



ANNUAL SUSTAINABILITY  
**REPORT 2020**



# HIGHLIGHTS



Management reviewing women in leadership practices

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Alternative client service during COVID-19 to ensure customer health and safety

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Retention rate of employees that took parental leave

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Training programs organized and total training hours spent

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Flexible working hours to support work-life balance

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Server virtualization has reduced capital expenditure on physical servers, reduced electricity consumption and CO2 emissions

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Supporting Women Entrepreneurs' to take their venture to the next level

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Marginalized people benefited through CSR initiatives

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At IDLC, sustainability is a business method that guides us to conduct our business in a responsible and ethical manner and helps us to best serve our customers, care for the environment, secure profits and drive long term prosperity. We strive for continuous improvement in our environmental, health and safety management systems and improving the quality of our products and services.

# Table of Contents

• <b>Statement from The Chairman</b>	<b>04</b>
• <b>Statement from The CEO &amp; Managing Director</b>	<b>06</b>
• <b>IDLC at a glance</b>	<b>08</b>
• <b>Assessing Materiality</b>	<b>09</b>
• <b>Scale of the Organization</b>	<b>10</b>
• <b>Business Overview</b>	<b>11</b>
• <b>Shareholding Structure</b>	<b>13</b>
• <b>Products and Services</b>	<b>14</b>
• <b>Sector-wise Portfolio</b>	<b>16</b>
• <b>A Responsible Business Culture</b>	<b>17</b>
Economic Performance	<b>18</b>
Investments in Government Securities	<b>19</b>
Operational Risk Management	<b>19</b>
Procurement Practices	<b>20</b>
Anti-corruption	<b>20</b>
Taxes to Government	<b>21</b>
Diversity and Equal Opportunity	<b>21</b>
Policies and Guidelines	<b>22</b>
Promoting a Culture of Compliance	<b>23</b>
Awards and Achievements	<b>24</b>
International Standards for Sustainable Business Practices	<b>26</b>
Membership of Association	<b>27</b>
• <b>Governing and Managing for Success</b>	<b>28</b>
Management Committee	<b>29</b>
Board of Directors	<b>29</b>
Code of Conduct for Board Members	<b>29</b>
Corporate Governance	<b>29</b>
Organizational Structure	<b>31</b>
Stakeholders	<b>32</b>
Ethics and Integrity	<b>32</b>
Customer Satisfaction	<b>33</b>
Human Rights Assessment	<b>33</b>
Supply Chain	<b>33</b>

• <b>Employees</b>	<b>34</b>
Employment	35
Recruiting Talent	37
Developing Our People	37
Remuneration Policy and Framework	39
Healthy and Safe Work Environment	39
Attracting, Engaging and Retaining Employees	40
• <b>Safeguarding the Environment</b>	<b>42</b>
Materials	43
Energy Consumption within the Organization	43
Major in-house Green Initiatives	43
Reducing Carbon Emission	44
Waste Management	44
• <b>Supporting Sustainable Growth</b>	<b>45</b>
Approach to the UN Sustainable Development Goals	46
IDLC Sustainability Roadmap	46
Green Banking	47
Approach to Environmental & Social Management System	48
IDLC Purnota- Financial Inclusion for Women Owned MSMEs in Bangladesh	49
Social Development and Community Outreach	50

## About this Report

The sustainability report 2020 marks our 11th year of Annual Sustainability Reporting. Our last sustainability report (Annual Sustainability Report 2019) was published in May 2020. The report provides information about our economic, social, environmental and governance practices from January 1, 2020, to December 31, 2020, and was developed based on our findings of a materiality assessment conducted in 2020. This report has been prepared in accordance with the Global Reporting Initiative Standards (GRI Standards): Core option.

The contents of this report present an overview of our sustainability approach, describing how we identify and manage risks and opportunities as part of our business activities. We have conducted a rigorous internal review process of the report content, including subject matter reviews and validation. This report has not been externally assured.

For more information on this report, or to provide your feedback, please contact: [sfarhana@idlc.com](mailto:sfarhana@idlc.com)

## Statement from **THE CHAIRMAN**



Welcome to our eleventh sustainability report, in which we have highlighted IDLC's progress and achievements in the social, economic and environmental capacity for the year 2020 in accordance with the GRI Standards.

The year 2020 brought about one of the most unprecedented scenarios in modern times and continues to test the resilience of individuals, societies, organizations and economies at an unparalleled scale. The United Nations states that the pandemic may potentially reverse the

decades of progress made in the global fight against poverty, hunger and climate action while worsening the levels of inequality within and between nations.

Being one of the country's leading non-banking financial institutions, IDLC has continued to stand together with its customers, employees and communities in its collective fight against the pandemic. We worked towards ensuring that we remained accessible to our thousands of customers

**“ IDLC has continued to stand together with its customers, employees and communities in its collective fight against the pandemic. ”**

across the country, while maintaining the highest standards of hygiene and physical safety for our employees at all our branches. We scaled up our humanitarian response to support the communities to meet their essential and urgent requirements.

We are very proud of the strong progress that we have made on our journey so far. However, we are aware of the challenges that still lie ahead if we are to fulfil our aspirations. As such, we will continue to drive performance across our Environmental, Social and Governance factors and the targets we have set. We recognize that sustainable development requires collective action. Therefore we are committed to collaborating and partnering with others to drive change systematically. 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. Being a member of UNEP FI, IDLC is working to improve people's quality of life without compromising that of future generations.

Yours Sincerely,

**Aziz Al Mahmood**  
Chairman  
IDLC Finance Limited

# Statement from **THE CEO & MANAGING DIRECTOR**



The novel coronavirus (COVID-19) that rapidly spread from the beginning of 2020 continues to evolve and is still causing an unprecedented impact around the world. As a country, the tragedy from the loss of lives and the economic repercussions have been immense. Yet, while heart-breaking, the death toll has been less compared to that of other countries. I would like to express our utmost gratitude and respect to all the people who are involved in the fight against this disease, in treating and controlling its spread around the world.

In many ways, the pandemic has demonstrated and tested our ability to adapt

to rapid change and uncertainty, towards not only meeting the expectations of our stakeholders but also going beyond and supporting their relief and recovery. Our employees, the most important pillar of our organization, have always remained steadfastly committed to upholding our values and maintaining the trust that our stakeholders place in us.

Customer-centricity is embedded in our organizational DNA and is at the core of our business. We strive to address the varied needs of diverse customer groups through innovative products and services. During the

**“ IDLC is committed to supporting responsible economic growth and enabling the transition to a low-carbon economy. ”**

pandemic as an essential service, we worked to scale up our technological capabilities and human capital capabilities to be able to effectively respond to the pandemic and ensure we remain accessible and responsive to our customers and other stakeholders.

Sustainability has always been a key success factor for the realm of our business. The sustainability report 2020, titled '**Towards a Sustainable Future**' comprehensively captures IDLC's mission on focusing on quality growth, superior customer experience and sustainable business practices. As the country's largest non-banking financial institution, IDLC is committed to supporting responsible economic growth and enabling the transition to a low-carbon economy. Through this report, we demonstrate our continuous endeavor to create value for our stakeholders, and our performance across environmental, social and governance aspects. The report details our approach to sustainability and includes information pertinent to strategy, targets and performance.

2020 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 worked to provide food support for over 32,000 low-income and unemployed individuals in 29 regions of the country, contributed towards the Prime Minister's relief fund and carried out a collection & distribution drive for winter cloths, engaging our colleagues and volunteers, among other efforts.

We are proud to be a 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 understand that the challenges we face as a company and a society will continue to evolve, but we will keep making progress and we aim to get better every step of the way.

Thank you for your support and endorsement.

Yours Sincerely,

**Arif Khan, CFA, FCMA**  
CEO & Managing Director  
IDLC Finance Limited

# IDLC AT A GLANCE

## About IDLC

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.



## 2020 Company Highlights



Total  
**126,873,599,315** BDT  
assets-group



More than  
**50,000**  
Customers bank with us



We employ  
**1,465**  
People



We have  
**7171**  
Shareholders



We operate in  
**20**  
Geographical locations  
across Bangladesh



### 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.

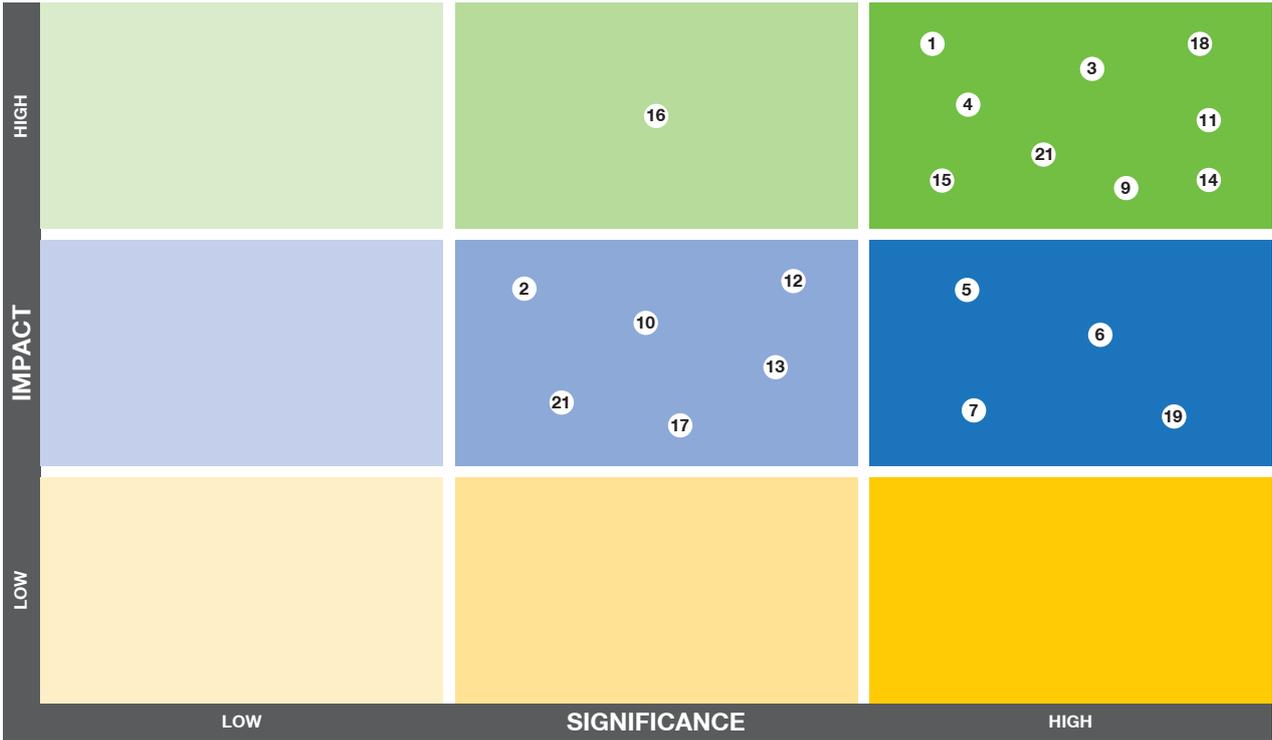


### Core Values:

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

# ASSESSING MATERIALITY

The sustainability report working team, under the supervision of the Chief Financial Officer, 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. The entire diagram is presented here:



- 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

**Key amendments in the sustainability report:**

In 2020, 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:**

Economic Performance, Indirect

Economic Impact, Anti-corruption and Tax.

**Social:**

Employment, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunity, Non-discrimination, Human Rights Assessment, Local Communities, Supplier Social

Assessment, Public Policy, Customer Health and Safety, Marketing and Labeling, Customer Privacy, Socio-Economic Compliance.

**Environmental:**

Materials, Energy, Water and Effluents, Emission.

# SCALE OF THE ORGANIZATION



Authorized Capital	2019	<b>10,000,000,000</b> BDT	2020	<b>10,000,000,000</b> BDT
	2019	<b>3,770,507,800</b> BDT	2020	<b>3,770,507,800</b> BDT
Paid-up Capital				

## LISTING INFORMATION

DSE  
**20 March 1993**

CSE  
**25 November 1996**

## RATING INFORMATION

2019 Long term (Credit rating report)	<b>AAA</b>	2020 Long term (Credit rating report)	<b>AAA</b>
2019 Short term (Credit rating report)	<b>ST-1</b>	2019 Short term (Credit rating report)	<b>ST-1</b>

Number of Subsidiaries

**3**

Capital Adequacy Ratio (Group)

**17.45%**

Total Assets (BDT) Consolidated

**126,873,599,315**

Return on Equity (%) Consolidated

**17.37%**

Loans and Advance (BDT)

**93,073,616,160**

Return on Assets (%) Consolidated

**2.08%**

Term Deposits (BDT) (Solo)

**78,764,002,807**

Net Profit (BDT) Consolidated

**2,540,570,788**



# Business Overview

## SME DIVISION

IDLC's SME Division started its journey in 2006 by establishing a dedicated SME branch in the northern district of Bogura. 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 even more so during the pandemic-induced situation through their quality asset portfolio and proficient teamwork. For the 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 signs of recovery. The corporate team demonstrated remarkable flexibility by re-focusing and increasing effort for fund collection. Supported by Treasury's excellent fund management, the corporate department achieved excellent disbursement figures at the end of the year maintaining its portfolio even in a year such as this. The team reinforced the portfolio's risk-resilience by taking higher exposure with clients who have excellent credit worthiness.



## **IDLC**

### Asset Management Limited

IDLC Asset Management Limited, a fully owned subsidiary of IDLC Finance Limited, was incorporated 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 promising 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 to 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 Securities Limited, 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 a high standard of compliance and corporate ethics.

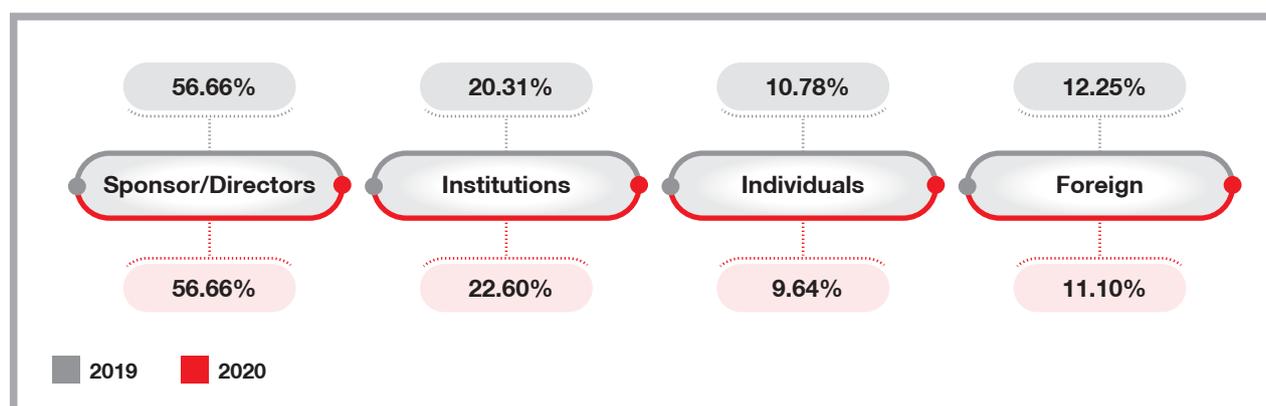
The Company also offers premium brokerage services to High Net Worth (HNWs), Institutional and foreign investors. Premium brokerage services is a prime bundle of research and advisory support in addition to execution brokerage.

# SHAREHOLDING STRUCTURE

## Our Shareholding Composition

As on December 31, 2020

Sl. No.	Name of the Shareholders	Number of shares	% of holding
<b>1</b>	<b>SPONSORS/DIRECTORS</b>		
	<b>The City Bank Limited (CBL) and its subsidiaries</b>	<b>87,510,575</b>	<b>23.21</b>
	The City Bank Limited (CBL)	33,935,329	9.00
	City Bank Capital Resources Limited (CBCRL)	37,328,028	9.90
	City Brokerage Limited	16,247,218	4.31
	<b>Transcom Group</b>	<b>50,273,164</b>	<b>13.33</b>
	Eskayef Pharmaceuticals Limited	30,164,062	8.00
	Transcraft Limited	15,132,033	4.01
	Bangladesh Lamps Limited	4,977,069	1.32
	<b>Sadharan Bima Corporation (SBC)</b>	<b>28,727,494</b>	<b>7.62</b>
	<b>Reliance Insurance Company Limited</b>	<b>26,393,553</b>	<b>7.00</b>
	<b>Mercantile Bank Limited</b>	<b>20,737,791</b>	<b>5.50</b>
	<b>Sub-Total</b>	<b>213,642,577</b>	<b>56.66</b>
<b>2</b>	<b>GENERAL INSTITUTIONS:</b>		
	Investment Corporation of Bangladesh (ICB)	26,257,444	6.96
	Bangladesh Fund	4,958,554	1.32
	Marina Apparels Limited	3,770,506	1.00
	Other Institutions	50,244,788	13.33
	<b>Sub-Total</b>	<b>85,231,292</b>	<b>22.60</b>
	<b>INDIVIDUALS:</b>		
	General Public (Individuals)	36,337,253	9.64
	<b>Sub-Total</b>	<b>36,337,253</b>	<b>9.64</b>
<b>3</b>	<b>FOREIGN INSTITUTIONS &amp; INDIVIDUALS</b>		
		41,839,658	11.10
	<b>Sub-Total</b>	<b>41,839,658</b>	<b>11.10</b>
	<b>Total Holdings</b>	<b>377,050,780</b>	<b>100.00</b>



# PRODUCTS AND SERVICES

Product development is a key focus for us and our product portfolio includes a wide range of financing and investment. Through innovative products and solutions, we strive to fulfill the evolving needs of our customers.



## 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 ULLAS
- Affordable Housing Finance Scheme

### Car Loan

- Brand New
- Reconditioned

### Personal Loan

- Secured
- Unsecured

### Loan Against Deposit (LAD)

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



## 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

### Asset Management Limited

#### Products

- 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 Networth Individuals (HNIs), Institutions and Foreign Investors

#### Services

- Trade execution through the Dhaka and Chittagong stock exchanges
- Internet based trading facilities
- Online based IPO Application
- Custodial and CDBL services
- Bloomberg terminal for foreign clients
- Research and Advisory Services

### IDLC Investments Limited

#### Products

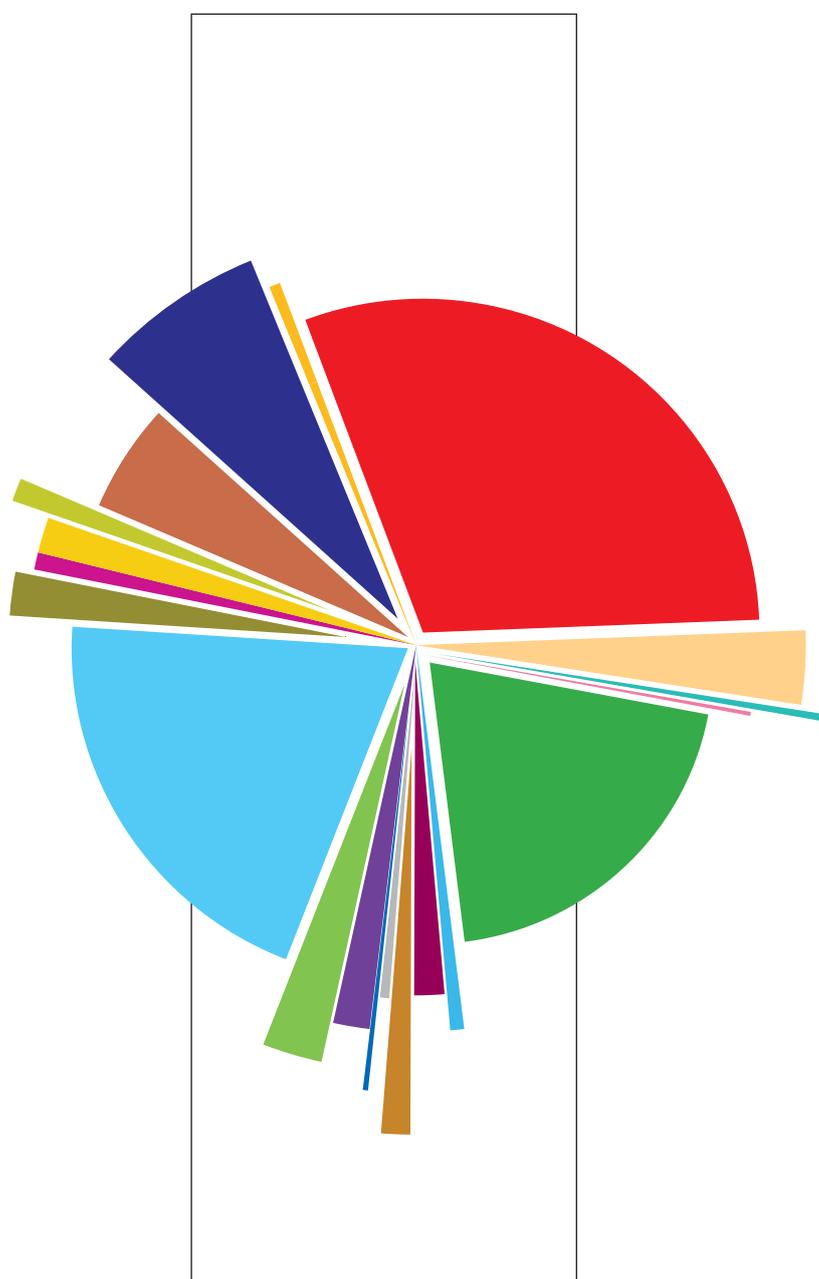
- Margin Loan
- Discretionary Portfolio Management

#### Services

- Corporate Advisory
- Issue Management
- Underwriting

# Sector-wise Portfolio

Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.



Sector	Amount in BDT crore
Agriculture	73.53
Brokerage & Securities	0.07
Cement and Allied Industry	131.52
Electronics and Electrical Products	99.94
Food Production and Processing Industry	487.90
Garments and Knitwear	644.56
Glass, Glassware and Ceramic Industry	42.46
Housing	2,767.54
Iron, Steel and Engineering	278.19
Jute and Jute products	29.59
Leather and Leather Goods	14.35
Others	1,853.50
Paper, Printing and Packaging	46.51
Pharmaceuticals and Chemicals	137.05
Plastic Industry	106.67
Power, Gas Water and Sanitary Services	47.94
Ship Manufacturing Industry	12.05
Telecommunication and Information Technology	149.06
Textile	231.06
Trade and Commerce	1,851.96
Transport and Aviation	179.82
<b>Grand Total</b>	<b>9,185.27</b>

Besides these, the IDLC group portfolio includes a total margin loan to clients by our capital market subsidiaries (IDLC SL and IDLC IL) of amount BDT 122.09 crore. Therefore, the total industry exposure amounts to BDT 9,307.36 crore.

# A RESPONSIBLE BUSINESS CULTURE

IDLC is committed to working with its regulators to manage the safety of the financial system. We remain committed to the high standards of governance. We meet our responsibility to society through paying taxes and being transparent in our approach to this. We also seek to ensure we respect global human rights standards in our workplace and our supply chains and work to improve the effective management of operational risks.



Tax and VAT paid against  
IDLC's income grew by

**8.78%**

Investment in government  
securities increased by

**121%**

IDLC sexual harassment  
policy will be developed by

**2022**

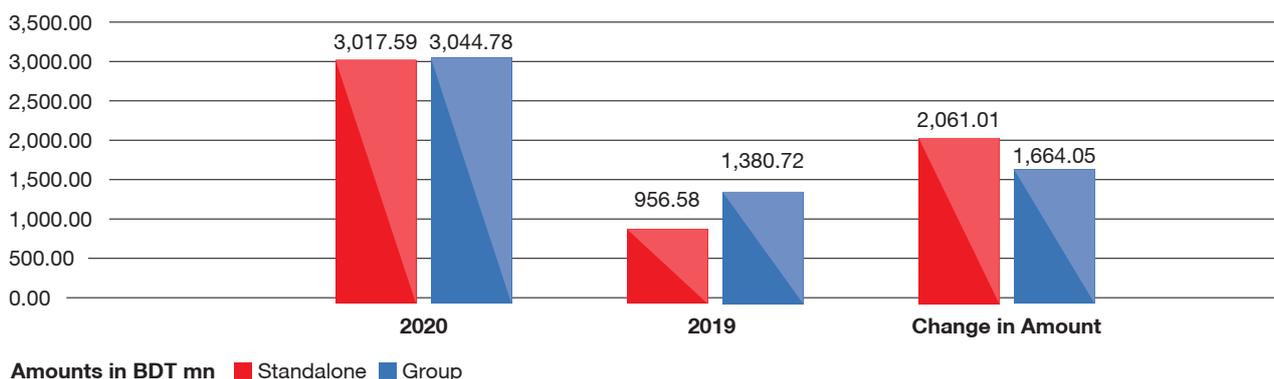
# Economic Performance

<b>Value added</b>	<b>Dec. 31, 2020 BDT</b>
Operating revenue	12,940,742,202
Cost of borrowing	(7,640,442,034)
	5,300,300,168
Other income	325,141,702
	5,625,441,870
Provisions	(216,601,718)
Operating expenses excluding staff costs and depreciation	(554,025,795)
<b>Value added</b>	<b>4,854,814,357</b>
<b>Distribution of value addition</b>	
To Employees as remuneration	1,366,335,307
To Government as taxes	1,046,973,032
To Shareholders as stock dividend (cash and stock)	1,319,677,730
Retained in the business	1,121,828,288
As capital and revenue reserve	885,063,248
As depreciation	236,765,041
	<b>4,854,814,357</b>

# 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 2020, IDLC as a group, increased its investment in government securities to BDT 3,044.78mn from BDT 1,380.72mn a year ago – marking a rise of 121%.

## Investment in Govt. Securities



# Operational Risk Management

Full integration of sustainability and risk management approach in strategy level not only assists to minimize potential losses but also aid 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 regards, 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 driving the IDLC sustainability goals.

A strong risk management 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) - UK and The Business Continuity Institute (BCI) – UK.

## Procurement Practices

IDLC Finance Ltd has a procurement practice which is guided by the procurement manual. The practice which is followed in light of the procurement manual is very high in standard. Vendors are treated in an unbiased manner and according to their individual's strength. It is paramount for IDLC Finance Ltd that all the purchase practice must comply with procurement guideline, policy and principle. A cash purchase is highly discouraged and only conducted where an alternative option is not available. For all purchase, at least 3 quotations are obtained to ensure competitive cost. However, the purchase of a direct manufacturer, sole distributor, and a specific model with no alternative vendor can be done by a single quotation. In all steps of procurement, standard and transparency is maintained and 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 systems etc. IDLC primarily engages locally based suppliers and continues to support the national economy indirectly.

IDLC has commenced the use of the e-tender process for a fair and transparent supplier selection process, while helping save both the parties' valuable time and resource. Additionally, IDLC plans to majorly associate with suppliers who are committed to business practices which have a positive and productive social and environmental impact on society and nature at large.

## Anti-corruption

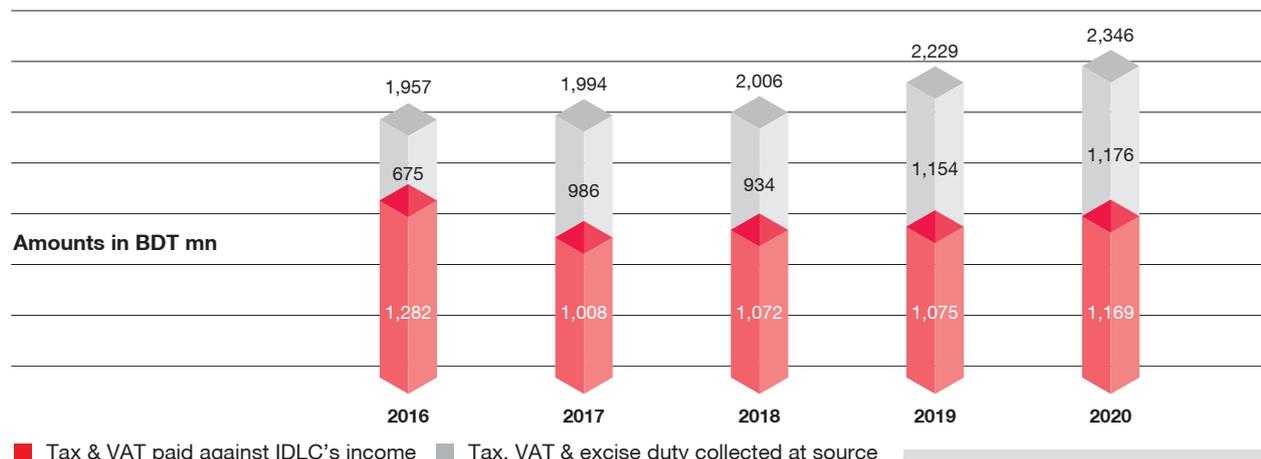
Money laundering is a global problem with far-reaching and serious consequences. In this regard, IDLC remains strongly committed to combating Money Laundering and Terrorist Financing by being compliant with all the provisions of prevailing acts and rules as well as circulars issued by the Bangladesh 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.

# Taxes to Government

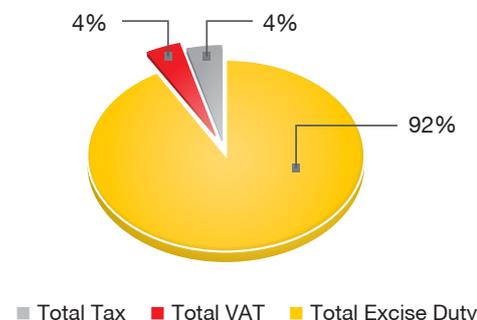
In 2020, IDLC deposited BDT 1,119 million to the Government exchequer as corporate income tax and BDT 50 million as VAT against fee income; totaling to BDT 1,169 million paid as Tax and VAT against the income earned by IDLC. Also, BDT 1,176 million was collected and deposited to the Government exchequer as withholding tax (BDT 1,035 million), withholding VAT (BDT 54 million) and excise duty (BDT 87 million).

## Taxes paid to the Government



Notably, Tax and VAT paid against IDLC's income grew by 8.78% resulting primarily from an increase in advance income tax paid against increased taxable income. A sharp decline of 20.23% in VAT has been offset by the growth in corporate tax by 10.59%. The decline in VAT is a natural resultant of reduced fee income from reduced disbursements, owing to the economic slump caused by the pandemic. Tax, VAT and Excise Duty deduction/collection at source has been increased by 1.89% and the composition of Contribution has remained fairly consistent. The trend is consistent with the nature of the business.

## Composition of Contribution to National Exchequer in 2020



# Diversity and Equal Opportunity

IDLC is committed to maintaining a work environment that is free from discrimination or harassment stemming from the race (including color, nationality, ethnicity or origin), religion or lack of religion/belief, faith, 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.

The Management is actively engaged in the review of women in leadership practices.

### Management Diversity:

In 2020, 4% of Management Committee positions in group IDLC were held by women.

### Board Diversity:

As of 2020, 1 of the 10 Board members in group IDLC was a female.

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

# Policies and Guidelines

The values of integrity, accountability, transparency and excellence in service are integral to the culture of IDLC and is an essential part of the way we conduct our business. To ensure that our management, employees and all other stakeholders maintain the highest professional standards, we have implemented and formulated a range of policies and guidelines. An overview of the most relevant of these policies and guidelines are presented below:

## 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.

## Whistle Blower Policy

As part of IDLC's commitment to ensure the highest standards of ethical behavior and providing employees and stakeholders required avenues for expressing ethical concerns, we have adopted the whistle blower policy in 2017.

The policy applies to all employees of the company, including temporary, permanent, contractual employees and internship students. The policy covers all IDLC group companies and its affiliates, all IDLC clients and suppliers and contractors engaged in rendering services to IDLC.

### Number of cases raised in 2020:

**1 case was raised**

**Substantiated cases closed in 2020: The raised case was resolved in 2020**

The policy encourages to escalate issues such as forgery, fraud, misappropriation of assets, embezzlement, alteration of documents, Improper use of IDLC's assets, undue benefits from the customer, unethical activity, non-compliance with

## Whistle blowing Channels

### 1. Whistle blower Committee:

- CEO & Managing Director
- Head of Internal Control and Compliance

2. In the event that the complaint is against any member of the Whistle blower committee, the complaint would be made to Audit Committee of IDLC.

3. The unethical or illegal activity can be raised through emails, letters, telephones SMS or IDLC's web address.

the company's internal accounting controls, false information to auditors, abuse, manipulation of computer files, improper destruction of records and other matters listed in the guideline to the Whistle Blower Committee by email, letter, telephone, SMS or web based address.

IDLC prohibits retaliation against a whistleblower with the intent or effect of adversely affecting the terms or conditions of employment (including but not limited to, threats of physical harm, loss of a job, punitive work assignments, or impact on salary or wages). A whistle blower who believes that they have been retaliated against may file a written complaint with the whistle blower committee.

## Sexual harassment policy

There is no written or official policy on sexual harassment. However, 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.

Sexual harassment includes, without limitation, any behaviour, whether in person or by way of abetting other(s) or by other means such as email, phone calls etc. that is offensive to individuals or groups, including unwelcome sexual advances, uninvited suggestive remarks of a sexual nature, sexist or racist comments or otherwise any such words or gestures which may be reasonably deemed as inappropriate if such behavior interferes with an employee's work performance or creates an intimidating, hostile or offensive work environment.

Currently, IDLC is working on establishing an official sexual harassment policy to provide a safe work environment for its employees. As per IDLC Sustainability Roadmap, our goal is to develop a sexual harassment policy by 2022.

## Procurement Policy

To ensure an effective procurement of business required items, materials, commodities and services IDLC has developed a comprehensive Procurement Manual. The manual includes procurement policies, procedures and guidelines. The Procurement Manual is detailed in nature and describes most of the possible scenario relating to procurement. Below are the highlights of the IDLC procurement policy:

- I. The policy introduces the acts, purpose, scope, interpretation, guiding principles, methods of procurement, the general procedure of vendor selection, and guidelines of general procurement.
- II. The policy brings together vendor selection factors, RFQ method, competitive price, transparent communication, expenditure authorization, payment methods, limited tender method, cash purchase method and others.

III. The policy provides guidance on documentation procedure which one needs to keep for future record.

IV. Any complain and dispute related issues are discussed and guideline is given for complain resolve procedure.

## 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.

## HR Policy

The HR policy pertains to regular permanent employees and covers guidelines and policies relevant to employee welfare and benefits, work environment and business ethics.

## CSR Policy

The IDLC CSR Guideline consists of IDLC's strategic CSR focus, the roles and responsibilities of the CSR department, budget allocation, and reporting and communication requirements for CSR – targeting both internal and external stakeholder groups. The guideline has been developed as per the CSR Guideline of Bangladesh Bank titled 'Indicative guidelines for CSR expenditure allocation and end use oversight'.

# Promoting A Culture of Compliance

IDLC's mission is to focus on quality growth, superior customer experience, and sustainable business practices. "Compliance" is the key to sustainable businesses. We ensure adherence to the highest ethical standards of integrity and proficiency by providing employees with a regular update on regulatory circulars & directives through the IDLC intranet platform, training relevant to different risk areas resulting in regulatory compliance, integrity award to promote integrity in the workplace as well as being compliant with the local rules and regulations for conducting sustainable business.

# Awards and Achievements 2020



EUROMONEY Awards  
Best Investment Bank in Bangladesh  
**Winner**



Asia Money Best  
Bank for SME Award  
**Winner**



Institute of Chartered  
Accountants of Bangladesh (ICAB)  
**Overall Winner**



ICMAB  
Best Corporate Award  
**First**



South Asian Federation of  
Accountants (SAFA) Integrated Reporting  
**First**



South Asian Federation of  
Accountants (SAFA) Financial Services Sector  
**First**

# Awards and Achievements 2020



South Asian Federation of Accountants (SAFA)  
SAARC Corporate Governance

**First**



Institute of Chartered Accountants of Bangladesh  
(ICAB) Category III Financial Services Sector

**First**



Institute of Chartered Accountants of Bangladesh  
(ICAB) Category XII: Corporate Governance

**First**



Institute of Chartered Accountants of Bangladesh  
(ICAB) Category XIII: Integrated Reporting

**Second**



ICSB Best Presented Annual Report- Financial  
Sector for Corporate Governance Excellence

**Second**



Tax Card for Non-Banking  
Financial Institutions

**Second**

# International Standards for Sustainable Business Practices

IDLC endeavors to drive its business in compliance with national and international standards, regulations and initiatives which are reflected as fundamental aspects for a responsible financial service provider regarding environmental, society, and governance (ESG) criteria.

Details are as follows:

Guidelines Standards/Initiatives	Organizations	Implementation Status
GRI Standards	The Global Reporting Initiative	Adopted as an organizational guideline for sustainability reporting
10 principles of UNGC	UN Global Compact	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
Principles for Responsible Banking (PRB)	United Nations Environment Programme Finance Initiative (UNEP FI)	Adopted to align business and strategic decisions with SDGs and Paris Climate Agreement
Collective Commitment to Climate Action (CCCA)	United Nations Environment Programme Finance Initiative (UNEP FI)	Adopted to align business and strategic decisions with SDGs and Paris Climate Agreement
Tobacco-Free Finance Pledge	Founded by Tobacco-Free Portfolios and developed in collaboration with UNEP FI, PSI, PRI, AXA, BNP Paribas, Natixis and AMP Capital	Signed the pledge as a commitment towards tobacco-free finance

# Membership of Association

To be recognized as a member of and build up networks with external organizations is particularly vital, enabling the organization to drive and strengthen its business towards sustainability. Collaboration with these external parties is regarded as a pathway to bring the best out of the organization in an effort to improve society and the environment for sustainable growth.

IDLC is a signatory of few local and international initiatives promoting sustainable business practices. Although these initiatives are voluntary in nature, compliance is mandatory as per globally acceptable standards. Additionally IDLC believes, this coalition will also drive the economy and broaden positive impacts on society and the environment where the mentioned partnership and networks also align with the SDGs no. 17, Partnership for the Goals.

## **IDLC:**

- Became a member of the United Nations Global Compact (UNGC) in 2007.
- Became a member of the United Nations Environment Programme Finance Initiative (UNEP FI) in 2011.
- Founding Signatory to the Principles for Responsible Banking of UNEP FI.
- Founding Signatory to the Collective Commitment to Climate Action of UNEP FI.
- Signatory to the pledge of Tobacco-free Portfolios.
- Member of SME Finance Forum.
- Founding Member of CSR Centre-a private sector start-up funding to raise awareness about Corporate Social Responsibility and to contribute to achieving SDGs through private sector led growth.

# GOVERNING AND MANAGING FOR SUCCESS

IDLC's governance and management practices are founded on principles of integrity, customer focus, equal opportunity, trust and respect, passion, simplicity and eco-friendliness.



**2 out of 10**

of our directors  
are independent

**100%**

whistle blowing cases  
resolved in 2020

Promoted alternative client  
service during

**COVID-19**

pandemic for  
customer health and safety

# Management Committee

The Management Committee of IDLC Finance Limited comprises of the CEO & Managing Director, DMD & Head of Business and Head of the Departments. The role of the management committee is to oversee IDLC in accordance with its Constitution under the Financial Institutions Act, 1993.

IDLC's management focuses on quality growth, superior customer experience and sustainable business practices. The Committee is responsible for all aspects of the ongoing operations of IDLC. It delegates day-to-day operations to the Executive Officer. IDLC Management Committee is always aware of IDLC's operations, keeps an eye on the big picture, monitors the strategic plan and if and whether the goals are being met.

# 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.

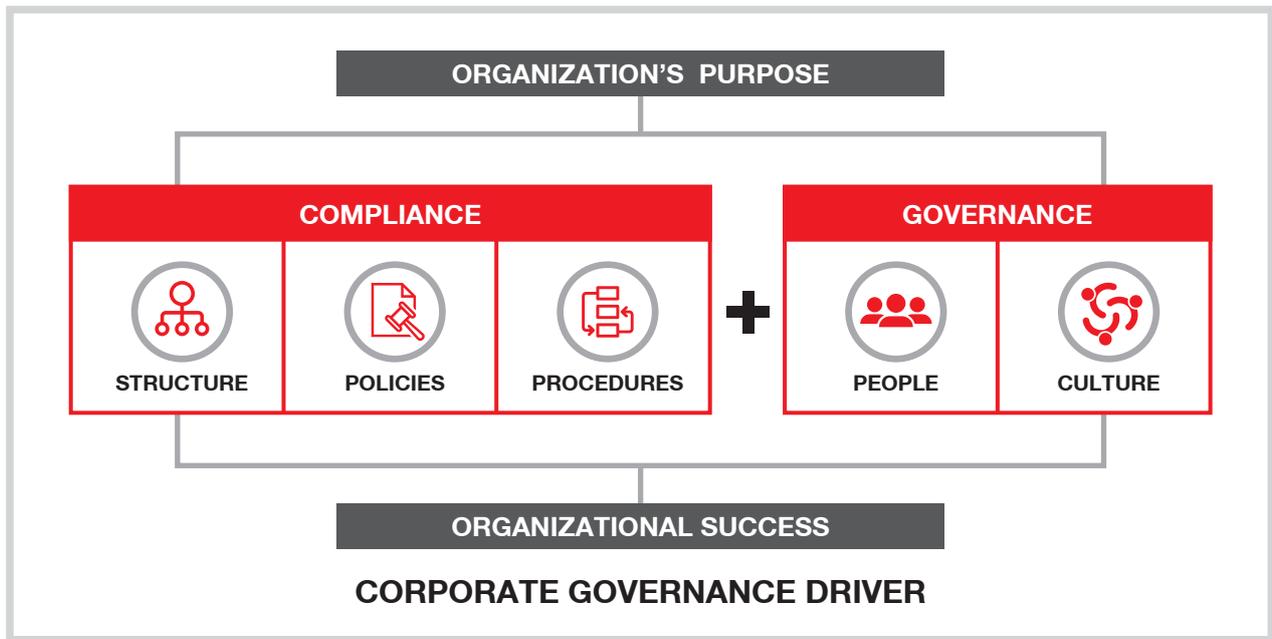
# Corporate Governance

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.



The Company's Board of Directors are responsible for proper governance, which includes setting out the Company's strategic aims, providing the necessary leadership to implement such aims, supervising the management of the business and reporting to shareholders on their stewardship. The Board is collectively accountable to the Company's shareholders for good governance to facilitate efficient and effective management towards delivering long-term shareholder value within appropriately established risk parameters. The sustenance of effective corporate governance remains a key priority of IDLC's Board. To exercise clarity about the Directors' responsibilities towards shareholders, corporate governance must be dynamic and remain focused on the Company's business objectives and create a culture of openness, transparency and accountability. Keeping this in mind, clear structures and ownership supported by well-understood policies and procedures to guide the activities of the Company's management have been instituted and institutionalized.

IDLC is committed to continually review all its corporate governance policies and guidelines to ensure transparency in its practices and the delivery of the highest ethical standards and quality information to its stakeholders on an ongoing basis. This ensures long-term performance and sustainability, protects and enhances the interests of the shareholders and other stakeholders.

IDLC considers that its corporate governance

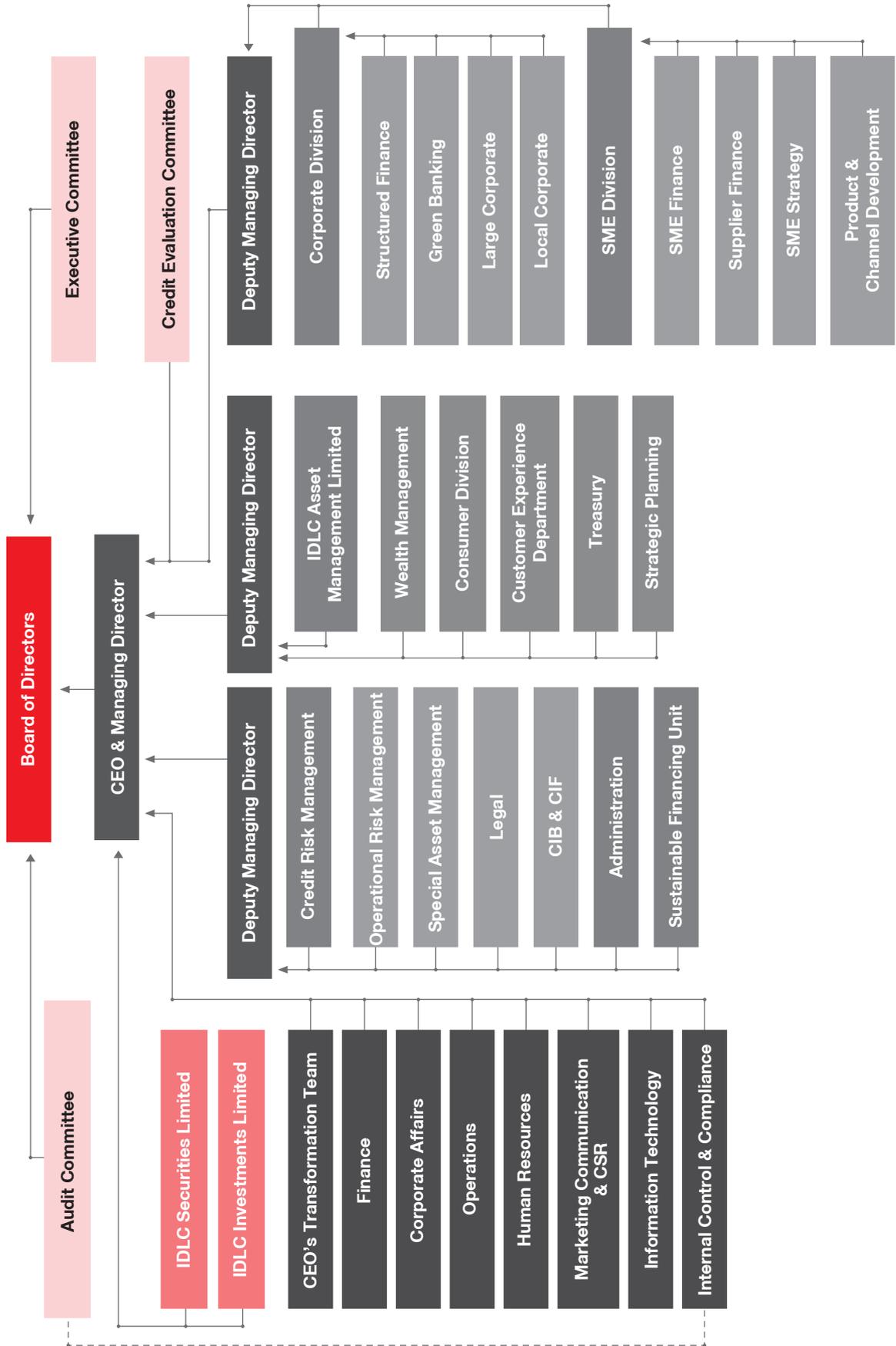
practices comply with all the aspects of the revised Corporate Governance Code (CGC) notification No. SEC/CMRRCD/2006-158/207/Admin/80, dated June 3, 2018, and notification No. SEC/CMRRCD/2006-158/208/Admin/81, dated June 20, 2018, on financial reporting and disclosure issued by Bangladesh Securities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

### **IDLC's Corporate Governance Culture is anchored on:**

- **Competent Leadership**
- **Strong Risk Culture**
- **Effective Internal Controls**
- **Accountability towards Shareholders**

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

# Organizational Structure



# Stakeholders

At IDLC, we have a track record of engaging with a large number of internal and external stakeholders which enables us to deliver our strategy in line with long-term values, and operate the business in a sustainable way.

## Engaging with our stakeholders

Our stakeholders include those who are associated directly or indirectly with our business. Being a business leader in our respective industry, we have set up various communication channels that ensure transparency both within and outside the organization. IDLC reserves special interest in identifying all



applicable stakeholders and understanding their expectations to remain sustainable in the long run. Our stakeholder engagement helps us to develop appropriate strategies and plans to address the right issues in a timely, effective and targeted way.

## 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.

In the year under review 1 case was reported to the Whistle Blower Committee. The case has been resolved in 2020.

# Customer Satisfaction

IDLC follows Bangladesh Bank's guideline in providing service towards its customer. We ensure periodic review on access control by our staff in accessing core software. We measure CSAT (Customer Satisfaction) and NPS (Net Promoter Score) to measure the happiness of the clients at receiving IDLC service.

IDLC promoted alternative client services during the COVID-19 pandemic for customer health and safety. We also made our clients aware of the alternative service channels through SMS, website and social media.

IDLC Customer Charter describes its commitment to service and outlines the overall standards of service a customer can expect to receive. At the same time, it also draws the kind attention of the customer where their cooperation is needed to allow us to serve better.

# Human Rights Assessment

As an organization, we recognize that each and every individual's basic human rights must be respected and protected. The Human Resources Manual of IDLC complies with all the relevant laws of the country. It also complies with all circulars of Bangladesh Bank (Central Bank) and developed in compliance with the principles of the UN Global Compact for the protection of Human Rights and addressing Labor issues. While there are no employee unions at IDLC, we respect the right to 'freedom of association' for all employees. The whistleblower mechanism at IDLC is a universal platform for all stakeholders to address their concerns or flag any issue in any aspect related to the organization.

# 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.

# EMPLOYEES

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. We have a total workforce of 1465 permanent employees, working across 20 geographical locations in Bangladesh. We are working to create the right environment to help enable everyone to fulfil their potential.



**155**

training programs  
organized

**100%**

retention rate of employees  
that took parental leave

**23,831**

man-hour training  
for IDLC Group

# 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 the year 2020, we hired a total of 145 people and released 157 people.

## Employee Distribution



## New Hires

**Age Distribution of Hiring**

Age Distribution	Number
22-30	89
31-40	50
41-50	6
<b>Total No.</b>	<b>145</b>

**Gender Distribution of Hiring**

Gender	Number
Male	121
Female	24
<b>Total No.</b>	<b>145</b>

## Termination

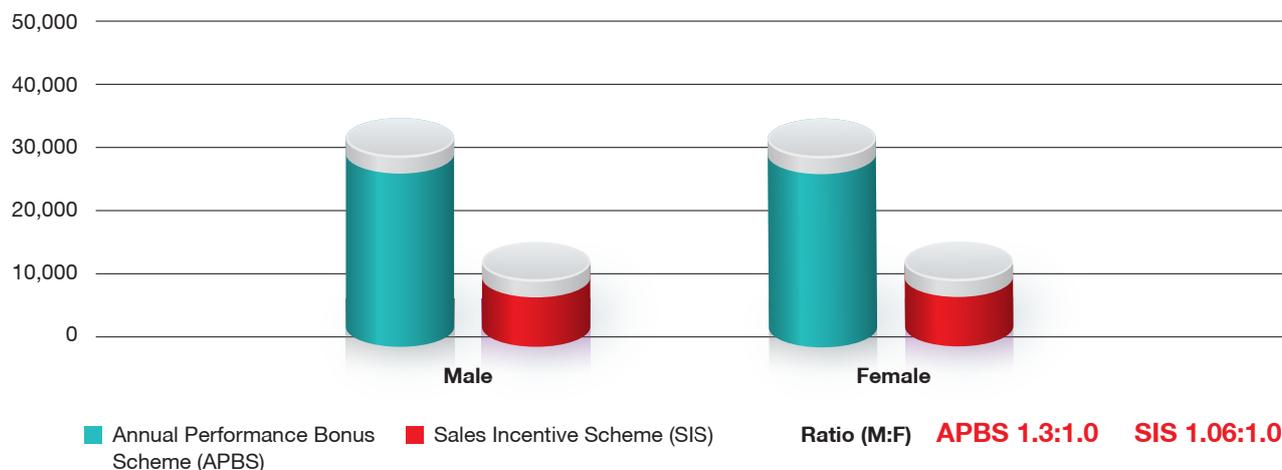
**Age Distribution of Termination**

Age Distribution	Number
22-30	87
31-40	62
41-50	8
<b>Total No.</b>	<b>157</b>

**Gender Distribution of Termination**

Gender	Number
Male	132
Female	25
<b>Total No.</b>	<b>157</b>

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



### Employee Benefits

We strive to provide benefit 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.

#### Provident fund

Upon confirmation, 10% of the employee's basic salary is contributed towards the Employee Provident fund by both the employee and IDLC.

#### Gratuity

All confirmed employees, upon completion of 5 years of continuous confirmed service shall be eligible. While calculating gratuity, 6 (six) months or more may be considered as 1 full year.

#### Entitlement scale details:

- i. 5 years and above, up to 10 years: 1 (one) month's basic.
- ii. 10 years and above, up to 15 years: 1.5 times of monthly basic.
- iii. 15 years and above: 2 times of monthly basic

#### Welfare fund

IDLC provides welfare fund benefit to all its permanent employees. The fund is subscribed to by the non-refundable annual contribution of the employees of IDLC. The objective of this fund is to provide a token of appreciation or financial

assistance to the employees and his/her family members for any possible reason.

#### Group life insurance

IDLC has a group life insurance scheme for all its permanent employees.

#### Encashment of annual leave balance

Maximum 60 (sixty) day's leave may be encashed based on last drawn basic.

#### Education support scheme

IDLC provides an education support scheme to all its confirmed employees to encourage employees to participate in the self-development program for enhancement of individual capacity. All confirmed permanent employees, having completed at least five (5) years of continuous service with IDLC, are eligible for applying for assistance under this scheme. The education support scheme includes both local and foreign programs.

### Housing loan

The objective of the housing loan policy is to provide the employees of IDLC, financial assistance for the acquisition and/or ownership of apartment/flat/houses for residential purposes. All confirmed employees having completed 5 years of continuous service in IDLC are eligible for the loan. However, the service length requirement in the case of lateral entry will be different.

### Hospitalization Scheme

IDLC Finance Limited provides a hospitalization scheme for all the confirmed employees. The hospitalization scheme is also provided to the confirmed employees' immediate family members as well which include wife/husband and dependent sons and daughters. Children attaining 18 years of age or on getting married, whichever is earlier, are

not entitled to reimbursement of the cost of medical treatment.

### Parental leave

All permanent employees are entitled to take up to 6 (six) months of maternity leave and up to 5 (five) working days of paternity leave during the pre and post-natal period.

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In 2020, 14 employees took maternity leave, 34 employees took paternity leave. Return to work and retention rates of employees that took paternal leave is 100%

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## Recruiting Talent

As the skill sets and experience needed to drive business to evolve, so do the methods by which we recruit candidates. IDLC has a very open and transparent recruitment policy and there is no room for any solicitation. As per Bangladesh Bank DFIM Circular, "Appointments to the services of the Bank up to the two levels below the rank of the Managing Director shall be made by the Board of Directors of the Bank. All other appointments shall be made by the Managing Director of the Bank as and when required under the organogram of the Bank."

## Developing Our People

IDLC recognizes the important contribution which training makes to its continuing efficiency and profitability. Each year at the year end, HRD conduct 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:

1. Provide induction for new employees
2. Ensure that appropriate training is available to enable individuals to reach a satisfactory performance level in their jobs, i.e. function based skill training
3. Provide the training required by those, having the potential to go up so that they are appropriately prepared for their new responsibilities

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

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In the year 2020, 155 training programs (6% increase from last year) have been organized for IDLC Group and the number of training participants were 7554 (218% increase from last year).

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The total training hours spent in 2020, amounted to 23,831. The tables below show the number of trainings organized in 2020, training participants in accordance with gender and average training hours.



### Annual Number of Training Programs

Entity	Year-2020
IDLC FL	147
IDLC SL	5
IDLC IL	2
IDLC AML	1
<b>IDLC Group</b>	<b>155</b>



### Number of Training Participants

Entity	Year-2020
IDLC FL	7,087
IDLC SL	252
IDLC IL	145
IDLC AML	70
<b>IDLC Group</b>	<b>7,554</b>

### Number of Trainings by Type

Training Type	Year-2020
Foreign	0
Public/Local	24
Customized	11
In-House	107
Online	2
E-Learning	3
<b>Total</b>	<b>147</b>



### Annual Sales Force Training Hours FL

Year-2020  
**Man Hours 9,165**

### Training coverage

No. of employees who received at least 1 training

Category	Position	Status
Sales Incentive Scheme (SIS)	Trainee Officer to Officer	<b>100% coverage</b>
Annual Performance Bonus Scheme (APBS)	Junior Officer to Managing Director	<b>100% coverage</b>

# Remuneration Policy and Framework

## Salary

Salaries are confidential between the employees 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 pays 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 Allowance 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 in 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

At IDLC, we focus on improving the health and safety of employees through yearlong activities and regular practices. These include but not limited to proper workplace design, allocation of individual appropriate workspace and furniture, ensuring cleanliness at the workplace, holding of awareness sessions related to physical and psychosocial well-being, the 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 an automatic fire detection system and vulnerable spots are covered by CC cameras. During the Covid-19 pandemic, IDLC ensured the top most rigorous sanitization procedures in all of its offices and followed a work roaster system to control the exposure/contamination. The front line employees including support staff were and are still being supplied with safety items regularly to mitigate any unforeseen risks that can affect the workforce. Employees as well as members of their families who contracted the disease were given the necessary support in the form of medicines, Oxygen cylinder, and online doctor consultation whenever needed.

# Attracting, Engaging and Retaining Employees

## 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.

## Employee Motivation

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

- a. Celebration of events such as- Pohela Falgun, Pohela Boishakh, Women's Day, Mother's Day, Father's Day etc.
- b. Employee wellness and healthcare programs such as: Yoga sessions for employees, mental health awareness sessions, regular awareness sessions on health-related issues etc. are organized regularly. IDLC has plans to provide subsidized gym care facilities for the employees as well.
- c. IDLC also arranges different sports and external games for the employees.

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During the COVID-19 pandemic, IDLC Finance Limited introduced working arrangements, communications, and awareness sessions to support the mental and physical health wellbeing of our employees:

1. Work from home during the lockdown period. IDLC continued work from home arrangement even after the government lockdown. Employees were divided into groups and they came to office based on the roaster.
2. Financial benefits for employees who came to office during the government lockdown period.
3. Mental health awareness and counselling for employees during the pandemic.
4. Tele health doctor and consultation facilities to IDLC employees.
5. COVID-19 testing facility and oxygen cylinder for IDLC employees.
6. Employee health portal and COVID-19 tracker.

---

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

## 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 works and their other life priorities and interests.

## Flexible Working Hours

### Flexible Hour of Office Time Policy:

1. Applicable for office based employees only.
2. 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 Hour:

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.

1. 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.

2. Employees of 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 flexi working hours.

3. 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.

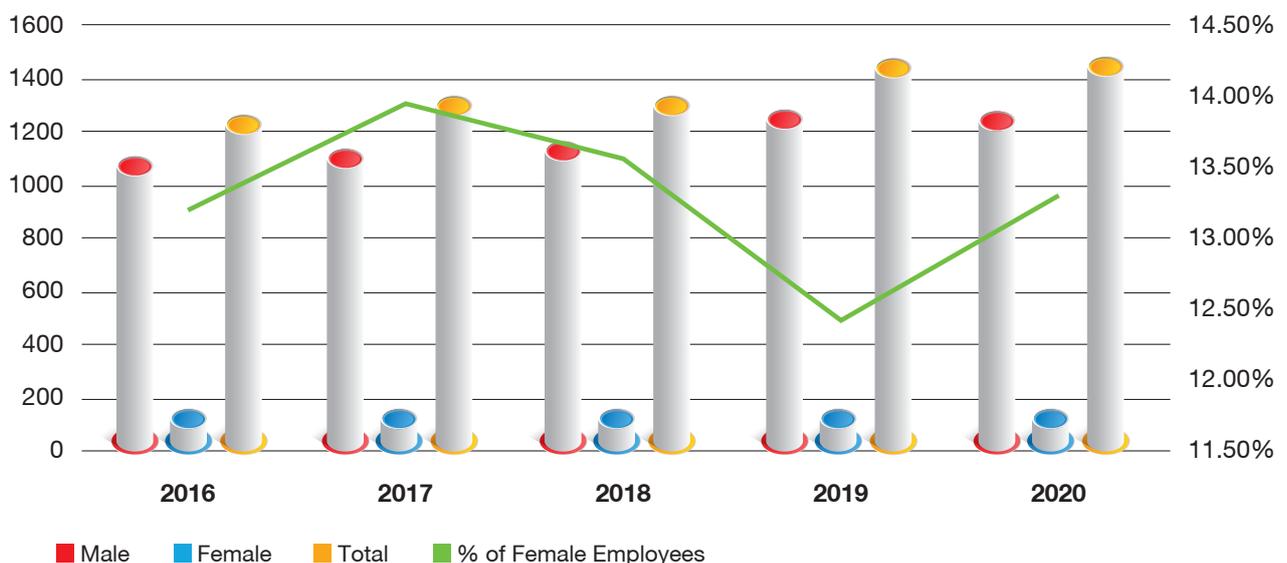
4. If anyone is opting for flexi-hours s/he should send an e-mail to his/her supervisor when logged in and also give another e-mail when s/he leaves office with a copy to HR.

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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.

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## Employee distribution in last 5 years:



# SAFEGUARDING THE ENVIRONMENT

We are committed to acting responsibly to respect the environment and minimize our footprint. As part of our commitment to safeguard our environment, we have begun to take measures to reduce our carbon footprint.



Saved over 627,610 kWh of  
electricity and emissions of

**377 tons**

Fuel consumption of  
vehicles reduced by

**12.43%**

Introduced video conferencing & E-learning app

## Materials

For reducing the environmental impact of paper consumption through administrative control, a major number of requisition forms for office items and acknowledgement receipts have been transformed into digital forms and formats making the pathway towards moving to a paperless environment. Core departmental work like purchase requisition, procurement process initiation etc. are done digitally that brings more transparency and efficiency, saving of time, paper and money, shortening of procurement cycle and ease of operation. Business units are also introducing products and services that aim to reduce and eliminate paper consumption for its customers through digitalization.

**A total of 5,508 reams of paper has been used throughout IDLC during the year of 2020.**

## Energy Consumption Within The Organization

Generally, our operations are not energy intensive. However, IDLC is focused to reduce its energy consumption. Our energy consumption comes from the national grid & transportation fuel for our fleet. Moreover, most of the bulbs are being used in our office premises are energy savers. Most of our internal communications are made through electronic mail, which has substantially reduced the paper consumption. As part of an environmentally responsible entity, all pool vehicles of the organization has been converted into CNG driven vehicles. We continue to reduce our carbon emission by cutting energy consumption, being more efficient in our branches and offices.

Energy-efficient light usage: IDLC has been phasing out and has already converted most of its lights bulbs with LED lights which is marking significant savings in the energy consumption and will have a lasting impact in future as well.

Green Office Guideline of IDLC: To uphold the Green Banking initiatives confidently with constant effort, IDLC has established Green Office Guideline as a general guideline to enable the in-house green practices. Our Green Office Guideline has a pictorial demonstration for a better understanding of the readers. The Guideline is articulated and disseminated by SFU among all employees, and new joiners as well.

## Major In-house Green Initiatives

IDLC upholds a vision to encourage and catalyze transformation towards sustainable business practices. In line with the vision, one of IDLC's branch located in the World Trade Centre at Chattogram, achieved the prestigious LEED (Leadership in Energy and Environmental Design), Gold Certification from USGBC (United States Green Building Council) under the category of 'commercial interiors'. This branch is the first of its kind to achieve such an endorsement under the aforementioned category among the financial institutions of Bangladesh. The facility is spread over 7,867 sq. feet and is designed by using environmentally-benign material, and has an efficient water management system equipped with water-efficiency fixtures. The facility's lighting power is designed to save approximately 20% of electricity through efficient lighting and solar installation. IDLC plans to continue this trend for its future owned premises and become a pioneer in related areas.

IDLC also transformed all other branches with green features and practices it's Green Office Guideline across the organization, aimed at improving in-house environmental management by saving electricity, minimizing the usage of water and paper, and keeping the office clean and hygienic. Additionally, IDLC offices are gradually being fitted with a spring tap and/or sensor-based tap to control the usage of water and reduce the negative impact on the environment.

A major technological advancement is the server virtualization that was first implemented in 2010. Not only this has increased the capacity and efficiency of the data centers, but also significantly cut down on capital expenditure on physical servers, reduced electricity consumption and CO2 emissions. Every server virtualized has a capacity to save 7,000 kWh of electricity and 4 tons of CO2 emissions – thus in 2020, this resulted in saving over 627,610 kWh of electricity and 377 tons of emissions from 124 virtual servers.

IDLC has mounted rooftop solar panels at 2 branches to utilize the opportunity of renewable energy resources.

Video conferencing has been hosted among Head Office and other branches in order to save business travel time and fuel by arranging a virtual meeting.

### **IDLC E-learning App**

IDLC has introduced an E-learning app for all employees in 2020. IDLC E-learning app has both mobile & web version 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

## **Reducing Carbon Emission**

Fuel consumption of vehicles reduced by 12.43% in the year 2020 compared to 2019. Though the reduction was majorly influenced by the pandemic infused lockdowns, the controlled and efficient management of the vehicle movement creates a lasting impact in usage reduction as well.

IDLC maintain the optimum temperature of AC at 25 degrees at all offices to balance energy savings and ensure comfort at the workplace.

Sensor system for lights are being used in the washroom and hallway at our head office and will gradually be implemented in all suitable locations of offices.

## **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.

# SUPPORTING SUSTAINABLE GROWTH

At IDLC, we recognize our actions have an impact on the communities where we do business and the wider environment. Our approach to fostering sustainable economic development centers around employment generation, SME financing to accelerate both direct and indirect employment creation, women entrepreneur loans and non-financial services for women, green financing and contribution towards environmental and community development.



**5 years**

Sustainability Roadmap  
commenced

**13%**

Increase in  
Green portfolio

**1843**

Women entrepreneurs  
financed in 2020

**33,000**

Marginalized people supported through  
community development initiatives

# Approach to the UN Sustainable Development Goals

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.

In this report, we outline in more detail how our activities and sustainability approach contributes to the SDGs. The adjacent graphic highlights the twelve SDG targets that we prioritize for their close alignment to our strategy. We will continue to contribute to these goals through our financing and investments, as well as how we conduct and operate our business.

## IDLC Sustainability Roadmap

IDLC is one of the trusted names in the non-banking financial sector in Bangladesh, and for over 35 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 business responsibility beyond immediate benefit to long-term good, while ensuring the sustainability of the organization. We aim to enable an environment of greater consciousness through a process of collaboration with employees, suppliers, customers and the community at large.

As an organization, we put focus on reducing our own carbon footprint as well as integrating sustainability into our long-term business strategy. Through our community initiatives, we support education, health and the livelihood development of local communities.

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### Sustainability Roadmap 2021

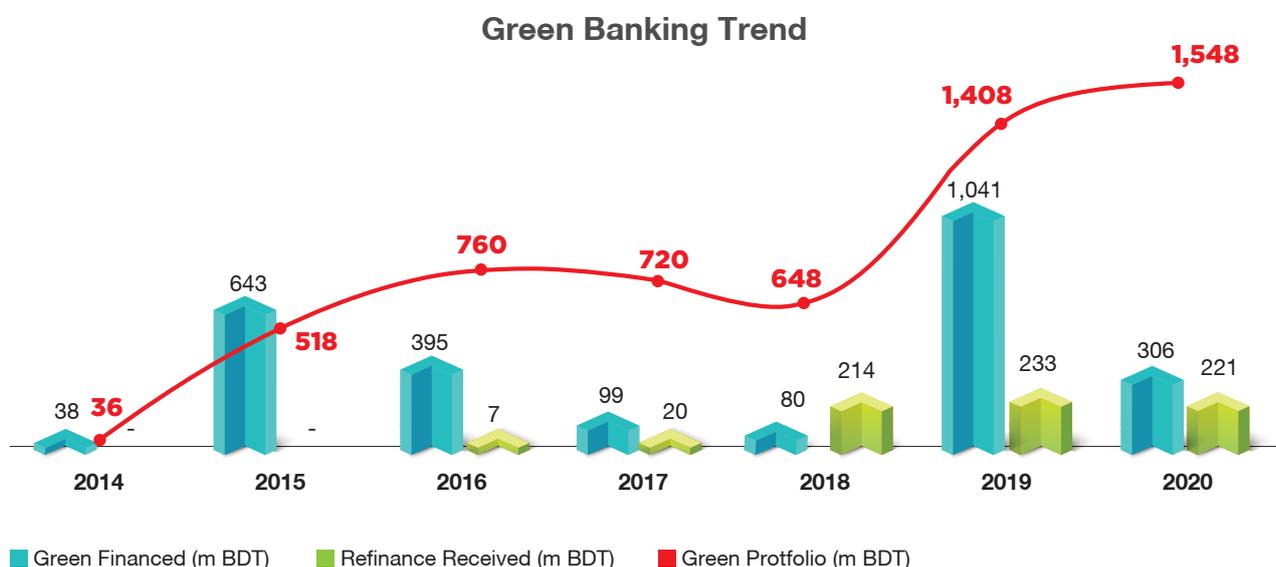
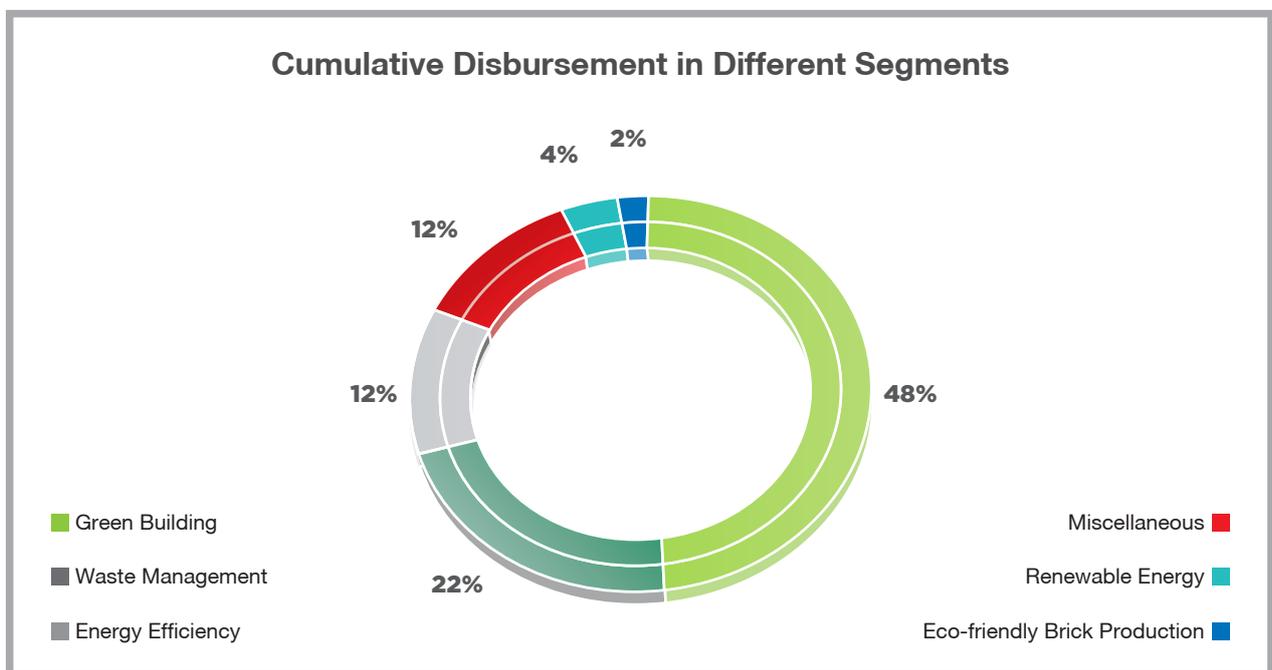
Our sustainability roadmap 2021 has been developed by taking interpretations from the Materiality Assessment and Stakeholder Engagement process of our business. We have identified and prioritized the focus areas along with goals and targets for a period of 5 years (2021-2025).

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# 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.



# Approach to Environmental & Social Management System

IDLC has been the pioneer in adopting the “Environmental & Social Management System (ESMS)”, which is a global standard to minimize Environmental & Social Risks. A robust ESMS system is practiced which has been developed with the assistance of FMO (The Netherlands Development Finance Company). In the preparation of the ESMS system, IDLC has taken the following guidelines into consideration: Environmental & Social Risk Management (ESRM) Guideline by Bangladesh Bank, the Environment Conservation Rules 1997, IFC Performance Standards, and ADB Safeguard for Financing. Additionally, IDLC has adopted the 10 UNGC (United Nations Global Compact) principles within the organizational frameworks. GBU organizes periodical in-house training & awareness programs for the employees on green and sustainable financing, and provides necessary technical assistance as well.

## **Environmental & Social Risk Management (ESRM) Capacity Building**

Periodically IDLC’s Sustainable Finance Unit (SFU) and Credit Risk Management (CRM) team organizes training sessions for the business units of Corporate and SME divisions, where ESRM issues are explained in line with the Guidelines on ESRM from Central Bank (Bangladesh Bank) and practice Environmental & Social Action Plan (ESAP) for respective finances.

# IDLC Purnota: Financial Inclusion for Women Owned MSMEs in Bangladesh

The key component of SME business growth is in having access to financing. However, women entrepreneurs often face challenges in regards to access to appropriate sources of financing for the growth of their businesses. Although there are several government schemes and financial products specifically targeted towards women SMEs that exist in the market, not as many reach the grassroots where they are most needed.



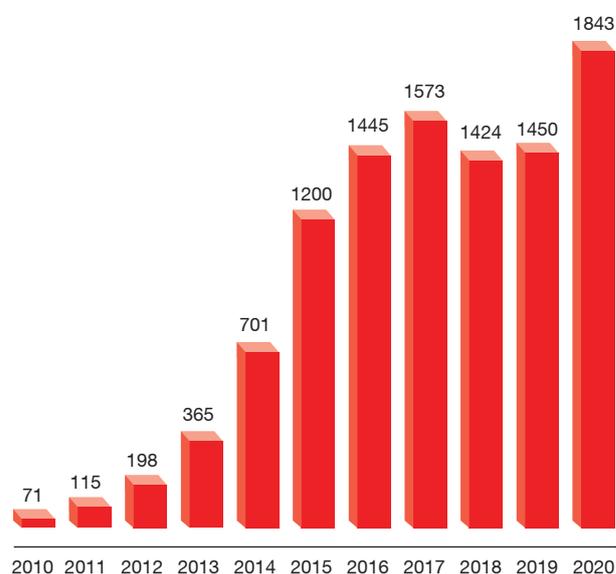
When designing IDLC Purnota, we took into account the main hurdles women entrepreneurs face so as to take measures in improving this situation. Some of the most common challenges in accessing financing were found to stem from the lack of financial literacy, weaknesses in financial planning, and access to the market. Besides, there are also structural barriers that impede rural women SMEs to the right financial product- lack of knowledge on the different financial products available in the market and lack of knowledge of the different documentation requirements for their applications. This is where, IDLC chose to take a different path.

Historically, banks are often found to be discouraged to lend to women SMEs due to a lack of data to assess the credit risks posed by rural women SMEs. In 2020, in partnership with iDE Global in Bangladesh, IDLC Purnota organized training workshops on improving book keeping habits and to share information on the low-cost financing schemes

for women entrepreneurs targeting to improve access to finance in the remotest areas. Over 8-months, 25 training workshops and 10 coaching sessions were organized for 206 rural women SMEs in Rangpur and Khulna region in the Khulna, Jessore, Rangpur, Kurigram, Nilphamari and Saidpur districts. 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 SMEs to learn and get one-on-one feedback from the banking experts. This initiative has created scope for- i) improved awareness among rural SMEs on low-cost financing options in the market, ii) shed light on improving the creditworthiness of their businesses in availing such facilities, and iii) networking opportunities for women to work together.

Since its formal launch in 2015, IDLC Purnota has been one of the highest distributors of Bangladesh Bank's Refinance Scheme and other low-cost financing for women entrepreneurs in Bangladesh, and has served 5,312 clients until Dec 2020.

Graph showing year-wise customer base



# Social Development and Community Outreach

At IDLC, we believe when local communities prosper, the organization and its stakeholders also prosper. Our CSR activities are curated purposefully to address various social and environmental issues. It is a commitment we are proud to uphold today.

By investing in our communities, we intend to create more sustainable communities for future generations. In 2020, IDLC's CSR initiatives were implemented in mostly the areas of healthcare and education, while others have been conducted as part of the employee volunteering program.

## Food Support Program

In Bangladesh, Covid-19 began as a health crisis but has simultaneously unfolded a grave socioeconomic crisis. The Bangladesh government has observed a nationwide shutdown from March 26 to May 30, amid the Coronavirus crisis, with people being asked to remain indoors.



About 90% of the people in this country are involved in the informal economy and are dependent on their daily or monthly wage, with a very little buffer of savings, assets, or social protection. They were among the first to lose income and/or employment because of social-distancing and lockdown. Without the necessary support, this large section of the population are bound to fall in a dire situation.

In order to help out the wage earners, a project titled 'Food Support to Low-Income People during Covid-19 Pandemic' was formulated and implemented under IDLC's CSR program 2020.

During the project period, IDLC provided food support to the daily wage earners and their families. Each support package provided support for a period of seven days for each family of 4 people on average. The package included daily commodities like rice, pulse, salt, potatoes, onion, oil and soap.

The project was implemented in partnership with 5 Non-Government and voluntary organizations.

Under this initiative IDLC provided support to approximately 35,000 people from 8671 families, in 29 regions of the country.

## Response to Coronavirus Pandemic

IDLC donated BDT 24 million to Prime Minister's Relief and Welfare Fund in response to the coronavirus pandemic. Arif Khan, CEO & MD, IDLC Finance Limited handed over the cheque at Prime Minister's office.



## IDLC Stands Beside Fistula Patients

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 faeces or both. Due to their condition, they often face social embarrassment, insults and alienation, even from their own family.

The demand for 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 2020, IDLC finance limited provided financial support and sponsored fistula repair surgery of 50 marginalized women at

MAMM's Institute of Fistula and Women's Health.



**“My in-laws tortured me for being a fistula patient. I couldn't afford a treatment for the disease. Now I am cured, thanks to IDLC & MIFWOH. Now I am self-dependent and am learning to create my own happiness in life.”**

## Free Eye Camp for the Poor

Cataract removals are simple, yet life-changing procedures which restore sight and can remove blindness almost instantly. And yet, many people in Bangladesh are living with blindness simply because they cannot afford the medical expense of treatment.

In January 2020, IDLC organized a free eye care program in Kushtia at Mir Abu Abdullah Memorial Junior School. In the first phase of the Eye Camp screening, free medical treatment was given to 300 patients from that region by medical professionals, and necessary medications were supplied. In the next phase, among 300 patients, 50 cataract cases were treated, pre-operative check-up, laboratory tests were performed, and surgery was conducted at Khulna Ad-Din Hospital along with 24-hour acute care. The project was implemented in partnership with Spreeha Bangladesh Foundation.



## Scholarship for Underprivileged Female Students

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 at Asian University for Women. Currently, 36 students are receiving a scholarship under this initiative - among them, 6 students are from the 2017 batch and 10 students from the 2018 batch & 10 students from the 2019 batch and 10 new students of the 2020 batch.



**“I broke off my early marriage to continue my study at AUW. Now I look forward to building a night school where I can help people like me to get the education they were deprived of”**

## Distribution of Warm Clothes Among the Underprivileged

As a tropical region, Bangladesh enjoys a mild winter. For the last few years, however, the world has undergone some extreme cold waves that have caused the affected people considerable damage to their livelihoods and misery. The northern and southwestern areas of the world have undergone a sharp decrease in temperature in recent years, with freezing temperatures and thick fog resulting in a substantial uptick in respiratory disorders and, in some cases, deaths.

The impact of Cold Waves are as notorious as other regular natural calamities of Bangladesh as far as the damage, distress and disruption as well as death toll are in concern.

To reach out to the affected population during this winter wave, we organized a winter donation drive for our employees. The collected clothes were cleaned, sanitized & packed as gifts. Which were later distributed among the underprivileged in Rangpur & Badarganj region.



# GRI Standards Content Index

## GRI 102: GENERAL DISCLOSURE

Disclosure Number	Page Number
Disclosure 102-1	08
Disclosure 102-2	08, 11,12, 14,15
Disclosure 102-3	Backpage
Disclosure 102-4	08
Disclosure 102-5	13
Disclosure 102-6	16
Disclosure 102-7	10
Disclosure 102-8	35-37
Disclosure 102-9	33
Disclosure 102-10	33
Disclosure 102-11	19
Disclosure 102-12	26
Disclosure 102-13	27
Disclosure 102-14	04-07
Disclosure 102-16	08, 22,23
Disclosure 102-18	29-31
Disclosure 102-40	32
Disclosure 102-41	33
Disclosure 102-42	32
Disclosure 102-43	32
Disclosure 102-44	09
Disclosure 102-45	13
Disclosure 102-46	03, 09
Disclosure 102-47	09
Disclosure 102-48	Not Applicable
Disclosure 102-49	09
Disclosure 102-50	03
Disclosure 102-51	03
Disclosure 102-52	03
Disclosure 102-53	03
Disclosure 102-54	03
Disclosure 102-55	54-55
Disclosure 102-56	No

## TOPIC SPECIFIC DISCLOSURES

Disclosure Number	Page Number
<b>GRI 200: Economic Topics</b>	
GRI 201	18
GRI 203	14, 51
GRI 205	20
GRI 207	21
<b>GRI 300: Environmental Topics</b>	
GRI 301	43
GRI 302	43-44
GRI 303	44
GRI 305	43
<b>GRI 400: Social Topics</b>	
GRI 401	35-36
GRI 403	39
GRI 404	37-38
GRI 405	21
GRI 406	21
GRI 412	35
GRI 413	50-53
GRI 414	20, 23, 33
GRI 416	33
GRI 418	23, 33
GRI 419	22-23







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