



# Sustainability Report 2014

# WHY PREPARE A SUSTAINABILITY REPORT

The concept of long-term profitability together with social development and environmental protection is fast gaining ground across organisations worldwide. These expectations will only increase and intensify as more and more customers, financiers and other stakeholders realise the need to move towards a truly sustainable economy. Thus, a Sustainability Report acts as a critical tool in realising this goal.

A Sustainability Report not only communicates an organisation's economic, environmental, social and governance performance, it also acts as a document that helps the management identify priorities, develop strategies, set goals, measure performance and manage changes to make their operations truly sustainable.

In this context, the GRI (Global Reporting Initiative) has been providing comprehensive Sustainability Reporting Frameworks since 1999 and offers a standardised approach to reporting. The GRI's approach is multi-stakeholder engagement, thus maintaining a degree of transparency and consistency that makes information more relevant, credible and user-friendly. The guidelines are reviewed periodically to provide the best and most up-to-date guidance for effective reporting and have now emerged as the de facto standard for sustainability reporting worldwide.

IDLC first published its Sustainability Report in 2012, following the GRI - G3.1 Guidelines. The 2014 Sustainability Report has been prepared in line with the latest G4 Guidelines issued by the GRI. G4 has a more focused approach to reporting by highlighting only the most material sustainability issues identified through stakeholder engagement. This emerging approach integrates strategic sustainability issues with other material financial information, allowing sustainability disclosure in different reporting formats thereby, enabling organisations to better inform markets and stakeholders on their sustainability performance.

# IDLC CSR HIGHLIGHTS 2014

**22** underprivileged children supported through healthcare and educational initiatives

**47** marginal women received training and facilitated with employment

**40** youths received capacity development orientation and training

**3,750** saplings planted under the tree plantation programme

**1,568** school children participated in the environmental awareness campaign

**5,500** blankets distributed among the disadvantaged population suffering from severe cold

**50** individuals donated blood under the blood donation programme

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# Abbreviations

<b>ADB</b>	Asian Development Bank
<b>AML</b>	Anti Money Laundering
<b>BB</b>	Bangladesh Bank
<b>BGMEA</b>	Bangladesh Garments Manufacturers and Exporters Association
<b>BKMEA</b>	Bangladesh Knitwear Manufacturers & Exporters Association
<b>Bn</b>	Billion
<b>CAGR</b>	Compound Annual Growth Rate
<b>CDM</b>	Clean Development Mechanism
<b>CEO</b>	Chief Executive Officer
<b>CRMS</b>	Customer Relationship Management System
<b>CSE</b>	Chittagong Stock Exchange
<b>CSR</b>	Corporate Social Responsibility
<b>CP</b>	Cerebral Palsy
<b>DFID</b>	Department of International Development
<b>DFIM</b>	Department of Financial Institutions and Markets
<b>DO</b>	Development Organisation
<b>DSE</b>	Dhaka Stock Exchange
<b>DTE</b>	Directorate of Technical Education
<b>EEEF</b>	European Energy Efficient Fund
<b>EEK</b>	Energy-Efficient Brick Kiln
<b>EnvRR</b>	Environmental Risk Rating
<b>ESIA</b>	Environmental and Social Impact Assessment
<b>ESMS</b>	Environmental and Social Management System
<b>ETP</b>	Effluent Treatment Plant
<b>FCUBS</b>	Flexcube Universal Banking Solution
<b>FDI</b>	Foreign Direct Investment
<b>FGD</b>	Focus Group Discussion
<b>FI</b>	Financial Institutions
<b>GB &amp; CSR</b>	Green Banking and Corporate Social Responsibility
<b>GCPF</b>	Global Climate Partnership Fund
<b>GDP</b>	Gross Domestic Product
<b>GHG</b>	Green House Gas
<b>GRI</b>	Global Reporting Initiative
<b>GTSC</b>	Gazipur Technical School and College
<b>ICC</b>	Internal Control & Compliance
<b>ICF</b>	International Climate Fund
<b>IDCOL</b>	Infrastructure Development Company Limited

<b>IDLC IL</b>	IDLC Investments Limited
<b>IDLC LF</b>	IDLC Ladies' Forum
<b>IDLC SL</b>	IDLC Securities Limited
<b>IFC</b>	International Finance Corporation
<b>IFG</b>	International Factoring Group
<b>IIDFC</b>	Industrial and Infrastructure Development Company Limited
<b>ILO</b>	International Labour Organisation
<b>IPFF</b>	Investment Promotion and Financing Facility
<b>IT</b>	Information Technology
<b>JICA</b>	Japan International Cooperation Agency
<b>LEADS</b>	Livelihood Education and Development Services
<b>LDC</b>	Least Developed Country
<b>ManCom</b>	Management Committee
<b>MIS</b>	Management Information System
<b>Mn</b>	Million
<b>MoU</b>	Memorandum of Understanding
<b>NBFI</b>	Non-Banking Financial Institution
<b>NGO</b>	Non-Governmental Organisation
<b>NPS</b>	Net Promoter Score
<b>NRB</b>	Non-Resident Bangladeshis
<b>OJT</b>	On-the-Job Training
<b>PBT</b>	Profit Before Tax
<b>PPP</b>	Public-Private Partnership
<b>REHAB</b>	Real Estate and Housing Association of Bangladesh
<b>RMG</b>	Ready-Made Garments
<b>RMF</b>	Risk Management Forum
<b>SBBN</b>	Small Business Banking Network
<b>SHS</b>	Solar Home System
<b>SME</b>	Small and Medium Enterprise
<b>SOP</b>	Standard Operating Procedure
<b>TAHN</b>	Training & Assistance for Health & Nutrition
<b>TVET</b>	Technical and Vocational Education and Training
<b>UNDP</b>	United Nations Development Programme
<b>VTS</b>	Vehicle Tracking Service
<b>WEL</b>	Women Entrepreneur Loan
<b>WIN</b>	Women In Business





# Reporting Parameters

Reporting period	January 1 – December 31, 2014
Reporting cycle	Annual
Report edition	4th
GRI-G4 level	'In Accordance' – Core
Publication date of the most recent previous report	April 2014

## METHODOLOGY AND MATERIALITY

GRI-G4 Guidelines require stakeholder engagement to identify the material CSR and sustainability aspects for inclusion in the report. Accordingly, IDLC identified priority issues through one-on-one discussions with three key stakeholder groups for CSR: the regulators, management and employees (both business and support functions).

The stakeholders revealed the following major issues and concerns that significantly affect IDLC's economic, environmental and social performance, and influence stakeholder perception in the long run:

- Corporate governance, ethics and compliance
- Social obligations through capacity development of the underprivileged and women empowerment
- Environmental obligations through in-house management, CSR and green banking initiatives
- Superior customer experience through continuous improvement
- Creating an enabling environment for all IDLC staff

Based on these issues, relevant material aspects were identified from the G4 guidelines and accordingly relevant information was provided against specific performance indicators, detailing how IDLC manages these concerns through its strategies and operations.

The process and list of material aspects have been detailed in the chapter "Stakeholder Engagement for Reporting".

## SCOPE

The core focus of this report is the CSR initiatives of IDLC. In addition, issues affecting the long-term sustainability of IDLC's overall operations have also been covered that are not limited to CSR only.

## BOUNDARY

The report details how IDLC addresses the material issues stated above and how these significantly influence performance both within and outside the organisation. Besides detailing achievements and the challenges faced, the report also indicates the management's approach in addressing these issues and the future course of action.

## LIMITATION

Sustainability reporting is still a very new and advanced concept in Bangladesh. IDLC is one of the very few organisations in the country to publish this report in-house, following the GRI Guidelines. Hence it is not always possible to gain insights or receive guidance from similar publications locally.

Moreover, the reporting methodology from G3.1 to G4 has undergone a complete paradigm shift, the biggest challenge being engaging stakeholder groups to understand their expectations from the organisation. For this report, IDLC has not applied advanced engagement techniques such as FGDs and surveys.

## CONTACT INFORMATION

We encourage and appreciate feedback from all our internal and external stakeholders. Your suggestions are vital to help us improve the quality of our report and also encourages us to undertake more innovative initiatives strengthening our CSR and sustainability commitment.

Please email your suggestions and opinions to hayesha@idlc.com, or contact Ayesha Haque, Head of CSR, IDLC Finance Limited at 01714-073-015 for further information.



## Statement of the Chairman of the Board



### **ANWARUL HUQ**

Chairman of the Board

At IDLC, we focus on responsible business practices through good corporate governance, ethical standards and statutory compliance. Our strategy over the long run does not only focus on making profit, but also on creating employment, contributing to economic development and maximising value for our stakeholders. We understand our responsibility towards the betterment of the environment and the community where we operate, and through our business and CSR initiatives we strive to make a difference in the lives of the people key to our success.

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## Statement of the Chairman of the Executive Committee



### **Rubel Aziz**

Chairman of the Executive Committee

At IDLC, all our strategies and activities are undertaken under the umbrella of strong corporate governance, compliance and ethical standards. All our initiatives are aligned with recognised standards and practices that respond to the interests of our shareholders and other stakeholders. This also ensures fairness, transparency and accountability in every aspect of our operations and management.

## Statement of the Chairman of the Audit Committee



### Farooq Sobhan

Chairman of the Audit Committee

IDLC has aligned its CSR and Sustainability initiatives with globally accepted standards and practices. IDLC has been members with the United Nations Global Compact (UNGC), the United Nations Environment Programme Finance Initiative (UNEP FI), and the CSR Center of Bangladesh since 2010. It is the first and only member of the UNEP FI from Bangladesh. IDLC accordingly conducts its operations in light of their guiding principles in the areas of human rights, labour, environment and anti-corruption. We are also the pioneer in terms of sustainability disclosure in the banking and financial sector of Bangladesh, whereby we publish a standalone sustainability report following the GRI guidelines.

## Statement of the CEO and Managing Director



### Selim R.F. Hussain

CEO and Managing Director

At IDLC, we aim to leave a positive impact in the lives of the people we touch. Our tagline "Financing Happiness" does not only cover the business aspects of IDLC; it encapsulates our whole concept of sustainable business by doing what is right and in the process transforming lives and livelihood.



This item won the 1st prize in the poster category.

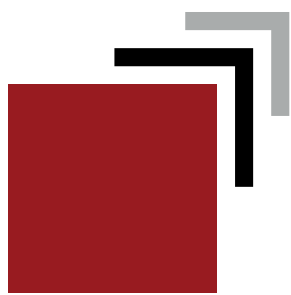
**Message conveyed:** Raising awareness against excessive and unnecessary honking by vehicles, causes noise pollution and hearing impairment

**Prepared by:** Dhanmondi Government Girls' School

## IDLC | Creating Livelihoods

IDLC, in partnership with LEADS, has been conducting an environmental awareness campaign titled "Our Environment Our Resource" across different schools in Dhaka since 2013. The objective is to create awareness among school children regarding responsible environmental management, pollution control and mitigation measures including the 3R concept of reduce, reuse and recycle, and help them adopt best practices in their everyday lives.

To mark completion of the 1st phase of the campaign, a poster and recycle competition was organised in November 2014 for the school children.



# CHAPTER 1

## **IDLC A STORY OF GROWTH AND SUCCESS**



# IDLC – A Story of Growth and Success

IDLC Finance Limited has been trading in securities and offering capital market and investment management solutions to Corporate, SME and Consumer clients. The company was incorporated in 1985 as a pioneering leasing enterprise in Bangladesh, under the collaboration of the 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. At present, it is a 100% locally-owned company, having a presence across the country through 28 branches, 2 booths and a workforce of more than 1,200.

## Vision

We will be the best financial brand in the country

## Mission

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

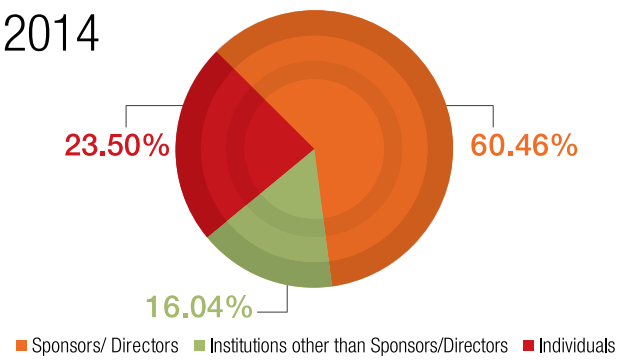
## Core Values

Integrity | Customer focus | Trust and respect | Equal opportunity | Eco-friendly | Passion | Simplicity

## Shareholding Structure

As of December 31, 2014, IDLC has 201,093,750 shares outstanding, as per the following shareholding structure:

2014



# Continuous Improvement Embedded in Our Business Model

During a challenging 2014, we embraced several forward-looking practices that included diversification across market segments, products, geographies and customers. This not only enabled us to open up newer revenue streams but also allowed us to diversify potential concentration risks. Moreover, we continuously made investments in people, processes and technology and engaged in capacity building as part of our broader social responsibility goals, thereby winning the trust of the communities around which we operate. We also navigated through these tough times by engaging more closely with our customers, by providing them timely support and advice, by allocating capital that had the potential to yield us the highest returns and by adhering to not just local regulatory stipulations but international best practices as well.

## Our business model:





**... Technologically-sound**  
Our IT infrastructure is best in class and ensures access to the most latest data, thereby reinforcing the efficiency and speed of decision making. It also provides analytical tools that strengthen customer mapping and management.



**... Proactive**  
Our dedicated collections management cell continually engages with the customers and ensures regular and timely collection of outstandings.



**... Socially responsible**

We embrace a unique concept for environmental and social initiatives focused on bringing forth measurable results at the grassroots - for societies and communities.



**... Well spread**

Our operations remain close to our customers. We added 3 new branches in 2014, taking the total tally to 31 branches and booths.



**... People oriented**

We offer ongoing training and conduct regular staff engagement programmes to enrich the skills, provide career progression opportunities and retain our talent. Our cumulative employee base stood at 742 as on 31 December 2014 with revenue per employee going up by 18.87% to Taka 11.05 million.



**... Compliant**

We are compliant with all rules, regulations and guidelines prescribed by all regulatory authorities. Moreover, we have our own Code of Conduct which clearly defines our operating framework and emphasises on comprehensive and active compliance with all statutory rules and regulations.

**Our business model aims to deliver a superior customer experience at all times by ensuring:**

- Dedicated Business Relationship Managers providing one-source solutions
- Diversified product and services basket, designed to meet unique and changing customer needs
- Quick turnaround time, ensuring that the client receives the funds when needed
- Flexible repayment options suiting clients' cash-flow patterns
- Continuous process improvement and automation ensuring better service-delivery
- Wider branch network ensuring better access for all



# Business Overview

## SME Division

The SME sector is a vibrant part of Bangladesh’s economy and has historically been the largest source of non-agricultural employment. Over the last decade, there has been an entrepreneurial wave with the country witnessing tremendous enthusiasm and growth in some of the sectors including RMG and its allied industries, pharmaceuticals, healthcare services, furniture, tourism, IT and real-estate, among others. Many new generation entrepreneurs have entered these industries and rapidly grown their businesses from small to medium to even large enterprises.

Traditionally, despite their huge potential, banks and financial institutions have stayed away from financing SMEs in Bangladesh. At IDLC, we identified this huge gap in supply and commenced our operations in 2006. The SME division provides specialist lending to small and medium-sized businesses across a broad range of industries including steel, cement, light engineering, plastics and textiles, geographically spread across Bangladesh. The division’s operations include term loans, working capital loans and lease financing, customised around customer requirements. It also supports and encourages women entrepreneurship by providing loans at attractive covenants.

Our strategy, which is anchored on building strong customer relationships, has resulted in a resilient and loyal customer base. Resultantly, we have been able to carve out a profitable niche for ourselves and have been growing strongly ever since inception.

<b>Taka 17,905 mn</b> (2013: Taka 14,334 mn) <b>Portfolio Size</b>	<b>Taka 12,053 mn</b> (2013: Taka 10,392 mn) <b>Disbursements</b>
<b>Taka 1,224 mn</b> (2013: Taka 844 mn) <b>Income from Operations</b>	<b>7,619</b> (2013: 6,638) <b>Client Base</b>

## Consumer Division

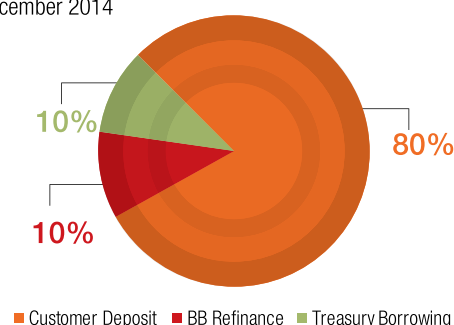
The Consumer Division is one of the key business drivers, playing a vital role in upholding IDLC’s brand image among consumers and contributing to increasing growth in the Company’s asset profile and profitability. Moreover, the division obtains funds required for the entire company through mobilisation and retention of term deposits.

The division was established in 1997 as part of IDLC’s diversification initiatives for securing a cost-effective and sustainable source of funding. Towards this extent, the division launched term deposits and personal financial loan products to cater to the growing needs of consumers

through the establishment of new branch offices across important geographical locations in Bangladesh. Today, it has emerged as a leading player in the home loan and car loan sectors and has successfully captured a growing share of the market. Among other lending products, it also offers personal loans to existing as well as selective customer segments. On the other end, it has successfully funded the entire Company over the years and has gradually transformed as the largest deposit portfolio holder among all NBFIs in the country by offering customised and flexible term deposit products to individual and institutional customers.

## Funding mix at IDLC

As of December 2014



<b>Taka 17,519 mn</b> (2013: Taka 12,950 mn) <b>Portfolio Size</b>	<b>Taka 8,587 mn</b> (2013: Taka 6,258 mn) <b>Disbursements</b>
<b>Taka 975 mn</b> (2013: Taka 660 mn) <b>Income from Operations</b>	<b>13,757</b> (2013: 12,694) <b>Client Base</b>
<b>Taka 35,241 mn</b> (2013: Taka 29,164 mn) <b>Total Deposit Base</b>	<b>6,355</b> (2013: 6,681) <b>Total Deposit Customer Base</b>

## Corporate Division

The Corporate Division was principally established with a view to cater to the financial needs of large corporate houses in the country. Driven by our dedicated relationship management teams, the division introduced full-fledged, innovative and customised solutions and services to its clients. From the very beginning, the division offered only one product. Subsequently, it has widened its geographic coverage, especially in projects located in remote areas of the country. A recent addition is the Green Banking unit, established in line with the Green Banking Policy Guidelines issued by the Bangladesh Bank, to identify and capitalise on green and environment-friendly business opportunities such as renewable energy projects, establishment of ETPs (Effluent Treatment Plants) and energy-efficient brick

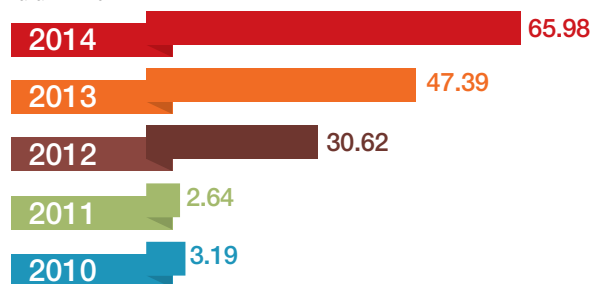


manufacturing. Launched in February 2014, the unit has already disbursed Taka 37.5 mn and has a portfolio of Taka 36.03 mn.

<b>Taka 9,595 mn</b> (2013: Taka 10,213 mn) <b>Portfolio size</b>	<b>Taka 5,421 mn</b> (2013: Taka 6,504 mn) <b>Disbursements</b>
<b>Taka 385 mn</b> (2013: Taka 354 mn) <b>Income from Operations</b>	<b>244</b> (2013: 248) <b>Client Base</b>

A specialised business segment under the Corporate Division is the Structured Finance Unit that facilitates fee-based services such as fund arrangements under syndication, onshore and offshore structured finance, trusteeship services and pre-investment feasibility studies etc., focusing mainly on sectors such as power generation, infrastructure development, real estate and construction materials, tourism etc.

**SFD fee income**  
Taka in million



## Capital Markets

IDLC's capital market operations are covered by its two wholly-owned subsidiaries, IDLC Securities Limited (IDLC SL) and IDLC Investments Limited (IDLC IL), providing trading services to customers and institutions through robust trading facilities and infrastructure and offering the best execution experience to clients. It also offers underwriting, primary issuances and merchant banking services and has initiated Discretionary Portfolio Management services as well.

Though the Group's capital market businesses suffered significantly during the meltdown of 2010 and the challenges that were brought forth by several global events, the operations have come out stronger since then with the full absorption of the impairment losses on account of certain open exposures in the margin lending portfolio. Today, both the businesses have created robust platforms in terms of technology, processes, practices and human resources and are rightly positioned to capture the upturn as and when the political climate becomes harmonious and stable.

<b>Taka 176 mn</b> (2013: Taka 132 mn) <b>Income from Operations (IDLC SL)</b>	<b>Taka 79 mn</b> (2013: Taka -92 mn) <b>Income from Operations (IDLC IL)</b>
<b>Taka 39 mn</b> (2013: Taka 60 mn) <b>Profit After Tax (IDLC SL)</b>	<b>Taka 53 mn</b> (2013: Taka -213 mn) <b>Profit After Tax (IDLC IL)</b>

**IDLC is one of the largest participants of the refinancing programmes of Bangladesh Bank and other low-cost fund providers for different services including Women Entrepreneur Loan, Agricultural Loan, Environment-friendly projects etc.**

**In 2014, refinancing receipts amounted to Taka 1,852 Million, constituting 10 percent of our total funding mix.**

# Our services

## Small and Medium Enterprises

- **Small Enterprise Finance**
  - Small Enterprise Loan/ Lease
  - Seasonal Loan
  - Women Entrepreneur Loan
  - SME Shachal Loan
  - SME Surakkha
  - SME Deposit
  - Commercial Space Loan
- **Medium Enterprise Finance**
  - Medium Enterprise Loan/ Lease
  - Commercial Vehicle Finance
  - Machinery Lease
  - Healthcare Finance
  - Revolving Short Term Loan
  - SME Deposit
  - Commercial Space Loan
- **Supplier and Distributor Finance**
  - Factoring of Accounts Receivable
  - Bill/ Invoice Discounting
  - Work Order Financing
  - Distributor Financing

## Consumer Finance

- **Loan**
  - Home Loan
  - Car Loan
  - Personal Loan
  - Loan Against Deposit
- **Deposit**
  - Flexible Term Deposit Package
  - Regular Earner Package

## Corporate

- **Corporate Finance**
  - Lease financing
  - Term Loan Financing for Capital Equipment
  - Commercial Space Financing
  - Project Financing
  - Short-term loan to meet working capital requirement
  - Specialised Products for meeting seasonal demand
  - Green Financing (BB Refinance)
  - Supplier and Distributor Financing (Factoring)

- **Structured Finance Solutions**
  - Syndicated Loan
  - Private Placement of Equity
  - Preference Shares
  - Projects/ Infrastructure Finance
  - Bonds
  - Foreign Currency Loans
  - Refinancing of Special Funds
  - Merger and Acquisitions
  - Joint Venture Matchmaking
  - Feasibility Study
  - Securitization of Assets
  - Commercial Paper

## Treasury

- Overnight Borrowing/ Placement
- Term Deposits
- Bonds
- Debentures
- Commercial Papers
- Preference Shares
- Equity Investments
- Treasury Bills/ Bonds

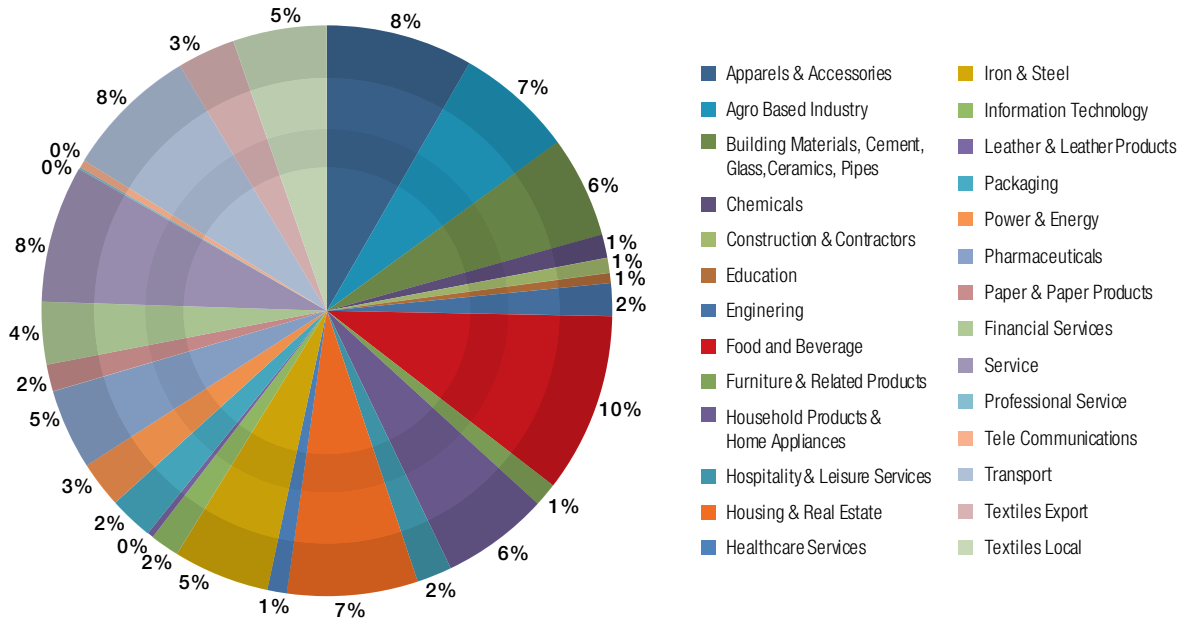
## Capital Markets

- **IDLC Securities Limited**
  - Cash Account
  - Margin Account through IDLC IL and other enlisted merchant banks
  - Easy IPO
  - Institutional and Foreign brokerage
  - Trade execution through Dhaka and Chittagong Stock Exchanges
  - Custodial and CDBL services
  - Bloomberg terminal for foreign clientele
  - Research and advisory services
- **IDLC Investments Limited**
  - Margin Loan
  - Discretionary Portfolio Management
  - Corporate Advisory
  - Issue Management
  - Underwriting
  - Research



# Sectoral Exposure

Sectoral Exposure- 31 December 2014



# Key Financial Performance

Taka 58,927 million  
(2013: Taka 50,429 million)  
Balance Sheet Size

Taka 47,069 million  
(2013: Taka 40,941 million)  
Total Loans and Advances

Taka 26,020 million  
(2013: Taka 23,154 million)  
Total Disbursements

Taka 36,595 million  
(2013: Taka 30,187 million)  
Total Deposits

Taka 2,889 million  
(2013: Taka 2,077 million)  
Net Interest Income

Taka 3,658 million  
(2013: Taka 2,761 million)  
Total Operating Income

Taka 1,246 million  
(2013: Taka 669 million)  
Profit After Tax

Taka 923 million  
(2013: Taka 1,044 million)  
Provision for Loans and Advances/ Investments

2.28%  
(2013: 1.52%)  
Return on Assets

4.55%  
(2013: 3.47%)  
Interest Margin

6,355  
(2013: 6,681)  
Total Customer Base Deposit

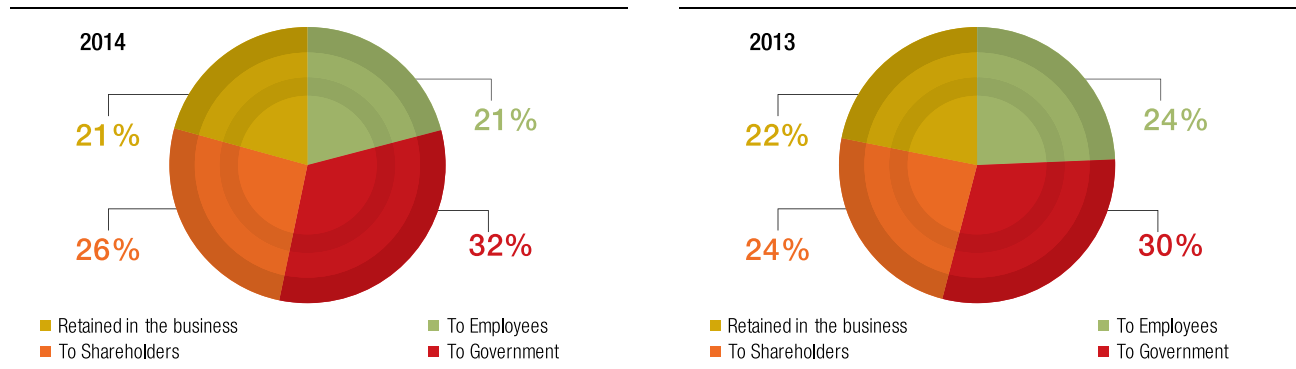
20.95%  
(2013: 13.31%)  
Return on Equity

7,402  
(2013: 6,013)  
Total Customer Base Lending

31  
(2013: 28)  
Number of Branches & Booths



# Value Added Statement



## 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

### Other Memberships

United Nations Global Compact | United Nations Environment Programme Finance Initiative | CSR Center of Bangladesh | 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

# IDLC | Creating Livelihoods

IDLC, in partnership with LEADS, has been conducting an environmental awareness campaign titled "Our Environment Our Resource" across different schools in Dhaka since 2013. The objective is to create awareness among schools children regarding responsible environmental management, pollution control and mitigation measures, and the 3R concept of reduce, reuse and recycle, and help them adopt best practices in their everyday lives.

To mark completion of the 1st phase of the campaign, a poster and recycle competition was organised in November 2014 for the school children.

This item jointly won the 1st prize in the recycle category.

**Message conveyed:** Center-table made of used bi-cycle tyres

**Prepared by:** Viqarunnisa Noon School and College





# CHAPTER 2

## CSR AND SUSTAINABLE BUSINESS



# Concept and Evolution

The term Corporate Social Responsibility or CSR has evolved over the last few decades to broaden its scope from mere philanthropic contributions to strategic business decisions. The CSR definition used by businesses globally revolve around the notion of “Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business.”

CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis. Integrating CSR with business presents a more sustainable business case in that:

- Social responsibility can become an integral part of the wealth creation process which, if managed properly, can enhance business competitiveness and maximise value creation
- If conducted from a strictly philanthropic point of view, such expenses will always be the first to go during hard financial times, whereas there will be more incentives to practice CSR further and better during such crises

However, in different countries and cultures, there will be different priorities and values to dictate how businesses should act and manage their impact on the environment and the society.

## CSR at IDLC

At IDLC, we perceive CSR not as a standalone function, but as an integral part of the overall organisational strategy, operations and management to create the maximum value. Our concern towards our stakeholders, environment, community and good governance is reflected in each of our actions and decisions – thus strengthening our position as a responsible and sustainable business.

IDLC’s model for sustainability is based on the 3P approach – People, Planet and Profit:

- People, our stakeholders with whom we engage and the community where we live in
- Planet, our surrounding environment and the planet
- Profit, our profit-generating capacity vital for long-term sustenance

Accordingly, our Sustainability Position Statement is:

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



# Regulatory Bodies and Memberships

IDLC's CSR activities are regulated by the Green Banking and CSR (GB & CSR) Department of the Bangladesh Bank.

We are also members of the United Nations Global Compact (UNGC), the United Nations Environment Programme Finance Initiative (UNEP FI) and the CSR Center (local network of UNGC in Bangladesh). IDLC is the first and only signatory to UNEP FI from Bangladesh till date.

We have also adopted their guiding principles in upholding human rights, labour standards, responsible environmental management and anti-corruption policies and practices.

## The 10 principles of UNGC are:

### HUMAN RIGHTS

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights
- Principle 2: 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: The elimination of all forms of forced and compulsory labour
- Principle 5: The effective abolition of child labour
- Principle 6: The elimination of discrimination in respect of employment and occupation

### ENVIRONMENT

- Principle 7: Businesses should support a precautionary approach to environmental challenges
- Principle 8: Undertake initiatives to promote greater environmental responsibility
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies

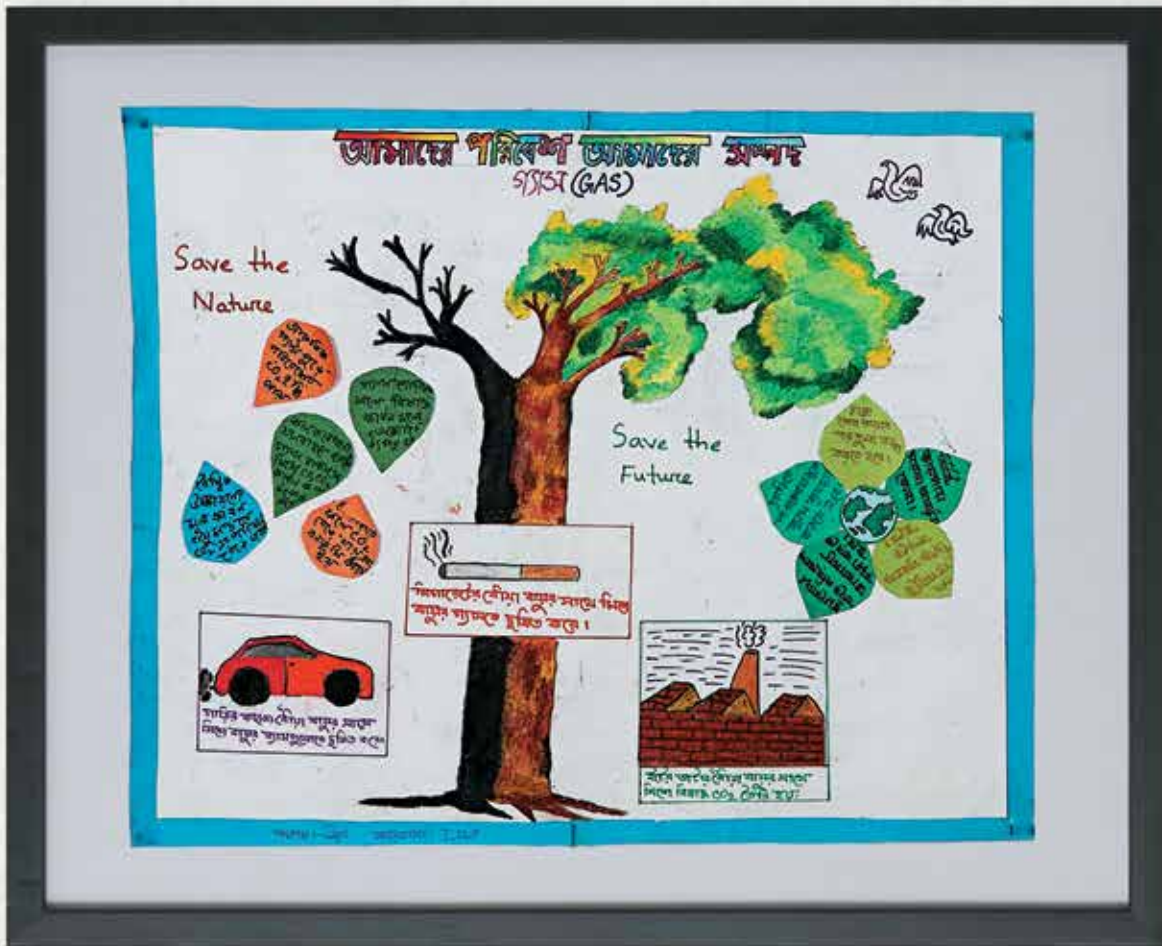
### ANTI-CORRUPTION

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

## KEY FOCUS AREAS OF CSR

To drive meaningful changes, we aim to specialise in areas that are aligned with our organisational vision, mission, values and business objectives and by continually leveraging our experience and expertise.

With this view in mind, IDLC, is facilitating socio-economic transformation of the underprivileged, inclusive women and youth groups, through better education, capacity enhancement, income-generating opportunities and other forms of assistance leading to empowerment. We are also engaged in increasing healthcare awareness among the rural and urban poor, financing environment-friendly projects, undertaking green banking initiatives through both in-house management and external activities and being a part of philanthropic contributions such as blanket distribution, blood donation, emergency disaster relief and one-on-one donations.



This item won the 2nd prize in the poster category.

**Message conveyed:** Showcasing harmful effects of smoke from industries, vehicles and cigarettes, and the importance of planting trees to maintain the balance of oxygen and carbon-dioxide in nature - under the slogan "Save the Nature, Save the Future"

**Prepared by:** Dhaka Residential Model College

## IDLC | Creating Livelihoods

IDLC, in partnership with LEADS, has been conducting an environmental awareness campaign titled "Our Environment Our Resource" across different schools in Dhaka since 2013. The objective is to create awareness among schools children regarding responsible environmental management, pollution control and mitigation measures, including the 3R concept of reduce, reuse and recycle, and help them adopt best practices in their everyday lives.

To mark completion of the 1st phase of the campaign, a poster and recycle competition was organised in November 2014 for the school children.



# CHAPTER 3

## CORPORATE GOVERNANCE

# Board of Directors



**ANWARUL HUQ**  
Chairman of the Board  
(Nominated by Reliance Insurance Limited)



**RUBEL AZIZ**  
Director and Chairman, Executive Committee  
(Nominated by The City Bank Limited)



**FAROOQ SOBHAN**  
Independent Director and Chairman,  
Audit Committee



**AZIZ AL KAISER**  
Director  
(Nominated by The City Bank Limited)



**MEHERUN HAQUE**  
Director  
(Nominated by The City Bank Limited)



**HOSSAIN MEHMOOD**  
Director  
(Nominated by The City Bank Limited)



**FARUQ M. AHMED**  
Director  
(Nominated by The City Bank Limited)



**MD. KAMRUL HASSAN, FCA**  
Director  
(Nominated by Transcom Group of Companies)



**MD. REZAUL KARIM**  
Director  
(Nominated by Sadharan Bima Corporation (SBC))



**MD. SHAHIDUL AHSAN**  
Director  
(Nominated by Mercantile Bank Limited)



**SYED ABU NASER BUKHTEAR AHMED**  
Independent Director



**MONOWER UDDIN AHMED**  
Independent Director



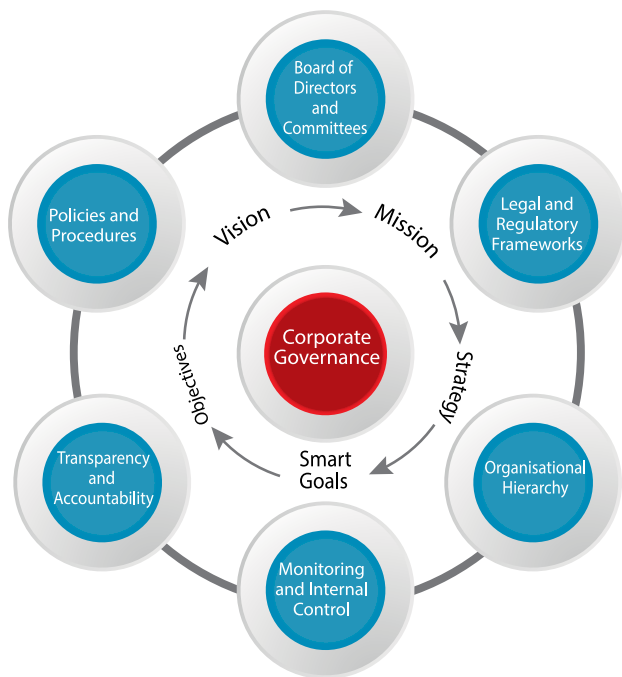
**SELIM R. F. HUSSAIN**  
Ex Officio



# Corporate Governance

IDLC is committed to continually review all corporate governance policies and guidelines to ensure transparency in its practices and delivery of high standards and quality information to its stakeholders.

Corporate governance is a strategy for companies to ensure a framework of control for its administrative and management practices. This is done through a collection of procedures that are aligned with recognised standards that respond to the interests of shareholders and other stakeholders. It ensures fairness, transparency and accountability in the corporate sector and safeguards the interests of all stakeholders, especially minority shareholders. Empirical research also suggests that corporations that adhere to good governance practices tend to generate higher profitability.



IDLC highlights six important areas that revolve around its effective corporate governance strategy as demonstrated in the diagram. IDLC's corporate governance model is strictly aligned with the Company's well-defined vision, mission, goals and objectives.

The Board of Directors is responsible for proper governance, which includes setting out the Company's strategic aims, providing the necessary leadership to implement such aims, supervising the management of the business and reporting to the shareholders on their stewardship. The Board is collectively accountable to the Company's shareholders for good governance to facilitate efficient and effective management in order to deliver shareholder value over the long term, within appropriately established risk parameters.

## BOARD OF DIRECTORS

The Board of IDLC considers that its membership should comprise Directors with an appropriate mix of skill, experience and personal attributes that allow the Directors individually and the Board collectively to discharge their responsibilities and duties under the law efficiently and effectively, understand the business of the Company and assess the performance of the management.

The composition of the Board embraces diversity. The Directors possess a wide range of local and international experience, expertise and specialised skills to assist in decision-making and leading the Company for the benefit of its shareholders.

## MANAGEMENT COMMITTEE

The Management Committee is a group elected among the management staff to take responsibility of the governance and strategic direction of IDLC. The role of the Management Committee is to oversee IDLC in accordance with its Constitution under the Financial Institution Act, 1993.

The Committee is responsible for all aspects of the ongoing operations of IDLC. It delegates day-to-day operations to the Executive Officer. An important feature of good governance is a clear segregation of the responsibilities and accountability of the committee from those of the Executive Officer.

ManCom is always aware of IDLC's operations, keeps an eye on the bigger picture, monitors the strategic plan and observes whether the goals are being met. It needs to be satisfied that current events are in accordance with IDLC policies and objectives within the overall budget.

## ETHICS AND COMPLIANCE

IDLC remains committed to upholding the highest standards of ethics and compliance by its employees. This commitment is reflected in the Company's Code of Conduct which covers, among other issues, the following areas:

- Their relationship with and responsibilities to IDLC
- Their relationship with and responsibilities to customers
- Compliance with laws and regulations
- Acting in a professional and ethical manner
- Protection of business assets
- Disclosure of conflicts of interest
- Prohibition of any conduct involving dishonesty, fraud, deceit or misrepresentation including insider trading

## CODE OF CONDUCT AND ETHICS

The Code of Conduct is a general guideline of ethical standards and business conduct at IDLC – documenting situations individuals are likely to encounter in the professional world and accordingly conveying codes to address such situations.

Code I	Upholding the organisation’s vision, mission and core values
Code II	Adhering to the highest ethical standards
Code III	Complying with laws and regulations both in letter and spirit
Code IV	Relationship with and responsibilities towards IDLC: a) Company interest above personal interest b) Disclosure of conflicts of interest c) Disclosure of additional employment arrangement d) Disclosure of additional compensation arrangement e) Responsibilities of the supervisors f) Expression of opinion g) Use of social media
Code V	Relationship with and responsibilities towards our customers
Code VI	Protecting business assets and information
Code VII	Respecting others
Code VIII	Misconduct
Code IX	Insider trading: a) Insider information b) Trade restrictions on senior management c) Restrictions on tipping d) Employee investment e) Business opportunities
Code X	Control

## ANTI-CORRUPTION POLICIES AND PRACTICES

The three components of IDLC’s anti-corruption strategy include: 1) Risk management 2) Compliance 3) Audit.

These areas are acted upon by a combination of zero-tolerance policy, risk-based auditing, anti-money laundering and terrorist financing activities, whistle-blowing mechanism, departmental control function checklist and implementation and compliance with Standard Operating Procedures (SOPs). Regular staff

training sessions and process automations are actively carried out in this regard.

These measures are institutionalised by the Internal Control and Compliance Department (ICC) that reports directly to the CEO & Managing Director and the Audit Committee of the Board of IDLC. In line with regulatory requirements, the ICC is responsible for the following activities:

- Assess compliance with applicable laws and regulations, codes and guidelines, internal procedures and policies. Timely audits are conducted where compliance with laws/regulations/guidelines is critical and appropriate recommendations for enhancement in processes and controls are enunciated
- Track transactions and report any suspicious transactions to the local designated authority. Impart training on anti-money laundering in order to enable staff to mitigate compliance risks as recommended by local regulators
- Act as a contact point within IDLC and deliver timely advice in relation to compliance queries emanating within the Company
- A complaint cell has been formed in line with the DFIM Circular 13/2011 to ensure prompt settlement of complaints. Additionally, a separate webpage (<http://www.idlc.com/feedback.php>) has also been created and a suggestion box has been placed in every branch and office of IDLC to receive complaints
- At IDLC, proper credit administration includes efficient and effective operations related to monitoring, documentation, contractual requirements, legal covenants and collaterals, among others, accurate and timely report to the management and compliance with management policies and procedures and applicable rules and regulations

## COMPLAINT MANAGEMENT

IDLC has a formal complaint management process that is open to all stakeholders including both investors and customers. A dedicated complaints cell is headed by a senior member of the management for dealing with complaints. Complaints may also be dropped at complaint boxes kept at all IDLC branches or can be submitted online on the IDLC website: [www.idlc.com](http://www.idlc.com).



# Management Committee (ManCom)



## Standing from left

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

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

**Md. Saifuddin**  
Managing Director, IDLC SL

**Zahid Ibne Hai**  
Head of SME Division

## Sitting from left

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

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





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

**Mir Tariquzzaman**  
Chief Technology Officer

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

**Md. Moniruzzaman, CFA**  
Managing Director, IDLC IL

**Bilquis Jahan**  
Head of Human Resources

**Mustaq Ahammed, FCA**  
Head of ICC

# IDLC | Creating Livelihoods

IDLC, in partnership with LEADS, has been conducting an environmental awareness campaign titled "Our Environment Our Resource" across different schools in Dhaka since 2013. The objective is to create awareness among schools children regarding responsible environmental management, pollution control and mitigation measures including the 3R concept of reduce, reuse and recycle, and help them adopt best practices in their everyday lives.

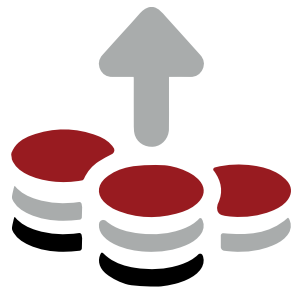
To mark completion of the 1st phase of the campaign, a poster and recycle competition was organised in November 2014 for the school children.

This item won the 2nd prize in the recycle category.

**Message conveyed:** Table lamp made of straws

**Prepared by:** Udayan Ucca Madhomik Biddalay (Higher Secondary School)





# CHAPTER 4

## CREATING OPPORTUNITIES FOR UNDERPRIVILEGED COMMUNITIES



# Creating Opportunities for Underprivileged Communities

Bangladesh, being a highly populated nation, is in a challenging position to ensure quality education, healthcare, accommodation and other facilities for all its citizens. Adding to this are the 1.5 mn young people entering the job market every year, thus further increasing rates of youth unemployment and underemployment. Moreover, this rate is particularly high among women and the educated labour force, that is, youth groups with secondary, higher secondary and honours level education.

To address this situation, the economy not only needs to generate more employment opportunities, but also needs to create more enterprising opportunities for these groups. At the same time, efforts should be given to popularise and mainstream technical and vocational training, thus developing skilled manpower and transforming them into 'skilled human resources'.

It is with this conviction that IDLC prioritises capacity development through better education, health care and technical and vocational training, creating income-generating opportunities for youth groups.

## EDUCATION FOR UNDERPRIVILEGED CHILDREN

Although Bangladesh has made commendable achievements in terms of enrollment in primary education, the dropout rate is significantly high – especially among underprivileged children in rural and urban areas. Large-scale poverty and contribution to family earnings are the two major factors for the prevalence of this scenario. Besides government intervention, the private sector should also come forward by offering scholarships/ stipends to poor students to help them complete at least primary and/ or secondary level education.

### In 2014, IDLC supported:

- SEID Trust in providing education and healthcare support to 15 children with intellectual and multiple disabilities. SEID Trust is an NGO working for capacity development and social inclusion of over 400 children with physical and mental disabilities, including autism. IDLC has been a partner of the SEID Trust since 2006;
- Shishu Bikash Chhaya, an orphanage based in Old Dhaka, housing around 30 children;
- Ahsania Mohila Mission, an NGO providing residential and educational support to underprivileged adolescent girls. IDLC is supporting one girl from the institution in pursuing higher studies after completion of her secondary education;



## TECHNICAL AND VOCATIONAL SKILLS DEVELOPMENT

Between the age groups of 15 to 34 years (around 55 mn people) in Bangladesh, only 4% are engaged in technical roles for alternative livelihood generation and just 1% in vocational training. Paired with academic studies, technical and vocational education and training can play an important role in creating income-generating opportunities for a large number of this youth group, thus reducing the demand-supply gap of skilled manpower both in the domestic and international markets.

### Vocational training for 30 children with disabilities

IDLC signed an MoU with the SEID Trust in January 2015 to develop technical skills of 30 children from the Trust, afflicted with autism, Cerebral Palsy (CP), Down's syndrome and intellectual and multiple disabilities.

The children, aged between 14 to 22 years, come from poor families of rickshaw pullers, day labourers, domestic helps or house maids living in the slums of Dhaka. Considering their physical or psychological conditions and the financial status of their families, these children are almost always considered as burdens to their families.

The training aims to effect socio-economic transformation of these children by equipping them with income-generating skills. The 12-month training focuses on two

areas: tailoring (cutting and sewing) and embroidery and block/batik/tie-dye. After completion of the training, an exhibition will be arranged with products made by these children to create more awareness regarding their capacities.

**Project rationale**

- Provide income-generating opportunities to these children, who are considered as burdens to their families
- Social rehabilitation and acceptability of these children, who are mostly deprived of their fundamental rights and are often subject to humiliation and negligence
- Create awareness among the mass regarding the abilities of these children



**Model Village Project for Youth and Community Empowerment**

IDLC, in partnership with VSO Bangladesh, undertook a Model Village Project in 2013 at Sadarpur village in Rangpur, North Bengal. The project constituted of a variety of initiatives targeting capacity development of youth groups, environmental management and healthcare awareness among the community people.

With IDLC’s support, an IT center in Sadarpur Village of Rangpur, North Bengal, was set up in 2013 under its Model Village Project. The objective was to create access to basic computer education for members of two village youth clubs – responsible for managing the center. The center

offers a 3-month IT training course to the village youth, costing Taka 1,500 each – thus generating income for the training facilitator as well as the youth clubs. Till date, 11 students have completed the course at the center. Few of the members, after completion of the basic course, are now receiving advanced IT training in Dhaka to join the growing ICT outsourcing sector of Bangladesh. The rest are working as volunteers at the IT center to help new trainees. IDLC will provide more computers this year to set-up yet another IT center in the CHT (Chittagong Hill Tracts) region of Bangladesh.

Moreover, the youth club members also received training on basic accounting practices, conducted by IDLC staff. The objective was to help them better manage the youth club accounts in a transparent manner, as well as gain insights into book-keeping methods if they start their own business.

With IDLC’s support, these youth groups receive regular training and mentoring from senior volunteer groups in the village. These initiatives have significantly boosted their confidence, as a result of which they are now working with international volunteer groups as well to drive community development. Moreover, one member has also been selected as a National Volunteer to work with the youth from different UK-based universities under the International Citizen Service Program.

The project also includes regular health camps for the community people, homestead plantation across marginal households in the village, awareness and training on organic vegetable cultivation etc.





## Nursing training

IDLC is supporting a female student from Ahsania Mohila Mission in receiving training on nursing occupation.

## SUPPORTING THE CRICKET TEAM OF THE PHYSICALLY-CHALLENGED

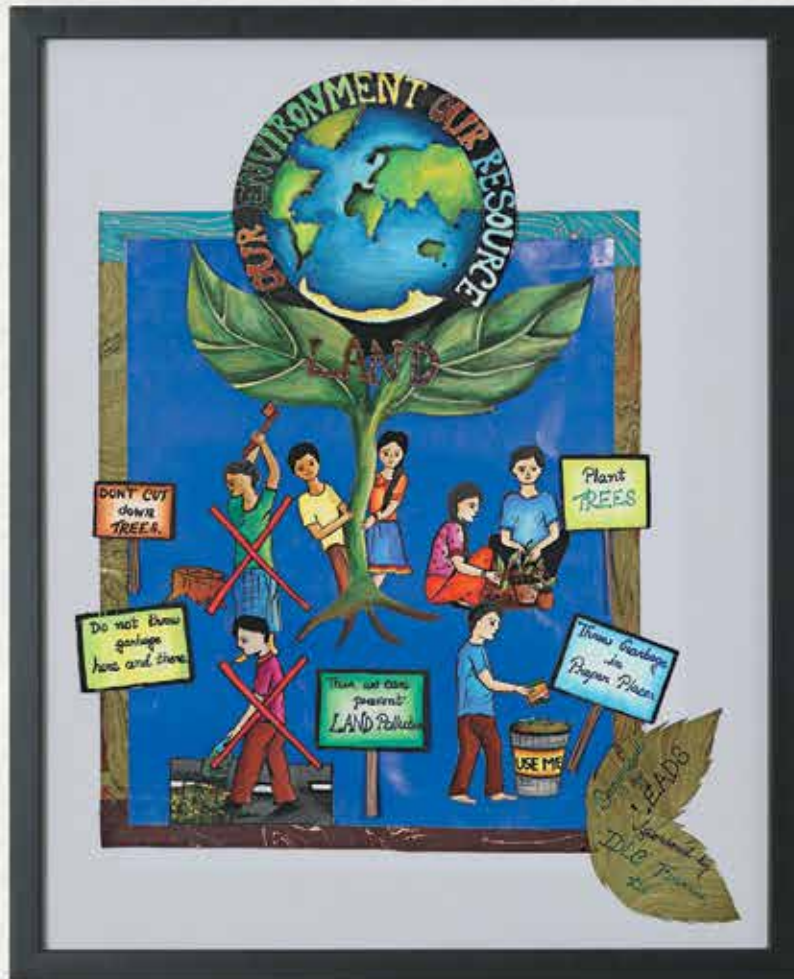
IDLC sponsored the sporting gear of the Bangladesh Cricket Association for the physically-challenged to help them prepare for the T-20 Tournament held in India in June 2014. The 23 member team won the series and were commemorated at the Prime Minister's Office upon their return to Bangladesh.



## SERVICES OFFERED TO LOW-INCOME GROUPS

IDLC aims to create better facilities for low-income groups through its products and services, as well as through its CSR activities. One such product is the SME – Abashan Loan, a facility offered to small businesses that construct or already have permanent structures surrounding industrial areas and Export Processing Zones across the country – to be rented out to workers in different factories. The rental income from these accommodation facilities are used to repay the loan amount.

This product not only creates good business sense for IDLC, but also provides affordable housing facilities for low-income worker groups.



This item won the 3rd prize in the poster category.

**Message conveyed:** Raising awareness against land pollution caused by cutting trees and throwing around garbage

**Prepared by:** Viqarunnisa Noon School and College

## IDLC | Creating Livelihoods

IDLC, in partnership with LEADS, has been conducting an environmental awareness campaign titled "Our Environment Our Resource" across different schools in Dhaka since 2013. The objective is to create awareness among schools children regarding responsible environmental management, pollution control and mitigation measures, and the 3R concept of reduce, reuse and recycle, and help them adopt best practices in their everyday lives.

To mark completion of the 1st phase of the campaign, a poster and recycle competition was organised in November 2014 for the school children.



# CHAPTER 5

## WOMEN EMPOWERMENT



# Women Empowerment

Development in its true sense cannot occur without equal contribution from both men and women. Hence equal participation of women both in the economy and in the society is necessary to drive the overall progress of a nation. IDLC, as a practitioner of sustainable business, converges its business and CSR to create an enabling environment to empower women by focusing on capacity development, access-to-finance, better healthcare facilities, non-discrimination and equal opportunities.

## EMPLOYMENT GENERATION FOR MARGINAL WOMEN

In a country burdened with overpopulation, it is nothing short of an irony that lack of skilled manpower is one of the major challenges faced by businesses and industries today. To reduce this demand-supply gap and create a win-win solution for the industries and the community alike, IDLC launched a project in June 2013 targeting skills development of marginal women and their subsequent placement in the RMG (ready-made garments) sector as machine operators.

### The project satisfies IDLC's commitment to:

- Contribute to socio-economic empowerment of women for an equitable society
- Establish a replicable model to address the demand-supply gap of skilled manpower in Bangladesh

### Project partners

IDLC followed a public-private partnership approach for this project, in partnership with:

- Fareast Knitting and Dyeing Industries Limited from the RMG sector as Industry Partner
- Gazipur Technical School and College (GTSC) under the Directorate of Technical Education, Government of Bangladesh, as Training Partner
- TVET (Technical and Vocational Education and Training) Reform Project of ILO as Technical Consultant
- Care Bangladesh, with support from Shiree, as Community Partner in North Bengal

Besides concept development and execution, IDLC is also responsible for day-to-day management and coordination of the project while acting as the common contact point for all partners.

### Beneficiaries

The project targets marginalised women from North Bengal – one of the most underdeveloped and impoverished regions of Bangladesh. These women are either housewives or are working in the fields with little or no earning capacity prior to joining the training.

Under this project, 26 trainees are enrolled in each batch to undergo a 3-month training, subject to which they are assessed, certified and recruited as machine operators at Fareast.

### Mode of Operation





All project costs, including monthly stipend and accommodation for trainees, initial orientation in North Bengal and transportation costs, remuneration for technical trainers and operational expenses and material costs of the training sessions are jointly sponsored by Fareast and IDLC. The training machineries were provided by ILO with funding from the European Union.

Besides technical training, the project also focuses on issues such as factory rules and regulations, labour rights, gender issues, worker-management relations and occupational health and safety standards.

### Project outcome

Since June 2013, 115 trainees were enrolled under 5 batches. Of them, 94 have been certified and employed as machine operators. The first phase of the training programme (up to June 2016) will complete the training of 12 batches.

The project has delivered some very visible benefits in the lives of these women:

- Monthly income ranging between Taka 7,000 – Taka 10,000 (before training, these women were earning less than Taka 2,000 a month or had no income generation at all)
- Better education for their children
- Higher and regular salaries are allowing them to save for the future
- More participation in the family's decision-making process because of their financial contribution in running the family

Moreover, sessions on non-technical issues combined with technical training are contributing to holistic development of these women and are also engaging the industries and communities at large to create greater empathy and thus minimise worker-management conflict.

### Broader benefits

The project is an example of how organisations from different fields can come together to create a meaningful impact in the community. This model can be scaled up and replicated in other areas, utilising the available infrastructure of the technical training schools and polytechnic institutions under DTE in all districts of Bangladesh. Local NGOs can be mobilised in each area to source trainable individuals. Associations like the BGMEA and BKMEA can also be brought on board to influence industries to lend support in terms of training module development, training of trainers, regular monitoring and recruitment of trainees after successful completion.

Such coordinated efforts from the government, NGOs and the private sector can not only boost availability of skilled manpower, but may also prompt industries to relocate to other zones in the country, instead of requiring relocation

of these people to existing industrial belts. This will create more job opportunities locally and thus contribute to holistic economic development across the country.

### Major challenges and mitigations

- Trainees not qualifying as machine operators even after the 3 month training and extension remain dissatisfied and spread negativity in their villages: Care is organising special sessions to make trainees and their families understand that 3 month training does not guarantee their recruitment as machine operators; rather it is dependent on the efficiency levels they achieve. The same is being communicated throughout the 3 month training session by other project partners
- Trainees not being able to adjust in the neighbourhood of the RMG workers: Regular motivational sessions are held by project stakeholders, focusing mainly on opportunities after training completion
- Frequent leave-taking during the job and not coming back from holidays: Although motivational sessions are carried out to address this problem, such action is associated with the trainees' basic attitude. Hence, more care has to be given during selection and training phase and proper action will be taken against trainees with higher absenteeism



## HEALTHCARE AWARENESS FOR MARGINAL WOMEN

Healthcare services in Bangladesh face significant challenges in maintaining its quality – owing mainly to a lack of trained doctors and nurses, expensive healthcare facilities and significant lack of awareness among people regarding basic health and hygiene issues. The people mostly affected are those in the lower ladders of the community. Hence, support from the private sector becomes crucial to complement initiatives of the government and the donor organisations.

IDLC is increasing its investment in the healthcare sector of Bangladesh, focusing mainly on awareness creation in basic health and hygiene issues, ensuring safe drinking water and sanitation for the poor and assisting patients with terminal diseases, among other initiatives.

Recently, a healthcare session has also been included for the trainees, in partnership with the TAHN Foundation (Training and Assistance on Health and Nutrition), focusing on female health and hygiene issues such as health and nutrition, personal hygiene, timing of marriage and first pregnancy, safe delivery of the baby and the importance of breastfeeding for both mothers and newborns. The TAHN Foundation specialises on awareness and training of marginal female groups in Dhaka and Chittagong on female health and hygiene issues.

Depending on the success of this programme, IDLC plans to replicate this project in Chittagong as well, in participation of female workers from different RMG factories located in the area. An additional component would be to develop community counsellors who will spread awareness and educate workers on consideration of fixed salaries per month.



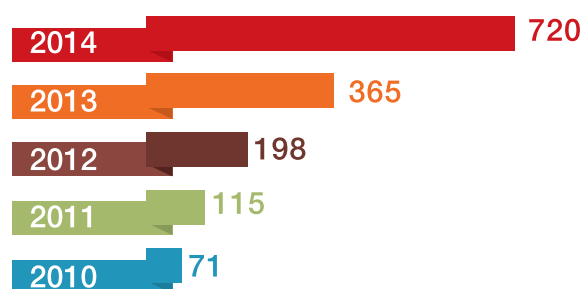
## WOMEN ENTREPRENEUR LOAN

The path to women empowerment starts with financial independence and the authority to make decisions for themselves. However, having said so, the socio-cultural environment of Bangladesh is not much conducive to women-led businesses and a major obstacle in this regard is access-to-finance from formal banking channels. Due to some misconceptions regarding overall management and growth potential of women-led businesses and their highly specialised nature, many banks and FIs are not focused on this particular segment.

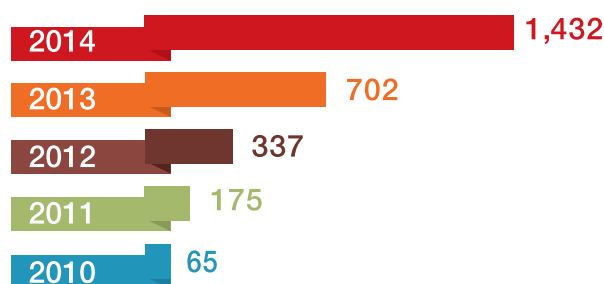
IDLC is breaking this barrier by being one of the pioneers in offering Women Entrepreneur Loans – a specialised term facility for women entrepreneurs. Starting in 2008, IDLC has reached over 700 customers till date, with a portfolio size of Taka 1,578 mn at the close of 2014 (growing from Taka 61 mn in 2010). The clientele represents a variety of sectors including food and beverages, beauty and wellness, poultry, home appliances and household items, apparels and accessories and transport.

Through our specialised and dedicated ‘Women in Business’ cell, we are emerging as a partner of choice among women entrepreneurs in our country and connecting them with opportunities by not just disbursing loans but by holistically looking at their businesses’ growth potential and giving them the support and impetus to realise their full potential. Moreover, in addition to flexible collateral and repayment options, IDLC is one of the largest recipients of the Bangladesh Bank’s refinancing facility, thereby offering the loan at the rate of 10%.

### Women entrepreneurship loan accounts/ mandates



### Disbursements of women entrepreneurship loans





IDLC has also recently partnered with IFC of the World Bank Group to launch a programme to:

- Develop capacity of IDLC staff to better understand and address needs of women entrepreneurs
- Develop capacity of women entrepreneurs in terms of management, book-keeping, market linkage and product promotion to help grow their business
- Design CSR projects aiming at the socio-economic transformation of marginal women
- Create a more women-friendly environment within IDLC

## IDLC LADIES' FORUM

IDLC has a dedicated 'Ladies Forum' that provides a common platform to its 170 plus female staff to network with one another and share views, opinions and issues for improving their professional and personal lives.

The Forum is presided over by the Head of Human Resources of the IDLC Group and the decision-making authority is entrusted to a 12 member Executive Committee.

The Forum arranges sessions in participation of all its members twice every year. Besides addressing internal issues such as a better women-friendly working environment, better managing male customers and colleagues, grievances and/or discriminatory remarks and practices, the sessions also focus on issues such as work-life balance for working women, especially mothers, female health and hygiene issues, mother and childcare issues, physical fitness (including basic self-defense techniques) and confidence building.

Special Session on Women Empowerment, in celebration of International Women's Day 2015, by Ms. Wasfia Nazreen – "The National Geographic Adventurer of the Year 2014-2015" for her expedition to the Seven Summits and the second woman from Bangladesh to conquer Mount Everest.



# IDLC | Creating Livelihoods

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To mark completion of the 1st phase of the campaign, a poster and recycle competition was organised in November 2014 for the school children.

This item won the 3rd prize in the recycle category.

**Message conveyed:** Table lamp made of used plastics and coconut shell

**Prepared by:** Dhanmondi Government Girls' School





# CHAPTER 6

## ENVIRONMENTAL SUSTAINABILITY

# Environmental Sustainability

## ENVIRONMENTAL AWARENESS CAMPAIGN FOR SCHOOL CHILDREN

Globally, environmental and climate change issues revolve around the widespread pollution caused by increasing population, industrialisation, urbanisation and mindless misuse and wastage of resources. Through our lifestyle, we are causing irreversible damage to our planet in the form of air pollution, water pollution, noise pollution and land pollution. Moreover, with increased consumerism, we use, consume and dispose-off many organic and inorganic items everyday – both consciously and unconsciously. As a result, waste generation has also increased manifold. Instead of relying on government interventions only, we as individual citizens also cannot deny our responsibilities in improving the overall situation.

To fulfill that objective through responsible personal behaviour and practices, the first step is awareness and the most effective way to create awareness is by engaging children who are more receptive to new ideas, thoughts and practices.

With this conviction, IDLC joined hands with LEADS (a social organisation of TRK Consultancy Services) and initiated a campaign titled “Our Environment Our Resource” in January 2013 by engaging children from different schools in Dhaka.

The programme targeted school children from standards six and seven, focusing on three major issues:

1. Environmental pollution: How we are contributing to air, water, land and noise pollution and the possible mitigation measures
2. Responsible resource consumption: What we can do to reduce exploitation and wastage of natural and national resources, like electricity, water and natural gas
3. 3R Principle: How we can adopt the principles of reduce, reuse and recycle in our daily lives to reduce wastage and make resource utilisation more efficient

### Campaign activities

The campaign is conducted through four sessions/ activities:

- Introductory workshop with school teachers, explaining the campaign objectives and modus operandi. Afterwards, these teachers act as coordinators in their respective schools
- Initial session with 50 children from each school, conducted through multimedia presentations, group activities and experience-sharing. After the session, each student is assigned the task to communicate this knowledge to their families, friends, classmates and neighbours. Moreover, stickers and posters with responsible messages and tri-color waste bins for

source separation of waste materials are provided for use within the school premises

- Follow-up session with 100 children from each school – 50 participants from the initial session(s) and 50 new students (each participant in the initial session brings one friend) are assigned tasks in the initial session and accounted for during the follow-up session; students share their experience of practicing these lessons and communicating with others
- Poster-recycle competition and exhibition by the students, reflecting innovative solutions/ measures in addressing these issues. There is also a ‘Highest Communicator’ award for the student who has communicated better practices to the maximum number of people

### Outcome

34 sessions were conducted under the first phase of this campaign, in participation of 1,568 children from the following 15 schools:

Viqarunnisa Noon School & College, Bangladesh International School and College, Dhaka Residential Model College, Udayan Higher Secondary School, St. Joseph School and College, Agrani Girls' School and College, University Laboratory School and College, Shaheed Bir Uttam Lt. Anwar Girls' College, RAJUK Uttara Model College, Adamjee Cantonment Public School and College, Dhanmondi Government Girls' School, Motijheel Government Girls' School, Azampur Government Primary School, Rayer Bazar High School and Jhigatola Government Primary School

The 3-day poster-recycle competition, followed by a cultural programme and closing ceremony, attracted huge crowds. The children displayed their creative and innovative ideas through colourful posters and recycled items in line with the campaign theme. Moreover, the ‘Highest Communicator’ award was also given to the student who communicated this knowledge to the maximum number of people. Students also shared their experience with the audience regarding how this campaign has changed their behaviour and practices and has motivated them to help others embrace change as well.

### Second phase of the campaign





A MoU was signed with LEADS on February 25, 2015, to start the second phase of the campaign from March 2015. Besides the existing 15 schools, more schools will be approached in Dhaka to be included in the campaign.

## GREEN BANKING

“Green banking” has become one of the most discussed concepts globally. Originating in the western countries, it is now practiced across the emerging and developing economies around the world as well. It endorses environment-friendly banking practices and financial products, services and processes with the ultimate objective of reducing the carbon footprint, fighting climate change and managing the environment in an intelligent and sustainable manner, while at the same time running the business profitably.

So, it suffices to say that ‘green banking’ ensures the utilisation of organisational resources in favour of the environment and the community and in the process, plays a critical role in finding solutions to align interests of our stakeholders, especially our customers and shareholders, with the broader interests of the planet.

The newly established GB & CSR Department of the Bangladesh Bank is now engaging and encouraging all banks and FIs to step-up their green banking initiatives and standards. The necessary policy guidelines and work plans for banks and FIs have been put into effect by the Bangladesh Bank that encompasses policy formulation and governance, incorporation of environmental risks into the CRM (Credit Risk Management), in-house environmental management, introducing sector-specific green finance, creation of a Climate Risk Fund, capacity building through training and awareness and periodic reporting on green banking practices. Moreover, the Bangladesh Bank also offers very low-cost refinancing facilities for clients engaged in various green banking activities.

Furthermore, other development partners and multilateral financiers are also keen to invest in this sector, in addition to their other interventions in protecting the environment. Among others, the World Bank, Asian Development Bank (ADB), European Energy Efficiency Fund (EEEF), International Climate Fund (ICF) and Global Climate Partnership Fund (GCPF) are providing soft loans with flexible terms and tenors. Different government agencies are also playing their part in promoting this sector.

These have opened a number of avenues for IDLC in its quest to become green. The policy requires much more than just pursuing ‘green’ projects, technologies and initiatives that manage our environmental impacts; it means a complete change in the organisation’s DNA by resorting to the following activities:

### Policy formulation and governance

IDLC, as its first step towards becoming ‘green’, formed green banking policy and strategies in line with the Bangladesh Bank guidelines. Moreover, a separate Green





Banking Desk was also established to manage and coordinate these activities across the organisation.

### **Green finance**

Green finance appeared as an alternate financing opportunity to diversify business. In order to promote

environment-friendly practices, compliance issues, occupational health and safety and green business opportunities, IDLC undertook a number of projects that would substantially increase our share of the 'green' portfolio.

In 2014, IDLC financed renewable energy projects to generate 300KW of electricity from solar energy – providing electricity to around 20,000 people living in off-grid areas of rural Bangladesh while creating livelihood opportunities for 200 families

In terms of pollution control and compliance issues, IDLC financed several industries to install Effluent Treatment Plants (ETP) and fire-fighting equipment. Industrial zones of Naryangonj and Narshingdi are being polluted by dyeing industries where a soft loan for ETP installation appeared as an additional comfort

IDLC is also in the process of raising a fund of Taka 934.5 mn for three energy-efficient brick kiln projects equipped with environment-friendly tunnel kilns and HHK technology – thus reducing both energy consumption and emission while having higher rates of return. These three projects are expected to produce 3,00,000 bricks per day, with close to zero emission.

From an ethical point of view, IDLC never accepts agricultural land as mortgage for any project – including green projects

Moreover, green project sponsors go through the same appraisal process that other applicants go through to ensure their creditworthiness and secure the finance

acknowledgement for the green industry. IDLC is also financing a spinning and RMG factory equipped with state-of-the-art green technologies. Although the initial capital investment for such an initiative is comparatively higher, it allows more cost efficiency over the long run with obvious positive branding.

### **In-house capacity development**

IDLC is investing in in-house capacity development by sponsoring six of its employees in becoming 'Certified Energy Auditors', a global recognition for conducting energy audit. This is much needed for future green projects and can reduce the need to depend on external resources or expertise in this regard.

### **Incorporation of environmental risk into the CRM**

In order to integrate E and S (Environmental and Social) issues in the overall credit risk management framework, IDLC incorporated the Environmental Risk Management (ERM) guidelines of the Bangladesh Bank. Under this approach, environmental and social viability of business proposals are now also assessed through sector-specific Environmental Due Diligence (EDD) checklists, and Initial Environmental Examination (IEE)/ Environmental and Social Impact Assessment (ESIA) is mandatory for project financing.

As of 2014, 260 projects were eligible for EDD and were accordingly assessed following the ERM guidelines. Accordingly, an Environmental Risk Rating (EnvRR) was conducted whereby 161 projects were rated as "Low Risk", 2 as "Moderate Risk" and the rest as "High Risk" projects. Appropriate mitigation measures were devised while financing "High Risk" projects, to be complied with during

the term of the facility.

### **In-house environmental management**

IDLC is one of the pioneers in the banking and financial sector of Bangladesh to actively leverage its technology platform for continuous efficiency improvement, while minimising its environmental footprint. IDLC is one of the few organisations in Bangladesh to have adopted ICT (Information and Communication Technology) not only to achieve excellence in different operational areas, but also for in-house environmental management.

Technologies as sophisticated as video conferencing, connecting major branches with the head office and thus reducing needs for physical travelling, has been in place since 2010. The latest addition is Microsoft Lync, a cutting-edge communications solution that has been in place since 2013. Its audio-video conferencing facility helps conduct over 200 online meetings everyday across branches, and allows the staff from different locations to work together on reports and presentations, thus reducing the need for paper printouts.

This is in line with IDLC's effort to move towards a paperless environment, whereby except for regulatory, legal and audit requirements, all other operations are being automated to save paper. Some other notable initiatives in this regard include the usage of revised and more specific formats for reports and appraisals; reducing the number of printers and installing both-side printing as the default option; and limited printing of diaries, calendars and greeting cards every year. Major automation projects under implementation include HR Management System, Staff Salary and Commission System, and Customer



Relationship Management System.

A major technological achievement is the server virtualisation that was first implemented in 2010. Not only has this increased capacity and efficiency of the data centers, but has also significantly cut down on capital expenditure on physical servers, as well as reducing electricity consumption and CO<sub>2</sub> emissions. Every server virtualised has a capacity to save 7,000 kWh of electricity and 4 tons of CO<sub>2</sub> emissions – thus annually saving over 266,000 kWh of electricity and 152 tons of emissions from 55 virtual servers currently in place.

## In 2015, IDLC will be circulating its “Green Office Guideline”, consisting of the “Green Code of Conduct” for all employees to understand and follow.

### Green marketing, training and awareness

IDLC participated in the ‘Green Energy Expo 2014’, arranged by IDCOL to showcase green marketing and renewable energy, as well as other green products. The Expo provided IDLC a good exposure and new leads were generated under the green financing scheme. Moreover, IDLC also participated in a market expo organised by ADB and Tetrattech, expressing its keen interest in financing energy-efficient projects which increase access to energy.

In 2014 alone, a total of 12 training programmes were arranged by IDLC on green banking and financing, accommodating 177 business personnel. Moreover, a number of awareness sessions were organised on green banking policies, practices and products targeting professionals from different sectors, in order to reduce IDLC’s carbon footprint in financing projects from these sectors.

## ENVIRONMENT AND SOCIAL MANAGEMENT SYSTEM

IDLC is also adopting an Environmental and Social Management System (ESMS) – upgrading its project appraisal and risk management process by integrating environmental and social perspectives as well.

The objective of ESMS is to help IDLC identify projects and customers with potentially high environmental and social risks; enable them to evaluate the E and S performance of such customers through its due diligence and credit appraisal process; and make these customers, especially those who are not complying with local E&S regulations,

act more responsibly through the use of environmental or social covenants in facility agreements.

The project is currently in its pilot phase, to be implemented fully after incorporating feedback from clients and Relationship Managers from business units.

ESMS is being implemented from the support of FMO (a Dutch Development Organisation), and FI Konsult, the appointed consultant for this project having an extensive experience of implementing ESMS across organisations from different countries, including Bangladesh.

## TREE PLANTATION

To minimise its carbon footprint and fight impacts of climate change, IDLC regularly conducts plantation activities across many regions of the country. In 2014, IDLC, with support from the CREL Project of Winrock International (an USAID project), has sponsored a homestead tree plantation programme in the Chittagong Hill Tracts. A total of 3,750 saplings of fruit-bearing trees have been planted across 250 marginal households across ten villages, with the objective of increasing their household income by selling proceeds from the grown trees. Dudpukuria Co-management Organisation, a voluntary co-managed organisation endorsed by the forest department and under the network of CREL Project, is acting as the implementing body for this plantation programme.

This project not only contributes to better environmental management by reducing dependency on forest resources by these households, but also allows income generation by selling proceeds from the grown trees.



IDLC also sponsored another plantation programme whereby 1,000 saplings were planted at Trishal, Mymensingh, with the support of Jatio Kobi Kazi Nazrul Islam University, and Toru Pallab, a voluntary organisation managed by renowned environmentalists in Bangladesh. The second phase of this programme will be carried out in May 2015 by planting another 1,000 saplings.

Previously, IDLC had partnered with the Everest Academy, IPAC Project of the USAID, and Mirpur DOHS Parishod for similar plantation initiatives.



This item won the consolation prize in the poster category.

**Message conveyed:** Showcasing noise pollution caused by different elements such as loud music, microphones, vehicles etc.

**Prepared by:** Viqarunnisa Noon School and College

## IDLC | Creating Livelihoods

IDLC, in partnership with LEADS, has been conducting an environmental awareness campaign titled "Our Environment Our Resource" across different schools in Dhaka since 2013. The objective is to create awareness among schools children regarding responsible environmental management, pollution control and mitigation measures, including the 3R concept of reduce, reuse and recycle, and help them adopt best practices in their everyday lives.

To mark completion of the 1st phase of the campaign, a poster and recycle competition was organised in November 2014 for the school children.



# CHAPTER 7

## HUMAN RESOURCE MANAGEMENT

# Human Resource Management

IDLC's Human Resource Department is committed to work strategically with diverse business segments in identifying and responding to the evolving business needs. As a strategic business partner, it creates a work environment that thrives on diversity, high individual and organisational productivity and performance, continuous improvement, and exceptional customer service.

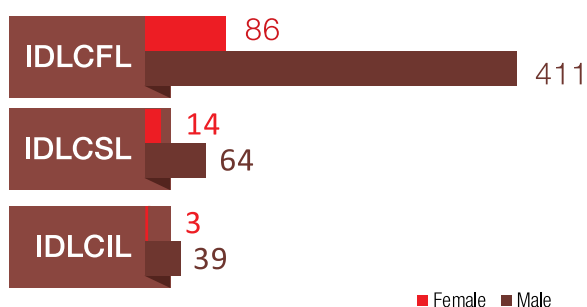
We are dedicated to construct an outstanding service-oriented culture as well as maintain a strong work-life balance. Moreover, by encouraging employee engagement, we foster the spirit of teamwork and collaboration with a strong focus on quality in our day-to-day operations.

## Core HR indicators

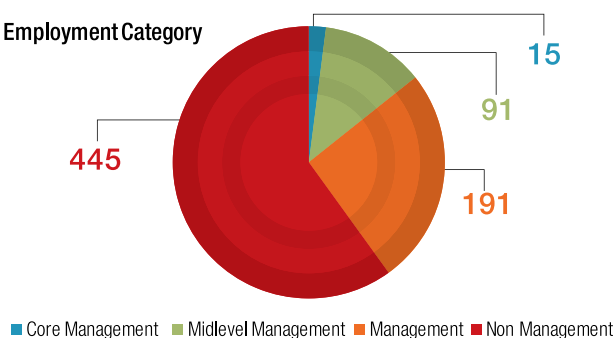
### Staff Strength of IDLC Groups of December 31, 2014



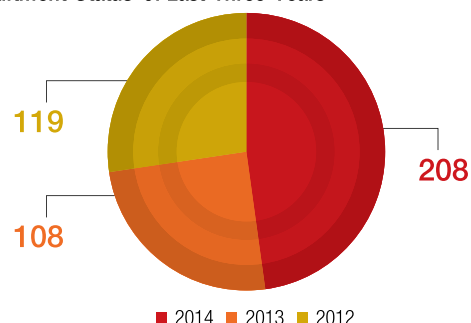
### Gender Analysis



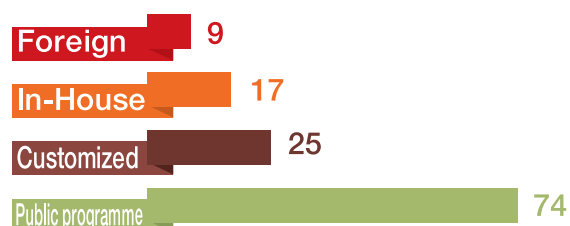
### Employment Category



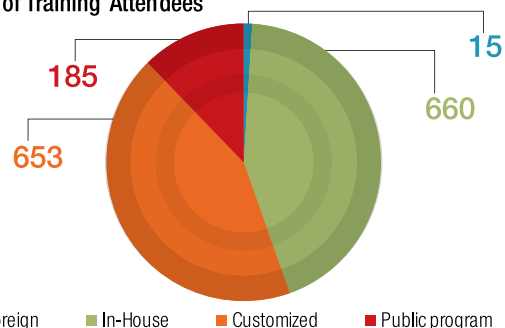
### Recruitment Status of Last Three Years



### Number of Training in 2014



### Number of Training Attendees in 2014



### An overview of the HR is given below:

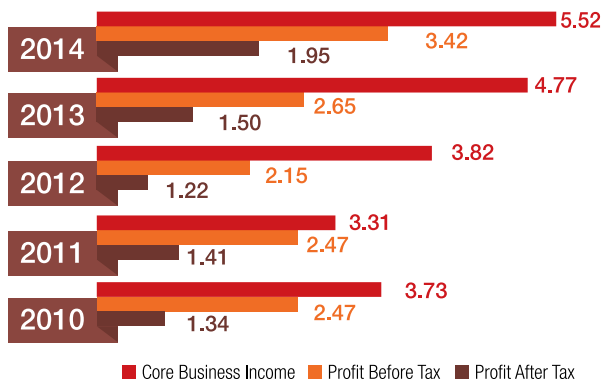
(Taka in million)

	2014	2013	2012	2011	2010
No. of FTE (person)	593	525	481	409	353
Operating cost per employee	2.09	1.95	1.71	1.50	1.60
Training cost per employee	0.022	0.017	0.003	0.026	0.013
Operating profit per employee	3.52	2.96	2.36	2.58	2.55
Gross turnover per employee	13.25	12.76	10.48	8.99	7.62



## Per Employee Productivity

Taka in million



## ATTRACTING TALENT

IDLC is powered by talent. Being in the business for the past 28 years, IDLC has provided challenging career prospects to young and enthusiastic professionals, offered opportunities for their professional and personal development and maintained a work environment that is characterised by trust, respect, equal opportunities, cooperation and collaboration. At IDLC, we consider our human resources as our most important assets and continuously invest in attaining the goal of attracting, retaining, growing and inspiring employees across the organisations.

## RIGHT PEOPLE IN THE RIGHT PLACE

While IDLC aims to attract the best candidates from the industry, it is equally important to place the right people in the right positions at the right time. This requires a continuous maintenance of efficient hiring and staffing processes, while understanding our workforce needs, levels and effectiveness of our recruitment strategies.

The purpose of IDLC's merit-based recruitment and selection process is to ensure that vacancies are filled by the most competent incumbents. IDLC provides equal employment opportunities to all applicants without bias to race, religion, gender, age, disability or any other criteria permissible by the statutory laws of the country. Recruitment and selection is based solely on job-related criteria, and promotes fairness, diversity and transparency. The process complies with all state laws, regulations and policies.

## PERFORMANCE MANAGEMENT

IDLC is a performance-driven organisation. Our performance appraisal is the single-most important tool that enables the company to assess individual performance and competency, and accordingly plan his/ her career progression. The sole objective of this performance appraisal system is to maximise efficiency and help the employees achieve their career aspirations.

IDLC recognises the efforts of individuals who aspire to make a difference. Our employees receive a performance bonus annually in acknowledgement of their individual contribution, hard work and dedication. Moreover, we also give 'spot awards' to appreciate those who have the spirit to take on new challenges and contribute to areas outside their regular responsibilities.

The performance appraisal process is carried out for all employees at IDLC and is strictly monitored and documented by the Human Resource Department.

## TRAINING AND DEVELOPMENT

A workforce consisting of individuals eager to learn and grow is a sure sign of a company hiring well. Employees engaged in their jobs and careers seek to know more about their company and the industry and to learn skills that will improve their performance. Employers who want to harness the full value of their employees and foster loyalty and retention find that training is a winning prospect for all involved as it strengthens knowledge and awareness of leadership, and enhances efficiency and profitability.

IDLC's training policy applies to all employees and aims at ensuring appropriate training to be imparted to enable individuals reach satisfactory performance levels.

In 2014, IDLC imparted extensive training on topics including general training on basic banking operations, professional salesmanship, business etiquette and professional excellence, credit risk management etc.

## SUCCESSION PLANNING

IDLC's management possesses succession plans to provide leadership continuity and avoid extended and costly vacancies in key positions. Our succession plan is designed to identify and prepare candidates for high-level management positions that become vacant due to retirement, resignation, death or new business opportunities. It is IDLC's policy to assess the leadership needs of the Company in a way that ensures the selection of qualified leaders matching its mission and goals.

## EMPLOYEE BENEFITS

All permanent staff at IDLC are entitled to benefit schemes such as performance bonus, life and medical insurance coverage, welfare fund etc., and loan facilities such as housing loan, transport loan, personal loan etc.

Also 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 organisation, we provide facilities including flexible working hours, maternity benefits, transportation facilities following late working hours etc.

## GRIEVANCE MANAGEMENT AND COUNSELLING

IDLC focuses on providing a prompt and impartial resolution to grievances brought forward by employees based on any kind of discrimination and deprivation. IDLC seeks to establish an environment of equal employment where advancement and appreciation are solely on the basis of merit, talent and competency. If an employee experiences a situation which is not in alignment with the core values of the Company, he/ she is at liberty to bring this to the notice of the management through the mandate of this policy. Employees are assured that their complaints will be addressed without delay and judiciously by the management. On the other hand, employees are motivated through proper counselling and encouraged to have a healthy conversation should any grievances arise.

## HEALTH AND SAFETY ISSUES

Creating and maintaining a safe and healthy workplace is in the best interest of individuals and the institution as a whole. Employees enjoy favourable working hours so that they can ensure a balance between professional and personal interests. IDLC ensures that the health and safety at the workplace complies with internal health and safety policies and procedures. It also develops, coordinates and implements strategies to prevent workplace injuries and illnesses and sets standards for health and safety training. It regularly arranges training on fire fighting, vaccination programmes and monthly health check-ups by a prescribed physician. IDLC also covers hospitalisation insurance to ensure holistic medical security of its employees as also group life insurance schemes to cover the unforeseen risk of death as well. Moreover, special accidental issues related to the employee and his/ her family members are reviewed by the HR and Compensation Committee to compensate them in any way possible.

Moreover, IDLC also arranges regular awareness sessions and vaccination programmes at its premises for its staff and their families to prevent diseases such as Hepatitis B, Cervical Cancer and Swine Flu.

## EMPLOYEE ENGAGEMENT

IDLC regularly arranges enjoyable events and activities to bring together its employees and their families, and create a sense of belonging and strengthen ties. Picnics and family days are arranged every year. Very recently, IDLC dedicated a day full of fun and games to the children of the IDLC staff. The premises were colourfully decorated and around 150 children, along with their parents, spent a day with comic characters, mascots and fun rides. It was a unique experience that strengthened the bond amongst the IDLC family. 'Pitha Utshob' was another event celebrated.



# IDLC | Creating Livelihoods

IDLC, in partnership with LEADS, has been conducting an environmental awareness campaign titled "Our Environment Our Resource" across different schools in Dhaka since 2013. The objective is to create awareness among schools children regarding responsible environmental management, pollution control and mitigation measures, and the 3R concept of reduce, reuse and recycle, and help them adopt best practices in their everyday lives.

To mark completion of the 1st phase of the campaign, a poster and recycle competition was organised in November 2014 for the school children.

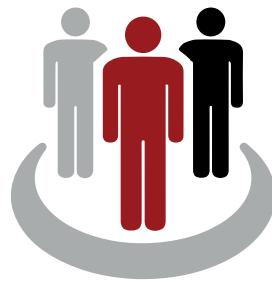
This item jointly won the 1st prize in the recycle category.

**Message conveyed:** Duster made of plastic bottle strips

**Prepared by:** Viqarunnisa Noon School and College







# CHAPTER 8

## EXTENDED RESPONSIBILITIES



# Extended Responsibilities

## BLANKET DISTRIBUTION

IDLC has distributed over 3,500 blankets this winter across different areas of North Bengal, the Southwestern Region and Chittagong. The distribution was carried out by the officials at IDLC's Bogra, Jessore, Khulna, Chittagong and Natore branches, together with IDLC's clients and local NGOs. IDLC carries out such distributions every year to help the underprivileged section of the community in braving the bitter cold of winter.

Around 40 locations were covered this year, including Bogra, Gabtoli, Sherpur, Shariakandi, Nandigram, Shantahar, Noagaon, Mohadevpur, Joypurhat, Jamalganj, Bibirpukur, Shahjapur, Sirajganj, Nilphamari, Kishoreganj, Dinajpur, Birol, Setabganj, Birgong, Fulbari, Syedpur, Rangpur Sadar, Natore, Ishwardi, Chanchkoir, Rajshahi and Chapanababganj in North Bengal; Jessore, Khulna, Kushtia, Chuadanga, Jheinaidaha, Kaligonj and Norail in the Southwestern Region; Chittagong Sadar; and Moksehdpur village in Gopalganj.



## BLOOD DONATION

IDLC regularly arranges blood donation camps across its branches, in partnership with the Bangladesh Thalassemia Hospital, whereby employees donate blood for the treatment of patients. In 2014, similar donation camps were organised at Dilkusha and Bogra branches in participation of its employees and clients.



## CHARITIES AND DONATIONS

IDLC donated Taka 1.5 mn for the construction of the Bangladesh Muktiyudhho Jadughar (Bangladesh Liberation War Museum). Besides, time-to-time contributions were made to individuals undergoing extensive treatment for various diseases.



This item won the consolation prize in the poster category.

**Message conveyed:** Raising awareness against wastage of water by showcasing a person turning off the tap after usage. A Muslim Cleric has been used to depict this considering the positive influence of their teachings on the practices and lifestyle of common people.

**Prepared by:** Azampur Government Primary School

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# CHAPTER 9

## STAKEHOLDER ENGAGEMENT FOR REPORTING

# Stakeholder Engagemenet for Reporting

## ENGAGEMENT WITH STAKEHOLDERS FOR REPORTING

Considering the nature of our operations, IDLC's most important stakeholder groups are regulators, customers and employees (including key decision makers of the organisation). For this report, customer groups have not been included for two reasons:

- CSR is a comparatively new concept in Bangladesh and is often defined as philanthropic activities including charities and donations. Hence the first step is to create awareness of stakeholder groups on the sustainability and strategic aspects of CSR, which will accordingly shape their expectations in terms of the organisation's CSR performance; and
- IDLC is following the G4 reporting guidelines for the first time. Hence employee understanding and engagement is crucial in this initial phase of reporting, as the employees will play the focal role in engaging customers in future;

In consideration of the above, IDLC has engaged with regulators, management and employees to identify their preferences, concerns and expectations from IDLC.

Stakeholders Engaged	Engagement Process	Key Issues raised by Stakeholders
Regulators	<ul style="list-style-type: none"> <li>▪ One-on-one Meetings</li> <li>▪ Circular issued by Bangladesh Bank on Green Banking &amp; CSR</li> </ul>	<ul style="list-style-type: none"> <li>▪ Corporate Governance, Ethics and Compliance</li> <li>▪ Anti-corruption measures implemented by the organisation</li> <li>▪ Responsibility of the organisation towards the environment and the community</li> </ul>
Management	Group Discussions	<ul style="list-style-type: none"> <li>▪ Corporate Governance, Ethics and Compliance</li> <li>▪ Anti-corruption measures implemented by the organisation</li> <li>▪ Financial Performance</li> <li>▪ Creating an enabling environment for all IDLC staff</li> <li>▪ Non-discrimination, Diversity and Equal Opportunities</li> <li>▪ Social obligations through capacity development of the underprivileged and women empowerment</li> <li>▪ Environmental obligations through in-house management, CSR and green banking initiatives</li> <li>▪ Superior customer experience through continuous improvement</li> </ul>
Employees	Group Discussions	<ul style="list-style-type: none"> <li>▪ Remuneration and Benefits</li> <li>▪ Career Growth and Development Opportunities</li> <li>▪ Fair Treatment</li> <li>▪ Safe and Healthy Work Environment</li> <li>▪ Work-life Balance</li> <li>▪ Employee Grievance Management</li> </ul>



## MATERIAL ASPECTS IDENTIFIED THROUGH STAKEHOLDER ENGAGEMENT

Based on the issues raised by stakeholder during the engagement process, the following Material Aspects have been identified and included in this report:

- Economic Performance
- Biodiversity
- Compliance
- Employment
- Training and Education
- Diversity and Equal Opportunity
- Equal Remuneration for Women and Men
- Non-discrimination
- Local Communities
- Anti-corruption
- Marketing Communications
- Customer Privacy

## BOUNDARY DEFINED FOR EACH MATERIAL ASPECT

Material Aspects Identified	Material within the Organisation	Material outside the Organisation
Economic Performance	Yes	NA
Biodiversity	Yes Any negative influence on protected and/or high biodiversity areas caused by IDLC's operations may lead to fines / sanctions / loss of license to operate / negative publicity.	Yes This aspect is material for the environment, and for communities living close to protected and/or high biodiversity areas.
Compliance	Yes	Yes This aspect is material for IDLC's customers and the community.
Employment	Yes	NA
Training and Education	Yes	NA
Diversity and Equal Opportunity	Yes	Yes This aspect is material for communities where IDLC creates job opportunities through its operations / branch networks.
Equal Remuneration for Women and Men	Yes	NA
Non-discrimination	Yes	Yes This aspect is material for communities where IDLC creates job opportunities through its operations /branch networks.
Local Communities	NA	Yes This aspect is material for local communities where IDLC has operations or investments in projects.
Anti-corruption	Yes	Yes This aspect is material for IDLC's customers and other stakeholders.
Marketing Communications	Yes	Yes This aspect is material for IDLC's existing and potential customer groups.
Customer Privacy	Yes Maintaining privacy of sensitive customer information is one of the major priorities of IDLC staff and a significant part of its employee Code of Conduct.	Yes This aspect is material for IDLC's customers.

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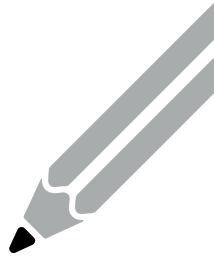
To mark completion of the 1st phase of the campaign, a poster and recycle competition was organised in November 2014 for the school children.

This item won the consolation prize in the recycle category.

**Message conveyed:** Dress made of leftover pieces of fabric

**Prepared by:** Motijheel Government Girls' School





# CHAPTER 10

## GRI-G4 REPORTING INDEX



# Gri-G4 Reporting Index

The report is 'In Accordance' with "Core" standards of the G4 guidelines. Accordingly the General and Specific Standard Disclosures have been detailed below.

## GENERAL STANDARD DISCLOSURES

'IN ACCORDANCE' – CORE	CHAPTER   PAGE NO.
Strategy and Analysis	
G4 – 1	Statement of the Board and Management (Pg 2-3)
Organisational Profile	
G4 – 3	IDLC Finance Limited
G4 – 4	Our Services Bouquet (Pg 11)
G4 – 5	Head Office: Bay's Galleria (1st Floor), 57 Gulshan Avenue, Gulshan 1, Dhaka 1212
G4 – 6	Countries Served: Bangladesh
G4 – 7	Nature of Ownership and Legal Form: Public Limited Company
G4 – 8	IDLC – A story of Growth and Success (Pg 6-14) Our branches are located across districts including Dhaka (Dhaka, Savar, Keraniganj and Imamganj), Narayanganj (Narayanganj and Bhulta), Gazipur (Gazipur and Tongi), Narshingdi, Chittagong, Comilla, Bogra, Natore, Jessore, Khulna and Sylhet.
G4 – 9	IDLC – A story of Growth and Success (Pg 6)
G4 – 10	Human Resource Management (Pg 45)
G4 – 11	100% employees are covered by collective bargaining agreements
G4 – 12	The nature of our operations limits dependence on material or service procurement from external bodies. Our major suppliers include providers of office equipment's, including furniture, computers, kitchen appliances etc.; agencies for event organisation; contractors for maintenance of our branches; third-party agencies providing office assistants, security guards, cleaners etc.
G4 – 13	Two new branches were opened at Bhulta and Natore in 2014, expanding our SME and Consumer Business IDLC – A story of Growth and Success: Shareholding Structure (Pg 6)
G4 – 14	Anti-corruption Policies and Practices (Pg 23)
G4 – 15	Regulatory Bodies and Memberships (Pg 18)
G4 – 16	Memberships (Pg 14)
Identified Material Aspects and Boundaries	
G4 – 17	IDLC's two subsidiaries, IDLC Investments Limited and IDLC Securities Limited are included in the consolidated financial statements and accordingly have been covered in the Annual Financial Report 2014 and Sustainability Report 2014.
G4 – 18	Reporting Parameters (Pg 1)
G4 – 19	Material Aspects identified through Stakeholder Engagement (Pg 54)
G4 – 20	Boundary defined for each Material Aspect (Pg 54)
G4 – 21	
G4 – 22	No information has been restated from that of the last report
G4 – 23	This report has been prepared following the GRI-G4 guidelines.  Major change in the scope of the report from G3.1 guidelines has been in terms of engaging with stakeholder groups to identify the most material aspects that influences the organisation's economic, social and environmental performances, as well as influences stakeholder perception.



'IN ACCORDANCE' – CORE	CHAPTER   PAGE NO.
Stakeholder Engagement	
G4 – 24	Stakeholder groups engaged by the organisation include Regulators, Management and Employees
G4 – 25	Engagement with Stakeholders for Reporting (Pg 53)
G4 – 26	
G4 – 27	
Report Profile	
G4 – 28	January 1, 2014 – December 31, 2014
G4 – 29	April 2014
G4 – 30	Annual
G4 – 31	Ayesha Haque, Head of CSR, Mobile +880 1714073015, Email hayesha@idlc.com
G4 – 32	GRI Content Index
G4 – 33	No External Assurance has been sought for this report
Governance	
G4 – 34	Corporate Governance (Pg 22)
Ethics and Integrity	
G4 – 56	IDLC – A story of Growth and Success (Pg 6-14)
General Standard Disclosures for Sectors	
Required, if available for the organisation's sector	

## SPECIFIC STANDARD DISCLOSURES

PARTICULARS	CHAPTER   PAGE NO.
Generic Disclosure on Management Approach	Disclosure on Management Approach (Pg 7-8)
Aspects and Indicators:	
Economic Performance	
G4 – EC 1	IDLC – A story of Growth and Success (Pg 13)
G4 – EC 2	Green Banking (Pg 40)
G4 – EC 4	IDLC – A story of Growth and Success (Pg 10)
G4 – EC 7	
G4 – EC 8	Employment Generation for Marginal Women (Pg 33)
	Model Village Project (Pg 29)
	Services offered for Low-income Groups (Pg 30)
Biodiversity	
G4 – EN 11	IDLC does not own, lease or manage any operational site that are adjacent to protected areas and/or areas of high biodiversity value outside protected areas
G4 – EN 12	IDLC does not engage in any business or operation that has any form of direct and/or indirect impact on biodiversity
Compliance	
G4 – EN 29	IDLC has neither been party to any non-compliance with environmental laws and regulations of the country nor has it faced any fines in this regard
Employment	
G4 – LA 1	Human Resource Management (Pg 45)
G4 – LA 2	Human Resource Management (Pg 46)
G4 – LA 3	3 staff underwent maternity leave in 2014, with a 100 percent retention rate

PARTICULARS	CHAPTER   PAGE NO.
G4 – LA 4	The standard notice period is one month for such operational changes; however, this period may vary depending on the nature of operation and duties and responsibilities of the concerned officials.
Training and Education	
G4 – LA 9	Human Resource Management – Training and Development (Pg 46)
G4 – LA 10	Training on basic banking operations, professional salesmanship, business etiquette and professional excellence, credit risk management etc.
G4 – LA 11	Human Resource Management – Performance Management (Pg 46)
Diversity and Equal Opportunity	
G4 – LA 12	Board of Directors (Pg 21)
	Management Committee (Pg 24-25)
	Human Resource Management (Pg 45)
Equal Remuneration for Women and Men	
G4 – LA 13	IDLC offers similar basic salaries to all male and female staff for each employment category. Any difference in gross salary is determined by the individual's performance, not his/her gender.
Non-discrimination	
G4 – HR 3	No incident of discrimination has been notified to the Human Resource Department by employees through formal or informal channels.
Local Communities	
G4 – SO 1	Vocational Training for 30 Children with Disabilities (Pg 28)
	Model Village Project for Youth and Community Empowerment (Pg 29)
	Services offered for Low-income Groups (Pg 30)
	Employment Generation for Marginal Women (Pg 33)
	Healthcare Awareness for Marginal Women (Pg 35)
	Tree Plantation (Pg 42)
Anti-corruption	
G4 – SO 3	Anti-corruption Policies and Practices (Pg 23)
G4 – SO 4	
G4 – SO 5	IDLC's policy mandates immediate dismissal of employees proven to be involved in any form of corruption within and/or outside the organisation, and IDLC strictly adheres to this policy.  Formal channels are in place for stakeholder to file complaints against any malpractice by any IDLC staff and accordingly actions are taken by the respective departments.
Compliance	
G4 – SO 8	IDLC has not been party to any non-compliance with laws and regulations of the country and has not faced any fines/ non-monetary sanctions in this regard.
Marketing Communications	
G4 – PR 7	IDLC has not been party to any non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorships.
Customer Privacy	
G4 – PR 8	IDLC has not been party to any incident related to breaches of customer privacy and/or loss of customer data.



# Awards and Recognitions

## DHL-DAILY STAR BEST FINANCIAL INSTITUTION AWARD

DHL-Daily Star Best Financial Institution Award for 2012

## SAFA (SOUTH ASIAN FEDERATION OF ACCOUNTANTS) AWARD

- SAFA Award 2011 as “Winner in Financial Services Sector” and as “Overall Winner” in all sectors of SAARC countries;
- Winner of Best Annual Report 2010;
- SAFA Best Presented Accounts Award 2007;
- SAFA Best Presented Accounts Award 2006;

## ICAB (THE INSTITUTE OF CHARTERED ACCOUNTANTS OF BANGLADESH) NATIONAL AWARDS

- 1st position under the category of “Financial Service Sector” and 2nd position under the category of “SAARC Anniversary Award for Corporate Governance” in the 13th ICAB National Awards for Best Presented Annual Reports 2012;
- 2nd position in the 12th ICAB National Awards for Best Presented Annual Reports 2011;
- 1st position in 11th ICAB National Awards 2010;
- 2nd prize in 10th ICAB National Award 2009 for Best Published Accounts and Reports in the NBFIs sector;
- 2nd prize in 8th ICAB National Award 2007;
- 2nd prize in 7th ICAB National Award 2006;

## ICMAB (THE INSTITUTE OF COST AND MANAGEMENT ACCOUNTANTS OF BANGLADESH) AWARD

- 1st position as the Best Corporate in the Non-Banking Financial Institution Sector 2014;
- Best Corporate in the Non-Banking Financial Institution Sector 2013;
- Best Corporate in the Non-Banking Financial Institution Sector 2011;
- ICMAB Best Corporate Performance Award 2008;
- ICMAB National Best Corporate Award 2007;

## COMMWARD

COMMWARD Excellence in Communication Award 2009

## SUPERBRANDS

Recognition as Superbrands in 2009

