

BUSINESS RESPONSIBILITY REPORT

FY 2018-19

FEDERAL BANK

YOUR PERFECT BANKING PARTNER

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company	L65191KL1931PLC000368
2. Name of the Company	The Federal Bank Limited
3. Registered address	Federal Towers, P O Box No.103, Aluva, Kerala, India 683 101
4. Website	www.federalbank.co.in
5. E-mail id	secretarial@federalbank.co.in
6. Financial Year reported	2018-19
7. Sector (s) that the Company is engaged in (industrial activity code-wise)	Federal Bank is a banking company governed by the Banking Regulation Act, 1949
8. List three key products/services that the Company manufactures/ provides (as in balance sheet)	Federal Bank Limited (the Bank), incorporated in Aluva, Kerala, is a publicly held banking company engaged in providing banking and financial services including retail banking, corporate banking and treasury operations.
9. Total number of locations where business activity is undertaken by the Company	Federal Bank has got representative offices in Abu Dhabi and Dubai
i. Number of International Locations (Provide details of major 5)	
ii. Number of National Locations	As on 31st March 2019 Federal Bank had a network 1251 branches and 1669 ATMs and 269 Cash Recyclers in 25 states, Delhi NCT and 4 union territories
10. Markets served by the Company	Federal Bank serves customers in national and international locations

Section B: Financial Details of the Company

1. Paid up Capital (INR)	₹397.01 Crores
2. Total Turnover (INR)*	₹12770.05 Crores
3. Total profit after taxes (INR)	₹1243.89 Crores
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.37%. Appropriate disclosures as prescribed under the Companies Act, 2013 have been made in the annual report for the year ended March 31, 2019
5. List of activities in which expenditure in 4 above has been incurred	a. Education b. Healthcare c. Youth engagement d. Skill development

*Total turnover represents the sum of "Interest earned" (Schedule 13 of the accounts) and "Other income" (Schedule 14 of the accounts).

Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?	Yes. The bank has two subsidiaries
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]-	No

Section D: BR Information

1. Details of Director/Directors responsible for BR

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

- DIN Number : 05154975
- Name : Mr. Ashutosh Khajuria
- Designation : Executive Director & CFO

b) Details of the BR head

S.No.	Particulars	Details
1.	DIN Number (if applicable)	NA
2.	Name	Ms. Shalini Warriar
3.	Designation	Chief Operating Officer
4.	Telephone number	04842634030
5.	e-mail id	shaliniwarrior@federalbank.co.in

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The NVGs on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates the nine principles (detailed below) as P1-P9 to be followed:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify? (50 words) *	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	https://www.federalbank.co.in/shareholder-information								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

2 a. If answer to S. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

P3 *	Sr No 3- In line with the general laws and regulations and sound ethical practices followed nationally, the Bank has adopted employee oriented policies covering areas such as employee benefits and sexual harassment at the workplace which endeavor to provide an environment of care, nurturing and opportunity to accomplish professional aspirations.
------	---

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.
Within 3 months, 3-6 months, Annually, More than 1 year
Annually
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?
The bank has started publishing of Business Responsibility Report from FY 2017 onwards

Section E: Principle-wise performance

Principle 1

- Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
Yes, since it is whistle blower policy of the company, it deals with the Federal Bank and it's Suppliers and Contractors.
- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.
During the year 2018-19, we have received 8 complaints under PDS. All the complaints were investigated and report submitted to MD & CEO. Two complaints were found to be without any merit and appropriate actions were taken in the remaining 6 complaints to resolve the issues involved.

Principle 2

- List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
Federal Bank provides sustainable banking products to cater to different classes of customers through an extensive network of branches, ATMs, cash recyclers, and though technologies like mobile banking and internet banking. Bank offers many customized products include educational loans, home loans, loans for asset purchases and a wide range of savings bank products.
Federal Bank Hormis Memorial Foundation focuses on the areas of elementary education, skill development, primary healthcare and rural development.
- For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
 - Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
Not applicable for banking products
 - Reduction during usage by consumers (energy, water) has been achieved since the previous year?
Not applicable for banking products
- Does the company have procedures in place for sustainable sourcing (including transportation)?
Not Applicable

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Not applicable

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%,5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Not Applicable. Being a Banking service company, the bank is not generating products and waste associated with a manufacturing concern

Principle 3

1. Please indicate the Total number of employees.

The Bank had 12227 employees as on 31st March 2019

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

The bank had 258 employees as on 31st March 2019 on temporary basis

3. Please indicate the Number of permanent women employees.

The bank had 4948 permanent women employees as on 31st March 2019

4. Please indicate the Number of permanent employees with disabilities

The bank is an equal opportunity employer and treats all employees at par. Based on the income tax declarations which enable claiming income tax deduction for self-disability, the bank had 20 such employees

5. Do you have an employee association that is recognized by management?

The bank has an association for Officers (permitted members are Officers up to Scale III) and a Union for Award Staff (permitted members are Clerks & below), recognized by the management. Association for Officers is Federal Bank Officers' Association (FBOA) and Union for Award Staff is Federal Bank Employees' Union (FBEU).

6. What percentage of your permanent employees is members of this recognized employee association?

72.08 % of employees in Officer Cadre are members of Federal Bank Officers' Association (FBOA) and 89.64% of employees in Award Staff cadre are members of Federal Bank Employees' Union (FBEU)

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

S. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	Nil	Nil
2.	Sexual harassment	1	Nil
3.	Discriminatory employment	Nil	Nil

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

Permanent Employees	82.07 %
Permanent Women Employees	81.47%
Casual/Temporary/Contractual Employees	Cyber security awareness programme for all outsourced employees working at head office departments
Employees with Disabilities	We have not conducted any specific trainings for this category of employees

Principle 4

1. Has the company mapped its internal and external stakeholders?

Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

The bank is guided by Reserve Bank of India (RBI) prescribed guidelines on priority sector lending, lending to small and marginal farmers,

lending to weaker section etc., and government-led initiatives to improve access to financial services, and insurance and pension cover for reaching out to disadvantaged, vulnerable and marginalized stakeholders.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The bank has also undertaken various other schemes for integrated and sustainable economic development by adopting the best practices in the industry. The bank is also an active participant in various schemes and initiatives undertaken by the government. The bank, directly, and along with Federal Bank Hormis Foundation has been working on several initiatives for promotion of inclusive growth. CSR department of the bank in tune with the CSR policy has worked towards the advancement of the society by undertaking various measures. The CSR activities of the bank have a vast footprint touching various diverse fields like Health, Education, Environment sustainability, Inclusive Development Policies to name a few.

Principle 5

1. Does the policy of the company on human rights cover only the company or extend the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Bank realize and respect the human rights of all its stakeholders and ensures through various policies or codes. The employees are required to follow code of ethics and business conduct, which also documents the ethical practices to be followed by them. Bank does not promote any kind of discrimination between its employees, customers and other stakeholders on the basis of race, caste, religion, sex etc. Bank follows the code issued by The Banking Codes and Standards Board of India, to ensure protection of customer's rights. There are separate mechanisms to address the grievances of employees/customers and also on the complaints of sexual harassment at workplace.

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

During the year 2018-19, we have received 8 complaints under PDS. All the complaints were investigated and report submitted to MD & CEO. Two complaints were found to be without any merit and appropriate actions were taken in the remaining 6 complaints to resolve the issues involved.

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others. Not applicable for banking companies

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

The bank adheres to environmental laws in force. Our new branches are provided with energy efficient AC and LED lights.

3. Does the company identify and assess potential environmental risks? Y/N

The bank follows environment laws with regard to its premises and operations.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The bank is not a manufacturing concern and does not generate waste or products or byproducts generally associated with manufacturing.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The bank participated in several initiatives in the area of environment sustainability

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

The bank complies with environmental regulations with respect to its operations.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Federal Bank has since long been associated with many trade and industry associations. The bank has through these associations been able to understand the industry and develop schemes which would be beneficial to the organization in the long run. The members of our senior management participate in various committees/ working groups constituted by the Government of India and the Reserve Bank of India

Federal Bank is a member of the following associations-

- a. Indian Banks Association
 - b. Indian Institute of Banking and Finance
 - c. Indo Austrian Chamber of Commerce and Industry
 - d. Kerala Management Association
 - e. The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry(FTAPCCI)
 - f. Indian Chamber of Commerce & Industry, Cochin
 - g. National Institute of Bank Management
 - h. Confederation of Indian Industry and CII Indian Women Network
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The bank, through trade bodies and associations, puts forth a number of suggestions with respect to the economy in general and the banking sector in particular. The bank has also undertaken various other schemes for integrated and sustainable economic development by adopting the best practices in the industry. The bank is also an active participant in various schemes and initiatives undertaken by the government. The bank, directly, and along with Federal Bank Hormis Foundation has been working on several initiatives for promotion of inclusive growth.

The CSR department of the bank in tune with the CSR policy has worked towards the advancement of the society by undertaking various measures. The CSR activities of the bank have a huge footprint touching various diverse fields like Health, Education, Skill Development, Environment sustainability, Inclusive Development Policies to name a few.

In the field of Health, CSR department in a tie up with Sree Chithira Thirunal Institute for Medical Science & Technology has set up a Comprehensive Center for Cognitive Rehabilitation of Children with Neuro disorders. We have provided support to various institutions, such as, Fathima Matha Mission Hospital, Kalpetta for purchasing an ICU Ambulance, M/s Swaruma Charitable Society for purchasing a vehicle to be used for palliative care purposes, M/s BeyporeMandalam Mission Charitable Trust, Cheruvannur for purchasing two Haemo-dialysis Machines for their Dialysis Centre, at Nallalam, Kozhikode and M/s DilasaBhavan, Miraj for purchasing a vehicle for their home for HIV infected children. Financial support provided for Soukhyam Medical Camp, an initiative of Sri Hybi Eden, MLA

The State of Kerala witnessed one of the most devastating natural calamities during the month of August 2018. As a responsible organization, the bank took various relief measures across the state with the involvement of our zonal offices. We have donated an amount of ₹4.00 Crore to Chief Ministers Distress Relief Fund for supporting flood victims which includes contributions from staff and from CSR funds of the bank.

We have also provided support for Gaja Cyclone affected victims belonging to affected areas of Thanjavur, Nagapattinam and Thiruvapur Districts of Tamilnadu

In the sphere of education, the bank has set up skill academies at Kochi, Coimbatore. During FY 2018-19, two more skill academies were opened, one at Kolhapur and Karnal. 813 students were trained and got placement through these centres.

The bank along with the Federal Bank Hormis Foundation is providing scholarships to the needy students for pursuing professional courses from the year 2005-06. During the year 2017-18 the trust offered assistance to 100 meritorious students, 20 students from each stream – Medicine, Engineering, BSc (Agri), BSc. (Nursing) & MBA.

The bank has also undertaken various other schemes for integrated and sustainable economic development by adopting the best practices in the industry. Your bank is also an active participant in various schemes and initiatives undertaken by the government.

Your bank embarked on a mission of digitization of Nilavarapetty, a village in Tamilnadu under Amma E Village project of Tamilnadu Government. As most of the villagers were not having identity cards, the team had set up an Aadhar Enrolment Centre attached to our branch Nilavarapetty and facilitated the generation of Aadhar cards to 1796 villagers and most of them opened account with the Branch. Digital banking awareness programs were conducted and people became familiar with various digital modes of transactions.

To ensure environmental sustainability we had provided solar power systems to various institutions, M/s Warriar Foundation Balaman-

diram, Anaketty, Dina Sevana Sabha, Pattuvam and Diocese of Faridabad for their home for disabled children, Sanjoepuram Childrens Village for installation of Solar power Systems.

To build awareness amongst student fraternity to conserve the earth's natural resources, Federal Bank joined with Mathrubhumi in the SEED Programme since 2012. SEED (Student Empowerment for Environmental Development) is an initiative aimed at spreading the message of ecological conservation.

As part of Swatch Bharat initiatives, we have provided support to M/s Kasturba Social Welfare Centre for construction of toilets to poor families

Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The major initiative taken up is in the area of skill development through the Federal Skill academies set up at Kochi, Karnal, Kohlapur & Coimbatore for Skill development for youth from economically backward sectors. Through Federal Bank Hormis Memorial Foundation Scholarship, bank is offering scholarships for 100 meritorious students from families deserving support.

The bank also pursues initiatives in the area of rural development, including efforts to improve financial inclusion and provide access to savings account, insurance and pension products.

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

The projects/programmes are undertaken primarily through in-house teams and Federal Bank Hormis memorial Foundation, with the assistance of implementation partners as required.

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

CSR department of the bank is undertaking the impact assessment of the major initiatives. Feedback taken from the beneficiaries, implementation partners and the same is reviewed and correcting measures are taken whenever required.

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

The bank had spent Rs.14.01 Crore in FY 2018-19 on corporate social responsibility related activities. The expenditure has been undertaken primarily on skill development and sustainable livelihoods, education, healthcare and rural development related activities like financial inclusion and financial literacy and digitization of adopted village.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The projects undertaken by Federal Bank Hormis Memorial Foundation are designed to the needs of the target group. The foundation had taken many initiatives in community development such as Village adoption, Digitization of villages, providing housing and sanitation etc.

Principle 9

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

We have resolved 98.03% of the customers' complaints/consumer cases during the fiscal 2018. We have a pending of 1.97% of complaints.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks (additional information)

NA

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

NA

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

We are continuously conducting customer satisfaction surveys on a daily basis on the new customers added since August 2016. This is done for measuring the satisfaction level of the new customers. The feedback received from customers through these surveys forms a key input to our ongoing process improvements in ensuring a delightful experience for our customers.