We at IDFC Bank Limited (‘IDFC Bank’) seek to differentiate ourselves by building a new age bank to serve the banking needs of ‘banked’ as well as ‘unbanked’ population of India. This will be enabled through digital banking, and driven through a culture of service.

IDFC Bank believes in conducting its operations in a fair and transparent manner. The Environment & Social Policy of IDFC Bank, policies for internal and external stakeholders and policies for upholding wellbeing of employees, together with the Bank’s stringent adherence to compliance and governance aims at strengthening Business Responsibility.

The disclosures on Business Responsibility is aligned with the nine principles of National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, released by the Ministry of Corporate Affairs, Government of India and is in accordance with Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing
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IDFC Bank commenced its banking operations on October 01, 2015 and got listed on November 06, 2015 on the National Stock Exchange of India Limited and BSE Limited. Although IDFC Bank has recently commenced its banking operations, it has endeavored to be a responsible corporate citizen and adhere to the below Principles.

**PRINCIPLE 1**

**BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY**

IDFC Bank accords utmost importance to ethical, transparent and accountable conduct by its employees and stakeholders. The Compliance function of IDFC Bank ensures compliances to various regulatory and statutory requirements at various levels within the Bank. It also updates the Board and the Management of IDFC Bank on the status of compliances in the changing regulatory environment. The Corporate Governance practices apply across various businesses of IDFC Bank including Board Governance. The Board oversees the service of the Management towards protection of stakeholders’ interest in the longrun.

Policies and frameworks have been set up at various levels across IDFC Bank to guide employees and stakeholders in fair dealings and ensuring compliance to regulatory norms applicable to the Bank.

Some of the policies formulated by IDFC Bank which underline the essence of this Principle are:

- **Code of Conduct Policy** describes business ethics and anti-corruption as one of the pillars for the Code of Business Conduct. Through this policy the employees are discouraged from accepting / falling prey to any inducements and encouraged to adopt high standards of professionalism, honesty, integrity and ethical behavior in their banking operations.

- **Whistle Blower Policy** is applicable to all Directors and Employees of IDFC Bank. The policy covers breach of Code of Conduct, Ethics Policy or Employment Contract and Abuse of Authority as some of the malpractices and events for which any employee can blow a whistle. This policy provides a framework to promote responsible and secure whistle blowing.

- **The Vigilance Policy** prevents employees from accepting any valuable or pecuniary advantage by corrupt and illegal means or by abusing his position as an employee. It discourages the possession of assets by employees disproportionately by misappropriation, forgery, cheating or through criminal offences.

- **IDFC Group including IDFC Bank has always been committed to good corporate governance practices, including in matters relating to Related Party Transactions. IDFC Bank has formulated the Policy on Related Party Transactions which monitors the transactions of IDFC Bank with related parties. The details of the transactions with related parties are placed before the Audit Committee from time to time.**

- **IDFC Bank has adopted the Code of Conduct for Prohibition of Insider Trading in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 with a view to regulate trading in securities by the Board of Directors and Employees of IDFC Bank, their immediate relatives and other insiders.**

**PRINCIPLE 2**

**BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE**

IDFC Bank has a dedicated Environment Risk Group (‘ERG’) that works proactively with the business team and clients to identify and address any social / environmental concerns in the life cycle of the projects being financed.

Most of IDFC Bank’s businesses incorporate social and environmental concerns in its finance operations. IDFC Bank
is a signatory to **Equator Principles** (‘EPs’) which is a Financial Industries Benchmark for determining, assessing and managing environmental and social risks in project finance transactions.

The **Environment & Social Policy** of IDFC Bank is applicable to Wholesale Banking, Micro, Small and Medium Enterprises (‘MSMEs’), Small and Medium-sized Enterprises (‘SMEs’) and Bharat Banking businesses. An Environment & Social (‘E&S’) risk management framework has been developed for these businesses that identifies sector / industry specific risks and lays out the systems and procedures for E&S review of the transactions. IDFC Bank is focused towards funding renewable energy projects in the wind energy and solar power sectors.

The Bharat Banking business of IDFC Bank adopts an outreach model. Its wide-spread network of branches, Micro ATMs and ATMs have improved the availability of banking services in the rural and semi-urban geographies that it operates in. In addition, its officers offer door-step banking services in each village that they serve.

IDFC Bank reaches out to the large mass market consumer segments in villages and small towns using innovative technological solutions that have been introduced to provide the best experience to customers in these markets.

**PRINCIPLE 3**

**BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES**

IDFC Bank recognises its employees as its most valuable asset. It constantly strives to provide all employees with opportunities for learning, professional growth and development. There is a robust mechanism in place to provide a work atmosphere completely free of any discrimination and harassment. Employees are pivotal to IDFC Bank’s growth and success. IDFC Bank inspires a collaborative work environment with rewarding career opportunities for professional and personal growth. Providing health, safety and security to its employees at the workplace, is a priority for IDFC Bank. There are various policies in place to ensure employee wellbeing, some of which are: **Equal Opportunity & Diversity Guidelines Policy** which provides and maintains equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation.

Focusing on increasing the gender diversity, IDFC Bank had partnered with Avtar Career Creators to run a targeted recruitment drive focusing on returning mothers seeking avenues to restart their career.

**Whistle Blower Policy** provides the employees with an appropriate grievance redressal mechanism to identify any breach of ethical behavior and malpractices by any employee. For more information on this policy, please refer Principle 1.

IDFC Bank has adopted four **Values** which are imbibed into each employee, namely:

**Balance**—to stay balanced by being ambitious but grounded, risk taking yet careful, to not only ideate but also execute.

**Collaborate**—to work together, proactively sharing information, ideas and solutions.

**Drive**—driven by high focus and energy to constantly delight customers.

**Honesty**—to be honest, transparent to all stakeholders and deliver what we promise.

IDFC Bank has various formal and informal channels of employee engagement. Regular communication through emails and intranet, team off-sites, town halls, rewards and recognition programmes, festival celebration, health awareness sessions, time-out sessions etc. are some of the initiatives undertaken by IDFC Bank to continually engage its employees on various aspects concerning professional and personal development.

IDFC Bank has in place the **Sexual Harassment (Prevention & Redressal) Policy** which obligates employers to have a process to prevent sexual harassment at workplace as well as to provide redressal of complaints relating to sexual harassment. Through this policy, IDFC Bank conforms to zero-tolerance to any form of prejudice, gender bias and sexual harassment at work. IDFC Bank has in place the **Sexual Harassment (Prevention & Redressal) Policy** which obligates employers to have a process to prevent sexual harassment at workplace as well as to provide redressal of complaints relating to sexual harassment. Through this policy, IDFC Bank conforms to zero-tolerance to any form of prejudice, gender bias and sexual harassment at work.

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**PRINCIPLE 4**

**BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED.**

IDFC Bank follows the RBI guidelines on licensing norms that stipulates that at least 25% of the Bank’s branches must be opened in unbanked rural centers having a population of less than 10,000. Accordingly, IDFC Bank is committed to being responsive to providing banking services in unbanked areas. As on March 31, 2016, out of the 60 IDFC Bank branches - 16 were opened in Tier 5-6 unbanked villages and another 17 were opened in Tier 2-4 towns of under-banked districts of under banked states of the country. Bharat Banking which is one of the key businesses of IDFC Bank, reaches out to the unbanked and
under-banked segments of the market. It has several customized products such as Pratham savings account - Basic savings Bank Deposit Account (‘BSBDA’) and Sakhi Shakti loans that are extended to women’s groups for income generating activities and advancing their household livelihoods.

Stakeholders have the ability to influence the way an organisation progresses with growth. They influence the manner in which a bank may operate its products and services. It is the Bank’s endeavor to build strong relationships with each of its stakeholders to enhance innovative services for them. IDFC Bank has evolved formal and informal engagement mechanisms to understand stakeholders expectations and concerns.

IDFC Bank’s engagement with few key stakeholders is described below:

**Shareholders, Customers & Investors**
Equity Shareholders, Infra Bondholders, Private Placement Bondholders and Customers form part of key stakeholders of IDFC Bank. There are various procedures for resolving complaints of these stakeholders including through toll-free telephone lines, through the SEBI SCORES portal (Equity and Infra Bonds), through customer engagements at branches, registered office and corporate office. Investor grievance cells also help in resolving the complaints of these stakeholders.

Conference calls are organised by IDFC Bank post quarterly results for analyst and investors to interact with senior management of the Bank. The transcript of this call is also available on the Bank’s website: www.idfcbank.com.

**Employees**
Employees too form a category of stakeholders of IDFC Bank. The programs, benefits, rewards, redressal grievance cells and employee satisfaction initiatives are given under Principle 3.

**Government & Regulators**
The Government and Regulators such as Reserve Bank of India, the Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited etc. are engaged through various statutory filings, regular meetings, emails & letters.

**Business Associates, Vendors and Suppliers**
Business Associates, Vendors and Suppliers are engaged through meetings, letters, emails, supplier contracts and such other means.

**Community**
IDFC Foundation, a Section 8 Company within the meaning of Companies Act, 2013 and a 100% subsidiary of IDFC Limited (Ultimate Holding Company of IDFC Bank) has undertaken various Corporate Social Responsibility (‘CSR’) initiatives. Please refer to Section B 04 of this report and the Board’s Report which forms part of the IDFC Bank Annual Report FY16 for further details on CSR initiatives.

IDFC Institute, an independent not-for-profit think tank has also been instrumental in providing research and partnership implementation schemes for issues pertaining to economic development and growth.

**Media**
The Media is engaged through advertising, media interaction, interviews, press releases, emails etc. The marketing team partakes in the dialogue with such stakeholders.

**PRINCIPLE 5**
**BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS**
IDFC Bank is increasingly concerned about the impact on human rights. It respects every citizen’s right and bases its policies and operations without discrimination, upholding dignity of every employee, customer and stakeholder.

IDFC Bank had organized ‘Basics of Banking’ workshop for girls at the Prabhadevi Branch in Mumbai on March 09, 2016. The workshop was organized in association with Masoom Education, a not-for-profit organization with a passion for establishing quality education in night schools.

Designed by our Learning & Development team, with the support of Consumer Bank (Prabhadevi Branch team), the workshop covered the do’s and don’ts while transacting, merits of savings, financial products at the disposal of women today, and different types of accounts and loans they can take advantage of. Most
importantly, they were made aware of their rights as a consumer and services that they could expect or demand from a bank. IDFC Foundation, in partnership with Masoom, has adopted 10 night schools, to enhance learning levels of students who are largely from under privileged backgrounds, through improved school infrastructure, governance, community engagement and improved quality of education. Few policies within IDFC Bank which enumerate this Principle are:

- ‘Equal Opportunity & Diversity Guidelines Policy’, ‘Whistle Blower Policy’ and ‘Sexual Harassment (Prevention & Redressal) Policy’ articulate that IDFC Bank strives to create an innovative and integrated culture to promote human rights. Please refer to Principle 3 for more information on these policies.

**PRINCIPLE 6**

**BUSINESS SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT**

IDFC Bank is an environment friendly organisation constantly working towards developing solutions to minimise its impact on the environment. IDFC Bank has installed solar panels at all its Bharat Banking branches. IDFC Bank has extended corporate banking and credit facilities to projects in sectors such as renewable energy. One such channel through which IDFC Bank has assisted in resource conservation is by the introduction of e-statements and e-receipts for its customers. IDFC Bank encourages shareholders to opt for electronic copies of the Annual Report through its Green Initiative program.

The Environment & Social Policy of IDFC Bank sets the guidelines through which the Bank assesses its environmental and social risks associated with its business operations. This policy is applicable to the Wholesale Banking, MSMEs, SMEs and Bharat Banking Businesses. IDFC Bank has also adopted EPs for the risk management in its project finance business.

Some of the initiatives undertaken and which are part of IDFC Bank’s internal performance are:
- certification for our central data centre for energy efficiency;
- LEED “Gold” certification for our registered office at Chennai;
- carbon footprint assessment of our operations;
- energy conservation measures have been undertaken at various branch offices including use of double glazed windows, use of recycled material, green IT, use of renewable source of energy etc.;
- several measures are undertaken to minimise the environmental impact due to business travel such as car pooling, company bus service, video / audio conferencing facilities at all major branch offices.

IDFC Bank’s wastes are recycled to the maximum extent possible through third party vendors. The emissions and wastes are within permissible limits of applicable laws. IDFC Bank uses low noise and low emission diesel generator sets at its urban branches.

IDFC Bank reduces its environmental and carbon footprint by continuously exploring opportunities to enhance energy efficiency through measures such as monitoring energy consumption, use of energy efficient equipment etc.

IDFC Bank minimises the usage of lightings, air-condition systems and other various infrastructure services in branches and the corporate office to inculcate an atmosphere of energy efficiency. Consumption of water through efficient water saving technologies were also initiated at branches and the corporate office.

**PRINCIPLE 7**

**BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER**

IDFC Bank is an active member of several trade bodies and associations. Some of the major ones are listed below:

1. Association of Mutual Funds in India
2. All India Management Association
3. Bombay Chamber of Commerce and Industry
4. Bombay Management Association
5. Confederation of India Industry (‘CII’) 
6. Data Security Council of India
7. Fixed Income Money Market and Derivatives Association of India
8. Foreign Exchange Dealers Association of India
9. Indian Banks’ Association
10. Indian Institute of Banking and Finance
11. Indian Merchant Chambers

12. The Associated Chambers of Commerce & Industry of India
13. The Federation of Indian Chambers of Commerce and Industry (‘FICCI’)

Through these associations, IDFC Bank promotes an efficient and transparent financial system, enhancing financial literacy and improving access to the banking system. IDFC Bank also participates in key initiatives undertaken by the Government and Regulators.

Some of IDFC Bank’s disclosures serve as a channel to disclose and share financial performance and best practice services to its shareholders. One such disclosure is publishing of financial reports, prepared according to the Indian Generally Accepted Accounting Principles (‘GAAP’).

**PRINCIPLE 8**

**BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT**

Through its unique projects launched by the Bharat Banking division, IDFC Bank has helped in linking excluded sections of the society with formal banking systems to achieve financial inclusion. As of March 31, 2016, some of the key statistics relating to financial facilities extended under Bharat Banking are:

- 10, 644 Sakhi Shakti Women’s Group Loans
- 1,508 Pratham (BSBDA) Accounts
- 6,763 other saving accounts variants

Additionally, Bharat Banking has 32 Micro ATMs outlets as part of its banking network for making the basic banking services available in remote locations.

The Corporate Social Responsibility Policy adopted by IDFC Bank outlines the provisions for contribution of the Bank towards CSR activities.

CSR activities undertaken by IDFC Foundation are given in the Board’s Report which form part of the IDFC Bank Annual Report FY16. The employees of Bharat Banking have supported IDFC Foundation in implementing its initiatives, which include ‘Digishala’, ‘Shwetdharma’ and ‘Nayantara’—so far successfully launched in Madhya Pradesh. ‘Digishala’ is a computer education programme for primary school children.
Carbon footprint is a measure of the impact that any organisation’s activities have on the environment and in particular climate change. It is expressed in tonnes of carbon dioxide (CO₂) emitted equivalent (tCO₂e) and is reported under three categories:

- **Scope 1** - Emissions from company owned or operated GHG sources
- **Scope 2** - Emissions from assets owned by others but energy is bought by the company
- **Scope 3** - Emissions other than Scope 2 that are a consequence of an organisation’s activities, but arise from greenhouse gas sources controlled by other organisations (non mandatory reporting).

IDFC Bank is committed to building a sustainable future, and, therefore, is focused on reducing the carbon intensity of its operations. It uses ratios (tCO₂e/ Operating Income & tCO₂e / PAT) to measure the incremental emissions for every rupee of revenue generated and profit generated respectively and endeavors to increase its resource use efficiency in each succeeding year.

IDFC Bank’s Carbon footprint assessment for FY16 has been verified by SGS India Pvt. Ltd. in accordance with ISO-14064-3:2006 as meeting the requirements of ISO-14064-1:2006—Specification with guidance at organization level for quantification and reporting of greenhouse gas emissions and removals & WRI/WBCSD Greenhouse Gas Protocol – A corporate Accounting and Reporting Structure. The carbon footprint for IDFC Bank in FY16 is given in Table 01.

Energy conservation measures have also been undertaken at our various office premises, which include use of double glazed windows, minimum use of paper printings, use of recycled material, green IT, use of video conferencing to avoid air travel, e-statements, e-receipts, e-annual reports, etc., in order to reduce our carbon footprint.

### PRINCIPLE 9

**BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER.**

IDFC Bank has a number of mechanisms for gathering feedback for resolving grievances of its customers. Some of the grievance redressal mechanisms at IDFC Bank are:

- **Wholesale & Retail Customers queries pertaining to Consumer Banking, Bharat Banking and Commercial & Wholesale Banking** are addressed by approximately 70 ‘Banker on Call’ employees located at Airoli, Mumbai who are available 24/7 for any assistance to the customers. This facility has been implemented dedicatedly for imparting information on Bank products, resolving queries relating to account balances, account statements, KYC documentation, ATM complaints etc. Retail customers may also send in their queries to banker@idfcbank.com and sampark@idfcbank.com which are answered by trained customer service staff.

Some of the key policies for protection of customers are:

**The Customer Grievance Redressal Policy** underlines the treatment to customers fairly and equally without any bias. Grievances are resolved within the Turn Around Time (‘TAT’). Customers are made aware of alternative remedial channels if they are not satisfied and endeavor is made to enable customers to make informed choices regarding Bank products and to reduce errors in banking transactions.

Through the **Fair Practice Code for Lenders**, IDFC Bank undertakes to provide comprehensive information relating to fees, charges, refunds, processing timelines, application status for products, loan processes and communication of approval and rejection of loan applications.

IDFC Bank has imparted training to its employees of the Consumer Banking, Bharat Banking, Commercial & Wholesale Banking businesses with an aim to enable the employees to understand the customer's needs and enhance quality service to them.

IDFC Bank provides transparent information on all its products through its website: www.idfcbank.com which has details such as product features, service charges, applicable fees, interest rates, deposit schemes etc. IDFC Bank also has online tools for customers to understand eligibility for certain products such as home loans.
SECTION A

GENERAL INFORMATION ABOUT THE COMPANY

01 | CIN of the Company: U65110TN2014PLC097792
02 | Name of the Company: IDFC Bank Limited
03 | Registered address: KRM Tower, 8th Floor, No. 1 Harrington Road, Chetpet, Chennai 600 031.
Tamil Nadu, India.
Tel: +91 (44) 4564 4000
Fax: +91 (44) 4564 4022
04 | Website: www.idfcbank.com
05 | E-mail id: bank.info@idfcbank.com
06 | Financial year reported: 2015-16
07 | Sector(s) that the Company is engaged in (industrial activity code-wise):
As per National Industrial Classification - 2008:
Section K - Financial and Insurance Activities
Division 64 - Financial Service Activities, except insurance and pension funding.
Code: 64191—IDFC Bank Limited (‘IDFC Bank’) is a banking company governed by the Banking Regulation Act, 1949
08 | List three key products / services that the Company manufactures / provides (as in balance sheet)
- Retail Banking
- Corporate Banking
- Treasury
09 | Total number of locations where business activity is undertaken by the Company
i. Number of International Locations
(Provide details of major 5)
None.
ii. Number of National Locations
As on March 31, 2016, IDFC Bank has 60 branches, out of which 4 branches are at Mumbai and the other 56 branches are spread across other states of India including Maharashtra. Also, there is 1 Central Processing Center at Airoli, Mumbai and 11 ATMs spread across India.
10 | Markets served by the Company:
Local / State / National / International
IDFC Bank serves customers in national market.

SECTION B

FINANCIAL DETAILS OF THE COMPANY

01 | Paid-up Capital (INR)
₹ 3,392.62 crore
02 | Total Turnover (INR)
₹ 4,052.03 crore
03 | Total Profit after Taxes (INR)
₹ 466.85 crore
04 | Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after tax (%).
Being the 1st year of operations, the provision relating to contribution towards CSR was not applicable to IDFC Bank for FY16.
However, pursuant to the Scheme of Arrangement between IDFC Limited and IDFC Bank Limited and their respective shareholders and creditors under Section 391 to 394 of the Companies Act, 1956 (‘Demerger Scheme’), the lending and borrowing business (‘Financing Undertaking’) of IDFC Limited was transferred to IDFC Bank w.e.f. October 01, 2015 (Effective date of the Demerger Scheme).
Accordingly, the CSR spend from the Financing Undertaking was carried out by IDFC Limited (Ultimate Holding Company of IDFC Bank) through IDFC Foundation, a Section 8 company within the meaning of the Companies Act, 2013.

SECTION C

OTHER DETAILS

01 | Does the Company have any Subsidiary Company / Companies?
No
02 | Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)
Not Applicable
03 | Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR Initiatives of the Company? If yes, then indicate the percentage of such entity / entities?
Yes, there are various entities that IDFC Bank does business with, which take part in the BR initiatives. We engage with our business associates, implementing partners and also clients to carry out our BR related initiatives.

SECTION D

BUSINESS RESPONSIBILITY INFORMATION

01 | Details of Director / Directors responsible for BR
a. Details of the Director / Directors responsible for implementation of the BR policy / policies
DIN Number: 00131782
Name: Dr. Rajiv B. Lall
Designation: Founder Managing Director & CEO
b. Details of the BR head
DIN Number: Not Applicable
Name: Mr. Animesh Kumar
Designation: Head—HR, Brand & Foundation
Telephone number: 022 42222000
E-mail id: animesh.kumar@idfcbank.com

Report which forms part of the IDFC Bank Annual Report FY16.
### 2A PRINCIPLE-WISE (AS PER NVGS) BR POLICY / POLICIES

#### Details of Compliance (Reply in Y / N)

<table>
<thead>
<tr>
<th>NO.</th>
<th>QUESTIONS</th>
<th>P1</th>
<th>P2</th>
<th>P3</th>
<th>P4</th>
<th>P5</th>
<th>P6</th>
<th>P7</th>
<th>P8</th>
<th>P9</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Do you have a policy / policies for</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>2</td>
<td>Has the policy being formulated in consultation with the relevant stakeholders?</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>-</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>3</td>
<td>Does the policy conform to any national / international standards? If yes, specify? (50 words) <strong>(Note 1)</strong></td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>-</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>4</td>
<td>Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>-</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>5</td>
<td>Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>-</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>6</td>
<td>Indicate the link for the policy to be viewed online? <strong>(Note 2)</strong></td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>-</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>7</td>
<td>Has the policy been formally communicated to all relevant internal and external stakeholders?</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>-</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>8</td>
<td>Does the company have in-house structure to implement the policy / policies.</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>-</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>9</td>
<td>Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders’ grievances related to the policy / policies?</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
<td>-</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>10</td>
<td>Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency? <strong>(Note 3)</strong></td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
<td>-</td>
<td>Y</td>
<td>Y</td>
</tr>
</tbody>
</table>

**Note 1**
The Bank has based its policies on guidelines and key indicators of the Reserve Bank of India and regulations passed by the Government of India from time to time.

**Note 2**
The Web-link and accessibility to the following policies which are relevant to the principles are available on http://www.idfcbank.com/investor-relations/corporate-governance.html

- Code of Conduct for prohibition of insider trading
- Policy on Related Party Transactions
- Whistle Blower Policy
- Corporate Social Responsibility Policy
- Environment & Social Policy Framework

In addition to the above, there are policies for employees which are available on the internal portal of IDFC Bank.

**Note 3**
The Bank has an internal audit department that carries out the audit and examination of most Bank policies. In addition, the Bank is under the purview of the Reserve Bank of India. The Bank’s accounts are audited by external auditors.
SECTION E

PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1
1. Does the policy relating to ethics, bribery and corruption cover only the company?
   Yes / No. Does it extend to the Group /

Joint Ventures / Suppliers / Contractors / NGOs / Others?
No, the Policies relating to ethics, bribery and corruption cover not only IDFC Bank, but also other external stakeholders. Please refer to Principle 1 which revolves around ethics, bribery and corruption for more information.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

There were no stakeholder complaints received in the reporting period with regard to ethics, bribery and corruption.

PRINCIPLE 2
1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

Most of IDFC Bank’s products incorporate social and environmental concerns in its financial operations, to name a few:
- Sakhi Shakti Women’s Group Loan
- Pratham (BSBDA) Accounts
- ‘Short N Sweet’—an innovative mortgage home loan
- IDFC Bank has created the country’s first Interoperable Micro ATM - that helps provide Aadhaar enabled digital banking and payments services to common citizens in both urban and rural India in their neighbourhood. This helps citizens open bank accounts using the e-KYC process eliminating the need for paper applications. The IDFC Bank Micro ATM allows customers of any bank to conduct basic transactions using their Aadhaar number or debit cards, making digital door-step banking a reality.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):
   a. reduction during sourcing / production / distribution achieved since the previous year throughout the value chain

IDFC Bank began its banking operations on October 01, 2015. Being a banking unit, the main resource utilized by the Bank is paper. Focus has been made on paperless procedures in the Bank, reducing consumption of paper through e-statements and e-receipts to customers, reducing paper procurements, etc. IDFC Bank has also encouraged the use of mobile
and internet banking by its customers.
IDFC Bank has pioneered the digital savings account process which is completely paperless and instant using the Micro ATM platform leveraging Aadhar eKYC.

IDFC Bank’s waste paper disposal system is routed through third party vendors and recyclers. Low emission diesel generators are used in urban branches while solar panels are used in Bharat Banking branches for energy efficiency.

b. Reduction during usage by consumers (energy, water) has been achieved since the previous year
This being the 1st year of banking operations of IDFC Bank, it has made every effort to create awareness among its customers and employees for efficient resource consumption.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?
a. If yes, what percentage of your inputs was sourced sustainably?
Our major material requirements are office, communications and IT related equipments. IDFC Bank has various vendor agreements for major suppliers, which are in line with labour standards, environment and ethical business practices. It would not be possible to ascertain the percentage of inputs that are sourced sustainably.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
a. If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
IDFC Bank has used the Financial Inclusion Model for reaching out to rural, semi-urban and urban India. IDFC Bank has its presence in various states in India. Branches use most vendors as per the procurement standards.

IDFC Bank has taken several initiatives for the development of local suppliers of goods and services such as empanelment of a courier agency operated by physically challenged people, regularizing skills for housekeeping and security staff. Most branches source goods from local suppliers.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).
Also, provide details thereof, in about 50 words or so.
IDFC Bank has taken adequate steps to minimize the disposal waste quantum through its operations. All recyclable waste collected at our branches is separated (dry and wet waste). The waste is then handed over to an authorised waste processor. More than 10% of total waste generated from our operations is recycled.

PRINCIPLE 3
1. Please indicate the Total number of employees:
2,405 employees as on March 31, 2016.
2. Please indicate the Total number of employees hired on temporary / contractual / casual basis.
IDFC Bank has no employees hired on temporary / contractual / casual basis
3. Please indicate the Number of permanent women employees.
466 permanent women employees as on March 31, 2016.
4. Please indicate the Number of permanent employees with disabilities.
4 permanent employees with disabilities as on March 31, 2016.
5. Do you have an employee association that is recognized by management?
No.
6. What percentage of your permanent employees is members of this recognized employee association?
Not Applicable.
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.
Nil.
8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
Induction / training programmes are imparted to all employees of IDFC Bank. It includes various aspects, such as product training, skills & behavioural training.
a. Permanent Employees:
2,272 Employees (94.46%)
b. Permanent Women Employees:
442 Women Employees (94.85%)
c. Casual / Temporary / Contractual Employees:
Nil
d. Employees with Disabilities:
4 Employees (100%)

PRINCIPLE 4
1. Has the company mapped its internal and external stakeholders? Yes / No
Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders. if so, provide details thereof, in about 50 words or so.
Yes, IDFC Bank regularly undertakes initiatives to engage with disadvantaged, vulnerable & marginalized stakeholders. Please refer to the brief description on Principle 4 for more information.

PRINCIPLE 5
1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?
No. The policies revolving around human rights cover not only IDFC Bank but also other stakeholders. Please refer to the brief description on Principle 5 for more information.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
IDFC Bank did not receive any complaint relating to human rights violations from internal or external stakeholders.

PRINCIPLE 6
1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others?
No. The policies relating to Principle 6 covers not only IDFC Bank but also other stakeholders. Please refer to the brief
description in Principle 6 for the steps taken to protect environment.

2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Yes. IDFC Bank as a responsible Bank, has undertaken several initiatives to minimise its environmental impact. Please refer to the various initiatives described in Principle 6 for more information.

3. Does the company identify and assess potential environmental risks? Yes. The E&S Risk Management is an integral part of the Credit Risk Appraisal System of IDFC Bank. The ERG which is a part of the Credit Risk Group is responsible for managing E&S risk in IDFC Bank’s lending business. IDFC Bank has adopted EPs for risk management of its Project finance transactions. An E&S risk management framework has been developed for the Wholesale Banking, Mid-Market, SME, MSME and Bharat Banking businesses, that identifies sector/industry specific risks and lays out the systems and procedures for E&S review of the transactions.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? No, IDFC Bank does not have any project related to the Clean Development Mechanism.

5. Has the company undertaken any other initiatives on—clean technology, energy efficiency, renewable energy, etc.? IDFC Bank has undertaken various initiatives on clean technology, energy efficiency and renewable energy. For more information on this, please refer to Principle 6.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? This is not applicable to IDFC Bank.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. No show cause/legal notices were received.

PRINCIPLE 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with: IDFC Bank is an active member of several trade bodies and associations. A list of these associations have been mentioned under Principle 7.

   In addition to the above, Senior Management of IDFC Bank are members of various committees constituted by the Government of India, Regulators and other industry bodies.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if Yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)? IDFC Bank is also working with Government agencies, other financial institutions and industry associations like CII and FICCI towards funding green technology and for associate services. For more details please refer to Principle 7.

PRINCIPLE 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If Yes details thereof. IDFC Bank’s Bharat Banking unit has several products and services which cater towards providing banking services to urban, semi-urban and rural areas of India. IDFC Bank has adopted a strategically different service approach for catering to people in these areas. The concepts used by Bharat Banking involves creating hub branches with an ecosystem of access points. Bharat Banking has created a contiguous distribution network of Micro ATMs in villages to provide connectivity in remote areas.

   In addition, there are various projects undertaken through IDFC Foundation as part of its CSR initiatives. Please refer to the Board’s Report which forms part of the IDFC Bank Annual Report FY16 for more information on CSR activities undertaken by IDFC Foundation.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/Government structures/any other organization? IDFC Foundation, a not for profit company within the meaning of Section 8 of the Companies Act, 2013 and a 100% subsidiary of IDFC Limited, acts as an implementing agency to undertake CSR activities for IDFC Limited (Ultimate Holding Company of IDFC Bank).

   The approach adopted by IDFC Foundation is to enhance income flows of households through livelihood inputs
and market linkages, as well as helping Government and non-Government organizations to deliver better service to the community. Some of the major areas of support are education, health, affordable housing, direct financial support etc. Please refer to the brief description in Principle 8 which shows IDFC Bank’s philosophy to support inclusive growth and equitable development.

3. Have you done any impact assessment of your initiative?
IDFC Foundation has a system of reviewing all its initiatives wherein the progress of each initiative is evaluated along with its impact on the touch points. The desired objectives (performance parameters) of the initiatives are generally stated at the commencement stage of the initiative and reviewed periodically and correction measures are taken, if any.

4. What is your company’s direct contribution to community development projects- Amount in INR and the details of the projects undertaken.
Being the 1st year of operations, provision relating to CSR as per Section 135 of the Companies Act, 2013, was not applicable to IDFC Bank for FY16.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?
Through effective stakeholder engagement, IDFC Bank ensures that, its community engagement initiatives have a strong focus on sustainability in the long term.

PRINCIPLE 9
1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.
Nil.
2. Does the company display product information on the product label, over and above what is mandated as per local laws?
IDFC Bank complies fully with applicable Regulations for its products and services and is a member of the Banking Codes and Standards Board of India (BCSBI).
All notices and regulations are displayed at branches as per the requirements of the Reserve Bank of India.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year.
There are no cases filed / pending against IDFC Bank regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour for FY16.
4. Did your company carry out any consumer survey / consumer satisfaction trends?
IDFC Bank periodically measures the satisfaction among its customers, understanding their expectation to essentially gauge its competitiveness in the banking industry.
For more details on customer engagement please refer to Principle 9.
PRINCIPLES TO ASSESS COMPLIANCE WITH ENVIRONMENTAL, SOCIAL AND GOVERNANCE NORMS

PRINCIPLE 1
Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
1. Businesses should develop governance structures, procedures and practices that ensure ethical conduct at all levels; and promote the adoption of this Principle across its value chain. Businesses should communicate transparently and assure access to information about their decisions that impact relevant stakeholders.
2. Businesses should not engage in practices that are abusive, corrupt, or anti-competition.
3. Businesses should truthfully discharge their responsibility on financial and other mandatory disclosures.
4. Businesses should report on the status of their adoption of these Guidelines as suggested in the reporting framework in this document.
5. Businesses should avoid complicity with the actions of any third party that violates any of the Principles contained in these Guidelines.

PRINCIPLE 2
Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
1. Businesses should assure safety and optimal resource use over the life-cycle of the product – from design to disposal – and ensure that everyone connected with it - designers, producers, value chain members, customers and recyclers are aware of their responsibilities.
2. Businesses should raise the consumer’s awareness of their rights through education, product labelling, appropriate and helpful marketing communication, full details of contents and composition and promotion of safe usage and disposal of their products and services.
3. In designing the product, businesses should ensure that the manufacturing processes and technologies required to produce it are resource efficient and sustainable.
4. Businesses should regularly review and improve upon the process of new technology development, deployment and commercialization, incorporating social, ethical, and environmental considerations.
5. Businesses should recognize and respect the rights of people who may be owners of traditional knowledge, and other forms of intellectual property.
6. Businesses should recognize that over-consumption results in unsustainable exploitation of our planet’s resources, and should therefore promote sustainable consumption, including recycling of resources.

PRINCIPLE 3
Businesses should promote the wellbeing of all employees
1. Businesses should respect the right to freedom of association, participation, collective bargaining, and provide access to appropriate grievance Redressal mechanisms.
2. Businesses should provide and maintain equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation.
3. Businesses should not use child labour, forced labour or any form of involuntary labour, paid or unpaid.
4. Businesses should take cognizance of the work-life balance of its employees, especially that of women.
5. Businesses should provide facilities for the wellbeing of its employees including those with special needs. They should ensure timely payment of fair living wages to meet basic needs and economic security of the employees.
6. Businesses should provide a workplace environment that is safe, hygienic humane, and which upholds the dignity of the employees. Business should communicate this provision to their employees and train them on a regular basis.
7. Businesses should ensure continuous skill and competence upgrading of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. They should promote employee morale and career development through enlightened human resource interventions.
8. Businesses should create systems and practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities.

PRINCIPLE 4
Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
1. Businesses should systematically identify their stakeholders, understand their concerns, define purpose and scope of engagement, and commit to engaging with them.
2. Businesses should acknowledge, assume responsibility and be transparent about the impact of their policies, decisions, product & services and associated operations on the stakeholders.
3. Businesses should give special attention to stakeholders in areas that are underdeveloped.
4. Businesses should resolve differences with stakeholders in a just, fair and equitable manner.

PRINCIPLE 5
Businesses should respect and promote human rights
1. Businesses should understand the human rights content of the Constitution of India, national laws and policies and the content of International Bill of Human Rights. Businesses should appreciate that human rights are inherent, universal, indivisible and interdependent in nature.
2. Businesses should integrate respect for human rights in management systems, in particular through assessing and managing human rights impacts of operations, and ensuring all individuals impacted by the business have access to grievance mechanisms.
3. Businesses should recognize and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalized groups.
4. Businesses should, within their sphere of influence, promote the awareness and realization of human rights across their value chain.
5. Businesses should not be complicit with human rights abuses by a third party.

PRINCIPLE 6
Business should respect, protect, and make efforts to restore the environment
1. Businesses should utilize natural and manmade resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste.
2. Businesses should take measures to check and prevent pollution. They should assess the environmental damage and bear the cost of pollution abatement with due regard to public interest.
3. Businesses should ensure that benefits arising out of access and commercialization of biological and other natural resources and associated traditional knowledge are shared equitably.
4. Businesses should continuously seek to improve their environmental performance by adopting cleaner production methods, promoting use of energy efficient and environment friendly technologies and use of renewable energy.
5. Businesses should develop Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to their operations or that of a member of its value chain.
6. Businesses should report their environmental performance, including the assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner.
7. Businesses should proactively persuade and support its value chain to adopt this principle.

PRINCIPLE 7
Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
1. Businesses, while pursuing policy advocacy, must ensure that their advocacy positions are consistent with the Principles and Core Elements contained in these Guidelines.
2. To the extent possible, businesses should utilize the trade and industry chambers and associations and other such collective platforms to undertake such policy advocacy.

PRINCIPLE 8
Businesses should support inclusive growth and equitable development
1. Businesses should understand their impact on social and economic development, and respond through appropriate action to minimise the negative impacts.
2. Businesses should innovate and invest in products, technologies and processes that promote the wellbeing of society.
3. Businesses should make efforts to complement and support the development priorities at local and national levels, and assure appropriate resettlement and rehabilitation of communities who have been displaced owing to their business operations.
4. Businesses operating in regions that are underdeveloped should be especially sensitive to local concerns.

PRINCIPLE 9
Businesses should engage with and provide value to their customers and consumers in a responsible manner
1. Businesses, while serving the needs of their customers, should take into account the overall well-being of the customers and that of society.
2. Businesses should ensure that they do not restrict the freedom of choice and free competition in any manner while designing, promoting and selling their products.
3. Businesses should disclose all information truthfully and factually, through labelling and other means, including the risks to the individual, to society and to the planet from the use of the products, so that the customers can exercise their freedom to consume in a responsible manner.
4. Businesses should promote and advertise their products in ways that do not mislead or confuse the consumers or violate any of the principles in these Guidelines.
5. Businesses should exercise due care and caution while providing goods and services that result in over exploitation of natural resources or lead to excessive conspicuous consumption.
6. Businesses should provide adequate grievance handling mechanisms to address customer concerns and feedback.