



**Business Responsibility Report  
IDFC FIRST Bank Limited  
FY 2021-22**

# IDFC FIRST Bank Limited

## Business Responsibility Report FY 2021-22

*[Pursuant to regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)]*

### Introduction :

The Disclosures on Business Responsibility is aligned with the nine (9) principles of National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, as notified by the Ministry of Corporate affairs ('MCA'), Government of India and is in accordance with regulations 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

The Bank has built a strong foundation by bringing together strengths to unlock new avenues for growth and delivering a more diversified suite of products and services. The Bank also extends its reach to meet the needs of various segments by utilizing its existing relationships and extending its existing product portfolio to wider segments. The Bank

targets the demands arising from accelerating urbanization to meet the aspiration of urban, middle and rural India.

Our responsible banking is integrated with all divisions of the Bank and is based on ethics, transparency, technology and human resources, thus ensuring sustainable growth for the present and future generations. For more information on ESG initiatives of the Bank, please refer to the Annual Report FY21-22.

The Bank undertakes to adhere to the nine principles by aiming to improve systems and processes to integrate community development, responsible governance and environment responsibility in its business practices and banking operations.

### ANNUAL BUSINESS RESPONSIBILITY REPORT [REGULATION 34(2)(F)]

#### SECTION A:

#### GENERAL INFORMATION ABOUT THE COMPANY

NO.	PARTICULARS	DETAILS
01	CIN of the Company	L65110TN2014PLC097792
02	Name of the Company	IDFC FIRST Bank Limited
03	Registered Address	KRM Tower, 7 <sup>th</sup> Floor, No. 1, Harrington Road, Chetpet, Chennai 600 031, Tamil Nadu.
04	Website	<a href="http://www.idfcfirstbank.com">www.idfcfirstbank.com</a>
05	E-mail id	<a href="mailto:bank.info@idfcfirstbank.com">bank.info@idfcfirstbank.com</a>
06	Financial Year reported	2021-22
07	Sector(s) that the Company is engaged in (industrial activity code-wise)	As per India's National Industrial Classification 2008 (NIC-2008) Section K – Financial and Insurance Activities Code: 64191 – IDFC FIRST Bank Limited is a banking company governed by the Banking Regulation Act, 1949.
08	List three key products/services that the Company manufactures/ provides	IDFC FIRST Bank is engaged in providing a wide range of Banking and Financial services including retail banking, corporate banking and treasury operations.
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, 2022, the Bank has built a national footprint through the operation of 641 branches (out of which 375 are Urban Branches and 266 are Rural Branches) across India, 601 Corporate Business Correspondent ('BC') branches & 719 ATMs.
10	Markets served by the Company – Local/ State/ National / International	IDFC FIRST Bank serves customers in the national markets.

**SECTION B:  
FINANCIAL DETAILS OF THE COMPANY**

Sr. No.	PARTICULARS	DETAILS
01	Paid up Capital (INR)	₹ 6,217.71 crore
02	Total Turnover (INR)	₹ 20,394.72 crore
03	Total profit after taxes (INR)	₹ 145.49 crore
04	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The amount spent on CSR by the Bank for FY 2021-22 was ₹ 14.41 crore.
05	List of activities in which expenditure in 4 above has been incurred:-	The list of CSR activities undertaken by the Bank are provided in the Directors' Report which forms part of the Annual Report FY 2021-22.

**SECTION C:  
OTHER DETAILS**

Sr. No.	PARTICULARS	DETAILS
01	Does the Company have any Subsidiary Company / Companies?	Yes, the Bank has one wholly owned subsidiary - IDFC FIRST Bharat Limited
02	Do the Subsidiary Company / Companies participate in the Business Responsibility (BR) Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Yes, IDFC FIRST Bharat Limited participates in the BR initiatives of the Parent Company.
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? [less than 30%, 30-60%, More than 60%]	Nil

**SECTION D:  
BUSINESS RESPONSIBILITY INFORMATION**

1. Details of Director/Directors responsible for BR.

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

Sr. No.	PARTICULARS	DETAILS
1.	DIN Number (if applicable)	00082596
2.	Name	Mr. V. Vaidyanathan
3.	Designation	Managing Director & Chief Executive Officer

b) Details of the BR Head

Sr. No.	PARTICULARS	DETAILS
1.	DIN Number (if applicable)	NA
2.	Name	Mr. Adrian Andrade
3.	Designation	Chief Human Resources Officer
4.	Telephone number	+91-22-71325500
5.	Email id	bank.info@idfcfirstbank.com

2. Principle-wise (as per NVGs) BR Policy/policies  
Please refer to Table 2A and 2B

## 2A. PRINCIPLE-WISE (AS PER NVGs) BR POLICY / POLICIES

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

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

#### Note 1

The policies are developed and aligned to applicable compliance requirements under Companies Act, 2013, SEBI Regulations (LODR) and RBI Regulations or the Bank's internal requirements and best practices of the industry.

#### Note 2

The policies are approved by the Board of Directors / Committee of the Board of Directors / Senior Management of the Bank.

#### Note 3

The Web-link and accessibility to the following polices which are relevant to the principles are available on <https://www.idfcfirstbank.com/investors/corporate-governance>

Remuneration Policy for WTD/ED, MRT, KMP, SMP & Control Function and all other employees

Remuneration Policy for Non-Executive (Part-time) Chairperson and Non-Executive Directors

Code of Conduct for Board of Directors & Senior Management Personnel

Policy for Appointment of Statutory Auditors of the Bank

Policy for Determination of Materiality of Events

Code of Practices and Procedure for Fair Disclosure of Unpublished Price Sensitive Information

Policy on Related Party Transactions.

Dividend Distribution Policy

Policy for Determining Material Subsidiaries

Corporate Social Responsibility Policy

Environment & Social Policy Framework

Whistle Blower Policy

Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace

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

#### Note 4

The various Head of Departments are responsible for effective implementation of the pertinent policies. The Bank's Internal Audit Department, among its mandates, assesses each department's adherence to their respective policies. In addition, the Bank's Risk and Compliance Department monitors the adherence to implementation of policies mandated by RBI.

**2B. IF ANSWER TO THE QUESTION AT SERIAL NUMBER 1 AGAINST ANY PRINCIPLE, IS 'NO', PLEASE EXPLAIN WHY:**

NO	QUESTIONS	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principle									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify) While there is no specific policy outlined for this principle, the Bank does work closely with clients, regulators, lenders, business partners and collective trade and industry associations.									✓

**3. Governance related to BR**

- a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

The Board of Directors of the Bank, either directly or through its Committees, assesses various initiatives forming part of the BR performance of the Bank on a periodic basis.

- b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Bank publishes the BR Report annually. This report is available on the Bank's website: [www.idfcfirstbank.com](http://www.idfcfirstbank.com)

corruption as pillars for business conduct of the Bank. It articulates high standards of professionalism, honesty, integrity and ethical behaviour in all its banking operations.

The Whistle Blower Policy has been formulated for all employees of the Bank to prevent malpractices or any breach of the Code of Conduct, Employment Contract or Abuse of Authority. It provides a framework for responsible and secure whistle blowing.

The Vigilance Policy prevents employees from accepting valuables or pecuniary advances by corrupt and illegal means or by abusing his / her position as an employee. It prevents the possession of disproportionate assets by employees through forgery, cheating or through criminal offences.

The Compliance Policy outlines a framework to identify and evaluate significant compliance risks to ensure soundness of the Bank's operations.

The Chinese Wall Policy ensures accountability of all employees towards conflict management and information barriers. This policy ensures visibility and openness at every level of functioning.

The Policy on Related Party Transactions monitors transactions of the Bank entered into with related parties. These related party transactions are placed before the Audit Committee of the Board on a quarterly basis to ensure that these transactions are at arm's length dealings, to prevent conflict of interests involving such related parties.

The Code of Conduct for Prohibition of Insider Trading has been implemented in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, in order to

**SECTION E:**

**PRINCIPLE-WISE PERFORMANCE**

**PRINCIPLE 1**

**Businesses should conduct and govern themselves with ethics, transparency and accountability**

- 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?**

The policies relating to ethics, bribery and corruption covers not only IDFC FIRST Bank, but also other external stakeholders.

Policies and frameworks have been set up across the Bank to guide employees and stakeholders and to ensure compliance to regulatory norms applicable to the Bank. A brief on some of these policies are given below:-

The Code of Conduct enunciates ethical principles and values including business ethics and anti-

regulate trading in securities by the Board of Directors and Insiders of the Bank, including their immediate relatives.

The Fraud Risk Management Policy has been formulated to assist in reporting frauds in banking operations. The policy enables the management of fraud risks to protect the Bank's reputation or any loss/ damage of assets of the Bank.

The Disciplinary Action Guidelines / Policy assists in maintaining the Bank's values, ethical standards and compliance to applicable laws and regulations. It provides basic principles to guide employees while dealing with clients, customers and other stakeholders.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

The Bank has in place, various channels of communication including grievance redressal mechanisms for stakeholders to communicate their expectations and concerns.

The Disclosure of Customer Complaints is included as Note 18.28 forming part of the Financial Statements for the year ended 31<sup>st</sup> March 2022 of the Annual Report 2021-22.

The Disclosure on Investor complaints received and its redressal have been included in the Report on Corporate Governance of the Annual Report 2021-22.

**PRINCIPLE 2**

**Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

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

Our Bank believes that it can play a significant role towards achieving inclusive growth and sustainable development. The Bank is delivering diverse financial products and services to the under-banked and unbanked population in rural and urban India. In addition, through its digital banking initiatives and adoption of technology, the Bank is helping to take banking to remote regions and deliver governance and benefits to millions of its citizens.

Most of the Bank's products incorporate social and environmental concerns in its financial operations, to name a few - Sakhi Shakti Women's Group loans, Suvridha Shakti Loans for water/sanitation work and affordable housing loan in rural areas.

**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?**

Being a banking unit, the main resource utilized by the Bank is electricity & paper. The Bank encourages paperless procedures, reducing consumption of paper through e-statements and e-receipts to customers, reducing paper procurements, etc. IDFC FIRST Bank has also encouraged the use of mobile and internet banking by its customers.

The Bank's wastepaper disposal system is routed through Certified third-party vendors and recyclers. DG Sets with CPCB Certified for lower emission and protected by soundproof canopies to sustain lower sound levels up to 75 dBA for sustainable work environment and UPS with Energy Transfer Efficiency > 95% are used.

The Bank is committed to continually improve the Green performance in its activities, products and services by the following ways:

- Conserve Natural resources such as energy, water, etc., by optimization of their usage.
- Ensure the use of energy efficient processes, products & technologies to benefit environment & society.
- Adopt measures to prevent pollution by monitoring & controlling process Water discharge, Air emission & Waste generation.
- Recognize and reward the efforts of our employees in conservation of natural resources.
- Share and enrich our experiences in resource conservation within the company.
- Abide by the legal requirements.

The Bank has made every effort to create awareness among its customers and employees for efficient resource consumption. Some of the initiatives taken for energy saving / utilizing alternate sources of energy are:

- Procurement of DG Sets with CPCB Certified for Lower Emission and protected by Soundproof Canopies to sustain lower sound levels up to 75 dBA and procurement of UPS with Energy Transfer Efficiency > 95% to Utilize alternate sources of Energy.
- Installed Capacitor Banks to sustain the power factors.
- Preventive maintenance of ACs, critical and electrical equipments to reduce energy consumption.

- Installed Occupancy Sensor to control the energy consumptions.
- Execution with Day Light Sensors to control the energy consumptions.
- Use of Roller Blinds, UV and IR Reflecting Films over glasses to withstand cooling and reduction in energy.
- Minimal consumption of water through aerators in washrooms at large offices.
- Sustainable Waste Management.
- Recycling waste to the maximum extent through Certified third-party vendors.
- Ensuring emissions are within permissible limits by regular periodic servicing of Electrical Equipments.

Some of the Remote Energy Monitoring Controls are:

- Initiated and Executed Power Energy Savings through Internet of Things (IoT) which is a part of the concept of eco-sufficiency.
- Energy Conservation Measures (ECMs) in Buildings, reduces the need for energy services which can result in increased environmental quality, national security, personal financial security and higher savings.
- Reduction in energy consumption Units to achieve lower electricity bill.
- Reduction in Carbon Footprint by reducing CO<sub>2</sub> emissions.
- Remotely Turn On / Turn Off Signages for daily operation as per the seasons.
- Remotely Turn Off the ACs of meeting rooms when not in use.
- Remotely Control 24 hrs running of ATMs and server / electrical room ACs as per the Set Temperature.
- Remotely Control the Electrical Equipment (AC units of Branch) basis Branch Timings, Holidays, etc.
- With the IoT implementation, we are able to control energy wastage & resolve penalties on power factor, excess usage, etc.
- Maintain Comfort Temperature at 24 Degrees and Utility at 26 Degrees to reduce energy consumption by 8-10%.
- Predefined Schedule or Customization Schedule for Electrical Equipments Daily Operations.
- IoT Systems are being monitored through Centralized Team through the Service providers. Alerts are generated in case of

issues or any manual intervention on Device over the set parameters. Through the said activity, it also monitors and identifies the live power consumption and health of the Equipments etc.

- Based on case study, we have identified 64 potential branches with an aim to save and control the energy.

**b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

Given the nature of the Bank's business activities, which is providing banking products and services, resource consumption during usage by consumers is not a significant material issue for the banking sector in general. Banks usually consumes resources such as electricity and paper, primarily for running its business operations.

Through varied initiatives, the Bank works towards reducing its resource consumption, which are primarily paper and grid electricity as well as focus on enhancing energy efficiency.

The Bank is rapidly adopting technology to digitise its operations and product offerings which has witnessed a strong growth in adoption of mobile banking, online banking, payment apps etc., thus reducing paper usage.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)?**

**a. If yes, what percentage of your inputs is sourced sustainably?**

Our major material requirements are office, communications and IT related equipment. The 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. Towards sustainable sourcing including transportation, there are Bus Service used for ferrying employees to Railway Stations thereby encouraging use of public transport. Electricity consumption are monitored and controlled through IoT activities for eligible branches / large offices.

The Bank has been focusing on maximising its resource consumption efficiency, reducing waste output while focusing on improving its process efficiency and productivity.

**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?**

The Bank has used the financial inclusion model for reaching out to rural and urban India. The



Bank has presence in various states in India. Branches use most vendors as per procurement standards. The Bank has taken several initiatives for the development of decentralizing the vendors / local suppliers of goods and services such as empanelment of courier agencies, regularizing skills for housekeeping and security staff etc. 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%).**

Being a Banking company, waste generation is very limited. The 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 authorized waste processor. More than 10% of total waste generated from our operations is recycled.

**PRINCIPLE 3**

**Businesses should promote the wellbeing of all employees**

The Bank trusts its employees' ability to be successful, especially at challenging new tasks, delegating responsibility and authority and allowing employees the freedom to decide how they will accomplish their goals and resolve issues. Employees are the first customers for the Bank. Keeping internal customers satisfied and happy is the first step towards creating external customer loyalty. The Bank believes in fostering a culture of innovation amongst its employees, thus it invests in training of its employees and providing technical & behavioural support to manage customer relationships better.

**1. Please indicate the Total number of employees:**

27,804 employees as on March 31, 2022.

**2. Please indicate the Total number of employees hired on temporary / contractual / casual basis**

IDFC FIRST Bank had total of 20 Direct Consultants hired on contractual basis as on March 31, 2022.

**3. Please indicate the Number of permanent women employees.**

4,180 permanent women employees as on March 31, 2022.

**4. Please indicate the Number of permanent employees with disabilities**

Being an equal opportunity employer, IDFC FIRST Bank does not mandate the disclosure of disability. The number of permanent employees who had voluntarily disclosed their disability status and the nature of disability stands at 9 as on March 31, 2022.

**5. Do you have an employee association that is recognized by the management?**

The Bank does not have an employee association. The Bank ensures that all employee grievances are received and addressed through various channels.

**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.**

In accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder, the Bank has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace which has constituted region-wise Internal Committees ('ICs') to investigate and resolve such cases. The regions comprise of North, East, West, South and National. Online training is conducted for all new IC members. During FY22, there were NIL child labour, forced labour, involuntary labour & sexual harassment cases filed or pending during the Financial Year 2021-22.

NO.	CATEGORY	NO. OF COMPLAINTS FILED DURING THE FINANCIAL YEAR	NO. OF COMPLAINTS PENDING AS ON END OF THE FINANCIAL YEAR
1.	Child labour/forced labour/involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

Learning plays a very critical role in capability development across the Bank. The learning journey starts with training need analysis to identify relevant training interventions. Training interventions at the Bank are aimed at enhancing technical knowledge & skills and managerial capabilities through the e-learn portal of the Bank. The percentage of employees given safety & skill up-gradation in the last year are:

1. 26,214 Permanent Employees (94%)
2. 3,903 Permanent Women Employees (93%)
3. Casual / Temporary / Contractual Employees: NA
4. 9 Employees with Disabilities (100%)

All employees are imparted training basis their requirements and organisational profile. Training needs are identified for different personnel based on the nature of their jobs. The above data includes classroom and e-learning courses attended.



## Health & Safety

IDFC FIRST Bank has always kept employees' interest and wellbeing at the forefront. To face the COVID-19 pandemic, we have been providing extensive support to our employees through various measures such as safety kits and awareness, quarantine leave, extended sick leave, prompt workplace sanitization, assistance in testing and hospitalization, hospitalization expenses and on-call support and reimbursement of vaccination cost.

As a step further to assist our employee/ family in the event of any unfortunate death, there is a comprehensive "COVID Assistance, Rehabilitation and Relief scheme" (COVID CARE ).

### COVID-19 Operational Relief Measures undertaken by the Bank for its employees:

All preventive and detective controls were implemented by the bank to safeguard the employee and customers such as:

- **Continued Communication:** The Bank continued its communication with its staff on the Pandemic, creating awareness on the threat, precautions to take, the Bank's Pandemic Assistance Program, government guidelines/ restrictions and the Bank's strategy to address the ongoing situation
- **COVID-19 Policies & Assistance Programs:** All the COVID-19 policies targeted towards employee health & safety like the Work from Home Policy & Quarantine Policy, Employee assistance program (for testing, hospitalization and vaccination) continued to be provided through the period.
- **Safe & Secure Operating Environment:** The Bank adhered to the government laid down COVID-19 guidelines along with its own controls as in the 1<sup>st</sup> and 2<sup>nd</sup> wave. Thus, ensuring staff and customers were operating in a secure disease-free environment
- **Business Continuity:** Our Business Continuity Program continued to manage and provide direction to the Bank through the crisis
- **Technology Infrastructure:** The Bank's technology infrastructure provided the platform to ensure business continued during the 3<sup>rd</sup> wave without any disruption. Staff continued to leverage the work from home infrastructure and the new technologies to ensure business remained unaffected.

The Bank's Business Continuity Management team continues to monitor the fluid situation relating to the Pandemic and report to the management so as to take timely actions.

## PRINCIPLE 4

**Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised**

### 1. Has the company mapped its internal and external stakeholders? Yes / No

Yes, the key internal stakeholders of the Bank include the senior management and employees, while its external stakeholders comprise of shareholders and investors, customers, regulatory authorities, communities, NGOs, industry and peers, vendors, service providers, media, etc. The Bank actively engages with these stakeholders through various channels of engagement.

### 2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes, the Bank has consciously identified the unbanked and underbanked section of the society. The Bank undertakes priority sector lending, lending to small and marginal farmers, lending to weaker sections etc.

### 3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?

Yes, the Bank regularly undertakes initiatives to engage with disadvantaged, vulnerable and marginalized stakeholders.

The rural banking division reaches out to banked and under-banked segments of the market mostly in Rural/ Semi Urban areas among others. It offers several savings and loan account products to customers. Sakhi Shakti loans are extended to women from low and middle-income households, for income generating activities and advancing their livelihoods. The Bank also offers various types of loans such as Water/ Sanitation loans, Car Loans, Personal Loans, Home loans, Consumer Durable loans, Commercial Vehicle loans, Tractor loans etc. in the Rural banking division.

To enable the Bank to have a wider coverage of the underserved areas and segments, the Bank has tied up with Business Correspondents (BCs) across geographies, where our direct branch coverage is currently limited. Herein, the products of the Bank are offered through the BCs thereby enabling access of credit to these underserved segments. In line with our philosophy, our initial focus has been on providing livelihood loans to meet the needs of the micro entrepreneurs.

Creating sustainable communities is one of the key values for the Bank's CSR initiatives. These CSR initiatives improve the economic and social conditions of locations where such activities are operated. Some of these activities include promoting education, skill training and livelihood enhancement, health care and

hygiene, financial literacy and inclusion. There are various projects undertaken as part of CSR initiatives which are enumerated in the Directors' Report forming part of the Annual Report FY 2021-22.

## **PRINCIPLE 5**

### **Businesses should respect and promote Human Rights**

The Bank upholds human rights and respects every citizen's right. A strong commitment to human rights is embedded in the Bank's Code of Conduct which imbibes the essence of acceptance of behaviour amongst employees.

The various policies and processes of the Bank have been formulated and implemented for employees indiscriminately, thus upholding every employee, customer and stakeholders' right.

Some of the policies within the Bank which enumerates this principle are:

The Equal Opportunity and Diversity Guidelines which aids in maintaining a diverse set of employees, be it from any caste, country, gender, age, race, religion or differently abled segments. Focus has been made on gender diversity also.

The Whistle Blower Policy and the Policy of Prevention, Prohibition & Redressal of Sexual Harassment conforms to zero-tolerance of any form of prejudice, discrimination and harassment at work.

Education is a fundamental human right, essential for the empowerment and development of every individual and the society as a whole. Corporate Social Responsibility is an intrinsic element of our Bank and its culture. The Bank believes that businesses have the power to transform lives and the communities around them and the Bank does this with rigour, commitment and by building meaningful partnerships. The Bank is focused in its approach of four key thematic areas, namely, Education, Livelihoods, Women Empowerment and Health.

The Bank has set specific aims and goals for each of these priority areas and monitors and evaluates each of its programs to assess the outcomes and impact on ground. The Bank understands that deeper and meaningful impact can only be achieved through long-term commitment and thus the Bank aims to support not-for-profit organisations and social enterprises using the program approach. This has been the Bank's way of ensuring that its support towards all the social impact programs creates genuine social value.

#### **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?**

While the above policies revolving around human rights covers the Bank and its subsidiary, we promote the awareness and realisation of human rights among our stakeholders as well.

#### **2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No complaint was pending in the past and further, no complaint was received pertaining to human rights violation during the Financial Year 2021-22.

## **PRINCIPLE 6**

### **Businesses should respect, protect and make efforts to restore the environment.**

#### **1. Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures / Suppliers / Contractors/ NGOs / others.**

The Environment and Social Policy covers the operations of the Wholesale Banking and Retail Banking businesses of the Bank.

#### **2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc?**

Under the Environmental and Social (E&S) Framework, the Bank evaluates how likely the borrowers' business or operations are significantly impacted by climate related physical risks in the near to medium term.

#### **3. Does the company identify and assess potential environmental risks?**

The Bank has framed E&S and related risk management frameworks for wholesale and retail banking businesses, which provides guidelines for various stages of loan appraisal process and monitoring review. The Bank is committed to the cause of responsible financing, accordingly there is dedicated Environment Risk function, that works proactively with internal teams and borrowers to identify, mitigate and manage the environment and social risk associated with the loans being funded.

IDFC FIRST Bank follows the Equator Principles (EPs) for its project finance transactions and as such EPs are a financial industry global benchmark for determining, assessing and managing environmental and social risk in project finance transactions and lending operations. Under Environment & Social risk framework, the Bank has developed and adopted an exclusion list comprising of sectors in which the Bank will not engage in any financing activity. Additionally, in relation to financing activities, the Bank has also identified sensitive sectors, which have potentially high impacts on the environment and communities & the Bank may have to deal with critical E&S issues and in such sensitive sectors. Environment Risk function carries out comprehensive and robust due diligence from E&S perspective.

#### **4. Does the company have any project related to Clean Development Mechanism?**

No, the 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.**

Yes, IDFC FIRST Bank has undertaken various initiatives on clean technology, energy efficiency and renewable energy. Low emission diesel generators are used in urban branches while solar panels are used in Rural Banking branches for energy efficiency.

**6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB/ SPCB for the financial year being reported?**

The Bank's emission and waste are within permissible limits of applicable laws.

**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 from CPCB / SPCB.

**PRINCIPLE 7**

**Businesses when engaged in influencing public and regulatory policy should do so in a responsible manner**

**1. Is your company a member of any trade and chamber or association?**

The Bank is an active member of several Trade Bodies and Associations. The Bank does not engage in policy advocacy but is actively involved in consultation / discussion forums with the Government and other banking industry bodies such as Indian Banks' Association, Fixed Income Money Market and Derivatives Association of India (FIMMDA), Foreign Exchange Dealers Association of India (FEDAI) and other Associations.

**2. Have you advocated / lobbied through above associations for the advancement or improvement of public good?**

IDFC FIRST Bank is also working with other financial institutions, NGOs and local government at district level for CSR activities and industrial associations towards advancement or improvement of public good, economic reforms, inclusive development and other associate services.

**PRINCIPLE 8**

**Businesses should support inclusive growth and equitable development**

**1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8?**

IDFC FIRST Bank's Rural Banking offers banking solutions that are customised to the needs of people in rural and semi-rural areas of India. IDFC FIRST Bank has adopted a strategically different service approach for catering to people in these areas. The Bank has created a distribution network among villages to provide connectivity in remote areas with the help

of other channels. The Bank is conducting Financial Literacy Camps in its rural branches on regular basis for creating awareness in customers & educate them on various banking products.

The CSR initiatives of the Bank in FY2021-22 were implemented through various implementation partners. In order to achieve impact and scale, the Bank's CSR activities undertaken during the year mainly focused on four areas: Education, Livelihoods, Women Empowerment, Health and COVID-19 relief. During the pandemic, IDFC FIRST Bank extended its support to donate oxygen cylinders to hospitals and provide cash relief support to families who lost their earning member to the second wave of COVID-19. We also provided livelihood support to women stitching masks and distributed masks to rural communities to help them take precautionary measures for COVID-19. Apart from this, we also created and circulated COVID-19 awareness content amongst our beneficiaries and social media audience.

Even during the Pandemic, the main objective of CSR activities included:

- [a] serve the poor, marginalized and underprivileged
- [b] promote inclusion
- [c] be sustainable
- [d] meet needs of the larger community and society

To bolster our support to our partner NGOs during these tough times, the CSR team continued its support to its NGO partners via the Karma First Donation program to facilitate our customers to donate to our partner NGOs. 253 customers have donated more than three and a half lakh rupees through the platform till date. The Bank had successfully donated 113 second hand laptops to its NGO partners who needed the support to migrate to virtual environment.

Details of the CSR initiatives undertaken by the Bank through various implementation partners are given in the Directors' Report which forms part of the Annual Report FY 2021-22.

The Bank's wholly owned subsidiary, IDFC FIRST Bharat Limited (IFBL), also has a CSR division which is a corporate self-regulatory mechanism having a long and cherished tradition of taking up commendable initiatives, institutionalized programs and CSR practices which help in the development of several underdeveloped regions in the country. IFBL focusses on Eradication of hunger, Women empowerment, Health, Sanitation, Education and Environment protection. The CSR division of IFBL implements programs directly through its team ensuring a direct reach to the beneficiaries. In the FY 2021-22, 1,744 programs across focus areas were organised creating an impact on 4.14 lakh beneficiaries.

**2. Are the programmes / projects undertaken through in-house team / own foundation/ external NGO / government structures / any other organization?**

A plethora of non-profits programmes were undertaken by the in-house CSR team. For FY22, the approach adopted was to enhance income flows of households through livelihood financing, market linkages and helping governmental and non-governmental organizations in delivering better services to the community. It helps financial inclusion through channelizing inter-operable branch network to improve access to basic banking & payments network services after providing financial literacy and digital skilling program under the Rural livelihoods & Development program. It provides support to communities in the areas of education, health, affordable housing and livelihood development or direct financial support, depending upon the requirement of the project / programme with the help of various partners.

**3. Have you done any impact assessment of your initiative?**

While the Bank has not conducted any third party impact assessment but the in-house CSR team does periodic assessments of each of its non-profit partners based on the Key Performance Indicator's agreed upon during the beginning of each partnership. This also includes due diligence and quality assurance visits from time to time on-ground. Also, social responsibility is embedded in the rural model of our Bank.

**4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

IDFC FIRST Bank has spent Rs.14.41 crore during FY 2021-22 towards CSR activities. Details of the said activities undertaken by the Bank are included in the Director's Report which forms part of the Annual Report FY22.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

Through effective stakeholder engagement, the Bank ensures that its community engagement initiatives have a strong focus on sustainability in the long term. For example, one of the community development initiative successfully adopted by the community is the

Bank's program under the theme 'Health' which aims to create awareness regarding community driven solid waste management processes and segregation at source within the Worli Koliwada community through a participatory process. To solve the problem, the Bank has partnered with Stree Mukti Sanghatana and The Municipal Corporation of Greater Mumbai to develop a process model for building a responsible community and self-sustained zones that are well equipped to manage the solid waste. Under this theme, we have also partnered with iSPIRT Foundation to create a framework for technology in healthcare .

**PRINCIPLE 9**

**Businesses should engage with and provide value to their customers in a responsible manner**

**1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.**

There were 298 customer complaints which were pending as on March 31, 2022, i.e. 1.36% of the total customers complaints received during the year.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws?**

All the information relating to products are transparently displayed & explained to our customers. All employees on customer-facing roles are provided with enhanced training on the products.

**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 received in the last 5 years or pending with regard to unfair trade practices, irresponsible advertising and/or anticompetitive behavior as on 31<sup>st</sup> March 2022.

**4. Did your company carry out any consumer survey / consumer satisfaction trends?**

IDFC FIRST Bank periodically measures the satisfaction among its customers, understanding their expectation to essentially gauge its competitiveness in the banking industry. The feedback is used to improve systems, processes and enable better focus on training and development of staff.