

**BHARAT = इंडिया**

 **IDFC**  
SUSTAINABILITY  
REPORT 2012-14

# EQUAL IS SUSTAINABLE

AT IDFC, WE STRONGLY BELIEVE THAT SUSTAINABILITY CAN ONLY BE ACHIEVED THROUGH EQUALITY. **EQUALITY BETWEEN BHARAT AND INDIA.**  
EQUALITY OF ACCESS TO ALL CITIZENS. EQUALITY OF RIGHTS, OPPORTUNITIES AND FREEDOM. EQUALITY OF EMPOWERMENT AND  
EQUAL FOCUS ON DEVELOPING ECONOMIC, ENVIRONMENTAL AND SOCIAL INFRASTRUCTURE.



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## LEADERSHIP ADDRESS

Dear Stakeholder,

I am pleased to present our first sustainability report.

**SUSTAINABILITY IS INTEGRAL TO OUR BUSINESS. OUR SUSTAINABILITY STRATEGY IS ALIGNED WITH CORPORATE STRATEGY, AND WE STRIVE TO ASSUME ECONOMIC, ENVIRONMENTAL AND SOCIAL RESPONSIBILITY FOR OUR OPERATIONS. OUR COMMITMENT IS REFLECTED AND IMPLEMENTED IN POLICIES, DECISIONS AND ACTIONS.**



### WORKING TOGETHER

The scale of the global challenges we face today is too great for one firm, or one sector, to resolve. Global demand for natural resources is rising as populations grow, living standards increase and urbanisation intensifies. There is greater stress on the essentials of energy, water and food, which is likely to be exacerbated by climate change. We are helping shape a better understanding and response to these challenges.

IDFC continues to bring the private and public sectors together by hosting events that promote the need for building resilience in companies and in society at large. We facilitate and actively participate in key discussions between business, civil society and government. We feel that greater levels of collaboration and trust should be fostered among the government, industry and civil society to create the urgent shift needed to help address these challenges. Government must provide the right frameworks to encourage economic investment in technology, research and cleaner energy, while business can offer transparency and pragmatic long-term views.

### OPERATING RESPONSIBLY

Responsibility is deeply rooted within IDFC. Economic, environmental and social perspectives are examined before formulating policies or taking decisions. Our approach to sustainability can be demonstrated in four strategic dimensions:

#### Values & Ethics

Provides the framework which underpins all we do.

We challenge ourselves to make sure we always do the right thing. It increases trust and builds lasting, positive relationships. For us, doing the right thing is not only a matter of principle, it also makes good business sense.

#### Environmental Sustainability

Managing and reducing environmental impacts. It is our belief that there is no contradiction between running a financially viable business while being sensitive to social and environmental concerns.

#### Community Engagement

As a leading financial services entity, IDFC has a responsibility to help build a sustainable society. We take this responsibility seriously. Whether we're taking steps to conserve resources, enhance efficiency or expand our social and philanthropic investments, we are working to create economic value and making a positive environmental impact. We believe that Equal = Sustainable, and our endeavour is to ensure that we help build infrastructure which benefits the entire society and has a larger impact on the life and livelihood of people at the bottom rungs of the pyramid.

#### People Culture

As an organisation, we aim to help people achieve their ambitions, shape their lives in a meaningful way and fulfill their dreams. We want to invest more in vital, flexible and committed employees who can make a difference in the society from both within and outside our organisation.

### ENSURING SUSTAINABILITY

We were the first firm in the BFSI sector to sign the Equator principles in India. We continue to support the UN Global Compact principles in human rights, labour, environment and anti-corruption. We proactively embed sustainability thinking and sustainable business practices at every level of our business. We believe that our most important contribution to sustainable development is to operate an effective, efficient and profitable firm. The very nature of our business, positions us to help our customers and stakeholders manage social and environmental challenges and invest for the future, which in turn contributes to the viability and sustainable growth of local markets and national economy. In addition to internal efforts, we have been committed to global best practices. Details of our progress in these areas can be found in this report.

### LOOKING AHEAD

As we embark on the journey to become a bank and our footprint expands, we will continue to embed sustainability within the firm. We appreciate you taking time to review this report and invite you to share your thoughts with us.

Warm regards

**Rajiv Lall**  
Executive Chairman

## SUSTAINABILITY APPROACH

### OVERVIEW

IDFC was born with the specific mandate to build the nation. Since then it has been an integral part of the country's development story and sustainability has been a principal narrative in this story. At IDFC, sustainability is about Equality between Bharat and India - equality of access to all citizens; equality of rights, opportunities and freedom; equality of empowerment and accountability across hierarchies.

IDFC focuses on sustainable investments - projects which are environmentally suitable, socially responsible and economically viable.

All IDFC initiatives aim to enable balanced growth across the triple bottom-lines - financial, social and environmental. Be it bridging the 'access divide' between urban heartlands and rural hinterlands, or catalysing a handshake between research and 'NGOs'; be it motivating our employees to adopt eco-conscious habits or encouraging our clients to spearhead low-carbon projects; be it infusing corporate efficiency into governmental interventions or investing resources in comprehensive public research on sustainability.

**While we are in the business of facilitating economic / physical infrastructure, we remain equally committed towards developing India's social and environmental infrastructure.**

### MATERIALITY

Sustainability is a multi-dimensional paradigm with a universe of action points across each bottom-line. In order to avoid spreading oneself thin, and ensure maximum change, it is necessary to address issues that are most relevant and critical.

Materiality analysis helps identify and prioritise high-impact sustainability issues, from the view point of the organisation, stakeholders and goal achievement. At IDFC, stakeholder engagement forms the bedrock of our materiality analysis. A host of engagement channels help us understand the needs and positions of our stakeholders.

Over the years, we have crystallised our materiality issues. These issues remain at the heart of our strategic actions, operational management and capital investment decisions.



## MAPPING RISKS. SHAPING OPPORTUNITIES

A nation's infrastructure depends upon the performance of two key sub-sectors:

- 1 Utilities** (e.g. electricity, gas and water supply)
- 2 Construction**

Both these sub-sectors pose significant sustainability challenges. At IDFC, we see these challenges as opportunities for intervention and to carve out balanced solutions which are beneficial for the stakeholders, the society and the planet at large.

Risks	Increasing energy crunch, emissions and waste management
Opportunities	<b>Focus on investments in low-carbon infrastructure like renewable energy, waste-to-energy projects, integrated MSW projects</b>
Risks	Unsustainable construction
Opportunities	<b>Financing green buildings in the real estate space and sustainable urban transportation projects</b>
Risks	Widening gaps between infrastructure haves and have-nots
Opportunities	<b>Focus on inclusive infrastructure like educational institutions and healthcare facilities</b>
Risks	Inconsistent growth of India Inc.
Opportunities	<b>Common infrastructure facilities for industrial complexes and SEZs as well as re-development of industrial estates</b>
Risks	Unforeseen social and environment costs on invested projects and lack of sustainability awareness among stakeholders
Opportunities	<b>Thought leadership in sustainable infrastructure via public research and policy advocacy</b>

### REPORT SCOPE

#### PERIOD

The reporting period for IDFC's maiden Sustainability Report is 1st April 2012 to 31st March 2014.

We have adopted the Global Reporting Initiative (GRI) Sustainability Reporting G3 Guidelines to report on triple bottom-line performance. The GRI Guidelines is the most widely adopted non-financial reporting framework in the world and is used to help communicate sustainability performance, encourage transparency and enhance accountability.



### BOUNDARY

The Report scope covers offices and operations of IDFC Limited. Additionally, following subsidiaries are included in the scope for environmental and social bottom-lines:

- IDFC Alternatives Ltd.
- IDFC Asset Management Co. Ltd.
- IDFC Foundation

### ASSURANCE

We self-declare the report to be GRI B level compliant. The report covers all Profile Disclosures, all Disclosures on Management Approach and at least 20 Performance Indicators. The aim is to share with all our stakeholders, both internal and external, our commitment towards the triple bottom-lines: financial, environmental and social.

### FEEDBACK

IDFC welcomes constructive feedback. Questions related to the information presented in this Report can be posted to: [corpcomm@idfc.com](mailto:corpcomm@idfc.com)



## STAKEHOLDER ENGAGEMENT

### OVERVIEW

Despite being in the business of catalysing infrastructure growth, we understand that a strong nation is built, not merely by building physical infrastructure, but by building strong relationships. Thus, we strive to forge a transparent and trustworthy alliance with all our stakeholders by engaging with them on a regular and consistent basis. In addition to engagements with obvious stakeholders like customers, supply chain partners & employees, the firm also gives importance to engagements with other stakeholders like regulatory bodies, capital providers, NGOs and communities.

Our stakeholder engagement process not only provides a platform for diverse minds to interact and collaborate; but also gives us insights that sharpen our ability to deliver solutions for environmental, social as well as economic issues.

### IDENTIFICATION

In order to better interact with our stakeholders, we need to first identify and then understand their expectations. This is important because different stakeholders have different priorities, and hence they need to be addressed by adopting a customised approach. Mapping our internal and external stakeholders enables us to identify and respond to their diverse interests and concerns that are impacted by our operations.

Based on our nature of business, ownership pattern and sphere of influence - our key stakeholders are:

- |   |   |   |                        |   |         |   |             |
|---|---|---|------------------------|---|---------|---|-------------|
| 1 | Employees                                   | 2 | Shareholders/Investors | 3 | Clients | 4 | Communities |
| 5 | Business Associates (Suppliers and Vendors) | 6 | Regulatory Authorities |   |         |   |             |
| 7 | Government Bodies and Intermediaries        | 8 | NGOs                   |   |         |   |             |

### IMPLEMENTING OUR POLICIES

It is our policy to provide full, fair, accurate and timely disclosures. Our annual reports are an exhaustive resource on matters relating to operations, risk management and CSR.

Three key policies guide all our stakeholder engagement initiatives and our Operations Committee & Management Committee oversee the implementation of these policies.

#### IDFC Code of Conduct

Outlines the procedures to be followed and disclosures to be made while dealing with the stakeholders of the Firm.

#### Corporate Social Responsibility

Covers a wide range of issues ranging from preference for locally available goods and services, to environmental protection clauses applicable to all our Group Companies.

#### 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.

**IDFC Annual Report was awarded silver shield for excellence in financial reporting under the Category IV: Financial Service Sector by the Institute of Chartered Accountants of India (ICAI).**



Investor Conference

## CHANNELS OF ENGAGEMENT

We combine both electronic and physical modes of communication to engage with our stakeholders. The medium of communication selected for various stakeholders is customised to their specific requirements.

Hence, to interact with employees, we utilise intranet portals, webinars, town halls and culture workshops; while for government bodies or regulators, we hold one-on-one dialogues. Additionally, we support and organise expert talks, workshops & conferences to stimulate innovative thinking among the wider infrastructure development community.

IDFC's broad spectrum of communication channels for stakeholders includes:

### EXTERNAL STAKEHOLDERS

- Stakeholder Engagement Sessions
- Regular Business Interaction
- Media Releases and Meetings
- Marketing Collaterals
- Annual General Meeting
- Research Reports
- Annual Report
- Website

### INTERNAL STAKEHOLDERS

- Internal Mailers
- Newsletter
- Social Initiatives
- Town-hall and Internal Meetings
- Trainings
- Surveys
- Intranet Portal

Another aspect of engagement that we view as vital to our operations is developing knowledge-base. Hence, some of our engagement channels delve deeper to bring out greater understanding of the macro picture as explained here:

### PERIODIC PAPERS

We expound an innovative solution to an existing infrastructure challenge. The objective is to assess new initiatives on the ground, disseminate lessons and examine policy implications. A few examples are presented below:

- Organizing intermediate public transport for an urbanising India
- Hiware Bazar: A water-led transformation of a village
- Affordable Rental Housing
- Can ESCOs drive energy efficiency in urban services?
- Green office buildings: Current market dynamics and future directions
- Sewage wastewater recycling for industrial use
- Biomass-based decentralized distributed generation for universal energy access
- FSI-linked TDR for financing BRTS and corridor densification: Pimpri-Chinchwad initiative
- Electric Vehicles: Driving Towards a Greener Future
- Market Borrowing by Small and Medium Urban Local Bodies using a Pooled Fund Mechanism
- Land Pooling and Reconstitution: A Self Financing Mechanism for Urban Development
- Building Integrated Photovoltaics in Rabi Rashmi Abasan: A 'ray' of hope for sustainable energy solutions
- Round-the-clock Water Supply: Lessons from Karnataka
- The Bhiwandi Electricity Distribution Franchisee Model: A Resolute Step in Distribution Reforms
- Waste to Energy: An Imperative for Sustainable Waste Management
- Innovative Partnership Approach to Mitigating Load Shedding: The 'Pune Model' and Beyond
- Bus Rapid Transit System

### DISCUSSIONS

Our employees participate in various events and forums as experts to share views on a variety of contemporary issues in different infrastructure sectors. A brief glimpse of the various forums, we have been a part of in the reporting period:

#### Panel Discussion

- 'Issues in Sewage Management' organised by the Ministry of Urban Development, Govt. of India and Indian Chamber of Commerce; New Delhi
- 'Being Water Positive: Why is it Vital to Sustainability?' at the India Sustainability Conclave 2012 organised by FICCI; New Delhi
- Various workshops and seminars on ESG integration, organised by GIZ, TERI (The Energy and Resources Institute) and YES Bank
- Sustainability forums of GIZ-NextGen and Responsible Investment Research Association (RIRA)

#### Roundtable Discussion

- 'Potential Financial Policy Instruments for Promoting Large Scale Solar Power in India' organised by UK Foreign and Commonwealth Office (FCO), NERA Economic Consulting, UK and PricewaterhouseCoopers (PwC) India, Mumbai
- 'Electricity for All: Challenges and Approaches' organised by Prayas, Pune

#### Workshops

- 'Low Carbon Strategy Options for Cities' organised by British High Commission, All India Institute of Local Self Government (AIIILSG), Indian Institute of Management Bangalore (IIM-B) and NextGen, Mumbai
- 'Climate Change, Urban Vulnerability and Adaptation Planning' organised by IIT Bombay and SIMSR (K.J. Somaiya Institute of Management Studies and Research), Mumbai
- 'Mainstreaming Environmental and Social Risk Management in Project Financing'

We also were a part of a closed door discussion with the Staff of Commission chaired by Central Electricity Regulatory Commission (CERC) on review of the Imported Coal Escalation Index used for Competitive Bidding.

**Our Executive Chairman is the honorary Chair of the Infrastructure Council of CII and our MD & CEO is a member of the Banking committee of CII. We are the patron members of the Associated Chambers of Commerce and Industry of India (ASSOCHAM).**

The India Rural Development Report 2012- 2013 was prepared by IDFC in collaboration with the Institute for Rural Management Anand (IRMA), the Indira Gandhi Institute of Development Research (IGIDR) and the Centre for Economic and Social Studies (CESS).

Additionally, we publish the India Infrastructure Report (IIR) for our stakeholders. IIR is an annual thematic report that reflects a central contemporary issue in infrastructure development. An outcome of the collaborative efforts of academics, researchers and experts, the IIR is an invaluable resource for policy-makers, academicians and corporate bodies.

### STAKEHOLDER-WISE ENGAGEMENT

IDFC has continued to invest in building a culturally coherent organisation with a focus on improving partnership. Here are some of the engagement methods used for each stakeholder group.

#### Employees

We conduct regular learning and development activities for employees to hone their skills. Employee engagement is promoted through measures such as employee volunteering, training, and quarterly reward & recognition programmes.

In an independent study conducted by YSC Inc., UK, we scored 4.80 out of 6. This places us in the top quartile of organisations on the parameter of 'employee engagement that deliver sustainable performance and positive social impact'. We have been maintaining this top quartile position for three years in a row.

We undertook 15 culture workshops that resulted in culture action plans for each business unit. These were then monitored throughout the year. We also initiated Values Championship - a peer-to-peer recognition programme, where employees vote and select peers who truly epitomise IDFC values.

**In an independent study conducted by YSC Inc., UK, we scored 4.80 out of 6.**

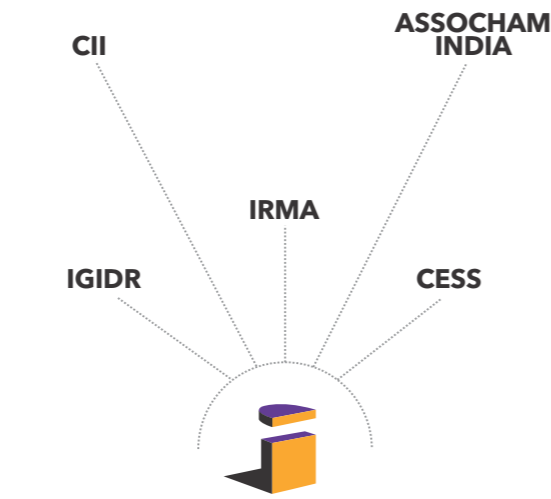
#### Shareholders / Investors

We have a well-established mechanism to ensure accurate, yet easy-to-understand disclosures that could be used by our shareholders and investors.

We maintain and regularly update our website www.idfc.com for basic information about the Firm, and details of our business, financial information, shareholding pattern, compliance with corporate governance and contact information of officials responsible for assisting and handling investor grievances. It also displays official press releases and presentation to analysts made by the Firm.

#### Business Associates

We encourage local and small vendors through our CSR policy, and conduct dedicated capacity building programmes for such vendors. We have a Code of Responsible Business Conduct that encourages our major suppliers to comply with essential labour practices, and uphold environment and ethical business practices in all their operations.



#### Communities

Through IDFC Foundation, we execute various CSR initiatives, with education and healthcare as the focus areas. IDFC Foundation's activities are aimed at inclusive growth and enlisting the expertise of industrious agencies in a particular area. IDFC lays emphasis on promoting employment opportunities among the rural youth.

#### Clients

We strive to create awareness amongst our client base to carry out environmentally and socially responsible businesses.

A key intervention for improving collaboration has been 'Client Centricity', a revised framework to drive origination teams across Project Finance, Fixed Income & Treasury, and Investment Banking to focus on client wallets rather than product revenue streams. Though this required us to re-skill our workforce, benefits of this approach have surfaced via improved communication and collaboration across teams, resulting in better client engagement.

## INITIATIVES

### Measuring the IR Quotient

We assume the responsibility of managing the expectations of our shareholders - be it regarding our performance, governance, engagement patterns or transparency levels.

Every year, we conduct IR (Investor Relations) surveys that help us gauge the competency of IDFC's IR practices vis-a-vis its peers. The results help us know our areas of strength that we can leverage and areas of improvement that we need to work upon.

In FY13, we collaborated with Citigate Dewe Rogerson, a consultancy of global repute, to conduct an IR survey. The objective was to conduct a quarterly market intelligence to gauge current perceptions on various aspects of IDFC.

Various parameters were covered in the survey to gauge the Firm's IR quotient:

CONSISTENCY OF INTERACTION	TIMELINESS OF INFORMATION	TRANSPARENCY AND ACCESSIBILITY OF IR TEAM
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The overall results which emerged were positive with majority of respondents appreciating the Firm. The perception of IDFC is well regarded on an overall basis and stands high on knowledge as well as effort.

In FY14, Citigate again undertook a market-intelligence on IDFC and its IR function. They conducted detailed interviews with 10 investors/analysts who understand IDFC and the sector in which it operates. The IR survey was across 9 attributes:

- 1 Overall IR practice
- 2 Consistency of interaction
- 3 Access to IR team
- 4 Quality of interaction
- 5 Openness to answer queries
- 6 Timeliness of information
- 7 Level/extent of disclosure
- 8 Corporate governance & transparency
- 9 Quality of written communication

IDFC maintained its high ratings across these attributes.

**In terms of IR positioning vis-à-vis peers, of the 10 participants interviewed, 8 believed that IDFC was either in the top 3 or the top quartile and 2 believed that IDFC was at par.**

### Prakriti - ERG's environment newsletter

The Environment Risk Group (ERG) of IDFC publishes a quarterly in-house environment newsletter 'Prakriti'. The purpose of the publication is to make environmental information easily available and accessible as well as stimulate an interest on environmental issues.

The newsletter explains how environmental changes are influencing and impacting businesses, and also attempts to provide a simplified understanding of various environmental aspects.



**Development of infrastructure translates into a wide spectrum of economic benefits, such as employment, stimulating the local economy and more importantly, providing access to wealth generation opportunities.**



**ECONOMIC**

**SUSTAINABLE = PROFITABLE**

Economic growth is a vital prerequisite to achieve sustainable development. Economic infrastructure which includes transportation, energy supplies, communication networks and financial systems, has a transformative impact on a country's economic growth potential and the ability of an enterprise to efficiently generate higher value. Infrastructure facilitates the flow of ideas, goods and services, spurs regional economic growth, helps maintain an inclusive, healthy and productive workforce, and enhances quality of life.

## BUSINESS PORTFOLIO

### OVERVIEW

IDFC is an end-to-end financial service provider for infrastructure projects. Our subsidiaries (10 direct and 11 indirect) provide a wide range of financial solutions, built on precise market research and analysis. These include financial intermediation for projects under way, tailor-made products for the value chain and asset maintenance of existing projects. Broadly, our verticals are:

- Project Finance, Fixed Income & Treasury
- Investment Banking and Institutional Broking
- Public Markets Asset Management
- Alternative Asset Management
- IDFC Foundation

**AT IDFC, OUR COMMITMENT TO BUILDING INDIA'S INFRASTRUCTURE GOES BEYOND BUSINESS. WE WORK CLOSELY WITH GOVERNMENT ENTITIES AND REGULATORS TO ADVISE AND ASSIST THEM IN FORMULATING POLICY AND REGULATORY FRAMEWORKS THAT SUPPORT PRIVATE INVESTMENT AND PUBLIC-PRIVATE PARTNERSHIPS IN INFRASTRUCTURE DEVELOPMENT.**

### PROJECT FINANCE, FIXED INCOME AND TREASURY



#### PROJECT FINANCE

This business engages in detailed analysis and evaluation of varied infrastructure projects of diverse implications to offer best suitable financial solutions via multiple modes. This proactive strategy helps address the financial requirements of different infrastructure projects across India with well-structured solutions. It holds extensive domain knowledge, specifically for project structuring, appraisal and risk evaluation.

#### FIXED INCOME AND TREASURY

Servicing the fixed income market, this business comprises the treasury and debt capital market businesses. The latter focusses on advisory based on detailed analysis for raising debt funds to help mobilise debt capital from the market.

IDFC Primary Dealership Company Limited is registered as a Non-Banking Financial Company (NBFC) with RBI. It trades in government debt securities and corporate bonds, and is awaiting its primary dealership license from RBI.

### INVESTMENT BANKING AND INSTITUTIONAL BROKING



This business encompasses advisory / capital raising services and institutional equity broking. IDFC Capital Limited operates in the former and provides a full range of advisory services comprising Private Equity Syndication, Initial Public Offerings (IPOs), Qualified Institutional Placements (QIPs), Project Advisory and Mergers & Acquisitions (M&A) services.

IDFC Securities handles the institutional equity broking section and offers investment insights as well as ideas, formulated on the basis of extensive research. With a rich global clientele of institutional investors, it services pension funds, long-only funds, hedge funds, mutual funds, banks, insurance companies as well as portfolio management firms.

**Our 10 direct and 11 indirect subsidiaries provide a wide range of financial solutions, built on precise market research and analysis.**

### PUBLIC MARKETS ASSET MANAGEMENT



This arm comprises our mutual funds business and is operated through IDFC Asset Management Company Limited (IDFC AMC). The AMC manages diverse mutual fund products for institutional and retail investors. Its core functionalities are focussed on cultivating the Assets Under Management (AUM) through tailor-made product offerings and channelising retail and corporate savings into India's debt and equity markets. Asset management fees contribute towards income generation.

A branch of IDFC AMC, IDFC Investment Advisors Limited is registered as a Portfolio Manager with SEBI and carries out Portfolio Management Services (PMS) for two funds - IDFC Spice Fund and IDFC Hybrid Fund, along with other PMS schemes.

### ALTERNATIVE ASSET MANAGEMENT



IDFC Alternatives is IDFC's alternative asset management vertical and manages over USD 3 billion on behalf of leading institutional investors from across the world.

With three distinct asset classes - private equity, infrastructure equity and real estate - IDFC Alternatives offers investors a range of risk-return profiles.

Since IDFC Alternatives' first private equity fund was launched in 2002, IDFC Alternatives has expanded its alternative asset portfolio to include a total of three private equity funds, two infrastructure equity funds and one domestic real estate fund. We are the partner of choice for our investors globally and for our portfolio companies in India.

### IDFC FOUNDATION



A wholly-owned subsidiary of IDFC, this section 25 not-for-profit company oversees and coordinates various developmental activities being pursued by IDFC. The Foundation's activities include following four core engagement areas:

**Policy Research & Advocacy** Pro-active research on various policy themes to lead innovative explorations and good practices.

**Government Advisory & Programme Support** Advisory to various central and state governments in developing policy, regulatory and sectoral frameworks, transparent procurement processes, equitable concession documents, and transaction advisory services for specific Public-Private Partnership (PPP) projects spanning various sectors.

**Capacity Building** For Government projects through intensive training modules and active support to enable project identification, appropriate analysis, project structuring, transparent selection of dealers and pro-active monitoring of project life cycle.

**Community Engagement** Through programmes like iCare that focus on enhancing the functioning of the not-for-profit and NGO entities towards youth inclusion and environment. In addition, employee involvement is encouraged to help the NGOs develop strategies, systems and practices for efficient functioning.



## CORPORATE GOVERNANCE

### OVERVIEW

As a financial intermediary, stakeholders' trust is of prime importance for IDFC. This trust is built on a robust corporate governance framework which comprises strong systems for monitoring and managing risks, ensuring relevant and timely disclosures and safeguarding against excessive exposure. Our governance approach is to deliver increased value across our stakeholder spectrum and maximise return on assets while effectively managing inherent risks. We see good governance as a vital contributor to sustainable economic development and as a facilitator in providing easier access to capital.

We believe that sound governance principles not only sustain but also strengthen the customer's trust. Hence we strongly endorse a policy of transparency, and incorporate the relevant non-mandatory recommendations apart from those mandated in Clause 49 of the Listing Agreement with the Stock Exchanges.

### GOVERNANCE STRUCTURE

**IDFC'S GOVERNANCE STRUCTURE IS DESIGNED TO FACILITATE THE INTEGRATION OF THE FIRM'S PRINCIPLES AND ORGANISATIONAL VALUES.**

#### THE BOARD AND ITS COMMITTEES

##### Board of Directors

Consists of 11 Directors, comprising:

- A non-promoter Executive Chairman
- Seven Independent Directors
- One Nominee Director of an institution which has invested in the Firm
- One Nominee Director of the Government of India
- One Whole Time Director designated MD & CEO

*The Chairman of the Company is an Executive Chairman, majority of members of the Board are independent directors and none of the directors are related to each other.*

The Directors bring to the Board, rich experience and a diverse range of skill sets which include expertise in global finance, banking, law, accounting and economics. The Board guides the Firm's growth and progress, reviews performance, assesses business risks, recommends risk mitigation measures, authorises and monitors strategic investments, ensures regulatory compliance and, above all, safeguards stakeholders' interests.

##### Committees of the Board

IDFC has six Board-level Committees

- Audit Committee
- Compensation Committee
- Risk Committee
- Nomination Committee
- Investors Grievance Committee
- Executive Committee

These committees review, revise, debate and discuss matters across the spectrum from strategy to operations, with the Board. Majority of the committee members are independent directors.

All decisions pertaining to the constitution, appointment and tenure for the committees are finalised by the Board of Directors.

### CODE OF CONDUCT

Our Code of Conduct translates our mission, values and principles into standards of professional conduct and guidelines for our employees and guides us in both routine and critical operations and decision-making.

The Code of Conduct encompasses:

- Honest and Ethical Conduct
- Fair and Transparent Corporate Communications
- Safe and Healthy Work Environment
- Disclosures
- Usage of Company Assets
- Secure Transactions and Confidential Information
- Compliance with Government Rules and Regulations

*For further details, the Code is available on our website - [www.idfc.com](http://www.idfc.com)*

## BUSINESS RESPONSIBILITY REPORT

The inclusion of a Business Responsibility Report in the Annual Report was made mandatory by the Securities and Exchange Board of India (SEBI) for the top 100 listed entities based on market capitalisation at the BSE and the NSE, as on March 31, 2012.

We saw this as an opportunity to re-iterate our responsible business culture and principles of integrity, transparency and accountability, which act as the cornerstone of the Firm's values. Our Business Responsibility Report demonstrates our continued commitment and responsible corporate citizenship towards the economy, community and environment.

### RISK MANAGEMENT

Risk is an inevitable part of the business environment. However, a proactive approach of identifying, addressing and mitigating these risks, boosts sustainable growth of an organisation. Hence, we have inculcated the following principles and policies towards managing risk more efficiently.

#### PRINCIPLES

All our operations are based on a conscious effort of addressing and mitigating the Environmental, Social and Governance (ESG) risks, effectively and continually. Our approach to risk management is holistic; we address both activity-based and enterprise-based risk.

We strictly adhere to a detailed and strategic protocol for risk assessment and mitigation. This protocol is periodically reviewed by the Board for optimal results and a Board-level committee is also in place for the monitoring of risk management.

Communication on Progress (COP) with respect to IDFC's businesses is reported to United Nations Global Compact (UNGC) annually.

Our principles which ensure responsible business conduct are as follows:

- Maintain ethical business practices and robust systems of corporate governance

- Practice transparent communication with stakeholders
- Be a knowledge-driven organisation with intensive employee engagement through training and teamwork
- Contribute to the social, economic and institutional development of our communities, through initiatives that go beyond 'traditional CSR'

**IDFC participated in a Community of Learning Workshop, organised at Washington DC by International Finance Corporation (IFC). Also, an in-house awareness programme on Environment Risk Management, keeping in mind the EP requirements, was conducted for Project Finance and Portfolio departments.**

#### POLICIES

The Environmental, Social, and Governance (ESG) issues linked to project induced land acquisition, livelihood deprivation, environmental degradation and regulatory compliance can harm the sustenance of our investments, and are therefore on our priority index.

##### IDFC's Environment and Social (E&S) Policy

IDFC shall continually endeavour to ensure and enhance effective environmental management and social development practices in all its activities, products and services with a special focus on the following:

- Ensure its lending is made to environmentally sustainable, socially acceptable and economically viable projects
- Ensure compliance with environmental and social safeguards, as defined by applicable Indian legislation and 'The Equator Principles'
- Ensure environmental and social risks related to the project are adequately addressed throughout the firm's investment tenure
- Integrate environmental risk into the internal risk management analysis

- Influence interested parties to carry out environmentally and socially responsible businesses and contribute to overall goal of sustainable development
- Ensure transparency in IDFC's Environment Management Systems & Procedures (EMSP) activities

Besides E&S policy, some of the other policies that help steer sustainability include:

- Employee Safety and Security Policy
- Internal Environment Policy (Climate Change and Resource Conservation)
- E-waste Management Policy
- Major Suppliers' Code of Responsible Business Conduct

*For more information on our Environment and Social Risk Mitigation Policies, please refer to the Product Responsibility section on page no. 28*

**IDFC IS INDIA'S FIRST FINANCIAL INSTITUTION TO SIGN THE EQUATOR PRINCIPLES (EP)**

IDFC holds the distinction of being India's first financial institution to sign up for the Equator Principles (EP) - a credit risk management framework for determining, assessing and managing environmental and social risk in Project Finance transactions.

IDFC formally adopted the Principles and participated as the first Equator Principles Financial Institution (EPFI) from India in the EP III launch session held at Amsterdam.

**WITH USD 3 BILLION  
IN FIVE DIFFERENT  
FUNDS, IDFC TODAY  
IS THE LARGEST  
INFRASTRUCTURE-  
FOCUSSED ALTERNATIVE  
ASSET MANAGEMENT  
PRIVATE EQUITY FUND  
IN THE COUNTRY.**

## ECONOMIC PERFORMANCE

### OVERVIEW

IDFC is a leading knowledge-driven financial services firm and plays a central role in advancing the country's infrastructure development by providing a full range of financing solutions.

Established in 1997 as a private sector enterprise by a consortium of public and private investors, the Firm listed its equity shares in India pursuant to an Initial Public Offering in August 2005.

As Project Finance is highly capital intensive and offers lower Return on Equity (RoE) on a standalone basis, IDFC decided to hedge that business by foraying into investment banking & advisory and private & public asset management.

These businesses were important because they provided an entire gamut of service to clients and did not take up much capital; hence generating significantly higher RoE.

**IDFC'S BALANCE SHEET HAS GROWN BY AROUND 9 TIMES SINCE 2005, TO ITS CURRENT SIZE OF INR 73,764 CRORE.**

The intent behind the public markets asset-management platform, which it acquired in 2008, was that over time, beyond diversification, there was a need for a better intermediation of retail savings into infrastructure. The objective was to utilise the asset-management platform to launch infrastructure-focussed funds and also as a means to intermediate retail money into infrastructure products.

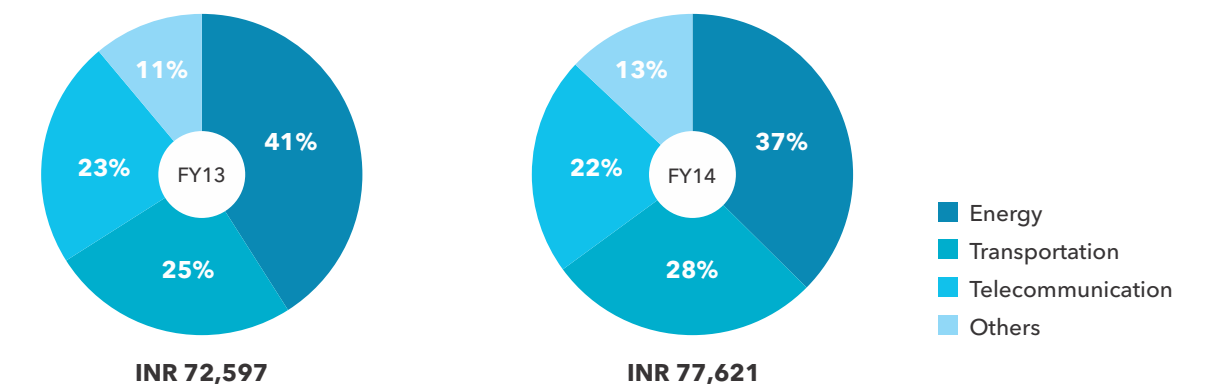
## ECONOMIC VALUE GENERATED

It is a well-known fact that the past few years have been challenging for both - Global and Indian economy. India's growth rate has slowed down substantially due to a combination of factors which include extreme volatility, rising input costs, policy paralysis and under-actualised public-private partnership ventures.

Considering this macro-economic scenario, specifically in the infrastructure sector, both FY13 and FY14 were satisfactory years for IDFC. While the Group's balance sheet grew by 15% Year-on-Year (YoY) to reach INR 69,994 crore in FY13, it grew by 5.39% YoY to reach INR 73,764 crore in FY14. Also in FY13, net loans at INR 55,736 crore witnessed an increase of 16% YoY, whereas in FY 14, there was an increase of 5.04% YoY and the net loans stood at INR 58,546 crore.

### TOTAL EXPOSURE

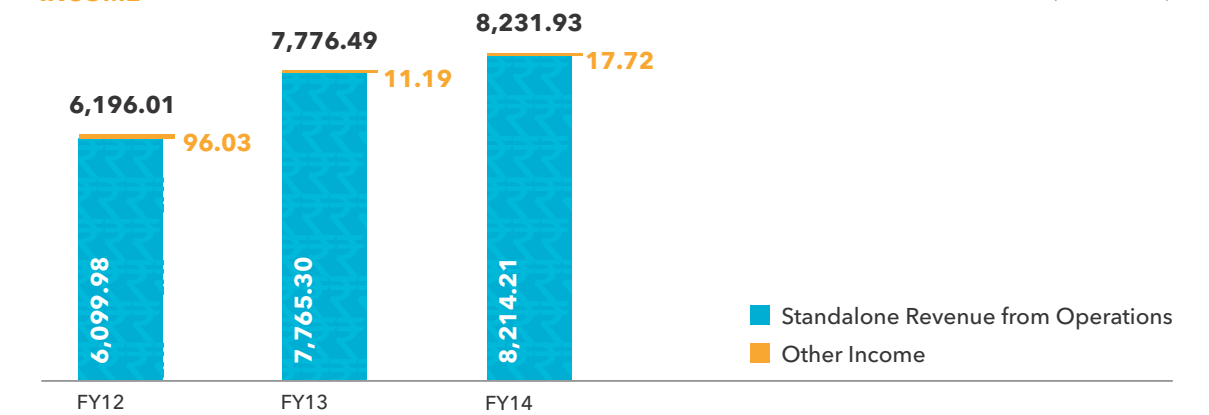
(in crore)



Our standalone revenue from operations has steadily grown over the last years. In FY12, it stood at INR 6,099.98 crore and went up to INR 7,765.30 crore in FY13; we ended FY14 at INR 8,214.21 crore - a growth of 5.78%. Our Profit After Tax in FY13 grew by 10.11% compared to previous year, but showed a de-growth of 3.62% in FY14. This de-growth can be partly attributed to IDFC increasing the provisioning on loans and investments from INR 350 crore in FY13 to INR 628 crore in FY14.

### INCOME

(in INR crore)

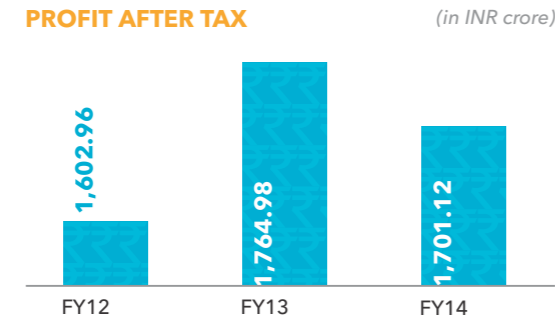


### EARNINGS PER SHARE

(in INR)

	FY12	FY13	FY14
EPS - Basic (Nominal value of share of INR 10 each)	10.57	11.66	11.22

For FY13, the significant change in 'Other Income' can be attributed to the head 'Profit on Sale of Long-term Investments'. While a profit of INR 3.73 crore was generated in FY13 through sale of 100% stake in IDFC Project Equity Company Ltd. to IDFC Alternatives Ltd., a profit of INR 89 crore was generated in FY12 through sale of 25% stake in IDFC Asset Management Company Ltd. and IDFC AMC Trustee Company Ltd. to Natixis Global Asset Management Asia Pte. Ltd.



By comparison, FY14 was a better year where the 'Profit on sale of fixed assets' contributed INR 106.01 crore to 'Other Income'.

## ECONOMIC VALUE DISTRIBUTED

### SHAREHOLDERS

In both FY13 and FY14, the Board recommended a dividend of INR 2.60 per equity share of INR 10 each (i.e. 26%). This is in continuation of the consistent performance shown by the Firm with respect to dividend payout.

	FY11	FY12	FY13	FY14
<b>Dividend per Share</b>	<b>2.00</b>	<b>2.30</b>	<b>2.60</b>	<b>2.60</b>

### EMPLOYEES

IDFC is as much about the people behind the numbers, as it is about the numbers. As on March 31, 2014, IDFC had 225 employees at the Firm level and 570 employees at the Group level.

	FY13	FY14
Salaries	123.10	117.62
Contribution to Provident and Other Funds	7.40	7.25
Expense under the Employee Stock Options Scheme	0.21	Nil
Staff Welfare Expenses	6.28	4.13
<b>Total</b>	<b>136.99</b>	<b>129.00</b>

### GOVERNMENT

IDFC has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income tax, Sales Tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

	FY12	FY13	FY14
Current Tax	668.70	781.50	824.00
Current Tax expense relating to prior years	(0.30)	(0.20)	(54.05)
Deferred Tax	(70.00)	(78.30)	(112.88)
<b>Total Tax Expense</b>	<b>598.40</b>	<b>703.00</b>	<b>657.07</b>

In the reporting period, IDFC Ltd. did not receive any significant financial assistance from the Government.

Note: Current tax is the amount of tax payable on the taxable income for the year, as determined in accordance with the provisions of the Income-tax Act, 1961.

## RESPONSIBLE SOURCING

IDFC, being a financial institution, is relatively less resource intensive in terms of material inputs. Our major material requirements are office infrastructure, communications and IT related equipment. Due to the limited nature of usage, it would not be possible to ascertain the percentage of inputs that are sourced sustainably.

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.

## FINANCIAL IMPLICATIONS OF CLIMATE CHANGE

Since energy and transportation comprise a large portion of IDFC's lending portfolio, climate change and the resulting environmental sensitivity can be both, a threat and an opportunity.

The opportunities arising from initiatives undertaken to combat climate change, provide ongoing impetus to a whole new category of environment-friendly projects, such as renewables - which though currently small, offer a high growth potential. IDFC's Green Portfolio encompasses lending to renewable energy projects, and developing and owning renewable energy assets.



For more information about IDFC's Green Portfolio, please refer to the Product Responsibility section on page no. 28



**IDFC FOCUSES ON CRUCIAL AND PRESSING ISSUES SUCH AS LAND ACQUISITION, CLIMATE CHANGE AND WATER THROUGH ITS POLICY ADVOCACY INITIATIVES.**

**IT ENGAGES WITH THE LOCAL COMMUNITY THROUGH RURAL INFRASTRUCTURE DEVELOPMENT AND LIVELIHOOD SUPPORT, WHILE ADOPTING SUSTAINABLE PRACTICES ACROSS ITS OPERATIONS.**

**Well-designed infrastructure and promoting green technologies, coupled with responsible construction can positively impact the environment by reducing greenhouse gas emissions and decreasing energy consumption.**



## ENVIRONMENT

## SUSTAINABLE RESPONSIBLE

The environment is mankind's biggest asset and key to human survival. It is a vital infrastructure that provides essentials like water, raw materials and energy for the production of goods and services that support people's lifestyles. For long thought to be infinite, we are now running into environmental limits and thus it is imperative that we utilise our natural capital responsibly and accelerate our investment in blue-green assets, policies and systems that protect our environment and significantly enhance our resource productivity.

**IDFC IS A THRIVING EXAMPLE OF THOUGHT LEADERSHIP AND ADVOCACY ON SUSTAINABILITY FOR EMERGING ECONOMIES. IDFC HELPS TO TRANSLATE POLICY INITIATIVES INTO ACTUAL IMPLEMENTATION THROUGH SPECIFIC PROJECTS IN THE PUBLIC-PRIVATE PARTNERSHIP MODEL AND PROMOTION OF SUSTAINABLE PRACTICES IN PROJECT DEVELOPMENT AND OPERATION.**



## OVERVIEW

At IDFC, we strive to invest in eco-intelligent infrastructure - internal as well as external. Our employees leverage their grey cells to 'go green'. We support projects which are low carbon-friendly, design processes which are resource-efficient and our premises are built to support the 3Rs of resource management. IDFC is also an active contributor and participant in various sustainability forums like Carbon Index at the Bombay Stock Exchange (BSE), Global Reporting Initiative (GRI) and Carbon Disclosure Project (CDP).

## ENVIRONMENT PHILOSOPHY

IDFC's environmental conservation philosophy comprises three broad-level approaches:



### MONITORING & MEASURING INTERNAL ENVIRONMENT PERFORMANCE

At IDFC, we constantly endeavour to minimise the environmental impact of our operations through measures focused on three key parameters - enduring resource sufficiency, reducing carbon footprint and building an eco-conscious culture in the organisation. This section elaborates IDFC's green interventions at its workplaces.



### INVESTING IN ENVIRONMENTALLY-RESPONSIBLE PROJECTS

IDFC advocates sustainable infrastructure development and finances various environmentally, socially and economically sustainable projects like renewable energy and clean technology projects.

*For details, refer Product Responsibility section on page no. 28*



### PROVIDING THOUGHT LEADERSHIP ON SUSTAINABLE INFRASTRUCTURE

Climate change, water, and land acquisition are some of the pressing issues that IDFC focuses on and builds stakeholder awareness on them through its public research and policy advocacy initiatives.

## GREEN STRATEGY IN ACTION

Our actions are governed by three environment policies dedicated to the key tenets of green stewardship. While our 'Environment & Social Policy' addresses environmental risks in our Project Finance business, our 'Internal Environment Policy' and 'E-waste Management Policy' guide the resource efficiency of the internal operations across all our Group Companies.

### POLICIES

A number of environment policies are in place to operationalise environment conservation at all IDFC offices:

- Internal Environment Policy
- Environment & Social Policy
- E-waste Management Policy

*Over and above the formulation of in-house policies, IDFC continues to be a signatory to global initiatives on Environment, Social and Governance (ESG) issues such as the Carbon Disclosure Project, and the United Nations Global Compact.*

### PRACTICES

A slew of actions are under implementation to ensure that the green policies are practised in letter and spirit:

- 'Go Green' programme to internalise sustainability philosophy across IDFC
- Carbon Footprint Assessment since 2011
- Certified energy-efficient Central Data Centre
- LEED Gold certification for our registered office at Chennai
- Sewage treatment plant for waste management

## GREEN INDICATORS

The nature of our financing business empowers us to create lasting value out of a single resource. However, we believe that every raw material that our projects consume comes with a cost - to our planet as well as to the project balance sheet.

Hence, when it comes to management of natural capital, we believe that even small measures go a long way. Our key green indicators include energy efficiency, carbon footprint and waste management. We have also identified resource intensive pockets in our internal operations, and have initiated efforts to monitor and optimise the consumption of such resources.

### ENERGY EFFICIENCY

Embedding energy intelligence in our day-to-day functions paves the way for triple benefits - lesser dependence on fossil power, lower operational expenses and reduced CO<sub>2</sub> emissions.

One of the interventions that we spearheaded to reduce our energy consumption was 'green computing'. By aligning all our IT processes and practices with the core principles of sustainability, we are able to not just maximise energy efficiency, but also reduce the use of hazardous materials and eliminate waste. We are in the process of implementing new IT energy efficiency initiatives with granular monitoring to further streamline our energy performance.

### ENERGY CONSUMPTION (in GJ)

	FY13	FY14
Direct Energy	3,424	2,340*
Indirect Energy	12,607	13,053

*\*Figure updated post printing of report.*

**As a result of our continuing energy conservation initiatives, we are happy to report a 4% reduction in total energy consumption in FY14 vis-a-vis FY13.**

# CASE STUDY

## DATA CENTERS - IDFC'S VERY OWN GREEN CRUSADERS

### Energy Conservation Initiatives

Under our 'Go Green' movement, which is guided by our internal environmental policy, we undertook a host of initiatives with the objective of minimising resource consumption and reducing environmental impact of our internal operations through resource efficiency and conservation. A few selected initiatives are highlighted below:

#### GREENER INFRASTRUCTURE

- The Central Data Centre at Chennai has received the Green Data Centre certification
- The Registered Office of IDFC Mutual Fund is housed inside the One IndiaBulls Centre in Mumbai - a LEED certified Green Building
- Our Chennai office (KRM Tower) is LEED Gold certified

#### ENERGY EFFICIENCY

- Since 2011, we have been conducting carbon footprint assessment of our operations with the aim of becoming a carbon neutral organisation in future
- We have implemented various energy conservation measures like use of double glazed windows (using sun control films), use of recycled material, green IT, and use of renewable source of energy at major office premises etc.
- In all our offices, we have substituted LCD with LED TVs, halogen bulbs with CFLs and electric hand dryers with paper napkins
- We have also started using foam dispensers instead of soap dispensers in wash rooms, to help reduce water consumption
- We closely monitor and control the usage of ACs at our corporate office

#### RESOURCE EFFICIENCY

- We encourage car pooling, company bus service and video / audio conferencing facilities at all our major offices to minimise our travel footprint. Wherever necessary, we choose a green fleet airline for our business travel
- We have installed a sewage treatment plant at our corporate office in Mumbai and are also in the process of installing a rainwater harvesting system



The U.S. Department of Energy estimates that data centre facilities consume 100 to 200 times more energy than standard office buildings.

For organisations, especially in the financial services space, a robust IT infrastructure is a key input for operations management and also a significant contributor to the energy consumption. Hence, embedding energy-efficiency in data centres can remarkably change the economics of organisational energy.

At IDFC, we took a strategic decision to achieve the Green Data Centre Certification for our Central Data Centre. What followed was a comprehensive power management approach including efficiency checking, assessment and analysis of potential savings, planning and cost analysis, and technical implementation.

A series of energy-efficiency techniques were deployed in five primary areas:

**Information Technology (IT) Systems**  
**Environmental Conditions**  
**Air Management | Cooling Systems**  
**Electrical Systems**

The base-level initiatives ranged from:

- Increasing temperature in the Data Centre to 24 degrees
- Installation of low cost partitions to optimise air management
- Power consumption monitoring with meters on the panel and rack levels, and soft metering at device levels

Besides these, we also decided to use a DCIM (Data Centre Infrastructure Management) tool to help us not only monitor, but also identify areas where we can achieve efficiency gains. We are one of the earliest adopters of DCIM in South Asia.

The project was planned in phases, in line with a long-term Data Centre Efficiency Programme. Phase I of the project involved the following:

- Implementation of DCIM and base-lining of the as-is state, in terms of computing resource utilisation and IT power consumption
- Integrate DCIM with existing Building Maintenance Services (BMS), to capture facility power consumption
- Automate calculation and reporting of both real-time and historical Power Usage Effectiveness (PUE) data for the Data Centre through the DCIM

- Identify under-utilised servers using the DCIM, and recommend retirement and virtualisation based on utilisation pattern
- Conduct ageing analysis of equipment using DCIM to identify replacement candidates
- Report carbon footprint of the Data Centre and generate device-level emission reports

Over and above receiving the Green Data Centre certification, we also achieved Tier III certification by the Uptime Institute. Tier III stands for concurrently maintainable infrastructure, which implies that any planned maintenance in the power or mechanical pathways including equipment will need no downtime. This is critical for a data centre because power availability is a high priority area, especially for primary data centres.

### OUTCOMES

- Reduction in energy consumption represented in PUE reduction from 2.1 (2011) to 2.011 (2013). This constitutes a 4% reduction in consumption and subsequent CO<sub>2</sub> emissions
- Enhanced awareness of energy conservation among IDFC employees
- Assured 99.98% uptime of the Data Centre, ensuring higher access for its stakeholders
- New benchmarks for IDFC:

Became the first in the Indian financial services industry to have received both, Green Data Centre Certification and the Tier III DC Certification

Received the 'Green Crusader Awards 2012' from CIO magazine and the EDGE (Enterprises Driving Growth and Excellence using IT) Award from Information Week magazine, for its various green initiatives and data centre tiering

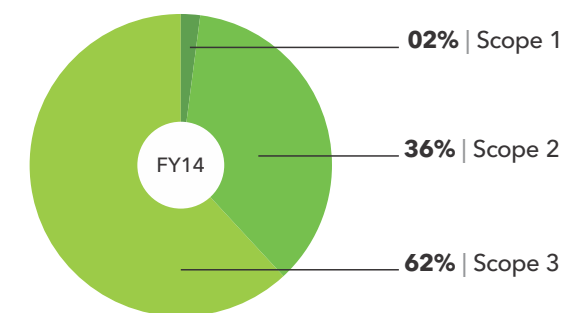
### GREENHOUSE GAS (GHG) EMISSIONS

India is the fourth largest emitter of CO<sub>2</sub> in the world after US, China and Russia. As enablers of nation building, we strive to balance the carbon surplus of the country by financing low carbon infrastructure.

We believe that change should begin with us and therefore we monitor, manage and minimise the carbon stress of our infrastructure. The objective is to make IDFC a carbon neutral organisation.

### GHG Accounting

In FY 2011, we measured the carbon footprint of our operations based on the latest IPCC guidelines and as per the ISO 14064-1 standard. This methodical monitoring of our carbon footprint has helped us identify specific emissions and their major sources, and analyse location-wise data, which has ultimately helped us to zero in on crucial areas that need to be contained.



**Our commitment to GHG accountability has been recognised by 'The Environmental Investment Organisation', a UK-based non-profit organisation which has ranked us as the leading Indian company for transparency in disclosure related to greenhouse gas emissions & carbon intensity.**

- Vehicles and DG sets used at various office locations
- Grid electricity drawn by office building and AMC offices spread across the country
- Air travel, Employee travel, Paper consumption, Electricity consumption for printing documents, annual report and other stationary, Hoardings illumination

### Emissions Scoreboard

GHG	(in tCO <sub>2</sub> e)		
	FY12	FY13	FY14
Scope 1	93	241	163*
Scope 2	3,127	2,721	2,991
Scope 3	6,997	4,846	5,130*

In FY14, there was a marginal increase in Scope 3 emissions due to increased instances of air travel.

### Location-wise Breakup

SCOPE 1 EMISSIONS	(in tCO <sub>2</sub> e)		
	FY12	FY13	FY14
Mumbai	35	87	44*
Delhi	20	44	42*
Chennai	38	110	76*
Other	0	0	1*

FY13 saw a sudden spike in Scope 1 emissions across all locations of IDFC. Broadly, this can be attributed to higher dependability on DG Sets for power and increased vehicle emissions.

In FY14, except Delhi, we have been largely successful in arresting this increase.

\*Figure updated post printing of report.

## SCOPE 2 EMISSIONS (in tCO<sub>2</sub>e)

	FY12	FY13	FY14
Mumbai, BKC	1,613	1,503	1,625
Mumbai AMC	520	401	415
Chennai	393	347	443
Delhi	163	144	130
AMC (other)	439	326	378

The BKC Mumbai office, being IDFC's corporate office, has the highest staff strength and hence consumes more energy than any other location.

## SCOPE 3 EMISSIONS (in tCO<sub>2</sub>e)

	FY12	FY13	FY14
Air Travel	5,021	4,361	4,683
Paper Printing	219	15	14
Paper Consumption	1,539	283	263
Hoarding + Employee Travel	218	188	170*

\*Figure updated post printing of report.

These emissions are from sources which are external to the organisation's premises, hence the data has been categorised into segments which are the key sources of emissions.

We have focussed our attention towards bringing down paper consumption and rationalising air travel wherever possible.

Note: In FY14 air travel increased marginally as funds were being raised for Alternatives.

## MATERIAL MANAGEMENT

At IDFC, we believe that 'Prevention is better than responsible disposal'. When it comes to material management, 'e-waste' is our focal point, since by virtue of being in the financial services sector, we neither consume much of packaging materials, nor are we heavily dependent on raw materials.

### E-waste Management

E-waste is one of the fastest growing waste segments globally. As an early adopter of green computing, we strive to mainstream environmentally sound e-waste management across our operations.

We have instituted an E-waste Management Policy with the specific aim of minimising the e-waste generation and ensuring responsible disposal across our operations. This policy has been formulated keeping in mind international best practices and also ensures compliance with local environmental laws.

### Paper Conservation

Every sheet of paper saved, not only saves a tree, but also conserves the energy invested in producing it and reduces the carbon burden on the planet.

At IDFC, we think before we print. We encourage e-publications and their acceptance has steadily improved post their launch across platforms like - annual reports, newsletters and mailers. On account of reduced printing of infra bonds, there has been a decrease of approximately 80% in paper consumption. This sharp decline was an outcome of sensitising our employees and stakeholders on the cost and energy savings that can be achieved through judicious use of paper.

## PAPER CONSUMPTION

	FY12	FY13	FY14
Total Paper Consumption <small>(in kg)</small>	824,368	151,563	140,815
Emission Factor	1.867	1.867	1.867
Total Emission from Paper Consumption <small>(in tCO<sub>2</sub>e)</small>	1,539	283	263

### Recycling & Responsible Disposal

We recycle more than 10% of total waste generated from our operations. All other recyclable waste is collected at our premises and handed over to authorised waste processors. In the reporting period, no significant spills were reported.



## WATER MANAGEMENT

From lives to livelihoods, economy to ecology, infrastructure to agriculture - water is an indispensable resource - more so because it has no other alternative. Thus water scarcity poses a grave threat to the world today.

To shrink our water footprint, we have deployed the classical three-pronged approach:



### Reduce

We enhance employee awareness about judicious consumption of water and have installed water-efficient appliances and fixtures in our premises



### Recycle

We have installed a sewage treatment plant at our office in Naman Chamber, Mumbai



### Recharge

We are in the process of installing a rainwater harvesting system in our office at Naman Chamber, Mumbai

## BIODIVERSITY

While our direct operations do not impact biodiversity, our due diligence ensures that the projects which we finance, adhere to all statutory compliances on protection of biodiversity.



## INITIATIVE

### Restoring Life and Livelihoods

IDFC Foundation signed an agreement with the Government of Meghalaya to provide programme management support for its Integrated Basin Development Livelihood Promotion Programme. The objective of this programme is to generate / enhance livelihoods around the natural resources of the state with a significant intervention in water management.

**The objective is to construct 15,000 SMRs (Small & Medium Reservoirs) over the next five years and create 100,000 enterprises. IDFC Foundation has played a pivotal role in developing the strategic action plan for the programme and is advising the Government on specific pilot interventions in renewable energy (7 sites), development of rural markets (6 locations) and local area development (3 villages).**

We are also training officials of the Meghalaya Basin Development Authority (MBDA), in various aspects of project identification, preparation and implementation.



## IDFC KNOWLEDGE CAPITAL IN ENVIRONMENTAL STUDIES AND CLIMATE CHANGE

The Policy Group at IDFC, as the knowledge repository of the Firm, provides thought leadership and advocacy in areas of infrastructure policy and governance, with a thrust on sustainable infrastructure. Climate change, being one of the most important sustainability challenges facing the nation today, forms a growing aspect of our policy research and advocacy. Towards this, the Policy Group has been actively contributing towards improving the investment climate for renewable energy and more importantly for the implementation of the Government of India's Solar Mission.

We share our knowledge through various platforms:

- Studies (suo moto or commissioned), discussion papers and articles
- Periodic reports that examine innovative solutions aimed at addressing infrastructure challenges and sharing insights
- Our annual flagship publication, the India Infrastructure Report
- Workshops, Seminars & Conferences

A few key initiatives undertaken over the years to share perspectives on sustainability and climate change are listed below:

### Papers, Presentations and Articles

- Renewable energy requires further policy impetus - an Economic Times article
- Discussion paper on 'Barriers to Development of Renewable Energy in India & Proposed Recommendation'
- Presentation on 'Can India Create an Incentive Based Regime for Significant Power Industries on Renewable Energy?' at Green India Summit, organised by U.S.-India Business Council, Washington
- Sector paper on India's Solar Energy Policy
- Paper on 'Barriers to Development of Renewable Energy in India'

### Experts Speak

- Panel Discussion at the Carbon Map and Cap Conference, on the 'Business of Carbon Management'
- Panel discussion on 'Policy Framework for Low

Carbon Buildings: Looking Ahead at Future Energy Policies' at RICS (Royal Institution of Chartered Surveyors) & Oxford Brookes University's conference on 'Moving towards Low-Carbon Buildings in India'

- Panel discussion on 'The Bundling Scheme under the National Solar Mission' at the Infraline Round Table on 'National Solar Mission'

### Events

- Panel discussion on 'The Road to Low Carbon Energy'
- 'The CleanTech Infrastructure Opportunity in India' co-hosted by The Cleantech Group and IDFC
- Roundtable on 'Hydro Power Development in India: Policy and Implementation Issues'
- 'Mainstreaming of Solar Energy in India' by Dr. S.P. Gon Chaudhuri, Managing Director, West Bengal Green Energy Development Corporation Ltd.

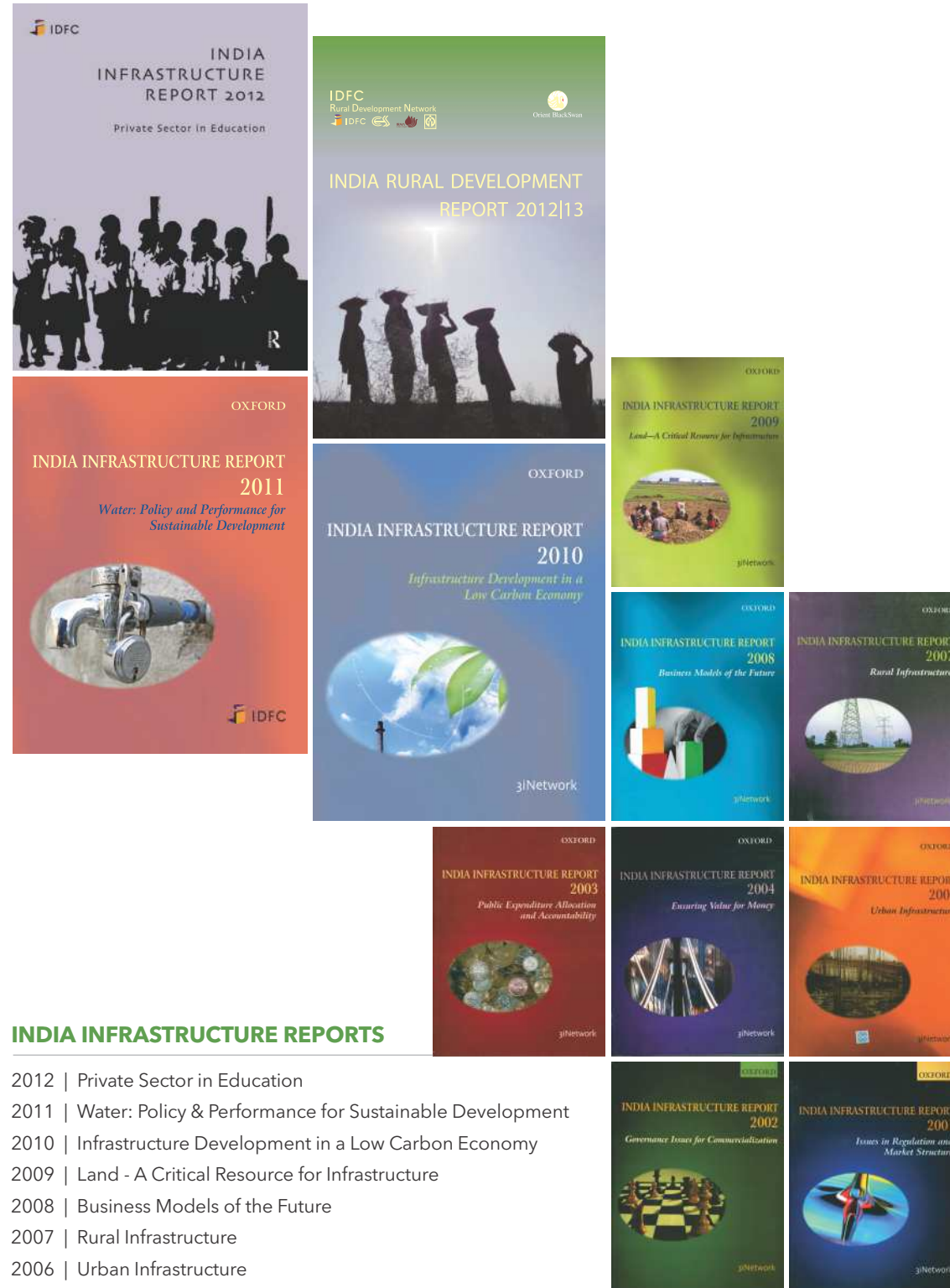
**Publications**

- The India Infrastructure Report 2010 focussed on 'Infrastructure Development in a Low Carbon Economy'
- The India Infrastructure Report 2011 titled 'Water: Policy and Performance for Sustainable Development'
- India Rural Development Report 2012|13 delves into various aspects of rural development, which includes various dimensions of sustainability. The report examines how natural resources - land, water, forest & fishery, and infrastructure - energy, water & sanitation impacts sustainable rural livelihoods, besides exploring rural vulnerability and resilience to climate change. The report, a first major work on rural development in India, also highlights opportunities and ways to overcome the challenges facing sustainable rural development
- Study mapping alternate trajectories for the economy and carbon emissions for a 30 year horizon under different policy scenarios, including enhanced energy efficiency, taxing fossil fuels, redistributing revenues from fossil fuel taxes etc., using a Computable General Equilibrium Model

**IDFC WORKSHOP ON 'MAINSTREAMING ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT IN PROJECT FINANCING'**

The Environment Risk Group organised the first workshop on Environment and Social Risk Management in infrastructure projects for Banks and NBFCs in November 2013. The core objective was to increase awareness of integrating E&S Risk Management in credit appraisal process and initiate steps towards mainstreaming E&S risk management in business activities.

Senior Project Finance and Credit Risk professionals from public & private sector banks and financial institutions such as SBI Capital Markets Ltd., IDBI Bank, Bank of India, Axis Bank, Yes Bank, ICICI Bank, L&T Infra Finance, Tata Capital, Standard Chartered Bank and HSBC Bank participated in the workshop.



**INDIA INFRASTRUCTURE REPORTS**

- 2012 | Private Sector in Education
- 2011 | Water: Policy & Performance for Sustainable Development
- 2010 | Infrastructure Development in a Low Carbon Economy
- 2009 | Land - A Critical Resource for Infrastructure
- 2008 | Business Models of the Future
- 2007 | Rural Infrastructure
- 2006 | Urban Infrastructure
- 2004 | Ensuring Value for Money
- 2003 | Public Expenditure Allocation & Accountability
- 2002 | Governance Issues for Commercialization
- 2001 | Issues in Regulation and Market Structure



**IDFC'S E&S POLICY ENSURES THAT ITS LENDING IS MADE TO ENVIRONMENTALLY SUSTAINABLE, SOCIALLY ACCEPTABLE AND ECONOMICALLY VIABLE PROJECTS.**

**THE E&S POLICY ALONG WITH ITS COMMITMENT TO THE EQUATOR PRINCIPLES (EP) SERVES AS A SOLID FOUNDATION FOR SCREENING TRANSACTIONS, ADVISING OUR CLIENTS AND PROMOTING SUSTAINABLE WAYS OF DOING BUSINESS.**





## PRODUCT RESPONSIBILITY

### OVERVIEW

Infrastructure, due to its sheer size and intrinsic nature, holds the potential to benefit public good across the triple bottom-line.

On the economic front, it can impact employment generation, local purchasing and reduce demand for electricity generation through improved efficiency; while on the social front, it could impact indigenous employment and development, equity of access to public and economic assets, bridging of opportunity gaps; and on the environmental front, the impacts could range from lower Greenhouse Gas emissions to reduced use of non-renewable resources and potable water, from lesser waste to enhanced biodiversity.

But it is important to note that sustainability delivers advantages not only to the communities surrounding the enterprises but also to the enterprise itself. It helps mitigate risks, harness cost-efficiency and savings, strengthen the enterprise's relevance to local communities, and even enhance its revenue sources.

At IDFC, we are acutely aware that as enablers of infrastructure, we have the opportunity and responsibility to catalyse sustainability.

### PIONEERING GLOBAL STANDARDS

To ensure that the projects financed by IDFC are developed and operated in a manner which is socially responsible and environmentally sound, it has pioneered and adopted several international best practices.

- IDFC is India's first signatory to the UN Principles for Responsible Investment (PRI),

in the category 'Investment Manager', with respect to its asset management businesses (private equity, project equity and fund-of-funds)

- IDFC is also the first Indian firm in the BFSI sector to sign The Equator Principles
- It was the first Indian Financial Institution (FI) to have an Environment Risk Group (ERG) to identify, assess and mitigate the environmental and social impact of projects financed by the Firm

IDFC finances renewable power projects and invests in clean technology, it encourages sustainability in infrastructure development through specific projects in the Public-Private Partnership model, and strongly emphasises the application of sustainable practices in project development and operations.

### INR 4,565 crore

Loan exposure in renewable energy projects

### INR 4,600 crore

Approved towards renovation and modernisation of existing generation assets, grid up-gradation/ expansion and transmission assets

### INR 150 crore\*

Provided the required risk capital to sponsors of renewable energy projects in the form of convertible instruments

\* Current outstanding as of March 31, 2014

**IDFC IS RANKED 7<sup>TH</sup> GLOBALLY IN LEAGUE TABLES AS MANDATED LEAD ARRANGER (MLA) FOR PROJECT LOANS AND BY THOMSON-REUTERS IN THE LEAGUE TABLES AS MLA FOR PROJECT LOANS FOR THE FIRST QUARTER OF 2014.**

To promote a low-carbon economy, we are actively working with government agencies, collaborating with other financial institutions and industry associations like CII and FICCI on formulating innovative financing mechanisms for attracting greater private sector investment in the low-carbon sector.

Going forward, we intend to rate our projects in terms of their carbon footprint and low-carbon technology integration.

# HIGHLIGHTS

## No.1

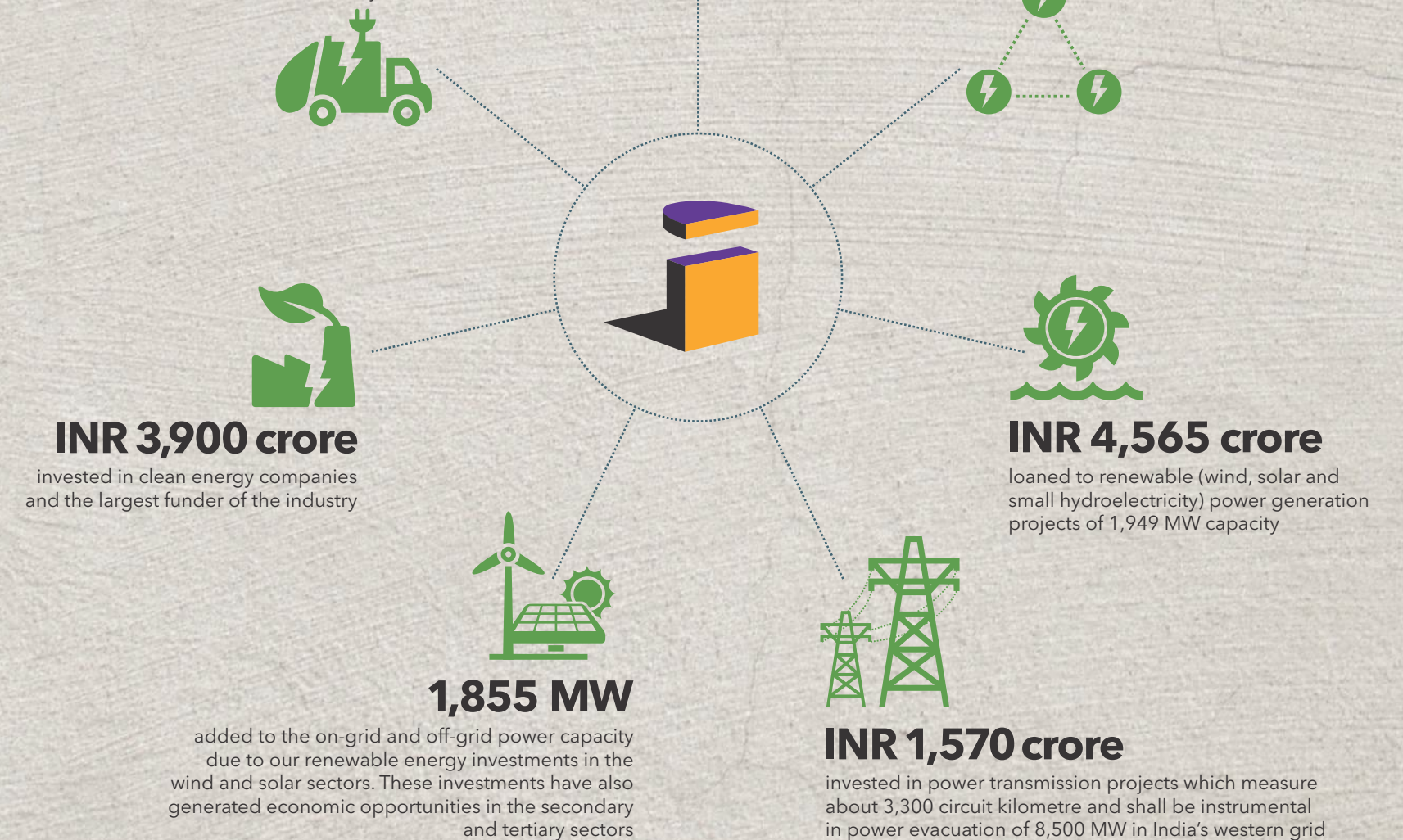
Our Alternative Assets business has already emerged as the largest investor in low-carbon businesses in India

## USD 498 million

equity committed for investment in clean technology companies by IDFC's Alternative Assets Management business. This includes a pure play renewable entity, a (municipal) waste to energy company and a carbon advisory firm

## INR 3,100 crore

for energy efficiency / transmission loss reduction, capacity augmentation programmes for electricity utilities



## FINANCING A GREEN FUTURE

We leverage two key enablers to give impetus to sustainable ventures:

PROJECT FINANCE UNDERTAKEN  
BY OUR CORPORATE INVESTMENT  
BANKING BUSINESS

PRIVATE EQUITY UNDER OUR  
ALTERNATIVE ASSETS  
MANAGEMENT BUSINESS

### PROJECT FINANCE FOR GENERATION OF RENEWABLE ENERGY

Renewable Energy (RE) has been around for quite some time but its full potential is yet to be tapped. To boost renewable energy generation, we focus on all three core areas: **Wind | Solar | Hydro**. We encourage innovation and invest in development of cost-effective technology with an aim to find a long-term sustainable solution to the country's growing energy needs.

**We have signed a USD 250 million finance agreement with Overseas Private Investment Corporation (OPIC), USA targeted towards RE projects.**



**1,665 MW**

#### WIND ENERGY

- Funded more than 1,665 MW of wind energy projects in India
- Funded turnkey wind power solution providers



**190 MW**

#### SOLAR ENERGY

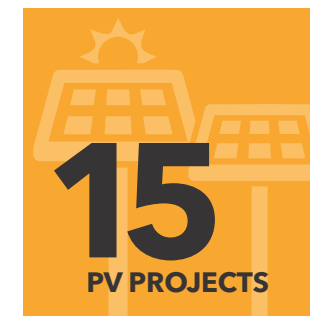
- Funded more than 190 MW of solar energy projects in India
- Participated in equity funding of a solar panel manufacturer



**94 MW**

#### HYDRO POWER

- Funded 94 MW of small hydro projects in India
- Our current exposure also includes more than 1,110 MW of large hydro power capacity



### Harnessing the Energy of the Sun

We have been a major proponent of the solar industry in India and have financed 15 projects adding up to about 190 MW of PV capacities through a variety of schemes. The developers we have assisted include marquee names like Mahindra Solar, SunEdison, Tata Power Renewable, Kiran Energy, GMR Solar, AES Solar and Videocon Solar.



### Watt from Waste!

While the technology to derive energy from waste has taken giant strides across the globe, it is still to get a foothold in India. To encourage and facilitate its development we have financed a project involving conversion of 300 TPD of Municipal Solid Waste into 5 MW of power and 75 TPD of compost.

### Renewable Energy Project Finance Highlights

Bindu Vayu Urja Pvt. Ltd.

**179.7 MW**  
Wind Farm Projects  
across three states

**INR 224 crore**  
rupee term loan

Mahindra Solar / Kiran Energy

**60 MW**  
single location  
Solar Power Project

**INR 124 crore**  
rupee term loan

CLP Wind Farms (India) Ltd.

**315 MW**  
Wind Farm Projects

**INR 567 crore**  
rupee term loan

KarchamWangtoo Hydro Project | JaypeeKarcham Hydro Ltd.

**1000 MW**  
Hydro Project

**INR 1,600 crore**  
rupee term loan

### INVESTMENTS IN CLEAN TECHNOLOGY SECTOR

IDFC Private Equity holds the distinction of being the largest and most active private equity firm focussed on infrastructure and the clean technology space in India.

The following are some of our investments in the clean technology sector:

#### Moser Baer Solar

Moser Baer Solar - a subsidiary of Moser Baer India Limited, manufactures solar cells and modules using crystalline silicon and thin-film technologies.

#### Emergent Ventures India Pvt. Ltd. (EVI)

The second-largest Clean Development Mechanism (CDM) advisory company in India, it provides solutions under the UN Clean Development Mechanism programme. These solutions range from CDM project origination to assistance with project implementation and the monitoring, delivery and sale of Certified and Voluntary Emission Receipts (CERs and VERs) in the domestic and international carbon market.

#### Green Infra Limited (GIL)

Incorporated in 2008, to invest, operate and manage projects utilising clean and / or renewable sources of energy, GIL was facilitated by IDFC's Private Equity Fund. It manages Renewable Energy (primarily wind, small hydro and solar projects) assets of around 256 MW and is on track for scaling to 1 GW in the near future. At present, 100% of its shares are held by IDFC PE Fund II and Fund III.

#### FUTURE FOCUS

At IDFC, we believe that there is a tremendous scope for project financing in social and commercial infrastructure sector. These projects would benefit the local community, as well as create new benchmarks in sustainable infrastructure like integrated MSW projects, educational institutions, healthcare facilities, common infrastructure facilities for industrial complexes and SEZs plus re-development of industrial estates.

Another emerging sector is financing of 'Green Buildings' in the real estate space and sustainable urban transportation projects.

### MITIGATING ENVIRONMENTAL & SOCIAL RISKS

We ensure that not only do our clients but the involved communities also benefit immensely from our insights. We have an Environment & Social (E&S) Policy applicable specifically to business conducted by IDFC and relates to lending (Project Finance) and equity business. It enables a thorough risk management framework plus helps lay down processes and guidelines for various stages of project appraisal process.

**WITH OUR VAST EXPERIENCE IN DEALING WITH A VARIETY OF CLIENTS, WE HAVE NOW DEVELOPED A STRONG ACUMEN TO ASSESS, FORESEE, WEED OUT AND MITIGATE ANY POTENTIAL ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH SUCH PROJECTS.**



**INFRASTRUCTURE, DUE TO ITS SHEER SIZE AND INTRINSIC NATURE, HOLDS THE POTENTIAL TO BENEFIT PUBLIC GOOD ACROSS THE TRIPLE BOTTOM-LINE. SUSTAINABILITY DELIVERS ADVANTAGES NOT ONLY TO THE COMMUNITIES SURROUNDING THE ENTERPRISES BUT ALSO TO THE ENTERPRISE ITSELF.**



The Environmental Risk Group (ERG) at IDFC works proactively with clients (and other internal teams) to identify and help mitigate E&S risks associated with the project.

Our ERG's Environmental, Social Monitoring and Review mechanism includes periodic visits to project sites, discussions with clients, review of regulatory compliance and implementation of Health and Safety procedures at project sites, workplace amenities for labour and implementation of environmental and social mitigation measures to ensure effective E&S Risk Management of portfolio projects. Our Project Finance business incorporates social and environmental concerns in its lending operations. Environmental and Social Due Diligence (ESDD) is undertaken for the Project Finance deals at the time of project appraisal.

### CUSTOMER SATISFACTION

Customer satisfaction is the first step to customer loyalty which in turn keeps a business economically sustainable.

In order to gauge the satisfaction levels amongst our customers and gain insights on their expectations we carried out a customer survey through a non-partial third party agency in 2012. This survey covered clients across our business segments and focussed on measurement of client relationships, performance of IDFC on key customer satisfaction parameters and critical areas for improvement. The feedback received from this survey continues to guide our customer relationship building exercise.

We have a 'Know Your Customer' policy in keeping with specific requirements for Non-Banking Financial Company.

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

### MARKETING COMMUNICATION

We ensure that all our communications regarding our products and services have

complete clarity. We abide by all rules and regulations related to corporate advertising, promotion and sponsorship.

During the reporting period, no complaints were received on the subject of misleading marketing communication.

### DETAILED PRODUCT DISCLOSURE

At IDFC, we encourage informed investing and knowledgeable buy-in for our products.

Detailed documentation accompanies each of our products. A Product Disclosure Statement (PDS) or Terms and Conditions brochure which describes our financial products or services, including the features, benefits, cost and risks associated with the concerned product accompanies every product.

Scheme Information Document (SID), Offer Document (OD) plus Statement of Additional Information (SAI) which contains details of constitution, and certain tax, legal and general information are made available with our products and also hosted on our site for easy reference and availability to all our stakeholders. It is incorporated by reference (is legally a part of the Scheme Information Documents of IDFC Mutual Fund).

During the reporting period there were no incidents of non-compliance pertaining to product labelling and information regulations.

### COMPLIANCE

**WE ABIDE BY ALL STATUTORY REGULATIONS AND VOLUNTARY CODES WITH RESPECT TO PRODUCTS AND SERVICES. WE HAVE COMPLIED WITH ALL THE REQUIREMENTS OF REGULATORY AUTHORITIES.**

During the reporting period, there were no incidents of non-compliance and no penalties or strictures were imposed on the Firm by stock exchanges, the SEBI or any statutory authority on any matter related to capital market.

### FINANCING MANUAL FOR LOW-CARBON PROJECT IN INDIA

IDFC is a member of the UK India Business Leaders Climate Group - a business-led initiative to provide recommendations to the governments of the UK and India on how to accelerate collaborative and climate-friendly economic growth.

A team from IDFC drafted a 'Financing Manual for Low-carbon projects in India' along with contributions from co-members.

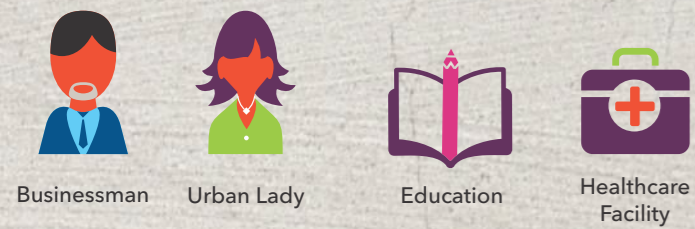
The Manual focusses on financing as a crucial element to develop low-carbon economy and the existing regulatory framework, financing mechanisms & instruments and institutional setups along with the role of domestic and multilateral funding institutions.

### IDFC JOINS RESPONSIBLE INVESTMENT RESEARCH ASSOCIATION (RIRA)

In 2012 IDFC joined Responsible Investment Research Association (RIRA) as a Founder Member. RIRA is a platform for institutions which have common goals and objectives to promote responsible investing, and acts as a catalyst in mainstreaming environment, social and governance issues in investment and lending decisions in India.

RIRA is closely linked to the Hong Kong-based Association for Sustainable and Responsible Investment in Asia (ASrIA) network, which promotes sustainable finance and responsible investment in the Asia Pacific region.

**Social infrastructure not only contributes to economic growth, but also ensures that this prosperity consistently translates into accelerated human development.**



## SOCIAL

## SUSTAINABLE = EQUITABLE

Social infrastructure includes water supply, sanitation, sewage disposal, housing, civic utilities, education and health, all of which directly impacts the standard of living of a large swathe of the population. It ensures elimination of economic marginalisation and nurtures balanced growth. It is infrastructure that creates physical access to opportunity, empowers even the not so privileged sections of society to innovate and instill in them the enterprise to pursue economic opportunities.

## TALENT PERFORMANCE

### OVERVIEW

Talent forms the primary infrastructure of an organisation. It is an intangible asset which, if nurtured, can accelerate business growth to insurmountable heights.

Our employees are the enablers who help us achieve the objective of accelerating India's infrastructure development. We focus on 360° talent sustainability, right from acquiring the brightest talent to nurturing their potential and providing them an environment which not only empowers and motivates them, but also helps them continue their association with IDFC.

We nurture the acumen, expertise and tenacity of our people with a work environment that empowers, and provides



**Freedom that they desire**



**Recognition which they deserve**



**Training that helps them perform better**



**Opportunities that raise career profile**

### ROLL OF HONOUR

- IDFC Securities Ltd. has been honoured with the 'Best Employer Brand' award at The Institute of Public Enterprise's Banking Financial Services and Insurance (BFSI) awards
- IDFC was ranked 5<sup>th</sup> among the 'Best Learning & Development Companies of India' at the Chief Learning Officer's (CLO) awards organised by the World HRD Congress
- For the third year in a row, IDFC's score on a scale designed by Meaning Inc., remained in the global top quartile - demonstrating the Firm's ability to create a workplace, where employees are fully engaged and have a strong alignment with the purpose of the firm
- IDFC scored 4.8 out of 6 in FY13 in an independent diagnostic run by YSC Inc., UK, standing in the top quartile of organisations on employee engagement that deliver sustainable performance and positive social impact

### HR PHILOSOPHY

'Excellence through empowerment' is at the core of our HR philosophy. We empower our workforce with a progressive work environment which fosters a spirit of enquiry, innovation and creativity.



The intrinsic nature and diversity of our businesses, requires us to be a very talent-intensive organisation. Infrastructure lending by definition is more technical and complex than consumer or retail lending, so the type of talent required for our business are engineers and MBAs. It therefore requires a different kind of DNA and culture to make work stimulating and meaningful for these people.

At IDFC, we nurture talent with continuous training, complement it with world-class technology, empower it with mutual trust and retain it with continuous growth. This in turn motivates our employees to think beyond the obvious and attain excellence.



**WE OFFER COMPETITIVE PAY PACKAGES MATCHING THE BEST STANDARDS TO ATTRACT BEST TALENT FROM ACROSS GEOGRAPHIES, GENDERS, CULTURES AND FIELDS OF SPECIALITY.**

## HR POLICIES

Employees are our most valuable assets. Robust policies have been put in place to provide our people with opportunities to learn, grow, and work. These encompass:

- Equal Opportunity and Diversity
- Anti-harassment Policy
- Joining Formalities
- Employee Welfare
- Employee Healthcare
- Secondment Policy
- Learning & Development
- Leave Policy

All the policies have been drawn in consultation with relevant stakeholders, and are approved by the Board. The Operations & Management Committees oversee the implementation of these policies. Internal and external audits are also conducted regularly to check their effectiveness.

## THE IDFC TALENT CYCLE

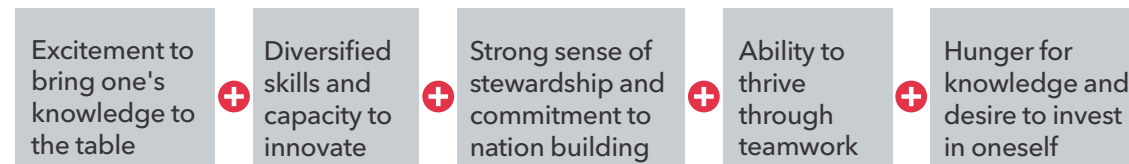
Our talent cycle is geared to enrich employee experience, encourage performance, enhance potential and forge enduring relationship with the organisation. Four primary cogs of our talent sustainability wheel include:



### SOURCING TALENT

At IDFC, we invest heavily in building our intellectual infrastructure. The aim is to consistently add talented professionals who bring with them fresh insights, exuberance and expertise.

Our recruitment decisions are governed by meritocracy and ensure that the ambitions of candidates are aligned with our purpose. Key competencies of an IDFC recruit include:



The recruitment process at IDFC is a combined effort headed by the HR team. Fresh talent from campuses as well as experienced professionals are recruited based on the Firm's annual plans. The selection process is a comprehensive mechanism which includes screening tests, interview rounds and background checks. New recruits go through an induction programme to better understand individual roles and goals, absorb IDFC culture and bond with the team.

## EMPLOYEE STRENGTH

Employee Type	Employee Headcount	Employee Nos.
Permanent Hires	Total permanent employees hired	71
	Total headcount of permanent employees	570
Contract Employees	Total contract employees hired (Teamlease + IBM + Procon)	115 (112 + 3 + 0)
	Total headcount of contract employees (Teamlease + IBM + Procon)	233 (207 + 23 + 3)
<b>Total Headcount</b>	<b>Total New Hires</b>	<b>183</b>
	<b>Total Headcount</b>	<b>818</b>

Contracted employees handle work related to IT, Finance and Administration; these are commonly referred to as Shared Services

### DEVELOPING TALENT

Talent Development is a journey at IDFC. Right from offering a broad Firm-level and specific job-level induction for new recruits to designing an annual training calendar for all employees based on individual training needs, to enhancing the knowledge capital across departments and hierarchies - all are an integral part of our talent management cycle.

Our continuous investment in knowledge creation and sharpening skill sets helps us leverage, invest, grow and generate better returns from our human capital.

During the reporting period, the focus was on strengthening leadership at the senior level and developing talent at the middle and lower levels through a series of initiatives.

#### Senior Level

- Initiated 'Leadership Excellence in the 21st Century', a programme for senior executives, developed by the Saïd Business School, Oxford University, to nurture key talent at senior levels
- Tied up with ISB, Hyderabad to run training diagnostics and devise programmes in various areas such as leadership, knowledge and managerial excellence
- Organised 'IDFC Partners' programme - a group development module that nurtures the team spirit ensuring that IDFC meets its short, medium and strategic long-term objectives
- Initiated intensive coaching interventions at the senior-most levels in the Firm, while continuing with the IDFC Senior Leaders Programme for key managers to improve leadership capability
- Based on feedback emerging from the 270 degree process, we initiated the Integrated Coaching Program (ICP) - a programme focussed on personalised development
- For our middle managers, we commenced the IDFC Middle Manager Program (IMMP) - a programme focussing on ownership and handling difficult situations
- The IDFC Entry-level Manager Program (IEMP) - a programme for developing the execution excellence of entry-level managers
- I-Sell is our programme focussing on our Retail and Institutional sales force to enhance their sales effectiveness

**The Integrated Coaching Program is a unique leadership strengthening module based on development needs customised to each individual and peer coaching. About 7-8 sessions comprising a group of 4 peers were held over a period of 9 months to achieve the development goal. This intervention was led by Operations Committee members and coaches from YSC Inc., UK.**

### MOTIVATING TALENT

We motivate our workforce by managing their expectations - financial, professional, emotional and intellectual. This encourages them to perform at their peak potential and propel the Firm's progress.

Here are some of the numerous ways by which, we constantly reward, recognise and respect talent.

#### Professional Growth

We reward potential by equipping performers with skills and promoting them to higher positions. In FY 2013, various initiatives were launched empowering many employees to climb the leadership ladder.

#### Employee Recognition

We have an employee R&R programme wherein employees are nominated by their business heads / line managers and vetted by top management. The chosen employees are recognised and rewarded in quarterly town hall meetings.



### Compensation & Benefits

We have a formal process of compensation benchmarking wherein we deploy the best international standards. Our rigorous and transparent performance-based pay scale programme ensures that high performers remain highly motivated with exciting perks and compensation.

### Employee Stock Options

We reward dedication by creating co-owners. In addition to the variable compensation system, we give employee stock options to high performers, to create a core talent group within the team. This ensures that performing employees see a long-term benefit of participating in the growth of the Firm.

### Medical Needs

We facilitate Medclaim for our employees and additionally medical counselling is provided on a regular basis.

### Employee Engagement

Beyond managing the obvious, we also cater to specific expectations of employees by engaging with them and understanding their goals and aspirations. We believe that an engaged employee experiences job satisfaction, organisational commitment, job involvement and a feeling of empowerment.

Mechanisms are in place to ensure an active dialogue with all employees. A case in point is the grievance redressal mechanism to address employees' concerns. The '270° Feedback' is another tool which empowers employees to share improvement areas of themselves and others. This 3-way development dialogue with the manager and HR helps identify key development needs.

The Whistle Blower Policy ensures that the employees are free to report concerns about unethical behaviour, actual or suspected fraud or violation of the Firm's Code of Conduct. It also provides adequate safeguarding against the victimisation of employees, who avail of the mechanism, and allows direct access to the Chairman of the Audit Committee in exceptional cases.

### SUSTAINING TALENT

The most crucial cog of our talent sustainability wheel is 'retaining talent'. We are an employee-friendly organisation and, at sub 15% attrition level, we have one of the lowest rates of employee attrition in the industry.

To minimise talent attrition, we encourage internal movement of talent through an internal job posting programme. This allows employees to apply for new vacancy within the Firm empowering them with opportunities of their choice as well as aptitude.

### EMPLOYEE TURNOVER

FY13	FY14
10%	14.18%

### DIVERSITY MANAGEMENT

At IDFC, we create a culture that celebrates differences, be it caste, creed, colour, country, gender, age, race, religion, disability or sexual orientation. During the reporting period, there were no complaints regarding sexual harassment or discriminatory employment.

We are an equal opportunities employer not only at the time of recruitment but also during the course of employment. Transparency and merit are the bases on which IDFC's culture and growth flourish. We practise a potential and position-based salary structure, which is benchmarked with the market.



IDFC Annual Awards 2014

## CASE STUDY

### 'ONE FIRM' CULTURE

#### THE IMPLEMENTATION JOURNEY



In recent years, IDFC rapidly expanded its capabilities and added new business segments. This diversification called for integrating all our businesses under a single platform to deliver superior value to stakeholders.

On the HR front, the need was to build a culture aligned to a shared purpose, enhance internal capabilities and develop a leadership bench for the enterprise. This would empower employees with opportunities to rise higher while also enabling IDFC to grow - higher and faster.

### THE GOAL

In June 2009, IDFC embarked on a journey to develop a clearer, more integrated cultural DNA as a part of its mission to become 'One Firm'. We collaborated with a global leadership consulting firm to cascade the culture deeper and wider within the Firm.

### THE TWO-PRONGED APPROACH

The approach was to bring about an integration which is culture-led as opposed to being policy-led.

- To embed strategic change at an organisational level and build internal capabilities
- To manage and sustain that change at an individual level

For this, we focussed on:

- Defining values and creating a shared identity at an organisational level
- Enrolling, engaging and equipping senior leaders in the Firm to drive change and define their leadership signature at an individual level

### THE ROADMAP

The 'One Firm' imperative was further defined into six clear tangible milestones:

- 1 Chart a Shared Mission, Values and Culture
- 2 Reward Framework to Reflect Shared Identity
- 3 Common Identity and Brand
- 4 Aligned Organisation Structure
- 5 Consistent Employee Experience
- 6 Platform Centric Communication

### THE IMPLEMENTATION JOURNEY

Institutionalising 'One Firm' required a systematic approach and more importantly, a strong commitment from the leadership team.

Multiple tools and initiatives were spurred into motion.

### Inspiring and empowering the changemakers

A workshop, 'Inspiring Playmakers' was hosted for 50 senior leaders across IDFC with the aim to enable a shared understanding of the values. Of this group, 20 leaders were identified as 'culture carriers' and given the responsibility of embedding IDFC values top-down across all business units.

An Executive Coaching Program was conducted to enhance the awareness of 'One Firm Culture' among the management committee members. Focus remained on getting a buy-in and driving the leadership team to cascade the values across the workforce.

### Assessing Leadership

Leadership potential of 80 business heads across IDFC was assessed through feedback from internal business stakeholders and customised interventions were put in place for each individual to reinforce their strengths and mitigate their weaknesses.

### Measuring the Change in Progress

A culture diagnostic survey was conducted to measure progress of 'culture change' across the Firm. The parameters of the survey were 'Deep Engagement', 'Real world Connection' and 'Sustainable Performance'. This was followed by targeted action planning at business and function level.

### Focussing on Client Centricity

A framework was designed to drive origination teams across Project Finance, Fixed Income & Treasury and Investment Banking to focus on client wallets, rather than product revenue streams. To institutionalise this framework, the origination team members underwent significant re-skilling so that they could deliver optimal solutions to clients.

### Building Capability for Realignment

During the reporting period, we combined all third party private fund management activities under IDFC Alternatives. Reorientation training was provided to leverage existing talent more effectively. This integration also positioned IDFC among the largest private third party fund managers in India.

### OUTCOMES

Since the institutionalisation of 'One Firm' in 2009, IDFC has become a more integrated firm with a cohesive culture.

**At employee level,** there is a real sense of belonging at IDFC not just within the respective business units but across the Group.

**At productivity level,** revenue per employee has increased from INR 7.02 crore to INR 13.9 crore in FY13; and PAT per employee has increased from INR 1.83 crore to INR 3.13 crore over the same period.

## HUMAN RIGHTS

Human rights are inherent, universal, indivisible and interdependent in nature. They form the fundamental foundations of any constitution, be it a country or a company. IDFC is a signatory to the United Nations Global Compact (UNGC), which underlines the Firm's commitment to the following human rights:

### Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights

### Principle 2

Make sure that they are not complicit in human rights abuses

### Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

### Principle 4

The elimination of all forms of forced and compulsory labour

### Principle 5

The effective abolition of child labour

### Principle 6

The elimination of discrimination in respect of employment and occupation

Our Human Rights policy has been developed in consultation with relevant stakeholders conforming to the UNGC, approved by the Board and signed by the MD and CEO. The policy has been shared on our website and also communicated to relevant internal and external stakeholders.

Beyond upholding human rights of our workforce, we consciously promote awareness about human rights issues among our suppliers and have institutionalised a 'Code of Responsible Business Conduct' for all our major suppliers. We also ensure that none of our suppliers employ child or forced labour. In the reporting period, no complaints regarding child labour / forced labour / involuntary labour, sexual harassment or discriminatory employment were reported at IDFC.

**HUMAN RIGHTS CLAUSES ARE AN INTEGRAL PART OF OUR PROJECT APPRAISAL MECHANISM.**

## HEALTH & SAFETY

While employees at IDFC are free from industrial hazards since the Firm is part of the services sector, we recognise that a conducive environment increases productivity; hence our offices are designed keeping in mind OHS (Occupational Health & Safety) and Wellness needs. In the reporting period, safety related trainings pertaining to fire and building safety were provided to all employees. An average of 3 man-days of training per year per employee was provided based on the role and skill requirements. Fire safety drills were also conducted as per applicable regulations at our office locations.

### SAFETY TRAINING SNAPSHOT

	FY 2013
Permanent Employees	100%
Permanent Women Employees	100%
Casual / Temporary / Contractual Employees	100%
Employees with Disabilities	100%

We encourage our employees to undergo medical check-up on a regular basis and have tied up with renowned service providers for the same.

## WORK-LIFE BALANCE

Recreation facilities are strong tools to bind and retain employees in an organisation. Conducting programmes beyond work also ensures a healthy quality of life, strengthens team spirit and boosts organisational productivity.

Several initiatives like yoga classes and health & nutrition related workshops are spearheaded at IDFC to enhance employee well-being. We maintain a holiday home at Khandala that offers our employees with the finest of hospitality services at negligible costs. Since the past two years, we have also facilitated our employees to focus on their fitness levels by sponsoring and encouraging their participation in a structured 'Stepathon' programme.



**AT IDFC WE NURTURE TALENT WITH CONTINUOUS TRAINING, COMPLEMENT IT WITH WORLD-CLASS TECHNOLOGY, EMPOWER IT WITH MUTUAL TRUST AND RETAIN IT WITH CONTINUOUS GROWTH. THIS IN TURN MOTIVATES OUR EMPLOYEES TO THINK BEYOND THE OBVIOUS AND ATTAIN EXCELLENCE.**





## SOCIAL PERFORMANCE

### OVERVIEW

Societal prosperity and economic stability are directly proportionate to each other.

**FROM 'INDIA INC.' TO 'INDIA INCLUSIVE', FROM 'EDUCATION FOR ALL' TO 'INFRASTRUCTURE FOR ALL', FROM 'CATALYSING INFRASTRUCTURE DEVELOPMENT' TO 'CATALYSING YOUTH'S INVOLVEMENT', FROM 'DISCRETE ADVISORY SERVICES' TO 'COMPREHENSIVE ACTION PLANS', WE INTEGRATE SUSTAINABILITY INTO BUSINESS AND VICE VERSA.**

Our definition of CSR transcends philanthropy. We invest in socially-inclusive infrastructure projects, spearhead large-scale community development programmes, facilitate capacity building of NGOs and supplement governmental efforts.

We infuse corporate efficiency into community interventions, provide management expertise and strategic infrastructure to help community projects scale up their operations and amplify their impact on society.

### IMPLEMENTATION OF SOCIAL INITIATIVES

#### IDFC FOUNDATION

IDFC Foundation was set up in March 2011 as a not-for-profit organisation under Section 25 of the Companies Act, 1956 to oversee and coordinate the various development activities being pursued by IDFC Limited (IDFC). The Foundation is a wholly-owned subsidiary of IDFC.

IDFC Foundation seeks to extend the frontiers of infrastructure development through knowledge sharing, policy advocacy, capacity building and programme support services to both government and non-government organisations. These activities spur IDFC's mission of nation building and reinforce its position as a leading player in the infrastructure finance space.

Four core areas of intervention:

- Policy Research and Advocacy
- Government Advisory and Programme Support Services
- Capacity Building
- Community Engagement

#### iCARE

The Foundation enables employees to make a valuable difference by providing meaningful volunteering opportunities through the iCare programme. Employees partner with various NGOs, sharing their time and talent to bring dynamism and professionalism to the capacity building endeavour of the NGO.

The aim of the programme is to deliver systemic capacity enhancement by improving infrastructure, preparedness for scale and management practices in these entities. We believe this capacity-building initiative combined with our philanthropic grants, will have an exponential impact on the ground for those communities whom we would like to positively impact.

**In FY14, iCare mobilised 3% of IDFC's professional staff from across the Firm, with employees voluntarily committing their time to the two NGOs - Masoom and SNEHA**



#### iCARE FOCAL POINTS



#### YOUTH

To harness and provide gainful employment to the youth who are joining the work stream

#### INCLUSION

To bridge the widening income and opportunity gap

To enhance and extend delivery of Government's public services

#### ENVIRONMENT

Drive change in industry standards

Address sustainability in the economic development & profit paradigm

#### CSR GROUP

The Corporate Social Responsibility Group at IDFC ensures that the Firm's business practices are aligned with its values and commitments. This is achieved by focussing on the following functions:

- Benchmarking investments which are socially responsible and empower investees
- Instilling a culture of volunteering amongst employees
- Promoting advocacy and providing thought leadership on inclusive infrastructure

#### CAPACITY BUILDING TRUST

This Trust works closely with the Gol (Government of India) and the state governments on conceptualising and formulating policies that would be conducive for private sector participation in the infrastructure sector.

**Infrastructure Development Corporation (Karnataka) Ltd. (iDeCK), Delhi Integrated Multi-Modal Transit System Ltd. (DIMTS) and Uttarakhand Infrastructure Development Company Ltd. (UDeC) are joint venture companies formed by IDFC with Karnataka, Delhi and Uttarakhand Governments respectively, to assist in policy development, capacity building and develop infrastructure projects.**

#### POLICY ADVISORY GROUP

The Policy Advisory Group provides thought leadership in rationalising government policy and regulatory frameworks. This includes research, identifying best practices, promoting dialogue on issues relating to infrastructure development in India and related environmental and social impact.

#### INCLUSIVE INFRASTRUCTURE FUND

We have a dedicated corpus, whereby we contribute to society by leveraging our core infrastructure expertise in three distinct ways:

- Giving unbiased, pro bono policy advice to government on key infrastructure-related policy issues
- Building capacity within government in procuring and managing Public-Private Partnership infrastructure projects
- Funding and supporting inclusive infrastructure enterprises or projects that directly impact the underprivileged and / or disadvantaged communities in India and have the ability to scale up or be replicated.

#### COMMUNITY ENGAGEMENT

During the reporting period, the Foundation shifted its focus from discrete advisory services assignments to large-scale programme management interventions that trigger a greater impact in the communities around India.

The focus was on institutionalising change in three key areas:



#### HEALTHCARE

Healthy citizens are happy citizens. A health index of a country is the barometer of its economic, social and happiness index. Unfortunately, access to healthcare in India is not just inadequate but also inequitable. While on one hand, private hospital expenses remain beyond the economic reach of most people, on the other hand public health centres are not just insufficient in numbers but also inefficient.

To treat healthcare maladies, we aim to partner with key constituents and help them amplify their impact.

We support SNEHA - an NGO which strives to ensure access to quality nutrition, education and healthcare for women and children in underprivileged urban communities.

#### Scaling up SNEHA

SNEHA (Society for Nutrition, Education and Health Action) bridges the access gap in the urban slum pockets of Mumbai, with a special focus on women & children. The organisation works with a population of over 650,000 across eight municipal wards in Mumbai in the areas of



**The organisation works with a population of over 650,000 across eight municipal wards in Mumbai in the areas of maternal and infant health, child health and nutrition, prevention of violence against women & children and sexual & reproductive health.**

maternal and infant health, child health and nutrition, prevention of violence against women & children, and sexual & reproductive health. The aim is to bring down the rates of maternal, neonatal, infant and child mortality, malnutrition and incidences of violence against women & children.

SNEHA's model is to be a facilitator, trainer and in some circumstances, a moderator between the Government and urban underprivileged communities to affect better nutrition, health, education and change.

**Our Contribution**

IDFC Foundation assists SNEHA both in monetary and non-monetary capacity. The monetary support is in the form of grant for facilitating, advocating, and providing training to municipal corporations of Mumbai, Thane, Kalyan-Dombivli, Mira Road and Bhayander. The training goals are increased commitment, and improvement in quality of delivery of maternal and neonatal health care in urban slums. Funding support is also being provided to implement a pilot project wherein a community resource centre would be established to provide a range of health services and products.

Non-monetary support includes enhancing support in the areas of finance & accounting, communication, IT, tax, legal, and HR.



**Healthy Mothers = Healthy Future**

We have supported SNEHA's 'Maternal & Newborn Health Beyond Boundaries' project. The project aims to improve the Maternal & Neonatal Health (MNH) services which are delivered through the public health systems in Greater Mumbai.



The MNH programme delivery is built around three pillars -

- Mobilising the public health system, starting with tertiary hospitals at the municipal level, through sustained engagement of the municipal health chain achieved by frequent presentations and advocacy
- Activating primary maternal and neonatal healthcare at the health posts through a combination of training and community mobilisation
- Building and institutionalising the referral links in each of the four municipal corporation hospitals to ensure that appropriate and effective interventions are made based on the medical severity

This intervention is progressing as per plan and we expect to significantly impact the public delivery of MNH over a three-year period.

**Since the launch of 'Maternal & Newborn Health Beyond Boundaries' project with IDFC's support in June 2012, 28,850 pregnant women with normal conditions and 9,624 with high-risk conditions have benefited from SNEHA's engagement with the municipal health system in Greater Mumbai.**

**The Impact**

**THE MUMBAI PARADOX**

- 60% of Mumbai (approx. 8 million) lives in slums
- 500 women die in childbirth every year
- 26 in every 1,000 children born, die before the age of five
- 60% of women living in slum have faced acts of violence
- Struggling multi-tier public health delivery systems; 184 health posts; 24 maternity homes; 10 peripheral hospitals; 3 tertiary care hospitals

**SNEHA'S IMPACT**

- **SNEHA covers a population of 200,000**
- **Maternal mortality decreased by 68%**
- **Neonatal mortality reduced by 24%**
- **Rehabilitated 1,670 victims of domestic violence**
- **Significantly improved quality of care provided by 30 public facilities**

**Communicating Change**

Another area of focus for SNEHA is capacity building and behavioural change communication. Between December 2013 and February 2014, SNEHA organised 26 training sessions for Health Committees across Mumbai. Based on the need of each individual committee, the trainings covered topics such as basics of maternal and newborn health, danger signs during pregnancy, and nutrition during pregnancy among others. In addition, leadership training was conducted for 32 select members of Committees from across Mumbai.



**SNEHA HAS DESIGNED REFERRAL NETWORKS FOR THE AREAS IT WORKS IN, AND SNEHA IS NOW MAKING EFFORTS TO ENGAGE MUNICIPAL LEADERSHIP AND KEY PUBLIC HEALTHCARE PROVIDERS TO ACTUALLY BUILD THE NETWORK.**

**Future Plans**

In the coming months, SNEHA will continue to focus its efforts on:

- Building regional referral networks in Thane and Kalyan-Dombivli
- Standardising the quality of service delivery and outreach (primary care for mothers and newborns)
- Improving and sustaining access to 29 free antenatal care clinics established jointly with Municipal Corporation of Greater Mumbai
- Improving access to public antenatal care among pregnant women living in the most under-served slum communities in Thane, Kalyan-Dombivli and Mira Road-Bhayander

**EDUCATION**

4% of Indian children never go to school. 58% don't complete primary schools and 90% don't complete secondary school, and only 10% attend college.

Lack of education compounded with other issues like poverty, ignorance and malnourishment add to inequitable growth and an imbalanced society.

By providing professional assistance and funding support to Masoom, IDFC is enabling a better childhood and future for underprivileged children through access to education.



**'Masoom' is the first organisation in Maharashtra to run a comprehensive intervention programme for night schools. With a unique three-pronged intervention programme, this NGO remains steadfast in ensuring quality education for night schools.**

**Right to Quality Education | Enhancing the innocence of childhood with Masoom**

The Right to Education for all is unquestionable - but for those who are bereft of even basic necessities like food, the priority to earn takes centre stage and the need for education becomes a distant luxury.

Night schools are an alternative that enable the underprivileged to learn while they continue to earn in their day jobs. But most night schools suffer from on-going challenges like managerial and governance oversight, lack of funds and lack of motivation.

**Intervention Model**

Educational Infrastructure and Inputs	Capacity Building Support for Teachers and Students	Advocacy
Facilitating notebooks, mobile science laboratories, math kits, supplementary classes and special moderator sessions for students appearing for SSC (Secondary School Certificate) examination, etc.	Providing comprehensive training for teachers as well as support for students through modules like psychological counselling, field visits, home visits, vocational guidance and nutritional support.	Including night schools on the development agenda of authorities and ensuring that they receive adequate infrastructural inputs.

**Our Contribution**

The Foundation has been assisting Masoom in development of its management structure, accounting and providing funding support to help build an ecosystem for night schools in Mumbai.

In FY 2013, the focus was on absorbing learnings from existing schools and crystallising an effective night school management model that can be replicated and scaled rapidly. The Foundation has created an initial version of the model and it covers facets such as improving content design and delivery, engaging parents, teachers' training, streamlining attendance, leveraging alumni for reinforcing impact and engaging the local community to increase impact, and create a path to sustainability.



## MASOOM'S IMPACT

Masoom's pilot programme began in Nov. 2008 in the night schools situated at Parel and Worli.

- From two night schools in 2008, it has scaled up significantly and currently operates in 30 night schools impacting the lives of 2,400 students
- In 2013, the 15 schools supported by Masoom witnessed a 72% pass percentage in the SSC (Secondary School Certificate) exam

## School Transformation Program

In 2013-14 Masoom revisited its raison d'être and transformed from a 'Provider' of services, that focussed on identifying missing gaps in resources for night schools with no stakeholder accountability, to an 'Enabler' by making stakeholders accountable through its School Transformation Program that focusses on capacity building.

## Future Plans

In the coming academic year, Masoom will focus on a three-year engagement model followed by a two-year phased exit strategy.

- The focus will be on supply side inputs (infrastructure support, books, labs, nutrition, etc.), capacity building (of trustees, head masters, teachers, non-teaching staff, parents), and advocacy for government support
- Masoom has also developed an organisational and programme sustainability plan with the aim of scaling up operation from 2015 onwards. It is currently working on developing innovative methods of providing English language training and vocational skills to students in night schools

## ABCs of Financial Literacy

**One Idiot - an eye opener for the youth, on the power of saving and investing from an early age**

## ONE IDIOT

An IDFC Foundation Initiative

Financial literacy bestows an individual with the knowledge to make informed and effective decisions with their financial resources. While India is intrinsically blessed with the sense of savings, the younger generation seems to be averse to it.

Produced by IDFC Foundation and directed by Amol Gupte, the noted Indian film director, One Idiot spreads in an engaging manner, the power that accrues when one takes responsibility of one's finances.

With screenings across multiple schools and colleges, this film connects with generation next and encourages them to start early on the path to saving and investing.

To view the movie, visit <http://oneidiot.in/>



## Shaping the building blocks of construction

### Lending a helping hand for Pipal Tree Ventures to flourish

With the single largest pool of young individuals in the world and about one-third of populace below the age of 15, India has the potential to reap a strong 'demographic dividend', but only if the youth is nurtured and groomed to build a skilled and productive workforce.

There is a skill gap at dual ends of the pyramid. While industries, particularly the construction sector, grapple with unavailability of manpower; millions of young unskilled and unemployed citizens struggle to find a livelihood.

At IDFC, along with investing in nation building, we also strive to invest in skill building



**Through the Foundation's support, Pipal Tree Ventures has successfully trained more than 10,000 young men and women across rural India and plans to train more than 100,000 youths over the next 5 years.**

programmes. We support Pipal Tree Ventures which works towards providing vocational training to unemployed youth in rural areas. The objective is to address the skill gap in the construction industry. It trains and provides livelihood to the underprivileged and unemployed rural youth in the construction industry, thereby not only building a stronger society but also a stronger nation.

Pipal Tree Ventures has set up its training centres in Andhra Pradesh, Bihar, Odisha, Rajasthan, Uttar Pradesh and is currently in the process of setting up new centres in West Bengal and Gujarat.

## Pre-primary Education Support - Uttarakhand

In June 2013, IDFC Foundation signed an MoU with the Government of Uttarakhand (GoUK) to implement a 15-month Early Child Care and Education (ECCE) pilot project in 6,000 Anganwadi centres in five districts of Uttarakhand (Dehradun, Haridwar, Uddham Singh Nagar, Tehri-Garhwal and Nainital), impacting the lives of 150,000 children in the age-group of 0-6 years.

The key objectives of the pilot are:

- Improving learning levels on children Health & Hygiene and Pre-Literacy of the children
- Build capacities of Anganwadi workers to effectively transact ECCE using traditional print media as well as multimedia and digital tools
- Increase community involvement in early childhood development

The Foundation has partnered with Sesame Workshop, India, for implementing the pilot. In 2013-14, a 'Needs Assessment and Formative Research' was completed in order to contextualise learning material to suit the needs of children and caregivers in the intervention areas. Currently, the baseline research is in progress and the pilot will go live in 2014.

## CASE STUDY

### CHANGE IS 'IN OUR HANDS'



**Big impacts start with small acts.  
Empowerment commences with responsibility.  
Transformation begins with collaboration.**

At any point in time, there are multiple Non-Governmental Organisations (NGOs) administering numerous interventions in varied areas of development. These NGOs are driven by a vision to make a difference. What they need is support to actualise their vision.

At IDFC, we truly believe in the power of collaboration. If each one of us takes responsibility in our hands; if we volunteer our time and expertise for the greater good - we can build the India of our dreams. With this premise in mind, we instituted project 'In Our Hands' - a new milestone in our sustainability journey.

When launched in 2012, 'In Our Hands' focussed on encouraging youth to speak up about the pressing environmental and social issues of India. Right from 'taking on the mike, pen and camera' to 'spearheading active engagements with policymakers' - the youth came forward and made their opinions heard. This tremendous response was reason enough for us to expand the horizons of the IDFC 'In Our Hands' project. The next obvious step was to transform the 'well-meaning intentions' into 'well-implemented actions'. Now with 'In our Hands', the youth is not just 'speaking up', but also 'rolling up their sleeves' for course correction. Highlights of this two-pronged project: **Advocacy | Action**

## ADVOCACY

We see 'In Our Hands' (IOH) as an opportunity to widen the debate around development, ensuring that the youth take greater ownership for their action and can become influencers of behaviour in their immediate social circle. The objective is to cascade the policy advocacy work being done under the aegis of the India Infrastructure Report and shape the thinking of emerging India around the key issues confronting infrastructure development by leveraging all forms of communication.

The tool to channelise the voice of the youth was organising competitions - both online and offline. The 'In Our Hands' team visited various colleges to register students for competitions including essay writing, quiz and debates in 15 cities including metros.

'In Our Hands' also promoted these events through social media by building an active

presence on Facebook with details of the IOH events, topics of discussions, reports and statistics from the Government. Blogging, photography and video competitions were also introduced so that more and more students get the opportunity to participate.

**The IOH campaign was conducted in 15 cities and received an overwhelming response with about 1.75 lac students likes on the Facebook page. Students from over 300 colleges in these cities participated in various on-ground activities that included debate, quiz, poster making, film making, nukkad natak, PUC camps etc.**

## ACTION

The new extended 'In our Hands' portal - is a volunteering exchange which brings together 'individuals wanting to contribute' with 'NGOs needing volunteers'. Like a stock exchange it

empowers individuals by providing them a platform to invest their time and talent while providing NGOs access to a large and diverse resource pool to actualise their goals.

We have identified select NGOs on the basis of their body of work, sphere of influence, geographical presence, capability and credibility. These NGOs have been listed on the portal along with their project dashboards comprising key details of the activity like beneficiaries, number of volunteers and volunteering hours. Those willing to volunteer can choose any project in the area of their interest.

Opportunities to volunteer are across varied areas of intervention, which over period of time could prove to be key to India's economic, ecological and equitable growth.

## CARBON FOOTPRINT

- Alternate energy usage
- Conservation culture
- Carpooling • Tree plantation

## WATER

- Water management, water audits
- Refurbishment of water reservoirs
- Rainwater harvesting
- Industrial water management

## LIVELIHOOD

- Vocational training • Skill building
- Women empowerment

## LAND

- Awareness on institutional and regulatory impediments to urban land market
- Resettlement and rehabilitation of displaced people

## WASTE

- Cleanliness campaigns
- Recycling & upcycling workshops
- Wealth from waste projects
- River cleaning drives

## HEALTH AND HYGIENE

- Hygiene & sanitation • Access to water
- Mother & child healthcare
- Public & rural healthcare

## INCLUSIVE INFRASTRUCTURE

As enablers of nation building, we remain committed to 'Infrastructure for all'. The approach is to formulate replicable business models focussed on infrastructure delivery to the underprivileged and disadvantaged communities in India.

### Support Services

The IDFC Foundation through its Programme Support Services proposes to assist governments in the implementation and management of high-impact programmes in the sectors of **Roads | Ropeways | Renewable Energy | Telecom | IT infra | Housing and Education**; thereby having a wider and deeper impact on society.

### High-priority, Low-cost Housing

IDFC Foundation is assisting Delhi Urban Shelter Improvement Board (DUSIB) in developing a low-cost housing model for the Economically Weaker Sections (EWS). Under a Memorandum of Cooperation signed with the DUSIB, IDFC Foundation is providing Programme Support Services for the redevelopment of slum clusters at their original location and implementation of Rajiv Awas Yojna in Delhi.

A pilot project involving same site redevelopment that would benefit 550 households is currently being developed for implementation under a Public-Private Partnership (PPP) structure. Based on the outcome of the pilot project, redevelopment work of other slum clusters will also be undertaken through PPPs.

In addition to these, IDFC Foundation is assisting DUSIB in fine-tuning its strategy for efficient operation and management of night shelters in Delhi, and also towards enhancing DUSIB's project delivery capacity.

### Relief & Rehabilitation - CFACT

In June 2013, Uttarakhand was devastated by floods and landslides caused by sudden cloudbursts in the region. The Civil Society & Corporate Partnership for Action (CPACT) is an initiative by IDFC to support Government of Uttarakhand in its rehabilitation and reconstruction efforts in the state. CPACT plays

the role of a Technical Support Unit to facilitate, foster and coordinate efforts among different partners that include State Government and its agencies, corporate entities and the civil society.

**Since its inception in December 2013, CPACT has documented the dire needs of people across the five severely impacted districts of Uttarkashi, Rudraprayag, Chamoli, Pithoragarh and Tehri and has initiated more than 140 projects.**

The core objective of CPACT is to act as a resource centre for enhancing knowledge networks, related partnerships and coordinated recovery planning. It will also work to -

- Provide information on disaster rehabilitation experiences in India and abroad
- Give guidance on the relevant regulatory frameworks
- Provide linkage to specialist, technical experts and organisations
- Act as a one-stop resource for Government orders and guidelines and other Government held information like list of affected persons
- Map and chart the activities of Government departments, civil society organisations and corporate entities
- Hold data related to baseline surveys, needs assessments, technical parameters like approved plans for school buildings, etc.

The following initiatives are an example of how rehabilitation and reconstruction is being facilitated with coordination from CPACT.

### Paintings that Bridge the Gap

A two-stage temporary bridge was constructed at Vijaynagar (Augustyamuni), Rudraprayag District which restored access for Raati, Fulai, Chamrola and Pathal Dhar villages to Augustyamuni town. Constructed by Public Works Department (PWD) and funded by Abeda Maiya Trust, the funds for this construction came through the sale of paintings donated by painters across the country. The CPACT team was the first to document this unique endeavour.



### Pratham Shelter

A children's shelter home at Rampur, Rudraprayag has been set up by Pratham for children affected by the flash floods. The children come from single parent households or households that are facing severe economic downturn in the aftermath of the disaster. CPACT did a comprehensive documentation of the facility and it has since got due recognition from the Government and the NGO community. This resulted in many potential funders showing interest in supporting this facility.



## Transitory Shelter

For quick construction of this transitory shelter at Bhatwari Sunar village, near Chandrapuri, Rudraprayag district cement blocks and ferro cement technology was used. 83 shelters were constructed in approximately 100 days. The project was implemented by Society of Himalayan Agricultural & Rural Development (SHARD) and funded by Care India Building Shelters.



## Owner Housing Construction

Owner Driven Housing construction is an initiative supported by Malankara Orthodox Church that allows the owner to make limited modifications based on their specific needs.



## CAPACITY BUILDING

We enhance the capacity and capability of governmental and Non-Governmental Organisations, and assist them in their quest to deliver better service to the community.

The approach is to build capacity and mobilise operational efficiencies.

Training and active hand-holding is provided to enable:

- Rigorous project identification and preparation
- Appropriate analysis and project structuring
- Transparent selection of contractors and private developers under equitable implementation frameworks
- Proactive monitoring over the project life cycle

The aim is to empower organisations with better decision-making and undertake work more systematically. Thereby enabling them to substantially scale their activities and become self-sustainable.

## NATIONAL PPP CAPACITY BUILDING PROGRAMME

IDFC Foundation is the executing agency for implementing a National Private-Public Partnership (PPP) Capacity Building Programme (NPCBP) on behalf of the Department of Economic Affairs (DEA), Ministry of Finance, Government of India. This programme trains officials of State Governments, urban local bodies and select Central Government departments, through existing Administrative Training Institutes (ATIs) across fifteen states and two Central Training Institutes.

The programme seeks to build the capacity of senior and middle-level government officials to conceptualise, implement and monitor PPP infrastructure projects by mainstreaming PPP training.



**Commitment to train 10,000 senior and middle-level government officials**

**In FY 2014, 1,841 officials were trained in 58 programmes**

In three years since roll out, over 6,000 government officials have been trained across all participating states and institutions.

### Training of Trainers (ToT) Programme

In FY13, 36 trainers from 7 states were trained.

**Till date, a national cadre of 146 trainers across 15 states and 2 Central Institutes has been developed through 9 ToT programmes held over an 18-month period.**

### Inclusion of New States

At the request of the Kerala State Planning Board and DEA, IDFC Foundation developed and delivered an advanced course on PPP project development to a select group of officials from various state infrastructure departments in Kerala.

### Training for Railway Officials

The Foundation directly led training programmes on project development for PPPs for railway officials at the National Academy of Indian Railways (formerly Railway Staff College), Vadodara and a workshop on procurement for senior officials of the Government of Meghalaya as part of the Meghalaya Basin Development Programme.

### Research on PPPs

Under NPCBP, IDFC Foundation commissioned new research on infrastructure regulation and developed case studies on implementation issues in PPP projects in partnership with IIT, Chennai. The new content was reviewed by senior IAS officials and practitioners in a workshop at LBS National Academy of Administration (LBSNAA), Mussoorie, in February 2014.

### Culmination Workshop

To mark the successful completion of the NPCBP, a workshop on the theme 'NPCBP: Learnings, Outcomes and the Way Forward' was organised in March 2014 in New Delhi. Secretary, Department of Economic Affairs (DEA) presided over the workshop and also handed out NPCBP Awards to recognise the contributions made by the individual trainers, participating institutions and PPP cells over the last three years. Participants of the workshop included senior IAS officials from partner states including Principal Secretaries, Director Generals, and other officials of state infrastructure departments.

### Capacity Building of IAS officers

IDFC Foundation participated in training for different levels of IAS officers at LBSNAA, Mussoorie. IDFC was also invited to conduct a one-day module on Infrastructure as part of Phase V training for IAS officials with over 25 years of experience.

### Training for Audit Service Officers

IDFC Foundation has developed curriculum and capacity building plan for training Audit Service Officers. The curriculum and content was submitted to the office of Comptroller and Auditor General (CAG) of India for review. IDFC Foundation also supported the nodal institute of the CAG - International Centre for Information Systems and Audit (iCISA) in conducting training for senior and mid-level officers of the Audit Service on issues related to audit of PPP infrastructure projects.

### REGIONAL CAPACITY BUILDING HUB

IDFC Foundation is the Regional Capacity Building Hub (RCBH) for the Ministry of Urban Development (MoUD) for training elected representatives, municipal staff and officials from para-statal agencies under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in three regions of the country - Northern Region (states of Uttarakhand, Delhi, Rajasthan and Haryana), North Eastern Region (all eight states) and Western Region (Gujarat and Madhya Pradesh). The programme is actively under way and covers all cities in these states.

The Foundation and its partners organised 48 programmes for a total of 1,615 officials and elected representatives.

IDFC Foundation has successfully completed its mandate as the RCBH for 3 regions across the country covering 14 states. This includes 26 JNNURM cities and about 5,000 Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT).

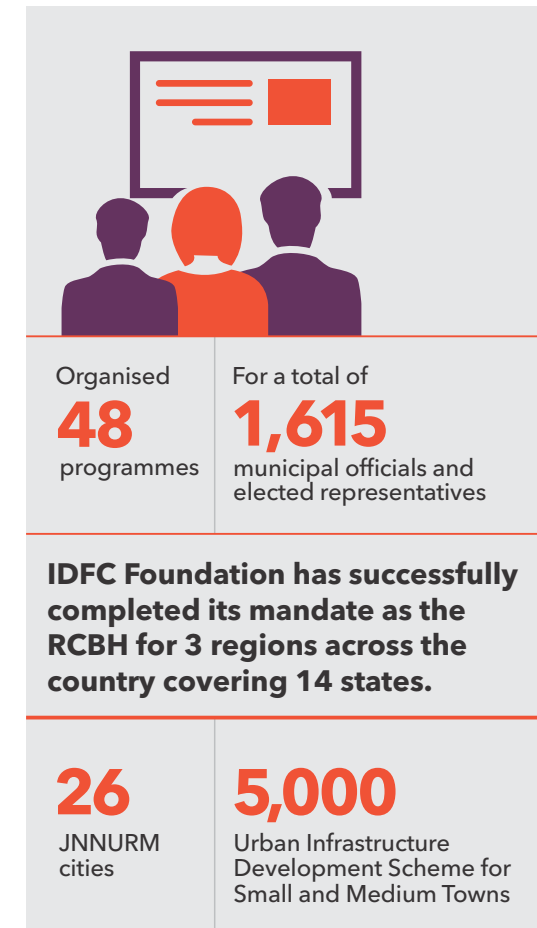
The mandate was under the capacity building component of JNNURM - a flagship programme of Ministry of Urban Development (MoUD), Government of India. Programmes were conducted in FY14 for 392 municipal and state officials across three regions.

### Capacity Building for Urban Development (CBUD)

IDFC Foundation completed a mandate for conducting 3 programmes under CBUD, a programme under Ministry of Urban Development (MoUD), with support from World Bank, aimed at building capacity of 30 select Urban Local Bodies in the first phase.

A total of 51 officials were trained in issues of delivery of infrastructure services. Participants for the programmes included City Commissioners, Elected Representatives, Mayors, and Chief Engineers.

Both RCBH and CBUD are aimed at equipping the municipal officials to manage and deliver urban public services in a sustainable manner.



### PROGRAMMES BEYOND INDIA

IDFC has conducted capacity building programmes in the neighbouring countries of Nepal and Sri Lanka under UNDP (United Nations Development Programme). It also provided training to 78 officials from various infrastructure-related agencies in Nigeria at the request of the Infrastructure Concession Regulatory Commission of Nigeria.

Bangladesh Bank, the central bank of Bangladesh, through its Investment Promotion Financing Facility (IPFF) Cell in collaboration with World Bank has planned a monthly series of PPP capacity building programmes to be conducted over 7 months to develop a cadre of 25-30 PPP experts in Bangladesh.

These trainees identified by the Government of Bangladesh include officers from Bangladesh Prime Minister's Office, Ministry of Finance, Ministry of Rail and other central infrastructure departments. IDFC Foundation was selected from a host of international consultants to conduct the first three programmes at Dhaka during November 2013 to January 2014.

IDFC Foundation is a collaborating institution in a research programme sponsored by the Australian Centre for International Agricultural Research (ACIAR) to assess the potential of Greenhouse Gas (GHG) offsets in Indian Agriculture. As part of this programme, IDFC Foundation is reviewing the international GHG policy settings and establishing broad estimates of marginal abatement costs, in order to assess the benefits that agricultural offsets could provide to energy and industry sectors in India.

### OTHER INITIATIVES

The IDFC Foundation has a MoU with the Administrative Staff College of India, Hyderabad under which urban sector programmes are being jointly conducted for urban officials across the country.

The Foundation has entered into a long-term capacity building engagement for the Audit and Accounts Service with the office of the Comptroller and Auditor General (CAG) to train 30 select senior officials on PPP projects.

The Foundation is also assisting the Naya Raipur Development Authority (NRDA) to identify, develop and oversee the implementation of various infrastructure projects and services for the new capital city of Naya Raipur.

For Model Concession Agreement (MCA) for urban rail projects, IDFC was appointed as a member of the committee constituted by the Ministry of Urban Development (MoUD) to review and revise the Model Concession Agreement for Urban Rail projects. IDFC has submitted its comments to the Ministry.

Signed a Memorandum of Cooperation (MoC) with the Government of Meghalaya for Integrated Basin Development Livelihood Promotion Programme (IBDLPP). As programme manager, IDFC Foundation is providing assistance in Programme Design in different areas such as Water Management | Renewable Energy | Market Access | Local Area Development of Village Clusters | Assistance in Fund Raising from Bi-lateral Agencies | Procurement Support | Internal Capacity Building of the local staff of the client as well as local contractors.

Provided infrastructure and administrative support to the National Transport Development Policy Committee (NTDPC), including facilitating the process of publishing the Final Report of the Committee, and drafting the sectoral chapter on Railways. The NTDPC was constituted by the Government of India (vide Cabinet Secretariat Office) to assess the transport requirements of the economy for the next two decades and recommend a comprehensive policy for providing an integrated and sustainable transport system.

### POLICY RESEARCH AND ADVOCACY

Enabling access to domain knowledge and ground realities is critical in formulating an impactful policy that can strengthen the system. One of the objectives of our research and advocacy arm is the development of responsible and inclusive research.

The focus areas of our policy research and advocacy work during FY 2013 included:

### Social Infrastructure related to Education and Healthcare

### Urbanisation Challenges

### Rural Transformation

Some of the key interventions in these areas include:

### INDIA INFRASTRUCTURE REPORT - PRIVATE SECTOR IN EDUCATION

The Annual India Infrastructure Report - 2012 (IIR) focussed on Private Sector in Education.

A result of a collective effort led by the IDFC Foundation, this report brought together a range of perspectives from academics, researchers and practitioners committed to enhancing educational practices.

**Eleventh in the series, the report discussed challenges in the education sector - elementary, secondary, higher and vocational - and explored strategies for constructive change and opportunities for the private sector.**

For seeding change in the current education system, it serves as an invaluable resource for policymakers, researchers and corporates.



For details on India Infrastructure Report, refer section Stakeholder Engagement on page no. 04

### DIALOGUE WITH GOVERNMENTS, REGULATORS & GOVERNMENT AGENCIES

The IDFC Foundation advises governments, regulatory bodies and agencies on utilisation of resources and formulation of policies. As an

advisory body to the Government of India, the Foundation is instrumental in the drafting of important policies and reforms which can create a larger impact on the nation.

### COLLABORATING FOR RURAL DEVELOPMENT

IDFC Foundation's Rural Development Network collaborated with India's leading research institutes and experts to prepare 'India Rural Development Report 2013'.

The report provides a comprehensive landscape of rural India. It comprises debates on topical issues, provides empirical analysis and synthesises literature across a spectrum of issues including: **regional disparity and deprivation | the changing nature of livelihoods | the need to develop new strategies for farm livelihoods | sustainability of natural resources | the changing role of the state and local self-governance.**

The report was reviewed by an Advisory Council chaired by Member, Planning Commission and has received encouraging response from stakeholders.



**A valuable resource for policymakers, state and local bodies, researchers and the private sector, the report highlights multiple ground realities of Indian hinterlands.**

### PUBLISHING FOR SOCIAL CHANGE

We published quarterly research notes on affordable rental housing, intermediate public transport for an urbanising India and a water-led transformation of a village.

*To view the comprehensive list of publications across triple bottom lines, refer section Stakeholder Engagement on page no. 04*

### GOVERNMENT ADVISORY AND PROGRAMME SUPPORT SERVICES

Over the years IDFC has advised various central and state governments in the development of policy, regulatory and sectoral frameworks, transparent procurement processes, equitable concession documents and thorough transaction advisory services for specific Public-Private Partnership (PPP) projects across various sectors.

IDFC Foundation now uses these skill sets to support government agencies to implement development programmes that would have a greater impact and deliver better services to citizens, optimally utilising existing resources within the government.

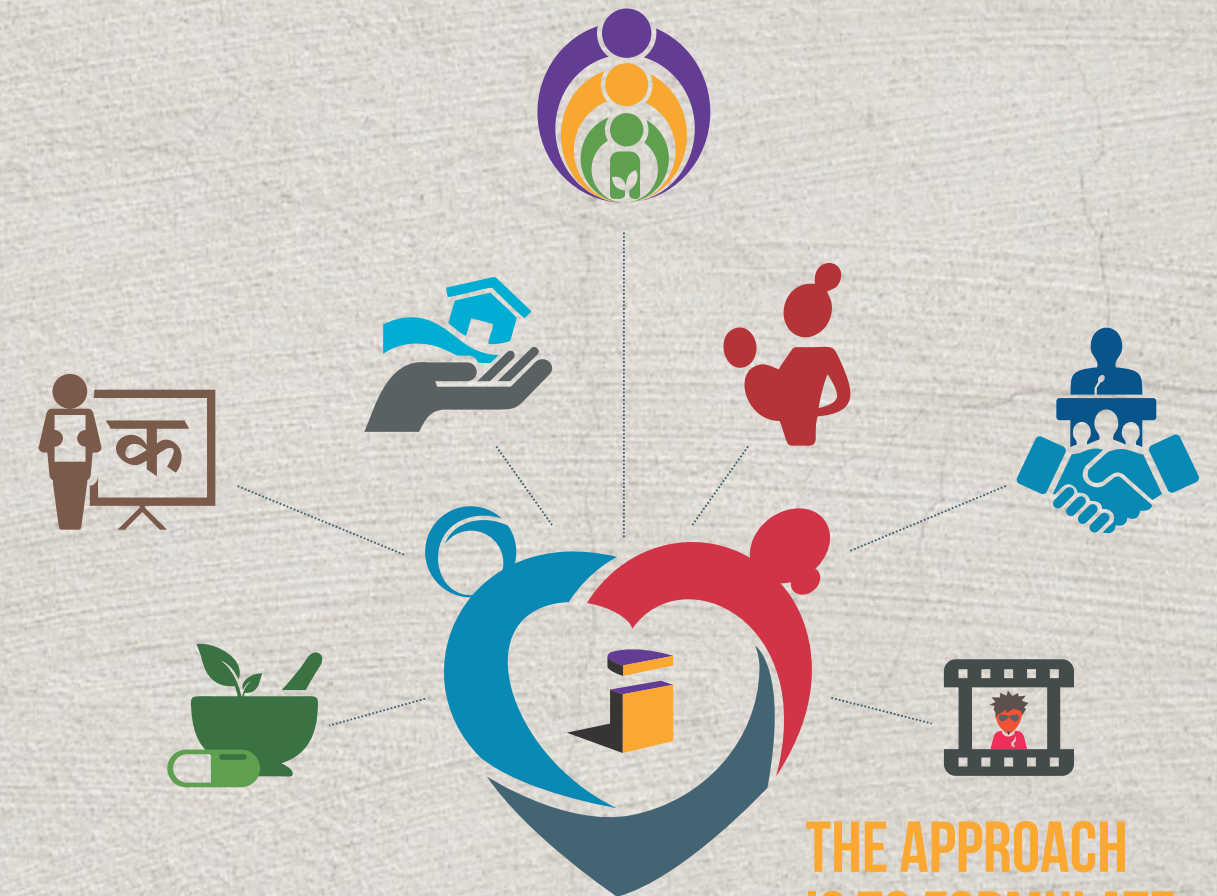
IDFC facilitates the strengthening of government bodies by extending them support through advice / consultations towards development of policies that enable them to cascade their efforts to effectively empower / impact organisations.

### TRANSACTION ADVISORY SERVICES

IDFC Foundation has been providing transaction advisory services to government departments and agencies that demonstrate a propensity to promote private sector engagement in new areas of infrastructure and provide improved standards of service to users.

### OTHER ADVISORY SERVICES

- Development of projects in areas of traditional medicine on behalf of the Department of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)
- Conceptualising an investment strategy for private sector infrastructure projects in India for the UK Government's Department for International Development (DFID)
- Drafting city development plans for ten small towns in Madhya Pradesh
- Feasibility study for development of 3 industrial corridors in Madhya Pradesh
- Study on competition issues in the onion market in India, in partnership with National Council of Applied Economic Research (NCAER), on behalf of the Australian Centre for International Agricultural Research (ACIAR)
- Development of an infrastructure financing policy for the Central Bank of Nigeria (with international partners)



**THE APPROACH IS TO FORMULATE REPLICABLE BUSINESS MODELS FOCUSED ON INFRASTRUCTURE DELIVERY TO THE UNDERPRIVILEGED AND DISADVANTAGED COMMUNITIES IN INDIA.**

**AS ENABLERS OF NATION BUILDING, IDFC REMAINS COMMITTED TO 'INFRASTRUCTURE FOR ALL'.**

## GRI INDEX

STANDARD DISCLOSURES PART I: Profile Disclosures			
Profile Disclosure	Description	Reported	Cross-reference / Direct Answer (Ref. Page)
<b>1. Strategy and Analysis</b>			
1.1	Statement from the most senior decision-maker of the organisation.	Fully	1
1.2	Description of key impacts, risks, and opportunities.	Fully	3
<b>2. Organisational Profile</b>			
2.1	Name of the organisation.	Fully	IDFC Ltd.
2.2	Primary brands, products, and/or services.	Fully	10-11
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	12
2.4	Location of organisation's headquarters.	Fully	Back cover of this report
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	10
2.6	Nature of ownership and legal form.	Fully	<a href="http://www.idfc.com/investor_relations/shareholding_pattern.htm">http://www.idfc.com/investor_relations/shareholding_pattern.htm</a>
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	10-11
2.8	Scale of the reporting organisation.	Fully	10-11, 15, 39
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	There have been no significant changes during the reporting period.
2.10	Awards received in the reporting period.	Fully	<a href="http://www.idfc.com/our-firm/awards.htm">http://www.idfc.com/our-firm/awards.htm</a>
<b>3. Report Parameters</b>			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	2012-2014
3.2	Date of most recent previous report (if any).	Fully	This is our first sustainability Report.
3.3	Reporting cycle (annual, biennial, etc.)	Fully	This is our first sustainability Report. We intend to report annually from next year.
3.4	Contact point for questions regarding the report or its contents.	Fully	3
3.5	Process for defining report content.	Fully	2
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	3
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	3
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	Fully	3
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Fully	16, 23
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	Not Applicable

Profile Disclosure	Description	Reported	Cross-reference / Direct Answer (Ref. Page)
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	Not Applicable
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	56
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	3
<b>4. Governance, Commitments, and Engagement</b>			
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Fully	12
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	12
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	<a href="http://www.idfc.com/our-firm/board_of_directors.htm">http://www.idfc.com/our-firm/board_of_directors.htm</a>
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	5, 40. Website - <a href="http://www.idfc.com/investor_relations/investor_contact.htm">http://www.idfc.com/investor_relations/investor_contact.htm</a>
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	Fully	Refer Director's Report in IDFC Annual Report 13-14
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	<a href="http://www.idfc.com/pdf/code_of_conduct.pdf">http://www.idfc.com/pdf/code_of_conduct.pdf</a>
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	We are an equal opportunity employer.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	<a href="http://www.idfc.com/our-firm/mission.htm">http://www.idfc.com/our-firm/mission.htm</a>
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	12
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Refer Director's Report in IDFC Annual Report 13-14.
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	Fully	13
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Fully	13, 28
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations	Fully	IDFC is an active member of ASSOCHAM, CII, FICCI, BCCI, IMC, Bombay Management Association, Indo-American Chamber of Commerce and World Economic Forum.
4.14	List of stakeholder groups engaged by the organisation.	Fully	4
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	4
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	5-6
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its system, reporting.	Partially	2-3, 4-6

## GRI INDEX

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)			
DMAs	Description	Reported	Cross-reference / Direct Answer (Ref. Page)
DMA EC	Disclosure on Management Approach EC	Fully	15
DMA EN	Disclosure on Management Approach EN	Fully	21
DMA LA	Disclosure on Management Approach LA	Fully	36
DMA HR	Disclosure on Management Approach HR	Fully	42
DMA SO	Disclosure on Management Approach SO	Fully	44
DMA PR	Disclosure on Management Approach PR	Fully	28
STANDARD DISCLOSURES PART III: Performance Indicators			
Performance Indicator	Description	Reported	Cross-reference / Direct Answer (Ref. Page)
<b>Economic</b>			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	15, 16
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Fully	16
EC3	Coverage of the organisation's defined benefit plan obligations.	Fully	16
EC4	Significant financial assistance received from government.	Fully	Not Applicable
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	4, 6
EC7	Procedures for local hiring and proportion of senior management and workforce hired from the local community at significant locations of operation.	Fully	We are an equal opportunity employer.
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	50
<b>Environmental</b>			
EN1	Materials used by weight or volume.	Fully	24
EN3	Direct energy consumption by primary energy source.	Fully	21
EN4	Indirect energy consumption by primary source.	Fully	21
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	23-24
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	23-24
<b>Social: Labor Practices and Decent Work</b>			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Partial	39. We do not collect age / gender wise data.
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	none
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	42
LA14	Ratio of basic salary and remuneration of women to men by employee category.	Fully	40

Performance Indicator	Description	Reported	Cross-reference / Direct Answer (Ref. Page)
<b>Social: Human Rights</b>			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Fully	We include them in project appraisal mechanism.
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Fully	Nil
<b>Social: Society</b>			
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	53
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	none
<b>Social: Product Responsibility</b>			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	33
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	none

## ACRONYMS

ACIAR	Australian Centre for International Agricultural Research	GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit	NPCBP	National Private-Public Partnership (PPP) Capacity Building Programme
AMC	Asset Management Company	GRI	Global Reporting Initiative	NTDPC	National Transport Development Policy Committee
BFSI	Banking, Financial services and Insurance	GW	Giga Watt	PAT	Profit After Tax
BKC	Bandra Kurla Complex	HSBC	Hongkong and Shanghai Banking Corporation Limited	PMS	Portfolio Management Services
BSE	Bombay Stock Exchange	IIR	India Infrastructure Report	PPP	Public-Private Partnership
CAG	Comptroller and Auditor General	IIT	Indian Institute of Technology	PUE	Power Usage Effectiveness
CBUD	Capacity Building for Urban Development	IOH	In Our Hands	RBI	Reserve Bank of India
CEO	Chief Executive Officer	IPCC	Intergovernmental Panel on Climate Change	RCBH	Regional Capacity Building Hub
CFL	Compact Fluorescent Lamp	IR	Investor Relations	RE	Renewable Energy
CII	Confederation of Indian Industry	JNNURM	Jawaharlal Nehru National Urban Renewal Mission	RICS	Royal Institution of Chartered Surveyors
CPACT	Civil Society & Corporate Partnership for Action	LCD	Liquid-crystal Display	RIRA	Responsible Investment Research Association
CSR	Corporate Social Responsibility	LED	Light-emitting Diode	RoE	Return on Equity
DCIM	Data Centre Infrastructure Management	LEED	Leadership in Energy & Environmental Design	SEBI	Securities and Exchange Board of India
DEA	Department of Economic Affairs	MBA	Master of Business Administration	SEZ	Special Economic Zone
E&S Policy	Environment and Social Policy	MD	Managing Director	SIMSR	K.J. Somaiya Institute of Management Studies and Research
EP	Equator Principles	MoUD	Ministry of Urban Development	SNEHA	Society for Nutrition, Education and Health Action
ERG	Environment Risk Group	MSW	Municipal Solid Waste	SSC	Secondary School Certificate
ESG	Economic, Social and Governance	MW	Mega Watt	TERI	The Energy and Resources Institute
FICCI	Foreign Investors' Chamber of Commerce and Industry	NBFC	Non-Banking Financial Company	TPD	Tonnes per Day
GHG	Greenhouse Gas	NGO	Non-Governmental Organisation	UNGC	United Nations Global Compact
GIL	Green Infra Limited				





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