

SUSTAINABILITY

REPORT



2021

OUR APPROACH TO SUSTAINABILITY

With over 40 years of history, we understand the importance of value that stands the test of time. We are very much aware that sustainability initiatives without strong profits is not actually sustainable, while strong profits to the detriment of sustainability weaken the endurance of a business.

IPDC is focused on product innovation, performance and outcome-based solutions. Our renewed strategy also includes a commitment to go for deepen our sustainable impact, because we recognize the breadth of the role businesses hold in creating a sustainable future.

This report highlights the impacts IPDC had on a wide range of sustainability matters and allows transparency regarding the related risks and opportunities that lie ahead. The year 2021 has been a remarkable year in terms of the impacts IPDC had made in the economy. In the ever-changing industry, a crystalline strategy has been implemented with focus on creating value, innovation, and sustainability.

The sustainability report covers all the activities undertaken by IPDC which have a significant impact on the business of organization, as well as its stakeholders. The report covers all the activities carried out from January 01, 2021 to December 31, 2021. As an entity which aspires to be a role model for industry, IPDC is dedicated to upholding the highest standards of accountability and transparency.

Celebrating the Unsung Women Nation Builders, IPDC Manobota Campaign and Priyo Shikkhok Shommanona are among many of the colorful initiatives undertaken by IPDC in 2021.

Approach Towards Sustainability and Reporting

The company considers the following reporting principles for determining contents of the sustainability report.

STAKEHOLDER INCLUSIVENESS
SUSTAINABILITY CONTEXT
MATERIALITY
COMPLETENESS

Furthermore, the following issues were considered in determining the quality of the report:

Accuracy	Comparability	Balanced Stability
Reliability	Clarity	Timeliness
Consistency	Transparency	

IPDC approaches sustainability related initiative with the vision to stand the test of time. Thus, IPDC aspires to embed sustainability in the business initiatives and reports. This certainly cannot be achieved without stakeholders' involvement in realistic and comprehensive business as well as operational plans.

IPDC has gained enough expertise and experience over the years to understand both the global and local business outlook and market conditions as well as business sustainability issues. Therefore, in every business and operational decision, IPDC adheres to the 3Ps of sustainability which are People, Planet, and Profit.



The governance of sustainability-related initiatives has been put into a structural shape that ensures continued follow-up and progress. We continue to exert effort to achieve long-term business success by improving our operational efficiency and embedding sustainability approaches into our business practices. This section is a comprehensive overview of our ambition, strategy and roadmap in the field of sustainability and focus in on our results.

Sustainable Finance Committee

The Sustainable Finance Committee is responsible for making policy, directing, advising, approving and evaluating Green Finance, CSR, Climate Risk Fund and Green Marketing activities performed by IPDC.

The members of the committee are as follows:

NAME	DESIGNATION
Mr. Rizwan Dawood Shams	AMD & Head of Business Finance
Ms. Savrina Arifin	GM & Head of Retail Business
Mr. Md. Sayeed Iqbal	AGM & Acting Chief Human Resources Officer
Mr. Md. Zakir Hossen	GM & Head of Operations
Mr. Ashique Hossain	GM & Head of Credit Risk Management
Mr. Md. Ezazul Islam	DGM & Head of Internal Audit & Compliance
Ms. Aleya R Iqbal	DGM & Head of Information Technology
Ms. Jumaratul Banna	DGM & Head of Local Corporate
Ms. Fahmida Khan	DGM & Chief Financial Officer (CFO)
Mr. Sikder Fazle Rabbi	AGM & Head of Treasury
Mr. Md. Barkat Ullah	SM & Head of General Service & Security
Mr. Imran Khan	AGM & Head of Sustainable Finance Unit (Secretary)

SUSTAINABILITY STRATEGY

IPDC's strategic approach has 3 core areas to impact – Business, Environment and People & Community. For each of the areas, a clear strategic objective along with action plans has been established and sustainable efforts have been initiated accordingly. The strategic objective statements are mentioned below.

In 2021, IPDC reviewed and refined the previous strategy to add value to its business growth. More focus was put on people and community aspect to play an active role in developing local communities and underserved people across the country.

Business

Without achieving profitable growth no business project would ultimately sustain. Therefore, IPDC firmly believes that being a successful, profitable and growing business helps sustainability. Achieving profitable growth is thus a part of being a long-term sustainable company, providing employment for local communities and contributing to a green, resilient economy.

Environment

Climate change, depleting natural resources, ever growing population – all are posing significant social, environmental, and economic risks. To ensure a steady supply of natural resources for the future generation, we require innovative solutions and adequate financing. People expect financial institutions to play a leading role in confronting these challenges and fostering sustainable growth. IPDC pledges to engage in resolving these environmental issues to facilitate the journey towards a green economy.

People & Communities

With the growing population and increased demand, IPDC takes up the responsibility to play an active role in safeguarding people's wellbeing by setting ethical business standards in both our internal and external engagements. IPDC continuously pursues innovative solutions, often aimed at solving wicked problems in order to penetrate and serve the excluded and marginalized segments. This will be discussed in details in later sections. As a responsible corporate citizen, IPDC will be more focused on the wellbeing of the entire society, community, its employees, customers, shareholders, partners – everyone.

Business

Highlights (2017 – 2021 CAGR)

+17% Loans and Advances	+19% Deposits
+29% Revenue	+27% Net Profit

We strongly believe that growing our company goes hand in hand with the growth of our business, helping our people and the communities around us thrive, while safeguarding our environment. As a result, we are giving sustainability a central role in our organization and in our strategy. IPDC's sustainability strategy is based on 3 key focus areas. For each of the sustainability focus areas, a clear strategic objective is established to drive our sustainability effort in the respective area, thus optimizing economic, environmental and social impacts and aligning the business conduct with IPDC's sustainability strategic approach and its sustainability vision and mission.

Performance in 2021

IPDC once again outperformed the market in 2021 in terms of both balance sheet growth and profitability. Our CAGR (2017-2021) of 27% in net profit is a demonstration of our ability to generate sustainable profit for our investors.

Balance Sheet Growth

Our CAGR (2017-2021) for loan portfolio and deposit was 17% and 19% respectively. Our growth ambition is consistent with the economic outlook of the country with Bangladesh economy being projected to continue to be one of the key drivers of regional economic growth despite seeing a minor setback during lockdown amid the pandemic. We plan to continue this growth momentum. Our Retail and SME strategy is built around the idea of a rising middle-income population as well as increasing business activity.

Profitability

IPDC continues to perform well on the profitability front with the CAGR of net profit standing at 27%. Despite the pandemic IPDC was still able to maintain a healthy profit growth as the spread increased due to more liquidity in the market. This is a strong indication of our ability to generate returns in adverse conditions. Unless there are significant changes in market and external forces, growth in profitability is expected to maintain its momentum.

Strength

We have a clear purpose: to become the most passionate financial brand in the country. To fulfil that purpose, we have a clear aim: create an extraordinary experience by serving our customers with passion and commitment, going beyond the normal call of duty and relentlessly pursuing innovation. Our core strengths come from our people who make it possible to create this extraordinary customer experience. Moreover, to meet the challenge of the digital revolution, we are working to capture new opportunities in an agile, innovative way using sophisticated technology platform. Our portfolio quality remains one of the best in the industry with Classified Loan Ratio of 3.15% in 2021.

Strengthening Corporate Governance and Risk Management Framework

At IPDC, corporate governance is embedded in the underlying principles of fairness, transparency, responsibility and accountability. It adheres to and emphasizes the compliance of all the rules, regulations and guidelines of the Securities and Exchange Commission, Bangladesh Bank and other regulatory bodies.

The Board of Directors, comprised of ten members including two independent Directors and an ex-officio member, ensures that the activities of IPDC are conducted with highest ethical standards and in the best interest of all its stakeholders. These objectives are achieved through various committees including Board Audit Committee, Board Executive Committee, Management Committee, ALCO etc. The internal auditor is independent of management and reports directly to the Audit Committee.

To safeguard the interests of stakeholders, IPDC has adopted the following core values:

- Addressing client needs promptly, impartially and with utmost importance.
- Continuing to develop the employees' potential and skills at all levels within organization by rewarding outstanding performance and promoting from within to develop a climate of high expectation and achievement.
- Remaining quality-minded and devoted to upholding our corporate culture.
- Continuing its personal and corporate involvement in activities benefiting the society and nation.
- Upholding the values of the communities.
- Pledging to remain alert to economic changes which affect our businesses, and to respond to ever-changing market demands.
- Continuing to confront all challenges through planning, balanced diversification and orderly growth.
- Taking responsibility towards the shareholders very seriously and is committed to be a model for others to follow.

Financial Empowerment through our Products and Services

Given the vital economic role that SMEs play in reducing unemployment rates and alleviating poverty in the community, we have continued our support to the SMEs sector. We are one of the leading players in supply chain finance and have a focus on building a platform for our SMEs to optimize their financial performance through Supply Chain Financing. In 2021, IPDC successfully developed the first consumer white goods finance platform – IPDC EZ. The new platform will assist in the development and growth of the consumer goods finance market size. Development of retailer finance platform - Dana is also being done

Our growth in SME segment with a CAGR of 24.5% is proof of our continued commitment in creating entrepreneurs.

Outlook

Planned initiatives to increase the sustainability of our business includes:

- Increasingly focus our efforts on retail business which will reduce corporate exposure concentration risk.
- Attract small-ticket size deposits to reduce our overall deposit attrition rate as well as enhance our shock absorption capacity.
- Product, IT and Resource development to take advantage of future market developments.
- Increasing operational efficiency and synergies to further enhance turn out time.

Environment Highlights

BDT 228 (+2%) Utility Expense per SFT	BDT 72.8k (-3.4%) Fuel Cost per Vehicle
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As one of the largest financial institutions, IPDC is aware of the footprints its operations leave on the environment. It is continuously working to minimize the ecological footprint of its operations and products. IPDC is progressively moving away from pen and paper-based approach of conducting operations.

Tree Plantation Initiatives

IPDC planted trees in the adjacent areas of its branches to highlight the compelling issue of safeguarding the earth. Planting trees is not only good for the environment but an effective way of providing a green endorsement for the IPDC brand while complementing its existing CSR plan. Initiatives of training children regarding tree plantation, rooftop farming, indoor plants, aquaculture, rooftop gardening, etc. are also planned with an aim to inspire a generation connected with earth and conscious about the future of the planet.

Going Paperless

IPDC is committed to a paperless office to create a work environment in which the use of paper is eliminated or greatly reduced. This not only contributes to building a sustainable environment, but also creates the path of building a sustainable financial ecosystem by aspiring towards end-to-end digitization. Keeping this in mind, IPDC implemented Electronic Document System (eDoC) in 2017 and ever since it has been maintained to reduce paper-based business culture gradually. This is an organization-wide virtual document archiving and file sharing system which will remove the need for preserving many paper-based documents and customer files. IPDC is also set to launch E-nothi and Shiri for internal operational functions that will further reduce paper usage and allow better record keeping and transparency. IPDC believes “going paperless” not only works well for the environment but can also save money, increase productivity, save space, make documents and information sharing easier and keep personal information more secure.

IPDC has also taken initiatives to reduce the consumption of paper by the following activities.

- Set printer default settings to double sided print and use both sides of the paper for photocopying.
- Always use print preview to check documents before printing to avoid errors and re-printing.
- Use smaller fonts while printing to reduce number of pages when possible.
- Before trainings or meetings circulate handouts or minutes via

email if possible so that printed handouts are not required for each participant.

- Keep a “recycled paper” box near every printer (or desks) to encourage employees to use as draft paper for unofficial purposes.
- Reuse mail envelopes for internal and/or unofficial purposes.
- Use electronic notepads in laptops or smartphones for personal note instead of paper notebooks.

Optimizing our Operations to Reduce Footprint

As one of the largest Non-Banking Financial Institution, we are aware of the impact our operations have on our environment. We are therefore working hard to minimize the ecological footprint of our operations and our products IPDC is progressively moving away from pen and paper-based approach of doing banking transactions. We also encourage video conferencing instead of face-to-face meetings with partners and we organize our townhalls through video conferencing with the branches outside the Capital.

Resource Conservation

IPDC aims to save electricity in its office buildings to help reduce carbon dioxide emissions and conserve fuel reserves. It encourages such energy-efficient attitudes at the personal level, and advocates the following:

- Dressing for the season to reduce air conditioning usage.
- Keeping the thermostat between 20°C - 23°C
- Checking the airtightness of the premises
- Using energy-saving modes for electrical equipment
- Replacing old, inefficient equipment with those that have a high energy rating.
- Turning off switches when not in use
- Saving water

Green Branch

Opening a green branch has been in the pipeline of plans of IPDC for a while. Growing market activities and increased global attention to environmental issues have highlighted the importance of reducing our ecological footprint as well as contributing to the environmental initiatives. The benefit of going green goes well beyond feeling good about helping the environment. These also directly impact our business, both in terms of reducing our operational costs, as well as streamlining our processes by making them more efficient.

Green Financing

Bangladesh Bank is encouraging green financing through separate refinancing fund. This presents a good opportunity to strengthen our green financing activities. However, awareness is needed to be built up among borrowers, who may not realize the cost savings generated through going green and thus reluctant to invest upfront in sustainable technology.

Community for Promoting Green Ideas

Formed in 2017, IPDC Uchash Social Club is responsible for several social and environmental initiatives which were taken up such as Public transport day, Clean Workstation Day and so on. To amass all the moral ingenuities that could not be catered within the scopes of the organization, IPDC family takes it upon themselves in bringing changes and creating stories rather. IPDC is also the first ever organization to include voluntary hours in its job scope as well.

Outlook

Planned initiatives to increase the sustainability of our environment includes:

- Greater participation in community effort to bring down waste and promote green initiatives.
- Initiating the idea of green branches
- Reduced paper usage through investing in IT infrastructure.
- Green financing through refinancing scheme

People and Communities Highlights

BDT 13mn CSR Expense	3,868 (+14%) # of Female Clients
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As a responsible corporate citizen, IPDC is focused on nurturing for its entire community - employees, customers and business partners; investors, analysts and shareholders; authorities and the media; and, of course, the local communities in which it operates.

Inclusion & Diversity

For IPDC, diversity and inclusion are priorities in all their aspects and on all levels. For our employee base, we strive towards a healthy gender balance. We are an equal opportunity employer and in 2021, our team expanded and diversified from different angles:

- Age: average age at 33 years.
- Size: 849 members.
- Gender: 20% female employees (of total employee base)

Education

With the AMAL Foundation, IPDC operates the Uchash School. Moreover, IPDC has also sponsored HSC candidates for a whole year so that they could continue their education without any gap. On the vocational side, in collaboration with Protibha Foundation, IPDC facilitated the vocational training for underprivileged women. In recognition of the exceptional contributions that teachers have made in the remote areas of the nation to nurture the future generation, IPDC has provided a grant to the teachers of the remote areas who are retired now to improve their livelihood. Moreover, in association with Madaripur Social Service Club, school bags for children were provided.

IPDC also continued IPDC Shubodh, the first ever interest-free loan for books during the month of February 2021. The initiative aims to mitigate the hindrance that book-lovers might have financially.



Social Equality

Within the organization, IPDC has launched a platform for women, Shushoma. With the vision to address all sorts of gender issues and maintain equality, Shushoma is headed by an exceptional team of women leaders.

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IPDC has emerged as an exceptionally resilient financial institutions during the times of COVID 19 pandemic. We launched IPDC Manobota, a deposit scheme to help people save money and provide food for underprivileged people during the COVID-19 pandemic. The pandemic pushed a lot of people into deeper poverty and compelled them to live on an insignificant amount of food during the holy month of Ramadan that started amid the outbreak. As such, this scheme encouraged the affluent to stand next to the needy during this time. For each Tk 1 lakh deposited in an 'IPDC Manobota' account, an impoverished family was provided with food for an entire month through the joint contribution of both the depositor and IPDC.



Creating Entrepreneurs

IPDC encourages prevailing & potential SME entrepreneurs by offering tailored & affordable products with a vision to boost SME enterprises.

Orjon

IPDC has pioneered the first-ever Blockchain-based solution for SME credit, in collaboration with IBM. Titled as Orjon, IPDC aims to cut a significant portion of paperwork involved in supply chain financing, while also speeding up the turnaround time for approval and disbursement.



Dana

Dana is an innovative pilot project involving microentrepreneurs. It has already been rolled out in its pilot phase with one of the largest FMCG manufacturers of the nation. The project aims to improve the livelihood of the microentrepreneurs by providing them with quick access to finance.



Making Life Easy

IPDC EZ is an innovative project designed for Retail customers who want to buy consumer electronics and other goods in an easy and convenient way. Currently, it is in pilot stage, partnering with one of the largest organizations of the nation. The project aims to provide quick and easy financing solution to the Retail consumers.



Refinancing Scheme

IPDC was the first in the industry to have successfully disbursed BDT 700 million of stimulus package for businesses, entrepreneurs and CMSMEs and surfaced as one of the most reliable financial institute during the daunting times of ongoing COVID-19 pandemic. To execute this initiative with high efficiency, IPDC coordinated with Bangladesh Bank to identify a solicited list of potential customers based on their portfolio and perspective during the Covid-19 situation. IPDC distributed a whopping 63.89% of this package among the CMSMEs.

Sports

As something which connects people regardless of race or religion, the unifying power of sports is appreciated by IPDC. As such, IPDC is delighted to play its role in the development of the future generation which will bear the torch of our sports-loving nation. Considering that, IPDC is already in agreement with Narail Express Foundation to promote sports training in the district of Narail. We have also onboarded Bangladesh cricket national team captain, Tamim Iqbal as our brand ambassador in 2021.

Health & Safety

For a sustainable community, the contribution towards health and safety initiatives is paramount. To promote community hygiene, IPDC has funded the building of a washroom facility at the Airport Railway Station. Moreover, IPDC has also established a cancer awareness camp at the University of Dhaka. IPDC has contributed to the healthcare costs of three hardworking individuals, including a student at a public university, who were terminally ill and needed assistance. In association with Terre Des Hommes Foundation, IPDC has equipped around hundreds of families affected by Cyclone Fani with water purifier system. We have also continued donations for COVID-19 healthcare.

Sponsorships

A dynamic sponsorship strategy allows IPDC to stay deeply connected with the society while leaving lasting, positive marks. In alignment with its long-term business strategy, IPDC undertook numerous, impactful sponsorship initiatives throughout the year. The Bangladesh Supply Chain Excellence Awards was one such initiative, where all relevant stakeholders of the supply chain were united and recognized. In the spirit of promoting cultural welfare, IPDC has sponsored underprivileged children on handcraft penholder making. IPDC has also sponsored a firefighters' program with the support of BRAC. For promoting equality, IPDC has contributed to the CSR Trust of Prothom Alo for a women enlightening session. A fellowship program of HERSTORY Foundation was sponsored by IPDC to promote gender equality. To promote economic development, IPDC has sponsored ICC and its event.

Outlook

Planned initiatives in this focus area includes:

- Partnership with local and international organizations with known expertise in implementing social projects.
- Increasing participation of women in our workforce
- Greater share of female clients attracted through preferential rates and superior service.

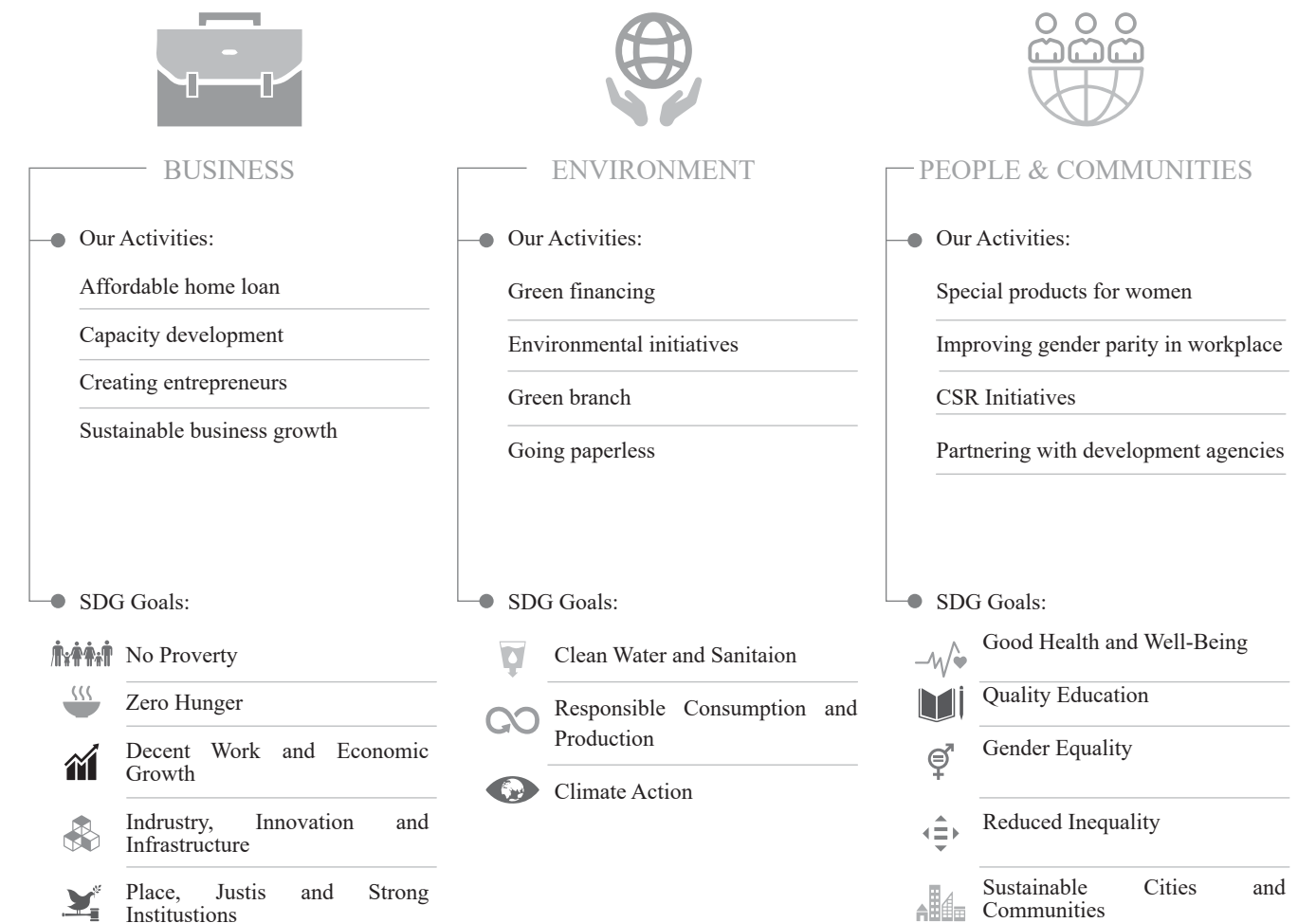
SUSTAINABILITY SCORECARD

Performance Indicators	2019	2020	2021
Customers Access to Finance			
Number of customers	12,232	14,780	17,534
Number of branches	12	12	15
Refinancing Portfolio (BDT mn)	2,119	3,073	4,151
Loans to corporate (BDT mn)	24,288	24,146	30,797
Loans to SME (BDT mn)	14,499	16,470	20,198
Loans to individuals (BDT mn)	11,939	12,994	14,332
No. of Priti Accounts	437	616	1,560
Investment in Employees			
Permanent	560	581	590
Outsourced/Contractual	294	264	259
New recruitments	428	128	190
Attrition rate of permanent employee (%)	13%	8%	12%
% of Female permanent employees (%)	20%	21%	20%
Average training hours per headcount	21	20	44
Training expenditure per headcount (BDT)	12,831	10,293	3,013
Employee salary and benefits (BDT mn)	566	693	741
Return to Investors			
Revenue (BDT mn)	2,166	2,830	3,445
Operating profit (BDT mn)	1,184	1,680	2,203
Profit after tax (BDT mn)	562	706	881
Economic value added (BDT mn)	320	635	909
Market value added (BDT mn)	3,472	4,179	7,971
Dividends distributed (BDT mn)	327	530	445
Dividends declared (%)	15%	12%	12%
Business to Suppliers			
Payment to Suppliers (BDT mn)	314	381	391
Total capital expenditure (BDT mn)	250	46	101
Responsibility towards Communities and Society			
CSR contribution (BDT mn)	9	29	13
Utility expense per square feet (BDT)	214	223	228
Printing & stationery expense per employee (BDT)	6,834	9,656	6,652
Travelling expense per employee (BDT)	35,316	16,195	20,106
Contribution to Regulators and Policy Makers			
Penalty for breach in compliance	-	-	-
Corporate tax to government (BDT mn)	890	892	924

COMMITMENT TO SDG GOALS

The Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. These 17 Goals build on the successes of the Millennium Development Goals, while including new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice among other priorities. For the goals to be reached, governments, the private sector, and civil society need to do their part. IPDC acknowledges its responsibility in contributing to these sustainable development goals (SDGs).

At IPDC, we believe that significant progress can be made in meeting many development challenges. Therefore, being in line with SDGs will in turn make sure a sustainable business growth of IPDC as well as have a positive impact on the overall socio-economic.



CREATING SUSTAINABLE VALUE FOR OUR STAKEHOLDERS

IPDC is aware of the impact of its activities at every stage of its operations and conducts regular dialogue with its stakeholders. The company enhanced its non-financial reporting disclosures to include sustainability reporting for the first time in our Annual Report 2016 and we continued to build on our efforts; so that stakeholders can gain insight into our approach for sustainability.

Stakeholder	How we engage our stakeholders	How we create value in long term
Customers	<ul style="list-style-type: none"> • Customer relationship teams • Micro marketing events • Print media • Social network 	<ul style="list-style-type: none"> • Ensuring safety of their deposits • Providing financial services fast and efficiently
Employees	<ul style="list-style-type: none"> • Team building events • Townhalls • Employee recreation club • Training programs 	<ul style="list-style-type: none"> • Ensuring a good work life balance • Career progression opportunities
Investors	<ul style="list-style-type: none"> • Annual general meeting • Postal service • Website • Print media • Investors meet 	<ul style="list-style-type: none"> • Higher returns on investment • Efficient risk management to optimize return • Transparent communication
Suppliers	<ul style="list-style-type: none"> • One-on-one meeting • Email • Verbal communication 	<ul style="list-style-type: none"> • Transparent procurement policy • Fast payment for services
Communities and Society	<ul style="list-style-type: none"> • Social media • Website • CSR initiatives 	<ul style="list-style-type: none"> • Optimizing resource usage in branches • Partnering with agencies for community development
Regulators and Policy Makers	<ul style="list-style-type: none"> • Meetings • Letters • Verbal communication • Email 	<ul style="list-style-type: none"> • On time regulatory reporting • Effective corporate governance