



PRINCIPLES FOR
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Reporting and Self-Assessment Template

The following table sets out the reporting and self-assessment requirements for Signatories of the Principles for Responsible Banking. Signatory banks need to report on their implementation of the Principles the first time within latest 18 months after signing and annually thereafter (in line with their annual reporting cycle).

How to use this template?

This template does NOT require your bank to produce an additional report. Rather, this template is designed for your bank to provide references/links to where in your existing reporting/public domains the required information can be found. The aim is to keep additional reporting burden to a minimum while ensuring transparency and accountability as set out in Principle 6.

Within this reporting template, there are six areas for self-assessment that are key to showing that your bank is fulfilling its commitments as a signatory of the Principles for Responsible Banking. They are **highlighted**.

1. Impact Analysis
2. Target Setting
3. Plans for Target Implementation and Monitoring
4. Progress on Implementing Targets
5. Governance Structure for Implementation of the Principles
6. Progress on Implementing the Principles for Responsible Banking

Only for these six **highlighted** items, it is required that:

- a) An assurer provides limited assurance of your self-assessment. You can do this by including it in your existing assured reporting. Where third-party assurance is not feasible, an independent review may be conducted.
- b) You provide your bank's conclusion/statement if it has fulfilled the respective requirements.

Accommodating different starting points:

Banks have different starting points and operate in different contexts. Your bank may not be able to provide all information required in this template the first time you report. That is fine. Your bank has up to four years from signing to bring its reporting fully in line with the requirements. Feedback, support and peer learning are available to all signatory banks to help them progress with both implementation and reporting.



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Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
<p>Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
<p>1.1 <i>Describe</i> (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>IDLC is a leading financial institute in Bangladesh, which offers products and services in the Corporate, SME, Retail, and Capital Market business segments, and our Portfolio composition stands around 25% Corporate, 44% SME and 31% Retail customers.</p> <p>For Corporate segment customers offered financial products and services are comprised with Lease financing, Term Loan financing, Commercial Vehicle financing, Project financing, Corporate Advisory, etc. Syndication, Bond issuance etc. are offered as Structured Finance solutions.</p> <p>Customers in SME segment are offered with financial products and services of Term Loan financing, Lease financing, Women Entrepreneur Loan, Supply Chain Finance, etc. who are mostly in Trading and Agriculture businesses.</p> <p>For Retail segment offered products are Home Loan, Car Loan, Personal Loan, Loan Against Deposit (LAD), and Fixed Deposits.</p>	



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	<p>Moreover, in Corporate and SME segments, finances at concessional rates are offered for Green and Sustainable projects/ initiatives, especially focusing on Renewable Energy, Energy/ Resource Efficiency, Solid/ Liquid Waste Management, Occupational Health & Safety across the country. IDLC maintains ESG in the process and conducts Environmental & Social Due Diligence (ESDD) for respective finances as per the Environment & Social Risk Management (ESRM) Guidelines, and other relevant national guidelines & policies.</p>	
<p>1.2 <i>Describe</i> how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>Our Sustainability Strategy sets out the areas where we believe we can create sustainable, long-term value for our stakeholders, aligning with the Sustainable Development Goals (SDGs) and the Paris Climate Agreement. We remain strongly committed to the underlying principles of sustainable development - contribute to the economic prosperity, promote environmental sustainability, and propagate equitable and inclusive societal development.</p> <p>Building on this, we are working to align our business strategy with the most relevant goals in the SDGs, the Paris Climate Agreement, and relevant national frameworks. We determined that climate change, air and water pollution, decent employment, access to affordable housing, and economic inequalities across our country are the main considerations to align our business strategy and take further financial decisions.</p>	



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	<p>We have identified and reviewed other relevant intra-regional and national frameworks and policy documents effective in our country, which include the Perspective Plan of Bangladesh 2010-2021, National Sustainable Development Strategy, 8th Five Year Plan, Intended Nationally Determined Contributions (INDC), Bangladesh Delta Plan 2100 and Sustainable Development Goals (SDG), Sustainable Finance Policy introduced by our Central Bank (Bangladesh Bank). Accordingly IDLC has taken initiatives to comply with aforementioned policy, frameworks, guidelines, initiatives. We periodically analysing our portfolio to assess how we could strategically contribute to these priority goals and challenges.</p>	
<p>Principle 2: Impact and Target Setting We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</p>		

<p>2.1 Impact Analysis:</p> <p><i>Show</i> that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:</p> <ol style="list-style-type: none"> Scope: The bank’s core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis. Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies. Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates. Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank’s activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d)) <p><i>Show</i> that building on this analysis, the bank has</p> <ul style="list-style-type: none"> Identified and disclosed its areas of most significant (potential) positive and negative impact Identified strategic business opportunities in relation to the 	<p>To undertake impact analysis, we have used a methodology combining three methods which are Scoping, Qualitative and Quantitative analysis. Through that, we have analysed our portfolio to understand our involvement in most impactful sectors, and redesigned our products, services and activities in the corporate and SME banking segments. The main sectors, industries and technologies we finance are RMG industry (constituting 27% of our corporate portfolio) (technologies include energy/ resource efficient technology, renewable energy, waste management, fire safety, etc.), IT & services (23%), agro business (6%), and transport (4%) (mainly commercial vehicles); and these sectors are identified under corporate portfolio which is 25% of our total portfolio. 38% of our total portfolio is concentrated in SME segment where Small and Medium businesses including Traders are the borrowers. Our retail portfolio is concentrated in residential real estate (93%), and remaining is mostly comprised with car & personal loans (7%).</p> <p>During our analysis, we determined that these portfolios were strongly associated with impacts that include climate change (GHG emissions), air and water pollution, biodiversity degradation, and decent employment.</p> <p>We also identified relevant intra-regional and national frameworks and policy documents effective in our country, which include the Perspective Plan of Bangladesh 2010-2021, National Sustainable Development Strategy, 8th Five Year Plan, Intended Nationally Determined</p>	
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<p>increase of positive impacts / reduction of negative impacts</p>	<p>Contributions (INDC), Bangladesh Delta Plan 2100, Sustainable Development Goals (SDGs), Sustainable Finance Policy (SFP) introduced by our Central Bank (Bangladesh Bank).</p> <p>To determine the scale and salience/intensity of these areas of impact, we analysed our portfolio to identify the industries that were the primary contributors to these impact areas. We determined the intensity of GHG emissions in our portfolio was attributable to energy consumption through manufacturing industries, mostly RMG and other energy intensive manufacturing concerns.</p> <p>RMG, particularly through energy intensive machineries for productions and other relevant purposes (and through the release of wastewater without complying the national standards into the environment), and project finance activities (i.e. heavy infrastructure projects causes resettlement, impacts on local biodiversity, and etc.) are amongst the leading contributors to biodiversity loss and degradation. Therefore, we concluded that climate change and biodiversity degradation and loss were IDLC's areas of most significant impact.</p> <p>We will work with our clients in high impact sectors, i.e. energy efficient technologies, renewable energy, and identify viable transition opportunities, and support them by securing concessional financing facilities that enables them to transform their businesses and align with climate</p>	
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	and nature positive transition pathways.	
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

We are currently analysing our Portfolio and business strategies to understand our best impact towards environment and society. Afterwards we will be to accurately conduct our Impact Analysis and report accordingly by following the PRB standards.

2.2 Target Setting

Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.

Prior to undertaking our impact analysis, we had set a target of 5% Green Finance and 20% Sustainable Finance of our yearly lending to biodiversity friendly companies every year, i.e. around USD 30 million of Green Finance and USD 120 million of Sustainable Finance.

Our Green Taxonomy includes green banking activities, green finance policy, ESDD, utilization of Climate Risk Fund, internal environmental management including carbon footprint measurements, green marketing, disclosures etc. Our Sustainable Finance Taxonomy contains Sustainable Agriculture, Sustainable CMSME, Socially Responsible Financing and identification process of sustainable linked finance, R&D for sustainable product innovation, marketing, awareness, capacity building and sustainable finance disclosure.

We started with determining our baseline for 2020 in line with the PRB, so that we can track our progress accurately in coming years.

Bangladesh has already completed many significant upfront activities for starting the Sustainable Development Goals (SDGs) implementation. Bangladesh is also one of the signatory parties which outlined what post-2020 climate actions they intended to take as part of INDCs



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	<p>under Paris Agreement to reduce global average temperature and to achieve net zero emissions. Accordingly, IDLC is following all the guidelines provided by the Central Bank of Bangladesh (Bangladesh Bank) and aligns its business strategy, financial decisions, internal policies & guidelines with SDGs and INDC's commitment of Bangladesh. Our Sustainable finances addresses SDG-1 (No Poverty), SDG-2 (Zero Hunger), SDG-5 (Gender Equality), SDG-6 (Clean Water and Sanitation), SDG-8 (Decent Work and Economic Growth), SDG-9 (Industry, Innovation and Infrastructure). Renewable Energy, Energy & Resource Efficiency, Liquid & Solid Waste Management, Recycling & Manufacturing of Recyclable goods, Environment-friendly brick production, Certified Green Buildings, and Workplace safety at factory are under our Green Finance initiative. We are also exploring opportunities for Green Bond and Impact Fund as our Green Investment. Green Finance and Green Investment are linked to SDG-6 (Clean Water and Sanitation), SDG-7 (Affordable and Clean Energy), SDG-8 (Decent Work and Economic Growth), SDG-9 (Industry, Innovation and Infrastructure), SDG-12 (Responsible Consumption and Production), SDG-13 (Climate Action), and SDG-17 (Partnership for the Goals).</p> <p>We are currently engaging with all business areas within the bank, as well as the risk functions, to determine our baseline and to understand what is needed to align high impact sectors within our portfolio with the goals of PCA.</p>	
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.

We are pursuing our target of 5% Green Finance and 20% Sustainable Finance against our yearly lending to Corporate and SME business segments.

2.3 Plans for Target Implementation and Monitoring

Show that your bank has defined actions and milestones to meet the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

Measures and actions we plan to put in place include:

- Developing and putting effective policies and processes in place regarding Green and Sustainable finances, engaging with companies in key sectors i.e. RMG, Pharmaceuticals, Steel, Cement, Traders of SME businesses, etc.
- Finance in environment-friendly approaches and technologies, and ultimately keep increasing lending in our corporate & SME portfolio.

Our key performance indicators include:

- Periodically review and updating our Credit Policy in line relevant regulatory instructions;
- Practicing ESAP for respective clients as per our ESRM guidelines;
- Engaging with relevant national & international stakeholders; and
- Financing in projects/ initiatives defined as Green projects and Sustainable business of 5% and 20% respectively against our yearly disbursement.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.



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We are pursuing our target of 5% Green Finance and 20% Sustainable Finance against our yearly lending, and conducting periodical monitoring against the ESAP agreed by both client and IDLC.

2.4 Progress on Implementing Targets

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.

Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)

We had set a target of 5% Green Finance and 20% Sustainable Finance of our yearly lending to biodiversity friendly companies every year, i.e. around USD 30 million of Green Finance and USD 120 million of Sustainable Finance in 2021.

Therefore, we are exploring opportunities for Green and Sustainable finances where we have identified our most positive impact, and accordingly we are committed to reduce our lending from the sectors are creating negative impacts towards environment and society.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets

We are currently in progress on implementing our set targets.

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.



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<p>3.1 <i>Provide an overview</i> of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>We identify our stakeholders under three faceted sustainability dimensions – economic, social and environmental. Aligned with stakeholder identification, the sustainable business objectives are designed considering the stakeholder’s expectation. By assessing the objectives, we have formulated strategies that complement our business model with the value creation process that targets stakeholders’ expectations. Periodically our Human Resource Department (HRD) conducts staff training programme to ensure that staff are adequately trained on treating customers fairly and unconscious bias. Alongside different incentive campaigns and remuneration policies are in place for sales departments, and senior management strongly discourages any mis-selling, and other unfair practices.</p>	
<p>3.2 <i>Describe</i> how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>Since 2014 we have been offering concessional finance for Green projects/ initiatives to our clients, and creating awareness amongst them to adopt such environment-friendly technology/ approaches. To do so, we have first trained our employees who are client-facing, and capacitated them to engage with clients, especially those in high impact sectors. We are starting to see some incremental changes in adoption of environment-friendly technologies i.e. certified Green Building, energy/ resource efficient technologies, waste management technologies, etc. We have identified clients in high impact sectors which include energy, natural resources, transport, agriculture, and are starting to engage with them to</p>	



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	<p>discuss their transition plans and identify opportunities to support them. We keep encouraging our clients to conduct investment-grade energy audit, different certifications, and accordingly we are claiming refinance facility offered by Central Bank of Bangladesh (Bangladesh Bank).</p>	
<p>Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.</p>		
<p>4.1 <i>Describe</i> which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.</p>	<p>As part of the process of undertaking our impact analysis, we follow the regulatory instructions from respective authorities and periodically consult with them regarding challenges and priorities, i.e. Central Bank of Bangladesh (Bangladesh Bank), Department of Environmental (DoE), Sustainable and Renewable Energy Development Authority (SREDA), etc. related to Sustainable Development Goals (SDGs). We identified these stakeholders through a stakeholder mapping exercise considering relevant national policies and guidelines. We are also engaged with different associations and forums e.g. BGMEA, BKMEA, IFC-PACT, etc. to address industry specific issues.</p>	
<p>Principle 5: Governance & Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking</p>		



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<p>5.1 <i>Describe</i> the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>At IDLC, we view the governance and oversight of our distinctive business model and prudent strategy as key to the ongoing creation and delivery of value to our stakeholders, particularly in an economic environment that remains both uncertain and challenging. Our Board’s primary role is to provide leadership, ensure that it is appropriately managed and deliver long-term shareholder value. It also sets the Group’s strategic objectives and provides direction as a whole. A number of key divisions are reserved for and may only be made by the Board, which enables it and the executive management to operate within a clear governance framework. IDLC also established and embraced – both in letter and spirit – the Code of Conduct, signed by each and every employees as an acceptance to adhere to the principles of the Code during all business dealings. The Code also sets out guidance on best practices in the form of principles and provisions on how we should adopt and follow good governance practices. It has been the Board’s view that the Company’s governance regime has been fully compliant with the best practices set out in the Code during the year under review. Our CEO & MD overseeing the integration and implementation of the Principles, and reporting progress to the Executive Committee, quarterly submitted by Sustainable Finance Unit (SFU).</p>	
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<p>5.2 <i>Describe</i> the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>Our approach to responsible and sustainable banking is led by our CEO & MD, who is a passionate advocate and regularly addresses employees on the topic. Periodical in-house training sessions are organized for employees about sustainability, including the Principles for Responsible Banking, Collective Commitment to Climate Action, and assistant managers and above across different business areas are now acquainted with it. Currently the Principles are under integration in all relevant businesses and strategic decisions across IDLC.</p> <p>IDLC’s employees are reviewed against their job objectives set in online performance appraisal system, which are reviewed semi-annually and annually. The appraisal system enables us to emphasize on the growth of our employees as well as identify their learning and career development needs. As a part of this process, through constructive dialogue, our employees are also encouraged to work on areas where there is scope of improvement. Senior management is now considering to start reviewing the KPIs in employees’ performance appraisals, and to include key performance indicators related in implementing the Principles.</p> <p>Our robust organizational leadership structure is composed of diversity that enables us to foster and</p>	
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	<p>converge a range of opinions and perspectives that are aligned with the long-term interests of the Company. Our highest levels of compliance with all the statutory and regulatory requirements and uncompromised stance with regards to ethics in our day-to-day business have led to the creation of a robust governance structure that ultimately delivers sustainable stakeholder value.</p> <p>Aligned with our focus to foster responsible banking culture, we periodically communicate with our employees and also with other financial institutes operating in the country.</p>	
<p>5.3 Governance Structure for Implementation of the Principles</p> <p><i>Show</i> that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<p>Our Sustainable Finance Unit (SFU) is working under close supervision of senior management to define the targets with actions in line with the Principles, monitoring progress towards their achievement to ensure we are on track, and identifying and addressing any unexpected negative impacts.</p> <p>Our senior management is to determine remedial action where targets are not on track, or where measures need to be put in place to address unforeseen negative impacts.</p>	
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
<p>IDLC's governance structure is well aligned with the PRB and informed about the progress its making.</p>		
<p>Principle 6: Transparency & Accountability</p>		



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We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.

6.1 Progress on Implementing the Principles for Responsible Banking

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

Our Sustainable Finance Unit (SFU) and Credit Risk Management (CRM) teams are working together to align business strategy with necessary guidance from senior management, and gradually will be focusing more on environment and social betterment. Meantime, updated our Credit Policy in line with 6 principles of the PRB, CCCA, ESRM Guidelines, Green & Sustainable Finance Policy, and other national level policy and frameworks. We are also aligning our MIS to report on PRB and CCCA in line with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations, in order to understand our climate risk.

We maintain our Board approved Code of Conduct and IDLC Pulse, which guides every employee to maintain IDLC culture, uphold its norms and values. IDLC senior management always encourages women employees to come forward, and driving towards equality and gender balance. IDLC employees shows highest ethical standards and acts with integrity by maintaining better balance between work and personal life.

IDLC’s CSR activities, including our unique community engagement platform “Khushir Kheya” are focused on creating an impact in the lives of the communities around us. Last year, IDLC donated to Prime Minister’s Relief & Welfare Fund to combat with COVID-19 pandemic,



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	<p>donated food and essential items among 30,000 daily wage earners in different regions of the country during the pandemic with help of 5 local organizations, and other CSR activities were also been continued in environment, social, education, and health segments.</p> <p>We have adopted 10 UNGC principles, and conducting Environmental and Social Due Diligence (ESDD) for applicable finances to ensure that the standards of Environmental, Social and Governance (ESG) are practiced. We also follow the Guidelines on Environmental and Social Risk Management (ESRM) directed by the Central Bank of Bangladesh (i.e. Bangladesh Bank) for finances in Corporate and SME business segments.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking</p>		
<p>IDLC is in progress on implementing the PRB and look forward to have necessary guidance from UNEP FI.</p>		

Annex: Definitions

- a. Impact: An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.
- b. Significant Impact: Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of *significant* impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of "materiality".