



BUSINESS RESPONSIBILITY REPORT

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the present from our
future generations and it
is our responsibility to save in
the present for them”

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Bank and is based on integrity, trust,
technology and human resources,
thus ensuring sustainable growth
for the present and future
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future generations.

The Business Responsibility Report
('BRR') articulates the Bank’s commitment
to future generations while conducting
responsible businesses at the Bank.

As a Bank, IDFC intends to remain one
of the largest financiers of the country’s
infrastructure sector, delivering a more
diversified suite of products and services.
The Bank also extends its reach to meet

the needs of segments that require more
services utilizing its existing relationships
to extend its product portfolio to the
wider corporate sector. The Bank targets
the demands arising from accelerating
urbanization to meet the aspiration of urban,
middle and rural India.

IDFC Bank is one of the leading banks
in India that seeks to set a new standard
in customer experience. IDFC Bank offers
basic services in India like Savings Accounts,
NRI Accounts, Fixed Deposits, Home
Loans, Personal Loans among others, using
technology and a service-oriented approach,
to make banking simple and accessible,
anytime and from anywhere.

The disclosures on Business
Responsibility is aligned with the nine
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 SEBI (Listing Obligations and Disclosure
Requirements) Regulations, 2015 and
Notification No. SEBI/IAD-NRO/GN2015-
16/27 dated December 22, 2015 issued by
SEBI in this regard.

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

The disclosures on Business Responsibility is aligned with the nine 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 SEBI (listing obligations and Disclosure Requirements) Regulations, 2015 and Notification No. SEBI/IAD-NRO/GN2015-16/27 dated December 22, 2015 issued by SEBI in this regard

PRINCIPLE 1

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

This principle captures the main aspects of business responsibility namely ethical governance through stakeholders' engagement in all aspects of the bank's operations. The Bank's businesses through The Code of Conduct ensures the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance. The Bank lays strong standards for its employees, suppliers, vendors, contractors, consultants or agents.

Board Governance

The Bank has adopted an effective and robust corporate governance framework based on emerging best practices and requirements prescribed under the Companies Act, 2013, listing requirements of the Stock Exchanges and legal & regulatory requirements. This has helped the Bank to ensure protection to all stakeholders' interest, to create accountability and to deter malpractices among employees.

As on March 31, 2018, the Board consisted of eight (8) Directors including five (5) Independent Directors. The various Committees of the Board meet periodically during the year to review and advise the Management with necessary directions.

The Nomination and Remuneration Committee of the Board ensures all

appointments of Directors and KMPs to maintain balance of skills, experience and knowledge on the Board so as to enable the Board to discharge its functions and duties effectively. For more details on Board Governance, please refer to the Corporate Governance Report of the Annual Report.

Bank Policies

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. The governance practices also extend across IDFC Group. Some of these policies are:-

The Code of Conduct Policy enunciates ethical principles and values including business ethics, anti-bribery and anti-corruption as pillars for Business Conduct in the Bank. It articulates high standards of professionalism, honesty, integrity and ethical behaviour for all its banking operations.

The Whistle Blower Policy has been formulated for all directors and employees of the Bank to prevent malpractices or any breach of the Code of Conduct, Ethics policy, 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 Enterprise Risk Management ('ERM') Framework identifies, assesses, monitors and mitigate risks in the operational and external environment. For more details on the Risk Management section, please refer to the Boards' Report in the Annual Report.

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 in order to regulate trading in securities by the Board of Directors and employees of the Bank, their immediate relatives and other insiders.

The Fraud Risk Management Policy and the Anti-Money Laundering Policy has been formulated to assist in reporting frauds and money laundering of bank operations. These policies assist to manage fraud risks to protect the Bank's reputation or any loss/damage of assets of the Bank.

The Disciplinary Action 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.

PRINCIPLE 2

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

It is the Bank's endeavor to provide products and services designed in a manner to meet customer requirement as well as to contribute towards socio-economic

developments. The 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.

The Environment & Social policy of IDFC Bank is applicable to Wholesale Banking (SME and MSME) and Bharat Banking businesses. An Environment & Social ('E&S') Risk Management Framework has been developed to identify sectors and industry specific risks and lays out the systems and procedures for E&S review of the transactions.

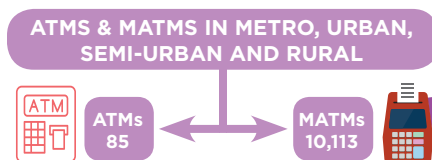
IDFC limited, the ultimate Holding Company of the Bank, was the first Indian Financial Institution to adopt the Equator principles, an internationally accepted credit risk management framework for determining, assessing and managing environmental and social risks in project finance transactions.

IDFC Bank has been constantly working towards developing solutions to minimize its impact on the environment. Some of them are installation of solar panels at its Bharat Banking branches; extension of corporate banking and credit facilities to projects in renewable energy sectors; going digital not only enables customers' conveniences but also reduces carbon footprint at branches and ATMs.

In pursuance to RBI's Vision Document 2018, the Bank has encouraged greater use of electronic payments through e-statements and e-receipts thus contributing towards resource conservations. Use of digital channels via mobile banking and the Green Initiative Program for shareholders to opt for electronic copies of the Annual Report are ways through which the Bank has articulated its emphasis on sustainable services to its customers.

The outreach model adopted by the Bharat Banking business with its network of branches has been striving towards imbibing green sustainable products, processes and practices and energy conservation measures.

MicroATMs and ATMs in the banking services of rural and semi-urban areas, Door-step banking services in every village, innovative technology solutions with the best of banking experience are some of the means through which the Bank contributes towards sustainable growth of the socio-economic environment.



The Bank continues to take initiatives to ensure responsible sourcing in supply chains. A Code of Responsible Business Conduct for all major suppliers is in place which comprehensively covers the Bank's concern in the areas of labour standards, environment and ethical business practices.

PRINCIPLE 3

BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES

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.

To enhance employee value, the Bank has various processes in place to uphold the right of every employee. Since inception, the Bank has been providing a work environment that is free from discrimination and harassment to all employees. IDFC Bank is an equal opportunity employer providing opportunities for all its employees for learning, professional growth and development.

Various HR policies ensures ample and sufficient safeguard for the employees. These policies have been designed with the industry's best practices and international benchmarks, to serve as effective levers for human capital management approach. The Bank organizes various employee engagement activities for employees to avenue their self-expression

which are conducted pan India through all branches of the Bank.

Some of the HR policies to ensure employee wellbeing in the Bank are:-

The Equal Opportunity & Diversity Guidelines Policy maintains equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, religion, disability or sexual orientation.

The Whistle Blower Policy as described in principle 1, identifies any breach of ethical behaviors and malpractices by any employee.

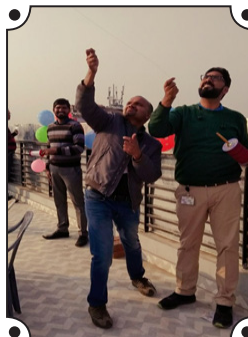
The Sexual Harassment (Prevention & Redressal) Policy protects women from sexual harassment at the workplace thus reflecting the Bank's zero-tolerance towards any form of prejudice, gender bias, exploitation, prohibition and prevents misconduct on the part of any employee while also ensuring speedy redressal of complaints.

Employee Healthcare, Work Enabler Guidelines, Performance Management and Learning & Development are some of the facilities extended to the Banks' employees. Some of the channels of engagement employed by the Bank are i-connect (employee intranet), Yammer (social media engagement platform), Radio Hatke, Town Halls and many campaigns successfully implemented at enterprise level. All new employees go through a one-hour orientation and a mandatory 2 day induction programme which familiarizes them with the Bank's structure, policies, culture and values.

iLiveWell is a wellness initiative which aims at enhancing the overall well-being of the employees, this is driven by the philosophy "We are with you in sickness and in health". It is a holistic program that partners with employees through initiatives

SOME SNAPSHOTS OF BANK'S BHARAT BANKING BRANCHES AND THE VARIOUS CSR INITIATIVES UNDERTAKEN BY THE BANK AT THESE BRANCHES.

Some Snapshots of Makar Sankranti & Holi celebrated at rural branches



such as Annual Health Check programmes, onsite doctor's visit and medical room in our large offices. The Annual Health Checks were conducted onsite twice in the last Financial Year, and off-site checks were available through the year. Other wellness initiatives, includes Blood donation camps, free basic health check- up for all women on women's day and eye check-up camps at various locations

At IDFC Bank we strive for culture building via a strong foundation of values and behaviors. Employees imbibe the 4 core values of the Bank namely, Balance, Collaborate, Drive and Honesty in their day-to-day work life. I am the Bank, signature training program, is aimed at promoting IDFC 'value & Culture'.

The Bank strives to improve diversity and inclusion at the workplace so that women have equal opportunities. As on March 31, 2018, the total women employee strength stood at 929. Facilities like maternity leave and crèche arrangements for young wards have also been organized.



The Bank observed Security and Safety Week from 19th-23rd February 2018. The theme of the week was "Safety First" promoting the thought of thinking about safety before conducting any activity. This initiative had the coverage of more than 5500 staff under the IDFC umbrella. Some programs as part of the initiative were Safety & Security Quiz, Women Safety Trainings, Safety Exhibitions, Distribution of Safety Pocket Guides, Promotional items distribution, wallpapers, screensavers etc.

Onsite and offsite drive for the Annual Health Checkup were held in Nov'17 & March'18 at various office locations which saw an overwhelming response with a total of 1815 employees taking part in the same. Employees had the flexibility of availing the complimentary basic health checkup on site or a negotiated more detailed checkup at offsite locations.

The Annual Medical Hospitalization Insurance policy wherein the insurance mobile app 'Medibuddy' provides the convenience of an ecard, network hospitals and pre-hospitalization approvals on the

mobile. The three major advantages for employees through this insurance policy are attractive top-up options for increased family cover, enhancement in the cover for normal & c-section delivery for women employees and parental coverage from the first day of joining without any limit on pre-existing illnesses.

For IDFC employees, we launched the IDFC Bank Benefits Card in July '17. This is a tax-efficient program powered by Zeta, and is a digitized platform for Employee Benefits. The card attached with the mobile application makes the spending and claiming experience of the Flexible Benefits Plan (FBP) reimbursement amounts fully digital and paperless. This simple process of convergence of all FBP reimbursement through a single card and mobile application has ensured a sharp reduction in wait-times for the employee and a huge improvement in processing efficiency. Reimbursements covered relate to Self-Owned and Company Owned Cars, Meal card, LTA etc.

The IDFC Bank Benefits Card has also been launched for IDFC Bank Corporate Salary customers, and learning from the employee pilot program helped the bank to design the card for the Corporate customers.

All employees are required to complete mandatory online Fire Safety training which covered key fire safety risks. The Bank has made provision for fire and security procedures at the office premises and branches. Also, regular awareness communications regarding Dengue, Chikungunya, Malaria etc. were given to employees through mails, banners etc. to educate them about the preventive measures to be followed to combat the various location specific health risks.

Some of these initiatives conducted during FY18 were:

- During the winter season, N95 Anti-pollution masks were kept ready to be distributed to all employees at northern regions of India as a precautionary measure. These masks filter 95% of the respirable particulate matter present in the air and thus making the air safe to breathe.
- With rise in the number of cases of Malaria, Chikungunya and Dengue, health advisories were sent to all employees with the Do's and Don'ts to be followed for prevention against these diseases.
- As this summer was predicted to be one of the hottest and longest summers,

advisories were sent to all employees on how to prevent heat exhaustion and strokes.

- Comprehensive fire audits were conducted at all major buildings of IDFC Bank to identify the fire hazards & risks present at the offices. Health & Safety audits were also conducted in all new IDFC Bank offices before occupancy.
- The Health & Safety policy of IDFC Bank assists the Bank in identifying and mitigating the key health and safety risks associated at the workplace. The policy provides an overall direction for the Bank to address hazards emanating from risks like fire, natural / manmade emergency, construction, air quality, water quality, food quality, work ergonomics, travel safety, pandemic responses etc.

Learning plays a very critical role in the capability development across the bank. The learning journey starts with training need analysis to identify the relevant training interventions. Training interventions at IDFC Bank are aimed at enhancing technical knowledge & skills and managerial capabilities. New Hire induction is a key focus for us in the growth phase, which sets the tone for IDFC Way. Our new leadership programs encourage innovation and collaboration across IDFC Bank's businesses, functions and geographies.



FIRE DRILL CONDUCTED AT NAMAN CHAMBERS' OFFICE

PRINCIPLE 4

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

IDFC Bank is committed to provide banking services in unbanked regions. The 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.

As on March 31, 2018, out of the 150 IDFC Bank branches 25 are in Tier 5-6 villages, of which 23 branches were unbanked rural centers, and another 125 are in Tier 2-4 towns. (Categorisation of Branch is as per 2011 census).

As on March 31, 2018, the Bank had 150 branches, out of which 8 branches were at Mumbai and Thane Districts and the other 142 branches were spread across India. Also, there are 2 Central Processing Centers at Airoli & Juinagar and one Clearing Hub at Mumbai. There are 85 ATMs, 17,474 Customers Access Points which includes MicroATMs, cashless PDS outlets and Aadhaar Pay Merchants Points. The Bank also has 387 Corporate Business Correspondent branches.

Bharat Bank follows a rigorous process for branch evaluation, which consists of identifying the socio-economic status in terms of geographical, demographic distribution, infrastructure and credit requirements before setting up a branch so that maximum number of underserved populace are reached.

The Bank believes in creating a strong alliance of trust with its different Stakeholders. Every Stakeholder influences the manner in which a bank may operate and it is the Bank's endeavour to build strong relationships with each of its Stakeholders. Thus enhancing innovative services for them. IDFC Bank has evolved formal and informal engagement mechanisms to understand stakeholders' expectations and concerns, which includes periodic meetings and regular communication.

The Bharat Banking division of the Bank reaches out to the unbanked and under-banked segments of the market. It offers several customized products such as Pratham savings account - Basic Savings Bank Deposit Account ('BSBDA'), Sowbhagya Shakti - Regular Saving Deposit account, Param, Vishesh Saving Bank accounts. Sakhi Shakti loans are extended to women from low and middle income households, for income generating activities and advancing their household livelihoods. An innovative product, Vyapaar Vriddhi - has been launched to take care of the credit needs of micro enterprises operating in these geographies. Dairy farmers are also coming into the banking fold through Dairy

Vikas Kendras (Shwethdhara Camps). Micro ATMs deployed through retail outlets help in extending banking facilities in remote areas.

The Bank's stakeholders include employees, shareholders, investors, clients, business associates (vendors / suppliers), government and regulatory authorities, NGOs, creditors, debtors and local communities.

Some of the engagement mechanisms which have been formulated by the Bank to understand the various stakeholders' expectations and concerns are as under:

Equity Shareholders, Infra Bondholders, Private Placement Bondholders and Customers form part of the key stakeholders of IDFC Bank. Queries and complaints of these stakeholders are addressed through a dedicated toll-free telephone line, emails, letters, through the SEBI SCORES portal (Equity and Infra Bonds) and through customer engagements at branches, registered office and corporate office. The Investor grievance cell is the first point of contact between the stakeholders and the Bank.

Conference calls and media / press meets are organised by the Bank post every quarterly results for analysts and investors to interact with senior management of the Bank and the transcript of these calls are available on the Bank's website: www.idfcbank.com. The media also plays an important role through advertising, media interaction, interviews, press releases etc. The marketing and corporate communication teams partakes in dialogues with such stakeholders.

Channels of engagement with Employees along with various beneficial programs, redressal grievance cells and training programs have been given under Principle 3.

The Bank promotes an efficient and transparent financial system, enhancing financial literacy and improving access to the banking system. Some of the Bank's disclosures serve as channels to share financial performance. One such disclosure is publishing of financial reports prepared according to the Indian Generally Accepted Accounting principles ('GAAP').

Business Associates, Vendors and Suppliers are engaged through meetings, letters, emails, contracts and other means of communication.

A not-for-profit Company, IDFC Foundation, a Section 8 Company within

the meaning of Companies Act, 2013 and a 100% subsidiary of IDFC limited, is the CSR implementation arm of IDFC Group of Companies. IDFC Foundation carries out activities through well-defined projects which fall within the ambit of Schedule VII of the Companies Act, 2013 for promoting livelihoods, rural areas and social infrastructure in the Community. 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.

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 villages where such activities are operated. Some of these activities include promoting education, skill training and livelihood enhancement, healthcare and hygiene, financial literacy and inclusion. There are various projects undertaken through IDFC Foundation as part of its CSR initiatives which are enumerated in the Board's Report of the Annual Report.

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 behavior amongst employees.

IDFC limited, the Holding Company of the Bank is a signatory to the United Nations Global Compact ('UNGC') which also includes principles on human rights. 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 undertaken by the Bank aids in maintaining a diverse set of employees, be it from any caste, country, gender, age, race, religion or disability. Focus has been made on gender diversity where steps have been directed to absorbing women at senior levels on the basis of their merit and hiring returning mothers seeking avenues to restart their career. Conscious consideration for

significant life events have been offered by the Bank such as additional child care leave post child's birth and flexible working hours.

The Whistle Blower Policy and the Sexual Harassment (Prevention & Redressal) Policy conforms to zero- tolerance of any form of prejudice, discrimination and harassment at work. A formal process for addressing employee grievances arising from the annual performance review discussions with their managers has been implemented by the Bank. The HR team partakes in discussions with specific employees and their managers to address such concerns. Medical checkup camps for the Bank employees are conducted on a regular basis. Time out platforms have been used to enhance relationship between colleagues and help create a better collaborative environment within the Bank.

Education is a fundamental human right, essential for the empowerment and development of every individual and the society as a whole. IDFC Foundation has been working to improve the quality of education in government schools in the states of Rajasthan, Madhya Pradesh and Maharashtra. In line with this, physical and digital infrastructure of schools have been improved, capacities of teachers and School Management Committees have been built, and learning material have been provided to the schools. The IDFC Foundation has also partnered with a number of NGOs including Ibtada, Masoom and Pratham Infotech Foundation to provide on-ground support to these schools.

The IDFC Foundation has been supporting thousands of dairy farmers and micro-entrepreneurs in earning higher incomes and leading dignified lives. As part of the Shwethdharma program, the Foundation has carried out a number of health and breed improvement activities in Madhya Pradesh and Karnataka. These activities are aimed at increasing the productivity of milch animals. The Rural Development and Livelihood Program has enabled more than 9000 micro-entrepreneurs earn a supplementary income by providing financial inclusion services to the poor and marginalized.

PRINCIPLE 6

BUSINESSES SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

The Bank operates in an environmentally sustainable manner by developing, promoting and utilizing eco-friendly and resource efficient services. As an environment friendly organisation, IDFC Bank strives to develop solutions to minimise its impact on the environment. The Environment and Social Policy ('E&S 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 Wholesale Banking (SME and MSME) and Bharat Banking (Rural) businesses.

The Bank promotes sustainable infrastructure through investments in renewable energy projects such as green data centre, LEED-certified office and solar powered branches in its Bharat banking branches.

The 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 E&S policy engages its customers and stakeholders on mainstreaming E&S Risk management, ensures the Bank's lending is made to environmentally sustainable, socially acceptable and economically viable projects, ensures environmental and social safeguards as defined by the applicable Indian legislation and Equator principles and ensures that a project's environmental and social risks are properly addressed throughout the loan tenure.

IDFC limited is a signatory to Carbon Disclosure Project ('CDP') and United Nations Global Compact ('UNGC'). IDFC limited has been reporting its sustainability performance to various sustainability forums like CDP, Dow Jones Sustainability Index etc. since 2011. IDFC Bank disclosed its sustainability performance to CDP for the year FY17 for their climate change program. The Bank would also be formulating a long term sustainability strategy to create sustained value for its stakeholders through improvement of its performance in the social, economic and environmental dimensions.

Carbon footprint is a measure of the impact that any Organization's activities

have on the environment and in particular climate change. It is expressed in tonnes of carbon dioxide (CO) emitted equivalent (tCOe) 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 organization's activities, but arise from greenhouse gas sources controlled by other organizations (non mandatory reporting).

IDFC Bank is committed to building a sustainable future and is focused on reducing the carbon intensity of its operations. It uses ratios (tCOe / operating Income & tCOe / employee) to measure the incremental emissions for every rupee of revenue generated and employee respectively and endeavors to use its resources efficiently in each succeeding year.

IDFC Bank's Carbon footprint assessment for FY17 was 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 Bank has incorporated environmental friendly features in its infrastructure and operations. These include water management, energy conservation, air quality management etc.

The E&S Policy enables the E&S Risk Management Framework to lay down processes and guidelines for various stages of the project appraisal process. The Environment Risk Group ('ERG') at the Bank proactively works with clients and internal teams to identify and address E&S risks associated with the project. The E&S Policy helps to engage customers and stakeholders and mainstreaming E&S risk management, ensuring lending is made to environmentally sustainable, socially acceptable and economically viable projects, thus ensuring that environmental and social safeguards are complied with by all transactions.

World Environment Day (WED) which occurs on 5th June every year, is the United Nation's principal vehicle for encouraging

worldwide awareness and action for the protection of our environment. In line with the event, we at IDFC Bank observed the same on 5th June 2017 on the official theme "Connect with Nature". The initiative covered more than 5000 employees across India. This initiative helped in raising awareness among employees about decreasing their resource usage like electricity, packaging material, food, fuel, paper etc. The various initiatives conducted during the day were Environmental Quiz, Screening of environmental awareness movies, Environmental Photography Contest, Awareness SMSs, Desktop Wallpapers etc.

Some of the initiatives undertaken and which form a part of the Bank's internal processes are:

Infrastructure & Waste Management

- Certification for our central data center for energy efficiency.
- LEED 'Gold' Certification for our registered office at Chennai
- Energy conservation measures have been undertaken at various branch offices including use of double glazed windows and use of recycled material
- Use of carpooling and company bus service
- Use of low noise, low emission diesel generator at urban branches
- Minimal usage of lightings and air-condition systems at branches and corporate office of the Bank
- Minimal consumption of water through water saving technologies at branches and corporate office of the Bank
- Recycling waste to the maximum extent through third party vendors
- Ensuring emissions and waste are within permissible limits of applicable laws.

Digital Banking

- In Wholesale Banking, utilization of e-statements and e-receipts for its customers have assisted in resource conservation.
- The Bank encourages shareholders to opt for electronic copies of the Annual Report through its Green Initiative program.
- Carbon footprint assessment of our operations.

Information Technology

- Automated server and desktop shutdown to reduce consumption of energy
- Use of audio / video conferencing facilities for meetings.
- Effective e-waste disposal methods

Renewal Energy

- ATMs powered by solar based UPS for reduction in ATM down time despite power outages
- Lithium ion batteries on off-site ATMs

PRINCIPLE 7

BUSINESSES WHEN ENGAGED IN SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

IDFC 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. Some of the major trade bodies / associations through which the Bank is a member are listed below:

1. Indian Banks' Association
2. Associated Chambers of Commerce and Industry of India (ASSOCHAM)
3. Bombay Chamber of Commerce & Industry (BCCI)
4. Bombay Management Association (BMA)
5. Confederation of Indian Industry (CII)
6. Federation of Indian Chamber of Commerce & Industry (FICCI)
7. Indian Merchants Chambers (IMC)
8. Impact Investors Council
9. Micro Finance Institutions Network
10. All India Management Association

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

IDFC Limited has also played a key role in providing leadership and advocacy in areas of corporate governance as well as public policy.

The Bank advocates change for a better tomorrow through its disclosures which serve as a means of sharing organizational performance and best practices with all its stakeholder. Some of the modes of disclosure are:

- Publishing the Business Responsibility Report of IDFC Bank in adherence to National Voluntary Guidelines (NVGs) laid out by the Ministry of Corporate Affairs (MCA) Government of India.
- Publishing the Business Responsibility Report and Sustainability Report by IDFC Limited in adherence to international and

national guidelines namely, Global Reporting Initiative ('GRI') Framework and National Voluntary Guidelines (NVGs) laid out by the Ministry of Corporate Affairs (MCA) Government of India.

- Disclosing the Sustainability Performance of the Bank to Carbon Disclosure Project (CDP) for their climate change program for FY17.
- Nomination of the Bank for awards, assessments and ratings by national and international agencies.
- Senior Management of the Bank hold significant positions in various Committees constituted by the Government of India, Regulators and other industrial bodies.

PRINCIPLE 8

BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

'Banking for an Inclusive Society', IDFC Bank has been the first universal Bank of India to adopt a differentiated service strategy for catering to people in rural and semi-urban locations through intensive use of technology. Through 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 on March 31, 2018, some of the key statistics relating to financial facilities extended under Bharat Banking are:

- 212011 Sakhi Shakti Women's Group Loans
- 6945 Pratham (BSBDA) Accounts
- 135073 Sowbhyagya Shakti - Regular Saving Deposit Service
- 647706 other variants of saving accounts

Additionally, Bharat Banking has 10113 Micro ATM outlets as part of its banking network for making the basic banking services available in remote locations. The Bank is also offering Micro Finance Loans and Savings accounts through 387 Business Correspondents network of ASA, Saggraha and IDFC Bharat Ltd.

The IDFC Foundation, the CSR implementing agency of the IDFC Group has initiated a number of activities to support inclusive growth and equitable development. The following is a brief summary of the efforts undertaken:

Rural Development and Livelihood

Enhancement through Financial Inclusion: IDFC Foundation, in partnership with IDFC Bank and National Institute of Securities

Markets (NISM) has been promoting Financial Inclusion across the country. As part of this program, over 9000 micro-entrepreneurs (Mitras) across 23 states and 2 Union Territories have been equipped with Financial Inclusion Devices. Using these devices, the Mitras have helped thousands of poor and vulnerable people withdraw their entitlements like pensions, deposit money, remit funds and avail a host of other services within their villages. Earlier the poor were forced to travel to bank branches located 10-15 kms away, which was difficult and costly. By leveraging the power of interoperability, the Mitras have served community members irrespective of which bank they have an account with. The Mitras also earn a crucial supplementary income out of the services they provide. Along with the inclusion services, the IDFC Foundation has also been promoting Financial Literacy among the community members.

■ **Shwethdara - Cattle Care Program:** The 'Shwethdara-Cattle Care program', initiated by the Foundation, focuses on increasing the income of small and marginal dairy farmers. As part of the program a number of breed improvement and health focussed activities have been undertaken in Madhya Pradesh and Karnataka. More than half a million treatments and around 40,000 Artificial Insemination services have already been carried out as part of this program. Trained paravets have been providing these services to the dairy farmers at their door step.

■ **Education initiatives for children and youth from lower socio-economic strata:** The IDFC Foundation has supported thousands of children and young people in Rajasthan, Madhya Pradesh and Maharashtra to gain good quality education. In Alwar district of Rajasthan, the Foundation worked with teachers and School Management Committees of 60 Government primary schools to improve learning outcomes and leadership skills of students.

Through the 'Night School Transformation programme', the Foundation has been supporting 10 night schools located in Mumbai suburbs. Most of the students in the night schools work during the day and study at night. The Foundation's support not only reduces drop outs in these schools and but help the students learn better.

In line with the Government of India's Digital India programme, the Foundation adopted 18 Government Schools in Hoshangabad district (Madhya Pradesh) to promote 'digital literacy' among students.

A Digishala was set up in each of these schools, which included a full-fledged computer lab and a trained local instructor. These Digishalas conducted regular sessions according to a pre-defined curriculum for students from classes I to X. The program has resulted in significant enhancement in learning outcomes for these students.

IDFC Institute, an independent not-for-profit think tank is focused on improving the lives of low-income populations, both by improving the functioning of markets, as well as through addressing deficiencies in the delivery of public goods. They produce cutting-edge, evidence-based research and diagnostic tools that can support central, state and local governments. Its research concentrates on three defining transitions in the Indian economy; farm to non-farm, rural to urban and informal to formal. In doing so, It has a specific interest in developing and augmenting the requisite state capability to enable and manage these transitions, which are critical to eliminating absolute poverty.

PRINCIPLE 9

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

The Bank has number of mechanisms for resolving grievances of its customers and clients, thus adding value to the customer base. The Bank has in place the following policies to protect customer rights.

1. Comprehensive Deposit Policy
2. Customer Compensation Policy
3. Customer Grievance Redressal Policy
4. Cheque Collection Policy
5. Charter of Customer Rights
6. Fair Practice Lending Code
7. Code of Right Selling & Servicing of Insurance Products

Some of the grievance redressal mechanisms at the Bank are:

■ Wholesale & Retail customers' queries pertaining to Consumer Banking, Bharat Banking and Commercial & Wholesale Banking are addressed by the 'banker on call' employees located at Junagar and Navi Mumbai who are available 24/7 for any assistance to the customers.

This facility imparts information on bank products, resolving queries relating to account balances, account statements, KYC documentation, ATM complaints etc. Retail customers can also send in their queries

to banker@idfcbank.com and sampark@idfcbank.com which are answered by trained customer service staff.

■ The Customer Grievance Redressal policy underlines the treatment to customers equally and fairly without any bias. Grievances are resolved within the turnaround 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 lending Code for lenders, IDFC Bank undertakes to provide comprehensive information relating to fees, charges, terms and conditions and any other material information so that the borrower can make an informed decision. For relevant segments, the Bank has laid down timelines for processing the applications / requests received and communicate, in writing, the reason(s) for rejection of borrower loan application.

■ The customer service staff of the Consumer Banking & Bharat Banking businesses have been imparted with training which is aimed to understand the customers' need in order to enhance quality service to them.

■ The Bank provides transparent information on its products through its website www.idfcbank.com including details on product features, service charges, applicable fees, interest rates, deposit schemes etc. online tools are provided for customers to understand loan eligibility, tenure of loans, processing structure etc.

The Bank's 100% wholly owned subsidiary, IDFC Bharat Limited (IBL) also has a CSR division which is a corporate self-regulatory mechanism having a long and cherished tradition of commendable initiatives, institutionalized programs and CSR practices which help in the development of several underdeveloped regions in the country.

IBL has organized, social security schemes to its clients for food distribution, drought relief activities, vocational skill development trainings, financial literacy programs, health education camps, women's right counseling, legal aid awareness programs and multi-specialty health camps to protect and promote health care of its member communities. More details of camps / programs conducted by IBL in FY18 have been described in the Board's Report of IBL which is included in the Subsidiary Annual Report of IDFC Limited.

SOME SNAPSHOTS OF THE VARIOUS CSR INITIATIVES UNDERTAKEN BY IBL.



EYE CHECK-UP CAMP AT IBL



ENVIRONMENT CAMP BY IBL



DISTRIBUTION OF FREE NOTE BOOKS
& UNIFORMS BY IBL



DISTRIBUTION OF TEAK SAPLINGS BY IBL



VETERINARY CAMP AT IBL

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 Bank Limited
03.	Registered address	KRM Tower, 7th Floor, No. 1, Harrington Road, Chetpet, Chennai 600 031, Tamil Nadu. 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	2017-18
07	Sector(s) that the Company is engaged in (industrial activity code-wise)	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	IDFC Bank is a publically held Banking Company 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, 2018, the Bank had 150 branches, out of which 8 branches were at Mumbai and Thane Districts and the other 142 branches were spread across India. Also, there are 2 Central Processing Centers at Airoli & Juinagar and one Clearing Hub at Mumbai. There are 85 ATMs, 17,474 Customers Access Points which includes MicroATMs, cashless PDS outlets and Aadhaar Pay Merchants Points. The Bank also has 387 Corporate Business Correspondent branches.
10	Markets served by the Company – Local/State/ National/International	IDFC Bank serves customers in national market.

SECTION B:

FINANCIAL DETAILS OF THE COMPANY

NO.	PARTICULARS	DETAILS
01	Paid up Capital (INR)	₹ 3,404.07 crore
02	Total Turnover (INR)	₹ 10,047.90 crore
03	Total profit after taxes (INR)	₹ 859.30 crore
04	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	In compliance with Section 135 of the Companies Act, 2013, the Bank has contributed ₹ 14.23 crore to IDFC Foundation for CSR activities. IDFC Foundation, a wholly owned subsidiary of IDFC limited is the CSR Implementing agency for IDFC limited and its Group Companies, including IDFC Bank.
05	List of activities in which expenditure in 4 above has been incurred:-	CSR activities are undertaken by IDFC Foundation, a Section 8 Company within the meaning of the Companies Act, 2013 and a 100% subsidiary of IDFC limited (ultimate Holding Company of IDFC Bank). For more details of CSR activities undertaken by IDFC Foundation, please refer to principle 8.

SECTION C:

OTHER DETAILS

NO.	PARTICULARS	DETAILS
01	Does the Company have any Subsidiary Company / Companies?	Yes, the Bank has one subsidiary - IDFC Bharat limited (formerly known as Grama Vidiyal Microfinance limited)
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)	Yes. IDFC 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%]	Yes, there are various entities that the Bank does business with, which takes part in BR initiatives. The Bank engages with business associates, implementing partners and clients to carry out BR related initiatives (30-60%).

SECTION D:

BUSINESS RESPONSIBILITY INFORMATION

1. Details of Director/Directors responsible for BR

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

NO.	PARTICULARS	DETAILS
1.	DIN Number (if applicable)	00131782
2.	Name	Dr. Rajiv B. Lall
3.	Designation	Founder Managing Director & CEO

b. Details of the BR head

NO.	PARTICULARS	DETAILS
1.	DIN Number (if applicable)	07339365
2.	Name	Dr. N. S. Rajan
3.	Designation	Group CHRO, Group CMO, CEO - IDFC Foundation
4.	Telephone number	022 4222 2000
5.	e-mail id	ns.rajan@idfcbank.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)										
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?	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 2)	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	N	-	Y	Y
10	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency? (Note 3)	Y	Y	Y	Y	Y	N	-	Y	Y

Note 1

The Bank has based its policies on guidelines and key indicators of the Reserve Bank of India and regulations passed by Securities Exchange Board of India and 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 Board of Directors and Senior Management Personnel

Policy for determination of materiality of events

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

Code of Conduct for Prohibition of Insider Trading

Policy on Related Party Transactions

Whistle Blower Policy

Dividend Distribution Policy

Policy for Determining Material Subsidiaries

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 preview of the Reserve Bank of India. The Bank's accounts are audited by external auditors namely, Deloitte Haskins & Sells, Chartered Accountants.

NO.	QUESTIONS	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles									
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 works 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 to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The Bank has constituted a Corporate Social Responsibility ('CSR') Committee of the Board which oversees the CSR strategies, activities and progress. For more details on frequency of the CSR Committee meetings, please refer to the Corporate Governance Section which forms part of Annual Report FY18. The Founder Managing Director & CEO is the Chairman of the CSR Committee and the Group CHRO, Group CMO, CEO - IDFC Foundation attends all CSR meetings. The overall BR performance is reviewed by the Bank's Management annually.

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.idfcbank.com.

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.

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 authorized waste processor. More than 10% of total waste generated from our operations is recycled.

Most of the 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 and Sowbhyagya Shakti - Regular Saving Deposit Service.

The country's first interoperable Micro ATM - that helps provide Aadhaar enabled digital banking and payment services to common citizens in both urban and rural India was created by IDFC Bank. The Micro ATM helps to open bank accounts using the e-KYC process eliminating the need for paper applications. This product conducts transactions using the Aadhaar number, thus making 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?

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. It has pioneered the digital savings account process which is completely paperless and instant using the Micro ATM platform leveraging Aadhaar eKYC.

SECTION E:

PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1

1. Does the policy relating to ethics, bribery and corruption cover only the company?

The 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?

The Bank 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 as sourced sustainably?

Our major material requirements are office, communications and IT related equipments. 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.

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 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%). Also, provide details thereof, in about 50 words or so.

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. For more details on initiatives involving responsible resourcing, please refer to Principle 2.

Prohibition and Redressal) Act, 2013 and the Rules made thereunder, the Bank has in place a Sexual Harassment (Prevention & Redressal) Policy which has constituted region-wise Internal Committees ('ICs') to investigate and resolve such cases. The regions comprise Central, Karnataka, Madhya Pradesh, North East and South. During FY18, there were no sexual harassment cases filed.

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

PRINCIPLE 3

1. Please indicate the Total number of employees:

5,814 employees as on March 31, 2018.

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

IDFC Bank had 11 employees hired on contractual basis as on March 31, 2018.

3. Please indicate the Number of permanent women employees.

929 permanent women employees as on March 31, 2018.

4. Please indicate the Number of permanent employees with disabilities

Being an equal opportunity employer, IDFC 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 4 as on March 31, 2018.

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

The Bank does not have an employee association.

6. What percentage of your permanent employees is members of this recognized employee association?

N.A.

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,

The Bank has conducted 9 workshops for Prevention of Sexual Harassment (POSH) for its employees and there were 2 IC training workshops conducted for the IC members.

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

a. 4,574 Permanent Employees (79%)

b. 687 Permanent Women Employees (74%)

c. Casual / Temporary / Contractual Employees: Nil

d. 4 Employees with Disabilities (100%)

All employees are imparted training basis their training requirements and organizational profile.

Training needs are identified for different personnel based on the nature of their jobs.

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.

Yes

3. Are there any special initiatives taken by the company to engage with?

The disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so. Yes, the Bank regularly undertakes initiatives to engage with disadvantaged,

vulnerable and 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 the 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 the Bank but also other stakeholders. Please refer to the brief description in principle 6 for 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 minimize its environmental impact. Please refer to the various initiatives described in Principle 6 for more information.

IDFC Bank disclosed its sustainability performance to CDP for the year FY17 for their climate change program. The Bank would also be formulating a long term sustainability strategy to create sustained value for its stakeholders through improvement of its performance in the social, economic and environmental dimensions.

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 the 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, 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.**

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?**

The Bank's emission and waste are within permissible limits of applicable laws. At the branches where the Bank uses diesel generators, it ensures it uses only low noise and low emission sets.

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 industrial 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 industrial associations 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 MicroATMs in villages to provide connectivity in remote areas.

In addition, there are various projects undertaken through IDFC Foundation as part of its CSR initiatives. For more information on CSR activities undertaken by IDFC Foundation please refer to principle 8.

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

The approach adopted by IDFC Foundation is to enhance income flows of households through livelihood inputs, market linkages and helping governmental and non-governmental organizations in delivering better services to the community. IDFC Foundation helps financial inclusion through channelizing interoperable MicroATMs

network to improve access to basic banking & payments network services after providing financial literacy and digital skilling program under the Rural livelihoods & Development program. IDFC Foundation 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. IDFC Institute (a division of IDFC Foundation) has been set up as a research-focused think tank to investigate the political, economic and spatial dimensions of India's ongoing transition from a low-income state-led country to a prosperous market-based economy with the help of its in-house team and outside partners.

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, reviewed periodically and corrective 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?

The Bank's direct contribution to community development projects in FY18 was ₹ 14.23 crore which was given to IDFC Foundation, the CSR arm for IDFC Group. Details of CSR activities undertaken by IDFC Foundation are included in the Board's Report which forms part of the Annual Report FY18.

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.

PRINCIPLE 9

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

There were 3 customer complaints which were pending as on March 31, 2018, i.e. approximately 0.5% of the total complaints received during the year.

However, as on date all these complaints have been resolved.

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 were no cases filed / pending against the Bank regarding unfair trade practices, irresponsible advertising and / or anti-competitive for FY18.

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 minimize 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. Where required, businesses should also educate their customers on the safe and responsible usage of their products and services.
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.