

BUSINESS RESPONSIBILITY REPORT

ANNEXURE 1

SECTION A GENERAL INFORMATION ABOUT THE COMPANY

1 Corporate Identity Number (CIN) of the Company

L65191TN1997PLC037415

2 Name of the Company

IDFC Limited

3 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

4 Website

www.idfc.com

5 E-mail id

amol.ranade@idfc.com

6 Financial Year reported

2017-18

7 Sector(s) that the Company is engaged in (industrial activity code-wise):

IDFC Limited holds a certificate of registration bearing no. B-07.00718 issued by the Reserve Bank of India ("RBI") to carry on the activities of a Non-Banking Financial Company ("NBFC") under Section 45 IA of RBI Act, 1934 in the category of Investment Company.

8 List three key products / services that the Company manufactures / provides (as in balance sheet)

IDFC provides services in the following domain through its subsidiaries:

- Banking Business including Investment Banking
- Institutional Equities Broking
- Alternative asset management: Private Equity, Real Estate Fund

- Infrastructure Finance
- Public market assets management: Mutual Fund

9 Total number of locations where business activity is undertaken by the Company

- a.** Number of International Locations: IDFC Limited has no operations in International Locations. However, our group companies have offices at Mauritius, Singapore and USA.
- b.** Number of National Locations: IDFC Limited has 2 offices in India located at Chennai and Mumbai. Our group companies have 212 offices / branches across the country.

10 Markets served by the Company: Local / State / National / International IDFC Limited serves national market only. Our subsidiaries serve international markets too (namely Mauritius, Singapore and USA).

SECTION B FINANCIAL DETAILS OF THE COMPANY

1 Paid up Capital (INR)
15,963,545,660

2 Total Turnover (INR)
2,079,770,339

3 Total Profit after taxes (INR)
1,484,270,783

4 Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)

Please refer Annexure 5 of Board's Report.

5 List of activities in which expenditure in 4 above has been incurred:

During the FY18, IDFC Foundation, the implementing agency of IDFC, worked extensively with various reputed NGOs on the major projects / programmes as detailed in Annexure 5 of Board's Report.

SECTION C OTHER DETAILS

1 Does the Company have any Subsidiary Company/ Companies? • YES

2 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)

BR initiatives of the parent company are also participated by its subsidiaries

3 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 IDFC does business which take part in our BR initiatives. Majority of our BR initiatives are driven through IDFC Foundation. We engage with our business associates, implementing partners / agencies / registered NGOs and also clients to carry out our BR related initiatives. Given the nature of our operations, we have a limited scope of such interventions but we continue to look for opportunities and conduct our operations responsibly. Entities participating in the Company's BR activities constitute less than 30%.

SECTION D BUSINESS RESPONSIBILITY REPORT

1 Details of Director/Directors responsible for BR

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

DIN Number: 03055561

Name: Mr. Sunil Kakar

Designation: Managing Director & CEO

b. Details of the BR head

DIN Number: N.A.

Name: Mr. Amol A. Ranade

Designation: Company Secretary

Telephone number: 022 4222 2000

E-mail id: amol.ranade@idfc.com

2 Principle-wise (as per NVGs) BR Policy / policies (see Table 01)

NOTE 1

- The 10 Principles of the United Nations Global Compact
- E&S Policy
- Equator Principles Financial institution
- Signatory to Equator Principles

NOTE 2

Web-link for the policy

P1 ETHICS, TRANSPARENCY & ACCOUNTABILITY • YES

Code of Conduct: http://www.idfc.com/pdf/code_of_conduct.pdf

Whistle Blower policy: http://www.idfc.com/pdf/whistle_blower_policy.pdf

P2 SUSTAINABILITY IN LIFE CYCLE OF PRODUCT • YES

E&S Policy: http://www.idfc.com/our-firm/environment_and_social_policy.htm

P3 EMPLOYEE WELL-BEING • YES

All policies listed for this section are on our internal portal.

P4 STAKEHOLDER ENGAGEMENT • PARTIAL

Fair Practices Code: <http://www.idfc.com/pdf/fairPracticeCode.pdf>

01

PRINCIPLE-WISE (AS PER NVGs) BR POLICY / POLICIES

A 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	N.A.	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? Please refer to Note 1	Y	Y	Y	N	Y	Y	N.A.	N	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	N.A.	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	N.A.	Y	Y
6	Indicate the link for the policy to be viewed online?	Please refer to Note 2								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	N.A.	Y	Y
8	Does the company have in-house structure to implement the policy / policies.	Y	Y	Y	Y	Y	Y	N.A.	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	N	Y	Y	Y	N	N.A.	N	N
10	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	N	Y	Y	Y	Y	N.A.	Y	N

B

IF ANSWER TO THE QUESTION AT SERIAL NUMBER 1 AGAINST ANY PRINCIPLE, IS 'NO', PLEASE EXPLAIN WHY: (TICK UP TO 2 OPTIONS)

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) Currently, IDFC does not have any policies for Principle 7; the Company already has taken several initiatives in the field of responsible lending and actively engages with clients, regulators, lenders and other business partners. The Company also publishes the 'India Infrastructure Report' with specific insights. Hence, the need for a separate policy on public policy advocacy has not been felt. If necessity arises, a specific policy will be developed in the future.							✓		

CSR Policy: <http://www.idfc.com/pdf/csrpolicy.pdf>

The web-link to Code of Conduct has been provided above;

P5 PROMOTION OF HUMAN RIGHTS ■

YES

The Web-link for Whistle Blower Policy has been provided above; other policies are available on our internal portal.

P6 ENVIRONMENTAL PROTECTION ■ YES

E&S Policy: http://www.idfc.com/our-firm/environment_and_social_policy.htm

P7 RESPONSIBLE PUBLIC POLICY

ADVOCACY ■ N.A.

P8 INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT ■ YES

CSR Policy: <http://www.idfc.com/pdf/csrpolicy.pdf>

P9 CUSTOMER VALUE ■ YES

Equator Principles: <http://www.idfc.com/pop.html>

3 Governance related to Business Responsibility

1. 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 Company reviews its BR performance annually.

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

The Company publishes BR Report Annually which is available on the website www.idfc.com/investor_relations/annual_report.htm



PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1 ETHICS, TRANSPARENCY & ACCOUNTABILITY

1 Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

IDFC has developed its Code of Conduct and Whistle Blower Policy which pertain to ethics, bribery and corruption. The Code of Conduct and the Whistle Blower policy are applicable to IDFC and our group companies. Furthermore, all our major suppliers are also required to agree to conform to the Code of Responsible Business Conduct (which covers ethical business practices) for the duration of their contract with IDFC.

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

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

PRINCIPLE 2 SUSTAINABILITY IN LIFE CYCLE OF PRODUCT

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

Post Demerger, IDFC is an Investment Company holding investment in its subsidiaries.

2 For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional).

i. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain? ■ N.A.

ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year? ■ N.A.

3 Does the Company have procedures in place for sustainable sourcing (including transportation)? If Yes, what percentage of your inputs was sourced sustainably?

IDFC, being a Financial Institution, is relatively less resource intensive in terms of material inputs. Our major material requirements are office, communications and IT related equipment. Despite the limited scope of our procurement needs, we continue to take initiatives to ensure responsible sourcing in our supply chain. We have a Code of Responsible Business Conduct for our major suppliers, which outlines our expectations from them in the areas of 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? If Yes, what steps have been taken to improve their capacity and capability of local and small vendors?

We will prefer locally available goods and services, other considerations being comparable. We have taken several initiatives for the development of local suppliers of goods and services. Some of the examples are:

- We conduct dedicated capacity building programs for local and small vendors.
- We undertake regular trainings to upgrade skills of our housekeeping and security staff;

5 Does the Company have a mechanism to recycle products and waste? If Yes what is the percentage of recycling of products and waste (as <5%, 5-10%, >10%).

We have adopted an e-waste Management Policy with the specific aim of minimising and responsible

disposal of the entire quantum of e-waste generated throughout our operations. This policy has been formulated keeping in mind some of the international best practices and ensures compliance with local environmental laws. Additionally, all recyclable waste collected at our premises are separated (dry and wet waste); the waste is then handed over to an authorised waste processor. We recycle more than 10% of total waste generated from our operations.

PRINCIPLE 3 EMPLOYEE WELL-BEING

- 1 Please indicate the total number of employees ▪ 8
- 2 Please indicate the total number of employees hired on temporary / contractual / casual basis ▪ NIL
- 3 Please indicate the number of permanent women employees ▪ 7
- 4 Please indicate the number of permanent employees with disabilities ▪ NIL
- 5 Do you have an employee association that is recognised by management? ▪ NO
- 6 What percentage of your permanent employee(s) is a member(s) of this recognised 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.
 1. Child labour / forced labour / involuntary labour ▪ NIL
 2. Sexual harassment ▪ NIL
 3. Discriminatory employment ▪ NIL
- 8 What percentage of your under mentioned employees were given safety

and skill up-gradation training in the last year?

Permanent Employees **100%**
 Permanent Women Employees **100%**
 Casual / Temporary / Contractual Employees **N.A.**
 Employees with disabilities **N.A.**

PRINCIPLE 4 STAKEHOLDER ENGAGEMENT

- 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 & marginalised stakeholders?
YES
- 3 Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders?
YES IDFC regularly undertakes initiatives to engage with its internal and external stakeholders. These are briefly described below.

Employees Stakeholder group

- We have processes in place to ensure upholding of the rights of our employees and protect them against any form of discrimination.
- We conduct regular learning and development activities for our employees for their skill enhancement.

Communities Stakeholder group
 IDFC, through IDFC Foundation, undertakes various CSR initiatives with primary focus in the areas of education, healthcare and livelihood. We support and collaborate with various agencies to carry out our CSR activities aimed at inclusive growth.

Business associates Stakeholder group

- We conduct dedicated capacity building programs for local and small vendors.
- Our Code of Responsible Business Conduct for our major suppliers

encourages them to carry out their operations with a focus on labour standards, environment and ethical business practices.

Shareholders / Investors Stakeholder group

We have robust mechanisms in place which ensures full, fair, accurate, timely and understandable disclosures to all our Shareholders and investors.

Clients Stakeholder group

Our Fair Practices Code specifies the ethical principles to be followed in all our services, products and client interactions and also provides for a grievance redressal mechanism to our clients.

PRINCIPLE 5 PROMOTION OF HUMAN RIGHTS

- 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?
IDFC is a signatory to UNGC since 2001. All our business operations are guided by a set of principles outlined in UNGC and this include principles on human rights as well. This is applicable to all our group companies and service providers.
- 2 How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? **NIL**

PRINCIPLE 6 ENVIRONMENTAL PROTECTION

- 1 Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others?
Our policy pertaining to environmental protection is applicable to all our group companies.

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

YES IDFC as one of the leading and responsible organisation, has undertaken several initiatives to minimise its environmental impact. The details of which can be found in our website http://www.idfc.com/our-firm/environment_management.htm

3 Does the Company identify and assess potential environmental risks?

YES

4 Does the Company have any project related to Clean Development Mechanism? If Yes, whether any environmental compliance report is filed? - NO

5 Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.

IDFC had (internal) Environment Policy which was adopted under the “Go Green” initiative with the objective of minimizing resource consumption and reducing environmental impact of our internal operations through resource efficiency and conservation.

Some of the initiatives we have undertaken are as follows:

- Energy efficient certification for our central data centre;
- LEED “Gold” certification for our registered office at Chennai;
- We have been doing carbon footprint assessment of our operations since 2011 with the aim of becoming a carbon neutral organisation in future;
- Various energy conservation measures have been undertaken at our major office premises including use of double glazed windows, use of recycled material, green IT, use of renewable source of energy etc.;
- We have also taken several measures to minimise our environmental impact due to business travel. These measures include car pooling, company bus service, video / audio

conferencing facilities at all our major offices.

- We have installed sewage treatment plant at our Naman Chambers Office (Mumbai) to recycle sewage water and we are also in the process of installing a rain water harvesting system in the same office.

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

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. - NIL

PRINCIPLE 7 RESPONSIBLE PUBLIC POLICY ADVOCACY

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 group is an active member of several trade bodies and associations.

Some of the major ones are listed below:

- Indian Bank’s Association
- ASSOCHAM
- Confederation of Indian Industry
- FICCI
- Bombay Chamber of Commerce & Industry
- Indian Merchants Chamber
- Bombay Management Association
- Asia Society India Centre
- Association of Business Communicators of India
- Indo-American Chamber of Commerce
- World Economic Forum

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

We provide thought leadership and advocacy in areas of infrastructure policy and governance, with a thrust on sustainable infrastructure. Climate change, urban, water, education, land acquisition

are some of the pressing issues that IDFC focuses on and also advocates through its policy advocacy initiatives. IDFC is actively working with Government agencies, other financial institutions and industry associations like CII and FICCI on formulating innovative financing mechanism to attract private sector investment in the low carbon sector. IDFC has been part of the Committee for reforms on Infrastructure financing and reforms on roads and railways.

PRINCIPLE 8 INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1 Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? The IDFC Foundation, the CSR implementing agency of the IDFC Group has initiated a number of activities to support inclusive growth and equitable development. The following is a brief summary of the efforts:

Rural Development and Livelihood Enhancement through Financial Inclusion:

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

the IDFC Foundation has also been promoting Financial Literacy among the community members.

Shwethdara - Cattle Care Program:

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

Education initiatives for children and youth from lower socio-economic strata:

The IDFC Foundation has supported thousands of children and young people in Rajasthan, Madhya Pradesh and Maharashtra gain good quality education. In Alwar district of Rajasthan, the Foundation worked with teachers and School Management Committees of 60 Government primary schools to improve learning outcomes and leadership skills of students.

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

In line with the Government of India's Digital India programme, the Foundation adopted 18 Government Schools in Hoshangabad district (Madhya Pradesh) to promote 'digital literacy' among students. A Digishala was set up in each of these schools, which included a full-fledged computer lab and a trained local instructor. These Digishalas conducted regular sessions according to a pre-defined curriculum for students

from classes I to X. The program has resulted in significant enhancement in learning outcomes for these students.

2 Are the programmes / projects undertaken through in-house team / own foundation / external NGO / Government structures / any other organisation?

IDFC Foundation, a not-for-profit company within the meaning of Section 8 of the Companies Act, 2013 (erstwhile Section 25 of the Companies Act, 1956) was incorporated in India on March 4, 2011 and is a 100% subsidiary of IDFC Limited.

IDFC Foundation is acting as an implementing agency on behalf of IDFC Ltd. and its group Companies to carry out CSR activities as per CSR policy adopted by IDFC and its group Companies in line with Section 135 and read with the schedule VII of the Companies Act, 2013. IDFC Foundation would primarily focus on CSR activities as well defined projects or programmes that would include promoting and development of

- (a) livelihoods,
- (b) rural development projects,
- (c) promoting healthcare including preventive health care,
- (d) education,
- (e) community engagement / development,
- (f) environmental sustainability,
- (g) disaster relief,
- (h) research and studies in all or any of the activities mentioned in Schedule VII of the Companies Act, 2013 and
- (i) Others;

The approach adopted by IDFC Foundation is to enhance income flows of households through livelihoods inputs and market linkages and helping to governmental and non-governmental organizations in delivering a better service to the community.

IDFC Foundation helps financial inclusion through channelizing interoperable Financial Inclusion devices to improve access to basic banking & payments network services after providing financial literacy and digital

skilling program under Rural Livelihoods & Development program. IDFC Foundation provides support to the 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 / do 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 of all its initiatives wherein the progress of each initiative is evaluated along with its impact on the touch points. The desired objectives (performance parameters) of the initiatives are generally stated at the commencement stage of the initiative and reviewed periodically and course correction measures are taken, if required.

4 What is your Company's direct contribution to community development projects—Amount in ₹ and the details of the projects undertaken?

Please refer to Annexure 5 of Board's Report.

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

In implementing its initiatives, IDFC Foundation undertakes a considerable amount of capacity building of the partner organisations in order to ensure the quality and sustainability of outcomes.

PRINCIPLE 9

CUSTOMER VALUE

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

All the customer complaints that were received in the reporting period have been resolved and there are no complaints pending as at the end of FY18.

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

3 Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year?

There are no cases filed / pending as at the end of FY18.

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

IDFC periodically measures the satisfaction among its customers, understand their expectation and essentially to gauge our competitiveness in the industry.

ANNEXURE II

PRINCIPLES TO ASSESS COMPLIANCE WITH ENVIRONMENTAL, SOCIAL AND GOVERNANCE NORMS [See Regulation 34(2)(f)]

PRINCIPLE 1 ETHICS, TRANSPARENCY & ACCOUNTABILITY

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

- 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.
- Businesses should not engage in practices that are abusive, corrupt or anti-competition.
- Businesses should truthfully discharge their responsibility on financial and other mandatory disclosures.
- Businesses should report on the status of their adoption of these Guidelines as suggested in the reporting framework in this document.
- Businesses should avoid complicity with the actions of any third party that violates any of the principles contained in these Guidelines.

PRINCIPLE 2 SUSTAINABILITY IN LIFE CYCLE OF PRODUCT

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

- 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.

- Businesses should raise the consumer's awareness of their rights through education, product labeling, appropriate and helpful marketing communication, full details of contents and composition and promotion of safe usage and disposal of their products and services.
- In designing the product, businesses should ensure that the manufacturing processes and technologies required to produce it are resource efficient and sustainable.
- Businesses should regularly review and improve upon the process of new technology development, deployment and commercialisation, incorporating social, ethical and environmental considerations.
- Businesses should recognise and respect the rights of people who may be owners of traditional knowledge and other forms of intellectual property.
- Businesses should recognise that over-consumption results in unsustainable exploitation of our planet's resources and should therefore promote sustainable consumption, including recycling of resources.

PRINCIPLE 3 EMPLOYEE WELL-BEING

Businesses should promote the well-being of all employees

- Businesses should respect the right to freedom of association, participation, collective bargaining and provide access to appropriate grievance redressal mechanisms.
- 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.
- Businesses should not use child labour, forced labour or any form of involuntary labour, paid or unpaid.
- Businesses should take cognizance of the work-life balance of its employees, especially that of women.

- Businesses should provide facilities for the well-being 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.
- Businesses should provide a workplace environment that is safe, hygienic humane and which upholds the dignity of the employees. Businesses should communicate this provision to their employees and train them on a regular basis.
- 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.
- Businesses should create systems and practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities.

PRINCIPLE 4 STAKEHOLDER ENGAGEMENT

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

- Businesses should systematically identify their stakeholders, understand their concerns, define purpose and scope of engagement and commit to engaging with them.
- Businesses should acknowledge, assume responsibility and be transparent about the impact of their policies, decisions, product & services and associated operations on the stakeholders.
- Businesses should give special attention to stakeholders in areas that are underdeveloped.
- Businesses should resolve differences with stakeholders in a just, fair and equitable manner.

PRINCIPLE 5

PROMOTION OF HUMAN RIGHTS

Businesses should respect and promote human rights

- 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.
- 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.
- Businesses should recognise and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalised groups.
- Businesses should, within their sphere of influence, promote the awareness and realisation of human rights across their value chain.
- Businesses should not be complicit with human rights abuses by a third party.

PRINCIPLE 6

ENVIRONMENTAL PROTECTION

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

- Businesses should utilise natural and man-made resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste.
- 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.
- Businesses should ensure that benefits arising out of access and commercialisation of biological and other natural resources and associated traditional knowledge are shared equitably.

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

PRINCIPLE 7

RESPONSIBLE PUBLIC POLICY ADVOCACY

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

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

PRINCIPLE 8

INCLUSIVE GROWTH

Businesses should support inclusive growth and equitable development

- Businesses should understand their impact on social and economic development and respond through appropriate action to minimise the negative impacts.

- Businesses should innovate and invest in products, technologies and processes that promote the well-being of society.
- 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.
- Businesses operating in regions that are underdeveloped should be especially sensitive to local concerns.

PRINCIPLE 9

CUSTOMER VALUE

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

- Businesses, while serving the needs of their customers, should take into account the overall well-being of the customers and that of society.
- 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.
- 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.
- 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.
- 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.
- Businesses should provide adequate grievance handling mechanisms to address customer concerns and feedback.