

CREATING OPPORTUNITIES

Beyond the Act of Responsibility

2018

Annual Sustainability Report



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CREATING OPPORTUNITIES

B e y o n d t h e A c t o f R e s p o n s i b i l i t y

Starting with as a single product lease finance company back in 1985, IDLC Finance Limited has now emerged as the largest multi-product Non-Banking Financial Institution in the country. Since its inception, IDLC has been a story of success and growth. The foundation of reaching such heights is built on the trust of our stakeholders through demonstrating good governance, transparency as well as engaging and empowering communities.

At IDLC, we always concentrate our efforts in bringing happiness to people by helping them achieve their dreams through delivering great products and services, as well as through taking initiatives to contribute towards health, education and environment sectors. To continue our actions in spreading happiness, we believe that ensuring sustainability for our organization and society is of utmost importance. Going forward, we want to carry on our work on sustainability and society by **Creating Opportunities beyond the Act of Responsibilities.**

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STATEMENT FROM THE CHAIRMAN



Our long-term success has been a result of our focus on business diversification, process improvement, people, and most importantly, corporate governance. We have pushed to explore new avenues for income and have taken initiatives to build the foundations for the next big leaps through investments that will enable us to utilize sustainable growth opportunities. We have invested in raising our employee morale via engagement activities, fair performance appraisals and training undertakings to facilitate better performance.

Looking back on our activities over the years reveals a repeated series of self-reforms aimed at becoming a company that provides value to society. Technology advances and innovation lead to competitive advantages, and promote a renewed awareness of the need for the ability to transform ourselves. When standing at a turning point, in order to draw an image of the future, we must shift to new ways of thinking. At IDLC, we believe in growth beyond just the projected portfolio and profitability. Growth is also the enhancement of stakeholder value and the developing of our community at large. Bearing this in mind, our dedicated team tirelessly works to integrate the community at large within our core value that strengthens our foundations.

Over 550 volunteers were mobilised through our on-line CSR platform Khushir Kheya donating around 3000 volunteer hours for working together to resolve issues at community level, resulting in over 34,000 smiles since 2017. Through our sustainability projects and acts, we have helped establish schools in remote locations such as Chattogram Hill Tracts and Latarchar – a remote river island of Patuakhali, organized free health camps for cataract and cleft lip patients, enhanced medical facilities and provided scholarships to females who are first in their families to attain education at university level. We believe that our small efforts will lend a hand into integrating various minds and efforts, from institutional to individual levels, to help build our surrounding community, and in effect a sustainable economy.

As part of this commitment, the Board and I are determined to ensure that IDLC remains a place exhibiting highest integrity and honesty and we will continue to promote a culture of excellent governance. It is on the back of this good governance practice that we are the highest tax payer among all the 34 financial institutions in the country and continue to receive “Highest Tax Payer” award honoured by the National Board of Revenue (NBR).

As one of Bangladesh’s oldest and leading non-banking financial institutions, we remain committed to our customer-centric drive which we will continue to improve further in the years to come.

“

We believe that it is important not just to achieve good results, but to do so in a way that treats all of our stakeholders employees, customers, regulators and shareholders in a fair and transparent way.

”



Wishing you much happiness,

Aziz Al Mahmood

Chairman
IDLC Finance Limited

STATEMENT FROM THE CEO AND MANAGING DIRECTOR



It is my pleasure to share with you that by adhering to sustainable financing and responsible growth, the talented and diligent team of IDLC with over 1400 employees has successfully catalysed a 17.4% growth in business through our lending operations and 30% growth in turnover from foreign clients for our brokerage service vertical. We did this by living and practicing the fact that every transaction has a purpose, and our purpose is to finance happiness.

Over the years, we have taken strides to deliver superior value to our customers, preserve and improve on our practices of promoting transparency for our investors and regulators; optimising work-life balance, performance appraisal and compensation packages for our colleagues and do our bit for the society at large. Many of our past initiatives have stemmed from direct feedback from our stakeholders.

As society continues to increase its expectations for businesses to deliver solutions sustainable for our planet, we see opportunities to offer solutions that can help meet those expectations. We are committed to promoting sustainable development and are continuously exploring opportunities that will help us contribute to the SDGs,

particularly in the areas of financial inclusion and green financing. On the sustainability initiative forefront, where we have gained momentum on the on-line CSR platform– Khushir Kheya – we have also launched the first component of our nationwide financial program – Orther Ortho – envisioning it to be a one-stop solution for most financial management issues and queries of the young growing population of our country. Financial inclusion is crucial for sustainable growth and developing skills on the youth on financial literacy is one of the many avenues to attain the SDGs.

Moreover to encourage and inform the target audience, we partnered with Robi 10 Minute School and organized the first-ever online Finance Olympiad, where more than 20,000 students of school, college and university registered and participated.

Additionally we were able to renovate and construct infrastructure of eight primary schools and enter long term commitment with Prothom Alo Trust to support higher education of females from impoverished areas through Oditiya scholarship project. On the healthcare arena, in collaboration with visionary partners, 5,000 individuals were facilitated with better healthcare and counselling.

I hope you find it informative and enjoyable to read more about our sustainability initiatives and corporate governance in the following pages, where I hope you will be able to read about how we are helping to make financial lives better through every connection. Thank you for your support and endorsements.

“

As a financial institution, we are acutely aware that everything they we do is an investment in the future. Sustainability permeates all our actions and it can be said that sustainability is a value that truly drives business for IDLC

”

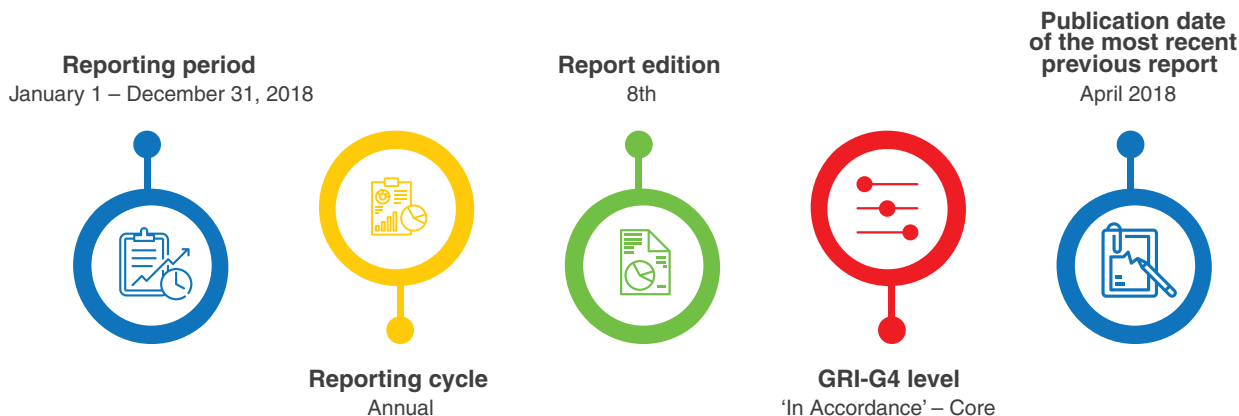
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With warmest regards,

Arif Khan, CFA FCMA

**CEO & Managing Director
IDLC Finance Limited**

REPORTING PARAMETERS



Methodology and Materiality

GRI-G4 guidelines require stakeholder engagement to identify the material CSR and sustainability aspects for inclusion in the report. Through discussions and several one-on-one meetings we have identified priority issues through discussions with the Board, the management teams and employees of the company. CSR team also conducted interviews with CSR partners and beneficiaries and reviewed existing and new regulatory practices and incorporated the same, while drafting the report. The following were revealed as a result of the discussions that influence IDLC's economic, environmental and social performance.

Scope

The core focus of this report is the CSR initiatives of IDLC. In addition, issues affecting the long-term sustainability of the Company's overall operations have also been incorporated.

Boundary

The report details how IDLC addresses the material issues stated above and how these significantly influence performance both within and outside the organisation.

Contact Information

Please email your valuable suggestions and opinions to hayesha@idlc.com, or contact **Ayesha Haque**, Head of CSR, IDLC Finance Limited, at **+88-0173-0374585**.

OUR APPROACH

Our sustainability commitment is an institutionalized approach that has existed from the time of our conception. The idea of sustainability is ingrained into the very personality of our organization, influencing the way we think and act. It summarizes the very bottom line of our existence - consistent enhancement of value for all our stakeholders.

At IDLC, we follow a unique concept where our commitment towards our stakeholders, the environment and the community is reflected in our everyday decisions and operations. Thus Corporate Social Responsibility (CSR) is closely integrated with our business strategies to create the maximum value.

Over the years, these initiatives have helped us create a more robust organisation in terms of assuming responsibility across all levels, embracing the right decisions and making the right choices, enabling us to achieve our desired impact. Our cornerstone for such initiatives is integrating the 3Ps: People, Planet and Profit. At IDLC, we believe that our most important contribution to sustainable development is to operate an effective and profitable financial institution. By providing access to credit and savings products, we enable individuals to improve their quality of life and enhance their financial security; by providing finance to large and small businesses, we facilitate economic growth and job creation; and by financing key sectors crucial for our economic development.

We strive to deliver superior sustainable shareholder value by serving the needs of our customers through our passionate, dedicated and talented team, guided by a Management and Board that brings with it a wealth of experience, navigating us through business cycles.

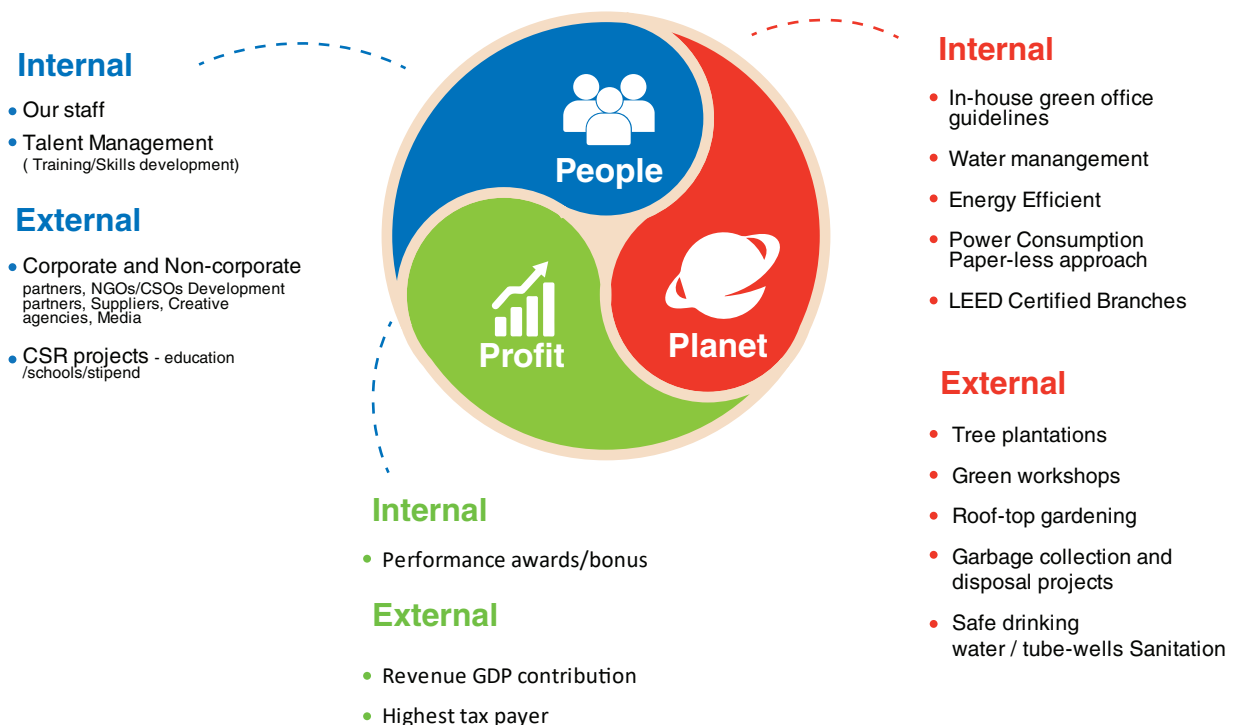


FOCUS AREAS

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. We carry out our CSR not only to build a culture of ‘doing good’ by ourselves but also involve others in the act of doing good thereby ensuring sustainability of the act itself, which in the long-run will help attain relevant Sustainable Development Goals.

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



IDLC sustainability initiatives and projects of 2018, was implemented under thematic areas broadly categorised as Education, Health and Preventive Cure and Environmental Initiatives, while others have been conducted under the umbrella of extended responsibilities. All the initiatives have been designed and upon integrating each activity with relevant Sustainable Development Goals.

KHUSHIR KHEYA -THE VOYAGE SINCE 2017

The platform—Khushir Kheya -- is a project which aims to bring together volunteers, stakeholders, employees and various partners to tackle social problems. Various initiatives were planned and being executed to improve underprivileged communities all across Bangladesh in fields of health, education, nutrition and livelihood, and work to preserve the environment.

OVER **550** 
VOLUNTEERS PARTICIPATED
IN THE **CAMPAIGN**
DONATING AROUND
 **3000**
VOLUNTEER HOURS

 **7000**
BENEFICIARY RECEIVED
DIRECT **HEALTHCARE**
SUPPORT

8 
SCHOOLS GOT
THEIR INFRASTRUCTURE
DEVELOPED

OVER **24000** 
NOW HAVE ACCESS TO **FRESH AIR**
DUE TO OUR **PLANTATIONS**

 OVER **2030**
STUDENTS RECEIVED
SCHOOL SUPPLIES & SUPPORT

 OVER **1200**
FAMILIES RECEIVED
DISASTER AID

OVER **34000 SMILES** WERE
SPREAD THROUGH THIS **CAMPAIGN**

খুশির খেয়া
The Happiness Marketplace

SUSTAINABILITY
INITIATIVES AND
PROJECTS

EDUCATION



Our projects and initiatives are designed to cater to the marginalised and hard-to-reach communities who usually do not have any access to quality education. Through multiple activities and in partnership with dedicated and transparent partners, our sustainability initiatives are integrated with relevant SDGs and implemented as per need of the community. Targeted SDGs are **SDG 4**, ensure clean water and sanitation **SDG 6** and establish sustainable and creative partnerships – **SDG 17**.

Our initiatives aim to improve the lives of those excluded through education and social and economic development. Our programs aim to help improve adult education, educate specific marginal communities, increase income range and improve overall livelihood.

Working in concert with several local, private and non-governmental organisations, our projects and initiatives support effective local management and promote partnerships between local organizations.

EDUCATION

 **1730+**
STUDENTS EMPOWERED


9 
EDUCATIONAL INSTITUTIONS
RECEIVED SUPPORT

 **300**
STUDENTS
ATTENDED FREE PRACTICAL
CLASSES ON THE
ENVIRONMENT

 **400+**
STUDENTS NOW HAVE ACCESS
TO PROPER SANITATION

 **400+**
VOLUNTEER HOURS

1 
LIBRARY WAS BUILT
AND FURNISHED
WITH FURNITURE & FIXTURES

200 
DIFFERENTLY ABLED
CHILDREN SUPPORTED BY
SCHOOL VEHICLES

 **600+**
STUDENTS AND **53+**
TEACHERS HAVE ACCESS
TO SAFE DRINKING WATER

OUR ACTS IN EDUCATION



Noakhali

Renovating and Expanding a Local Cultural Hub

To facilitate & encourage the cultural participation of students at Begumganj Cultural Academy & Library of Noakhali, IDLC took the initiative to renovate, refurbish their cultural activity classrooms and library. The institution used to accommodate 20-30 students per classroom and after completion of the construction work, the local cultural hub is being able to accommodate 100 students per classroom.

To celebrate the collaboration an art competition was organized by IDLC Noakhali Branch team in Begumganj Cultural Academy & Library.

Rangpur

Enhancing Access to Education in Remote Areas

With an aim to enhance the school facilities necessary for education, IDLC supported the expansion of Rangpur branch of Jaago Foundation School through building a new classroom. The expansion facilitated the accommodation of 75 students per day which is 1,650 students per month (22 days). This approach was dedicated towards the enhancement of facilities for education provided to children living in rural areas who will be able to study in classrooms in similar set up to urban environment. To celebrate this partnership an Art competition was organized for 40 students from Class II to encourage a healthy and positive competitive environment on the day. The competition was organised by IDLC Rangpur Branch team.



Chattogram

Supporting Females to Pursue Higher Education

As part of its commitment to ensure sustainable development through community empowerment, IDLC Finance Limited entered an arrangement with Prothom Alo Trust to initiate and implement “Oditiya” – a scholarship program for females from low-income earning socio-economic backgrounds who are first in the families and eligible to attain higher education. Asian University for Women (AUW) is a leading international institution of higher education, which has committed to provide superior quality higher education to women, regardless of background. The underlying vision is to help women evolve economically with the help of education and thus progress to a brighter future. Prothom Alo Trust has been implementing this project since 2007, and on 27th October 2018 IDLC officially announced partnership with the organisation to award scholarship through monthly stipends to ten students for each batch, from 2017 till 2024. Only undergraduate students are eligible for Oditiya scholarship. During the first scholarship award ceremony, 16 students of Asian University for Women received scholarship from this collaborated initiative.



audience. IDLC took this initiative as part of its social responsibility to impart knowledge and help enhance skills of the youth on financial literacy all across the nation. The winners received laptops, mobile phone handsets, trophy, medals and certificates. Orther Ortho' www.orthorortho.com, the E-learning financial literacy platform was formally launched at the end of the event.

Nationwide

First-Ever Online Finance Olympiad

Financial Inclusion is crucial for sustainable growth of any nation and with this in forefront, IDLC conceived a nationwide financial literacy project, the first step of which was to develop and launch a microsite – Orther Ortho. The microsite has been developed to be a one-stop solution for most financial management issues and queries of the young growing population – College and University students.

In order to inform and promote this e-education platform, IDLC partnered with Robi 10 Minute School and organized the first-ever online finance olympiad. More than 20,000 students of school, college and university registered and participated in the online finance olympiad at the end of which 50 deserving contestants were shortlisted for the offline round. Later 24 contestants competed for the champion's title in two groups, in front of a live



Sylhet

Enhancing Access to Primary Education in Remote Locations

Using its branch networks, IDLC works with the communities in various ways to improve the lives and livelihoods along with creating better access to education. In response to a report published on The Daily Star, IDLC extended assistance to Chhalia Government Primary School in Sylhet for renovation and expansion of the classrooms.

Now the students have a classroom and no longer need to do classes under the open sky in the field. To celebrate the collaboration an event was organised in school premise where around 120 students participated in sports and quiz games upon pre-selection by the school authority.

Bogra

Upholding the Dreams of Those Excluded

Every child has a right to quality education. As part of its drive to facilitate education even for the ones with special needs, IDLC extended assistance to Karim Para Autistic & Buddhi Protibondhi Biddaloy in Gabtoli, Bogra by extending the school building with an extra room, thus converting it into an activity corner. In order to help the students commute, IDLC also provided two school vans. The activity corner for the children includes a reading corner, arts and crafts corner and an audio-visual corner. IDLC Bogra Branch team dedicated their time and effort in ensuring the construction, procurement and installations were done on time.



Rangamati-Sajek

Ensuring Education For The Farthest Corners Of Bangladesh

IDLC as part of its sustainability initiative, to enhance access to education for the remotest corners of the country, has completed the construction of school house for the students of Agamir Pathshala, Sajek. This project was implemented in collaboration with Agami Education Foundation and facilitated by IDLC Nandankanon Branch team. On 20 February 2019, the school house with its newly renovated lavatory, was officially inaugurated amidst a half-day sports event engaging all the 50 school children.

Through this it was reinstated that IDLC attempts to contribute to the intellectual development of children by contributing positively to education and environment. And IDLC believes building schools and ensuring better infrastructure is one of the sustainable solutions that compliment this approach.



Latachar, Patuakhali

First-ever Primary School established in Latachar - A Remote Village in Patuakhali

One of the most rewarding experience of IDLC's education projects in 2018 was probably realized after seeing the smiling faces of the 95 students' enrolled in the first school at Latachar, the construction of which was fund by entirely by IDLC. Latachar is a remote village in Patuakhali where there was no schools until now. The two closest schools are at a distance of 5km, where it takes at least an hour to travel by foot and boat. Therefore, the only solution was to build a school within the community and to make that happen, IDLC partnered with Obhizatrik Foundation and donated educational tools and stationery for 120 students in the school. The school was officially inaugurated on 20th February 2019. This project and consequently the opening was co-facilitated by IDLC Barishal Branch team.



Faridpur

Building a Library for Gerda School Bookworms

IDLC as part of its sustainability drive to ensure greater access to education, officially inaugurated the newly-constructed library, and furnished with required furniture and fixtures in March 2019.

IDLC believes a stable environment and permanent facility play key roles in a child's development. And as part of our drive to positively contribute to the national human capital index, IDLC will continue taking such initiative to ensure better access to education. The entire project was conducted and facilitated by IDLC Faridpur Branch team.

Gazipur

Renovation and Extension of School Building at Gazipur

IDLC as part of its sustainability initiative, to enhance access to education for the remotest corners of the country, has recently completed the extension and renovation of Begum Rina Model Academy at Gazipur. Begum Rina Model Academy, is a small school in Gazipur which only caters to children from low-income social economic backgrounds. The school authority runs the school with revenue generated from another school which caters to the more affluent communities. However, due to lack of immediate funding the school was not been able to accommodate the growing number of students. When the IDLC Gazipur team visited the location, upon careful assessment and due diligence it was agreed that the school can be further extended by two or three classrooms to accommodate the children. Thus the work which began in December was completed by end of January 2019.



OUR PARTNER ORGANIZATION



OBHIZATRIK Foundation is a government registered voluntary organization working since 2010 with 3500 volunteers across seven districts in Bangladesh. OBHIZATRIK has supported relief efforts in Bangladesh and Nepal, established three free schools with meals for 400 children, empowered 400 families by their livelihood project and currently operates free weekly clinics for the poor. The organisation is led by Ahmed Imtiaz Jami who is a global shaper of World Economic Forum.

Our Work: We partnered with Obhizatrik Foundation to build the first-ever primary school in Latachar - a remote village in Patuakhali. With their help we were able to **provide educational supplies and stationery for 120 students enrolled in the school.**

🌐 <http://www.obhizatrik.foundation/>

📘 <https://www.facebook.com/obhizatrik/>

OUR PARTNER ORGANIZATION



The Prothom Alo Trust was formed as a not for profit organization in 2009 under the Trusts Act. Maintaining its 'non-profit' stature, the Prothom Alo Trust looks forward to working with people whenever mishaps, tragedies pose a threat of a ruthless end to their hopes, dreams and aspirations. The Trust aims to work with hapless victims of Acid Violence; it works towards raising awareness against substance abuse among the youth. Prothom Alo Trust strives to put a smile on people whenever tragedies strike so that their dreams do not die in the face of tragedies and they can regain hope, self-confidence and resume living life.

Our Work: IDLC partnered with Prothom Alo Trust and initiated the **six-year long project 'Oditiya' a scholarship program for females from marginalized communities**, who are first in the their families qualified for University education.

🌐 **Website:** <https://www.prothomalo.com/trust>

📘 **Facebook:** <https://www.facebook.com/Palotrust/>

HEALTHCARE




We build and utilise partnerships **SDG 17** with institutions and non-governmental organisations at national and community levels to bring practical solutions to underprivileged areas, particularly women and children, at greatest risk. We envision a nation with reduced rate of infant mortality and good health **SDG 3** for all.

All disasters, whether natural, large scale epidemics or based on conflict are health issues, affecting the health of the populations and bringing about substantial loss and disruption to public health systems. Apart from the direct impact from hazards such as trauma and injuries, disasters exacerbate the most common causes of childhood illness and death including diarrhea, pneumonia, malaria, malnutrition and neonatal causes due to disruption of health systems and essential services. In case of an emergency, our emergency health interventions are to provide support to governments and partners across the continuum from development, prevention, preparedness, response and recovery.

Pure drinking water is often an issue of water-borne diseases and thus wherever we work, we try to ensure there is availability of safe and clean drinking water. If any discrepancy found, through our partners we try to ensure safe drinking water either by installing deep tube wells or ensuring the community has access to water filters.


HEALTHCARE

 **300+**
VOLUNTEER HOURS

2000  **NEWBORNS**
HAVE ACCESS TO ENHANCED
INTENSIVE HEALTH CARE
FACILITIES


 **48**
CHILDREN
WITH **CLEFT LIPS**
ENABLED TO **SMILE**

400 
SENIOR CITIZENS PRONE
TO CATARACT RECEIVED
COUNSELLING AND
MEDICINES

 **200**
MINORS DIAGNOSED WITH
CANCER RECEIVED
EID-UL-FITR GIFTS
AND **EDUTAINMENT**

60+ 
VOLUNTEERS MOBILISED

 **2000**
MOTHERS HAVE
ACCESS TO **SAFE-CHILD**
BIRTH AND **TREATMENT**

50  **SENIOR**
CATARACT PATIENTS
GIFTED WITH **EYESIGHT**

2 
HEALTH CAMPS
ACROSS THE
COUNTRY

5000 
PEOPLE FACILITATED WITH
BETTER **HEALTHCARE**
AND **COUNSELLING**

OUR ACTS IN HEALTHCARE



Matuail

Enhancing Medical Facilities for the Mother and the Child

In light of its corporate social responsibility, IDLC Finance Limited pledges to join all efforts towards better healthcare and facilities for all. Quality and affordable

health care is a crucial determinant of human capital. With regard to this vision, IDLC Finance Limited recently donated a neonatal ventilator and furnished the NICU Mothers Room and Kangaroo Mother Care corner of ICMH with 50 hospital beds and air conditioners for two rooms. Institute of Child and Mother Health (ICMH) is dedicated to improve health and nutrition of mother and child, located in Matuail, Dhaka.

Bogra

A humble Effort to Make Everyone Smile Breaking Boundaries

Health care is one of the basic human rights and IDLC Finance Limited prioritizes children from impoverished areas who cannot access affordable health care. 48 children from underprivileged communities born with cleft lips were operated on by ten doctors from Sadhinota Chikitshok Parishad, Bogra and Dhaka Medical College Hospital who volunteered to be part of a surgery camp organized by IDLC Finance Limited. As a part of its CSR initiative, IDLC organised the cleft lip surgery camp at the premises of TMSS Medical College and Rafattullah Community Hospital, Bogra. 30 volunteers were mobilised during the event in total, which was facilitated by IDLC Bogra Branch team.

The camp was an effort to ensure that innocent children can smile to their hearts' content disregarding all societal barriers.



Jashore

Helping the Underprivileged Gain Back Clear Vision

IDLC in partnership with Spreeha Bangladesh Foundation, organised a four-day cataract surgery camp at Jashore. 50 people of different age groups from underprivileged communities, diagnosed with cataract were operated on by doctors from Nova Medical Centre. Among the patients, almost 60 percent were female senior citizens and rest male senior citizens. The entire camp was co-facilitated by IDLC Jashore Branch team.



OUR PARTNER ORGANIZATION



Spreeha Bangladesh Foundation was founded by Tazin Shadid in 2011 with a hope of empowering underprivileged people, break the cycle of poverty. Before starting Spreeha, he founded and ran a healthcare program for five years that provides healthcare to people living in urban slums. Spreeha is a merge of - a bit of Social innovation, a bit of technological innovation and quite a lot of problem solving. Spreeha team is in relentless pursuit of empathizing with real human problems. Spreeha believes that big change happens through individual incremental changes.

Our Work: IDLC collaborated with Spreeha and organised a cataract surgery camp at Nova Medical Centre in Jashore. 50 people of different age groups from underprivileged communities, diagnosed with cataract were operated on by doctors from Nova Medical Centre.

🌐 **Website:** <http://spreehabd.org/>

📘 **Facebook:** <https://www.facebook.com/spreehabd/>

OUR PARTNER ORGANIZATION



Situated beside the Dhaka-Chittagong highway at Matuail, Institute of Child and Mother Health (ICMH) has the largest Neonatal Intensive Care Unit (NICU) which treats critical newborns residing in nearby areas. With a capacity of accommodating 100 newborns at a time, this hospital currently admits 15 to 20 newborns each day on an average. Unfortunately, the facilities was not fully equipped to accommodate the influx of newborns with life threatening situations.

Our Work: IDLC equipped the Neonatal Intensive Care Unit of Institute of Child and Mother Health with a High Frequency Neonatal Ventilator to save infant lives and the mother's room with 50 beds and air-conditioning and basic fixtures. The objective of this initiative was to provide an accommodation facility for local mothers and endow the NICU with necessary lifesaving equipment to treat their newborn babies under the supervision of trained staff at Institute of Child and Mother Health.

🌐 **Website:** <http://www.icmh.org.bd>

ENVIRONMENT



We are committed to protecting the environment and respecting our neighbours. We work hard to cause no harm to people. This is why we set ourselves such high environmental standards. These meet -all regulatory requirements and help attain - **SDG 7** Renewable Energy, **SDG 12** Responsible Consumption and **SDG 17** Partnerships for the Goals.

We encourage partners in joint ventures we do not operate to apply our standards. We work in partnership with many non-governmental organisations and local communities to help us live up to the high standards we set ourselves.

IDLC's CSR activities are regulated by the Sustainable Finance Department of the Bangladesh Bank, formerly known as the CSR and Green Banking Department.

We are also members of the United Nations Global Compact (UNGC), the United Nations Environment Programme Finance Initiative (UNEP FI) and the CSR Centre (local network of UNGC in Bangladesh).

ENVIRONMENT

 **50+**
VOLUNTEER HOURS

1000 
SAMPLINGS WERE
PLANTED & NURTURED

300 
STUDENTS RECEIVED
PRACTICAL SESSIONS
ON NURTURING PLANTS

 **10+**
VOLUNTEERS

600 
AGES
12-16 STUDENTS ATTENDED
GREEN WORKSHOPS

1200 
FAMILIES SUPPORTED THROUGH
WINTER DRIVES

8000+
CITIZENS OF BHULTA
AREA NOW HAVE
ACCESS TO
CLEANER AIR

OUR ACTS IN ENVIRONMENT



Bhulta

Teaching Children to Conserve and Protect the Environment

Over 300 school children of Bhulta School and College participated in a workshop on tree plantation organized by IDLC with technical collaboration of Green Savers, at their school premises. 1,000 saplings were planted by the participants throughout the event. The workshop aimed to familiarize the students with different species of plants and sensitize them about their role in preservation of natural resources. Hundreds of students, teachers and employees of IDLC and Green Savers attended the event and took an oath to protect the environment. The workshop entailed a Quiz held among the students, practical sessions on planting and nurturing trees and a wall painting, supervised by renowned artist Sabyasachi Mistry, with a message to inspire others to protect the environment. The event was facilitated by IDLC Bhulta Branch team.

Northern Bangladesh

Helping the Grief-Stricken Survive the Difficult Winter

As part of its winter drive to facilitate warm clothing and accessories for the marginalised communities, IDLC donated blankets to 1200 families of northern region of Bangladesh. This effort was the in collaboration with Prothom Alo Trust, with an inspiration that this contribution will aid the Trust to spread warmth to the coldest regions of the country.



OUR PARTNER ORGANIZATION



Green Savers, an eco-friendly organisation, that has pragmatic steps to inspire and involve people to make Garden in their respective apartments with a vision to not only beautify the apartments but also fulfil the daily basic needs for some fruits and vegetables. Green Savers is a combination of creative ideas and modern scientific methods of rooftop, lobby-area, stairs, racks and gardening by students and advisers of The University of Dhaka and Sher-e-Bangla Agricultural University along with different public and private universities in Dhaka city. The mission of Green Savers Association is to fight climate change by enhancing the functions of plants within the urban ecosystem. Ahsan Rony is an environmental activist and the founder of Green Savers. To raise street awareness about the environmental hazards and importance of gardening in Dhaka city. Among others activities of Green Savers include; Informing people about every possible gardening System at different places in their apartment, produce formalin and chemicals free vegetables and fruits on roof in short time at low cost and utilise the open roof for urban horticulture to produce chemicals free fruits and vegetables

Our Work: IDLC collaborated with Green Savers to install roof-top Garden for the students and teachers of Bhulta School. 1000 saplings were planted and 600 students counselled to inspire them to better nurture and conserve the surrounding environment.

🌐 **Website:** <http://www.greensaversinfo.org/>

📘 **Facebook:** <https://www.facebook.com/greensaversinfo.org/>

EXTENDED RESPONSIBILITIES

While all our CSR activities and interventions always fully comply with the Guidelines and laws of the land, they strive to meet the core needs, even beyond of what is mandated. As per our core values and aim to spread Happiness, we look keep our radars on to explore and identify matters that need extra attention and efforts.

We look for and engage in ways to contribute towards the positive building of the community and the society as a whole. Such initiatives are targeted with an aim to attain almost all the SDGs, as and where applicable.

Our goal is not only to be one of the first organisations to respond to a need or issue, but also one of the last to leave. In doing so, we bring immediate and long-term solutions to those who are in need.

OUR ACTS



Fulfilling Their Dreams on the Cricket Field

Playing cricket is a recreational activity for most, but for some it is a difficult dream to fulfil. To encourage these special, aspiring cricketers, IDLC Finance Limited sponsored a 4-day Tournament titled - IDLC Physically Challenged Cricket Tournament which was organized by Bangladesh Cricket Association for The Physically Challenged (BCAPC), in which total 52 players participated in the tournament in four groups. IDLC Physically Challenged Cricket Tournament 2018 took place from 26 November 2018. The tournament consisted of 7 matches at the end of which the winner walked away with the Champion's Trophy.

Enjoying Eid Festivities with the Little Warriors

The children affected with cancer deserve an Eid no less joyous than it is for the rest of us. On 16 June 2018 the day of Eid-ul-Fitr, IDLC in collaboration with MASTUL Foundation organized a half-day event titled "Spread the Joy of EID" for children suffering from cancer and admitted at three hospitals across Dhaka City. This initiative was part of IDLC CSR event to commemorate the spirit of giving and spread the joys of Eid-ul-Fitr among all.

A total of 250 children aged between 2 (two) and 14 (fourteen) years admitted during the time at Dhaka Medical College Hospital, Sir Salimullah Medical College and Mitfort Hospital were gifted with new dress, nutritious food box, toys and chocolates boxes. Also puppeteers and a magician entertained the children and their attendants on the day.



Multiplying Their Happiness on the Joyous Eve of Boishakh

Every first day of the Bengali New Year is spent amidst joy and festivities with children. In 2018 privileged children enrolled under development projects of three organisations- Mastul Foundation, Obhizatrik Foundation and Spreeha Bangladesh Foundation, greeted the Bengali New Year with enthusiasm and festivities.

The children participated in an art competition judged by renowned artists Ahsan Habib and Sabyasachi Mistry. IDLC through this event set an example of fundraising for the community by giving an opportunity for development project beneficiaries and potential benevolent benefactors to meet and greet under one roof. Amidst the festive mood, the three organisations highlighted their project activities and demonstrated avenues and areas where funding was required.



Calendars for the Visually Impaired

Most of us take our sensory organs for granted, but how often do we question, what colours and alphabets mean to those who are visually impaired. We at IDLC CSR, believe all deserve a chance at some point in life and change is possible for those who do not quit. In an effort to celebrate this spirit of humanity and perseverance, IDLC financially facilitated the production of 800 copies of Braille calendars of 2018, in partnership with Protibondhi Nagorik Shangathaner Parishad (PNSP).

OUR PARTNER ORGANIZATION



Mastul Foundation is welfare, non-profit, voluntary, non-governmental, research-based, and social development organization for the service of distressed humanity. From the very establishment of this foundation, it's working on education, health service, entertainment for underprivileged children. Mastul Foundations envisions to create a better future for underprivileged children. It was established in the year 2013 with a view to providing help towards the underprivileged people by utilising the youths of Bangladesh.

Our Work: IDLC in collaboration with MASTUL Foundation organised a half-day event titled "Spread the Joy of EID" for children suffering from cancer and admitted at three hospitals across Dhaka City. A total of 250 children aged between 2-14 years of age, received new dress, nutritious food box, toys and chocolates boxes and later puppeteers and a magician entertained the children and their attendants on the day.

🌐 **Website:** <http://www.mastul-foundation.org/>

📘 **Facebook:** <https://www.facebook.com/MastulFoundation/>

MILESTONES

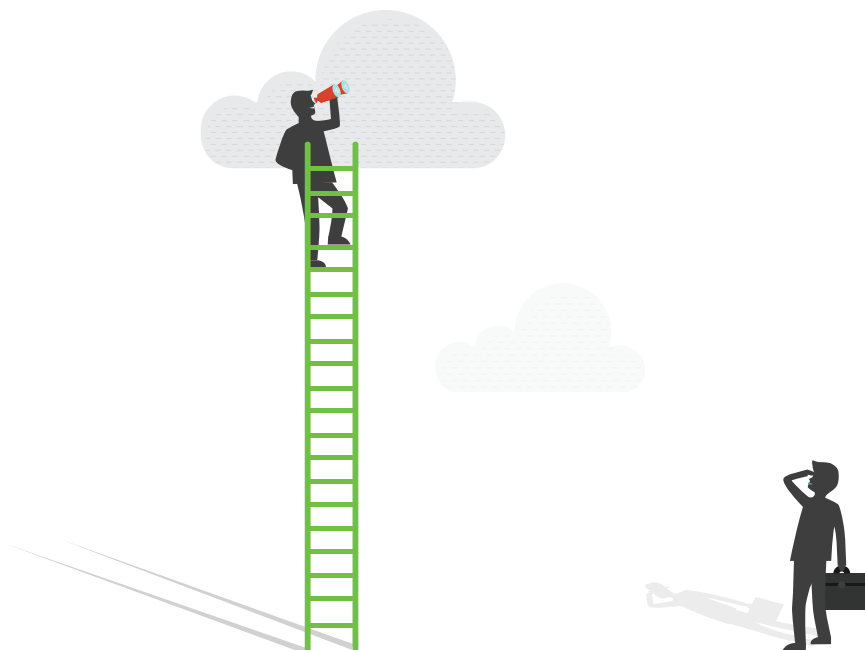
DIVERSITY AND INCLUSION

Diversity and inclusion for an organization essentially mean its commitment to human rights and fundamental freedoms, in particular the rights of those belonging to minorities and those of indigenous peoples. This includes efforts and practices which ensure that different groups or individuals having different backgrounds are culturally and socially accepted and welcomed, & equally treated.

The idea is to empower people by respecting and appreciating what makes them different, in terms of age, gender, ethnicity, religion, disability, education etc.

Under the broad umbrella of diversity, gender equality is one fundamental human right. Yet despite much progress, women and girls around the world and more acutely in Bangladesh do not fully experience equal rights. As a result, their potential as economic, social and sustainable development change-agents remains untapped. Women are underrepresented in power and decision-making roles.

Additionally, women-owned enterprises are economically disadvantaged and lack equal opportunity to compete for business opportunities due to legal and other barriers. The UN's Sustainable Development Goal SDG 5 underscores women's empowerment as an important development objective, in and of itself, and highlight the relevance of gender equality to addressing a wide range of global challenges. IDLC resonates with this goal as well as reducing inequalities SDG 10 and ensuring quality education for everyone SDG 4, and thus executes its corporate social responsibility keeping in mind the challenges experienced and opportunities available for such minority groups. Hence, in order to address diversity and meet our goal of uplifting as many groups we plan and organise various types of events and activities across the country, some of which are highlighted accordingly.





PURNOTA FINANCING HAPPINESS OF WOMEN ENTREPRENEURS

'Purnota' - the meaning of this Bengali word is the entirety of something. Carrying much significance with its literal meaning, Purnota - the Women Entrepreneur Loan (WEL) product offers a comprehensive package for the female business owners to take their ventures to the next level. Not only does the product offer loan facility with lower interest rate, it also facilitates the women in obtaining regulatory documents and license essential to conduct a business. Purnota Club has been established over the years with a view to capacity and skill development of the women, and advisory services like business management and vocational training.

In a nutshell, **IDLC Purnota is a complete business solution for women entrepreneurs, which provides loan, training, dedicated helpline, digital marketing, insurance, business facilitation and many other services.** Launched in 2015, IDLC's Purnota has now gone beyond just financing the businesses of women.

Participating at Banker SME Women Entrepreneur Conference and Product Display Fair 2018

IDLC participated at the 3-day Banker- SME Women Entrepreneur Conference and Product Display Fair- 2018 at Shishu Academy from 8 to 10 March, 2018. Fazle Kabir, Governor of Bangladesh Bank and Shirin Sharmin Chaudhury, Honorable Speaker inaugurated the event. The event attracted a host of visitors and future potential women entrepreneurs where IDLC showcased the inspirational story and products of Mahmuda Sultana, a successful women entrepreneur. Besides information on various loan services/packages including SME loan service, visitors and interested future entrepreneurs also received clarifications and possible solutions to their queries and concerns on Purnota Loan Service at the IDLC stall. There was also an opportunity for free registration of training in the subjects of Business Accounting and Digital Marketing where participants registered free for the training.

Purnota Fair 2018: Showcasing Ventures by Women Entrepreneurs across Different Cities

On the prestigious occasion of women's day, IDLC arranged "Purnota Fair 2018" for women entrepreneurs in different location nationwide. IDLC arranged the fair showcasing the products produced by women entrepreneurs on 1-2 March, 15- 16 March and 22-23 March respectively at Jashore, Cumilla, Rangpur and Faridpur. This arrangement was for patronizing women entrepreneurs and to inspire them to move ahead. In this fair women entrepreneurs participated through micro-site (idlc.com/purnotafair) based registration platform from different districts. The core idea behind this initiative was to provide a platform where these budding entrepreneurs could showcase their products in an open arrangement through free stalls provided by IDLC.

ODITIYA SCHOLARSHIP



Women need to be empowered and equipped with the same opportunities that men enjoy in terms of access to any and every fundamental right. Our social responsibility activities and commitments to generate the maximum beneficial impact to the grassroots provides us with the license to operate our business, win the trust of our communities and embed philanthropy deeply into our culture. Through direct involvement and engaging partners in the respective communities we focus on increasing access to education in areas which we operate in, with a focus in remote communities. Our educational initiatives are designed to help improve the quality and determinants of education and the system as a whole. Against this backdrop, IDLC initiated a scholarship award project, in collaboration with Prothom Alo Trust for females who are first in their families to attain university level education from hard to reach, low – income for Women since 2012 and IDLC is proud to join Prothom Alo Trust in this drive towards greater woman anticipation.



Matiur Rahman
Editor
Prothom alo

I am happy to welcome yet another batch of scholars under Prothom Alo Trust and Asian University for Women "first in the family" scholarship program. We have stepped in the 6th year of our program, so far we have supported 65 students through this program, and proud to welcome 10 more aspiring young scholars. This year it is a privilege for me to have IDLC on board as the sponsor of the campaign. IDLC is one of the most trust-worthy financial organizations of the country and I believe their contribution will highly benefit the students in establishing themselves as qualified professionals in their future endeavours. I congratulate the previous graduates, who have already proved themselves as successful professionals in their careers. I again thank you IDLC and all other people associated to this launch event. I wish all the students a great success. Finally warm wishes to Asian University for Women and I hope they will keep up the aspiring work as always.



Arif Khan
CEO & Managing Director
IDLC Finance Limited

Being the largest & most responsible financial institution we always try to contribute to the socioeconomic development of our country. We took this initiative from that feeling of responsibility & to help women evolve economically with the help of education.

We bring forth testimonies of two of our bright scholars who have been granted the Oditiya scholarship in 2017 and 2018 batches:



**Sumaiya Tabassum Suhi
(2017)**



Getting into AUW was never part of Sumaiya Tabassum Suhi's life plan, but she feels grateful that it happened. Originally from Tangail, Sumaiya was asked to get married soon after her H.S.C exam. "During that time I did not know how to stand up for myself," she says. "I kept crying and my parents had to call the wedding off. Even though they were always very supportive, in Bangladesh, sometimes your parents are more affected by what the neighbors and society will think and say, even if that means going against your happiness." One of Sumaiya's friends suggested that applying for a scholarship in AUW. "I applied for it, and got this opportunity. I've been privileged enough to have parents who have given me the freedom to make my own choices, but that did not stop others from worrying over me going out of my home to get education. I decided to stick to my decision of coming here. After one year in AUW, I can sense the change in me. I have learnt to stand up for myself and I am able to take charge of my life. Not only I have started believing in my own power, I encourage other girls in my community to reach for their dreams."



Shimi Chak's mother is her greatest motivation. Her mother did not continue her education after her college. But she always inspired her daughter to carefully consider their higher studies opportunities, as she believes it offers much greater freedom to everyone. Before coming to AUW, Shimi got herself admitted into Noakhali Science and Technology University. "I always had plans to go for further education, but my parents were struggling financially for the expenses. When I got to know about AUW, my parents encouraged me to apply, even though my relatives were not convinced with a girl going for higher education." Shimi wants to study Public Health and she believes AUW will help her become a confident human being.



**Shimi Chak
(2018)**

When we stand for diversity, we stand by every entity of the society with each of their differences to have equal opportunities and leave no one behind. Mainstreaming differently abled people (DAP) and including them into the daily activities of perfectly abled people is also one of the goals deeply ingrained into the social stance we take as an institution.

IDLC PHYSICALLY CHALLENGED CRICKET TOURNAMENT 2018



IDLC as part of its responsibilities towards society, tries to normalize the concept of leading a happy, content life for every person alike. We encourage every pair of eyes to dream, and empower them to achieve it. As such, playing cricket could be just another fun, challenging sport for most; but for some it is worth a lot more, because it takes a lot more. In 2018, Bangladesh Cricket Association for the Physically Challenged (BCAPC) approached IDLC for a cricket tournament between the best of the cricketers who are differently abled. Thus the Physically Challenged Cricket Tournament took place in November 2018. 52 players from 4 different districts which includes Dhaka, Sylhet, Khulna, Rajshahi, came to play in this tournament.

This tournament does not only represent the power of the physically challenged cricketers, this also proves they are as much part of the society any other abled individual and deserves a level-playing field. After a 3-day long tournament, team Dhaka took away the champions' trophy and Khulna became the runners-up. The whole tournament was to initiate inclusion of the true passionate people who wants to prove their worth by their skills in cricket.





FINANCIAL LITERACY

A major challenge relating to SDGs in Bangladesh is to put in place effective measures to mobilise resources, capitalise on new financing sources, and re-design the financial markets to ensure financial inclusion for the poor and other financially excluded groups and businesses. However, it is not always the problem of inclusion that makes one incapable of sketching out effective financial planning. Often a lack of basic understanding of the core, practical financial concepts and their day-to-day implications makes people inefficient in managing finances and also become overly dependent on a guardian.

Financial literacy is the education and understanding of various fundamental financial concepts including topics related to managing personal finance, budgeting, and investing. The lack of financial literacy may lead to making poor financial choices that can have negative consequences on the financial well-being of an individual.

Driven by the vision to fill in this knowledge deficit and create a society that is more financially aware, encouraged and competent, we launched the first ever online Olympiad called “IDLC FINANCE OLYMPIAD” on basic finance understanding for students aged 14 to 24 year. More than 20,000 students registered and participated in the online finance Olympiad from 10 October 2018 to 25 October 2018 at the end of which 50 deserving contestants were shortlisted for the offline round. Later 24 contestants competed for the champion’s title in two groups, in front of a live audience. We awarded the winners with laptops, mobile phone handsets, trophy, medals and certificates. It is expected that the online Olympiad will be returning in the coming year as Finance Olympiad 2.0.

“Being a financial institution, we believe IDLC has a responsibility to impart knowledge and help enhance skills of the youth on financial literacy all across the nation to accelerate the socio-economic growth of Bangladesh.” – CEO & MD

Moreover, the Finance Olympiad Finale also saw the inauguration of our new e-learning financial literacy microsite for the youth, called “ORTHER ORTHO”.

Built on the same concept of imparting practical financial knowledge particularly to the youth all over the nation, Orther Ortho has been designed to be a one-stop, interactive online platform which will demonstrate financial dilemmas through fun comic characters, informative articles and video tutorials, financial tools and quizzes. The multifaceted microsite will have a story-telling approach to depict real life instances of financial complexities through amusing yet relatable comic characters. What it will also consist of are various “finance hacks” which describe practical decision-making points in day-to-day financial planning most relevant to students. Orther Ortho is a nationwide long-term project which focus on improving the financial learning scenario of the nation. In doing so, IDLC is directly contributing towards achieving the target of ensuring quality education SDG 4 for all.



IDLC: THE COMPANY

OUR PHILOSOPHIES



OUR VISION

We will be the best financial brand in the country.



OUR MISSION

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



OUR CORE VALUES

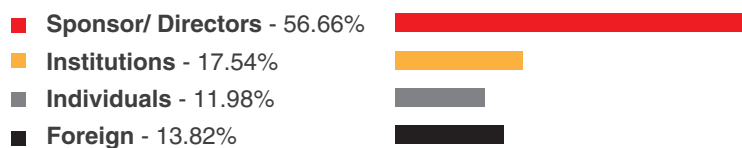
- Integrity
- Customer Focus
- Trust and Respect
- Equal Opportunity
- Eco-friendly
- Passion
- Simplicity



OUR STRATEGIC OBJECTIVES

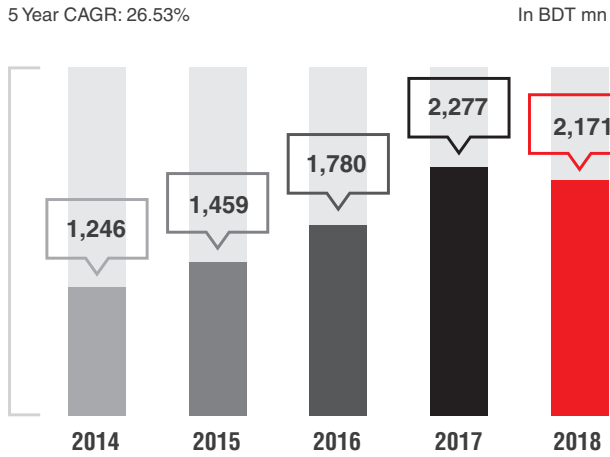
- Grow and develop our talent pool
- Fully leverage the core banking platform
- Optimise distribution points
- Grow and diversify funding sources
- Grow sales and service capabilities in the consumer division
- Sustainably grow SME portfolio
- Focus on top-tier clients in the corporate segment
- Consolidate capital market operations and enhance capabilities
- Embrace internationally accepted corporate governance and sustainable business practices

OUR SHAREHOLDING COMPOSITION - 2018

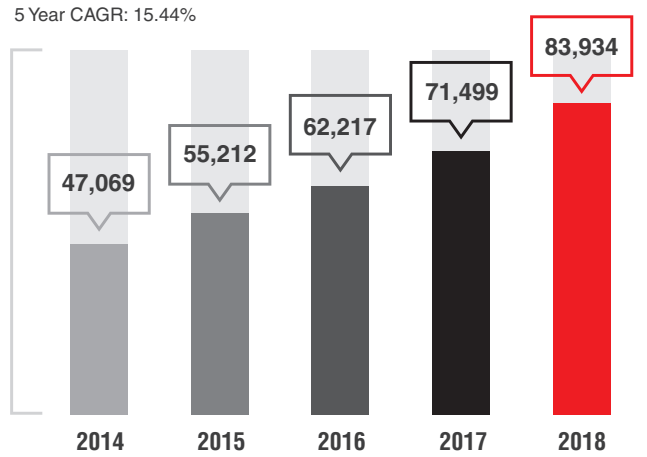


CORE HIGHLIGHTS, 2018

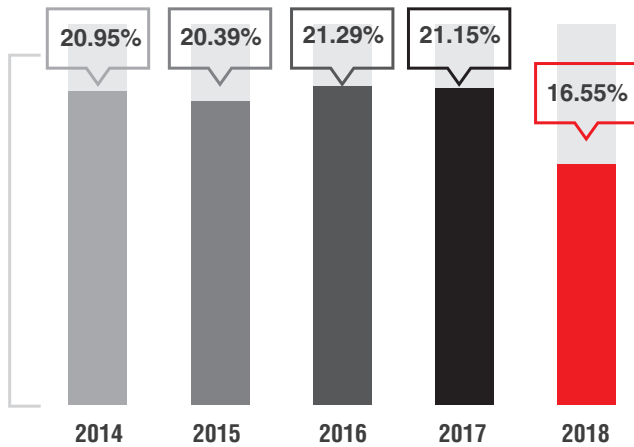
Profit after tax
5 Year CAGR: 26.53%



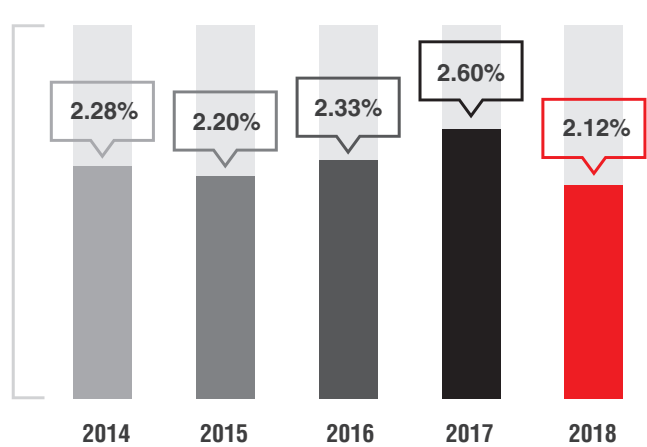
Total Loan Portfolio
5 Year CAGR: 15.44%



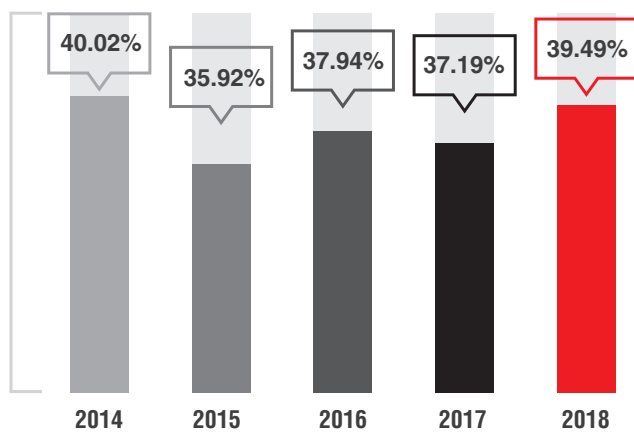
Return on Equity



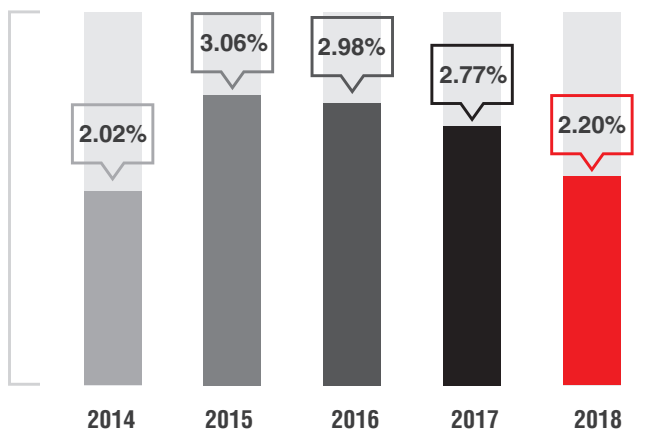
Return on Assets



Cost to income ratio



Non-Performing Loan



OUR RANGE OF PRODUCTS AND SERVICES



Small Enterprise Finance

- SME Term Loan/Lease
- Seasonal Loan
- IDLC Purnota – Women Entrepreneur Loan
- Revolving Short Term Loan (RSTL)
- Abashan Loan
- Partially Secured Loan
- SME Sachal Loan
- Commercial Space Loan
- Commercial Vehicle Loan
- IDLC Udbhabon
- Start- up Loan
- SME Deposit

Medium Enterprise Finance

- Term Loan/Lease
- Commercial Vehicle Finance
- Machinery Lease
- Revolving Short Term Loan
- Commercial Space Loan

Supplier and Distributor Finance

- Factoring of Accounts Receivables
- Bill/Invoice Discounting
- Work Order Financing
- Distributor Financing



Home Loan

- Apartment/Home Purchase
- Land Purchase
- Building Construction
- Commercial Space
- Home Equity
- Registra Loan
- IDLC ASHA
- IDLC ULLAS

Car Loan

- Brand New
- Reconditioned

Personal Loan

- Secured
- Unsecured

Loan Against Deposit (LAD)

Deposits

- Flexible Term Deposit Package
- Regular Earner Package

OUR RANGE OF PRODUCTS AND SERVICES



CORPORATE

Corporate Finance

- Lease Financing
- Term Loan Financing
- Commercial Space Financing
- Project Financing
- Short Term Loans (to meet working capital requirements)
- Specialized Products (for meeting seasonal demand)
- Fund Raising through Zero Coupon & Coupon Bearing Bonds
- Commercial Paper
- Arrangement of Private Equity & Preference Shares
- Corporate Advisory for Mergers

Structured Finance Solutions

- Debt Syndication (Local & Foreign Currency)
- Working Capital Syndication
- Agency & Trusteeship

Green Banking Solutions

- Over 50 products offered under Green Banking and Sustainable Finance department as per Bangladesh Bank Green Re-finance scheme.



CAPITAL MARKET OPERATIONS

IDLC Asset Management Limited

- Mutual Funds
- Alternative investment Funds
- Corporate Advisory

- Bloomberg terminal for foreign clients
- Research and Advisory Services

IDLC Securities Limited Products

- Cash Account
- Margin Account
- Easy IPO
- Premium Brokerage for High Networth Individuals (HNIs), Institutions and Foreign Investors Services
- Trade execution through the Dhaka and Chittagong stock exchanges
- Internet based trading facilities
- Online based IPO Application
- Custodial and CDBL services

IDLC Investments Limited Products

- Margin Loan
- Discretionary Portfolio Management Services
- Corporate Advisory
- Issue Management
- Underwriting

CONTRIBUTION TO THE NATIONAL ECONOMY

IDLC is considered to be one of the major contributors in the economy of Bangladesh both in monetary and non-monetary terms. IDLC was established in 1985 as the first leasing company in the country and with its pioneering role has established and popularized lease finance as an alternative and secured source of long term finance. IDLC is the largest employer, financial service provider and taxpayer among the non-banking financial institutions in the country.

Taxes to Government

In 2018, IDLC deposited BDT 1,007 million to the Government exchequer as corporate income tax and BDT 65 million as VAT against fee income; thus in total BDT 1,072 million paid as Tax and VAT against the income earned by IDLC. Also, BDT 934 million was collected and deposited to the Government exchequer as withholding tax (BDT 828 million), withholding VAT (BDT 51 Million) and excise duty (BDT 55 million). Notably, we received the prestigious accolade of being the Highest Tax Payer in the Financial Services Sector for the fiscal year 2017-2018, for our contribution to the Government Exchequer, on the back of our profound governance culture.

Employment Generation

We create economic impact by creating employment and giving appropriate training to the employees. As on December 31, 2018, IDLC Group accounts for 1,336 talented employees, due to a recruitment of 105 employees during the year. During 2018, the group paid BDT 1,291.79 million as salaries and allowances to its employees and spent BDT 17.63 million for both local and foreign trainings. Moreover, at a time when job creation is a top priority for government, we continued to catalyse our lending to small and medium enterprises (SME), thereby helping accelerate both direct and indirect job creation.

Focus on SME Financing

SMEs are the key drivers of any economy, while narrowing income inequality and supporting poverty alleviation. According to economic census 2013, there are 7.1 million Cottage, Micro, Small, and Medium Enterprises (CMSMEs) in Bangladesh, making up 75% of the domestic economy, while accounting for 80% of industrial employment and 25% of the total workforce. Under this milieu, IDLC initiated SME financing back in 2006 and is one of the leading financial service providers to small businesses in Bangladesh. Today it comprises more than 42% of the total customer lending of IDLC. IDLC SME Division is also committed to the development of women entrepreneurs across the country by extending Women Entrepreneur Loans and nonfinancial services for women

through IDLC Purnota. Besides, IDLC SME Division has increased its focus to serve the micro enterprises and has invested heavily on technological development to cater to the micro enterprises. The growth story of IDLC SME Division is well represented by the increasing trend of active SME clientele, a 16% rise in number of clients to 13,998 in 2018, which was 12,584 in 2017.

Environment-Friendly Technologies

Sustainable economic growth and a healthy environment are interlinked. Keeping this in mind, IDLC is also offering 52 products under green financing umbrella covering the sectors like Renewable Energy, Waste Management, Non Fire Block Brick, Auto Brick Kiln, Green Industry, Fire and Safety measures, Industrial Energy Efficiency and Recycling Industry. In the year 2018, IDLC has managed to disburse as much as BDT 80 million under Green Financing umbrella; leading to a healthy portfolio of BDT 648 million as of 31 December 2018. The increase indicates IDLC's drive towards sustainability.

Supporting Community through Various CSR Activities

At IDLC, commitment to social welfare and community has been part of its corporate culture, and IDLC is much reputed for its contributions towards environmental and community development. We support economic growth by investing in programs that enable economic development with a social purpose. With the aid of our one-of-a-kind 'Khushir Kheya' platform, we have extended our reach towards social and economic development by leaps and bounds, as we engage members of the community in various social development initiatives that further enhances our effort towards ensuring a sustainable economy.

VALUE ADDED STATEMENT

for the year ended December 31, 2018

Value added is the wealth created by IDLC through extending lease financing, short-term finance (factoring of accounts receivable and work order financing), housing finance, merchant banking and corporate finance.

The Value Added Statement shows the total worth created and how it was distributed to meet certain obligation and the portion retained for the continued operation and expansion of the Company.

Value added

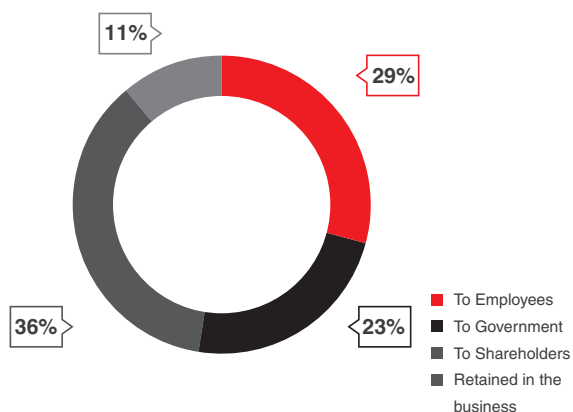
	Dec 31, 2018 In BDT million	%	Dec 31, 2017 In BDT million	%
Operating revenue	11,284		9,266	
Cost of borrowing	(7,016)		(4,902)	
	4,268		4,364	
Other income	437		438	
	4,705		4,801	
Provisions	(366)		(228)	
Operating expenses excluding staff costs and depreciation.	(710)		(726)	
Value added	3629	100%	3847	100%

Distribution of value addition

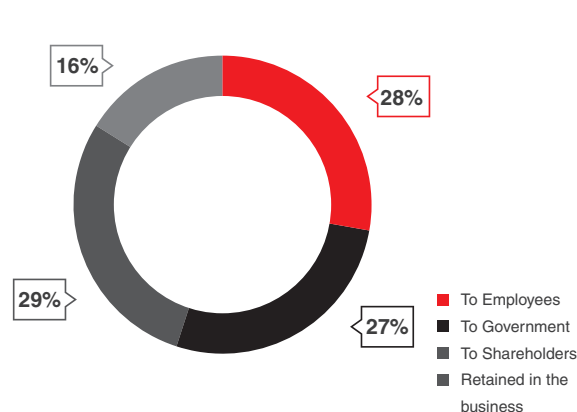
	2018	%	2017	%
To Employees as remuneration	1065	29%	1062	28%
To Government as taxes	835	23%	1057	27%
To Shareholders as stock dividend (Cash and stock)	1320	36%	1131	29%
Retained in the Business as capital and revenue reserve	409	11%	597	16%
as depreciation	271	7%	451	12%
	138	4%	146	4%
	3629	100%	3847	100%

Number of employees	1,150	1,137
Value added per employee	3.16	3.38

2018



2017



OUR BUSINESS MODEL

Our Value Chain Activities and Impacts

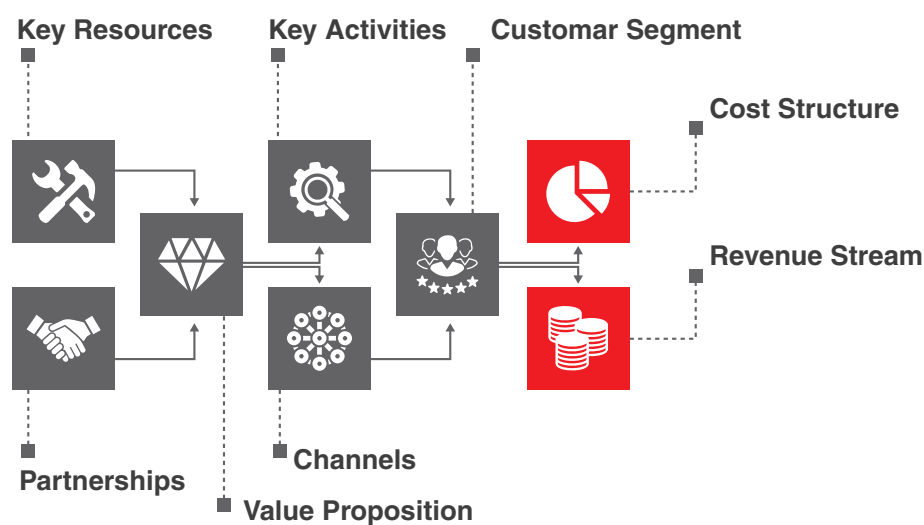
Our vision, mission and values act as our sustainability anchors. As we draw resources from our various capitals as inputs, they are utilized through our business activities to generate business outputs in the form of products and service offerings. As a multi-segment financial institution, we rely heavily on our financial capital, depositors making up 85% of our funding basket. Our overall business model involves extending our presence physically and virtually. It also involves a high dependence on IT; which together means a significant investment in branches and technological infrastructure our manufactured capital.

Our business model also requires us to invest in and develop our human capital for business growth through professional networks a key aspect of our social and relationship capital as well as our intellectual capital, to continuously innovate our offerings and improve our process efficiencies to add to our ability to be responsive and timely. Our various activities, in turn generate outcomes, which create value for our stakeholders and add back to our inputs, be it in the form of profits, employee compensation, reduction in carbon footprint, process efficiency or other material outputs.

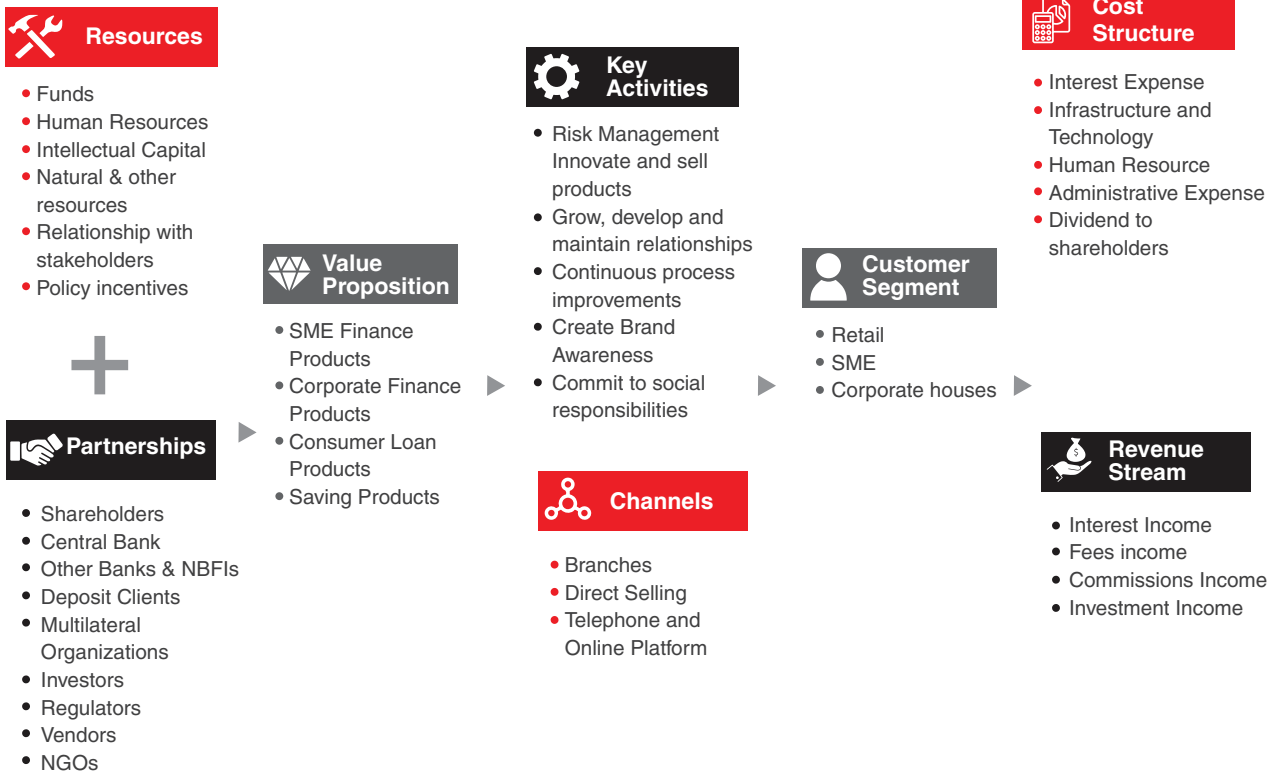
In the process, we ensure our business activities are aligned with our core values and guided by our governance framework, and also that our strategies and risk mitigation efforts are in line and responsive to pressures from the external environment and market forces.

Business Models

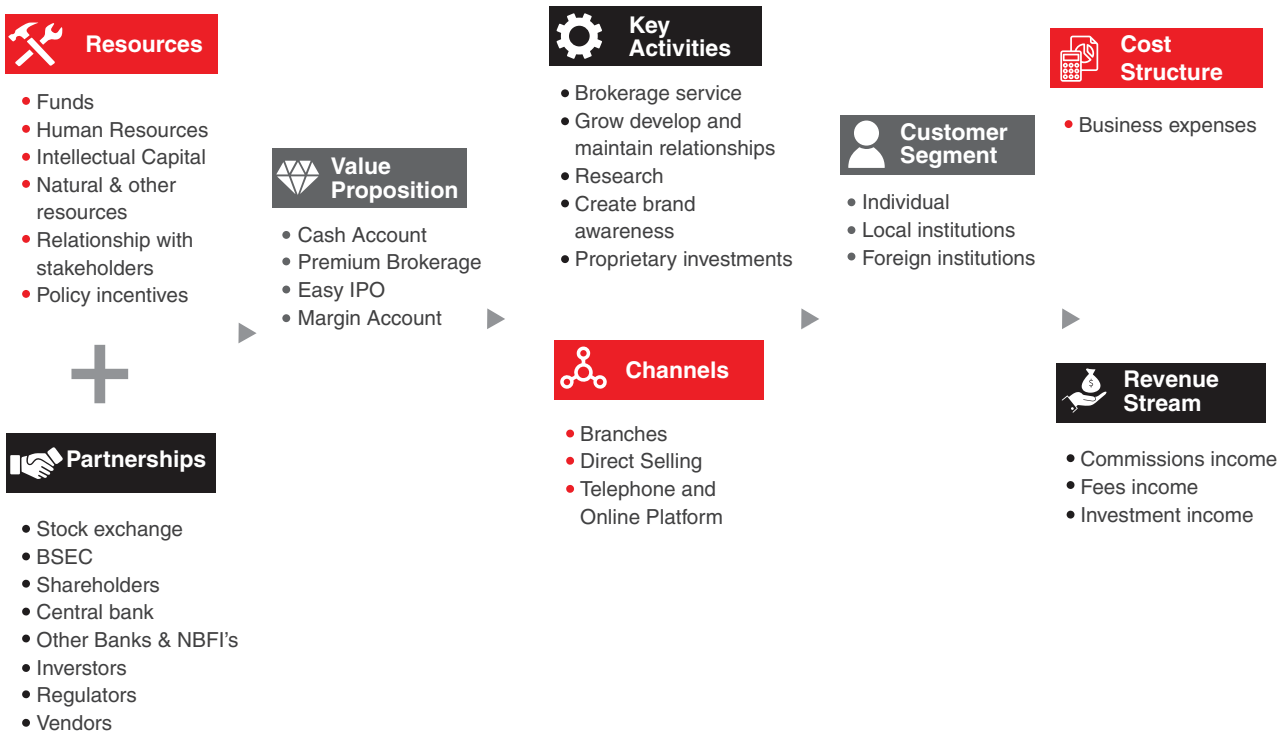
Having over 30 years of experience in the marketplace, our business model is designed to withstand market pressures and absorb macroeconomic shocks. In order to make optimum contributions across the value chain, we are careful to strike a balance between different stakeholder objectives. With a keen sense of changing market dynamics and rapidly changing technology, our management team strives to make the best use of our available resources, expanding on them strategically.



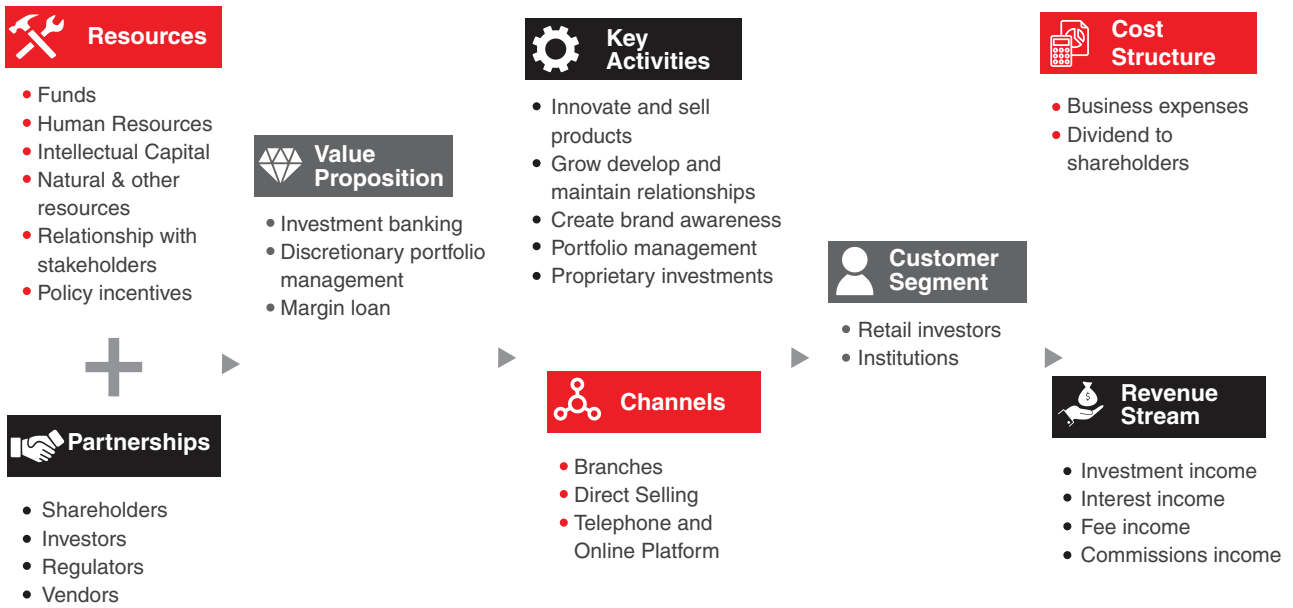
IDLC FINANCE LIMITED



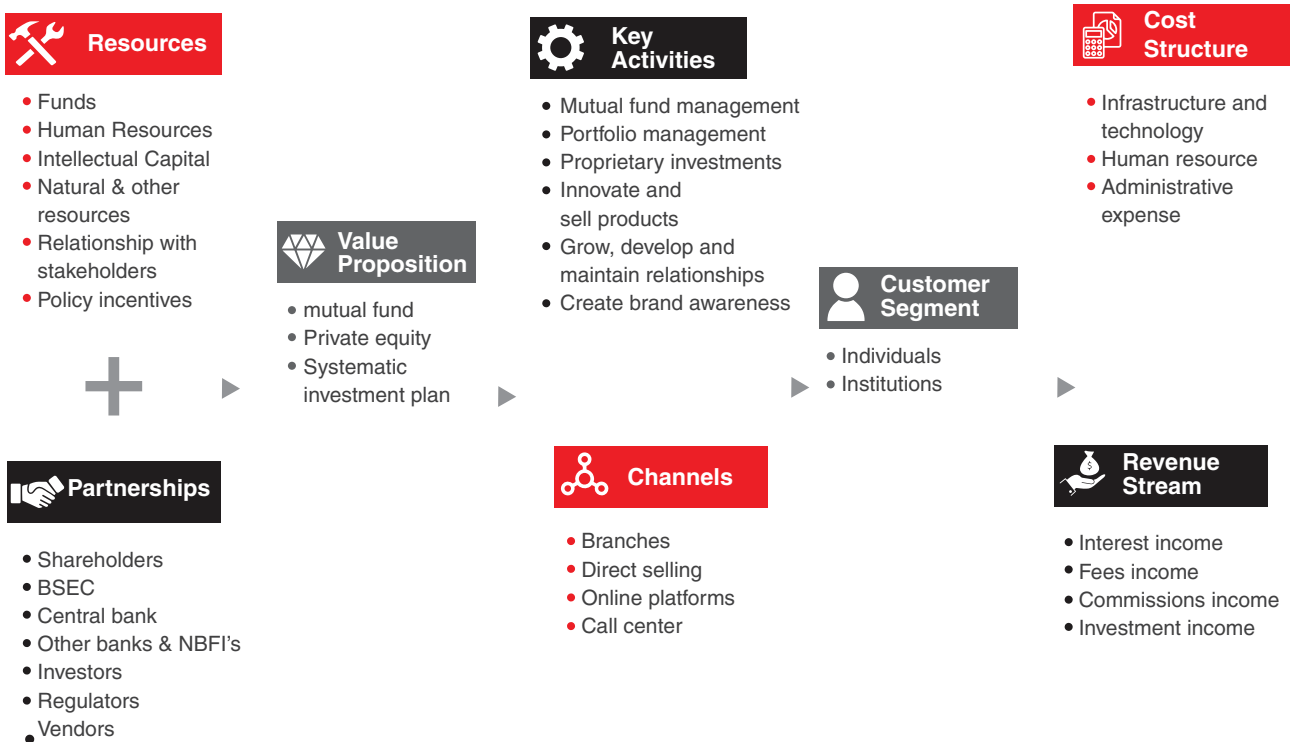
IDLC SECURITIES LIMITED



IDLC INVESTMENTS LIMITED



IDLC ASSET MANAGEMENT LIMITED



BUSINESS SEGMENT REVIEW

LENDING **BUSINESS OPERATIONS**

SME Division

IDLC's SME Division, the largest segments of the company, provides various financing solutions for the Small and Medium Enterprises of Bangladesh. SME division was launched in December of 2005 with term loan, working capital loan and lease financing options. Later, SME Division gradually introduced a number of products and services to cater to the need of its increasing customer base. Throughout the year 2018, SME Division made significant investments in human resources and infrastructure - the two most critical building blocks, which resulted in the creation of a robust structure that will facilitate sustainable growth.

Consumer Division

After being launched in 1997, Consumer Division of IDLC has been contributing to the overall growth of the company by providing customer-centric solutions through providing core loan services: Home Loan, Car Loan & Personal Loan. Besides, this division has been providing diversified fund sourcing capabilities for the company through collecting customer deposits from multifarious income groups consisting of both individual & corporate segments. We look forward to extending our customer base further through enhancing efficiency, offering more customized solutions and enhancing geographical coverage.

Corporate Division

The corporate division has experienced another wonderful year in its history in terms of profitability and asset growth. All the business parameters showed positive sign supported by high demand for fund in the market due to shortage of funds. The year started with uncertainty surrounding liquidity issues in the industry. However the money market exhibited signs of recovery in the second part of the year although credit demand was low due to conservative "wait and see approach" among the entrepreneurs as we approached the national election in the last month of the year. In the midst of such macro-economic condition IDLC's corporate lending not only sustained but also thrived. The performance was enabled by efficient fund management through treasury. Based on such high demand of fund, corporate portfolio saw 37.88% growth in 2018. The robust portfolio growth coupled with high demand has also ensured a very successful year for corporate division in terms of profitability. The corporate division has two sub wings which help us increase the versatility in our product basket. They are:

- Structured Finance Department
- Green Banking Division (Explained in detail)



GREEN BANKING

Overview

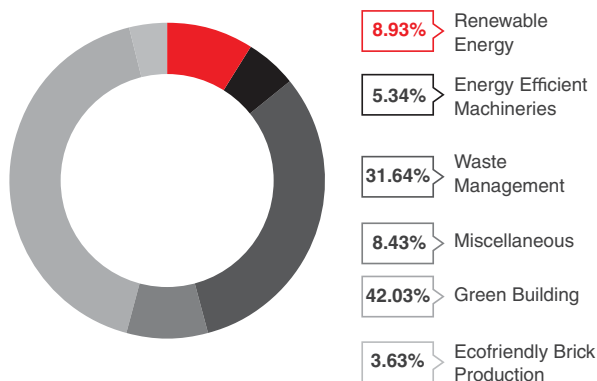
Green Banking is the financial service that integrates environmental, social and governance (ESG) criteria into investment decision making process for the sustainable advantage of both clients and society at large. Green Banking Unit (GBU) of IDLC is committed towards sustainable financing by prioritizing the ESG to contribute to the country's overall financial growth and achieving Sustainable Development Goals (SDGs) in the process. IDLC is also concerned about reducing carbon footprints from both its financing and in-house operations. IDLC has developed its own Green Banking Policy which is aligned with the 'Policy Guidelines for Green Banking' by Bangladesh Bank.

Green Finance Products

IDLC offers 52 green products under 8 categories as defined by Bangladesh Bank to cater the specialized needs of different industries and segments. The products segments are renewable energy, energy efficiency, alternate energy, waste management, recycling, environment-friendly brick production, green industry/ building and others such as occupational safety & health in factories.

At the end of the year 2018, the Green Banking portfolio stands at BDT 648mn and cumulative disbursement in green segment is BDT 1,255mn. This year, IDLC has availed refinance worth of BDT 201mn from Bangladesh Bank. Initiatives have also been taken to revamp the business and to re-invigorate the business teams to embrace green finance products.

Cumulative Portfolio in different Segments



Rolling out Environmental & Social Management System (ESMS) in Business Activities

Environmental and climate change risk refers to the uncertainty/ probability of losses that may originate from any adverse environmental/climate change events. IDLC has been the pioneer in Bangladesh in adopting the "Environmental & Social Management System (ESMS)", which is a global standard to minimize Environmental & Social Risks from the financial operations of the organization. It has a robust ESMS system which has been developed with the assistance of FMO (The Netherlands Development Finance Company) and FI Consult. In the preparation of the ESMS system, IDLC has taken the following guidelines into consideration: Environmental & Social Risk Management (ESRM) Guideline by Bangladesh Bank, the Environment Conservation Rules 1997, IFC Performance Standards, and ADB Safeguard for Financing. Additionally, IDLC has adopted the 10 UNGC (United Nations Global Compact) principles within the organizational frameworks as the only signatory of UNEP FI (United Nations Environment Programme Finance Initiative) from Bangladesh.

In-house Environmental Management

IDLC upholds a vision to encourage and catalyze transformation towards sustainable business practices. In line with the vision, the Agrabad branch of IDLC, situated in the World Trade Centre at Chittagong, achieved the prestigious LEED (Leadership in Energy and Environmental Design), Gold Certification from USGBC (United States Green Building Council) under the category of 'commercial interiors'. This branch is the first-of-its-kind to achieve such an endorsement under the aforementioned category among the financial institutions of Bangladesh. IDLC will gradually transform all other branches with green features as well.

Moreover, the Green Banking Unit periodically organizes in-house training & awareness programs for the employees to explain the concepts of green banking and provides necessary technical assistances towards strengthening organizational portfolio through Sustainable Financing.

Even though Green banking is yet take off fully in this country, Bangladesh Bank's active participation in environmentally sustainable financing and its progress only means that it will continue to move ahead. As IDLC aligns its business strategy to be consistent with individual and social needs, we intend to play a significant role in advancing this environmentally-sustainable mode of financing.

BUSINESS SEGMENT REVIEW - SUBSIDIARY **BUSINESS OPERATIONS**

IDLC Investments Limited

IDLC Finance commenced its merchant banking operations in 1999 through participating in underwriting of IPOs. The Company managed its first IPO as issue manager in 2003. IDLC managed the first IPO under the book-building method in the capital market history of Bangladesh in 2010. Aligning with regulatory requirements, the merchant banking operation was carved-out and transferred to IDLC Investments Limited, a fully-owned subsidiary of IDLC Finance, which was established in 2011. Our products and services consists of Investment Banking, Discretionary Portfolio Management and Margin Loan.

Core Highlights - 2018

- Received “Euromoney Awards for Excellence 2018” for being the best Investment Bank in Bangladesh
- During 2018, our operating income and operating profit stood at Taka 256.57 million and Taka 162.17 million, respectively
- Considering high market volatility, IDLC Investments prudently effected a decline of its margin lending exposure to Taka 1,399 million in 2018, down from Taka 1,978 million in 2017.
- Considering market downtrend, investment exposure shrunk by 5.07% to Taka 2,133 million in 2018, from Taka 2,247 million in the previous year.

IDLC Securities Limited

IDLC SL, one of the top brokerages of Bangladesh, commenced operations in 2006. The company provides brokerage services to more than 16,500 retail, local & foreign institutional investors through reliable trading platforms of both the Dhaka and Chittagong stock exchanges. It also serves more than 2,500 customers of its enlisted merchant banks as a panel broker. It possesses a proven track record of delivering quality customer services while maintaining high standard of compliance and corporate ethics. Additionally, the company offers premium brokerage services to High Net Worth (HNWs), Institutional and foreign investors. Premium brokerage services is a prime bundle of research and advisory support in addition to trade execution. Moreover, IDLC SL has a reliable online trading system under its in-house developed Order Management Unit which was launched in 2010 with the principal objective to facilitate those

investors who prefer online trading, thereby democratizing market access.

Core Highlights - 2018

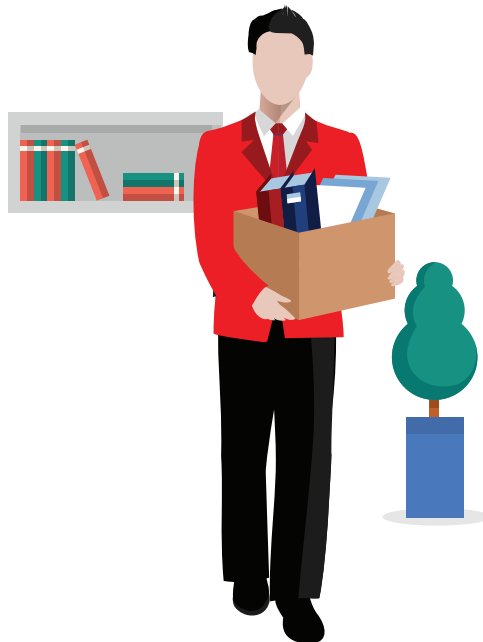
- Average daily turnover of market decreased by 37% while average daily turnover of IDLCSL decreased by only 25.9 % to Taka 520.4 million. Thus, market share increased to 4.72% from 4.02% of previous year.
- Net brokerage commission income decreased by 30.6% to Taka 333.4 million
- Investment income grew by 4.8% to Taka 268 million
- Net interest income grew by 82.2% to Taka 149.3 million
- Profit before tax and provision decreased by 10.0% to Taka 518.0 million
- Net profit decreased by 3.7% to Taka 365.5 million
- Shareholder's equity grew by 11.8%
- Assets grew by 19.3% to Taka 4,934.7 million
- Secured 2nd position with substantial increase in market share
- Enhanced retail and strategic sales efforts
- Achieved significant footing in foreign sales operation
- Conducted two overseas roadshow in USA
- Remodelled sell-side research & foreign brokerage business
- Reviewed and restructured our operational risk management process

IDLC Asset Management Limited

IDLC Asset Management Limited, a fully owned subsidiary of IDLC Finance Limited, was incorporated in Bangladesh on 19 November 2015, vide registration no. C-127068/2015 as a private company limited by shares under the Companies Act, 1994. The Company was awarded with asset management license on 7 June 2016 with a paid-up capital of BDT 100,000,000 (One hundred million only). We expect to operate in the nascent but growing asset management industry of Bangladesh. The Company's principal objective is to conduct the business of asset management, primarily through launching and managing mutual funds, to cater the diverse investor needs. Alongside, we also plan to manage Alternative investment funds and provide related corporate advisory services.

Core Highlights - 2018

- Launched "IDLC Growth Fund" in February 2018 with an initial fund size of BDT 500.0 million.
- Launched IDLC Systematic Investment Plan (SIP), first of its kind in the market.
- Received license to operate as Fund Manager of Alternative Investment Funds as per Bangladesh Securities and Exchange Commission (Alternative Investment) Rules, 2015.



HUMAN CAPITAL

Our Human Capital

Our human capital consists of our employees as well as their health and wellbeing, their expertise, their experience, their innovative capacity and their motivation

Creating Value

Our human capital creates value through their passion, dedication and commitment in reaching the objective of the organisation.

Talent Development

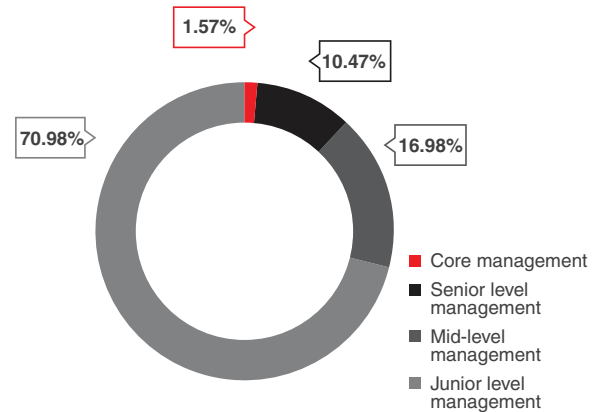
The primary goal of our human resource department is to ensure that we have the right people at the right time in the right position. Building a team is much more than choosing the best talent from the market. The HR department always tries to play a pivotal role in driving strength from diversity and inclusion of IDLC core values and leadership behaviours within our talents as the strategic partner in building a robust organisation.

Trainings	No. of Trainings	Number of Participants
Foreign	16	42
Customized	26	622
Local/Public	92	216
In-house	62	1,293
Total	196	2,173

Succession Planning

Succession planning is critical to us, as it enables us to ensure leadership continuity and avoid extended and costly leadership vacuum. We prefer to promote from within the organisation so we can create greater career opportunities for our people. During the year, we had several internal moves and promotions into leadership positions, reflecting that we have been able to the depth in our talent pool, consequent to which our succession pipelines for key management positions got strengthened.

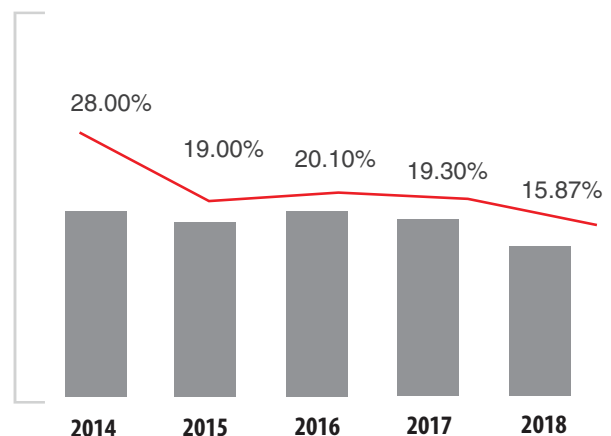
Employee Spread



Performance & Rewards

Our employees are reviewed against their job objectives set in online performance appraisal system which are reviewed semi-annually and annually. Our performance appraisal process enables us to emphasize on the growth of our employees as well as identify their learning and career development needs. As a part of this process, through constructive dialogue, our employees are also encouraged to work on areas where there is scope of improvement. We also get to identify our high-potential employees for our succession-planning program. This process also helps us to ensure that the contributions of our employees are properly recognized and appropriately rewarded.

Attrition



HR and Compensation Committee

The committee is responsible for ensuring companywide scope for equal opportunity and transparency in terms of suitable recruitment, compensation on the basis of merit, qualification and competency, adequate training and development facilities and performance appraisal and promotions based on individual performance and contribution. Furthermore, the committee looks into any other benefits-related issues that arises from time to time, including review of comparable market statistics regarding human resources.

Ethical Standards

We adhere to the highest ethical standards and consider it to be a key business priority. We expect our employees to fully embrace statutory compliances. It is mandatory for all our employees to read and sign the Code of Conduct every year as a sign of recurrence to the principles enshrined in it. IDLC encourages employees to act with integrity and spread the message of social responsibility to the community.

Culture Catalyst

Corporate culture sets the tone for our teams. It is a set of values and attitude that supports our people as they support the corporate vision and mission. IDLC puts effort in creating an organisational environment through the implementation of policies and programs that help individuals and teams to grow and sustain. In order to achieve these, a safe, supportive environment for employees are ensured. For proper engagement and motivation, our focus is to help employees maintain work life balance. Hence, IDLC has started Flextime practice in order to encourage employees to consider flexible working hours. We believe that a better work-life balance can improve employee motivation, performance, and productivity. Therefore, IDLC wants to support its employees achieve a better balance between works and their other life priorities and interests. Work life balance is possible because we exercise objective based performance appraisal system that enables employees to maintain standard operating time for different job roles and improve efficiency.

Human Resource Accounting

Human Resource Accounting involves accounting for the company's management and employees as human capital that provides future benefits. In the HRA approach, expenditures related to human resources are reported as assets on the balance sheet as opposed to the traditional accounting approach which treats costs related to the company's human resources as expenses on the income statement that reduce profit. HRA suggests that in addition to the measures themselves, the process of measurement has relevance in decision-making involving organisations. So we can say HRA is the process of identifying and measuring data

about human resources and communicating this information to the interested parties. It is an attempt to identify and report the investment made in human resources of the company that are currently not accounted for in the conventional accounting practices.

Per Employee Productivity

Particulars	2017	2018
Number of Employee	1318	1336
Operating Cost (BDT Mn)	1.77	1.72
Training Cost (BDT Thousand)	18.59	15.27
Operating Profit (BDT Mn)	2.99	2.64
Gross Turnover (BDT Mn)	8.48	9.55
Operating Income (BDT Mn)	4.77	4.36
Profit Before Tax (BDT Mn)	2.82	2.34
Profit After Tax (BDT Mn)	1.73	1.63
Loan Portfolio (BDT Mn)	54.25	62.83
Deposit Portfolio (BDT Mn)	45.41	52.59

Objectives and Benefits

The aim of HR accounting is to depict the potential of the employees in monetary terms which mainly helps in decision making of ascertaining how much investment the company has made on its employees and how much return it can expect from this investment. It furnishes cost/value information for making management decision about acquiring, allocating, developing and maintaining human resources in order to attain cost effectiveness. It allows management personnel to monitor and effectively use human resources. And it also provides valuable information to the investors interested in making long term investments in service sector companies. During the year 2018, even though our gross turnover per employee increased by 12.65% and our operating cost per employee decreased by 2.86%, our per employee net profit after tax declined owing to growth in interest expense, capital market operations and competitive pressures restricting the fee based incomes. However, our efforts in expanding our lending business and mobilizing deposits are well reflected as the per capita loan and deposit portfolio increased significantly.

Financial Reporting Standards

While the IFRS do not currently have standards requiring HRA, it could be argued that they are moving closer to providing more flexible approaches to accounting measurements and reporting. Over the past few years, our human capital have evolved significantly and the impact is prominent in our recent year's performance. In term of attracting further human capital, we want to become one of the top few employers of choice. In order to achieve this, following steps are to be taken in the coming days:

- Strengthen the Talent Acquisition process by introducing renewed evaluation process;
- Build Line Managers' capability to lead more effectively with coaching & feedback tools;
- Focus on developing home grown talents for leadership roles leveraging Succession Planning process;
- Strengthen Gender Diversity;
- Bring more flexibility in the way we work;
- Inculcate more bottom up approach in decision making process;
- Celebrate and recognize achievements to inspire and engage talents;
- Introduce 'Line of Sight' for Objective setting at organisational level and communicate the strategy down the line and
- Drive a competitive reward strategy at all level.

NATURAL CAPITAL

Our Natural Capital

Our natural capital encompasses the ecosystem and natural resources that are affected by our business.

Environmental & Social Management System (ESMS)

At IDLC, we always keep mother planet and its sustainability in our consideration while conducting our operation, In this regard, we are further improving our credit appraisal process from an Environment and Social (E&S) perspective – we evaluate all environmental and social factors, such as project impacts on the environment & the community in the long run, prior to approving a loan.

Environmental Initiatives

Our environmental initiatives are conducted under the banner of both CSR and Green Banking. Whereas CSR is more focused on external developmental initiatives such as awareness campaigns, tree plantation, public events etc., Green Banking is more aligned with green financing, E&S risk management and in-house environmental management.

Green Banking

In addition to our traditional financing approach, we have made strides towards Green Banking - supporting sustainable and environmentally viable development with a range of specially designed products and services at preferential terms and rates.

In-house Environmental Management

With a vision to encourage market transformation towards sustainable business practice, we will continue our efforts to deliver environment friendly policies within our organisation. Testament to our efforts, our Agrabad branch achieved the prestigious LEED (Leadership in Energy and Environmental Design) Gold Certification from USGBC (United States Green Building Council) under the category of commercial interior. The branch is the first of its kind to achieve such acknowledgment under the aforementioned category among the financial institutions of Bangladesh.

Green Office Guide

Our Green Office Guide, consisting of a set of general instructions, helps us achieve better in-house environmental management across the organisation through activities such as saving electricity, minimization of water/paper and keeping the office clean and hygienic.

Green Marketing and Training

As a part of CSR activity, Green Banking Unit performs regular training programs on "Green Awareness" across whole IDLC. To develop knowledge base of business RMs, GBU arranges training sessions throughout the year. GBU also actively presents IDLC as a market leader in promoting sustainability in different market segment.

STATEMENT OF CORPORATE GOVERNANCE

Corporate governance represents a strategy for companies to ensure a framework of control for its administrative and management practices. This is achieved through procedures that are aligned with recognized standards that respond to the interests of shareholders and other stakeholders. Proper governance ensures fairness, transparency and accountability and safeguards the interests of all stakeholders, especially the minority shareholders. Empirical research also suggests that corporations that adhere to good governance practices are not only more sustainable but also tend to generate higher profitability.

IDLC's six core areas emphasize its effective corporate governance strategy as demonstrated in the diagram. The company's corporate governance model is rigorously aligned with its well-articulated vision, mission, goals and objectives.

The Company's Board of Directors are 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 shareholders on their stewardship. The Board is collectively accountable to the Company's shareholders for good governance to facilitate efficient and effective management towards delivering long-term shareholder value within appropriately established risk parameters.

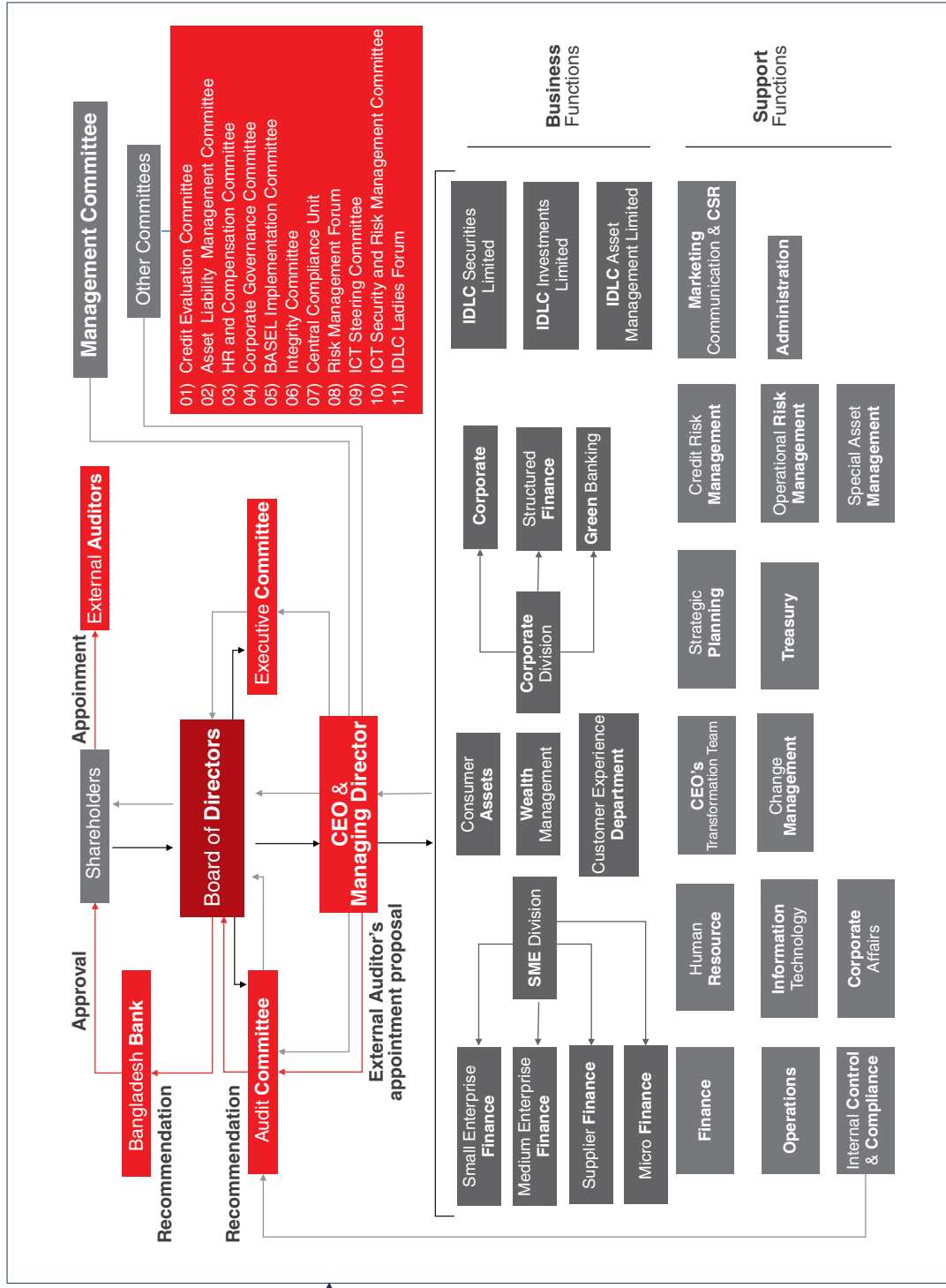
The sustenance of effective corporate governance remains a key priority of IDLC's Board. To exercise clarity about the Directors' responsibilities towards shareholders, corporate governance must be dynamic and remain focused on the Company's business objectives and create a culture of openness, transparency and accountability. Keeping this in mind, clear structures and ownership supported by well-understood policies and procedures to guide the activities of the Company's management have been instituted and institutionalized.

IDLC is committed to continually review all its corporate governance policies and guidelines to ensure transparency in its practices and the delivery of the highest ethical standards and quality information to its stakeholders on an ongoing basis.

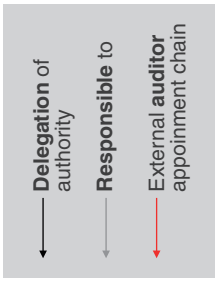
IDLC considers that its corporate governance practices comply with all the aspects of the revised Corporate Governance Code (CGC) notification No. SEC/CMRRC-D/2006-158/207/Admin/80, dated June 3, 2018, and notification No. SEC/CMRRC-D/2006-158/208/Admin/81, dated June 20, 2018, on financial reporting and disclosure issued by Bangladesh Securities and Exchange Commission (BSEC) and all aspects of Bangladesh Bank's DFIM Circular No. 7, dated September 25, 2007 and subsequent circulars thereon DFIM Circular No. 09, dated October 08, 2007, DFIM Circular No. 18, dated October 26, 2011 and DFIM Circular No. 06, dated June 17, 2012.

In addition to establishing the highest standards of corporate governance, IDLC also embraces best governance practices across all its activities. The independent role of the Board of Directors, separate and independent role of the Chairman and Chief Executive Officer, distinct roles of the Company Secretary, Chief Financial Officer and Chief Compliance Officer and different Board Committees enable IDLC to achieve excellence in corporate governance.





OUR CORPORATE GOVERNANCE STRUCTURE

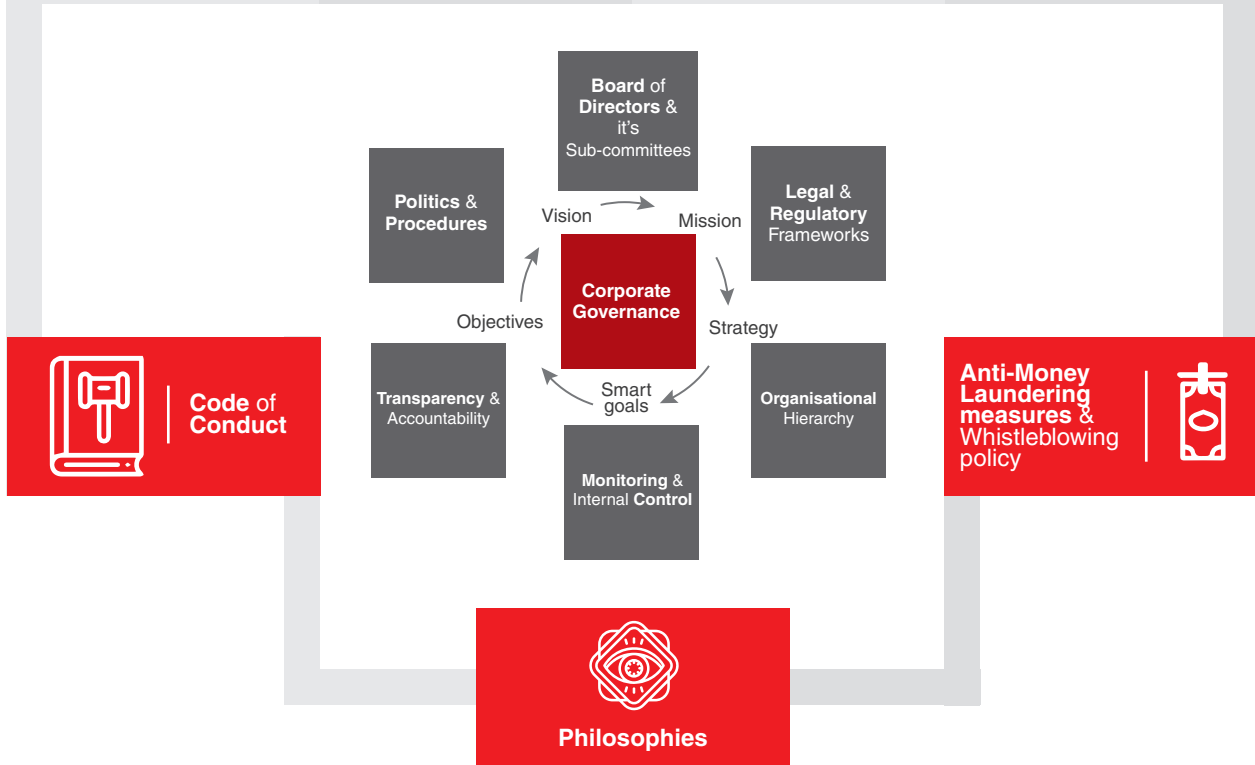


- 1) Bangladesh Bank
- 2) Registrar of Joint Stock Companies and Firms
- 3) Bangladesh Securities & Exchange Commission
- 4) Dhaka Stock Exchange Limited
- 5) Chittagong Stock Exchange Limited
- 6) National Board of Revenue



OUR GOVERNANCE HIGHLIGHTS OF 2018

 Steering towards automation	 Safety and reliance	 Business Continuity Plan (BCP)	 Integrity & Governance
<ul style="list-style-type: none"> Increased focus towards process improvement and automation Formation of the IT Steering Committee, a sub-committee of the Management Committee, to prioritize IT projects. <p style="text-align: center;">Outcome</p> <ul style="list-style-type: none"> Automation of several backward and forward linkage of data sources; Initiation of formation of Central MIS system 	<ul style="list-style-type: none"> Conducted "Informations System Appraisal Audit & Vulnerability Assessment" by external auditor KPMG Bangladesh <p style="text-align: center;">Outcome</p> <ul style="list-style-type: none"> Greater reliance on information and better service from our centralized operations team. Revision of Technology Policy. 	<ul style="list-style-type: none"> Initiated and implemented the BCP drill on a full day trial on November 06, 2018 for our major operational hub- Dilkusha branch. <p style="text-align: center;">Outcome</p> <ul style="list-style-type: none"> Successful delivery of operations from designated disaster management zones without any hamper in service. 	<ul style="list-style-type: none"> Introduction of the Integrity Policy Introduction of the Integrity Awards. <p style="text-align: center;">Outcome</p> <ul style="list-style-type: none"> Awarding an individual employee for Outstanding performance with Integrity under Integrity Award Policy; Inspiring employees for their better performance with integrity.



OUR GOVERNANCE

Board of Directors

The Board of IDLC considers that its constitution 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 specialized skills to assist in decision-making and leading the Company for the benefit of its shareholders.

Name				
Aziz Al Mahmood	Chairman, NED			
Atiqur Rahman	NED	Chairman		
Monower Uddin Ahmed	IND, NED		Chairman	Chairman, IDLC IL
Md. Abdul Wadud	NED	Member		
Mohammad Mahbubur Rahman FCA	NED		Member	
Mahia Juned	NED			
Md. Kamrul Hassan FCA	NED		Member	
Syed Shahriyar Ahsan	NED	Member	Member	
Mati Ul Hasan	NED	Member		
Niaz Habib	IND, NED			Chairman, IDLC SL
Matiul Islam Nowshad CMgr, FCMI	IND, NED			Chairman, IDLC AML
Arif Khan CFA FCMA	NED	Member		Chairman, IDLC AML

NED = Non-Executive Director; **ED** = Executive Director; **IND** = Independent Director

IDLC's policy on appointment of Directors

The Directors of IDLC are :

Nominated Non-Executive Directors- nominated from the senior management of the Sponsor shareholders

Non-executive Independent Directors- recommendation received from various sources for highly capable and seasoned professionals.



New Director recommendation

Nominated Director

Nominated by Sponsor/Director Shareholder

Independent Director

Recommended from various sources



Appointment by the Board

Nominated Director

Nominated by Sponsor/Director Shareholder

Independent Director

Recommended from various sources



Approval by Shareholders at the AGM

Approval of appointment of Independent Director

Appointment of existing directors by rotation

In relation to the selection and appointment of new Director, the existing Board of Directors possess the following duties and responsibilities:

- Regularly review the size and composition of the Board and the mix of expertise, skills, experience and perspectives that may be desirable to permit the Board to execute its functions;
- Identify any competencies not adequately represented and agreed to the process necessary to be assured that a candidate nominated by the shareholders with those competencies is selected;
- The Directors are appointed by the shareholders in the Annual General Meeting (AGM). Casual vacancies, if any, are filled by the Board in accordance with the stipulations of the Companies Act, 1994, and the Articles of IDLC;
- The CEO & Managing Director is appointed by the Board subject to the consent of the shareholders in the Annual General Meeting (AGM) and approval of Bangladesh Bank;
- Any change in the members of the Board requires intimation to the Bangladesh Bank, all scheduled banks and Financial Institutions (FIs), Bangladesh Securities and Exchange Commission (BSEC) and the stock exchanges.

Retirement and re-election of Directors

As per IDLC's Articles of Association, one-third of the non-executive Directors, except Independent ones, are required to retire from the Board every year in Annual General Meeting (AGM), comprising those who have been in office the longest since their last election. A retiring Director shall be eligible for re-election.

However, as per the governance code of BSEC, independent directors are appointed for a tenure of 3 (three) years with renewal option for another term of 3 (three) years.

Independent directors are appointed by the board and be approved by the shareholders in the AGM.

Adequate representation of non-executive directors

We maintain the minimum requirement of non-executive directors as per guideline of Bangladesh Bank and BSEC, as the only Executive Director is the CEO & Managing Director while the rest 11 are Non-Executive Directors (including 3 independent Directors).

Composition of the Board, ensuring adequate number of Non-Executive Directors and their independence

IDLC's Board comprises of eleven (11) Non-Executive Directors including three (3) Independent Directors and one (1) Executive Director, the CEO & Managing Director. Directors possess a wide range of skills and experience over an array of professions, businesses and services.

All the Non-Executive Directors are nominated by their respective institutions except for the Independent Directors. All the Directors bring forth independent judgment and considerable knowledge to perform their roles effectively. The Board of Directors ensures that the Company's activities are always conducted with adherence to stringent and the highest possible ethical standards and in the best interests of all stakeholders.

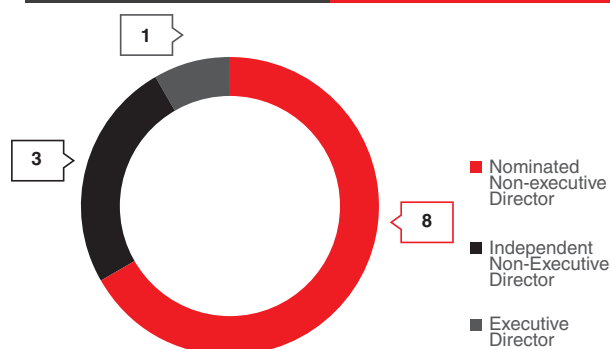
None of the directors of the Board, except the CEO & Managing Director, are involved in the day-to-day operations of the Company; rather, they provide their valuable insights and guidance to the management in the meeting of the Board and its committees.

Adequate number of Independent Directors in the Board and their independence

As per the revised Corporate Governance Code (CGC) of Bangladesh Securities and Exchange Commission (BSEC), at least one-fifth of the total directors of the Board shall be Independent Directors.

Thus, in compliance with the guideline, three (3) Directors out of the total twelve (12) Directors are independent, having no share or interest in IDLC. Independence of the respective Independent Directors is confirmed during selection and appointment of the Directors and they remain committed to continue with such independence throughout their tenure.

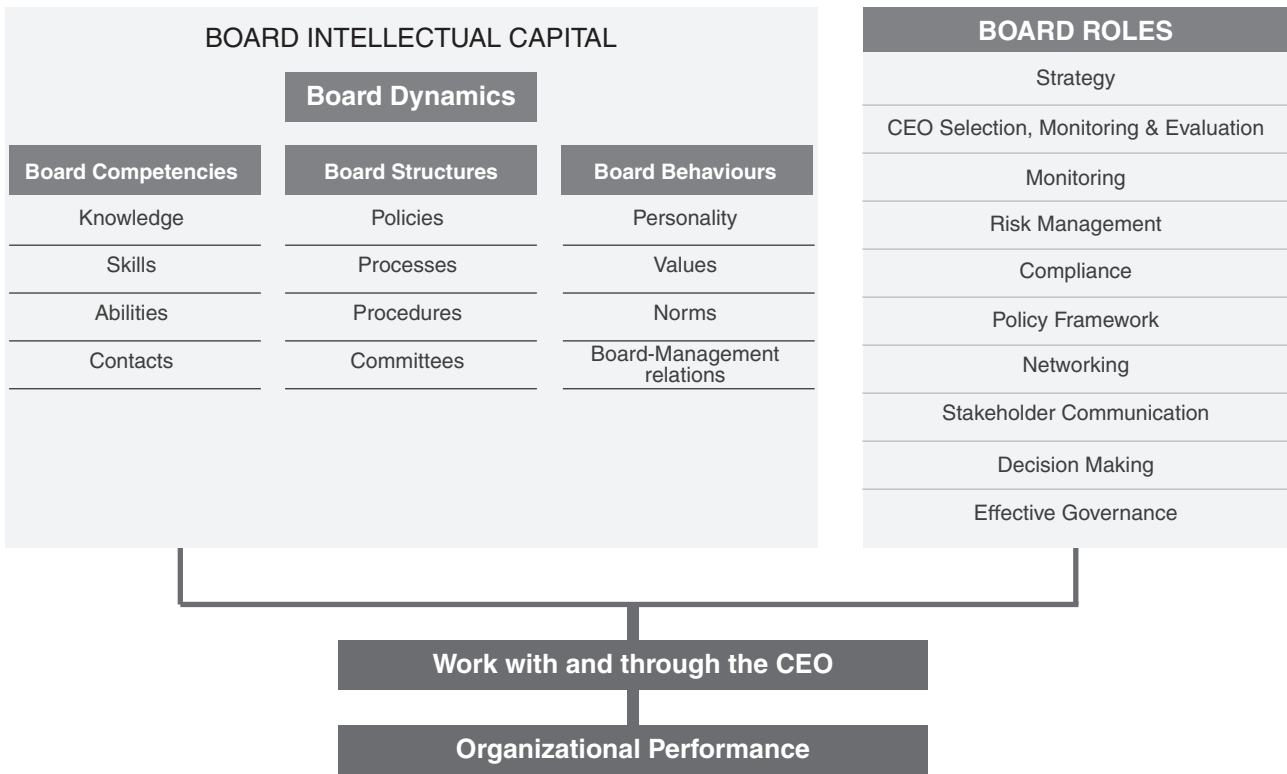
Board composition



Roles and responsibilities of the Board

The Board is committed to the Company to achieve superior financial performance and long-term prosperity, while meeting stakeholder expectations of sound corporate governance practices. The Board determines the corporate governance arrangements for the Company. As with all its business activities, the Board is proactive with regards to corporate governance and puts in place those arrangements that it considers in the best interest of the Company and its shareholders and consistent with its responsibilities to other stakeholders. A high performing board works effectively with the CEO to fulfill its roles to induce the best performance for the organisation and to deliver the optimum value to its stakeholders. This is illustrated in the model below:

THE BOARD ENVIRONMENT



The functions of the board may be segregated into four categories as specified below.

Structural	Strategic	Governance	Process for board functioning
Board composition and diversity	Formulation & implementation of strategy	Company's performance	Board meetings & preparation
Board competencies & skills	Leadership pool development	Risk and crisis management	Group dynamics & training
Policies and goal setting	CEO selection & compensation	Compliance	Managing the quality of conversation
Director recruitment and orientation	Succession planning	Governance	Interaction with management
Board evaluation			

Stakeholders	Responsibilities reserved to the Board
Shareholders	Approval of business strategy and vision in line with efforts to drive shareholder value creation.
	Approval of business plans, assuring that sufficient resources are available to implement and monitor the strategy.
	Approval and monitoring of major investments or divestitures and strategic commitments.
	Determination of capital structure and dividend policy.
	Approval and monitoring of financial reporting.
	Oversight of risk management, internal controls and compliance systems as per the Bangladesh Bank's 'Core Risk Guideline'.
	Recommendation for appointment or removal of external auditors and determination of the remuneration and terms of appointment of the auditors.
	Approval of annual budgets including major capital expenditure proposals.
	Regular review of financial performance and overdue situations.
	Monitoring the adequacy, appropriateness and operations of internal controls.
Customers	Ensure that technology and information systems are sufficient to operate the organisation effectively and sustain competitiveness.
	Benchmarking value creation for customers, clients and partners.
Employees	Reinforcement of the corporate culture and core values and ensuring that the Company remains an employer of choice.
	Review and approval of the CEO and Executive Management team's arrangements, remuneration and benefits.
Community	Oversight of succession planning for the CEO, Executive Management team and such other Executives as the Board may deem fit.
	Oversight of the management of social, economic and environmental concerns consistent with the delivery of sustainable outcomes for stakeholders and achievement of the Company's incident and injury-free vision.
Directors	Reinforcement of reputation, brand and community relations.
	Review of the size and composition of the Board.
	Director's nomination, selection, removal, succession planning and remuneration.
	Review of the Board's performance.

The Chairman of the Board and the CEO of the Company are different individuals

The Chairman of the Board is not the Chief Executive of the Company. The Chairman and the CEO & Managing Director are different individuals. The role of the Chairman and the CEO & Managing Director are independent and separate.

Roles and responsibilities of the Chairman as defined by the Board

The Chairman runs the Board. The Chairman serves as the primary link between the Board and the management and works with the CEO and Company Secretary to set the agenda for Board meetings. It is the Chairman's responsibility to provide leadership to the Board and ensure that the Board works effectively and discharges its responsibilities as Directors of the Company. The role and responsibilities of the Chairman of the Board is defined and set by the Board.

Roles of the Chairman

The principal features of the role of the Chairman comprise the following:

- Providing leadership to the Board;
- Taking responsibility for the Board's composition and development;
- Ensuring proper information for the Board; Planning and conducting Board meetings effectively;
- Getting all Directors involved in the Board's work;
- Ensuring the Board's focus on key tasks;
- Engaging the Board in assessing and improving its performance;
- Overseeing the induction and development of Directors; and
- Supporting the CEO & Managing Director.

Responsibilities of the Chairman

- Ensure effective operations of the Board and its committees in conformance with the highest standards of corporate governance;
- Ensure effective communication with shareholders, host governments and other relevant constituencies and ensure that the views of these groups are understood by the Board;
- Set the agenda, style and tone of Board discussions to promote constructive debate and effective decision making;
- Ensure that all Board Committees are properly established, composed and operated;
- Support the CEO & Managing Director in strategy formulation and, more broadly, provide support and give advice;
- Ensure an effective relationship among Directors, acting as the principal conduit for communication and issues relating to business strategy, planned acquisitions and corporate governance;
- Establish a harmonious and open relationship with the CEO & Managing Director;
- Ensure that Board Committees are properly structured and all corporate governance matters are fully addressed; and
- Encourage active engagement by all members of the Board

Independence of non-executive directors from day to day operations

All the Non-Executive Directors are nominated by their respective institutions except for the Independent Directors. All the Directors bring forth independent judgment and considerable knowledge to perform their roles effectively. The Board of Directors ensures that the Company's activities are always conducted with adherence to stringent and the highest possible ethical standards and in the best interests of all stakeholders. None of the directors of the Board, except the CEO & Managing Director, are involved in the day-to-day operations of the Company; rather, they provide their valuable insights and guidance to the management in the meeting of the Board and its committees.

Annual appraisal of the Board's performance and disclosure

Appraising a board's performance can clarify the individual and collective roles and responsibilities of its directors, and better knowledge of what is expected of them can help boards become more effective.

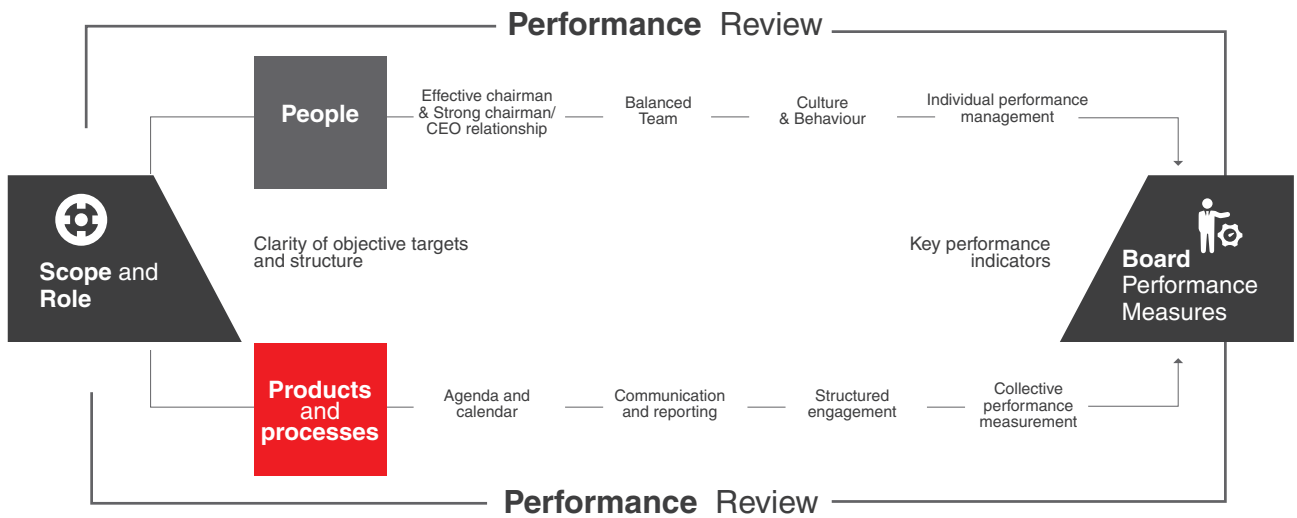
Any discussion of performance appraisals must necessarily cover two broad areas—the what and the how. In the case of a board, what should be appraised is its ability first to define its responsibilities and establish annual objectives in the context of those general responsibilities, and then its record in achieving those objectives. Before a board can even begin to evaluate its performance in these broad areas of responsibility, it must articulate the specific actions that each of them implies. In other words, boards must set objectives for themselves within those broad categories against which they can eventually measure their performance. The board creates a set of objectives annually—generally speaking, at the beginning of the fiscal year—that reflects the directors' collective judgment about which aspects of the board's overall responsibilities need particular

attention in the coming year.

The following criteria are considered for the evaluation:

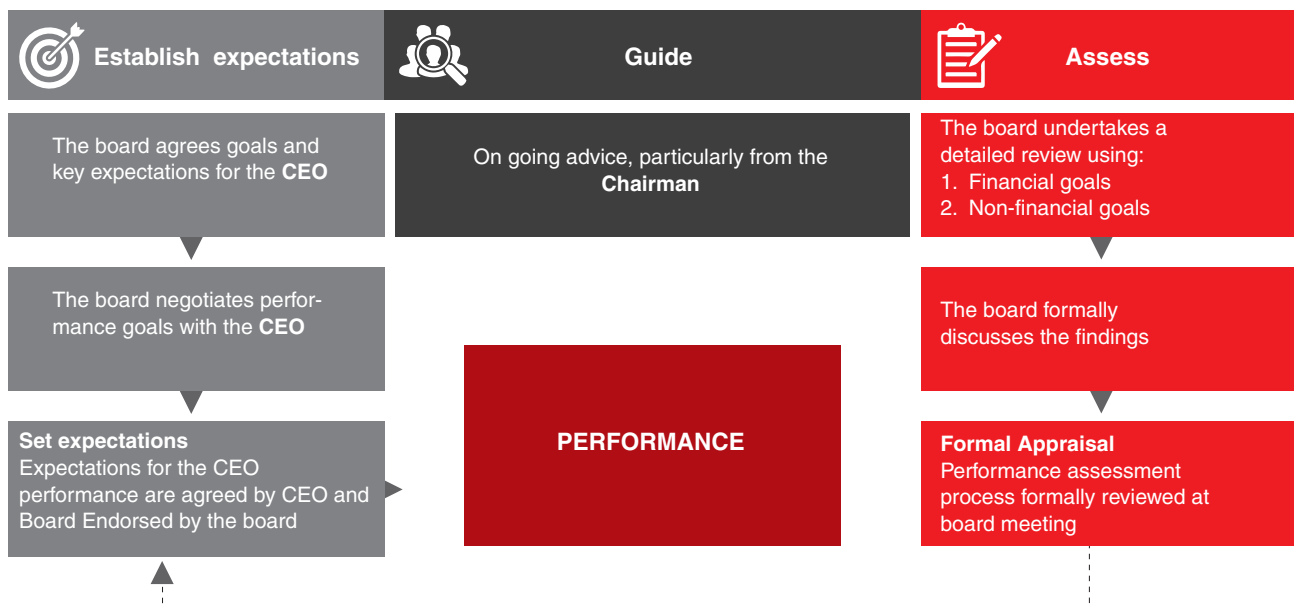


A board is a team of knowledge workers, and to do its job, the board needs the same resources and capabilities that any other successful team of knowledge workers needs such as **knowledge, information, power, motivation, and time.** Self-evaluation is not an easy issue for any group to deal with. It is particularly difficult in the case of boards because it requires board members to make judgments and decisions about themselves and about issues that affect all stakeholders. The effectiveness of the evaluation very much depends on how the board structures the evaluation process. It should consist of three phases: The first—setting annual board objectives at the beginning of the fiscal year. The process picks up again at the end of the year, when, in the second phase, the board secretary collects and disseminates information about the board's activities. With that information in hand, in the third phase, board members can judge how close they came to meeting their objectives while also examining the adequacy of the resources available to them over the year.



Annual evaluation of the CEO & Managing Director by the Board

The Board of Directors evaluates the CEO & Managing Director based on the goals set for him considering the company vision and mission at the beginning of each year. The annual financial budget and other job objectives are discussed, reviewed and finalized by the Board at the start of the financial year. The Board considers both financial and non-financial goals during the appraisal.



Evaluation based on financial performance

At the end of each quarter, the CEO & Managing Director is evaluated based on the financial targets. The evaluation is done based on both:

- Achievement of targets against budget;
- Achievement of targets against the achievement of those targets in the previous year.

In addition, at the end of each year, an annual assessment and evaluation of the achievements of pre-agreed targets is done. During this evaluation, the deviations from target, and the reasons for the deviations are discussed and assessed.

Training and Development of Directors

The Board recognizes the importance of ensuring that Directors are continuously being developed to acquire or enhance the requisite knowledge and skills to discharge their duties effectively.

All new Directors appointed to the Board attend a formal induction programme to familiarize themselves with the Group's strategy and aspiration, understanding of the line of businesses and corporate functions, key financial highlights, audit, compliance and risk management.

The programme is conducted by the CEO & Managing Directors/ Heads of the business units as well as Senior Management. The Company Secretary also provides the new Directors with an information kit regarding disclosure obligations of a Director, Board Charter, Code of Ethics, the Constitution of the Company, Board Committees' Terms of Reference, and Schedule of Matters Reserved for the Board, amongst others.

The Board, together with the Board members of the subsidiaries of IDLC would also attend offsite Strategy Meeting to have an in-depth understanding and continuous engagement with Management pertaining to the Group's strategic direction.

In addition, the Directors are constantly updated on information relating to the Group's development and industry development through discussion at Board meetings with the Senior Management team.

Evaluation based on Non-Financial goals

The CEO & Managing Director is also evaluated based on non-financial goals in an ongoing basis. The non-financial criteria include, but are not constricted to things such as:

- The confidence of the shareholders in the CEO, as reflected in the stock price of the company;
- The relationship of the company with the regulators;

The Board ensures that a structured Director Learning and Education Programme is in place for its members. This programme shall ensure members have access to an appropriate continuing education programme and are kept up to date with current business, industry, regulatory and legislative developments and trends that will affect the Company's business operations.

Financial and accounting knowledge and expertise of Directors

Our Board of Directors consists of members who possess a wide variety of knowledge and experience in finance, economy, management, business administration, marketing and law. This ensures that together, they formulate the right policy for the development of the business while having the specialized skills and the ability to foresee developments across a larger perspective and with enough independence to audit the management in a balanced manner.

Among them, two Directors are Fellow members of the Institute of Chartered Accountants of Bangladesh (ICAB), naming Mr. Mohammad Mahbubur Rahman and Mr. Md. Kamrul Hassan FCA. They provide guidance in matters applicable to accounting and audit-related issues to ensure compliance and reliable financial reporting.

EXPERTISE OF DIRECTORS

Professional background

Our Board comprises of experts from various fields that provide a well-rounded view to the company that helps in effective strategic management and implementation. The following diagrams depict the areas of expertise and the composition of the tenure of service of our board members.

Professional background



Holding of Board meetings

As advised by the Bangladesh Bank, the meeting of the Board of a financial institution shall be held at its Corporate Head Office (CHO) or in the town in which its CHO is located. In compliance with this directive, the meeting of the Board of Directors is normally held at the registered Corporate Head Office of the Company. The meeting is held frequently, at least once a month, to help the Board discharge its responsibilities and functions as mentioned above. The meeting is scheduled well in advance and the notice of each Board meeting is given in writing to each Director by the Company Secretary.

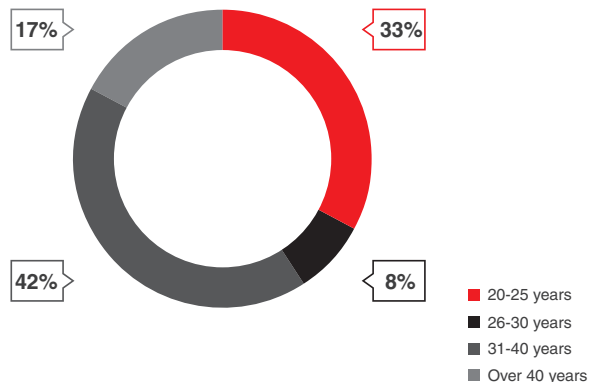
Process of holding Board meetings

The Company Secretary prepares the detailed agenda for the meeting. The Board papers comprising the agenda, explanatory notes and proposed resolutions are circulated to the Directors well in advance for their review. The members of the Board have complete access to all the information of the Company, enabling them to work efficiently. The members of the Board are also free to recommend inclusion of any matter in the agenda for discussions, subject to the permission of the Chairman of the meeting. The Company Secretary, the Chief Financial Officer and Head of Internal Control and Compliances always attend the Board meetings and the senior management is invited to attend the Board meetings to provide additional inputs of the items being discussed by the Board and make necessary presentations.

Length of service

All members of our Board are extensively accomplished in their respective fields, and proffer their adept and seasoned knowledge on the back of over 20 years of experience. Majority of our directors falls within the experience bracket of 31 to 40 years; assuring the stakeholders in their decision-making process and governing capabilities.

Length of service



The number of Directors required to constitute a quorum is six (6), out of the eleven Directors. During 2018, a total of twelve (12) Board meetings were held.

Key Activities of the Board in 2018

The following table shows a breakdown of the matters considered by the Board in 2018, in addition to business agenda.

Quarter-wise Overview of Main Recurring Board Activities of 2018	
January – March	<ul style="list-style-type: none">• Authorization of Financial Statements and Annual Report 2017• Dividend recommendation• Appointment of Auditors and determination of Audit Fees• Approval of Performance Bonus for 2017• Holding of Annual General Meeting• Review of Base Rate for the Fourth Quarter 2017
April – June	<ul style="list-style-type: none">• Endorsement of First Quarter Financial Statement 2018 (January – March)• Employee Salary revision• Review of Base Rate for the First Quarter 2018
July – September	<ul style="list-style-type: none">• Endorsement of Second Quarter Financial Statement 2018 (March - June)• Review of Base Rate for the Second Quarter 2018
October – December	<ul style="list-style-type: none">• Endorsement of Third Quarter Financial Statement 2018 (September – July)• Approval of Budget for the year 2019• Modification of Credit Policy• Review of Base Rate for the Third Quarter 2018

KEY ACTIVITIES OF 2018

- Issuance of Zero Coupon Bond
- Purchase of Land for IDLC Tower
- Change in Director of the Board
- Revision of Employee Salary Structure
- Inclusion of “IDLC FL Integrity Award Policy”
- Compliance with the Code of Conduct for the members of the Board
- Declaration of Dividend
- Revised Technology Policy
- Approval of the IDLC’s Budget 2019
- Adoption of Directors’ report to the shareholders for the year 2017
- Appointment of Statutory Auditors and fixation of their remuneration
- Appointment of Corporate Governance Auditors and fixation of their remuneration

Directors' remuneration

Directors are not entitled to any remuneration other than attending the meeting of the Board and its committees.

Bangladesh Bank vide its DFIM Circular No. 13 dated November 30, 2015, re-fixed the maximum limit of remuneration to the Directors for attending meetings of the Board and its committees at Taka 8,000 per meeting per Director.

Directors' report on preparation and presentation of financial statements and corporate governance

The Board of Directors accepts the responsibility for the preparation of the financial statements, maintaining adequate records for safeguarding the assets of the Company, preventing and detecting fraud and/ or other irregularities, selecting suitable accounting policies and applying those policies consistently and making reasonable and prudent judgments and estimates where necessary.

The Board of Directors are also responsible for the implementation of the best and the most suitable corporate governance practices.

Role of the Company Secretary (CS)

The Company Secretary acts as a mediator between the Company, its Board of Directors, stakeholders, the government and regulatory authorities.

In compliance with the Corporate Governance Code, the Company Secretary has defined roles and responsibilities approved by the Board, which are indicated below:

- To ensure the compliance of the company in relation to financial and legal practices, as well as issues of corporate governance;
- To act as a point of communication between the board of directors and company shareholders, reporting in a timely and accurate manner on company procedures, performance and developments;
- To develop and oversee the systems that ensure the company complies with all applicable codes, as well as its legal and statutory requirements;
- Holding, managing and administering board and committee meetings and general meetings of shareholders;
- Organizing, preparing agendas for, and taking minutes of board meetings, audit committee meetings, executive committee and other committees of the Board, annual general meetings (AGMs) and extra-ordinary general meeting of the shareholders;
- Overseeing maintenance of statutory books, including registers of members, directors and registrar of meeting minutes;
- Dealing with correspondence, ensuring decisions made are communicated to the company stakeholders;
- Contributing to meeting discussions, as and when required, and advising members of the legal, governance, accounting and tax implications of proposed policies;

- Monitoring changes in relevant legislation and the regulatory environment, and taking appropriate action;
- Liaising with external regulators and advisers, such as lawyers and auditors;
- Filing statutory returns to regulatory bodies such as RJSC, Bangladesh Bank, Securities & Exchange Commission (SEC), Stock Exchanges, Central Depository System etc;
- Overseeing the preparation of company's statutory annual report and dispatching to stakeholders in timely manner;
- Assist management in corporate tax planning and ensure efficient and effective tax management and compliance with regard to tax withholding and statutory reporting to tax authority;
- Analyse tax implications in new diversified investments and assist management;
- To take competitive tax advantage from different alternative investment options;
- Oversee the filing of annual tax return, liaise with tax consultants time to time and attend hearing to tax office as and when required;
- Statutory reporting to Bangladesh Bank, SEC, NBR and other regulatory bodies under Financial institutions Act, 1993, Companies Act 1994, Securities & Exchange Regulations etc and
- Liaison with the outside parties for company affairs.

Role of the Chief Financial Officer (CFO)

A Chief Financial Officer (CFO) is the senior executive role with primary responsibility for managing the company's finances, including financial planning, management of financial risks, record-keeping, and financial reporting.

In compliance with the Corporate Governance Code, the Chief Financial Officer (CFO) has defined roles and responsibilities approved by the Board, which are indicated below:

- To participate in planning and policy making, and unshouldering responsibility for the overall financial management of the Company;
- To regulate, supervise and implement a full and accurate set of accounting books and records reflecting all its activities in a manner commensurate with the relevant legislation such as Companies Act, 1994, Securities and Exchange Commission 1969, Financial Institutions Act, 1993, International Accounting Standards and Bangladesh Accounting Standards;
- To implement budgetary and financial control system to monitor the performance of the company, its flow of funds, the adherence to the budget;
- To comply with all reporting, accounting and audit requirements imposed by the capital market authority and regulatory bodies;
- To prepare annual budget, financial and business plans, feasibility studies for new diversification;
- To alert management and Board any irregularity, lack of compliance, lacunas and problems whether actual or potential concerning the financial system, financial plans, accounting, taxation which could or does have financial implication;

- To ensure proper tax management and compliance system;
- To help management maintain a proper capital structure with optimum leverage to bring more return on equity holders;
- To supervise and oversee the Accounts and Finance Department;
- To safeguard the asset of the company by ensuring efficient usage and control of assets;
- To plan and control organisational cost;
- Oversee the smooth operation of the finance and accounting function, tax management of the Company to provide sound day to day financial stewardship for the Company;
- Involve vigorously in business strategies, formulate long term business plans and keep close liaison with the Board of the Company;
- Plan, organize, direct and monitor the financial and administrative functions to ensure achievement of objectives and goals;
- Supervise collection of business plans and targets from other departments and ensure proper coordination for preparing annual budget of the Company;
- Overseeing and supervising preparation of various monthly management reports, MISs and variance analysis of actual with the budgets and report abnormalities;
- In timely manner, to ensure proper budgetary control system and provide;
- Enhanced control and analysis on business unit's revenues and expenditures;
- Report on factors influencing business performance and to assess and evaluate the financial implications for new diversified operation and existing venture;
- Ensure overall accuracy of the accounting system, financial statements prepared at month end and year end, including Profit and Loss Account, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity and internal and external statutory returns;
- Oversee the monthly management accounts with detailed analysis of performance;
- Review and supervise the activity based and branch profitability statement of the company to assess the performance of different financial products and branches;
- Monitor and supervise the preparation of half yearly statutory accounts and ensure compliance of requirements of regulatory bodies in preparing and circulating the half yearly accounts to shareholders;
- Designing presentation of annual statutory financial statements and notes to the accounts to ensure proper compliance of Companies Act, Securities and Exchange Regulations, Financial Institutions Act, International and Bangladesh Accounting Standards' (IASs and BASs) and other applicable laws related to disclosures of financial information;
- Liaise with the External Auditor and oversee the audit procedure and Prepare statutory annual report and circulate to stakeholders within the time frame.

Role of the Head of Internal Audit and Compliance (HIAC)

Head of Internal Audit and Compliance (HIAC) is the senior executive role with primary responsibility for managing the company's audit, internal control system, risks, compliance to internal & external regulation, and reporting.

In compliance with the Corporate Governance Code, the Head of Internal Audit and Compliance (HIAC) has a defined role and responsibilities approved by the Board, which are indicated below:

- Ensure proper internal control system are in place for smooth operation of the company;
- Check compliance to internal and external regulation of the company;
- Coordinate analysis of risk in different areas of operations; Prepare annual audit plans based on the results of the risk analysis;
- Schedule planned audits and coordinate planning for specific audits;
- Prepare audit programs and approaches that meet the objectives of audits, with a focus on compliance to internal control design and testing;
- Perform audit work including preparing work papers, documenting control weaknesses or inefficiencies and managing the completion of the audit within the given timeframe;
- Prepare draft audit report and conduct exit meetings to obtain management concurrence and responses;
- Prepare final audit reports and circulate the report to CEO and auditee;
- Place summary of audit report to the audit committee; Conduct special investigation on the allegation of fraud, forgery noticed by the management;
- Contribute to process improvements of existing departmental procedures and tools;
- Perform other duties and special projects as assigned by the CEO or Audit Committee and
- Create awareness in developing a culture of risk and control throughout the organisation.

Committees of the Board

As per Bangladesh Bank guidelines, IDLC, being a Financial Institution (FI) can only form two subcommittees of the Board: Audit Committee (AC) and Executive Committee (EC). No other subcommittee of the Board is permitted by Bangladesh Bank. Moreover, for ensuring good governance in the company, BSEC has advised that the Board shall have at least two sub-committees: Audit Committee and Nomination and Remuneration Committee.



New Director Recommendation



Audit

Committee



Executive

Committee

Section no.	Name of Committee of the Board	Members of the Committee	Functions of the Committee	Number of meetings held in 2018
1.15.1	Executive Committee	<p>Atiqur Rahman- Chairman</p> <p>Md. Abdul Wadud- Member</p> <p>SyedShahriyarAhsan- Member</p> <p>Mai Ul Hasan- Member</p> <p>Arif Khan CFA FCMA- Member</p>	<ul style="list-style-type: none"> • Establishing strategic and operational plans • Taking prompt decisions to adapt to changes in the market • Determine and outline the area of business focus area where 	12
1.15.2	Audit Committee (See Section 3 below for details)	<p>MonowerUddin Ahmed- Chairman</p> <p>Mohammad Mahbubur Rahman FCA- Member</p> <p>Md. Kamrul Hassan FCA- Member</p> <p>Syed Shahriyar Ahsan- Member</p>	<ul style="list-style-type: none"> • Examine any matter relating to the financial affairs of the Company; • Recommend financial statements to the Board for authorization; • Recommend external auditors for appointment; • Review all audit and inspection reports, internal control systems and procedures, accounting policies and adherence to compliance requirements 	6

IDLC's Vision, Mission and Strategies

Board-approved vision and mission statements of the company

The Board of Directors, at its 193rd meeting held on May 13, 2012, redefined the Company's vision, mission, strategic objectives and value statements. Adhering to our value statements, we are driving towards our vision.

Management Committee and its subcommittees

No.	Name of the Committee	Members of the Committee	Functions of the Committees	Year 2018
1	Management Committee	<p>Arif Khan CFA, FCMA, CEO & Managing Director</p> <p>M. Jamal Uddin, Deputy Managing Director & Head of Business</p> <p>Asif Saad Bin Shams, Chief Risk Officer and Head of Credit</p> <p>Mir Tariquzzaman, Chief Technology Officer (CTO)</p> <p>Ahmed Rashid, Head of SME Division</p> <p>Syed Javed Noor, Head of Consumer Division</p> <p>Mesbah Uddin Ahmed, Head of Corporate Division</p> <p>Akhteruddin Mahmood, Group Head of Human Resources</p> <p>Ataur Rahman Chowdhury, Head of Operations</p> <p>Md. Masud K. Majumder, ACA, Group Chief Financial Officer</p> <p>Mohammad Jobayer Alam, CFA, Head of Treasury & Strategic Planning</p> <p>Mahbub-ul-Kader, CAMS, Group Head of Internal Control and Compliance</p> <p>Mohammad Jobair Rahman Khan, FCA, Head of Group Corporate Affairs & Taxation and Group Company Secretary</p> <p>Md. Moniruzzaman, CFA, Managing Director, IDLC Investments Limited</p> <p>Md. Saifuddin, Managing Director, IDLC Securities Limited</p> <p>Rajib Kumar Dey, Managing Director, IDLC Asset Management Limited</p>	<ul style="list-style-type: none"> Oversee IDLC in accordance with its Constitution and applicable laws and regulations; Overseas ongoing operations; Segregation of the responsibilities and accountability of the committee from those of the Executive Officer to ensure good governance; Monitoring achievement against strategic plans and allocated budget ; Making key decisions for the Company's management and operations under the official delegation of authority from the Board. 	<p>Meetings held: weekly</p> <p>Notable accomplishments:</p> <ol style="list-style-type: none"> Review of the Business Continuity Plan; Formation of the Central MIS segment; Issuance of the zero coupon bond; Re-engineering of the Consumer Division Business Model; Authorizing extension of the Core Banking Software.
1.1	Management Committee	<p>Arif Khan, CFA, FCMA, CEO & Managing Director</p> <p>M. Jamal Uddin, Deputy Managing Director & Head of Business</p> <p>Asif Saad Bin Shams, Chief Risk Officer and Head of Credit</p> <p>Ahmed Rashid, Head of SME Division</p> <p>Syed Javed Noor, Head of Consumer Division</p> <p>Mesbah Uddin Ahmed, Head of Corporate Division</p> <p>Mohammad Jobayer Alam, CFA, Head of Treasury & Strategic Planning</p>	<p>Evaluates all projects/ proposals of the Company from the risk point of view.</p>	<p>Meetings held: Twice in a week</p> <p>Approved business proposals having a group exposure limit as given below:</p> <ol style="list-style-type: none"> Corporate & SME segment: Existing client-BDT 50 mn & New client-BDT 70 mn Residential and Commercial Real Estate Finance: BDT 30 mn

No.	Name of the Committee	Members of the Committee	Functions of the Committees	Year 2018
1.2	Asset Liability Management Committee (ALCO)	<p>Arif Khan, CFA, FCMA, CEO & Managing Director</p> <p>M. Jamal Uddin, Deputy Managing Director & Head of Business</p> <p>Asif Saad Bin Shams, Chief Risk Officer and Head of Credit</p> <p>Ahmed Rashid, Head of SME Division</p> <p>Syed Javed Noor, GM Head of Consumer Division</p> <p>Mesbah Uddin Ahmed, Head of Corporate Division</p> <p>Md. Masud K. Majumder, ACA, Group Chief Financial Officer</p> <p>Mohammad Jobayer Alam, CFA, Head of Treasury and Strategic Planning</p>	<ul style="list-style-type: none"> • To instill a systematic management process for tracking the Balance Sheet risks in a timely manner. • To proactively review and manage potential liquidity risk and Interest rate risk which may arise from market movements, regulatory changes and/or changes in economic/political environment. • To review and set deposit-pricing and asset-pricing strategy of IDLC. Determine deposits and assets growth in the right bucket for better Asset Liability Management (ALM) of IDLC. • To ensure compliance with the regulations of Bangladesh Bank in respect of statutory obligations involved within the parameters of Balance Sheet Risks. 	<p>Meetings held: 13</p> <p>Notable accomplishments:</p> <ol style="list-style-type: none"> 1. Effectively managed liquidity and interest rate risk through proactive policy measures amid tight liquidity condition in the market; 2. Maintained spread within a satisfactory margin; 3. Ensured compliance with all regulatory guidelines.
1.3	Remuneration Committee (HR & Compensation Committee)	<p>Arif Khan, CFA, FCMA; CEO & Managing Director</p> <p>M. Jamal Uddin, Deputy Managing Director & Head of Business</p> <p>Mir Tariquzzaman, Chief Technology Officer (CTO)</p> <p>Asif Saad Bin Shams, Chief Risk Officer and Head of Credit</p> <p>Ahmed Rashid, Head of SME Division</p> <p>Syed Javed Noor, Head of Consumer Division</p> <p>Mesbah Uddin Ahmed, Head of Corporate Division</p> <p>Akhteruddin Mahmood, Group Head of Human Resource</p> <p>Md. Masud K. Majumder, ACA, Group Chief Financial Officer</p> <p>Mohammad Jobayer Alam, CFA, Head of Treasury & Strategic Planning</p>	<ul style="list-style-type: none"> • Partner with the Human Resource function in driving the people agenda in alignment with the Organisational Strategy related to total reward system. • Ensure consistency of application of policies and procedures across the Group. • Ensure equal opportunity and transparency in terms of suitable recruitment, performance evaluation and other benefits- related issues 	<p>Meetings held: 7</p> <p>Notable accomplishments:</p> <p>From 2019 onwards, the committee would convene at- least once in a month for a formal meeting</p>
1.4	Corporate Governance Committee	<p>Arif Khan, CFA, FCMA; CEO & Managing Director</p> <p>Asif Saad Bin Shams, Chief Risk Officer and Head of Credit</p> <p>Md. Masud K. Majumder, ACA, Group Chief Financial Officer</p> <p>Mahbub-ul-Kader, CAMS, Group Head of Internal Control and Compliance</p> <p>Mohammad Jobair Rahman Khan, FCA, Head of Statutory Reporting & Group Company Secretary</p>	<ul style="list-style-type: none"> • Ensures that the Corporate Governance practice within the Company is as required by the Bangladesh Securities and Exchange Commission (BSEC) and the Bangladesh Bank. • Recommends and advises course of action in the areas where there is a scope of improvement. 	<p>Meetings held: 4</p> <p>Notable accomplishments:</p> <p>Aligning Code of Conduct and IDLC's governance framework with the BSEC Corporate Governance Code date June 3, 2018.</p>

No.	Name of the Committee	Members of the Committee	Functions of the Committees	Year 2018
1.5	BASEL Implementation Committee	<p>Arif Khan, CFA, FCMA; CEO & Managing Director</p> <p>Asif Saad Bin Shams, Chief Risk Officer and Head of Credit</p> <p>Md. Masud K. Majumder, ACA, Group Chief Financial Officer</p> <p>Mahbub-ul-Kader, CAMS, Group Head of Internal Control and Compliance</p> <p>Mohammad Jobair Rahman Khan, FCA, Head of Statutory Reporting & Group Company Secretary</p>	<ul style="list-style-type: none"> • Apply the action plan of BASEL-II and review thereof; • Communicate issues related to the implementation of BASEL-II to the management; • Assist in carrying out the quantitative impact study (QIS), if necessary; • Engage in capacity building and training according to the training need assessment (TNA) for the concerned officials; and • Establish a planning and supervisory review as required by Pillar-II of BASEL-II framework. <p>The reviews of the BASEL Implementation Committee include</p> <ul style="list-style-type: none"> • Review of action taken in previous BIU meetings • Economic and market status and outlook • Credit, market and operational risks related to capital adequacy • Review of BASEL implementation status 	<p>Meetings held: 4</p> <p>Notable accomplishments:</p> <ul style="list-style-type: none"> • Ensuring credit rating for eligible clients to constrain Risk Weighted Asset of portfolio; • Ensuring alignment of business strategies and planning with BASEL guidelines to ensure sound Capital Adequacy Ratio (CAR) as indicated by the improving trend of the CAR over the years.
1.6	Integrity Committee	<p>M. Jamal Uddin, Deputy Managing Director & Head of Business</p> <p>Mir Tariquzzaman, Chief Technology Officer (CTO)</p> <p>Ahmed Rashid, Head of SME</p> <p>Syed Javed Noor, Head of Consumer Division</p> <p>Md. Mesbah Uddin Ahmed, Head of Corporate Division</p> <p>Akhteruddin Mahmood, Group Head of Human Resources</p> <p>Mahbub-ul-Kader, CAMS, Group Head of Internal Control & Compliance</p>	<ul style="list-style-type: none"> • Create awareness on code of integrity and good governance across the company; • Identify the scopes where efficiency of employee can be developed and arrange appropriate training in this regards; • Amend existing policies and procedures as per requirements; • Evaluate and reward the respective employees for integrity and good work; • Improve e-governance system; • Develop complaint management system; • Implement code of conduct. 	<p>Meetings held: 2</p> <p>Notable accomplishments:</p> <p>Implementation of the Integrity Award Policy and selecting the employee for Integrity Awards.</p>

No.	Name of the Committee	Members of the Committee	Functions of the Committees	Year 2018
1.7	Central Compliance Unit (CCU)	<p>M. Jamal Uddin, Deputy Managing Director & Head of Business</p> <p>Asif Saad Bin Shams, Head of Credit & Collection</p> <p>Mahbub-ul-Kader, CAMS, Group Head of Internal Control and Compliance</p>	<ul style="list-style-type: none"> • Keeping updated with changes in regulations regarding the combatting of money laundering and terrorist financing, and accordingly adopting changes to IDLC's AML and ATA compliance policy • Supervising money laundering and terrorist financing control procedures of the company so as to ensure legal and regulatory requirements • Issuing necessary instructions across the company in line with company policy and Bangladesh Bank directives • Ensuring that proper KYC along with effective risk assessment and control procedures are in place • Providing advisory services to business and operational units on various issues linked with alleged money laundering activities or transactions • Maintaining ongoing awareness on evolving money laundering risks and their compliance procedures through formal and informal training, workshop and seminars • Development of adequate testing procedures to detect and prevent lapses in compliance • Monitoring business activities of branches through AML and ATA self- assessment procedure and provide corrective measures 	<p>Meetings held: 4</p> <p>Notable accomplishments:</p> <ul style="list-style-type: none"> • Ensured continued compliance with national AML/CFT laws and regulations; • Review of the AML/CFT policies and ensure its compliance across the organisation; • Reviewed and approved suspicious transaction reporting.
1.8	Risk Management Forum (RMF)	<p>Asif Saad Bin Shams, Chief Risk Officer and Head of Credit</p> <p>Mir Tariquzzaman, Chief Technology Officer (CTO)</p> <p>Akhteruddin Mahmood, Group Head of Human Resources</p> <p>Ataur Rahman Chowdhury, Head of Operations</p> <p>Md. Masud K. Majumder, ACA, Group Chief Financial Officer</p> <p>Mohammad Jobayer Alam, Head of Treasury & Strategic Planning</p> <p>Shafayet Hossain, Head of Special Asset Management</p> <p>Mahbub-ul-Kader, CAMS, Group Head of Internal Control and Compliance</p> <p>Mohammad Jobair Rahman Khan, FCA, Head of Group Corporate Affairs & Taxation & Group Company Secretary</p> <p>Jane Alam Romel, Group Chief Marketing Officer</p>	<ul style="list-style-type: none"> • Design overall risk management strategy • Communicate views of the Board and senior management regarding the risk management culture and risk appetite across the Company • Prepare risk management policies and procedures • Monitor the prescribed/ threshold limits of risk appetite set by the regulator and/ or by the Company itself • Develop and observe the use of models to measure and monitor risks • Develop and oversee implementation of stress testing • Oversee the capital management functions in accordance with the risk-based capital adequacy measurement accord, i.e. BASEL-II/ III • Determine the most cost-effective way to minimize risks • Highlight risks in portfolios and deficiencies of the Company on a timely manner and report the analyses to the Managing Director as well as the Board of Directors with specific recommendations and suggestions • Review market conditions, identify external threats and provide commensurate recommendations for precautionary measures • Develop overall information system/ MIS to support the risk management functions of the Company 	<p>Meetings held: 12</p> <p>Notable accomplishments:</p> <ul style="list-style-type: none"> • Reviewing the risk framework; • Reviewing the risks identified during the years • Successful formation of the Operational Risk Management Wing; • Reviewing and Compilation of Standard Operating Procedure for every activity across the organisation.

No.	Name of the Committee	Members of the Committee	Functions of the Committees	Year 2018
1.9	ICT Steering Committee	<p>Arif Khan, CFA, FCMA, CEO & Managing Director</p> <p>M. Jamal Uddin, Deputy Managing Director & Head of Business</p> <p>Mir Tariquzzaman, Chief Technology Officer (CTO)</p> <p>Asif Saad Bin Shams, Chief Risk Officer & Head of Credit</p> <p>Syed Javed Noor, Head of Consumer Division</p> <p>Ahmed Rashid, Head of SME Division</p> <p>Md. Mesbah Uddin Ahmed, Head of Corporate Division</p> <p>Akhteruiddin Mahmood, Group Head of Human Resources</p> <p>Md. Masud K. Majumder, ACA, Group Chief Financial Officer</p> <p>Ataur Rahman Chowdhury, Head of Operations</p> <p>Mohammad Jobayer Alam, CFA, Head of Treasury & Strategic Planning</p> <p>Mohammad Jobair Rahman Khan, FCA, Head of Corporate Affairs and Taxation</p> <p>Mahbub-ul-Kader, CAMS, Group Head of Internal Control and Compliance</p> <p>Other stakeholders as decided by the committee</p>	<ul style="list-style-type: none"> • Monitor management methods to determine and achieve strategic goals • Provide guidance related to risk, funding, or sourcing • Ensure project priorities and assessing feasibility for ICT proposals • Ensure that all critical technology projects have a component for "project risk management" • Consult and advise on the selection of technology to be implemented • Ensure that vulnerability assessment of new technology is performed • Provide direction and guidance regarding architecture design, need for legislative and regulatory compliance • Ensure compliance to regulatory and statutory requirements 	<p>Meetings held: 4</p> <p>Notable accomplishments:</p> <ol style="list-style-type: none"> 1. Approved the project for the year 2. Prioritize the IT projects and resource assignment for the approved projects 3. Take the status update of the ongoing IT projects 4. Provide necessary guidance to ensure compliance
1.10	ICT Steering Committee ICT Security and Risk Management Committee	<p>Asif Saad Bin Shams, Chief Risk Officer & Head of Credit</p> <p>Mir Tariquzzaman, Chief Technology Officer (CTO)</p> <p>Md. Masud K. Majumder, ACA, Group Chief Financial Officer</p> <p>Ataur Rahman Chowdhury, Head of Operations</p> <p>Mahbub-ul-Kader, CAMS, Group Head of Internal Control and Compliance</p> <p>Muhammad Sazzad Hossain, Head of Operational Risk Management</p>	<ul style="list-style-type: none"> • Ensure development and implementation of ICT security objectives, ICT security related policies and procedures • Provide ongoing management support to the Information security processes • Ensure continued compliance with the business objectives, regulatory and legal requirements related to ICT security • Support to formulate ICT risk management framework/process and to establish acceptable ICT risk thresholds/ICT risk appetite and assurance requirements • Periodic review and provide approval for modification in ICT Security processes 	<p>Meetings held: 2</p> <p>Notable accomplishments:</p> <ul style="list-style-type: none"> • Provide guide lines and support to prepare the IT risk framework • Review of system audit by external IT Auditor
1.11	IDLC Ladies Forum (IDLC LF)	<p>Shamima Akter Lovely, Head of Human Resources, Capital Market Operations and Head of Organisational Development & Talent Management</p> <p>Executive Committee</p> <p>Comprises of 11 women employees representing different divisions and branches of the Group</p> <p>Secretary</p> <p>Ayesha Haque, Head of CSR All female employees of the Group</p>	<ul style="list-style-type: none"> • Ensuring all women employees the opportunity for networking and provide a common platform to share and raise various issues and problems like discrimination, harassment, negative attitude towards women and any other issue that may affect women employees within the Company. • Enabling IDLC's management to better understand and address issues and develop strategies accordingly. 	<p>Number of meetings held: 3</p> <p>Notable accomplishments:</p> <ol style="list-style-type: none"> 1. Effective hosting of the Annual Ladies Forum meeting; 2. Ensuring proper management of issues raised .

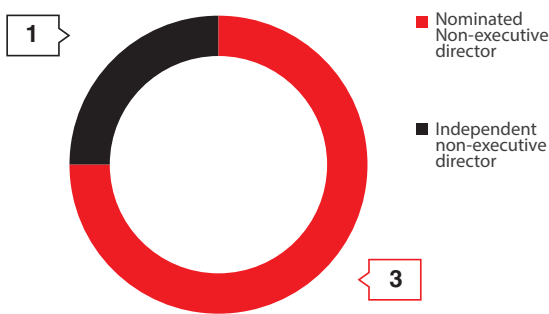
Audit Committee

Appointment of members and composition of the Audit Committee

Composition of the Audit Committee consisting of an Independent Director and Non-Executive Directors

In compliance Corporate Governance Code of BSEC, the Committee consists of four (4) non-executive members of the Board including an Independent Director who is the Chairman of the Committee. The quorum of the meeting shall not be filled until and unless the Independent Director attends the meeting. The Company Secretary acts as the secretary of the Audit Committee.

Audit Committee Composition



Qualification of the Chairman

Mr. Monower Uddin Ahmed, one of the Independent and Non-Executive Directors, is the Chairman of the Audit Committee, possessing of vast experience. All the members of the Committee are 'financially literate' as defined by the corporate governance code. In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)

(b) [where presence of an independent director is a must] and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.

Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):

Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.

Terms of reference of Audit Committee – empowering to investigate employees and retain external counsel

The role of the Committee is further expounded on and clarified in the Terms of Reference (ToR) of the Audit Committee, which was revised in light of directives contained in DFIM Circular No. 13, dated 26 October, 2011 issued by the Bangladesh Bank and CGC of BSEC. According to the revised ToR of the Audit Committee, its principal duties and responsibilities include the following:

In respect of internal control:

1. Evaluating whether the management:
 - a. Has an appropriate internal control and compliance culture with regards to risk management, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;
 - b. Has clearly defined the duties and responsibilities of officials and
 - c. Has full control over the operations of the Company
2. Reviewing the appropriateness of management information system (MIS) including information technology system and its use
3. Reviewing whether the management is complying with the recommendations made by internal and external auditors
4. Reviewing existing risk management procedures to ensure that processes are effectively run within the Company
5. Reviewing all fraud, forgery and internal control weaknesses discovered by internal, external or regulatory auditors and thereafter keeping the Board of Directors informed of all discoveries and subsequent corrective measures

In respect of financial statements:

1. Reviewing whether financial statements were prepared in compliance with all directives and guidelines prescribed by the Bangladesh Bank and other applicable standards
2. Engaging in discussions with external auditors and the management prior to the finalization of the financial statements
3. Attending and answering questions related to accounts and audit at the AGM

In respect of internal audit:

1. Reviewing the activities and organisational structure of internal audit and ensuring that there is no barrier or limitation to the performance of an independent internal audit;
2. Assessing the efficiency and effectiveness of internal audit;
3. Assessing whether the management is appropriately considering compliance of recommendations made by the internal auditors with regards to the observations identified by them and
4. Placing recommendations before the Board of Directors in case of change of accounting policies

In respect of external audit:

1. Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;
2. Review the Management's Discussion and Analysis before disclosing in the Annual Report;
3. Appraising the audit procedures and reviewing the management letter submitted by external auditors;
4. Assessing whether the management has appropriately considered the observations and recommendations made by the external auditors;
5. Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and
6. Placing recommendations to the Board of Directors regarding the appointment of external auditors.

In respect of compliance with existing regulations:

Reviewing whether the rules and regulations set by regulatory authorities (Bangladesh Bank and other regulatory bodies) as well as internal policies and guidelines approved by the Board of Directors are being complied with.

Miscellaneous:

Placing quarterly reports before the Board of Directors on rectification / correction status of errors, fraud, forgery and other irregularities identified by internal auditors, external auditors and the Bangladesh Bank inspection teams.

Undertaking development functions through implementing an improved infrastructure and reporting system and Performing all other supervisory activities as assigned by the Board as well as evaluating its own efficiency on a regular basis

Composition of the Audit Committee:

The Audit Committee comprises of 4 members of the Board, which includes all Non-Executive Directors, which covers the requirement clause of having more than two-thirds of the members being Non-Executive Directors.

Relevant Expertise of the Committee:

All four of the Committee incumbents possess working experience in the fields of finance, accounting and audit. Two of these members of the Committee, Mr. Kamrul Hassan FCA and Mr. Mohammad Mahbubur Rahman FCA, are Fellow members of the Institute of Chartered Accounts of Bangladesh (ICAB), and have specialized expertise required for the role.

Accessibility of Head of Internal Audit to the meeting of the Audit Committee

The Head of Internal Control and Compliance, Mr. Mahbub-ul-Kader has direct access to the Audit Committee, which in turn is directly accountable to the Board.

Holding of the Audit Committee meeting during 2018

As per its Terms of Reference and the BSEC Corporate Governance Code dated 03 June 2018, the Audit Committee is required to hold at least four (4) meetings in a year. During the year ended 31 December 2018, the Committee held Six (6) meetings.

Quorum of the Audit Committee meetings

The number of Directors required to constitute a quorum is two (2) or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must according to the BSEC Corporate Governance Code dated 03 June 2018. The Company Secretary shall act as the secretary of the Committee.

The Audit Committee and Internal Control and Compliance

IDLC's Internal Control and Compliance (ICC) department is tasked with reviewing the Company's system of internal controls including the conduct of regular audits of all operational units. ICC is operationally independent in that its members are not involved in the Company's operational activities and that the Head of ICC (HoICC), in addition to his direct reporting line to the CEO & Managing Director, also has access to the Audit Committee.

The Audit Committee is responsible for approving the annual audit plan of ICC and reviewing the plan's subsequent implementation.

Reporting of the Audit Committee

The Audit Committee reports directly to the Board of Directors and under certain circumstances, can also report to the BSEC.

Immediate reporting to the Board of Directors the Audit Committee shall immediately report to the Board of Directors in the following cases:

- On conflict of interest;
- Suspected and presumed fraud or irregularity or material defect in the internal control system;
- Suspected infringement of laws, including securities-related laws, rules and regulations and
- Any other matter which should be disclosed to the Board of Directors immediately

No such issues arose at IDLC during the year ended 31 December 2018.

Immediate reporting to the Bangladesh Securities and Exchange Commission

If the Audit Committee has reported to the Board of Directors about anything that has a material impact on the financial conditions and results of operations of, and where the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such findings to the SEC, upon reporting of such matters to the Board of Directors for three such instances or completion of a period of 9 (nine) months from the date of first reporting to the Board of Directors, whichever is earlier.

No such circumstances arose during the year ended 31 December 2018.

Objectives of the Audit Committee

The Audit Committee shall assist the Board of Directors to ensure that the financial statements reflect a true and fair view of the state of affairs of the Company. The committee will also ensure good monitoring systems within the business.

The principal functions of the Audit Committee are to exercise oversight over IDLC's risk management, financial reporting and regulatory compliance functions.

Internal controls are well conceived, properly administered and satisfactorily monitored

Based on the review of activities of ICC department in 2018, the Audit Committee is of the view that the internal control and compliance procedures are well conceived, properly administered and satisfactorily monitored .

Ensuring compliance with Laws, Regulations and timely settlements of statutory dues

Being compliant ensuring sustainable business is the ultimate focus of IDLC. IDLC puts its best effort to remain compliant with all applicable laws and regulations including the regulatory reporting in due course. IDLC has never been penalized for any regulatory non-compliance.

Audit committee's involvement in the review of the external audit functions

On the basis of the proposal of the Audit Committee, the board recommended A. Qasem & Co. Chartered Accountants, a partnership firm in Bangladesh and a member firm of Ernst & Young Global Limited, to the shareholders in the 33rd AGM to appoint them as statutory external auditors of the company for 2018. Accordingly the shareholders have approved their appointment.

Before their appointment as statutory auditors, declaration of their independence from IDLC was obtained, in compliance with DFIM Circular no. 04, dated April 30, 2015 of Bangladesh Bank.

In compliance with the BSEC corporate governance code, the statutory auditors did not perform any activities other than the statutory audit. During their tenure, ICC department has

coordinated and reviewed their functions and reported to the Audit Committee. Before presenting the financials before the board, the committee at its 66th meeting held on February 17, 2019 reviewed their activities and hold a discussion with them in this regard. And the committee and the auditors, both have expressed their satisfaction.

Selection of appropriate accounting policies

While reviewing the financial statements for 2018 by the Audit Committee, they have reviewed that the financial statements were prepared following appropriate accounting policies that are in line with applicable accounting standards adopted by Institute of Chartered Accountants of Bangladesh .

Review of interim financial statements before presenting to the board for authentication

In compliance with Bangladesh Bank DFIM circular No. 13, dated October 26, 2011 as well as the Terms of Reference (ToR) of the Audit Committee, the committee reviews the interim financials before presenting before the board.

Review of reliability of management information used for such computation

Based on the effectiveness of the internal control process along with its proper application and effective measures taken to prevent possible fraud and forgery, the Audit Committee expressed its satisfaction to the board on the reliability of management information used for preparation these financial statements.

Internal Control and Risk Management

Acknowledgment of Directors' responsibility in respect of internal control of IDLC

IDLC's Board of Directors acknowledges its overall responsibility for maintaining the adequacy and effectiveness of the Group's system of internal controls. The Board is of the view that the internal control framework is designed to manage the Group's risks within an acceptable risk profile, rather than completely eliminate the risk of failure to achieve the policies, goals and objectives of the Group. The Board therefore believes that it can provide only reasonable, rather than absolute, assurance regarding effectiveness against material mis-statements of management and financial information or against financial losses and fraud.

Internal control

IDLC has adopted the definition of internal control provided by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) in its Internal Control — Integrated Framework. Accordingly, the Company defines internal control as a process, affected by its Board of Directors, management and other personnel, which is designed to provide reasonable assurance regarding the achievements of objectives relating to the effectiveness and efficiency of operations, reliability

of both external and internal financial and non-financial reporting and compliance with applicable laws and regulations. The control system applies across the IDLC Group to all divisions and departments of its operations.

Key features of the internal control system

The Company's internal control system consists of five interrelated components:

a. The control environment

The control environment refers to the orientation, awareness and actions of those in the governance and management roles with regards to the Company's internal control and its importance in the entity. Elements under IDLC's control environment include:

- Active participation by those charged with governance as evidenced through regular meetings of its Board of Directors and Audit Committee;
- The communication and fostering of an environment that consistently requires integrity and ethical behavior as evidenced by regular communication and confirmation of its Code of Conduct and zero tolerance for illegal or unethical behavior;
- A formal well-defined organisational structure, setting out key areas of authority and responsibility and appropriate reporting lines that is relevant to the nature and size of the Company's business;
- Human resource policies that demonstrate the Company's commitment towards recruiting employees who meet established standards of competence and ethical behavior

b. Risk assessment

Risk assessment refers to the process(es) with which the Company identifies and assesses risks in the achievement of its objectives. A changing external and internal environment means that risk assessment is a dynamic process and must occur at all levels of the organisational structure, ranging from branch and department level reviews of portfolios, functions and operations to ManCom and ALCO meetings at the very top level of the management.

c. Control activities

Control activities are the policies and procedures that help ensure that the management directives are carried out. Control activities have various objectives and are applied throughout the Company at all levels and in all functions. These include activities such as authorization, reviews, reconciliations and verifications.

d. Information and communication

The information and communication component facilitates the functioning of the other components by providing information that is necessary for the attainment of Company objectives and by establishing a continuous process for collecting, sharing and disseminating necessary information from both within and outside the Company. Towards this end, the Company has established information systems that deal with internally generated data as well as external events, activities and conditions relevant to business decision-making to produce operational, functional and compliance-related information. In addition to Flexcube, our other customized software have greatly enriched the capabilities of the Company's information systems. In a more general sense, the IDLC culture encourages sharing of information and opinions across the management hierarchy and among different businesses, functions and departments.

e. Monitoring

Monitoring ensures that controls are operating as intended and that they are appropriately modified in response to changing conditions. At IDLC, this is achieved through a variety of measures including ongoing monitoring which occurs in the course of, and as a part of, day-to-day operations as well as separate management reviews, evaluations and periodic internal audits of various departments and business functions.

The Internal Control and Compliance (ICC) department acts as a second line of defense through conducting tests on the efficiency and effectiveness of the control systems through audit.

A prudently designed management structure, clearly defined responsibilities, delegation of authorities, risk awareness, establishment of accountability at each level and a system of periodic reporting and performance monitoring represent the key elements of the internal control framework employed at IDLC.

Directors' reviewing the adequacy of internal control

Subject to the caveats of reasonable assurance mentioned earlier, the Board confirms that it has reviewed and assessed the Group's system of internal controls with regards to its adequacy and effectiveness in providing reasonable assurance regarding the achievement of objectives relating to the effectiveness and efficiency of operations, reliability of both external and internal financial and non-financial reporting and compliance with the applicable laws and regulations.

Identification of key risks IDLC is exposed to – both internally and externally

Risk is the element of uncertainty or the possibility of loss that prevails in any business transaction in any place, in any mode and at any time. Risk is an integral part of the financing business. Risk management entails the adoption of several measures to strengthen the ability of an organisation to cope with the vagaries of the complex business environment in which it operates.

A well-structured and proactive risk management system is in place within the Company to address risks relating to:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

Money laundering and terrorist financing risk

The new Integrated Risk Management Guidelines for Financial Institutions specify a number of additional risks that financial institutions are now required to manage and report in a more structured manner. The key among these are:

Strategic risk

Strategic risk has been defined as the risk of potential losses that might arise from adverse business decisions, sub-standard execution and failure to respond adequately to changes in the business environment. The guidelines set out the respective roles of the Board of Directors, senior management and business units in managing strategic risks, identify the minimum steps to be followed in the strategic risk management process and also suggest measures for strategic risk control.

IDLC has been managing strategic risks ever since its inception. This is evident from the Company's constantly evolving business model over the years. The Company has a clear strategic vision as to what it wants to become and a mission statement that enumerates the steps required to achieve its vision. Strategic issues are discussed at a variety of forums including meetings of the Management Committee and of the IDLC Board. Over the past few years, a separate Strategic Planning department has been instituted to assist senior management in this regard. The culmination of all these efforts are reflected in annual strategy and budget sessions, where the Company sets out its plans for the next year. With the introduction of the new guidelines, more changes will be made to the strategic risk management process as and when required.

Compliance risk

Compliance risk is defined as the current or prospective risk of legal actions and / or material financial losses that an organisation may suffer as a result of its failure to comply with laws, its own regulations, code of conduct and standards of the best practice as well as from the possibility of incorrect interpretation of laws or regulations. The guidelines set out the respective roles of the Board, senior management and compliance function units in managing compliance risks and also require formulation of a written compliance risk management policy.

Historically, IDLC has always fostered a compliance-oriented culture. This has been reinforced in a variety of ways, ranging from formal requirements to sign declarations of compliance with the IDLC Code of Conduct (requiring compliance with the laws and regulations) to ongoing communication from the senior management stressing the need to do business under the highest levels of compliance. In general, compliance risk management is embedded in the day-to-day management of business processes and practices of the Company. With the introduction of the Integrated Risk Management Guidelines, the

overall management of compliance risk is reviewed and appropriately amended to ensure conformity with the guidelines.

Reputation risk

Reputation risk may be defined as the risk of loss arising from damages to an organisation's reputation. The guidelines set out the respective roles of the Board and the senior management in managing reputation risk and also require financial institutions to implement a sound and comprehensive risk management process to identify, monitor, control and report all reputational risks.

IDLC has already established a set of non-financial reputational risk indicators and put in place a structured process for monitoring these and any other matters that might give rise to potential reputational risks. Till date, no material reputational risk issue involving the Company has been identified.

Environmental and social risk

IDLC is focused on sustainability, shifting from the traditional financing approach. In this regard, the Company is strengthening its credit appraisal process to be much more stringent from an environment and social (E&S) perspective, evaluating all the environmental and social factors such as project impacts on the environment and the community in the long run, prior to sanctioning a loan.

Directors' reviewing the adequacy of internal control

- Credit Evaluation Committee (CEC): To evaluate all projects / proposals of financing activities of the Company from the risk point of view.
- Risk Management Forum (RMF): To introduce proactive risk management procedures in line with international best practices framework.
- Risk Analysis Unit (RAU): To act as the secretariat of the Risk Management Forum with responsibility for identifying and analysing the various types of risks appropriately and in a timely manner.
- Central Compliance Unit (CCU): Responsible for supervising the anti-money laundering (AML) and anti-terrorism activities (ATA) at IDLC.

Ethics and Compliance

Disclosure statement on ethics

The IDLC Group remains committed to upholding the highest standards of ethics and compliance by its employees. This commitment is reflected in its Code of Conduct that 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.

Dissemination of the statement of ethics and Code of Conduct

All IDLC employees are required to sign an annual declaration confirming that they have read and understood the Code of Conduct. The Human Resources department circulates the required declaration, and ensures that all employees signed the declaration. The Internal Control and Compliance (ICC) department, through regular audits, assesses whether any employees have breached the Code of Conduct.

Board's commitment to establishing high levels of ethics and compliance within IDLC

The IDLC Board acknowledges its responsibility for ensuring that the Company's business activities are conducted in accordance with the highest standards of ethics and compliance.

The Board views adherence to ethical standards and compliance as an integral part of the broader corporate governance framework and seeks to adopt a holistic approach in ensuring its implementation. As part of this, it has instituted a number of approaches to underline its commitment to high standards of ethical behavior:

- Setting down standards of expected behavior through the formulation and communication of a Code of Conduct.
- Installing a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis.
- Positioning Company policies and procedures on ethical foundations to ensure that ethical considerations are integrated in the day-to-day decision-making, activities and processes.
- Establishing a clearly-defined organisational structure that assigns responsibility and authority for the conduct of organisational functions while at the same time ensuring accountability for individual actions.

- Establishing a variety of monitoring mechanisms including the creation and empowerment of an operationally independent internal audit team with reporting responsibilities to the audit committee.
- Ensuring instant action with zero tolerance for identified instances of unethical and/or non-compliant behavior.

Code of Conduct for Board members

The Board of Directors of IDLC is committed to the highest standards of conduct in their relationship with IDLC employees, customers, members, shareholders, regulators and the public. This refers to conducting our business in accordance with all applicable laws and regulations and also represents our commitment to the spirit of the law. Our actions should reflect IDLC's values, demonstrate ethical leadership and promote a work environment that upholds IDLC's reputation for integrity, ethical conduct and trust. This Code is intended to provide a statement of the fundamental principles applicable to our Directors.

Our Directors are encouraged to bring forth questions about particular circumstances that may involve one or more of the provisions of this Code to the Chairman of the Board.

In compliance with the revised corporate governance code issued by the BSEC, the Board shall lay down the Code of Conduct of all Board members and annual compliance of the Code has to be recorded.

Scope of the Code of Conduct

(a) A member must observe the Board's Code of Conduct whenever he/she:

- Conducts the business of the Board
- Acts as a representative of the Board

(b) The Board's Code of Conduct shall not have any effect in relation to the activities of a Board member undertaken other than in an official capacity, except and in so far as otherwise indicated

(c) Where a Board member acts as a representative of the Board at the meeting of another public body or Committee, he/she must, when acting in that capacity, comply with the Board's Code of Conduct, except and in so far as it conflicts with any other legal obligations to which he/she may be subject to.

General obligation

The Code of Conduct for Board members of the Company includes:

A. Prudent conduct and behavior

Each Board member should seek to use due care in the performance of his / her duties, be loyal to the Company, act in good faith and in a manner that such a Board member reasonably believes to be not opposed to the best interests of the Company. A Board member shall seek to:

- i. Make reasonable efforts to attend Board and Committee meetings
- ii. Dedicate time and attention to the Company
- iii. Seek to comply with all applicable laws, regulations, confidentiality obligations and corporate policies of the Company
- iv. Act in the best interest of, and fulfill their fiduciary obligations to, the Company's shareholders
- v. Use due care and diligence in performing their duties of office and in exercising their powers attached to that office

B. Business opportunities

In carrying out their duties and responsibilities, the Board members shall avoid:

- (i) Appropriating corporate business opportunities for themselves that are discovered through the use of Company property or information or their position as Board member
- (ii) Using Company property or information, or their position as Board member, for personal gain
- (iii) Competing with the Company

C. Conflict of interest

Each Board member shall endeavor to avoid having his or her private interests interfere with:

- (i) The interests of the Company
- (ii) His or her ability to perform his or her duties and responsibilities objectively and effectively

The Board members shall avoid receiving or permitting members of their immediate family to receive improper personal benefits from the Company, including loans from or guarantees of obligations by the Company.

A Board member shall make a full disclosure to the entire Board of any transaction or relationship that such a member reasonably expects could give rise to an actual conflict of interest with the Company and seek the Board's authorization to pursue such transactions or relationships.

D. Company property

In carrying out their duties and responsibilities, the Board members shall endeavor to ensure that the management is using the Company's assets, proprietary information and resources to be used by the Company and its employees only for legitimate business purposes.

E. Confidential information

The Board members shall maintain confidentiality of information entrusted to them in carrying out their duties and responsibilities, except where disclosure is approved by the Company or legally mandated or if such information is in the public domain.

The Company's confidential and proprietary information shall not be inappropriately disclosed or used for the personal gain or advantage of any Board member other than the Company. These obligations apply not only during a Board member's term but thereafter as well.

F. Fair dealing

In carrying out their duties and responsibilities, the Board members shall endeavor to deal fairly and should promote fair dealing by the Company, its employees and agents with customers, suppliers and employees.

G. Compliance with laws and regulations

In carrying out their duties and responsibilities, the Board members shall comply and endeavor to ensure that the management is causing the Company to comply with all applicable laws, rules and regulations.

In addition, if any Board member becomes aware of any information that he / she believes constitutes evidence of material violation of any securities or other laws, rules and regulations applicable to the Company or the operation of its business, by the Company or any employee or another Board member, then such a Board member should bring such information to the attention of the CEO & Managing Director of the Company.

H. Insider trading

The Board members shall not engage in insider trading with respect to the purchase and sale of the Company's securities. The Board members shall not buy or sell securities while in possession of material non-public information about the issuer of that security, whether the issuer is IDLC or any another company. The Board members shall also not pass such information to someone who may buy or sell securities. The Code of Conduct for Board members sets forth guidelines for conduct and they affirm compliance with the Code on an annual basis. Accordingly, IDLC's Board designed the Code of Conduct for all the members of the Board and its annual compliance has been recorded for 2017.

Existence of effective anti-fraud programs & controls through whistle-blower mechanism

In recent times, the Company has come to identify the risk of fraud as one of the emerging issues in the overall risk management framework. Planned anti-fraud initiatives include the introduction of a whistle-blower mechanism. Whistleblower Guideline has been approved on December 17, 2017. Additionally, emphasis is placed on strengthening existing processes or activity levels and anti-fraud controls are embedded within the overall system of internal controls.

Redress of investor's complaints and recommendation

IDLC has a formal complaint and recommendation 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 and recommendations. Those may also be dropped at complaint boxes kept at all IDLC branches or can be submitted online on the IDLC website: www.idlc.com.

Remuneration Committee

IDLC's Remuneration Committee has been established with the senior executives in the name "HR and Compensation Committee" on 24 May 2007 to provide a forum for discussion on the Company's various HR-related issues.

Roles and responsibilities of the Committee

The principal role and function of the HR and Compensation Committee is to assist the human resource department in developing and administering a fair and transparent procedure for setting policies on the Group's overall human resource strategy. The responsibility of the committee is to ensure wide, equal opportunity and transparency in terms of suitable recruitment, compensation on the basis of merit, qualification and competence, adequate training and development facilities, performance evaluation and promotion based on individual performance and contribution and other benefits-related issues with regards to the Company's operating results and comparable market statistics.

Roles and responsibilities of the Committee

As per Bangladesh Bank guideline, IDLC being a financial institution can only form 2 (two) committees: Executive Committee and Audit Committee, as sub-committee of the Board.

Key policies with regard to remuneration of directors, senior management and employees

In compliance with the latest circular issued by Bangladesh Bank, vide DFIM Circular No. 13, dated November 30, 2015, directors are only entitled to the remuneration for attending the meeting of the board and its sub-committees.

Also in compliance with the DFIM Circular No. 02, dated March 25, 2015, of Bangladesh Bank, the remuneration of the CEO & Managing Director is approved by the Bangladesh Bank as recommended by the board.

Remuneration of all other employees are determined by the CEO & Managing Director.

Number of Meetings held and work performed

There were seven meetings of the HR Compensation Committee in the 2018.

Work Performed in 2018

The four meetings were held with following agenda:

January 2018-

- 1) Employee promotion phase I
- 2) Performance bonus

June 2018-

- 3) Salary revision

Remuneration of chairman, directors, CEO and senior executives

CEO & Managing Director

Remuneration paid to the CEO & MD as approve by Bangladesh Bank .

Remuneration of senior executives

Remuneration for senior executives is market-based and competitive in order to attract, motivate and retain skilled and competent employees. The total remuneration package to senior executives comprises basic pay, allowances, retirement benefits (Gratuity and Provident Fund) and other benefits as per company's policies. Executives are also paid a variable amount each year (yearly performance bonus) determined based on the performance of the company and the outcome in the executive's personal area of responsibility and individually established targets that were set in the beginning of the year.

Human Capital

IDLC considers its human resources as its most important asset. We mobilize people and teams through engaging them with leading and cutting-edge financial industry practices and also as an attractive employer. IDLC offers a broad spectrum of opportunities for both professional and personal development as well as a work environment that is characterized by respect, trust, cooperation and collaboration. We do so because the knowledge, skills and enthusiasm of our employees are a major force that enables us to achieve consistent growth. IDLC believes its human resource is the most important driver of building and running the Company. Each and every employee is considered, developed and motivated to contribute optimally towards the achievement of corporate goals.

Human resources policy

Disclosure of general description of the policies and practices codified and adopted by the Company with respect to human resource development and management, including succession planning, merit-based recruitment process, performance appraisal system, criteria for promotion and reward and motivation, training and development, grievance management and counselling.

Organisational chart

IDLC's organisational chart outlines the internal structure of the Company. It emphasizes on the roles, responsibilities and relationships between individuals within the Company. It is used to depict the structure of IDLC as a whole as well as the Company segregated by divisions and departments.

Structure

The Company's management structure comprises the CEO & Managing Director and the management team (ManCom). The ManCom is responsible for developing organisational and business strategies, embracing innovation and ensuring that the Company conforms to best governance and operating practices. The ManCom is also responsible for organisational effectiveness and the development of IDLC's values and culture. The ManCom is responsible for managing IDLC's performance and key business issues in line with the Company's long-term strategy and for talent and performance management. The ManCom is chaired by the CEO & Managing Director and the team meets face-to-face on a regular basis.

Management Committee (ManCom)

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 Institutions 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. A significant 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 big picture, monitors the strategic plan and if and 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.

Performance review

The CEO is responsible for setting financial targets as well as operational and management goals for the members of the ManCom. Both short-term and long-term goals form part of the performance management of all senior executives. Long-term goals are directly linked with the Company's vision. Short-term goals are generally directly linked to the objectives of the Company. The CEO and the Evaluation Committee conduct a detailed review of the performance of senior executives against these goals on an annual basis at the end of each year.

Succession Planning and Talent Management

Succession planning and talent management should be treated as continuous practice whereby Management and Board prepared for transitions at any time at a multiple level throughout the Company. This includes not only the Key Management Personnel level but also their direct reporting lines and other critical positions.

IDLC Ladies Forum (IDLC LF)

IDLC has launched its first Ladies Forum through a formal ceremony with the participation of all the female employees from different levels of positions, working areas and distribution points to address their views, problems and opinions to facilitate a better working environment for them. This Forum will provide all women employees the opportunity for networking and provide a common platform to share and raise various issues and problems like discrimination, harassment, negative attitude towards women and any other issue that may affect women employees within the Company. This will enable IDLC's management to better understand and address these issues and develop strategies accordingly.

Communication and Relationship with Shareholders

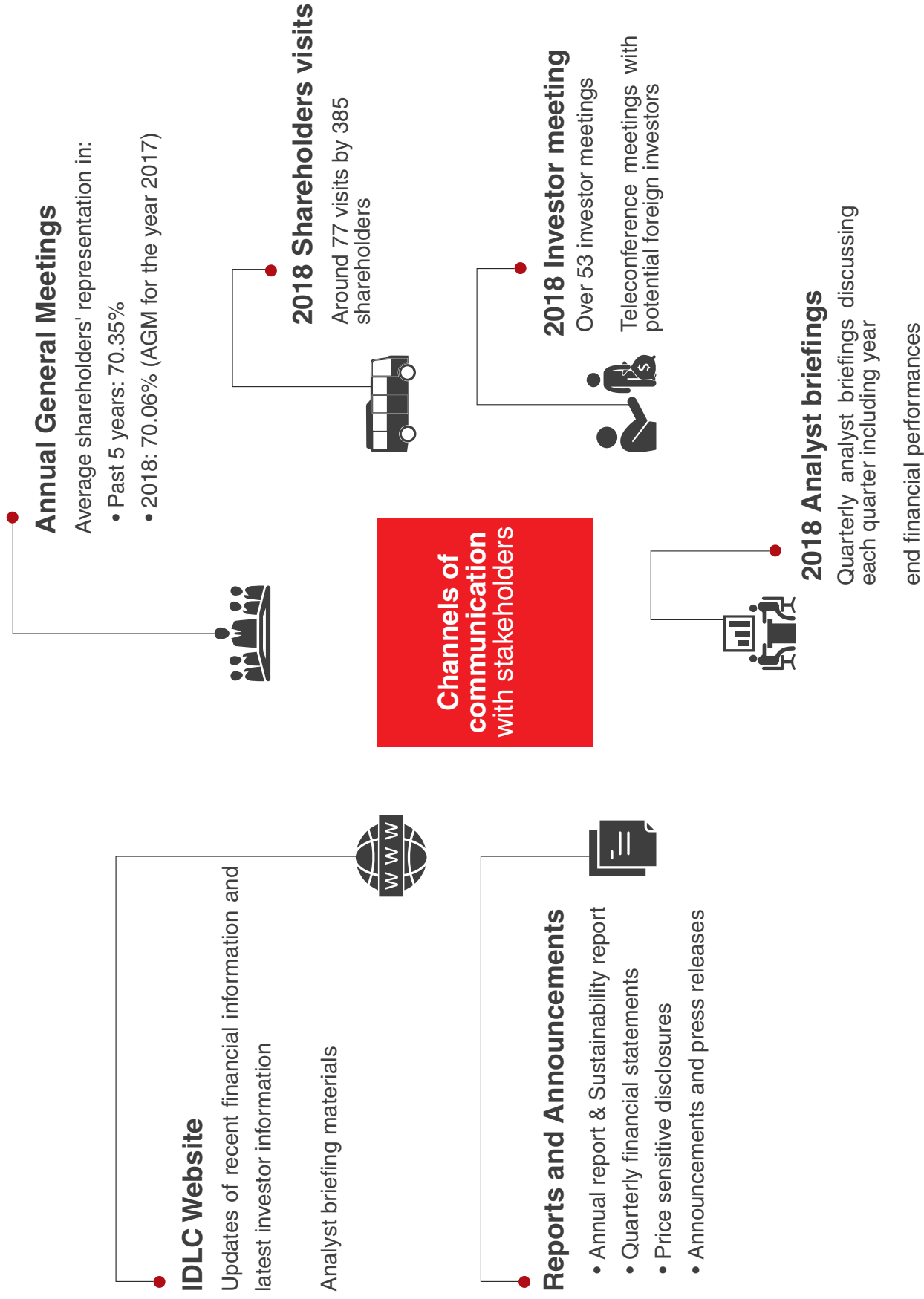
Strategy to facilitate effective communication with shareholders

It is the Company's policy that all external communication by the Company will:

- Be factual and subject to internal vetting and authorization before issue
 - Not omit material information
 - Express information in a timely, clear and objective manner
- IDLC strongly believes that all stakeholders should have access to complete information on its activities, performance and product initiatives.

Way of communication with the stakeholders

The following diagram illustrates the multiple channels of communication with shareholders.



a. Communication through website

The Company's website www.idlc.com displays, inter-alia, the Annual Reports, half yearly reports, quarterly reports, monthly business reviews, product offerings, recent announcements, presentations and event updates.

All disclosures required by the Bangladesh Securities and Exchange Commission, Listing Regulations of the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited and the Bangladesh Bank in the form of Price Sensitive Information (PSI) are made adequately and promptly. In addition to ensuring timely compliance, this also enables dissemination of information to all stakeholders and the public through print and online media.

b. Communication through quarterly reports

The Company reports to its shareholders four times a year through quarterly and half-yearly reports and a detailed Annual Report.

c. Quarterly earning disclosure

In the following day of the authentication of quarterly financial statements by the board, IDLC arranges a quarterly earning disclosure meeting with the analyst, press and foreign investors through webinar to explain and update further about the company in addition to the financials.

Policy on ensuring participation of shareholders

The Members whose names would appear in the Register of Members of the company and/or in the Depository on the 'Record Date' will be eligible to attend AGM and entitled to the Dividend as approved.

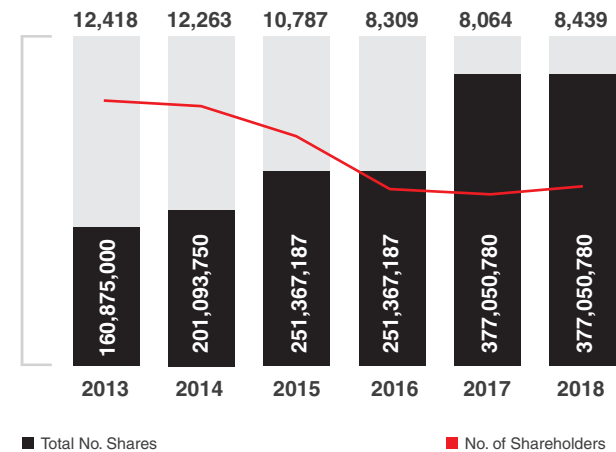
A Member may appoint a proxy to attend and vote in his/her place by filling proxy form as per Article 103 of the Articles of Association of the company. The proxy form, duly completed and stamped, must be deposited at the office not later than 72 hours before the time scheduled for holding the meeting;

Pursuant to Article 81 of the Articles of Association, a corporate member of the company, by resolution of the Board of Directors or other Governing Body of such body corporate, may authorize such person as it thinks fit, to act as representative at any meeting of the members of the company;

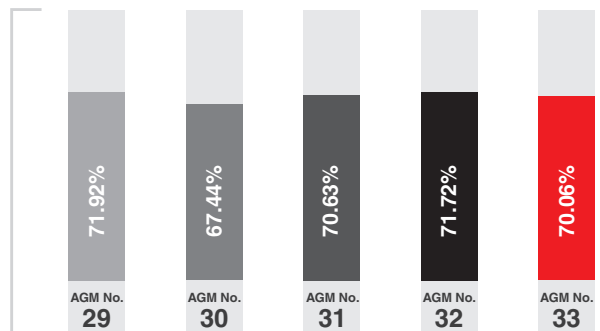
Soft copy of the Annual Report, Attendance Slip and Proxy Form along with the Notice will be sent to all the Members by email registered with CDBL as per our record. The Members may also collect the Proxy Form from the Registered Office of the company. These will also be available in the website of the company: www.idlc.com;

Members/proxies are need to register their entry at the AGM in the counter at the entrance of the AGM venue.

Total Number of Shareholders against Total Number of Shares



Shareholding representation at the AGM in the last 5 years



Communication through AGM

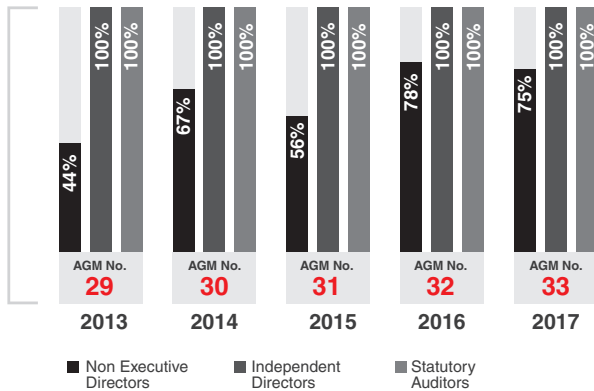
All shareholders have the right to attend the Annual General Meeting where they can meet and communicate with the Directors and express their views regarding the Company's business, its future prospects and other matters of interest. The shareholders are always encouraged to attend the meetings or, if they are unable to attend, to appoint proxies.

The shareholders who attend the AGM have the option to ask questions and give suggestions to the Board members during the AGM. The CEO & Managing Director, on behalf of the Board, answers the queries of the shareholders.

Process of communicating the schedule

At least 14 to 21 days before the AGM, soft copies of the Annual Report and notice of the AGM are mailed to shareholders as on the Record Date. Notice of the AGM is sent to the Dhaka Stock Exchange (DSE), Bangladesh Securities and Exchange Commission (BSEC), online newspapers and print media. The notice of the AGM is also made available on the company website.

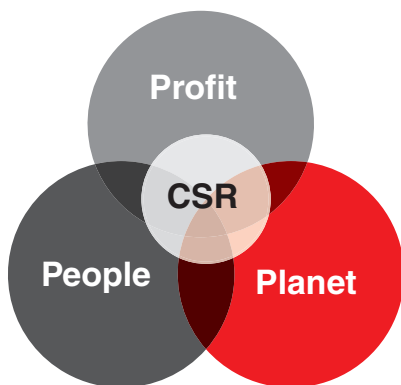
AGM attendance % of Non Executive Directors, Independent Directors & Statutory Auditors



Environmental and Social Obligation

Policy and practices on environmental and social obligation

At IDLC, we believe in the concept of a sustainable business, one that integrates good governance, environmental issues and social concerns with its business strategies to maximize value for stakeholders. IDLC's sustainability model is based on the 3P approach – **People, Planet and Profit:**



Activities undertaken

At IDLC, we are also focusing on Earth and its sustainability, shifting from the traditional financing approach. In this regard, we are making our credit appraisal process to be much more stringent from an environmental and social (E&S) perspective – evaluating all the environmental and social factors such as project impacts on the environment and the community in the long run, prior to approving a loan. IDLC is in the process of adopting an extensive environmental and social management system (ESMS) across the organisation with assistance from FMO, a Dutch development bank, and FI Konsult, IDLC's appointed consultant for this project. The overall goal of this project is to help IDLC identify customers with potentially high environmental and social risks, enable them to evaluate the E&S performance of such customers through its due diligence and credit appraisal processes and make those customers, especially who are not in compliance with local E&S regulations, behave

more responsibly through the use of environmental or social covenants in the facility agreements. This project will not only satisfy the Central Bank's requirements but also enable IDLC to comply with internationally-acceptable risk management standards. Furthermore, execution of the green banking policy, which is in line with IFC Performance Standard, ADB Safeguard Policy and Bangladesh Bank guidelines is considered as yet another milestone towards sustainability.

IDLC's Overall Governance

At IDLC, the Board of Directors are responsible to shareholders for ensuring that the Company is appropriately managed and that it achieves its strategic objectives. It meets regularly to determine the Company's strategic direction, to review the Company's operating and financial performance, to set the Company's risk appetite and to provide oversight that the Company is adequately resourced and effectively controlled. The specific duties of the Board are clearly set out in its Terms of Reference (ToR) that address a wide range of corporate governance issues and list those items that are specifically reserved for decision by the Board. Matters requiring Board approval include:

- Group strategy, business plans and performance monitoring
- Financial reporting and controls, capital structure and dividend policy
- Group risk appetite and framework and risk management policies
- Corporate governance
- Others (shareholder documentation, Board and committee succession planning, constitution of Board committees, Board effectiveness review, committee reports and key business policies)

In pursuit of business sustainability and within the ambit of our integrated reporting framework, our governance structure, stewarded by our well-composed Board (as detailed above with regards to their core responsibilities), helps in value creation over the medium and long term.

**STAKEHOLDER
ENGAGEMENT
AND
GRI REPORTING**

The aim of our sustainability reporting approach is to enable our stakeholders, including investors, to make a more informed assessment of the value of IDLC and its prospects as this report is organized around our business and CSR activities and milestones together integrated to reflect relevant SDGs.

Stakeholder Engagement for Reporting

IDLC since 2011, has been publishing the Annual Sustainability Report in compliance with the Global Reporting Initiative (GRI) framework. The report is prepared in accordance with sustainability reporting guidelines G4 issued by GRI which reflect IDLC's contribution towards creating economic, social and environmental value. In accordance with the G4 stakeholder engagement section, we have collected information from several sources, both financial and non-financial.

The IDLC team has tried to identify sustainable business objectives by understanding stakeholder expectations which are correlated. This is to ensure that IDLC can meet the objectives, modify existing practices and, if required, embrace corrective measures through the IDLC business model, annually.

Sustainability Dimension	Targeted Stakeholders	Sustainable Objectives
Economic	Customers	<ul style="list-style-type: none"> Provide quality products that meet customer needs Deliver professional services in accordance with IDLC policies and relevant technical and professional standards
	Suppliers/Implementing Agencies and Others	<ul style="list-style-type: none"> Adhere to proper procurement regulations from both company policy perspective and local laws
	Regulators	<ul style="list-style-type: none"> Ensure compliance with all regulatory guidelines and directives Respect the confidentiality and privacy of customers, people and others with whom they do business
Social	Employees	<ul style="list-style-type: none"> Consistently encourage enhancing human capital in terms of intellect and skills and work towards harvesting a healthy, ethical and equitable working environment Engaging staff in activities, sports, volunteering work other than business as usual, to achieve a balanced and productive environment which is beneficial to both employees and IDLC
	Local communities	<ul style="list-style-type: none"> Enhancing financial access to the marginalized Implementing projects and acts for marginalized communities and the underprivileged, to address requirements of the society in education and skills development, healthcare and overall poverty alleviation
Environmental	Environmental/ Non-Government Organizations	<ul style="list-style-type: none"> Conducting business without harming the environment
Regulators	Circular and directives issued by Central Bank of Bangladesh	<ul style="list-style-type: none"> Anti-corruption measures implemented by the organisation Company's vision and compliance of initiatives in line with SDG

Sustainability Dimension	Targeted Stakeholders	Sustainable Objectives
Management	Discussions (one-on-one) & Groups	<ul style="list-style-type: none"> • Employee engagement and championing volunteerism • Corporate governance, ethics and compliance • Enhance positive brand image • Non-discrimination, diversity and equal opportunities • Social obligations through capacity development of the underprivileged and women empowerment • Superior customer experience through continuous improvement
Employees	Discussions	<p>Every branch to own projects so there is co-ownership of CSR projects</p> <ul style="list-style-type: none"> • Career growth and development opportunities • Fair treatment and Work-life balance • Safe and healthy work environment • Employee grievance management

Material Aspects Identified

As per GRI, materiality is the threshold of the sustainability subjects covered by the guidelines – known as ‘Aspects’ – which become sufficiently important that they should be reported. Based on the issues raised by the stakeholders during the engagement process, the following material aspects have been identified and included in this report:

- Economic
- Compliance
- Employment, occupational health and safety
- Training and education
- Diversity and equal opportunity
- Non-discrimination
- Local communities
- Anti-corruption
- Marketing communications
- Customer privacy

Boundary Defined

The report details how IDLC addresses the material issues stated above and how these significantly influence performance, both within and outside the organization.

Category	Aspects	Material within the organisation	Material outside the organisation
Economic	<ul style="list-style-type: none"> • Economic performance • Procurement practices 	Yes	NA
Environmental	<ul style="list-style-type: none"> • Energy • Biodiversity • Compliance 	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 the communities living close to protected and/ or high biodiversity areas.
Social			
I. Labour practices and decent work			
Employment, occupational health and safety		Yes	NA
Training and education		Yes	NA
Diversity and equal opportunity		Yes	Yes - material for communities where IDLC creates job opportunities
Equal remuneration		Yes	NA
II. Human rights			
Child labour		Yes	NA
Security practices		Yes	NA
Non-discrimination		Yes	Yes
III. Society/ local communities			
Local communities		NA	Yes – aspect is material for local communities where IDLC has operates or invests
Anti-corruption		Yes	Yes - aspect is material for IDLC's customers and other stakeholders
IV. Product Responsibility			
Customer health and safety		Yes	Yes - aspect is material for IDLC's customers
Marketing communications		Yes	Yes - aspect is material for IDLC's existing and potential clients
Customer privacy		Yes Maintaining privacy of sensitive customer information is one of the major priorities of IDLC's staff and a significant part of its employee Code of Conduct.	Yes - aspect is material for IDLC's customers

GRI – G4 Reporting Index

This report is 'In Accordance' with "Core" standards of the G4 Guidelines as stated in the following pages.

GENERAL STANDARD DISCLOSURE

IN ACCORDANCE' – CORE	CONTENT/CHAPTER	PAGE
Strategy and Analysis		
G4 – 1	Statement of the Chairman of the Board	001
	Statement of the CEO & Managing Director	003
	Statement of Corporate Governance	054-085
Organizational Profile		
G4 – 3	IDLC Finance Limited	
G4 – 4	Our range of products and services	040-041
G4 – 5	Corporate 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	The Company	038
	Our branches are located across districts including Dhaka (Dhaka, Uttara, Savar, Keraniganj and Imamganj), Narayanganj (Narayanganj and Bhulta), Gazipur (Gazipur and Tongi), Narshingdi, Chittagong (Nandankanon), Kushtia, Mymensingh, Comilla, Bogra, Natore, Jessore, Khulna, Sylhet (Sylhet, Habiganj), Rangpur, Khulna, Barisal, Faridpur, Rajshahi, Chowmuhani.	
G4 – 9	The Company	038
G4 – 10	The Company Human Capital	051-053
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 organization; contractors for maintenance of our branches; third-party agencies providing office assistants, security guards, cleaners etc.	
G4 – 13	The Company Business Segment Review	038 047-050
G4 – 14	Statement of Corporate Governance	054-085
G4 – 15	Our Approach	006
	Focus Areas	007
	Green Banking	048
Identified Material Aspects and Boundaries		
G4 – 17	IDLC's subsidiaries, IDLC Investments Limited and IDLC Securities Limited and IDLC Asset Management Liability have been included in the consolidated financial statements and accordingly have been covered in the Annual Financial Report 2018 and Annual Sustainability Report 2018	

G4 – 18	Reporting Parameters	
G4 – 19	Stakeholder Engagement for Reporting Material Aspects identified	086 005
G4 – 20	Stakeholder Engagement for Reporting Boundary defined for each Material Aspect	086 087
G4 – 22	No information has been restated from that of the last report	090
G4 – 23	This report has been prepared following the GRI-G4 guidelines	
Organizational Profile		
G4 – 24	Stakeholder groups engaged by the organization include Regulators, Management and Employees	
G4 – 25 G4 – 26 G4 – 27	Stakeholder Engagement for Reporting	086
Organizational Profile		
G4 – 28	January 1, 2018 – December 31, 2018	
G4 – 29	April 2018	
G4 – 30	Annual	
G4 – 31	Ayesha Haque, Head of CSR, Mobile +88-0173-0374585, Email: hayesha@idlc.com	
G4 – 32	GRI Content Index	
G4 – 33	No external assurance has been sought for this report	
Governance		
G4 – 34 G4 – 40 G4 – 45 G4 – 46 G4 – 51 G4 – 52	IDLC's Corporate Governance	054-085
Ethics and Integrity		
G4 – 56	The Company	038
G4 – 58	Corporate Governance Human Capital	054-085 051-053

SPECIFIC STANDARD DISCLOSURES

IDLC has tried to identify sustainable business objectives by understanding stakeholder expectations which are correlated. This is to ensure that IDLC can meet the objectives, modify existing practices and if required, take corrective measures through the business model annually.

Indicators by Aspects

CATEGORY : ECONOMIC		
Economic Performance		
PARTICULARS	CHAPTER	PAGE
G4 – EC 1	The Company	038
G4 – EC 4	Our Approach	006
	Focus Area	007
	Khushir Kheya	008
	Our Acts and Initiatives	009-037
G4 – EC 8	Our Acts and Initiatives	009-037
CATEGORY : ENVIRONMENTAL		
Energy		
PARTICULARS	CHAPTER	PAGE
G4 – EN6	Our Acts and Initiatives	009-037
	Green Banking	048
Biodiversity		
PARTICULARS	CHAPTER	PAGE
G4 – EN 11	IDLC does not own, lease or manage any operational site that are adjacent to protected areas and/or areas of high	
G4 – EN 12	IDLC does not engage in any business or operation that has any form of direct and/or indirect impact on biodiversity	
Biodiversity		
PARTICULARS	CHAPTER	PAGE
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	
CATEGORY : SOCIAL PRACTICES AND DECENT WORK		
Employment		
PARTICULARS	CHAPTER	PAGE
G4 – LA 1	Human Capital	051-053
G4 – LA 2	Human Capital	051-053
G4 – LA 3	13 staff underwent maternity leave in 2018, with a 100 percent retention rate	

Training and Education		
PARTICULARS	CHAPTER	PAGE
G4 – LA 9	Human Capital	051-053
G4 – LA 10	<p>IDLC HR conducted 144 local and foreign trainings in 2018, selected trainings are listed below:</p> <ul style="list-style-type: none"> • Effective Leadership and People Management • Maximizing Selling Using NLP • SME Project Based Exposure Visit to India • Effective Supervisory Management & Team Building • Accelerated Strengths Coaching • Team Leadership & Management • Leading for Change • Building next-generation web ASP.NET MVC Core • AML/CFT Regulations and its Compliance at Sylhet Region • Credit Risk Management and Analysis of Credit Proposal • Sales Excellence: Science of Relationship Selling (Level-1) • Sustainability Reporting Through SDG & CSR • Domestic & International Factoring • Monetary Policy Statement January-June 2018 • Loan Recovery, Aspects of Debt Re-scheduling & Re-structuring and NPL Management • CIB Business Rules and Online Systems • Cluster Financing for SME • Azure Cloud Service • The Cyber Security Conference • Money & Banking Data Reporting • Impact Analysis on Access to Finance • Islamic Banking Operation • Managing Non-Performing Loans, Loan Recovery and Related Laws • Development of Climate Change Proposal for GCF • Working Capital Financing • Legal Aspects Of General Banking and Credit • Operational Risk Management in Banks • Information System Audit in Banks • Achieving Sustainable Development Goals-Challenges & Way Forward • Credit Risk Grading for Lending Decision • Registered Mortgage: Identification and Verification of Land Documents • Land Documentation 	
G4 – LA 11	Human Capital	051-053
Employment		
PARTICULARS	CHAPTER	PAGE
G4 – LA 12	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	
Equal Remuneration for Women and Men		
PARTICULARS	CHAPTER	PAGE
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	

CATEGORY : HUMAN RIGHTS**Non-discrimination**

PARTICULARS	CHAPTER	PAGE
G4 – HR 3	No incident of discrimination has been notified to the Human Resource Department by employees through formal or informal channels	

CATEGORY : SOCIETY**Local Communities**

PARTICULARS	CHAPTER	PAGE
G4 – SO 1	Our Approach	006
	Focus Area	007
	Khushir Kheya	008
	Our Acts and Initiatives	009-037
	Contribution to the national economy	042

Anti-corruption

PARTICULARS	CHAPTER	PAGE
G4 – SO 4	Corporate Governance	054-085
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 organization, 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

PARTICULARS	CHAPTER	PAGE
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.	

CATEGORY : PRODUCT RESPONSIBILITY**Marketing Communications**

PARTICULARS	CHAPTER	PAGE
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

PARTICULARS	CHAPTER	PAGE
G4 – PR 8	IDLC has not been party to any incident related to breaches of customer privacy and/or loss of customer data	

CREATING OPPORTUNITIES

Beyond the Act of Responsibility

IDLC FINANCE LIMITED

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