Software) – Oracle Flexcube, while subsequently creating additional satellite systems for better efficiency.

As per our commitment to continuous development, we will complete our HR Automation Project, introduce Green PCs for better environmental management, and adopt a unified communication system across the Group in 2013.

### HR AUTOMATION PROJECT

With a growing number of employees across different regions, efficient HR management is fast becoming a significant challenge for IDLC. As such, a technology-driven solution is the need of the moment to bring in place a more robust process.

With this view in mind, IDLC's HR Department has undertaken an automation project to launch "HR Management Software" for the Group. The implementation is taking place in two phases: Phase I includes Payroll Management and has already been launched in January 2013; and Phase II includes other core aspects such as Employee Profiles, Performance Management, Training Management etc., and is scheduled to be launched by the end of 2013.

IDLC is also working on a new performance management system focusing on performance and achievements, in light of relevant KPIs for employees across different designations and departments. This new system of Performance Management will be adopted along with the second phase of HR Automation.

# E-SOLUTIONS

IDLC is the first organization in Bangladesh to go live with Citi's E-Collect Solution, with an anticipated volume of USD 8.7 Million annually. This gives IDLC a significant operational advantage over its competitors, while making us the first NBF in Bangladesh to have appeared in the "Asia Pacific Client Casebook" of Citibank that showcases the best practices and innovative solutions by Citi across the Asia Pacific region.

## LAUNCHING OF IDLC LADIES FORUM

The IDLC Group has witnessed substantial growth over the last few years not only in terms of economic indicators, but also in terms of its human resources. Currently 17 percent of the Group's over 600 permanent employees are female. With growing female participation in IDLC's workforce, special concerns are inevitable that must be addressed properly to maintain an environment fostering growth and success.

To provide a common platform for female employees to collectively raise various issues and concerns, and share their views with the Group Management, IDLC, for the first time, has launched "IDLC Ladies Forum".

The Forum will be presided over by the Head of HR of the IDLC Group.



Launching of 'IDLC Ladies Forum' on February 07, 2013

## CUSTOMER VALUE CREATION

In today's competitive world, an excellent customer-service culture is vital for the sustainable growth of any service-oriented business. And such performance can only be ensured through customer satisfaction by meeting and exceeding their expectations. As such, a professional pool of front-line employees, strengthened by a uniform and standard service quality platform, is necessary for IDLC to continue being a leading financial brand of the country.

### SERVICE QUALITY GUIDELINE

IDLC management drafted a Service Quality (SQ) Guideline in July 2012 to create a uniform standard across different divisions and locations of the IDLC Group. 11 training sessions have been conducted till date in participation of 365 employees, informing them of their responsibilities towards both our internal and external customers, and asking them to provide their feedback to improvise the guideline. The guideline will be finalized and launched after completion of training for all employees, and will be updated regularly to be referred to as the basic customer service standard.

### MAJOR INITIATIVES

To continuously offer excellent services to our clients, IDLC is strategically focusing on both skills development of its employees and partnering with external parties to ensure the best service at competitive terms. Moreover, customer engagement initiatives are also being undertaken to receive direct feedback.

#### Objective of the SQ Guideline

- Treating customers with more dignity and respect;
- Offering faster and more efficient services;
- Ensuring accuracy in service delivery; and
- Ensuring high standard of professionalism and customer satisfaction

## EMPLOYEE SESSIONS

A three-day workshop on "Sales Skill Development" was arranged in participation of 141 sales team members from IDLC's SME and Consumer Division, providing them an overall idea about banking, deposits, SME business, sales and services, and office etiquettes and grooming;

A two-day training program on "Professional Salesmanship of the 21<sup>st</sup> Century", in participation of 25 members of Consumer Division, was jointly arranged with Briddhi, an Industrial and Marketing Consultant; and

A two-day training program on "Customer Service and Service Excellence", in participation of 53 members of the Credit Administration Department, was jointly arranged with Briddhi, an Industrial and Marketing Consultant.

## ARRANGEMENTS WITH EXTERNAL PARTIES

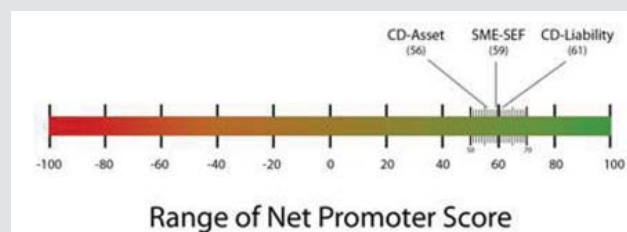
An MoU was signed with Finlay Properties Limited to provide better customer service facilities to clients in the housing and real estate sector, while offering financing at flexible terms and conditions to the clients of Finlay Properties Limited;

An MoA was signed with Navana Limited, the pioneering automobile company and the exclusive distributor of Toyota cars in Bangladesh, to provide car loans at competitive interest rates, and with flexible repayment plans and faster processing times to Navana customers.

## ENGAGING CUSTOMERS

IDLC's SME and Consumer Divisions have recently carried out the "Net Promoter Score (NPS) Survey" among 4,550 of its clients. NPS is a customer loyalty measurement survey developed by Fred Reichheld, Bain & Company and Satmetrix, and is regarded globally as a tool to chalk out the company's portion of Promoters over its Detractors.

Against a global industry average of +24 for financial services, IDLC's SME-SEF has scored an NPS of +59, while the Liability and Asset segments of the Consumer Division have respectively earned NPSs of +61 and +56. To achieve its vision to "be the best financial brand in the country", IDLC will leverage the confidence and insights derived from this survey and will continue to use NPS as a measure of customer experience of its products and services;



Complaint/Suggestion boxes have been placed across all the branches of the IDLC Group, as per requirement of the Bangladesh Bank, for customers to share their feedback regarding our services.

# ANTI-CORRUPTION POLICIES AND PRACTICES

IDLC believes that compliance is for sustainable business. To ensure this compliance across the Group through both audit and non-audit services, the ICC (Internal Control and Compliance) Department was formed as part of a regulatory directive, with direct reporting to the CEO and Managing Director and the Audit Committee of the Board of IDLC.

## MAJOR FOCUS AREAS

**Zero-tolerance Policy** for incidences of corruption or malpractice, leading to either monetary compensation or immediate termination of the accused, if found guilty;

**Risk-based Auditing** for better risk control and management;

**Table 6.1 Risk-based Auditing**

Status	Departmental Audits	Branch Audits
<b>Audits completed in 2011</b>	12	9
<b>Audits completed in 2012</b>	12	28
<b>Audits planned for 2013</b>	14	54

Measures to prevent **Money Laundering and Terrorist Financing Activities**, in compliance with Money Laundering Prevention Act 2012 and Anti Terrorism (Amendment) Act 2012, a comprehensive 'Anti Money Laundering and Combating Terrorist Financing Policy' has been developed and approved by the Board of Directors in October 2012, following the Guidance Note issued by the Bangladesh Financial Intelligence Unit of the Bangladesh Bank;

**Table 6.2 AML Training**

Divisions	2011	2012	2013 (Planned)
Employees from business units	39	121	All staff members of the IDLC Group
Employees from support units	9	39	
Employees from ICC	4	2	

Introduction of **KYC (Know Your Customer)** guidelines as part of IDLC's Credit Policy;

### ADDITIONS IN 2012

**Whistle-blowing Guideline** for providing a formal channel for employees to report malpractices within the organization, to be effective from April 2013. Branch-wise trainings are being conducted since September 2012, prior to formalization of the guidelines;

Introduction of **Guest Auditors** to develop detailed audit criteria for extraordinary cases, adding value to the existing audit system. The pool of guest auditors has been proposed, and assistance will be sought from time to time during our audit process;

Development of guidance notes for prevention of **Money Laundering and Terrorist Financing Activities**;

Introduction of **Departmental Control Function Checklist (DCFCL)**, a declaration of compliance to policies and procedures;

Introduction of branch-wise **AML Self Assessment** on a quarterly basis; and

Documentation of **Standard Operating Procedure (SOP)** for each department and function, which has already been completed for IDLC Investments Limited and is currently under process for IDLC Finance Limited.

### MAJOR ACHIEVEMENTS

IDLC improved its internal control and compliance rating to "Strong" in a Bangladesh Bank inspection;

IDLC made two presentations on AML procedures in the Conference of Chief Anti-Money Laundering Compliance Officers, arranged by the Bangladesh Bank.



## Courtney Pratt

Courtney Pratt is the Chairman of Toronto Region Research Alliance. He also served as the Chairman of Stelco Inc., and held leadership positions with Toronto Hydro Corporation, Hydro One Networks Inc., The Caldwell Partners, and Noranda Inc. He was also awarded the 'Order of Canada' in 1999.





## CHAPTER 7

# STAKEHOLDER ACCOUNTABILITY

“Business has a responsibility beyond its basic responsibility to its shareholders; a responsibility to a broader constituency that includes its key stakeholders: customers, employee, NGOs, government - the people of the communities in which it operates.”

*Courtney Pratt*

# STAKEHOLDER ENGAGEMENT

At IDLC, we believe that working together with our stakeholders will help us magnify our sustainability impacts. As a service provider, IDLC considers its employees and clients as its most valued stakeholder groups. Hence while considering stakeholder engagement, these two groups are given the topmost priority. At the same time, our broader stakeholder groups, such as regulators, community people etc. are also targeted through specific initiatives.

**Table 7.1 Stakeholder Engagement in 2012**

Particulars	Stakeholders Engaged/ Benefitted by IDLC
<b>Awareness Creation</b>	
Environmental awareness creation at schools	School children, their families and friends;
Distribution of pot plants on World Environment Day	IDLC's Deposit clients;
<b>Employee Welfare</b>	
Regular training programs and workshops	Employees;
Life and Hospitalization Insurance Coverage	Employees;
Employee vaccination program	Employees and their families;
<b>Employee Engagement</b>	
Orientation sessions	New recruits at IDLC;
Launching of "Ladies Forum"	All female employees of the IDLC Group;
Development of website for LEADS	IDLC's IT Department;
Blood donation programs	Employees, as well as clients and other stakeholders, of IDLC's Chittagong and Sylhet branches;
Donation and distribution of blankets and warm clothes by employees	Employees across the IDLC Group;
<b>Customer Engagement</b>	
Net Promoter Score (NPS) Survey for customer loyalty measurement	Clients of IDLC's SME and Consumer Divisions;
Placement of complaint/suggestion boxes across all branches	Clients and other stakeholder groups;
Distribution of blankets and warm clothes in North Bengal and Jessore	IDLC employees at Bogra and Jessore; clients of IDLC's Jessore branch; Bangladesh Bank officials;
<b>Environmental Sustainability</b>	
Community plantation at Satchari, Habiganj, Sylhet	Community people;
Plantation program at Mirpur DOHS	IDLC employees, and members of Mirpur DOHS Parishod;
Bicycle campaign across Bangladesh by Musa Ibrahim	Children of different education institutes, and IDLC employees from different branches;
<b>Community Empowerment</b>	
Skills development and sustainable livelihood generation project	IDLC's RMG client(s), and people of Gazipur and North Bengal;
Model village project	Community people at the target village in North Bengal;
Offering better education and healthcare facilities	Underprivileged children of SEID Trust, LEADS and Shishu Bikash Chhaya;
<b>Financial Literacy/Inclusion</b>	
Financial Literacy/Inclusion Programs	Sharing the latest financial, investment and product knowledge with various external stakeholder groups to help them take informed decisions;

## KEY ISSUES ADDRESSED

One of the major challenges faced by IDLC, in terms of its CSR activities, is the lack of awareness among major stakeholder groups regarding various environmental and social issues, and their responsibilities in managing these issues. Hence awareness creation and information sharing is a major priority of IDLC. Initiatives like environmental awareness program in schools, distribution of pot plants among our clients, CSR orientation sessions for new recruits etc. are a few examples. Moreover, financial literacy/inclusion programs for external stakeholder groups are also arranged on a regular basis, covering various product features and financial issues.

We are also strategically involving our major stakeholder groups, mainly our customers and regulators, in various CSR initiatives to create a sense of trust and ownership among them regarding our brand.

There is also a lack of understanding among various stakeholder groups regarding the scope of CSR and Corporate Philanthropy. Through our employee orientation sessions and other events, we are trying to address that issue. Also this report itself clearly differentiates between ad-hoc philanthropic activities, and CSR initiatives with long-term orientation that are key to a sustainable future.

## PROGRESS REPORT

The following table shares IDLC's progress against initiatives undertaken/planned in previous years:

**Table 7.2 Progress Report**

Year*	Particulars	Current Status/Follow-up Projects
2012	Carbon footprint analysis	IDLC is undertaking a combination of short and long term measures including tree plantation, adoption of environment-friendly technologies and energy-efficient devices, green financing etc. to minimize or neutralize its carbon impact (details in Page 39);
2011	CSR orientation session for employees	CSR sessions are conducted regularly during orientation programs for new recruits (details in Page 35);
2011	Campaign for responsible utilization of resources across the IDLC Group, reducing electricity and paper consumption by 23 percent and 53 percent respectively	Taking this initiative one step further, we have started environmental awareness campaign across different schools (details in Page 43);
2011	Plantation of 1,000 trees at the University of Dhaka	Plantation of 7,500 saplings at Satchari, Sylhet; 700 saplings at Mirpur DOHS; and 630 saplings across different educational institutions (details in Page 40);
2011	Introduction of Environmental Risk Management (ERM) Guidelines in our credit assessment process	We have recently adopted an additional checklist based on the principles of UNGC in the areas of Human Rights, Labor, Environment and Anti-corruption; this voluntary adoption shows our commitment to better safeguard environmental and social issues related to various projects (details in Page 38);
2010	Server consolidation and virtualization	Number of virtual servers has been increased to 29 in 2012, from 11 a year before, thus contributing more in reducing power consumption and CO <sub>2</sub> emission (details in Page 46);
2010	Video conferencing facility connecting major branches with the Head Office	In 2013, we are implementing a unified communication project, connecting all branches of IDLC with audio and video conferencing facilities (details in Page 46);

\*Year of initiation/project plan

Year*	Particulars	Current Status/Follow-up Projects
-	Technological innovations	Automating HR Management process, switching to Green PCs, and introducing a unified Communication Platform in 2013 (details in Page 58);
2011	Introduction of Core Banking Software (CBS)	CBS was successfully launched in January 2012; a number of satellite systems have also been developed for more efficient performance;
2011	Contribution of educational and healthcare materials and computers to LEADS	IDLC's IT Department developed a dedicated website for LEADS in 2012, as part of "Employee Volunteering" program;
2006	Contribution to SEID Trust	IDLC is sponsoring 15 children of SEID Trust in 2013 (details in Page 52);
2011	Collaboration with CRP (Centre for Rehabilitation of the Paralyzed)	IDLC will explore further opportunities of working with CRP;
2010	Blood donation program at IDLC for Bangladesh Thalassaemia Hospital;	Blood donation programs were arranged at IDLC's Sylhet branch and Chittagong branch in October 2012 and February 2013 respectively (details in Page 53);
-	Distribution of blankets and warm clothes every year among the marginal people;	Distribution of around 5,000 blankets and warm clothes among the marginal people in various areas of North Bengal and Jessore (details in Page 51);
2012	Distribution of computers to three schools in Jessore;	One time contribution;
2011	Vaccination for employees;	The first round of vaccination has been completed in December 2012; the second phase started in February 2013 (details in Page 34);
2011	Introduction of Women Entrepreneurship Finance Team	The team was formed in 2012;
2011	Formalization of job rotation	Management Trainees are now subject to a rotation period of six (6) months;
2011	Introduction of a formal grievance mechanism	Launching of IDLC Ladies Forum in February 2013 to address issues and concerns faced by female employees across the Group (details in Page 59);
2011	Introduction of whistle-blowing guidelines	To be effective from April 2013; training sessions across branches are being conducted since September 2012 (details in Page 61);
2011	Introduction of Guest Auditors	The pool of guest auditors has been proposed, and assistance will be sought from time to time during our audit process (details in Page 61);
-	Financial Literacy/Inclusion Programs	Different units of IDLC arrange/participate in various events to share the latest financial knowledge and product features with the stakeholders (details in Page 55);

\*Year of initiation/project plan



2012 | Contribution to SEID Trust



2012 | Distribution of computers to three schools in Jessore



2011 | Collaboration with CRP (Centre for Rehabilitation of the Paralyzed)



2011 | Contribution of educational and healthcare materials and computers to LEADS



2011 | Plantation of 1,000 trees at the University of Dhaka



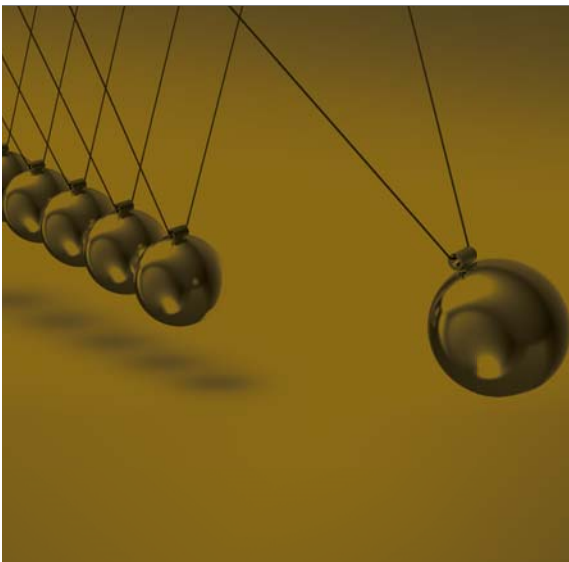
2011 | Distribution of blankets and warm clothes among the marginal people



2011 | Employee vaccination

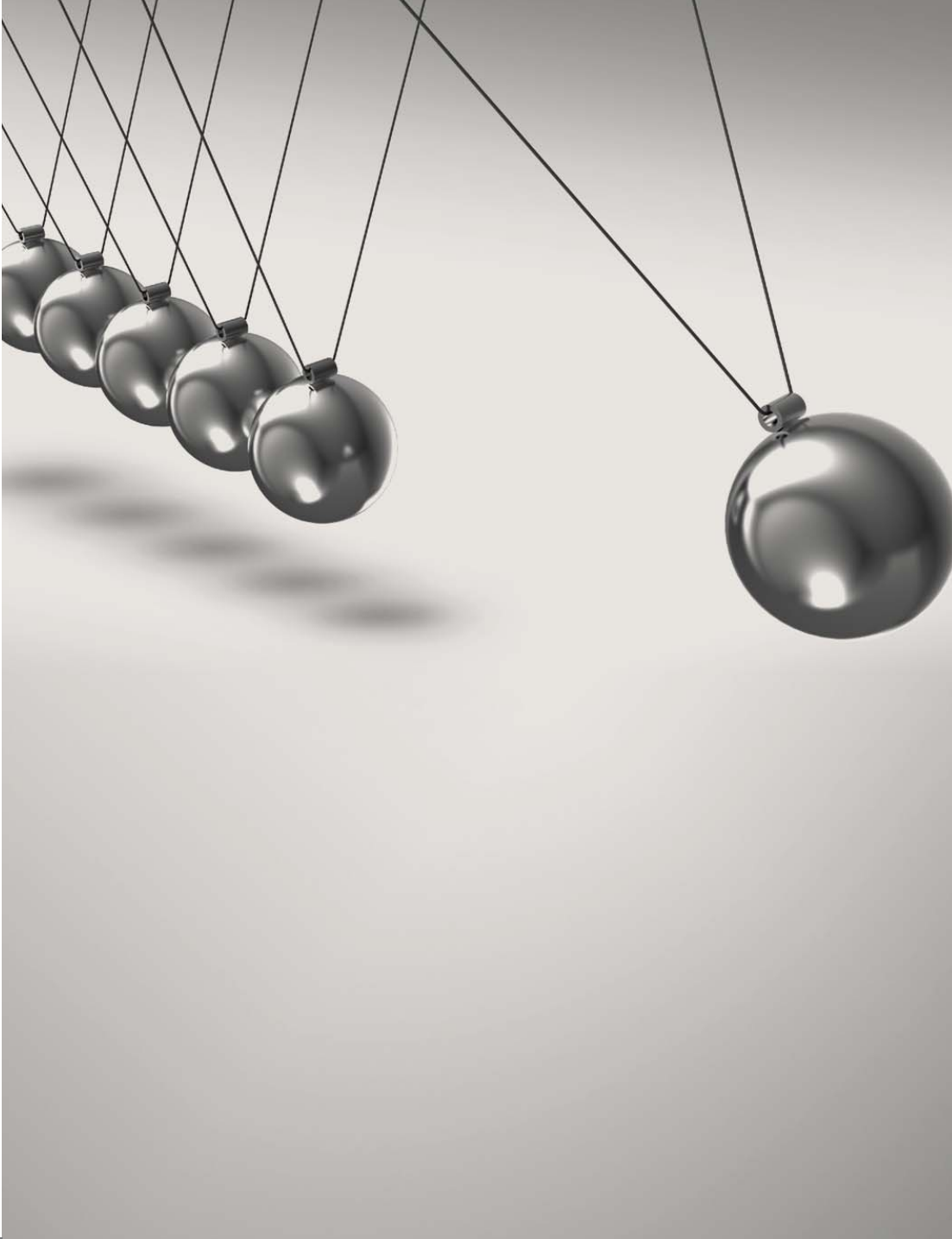


2010 | Blood donation program at IDLC Corporate Head Office for Bangladesh Thalassaemia Hospital



## Nelson Mandela

Nelson R. Mandela is a South African politician, revolutionary and activist, internationally acclaimed for his anti-colonial and anti-apartheid stance. He served as the President of South Africa from 1994 to 1999. He has received over 250 awards for his lifelong work, including the 1993 Nobel Peace Prize, the US Presidential Medal of Freedom and the Soviet Order of Lenin.



CHAPTER 8

## COMPLIANCE STATUS

"It always seems  
impossible until it's  
done."

*Nelson Mandela*

# GRI CONTENT INDEX

This document has been prepared following the Global Reporting Initiatives (G3.1) Indicator Protocols and its Financial Sector Supplement. We have self-declared our report to be complying with Application Level “B”, as per the following GRI application level criteria:

Report Application Level	C	C+	B	B+	A	A+
Standard Disclosures	<b>G3 Profile Disclosures</b>	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Same as requirement for Level B		
	<b>G3 Management Approach Disclosures</b>	Not Required	Management Approach Disclosures for each Indicator Category	Management Approach disclosed for each Indicator Category		
	<b>G3 Performance Indicators &amp; Sector Supplement Performance Indicators</b>	Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.	Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.	Report on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.		

For attaining Application Level “B”, i.e. the second level of GRI reporting, we have reported our progress against specific performance indicators, while making management disclosures against each of the indicator categories.

**Table 8.1 Status of Compliance against Performance Indicators**

Performance Indicators*	Level of Compliance and Reporting			
	Full	Partial	Not Reported	NA
Economic Performance Indicators	6		4	
Environmental Performance Indicators	12		11	8
Social Performance Indicators – Labor Practice and Decent Work	9		2	4
Social Performance Indicators – Human Rights	2	1	8	
Social Performance Indicators – Society	6	2	4	
Social Performance Indicators – Product Responsibility	7		2	1
FS Supplement – Product and Service Impact	3		4	
<b>Overall Compliance Status</b>	<b>45</b>	<b>3</b>	<b>35</b>	<b>13</b>

\*Including Financial Sector (FS) Supplements



The compliance status has been presented using the following indicators:

●	Fully covered in this report
○	Not covered in this report
→	Partial Reporting
● ●	Covered both in this report and the previous report
NA	Not Applicable for IDLC

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

**Table 8.2 GRI Content Index**

	Global Reporting Elements	Status	Segment Title	Page
<b>STRATEGY AND ANALYSIS</b>				
1.1	Statement from the most senior decision-maker of the organization (e.g. CEO, Chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	●	Statement of the CEO and Managing Director	6
1.2	Description of key impacts, risks and opportunities.	●	Statement of the CEO and Managing Director; Disclosure on Management Approach; Corporate Governance; Citizenship Data	6, 9, 20, 84
<b>ORGANIZATIONAL PROFILE</b>				
2.1	Name of the organization	●	IDLC Finance Limited	
2.2	Primary brands, products and services	●	Products and Services	19
2.3	Operational structure of the organization	●	Corporate Governance	20
2.4	Location of the organization's headquarters	●	Bay's Galleria (1 <sup>st</sup> Floor), 57 Gulshan Avenue, Gulshan 1, Dhaka 1212	
2.5	Number of countries where the organization operates	●	Bangladesh	
2.6	Nature of ownership and legal form	●	Public Limited Company	
2.7	Markets served	●	Geographic Locations	
2.8	Scale of the reporting organization	●	IDLC Profile; Shareholding Structure; Financial Performance	18, 19, 24
2.9	Significant changes during the reporting period in terms of size, structure and ownership	●	Reporting Parameters; Shareholding Structure; Financial Performance; Geographic Locations	8, 19, 24
2.10	Awards received in the reporting period	●	Awards and Achievements	
<b>REPORT PARAMETERS</b>				
3.1	Reporting period	●	January 1, 2012 – December 31, 2012	
3.2	Date of the most recent previous report	●	April 2012	
3.3	Reporting cycle	●	Annual	
3.4	Contact point regarding the report or its contents	●	Zurat Haque Manager, CSR Department, IDLC Finance Limited Tel: +880-2-8834990, Ext 178 Email: zurat@idlc.com	
3.5	Process for defining report content	●	Reporting parameters	8
3.6	Boundary of the report	●	Reporting parameters	8

	Global Reporting Elements	Status	Segment Title	Page
3.7	Any specific limitation on the scope of the report	●	No external assurance was sought for this report	
3.8	Basis for reporting on subsidiaries that may affect comparability from period-to-period	●	Reporting parameters	8
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.	●	Reporting parameters	8
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	●	Reporting parameters	8
3.12	GRI Content Index: Table identifying location of Standard Disclosures in the report	●	GRI Content Index	70
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the external assurance provider(s).	●	IDLC has not sought any external assurance for its sustainability reports. It is currently self-declaring the Application Levels of the sustainability reports, based on the GRI Application Level Criteria.	

#### GOVERNANCE, COMMITMENT AND ENGAGEMENT


















4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	●	Corporate Governance	20
4.2	If the Chair of the highest governance body is also an executive officer	●	Board of Directors	20
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	20
4.4	Mechanism for shareholders or employees to provide recommendations to the highest governance body	●	Board Meetings; Annual General Meetings;	
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)	●	Corporate Governance (Directors' Remuneration); Moreover, the CEO and Managing Director is responsible for setting financial targets and operational and management goals for the Management Committee members. The CEO and Evaluation Committee conduct a detailed performance review of the senior executives against these short-term and long-term goals on an annual basis. Remuneration of all senior executives is based on their performance measured against these financial and individual targets.	20

	Global Reporting Elements	Status	Segment Title	Page
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	Conflicts of Interest	21
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.	●	Qualification of the Board	21
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.	●	Sustainability Position Statement	18
			Vision, Mission, Strategic Objectives, Core Values, Code of Conduct and Ethics	
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.	●	Corporate Governance	20
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	Both new and existing Directors are provided with the Code of Conduct for the Board members on general aspects of the directorship and industry specific matters. Moreover, the Board is immediately informed of any new rules, regulations and/or changes in the existing regulations.  Evaluation of the performance of the Board is made by analyzing the performance of the projects and proposals approved by the Board. Classified and non-performing loans are also reviewed in the Board on a quarterly basis.	
<b>Commitment to External Initiatives</b>				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization (Article 15 of the Rio Principles introduced the precautionary approach. A response to 4.11 could address the organization's approach to risk management in operational planning or the development and introduction of new products).	●	Corporate Governance (Risk Management)	21
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	Principles of UNGC and UNEP FI; ERM Guidelines of the Bangladesh Bank	27
			Memberships	

	Global Reporting Elements	Status	Segment Title	Page
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>	●	Memberships	27
<b>Stakeholder Engagement</b>				
4.14	List of stakeholder groups engaged by the organization	●	Stakeholder Engagement	64
4.15	Basis for identification and selection of the stakeholder groups	●	Stakeholder Engagement	64
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and stakeholder group.	●	Stakeholder Engagement	64
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	●	Stakeholder Engagement - Key Issues Addressed	65
<b>DISCLOSURE ON MANAGEMENT APPROACH</b>				
	Economic Performance	●	Disclosure on Management Approach	9
	Environmental Performance	●	Disclosure on Management Approach	
	Labor Practice and Decent Work	●	Disclosure on Management Approach	
	Human Rights	●	Disclosure on Management Approach	
	Society	●	Disclosure on Management Approach	
	Product Responsibility (including Product and Service Impact Disclosure)	●	Disclosure on Management Approach	
<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.	● ●	Financial Performance	24
	EC1-FS: Commentary added to the value generated by the organization's community investment programs and breakdown of community investment by theme.	●	CSR Investments	15
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	○		
EC3	Coverage of the organization's defined benefit plan obligations.	● ●	Major Indicators of HR Management; Employee Benefits	30, 34
EC4	Significant financial assistance received from government.	●	Participation in refinancing programs	26

	Global Reporting Elements	Status	Segment Title	Page
<b>Market Presence</b>				
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	●	IDLC's entry level wages are consistent with industry standards.	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	○		
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operations.	● ●	Local hiring is preferred subject to proper assessment of the candidate following standard process. At the same time, placement at locations preferred by employees is also given due consideration.	
<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.	○		
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	○		
<b>ENVIRONMENTAL PERFORMANCE INDICATORS</b>				
<b>Materials</b>				
EN1	Materials used by weight and volume	NA		
EN2	Percentage of materials used that are recycled input materials	NA		
<b>Energy</b>				
EN3	Direct energy consumption by primary energy source	●	Carbon Footprint Analysis	39
EN4	Indirect energy consumption by primary source	○		
EN5	Energy saved due to conservation and efficiency improvements	●	Plantation Activities; Environment-friendly Technologies	40, 45
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	● ●	Responsible Business (Maximizing Green Portfolio); Environment-friendly Technologies; Technological Innovations	38, 45, 58
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	○		
<b>Water</b>				
EN8	Total water withdrawal by source	○		
EN9	Water sources significantly affected by withdrawal of water	○		
EN10	Percentage and total volume of water recycled and reused.	○		
<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	●	No such area is under the ownership/ lease/management of IDLC	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	●	Community Plantation at Satchari, Sylhet	40
EN13	Habitats protected or restored	○		

	Global Reporting Elements	Status	Segment Title	Page
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	○		
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	○		
<b>Emissions, Effluents and Wastes</b>				
EN16	Total direct and indirect greenhouse gas emissions by weight EN16-FS: Commentary added to invite reporting on greenhouse gas emissions relating to business travel.	●	Carbon Footprint Analysis	39
EN17	Other relevant indirect greenhouse gas emissions by weight	○		
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	Carbon Footprint Analysis; Plantation Activities ; Environment-friendly Technologies	39, 40, 45
EN19	Emissions of ozone-depleting substances by weight	○		
EN20	NO, SO, and other significant air emissions by type and weight.	○		
EN21	Total water discharge by quality and destination	NA		
EN22	Total weight of waste by type and disposal method EN22-FS: Commentary added to specify primary types of waste streams being paper and waste IT for financial institutions	●	Waste Management	47
EN23	Total number and volume of significant spills	NA		
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	●	Responsible Business	38
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	●	IDLC has not been involved in any such incident;	
<b>Transport</b>				
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations	NA		
	Significant environmental impacts of transporting members of the workforce	●	Carbon Footprint Analysis	39









	Global Reporting Elements	Status	Segment Title	Page
<b>Overall</b>				
EN30	Total environmental protection expenditures and investments by type		CSR Investments	15
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS</b>				
<b>Employment</b>				
LA1	Total workforce by employment type, employment contract and region, broken down by gender.	 	Major indicators of HR Management	30
LA2	Total number and rate of new employee hires and employee turnover by age group, gender and region	 	Major indicators of HR Management	30
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	 	Employee Benefits	34
LA15	Return to work and retention rates after parental leave, by gender.		Only maternity leave is provided at IDLC, with 100 percent retention rate	
<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.	 	Minimum notice period of one month, specified in employee contracts.	
<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.	NA		
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	NA		
LA8	Education, training, counseling, prevention, and risk control programs in place to assist workforce members, their families, or community members regarding serious diseases.	 	Employee Health Management	34
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.			
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.			
LA12	Percentage of employees receiving regular performance and career development reviews.		100 percent employees	
<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.	 	Board of Directors; Management Committee; Major Indicators of HR Management	20, 22, 30

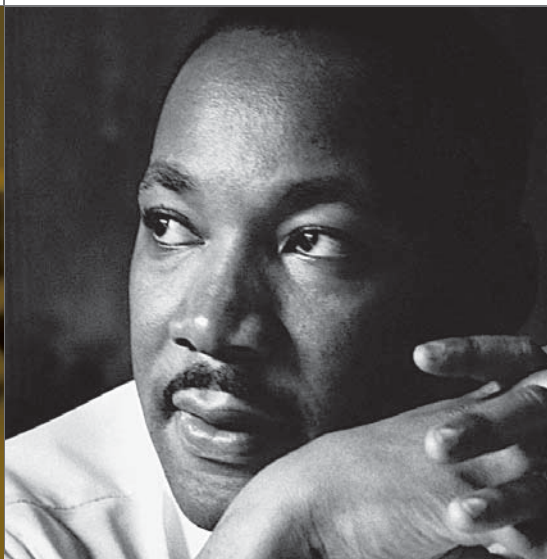
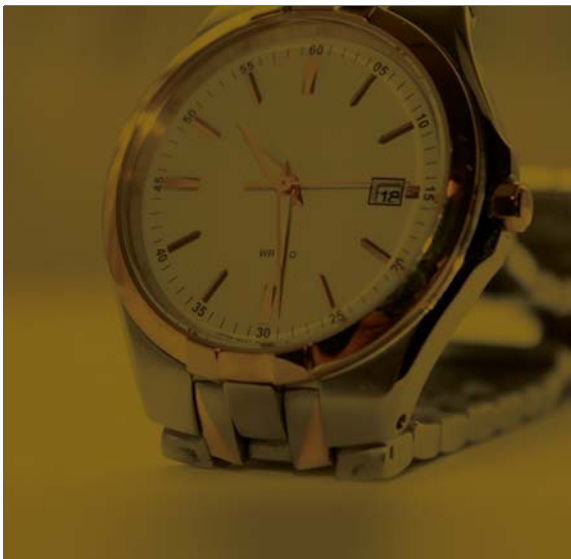
	Global Reporting Elements	Status	Segment Title	Page
<b>Equal Remuneration for Women and Men</b>				
LA14	Ratio of basic salary of men to women by employee category, by significant locations of operations.	●	Similar regardless of gender and locations of operations for same position(s) across the organization.	
<b>SOCIAL: HUMAN RIGHTS PERFORMANCE INDICATORS</b>				
<b>Investment and Procurement Practices</b>				
HR1	Percentage and total number of significant investment agreements that include clauses incorporating human rights concerns, or that have undergone human rights screening. HR1-FS: Commentary added to report on investment agreements for the financial services.	○		
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screenings, and actions taken.	○		
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.	○		
<b>Non-discrimination</b>				
HR4	Total number of incidents of discrimination and corrective actions taken.	● ●	No such incidence has been recorded/ reported yet at IDLC	
<b>Freedom of Association and Collective Bargaining</b>				
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or be at significant risk, and actions taken to support these rights.	○		
<b>Child Labor</b>				
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	○		
<b>Forced and Compulsory Labor</b>				
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	○		
<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.	○		
<b>Indigenous Rights</b>				
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	●	No such incidence has been recorded/ reported yet at IDLC	
<b>Assessment</b>				
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessment.	○		



	Global Reporting Elements	Status	Segment Title	Page
<b>Remediation</b>				
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	→	Grievance Management; Launching of IDLC Ladies Forum	34, 59
<b>SOCIAL: SOCIETY PERFORMANCE INDICATORS</b>				
<b>Local Communities</b>				
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	→	Community Plantation at Satchari, Sylhet; Model Village Project	40, 50
	FS13: Access points in low-populated or economically disadvantaged areas by type.	→	Geographic Locations	
	FS14: Initiatives to improve access to financial services for disadvantaged people.	○		
SO9	Operations with significant potential or actual negative impacts on local communities.	○		
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	○		
<b>Corruption</b>				
SO2	Percentage and total number of business units analyzed for risks related to corruption.	● ●	Anti-corruption Policies and Practices	60
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	● ●	Anti-corruption Policies and Practices	60
SO4	Actions taken in response to incidents of corruption.	● ●	Anti-corruption Policies and Practices	60
<b>Public Policy</b>				
SO5	Public policy positions and participation in public policy development and lobbying.	○		
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	●	No such contribution has been made by IDLC till date	
<b>Anti-competitive Behavior</b>				
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	●	No such issue/lawsuit has been faced by IDLC till date	
<b>Compliance</b>				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	●	IDLC has not been involved in any such major non-compliance till date.	
<b>SOCIAL: PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS</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.	●	No such non-compliance has been made by IDLC	

	Global Reporting Elements	Status	Segment Title	Page
<b>Product and Service Labeling</b>				
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	○		
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of customers.	●	IDLC has not been involved in any such non-compliance till date	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	Customer Value Creation	59
	FS16: Initiatives to enhance financial literacy by type of beneficiary.	●	Financial Literacy/Inclusion Programs	55
<b>Marketing Communications</b>				
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.	○		
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.	●	IDLC has not been involved in any such non-compliance till date.	
<b>Customer Privacy</b>				
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	●	No such complaint has been made against IDLC till date (Please also refer to placement of complaint/suggestion boxes across all IDLC branches, detailed in the section "Engaging Customers"	
<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.	●	IDLC has not been involved in any such non-compliance till date.	

Global Reporting Elements	Status	Segment Title	Page	
<b>PRODUCT AND SERVICE IMPACT PERFORMANCE INDICATORS (FS 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.	 	Business Focus	27
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.		Financial Performance (Disbursement – Lease and Term Loan; Disbursement – Housing Finance); Serving Small Businesses; Contribution to Women Empowerment	24, 53, 54
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.			
<b>Audit</b>				
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.		Degree of compliance to the ERM (Environmental Risk Management) Guidelines of the Bangladesh Bank during credit assessment is subject to periodic audits	
<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.			
FS11	Percentage of assets subject to positive and negative environmental or social screening.			
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.			



## Martin Luther King, Jr.

Martin Luther King, Jr. was an American activist and leader in the African-American Civil Rights Movement. Best known for his role in the advancement of civil rights using non-violent civil disobedience, King has become a national icon in the history of American progressivism. He delivered his "I have a Dream" speech in 1963, thereby establishing himself as one of the greatest orators in the history of America. He received the Nobel Peace Prize in 1964 for combating racial inequality through non-violence.

CHAPTER 9

## CONCLUSION



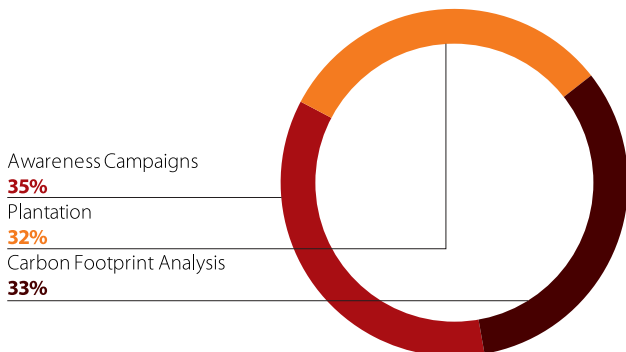
"The time is always right  
to do what is right."

*Martin Luther King, Jr.*

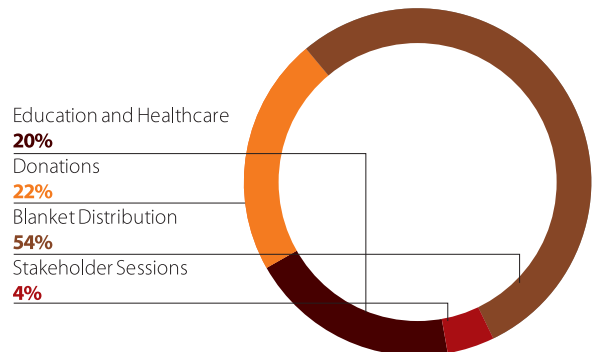
# CITIZENSHIP DATA 2012

## CSR INVESTMENTS

**Chart 1.1 Environmental Activities in 2012**

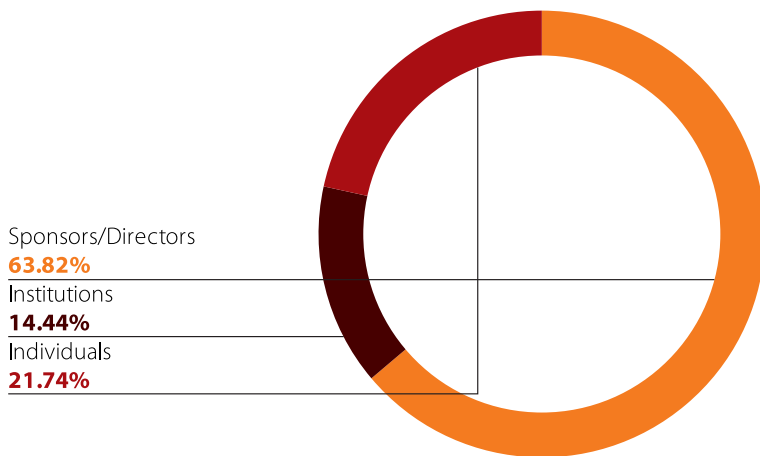


**Chart 1.2 Community Initiatives in 2012**



## SHAREHOLDING STRUCTURE

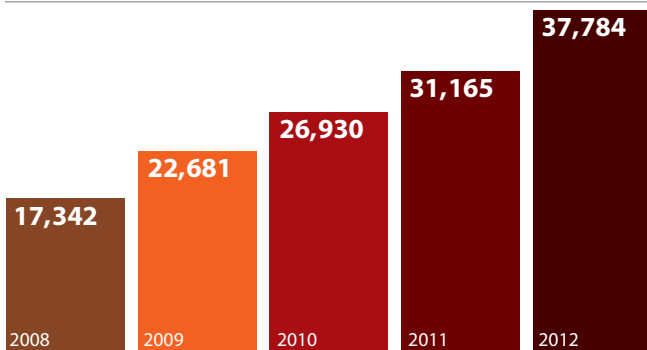
**Chart 2.1 Shareholding Structure (Dec 2012)**



## FINANCIAL PERFORMANCE

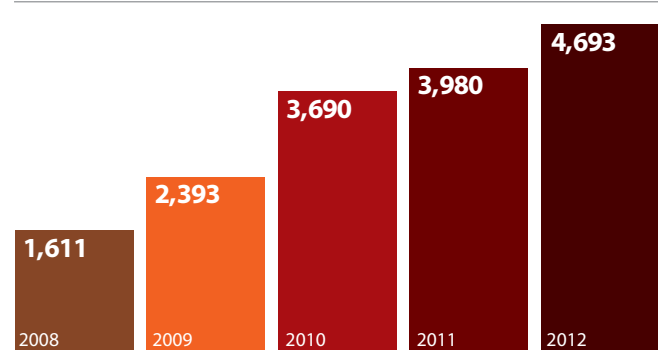
### Chart 2.2 Total Assets

(in BDT Mln)



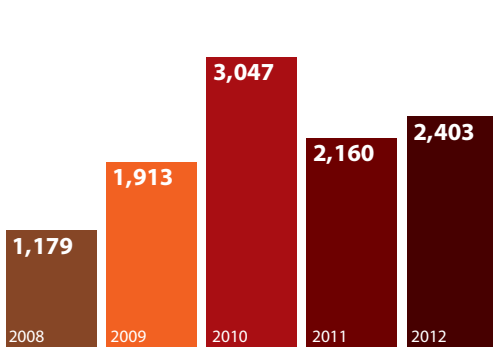
### Chart 2.3 Shareholders' Equity

(in BDT Mln)



### Chart 2.4 Operating Income

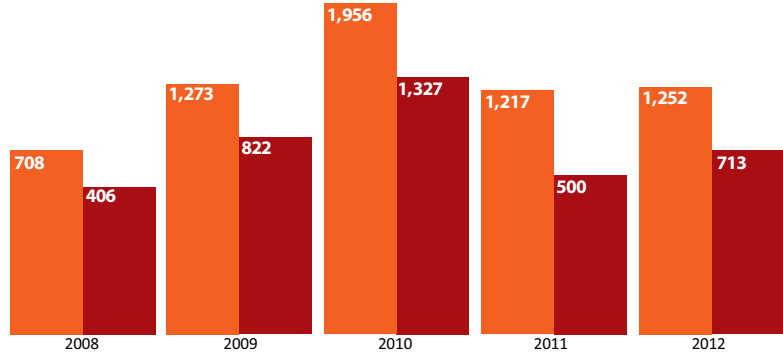
(in BDT Mln)



### Chart 2.5 Profitability

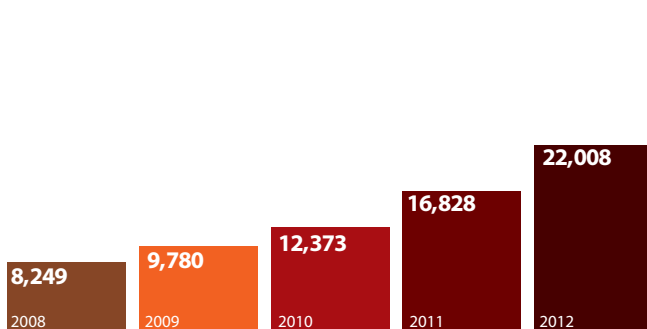
(in BDT Mln)

■ Profit before Tax  
■ Profit after Tax



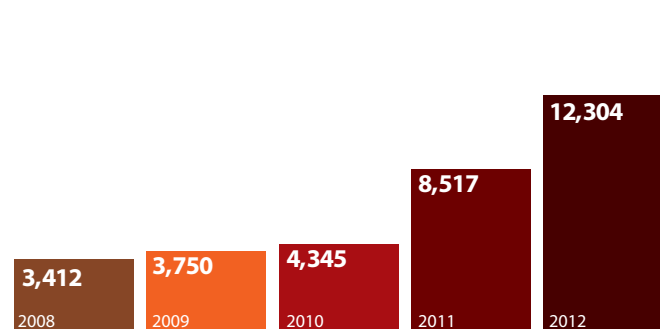
### Chart 2.6 Growth in Deposit Portfolio

(in BDT Mln)



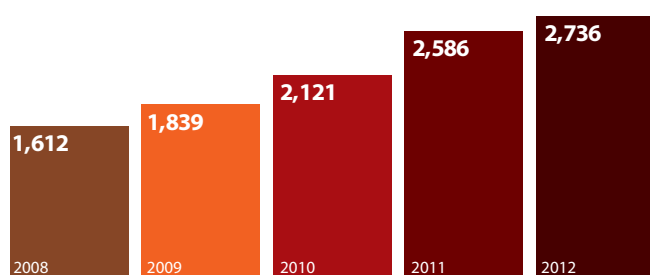
### Chart 2.7 Disbursement - Lease & Term Loan

(in BDT Mln)



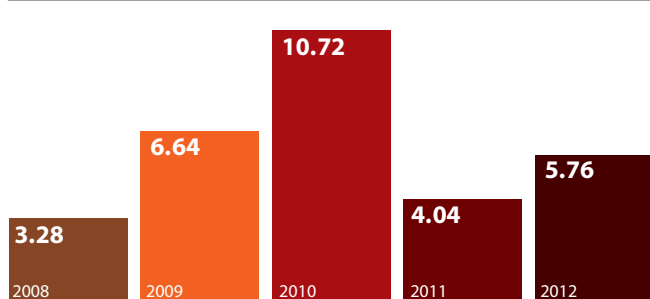
**Chart 2.8 Disbursement - Housing Finance**

(in BDT Mln)



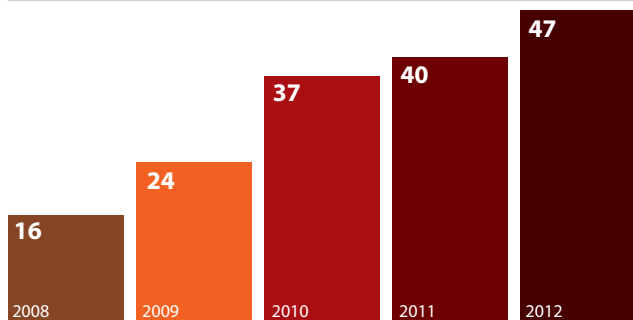
**Chart 2.10 Earnings per Share**

(in BDT)

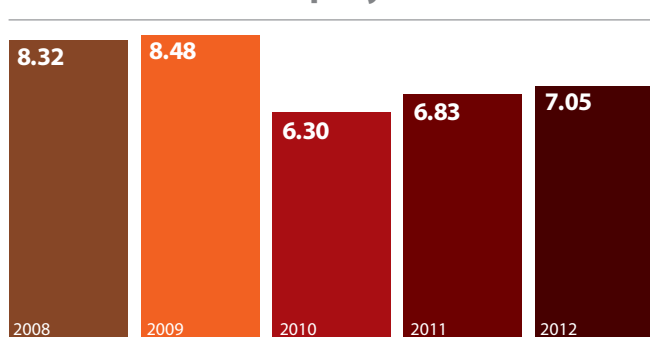


**Chart 2.12 Net Asset Value per Share**

(in BDT)

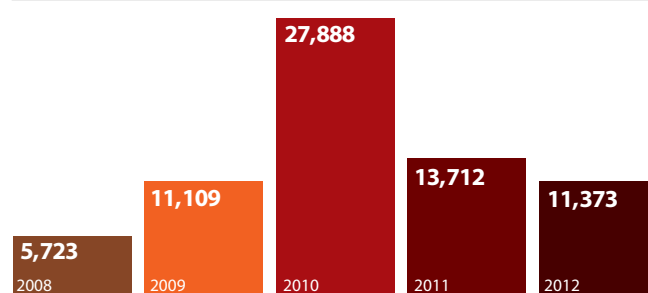


**Chart 2.14 Debt-Equity Ratio**



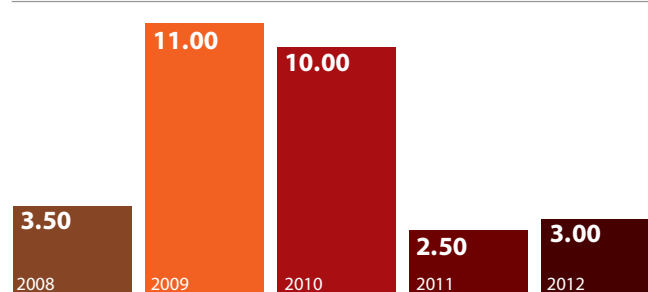
**Chart 2.9 Market Capitalization**

(in BDT Mln)



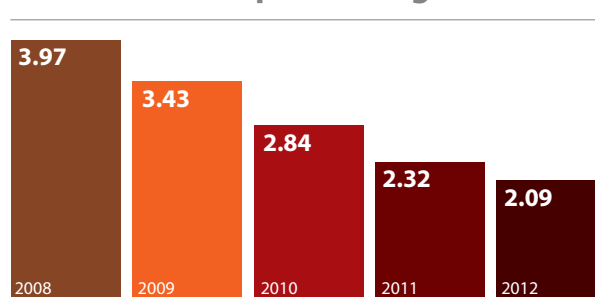
**Chart 2.11 Dividend per Share\***

(in BDT)



\* Per share of BDT 10

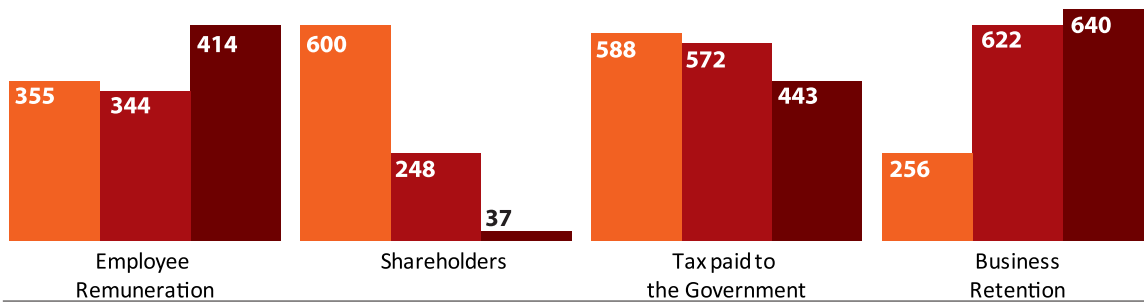
**Chart 2.13 Non-performing Loan Ratio**





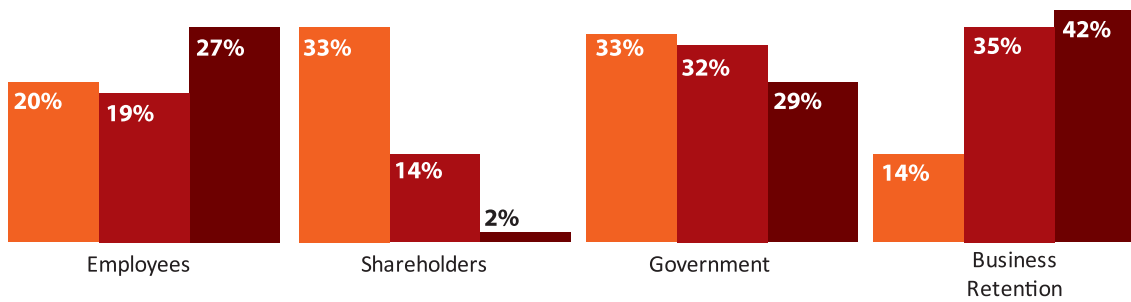
**Chart 2.15 Distribution of Value Addition** (in BDT Mn)

2010 2011 2012



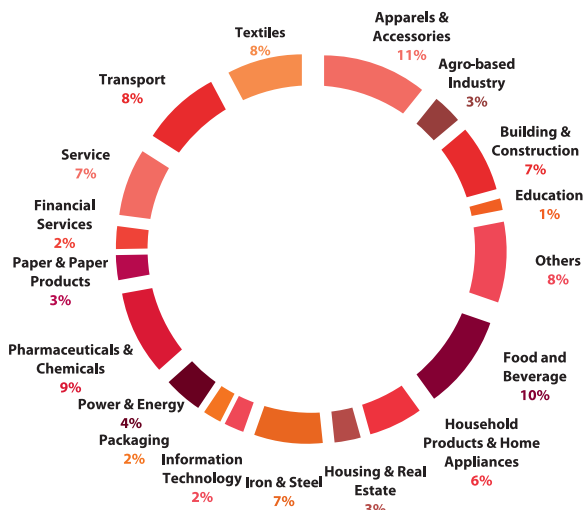
**Chart 2.16 Distribution of Value Addition** (in %)

2010 2011 2012

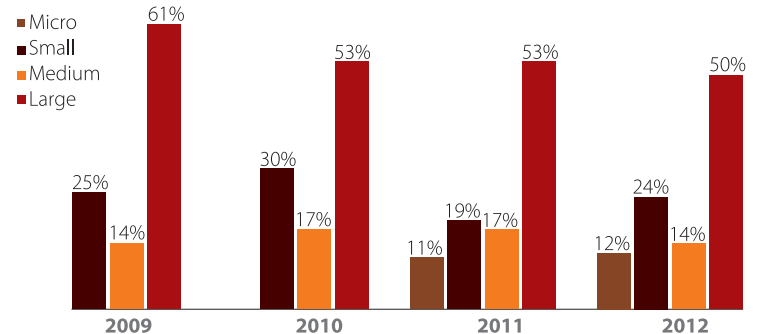


## BUSINESS FOCUS

**Chart 2.17 Sectoral Exposure**



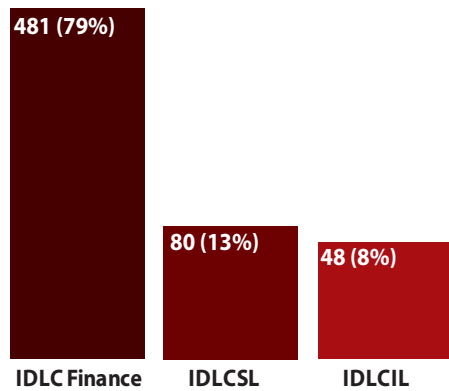
**Chart 2.18 Industrial Portfolio**



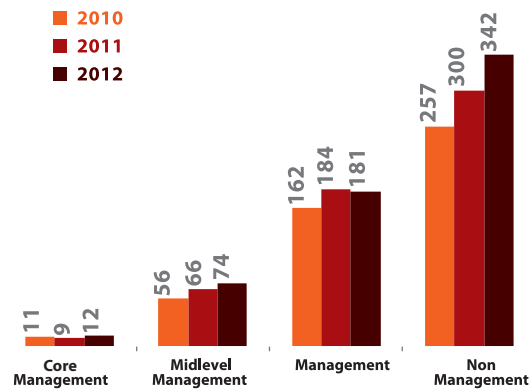
## Major Indicators of HR Management

### EMPLOYEE PROFILE

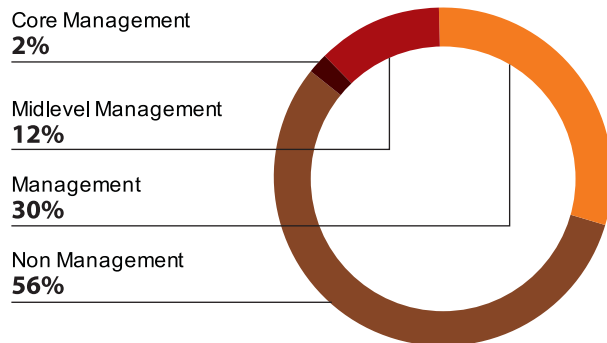
**Chart 3.1 HR Strength of the IDLC Group**



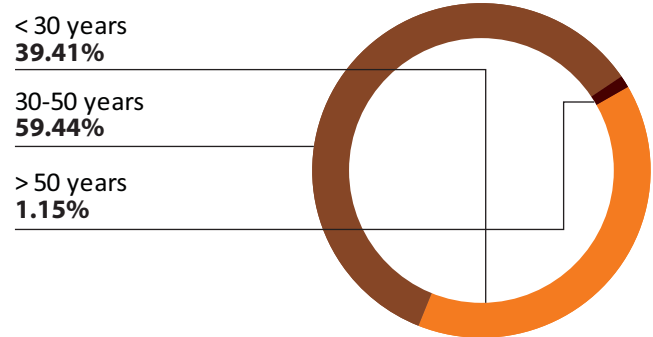
**Chart 3.2 Growth in Human Resources**



**Chart 3.3 Management vs. Non-Management**

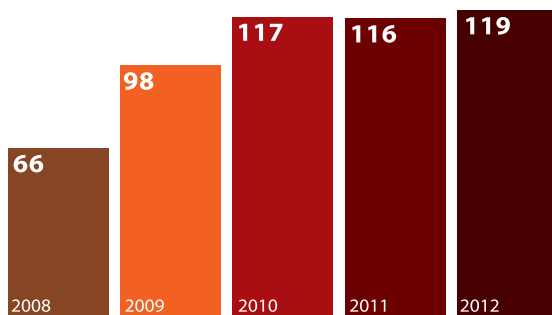


**Chart 3.4 Employee Age Analysis**



### RECRUITMENT

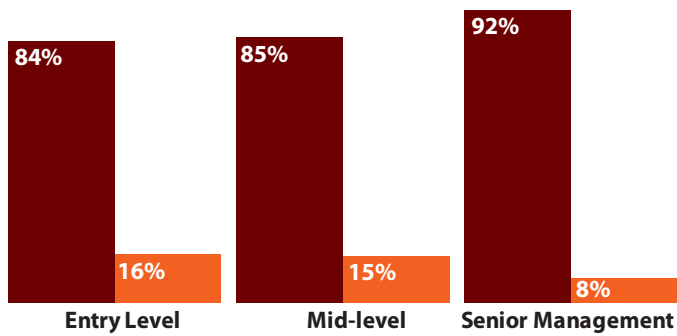
**Chart 3.5 Recruitment Status**



## GENDER BALANCE

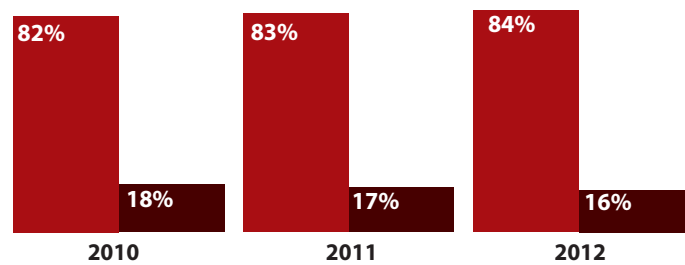
**Chart 3.6 Gender Diversification across Employment Positions**

■ Male ■ Female



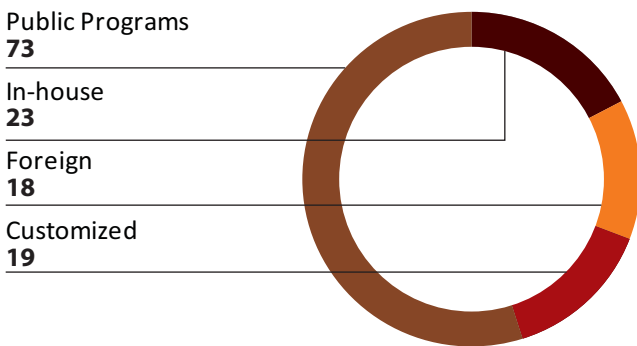
**Chart 3.7 Female Participation over the years**

■ Male ■ Female

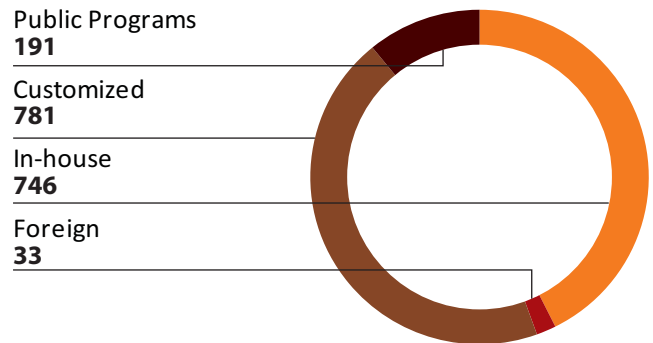


## TRAINING & DEVELOPMENT

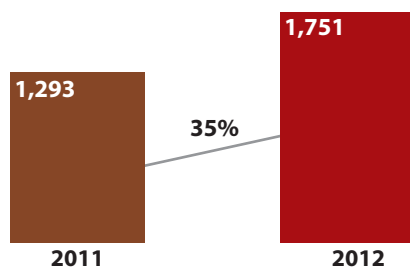
**Chart 3.8 Training Sessions in 2012**



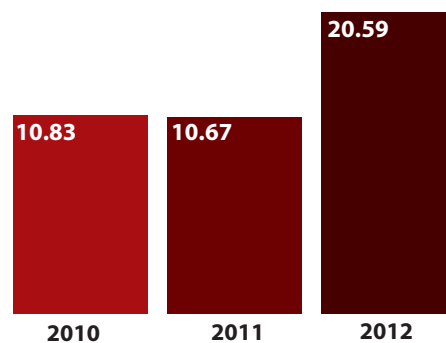
**Chart 3.9 Training Participants in 2012**



**Chart 3.10 Increase in Training Participants**

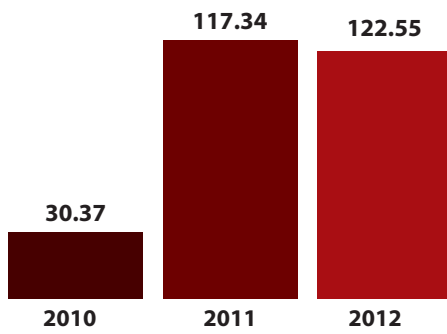


**Chart 3.11 Training Investments (in BDT Mn)**

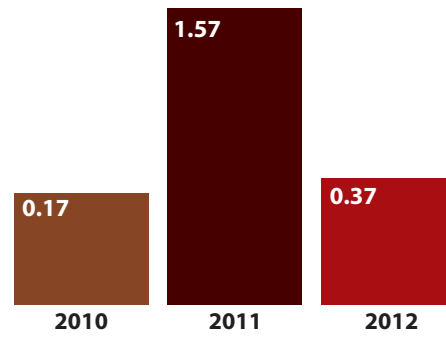


## EMPLOYEE BENEFITS

**Chart 3.12 Employee Loan Facilities\***  
(in BDT Mln)

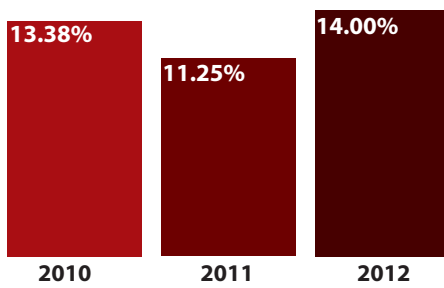


**Chart 3.13 Employee Support Scheme\***  
(in BDT Mln)

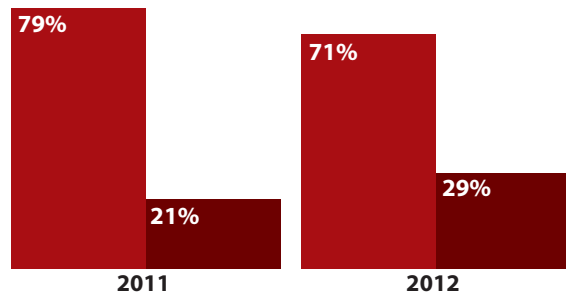


## TURNOVER

**Chart 3.14 Employee Turnover**



**Chart 3.15 Gender Classification in Turnover**  
■ Male ■ Female



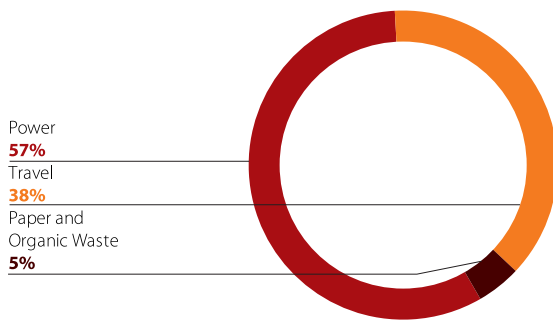
\*Employee Loan Facilities include Home Loan, Transport Loan and Personal Loan; Employee Support Schemes include contributions to the Employee Welfare Fund and Education Support Scheme

## CARBON FOOTPRINT ANALYSIS

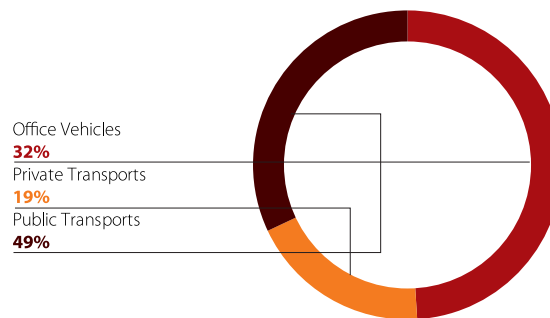
**Table 4.1 Major Sources of GHG Emission**

Particulars	Sources	Consumption/Year	CO <sub>2</sub> Emission/Year
<b>Power</b>	Electricity	591,696 kWh	381 tons
	Diesel	20,361 liters	58 tons
	Octane	12,879 liters	32 tons
<b>Travel</b>	CNG	138,319 m <sup>3</sup>	253 tons
	Air Travel	33,980 km	4 tons
	Paper	10,244 kg	33 tons
<b>Waste Generation</b>	Organic Waste	2,391 kg	3 tons
	<b>Total Emission in 2011</b>		<b>764 tons</b>

**Chart 4.1 Major Sources of Emission**



**Chart 4.2 Travel Footprint**



## PLANTATION ACTIVITIES

Particulars	Project Details
Community plantation project at Satchari, Habiganj, Sylhet	7,500 saplings planted, covering 750 households
Mirpur DOHS	700 saplings planted in the area
Bicycle Tour of Bangladesh by Musa Ibrahim	630 saplings planted in 90 educational institutes across 40 districts

## ENVIRONMENTAL AWARENESS CAMPAIGN IN SCHOOLS



Udayan Higher Secondary School  
(October 1, 2012)



Viqarunnisa Noon School & College  
(January 17, 2013)



Bangladesh International School & College  
(February 4, 2013)



Jhigatola Government High School  
(February 11, 2013)



Dhaka Residential Model College  
(February 14, 2013)

## ENVIRONMENT-FRIENDLY TECHNOLOGIES

**Table 4.2 Server Virtualization**

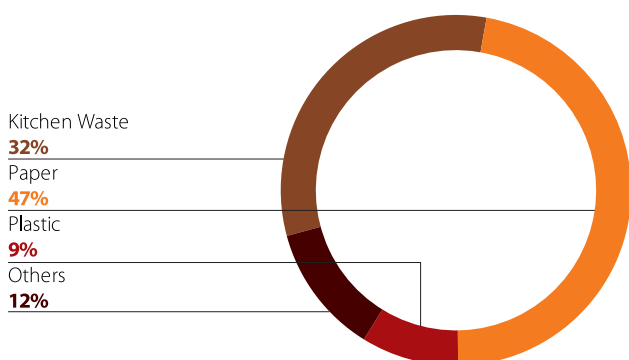
Particulars	2010	2011	2012	2013*
No of physical servers	28	27	23	20
No of virtual servers (after consolidation)	2	11	29	38
Reduction in power consumption (in kWh)	14,000	77,000	203,000	266,000
Reduction in CO <sub>2</sub> emission (in tons)	8	44	116	152

\*Target

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

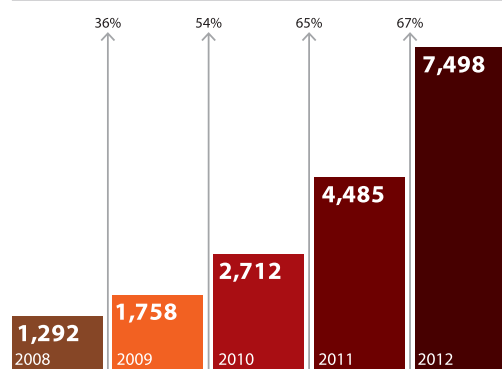
## WASTE MANAGEMENT

**Chart 4.3 Waste Generation by Type**



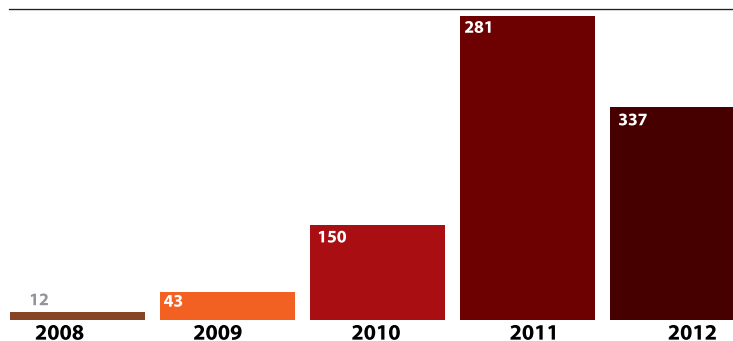
## SERVING SMALL BUSINESS

**Chart 5.1 Disbursement under SME Finance**  
(in BDT Mln)



## CONTRIBUTION TO WOMEN EMPOWERMENT

**Chart 5.2 Disbursement under WEL Facility**  
(in BDT Mln)



**Table 5.1 Financial Literacy/Inclusion Programs**

<b>Department/Subsidiary</b>	<b>Event</b>
<b>SME Division</b>	Discussion session with entrepreneurs from the light engineering sector in Bogra; Collaboration with INSPIRED, supported by the European Union, for capacity development of both the employees and customers of SME Department;
<b>Consumer Division</b>	Participation in the REHAB Fair in February 2013, in presence of 45 developers and around 3,000 customers, discussing about the products of Consumer Division; Customer awareness program regarding insurance coverage under Home Loan Shield, taken against the Home Loan facility of IDLC; Presentation on IDLC's home loan policies and benefits at the project handover ceremony of Impulse Properties Limited, covering around 800 customers; Corporate Sales Visits to Syngenta Pharmaceuticals Limited, KAFCO, Alpine Fresh Water, Radiant Pharma, Institute of Microfinance, Borak Real Estate Limited and Azim Group, discussing IDLC's retail products; Discussion sessions with major real estate developers to strengthen relationship for future business; Presentation on IDLC's profile, deposit products, retail loans and other financial services at Sylhet MAG Osmani Medical College Golden Jubilee program, with over 650 participants; and in GP (Grameen Phone) Fair at GP House in presence of all GP employees;
<b>IDLC Investments Limited</b>	Key Note Presentation on "Portfolio Management" in a seminar of the University of Asia Pacific (UAP), in presence of senior faculty members, most notably Professor Jamilur Reza Chowdhury, Honorable VC of UAP, and the University students; Presentation on Merchant Banking Activities and Regulations for 25 participants from various financial institutions; Extensive media coverage through informative articles, market commentaries and weekly report publication in Financial Express titled "IDLC Investment Insight";
<b>IDLC Securities Limited</b>	Investor awareness program, in participation of over 500 investors from Gazipur and Narayanganj, on issues including stock market, investment methodology, rules and regulations of BSEC, companies listed with BSEC, decision making in connection with the investment, method of selecting the right securities based on fundamentals etc.;
<b>ICC Department</b>	Presentation on AML procedures in the CAMLCO Conference organized by the Bangladesh Bank;

## TECHNOLOGICAL INNOVATIONS

<b>0% downtime</b>	<b>100% bandwidth ↑</b>	<b>100% on-time delivery</b>
Saving over 120 tons of CO <sub>2</sub>	Reduction of power consumption by around 200,000 kWh	
<b>Implementation of HR Software for more efficient employee management</b>		
A unified communication system across the Group		



## ANTI-CORRUPTION POLICIES AND PRACTICES

**Table 6.1 Risk-based Auditing**

Status	Departmental Audits	Branch Audits
Audits completed in 2011	12	9
Audits completed in 2012	12	28
Audits planned for 2013	14	54

**Table 6.2 AML Training**

Divisions	2011	2012	2013 (Planned)
Employees from business units	39	121	All staff members of the IDLC Group
Employees from support units	9	39	
Employees from ICC	4	2	

## UN GLOBAL COMPACT PRINCIPLES

The ten principles of UN Global Compact include:

### HUMAN RIGHTS

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights;

**Principle 2:** Businesses should make sure that they are not complicit in human rights abuses;

### LABOUR

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4:** Businesses should uphold the elimination of all forms of forced and compulsory labor;

**Principle 5:** Businesses should uphold the effective abolition of child labor;

**Principle 6:** Businesses should uphold the elimination of all discrimination in respect of employment and occupation;

### ENVIRONMENT

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** Businesses should undertake initiatives to promote greater environmental responsibility;

**Principle 9:** Businesses should encourage the development and diffusion of environmentally friendly technologies;

### ANTI-CORRUPTION

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery

## AWARDS AND ACHIEVEMENTS

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

IDLC received the First Prize under the Best Presented Annual Report Awards 2011 by SAFA

IDLC also received the SAFA Best Presented Accounts Award for 2005, 2006, 2007, 2009 and 2010

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

IDLC received the 12th ICAB National Awards for Best Presented Annual Reports 2011, under both the "Financial Services Sector" and "Corporate Governance" categories

Previously IDLC had also received the 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 |

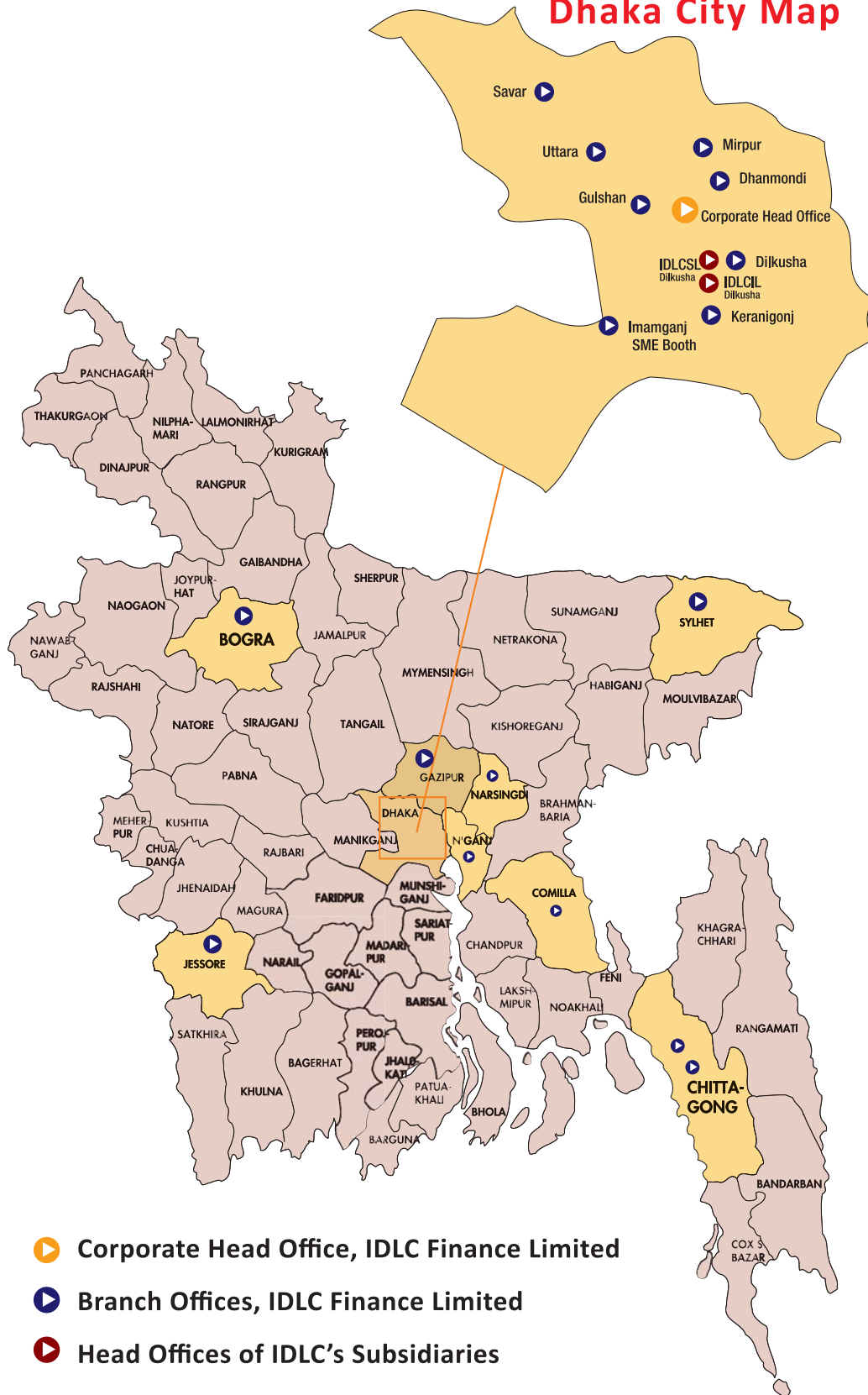
ICMAB National Best Corporate Award 2007

"COMMWARD Excellence in Communication 2009" and "Superbrands" recognition in 2009

# GEOGRAPHIC LOCATIONS

Corporate Head Office and branches of the IDLC Group

## Dhaka City Map



- Corporate Head Office, IDLC Finance Limited
- Branch Offices, IDLC Finance Limited
- Head Offices of IDLC's Subsidiaries



**CORPORATE HEAD OFFICE**

Bay's Galleria (1st Floor)  
57 Gulshan Avenue, Dhaka 1212  
Telephone : +880 (2) 883 4990  
Facsimile : +880 (2) 883 4377  
E-mail : mailbox@idlc.com