



PROGRESS WITH PURPOSE

ANNUAL
SUSTAINABILITY
REPORT
2021

 **IDLC**
Finance Limited
financing happiness



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our past reports, scan the QR Code



SUSTAINABLE DEVELOPMENT GOALS



ANNUAL SUSTAINABILITY REPORT 2021

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



WHY SUSTAINABILITY REPORT IS PREPARED

The concept of long-term profitability is linked to social development and environmental conservation, which is a major part of this process is quickly gaining traction in organizations all around the world.

These expectations will only grow and intensify as more customers, financiers, and other stakeholders recognize the importance of transitioning to a truly sustainable economy.

Governments, regulators and the current sociopolitical and environmental situations are all exerting increasing influence on the business climate. Businesses are continuously shifting toward long-term capital growth, and as a result, they are proactively engaging with a broader stakeholder set on long-term value creation, both financial and non-financial. IDLC is adopting the principles of the Global Reporting Initiative (GRI) as it aligns with our strategies and objectives for creating value for all stakeholders, as well as playing a greater role in economic, social, and environmental development.

This is IDLC's 12th disclosure on sustainability. It aims to provide a clear and comprehensive narrative of our ability to create value in line with stakeholder needs, expectations, and sustainable development goals.



KEY MILESTONES AT A GLANCE



Actualization of
IDLC Sustainability
Roadmap



Flexible working
hours to support
work-life balance



Marginalized people
benefited through
CSR initiatives



Launching of
Bangladesh's 1st MFS
based Digital Deposit
program



Launching of own
Digital Term Deposit



10th consecutive year
of AAA Credit Rating



853,268 kWh of
electricity and **512 tons**
of **emissions** saved from
158 virtual servers



24,337 hours spent
on training by IDLC
employees



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STATEMENT FROM THE CHAIRMAN





Sustainability has long been a deep-rooted component of IDLC's DNA. We view this as entailing responsible corporate practices aiming at a sustainable and economically beneficial result in consideration of crucial societal and environmental concerns.

Welcome to our 12th sustainability report, in which we have highlighted IDLC's progress and achievements in the social, economic and environmental capacity for the year 2021 in accordance with the GRI Standards.

Sustainability has long been a deep-rooted component of IDLC's DNA. We view this as entailing responsible corporate practices aiming at a sustainable and economically beneficial result in consideration of crucial societal and environmental concerns. This awareness also influences the expectations of IDLC and its subsidiaries.

Our purpose as an organization is to promote quality growth while ensuring superior customer experience and sustainable business practices. In 2021, we were focused on strengthening our financial balances through prudent businesses that ensure sustainability; the pandemic has taught us the importance of building sustainable organizations. With the continued pandemic, we realized that true effects of the pandemic will be long-lasting and are yet to be completely uncovered. Therefore, we decided to walk the path of caution in an operating environment which was difficult, unsteady and is likely to continue. Instead of investing time and effort into portfolio growth, we were more committed to maintaining a healthy portfolio and strengthening our balance sheet, which will service the organization in the long run.

We ensured that our customers were aware that they had our full support during these times of turmoil. Backed by regulatory policies, we made sure that our customers' payment modalities were adjusted to include a moratorium period. This support allowed them the time to rebuild their businesses. It also strengthened their trust in us. Our Non-Performing Loan ratio, which is one of the lowest in the industry, is a reflection of this trust.

On behalf of the Board of Directors, I would like to conclude by thanking all our employees for their important and valuable work and to express our absolute support for their commitment to systematically pressing ahead with IDLC's efforts in the field of sustainability.

Yours Sincerely,

Aziz Al Mahmood
Chairman
IDLC Finance Limited

STATEMENT FROM THE CEO AND MANAGING DIRECTOR





Our important role of serving consumers and communities became even more visible over the course of the past year. In spite of the whole nation suffering through greater disruption, IDLC's commitment persists, with a vision to phase out impacts of the pandemic.

When we started 2021, we were determined to be optimistic about the coming year. Soon after, we were struck by the second wave of the pandemic, this time with a stronger variant. However, by the time I took over from my predecessor, it was evident that the outbreak was not going away very soon. Which is why, my goal was to lead the company by strengthening our roots and preparing to move forward. As a team, we remained watchful, alert, and agile seeking opportunities to maintain the company's core processes functioning properly, despite the unfavorable credit environment in the public and private sectors. Our important role of serving consumers and communities became even more visible over the course of the past year. In spite of the whole nation suffering through greater disruption, IDLC's commitment persists, with a vision to phase out impacts of the pandemic.

Sustainability has always been a key success factor for the realm of our business. The sustainability report 2021, titled "Progress with Purpose" comprehensively captures IDLC's mission of focusing on quality growth, superior customer experience, and sustainable business practices.

Over the past year, we continued to strive to act with care and compassion, with our customers and communities top of mind. Through updating our existing processes, we have been able to offer customers improved capability and experience as well as enhanced productivity, efficiency, and speed to market. We have launched the country's first mobile financial service based "Digital Savings Scheme" with country's largest MFS. This partnership has set in place a base for future business growth and would significantly aid in our prime goal of extending customer reach at a granular level. Our digitalization efforts have enabled us to cater to customer needs and with ease, but it also allowed us to keep our employees safe.

Our employees, the most important pillar of our organization, have always remained steadfastly committed to upholding our values and maintaining trust that our stakeholders place in us. We have strived to ensure their physical and financial well-being throughout the tenure of the pandemic. We continued work from home facilities, partnered up with various medical service providers to ensure healthcare of our employees, stored emergency oxygen, medicines, and antigen test kits to ensure our employee's well-being.

2021 has been a year of hardship for the families that were stripped off of their regular monthly incomes. But it has also been a year of hope and we understand the importance of extending this hope to the greater community by giving back. Over the year, we have provided food support to more than

36,000 low-income and unemployed individuals around the country during the pandemic, constructed 7 healthcare centers in tea-gardens of Sylhet to help maternal, neonatal mortality, and nutrition issues of the tea garden workers, installed 2 water purifiers at the coastal belt area of Bangladesh to ensure access to pure drinking water, initiated several scholarship programs for the underprivileged meritorious students and conducted several other programs in the area of environmental protection and healthcare.

We appreciate the chance to be the country's Global Reporting Initiative (GRI) Standards Pioneer. This report serves as an annual disclosure to stakeholders on progress made in implementing the Ten Principles of the UN Global Compact in the areas of human rights, labor, environment, and anti-corruption. We acknowledge that the issues we face as a business and a society will continue to grow, but we will keep making progress and we want to get better every step of the way.

Thank you for your support and endorsement.

Yours Sincerely,

M. Jamal Uddin
CEO & Managing Director
IDLC Finance Limited

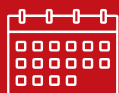
ABOUT THIS REPORT

In this Sustainability Report, we describe the economic, environmental, and societal effect of our business activities in the 2021 financial year (1st January 2021 to 31st December 2021) and highlight our current actions in the field of sustainability. The goal of the report is to give a comprehensive overview of how IDLC Finance Limited has accomplished its sustainability mission during the reporting period and how it aims to implement and improve its sustainability performance in the future. Similarly, our sustainability guiding principles are given in this report as snippets only. This year's motto is "Progress with Purpose", which is a consistent theme across all chapters.

This Report represents IDLC's summarized and consolidated non-financial report. It includes the content that is necessary for an understanding of the course of business, business results, and position of IDLC, as well as the impacts of its activities as derived from the materiality assessment in Economic, Social and Environmental aspects following the GRI Guideline. The Report is not structured according to these specific matters. Instead, the corresponding information is actually included in the relevant chapters. IDLC pursues a group-wide approach to sustainability management that applies to IDLC Finance and its subsidiaries.

The report lays out the impacts, risks, and opportunities of our business activity/business relationships. It also includes the sustainability strategy with corresponding management approaches and measures describing specific sustainability activities carried out during and prior to the reporting period. In addition, we present our sustainability program for the next reporting period and the progress made in the activities already initiated. The current reporting period follows seamlessly from the IDLC Sustainability Report for 2020, and the Report is published annually.

REPORTING PARAMETERS



Period:

January 1st 2021 to
December 31st 2021



Period:

January 1st 2021 to
December 31st 2021



Reporting Cycle:

Annual



GRI Guideline

Followed:

GRI G4 Guideline
Standards



**Most recent
previous report:**

Annual Sustainability
Report 2020



**In Accordance
Option Chosen:**

In Accordance 'Core'

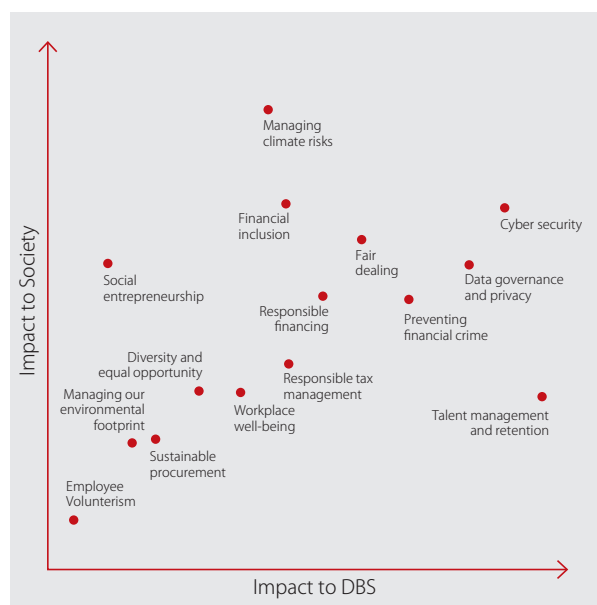
Comments, ideas, and recommendations concerning the report can be submitted to **Khandker Nagib Anwar**, Deputy Head of Digital Assets & CSR at nagib@idlc.com

For recommendations, you can also contact **Farhana Sharmin**, Head of CSR at sfarhana@idlc.com

MATERIALITY ASSESSMENT

In the Report, we address the subjects that have been identified within IDLC as material, that reflect the expectations of our stakeholders, and that represented the focus of our commitment in the past year.

This Report contains information – including non-financial performance indicators – describing the specific impact of IDLC on the economy, society, and the environment. The contents of the Report were selected based on a materiality assessment carried out in 2020. A materiality analysis provides the basis for selecting the relevant topics. The internal and external sustainability requirements and expectations of IDLC and IDLC’s impact on the economy, the environment, and society have been analyzed in detail and summarized in a materiality matrix.



1. Economic Performance
2. Indirect Economic Impacts
3. Anti-corruption
4. Tax
5. Materials
6. Energy
7. Water and Effluence
- 8 Emission
9. Employment
10. Occupational Health & Safety
11. Training & Education
12. Diversity and Equal Opportunity
13. Non-discrimination
14. Human Rights Assessment
15. Local Communities
16. Supplier Social Assessment

17. Public Policy
18. Customer Health & Safety
19. Marketing and Labeling
20. Customer Privacy
21. Socio-Economic Compliance

The sustainability report working team identified material aspects relevant to IDLC’s status as a financial service provider, stakeholders’ expectations towards the organization as well as the material aspects reported in the previous year. After identifying material aspects based on stakeholder expectations and IDLC’s sustainability practices, the working team shared their findings with the management to finalize material aspects. The review of materiality is very important to us as a company because it helps us to prioritize where we need to put our focus on.

In 2021, we have reviewed the materiality identified in 2019 and adjusted the materiality by increasing our focus area from 14 GRI topics to 21 as follows:

| | | |
|---|--|---|
|  Economic | | |
| <ul style="list-style-type: none"> • Economic Performance | <ul style="list-style-type: none"> • Indirect Economic Impact | <ul style="list-style-type: none"> • Anti-corruption and Tax |
|  Social | | |
| <ul style="list-style-type: none"> • Employment, Occupational Health and Safety • Training and Education • Diversity and Equal Opportunity • Non-discrimination • Human Rights Assessment • Local Communities | <ul style="list-style-type: none"> • Supplier Social Assessment • Public Policy • Customer Health and Safety • Marketing and Labeling • Customer Privacy • Socio-Economic Compliance | |
|  Environmental | | |
| <ul style="list-style-type: none"> • Materials • Energy | <ul style="list-style-type: none"> • Water and Effluents • Emission | |

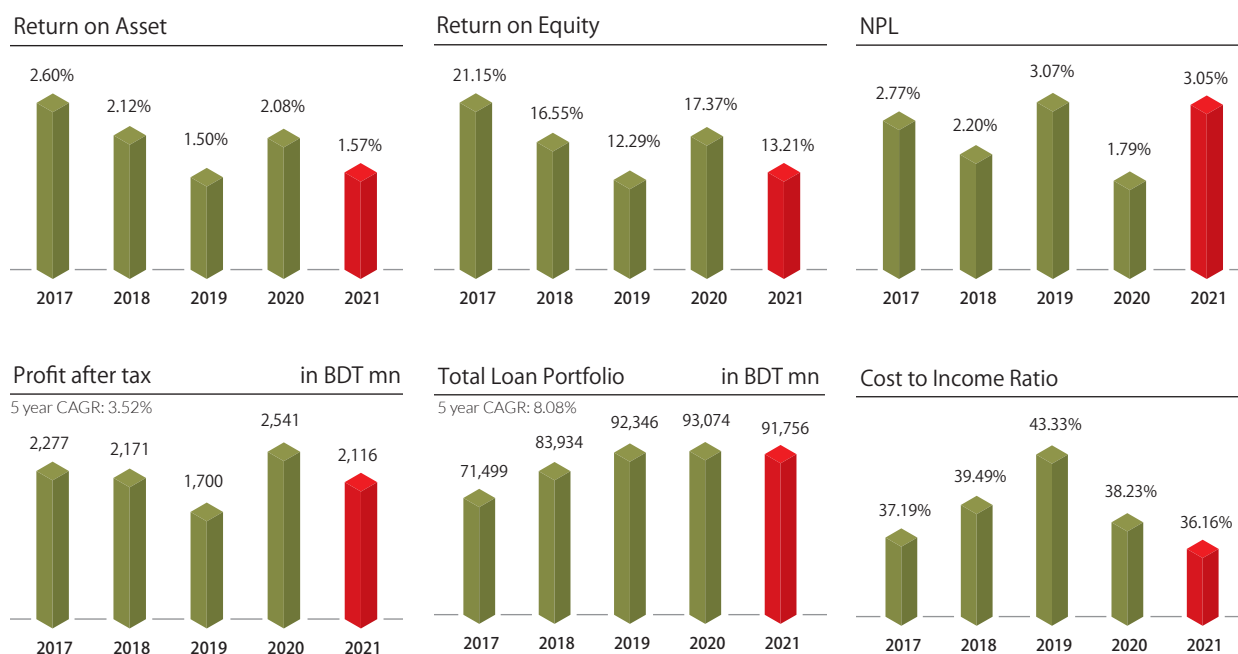
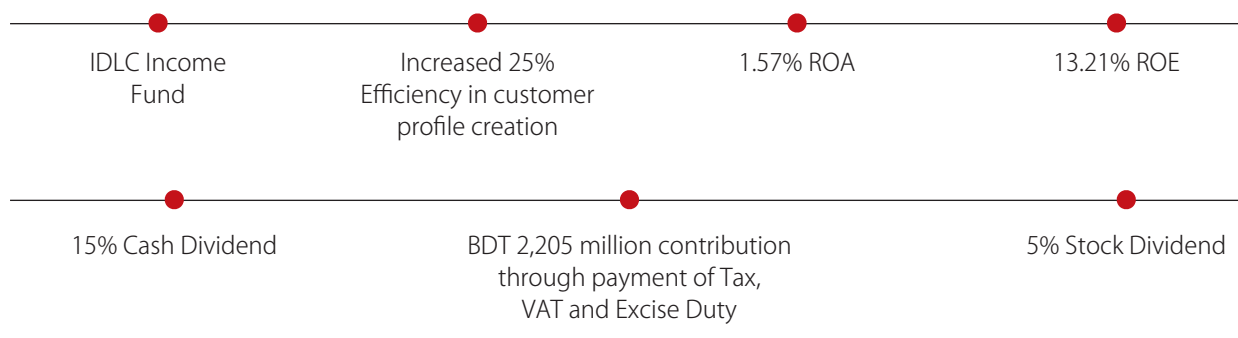


IDLC :
THE COMPANY

IDLC AT A GLANCE

IDLC started as a single product lease finance company back in 1985 with 5 staff members. 35 years down the line, the company has emerged as the largest multi-product, multi-segment, non-banking financial institution in the country. As one of the most respected financial brands in the industry, IDLC Finance Limited holds a strong and diversified footing in Corporate, SME, Retail and Capital Market segments.

2021 Company Highlights



AAA Credit rating for 10 consecutive years



WHAT DRIVES US



VISION

We will be the best financial brand in the country.



MISSION

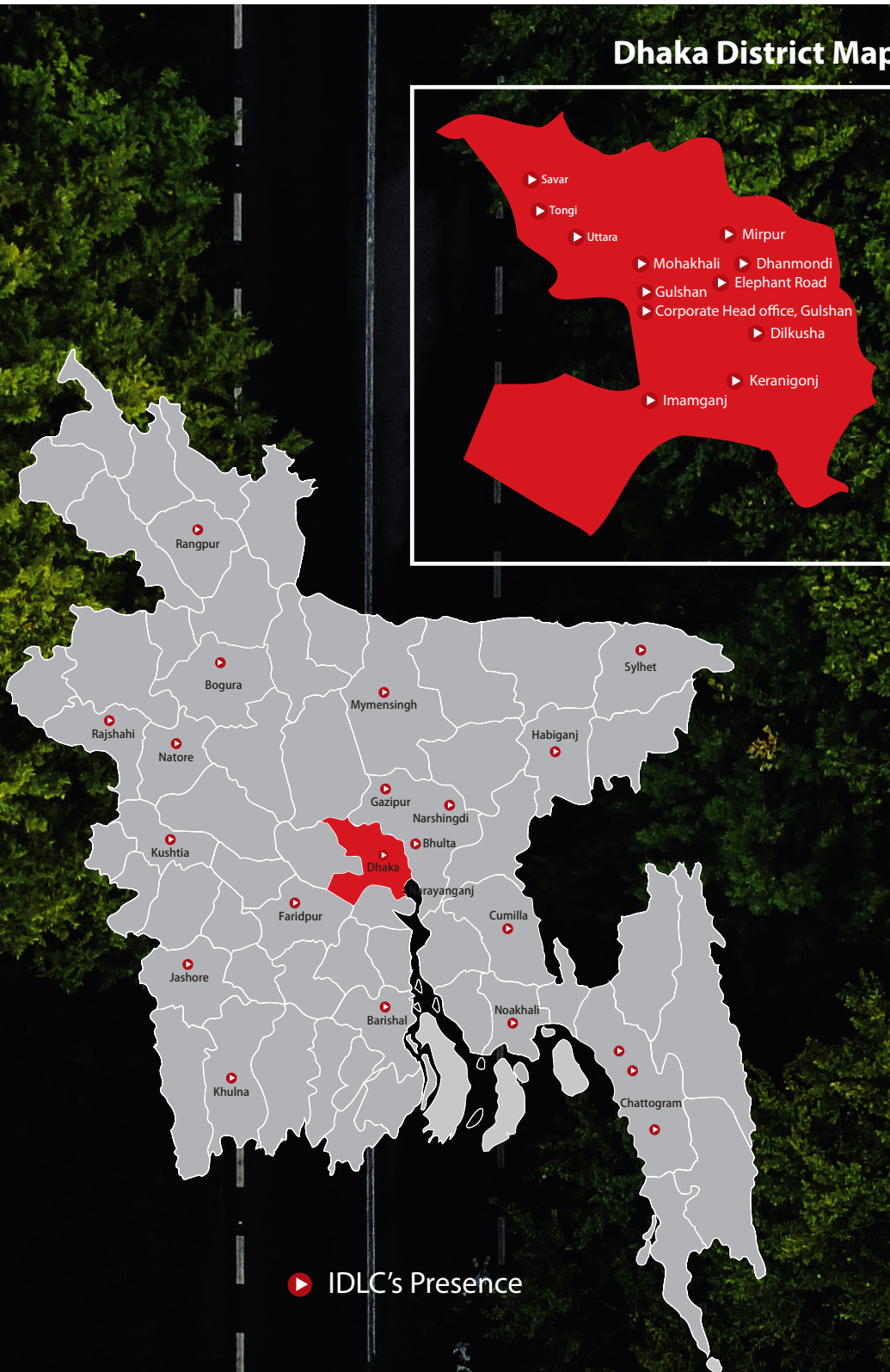
We will focus on quality growth, superior customer experience, and sustainable business practices.



CORE VALUES

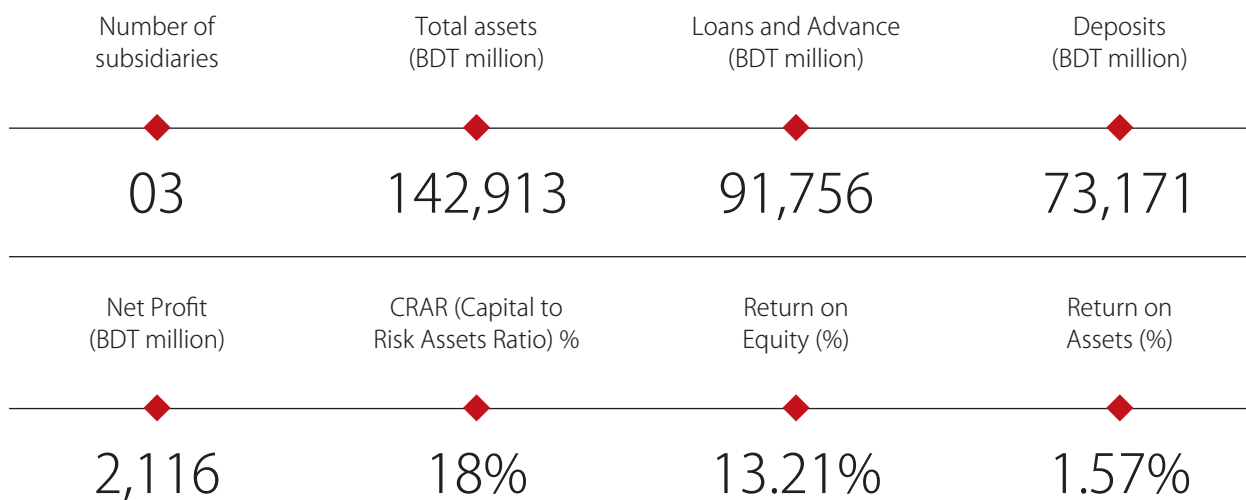
Integrity, Customer Focus, Equal Opportunity, Trust and Respect, Passion, Simplicity, Eco-friendly.

LOCATION OF HEADQUARTER AND OPERATIONS



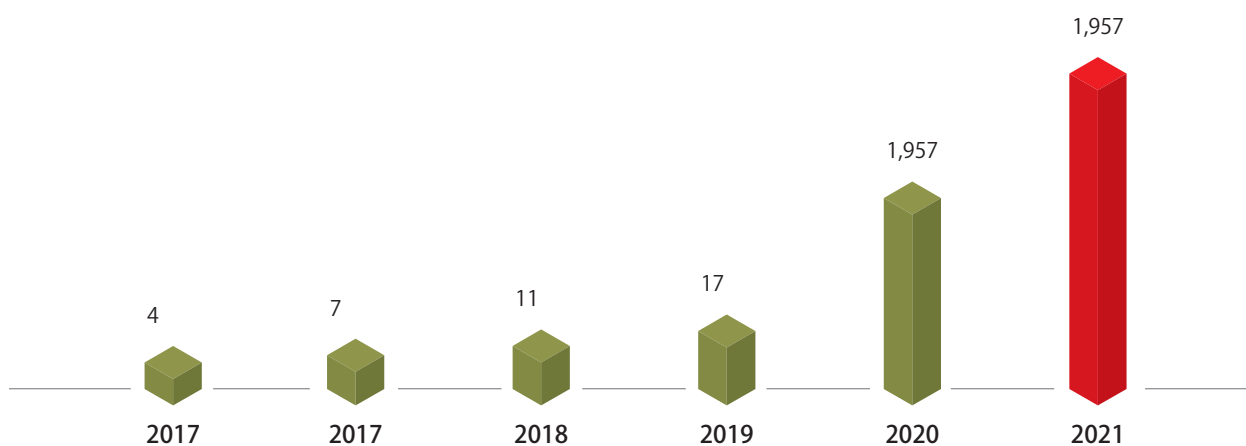
KEY FINANCIAL METRICS

| | | 2020 | 2021 |
|---------------|----------------------------------|-----------|-----------|
| Share capital | Authorized capital (BDT million) | 10,000.00 | 10,000.00 |
| | Paid-up capital (BDT million) | 3,770.51 | 3,959.03 |



Firmwide ESG AUS

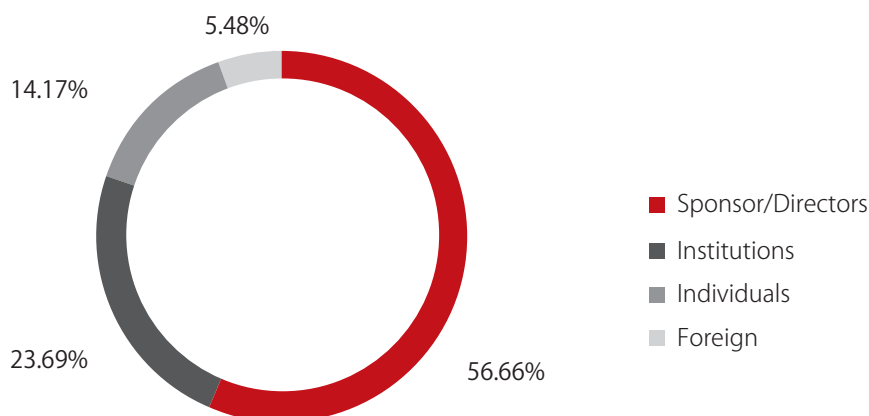
(\$ billions)



IDLC SHAREHOLDING STRUCTURE

As of 31st December 2021

| SL. NO. | NAME OF SHAREHOLDERS | NO. OF SHARES | AS A % OF TOTAL | |
|--|--|----------------------|-----------------|--|
| 1 | Sponsors/Directors: | | | |
| | The City Bank Limited and its subsidiaries: | 91,886,102 | 23.21 | |
| | The City Bank Limited | 35,632,095 | 9.00 | |
| | City Bank Capital Resources Limited | 39,194,429 | 9.90 | |
| | City Brokerage Limited | 17,059,578 | 4.31 | |
| | Transcom Group: | 52,786,821 | 13.33 | |
| | Eskayef Pharmaceuticals Limited | 31,672,265 | 8.00 | |
| | Transcraft Limited | 15,888,634 | 4.01 | |
| | Bangladesh Lamps Limited | 5,225,922 | 1.32 | |
| | Sadharan Bima Corporation | 30,163,868 | 7.62 | |
| | Reliance Insurance Limited | 27,713,230 | 7.00 | |
| | Mercantile Bank Limited and its subsidiary: | 21,774,680 | 5.50 | |
| | Mercantile Bank Limited | 13,856,614 | 3.50 | |
| | Mercantile Bank Securities Limited | 7,918,066 | 2.00 | |
| | Sub-Total | 224,324,701 | 56.66 | |
| | 2 | GENERAL | | |
| | | Institutions: | | |
| Investment Corporation of Bangladesh (ICB) | | 30,349,154 | 7.67 | |
| Bangladesh Fund | | 4,900,000 | 1.24 | |
| Delta Life Insurance Co. Ltd. | | 5,116,758 | 1.29 | |
| Marina Apparels Limited | | 3,959,031 | 1.00 | |
| Other Institutions | | 49,451,305 | 12.49 | |
| Sub-Total | | 93,776,248 | 23.69 | |
| Individuals: | | | | |
| General Public (Individuals) | | 56,115,268 | 14.17 | |
| Sub-Total | 56,118,418 | 14.17 | | |
| Foreign: | | | | |
| Institutions & Individuals | 21,687,102 | 5.48 | | |
| Sub-Total | 21,683,952 | 5.48 | | |
| Total | 395,903,319 | 100.00 | | |



BUSINESS OVERVIEW: IDLC FINANCE



SME DIVISION

IDLC's SME Division started its journey in 2006 by establishing a dedicated SME branch in the northern district of Bogra. Determined to play a significant role in developing the SME segment of Bangladesh, IDLC-SME has evolved into one of the core business segments of the organization. SME Division caters to the needs of its clients through a wide range of customer-centric, suitable and innovative products. Throughout the years, the SME Division has made significant investments in human resources and infrastructure - the two most critical building blocks, which resulted in the creation of a robust structure that has been facilitating our growth.



CONSUMER DIVISION

After being launched in 1997, the 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. Currently the Consumer Division is offering affordable housing financing especially for the middle income and lower-middle income group, and at the same time, exploring to extend its customer base further through enhancing efficiency, offering more customized solutions and increasing geographical coverage.



CORPORATE DIVISION

The corporate division of IDLC, the first business wing of IDLC, has demonstrated sturdy resilience throughout the last 35 years and more so during the pandemic induced situation through quality asset portfolio and proficient teamwork. For better part of the year the overall economic activity in the country remained low if not at a standstill. However, right after the lifting of lockdown and return of partial normalcy, most of the clients, comprising of large local corporates as well as foreign corporate houses, showed strong sign of recovery. The corporate team demonstrated remarkable flexibility by re-focusing and increasing effort for fund collection. Supported by Treasury's excellent fund management, corporate department achieved excellent disbursement figures at the end of the year maintaining its portfolio even in year such as this. The team reinforced portfolio's risk-resilience by taking higher exposure with clients who have excellent credit worthiness.

BUSINESS OVERVIEW: IDLC CAPITAL MARKET



IDLC Asset Management Limited

IDLC Asset Management Limited, a fully owned subsidiary of IDLC Finance Limited, was incorporated in Bangladesh on 19 November 2015. The Company was awarded with asset management license on 7 June 2016 with an initial paid-up capital of BDT 100,000,000 (BDT 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 manage a venture capital fund and provide related corporate advisory services.



IDLC Investments Limited

IDLC Finance commenced its merchant banking operations in 1999. Aligning with regulatory requirements, the merchant banking operation was segregated from the parent company and established as IDLC Investments Limited (IDLC IL) in 2011 as a fully-owned subsidiary of IDLC Finance. IDLC Investments provides a high standard of professional and personalized services to its local and NRB customers. IDLC Investments is currently positioned as one of the top-ranking merchant banking enterprises in the country, renowned for its quality investment banking and portfolio management services.

IDLC Investments Limited has received 'Euromoney Awards for Excellence' in 2018, 2019 & 2020 as the 'Best Investment Bank in Bangladesh' in recognition of outstanding performance compared to the peers in the market.



IDLC Securities Limited

IDLC SL, one of the top brokerages of Bangladesh, commenced operations in September 2006. The Company provides brokerage services to more than 16 thousand retail, local & foreign institutional investors through reliable trading platforms of both the Dhaka and Chittagong stock exchanges. It also serves more than 4,500 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. The Company also 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 execution brokerage.

OUR RANGE OF PRODUCTS AND SERVICES



SME

Small Enterprise Financing

- 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
- IDLC Unnati
- E-Loan

Medium Enterprise Financing

- 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



Consumer

Home Loan

- Apartment/Home Purchase
- Land Purchase
- Building Construction
- Commercial Space
- Home Equity
- Registra Loan
- IDLC ASHA
- IDLC ULLASH
- Affordable Housing Finance Scheme

Car Loan

- Brand New
- Reconditioned

Personal Loan

- Secured
- Unsecured

Loan against Deposit (LAD)

Deposits

- Flexible Term Deposit Package
- Regular Earner Package
- Deposit Pension Scheme
- Online Deposit
- Online DPS



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)

Structured Finance Solutions

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

- Agency & Trusteeship
- Fund Raising through Zero Coupon & Coupon Bearing Bonds
- Commercial Paper
- Arrangement of Private Equity & Preference Shares
- Corporate Advisory for Mergers

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

Asset Management Limited

- Mutual Funds
 - Balanced Fund
 - Growth Fund
 - Shariah Fund
- Alternative Investment Funds
- Corporate Advisory

IDLC Securities Limited

Products

- Cash Account
- Margin Account
- Easy IPO
- Premium Brokerage for High-Net-worth 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
- Bloomberg terminal for foreign clients
- Research and Advisory Services

IDLC Investments Limited

Products

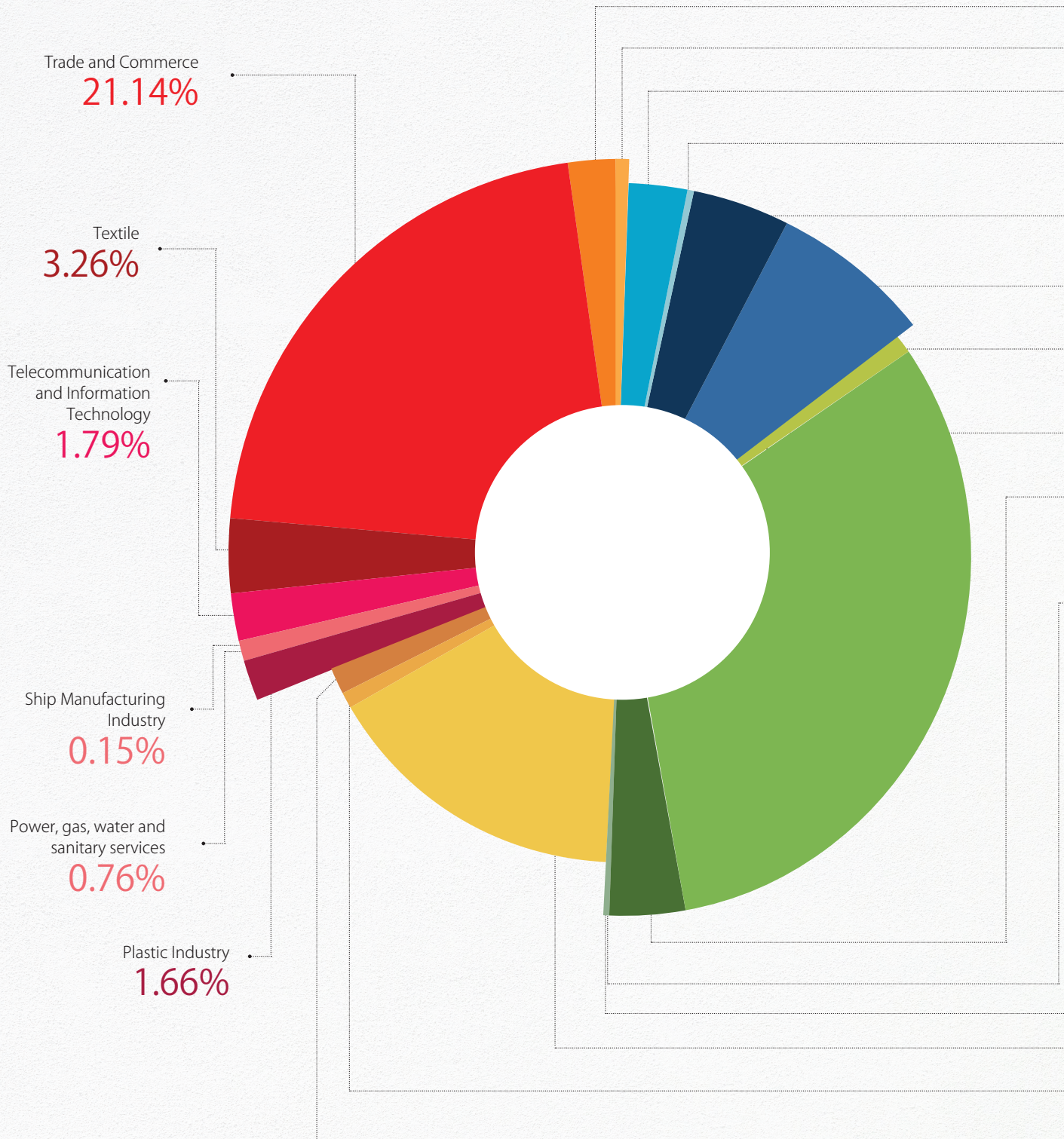
- Margin Loan
- Discretionary Portfolio Management

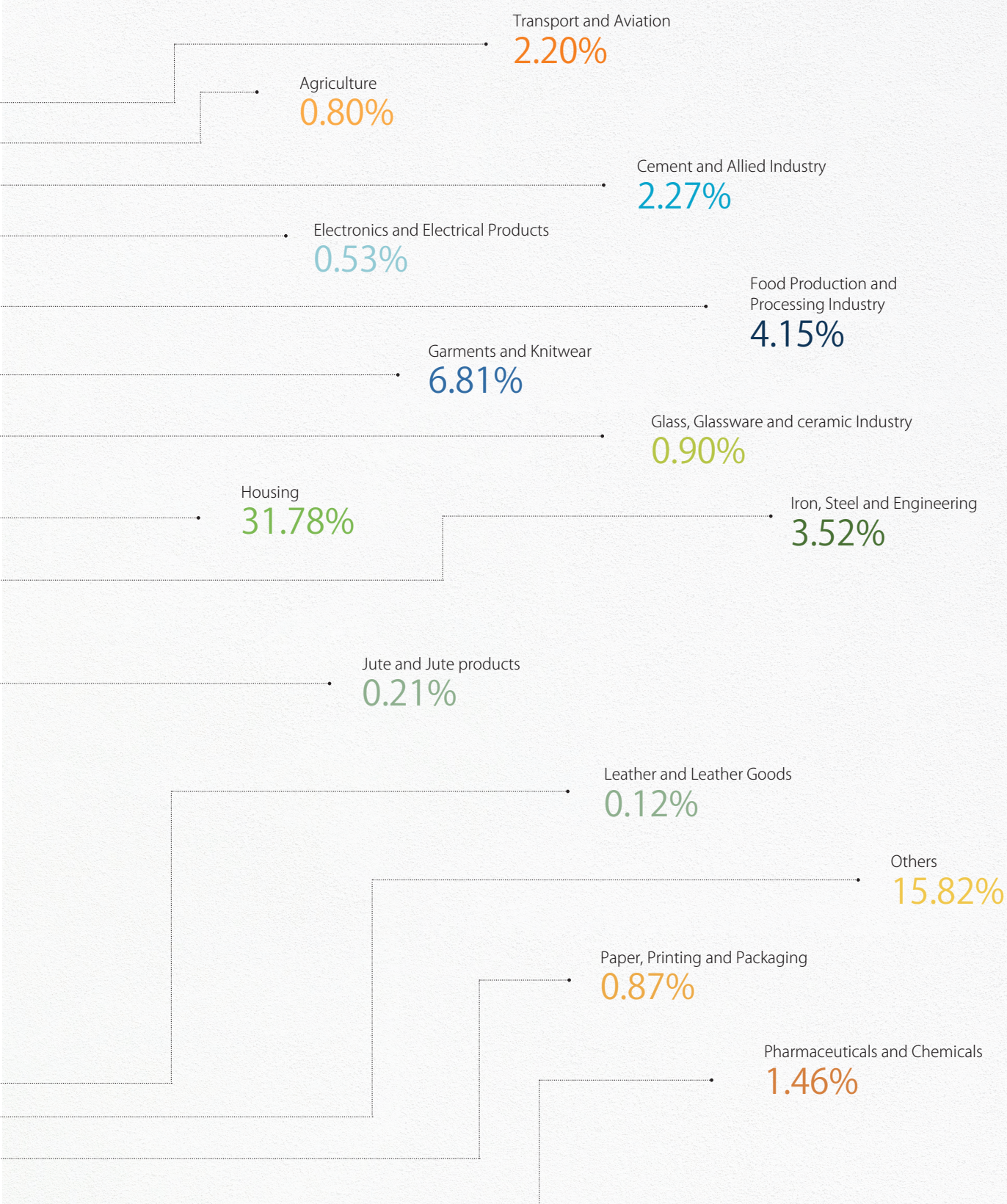
Services

- Corporate Advisory
- Issue Management
- Underwriting

SECTOR-WISE PORTFOLIO

IDLC has a well-diversified industrial portfolio in which the credit risk is spread across different sectors of the economy as detailed below:





STAKEHOLDER ENGAGEMENT

IDLC influences a broad range of stakeholders, and its size, depth, and reach make it essential to proactively identify and respond to their different requirements. We identify and engage with the stakeholders who are likely to be most impacted by its actions and who in turn have the most significant impact on its value creation. Engagement is enabled through several formalized and unofficial platforms and the feedback so obtained provides a significant contribution to our corporate planning process.

Internal Stakeholders

HOW WE ENGAGE:

- Employee engagement surveys (periodic)
- Open door culture (continuous process)
- Multi-level staff meetings (continuous process)
- Grievance handling mechanism (continuous process)
- Work-life balance initiatives (continuous process)
- Performance Management System (PMS)

HOW WE ENGAGE:

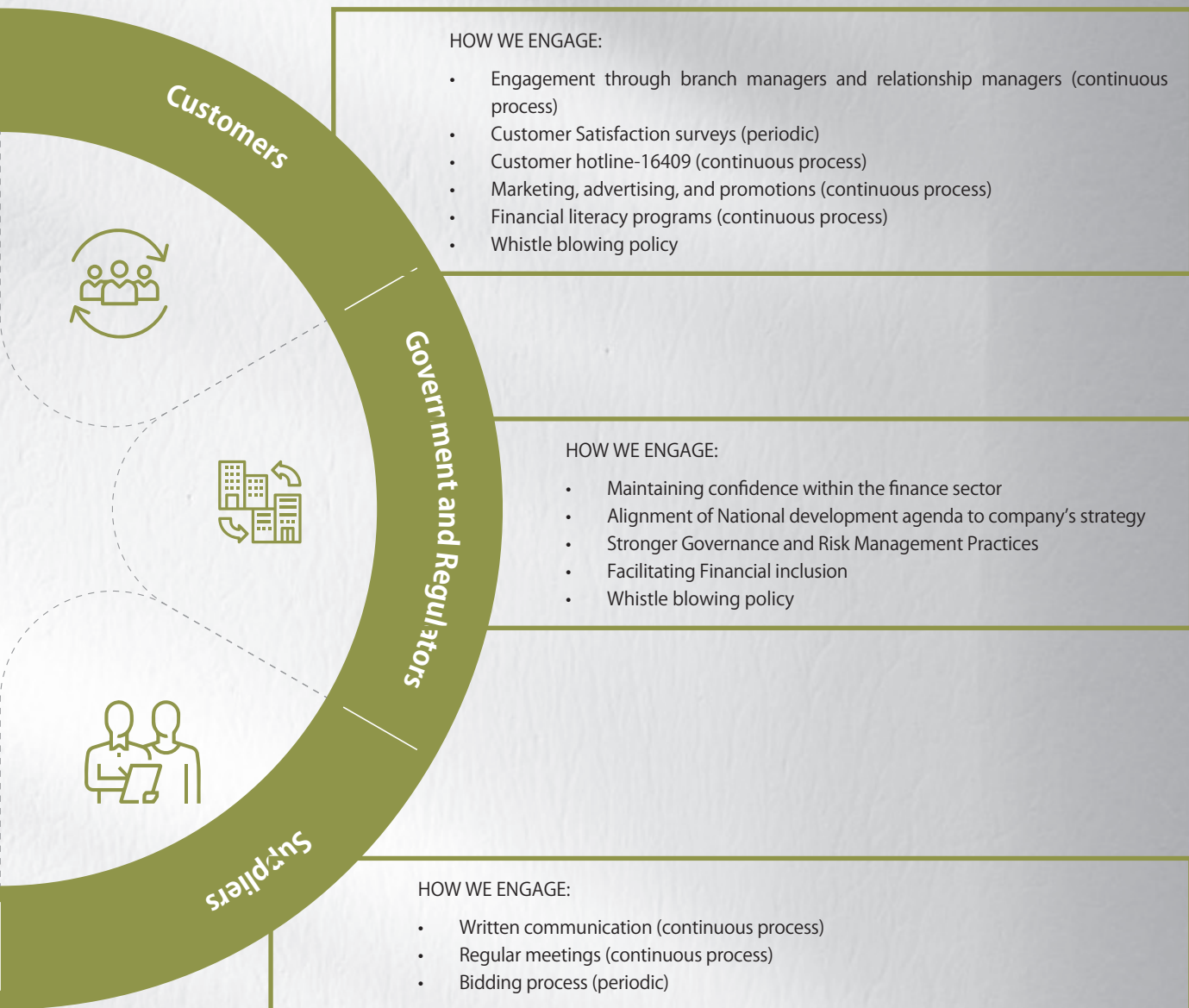
- One to one meeting with investors (periodic)
- Investor presentations and roadshows (periodic)
- Engagement through market intermediaries (continuous process)
- Annual Report and other regulatory publications

HOW WE ENGAGE:

- Engagement through branches (continuous process)
- CSR activities and sponsorships (continuous process)
- Press releases and media campaigns (continuous process)



External Stakeholders



Promoting a Culture of Compliance

IDLC places high importance on responsible and transparent company management in order to strengthen and preserve its stakeholders' understanding and trust. The historic IDLC ideals, as well as the group's Code of Conduct (CoC), serve as the foundation for this.

Our key strategic goal is to provide long-term added value.

Our Board of Directors

The Board of Directors of IDLC plays a significant role in determining governance structure and practices through the choice of strategy and guidance to drive the organization. Design and implementation of governance mechanism including the selection and appointment of members of senior management rests primarily on the Board. The diverse Board of Directors of IDLC comprises of 10 experienced and knowledgeable members, of which 2 are independent directors and 1 is a female director. Under their dynamic stewardship, the Board as a whole provides strategic direction to the Management for achieving its vision complying with all applicable regulatory requirements and creating value for all stakeholders.

Code of Conduct for Board Members

The Board of Directors of IDLC are 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. The Code provides a set of guiding principles to help us to make the right decisions.

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.

Corporate Governance

IDLC's well-established governance framework represents our commitment to integrity while ensuring flexibility that allows fast decision making and effective management and is not limited to adherence to the statutory and regulatory requirements.

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. Our board believes proper governance ensures fairness,

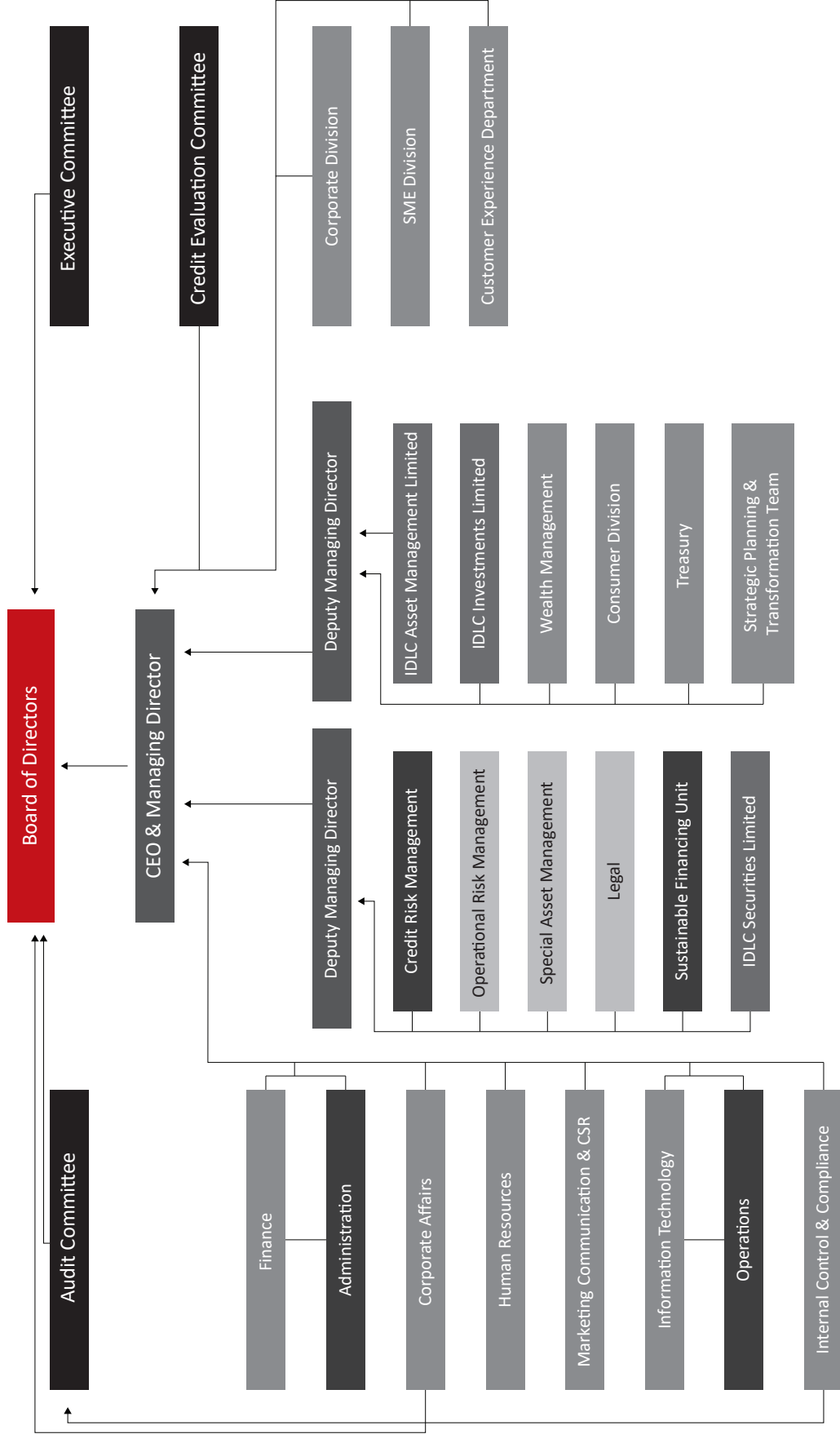
transparency and accountability and safeguards the interests of all stakeholders, especially the minority shareholders. Empirical research also suggests that corporations that adhere to good governance practices are not only more sustainable but also tend to generate higher profitability. IDLC's six core areas (Values & ethics; Policies & regulatory framework; Monitoring & internal control; Risk & performance management; Transparency & accountability; Management board, supervisory board & committees) emphasize its effect corporate governance strategy.

The company's corporate governance model is rigorously aligned with its well-articulated vision, mission, goals and objectives.

Management Committee

- The Management Committee of IDLC Finance Limited comprises of the CEO & Managing Director, DMDs and Head of the Divisions.
- IDLC's management focuses on quality growth, superior customer experience, and sustainable business practices. Profits are important to IDLC, but it also aims to bring smiles to its customer's faces. What drives IDLC is not only the number of people it employs, or the number of customers it serves, but the number of lives that's IDLC touches.
- The management practices and culture of IDLC is driven by the 7 values that we have: Integrity, Customer Focus, Equal Opportunity, Trust and Respect, Passion, Simplicity, and Eco-Friendly.

ORGANIZATIONAL STRUCTURE





**A RESPONSIBLE
BUSINESS CULTURE**

ECONOMIC PERFORMANCE

Highlights

| | Dec. 31, 2021 BDT Million |
|--|------------------------------|
| Value added | |
| Operating revenue | 10,944 |
| Cost of borrowing | (5,499) |
| | 5,445 |
| Other income | 426 |
| | 5,870 |
| Provisions | (910) |
| Operating expenses excluding staff costs and depreciation. | (609) |
| Value added | 4,352 |
| Distribution of value addition | |
| To Employees | 1,401 |
| To Government | 1,166 |
| To Shareholders | 754 |
| Retained in the business | 1,030 |
| As capital and revenue reserve | 822 |
| As depreciation | 208 |
| Total | 4,352 |

INVESTMENTS IN GOVERNMENT SECURITIES

IDLC invests in government securities to improve its asset liability profile, making its balance sheet more sustainable. For the government, it contributes towards fulfilling their own funding requirement.

IN 2021, IDLC INVESTED BDT 396.50 MILLION IN GOVERNMENT SECURITIES (AS ON DECEMBER 31, 2021)

Risk Management

Full integration of sustainability and risk management approach in strategy level not only assists to minimize potential losses but also aids to exploit new opportunities arising from the sustainability agendas. IDLC Finance Limited's approach to managing Operational Risk (OpRisk) refers to managing the risk of loss related to people, process, system, and external events.

OpRisk management process at IDLC is also emphasizing on Social, Environmental, and Ethical (SEE) impacts of its business process and practices by recognizing and managing any social, environmental, or ethical issues that could have an adverse impact on the business line. In this regard, IDLC is ensuring sustainability reporting and practices under the guidelines of The Global Reporting Initiative (GRI) standards in order to become a sustainable organization and drive the IDLC sustainability goals.

A strong risk culture with transparency regarding operational risk issues throughout the organization has been developed as a basis for an effective operational risk management framework. The transparent OpRisk management functions are emerging through embracing the value of risk escalation and welcoming independent challenges of risk mitigation decisions considering the risk appetite and risk tolerance levels.

The OpRisk at IDLC Finance Limited is managed through a continuous cyclic process that comprises five (05) major steps of Development of Risk Management Policy and Strategy, Risk Identification, Risk Assessment, Risk Reporting [Control and Mitigation], and Risk Management and Monitoring.

Effective management of OpRisk is ensured by Board approved policy, different OpRisk Committees adorned with the senior management team, coupled with the adoption of BASEL-II recommendations, regulatory guidelines, and global best practices of international professional bodies including O.R.X (The largest operational risk association in the financial services sector) - Switzerland, The Institute of Operational Risk (IOR) - the UK and The Business Continuity Institute (BCI) - UK.

Anti-Corruption

Money laundering is a global problem with far-reaching and serious consequences. In this regard, IDLC remains strongly committed to combating Money Laundering and Terrorist Financing by being compliant with all the provisions of prevailing acts and rules as well as circulars issued by the Bangladesh Financial Intelligence Unit (BFIU). IDLC, being a financial institution, is vulnerable to money launderers due to which it has adopted a robust AML/CFT compliance culture within the organization addressing a risk-based approach to identifying ML/TF risk and its mitigation measures across the organization, building awareness to identify and report suspicious transactions/activities in a timely manner and arrangement of necessary employee training. IDLC and its employees do acknowledge the fact that failure to comply with the responsibilities related to AML/CFT laws and regulations might lead to penalties both at the organization and individual level.

With Regards to preventing Money Laundering & Terrorist Financing

IDLC has been a story of success and growth built on the trust and respect it has earned on the back of demonstrating a high level of corporate governance, transparency, and compliance culture since its inception. In this regard, IDLC is strongly committed to

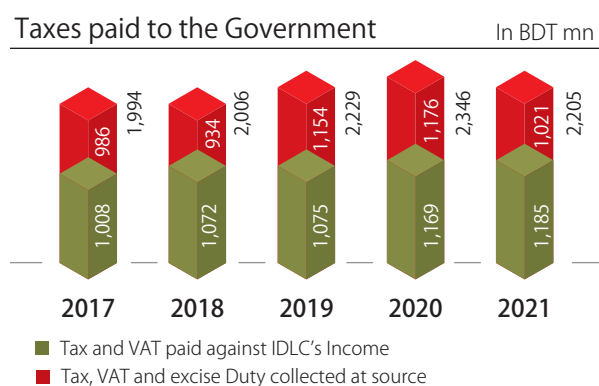


combating Money Laundering and Terrorist Financing by being compliant with all the provisions of prevailing acts and rules as well as relevant circulars and guidelines issued by BFIU. IDLC and its employees acknowledge the fact that failure to comply with their responsibilities related to AML/CFT laws and regulations might lead to penalties both at the organization and at the individual level. Thereby, all employees of IDLC are dedicated to upholding the image of the company by being compliant with the policy and guidance notes on AML/CFT while performing proper due diligence with the highest ethical standards and transparency.

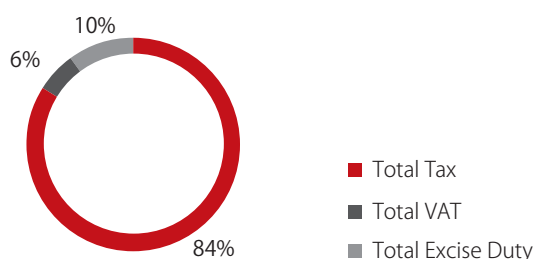
Taxes to government

In 2021, IDLC deposited BDT 1,114 million to the Government exchequer as corporate income tax and BDT 70.13 million as VAT against fee income; totaling to BDT 1,185 million paid as Tax and VAT against the income earned by IDLC. Also, BDT 1,021 million was collected and deposited to the Government exchequer as withholding tax (BDT 743.22 million), withholding VAT (BDT 57.14 million) and excise duty (BDT 220.33 million).

Notably, we received Special Award from Large Tax Payers' Unit of the National Board of Revenue (NBR) for the fiscal year 2019-2020, for our contribution to the Government Exchequer, on the back of our profound governance culture.



Composition of Contribution to National Exchequer in 2021



Tax and VAT paid against IDLC's income grew by 1.31% despite of remaining coronavirus-induced shutdown and slump in economic activities during the year. Withholding tax has significantly been decreased over last year mainly because of two reasons. Firstly, Interest expense on term deposits has decreased by 32.50% over last year due to decreasing cost of term deposits. As such, amount of withholding tax has decreased in line with decreasing interest expense against term deposits. Secondly, for better liquidity to offset the economic impacts of Covid-19, the Bangladesh Bank has decided to put an upper limit of 15% on cash dividends declared by non-bank financial institutions (NBFIs). As such, withholding tax against dividend has been suppressed by 57% over the same period of last year. Tax, VAT and Excise Duty deduction/collection at source has been decreased significantly by 13.23% where withholding VAT and Excise Duty have been increased.

Diversity and Equal Opportunity

IDLC is committed to maintain a work environment that is free from discrimination or harassment stemming from race (including color, nationality, ethnicity or origin), religion or lack of religion/belief, creed, sex, disability, age, sexual orientation, or any other characteristics. IDLC is also committed to equal employment opportunity and unbiased treatment of all employees strictly based on job-related qualifications.

- Board diversity:**
 Total 11 board of directors' members in IDLC Finance. 1 Female board member.
- Management diversity:**
 Total 14. ManCom members in IDLC Finance. No female ManCom member in IDLC Finance.

Increasing percentage of female over the years: our approach to gender balance (HR- last 5 years data on % of female employee)

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------|--------|--------|--------|--------|--------|
| Male | 1135 | 1154 | 1275 | 1270 | 1315 |
| Female | 184 | 181 | 181 | 195 | 201 |
| Total | 1319 | 1335 | 1456 | 1465 | 1348 |
| % Of Female Employees | 13.95% | 13.56% | 12.43% | 13.31% | 14.91% |

Our goal is to have 15-20% women in senior leadership roles by end of 2025.

Policies and Guidelines

Employee Code of Conduct

The code of conduct sets the principles for the stakeholders of IDLC (Members of the Board of Directors

and its committees, employees of all levels and categories, business partners and service providers and receivers to and from IDLC) to uphold and promote the interest of IDLC. The code of conduct is aligned with the code of conduct guidelines issued by Bangladesh Bank for banks and financial institutions. All IDLC employees are required to sign an annual declaration confirming that they have read and understood the code of conduct. The HR department circulates the required declaration, and ensures that all employees have signed it.

Sexual Harassment Policy

IDLC is committed to providing a safe environment for all its employees free from discrimination on any ground and from harassment at work including sexual harassment. IDLC operates at zero tolerance policy for any form of sexual harassment in the workplace, treats all incidents seriously and promptly investigates all allegations of sexual harassment. All complaint of sexual harassment is taken seriously and treated with respect and in confidence according to the sexual harassment policy of the organization.

Whistle Blower Policy

The IDLC Whistleblower Policy was introduced in early 2019. The aim of the policy is to facilitate the process of disclosing, or communicating, unethical or illegal activity occurring in the organization through encouraging and empowering IDLC employees to report any such instances of misconduct to the IDLC Whistleblower committee and by guaranteeing them protection against any form of retaliation (particularly, in instances where the whistleblower chooses to disclose his/her identity).

- The IDLC Whistleblower committee is comprised of the IDLC Group CEO & Managing Director and the Group Head of Internal Control & Compliance.
- In case of reporting complaints against any member of the IDLC Whistleblower committee itself, employees have the option to report the same to the Chairman of the Audit Committee of IDLC Finance Limited.

HR Policy

IDLC HR Policy provides a basis for dealing with various administrative matters concerning the employee and the work environment. The HR policies are a guideline to the terms and conditions of employment, and practices of IDLC, which have been approved by the Board of Directors of the Company. HR Policies represents the broad principals, procedures and practices for the employee. The purpose is to ensure that the employees of all categories are covered by a set of uniform policies.

Procurement Policy

IDLC Finance Ltd has a procurement practice which is guided by the procurement manual. The practice which are followed in light of the procurement manual maintains the highest level of standard. Vendors are treated in an unbiased manner and are evaluated according to their individual's strength and competencies. It is paramount for IDLC Finance Ltd that all purchases must comply with procurement guideline, policy and principle.

IDLC Customer Rights Charter

IDLC Customer Rights Charter protects the basic rights of the customers of IDLC. It spells out the rights of the customer and also the responsibilities of the institution. The policy applies to all products and services offered by IDLC.

CSR Guideline

The IDLC CSR Guideline outlines IDLC's strategy CSR focus, the roles and responsibilities of the CSR department, budget distribution, and CSR reporting and communication standards - with an emphasis on both internal and external stakeholder groups. The guideline was created in accordance with the Bangladesh Bank's CSR Guideline titled "Indicative guidelines for CSR spending allocation and end-user control."

EHS Guideline

IDLC has incorporated few guidelines to comply with appropriate EHS guidelines in the workplace. This ensures a holistic approach in guaranteeing that all the laws, rules, regulations, procedures, programs, roles, policies and efforts are put in place to help protect the safety and health of the team, the public, and the environment from workplace-related hazards and dangers.

Customer Satisfaction

Customer Data Storage and Protection

As part of the digital transformation roadmap, IDLC Finance Limited has implemented several technology projects that enhanced its operational efficiency which significantly improved regulatory compliance, and providing better customer experience.

IDLC relentlessly focus on continuous innovation and providing digital experiences to the customers. In this effort, IDLC Finance Limited has introduced the country's first Online DPS product in partnership with bKash, the largest MFS player in the country, in 2021. The product will help encourage the habit of saving among people from all walks of life who don't currently

save regularly. The eventual result can transform their financial capacity and their ability to invest in education, health, and their well-being.

IDLC is always concern about data security and ensures protection of all customers' data and information and safeguard them against any cyber security breaches through state-of-the-art technology infrastructure. Storage of data in electronic form is regulated by the Guideline on ICT Security for Banks and Non-Bank Financial Institutions 2015.

Services Introduced for the customers

IDLC introduced system generated text notifications through SMS to update customers about their products and our services and plans to expand this to more detailed notifications in future. Deposit customers also receives deposit advice to their registered e-mail ID to ensure a faster and more convenient experience for the customer with IDLC.

IDLC's customer care center extended their operational hours to 9AM to 10PM to make it more convenient for customers to avail services from IDLC.

Extension of QMS services in 12 major branches to receive feedback from customers in order to improve products, processes and services, so we launched the QMS.

Protect customers from misleading information

Being one of the most compliant financial institutions within the industry, IDLC has maintained high level of compliance in dealing with both monetary and non-monetary issues during the reporting time. Among non-monetary activities, marketing communications, a powerful tool to connect with customers, had been free from any non-compliance incidents. While communicating with marketing information, the bank remained not only transparent but also vigilant about not to harm any public or private property and violate ethical norms and values

Our Supply Chain

Since IDLC is a financial institution it doesn't have a huge scale of supply chains like manufacturing companies. However, for operating all its offices, IDLC has a pool of suppliers and vendors (land/property owner, consultation firms, architect, infrastructure development firms, furniture and fixtures vendor, office equipment vendor, IT vendor, electric vendor, vehicle supplier, printing vendor etc.) Our suppliers/vendors are an important part of our operations. We believe in working with them to ensure our sustainability expectations are clear and that products and services are compliant with our standards.

As part of our continued engagement with suppliers and focus on quality and delivery time, our suppliers have improved their service levels. We also encourage them to adopt sustainable practices, also appreciating and recognizing good practices followed by them.

Supply Chain Management

Cash purchase is highly discouraged and only conducted where alternative option is not available. In all steps of procurement, standard and transparency is maintained and the procurement committee is addressed where applicable. IDLC consistently maintains the practice to procure equipment with sustainable features like inverter enabled electrical/electronic items, energy efficient lighting system etc.

New vendor enlistment process

The e-tender process has ensured a fair and transparent supplier selection process, while helping to save both the parties' valuable time and resource. Additionally, IDLC plans to majorly associate with suppliers who are committed to business practices which have positive and productive social and environmental impact in society and nature at large and our revamped vendor enlistment process is designed in such a way to ensure those practices.

Female priority in vendor: UN Woman contract

Recently IDLC has pledged alliance with 'WeConnect International' to collaborate in the achievement of 'Corporate Connect' project. We initiated gender inclusive sourcing and brought forth a transformational change in sourcing practices by encouraging more participation from women owned businesses.

Ethics and Integrity

Integrity is at the core of IDLC's values. It helps us to achieve our purpose and identify, manage and mitigate risks. Our ethics, integrity, and respect for human rights enable us to conduct and grow our business in the right way. IDLC's Code of Conduct requires that all employees shall observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees of the company, everyone must practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations. Our whistle Blower Policy helps any person within or outside the organization to report any unethical or illegal activity without fear of retaliation. The policy encourages employees to escalate issues listed in the guideline to the Whistle Blower Committee by email, letter, telephone, or SMS.

AWARDS AND ACHIEVEMENTS



21st ICAB National Award
for Best Presented Annual
Reports 2021- Financial
services Sector-First

21st ICAB National Award
for Best Presented Annual
Reports 2021- Integrated
Reporting-First

21st ICAB National Award
for Best Presented Annual
Reports 2021-Corporate
Governance disclosure-
Joint Second

21st ICAB National Award
for Best Presented Annual
Reports 2021-Overall
Winner



**SME Finance Forum
Global SME Awards**
SME Financier of the Year
in Asia Region-Silver



Asia Money Best Bank
for SME Award-Winner



**FinanceAsia Country
Awards 2021**
Best Investment Bank
-Winner



SME Finance Forum Global SME Awards
Best Women Friendly SME Bank of
Bangladesh-Special Mention



SAFA BPA Award 2020
Financial services Sector-Winner



**BB Appreciation for disbursing 100% of
allotted stimulus packages**



NBR (LTU) Special Recognition Award
for Highest Tax payment
FY 20-21



SAFA BPA Award 2020
Integrated Reporting- Winner



**UN Women Asia Pacific
WEPs Awards**
Most Gender Responsive
Marketplace-Winner



ICMAB
Best Corporate Award
2020-First



ICSB National Award 2020
for Corporate Governance
Excellence - Financial
Sector-Silver



Bangladesh Fintech Award
Fintech Innovation Award
for Financial Inclusion-
Winner

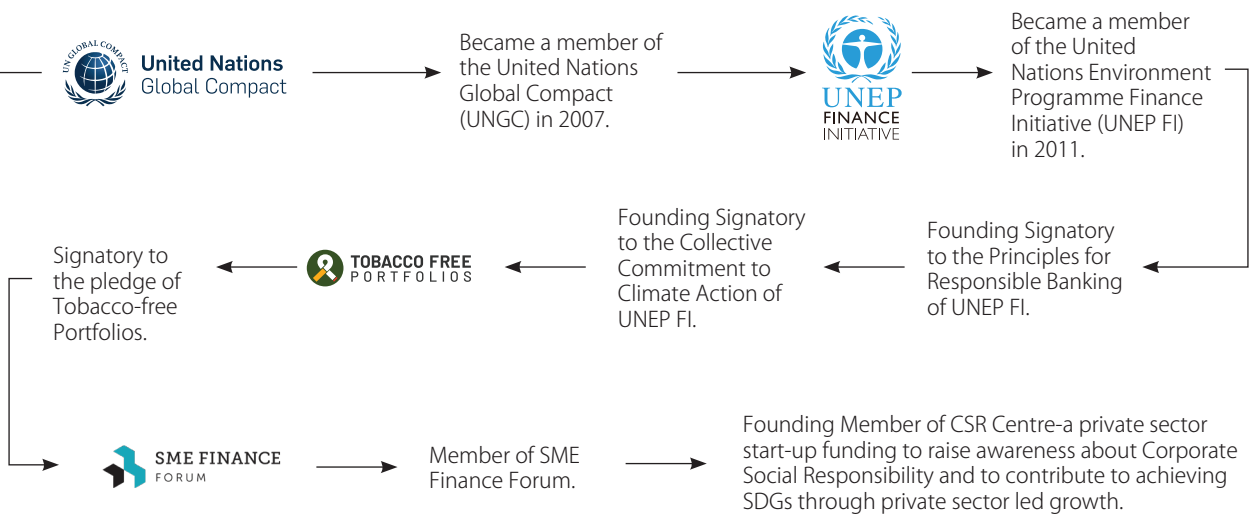
MEMBERSHIP OF ASSOCIATION

It is especially important to be recognized as a member of and build networks with external organizations, allowing the organization to drive and strengthen its business towards sustainability. Collaboration with these external parties is viewed as a means of bringing out the best in the organization in order to improve society and the environment for long-term growth.

IDLC has signed on to a few local and international initiatives that promote environmentally friendly business practices.

Although these initiatives are voluntary in nature, compliance with globally acceptable standards is required. Furthermore, IDLC believes that this coalition will drive the economy and have a broader positive impact on society and the environment, where the mentioned partnership and networks also align with SDG 17 Partnership for the Goals.

IDLC's Memberships:



INTERNATIONAL STANDARDS FOR SUSTAINABLE BUSINESS PRACTICES MEMBERSHIPS

IDLC Finance Limited has been working for over 36 years and is regarded as the largest NBFI in the country with strong and diversified exposure in Corporate, SME, Retail, and Capital Market segments. IDLC has formed its internal “Sustainable Finance Unit” & “Sustainable Finance Committee” in 2017 and its reporting structure has been approved by its Board of Directors. IDLC being a responsible banking unit has been affiliated with the international organization United Nations Environment Programme Finance Initiative (UNEP FI) since 2010, and from 2019, it has signed up in multiple initiatives - Principles for Responsible Banking (PRB), Collective Commitment to Climate Action (CCCA), Tobacco-Free Portfolio and Net-Zero Banking Alliance (NZBA) with an ambition of aligning itself with the global targets of reducing carbon emission as a whole and ensuring sustainability in the economy.

Principles for Responsible Banking (PRB) of UNEP FI

Principles for Responsible Banking is a praise-worthy initiative of UNEP FI which collaborates different principles for banks in order to achieve the Sustainable Development Goals and Paris Climate Agreement. The platform integrates more than 270 banks and is based on six principles – Alignment, Impact & Target Setting, Clients & Customers, Stakeholders, Governance & Culture, and Transparency and Accountability. All these principles motivate the signatory bank to understand its impactful area and thus understand its positive or negative effects on the environment and society. Understanding its own impacts help the bank to set SMART targets and thus achieve those while aligning itself with the broader initiatives of the society and its own country.

IDLC became a signatory of this initiative on 22 September 2019, with an ambition of contributing in the global vision of conserving nature, society, and resources. In 2021, it submitted its first PRB report where it strategically analyzed its impactful areas and set an annual target of making 5% green finance and 20% sustainable finance aligned with the regulatory body and aspires to continue to do so. Moreover, IDLC has adopted 10 UNGC principles and conducts Environmental and Social Due Diligence (ESDD) for applicable finances to ensure that the standards of Environmental, Social, and Governance (ESG) are practiced. IDLC also follows the Guidelines on Environmental and Social Risk Management (ESRM) directed by the Central Bank of Bangladesh besides its own ESMS Toolkit for finances in Corporate and SME business segments.

IDLC’s robust organizational leadership structure is composed of diversity that enables it to foster and converge a range of opinions and perspectives that are aligned with the long-term interests of the Company. Our highest levels of compliance with all the statutory and regulatory requirements and uncompromised stance with regards to ethics in our day-to-day business have led to the creation of a robust governance structure that ultimately delivers sustainable stakeholder value. Aligned with our focus to foster responsible banking culture, IDLC periodically communicates with our employees and also with other financial institutes operating in the country.

All these initiatives exhibit the strong determination of IDLC in preserving the society, environment, and minority group. PRB is providing a robust framework to IDLC in setting constructive targets and to assess itself from time to time for acting as a responsible banking unit. In the coming days, IDLC aspires to increase its investments in more environmental and social-friendly projects like renewable energy, Biological ETP, Green Building/ Industry, Financial Inclusion, and as such and hopes that PRB would continue to guide it informing its strategy objectively and thus ensuring its long-term sustainability.

Collective Commitment to Climate Action (CCCA) & Net Zero Banking Alliance (NZBA) of UNEP FI

PRB’s Collective Commitment to Climate Action (CCCA) is an initiative of UNEP FI to help financial institutions inform its strategy in line with the Paris Climate Agreement of limiting the global temperature well-below 2 degree Celsius above the pre-industrial levels by 2100; which is comparable to net-zero by 2065. Besides this initiative, even before COP26, UNEP FI introduced another climate-related initiative – Net Zero Banking Alliance (NZBA) which is driven with the same motivation of conserving nature and energy and thus lowering the rise of temperature. The initiative compels the signatory banks and financial institutions that they align their financing decisions for decreasing GHG emissions and thus set achievable targets to ensure the global vision of attaining net zero emission by 2050.

In this backdrop, IDLC became a signatory of both of these initiatives CCCA & NZBA on 23 September, 2019 and 21 April 2021 respectively for contributing to this noble goal of preserving the environment. IDLC already is driven to invest in more renewable energy projects, energy-efficient technology, and other green products for increasing positive impacts or lowering the negative

impacts on the environment. In the future, IDLC thrives to calculate its own internal and external (loan portfolio) carbon emission to understand its core contribution to the rise of global temperature and accordingly set targets to reduce its negative impacts and thus reach net-zero emission through its investments by the year 2050.

Tobacco-Free Portfolio Finance Pledge

Developed in collaboration with UNEP FI, PSA, PRI, AXA, BNP Paribas, Natixis, and AMP Capital, Tobacco – Free Portfolio Finance Pledge is a pledge under UNEP FI with 180 signatories and 50 supporters. This pledge was introduced in order to integrate the financing committee with the same mission of restricting their investments in tobacco-oriented businesses. The Pledge recognizes the significance of the World Health Organization Framework Convention on Tobacco Control (WHO FCTC) —the first global public health treaty established in 2005

in recognition of the global tobacco epidemic. Tobacco has been notorious for causing eight million premature deaths every year and thus IDLC signed this pledge on 17 November 2019 to exhibit its unity with the broader cause of limiting the financing in tobacco-oriented industries.

Besides this, IDLC has some other exclusion policies like – Forced Labor or Child Labor in Hazardous Condition, any product/activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations, Destruction of High Conservation of Value Areas, Radioactive materials and unbounded asbestos fibers, Racist and anti-democratic media, etc. in order to establish good corporate governance.

Other Sustainability Memberships

| Guidelines/ Standards/ Initiatives | Organizations | Brief description | Implementation Status |
|------------------------------------|---------------------------------|---|---|
| GRI Standards | The Global Reporting Initiative | The Global Reporting Initiative is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption. | Adopted as an organizational guideline for sustainability reporting |
| UNGC | United Nations Global Compact | The United Nations Global Compact is a non-binding United Nations pact to encourage businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation | In alignment with the 10 principles of the U.N. Global Compact, IDLC is committed to ensure a sustainable future for people and the environment and to stand against corruption |



OUR
EMPLOYEES & PARTNERS:
FOR INCLUSION
AND EMPOWERMENT

EMPLOYMENT

IDLC considers its people as its greatest source of competitive advantage. We understand that in order to be the most well-regarded company we must have the most dedicated and efficient employees. In 2021, we hired a total of 250 people and released 198 people.

Employee Distribution of IDLC Group

Total employees in IDLC group in 2021- **1516**

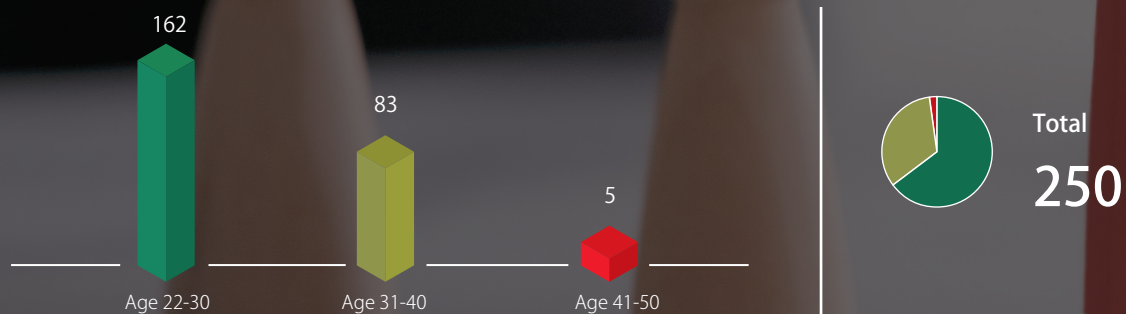


excluding Office assistants, Drivers, Electricians

New hires (Male, female)



Age distribution of hiring



Termination

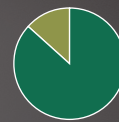
| | | | |
|-----------|-----------|-----------|-----------|
| Age 22-30 | Age 31-40 | Age 41-50 | Total No. |
| 83 | 92 | 23 | 198 |



Male
172



Female
26



Total
198

Salary and remuneration (Ration of basic salary and remuneration of men to women)

Average (Basic Salary) APBS



Male
41,931



Female
29,563



Ratio (M:F)
1.42:1

Average (Basic Salary) SIS



Male
9,372



Female
9,232



Ratio (M:F)
1.02:1

EMPLOYEE BENEFITS

We strive to provide benefits packages that are competitive among other leading financial institutions in the country to maintain our position as a preferred employer. As we grow and develop, we continually seek to improve our offering.

Maternity leave

All female employees who conceive shall enjoy maternity leave up to 6 (six) months period, during the pre or post-natal period. This leave will not be debited from her leave account.

Paternity leave

5 (five) working days of Paternity Leave during pre or post-natal period applicable

Provident fund

Every employee on his/her confirmation participates in the Employees Provident Fund by contributing a percentage of his/her basic salary to the fund as stipulated in the terms of the IDLC Employees Provident Fund Rule of the Company. The Company on its part shall also contribute towards his/her provident fund every month at the same rate.

Gratuity

All confirmed employees become eligible to receive gratuity payment on completion of 5 (five) years of continuous confirmed services with the Company.

Welfare fund

The objective of this fund is to provide a token of appreciation/financial assistance to the employees, his/her family members for any reason stated below:

Recognition of outstanding performance/achievement; Educational support for spouses/sons/daughters of support staff; Burial related expenses in case of death of a direct family member; Partial treatment expenses for disability of the employee or a direct family member; Serious sickness of an employee or direct family member; Reimbursement of marriage ceremony related expenses of the support staff or their direct family members.

- **Group life insurance:** All employees of the Company are entitled to this scheme.
- **Parental leave:** all employees of IDLC are entitled to parental leave.
- **Number of employees that took parental leave in 2021:** 47

Hospitalization scheme: All confirmed employees of the Company are entitled to this scheme.

Encashment of annual leave balance: Annual leave encashment up to a maximum of 60 days is allowed to the employees only at the time of separation from the Company.

Fringe benefits:



Housing Loan



Personal Loan



Motor Cycle Loan



Group Life Insurance



Hospitalization Insurance



Welfare Fund



Spot Award

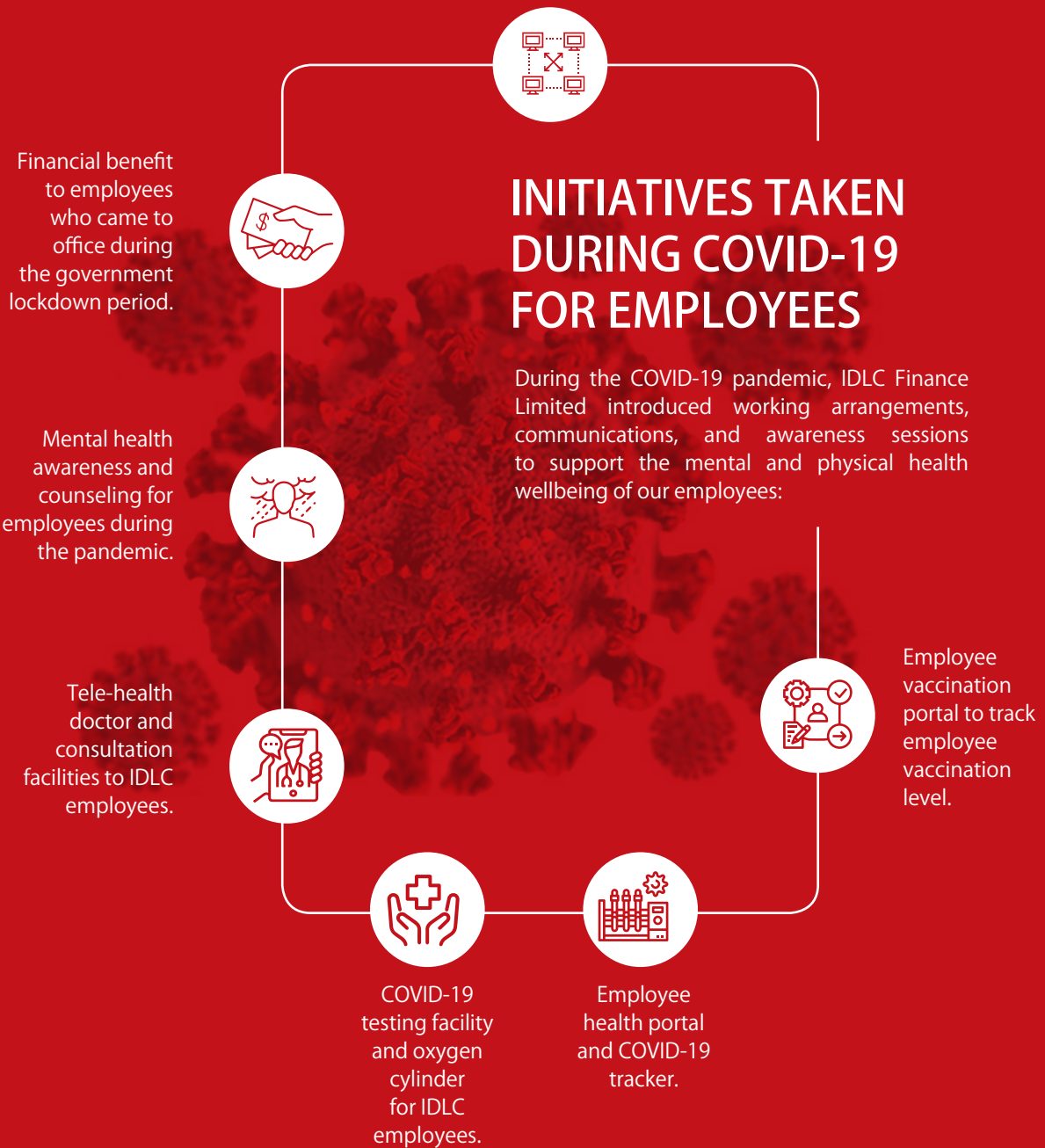


Integrity Award



Shifting Allowance

Work from home during the lockdown period. IDLC continued work from home arrangements even after the government lockdown. Employees were divided into groups and they came to the office based on the roster.



RECRUITING TALENT: OUR APPROACH

IDLC has a very open and transparent recruitment policy and there is no room for any solicitation.



Talent retention and career development

IDLC Strives to create a culture where people are driven towards achieving personal as well as business goals and objectives. IDLC provides an open environment which helps build a culture of very driven employees.

IDLC enhances employee talents through need-based training, coaching, and e-learning. Focus is given to providing the right training to the right personnel to develop our employees. Our training plans are aligned with the individual career plans of each employee. To retain and motivate our talents, employees are provided with competitive remuneration, rewards and performance bonuses, and incentives.



Performance Management Program

IDLC has a structured performance rating process where performance is evaluated objectively. IDLC works on providing an environment conducive to building a culture of driven employees through its rigorous performance management program.

DEVELOPING OUR PEOPLE



Approach

IDLC recognizes the important contribution which training makes to its continuing efficiency and profitability. Each year at the year-end, HRD conducts the Training Need Assessment (TNA) of the employees with the assistance of the respective Divisional/Functional Head.

The Company's training policy refers to all employees and aims to:



Provide induction for new employee



Ensure that appropriate training is available to enable individuals to reach a satisfactory performance level in their jobs, i.e. function-based skill training



Provide the training required by those, having the potential to go up so that they are appropriately prepared for their new responsibilities



Provide information, instruction and training to ensure the health and safety of all employees

Training Category

-  Foreign Training
-  Public Training
-  In-House Training
-  Customized Training
-  E-Learning Training

Number of trainings arranged

| Annual no. of training programs (2021) | |
|--|-----------|
| Entity | Year-2021 |
| IDLC Group | 185 |

Number of people participated

| No. of training participants (2021) | |
|-------------------------------------|-----------|
| Entity | Year-2021 |
| IDLC Group | 9108 |

| Total Participant | Male Participants | Female Participants | Total Man Hour |
|-------------------|-------------------|---------------------|----------------|
| 9,108 | 8,559 | 549 | 24,337 |

Number of people participated

| Category | No. of Participant |
|---|--------------------|
| CEO & MD to AGM | 95 |
| Sr. Manager to Assistant Manager | 595 |
| Senior Executive Officer to Executive Officer | 1,129 |
| Officer Grade III to TO | 6,840 |



Fire Safety Training

In IDLC, we focus on improving health and safety of employees through yearlong activities and regular practices. These include but not limited to proper work place design, allocation of individual appropriate work space and furniture, ensuring cleanliness at workplace, holding of awareness sessions related to physical and psychosocial well-being, arrangement of male and female doctors to making regular visits at major premises, email communication on various health and safety related topics, sending alerts to employees on emergency situations, arranging fire & evacuation drill and awareness sessions, financial support for medical care etc. IDLC remains cautious so as not to create any hazardous work condition and ensures regular maintenance of office equipment.

IDLC complies with the directives of the Central Bank in regards to fire safety as well as follows its own fire safety mechanism. It is ensured that the offices are equipped with automatic fire detection system and vulnerable spots are covered by CC cameras. In handling the pandemic situation, top notch sanitization procedures in all of its offices and branches are followed to avoid exposure/contamination. Employees as well as member of their families who contracted the disease were given necessary support in the form of medicines, Oxygen cylinder, and online doctor consultation whenever needed. To expand the support horizon, a number of renowned institutions were on-boarded especially with online consultation facilities with significant discount and preferential facilities.

REMUNERATION POLICY AND FRAMEWORK



Pay equity

IDLC's remuneration policy is based on the performance of individual employees and is unaffected by gender, race, religion, etc.



Salary

Salaries are confidential between the employee's concerned and Human Resources Function. The management from time to time shall decide the salary scales of the employees belonging to the different grades.



Allowances

The company will pay the allowances consisting of House Rent Allowance, House Maintenance Allowance, Conveyance Allowance, Transport Allowance, Medical Allowance, Utilities, Communication Allowance, Overtime Allowance, Leave Fare Assistance, and Washing allowances, etc. to the employees.



Overtime

Employees may be required by the company to work overtime on working days, weekly holidays, and public holidays.



Salary Review

Salary is reviewed once a year unless otherwise decided by the management. This is linked with each individual employee's performance in the given year.

HEALTHY AND SAFE WORK ENVIRONMENT

Approach

IDLC shall pay adequate attention to the health and safety of its employees, i.e. deployment of both physical and technical surveillance on-premises to minimize possible threats to security. Physical premises (such as branches and offices) are under a regulatory requirement to conduct periodic drills so that there is a systematic approach both to preventing any security breaches as well as to promote a culture of security and safety awareness. This involves managing health and safety care in the same manner as any other critical business activity with provision for periodic reporting, appraisals, and improvements made.

Decent workplace

IDLC is committed to providing a safe environment for all its employees free from any kind of harassment at work. Any discriminatory treatment or harassment of employees, customers, and others is a violation of the Company's values. Complaints of sexual harassment are taken seriously and treated with respect and in confidence. It is dealt with appropriate disciplinary action, which may even lead to termination.

Work-life balance

IDLC recognizes that a better work-life balance can improve employee motivation, performance, productivity, and reduce stress. IDLC has a Flexible Working Hour policy to support the employees achieve a better balance between work and their other life priorities and interests.

Flexible Working Hour:

Flexible Hour of Office Time Policy:

Standard working hours per workday is 8 hours, i.e., every employee must put in 8 hours on every workday and the standard office timing is 1000-1800 hrs.

- Core working hours: 1000-1630 hours where all office-based employees are expected to be available and all meetings (both team and cross-functional) should be planned during the core hours.
- Flexi working hours: Earliest check-in time is 0830 hours and the earliest check-out time is 1630 hours.
- Latest check-out time is 1930 hours, anyone staying beyond the latest check-out time must take prior approval from his/her Line Manager and notify Administration and IT Department.

Employees of the Operations, IT, and Finance Department who need to work late hours for business reasons; have to consult with their Line Managers and agree on their flexible working hours.

Respective employees and his/her Line Manager shall ensure the judicious use of flexi-time with the guiding principle of freedom through responsibility in mind.

If anyone is opting for flexi-hours s/he should send an e-mail to his/her supervisor when logged in and also give another e-mail when s/he leaves office with a copy to HR.

All employees have the right to request flexible working - not just parents and caregivers. Earliest check-in time is 0830 hours and the earliest check-out time is 1630 hours.

Employee motivation

IDLC has a policy of engaging and motivating the employees. Many employee engagement activities are carried out throughout the year such as:

- I. Celebration of events such as-Pohela Falgun, Pohela Boishakh, Women's Day, Mother's Day, Father's Day, etc.
- II. Employee wellness and healthcare programs such as Yoga sessions for employees, mental health

awareness sessions, regular awareness sessions on health-related issues, etc. IDLC has plans to provide subsidized gym care facilities for the employees as well.

- III. IDLC also arranges picnics, different sports, and external games for the employees.

Other than these, many employee benefits outside employee salary are provided to motivate and engage employees.

OUR SUSTAINABILITY APPROACH

In September 2015, the United Nations adopted the 2030 Agenda for Sustainable Development through a set of 17 global goals. The Sustainable Development Goals, are built on the Millennium Development Goals (2000-2015) and are much more comprehensive in covering the three dimensions of development; economic, social and environmental and put special focus on important areas related to sustainable development that require urgent attention at present and near future.

As a responsible non-banking financial institution, we are aware that we can make a significant contribution to the country's achievement of SDGs. Therefore, our business and non-business activities, including our Corporate Social Responsibility, are aligned to the SDG targets.





SDG 1: End poverty in all its forms everywhere.



SDG 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.



SDG 3: Ensure healthy lives and promote well-being for all at all ages.



SDG 4: Ensure inclusive and equitable quality education and lifelong learning opportunities for all.



SDG 5: Achieve gender equality and empower all women and girls.



SDG 6: Ensure availability and sustainable management of water and sanitation for all.



SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all.



SDG 11: Make cities and human settlements inclusive, safe, resilient, and sustainable.



SDG 12: Ensure sustainable consumption and production patterns.



SDG 13: Take urgent action to combat climate change and its impacts.



SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss.



SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development.

OUR APPROACH TO ESG

IDLC is one of the trusted names in the non-banking financial sector in Bangladesh, and for over 36 years, has been playing a prominent role in channelizing essential capital to sectors that are critical to the growth and development of the country.

We have extended our responsibilities beyond immediate benefit to long-term good, while ensuring the sustainability of the organization.

Our Sustainability Roadmap (2021-2025) has been developed by taking interpretations from the Materiality Assessment conducted in 2021 as per the GRI (Global Reporting Initiative) sustainability standards.

Our 30 commitments support the goals we set in three impact areas – Environment, Economy and Social. These commitments are also fundamental in enabling us to meet our sustainability targets set for 2025.



Environment

Our 2025 ambition is to reduce environmental impact by sustainable financing, reducing our consumption and using green energy.



Our Goals

Short Term

- Maintaining central bank policy of 5% of long-term disbursement for Green Finance and 20% of total disbursement for Sustainable Finance
- Reduce paper consumption
- Efficient usage of natural resources at workplace

Medium Term

- Reduce carbon emission significantly
- Building a sustainable portfolio

Long Term

- Aligning with Global Net Zero emission target



Our Actions


- Installation of Solar Panel at IDLC office premises
- Consider GHG emission reduction in design, construction and maintenance of new office premises
- Maintain optimum temperature of Air Conditioner at all locations
- Converting to LED lights, use of energy intensity sensor based lights where possible


- Consider buying hybrid/ electronic vehicles
- Awareness on IDLC Green Office Guideline
- Purchase laptops while phasing out old desktops
- Using online platforms for cross location meetings
- Employees carpooling
- Installation of network printers

- Board meeting automation
- Outfit washroom, cafeteria, water faucets with sensor based/low flow restrictions across all location
- 5% of Green Finance and 20% of Sustainable Finance against yearly Term Loan Disbursement
- Environmental and Social Due Diligence (ESDD) for all new business relationship





Social
Our 2025 ambition is to drive inclusive growth in our operation.

| | | | |
|---|---|--|---|
|  Our Goals | Short Term <ul style="list-style-type: none"> Promoting diversity at workplace Promoting business ethics throughout the supply chain | Medium Term <ul style="list-style-type: none"> Ensure 20% occupation of women in workforce Ensuring sustainable sourcing Community well-being Elimination of all forms of violence/harassment at work place | Long Term <ul style="list-style-type: none"> Increase percentage of women in leadership roles |
|---|---|--|---|

| | | | |
|--|---|--|---|
|  Our Actions | <ul style="list-style-type: none"> No financing of production or activities that involves socially detrimental factors such as child labor Develop accessibility strategy to eliminate the physical barriers for disabled | <ul style="list-style-type: none"> customers and employees Undertaking long term sustainable projects for community development Ensuring sustainable sourcing through Vendor Enlistment process named as Vendor | <ul style="list-style-type: none"> Code of Conduct that ensures: <ul style="list-style-type: none"> a. Sustainable sourcing b. Women empowerment c. Prohibition of child labor d. Intellectual Property Right |
|--|---|--|---|

Governance
Our 2025 ambition is to create an ideal work environment for our employees

| | | | |
|---|---|--|--|
|  Our Goals | Short Term <ul style="list-style-type: none"> Ensuring follow of Employee Code of Conduct | Medium Term <ul style="list-style-type: none"> Always ensuring market comparative executive pay Ensuring complete independence is given by Board to the management to carry day-to-day Operation | Long Term <ul style="list-style-type: none"> Ensuring zero tolerance policy for bribery and corruption |
|---|---|--|--|

| | | | |
|---|--|---|--|
|  Our Actions | <ul style="list-style-type: none"> Promoting and encouraging Integrity amongst employees through Annual Integrity award Zero tolerance for corruption Whistle-blower policy is monitored through Whistle blower committee regularly | <ul style="list-style-type: none"> Regular employee training on Anti-Money Laundering / Combating the Financing of Terrorism Strong abidance of Corporate Governance Code, with CG Auditor providing "Highly Satisfactory" report regularly | <ul style="list-style-type: none"> Strong Ethics & compliance ensured Grievance management and counseling ensured Clearly defined roles and responsibilities of CEO and the Board |
|---|--|---|--|



IDLC'S APPROACH TO ENVIRONMENTAL SUSTAINABILITY

Since the advent of IDLC's Journey, it has been steadfast in addressing the environmental issues and tried to incorporate the environmental & social criteria into its financial decisions. With the evolution of regulatory initiatives, IDLC has strengthened its focus towards green & sustainable finance for long-term sustainability. As Bangladesh has already expressed its unity with the Paris Agreement and the broader United Nations Sustainable Development Goals (SDGs), IDLC aspires to increase its efforts towards building a sustainable portfolio for a green and better future.

Global warming is a rising concern for every individual. Banks & FIs being an intermediary between the households and businesses, can play a vital role in addressing these issues. Global entities including United Nations, Development Finance Institutions and regulators are currently trying to take robust initiatives for limiting the climate change. As a responsible banking system IDLC Finance believes only profit oriented businesses cannot sustain in the long run and climate change being the biggest concern, it is necessary to address this without any delay.

Since 2011, IDLC has published an annual sustainability report in accordance with the Global Reporting Initiative (GRI) sustainability reporting criteria, which are available on the corporate website. In 2021, IDLC published a list of measures to be completed by different departments within an estimated timescale (2021-2025), with a focus on economic, environmental, and social issues. It has selected and prioritized the focus areas, as well as goals and targets for the next five years. In this regard, IDLC is raising awareness among its employees about energy conservation and green behavior, laying out the steps that must be done to reduce waste of water, power, and paper.

IDLC has adopted Environmental & Social Risk Management System (ESMS) as one of its integral parts of Credit Risk Assessment to compute environmental & social risks from its financial footprints. The ESMS system is based on the Environmental & Social Risk Management Guideline by Bangladesh Bank, the Environment

Conservation Rules 1997, IFC Performance Standards, and ADB Safeguard Policy for financing. With the cooperation of FMO (Netherlands Development Finance Company), IDLC have the most efficient ESMS system of the market, blending the local & international standards for formulating E&S risks before financing any proposal. A dedicated E&S team is working collaboratively to ensure Environmental & Social Risk Management (ESRM) effectively across IDLC, and capacity building of business units as well as credit risk management officials to seize the opportunities of evolving economy and society towards sustainability.

Sustainable finance integrates the environmental, social, and governance criteria in the financing decisions. Both green and sustainable finance is a step towards addressing the drastic climate change and ensuring the long-term sustainability of society. IDLC as an organization is dedicated to investing in projects only after thorough analysis. Among these projects - Fire safety products, ETP, Green Building/Industry, and Energy Efficient Technology are noteworthy in increasing workplace safety and conserving energy resources. IDLC believes that investing in projects after considering the Environmental, Social and Governance can provide long-term sustainability and thus ensure profit in the long run. Besides investing in sustainable projects, IDLC practices sustainability while forming its strategies and internal & external decisions.

IDLC's future plan includes emphasizing initiatives on reduction of Environmental Impact by building a sustainable portfolio, reduction of energy consumption, and use of green energy. In order to maintain this status, IDLC will conduct a Carbon footprint analysis of both of its operations & portfolio through an external consultant in order to understand its own carbon emission and thus would concentrate efforts in minimizing its emission for aligning with the global initiatives and for building a sustainable business. IDLC aspires to set its target by 2023 for decreasing the carbon emission in its loan portfolio and thus move towards the global initiative of net-zero emission by 2050.



GREEN BANKING

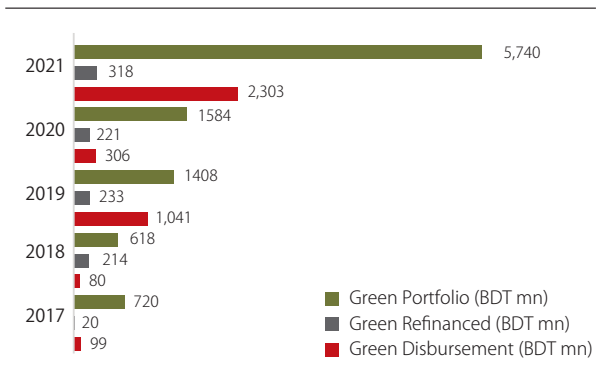
Green Banking is the financial service integrating environmental, social and governance (ESG) criteria into the business or investment decisions for the sustainable advantage of both clients and society at large. Sustainability in this context means the quality of not being harmful to the environment or depleting natural resources, and thereby supporting long-term ecological, social balance and governance. Green Banking Unit (GBU) of IDLC is dedicated towards Green and Sustainable Banking, and enthusiastically working with Corporate and SME businesses to cater necessary finances and refinances defined for Green and Sustainable Products/ Projects/ Initiatives.

IDLC offers Green Finances for 55 Green products/ projects/ initiatives under 9 categories, as defined by Bangladesh Bank, to cater to the specialized needs of different industries and sectors. IDLC is also offering Sustainable Finances for Sustainable agriculture, Sustainable CMSME, Socially responsible initiatives; including Working Capital and Demand Loan for relevant Green projects and sectors.

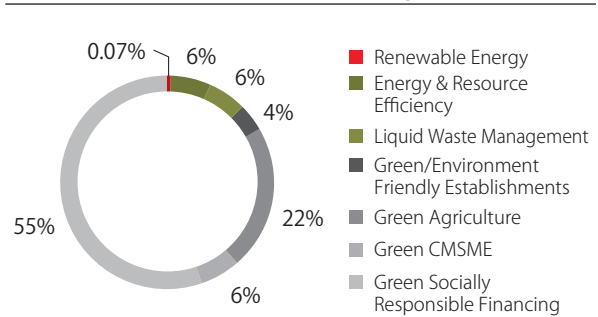
Green Banking Trend

IDLC is committed to increasing its green portfolio and is getting good responses from the clients and other stakeholders. Green Financing portfolio has increased around 262.43% over previous year. IDLC strongly envisages converting 100% of its portfolio gradually to sustainable finance. Moreover, as per the regulatory requirement of the Bangladesh Bank, it has invested 10% of the CSR fund for the climate risk projects and envisions to continue to increase this contribution over time.

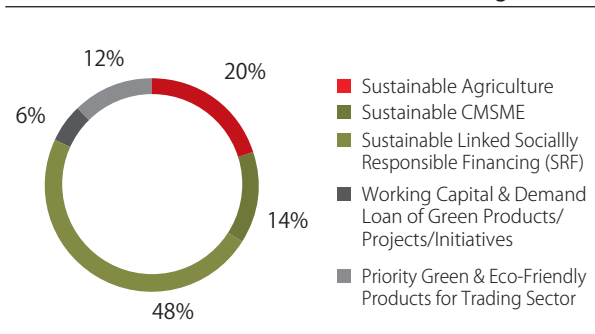
Portfolio Trend



Cumulative Green Portfolio in Segments



Cumulative Sustainable Linked Portfolio in Segments



ENERGY CONSUMPTION

It is a continuous process for IDLC to focus on reducing regular energy consumption. We pride ourselves to be part of an environmentally responsible entity. Employee awareness communications are regularly made with specific guidelines and all pool vehicles of the organization are CNG driven. In 2021, IDLC's electricity consumption decreased by 3.0% compared to 2020 considering all offices consumption by value.

Energy Consumption within the Organization

Energy efficient light usage

Initiated on 2013, IDLC has already converted majority of its lights bulbs with LED lights which is marking a significant savings in the energy consumption and will have a lasting impact in future as well. Especially mentionable is a light redesigning project in head office which will effectively reduce potential energy consumption (KWH) originating from light sets at head office more or less by 53%.



PROMOTING WOMEN EMPOWERMENT

IDLC was one of the first financial institutions to realize the gap in the market for a dedicated women entrepreneur product and came up with the signature product, 'Purnota' (a comprehensive financial and non-financial solution for women-owned enterprises). In 2014, IDLC entered into a cooperation agreement with IFC to improve IDLC's visibility in the women market of Bangladesh. As a part of these components, a unique product called "IDLC Purnota" was launched in 2015 to cater to the need for women SMEs. Under this product, IDLC Finance Limited not only provides loans to women entrepreneurs but also provides a list of non-financial services including but not limited to business and insurance facilitation service, digital marketing assistance, a dedicated helpline, training facilities, and linkage with marketplaces virtually and physically.

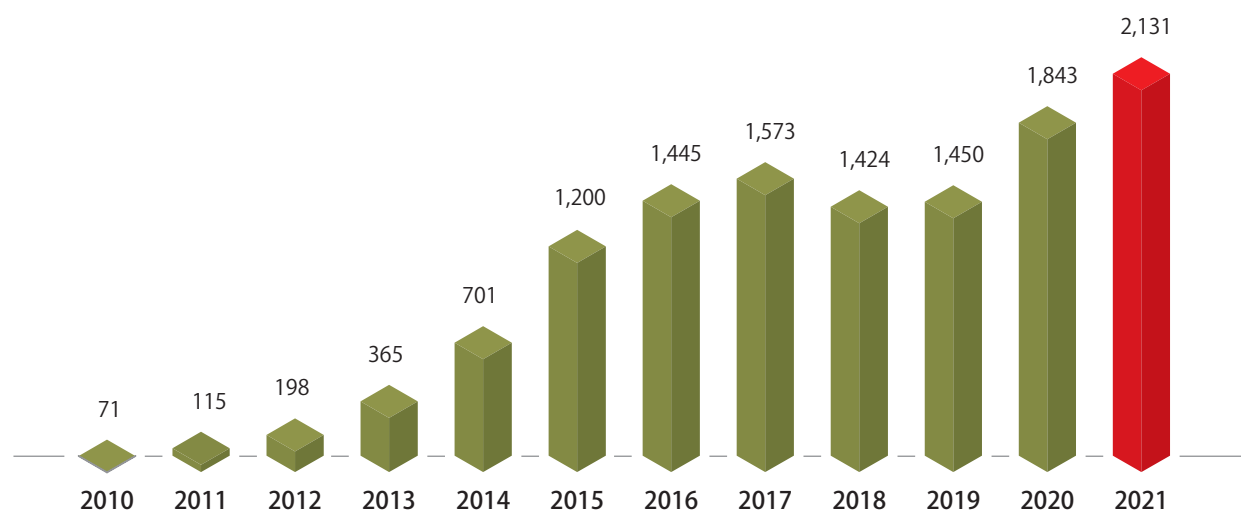
IDLC also arranges trade fairs titled 'Purnota Fairs' for women entrepreneurs regularly. This serves as a common platform for IDLC Purnota clients to showcase their products and build networks across the country. IDLC has also been facilitating select number of women entrepreneurs to participate in the Bangladesh Bank and SME Foundations trade fairs for SMEs each year. IDLC nominates and sponsors the selected clients (namely women entrepreneur clients) for participation in such events that create the opportunity to showcase products and network with the wider market.

Some of the most common challenges in accessing financing by women entrepreneur's stem from the lack of financial literacy, weaknesses in financial planning, and access to the market. In 2021, IDLC Purnota organized multiple training workshops in partnership with stakeholders throughout the country

as part of IDLC Purnota's initiative to empower the women entrepreneurs of the country. Ekshop and Anodomela platform organized an online training event where IDLC provided tools and techniques on efficient bookkeeping for improving creditworthiness and also on the documentary requirements for loan applications. 20 women entrepreneurs participated in this event. As part of an ongoing project with iDE's WEESMS project, 3 coaching sessions were organized in Jessore, Nilphamari, and Rangpur where 30 women entrepreneurs participated. In partnership with SME Foundation, 3 training events were also organized for women entrepreneurs in Bogra, Natore and Rajshahi on Business Management and Effective Communications. A total of 70 women entrepreneurs participated in these events. In these training workshops IDLC's SME Division deployed its in-house expertise in designing the training materials and facilitating the interactive sessions which provided this unique opportunity for women-led CMSMEs to learn and get one-on-one feedback from the banking experts. We believe these initiatives will help embolden the women entrepreneurs of the country and remove the key barriers to their financial inclusion.

As a recognition of IDLC Purnota's contribution to the women entrepreneurs of the country, IDLC has been awarded Honorable Mention under the Best Bank for Women Entrepreneurs Category in the Global SME Finance Forum Awards 2021.

IDLC Purnota has been one of the highest distributors of Bangladesh Bank's Small Enterprise Refinance Scheme and other low-cost financings for women entrepreneurs in Bangladesh and has served 6,130 clients until December 2021.



MAJOR IN-HOUSE GREEN INITIATIVES

IDLC upholds a vision to encourage and catalyze transformation towards sustainable business practices. In line with the vision, IDLC has engaged a renowned international organization in the design phase of building the 'IDLC Tower' to ensure that highest priority is given in certifying it as an environmentally sustainable structure. Also, IDLC has initiated the adding of hybrid vehicles in the company pool to become a more environmentally responsible organization. In 2021, 1 Hybrid electric vehicle was added to IDLC's fleet.

Materials



Paper usage

Resource conservation and waste management have been a key component of IDLC's environmental strategy. Although service sector, in general, is less material intensive, we found that we can significantly reduce waste in use of electronics and paper. IDLC has adopted strategies to mitigate the negative environmental impact through efficient use of technology and waste management in these areas.

One of the main sources of paper wastage is printing. We had multiple printers for branches (distributed printing service) contributing to paper wastage, operating expenses, and risk of information leakage. Centralizing printing services was taken as mitigating catalyst for these negative factors. User authentication based central network printing solution was first implemented in 2019. This implementation ensured the data safety, simplified administration, and most importantly, **reduced paper waste and cost of printing down to 63%.**

Moreover, digitalization of services such as Online Credit Appraisal System, Online Service Portal, and Salesforce Mobile Application Service has significantly cut down the paper usage as well.

To control the environmental impact of paper consumption through administrative control, few forms have been redesigned. Core departmental work like procurement processes, tender request and submission, administrative requisition, payment processing are done more and more digitally that brings more transparency and efficiency all the while saving valuable resources. Introduction of multiple use envelope for internal usage has started an era of actively joining in the movement of reducing paper waste. Approximately, a total of 5,830 reams of paper has been used throughout IDLC during the year of 2021 which is 6% higher than the previous year. The increase can be justified due to higher number of operational months 2021 compared to lockdown phase of 2020.



Server Virtualization

We implemented server virtualization in 2010. Around 98% of servers are virtualized which has significantly reduced the Data Centers' space requirement, cut down the capital expenditure on physical servers, reduced the electricity consumption and CO2 emissions.

Every virtualized server has a capacity to save around 7,000 kWh of electricity and 4 tons of CO2 emissions – thus in 2021, this resulted in saving over 853,268 kWh of electricity and 512 tons of emissions from 158 virtual servers.



Waste Management

Even though the service sector is less material-intensive compared to the manufacturing sector, resource conservation and waste management have been a key component of IDLC’s environmental strategy. Our efforts in this area focus on the use of electronics and paper. IDLC has adopted strategies to mitigate the negative environmental impact through efficient use of technology and waste management.



Reducing Carbon Emission

Fuel consumption of vehicles increased by 30% in the year 2021 compared to 2020.

However, the base year 2020 cannot be considered as regular year due to minimal usage of vehicles during country lockdowns. Then again, compared with 2019 consumptions, fuel usage actually decreased by 7%. We plan to maintain the controlled and efficient management of the vehicle movement which is creating a continuous impact in usage reduction.

- IDLC maintain the optimum temperature of AC at 25 degrees at all offices to balance energy savings and ensure comfort at work place.
- Sensor system for lights is being used in washroom and hallway at our head office and are gradually being implemented in all suitable locations of offices.



IDLC E-learning App

IDLC E-learning app has both mobile & web versions through which employees of IDLC can seamlessly access all related courses and training modules from any device. This has unlocked the immense opportunity to learn and excel on the go. This app-based learning portal has helped create a structured learning hub for the employees of IDLC.



Video conferencing

All employees of IDLC are encouraged to conduct meetings via video conferencing if and when possible, rather than conduct physical meetings.

FINANCIAL INCLUSION OF THE UNBANKED POPULATION

With the advancement of technology and improving literacy rate, the demand for digital services are growing. Financial services are no different. However, financial services in Bangladesh are predominantly served through the traditional channels – through relationship managers or through branch services. Even though the household incomes are increasing, half of the adult population in the country are still unbanked. As a result, the financial sector is unable to bring the savings generated in these households into the formal banking channel. To cater to these needs of digital financial products as well as to promote financial inclusion, IDLC launched two digital savings products. The products are:

- Digital Deposit Pension Scheme (DPS) in partnership with bKash – the leading MFS of the country
- Digital Term Deposit (TD) through IDLC's own platform



Active Accounts

24,315



Active Customers

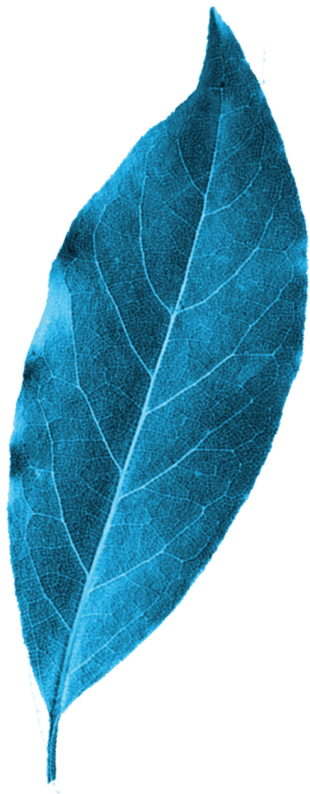
23,086



Proportion of Female Savers

39.82%





OUR
IMPACTS ON
LOCAL COMMUNITIES

IMPACTING CARBON EMISSION THROUGH TREE PLANTATION



IDLC in partnership with Green Savers sponsored 3,000 saplings along with associated costs.

IDLC implemented the project in partnership with Green Savers. Under this initiative, Green Savers identified the project beneficiaries/tree guardians from various locations across Bangladesh. The tree guardians donated a portion of their land for planting trees and also contributed their time to take care of the trees to keep them alive well into maturity while generating yearlong income from the produce from these trees. Green Savers will ensure regular nurturing of the trees through their local volunteers until the trees reach adulthood. Moreover, these trees will consume an estimated 219 tons of carbon dioxide every year.

The project has been implemented in Rajshahi, Barishal, Rangpur, Gazipur, Jessore, Khulna, Sylhet, Hobiganj and Moulvobazar area of Bangladesh.



Beneficiaries:

12,000



Regions Covered:

10



Implementation Partner:

Green Savers

BUILDING A SOLAR POWERED VILLAGE



'Building a Solar-powered village' is a collaborative effort of IDLC Finance Limited & Obhizatrik Foundation. The project aims to empower underprivileged rural communities by providing them with means of sustainable solar-powered electricity facilities. Even in this age of technological advancement and digital Bangladesh, many communities of our country are deprived of electricity. A majority of these people are the residents of remote rural villages where electrical connection is still unavailable. People in these areas are heavily reliant upon nature and ecologically unsustainable means to generate mechanical power and utilize it. These people can't utilize the many facilities that come along with electricity. As a result, these communities tend to lag behind.

For the rural communities, where current generated electricity is still unavailable, solar-powered electricity can be a useful alternative. Thus, the 'Building a Solar powered village' project has begun. The project was conceptualized and implemented in its pilot phase to provide a full-free solar-powered setup for generating electricity. The project was implemented in the remote rural village of Latachar, where 25 families received fully-installed and active setups of solar panels, controllers, lights, and fans for their houses.



Beneficiaries:

100



Implementation Partner:

Obhizatrik Foundation

IMPROVING MATERNAL, NEONATAL HEALTH RIGHTS AND NUTRITION IN THE TEA GARDENS OF SYLHET



IDLC Finance Limited and United Nations Children’s Fund (UNICEF) signed a Memorandum of Understanding on March 10th, 2021 to improve Maternal, Neonatal Health Rights and Nutrition in the Tea Gardens of Sylhet.

Under this partnership, IDLC supported the renovation of the tea gardens’ health facility with water and sanitation and hygiene (WASH) block and provide necessary medical equipment and logistics in seven tea gardens. UNICEF will ensure the capacity building of the tea garden health service providers with the necessary training in order to connect the tea gardens’ health facilities with the government system for better services and sustainability.

Approximately over 7,000 women and 3,000 under-five children and 5,000 adolescents will be benefitted from this initiative. Moreover, the 40,000 population will increase awareness on maternal, neonatal mortality, and nutrition issues to help to act in favor of saving new-born lives.

As a corporate citizen, this partnership gives IDLC an opportunity to have a positive impact in terms of saving the lives of newborns and support mothers who need support urgently. This partnership also presents an opportunity for IDLC to contribute to solving a national problem.



Beneficiaries:

50,000+



Implementation Partner:

UNICEF

EMPOWERING WOMEN BY CURING OBSTETRIC FISTULA



Every year a large number of women in our country are experiencing life threatening, high risk, chronic or other serious health problems due to pregnancy and childbirth. Obstetric fistula is one of the most devastating morbidities of pregnancy. Poor and young women are mostly affected and there is an immense lack of information on access to surgical repair. It is a hole in the birth canal connecting to the urinary passage and or rectum, caused by prolonged and difficult labor. Women with obstetric fistula constantly leak urine or feces or both. Due to their condition, they often face social embarrassment, insults and alienation, even from their own family.

The demand of reconstruction surgery is far greater than the capacity of existing facilities specifically in terms of skilled manpower. Professor Dr. Sayeba Akhter has been playing a great role by performing free surgeries of fistula patients which is very expensive and complicated. In 2021, IDLC finance limited provided financial support and sponsored fistula repair surgery of 75 marginalized women at MAMM's institute of fistula and women health.



Beneficiaries:

75



Implementation Partner:

MAMM's Institute of Fistula and Women's Health (MIFWOH)

PROVIDING SCHOLARSHIP TO THE UNDERPRIVILEGED FIRST FEMALE OF THE FAMILY



IDLC believes that women need to be empowered and equipped with the same opportunities that men enjoy in terms of access to fundamental rights. IDLC in partnership with Prothom Alo Trust and Asian University for Women (AUW) initiated a scholarship program in 2018 to support the education of underprivileged female students who are first in their family to attain university-level education. Under this initiative, each year 10 students receive a 4-year scholarship to pursue a bachelor's at Asian University for Women. Currently, 46 students are receiving a scholarship under this initiative. IDLC has renewed the contract and will provide scholarships to 40 more underprivileged first females in the family from four more batches.



Beneficiaries:

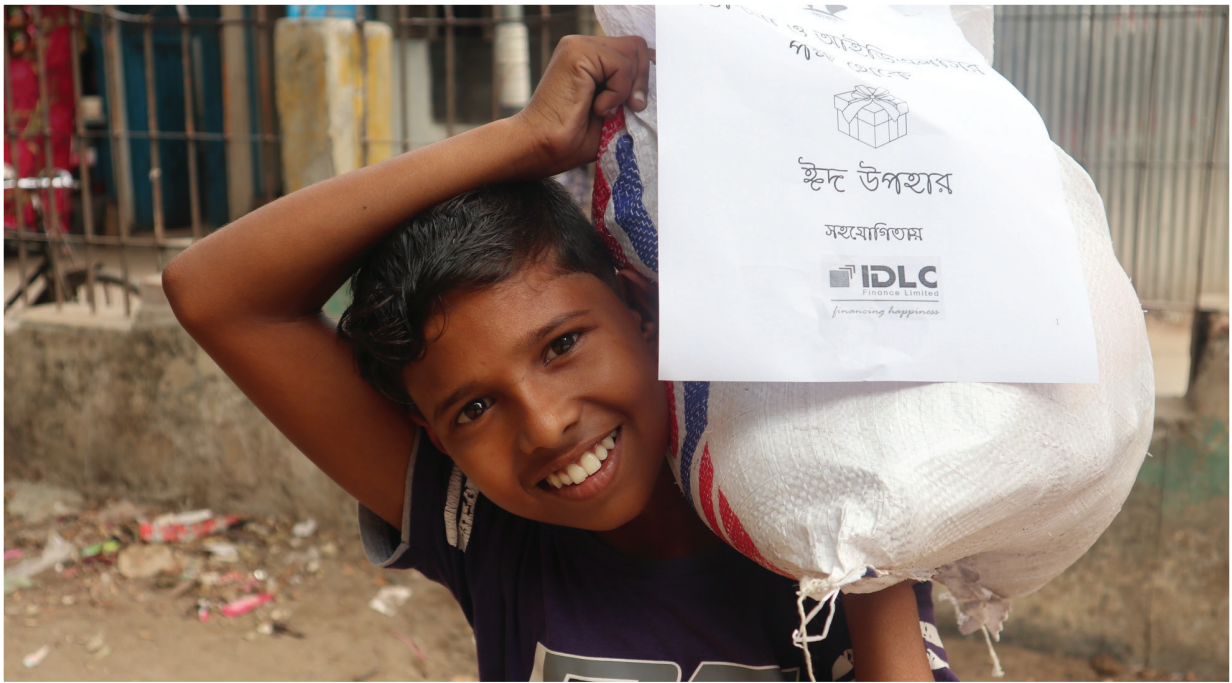
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Implementation Partner:

Prothom Alo Trust

HELPING THE UNDERPRIVILEGED AROUND THE COUNTRY SURVIVE DURING THE PANDEMIC



Millions of low-income families of the country suffered a great decline in their earnings due to the enforcement of lockdown to fight coronavirus since 2020 which continued even in 2021. During this crisis period, IDLC has taken an initiative to stand beside the daily-wage earners and lower-middle-class families with food and other essentials. Under this month-long food support program, IDLC provided dry rations to 36,000 people in partnership with 4 distinguished non-profit, voluntary organizations across Bangladesh.

As part of the partnership Obhizatrik Foundation, CSR Window Bangladesh, Mastul Foundation and Sombhabona, as the on-ground implementation partner to distribute the food packages among 36,000 daily wage earners and lower-middle-class families in 30 districts. Each family received 10 days of food support which includes rice, pulse, oil, potato, onion, salt, and other necessary items.



Beneficiaries:

36,000+



Implementation Partner:

Obhizatrik Foundation
CSR Window Bangladesh
Mastul Foundation
Sombhabona

ENSURING ACCESS TO SAFE DRINKING WATER IN THE COASTAL BELT REGION

Drinking water scarcity is the most alarming social problem in the coastal region of Bangladesh. Now it is turning into salty to saline gradually.

Pond surface water and rainwater is the main source of drinking water for the coastal people of Bangladesh. Coastal communities frequently suffer from waterborne diseases because of drinking pond water without purification. Poor coastal communities do not have enough facilities to reserve the rainwater. Communities are not financially capable enough to install water purification systems by themselves. Day by day this problem is becoming worse.

In 2019, IDLC installed a water purification plant for the students and teachers of Botbunia Govt. School located in Dakope, Khulna. The water purification plant has the capacity to purify 1,200 liters of water per day which ensures safe drinking water to the students, teachers, and surrounding villagers.

In 2021, we have installed water purifiers in 2 local schools in Dakope, Khulna.

Currently, the purifiers are serving not only the students of the school, rather serving the entire population of Dakope & partial coastal belt of Khulna. IDLC intends to ensure access to safe drinking water to the entire coastal area of Bangladesh in the long run.

GRI CONTENT INDEX

General Disclosures

| GRI Code | Description | Reference |
|------------|--|----------------|
| GRI 102-1 | Name of the organization | Cover Page |
| GRI 102-2 | Activities, brands, products, and services | 20-21 |
| GRI 102-3 | Location of headquarters | 15 |
| GRI 102-4 | Location of operations | 15 |
| GRI 102-5 | Ownership and legal form | 17 |
| GRI 102-6 | Markets served | 22-23 |
| GRI 102-7 | Scale of the organization | 13, 16 |
| GRI 102-8 | Information on employees and other workers | 40-42 |
| GRI 102-9 | Supply chain | 33 |
| GRI 102-10 | Significant changes to the organization and its supply chain | 33, 55 |
| GRI 102-11 | Precautionary Principle or approach | 30 |
| GRI 102-12 | External initiatives | 37-38 |
| GRI 102-13 | Membership of associations | 36 |
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“ Sustainability is
no longer about doing
less harm. It's about
doing more good.

– Jochen Zeitz



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