

<b>Company Name</b>	IDFC	<b>Date</b>	June 15, 2009
<b>Address</b>	ITC Centre 760 Anna Salai Chennai India 600 042		
		<b>Membership date</b>	October 2003
<b>Country</b>	India	<b>Number of employees</b>	589
<b>Contact name</b>	Anupam Srivastava		
<b>Contact Position</b>	Senior Director - Corporate Social Responsibility	<b>Sector</b>	Financial Services
<b>Contact telephone no.</b>	+91-44-28559440	<b>COP Number</b>	1 <sup>st</sup> COP- 2009

**Brief description of nature of business**

IDFC is a knowledge-driven, diversified financial services company with a focus on private sector infrastructure projects in India. The IDFC Group has 3 primary businesses, viz. infrastructure financing, asset management and investment banking. IDFC has been in the Indian infrastructure space for over a decade, and has developed a deep understanding of the various issues and risks involved in private sector and public-private partnership (PPP) infrastructure projects in India. IDFC's core sectors of investment are energy, transportation, telecommunications and industrial & commercial infrastructure. IDFC also finances businesses in the hospitality, healthcare, education, cement and steel sectors.

As on March 31, 2009, IDFC had a consolidated balance sheet size of Rs.29,809 crore (about US\$5.9 billion), a net worth of Rs.6,176 crore (about US\$1.2 billion) and a capital adequacy ratio (CAR) of 23.75% (of which Tier I – 20.04%). In FY09, it earned an Operating Income of Rs.1,556 crore and profits after tax of Rs.750 crore.

Further details of our business are available at [www.idfc.com](http://www.idfc.com)

**CEO's Statement of Support**

IDFC recognises the importance of the United Nations Global Compact as a globally-recognised policy framework for sustainable and ethical business practices, and is firmly committed to its principles.

We have always been deeply concerned about the environmental and social impacts of our investment decisions and have had, since our inception in 1997, a separate department staffed by specialists to analyse and mitigate such impacts. Our internal Code of Conduct enjoins our employees to conduct their work with the highest ethical standards. In FY09, we set up a corporate social responsibility (CSR) function headed by a Senior Director to consolidate and catalyse the various aspects of corporate social responsibility of the Group.

We will strive to ensure the integration of the Principles of the UN Global Compact in all aspects of our operations.

**Managing Director &  
Chief Executive Officer**

**Rajiv B. Lall**

[Signature]


**Existing Information Sources on Corporate Responsibility in IDFC**

IDFC does not report externally on its Corporate Responsibility activities (other than on corporate governance related issues which are included in its annual report, available at [www.idfc.com](http://www.idfc.com)). As a top 200 listed company on the National and Bombay Stock Exchanges, IDFC responds to the annual request from the Carbon Disclosure Project (CDP) ([www.cdproject.net](http://www.cdproject.net)) on information related to climate change.

<b>HUMAN RIGHTS</b>	<p><b>PRINCIPLE 1: BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS</b></p> <p><b>PRINCIPLE 2: BUSINESSES SHOULD MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES</b></p>
	<ul style="list-style-type: none"> <li>❖ We are fully committed to respecting and supporting fundamental human rights as envisioned in the Universal Declaration of Human Rights and as enshrined in the Constitution of India.</li> <li>❖ Our Code of Conduct for Employees (CoCE) enjoins them to behave ethically as well as to not discriminate on grounds of sex, caste, creed or religion. The CoCE as well as our Human Resources Policy are being revised and will include specific clauses on respect for and protection of human rights.</li> <li>❖ As a financial intermediary, we do not have any significant supply chain; our main resource input is the funds we raise, and our borrowings are typically from well-established and reputed banks and financial institutions in India and abroad. However, we do use a number of service providers for outsourced services, and are in the process of formulating a Code of Responsible Business Conduct for Suppliers which would apply to our outsourced services and other (if any) major suppliers. This Code will outline our expectations on ethical and sustainable business practices from our suppliers and will include representations &amp; warranties from them on protection of human rights.</li> <li>❖ Our Environment &amp; Social Policy provides for the assessment and mitigation of the (environmental and) social impact of the projects financed by us including the protection of human rights of contract labour and project affected people (PAPs). Our investment agreements require our investee companies to comply with the laws of the land which include protection of human rights.</li> </ul> <p><i>Action plan for FY10</i></p> <ul style="list-style-type: none"> <li>❖ Revised HR Policy to include specific reference to human rights</li> <li>❖ CoCE to include specific reference to human rights</li> <li>❖ Code of Responsible Business Conduct for Suppliers to be formulated and adopted</li> </ul>
<b>LABOUR</b>	<p><b>PRINCIPLE 3: BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING</b></p> <p><b>PRINCIPLE 4: BUSINESSES SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR</b></p> <p><b>PRINCIPLE 5: BUSINESSES SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR</b></p> <p><b>PRINCIPLE 6: BUSINESSES SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION</b></p>
	<ul style="list-style-type: none"> <li>❖ IDFC being a knowledge-driven organisation employs highly-skilled human resources which typically cannot be classified as labour. IDFC's support services such as data processing, security and house-keeping are outsourced to licensed entities.</li> <li>❖ We are fully committed to respecting and supporting fundamental human rights as envisioned in the Universal Declaration of Human Rights and as enshrined in the Constitution of India and further in the various labour laws of India, which include abolition of child and forced labour.</li> <li>❖ We are fully committed to following non-discriminatory practices in all areas of recruitment, employment, training and promotion. Our HR Policy and CoCE states that we will not discriminate on grounds of sex, caste, creed or religion. Our HR Policy does not prohibit the formation of an employees' association.</li> <li>❖ We are in the process of formulating a Code of Responsible Business Conduct for Suppliers which would apply to our outsourced services suppliers and other (if any) major suppliers. This Code will outline our expectations on ethical and sustainable business practices from our suppliers and will include representations &amp; warranties from them on strictly prohibiting or being complicit in any form of child labour or forced/ compulsory labour.</li> <li>❖ Our Environment &amp; Social Policy provides for the assessment and mitigation of the (environmental and) social impact of the projects financed by us including the protection of human rights of contract or other labour. Our investment agreements require our investee companies to comply with the laws of the land which include prohibition of child and forced labour.</li> </ul> <p><i>Action plan for FY10</i></p> <ul style="list-style-type: none"> <li>❖ Code of Responsible Business Conduct for Suppliers to be formulated and adopted</li> <li>❖ IDFC recruitment literature to mention non-discrimination policy</li> </ul>

ENVIRONMENT	<p><b>PRINCIPLE 7: BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES</b></p> <p><b>PRINCIPLE 8: BUSINESSES SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY</b></p> <p><b>PRINCIPLE 9: BUSINESSES SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES</b></p>
	<ul style="list-style-type: none"> <li>❖ We are committed to following a precautionary approach to environmental challenges. As a financial intermediary, we are aware that our indirect impact on the environment through our investment decisions is far greater than our direct impact.</li> <li>❖ Our Environment &amp; Social Policy reflects our deep commitment to the environment. Our Environment &amp; Social Policy provides for the assessment and mitigation of the environmental (and social) impact of the projects financed by us, and we have a separate specialist Environment Group to do this and to work proactively with our clients on risk mitigation.</li> <li>❖ Our Environment &amp; Social Policy provides that IDFC shall ensure, where required to mitigate project environmental risk, that Relevant International Best Practices are integrated by the Project Proponent into the project design prior to its financing and in its implementation during the operational phase.</li> <li>❖ We have recently formulated and adopted an Internal Environment Policy (IEP) and Guidelines to Staff for its implementation, which has been communicated to all employees. The objectives of the Policy are to minimize the environmental impact and carbon footprint of IDFC's internal operations through resource efficiency and conservation.</li> <li>❖ We have adopted a number of practises aimed at resource efficiency and conservation, such as <ul style="list-style-type: none"> <li>❖ Using only fluorescent lights/ CFLs</li> <li>❖ Using non-CFC based refrigerants</li> <li>❖ Requiring our offices to have central HVAC systems (to the extent possible)</li> <li>❖ Double-glazing of all windows</li> <li>❖ Using LCD (instead of CRT) PC monitors</li> <li>❖ Providing and encouraging the use of audio- and video-conferencing facilities</li> <li>❖ Having virtual servers in our data centres</li> </ul> </li> <li>❖ As part of the IEP, we have recently launched a number of initiatives aimed at <ul style="list-style-type: none"> <li>❖ saving energy and paper consumption</li> <li>❖ measuring our carbon footprint</li> </ul> </li> <li>❖ We view climate change related businesses as major opportunities. We have invested in clean energy companies such as hydel, wind, cogeneration and biomass power generation projects, wind turbine manufacturers, solar photovoltaic modules manufacturer and a carbon credit advisory firm.</li> <li>❖ We are in the process of setting up the IDFC Foundation, a not-for-profit entity with a mission "to promote the provision of inclusive and sustainable infrastructure services in India". Promotion of sustainable infrastructure would include supporting environmentally friendly products and services which are high risk, too small in size or otherwise ineligible for commercial bank lending.</li> </ul> <p><i>Action plan for FY10</i></p> <ul style="list-style-type: none"> <li>❖ To take forward initiatives on resource conservation under the Internal Environment Policy including measuring our carbon footprint</li> <li>❖ Further "green" investments</li> <li>❖ IDFC Foundation initiatives on sustainable infrastructure</li> </ul>
ANTI-CORRUPTION	<p><b>PRINCIPLE 10: BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY</b></p>
	<ul style="list-style-type: none"> <li>❖ Our Code of Conduct for Employees (CoCE) enjoins them to abide by the laws of the land and conduct themselves in such a manner which will not violate any accepted norms of public decency or morals.</li> <li>❖ We are in the process of formulating a formal set of corporate values and business principles which will be applicable to all employees of IDFC. These values include honesty and integrity and the highest standards of ethical behaviour.</li> <li>❖ Our investment agreements require our investee companies to comply with the laws of the land which prohibit bribery and extortion.</li> </ul> <p><i>Action plan for FY10</i></p> <ul style="list-style-type: none"> <li>❖ Formalize and internalize the IDFC values &amp; business principles</li> </ul>
<p><b>How do you intend to make this COP available to your stakeholders?</b></p>	
<ul style="list-style-type: none"> <li>❖ This Communication on Progress will be available on our website at <a href="http://www.idfc.com">www.idfc.com</a> as well as on our intranet for the benefit of employees.</li> </ul>	