



Always You First.

**BUSINESS RESPONSIBILITY REPORT
IDFC FIRST BANK LIMITED
FY 2018-19**

Business Responsibility Report

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

The Business Responsibility Report ('BRR') articulates IDFC FIRST Bank Limited's (formerly known as IDFC Bank Limited) commitment to future generations while conducting responsible businesses at the Bank.

IDFC FIRST Bank's responsible banking is integrated with all divisions of the Bank and is based on integrity, trust, technology and human resources, thus ensuring sustainable growth for the present and future generations.

The Bank has been building a strong foundation by bringing together strengths of two organizations, IDFC FIRST Bank Limited & erstwhile Capital First Limited, unlocking new avenues for growth and delivering a more diversified suite of products and services. The Bank also extends its reach to meet the needs of segments that require more services utilizing its existing relationships to extend its product portfolio to the wider customer segment. The Bank targets the demands arising from accelerating urbanization to meet the aspiration of urban, middle and rural India.

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

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

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 for its employees, suppliers, vendors, contractors, consultants and 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 of all stakeholders' interest, to create accountability and deter malpractices among employees.

As on date of this report, the Board consisted of eleven (11) Directors including six (6) Independent Directors. The various Committees of the Board meet periodically to review and advise the Management on matters of strategic importance.

The Nomination and Remuneration Committee of the Board ensures all appointments of Directors and Key Managerial Personnel, 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 FY 2018-19.

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. Brief of some of these policies is given below:-

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

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

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

The Enterprise Risk Management ('ERM') Framework identifies, assesses, monitors and mitigates 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 FY 2018-19.

The Compliance Policy outlines a framework to identify and evaluate significant compliance risks to ensure soundness of the Bank's operations. The Chinese Wall Policy ensures accountability of all employees towards conflict management and information barriers. This policy ensures visibility and openness at every level of functioning.

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

The Code of Conduct for Prohibition of Insider Trading has been implemented in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time in order to regulate trading in securities by the Board of Directors and Insiders of the Bank, including their immediate relatives.

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

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

PRINCIPLE 2

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

It has always been the Bank's endeavour to provide products and services designed in a manner to meet customer requirement as well as to contribute towards socio-economic development.

The Environment & Social Policy Framework of IDFC FIRST Bank is applicable to Wholesale Banking (SME and MSME) and Rural Banking businesses. It helps to identify sectors and industry specific risks and lays out the systems and procedures for E&S review of the transactions.

IDFC FIRST Bank has been constantly working towards developing solutions to minimise its impact on the environment. These include the installation of solar panels at rural banking branches; extension of corporate banking and credit facilities to projects in renewable energy sector; going digital not only enables customer convenience by way of digital banking solutions and reducing carbon footprint at branches and ATMs.

The Bank has encouraged greater use of electronic payments through e-statements and e-receipts thus contributing to conservation of resources. Use of digital channels such as mobile banking and the Green Initiative Program that enables 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 and stakeholders.

The retail banking business with its network of branches in rural areas has been striving to achieve sustainable products, processes and practices and energy conservation measures.

Our ATMs in rural and semi-urban areas, doorstep banking services in every village and innovative digital solutions offering banking convenience are some of the ways the Bank contributes sustainability. As of March 31, 2019 there were 141 ATMs in metro, urban, semi urban and rural areas.

The Bank continues to take initiatives to ensure responsible sourcing in supply chains for all major suppliers, 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

The bank trusts its employees' ability to be successful, especially at challenging new tasks, delegating responsibility and authority and allowing employees the freedom to decide how they will accomplish their goals and resolve issues.

Employees are the first customers for the Bank. Keeping internal customers satisfied and happy is the first step towards creating external customer loyalty. The Bank believes in fostering a culture of innovation amongst its employees, thus it invests in training of its employees and providing technical & behavioural support to manage customer relationships better.

To enhance employee value, the Bank has various processes in place to uphold the right of every employee. IDFC FIRST Bank is an equal opportunity employer providing opportunities for all its employees for learning, professional growth and development.

Various HR policies ensure 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 organises various employee engagement activities for employees which are conducted pan India.

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

The Equal Opportunity & Diversity Guidelines supports 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 Policy of Prevention, Prohibition & Redressal of Sexual Harassment 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 employee engagement implemented by the Bank are i-connect (intranet for employees), Yammer (social media engagement platform), team building activities and many other campaigns which have been successfully implemented at enterprise level. All new employees go through a one-hour on-boarding orientation and a mandatory one day induction

programme which familiarises them with the Bank's structure, policies, culture and values.

The Bank strives for culture building via a strong foundation of values and behaviors. It strives to improve diversity and inclusion at the workplace so that women have equal opportunities. As on March 31, 2019, the total employee strength stood at 12,257, out of which 1,826 are women and 10,431 are men employees.

iLiveWell is a wellness initiative which aims at enhancing the overall well-being of 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 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 free basic health check-up for all women on women's day and eye check-up camps at various locations.

Onsite and offsite drive for the Annual Health Checkup were held in November'18 & March'19 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 check-up on site or a negotiated more detailed check-up at offsite locations.

Under the Annual Medical Hospitalisation Insurance policy, the mobile app 'Medibuddy' provides the convenience of an ecard, network hospitals and pre-hospitalisation 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 the Bank's employees, the 'IDFC FIRST Bank Benefits Card' was available. 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.

Learning plays a very critical role in capability development across the bank. The learning journey starts with training need analysis to identify relevant training interventions. Training interventions at the bank are aimed at enhancing technical knowledge & skills and managerial capabilities.

PRINCIPLE 4

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

The bank develops, maintains and strengthens relationships while securing support and forming alliances with both internal and external stakeholders that help advance organizational mandate

As on March 31, 2019, the Bank had 242 full fledged bank branches, supported by 102 Asset Servicing Banking Outlets. 29 branches are in Tier 5 and 6 villages, of which 23 branches are in unbanked rural centers, and another 64 branches are in Tier 2, 3 and 4 towns (categorisation of branch is as per 2011 census).

As on March 31, 2019, your Bank had built a national footprint through the operation of 242 branches (out of which 133 are Urban Bank Branches and 109 are Rural Bank Branches) across many cities in India, 454 Corporate Business Correspondent ('BC') branches, 141 ATMs, 3 Central Processing Centers and 1 Clearing Hub.

The Rural Banking division 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 people 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 operates and it is the Bank's endeavour to build strong relationships with each of its stakeholders, thus enhancing innovative services for them. IDFC FIRST Bank has evolved formal and informal engagement mechanisms to understand stakeholders' expectations and concerns, which includes periodic meetings and regular communication.

The rural banking division reaches out to the unbanked and under-banked segments of the market. It offers several customised products such as Pratham savings account - Basic Savings Bank Deposit Account ('BSBDA'), Sowbhagya Shakti - Regular Saving Deposit account, Param and 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. Vyapaar Vriddhi takes 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.

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 FIRST 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.

Media and analysts' interactions are organised by the Bank after quarterly results. Investors, mutual funds and other investors interact with senior management in the investor conferences organised by market intermediaries including brokerage firms, investment banking firms etc. The updated corporate presentation and financials of the bank are available at the bank website: www.idfcfirstbank.com. Recently, the bank had launched its branding campaign 'Always You First', which is focused on the Bank's guided belief of putting its customers first. The campaign was launched on April 15, 2019, across multiple genres – sports, news, entertainment, movies, regional etc. it was also available on the Indian Premier League (IPL). The campaign included six weeks of continuous coverage, 12,000 spots across HD & SD channels and 70% prime time coverage. It included amplification through hoardings, bus shelters in Mumbai, Delhi, Chennai and Bangalore along with digital media and print ads in business magazines.

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.

Creating sustainable communities is one of the key values for the Bank's CSR initiatives. These CSR initiatives improve the economic and social conditions of locations where such activities are operated. Some of these activities include promoting education, skill training and livelihood enhancement, healthcare and hygiene, financial literacy and inclusion. There are various projects undertaken as

part of CSR initiatives which are enumerated in the Board's Report of the Annual Report FY 2018-19.

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 Ultimate Promoter 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 which aids in maintaining a diverse set of employees, be it from any caste, country, gender, age, race, religion or differently abled segment. Focus has been made on gender diversity also.

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

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

The Bank has set specific aims and goals for each of these priority areas and monitors and evaluates each of its programs to assess the outcomes and impact on ground. The Bank understands that deeper and meaningful impact can only be achieved through long-term commitment and thus the Bank aims to support not-for-profit organisations

and social enterprises using the program approach. This has been the Bank's way of ensuring that its support towards all the social impact programs creates genuine social value.

Education

The Bank's programs in education are focused on supporting youth and young adults from underprivileged and marginalised sections of the society and providing equal opportunities for them to succeed in life. This includes supporting scholarships and extending monetary assistance to needy candidates from economically weaker sections across India or supporting youth with disabilities to live a life of dignity by supporting programs that work on educating and promoting independent living among them. Some such programs includes MBA Scholarship Programs, Banyan Academy of Leadership In Mental Health (BALM), Aspiring Life Scholarship, Ashoka University Scholarship, Aftercare Program, Self-Shakti Programs, Social Entrepreneurship Programs and Saksham.

Livelihoods

IDFC FIRST Bank aims to increase employability of rural youth and women in order to uplift their position in the society and country. By adopting a plethora of skill development programs, the Bank has empowered and engaged myriad of people from rural areas. The Bank understands different locations have different labor and skill demands and needs depending on opportunities like infrastructure and industries available in those locations. It is in line with these demand-based needs, diverse training skills like electrical, welding, beautician course, etc. are identified and imparted to underprivileged youth through various implementing partners. Some such programs includes Entrepreneurship Program in partnership with Pratham Training Institute, Vocational Training Program in partnership with ETASHA Society, SAMPARC Industrial Training Institute and Vocational Training centre, 'Football program' in partnership with Oscar Foundation, Om Creations Trust, Om Abode, Lighthouse Program and Digital Empowerment Program.

Health

The Bank's program under 'Health' has aimed to create awareness regarding community driven solid waste management processes and segregation at source within the Worli Koliwada community through a participatory process. To solve the problem, the Bank worked with various partners to develop a Process model for building a responsible community and self-sustained zones that were well equipped to manage the solid waste. Some such initiatives includes Swacch Worli Koliwada (G5A Foundation for Contemporary Culture), Samparc Heritage walk, Pathshala Hostel Project, Care Group Units, Indian Cancer society and Marwari Vidyal

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 utilising eco-friendly and resource efficient services. As an environment friendly organisation, IDFC FIRST Bank strives to develop solutions to minimise its impact on the environment. The Environment and Social Policy ('E&S Policy') Framework of IDFC FIRST 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 Rural Banking 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 rural 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 Framework 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').

The Bank has incorporated environment 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 Framework 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.

Some of the Bank's green initiatives and processes are:

Infrastructure & Waste Management

- Energy conservation measures have been undertaken at various branch offices including use of double glazed windows and use of recycled material

- Use of company bus and car service
- Use of low noise, low emission diesel generator at 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

- Utilisation 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 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
- Use of Lithium ion batteries on off-site ATMs

PRINCIPLE 7

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

IDFC FIRST Bank is an active member of several trade bodies and associations. The Bank does not engage in policy advocacy but is actively involved in consultation / discussion forums with the Government and other banking industry bodies such as Indian Banks' Association, Foreign Exchange Dealers Association of India (FEDAI) and other 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.

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

- Publishing the Business Responsibility Report of IDFC FIRST Bank in adherence to 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.

- Board Members and 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

IDFC FIRST 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. Unique projects launched by the Bank has helped in linking excluded sections of the society with formal banking systems to achieve financial inclusion.

As on March 31, 2019, some of the key statistics relating to financial facilities were:

- 2,431,061 Sakhi Shakti Women's Group Loans
- 7,437 Pratham (BSBDA) Accounts
- 1459159 Sowbhyagya Shakti – Regular Saving Deposit Service
- 1,061,512 other variants of saving accounts (Param, Vishesh and Standalone Shakti Accounts)

The CSR initiatives of the Bank in 2018-2019 were implemented through various implementation partners. In order to achieve impact and scale, the Bank's CSR activities undertaken during the year mainly focused on five areas: Education, Livelihoods, Women Empowerment and Health.

The object of the CSR activities seeks to –

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

Details of the CSR initiatives undertaken by IDFC Bank through various implementation partners are given in the Directors' Report which forms part of the Annual Report FY 2018-19.

The bank consistently demonstrates, focuses, initializes and energizes to deliver its promise of delighting customers.

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:

- Customers' queries are addressed by the 'Banker on Call'. Employees located at Juinagar and Navi Mumbai are available 24/7 for any assistance to these customers. This facility imparts information on bank products, resolves queries relating to account balances, account statements, KYC documentation, ATM complaints etc. Customers can also send in their queries to banker@idfcfirstbank.com and sampark@idfcfirstbank.com, which are answered by trained customer service staff.
- The Customer Grievance Redressal policy emphasizes equal and fair treatment to customers 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 an endeavor is made to enable customers to make informed choices.
- Through the Fair Practice Lending Code for lenders, the 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 etc.
- The customer service staff 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.idfcfirstbank.com including details on product features, service charges, applicable fees, interest rates, deposit schemes etc.

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

SECTION A:**ANNUAL BUSINESS RESPONSIBILITY REPORT [REGULATION 34(2)(F)]****GENERAL INFORMATION ABOUT THE COMPANY**

NO.	PARTICULARS	DETAILS
01.	CIN of the Company	L65110TN2014PLC097792
02.	Name of the Company	IDFC FIRST Bank Limited
03.	Registered address	KRM Tower, 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.idfcfirstbank.com
05.	E-mail id	bank.info@idfcfirstbank.com
06.	Financial Year reported	2018-19
07.	Sector(s) that the Company is engaged in(industrial activity code-wise)	Code: 64191 – IDFC FIRST Bank Limited is a banking company governed by the Banking Regulation Act, 1949.
08.	List three key products/services that the Company manufactures/ provides	IDFC FIRST Bank is 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	
	Number of International Locations (Provide details of major 5)	None
	Number of National Locations	As on March 31, 2019, your Bank had built a national footprint through the operation of 242 branches (out of which 133 are Urban Bank Branches and 109 are Rural Bank Branches) across many cities in India, 454 Corporate Business Correspondent ('BC') branches, 141 ATMs, 3 Central Processing Centers and 1 Clearing Hub.
10.	Markets served by the Company – Local/ State/ National/International	IDFC FIRST Bank serves customers in national market

SECTION B: FINANCIAL DETAILS OF THE COMPANY

NO.	PARTICULARS	DETAILS
01	Paid up Capital (INR)	₹ 4,781.68 crore
02	Total Turnover (INR)	₹ 12,886.74 crore
03	Total loss after taxes (INR)	₹ (1,944.18) crore
04	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	<p>The amount spent for CSR contribution by the Bank for FY 2018-19 was ₹ 20.82 crore. Further, during the year under review ₹ 0.34 crore was spent by IDFC FIRST Bank in order to meet, discharge and satisfy all the obligations of the erstwhile Capital First Limited, to the extent they were outstanding on the Effective Date (December 18, 2018) of Scheme of Amalgamation.</p> <p>Additionally, ₹ 4.48 crore incurred by erstwhile Capital First Group towards CSR spend was also recognised as expense in the Statement of Profit and Loss of the Bank on CSR related activities.</p>
05	List of activities in which expenditure in 4 above has been incurred:-	CSR activities as undertaken by the Bank can be referred to the Directors' Report which forms part of the Annual Report

SECTION C: OTHER DETAILS

NO.	PARTICULARS	DETAILS
01	Does the Company have any Subsidiary Company / Companies?	Yes, the Bank has one subsidiary - IDFC FIRST Bharat 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 FIRST Bharat Limited participates in the BR initiatives of the Parent Company.
03	Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [less than 30%, 30-60%, More than 60%]	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
01	DIN Number (if applicable)	00082596
02	Name	Mr. V. Vaidyanathan
03	Designation	Managing Director & Chief Executive Officer

(b) Details of the BR Head

NO.	PARTICULARS	DETAILS
01	DIN Number (if applicable)	NA
02	Name	Mr. Adrian Andrade
03	Designation	Chief Human Resources Officer & Head - Communications

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	Ethics, Transparency & Accountability	Product Life Cycle	Employee Wellbeing	Stakeholder Engagement	Human Rights	Environment	Public and Regulatory Policy	Inclusive Growth	Customers and Consumers
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 policies are based on guidelines and key indicators of the Reserve Bank of India and regulations passed by Securities and 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.idfcfirstbank.com/investor-relations/corporate-governance.html>

Remuneration Policy for WTD, NED, KMP & SMP

Remuneration Policy for other employees

Code of Conduct for Board of Directors & SMP

Policy for determination of materiality of events

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

Policy on Related Party Transactions

Dividend Distribution Policy

Dividend Distribution Policy

Policy for Determining Material Subsidiaries

Corporate Social Responsibility Policy

Environment & Social Policy Framework

Whistle Blower Policy

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

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

Note 3

The Bank has an internal audit department that carries out the audit and examination of most Bank policies. The Bank's accounts were audited by external auditors namely, Deloitte Haskins & Sells, Chartered Accountants for FY 2018-19.

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

NO	QUESTIONS	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the 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 performance on aspects of BR is reviewed by the Bank's Management Committee, headed by its MD & CEO on a periodical basis.

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

The Bank publishes the BR Report annually. This report is available on the bank's website: www.idfcfirstbank.com.

SECTION E: PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1

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

Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

No, the policies relating to ethics, bribery and corruption cover not only IDFC FIRST 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.**

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

The details of the stakeholder complaints are as below:

Particulars	Pending at the beginning of FY19	No. of complaints received during FY19	No. of complaints redressed during FY19	No. of complaints pending at the end of FY19
Shareholders' complaints	-	981	972	9
Infrastructure Bondholders' complaints	-	4974	4974	0
Customer Complaints	3	3131	3003	131

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 FIRST Bank has taken adequate steps to minimize the disposal waste quantum through its operations.

All recyclable waste collected at 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 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.

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 FIRST Bank has also encouraged the use of mobile and internet banking by its customers.

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 Rural 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.

PRINCIPLE 3**1. Please indicate the Total number of employees:**

12,257 employees as on March 31, 2019.

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

IDFC FIRST Bank had 7 employees hired on contractual basis as on March 31, 2019.

3. Please indicate the Number of permanent women employees.

1,826 permanent women employees as on March 31, 2019.

4. Please indicate the Number of permanent employees with disabilities

Being an equal opportunity employer, IDFC FIRST Bank does not mandate the disclosure of disability. The number of permanent employees who had voluntarily disclosed their disability status and the nature of disability stands at 4 as on March 31, 2019.

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, 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 FY 2018-19, there were 6 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	6	NIL
3.	Discriminatory employment	NIL	NIL

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

- b) 10838 Permanent Employees (88%)
- c) 1656 Permanent Women Employees (91%)
- d) Casual / Temporary / Contractual Employees: Nil
- e) 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 FIRST 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 the environment.

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

Yes, IDFC FIRST 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.

- 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 FIRST Bank. The ERG which is a part of the Credit Risk Group is responsible for managing E&S risk in IDFC FIRST Bank's lending business. IDFC FIRST Bank has adopted Equator Principles (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 Rural 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 FIRST 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 from CPCB / SPCB.

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 FIRST Bank is an active member of several trade bodies and associations. Please refer to the Principal 7 for more information.

In addition to the above, Board Members and Senior Management of IDFC FIRST 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 FIRST 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 FIRST Bank's Rural Banking unit has several products and services which cater towards providing banking services to rural and semi-rural areas of India. IDFC FIRST Bank has adopted a strategically different service approach for catering to people in these areas. The concepts used by Rural Banking involves creating hub branches with an ecosystem of service delivery points. Rural Banking has created a contiguous distribution network in villages to provide connectivity in remote areas.

In addition, there are various projects undertaken by the Bank as part of its CSR initiatives. For more information on CSR activities please refer to Principle 8.

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

For FY19, the programmes were undertaken in partnership with various implementing agencies. The approach adopted was 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.

CSR activities support communities in the areas of education, health, affordable housing and livelihood development or direct financial support, depending upon the requirement of the project / programme with the help of various partners.

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

CSR implementation partners have system of reviewing all their initiatives wherein the progress of each initiative is evaluated along with its impact on the touch points mutually agreed upon. 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.

The in-house CSR team does periodic assessments of each of its non-profit partners based on the Key Performance Indicator's agreed upon during the beginning of each partnership. This also includes due diligence and quality assurance visits from time to time on-ground.

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

The amount spent for CSR contribution by the Bank for FY 2018-19 was ₹ 20.82 crore. Further, during the year under review ₹ 0.34 crore was spent by IDFC FIRST Bank in order to meet, discharge and satisfy all the obligations of the erstwhile Capital First Limited, to the extent they were outstanding on the Effective Date (December 18, 2018) of Scheme of Amalgamation.

Additionally, ₹ 4.48 crore incurred by erstwhile Capital First Group towards CSR spend was also recognised as expense in the Statement of Profit and Loss of the Bank on CSR related activities. Details of the said activities undertaken by the Bank are included in the Board's Report which forms part of the Annual Report FY 2018-19.

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 131 customer complaints which were pending as on March 31, 2019, i.e. approximately 4.18% of the total complaints received during the year. However, post March 31, 2019, all complaints were resolved within prescribed timelines.

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 FY 2018-19.

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

IDFC FIRST Bank periodically measures the satisfaction among its customers, understanding their expectation to essentially gauge its competitiveness in the banking industry. For more details on customer engagement, please refer to principle

Place: Mumbai
Date: May 10, 2019

ANNEXURE II

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.