



BUSINESS RESPONSIBILITY REPORT

In building a mass retail bank, IDFC Bank has the potential to impact millions of lives, to nurture and change employee experience, customer behaviour, quality of community life and most importantly utilize technology for the last mile access

Business Responsibility Report ('BRR') is one of the ways by which we articulate our commitment to conduct responsible business at IDFC Bank.

In building a mass retail bank, IDFC Bank has the potential to impact millions of lives, to nurture and change employee experience, customer behaviour, quality of community life and most importantly utilize technology for the last mile access. Focusing on its click-and-mortar model, IDFC Bank has combined state of the art branches with an easy-to-use digital platform to enhance its financial inclusion and restrict ecological footprint. Thus forging an interaction between CSR interventions and banking services.

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

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The Bank endeavors to adhere to the below Principles by focusing on innovative and continuous learning to make business responsible towards all its stakeholders.

PRINCIPLE 1

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

It is our responsibility to respect and adhere to ethical practices in all aspects of our business. The Code of Conduct helps maintain the standards of the Bank and applies to employees, suppliers, vendors, contractors, consultants or any third party agent working for and on behalf of the Bank.

Board Governance

We have a robust corporate governance framework to ensure that we conduct our business responsibly. The Nomination and Remuneration Committee of the Board is responsible for all appointments at the Board. As on March 31, 2017, the Board consisted of five (5) Independent Directors. A set of criteria is followed to ensure the highest standards of corporate governance. Additionally, the Ethics and Culture Committee of the Board guides the leadership in embedding ethical practices within the Bank. The Board oversees the service of the Management towards protection of stakeholders' interest in the long run. For more details on Board

Governance, refer to the Corporate Governance Report of the Annual Report.

Corporate Policies

Policies and frameworks have been set up at various levels across IDFC Bank to guide employees and stakeholders in fair dealings and in ensuring compliance to regulatory norms applicable to the Bank. The governance practices extend across IDFC Group and to the Bank's stakeholders too.

The **Code of Conduct Policy** complies with applicable laws and regulations. Business ethics, anti-bribery and anti-corruption are some of the pillars on which the Code of Business Conduct is based on. Thus ensuring adoption of high standards of professionalism, honesty, integrity and ethical behaviour in banking operations.

The **Whistle Blower Policy** is applicable to all Directors and employees of the Bank. It ensures the prevention of malpractices or any breach of to 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 assets by employees disproportionately by misappropriation, forgery, cheating or through criminal offences.

The **Enterprise Risk Management ('ERM') Framework** encourages practices to identify, assess, monitor 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 for identification and evaluation of significant compliance risks thus ensuring safety and soundness of the Bank while the **Chinese Wall Policy** ensures accountability of all employees for conflict management and information barriers.

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 transactions between related parties are based on principles of transparency and arm's length dealings. Thus it aims at preventing conflict of interests involving such related parties.

Code of Conduct for Prohibition of Insider Trading has been formulated 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** assist in reporting frauds and money laundering of banking operations. These policies provide a framework to manage fraud risk thus protecting the Bank's reputation or any loss / damage of assets of the Bank.

The **Disciplinary Action Policy** assists in upholding 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

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, Bharat Plus (SME and MSME) and Bharat Banking (Rural) businesses. An **Environment & Social ('E&S') Risk Management Framework** has been developed for these businesses that identifies sector / industry specific risks and lays out the systems and procedures for E&S review of the transactions. E&S review is done for transactions that come under the ambit of the Bank's environment policy. **IDFC Bank is a signatory to Equator Principles ('EPs')**.

IDFC Limited, 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 is an environment friendly organisation that constantly works towards developing solutions to minimise its impact on the environment. IDFC Bank has installed solar panels at all its Bharat Banking branches. IDFC Bank has extended corporate banking and credit facilities to projects in sectors such as **renewable energy**. In pursuance to RBI's Vision Document 2018, the Bank has encouraged greater use of electronic payments, by bringing down paper-based transactions through **e-statements** and **e-receipts** for its customers and thus contributing towards **resource conservations**. The Bank has encouraged the use of **digital channels** by the use of **mobile banking** for day to day transactions. It also encourages shareholders to opt for electronic copies of the Annual Report through its **Green Initiative Program**.

The Bharat Banking business has adopted an outreach model with its network of branches. The Bank strives towards imbibing green sustainable products, processes and practices. Energy conservation measures

have been implemented. MicroATMs and ATMs in the banking services of rural and semi-urban areas are available. Door-step banking services have been operated in each village. Innovative technology solutions have provided customers in these markets with the best of banking experience. Banking products are catered to different classes of customers to complement different lifestyle needs of customers.

Though there is restricted scope of the Bank's purchase requirements, 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 Banks' concern in the areas of labour standards, environment and ethical business practices.

PRINCIPLE 3

BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES

Employees are our first customers. Keeping internal customers satisfied and happy is the first step towards creating external customer loyalty. The Bank believes in delivering the same standards of experience to its employees as it ensures for its customers. To enhance employee value, the Bank has processes in place to uphold the right of every employee. The Bank provides a work environment that is free from discrimination and harassment to all employees. The Bank is an equal opportunity employer providing all employees with opportunities for learning, professional growth and development. Various HR policies ensure ample opportunities and sufficient safeguard for the employees. Designed with the industry's best practices and international benchmarks, these policies serve as effective levers for human capital management approach.

Some of the HR policies ensuring employee wellbeing 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 behaviours 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 benefits / facilities extended to employees. 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.

Employees imbibe the four values of the Bank namely, Balance, Collaborate, Drive and Honesty in their day-to-day banking operations. Through workshops, the employees have transformed into 'Brand & Culture' ambassadors for the Bank.

The Bank has launched, **Employee Experience**, a unique concept which pledges to treat employees as best customers. Each employee is assigned a dedicated Relationship Manager who handholds the employee throughout his / her journey with the Bank.

iLiveWell is a wellness initiative launched which aims at enhancing the overall well-being of the employees driven by the philosophy "We are with you in sickness and in health". This is a holistic program that partners with employees right from the day of onboarding with a pre-employment health check, a dedicated Doctor's Room with a Doctor who visits thrice a week at select office locations and an annual health checkup setup on premises. The organisation aims at stimulating a healthy lifestyle and access to hassle free cashless hospitalisation for self and family.

One such **iLiveWell** program was extended to the employees of the Rural Branch at Hoshangabad which included medical insurance for the employee as well as for his / her family with a minimum cover of ₹ 2 Lacs. Goquii bands, posters and pocket cards were

distributed to employees. Doctor visits and feedback sessions were also arranged.



Clipping of the Doctors' visit at Seoni Malwa, Bharat Branch where employees were given medical checkup and health guidance.

We had undertaken the below activities relating to employee wellness in FY17 which were greatly appreciated:

- The **Annual Medical Hospitalisation Insurance policy** - Our insurance mobile app 'Medibuddy' was launched. This app provides the convenience of an ecard, network hospitals, pre-hospitalization approvals on mobile. The insurance policy was renewed with three major advantages for employees, namely, attractive top-up options for increased family cover, enhancement in the cover for normal & c-section delivery and parental coverage from the first day of joining without any limit on pre-existing illnesses.
- **iLiveWell Wellness Week** was held from 17th to 21st October 2016 with activities such as - Talk on Heart Attack, its causes, symptoms & prevention; Eye Camp, Financial Wellness, Pink Month, Dental Screening, Bone Mineral Density checkup, Yoga, Corporate Spa, Express Manicure / Pedicure & Foot Spa, Dietician, Fitness related games & activities.
- **Women's Day** was celebrated by partnering with all women employees in our larger offices in their journey of health & wellness by organizing a health checkup camp, dietician and a talk on women related diseases.
- The Bank observed **Road Safety Week** from 11th to 17th of January 2017 focusing on six elements of safety i.e. Slow, Sober, Secure, Silent, Sharp and Sustainable. This initiative had the coverage of more than 4,000 staff under the IDFC umbrella. As part of the drive, many initiatives and programs like Blood donation camp, Road Safety Pledge ceremony, quizzes, Defensive Driving

Trainings, Reflective Tapes Sticking Drives, Promotional items distribution etc. were organized at the Bank's offices and branches across India. These initiatives were also supported by the HR team.

■ **Onsite and offsite Annual Health Checkup** were held in October 2016 & March 2017 at various office locations which saw an overwhelming response with a total of 1,133 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.

All employees were 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 use of helmets, Bird Flu, prevention of smoke related fires, prevention from heat waves 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 were:

- As Delhi witnessed its worst spell of smog in 17 years in the month of February 2017, N95 Anti-pollution masks were distributed to all employees at Delhi 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. In addition to this, advisories were also sent regarding the precautions to be taken during outdoor activities.
 - With birds in many parts of the country testing positive for avian influenza in October 2016, health advisories were sent to all employees with the Do's and Don'ts to be followed for its prevention.
 - 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.

A robust Learning Management System is in place that helps the Bank in developing, deploying and delivering learning interventions at scale. This system is accessible to all employees across geographies, and hosts learning content in various formats including online modules, videos and learning journals amongst others.

IDFC Bank has put in place a set of training programs which cover employee needs at various stages. At the time of onboarding, employees are taken through a detailed Induction covering, IDFC's culture, values and organizational structure. Employees in identified roles in Bharat Banking, Bharat Plus Banking and Wholesale Banking are also covered under specific role based training interventions. Apart from this, employees are also invited for customer service orientations and managerial effectiveness modules depending on their role requirements.

For Bharat Banking employees, IDFC Bank has put in place a robust set of training interventions that take them through nuances of products, processes and systems. Also, a specialized program titled 'Param' has been launched to enhance managerial capabilities.

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 in letter and spirit 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, 2017, out of the 74 IDFC Bank branches - 20 were opened in Tier 5-6 villages, of which 18 branches were unbanked rural centers, and another 23 were opened in Tier 2-4 towns. (Categorisation of Branch is as per 2011 census)

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 and then sets up a branch which can reach out to maximum number of underserved populace. Bharat Banking identifies the value-chains of livelihoods that exist in the catchments of its branches, developing Business Units, understanding the needs, designing and customizing products and services to fulfill the customer's needs in rural villages.

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

Bharat Banking which is one of the key business verticals of IDFC 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 service, and Sakhi Shakti loans that 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.

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

Engagement mechanisms have been formulated by the Bank to understand the following stakeholders' expectations and concerns:

Equity Shareholders, Infra Bondholders, Private Placement Bondholders and Customers form part of the key stakeholders of IDFC Bank. Our engagement process for addressing queries and complaints of these

stakeholders are 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. Investor grievance cells being the first point of contact, act swiftly to queries and complaints of stakeholders. Special attention is given for medical emergency request from infrabond holders for availing proceeds accordingly.

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 is also available on the Bank's website: www.idfcbank.com. The media also plays an important role under stakeholder engagements through advertising, media interaction, interviews, press releases, emails etc. The marketing team partakes in the dialogue with such stakeholders.

Channels of engagement with **Employees** along with programs, benefits, rewards, redressal grievance cells, training programs, employee satisfaction initiatives 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. The Bank has participated in key initiatives undertaken by the **Government and Regulators**. Some of the Bank's disclosures serve as channels to disclose and share financial performance and are some of the best practice services to the shareholders. 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 meets, 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.

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. IDFC Limited is a signatory to the United Nations Global Compact ('UNGC') which include principles on human rights as well. Policies and operations of the Bank have been formulated and implemented without discrimination, upholding every employee, customer and stakeholders' right.

Few Policies within the Bank which enumerates this principle are:

The **Equal Opportunity and Diversity Guidelines** undertaken by the Bank has assisted the Bank 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 senior management 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.

The Bank has incorporated a formal process for addressing employee grievances arising from the annual performance review discussions with their managers. The HR team participates in discussions with specific employees and their managers to address the concerns.

Emphasis has been made to conduct medical checkup camps for the Bank employees on a regular basis. Time out platforms have been used to promote good

relationship between colleagues and create better alignment with business vision thus fostering a collaborative environment.

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 focusing on institutionalizing change in education, inclusive infrastructure, healthcare, livelihood and skill building. It has been accelerating its efforts in making education accessible for all, through transformation of night schools, early child care, education in Anganwadis and through financial and digital literacy. IDFC Foundation helps Masoom, the first organization in Maharashtra to run a comprehensive intervention programme for night schools, to improve the school infrastructure, teacher capability and establish self sustainable School Management Development Committees ('SMDCs') for School management. IDFC Foundation intends to improve digital literacy of students (Class I-X) through establishment and operation of Digital Learning Centres ('DLCs') in select 18 rural government schools of Hoshangabad District of Madhya Pradesh. The programme is in line with the Government's aim to transform the Country into a digitally empowered society and knowledge economy. IDFC Foundation is also focusing on the primary education improvement programme for improving learning outcomes in 60 Government Primary Schools in Ramgarh and Kishangarh blocks of Alwar District of Rajasthan and improving physical infrastructure, classroom upgradation including levelling & paving of the ground at 2 primary schools in villages covered by the **Centre's SansadAdarshGram Yojana** at SangakhedaKalan, Hoshangabad Dist. in Madhya Pradesh.

IDFC Foundation also aims to provide financial literacy and skilled training to the people to focus jobs / employability through the interoperable MicroATMs network to improve access to basic banking and payments network services in rural India. IDFC Foundation also helps to improve income levels of small and marginal farmers by improving milk yield of their cattle in nine (9) district in MP through (i) high quality veterinary services at the doorstep (ii) promoting health seeking behaviour for livestock amongst rural Indians and (iii) providing high quality artificial

insemination services through trained paravets.

The Public Health System has been mobilized through collaborating with Tata Trust (Partner) for providing strategic support to the State Government of Andhra Pradesh in implementing district wide approach for Elimination of Open Defecation and achieving 'Open Defecation Free Status' in Machilipatnam Division of Krishna District. IDFC Foundation also aims to promote toilet construction and generate awareness amongst community members to change their insanitary behaviours.

PRINCIPLE 6

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

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 the Wholesale, Bharat Plus (SME and MSME) and Bharat Banking (Rural) businesses.

In pursuant to being more environment conscious, the Bank has made significant investments in technology to develop solutions to minimize its impact on the environment. The Bank promotes sustainable infrastructure through investments in **renewable energy projects** such as **green data centre, LEED-certified office and solar powered branches** in the Tier 2 to Tier 5 areas.

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 would be disclosing its sustainability data to CDP for the year FY17 and would 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 organisation's activities have on the environment and in particular climate change. It is expressed in tonnes of carbon dioxide (CO₂) emitted equivalent (tCO₂e) and is reported under three categories:

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

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

01 CARBON FOOTPRINT DATA

SCOPE	VALUE (tCO ₂ e)	PERCENTAGE
Scope 1	190	1%
Scope 2	7,399	55%
Scope 3	5,818	44%
Total	13,407	100%

IDFC Bank's Carbon footprint assessment for FY17 has been verified by SGS India Pvt. Ltd. In accordance with ISO-14064-3:2006 as meeting the requirements of ISO-14064-1:2006—Specification with guidance at organization level for quantification and reporting of greenhouse gas emissions and removals & WRI / WBCSD Greenhouse Gas Protocol – A Corporate Accounting and Reporting Structure. IDFC Bank has avoided 36 tCO₂e GHG emissions by using video conferencing facilities and avoiding air travel. The carbon footprint for IDFC Bank in FY17 is given in **Table 01**.

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 on 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 compiled with by all transactions.

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

- **Certification** for our **central data centre for energy efficiency**.
- **LEED 'Gold' Certification** for our registered office at Chennai.
- **Carbon footprint assessment** of our operations.
- **Energy conservation measures** have been undertaken at various branch offices including use of double glazed windows, use of recycled material, green IT, use of renewable source of energy etc.
- Bharat Plus & Bharat Banking through the introduction 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**.
- use of **car pooling, company bus service**, use of **audio / video conferencing** facilities for meetings
- 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.

PRINCIPLE 7

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

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

1. 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

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

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

By advocating change for a better tomorrow, the Bank through its disclosures serve as a means of sharing organisational performance and best practices with all its stakeholders. Some of the modes of disclosure are:

- Publishing financial reports prepared according to GAAP.
- 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.

- Nomination of the Bank for awards, assessments and ratings by national and international agencies.
- Senior Management of the Bank and IDFC Limited 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 in 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, 2017, some of the key statistics relating to financial facilities extended under Bharat Banking are:

- 98,011 Sakhi Shakti Women's Group Loans
- 4,198 Pratham (BSBDA) Accounts
- 21,620 Sowbhyagya Shakti - Regular Saving Deposit Service
- 113,731 Other Variants of saving accounts

Additionally, Bharat Banking has 2,129 MicroATMs outlets and 3,341 Public Distribution System ('PDS') Agents as part of its banking network for making the basic banking services available in remote locations.

IDFC Foundation, the CSR arm of IDFC group has been supporting marginalized communities along with IDFC Institute serving as the think-do tank for public good. CSR programmes are developed in collaboration with Government Bodies and local NGOs. Some of the CSR activities undertaken by IDFC Foundation are enumerated below:

- **Rural development and livelihood program through Financial Inclusion:** IDFC Foundation ('the Company') aims to build a nationwide network of interoperable MicroATMs ('MATMs') that will significantly improve access for all customers, irrespective of which bank they have an account with, to basic

banking & payments network services. The Company will roll out MATMs in rural districts across the country and educate people on all aspects of financial literacy, skill these people to operate Aadhar enabled, digitally connected tablets and other similar devices and support (in the form of a free MicroATMs) to all individuals who are selected to become a 'Mitra'.

■ **Elimination of Open Defecation and achieving Open Defecation Free Status in Machlipatnam Division of Krishna District, AP:**

The Company in collaboration with Tata Trust (Partner) in providing strategic support to the State Government of Andhra Pradesh in implementing district wide approach for Elimination of Open Defecation and achieving 'Open Defecation Free Status' in Machlipatnam Division of Krishna District. The Company aims to promote toilet construction and generate awareness amongst community members to change their insanitary behaviours.

■ **Shwethdara - Cattle Care Program in Madhya Pradesh and Karnataka:**

The Company initiated 'Shwethdara - Cattle Care Program' that focuses on cattle breed improvement and cattle care through permanent high-quality affordable veterinary infrastructure and temporary cattle camps to enhance the livelihoods of small and marginal farming families in rural districts of Madhya Pradesh and Karnataka.

■ **Digishala - Promoting Digital Literacy in Government Schools:**

The Company aims to promote Digital Literacy among school students through establishment of DLC in 18 Government Schools of Hoshangabad District of Madhya Pradesh. The programme is in line with the Government's aim to transform the country into a digitally empowered society and knowledge economy. The program is aimed at improving learning outcomes of students in classes I to X.

■ **Learning Outcome Improvement Programme in Alwar, Rajasthan:**

The primary education improvement programme for improving learning outcomes in 60 Government Primary Schools in Ramgarh and Kishangarh blocks of Alwar District of Rajasthan aims at (i) improving the teaching-learning processes through the use of effective pedagogic tools (ii) developing the leadership skills among students through

extra-curricular activities (iii) improving the overall school management through strengthening of School Management Committees ('SMCs') (iv) improving the physical environment of the schools.

■ **Developing Handloom and Craft Livelihood in Uttarakhand:**

The Company has set up a Centre of Excellence ('COE') branded as 'Nandadevi Handloom & Heritage Center' for traditional handloom and craft which will anchor efforts to revive the dying arts and craft of the mountains of Uttarakhand and will provide artisans living in remote areas, critical facilities like skill upgradation, design and product development services, high quality raw materials and a common platform for marketing.

■ **Night Schools:**

The Company has been supporting Masoom, an NGO, to implement the 'Night School Transformation Programme' and working towards improving enrollment and learning outcomes at 10 night schools in Mumbai suburbs.

■ **Setting up of Solar Street Lighting and Safe & Clean drinking water in Meghalaya:**

The Company has installed solar street lights at the Mawlyngbna village in Meghalaya to help improve the quality of life for communities. With Solar Street Lights and lighting up of public spaces, tourists would also be encouraged to spend the night in the village to experience the local culture, which would significantly improve the livelihood of the villagers. The Company is also making efforts to provide clean drinking water to the village from natural springs by providing infrastructure to prevent contamination of drinking water at source.

■ **Transforming quality of life in Indian cities and towns:**

The Company has been improving access to basic minimum quality of public infrastructure and services by transforming social infrastructure and service delivery in India's town and cities.

■ **Support on improving the competitiveness of Indian Economy through jobs and livelihood creation:**

The Company has been creating more productive jobs for India's rapidly rising workforce by integrating Indian Enterprises into global value chains and by creating an enabling environment for firms to expand, grow and hire more workers.

■ **Research & Studies:**

IDFC Institute's research is structured around two pillars –Transitions and State Capacity. The research under 'Transitions' evaluates the multiple dimensions of India's transition from rural to urban, informal to formal, farm to non-farm and a low to high productivity economy with its corresponding impact on poverty reduction. Further, this research also aims to establish the centrality of well-paying and secure jobs to economic development and poverty alleviation. Research under the second pillar, 'State Capacity' is focused on enhancing institutional capacity within the Government, for robust implementation and strong governance. The objective is to minimise the 'transmission' loss between the intent layer of public policy and the execution layer of governance. With this aim, IDFC Institute works closely with various stakeholders, including the Government, to plug this loss through innovative solutions grounded in actionable research and recommendations.

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. 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 approximately 180 'banker on call' employees located at Juinagar, Navi Mumbai who are available 24/7 for any assistance to the customers. This facility has been implemented dedicatedly for imparting information on bank products, resolving queries relating to account balances, account statements, KYC documentation, ATM complaints etc. Retail customers may also send in their queries to banker@idfcbank.com and sampark@idfcbank.com which is answered by trained customer service staff.
- The Customer Grievance Redressal Policy underlines the treatment to customers fairly and equally 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 endeavour 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, refunds, processing timelines, application status for products, loan processes and communication of approval and rejection of loan applications.

The customer service staff of the Consumer Banking, Bharat Banking, Commercial & Wholesale 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.

On October 13, 2016, IDFC Bank acquired 100% equity stake in Grama Vidiyal Micro Finance Limited, now renamed as IDFC Bharat Limited ('IBL') to make it a Wholly Owned Subsidiary of the Bank. IDFC Bharat Limited's CSR Department 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's vision of sustainable growth drives both business decisions as well as its CSR works. Several CSR initiatives are conducted by unrelenting commitment to the initiation of projects.

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-speciality health camps to protect and promote health care of its member communities. More details of camps / programs conducted by IBL in FY17 have been described in the Board's Report of IBL which is included in the Subsidiary Annual Report of IDFC Limited.

Snapshots of the visit of Ms. Veena Mankar, Chairperson, at the Bharat Banking branches, interacting with women customers of the Bank's Joint Liability Group, addressing the beneficiary students of CSR initiatives of the Bank and interacting with branch employees.



Snapshots of the visit of Dr. Rajiv B. Lall, Founder Managing Director & CEO at Tiruchirapalli, launching IDFC Bharat Limited's BC program and inaugurating IDFC Bank's white label ATM.



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	2016-17
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. The Bank had begun its operations on October 1, 2015. The Bank may expand internationally in the years to come.
ii.	Number of National Locations	As on March 31, 2017, the Bank had 74 branches, out of which 6 branches are at Mumbai and the other 68 branches are spread across India. Also, there are 2 Central Processing Centers at Airoli & Juinagar, Mumbai. There are 47 ATMs; 8,142 outlets which includes MicroATMs, cashless PDS outlets and Aadhaar Pay merchant points, and had 350 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)	₹ 3,399.01 crore
02	Total Turnover (INR)	₹ 9,545.83 crore
03	Total profit after taxes (INR)	₹ 1,019.74 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 ₹ 4.85 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.

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)	Not Applicable
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

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

Policy on Related Party Transactions

Dividend Distribution Policy

Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management Personnel and other employees

Environment & Social Policy Framework

Policy for determination of materiality of events

Code of Conduct for Prohibition of Insider Trading

Whistle Blower Policy

Policy for Determining Material Subsidiaries

Corporate Social Responsibility Policy

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 FY17. 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 authorised 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

- Sowbhagyya Shakti - Regular Saving Deposit Service

- 'Short N Sweet' - an innovative mortgage home loan

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

FY17 being the 1st full year of operations, 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 was 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 authorised waste processor. More than 10% of total waste generated from our operations is recycled.

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 Sexual Harassment (Prevention & Redressal) Policy which has constituted an Internal Complaints Committee ('ICC') to investigate and resolve such cases. During FY17, one (1) sexual harassment

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	1	1
3.	Discriminatory employment	NIL	NIL

PRINCIPLE 3

1. Please indicate the Total number of employees:

3,905 employees as on March 31, 2017.

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

IDFC Bank had 7 employees hired on contractual basis as on March 31, 2017.

3. Please indicate the Number of permanent women employees.

686 permanent women employees as on March 31, 2017.

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, 2017.

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.

case was filed in March'17 which was concluded in May'17. Appropriate action was taken to resolve the case.

Workshops and programs are organized at regular intervals to create awareness amongst the employees against sexual harassment. In FY17 there were 63 workshops covering 1,566 employees. All employees also need to mandatorily undertake these online training modules as part of their induction program.

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

a. 3,796 Permanent Employees (97%)

b. 678 Permanent Women Employees (98%)

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 minimise its environmental impact. Please refer to the various initiatives described in Principle 6 for more information.
 The Bank has been invited by various Sustainability Forums for reporting its Sustainability Performance. The Bank would be disclosing the Sustainability data to CDP for the year FY17 and

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 like CII and FICCI towards funding green technology and for associate services. For more details please refer to Principle 7.

PRINCIPLE 8

- 1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.**
 IDFC Bank's Bharat Banking unit has several products and services which cater towards providing banking services to urban, semi-urban and rural areas of India. IDFC Bank has adopted a strategically different service approach for catering to people in these areas. The concepts used by Bharat Banking involves creating hub branches with an ecosystem of access points. Bharat Banking has created a contiguous distribution network of 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 FY17 was ₹ 4.85 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 FY17.

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 4 customer complaints which were pending as on March 31, 2017, i.e. approximately 2% of the total complaints received during the year. However, as on June 30, 2017 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 FY17.

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

5. 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.
6. 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.
7. 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.

8. Businesses should, within their sphere of influence, promote the awareness and realization of human rights across their value chain.
9. Businesses should not be complicit with human rights abuses by a third party.

PRINCIPLE 6:

Business should respect, protect, and make efforts to restore the environment

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

assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner.

7. Businesses should proactively persuade and support its value chain to adopt this principle.

PRINCIPLE 7:

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

1. Businesses, while pursuing policy advocacy, must ensure that their advocacy positions are consistent with the Principles and Core Elements contained in these Guidelines.
2. To the extent possible, businesses should utilize the trade and industry chambers and associations and other such collective platforms to undertake such policy advocacy.

PRINCIPLE 8:

Businesses should support inclusive growth and equitable development

1. Businesses should understand their impact on social and economic development, and respond through appropriate action to minimise the negative impacts.
2. Businesses should innovate and invest in products, technologies and processes that promote the wellbeing of society.
3. Businesses should make efforts to complement and support the development priorities at local and national levels, and assure appropriate resettlement and rehabilitation of communities who have been displaced owing to their business operations.

4. Businesses operating in regions that are underdeveloped should be especially sensitive to local concerns.

PRINCIPLE 9:

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

1. Businesses, while serving the needs of their customers, should take into account the overall well-being of the customers and that of society.
2. Businesses should ensure that they do not restrict the freedom of choice and free competition in any manner while designing, promoting and selling their products.
3. Businesses should disclose all information truthfully and factually, through labelling and other means, including the risks to the individual, to society and to the planet from the use of the products, so that the customers can exercise their freedom to consume in a responsible manner. 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.