

**SUSTAINABLE  
FROM THE CORE**

## ESG Highlights 2020-21



Only Indian Bank to be included in the S&P DJSI Sustainability Yearbook 2020 with Highest Ranking within the Indian banking sector



Leadership in Climate Change Mitigation in CDP and the only bank with the Highest Rating 'A'



Pioneering ESG Excellence through Refinitiv ESG Ratings & Rankings

### Environment

**3 Green buildings**

LEED Gold and Platinum rated corporate offices

**37.5%**

Reduce emissions intensity in FY 2020-21 as compared to baseline year of FY 2017-18

**92.25%**

Emissions reduced from business travel

### Social

**3.5 Lakhs+**

Active clients in Micro-Finance Investment (MFI) Project Sunstone

**63%**

Increase in rural customers over the past year

**4,273**

New hires under the age of 30 in FY 2020-21

**~280%**

Growth in registrations and active users in FY 2020-21 for Banking on WhatsApp

**8.5 Lakhs+**

Employee training man-hours through 1,590+ programmes

**45%**

Of total lending is ESG focused

### Governance

**12 years**

of reporting on sustainability initiatives

**2/9**

Women Directors on the Board

Part of the **Top 21**

Indian companies included in the DJSI Yearbook 2020

**57<sup>th</sup>**

Global Rank out of 914 global Banking Services companies by Refinitiv ESG Rankings

**78/100 Score**

Rated by Refinitiv ESG Rankings

**'A' list for the 6<sup>th</sup> Consecutive year**

Only Indian Bank on the CDP List

Numbers in the FY 2020-21 Annual Report may differ, as ESG audit was underway at the time of publication of the Annual Report.

# SUSTAINABLE FROM THE CORE

Sustainability is at the core of everything IndusInd does. Underpinned by its PC-5 strategy of scaling with sustainability (Read more on Page 37), IndusInd Bank very well understands and is committed to inspiring its vast fraternity of stakeholders through delivering value that matters.

The Bank began its sustainability journey on the firm belief that to deliver long-term value to its stakeholders, it had to embed environment, inclusive social development and good factors into every aspect of its business.

This commitment has meant looking inside, and viewing every function through the ESG lens. The rigour of this exercise has strengthened the Bank at its core. While this has meant minimising resource use, firming up the Bank's financial viability, imbibing best governance practices, it has also meant greater focus on the impact the Bank was creating through its investments.

With sustainability as its core idea, IndusInd Bank, is going strong, deepening its impact through responsible lending, mitigating climate change and promoting lasting social changes through its investments in its people and the society.

## About the Report

### Approach to reporting

IndusInd Bank has been one of the first organisations in India to incorporate integrated thinking in its operations and reporting. The Bank believes in creating long-term value for its stakeholders and has been voluntarily reporting its sustainability performance since 2011, to communicate its triple bottom line focus. The Bank published its first Integrated Report in 2017. IndusInd Bank has since continued to publish Integrated Reports that provide a holistic view of its strategy, performance, relationships and value-creation efforts, including its overall approach to Environmental, Social and Governance (ESG) aspects.

### Reporting frameworks

This Integrated Report is prepared in accordance with the International Integrated Reporting <IR> Framework outlined by the International Integrated Reporting Council (IIRC). The Key Performance Indicators (KPIs) and disclosures discussed in this report are in accordance with the Global Reporting Initiative (GRI) Standards 'Core' option. The report is also in accordance with the Task Force on Climate Related Financial Disclosures (TCFD). The Bank also publishes an annual report. The FY 2020-21 Annual Report can be accessed [here](#). Throughout the report, the Bank has reported its efforts and initiatives to support the United Nations Sustainable Development Goals (UNSDGs).



### Reporting scope and boundary

This Integrated Report presents information about the pan-India standalone operations of the Bank across various business verticals. It covers information pertaining to the period April 1, 2020-March 31, 2021. The last report was published for the period April 1, 2019-March 31, 2020. There were no significant changes to the Bank or its supply chain during the reporting year.

### External assurance

The IndusInd Bank Integrated Report 2020-21 has been externally assured by Deloitte Haskins & Sells LLP. Their assurance statement is a part of the report on Page 106.

[GRI: 102-10, 102-11, 102-45, 102-46, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54]

## THE BANK'S CAPITALS



### Financial Capital

The Bank offers and excels in various verticals through corporate, retail banking, microfinance and vehicle finance, creating consistent value.



### Infrastructure Capital

The Bank is expanding its physical outlets through developing green buildings and IT systems to engage responsibly with its customers.



### Intellectual Capital

The Bank prioritises its customers and believes in providing clear and customised solutions using a collaborative knowledge driven approach. The Bank also aims to keep its internal processes updated with the rapidly changing technological world.



### Human Capital

The Bank considers its people to be its biggest asset, believes in delivering value to its workforce through transparent communication, incentivised work culture, capacity building and training programmes.



### Natural Capital

The Bank is committed to preserving the environment through investing in green and alternative choices. The Bank has adopted renewable energy, dedicated to reduce its GHG emissions, and is actively advocating to inculcate sustainability in the core strategic framework of a business.



### Social and Relationship Capital

The Bank trusts to build good relationships with its stakeholders and focuses on initiatives that help enhance the business. The Bank also supports community development by providing new livelihood opportunities, contributing to a holistic development of the society.

### Precautionary principle

*We follow a precautionary approach towards minimising our negative impact on the environment. As a Bank, we have a limited impact. We take measures to make our employees aware and consistently reduce water and energy footprint of our ATMs, data centres and Bank branches.*



Read more about the bank's sustainability initiatives here.  
<https://www.indusind.com/in/en/sustainability.html>

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With sustainability at its core, IndusInd Bank offers a wide range of products and services for individuals and corporates.

## Highlights

2,015

Branches across India

2,872

ATMs across India

28 Mn

Customer base

436

Branches in rural areas

# CORPORATE OVERVIEW

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## Message from the Managing Director

# Signs of a strengthened core

### Dear Stakeholders,

I begin with the hope that this missive finds you and your family safe and in the best of health. It gives me great pleasure to share with you the FY 2020-21 Integrated Report of IndusInd Bank, one of the frontrunners in India's banking sector. Having taken on the mantle in March last year, I am proud to have been a part of the Bank's momentous journey over the past one year, during which it has demonstrated why it remains a market leader.

FY 2020-21 was an extraordinary year by any measure. It was a year of unprecedented challenges both at the personal and professional levels. The year brought with it a considerable amount of uncertainty following the virulent outbreak of COVID-19, which led to strict lockdowns that brought economic activities to a standstill. The Indian economy has shown great resilience to the COVID-19 challenges. After reporting two quarters of negative GDP in FY 2020-21, the nation has seen strong economic recovery. As the pandemic is brought under control and the vaccination drive lifts consumer and business confidence, economic recovery is expected to gain further momentum. During successive lockdowns and all through the

pandemic year, we, at IndusInd Bank, have accorded the highest priority to the continuity of services to our customers and the safety of our employees.

During the year, we strengthened our balance sheet, reinforcing the Bank's sound positioning to participate in the growth to follow in the coming years. We closed the year with a capital adequacy ratio of 17.38%, surplus liquidity of ₹ 40,000 crores, credit deposit ratio below 85% with strong traction on retail deposits. FY 2020-21 was also the year when the Bank adopted its fifth 3-year (triennial) planning cycle for the period FY 2020-23. Planning Cycle-5 (PC-5) has 'Scale with Sustainability' as a key theme and along with growth areas, the Bank has also defined boundaries relating to capital adequacy, provision coverage, stable funding sources among others which will help it achieve sustainable growth together with stable profitability across the business cycles.

The Bank's strategy revolves around improving the sustainability of the organisation. While we have registered strong traction on the financial metrics, we have also progressed on non-financial aspects. We are committed to sustainable finance, and this is evident from the fact that ~42% of our lending book constitutes sustainable finance, which includes climate/green finance and social finance that supports

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[GRI: 102-14]

initiatives in livelihood, healthcare, education etc. The Bank is committed to increasing capital allocation in these areas and taking the allocation to 45% by 2023. Regarding sustainable operations, IndusInd Bank has committed to reducing its carbon footprint by 50% by FY 2024-25 over the baseline of FY 2019-20. During FY 2020-21, the Bank reduced its carbon emission intensity by 38% over baseline emissions of FY 2017-18.

#### As a result of these efforts, we have achieved the following:

- We are the only Indian bank to be included in the S&P DJSI Sustainability Yearbook for 2021. The yearbook showcases select organisations that have progressed well on the sustainability aspects. It includes 21 Indian companies and we are the only Indian bank amongst them
- For the 6th consecutive year, the Bank has retained its top position in the Carbon Disclosure Project by securing the highest 'Band A' and being the only bank in India in Band A Rankings
- IndusInd Bank was also ranked 57th out of 914 Global Banking Services companies assessed by Refinitiv ESG Rankings. The Bank was rated 78/100 by Refinitiv ESG Rankings for excellent ESG performance, commitment, effectiveness and a high degree of transparency in reporting material ESG data publicly

Digitalisation will remain a powerful enabler and driver of our PC-5 strategy of scaling up through our five decided strategies of growing retail liabilities, sharpening our corporate bank services, promoting holistic rural banking, capitalising our domains of expertise and focusing on the new businesses of NRI banking and wealth management. Technology will also enable us as we emphasise responsible lending, helping us to take banking services to the unbanked while carefully selecting projects and people we will be lending to. With a focus on customer-centricity and human-centered design, the Bank is set to start its Digital 2.0 journey. The Bank has created a Digital Centre of Excellence and is taking a comprehensive view to deploy new-age digital platforms and build end-to-end digital client value propositions.

The Bank is backed by its agile workforce whose safety and well-being are of paramount importance. Our people also contribute to taking forward our environmental preservation activities while volunteering for social causes. We ensure a good working culture along with an exemplary governance structure, which caters to the needs of our people and empowers them.

**"The Bank is committed to increasing capital allocation in these areas and taking the allocation to 45% by 2023. Regarding sustainable operations, IndusInd Bank has committed to reducing its carbon footprint by 50% by FY 2024-25 over the baseline of FY 2019-20. During FY 2020-21, the Bank reduced its carbon emission intensity by 38% over baseline emissions of FY 2017-18."**

We have followed a structured programme for our CSR efforts, with our focus areas being education, healthcare, inclusive sports, skill development and livelihood and environment conservation initiatives.

As a part of the overarching strategy of the Bank, the management team and I will focus on sustainability – which is at the core of everything we do – as a theme to drive long-term stakeholder value. The Bank has an extremely strong franchise of 29 million customers served by about 30,000 employees today, and I would like to acknowledge the support of our customers and our highly committed and capable workforce. We will keep supporting the society through our offerings and hope that you will stand by us as we move forward to implement our goals and larger vision.

#### Stay safe.

Yours sincerely,

**Sumant Kathpalia**  
Managing Director & CEO

[GRI: 102-14]

## About IndusInd Bank

# Banking Made Effortless

IndusInd Bank, in its 26<sup>th</sup> year of operation, is one of India's fastest-growing new generation private banks. Established in 1994 by Srichand P. Hinduja, the Bank was named after the Indus Valley Civilisation – one of the greatest cultural examples of human ingenuity, enterprise and business acumen. Over the years, IndusInd Bank has grown with a single-minded pursuit to provide best-in-class banking solutions that meet every need of its customers while leveraging technology to make banking an effortless, fruitful exercise for millions of its customers across the country.

### MISSION

We will consistently add value to all our stakeholders and emerge as India's most convenient Bank with best-in-banking financial parameters together with the doubling of our loan book, clients and profits within the next three years.

### VISION

IndusInd Bank's vision is to become

- A relevant business and banking partner to its clients
- Customer-responsive, striving at all times to collaborate with clients in providing solutions for their banking needs
- A forerunner in the marketplace in terms of profitability, productivity and efficiency
- Engaged with all our stakeholders and will deliver sustainable and compliant returns
- A change agent for financial inclusion in India following the merger of Bharat Financial Inclusion Limited with the Bank



[GRI: 102-1, 102-5, 102-7]

## Presence



Headquartered in Mumbai, the Bank has an extensive reach across every region in India. It also has representative offices in London (UK), Dubai and Abu Dhabi (UAE).

## Highlights

435 Semi-urban branches	46 Back offices	29,661 Permanent employees
2,289 BFIL branches	9 Pioneer branches	5 Currency chests
51,000 Active retail distribution service points	43:57 Corporate: Retail Loan Book (%)	A Nifty50 Company

[GRI: 102-4, 102-5, 102-7, 102-16]

Product Suite

# Delivering Streamlined Solutions

IndusInd is a universal Bank that offers a wide array of products and services for individuals and corporates including microfinance, personal loans, personal and commercial vehicles loans, credit cards, SME loans. It is a preferred banking partner for various government entities, public sector organisations and large corporates. Given its focus on sustainability, it is also into impact investing and green lending.

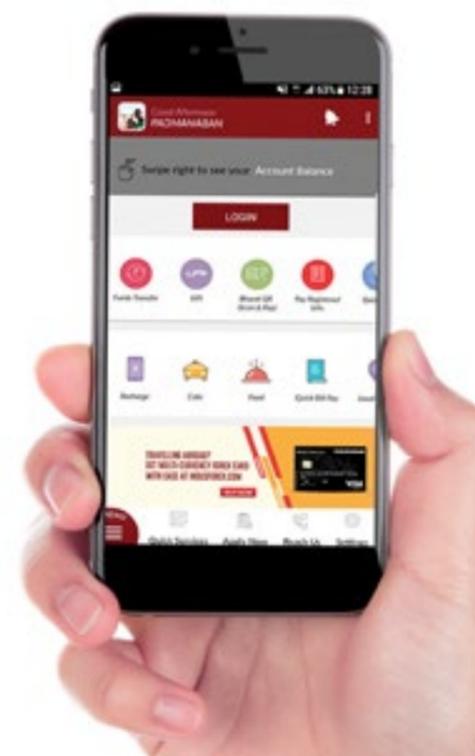


[GRI: 102-2, 102-6]

## Digital Offerings

IndusInd Bank believes that digital is the way forward and has a variety of digital offerings for its customers to make banking seamless and convenient.

 <p><b>Indusnet – NetBanking</b> A secure online platform offering service on the go</p>	 <p><b>IndusAssist - Voice Banking on Alexa</b> Banking made convenient with Amazon's Alexa at your service</p>	 <p><b>WhatsApp Banking</b> Use of WhatsApp to interact with and resolve customers' queries using Natural Language Processing (NLP)</p>	 <p><b>Video Branch</b> Video conferencing facility to streamline interaction between customers and respective Bank Managers</p>
 <p><b>IndusMobile</b> Banking App providing 100+ services to its customers</p>	 <p><b>IndusForex</b> A one-stop online portal offering forex services, including multi-currency travel cards</p>	 <p><b>Video KYC Platform</b> Enables the Bank to on-board customers using a live video-based interface, with online verification of documents easing the process</p>	 <p><b>UPI Auto Pay</b> Customers can now enable recurring e-mandate using any UPI application for recurring payments such as mobile bills, electricity bills, EMI payments, entertainment/OTT subscriptions, insurance, mutual funds, among others</p>
 <p><b>IndusSmart</b> Helping customers learn, plan and invest in mutual funds and other wealth management schemes</p>	 <p><b>On-the-go Banking</b> Banking services on Facebook</p>		



## Initiatives under Mobile Banking

### USER-FRIENDLY SERVICES ON INDUSMOBILE

Digi SA made live allowing NTB users to open savings account

Onboarding of vehicle loan customers

Allowing customers to manage debit card limits and usage preference

Donations made live for customers

### SMS BANKING

Made available for non-internet and non-smart phone numbers

### VERNACULAR LANGUAGE FACILITY

To ease banking transactions for non-English speakers

### SAFE AND SECURE SERVICES

Account balance, payment status, transfer funds, live UPI enabled on iOS and android

### SPECIAL AND CUSTOMISED SOLUTIONS

Tailormade services as per customer's requirement

[GRI: 102-2]

## Strengths

# Positioned to Pursue Opportunities

During FY 2020-21, in light of the critical challenges facing the banking and financial services sector, the Bank took calibrated steps that ensured it was able to deliver much-needed services to its customers even while it pursued its own strategy of 'scale with profitability'.

A financial institution's resilience is measured by the agility with which it can respond to the business environment. The Bank's measured response has not only ensured business continuity and banking convenience, but also healthy returns for its stakeholders.

### What Differentiates IndusInd Bank

The Bank's expertise in existing domains has been demonstrated by strong risk-adjusted returns in the segments of Livelihood loans and loans such as Vehicle Finance (30%), Microfinance (14%) and Diamond Financing (3%). The Bank will continue to explore new domains such as Affordable Housing, SME, NRI Banking, and Wealth Management.

The Bank is amongst the top 3 market players with decades of experience. During the pandemic, investors' sentiment continued to remain positive and this was proved by the equity raise of ₹2,021 crores via promoter warrants conversion in February 2021. Despite the subdued environment, the Bank was able to strengthen its balance sheet and address market challenges.



The Bank has ramped up digital channel facilitation since the lockdown in anticipation of a surge in self-serve banking and offers distinctive customer experience with process re-engineering and improved client communication, for which the Bank ensures safety from cyber threats fraud, theft and financial crime with its resilient IT infrastructure.

The Bank has responded well to COVID-19, and with this it reaffirms its track record of an agile response, which it established during successive crises in the past such as the Global Financial Crisis, the 'Taper Tantrum' of 2013, demonetisation, GST implementation and others. With respect to FY 2020-21, the Bank's overall position versus the industry stands out on most parameters, whether in pre-provision profitability, Gross NPA or capitalisation levels.

### INCREASE IN BALANCE SHEET STRENGTH

Ratio	March 2020	March 2021
CRAR	15.04%	17.38%
Net NPA	0.91%	0.69%
Provision Coverage Ratio	63%	75%
Liquidity Coverage Ratio	112%	145%
Share of Retail Deposits as per LCR	31.0%	37.0%
Credit Deposit Ratio	102%	83%

### VALUE-ADDED SERVICES

The COVID-19 pandemic and the government emphasis on Aatmanirbhar Bharat have brought into play many Small and Medium-sized Enterprises which have rapidly digitised their business. The Bank offers an all-in-one Merchant Stack in 12 languages with capabilities on payments, lending, value-added services, digital self-onboarding and facility of easy credit for business.

### SUPPORT FOR THE COMMUNITY

The Bank has shown great resilience during the COVID-19 pandemic, and declared provision of ₹1,203 crores related to pandemic and is monitoring the requirements closely. It has supplied relief materials such as face masks, hand sanitisers and gloves to affected areas to combat the pandemic. The Bank is also facilitating Personal Protective Equipment (PPE) supply for medical officials on duty. It has also taken several other initiatives to support communities in need during the pandemic.

2 Lakhs+

Clients under SME partnerships and alliances

50 Lakhs

Merchants under all-in-one Merchant Stack



## Investment Case

# Banking on Strong Fundamentals

One of the strongest brands in the industry, IndusInd Bank's sustainable value propositions are rooted in its inherent strengths.

### Universal banking approach

The Bank serves the diverse needs of its customers across segments with its universal product offerings. While offering financial solutions to unbanked and underserved populations, including entrepreneurial women in rural areas, it also caters to the multiple financial services required by individuals and corporates.

### Promotes sustainability-driven growth

The Bank believes in the ethos of 'Good Ecology is Good Economics', and is committed to consistently delivering greater value to all its stakeholders in a manner that promotes financial, social, and environmental sustainability.

### Pan-India distribution network with unparalleled rural presence

The Bank has a widespread distribution network and a strong customer base of 2.8 crores. It has unparalleled rural presence, covering more than 1.26 lakh villages across India with its extensive network of 397 rural branches.

### Profitability amongst the highest in the industry

The Bank has strong pre-provision operating profits (PPOP) as a % of average assets, amongst the highest in the banking industry. The Bank aims to continue to maintain a strong PPOP margin, which enables it to have a sufficient credit cost cushion in an uncertain economic environment.

### Capital adequacy significantly above regulatory threshold

During the past fiscal, the Bank has completed two equity raise transactions. With the recent equity raise via promoter warrants conversion in February 2021, it has taken the pro-forma December 2020-March 2021 CRAR to 17.38%, which is well above the regulatory threshold and the best amongst the industry, allowing it a strong foundation for its future growth.

### Focus on digital banking to drive growth

The Bank's Planning Cycle Strategy for 2020-23, which emphasises on scale with sustainability, has the broad theme of 'Leapfrog Digital Banking'. The Bank aims to provide clients and customers a seamless and self-serve banking experience. A pioneer in digital initiatives across the banking sector, the Bank continues to invest in digital engagement and productivity tools for both customers and employees.

### Stable asset quality with stringent risk management across the cycles

The Bank has best-in-industry asset quality across its businesses and follows a stringent risk management strategy across the economic cycles.

### Experienced and well-knit management team

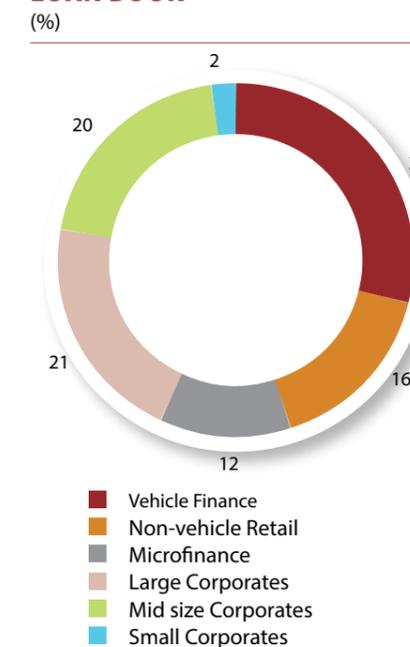
The Bank has a strong management team with decades of experience and domain expertise. The team has been consistently steering the Bank's strategic approach and result orientation. The Bank is an equal opportunity employer and has ensured diversity in the workforce with all employee benefit policies in place.

## ECONOMIC VALUE RETAINED

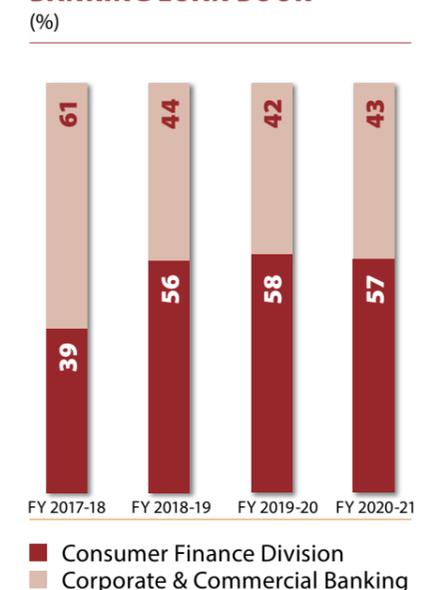
(₹ crores)

Particulars	FY 2018-19	FY 2019-20	FY 2020-21
<b>A) Direct Economic Value Generated</b>			
Revenues from Operations	8,846	12,059	13,528
Revenues from Other Sources	5,647	6,953	6,501
<b>Total A</b>	<b>14,493</b>	<b>19,011</b>	<b>20,029</b>
<b>B) Economic Value Distributed</b>			
Operating Expenses (Excluding Employee Wages and Benefits)	4,552	5,363	5,118
Employee wages and benefits	1,854	2,820	3,039
<b>Total B</b>	<b>6,405</b>	<b>8,183</b>	<b>8,157</b>
<b>Economic Value Retained (A-B)</b>	<b>8,088</b>	<b>10,828</b>	<b>11,872</b>

## WELL DIVERSIFIED LOAN BOOK



## CORPORATE AND CONSUMER BANKING LOAN BOOK



## Digitalisation

# A Digital New Age Bank

Agile and responsive, IndusInd Bank was among the first in the industry to adopt digital. It is now strengthening its digital backbone by investing in technologies to elevate customer experience through safe, convenient and reliable digital platforms while enhancing its service and product delivery.

### Account Aggregator

IndusInd Bank is the first bank to go live on RBI's Account Aggregator framework in collaboration with Sahamati Foundation, which is a Collective of Account Aggregator (AA) ecosystem setup as a non-government, non-profit organisation. This model is intended to provide ease of sharing financial information of customers securely and digitally across all regulated financial entities basis explicit consent from the customer.

### CRM Next on Cloud (AWS)

CRMNEXT provides an enhanced digital customer experience and action platform that leverages the elasticity and resilience of the cloud through a robust API-led integration with all customer touch points. It is a single platform for customer service, sales, campaigns and leads solutions, with enhanced customer survey management. This has further enhanced Bank productivity.

### Open Banking Sandbox

The Bank is proud to launch Indus Open Banking – a developer portal for seamless development experience and faster adoption for our partners – fintechs, corporate, exchange houses and financial institution (FI) partners. A total of 44 APIs are available in the Open Banking Sandbox. The Bank aims to bring these time-tested APIs on cloud to enable developers to build innovative use cases to drive digital payments in India.

### Video KYC Platform

The new KYC facility enables the Bank to on-board customers with a live video-based interface without customers having to physically meet with Bank officials to complete formalities like physical authentication of documents. The application also allows booking of FDs in just a few steps. This also enables credit card customers to submit applications and get them processed digitally – a first-of-its-kind service in the banking industry. The App also detects frauds and malicious activity.

### UPI Auto Pay - Recurring Mandate

IndusInd Bank implemented AutoPay functionality for SIP investments through CAMS and reloading of DMRC's transit card. Through this, customers can place recurring e-mandate using any UPI application for recurring payments such as mobile bills, electricity bills, EMI payments, entertainment/OTT subscriptions, insurance, mutual funds among others.

### Ganseva Online Savings Account

As part the government's PM SVANidhi scheme to empower street vendors, IndusInd has tied up with Atyati, which offers Assisted Digital Financial services, for Savings account on-boarding and loan processing.

### Robotic Process Automation (RPA) for SWIFT Controls

RBI mandated Banks to strengthen their operational controls for SWIFT related processes. One of the key controls required was related to frequent reconciliation of all outgoing payment SWIFT messages every 1-2 hours.

To overcome the manual reconciliation challenges, Automated (RPA) SWIFT message reconciliation process through Bots was implemented on October 5, 2020. In case of any mismatch, an email alert is triggered to notify the Bank. The measure has not only reduced manpower but also led to cost savings of ₹50 lakhs.

### TRRACS - Trade Regulatory Reporting and Compliance System

TRAACS is the one-stop solution that allows banks to continue with the existing business process and still be compliant to RBI regulatory requirement. TRRACS processes data from the Bank's existing system as per the RBI guidelines and transforms it into RBI compliant formats. It provides web interfaces to handle processes that are not available in their existing trade system.

### Pull funds on Whatsapp

IndusInd Bank became the first bank to launch a financial transaction on WhatsApp. Backed by UPI architecture, it allows customers to add money to their high-interest Bank account from other bank accounts.

## Key digital highlights

~55,000

FDs booked through online acquisition portal and valued at ₹270 crores

1,100

Vehicle Loan customers registered and on-boarded through mobile App that allows them to access their loan details, make due payments and money transfers

₹200 Cr+

Pulled from non-IndusInd Bank account to IndusInd Bank account with Add Money functionality

15,000 (Pre-COVID) to 35,000 (Post COVID)  
FD booking run-rate improved per month

2,700+

Accounts opened by Digi SA, mostly by New to Bank (NTB) customers

25,000

Service requests mobilised per month



## Information Security

# Ensuring Safe and Secure Operations

The Bank accords highest importance to ensuring the privacy, safety and security of financial information relating to its customers. It is constantly enhancing cyber security measures and strengthening its IT and digital infrastructure through the adoption of best-in-class technology and effective risk management processes. An enterprise-wide comprehensive Customer Awareness Framework has also been developed, resulting in customer-facing initiatives and greater information security awareness among customers.

The Bank has Board-level oversight of its IT and digital infrastructure. The Board of Directors ensures and reviews its information security/cybersecurity strategy. The IT Strategy Committee is a Board committee that oversees cyber security strategy. It is chaired by Mr. Shanker Annaswamy, the Board member who oversees the cybersecurity strategy and is a part of the Cybersecurity/information security committee.

All employees are trained on the critical aspects of information security through the mandatory security awareness training module. As part of the Bank's continuous improvement, training sessions are also undertaken on an annual basis for on-site and off-site vendors to keep them abreast on information security policy and procedures as well as ISO 27001 and PCI-DSS frameworks.

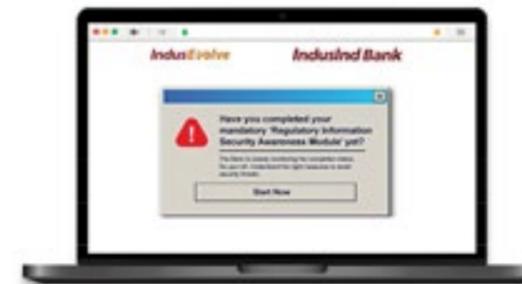
The Bank has a Chief Information Security Officer (CISO) who reports to the Chief Risk Officer (CRO) and is responsible for overseeing cyber security within the organisation.

**The Bank also has an internal Information Security Policy, Information Technology Policy, Cybersecurity Policy, Cyber Crisis Management Plan, Business Continuity Policy and IT DR Plan with a coverage of ₹200 crores.**



## ISO 27001 Certified

IndusInd Bank is ISO 27001: 2013 (Information Security Management System) certified, which includes 100% of the Bank's IT Infrastructure comprising data centres and DR sites.



**The Bank has made regulatory learning models available for its employees**

## SECURITY VIOLATION

The Bank strictly carries out exercises to assess the awareness levels of employees with regard to cyber security. This forms a part of the employee performance evaluation. Strict warnings and disciplinary actions are initiated if their conduct is found in violation of security policies. Simulated phishing exercises are conducted periodically to assess the awareness levels of employees and additional awareness is provided to those who fail the simulated tests. Employees who observe or suspect new security threats, or incidents, must report them directly to the Security Incident Response Team. The team notifies the Chief Information Security Officer (CISO) and the Bank's respective team.

There were zero incidents of IT infrastructure interruption or failure for which any penalties or revenue losses occurred.

## INFORMATION SECURITY BREACHES AND FINES

Particulars	FY 2018-19	FY 2019-20	FY 2020-21
Number of information security breaches or other cybersecurity incidents	0	2	0
Number of information security breaches involving customers' personally identifiable information	0	0	0
Number of fines/penalties paid in relation to information security breaches or other cybersecurity incidents	0	0	0

## COVID-19 Response

# Dealing with an Extraordinary Crisis

The COVID-19 pandemic impacted the lives and livelihoods of millions of people around the world and its shadow looms large on the Indian economy. IndusInd Bank devoted itself to supporting the community during these perilous times.

**Awarded 'Outstanding Response to COVID-19, Branchless Banking'** in Global Retail Banking Innovation Awards 2020 – The Digital Banker

### RESPONDING TO THE EVOLVING CRISIS

As the COVID-19 infection rate escalated, the Bank observed accelerated changes in customer behaviour as they shifted away from using cash to making contactless transactions and payments, given the COVID safety protocol of minimal contact.

On the basis of its Planning Cycle-5 strategy, the Bank identified, analysed and comprehensively responded to the changes in customer behaviour and preferences and new ways of functioning in the market.

### SUPPORTING CUSTOMERS

The Bank focused on the delivery of products and services through digital channels as well as customer engagement through enabled and experienced frontline staff. Branches were functional since 2020, and witnessed an improvement in branch efficiency despite the pandemic.

Customers were encouraged to choose 'Social Distance Banking' by opting for the Bank's various Digital Banking Services for all their banking needs, from the comfort of their home.

### SUPPORTING WORKFORCE

IndusInd Bank prioritises the health and safety of its employees. It continued to offer its workforce the flexibility of work-from-home. The Bank also extended its 'Employee Benefit Corpus' to help those who had been severely affected by the pandemic. The Bank has also carried out mass vaccination drives for its employees.

### SUPPORTING THE COMMUNITY

In keeping with its commitment towards society, the Bank has been working with the government and its agencies across several states as well as at the national level, to fight against the pandemic and in collecting donations for the Prime Ministers' Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund.

The Bank declared a provision of ₹1,203 crores for COVID-19 management and has since monitored the requirements closely.

The Bank spent nearly 24% of the total CSR expenditure in response to the pandemic. The following activities were conducted as part of its COVID-19 relief work:

- Supported the Municipal Corporation of Greater Mumbai (MGCM) in training of 3,000 doctors and nurses in ventilator management for critical care
- Set up of 1,100 kitchen gardens for the sustenance and benefit of villagers during the pandemic
- Conducted online training to initiate the use of technology for business continuity for 1,000 women micro-entrepreneurs
- Donation to the Chief Minister's Relief Fund, State Disaster Management Authority and the PM CARES Fund
- Distribution of relief material in direct association with the government, and through NGOs

IndusInd Bank is committed to supporting the community rebuild and adapt to new trends that may arise in the coming years.



### Relief Materials Distributed During the Pandemic

9,000

N-95 masks

35,650

PPE kits

100

Hospital beds

4,00,000

Three-ply face masks

15,200

VTM and Rapid testing kits

5,000

Pulse oximeters

2,72,400

Pairs of gloves

4

Ventilators

110

Spray machines

16,130 ltr

Sanitisers

24,250

Dry ration kits

34

Thermal fogging spraying machines

123

Sanitiser dispensers

15,500

Disposable bed sheets

3,400 ltr

Soya cooking oil for community kitchens

## Customer Connect

# Redefining Convenience for the Customer

The Bank understands that customer needs are rapidly changing. To address these evolving needs, the Bank has kept customer experience at the centre of its focus. From constant innovation of products and services, to customising its offerings and empowering the customer through digital, the Bank is exploring multifarious ways in which it can make banking more efficient, simple, accessible and reliable.

### CUSTOMER ENGAGEMENT: APPROACH AND STRATEGY

The Bank's customer engagement strategy is designed on the basis of client segmentation, given the distinctive and specific needs of different categories of clients. Apart from the interaction with its trained, enabled and experienced staff, the Bank uses technology to engage with its clientele and personalise its services. Digital and non-digital modes are used for client engagement. The Bank also uses targeted campaigns to engage with customers to not only create awareness of its products but also attract and onboard new customers through appropriate client offerings. The engagement activities are followed up with surveys that carefully gauge the 'Voice of the customer' through customer feedback which is analysed and assessed to make further enhancements and drive innovations.

### ENHANCING CUSTOMER EXPERIENCE

The Bank is committed to creating a distinctive customer experience (CEX) in order to retain its competitive advantage. The Bank's CEX strategy is to 'Redefine convenience' by making its services 'Seamless, Easy, Fast and Transparent (SEFT)'. There is a constant endeavour to deliver superior CEX by embedding the SEFT principle in the Bank's culture, processes and technology solutions.

### MEASURING CUSTOMER SATISFACTION

With the objective of assessing the service delivery standards, the Bank regularly conducts digital surveys on the basis of the category of interaction and channel used by the customer.

97%+

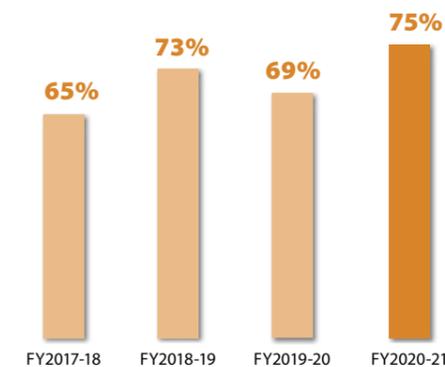
Customer complaints received in FY 2020-21 resolved within the reporting year

75%

Customer satisfaction reported by survey against target of 70% in FY 2020-21

### CUSTOMER SATISFACTION

(% of satisfied customers out of total number of customers responding to the survey)



### CUSTOMER DATA PRIVACY

Data privacy is of utmost importance to IndusInd Bank and it focuses on protecting customers' privacy during their offline visits and online logins. The Bank takes the responsibility of keeping customer data confidential at all times. It follows a Board-approved Privacy Policy which is displayed at all branches and also hosted on the Bank's website. Read more about the Bank's privacy policy [here](#). The Bank treats every customer's information as private and confidential and doesn't disclose it to any other entity unless authorised by the customer or compelled by law, as mentioned in the Customer Rights Policy. Employees, bound by the code

[GRI: 418-1]

of ethics, are authorised to access customer information for business purposes only. They are subject to disciplinary action in case of any breach. A customer may contact the Bank at [reachus@indusind.com](mailto:reachus@indusind.com) if they do not wish to be informed of the offers available.

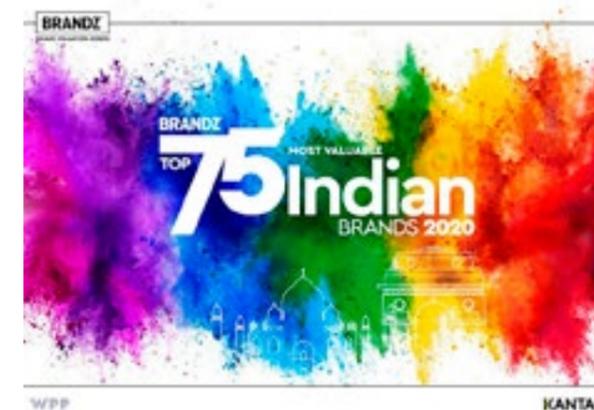
During FY 2020-21, there were zero complaints received from outside parties and regulatory bodies or substantiated by the organisation regarding breach of customer privacy and loss of customer data. There were no identified leaks, thefts or losses of customer data. During FY 2020-21, 30,045 customer complaints were reported, of which 29,714 were resolved and 873 were under process as on March 31, 2021. 2.9% customer complaints were pending as on March 31, 2021 which will be resolved subsequently.

### CUSTOMER GRIEVANCE REDRESSAL

The Bank follows a Board-approved Grievance Redressal Policy, which is displayed at all branches and also hosted on the Bank's website. Customers can file complaints related to any services provided by the Bank or any outsourced agency at the Bank or through the call centre.

Read more on Grievance Redressal Policy [here](#) and Mechanism [here](#).

**IndusInd Bank was ranked 55th among the Top 75 Most Valuable Indian Brands 2020 as per the WPP Kanter BrandZ Top 75 rankings.**



## Marketing Campaigns

### #HARINDIANKACOMEBACK

The Bank's first brand campaign of the year – **#HarIndianKaComeback** – was launched to celebrate the indomitable spirit of resourcefulness and resilience that every Indian citizen upheld amidst the trying times. The campaign highlighted the Bank's unwavering commitment to partnering with its customers as they restarted their journey with renewed vigour. The campaign was primarily TV-led, and was aired on 32 top channels across different genres.

### THE 'ZEBU' BULL SCULPTURE

In partnership with the Municipal Corporation of Greater Mumbai (MCGM) and supported by the Hinduja Foundation, the Bank unveiled a majestic sculpture of its brand identity – The 'Zebu' Bull – at the central business district of Worli in Mumbai. Conceptualised by globally acclaimed Mumbai-based sculptor, Arzan Khambatta, the 'Zebu' Bull resonates through the Bank's history as a symbol of stability, confidence and strength.

### DIGITAL CAMPAIGNS

**FD Radio Campaigns:** IndusInd Bank executed two strategically planned radio campaigns on the Bank's Fixed Deposit propositions which aired in six languages viz. Hindi, Tamil, Telugu, Kannada, Malayalam and Bengali. The radio campaign was aired across 24 markets.

**Launch of the 'PIONEER Heritage' Metal Credit Card:** A unique offering for those who live on their own terms. Not only is the metal card loaded with features, but it is also a piece of art owing to its stylish aesthetics. From privileges on dining, travel and entertainment to exciting rewards, it's a meticulously crafted credit card for the discerning few.

**Loan Festivals:** The Bank organised over 1,000 'Loan Melas' across 125 cities in the months of October, November and December 2020 for reaching out to both existing and potential customers.

IndusInd Bank believes in transparent communications with its customers. There were no marketing communication breaches reported in FY 2020-21.

[GRI: 418-1]

IndusInd's reputation has grown over the years as a responsible lender. Today it lends to emerging industries that are ESG-positive—a factor that has increased its credibility amongst investors

# INTEGRATED APPROACH TO VALUE CREATION



**IN THIS SECTION**

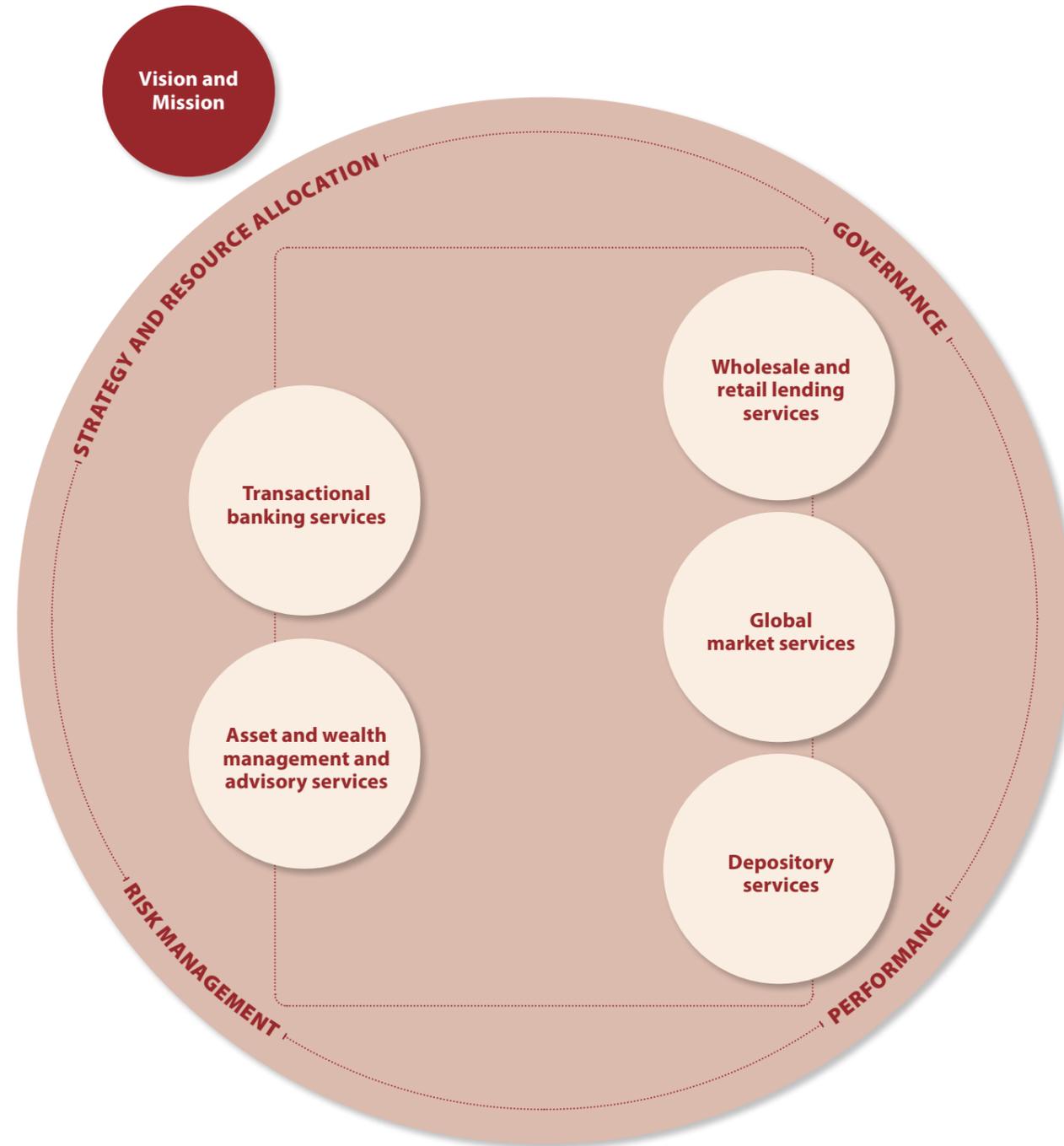
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## Value-creation Model

# Valuing Resources and Relationships

### Inputs Business Activities Outputs and Outcomes

- Financial Capital**
  - Equity capital: ₹ 773.37 crores
  - Assets: ₹ 3,62,903 crores
  - Deposits: ₹ 2,55,870 crores
  - Corporate and commercial advances: ₹ 2,12,596 crores
- Infrastructure Capital**
  - Branches: 2,015
  - Banking outlets: 150
  - ATMs: 2,872
  - Corporate and back offices: 49
  - Overseas offices: 3
  - Pioneer branches: 9
  - Green buildings: 3
  - Data centres: 2
- Intellectual Capital**
  - Digital infrastructure expenditure: ₹428 crores
  - New technology partnerships
  - Conducive and customer-centric processes
  - Robust risk management framework and project scrutiny
  - Customer data security analytics and robotics
  - Collaboration with fintechs and start-ups
- Human Capital**
  - Total permanent employees: 29,661
  - Training programmes: 1,590+
  - No. of training participants: 5.05 lakhs
  - Permanent employees man hours worked: 5,82,22,638 hours
- Natural Capital**
  - Electricity consumption: 73,037.88 MWh
  - Fuel consumption: 681.53 Kl
  - Paper consumption: 1146.21 MT
  - Total water used: 3,28,347.27 Kl/annum
- Social and Relationship Capital**
  - Total No. of rural liabilities customers: 15.1 lakhs
  - CSR expenditure: ₹94.72 crores



- Outputs and Outcomes**
  - Net Interest Margin (NIM): 4.17%
  - Return on Assets (ROA): 0.93%
  - Return on Equity (ROE): 7.55%
  - Capital adequacy ratio: 17.38%
- Increased network of ATMs and branches across India
  - Increased banking accessibility in remote areas
  - Rural branches: 436
  - LEED Gold and Platinum rated offices
- Enhanced customer experience and increased productivity
  - 1 crore digital transactions/month. Benefits and features of digitisation extended to rural India
  - Registered users on the IndusMobile app: 28 Lakhs
  - User growth in Whatsapp banking: approx. 280%
- Employee turnover: 20.6%
  - Average learning hours/employee: 28.57
  - Permanent women employees in the workforce: 5,528
  - Permanent employees with disabilities: 25
- Funded renewable energy projects: 4568 MW
  - Emissions Intensity/FTE decreased by 6.16%
  - Emissions intensity per unit revenue decreased by 13.87%
  - GHG emission avoidance: 4,524.56 MTCO<sub>2</sub>e
  - Trees planted through the afforestation project: 56,000
- Beneficiaries of CSR projects: 19.01 Lakhs
  - Customer satisfaction score: 75%
  - Microfinance beneficiaries: 83.13 Lakhs

[GRI: 102-7, 102-8]

[GRI: 102-7, 102-8]

## Opportunity Landscape

# Staying Ahead of the Curve

FY 2020-21 brought many challenges for the banking and financial services sector. There were both risks and opportunities for the Bank, the impact of which would crystallise over a long period of time. The Bank has faced the challenges with fortitude and will continue to propel forward to make the best of the opportunities available to it.

### Trends Driving the Financial Sector

#### PAVING THE WAY FOR A CASHLESS ECOSYSTEM

The world is moving towards a cashless ecosystem enabled by digitalised wallets and platforms. The use of cloud computing and robotic process automation is making banking leaner, faster and more profitable. Various companies are aiming to improve environmental sustainability with the adoption of green and clean tech.

#### IndusInd Bank's response

**Adapting to the new trend, the Bank is focusing on finding innovative ways to attract customers, improve customer experience and make banking seamless through the use of advanced technologies. It is accelerating digital adoption, keeping the client at the centre while reshaping operations, infrastructure, and resources to become more digitally enabled. At the same time, the Bank is increasing the level of financial flows to sustainable development that addresses climate and environmental issues.**

#### THE PANDEMIC'S IMPACT ON THE ECONOMY AND LONG-TERM CONSEQUENCES

Apart from its immediate health consequences, the pandemic will also have monetary and fiscal impact, leading to changes in tax structure and government spending, which are likely to impact client needs. Governments are under pressure to ensure access to financial support – loans, guarantees, or grants – needed to prevent companies from collapsing under financial stress. However, the government's and the Reserve Bank of India's (RBI) monetary and fiscal support are helping shore up the economy. In the days ahead, the government's affordable housing scheme, reduction in corporate tax, GST tax revision, the RBI's accommodative policy stance, and the finance ministry's push to empower bankers are likely to boost credit growth.

#### IndusInd Bank's response

**To take advantage of the market opportunities, the Bank will be deepening its reach in existing markets and widening its reach as well, while adding new growth boosters. Rising income is creating a desire for affluent banking, which the Bank intends to capitalise on and take its place among the country's top 5 wealth managers, while ramping up its non-resident branches, international presence, and digital offerings. The Bank will continue to endeavour to stay ahead of the curve by bringing out the best in banking services and address their customer's needs.**

#### EXPANDING MARKET REACH

Purchasing power and aspirations are growing in semi-urban and rural India. With the introduction of technology in rural areas, and the enhanced connectivity at low cost, rural customers are seeking better life conditions and financial choices. Tier 2 and Tier 3 cities in India are accessing financial products through various digital platforms.

#### IndusInd Bank's response

**Close to 37+ crores people belong to the Bottom of Pyramid (BoP) and nearly 60% of India's population live and earn in rural areas. The Bank is aware of the significant opportunities opening up in rural and semi-urban India and has a rural banking vertical to cater to these areas with a variety of product and service offerings such as micro-loans, vehicle loans, savings accounts and asset securitisation. It is also engaging in term-lending to microfinance institutions through its extensive network of 397 rural branches. IndusInd Bank believes that rural India offers an enormous opportunity to assisted-digital players and consider holistic rural banking as a strategic priority.**

## Risk Management

# Managing Threats Strategically

FY 2020-21 brought various unseen risks related to the pandemic, making it imperative for the Bank to re-evaluate its risk exposure and find an effective way to mitigate them, particularly with respect to its SME, Real Estate and Unsecured business, which had been most impacted.

The Bank has an Enterprise-wide Risk Management (ERM) Framework which helps identify and measure the level of risk and define its mitigation measures across various segments. The framework is supported with policies which help adequate management.

The Chief Risk Officer (CRO) Mr. Ramaswamy Meyyappan reports to MD and CEO of the Bank as well as the Board-level Committee, which is the 'Risk Management Committee'. The Risk Management Committee (RMC) has a complete oversight on the functioning of various sub committees setup for identification, measurement, management and mitigation of risks faced by the Bank. The Bank undertakes a range of business activities necessitating it to identify, measure, control, monitor and report risks effectively. The Board of Directors and Risk Management Committee have oversight on the risk assumed by the Bank.

The Risk Management function is structurally independent of the business lines and is without any volume or profit targets. The CRO reports to the CEO with no alignment to business. The Risk Management team filters and prioritises the risks based on the structured policies and Risk management framework. The Chief Risk officer discusses the individual risks and based on the criticality of risks, these are tabled on to the Risk Management Committee of the Board which are discussed and their inputs are taken for further improvements.

Financial incentives are linked to the performance against risk management metrics in the KRA of Senior Management which includes various parameters of Risk management.

The Bank has an Integrated Risk Management Department, independent of business functions, covering Credit Risk, Market Risk, Assets-Liabilities Management (ALM), Operational Risk Management and Business Continuity Planning (BCP). Credit Risk is managed both at the transactions level as well as at the portfolio level. The Bank's the Environmental and Social Risk management policy and process is detailed [here](#).

The Bank has been proactively taking various initiatives in line with best international practices and operating environment towards enhancement of Risk Management. With the growth in business volumes, introduction of innovative products/services etc., it is highly imperative to adopt risk management practices so as to safeguard Bank's interests.

**Some of the measures recently adopted are**

- Risk Analytics and Data mining
- B-score model development for retail loan book
- Development of rating models for assessing borrower risk for newer segments introduced
- Implementation of software for assessment of various risks such as credit risk, market risk, operational risk, ALM, reputation risk etc.

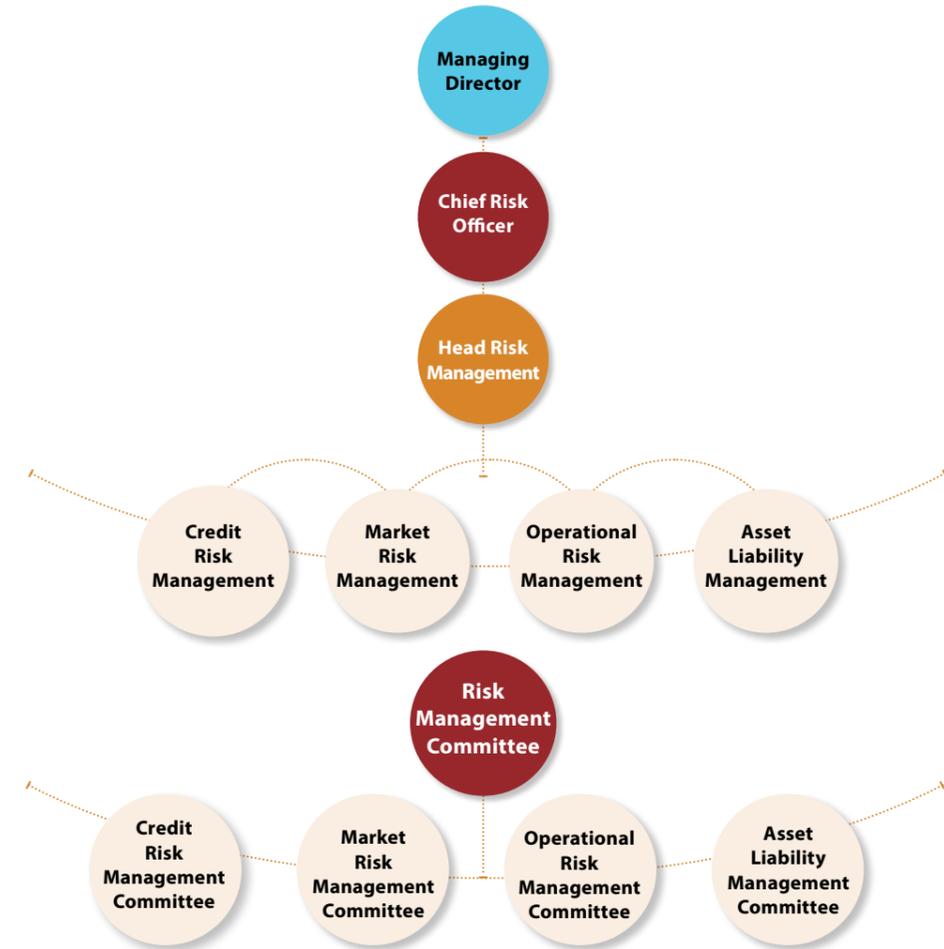
Risk Management functions within the Bank are continually enhanced to keep abreast with latest developments.

**The Bank is equipped with E-learning and Training Modules on Compliance Risk covered in the Induction training, Compliance Training for Branch Team, Specialised Training on Compliance Risk, Specialised Training on Operational Risk along with Mandatory E-learning module for Business Continuity Management awareness and Information Security Awareness for all employees.**

The key enabler for employee performance is the Bank's performance management process, which comprises Goal/SMART setting, and Annual Review processes. Risk Compliance is also an integral part of the SMARTs of employees. The Bank also ensured adherence to all the HR-related regulatory and statutory laws. The Bank's business ambition based on stretch targets is captured in the Individual Goals/SMARTs, which are linked to the business plans of the Bank.

[GRI: 102-15]

### RISK MANAGEMENT DEPARTMENT AND STRUCTURE



### EMERGING RISKS AND APPROACH TO MITIGATION

Name of the emerging risk	Model Risk	Natural Calamity/Pandemic
<b>Category</b>	Other (Finance and Technology)	Environmental
<b>Description</b>	<ul style="list-style-type: none"> <li>Assessing the Bank's financial models used to measure as the market risks or value transactions for their performance as per the expected standards</li> </ul>	<ul style="list-style-type: none"> <li>Occurrence of extreme weather events like rising sea levels, floods, cyclones, tsunami and flooding.</li> <li>Occurrence of global pandemics and epidemics, health disasters.</li> </ul>
<b>Impact</b>	<ul style="list-style-type: none"> <li>Technical errors, data or calibration errors can have potential impact on valuations of benchmark models.</li> </ul>	<ul style="list-style-type: none"> <li>Higher Credit costs for agriculture, infrastructure and real estate sectors</li> <li>Decreased asset quality</li> <li>Damage to the Bank's infrastructure and technological assets</li> <li>Lower productivity, absenteeism and delayed completion of tasks by workforce</li> </ul>
<b>Mitigating actions</b>	<ul style="list-style-type: none"> <li>Well-tested and validated models in use</li> <li>Statistical tests for validation</li> <li>Less complex models for measurement of credit and market risk</li> <li>Periodic review of model performance</li> </ul>	<ul style="list-style-type: none"> <li>Sophisticated technology and automated operations, leading to lower operational risk exposure</li> <li>The staff is qualified and adequately skilled to perform operations in the Bank. However, intense competition for skilled resources among financial firms leads to concerns of attrition risk of people resources.</li> </ul>

[GRI: 102-15]

# Risk Management

## CORE RISKS AND APPROACH TO MITIGATION

Risk Identified	Estimated financial implications	Methods of management
<b>CREDIT RISK</b> <b>Transaction risk and Portfolio risk</b> Depends on the probability of default and concentration of portfolio	This is a function of loss given default	<ul style="list-style-type: none"> <li>The Bank uses a robust risk rating framework for evaluating credit risk of the borrowers. It uses segment-specific rating models that are aligned to target segment of the borrowers</li> <li>Risks on various counter-parties such as corporates, banks etc. are monitored through counter-party exposure limits, also governed by country risk exposure limits in case of international trades</li> <li>The Bank manages risk at the portfolio level too, with portfolio level prudential exposure limits to mitigate concentration risk</li> </ul>
<b>Potential Impact : C</b>		
<b>MARKET RISK</b> <b>Interest rate risk, foreign exchange risk, price risk, volatility risk and commodity risk</b> Depends on deterioration of value of assets due to unfavourable movement in market variable	Replacement cost equivalent to mark-to-market	The Bank manages market risk through a framework which supports various measures such as mark-to-market, sensitivity analysis, value-at-risk and monitoring through operational limits such as stop-loss limits, exposure limits, deal-size limits, maturity ladder, etc.
<b>Potential Impact : C</b>		
<b>ASSETS AND LIABILITIES MISMATCH RISK</b> <b>Mismatch in future buckets managed, therefore occurrence is very less likely</b>	Depends on the cost of funds to be generated to mitigate the mismatch	<ul style="list-style-type: none"> <li>Limits prescribed for mismatch in time buckets facilitate efficient management of Asset Liability Management (ALM) risk.</li> <li>Interest rate sensitivity is monitored on earning perspective and economic value perspective through prudential limits for rate sensitive gaps, modified duration and other risk parameters.</li> <li>Interest rate risk on the investment portfolio is monitored through value at risk and risk sensitivities on a daily basis. Optimum risk is assumed through duration to balance between risk containment and profit generation from market movements</li> </ul>
<b>Potential Impact : C</b>		
<b>OPERATIONAL RISK</b> <b>Inadequate or failed processes, people or systems risk</b> Depends on the probability of operational loss incidents	Value of actual loss incidents and provisions	<ul style="list-style-type: none"> <li>The Bank has adopted business continuity plan (BCP) to ensure timely recovery of the Bank's critical operations and services in the event of any crisis.</li> <li>Regular mock drills are carried out to ascertain BCP preparedness.</li> <li>The risk is managed effectively through regular training, awareness, process enhancements, insurance premium, outsourcing and automation. The Bank has implemented various risk management tools such as Risk and Control Self-Assessment (RCSA), KRIs monitoring and loss data collection (Basel 8X7 matrix) including near miss events and Operational Risk Assessment Process (ORAP) framework.</li> </ul>
<b>Potential Impact : C</b>		
<b>LIQUIDITY RISK</b> <b>Funding gap risk and market liquidity risk</b> Funding gap risk is managed through management of LCR and adequate investment in high quality liquid assets, therefore very less likely Market liquidity risk shall depend on the liquidity conditions in the financial market	Depends on the cost of funds to be generated to mitigate the liquidity gap	Liquidity risk is monitored through structural liquidity gaps, dynamic liquidity position, liquidity coverage ratios, liquidity ratios analysis and behavioural analysis, with prudential limits for negative gaps in various time buckets.
<b>Potential Impact : C</b>		

**Potential Impact :**

- C Erosion of capital
- D Erosion of capital and data

[GRI: 102-15]

Risk Identified	Estimated financial implications	Methods of management
<b>REGULATORY RISK</b> <b>Compliance with new regulatory guidelines</b> Minimal occurrence – the Bank has a well-defined Compliance Department which oversees Compliance function. Bank staff are adequately educated on compliance issues and dealing in customers and regulatory issues.	Compliance with regulatory guidelines and penalties/ fines levied in case of violations/non-compliance	The Bank ensures qualitative checks and controls with qualitative internal and external audits to comply with regulatory requirements. Well- defined internal policy and function.
<b>Potential Impact : C</b>		
<b>BRAND AND REPUTATION RISK</b> <b>Market/public perception, Nature and volume of frauds/customer complaints etc.</b> Minimal occurrence – the Bank has adequate corporate governance and professional management team in place	Depends on volume of frauds and replacement cost of deposits due to adverse reputational event	The Bank has maintained its asset quality while achieving growth in balance sheet size. The Bank has been able to raise capital at regular intervals and maintained its external rating.
<b>Potential Impact : C</b>		
<b>CLIMATE-CHANGE RISKS</b> <b>Extreme weather events like rising sea levels, floods, cyclones, tsunami and flooding</b> The likelihood of occurrence is moderate (For more details, please refer to Aligning with TCFD recommendations on Page 56)	Credit costs for agriculture, infrastructure and real estate sectors, decreased asset quality, damage to the Bank's infrastructure and technological assets	Revised policy of funding Having a well-diversified portfolio across various industries and segments Implementation of a BCP Digitalisation of process for employees and clients
<b>Potential Impact : C</b>		
<b>OCCUPATIONAL HEALTH AND SAFETY RISK</b> <b>Health and safety issues related to indoor air quality, ergonomics, physical infrastructure (lifts, stairs, railing, etc.) Health issues due to pandemics and other natural calamities</b> The likelihood of occurrence is low	Lower productivity, absenteeism and delayed completion of tasks	<ul style="list-style-type: none"> <li>Bank has sophisticated technology and automated operations, leading to lower operational risk exposure</li> <li>Bank's staff have been provided adequate training to perform operations in the Bank</li> <li>Regular checks and signages in place for H&amp;S aspects in all the facilities</li> </ul>
<b>Potential Impact : C</b>		
<b>CYBER RISK</b> <b>An accelerating risk due to advances in technology and digital landscapes. Also, as a result of the COVID-19 pandemic working remotely has increased the risk of potential cyber-related threats.</b> The likelihood of occurrence is low	Depends on volume of fraud	The Bank applies a variety of strong technical control vulnerabilities, network security controls, password management controls and software development controls
<b>Potential Impact : D</b>		

**Potential Impact :**

- C Erosion of capital
- D Erosion of capital and data

[GRI: 102-15]

## Stakeholder Engagement

# Reflecting on Stakeholder Concerns

The Bank regularly engages with its stakeholders to assess their concerns and address them. Without this critical step, an effective management of risks, undertaking new ventures and development of products and processes would not be successful. The Bank is committed to communicating with its stakeholders in a transparent manner on all developments that concern them.



### Open, regular and transparent engagement with stakeholders



#### INVESTORS

##### TOPICS OF INTEREST

- Strong operational performance with a focused growth strategy
- Risk management
- Compliance to regulations
- Building a responsible value chain
- Solid ESG performance and Integration

##### INDUSIND BANK'S INTERACTION AND ENGAGEMENT APPROACH

The Bank communicates with investors and shareholders during investor meets, through investor grievance channels, at roundtables, quarterly conference calls, face-to-face meetings, annual general meetings and more. These are aimed at providing relevant information as well as understanding stakeholders' perspectives on the Bank's performance and strategy.



#### CUSTOMERS

- Data privacy and security
- Grievance mechanism
- Ease of access for banking facilities

The Bank has a continuous ongoing interaction with customers through digital channels such as video conferencing, customer care, satisfaction and loyalty survey, and social media platforms to understand their requirements and create better solutions, products and services for them.



#### EMPLOYEES

- Benefits and remuneration
- Grievance redressal and timely response
- Training and career development
- Work-life balance

The Bank has ongoing regular communication with its employees using town-hall meetings, appraisal process, newsletters and other channels to understand and support their concerns and ensure they are aligned with the Bank's strategic priorities.



#### SUPPLIERS

- Fair treatment
- Procurement from local suppliers
- Service delivery and quality
- Operational efficiency

IndusInd Bank interacts with its suppliers through supplier meets, techno-commercial discussions and supplier sustainability assessments. The Bank subscribes to responsible procurement practices and invests in building relationships with its suppliers.



#### REGULATORS AND POLICYMAKERS

- Compliance to regulations
- Solid ESG performance and Integration
- CSR and reporting

The Bank engages with regulators through one-to-one meetings, emails and submission of performance reports. It strives to be a good corporate citizen and complies with applicable regulations. The Bank plays its role in developing and implementing public policies.



#### SOCIETY AND NGOs

- Rural development
- Financial literacy and inclusion
- Support for livelihoods
- Socio-economic development
- Job creation

The Bank is committed to uplift the communities in which it operates. It engages with the community through its CSR team regularly. Community meetings are held to understand their needs and play an active role in supporting them.

### ENHANCING VALUE FOR ALL STAKEHOLDERS

**Solid financial performance irrespective of volatility and changing dynamics**

**Happy customers and trustworthy relations**

**Career development and employee well-being**

**The Bank strives to create an empowered group of suppliers which contribute to a responsible supply chain with best practices**

**The Bank consistently supports government endeavours and abides by the laws of the land, leading by example and reducing risk**

**The Bank is focused on giving back through its CSR programmes in the areas of environment, education, skill and livelihood development, healthcare, arts and sports**

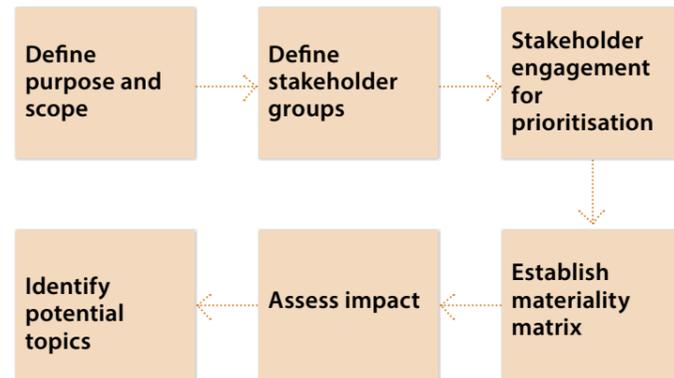
## Materiality

# Addressing Issues that Matter

The Bank considers those issues as material which have the potential to impact its operations and affect its relationships with its stakeholders. Issues that impact the relevance, financial and socioeconomic viability of the Bank are accorded of utmost importance. The Bank's materiality assessment process has provided important inputs in the shaping of its sustainability strategy and approach to value creation.

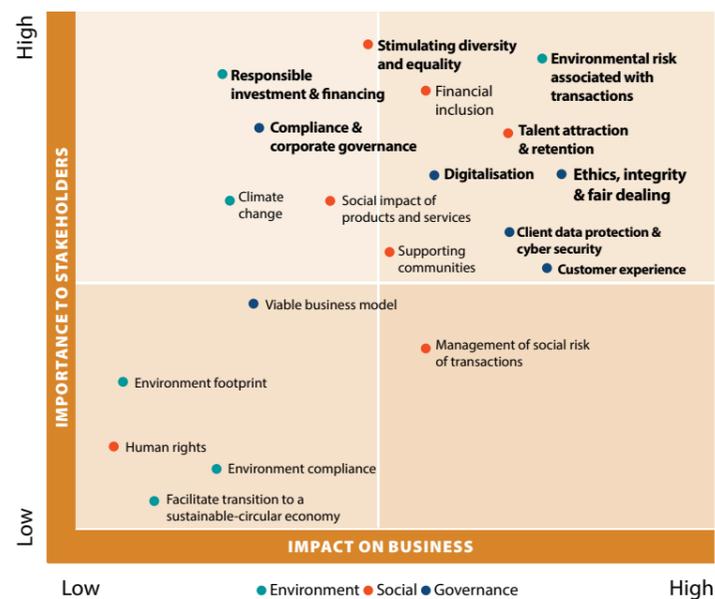
### MATERIALITY ASSESSMENT PROCESS

A constantly evolving market dynamics and changing customer needs make it necessary for the Bank to strike a balance between revenue generation, good governance, stakeholder participation and larger sustainability issues. In FY 2019-20, the Bank undertook a materiality assessment that helped it arrive on issues most material to its performance and the interests of its key stakeholders.



### MATERIALITY MATRIX

The Bank has identified 20 material issues which are of strategic relevance. The issues are assessed based on two dimensions of the impact of the issue on the business and the importance of the issues to the stakeholder concerned.



[GRI: 102-47]

## Strategy

# Scaling with a Sustainability Focus

IndusInd Bank prepares its strategic objectives in 3-year planning cycles, which are further segmented into yearly and quarterly ambitions. The Bank takes into account potential changes in the external environment while setting these strategic objectives and identifies trends in the political, economic, social, technological and regulatory factors that could have a bearing on the Bank's performance.

### PLANNING CYCLE-5

The Bank has recently presented Planning Cycle-5 (PC-5), which will be in effect till FY 2022-23. With 'Scale with Sustainability' as the core idea, the PC-5 strategy is defined by five broad themes.



### PC-5, THE BANK BELIEVES, CAN SPUR CALIBRATED GROWTH

#### GROWTH TARGETS

<95%	5-10%	<5%	45-50%
Credit to deposit ratio	Certificates of deposits	Unsecured retail	Retail LCR deposits
>65%	>15%	No reportable asset-quality divergence	
PCR	CRAR		

### PC-5 HINGES ON FIVE STRATEGIC PRIORITIES



Underpinned by: • Digitisation • Sustainability

#### Business strategy underpinned by sustainability

- Sustainable finance
- Responsible banking
- Human capital development
- CSR
- Sustainable operations
- Governance

[GRI: 102-15]

## ESG Integration in Products and Services

# The Bank's ESG Commitments

As part of its commitment to sustainability, IndusInd Bank has forayed into sustainable financing and has developed credit lines based on the ESG performance of companies. Under this portfolio, the Bank provides loans and credit facilities, with floating rates tied to the borrower's ESG performance.

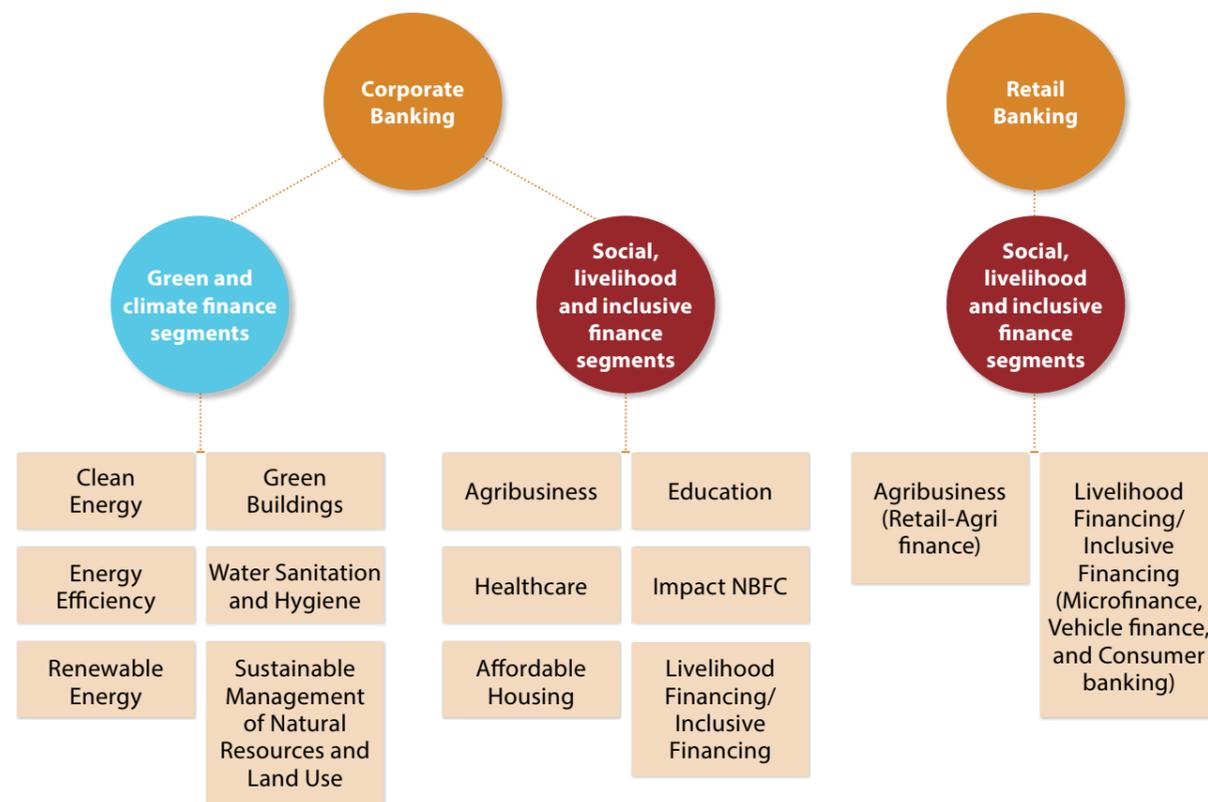
### FINANCING CONNECTED WITH ESG PERFORMANCE OF COMPANIES

As a financial services provider, the Bank offers corporate and retail banking solutions that have an important role to play in addressing challenges in order to facilitate the transition to a sustainable economy. The Bank offers climate-friendly financing solutions and healthcare, education and affordable housing credit among others.

The Bank's corporate governance systems include checks and balances that ensure that the Board of Directors has proper control and oversight to help generate long-term financial returns and create positive societal impact. The Bank takes into consideration the associated risks and identifies the business opportunities linked to Environmental, Social and Governance (ESG) factors.

Specific targets have been set by the Bank along with long-term sustainability commitments to adopt a systematic approach towards addressing ESG-linked global challenges. The identified material issues and coherent stakeholder engagement processes have led to the development of new revenue streams, advancing future risks and building trust among stakeholders.

The Bank is not active in the asset management business and the wealth management vertical constitutes less than 5% of the Bank's total business. Hence, ESG practices are integrated into our Corporate and Retail banking verticals and Project Financing.



### SUSTAINABLE FINANCE LENDING VERTICALS

Particulars	FY 2017-18	FY 2018-19	FY2019-20	FY 2020-21
Green and climate finance Advances (₹ in crores)	2,493	4,194	5,381.73	4,400
Green and climate finance as % of Bank's Advances	1.72	2.25	2.6	2.07
Social, livelihood and inclusive finance Advances (₹ in crores)	49,009	72,079	81,438.14	91,730
Social, livelihood and inclusive finance as % of Bank's Advances	33.81	38.67	39.4	43.15
Total advances (₹ in crores)	1,44,954	1,86,394	2,06,783	2,12,595
Total ESG Lending	51,502	76,273	86,820	96,130
ESG Lending as % of Bank's Advances	35.53	40.92	42	45.1

\* For FY 2020-21, the review and audit is underway and the final numbers are subject to change.

### CORPORATE AND CONSUMER BANKING ESG EXPOSURE

Corporate Banking		Retail Banking	
Particulars	Monetary Value (₹ Crores)	Particulars	Monetary Value (₹ Crores)
GCF Advances	4,400	GCF Advances	0
SLIF Advances	18,086	SLIF Advances	73,643
GCF & SLIF Corporate Total	22,486	GCF & SLIF Retail Total	73,643
Corporate Advances	91,018	Retail Advances	1,21,577

\*GCF is Green and climate finance

\*SLIF is Social, livelihood and inclusive finance

### PERCENTAGE ESG EXPOSURE

Corporate Banking		Retail Banking	
Particulars	%	Particulars	%
GCF & SLIF Corporate Total as % of Corporate Advances	25	GCF & SLIF Retail Total as % of Retail Advances	61
GCF & SLIF Corporate Total as % of Bank's Total Advances	11	GCF & SLIF Retail Total as % of Bank's Total Advances	35
GCF as % of Corporate Advances	5	GCF as % of Retail Advances	0
SLIF as % of Corporate Advances	20	SLIF as % of Retail Advances	61

\*GCF is Green and climate finance

\*SLIF is Social, livelihood and inclusive finance



45%

ESG-based credit lines out of total credit/loan business of the Bank

## ESG Integration in Products and Services

IndusInd Bank has established an Environmental and Social Management System (ESMS) to ensure investments balance the triple bottom line and has identified key elements of sustainability and ESG. The Bank's governing body and key stakeholders maintain an oversight on the proper functioning of the ESMS.

The Bank's ESMS Policy draws from several international frameworks, including the Principles of the UN Global Compact (UNGC), UN Principles for Responsible Investing (UNPRI), the International Standards Organisation (ISO) environment management guidelines, the Equator Principles and other applicable national regulations.

The Bank evaluates its clients' proposals based on the various ESG parameters and assesses the risks involved. The policy is reinforced by the Bank's relationship managers, who undergo rigorous capacity-building to appropriately assess all proposals, identify gaps and maintain transparent reporting through the digital-filing systems.

**The Bank has a zero-tolerance policy for non-compliance and carries out diligence to ensure that the projects have been approved by the planning authorities of the State. Accordingly, relevant compliances related to energy efficiency, wastewater treatment and afforestation, among others, are checked at the authority level as applicable under the respective development control regulations**



### ENVIRONMENT AND SOCIAL DUE DILIGENCE

The Bank has established Environmental and Social Risk Management (ESMS) Policy to ensure our investments balance economic growth with socioeconomic sustainability. This safeguards the bank against credit and reputational risks. ESMS evaluates our clients on various parameters of ESG and assists to identify risks. Implementation of the policy is carried out by our Relationship Managers who undergo rigorous capacity building to appropriately assess all proposals, identify gaps, and maintain transparent reporting through the digital filing systems. The policy is governed at the macro level by key stakeholders including board members, the business heads, and the CEO. To convey ESG performance of the Bank, ESG targets for FY 2020-21 were announced in last fiscal year. These targets include among others, a special focus on our ESG portfolio. We have specific targets to increase green lending portfolio and livelihoods supporting/social lending portfolio. Through this policy, the Bank has integrated Environment and Social Due Diligence (ESDD) with the overall credit risk assessment framework to identify underlying environmental and Social (E&S) risks.

### ESMS POLICY

**Managing the impact of our investments**  
Understanding the Environment & Social risks present in our lending portfolio Screening proposals against Exclusion list Identifying proposals from the High Negative Impact Industries

**Building capabilities**  
Building internal capabilities to assess and mitigate Environment & Social (E&S) risks

**Practicing sustainably**  
Promote Sustainable Banking by adopting some internationally recognised (multilateral) lending standards

**Align with external stakeholders**  
(Investors, Multilateral Agency lenders' requirements)

### EVALUATION AND OUTCOME

The outcome of the E&S evaluation may have potential gaps. Hence, the other applicable local environmental and social laws, International Finance Corporation (IFC) Performance Standards are addressed by the borrower. All corporate credit/lending clients are informed about ESG-related risks and opportunities and all the proposals are subjected to an exclusion check as the first step while checking environmental and social risks. IndusInd Bank strictly does not do business with any excluded entity.

### PROMOTING ENVIRONMENT & SOCIAL PRINCIPLES

Encouraging borrowers to be more responsible and sustainable - create an understanding of E&S risk associated with their operations

## ESG Integration in Products and Services

### EXCLUSION LIST

- Production or trade in any product or activity deemed illegal
- Production or trade in substances that are internationally banned, including, but not limited to, wildlife products, products regulated under Convention on International Trade in Endangered Species (CITES) and illegal narcotics, among others
- Gambling, casinos and equivalent enterprises
- Production or trade in products involving forced labour or harmful child labour
- Businesses owning factories or workplaces that have inadequate safety mechanism when dealing with known industrial carcinogens
- Businesses with a substantial stake in the porn industry
- Production or trade in explosives and/or fireworks primarily meant for non-industrial use and production or trade in tobacco or any of its derivative products, including, but not limited to, cigarettes, gutka, etc.

The Bank aligns its corporate banking including project finance business with the Equator Principles. We ensure compliance with the Equator Principles (EP) and with other ESG frameworks through internal experts.

During FY 2020-21, 2 projects have been reviewed in line with the Equator Principles by the Project Finance team.

Number of projects/deals reviewed: **2**

Number of projects/deals reviewed as percentage of total projects/deals: **100**

Number of projects/deals having reached financial close: **2**

Number of projects/deals declined: **0**



### TRANSMISSION LINE PROJECT 1

The Bank decided to lend a project developer for developing a transmission line project that would enable evacuation of electricity generated through renewable energy sources to the demand site. During E&S risk assessment it was found that the route of the transmission line was to pass through the eco-sensitive zone of a bird sanctuary. The transmission lines might have a negative impact on birds due to collisions and electrocutions. The IFC EHS Guidelines suggest that transmission corridors should be aligned to avoid such critical habitats or ensure control measures to minimise avian and bat collisions.

As a mitigation measure, IndusInd Bank has put forward a suggestion asking the developer to detour the project which would steer clear of the eco-sensitive zone and the bird sanctuary. The transmission line now includes a stretch of ~0.9% of total project length to pass through a wildlife sanctuary and ~1.5% other forest area. As a caveat, the Bank decided to cap disbursement at certain levels unless timely wildlife and forest clearances were obtained by the company.

### TRANSMISSION LINE PROJECT 2

In a transmission line project, some of the proposed transmission lines were to pass through Forest Area measuring ~33% of the total project length and wildlife sanctuary and an eco-sensitive zone measuring 4.0% of the total project length. The study carried out for alternate routes provided justification for the chosen route. It also highlighted the lack of any economically viable alternate route that can avoid bypassing the forest area and eco-sensitive zone and wildlife sanctuary. Thus, a biodiversity impact assessment became imperative for the chosen route.

IndusInd Bank has therefore stipulated that a Biodiversity Impact Assessment report shall be obtained prior to disbursement. Moreover, obtaining wild life clearances was critical to the viability of the project. Hence, obtaining the clearance and approvals on time were a part of the conditions stipulated at the time of sanction of the loan by the Bank. In case of any adverse impact on viability of the project, the Bank also reserves the right to withhold disbursement of the facility at any time.

### TRANSMISSION LINE PROJECT 3

One out of six elements of a transmission line project was to pass through the wildlife sanctuary an eco-sensitive zone and forest area measuring 10.03% of the project length. There weren't any economically viable alternatives to avoid bypassing the wildlife area. Therefore, the Bank stipulated that the developer ensure that the wildlife and forest clearances are obtained on a timely basis.

Consequently, the disbursement under the facility was restricted to a lower debt-equity ratio until all the forest and wildlife-related approvals for the Project are in place and LIF confirmation is obtained. Further during the initial period, the Bank also stipulated that the biodiversity assessment report be made available to availing subsequent disbursements.

## ESG Targets and Performance

# Delivering on Sustainability Commitments

The Bank's specific ESG targets drive its focus towards green lending, generation of sustainable livelihoods, and social lending. Yearly progress is monitored and reported to all the stakeholders.

### ENVIRONMENT

Aspects	Baseline	Targets for FY 2020-21	Performance Dashboard FY 2020-21	Target Status	Revised Target Year and KPIs
<b>Green and Climate Finance Portfolio</b>	FY 2017-18: 1.72% (Audited by E&Y)	5% of loans through distinctive lending themes	Green and Climate Finance: FY 2018-19: 2.25% (Audited by E&Y) FY 2019-20: 2.6% (Audited by E&Y) FY 2020-21: 2.07% (Audit underway)	Work-in-progress, target yet to be achieved	Target year: FY 2022-23 Green and Climate Finance @ 3.5%
<b>GHG Emissions Intensity and E-footprint</b>	FY 2017-18: 5.2 CO <sub>2</sub> / Revenue Cr	15% reduction in carbon intensity (CO <sub>2</sub> /Cr revenue)	Reduction in carbon intensity: FY 2018-19: 12% reduction over baseline (4.6 MTCO <sub>2</sub> e / Revenue Cr) FY 2019-20: 27% reduction over baseline (3.8 MTCO <sub>2</sub> e / Revenue Cr) FY 2020-21: 38% reduction over baseline (3.24 MTCO <sub>2</sub> e / Revenue Cr)	Target achieved	Target year: FY 2024-25 50% reduction over baseline (1.9 MTCO <sub>2</sub> e / Revenue Cr) Baseline Year: FY 2019-20 3.8 MTCO <sub>2</sub> e / Revenue Cr
<b>Participation in ESG Indices</b>	Carbon Disclosure Project Rating FY 2017-18: A-Rating	Maintain A-Rating or higher in CDP	Carbon Disclosure Project Rating: FY 2018-19: A- Rating FY 2019-20: A rating FY 2020-21: Response submitted and results awaited	Target achieved	Target year: FY 2022-23 Maintain highest rating
	Dow Jones Sustainability Index Score FY 2017-18: 50 score	Submit to DJSI with a score >70	Dow Jones Sustainability Index Score: FY 2018-19: 55 score FY 2019-20: 64 score FY 2020-21: Response submitted and results awaited	Work-in-progress, target yet to be achieved	Target year: FY 2022-23 Achieve DJSI Score >79
<b>Sustainable Procurement in Supply Chain</b>	Some vendors exhibit sustainability practices	80% of vendors have ESG policies in place; vendor sustainability assessments in place	ESG Compliant Vendors: 45% of vendors by procurement spend ESG compliant. Audited by third party-DQS.	Work-in-progress, target yet to be achieved	Target year: FY 2022-23 80% of vendors have ESG policies in place

### SOCIAL

Aspects	Baseline	Targets for FY 2020-21	Performance Dashboard FY 2020-21	Target Status	Revised Target Year and KPIs
<b>Social, Livelihood and Inclusive Finance Portfolio</b>	FY 2017-18: 33.8% (Audited by E&Y)	45% of all loan	Social, Livelihood and Inclusive Finance: FY 2018-19: 38.7% (Audited by E&Y) FY 2019-20: 39.4% (Audited by E&Y) FY 2020-21: 43.15% (Audit underway)	Work-in-progress, target yet to be audited	Target year: FY 2022-23 Social, Livelihood and Inclusive Finance @ 41.5%
<b>Women's Participation in Workforce</b>	FY 2017-18: 18.68%	Expand to 22%	Women Employees in workforce: FY 2018-19: 18.26% (Audited by KPMG) FY 2019-20: 18.26% (Audited by KPMG) FY 2020-21: 18.64% (Audit underway by Deloitte)	Work-in-progress, target yet to be achieved	Target year: FY 2022-23 Women's participation in workforce @22%
<b>Employee Engagement</b>	Internal initiatives	Employee engagement with external benchmarking	Employee Engagement: Employee Engagement Score survey exercise planned	Work-in-progress, target yet to be achieved	Target year: FY 2022-23 Achieving employee engagement score with external benchmarking
<b>Participation in Community and Outreach Activity</b>	FY 2017-18: Green Champions Programme	In addition: Bank-wide volunteering of 10 hr/staff and e-learning (on sustainability)	Employee Volunteering: FY 2018-19: 2,458 hours of volunteering by 350 employees FY 2019-20: 7,292 hours of volunteering by ~1400 employees FY 2020-21: 1,470 hours of volunteering by 213 employees Restrictions to conduct pre-defined activities due to COVID-19 pandemic	Work-in-progress, target yet to be achieved	Target year: FY 2022-23 Volunteering strategy being revised considering COVID-19 pandemic. Target setting under progress

### GOVERNANCE

Aspects	Baseline	Targets for FY 2020-21	Performance Dashboard FY 2020-21	Target Status	Revised Target Year and KPIs
<b>Corporate Governance Score Rating</b>	Did not participate	Corporate governance score in a leadership category	Corporate Governance: FY 2019-20: Conducted internal evaluation FY 2020-21: External evaluation for rating underway	Work-in-progress, target yet to be achieved	Target year: FY 2022-23 Corporate governance score in a leadership category
<b>ESMS Lending Filters</b>	ESMS filters implemented	Expand ESMS to cover all corporate loans with external assurance	FY 2019-20: Conducted external assurance by third party -Environment Resource Management FY 2020-21: 91% corporate loans covered under ESMS.	Work-in-progress, target yet to be achieved	Target year: FY 2022-23 Expand ESMS to cover all corporate loans
<b>ESG Disclosure and Integrated Reporting</b>	Integrated Report published but no external assurance	Have external accredited agencies verify ESG/integrated reports and disclosures	Integrated Report: FY 2018-19: Integrated Report and ESG KPIs externally assured by KPMG FY 2019-20: Integrated Report and ESG KPIs externally assured by KPMG FY 2020-21: External assurance of Integrated report and ESG KPIs underway by Deloitte	Work-in-progress, target yet to be achieved	Target year: FY 2022-23 Integrated Annual Report with external assurance
<b>Formulation and Compliance to ESG Policies and CDP Program</b>	Internal disclosures	External disclosures of ESG policies	Formulated ESG policies: Sustainability Policy (externally disclosed) Anti-corruption and Anti-Bribery Policy Sustainable Procurement Policy Human Rights, Diversity and Inclusion Policy ESMS policy (externally disclosed) Workforce Health & Safety Policy (externally disclosed) CSR policy (externally disclosed) Set internal processes to monitor the compliance of these policies.	Work-in-progress, target yet to be achieved	Target year: FY 2022-23 External disclosure of ESG policies: Anti-corruption and Anti-Bribery Policy Sustainable Procurement Policy Human Rights, Diversity and Inclusion Policy

The bank's environmental agenda is aimed at maximising resource optimisation while enabling positive impact on the environment and society.

#### Highlights

13.75%

Decrease in paper emissions as compared to FY 2019-20

5,251.60 MW

Electricity saved through numerous energy efficiency initiatives

9.26%

Decrease in GHG Emissions (Scope 1 and 2) as compared to FY 2019-20

33,497 kg

E-waste recycled through authorised vendors

92.4%

Decrease in cumulative emissions from business travel as compared to FY 2019-20

# ENVIRONMENT PRESERVATION

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## Green Financing

# Making Investments that Count

Aligning with the global concern on climate change, the Bank has spread its verticals across green and climate investing projects and is focused on reducing domestic greenhouse gas emissions. The Bank's PC-5 strategy, themed 'Scale with Sustainability', is based on the understanding that success means not only excelling commercially but also acting sustainably.

**The Bank believes green financing can support and help accelerate the transition to a low-carbon economy by increasing financial flow towards organisations specifically focused on green activities and that these investments will advance innovative carbon-efficient technologies and supply-chains.**

**The Bank is actively increasing its green and climate finance portfolio through sectors that will positively impact the environment.**

### RENEWABLE ENERGY

IndusInd Bank is geared up to finance renewable energy projects in India as a means to contribute towards the national agenda of installing at least 9% of generation capacity through wind and solar energy – a commitment within India's Intended Nationally Determined Contributions (INDC) towards the Paris Climate Change Agreement.

As on March 31, 2021, the Bank sanctioned credit of ₹17,251.1 crores for setting up renewable energy projects of 4568.02 MW capacity since 2015. These projects include solar, wind, biomass or biogas and small hydro projects, renewable energy products and renewable energy production/transmission and distribution.

### GREEN BUILDINGS

To promote initiatives towards sustainability, the Bank also provides financing for retrofitting/replacement in existing buildings so that they become eligible for eco-certifications. It also finances real estate developers who directly provide products/services for infrastructure projects with certifications such as LEED/GRIHA/IGBC or equivalent certification.

### ENERGY EFFICIENCY (EE)

Projects including retrofitting replacement for reducing energy consumption, industrial EE improvement, EE in commercial buildings, municipal projects, residential buildings, agricultural equipment and transportation as well as manufacturing of energy-efficient products approved by the Bureau of Energy Efficiency (BEE).

### WASH (WATER, SANITATION AND HYGIENE) PROGRAMME

The Bank provides basic sanitation and safe drinking water under this programme and Sewage Treatment Plants (STPs), industrial and municipal wastewater treatment plants, water management/treatment projects, distribution, desalination are also setup.

### CLEAN ENERGY

Energy sources such as waste-to-energy, clean-coal technology, natural gas for industrial or transportation or domestic applications and electric mobility form a part of clean energy.



### GREEN INFRASTRUCTURE FINANCE

Particulars	Monetary Value (₹)
Total value of green and sustainable infrastructure projects financed	43,87,25,00,000
Total value of infrastructure finance	69,74,59,33,000

## 62.9%

**Green/Sustainable infrastructure finance versus total value of infrastructure finance**

\* Products categories included: Renewable Energy, Energy Efficiency, Green Buildings, Clean Energy, Water, Sanitation & Hygiene

### GREEN AND CLIMATE FINANCE

Particulars	Outstanding Exposure (₹ crores)
Renewable Energy	2,840
Energy Efficiency	150
Green Buildings	1,161
Clean Energy	74
Water, Sanitation & Hygiene	162
Sustainable Management of Natural Resources and Land Use	13
<b>Total</b>	<b>4,400</b>

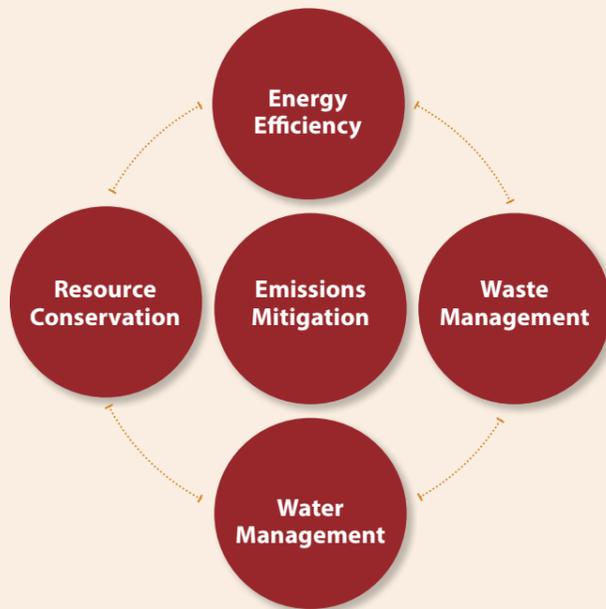
The Bank's focus on green and climate finance is limited to the corporate banking vertical, with the low-carbon products forming 3.2% of the corporate banking loan book, while products that avoided emissions for third-parties account for 1.6% of the corporate banking loan book.

## Resource Management

# Reducing the Bank's Environment Footprint

IndusInd Bank makes every possible effort to decarbonise its own operations. The Bank reports environmental indicators such as electricity use, energy use, GHG emissions, paper waste and e-waste for 100% of its operations.

### Environment Focus Areas



The Bank considers climate change to be the most pertinent issue of our times and has put in place comprehensive strategies for reducing its carbon footprint:

- Measuring, monitoring, and reducing GHG emissions associated with its operations across India
- Transforming its operations to achieve carbon neutrality over the long term
- Investing in renewables and energy-efficient solutions for meeting its energy requirements
- Divesting from fossil fuel interests
- Educating its employees on climate change and encouraging them to be partners in the implementation of its mitigation strategies

The Bank measures and monitors its carbon footprint covering all its businesses and operations in India, annually, as per the GHG Protocol and the ISO 14064 standard, verified externally by an independent third party. Limited assurance (as per the ISAE 3410 Assurance standard) is provided on GHG data. The Bank has also implemented a climate change mitigation strategy to reduce its GHG emissions. It reports environmental indicators such as electricity use, energy use, GHG emissions, paper waste and e-waste for its entire operations.

### ENVIRONMENT COMPLIANCE

The Bank complies with all applicable environment protection laws and regulations. In FY 2020-21, there were no fines or non-monetary sanctions due to non-compliance with environmental laws and regulations.

[GRI: 307-1]

8.39%

Decrease in energy consumption as compared to FY 2019-20

2,34,774 kWh

Solar energy consumed in FY 2020-21

7.16%

Decrease in total electricity emissions as compared to FY 2019-20

193.62 MTCO<sub>2</sub>e

Emissions saved through deploying solar energy

## Energy Efficiency



The Bank is progressively decarbonising its operations with the following initiatives for ensuring energy efficiency:

- Sourcing electricity for operations from renewable sources, including solar, wind and hydropower
- Incorporation of energy-efficient technologies with certified energy-efficient and low-carbon equipment and systems into offices and branch building design
- Regular upgradation of hardware, deployment of new technologies, and streamlining IT operations as part of the 'Green IT' vision
- Regular auditing of energy costs to identify gaps and initiate long-term solutions
- Promoting awareness on energy conservation among employees. Workshops are conducted for employees to increase awareness on energy conservation and sustainability.

₹48.44 Cr

Total cost of energy FY 2020-21 (Fuel + Electricity)

### ENERGY CONSUMPTION

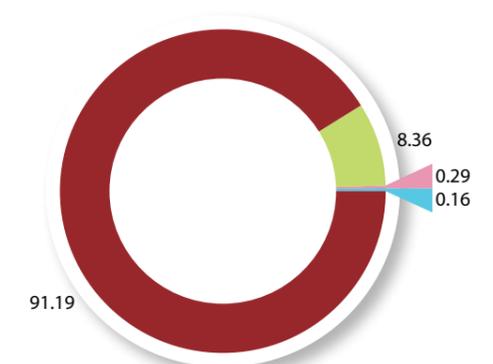
Particulars		FY2016-17		FY2017-18		FY2018-19		FY2019-20		FY2020-21	
Source of Energy	Type of energy	(MWh)	(GJ)								
Non-Renewable	Direct Energy										
	Diesel	13,485.21	48,546.76	11,426.04	41,133.74	11,187.97	40,276.69	10,857.55	39,088.27	6,692.91	24,095.14
	Petrol	503.68	1,813.25	304.23	1,095.23	222.25	800.10	190.34	685.23	131.56	473.61
	CNG	3.11	11.20	-	-	-	-	-	-	-	-
<b>Total</b>		<b>13,992.00</b>	<b>50,371.20</b>	<b>11,730.27</b>	<b>42,228.97</b>	<b>11,410.22</b>	<b>41,076.79</b>	<b>11,047.88</b>	<b>39,773.50</b>	<b>6,824.46</b>	<b>24,568.75</b>
	Indirect Energy (Electricity)	62,032.21	2,23,315.96	70,588.81	2,54,119.72	74,076.87	2,66,676.51	76,132.20	2,74,083.65	73,037.88	2,62,943.73
<b>Total</b>		<b>76,024.21</b>	<b>2,73,687.16</b>	<b>82,319.08</b>	<b>2,96,348.69</b>	<b>85,487.09</b>	<b>3,07,753.30</b>	<b>87,180.10</b>	<b>3,13,857.15</b>	<b>79,862.34</b>	<b>2,87,512.48</b>
Renewable	Solar	255.26	918.94	245.28	883.01	255.80	920.88	252.40	908.67	234.77	845.20
<b>Total</b>		<b>76,279.47</b>	<b>2,74,606.10</b>	<b>82,564.36</b>	<b>2,97,231.70</b>	<b>85,742.89</b>	<b>3,08,674.18</b>	<b>87,432.50</b>	<b>3,14,765.81</b>	<b>80,097.11</b>	<b>2,88,357.68</b>

### RENEWABLE ENERGY

In FY 2020-21, renewable energy consumption was 2,34,774 kWh. The largest contributor to the Bank's carbon footprint is purchased electricity, which accounts for more than 91.19% of the total GHG emissions. The Bank has implemented various initiatives to utilise solar energy in its operations, such as solar-powered ATMs.

### ENERGY CONSUMPTION PATTERN

Energy consumption (EC) for FY 2020-21 (%)



- Non-renewable indirect energy (Electricity)
- Non-renewable direct energy (Diesel)
- Renewable energy
- Non-renewable direct energy (Petrol)

[GRI: 302-1]

## Resource Management

### Emission Mitigation



After surpassing its emissions intensity target of 4.4 MTCO<sub>2</sub>e/revenue (₹ crores) by 2021, the Bank has taken new target of 50% reduction over FY 2019-20 baseline of 3.8 MTCO<sub>2</sub>e/Revenue crore by FY 2024-25. Currently the emissions intensity for the Bank is 3.3 MTCO<sub>2</sub>e/Revenue crore. The Bank also plans to reduce its absolute emissions by 50% by FY 2030-31.

### STEPS TO REDUCE EMISSIONS

Measuring, monitoring, and reducing GHG emissions associated with its operations across India

Transforming its operations to achieve carbon neutrality over the long term

Investing in renewables for meeting its energy requirements and in energy-efficient solutions and divesting from fossil fuel interests

### ABSOLUTE EMISSIONS

(MTCO<sub>2</sub>e)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Direct GHG Scope 1	5,937.57	5,777.29	5,299.38	8,831.60	6,698.02
Indirect GHG Scope 2	51,141.22	57,801.92	60,907.97	62,785.67	58,290.04
<b>Total (Scope 1+2)</b>	<b>57,078.79</b>	<b>63,579.21</b>	<b>66,207.35</b>	<b>71,617.26</b>	<b>64,988.06</b>
Scope 3	5,131.66	5,797.56	15,298.30	13,927.40	17,039.28
<b>Grand Total</b>	<b>62,210.45</b>	<b>69,376.77</b>	<b>81,505.65</b>	<b>85,544.66</b>	<b>82,027.34</b>

### EMISSIONS INTENSITY

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Specific GHG Emissions (Scope 1+2) per revenue crore (₹)	5.6	5.2	4.6	3.77	3.24
Specific GHG Emissions (Scope 1+2) per FTE	2.25	2.51	2.39	2.33	2.19

### SCOPE 3 EMISSIONS OVERVIEW

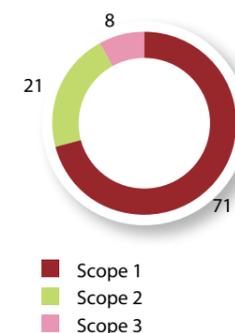
(MTCO<sub>2</sub>e)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Paper	3,013.43	3,562.91	9,060.16	7,619.53	6,571.54
Employee commute	184.61	239.59	273.60	479.83	328.74
Business Travel Total	1,933.61	1,995.06	2,413.58	1,226.65	93.13
CFD-Reimbursement and IBL Car Hire	-	-	119.54	653.33	2,857.16
Hotel stays	-	-	67.55	156.51	103.05
Data centre	-	-	1,018.74	1,182.57	1,237.55
Transaction-based offsite ATMs	-	-	2,345.14	2,608.99	2,188.15
Work from Home	-	-	-	-	3,659.96
<b>Total</b>	<b>5,131.66</b>	<b>5,797.56</b>	<b>15,298.31</b>	<b>13,927.41</b>	<b>17,039.29</b>

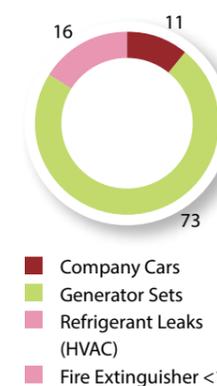
\*Data Center Emissions have been revised for last two years (FY 2018-19 and FY 2019-20). The error occurred due to misinterpretation of data centres managed and controlled by data centre vendors. We have rectified the errors and revised the accounting methodology. The data has been revised retrospectively leading to an increase in the overall Scope 3 emissions.

[GRI: 305-1, 305-2, 305-3, 305-4]

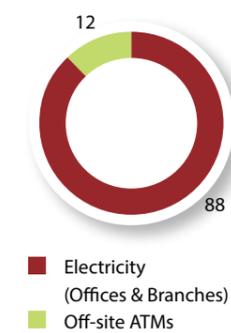
### EMISSION SUMMARY



### SCOPE 1 EMISSIONS

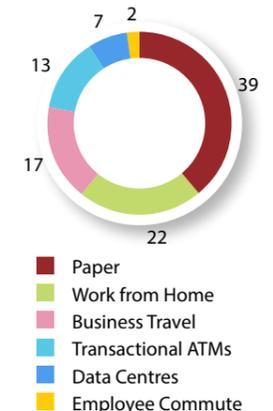


### SCOPE 2 EMISSIONS



FY 2020-21 (MTCO<sub>2</sub>e) (%)

### SCOPE 3 EMISSIONS



### OPERATIONAL EFFICIENCY INITIATIVES

The Bank has implemented Emission Reduction Initiatives namely timers installed at signages, deployment of thin clients and virtual servers. The Bank has deployed 147 thin clients this year. The per-unit cost of a thin client is less than the cost of a standard computer and also the electricity consumption is also less. The Bank installed 102 timers in our signages. These help reduce electricity consumption in our branches and offices. The Bank has continued its investment in virtual servers as a means of reducing energy costs and improving efficiency this financial year. This year the Bank has virtualised 553 servers. These initiatives not only help in cost reduction as a result of reduced electricity consumption but also help reduce the carbon footprint of the Bank and thus, help in climate change mitigation. The total emission savings through these initiatives are 2,788.28 MTCO<sub>2</sub>e.

Moreover, the Bank has implemented energy optimisation devices at its facilities to reduce electricity consumption and thus reduce Scope 2 emissions. The project involves the installation of power factor (PF) correction systems to help improve energy efficiency. IndusInd Bank has installed power-saving devices in some of its HVAC systems to reduce energy consumption. Currently, this project has been implemented in 92 branches/offices. This device has sensors for starting and switching off the ACs and also for monitoring the ambient temperature.

Refer to the GHG Assurance Statement [here](#).

[GRI: 305-1, 305-2, 305-3]

### ENERGY EFFICIENCY INITIATIVES

Particulars	Electricity saved kWh	Emissions saved MTCO <sub>2</sub> e
Thin clients	41,836.47	34.5
Virtual servers	31,82,560.76	2,624.63
Timers	1,56,600	129.15
Energy Optimisation Project	5,77,517.45	476.27
Optimisation of AC Power Consumption	12,93,089.45	1,066.4
<b>Total</b>	<b>52,51,604.13</b>	<b>4,330.95</b>

### RENEWABLE ENERGY (SOLAR)

Particulars	Electricity generated kWh	Emissions avoided MTCO <sub>2</sub> e
Solar energy generated at Karapakkam facility, Chennai	34,051	28.08
Solar energy generated at IBL House, Mumbai	9,923	8.18
Solar ATMs	1,90,800	157.35
<b>Total</b>	<b>2,34,774</b>	<b>193.61</b>

### ENERGY EFFICIENCY INVESTMENTS

Particulars	Monetary Value (₹)
Thin clients	85,92,000
Virtual servers	3,55,00,000
Timers	5,05,512
Energy Optimisation Project	82,73,727
<b>Total</b>	<b>5,28,71,239</b>

# Resource Management

## Waste Management

Aligning with government regulations, the Bank is following a sustainable approach to managing waste. Waste generation at the Bank comprises electronic and paper waste. Also, the Bank has started consuming recyclable paper and reducing the use of paper in its operations by going digital.

Waste segregation bins have been placed in the pantries of corporate offices and dry waste is sent for recycling while wet waste at a few facilities is converted into compost. During FY 2020-21, no shredded paper from disposal of Bank's old records stored with the Record Management Agencies took place on account of COVID-19 lockdowns. Also, on account of COVID-19, the procurement of newspapers/magazines was terminated. The Bank recycles electronic waste through authorised e-waste vendors.

**33,497 kgs**

Of e-waste recycled



## Water Conservation



The Bank's water consumption is limited to the use of water at its offices; it is working to minimise its consumption of water.

- Washbasin taps have been installed with Aerator sprinkler filters that help save ~2,500 litres per device per day
- Male urinals are fitted with bio-blocks, which work as a replacement of water flushes converting existing flush-based urinals into a completely waterless system. Thus, ~3 litres of water is saved per flush

**3,28,347.27 Kl/annum**

Total water used

[GRI: 303-1, 303-3, 306-2]

## Resource Conservation

### GREEN BUILDINGS

The Bank is actively converting its buildings into efficient green buildings. The Bank plans to make all the Pioneer branches plastic-free, solar powered and obtain a green building certification.

#### LEED Gold certified

Palm Spring office at Gurgaon

#### LEED Platinum certified

IBL House in Mumbai

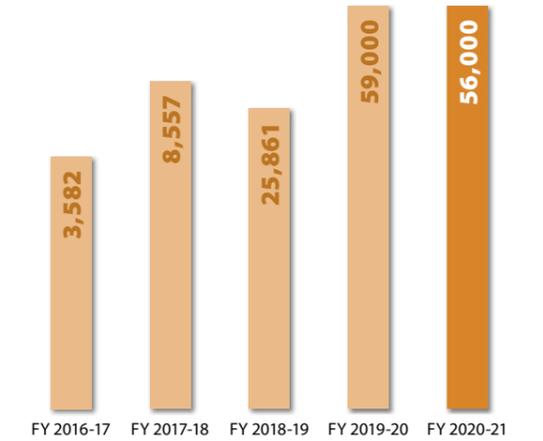
#### LEED Gold rating certified

Karapakkam office in Chennai



### TOTAL NUMBER OF TREES PLANTED

**56,000**



### CARBON SEQUESTRATION

In association with the Centre for Environmental Research & Education (CERE), the Bank has achieved the following:

- Planted 56,000 trees in and around major cities such as Delhi, Noida, Gurgaon, Hyderabad, Kolkata, Nagpur, Nashik, Pune, Aurangabad, Bengaluru, Chennai and Mumbai
- Carbon Sequestration Potential (CSP) of 11,464.56 MT of carbon dioxide in FY 2020-21
- It achieved a tree survival rate of greater than 92% as only native species are planted

The Bank has set out to certify its facilities for ISO 14001. This will help map out a framework and setup an effective environmental management system which would include climate change aspects as well. The project will be carried out in a phased manner covering a selected number of locations on an annual basis.



## Aligning with TCFD Recommendations

# Progressing towards Mitigation of Climate Change

IndusInd Bank recognises the significance of risks emerging from and related to climate change. The Bank perceives climate risk as a material issue and has made progress in identifying, assessing and managing this risk. In aligning with the TCFD framework, the Bank is progressing towards mitigating climate change.

India's is already witnessing erratic rainfall patterns, heatwaves and droughts. These extreme weather events driven by climate change pose concerns for the Bank across its operating locations. The Bank identifies its financial implications with respect to climate risk and is striving to align its initiatives with and progress towards the TCFD recommendations. This would further assist the Bank in carrying out a scenario analysis and developing a robust mechanism in order to be able to respond to any such climate related issues in the future. The Bank is in the process of integrating the TCFD framework in its risk management, planing to fully integrate it by 2023.

The Bank has implemented several measures and has contributed towards the TCFD Framework.



TCFD Framework Structure

### Governance

#### HOW INDUSIND BANK HAS EMBEDDED CLIMATE IN ITS GOVERNANCE STRUCTURE

**TCFD's Recommended Disclosure**  
**Board oversight of climate-related risks and opportunities**  
**Management role in assessing and managing climate-related risks and opportunities**

The management overview for Climate Change, below the level of the Board, is provided by the Head of Corporate Investment and Sustainable Banking (Head – CISB) at IndusInd Bank. At a functional level, the Sustainability department is responsible for addressing climate-related risks and opportunities and is directly under the supervision of the Head – CISB, who has an oversight over climate change related issues and drives the ESG targets as well as the Bank's climate change mitigation activities. The Head of Sustainable Banking is also present on the Bank's ESMS committee and is thus responsible for the integration of climate change risk into the Bank's business activities.

The Head – CISB is responsible for appraising and reviewing climate-related policies, projects and performance as executed by the Sustainability department and is also responsible for presenting the budget for climate-related activities to the CSR & Sustainability Committee. These activities are monitored by the Head – CISB through the course of the year and are presented to the top management including the MD & CEO quarterly during the meetings of the Sustainability Council.

### RISK MANAGEMENT COMMITTEE

The Risk Management Committee (RMC) comprises of several committees including the Operational Risk Management Committee, Credit Risk Committee and the Market Risk Management Committee. The RMC reports directly to the Bank's Board of Directors. The RMC monitors and manages risks and opportunities within the investments of the Bank and considers environmental risk while determining the overall risk of the investments and operations of the Bank itself.

The Enterprise-wide Risk Management Department is responsible for managing, monitoring, and mitigating various risks which reduces volatility in the Bank's earnings and enhances shareholder value. The specific responsibilities of the risk department include the following actions and monitoring processes:

- Recommending to the Board the methodology to be followed for managing risk such as allocation of capital for credit risk and operational changes at the Bank-wide level to mitigate operational risk including regulatory, transitional and physical risks posed by climate change
- Monitoring the progress of the Bank's compliance with RBI guidelines for operations and BASEL recommendations with respect to credit risk management
- Reviewing the risk involved in lending to new segments
- Stress testing the credit portfolio to gauge the impact of unforeseen but plausible events on the Bank's profitability and capital adequacy

Risks and Opportunities associated with environmental and social issues along with climate change are considered within these broader risk categories. The Bank also has integrated Environment and Social due diligence (ESDD) into the overall credit risk assessment framework.

### ESMS COMMITTEE

The Bank has recently instituted the Environment and Social Management System (ESMS) Committee, which reviews and monitors the implementation of the ESMS function within the Bank. ESMS is responsible for assessing environmental and social risk arising from the Bank's investments. The system also includes an exclusion list that protects the Bank from investing in specific industries that carry an extremely high social or environmental impact. The risk profile considered through the policy includes risks associated with global warming and climate change.

### CSR & SUSTAINABILITY COMMITTEE

This committee reviews and evaluates the sustainability strategy of the Bank and provides an industry perspective on the sustainability agenda of the Bank, including climate change. This includes evaluating the Bank's response to climate change through its operations and assessing the Bank's performance against its ESG targets. The CSR & Sustainability Committee is comprised of members of the Board including the MD and CEO of the Bank.

### SUSTAINABILITY COUNCIL

The Sustainability Council is responsible for the Bank's sustainability strategy, goals and performance. It helps align the Bank's sustainability policies with the operations of the Bank's business units. The Council also reviews the Bank's compliance with respect to sustainability and climate change. The Sustainability Council is headed by the MD and CEO of the Bank and reports to the CSR & Sustainability Committee.

# Aligning with TCFD Recommendations

## Strategy

### ENABLING A SMOOTH SHIFT TOWARDS A RISK-FREE ENVIRONMENT

**TCFD's Recommended Disclosure**  
**Climate-related risks and opportunities (short, medium, and long term) and impact on strategy and financial planning. Resilience of strategy under different climate-related scenarios**

One of the core focus areas of PC5 (Planning Cycle 5: 2021-2024) is the mainstreaming of sustainability in business and across the Bank's operations. The key elements of sustainability include 'Sustainable Operations', 'Good Governance', 'Responsible Banking', 'Sustainable Finance', 'Human Capital Development', 'Sustainable Procurement' and 'Social Responsibility; and climate change is integrated into these elements. The Bank has committed to climate change-related targets for these elements which are actively monitored by the Sustainability Council.

**Climate change is expected to have several negative impacts on businesses and livelihoods; hence the Bank has included it as a parameter to focus on reducing its carbon footprint. The bank recognises that climate change will directly impact its business through physical impacts on its assets and employees and indirect impacts on its business; such as, the risks posed by climate change in the agricultural sector in which the bank is expanding its presence and opportunities for new business in the renewable energy sector.**

## Risk Management

### MANAGING RISKS ASSOCIATED WITH CLIMATE CHANGE

**TCFD's Recommended Disclosure**  
**How the Bank identifies, assesses and manages climate-related risks, what is the process of doing it. How this is integrated into overall risk management**

IndusInd Bank has started to use some aspects of scenario analysis to forecast potential changes in the Bank's business and operations. These scenarios are assessed through our risk mechanisms and by the senior leadership of the Bank. The scope of our assessment includes our own operations and our downstream activities and clients.

The banking industry has always dealt with a plethora of risks. In order to keep the business viable, it is necessary for the Bank to identify, assess and manage these risks. The most pressing issue of today's day and age is climate change. Climate risks pose a serious threat to the banking business and it can be categorised broadly into transition and physical risks. These risks can be monitored over different timescales of short, medium and long term, depending on the nature of impact.

#### Transition Risk

Policy, regulatory and legal changes  
 Technology shifts  
 Changing market demand and reputation

**Short term**  
**0-1 year**

#### Physical Risk

Acute – Extreme weather events  
 Chronic – Shifts in climate patterns over a long term

**Medium term**  
**1-5 years**

**Long term**  
**5-30 years**



## DISTRIBUTION OF FUNDS IN ELEVATED RISK SECTORS

Sectors	Fund Based Exposure (₹ in million)
Airlines	4,244
Agriculture	3,57,319* (Outstanding Exposure)
Automobile	6,13,130* (Outstanding Exposure – Vehicle loans)
Construction	39,228
Coal	2
Chemicals	18,091
Mining	10,817
Oil and Gas	22
Power	76,069
Shipping	10,012
Steel	62,477
Transportation	1,125

## CLIMATE-RELATED TRANSITION RISKS

As part of commitments made within India's Intended Nationally Determined Contributions, including the following, that are likely to impact the Bank's operations and business strategy:

- To reduce the emissions intensity of its GDP by 33 to 35% by 2030 from 2005 level
- To achieve about 40% cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030
- To create an additional carbon sink of 2.5 to 3 billion tonnes of CO2 equivalent through additional forest and tree cover by 2030
- To better adapt to climate change by enhancing investments in development programmes in sectors vulnerable to climate change, particularly agriculture, water resources, Himalayan region, coastal regions, health and disaster management

INDCs showcases a clear scenario of significant increase in the market for renewable energy and other energy efficiency activities, while also promoting development and adaptation in the priority sector (rural, agriculture, water etc) using financial instruments.

The Bank has started to account for these scenarios through its risk assessment frameworks. The focus of INDCs informs the Bank's business strategy and has led to an increased focus on green and climate financing particularly the renewable energy, energy efficiency, clean energy, green buildings, water and sanitation sectors across the short, medium and long term. Sectors impacted by this risk are coal mining, coal power, oil and gas.

# 4,568 MW

Renewable energy projects setup with a credit of ₹17,251 crores

## Initiative #1

### BANK'S LOANS AND ADVANCES

As part of the renewable Energy Global Investors Meet and Expo (RE-Invest) in March 2015 the Bank also made a commitment to Ministry of New and Renewable Energy to finance 2 GW of renewable energy projects in 5 years.

## Initiative #2

### BANK'S INVESTMENTS AND PARTNERSHIPS

The Bank is increasing its Green and Climate Finance portfolio through sectors such as Renewable Energy, Clean Energy, Energy Efficiency, Green Buildings Water and Sanitation, Alternate Fuels and others. The Bank has committed to increase its Green and Climate Finance and has set a target of increasing the portfolio size of this sector from 1% in 2018 to 3.5% by the end of 2023. Currently Green and Climate Finance accounts for almost 2.6% of our portfolio.

The guidelines and standards for charging infrastructure for electric vehicles were issued by the Ministry of Power, Government of India in 2018 to promote the adoption of electric vehicles. The government has also notified the second phase of the Faster Adoption and Manufacturing of (Hybrid) Electric Vehicles (FAME) scheme to encourage faster adoption of electric and hybrid vehicles. While these regulations/schemes will help in addressing the issue of environmental pollution, climate change and fuel security, they will cause a disruptive change in the automobile industry.

Vehicle finance forms 29% of the Bank's loan book in FY 2020-21 (Outstanding loans being ₹61,313 crores). Emerging regulations for the mobility sector will pose risks as well as opportunities for the Bank in the coming years. New regulations related to energy conservation rules in building construction and the construction of disaster-resilient buildings are affecting the real estate sector, thus increasing the Bank's exposure in this sector. Compliance readiness with these regulations amongst the Bank's clients then forms a part of its risk assessment process.

The Bank is also empanelled with government bodies such as BEE and SIDBI under partial risk sharing facility for energy efficiency projects. Additionally, in 2019, the Bank signed a \$50 million risk sharing guarantee with USAID to increase its portfolio in water, sanitation and hygiene sector. Proposals funded under WaSH include water and wastewater treatment projects, infrastructure for basic sanitation and distribution of safe drinking water and other projects that ensure accessibility, drinkability, and security of water - activities that are essential for climate adaptation. Moreover, the Bank is instrumental in financing several projects in Public Private Partnership (PPP) mode under the National Clean Ganga Mission (NCGM) run by the central government.

## Aligning with TCFD Recommendations

### Initiative #3

#### BANK'S OPERATIONS

After surpassing its Emissions Intensity target of 4.4 MTCO<sub>2</sub>e/revenue(₹ crores) by 2021, the Bank has taken new target of 50% reduction over FY 2019-20 baseline of 3.8 MTCO<sub>2</sub>e/Revenue crore by FY 2024-25. The Bank is determined to mitigate climate change impact by deploying climate strategy to invest in eco-friendly projects as below:

**Greening IT system** – server virtualisation and installation of thin clients and timers

**Greening infrastructure** – green building certification achieved for the Bank's facilities, retrofitting with energy efficient devices in ACs and Electric metres as well as LED lights and sensors

**Waste management** – recycling of e-waste

**Shifting to renewable energy** – Installed solar ATMs and rooftop at the Bank's facilities

**Virtual meetings** – promoting the concept of online meetings, which has resulted in a decrease in emissions from Business Travel by 92.25% and Hotel Stays by 34.16%

**Carbon Sequestration** through Tree plantation

### Climate-related Physical Risks

The Bank recognises that climate change will have increasingly significant physical impacts including flooding, droughts, severe storms and other severe weather events as the globe warms from 1 degree to 4.5-6 degrees (BAU scenario). The Bank also recognises that these risks while less significant will still exist in a 1.5-degree world. These risks have the potential to affect the Bank's business and are considered in its Credit Risk Assessment mechanism and as part of its ESMS framework.

### Initiative #1

#### BANK'S BUSINESS ACTIVITY

The risks associated with the acute physical impacts of CC such as flooding and cyclones are evaluated through our Credit Risk Assessment and ESMS frameworks. These risks may impact the Bank's loans to sectors such as agriculture, infrastructure and real estate which are vulnerable to the acute physical impacts of climate change.

## ₹73,78,839 Lakhs

The Bank's outstanding exposure to agriculture, infrastructure and real estate in FY 2020-21

Chronic physical risks are also included in the Credit Risk Assessment process as they may impact the Bank's clients, particularly in the infrastructure and agricultural sectors. In the agricultural sector particularly, long-term impacts of climate change such as sea-level rise, prolonged drought and water scarcity affect the livelihoods of farmers. In such circumstances, many farmers default on loans causing financial risks to Banks. The Bank considers such risks during its Credit Risk Assessment process and also offers loans for income through non-farm activities as alternatives to make the farmers more resilient to climate change.

In FY 2020-21, the retail agriculture vertical of the Bank witnessed a steady growth of approximately 14% with an expansion into new rural and semi-urban locations by funding over 2,200 applications under the Kisan Credit Card (KCC) scheme across 532 designated branches in Madhya Pradesh, Maharashtra, Kerala, Gujarat, Rajasthan, Haryana, Punjab, and Chhattisgarh. The Bank is also planning to expand into new states including Andhra Pradesh, Telangana and Tamil Nadu. The outstanding book size for FY 2020-21 under retail agri-business is ₹25,58,192.62 lakhs comprising 10,968 farmer customer households. In addition to lending to farmers, the Bank has organised more than 40 farmers meetings/campaigns to promote financial awareness. As of March 31, 2021, the KCC lending book stands at ₹16.7 billion (1,670 crores) and the Bank's total rural customer base is 5,82,762. The Bank thus has significant exposure to the agricultural sector which is vulnerable to both the acute and chronic physical impacts of climate change. These risks are assessed through our credit risk mechanism.

In response to this risk, the Bank is exploring investment in climate-smart agriculture and is also supporting alternative activities. The Bank offers various channels/facilities, including Business Correspondent (BC) Term Loans and Securitisation, which are being used to reach out to women borrowers in the agricultural sector that is engaged in a small farm (livestock rearing, fisheries, etc.) and non-farm activities (petty businesses, Kirana stores, etc.)

## ₹1,670 Cr

Kisan Credit Card (KCC) scheme lending book

## 1.4 Cr+

Active loans financed

### Initiative #2

#### BANK'S OPERATIONS

The Bank has an Operational Risk Management (ORM) Framework which assesses the risk of incurring loss due to a failure of systems, technology, processes, employees, projects, natural disasters, external factors, frauds etc. While not specifically stated, this also encompasses risks arising from the physical impacts of climate change on its assets and employees. Damage from flooding and extreme weather events to the Bank's infrastructure and technological assets is an ongoing cause of concern for the Bank. The Bank recognises that these occurrences are likely to increase with climate change and has put in place adaptive measures. A specific example of such an adaptive measure is the implementation of a Business Continuity Plan wherein critical activities have been identified and recovery plans have been put in place in the event of a crisis. Climate change-related extreme weather events like floods and cyclones pose a direct threat to the Bank's operations and employees, in terms of damage to physical assets, infrastructure and employee travel and health. In the event of an extreme weather event (e.g. floods), the financial implications could be high and run into crores of rupees.

The fixed assets of the Bank, specifically those associated with the corporate head offices are valued at ₹1,809.37 crores which is exposed to risk from severe storms and floods. Furthermore, extreme weather events, especially flooding, air pollution and extreme heat disrupt transportation systems and impact employee health respectively. These events, therefore, lead to greater absenteeism and reduce productive working hours. Costs associated with premiums paid towards insurance of branches and offices of the Bank amount to approximately ₹1.35 crores with additional taxes. The cost of safety training and manuals is integrated into the CS and CSR department's annual budget - ₹121.73 crores. Additionally, the cost to execute the BCP has been integrated into the existing budget of the risk department which does not exceed 10% of the Bank's overall operating expenses which is ₹8,157 crores. The cost of managing and responding to this risk is thus inclusive of the budgets of the risk, CSR and Sustainability departments and the cost of insurance premiums.

### CLIMATE-RELATED OPPORTUNITIES FOR INDUSIND BANK

Sector	Opportunities
Agriculture	Financing projects with energy efficient irrigation systems that deploy new technology to ensure food security such as hydroponics
Construction	Financing green buildings and retrofitting energy efficiency products in old buildings
Infrastructure	Developing infrastructure to support roads, highways, metros, BRT, smart electricity grids and EV charging infrastructure
Oil and Gas	Funding projects for sourcing carbon neutral oil
Power	Increasing portfolios for renewable energy, energy efficiency services and clean energy
Transport	Increasing portfolios for low-carbon and energy efficient transport services

### Metrics and Targets

#### HOW IS THE BANK MEASURING ITS TARGETS AND ACHIEVEMENTS

#### TCFD's Recommended Disclosure Metrics to assess and manage climate-related risks and opportunities

Scope 1, 2 and 3 GHG emissions and related risks targets to manage climate-related risks and opportunities and performance against targets.

The Bank is constantly measuring data related to climate change associated risks. The Bank reports on sustainable financing and operational carbon footprint across its operations.

The Bank has taken ESG focused targets for its lending portfolio. By FY 2022-23, the Green and Climate Finance should account for 3.5% of the Bank's loan book and Social, Livelihood and Inclusive Finance should account for 41.5% of the Bank's loan book. Currently the Green and Climate Finance accounts for almost 2.6% of our portfolio for FY 2019-20.

After surpassing its Emissions Intensity target of 4.4 MTCO<sub>2</sub>e/revenue(₹ crores) by 2021, the Bank has taken new target of 50% Reduction over FY 2019-20 baseline of 3.8 MTCO<sub>2</sub>e/ Revenue Cr by FY 25. Currently the Emissions Intensity for the Bank is 3.3 MTCO<sub>2</sub>e/ Revenue crore. IndusInd Bank is making progress in its journey to align with the TCFD recommendations and will soon be implementing it in a more comprehensive manner.

For more details on targets refer to Sustainability Commitments on Page 44.

For more details on metrics refer to Resource Management on Page 50 and ESG integration on Page 38.

The bank believes in uplifting communities through various financial lending verticals and CSR interventions.

#### Highlights

92,770

Students benefitted from education programmes

66.83 million m<sup>3</sup>  
of water storage capacity created

92,770

Students benefitted from education programmes

100%

of social indicators related to operations are reported by the Bank

56,000

Trees planted in FY 2020-21

639

Sportspersons groomed to compete at national or international platforms across several disciplines

# RESPONSIBILITY TOWARDS THE COMMUNITY

#### IN THIS SECTION

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## Social Financing

# Bringing Transformative Change

IndusInd Bank aims to create a positive impact on society through its sustainable finance offerings. It also offers debt solutions to social enterprises, especially in the sanitation space. The Bank is committed to growing consistently and responsibly, benefiting those it directly serves while promoting the well-being of its stakeholders, including the community at large.

Inclusive banking is one of the most effective accelerators of economic participation in an emerging economy like India. The Bank believes in delivering affordable and flexible services to every individual.

The Bank hosts a wide range of financial inclusion offerings such as microfinance, loans for missing-middle segment, microenterprise segment on the asset side, savings bank accounts, micro recurring deposits, and remittances among a host of value-added services.

### Quick Facts

Digital solutions are streamlining transactions in the microfinance segment through the use of IMPS, RTGS, NEFT and UPI supported by AEPS/Biometric Authentication System and more.

- Total number of rural customers as on March 31, 2021 under Business Correspondent (BCs)=62,72,427
- Number of new rural customers added in FY 2020-21 under BCs=5,95,945
- Increase in rural customers over previous year under BCs=7.38%
- The Inclusive Banking group has provided loans to 8.38 million women in FY 2020-21

### PROJECT SUNSTONE

'Sunstone' (Registered with RBI) is a rural microfinance institution operating across nine states in North and Central India, largely covering poorest state inclusive growth (PSIG) districts and offering credit to women borrowers of underdeserved households under the Joint Liability Group (JLP).

Sunstone has established a business correspondent relationship with IndusInd Bank among other organisations with a gross loan portfolio of ~600 crores and revenue of ~127 crores.

62,179

Touchpoints

₹312 Cr

Own loan portfolio

3.5+ Lakhs

Active clients

218

Branches

83,13,794

Microfinance beneficiaries in BoP segment inclusion in FY 2020-21

### FINANCIAL INCLUSION MEASUREMENT AND IMPACT

Particulars	Monetary Value (₹ crores)
Loan disbursement to weaker sections	28,916
Loan disbursement to Agri. and Allied sector	14,375
Loan disbursement to Microenterprise's sector	13,815
<b>Total</b>	<b>29,797</b>

Microfinance is an integral part of IndusInd Bank's financial inclusion strategy. The microfinance programme provides small loans to women borrowers, with annual household income not exceeding ~1,00,000 in rural areas and not exceeding ~1,60,000. The Bank has extended the opportunities of sustainable livelihood among groups, thereby encouraging rural development in a significant way. The Bank believes in bridging the gap between urban and rural India by bringing the unbanked and underbanked a step closer to mainstream banking. Our rural banking model promotes inclusivity by creating and developing opportunities for sustainable livelihood among underprivileged and economically disadvantaged groups.



## Social Financing

### FINANCIAL SERVICES FOR THE DIFFERENTLY ABLED

The Bank provides easy access to differently-abled people through a variety of services

- Dedicated counters with less height desks for senior citizens and differently-abled persons
- All ATMs i.e., 2,872, equipped with audio-enabled 'Talking ATMs' with Braille keypads
- Cheques in Braille
- Doorstep banking available as per the requirements defined in Banking Codes and Standards Board of India (BCSBI). Read more about doorstep banking [here](#)
- Accessible Net banking and Mobile banking
- A total of 905 ATMs and 628 branches equipped with ramps for wheelchair-users

# 628 Branches and 905 ATMs

## Equipped with ramps for wheelchair users

### BANK'S WEBSITE ACCESSIBILITY

The Web Content Accessibility Guidelines (WCAG) for the Bank's website features

**Colours** – There is high contrast between the colour of the text presented and that of the background. The website ensures that colour is not the only prompt used to convey information.

**Text** – The text can be made larger without affecting the content or function of the page or site.

**Images** – All images have alternative text unless they are purely for decoration.



[GRI: 203-1]

### MICROFINANCE THROUGH BC MODEL

Microfinance forms an integral part of the Bank's overall strategy to promote financial inclusion. The Bank drives financial inclusion under its flagship Business Correspondent model that was launched in association with Microfinance Institutions (MIs). This model works on the principle of value chain deconstruction where critical functions are retained while the rest of the activities are outsourced within the prevailing operative and regulatory framework.

The model has proved to be commercially viable, particularly successful in reaching out to unbanked and underbanked women customers by offering them microloans through JLG, and has enabled convergence of other financial services. The programme is keenly monitored and supervised at regular intervals for the benefit of the customers and to widen the reach of the Bank's CSR initiatives. IndusInd Bank is the largest lender under the Pradhan Mantri Mudra Yojana (PMMY).

## Largest lender

under Pradhan Mantri Mudra Yojana

### FINANCIAL SERVICES FOR LOW-INCOME SOCIAL GROUPS

#### MICROFINANCE LOANS

IndusInd bank has been proactively offering microloans to entrepreneurial women to generate sustainable livelihood options. This programme lends to entrepreneurs and women borrowers, with annual household income not exceeding ₹1 lakhs in rural areas and not exceeding ₹1.60 lakhs in the urban and semi-urban areas, as defined by the Reserve Bank of India.

#### MICRO ENTERPRISE LOANS

Loans are offered to existing customers having higher loan requirements for expansion of business. Up to ₹2.5 lakhs are offered through this programme.

#### SERVICE OFFERINGS

Customers can now access services through mobile/micro-ATM applications. Services include deposit, withdrawal, fund transfer/remittances, Aadhaar Enabled Payment System (AEPS), biometric authentication on real-time basis, balance inquiry, Aadhaar seeding, mobile update, RuPay card activation among others.

### BUSINESS BANKING GROUP OFFERINGS

The Business Banking Group offers secured working capital loans and short-term finance, primarily on the basis of stock and book debts to meet the working capital requirement of the entity.

The Bank understands that SMEs in India are vital to its economy, contributing 45% to the industry outputs and providing over 45% of industrial jobs. The Bank's endeavour is to offer a large target pool of clients' funds between the range of ₹25 lakhs to ₹20 crores. To do this, it has come up with a differential product offering under its 'Small business banking policy'.

Client availing the Bank's Business Banking Group offerings are broadly divided into Traders, Service providers, Exporters, Importers and Manufacturers. The groups offer tremendous cross-selling opportunities. The main industries accessing these services are textiles, pharma, logistics, construction, auto, chemicals among others. The Bank is aiming to stay ahead of the curve by bringing more innovative schemes and products.

### BUSINESS BANKING LOAN PROPOSITION

#### ENTITIES WITH FINANCIAL DETAILS

- Under this proposition, the Bank caters to working capital and trade related banking finance requirements
- The target pool SMEs under sole or multiple banking with exclusive collateral security cover
- Prospects include sole proprietorship, registered firms, private and public limited companies
- Entities must have 3 years of business vintage with a minimum of 2 years of audited financials

#### ENTITIES WITHOUT THE FINANCIAL DETAILS

- In order to lend to this segment, an effective score card mechanism was devised to provide objectivity in lending
- Under the 'GST and Banking' proposition, facilities are offered to customers who are willing to provide their GST returns, have satisfactory banking and adequate collateral
- Loans can be availed without submitting detailed financials

[GRI: 203-1]

## Social Financing

### SPREADING FINANCIAL LITERACY

The Bank believes financial literacy is an enabler for socially inclusive development and is striving to help communities become financially literate, with an emphasis on educating women borrowers.

#### SENSITISING WOMEN BORROWERS ON

- Risks of over-indebtedness
- Mechanisms for grievance redressal
- Pricing and importance of making loan repayment on time
- Credit bureau track record
- Rules and regulations of the microfinance loan
- Group understanding and ability to voluntarily cross guarantee their loans

The Bank conducts 'Financial and Digital Literacy Camps' in rural locations where the target group consists of farmers, women, senior citizens and students. At least one outdoor camp is organised by the branches in neighbouring villages on a monthly basis. During FY 2020-21, the Bank also conducted special camps during the financial literacy week.

### LOANS FOR COMMERCIAL VEHICLES

IndusInd Bank's Consumer Finance Division (CFD) offers loans to commercial vehicle operators or first-time borrowers. By funding a vehicle, the Bank helps create livelihood opportunities for a number of people.



### TOPICS COVERED BY FINANCIAL LITERACY CAMPS

Need for banking and saving products	Financial risk and fraudulent activity
Document requirements for account opening and their relevance	Importance of borrowing loans from regulated entities versus informed channels
Importance of Know Your Customer (KYC) practices	Mobile banking and Internet banking - usage and benefits
Digital banking services	PMJDY and RuPay card benefits, linking to Aadhar
Use of banking services such as bank branches, ATMs, Business Correspondents	Highlighting the availability of social security schemes and benefits

With the onset of the pandemic, financial literacy became an important tool for individuals to manage their financial concerns, build resilience and knowledge on how to manage income even in difficult situations. The Bank continued its essential services during the countrywide lockdown, providing seamless banking services not only through branches but also through BC agents.

[GRI: 203-1]



### BHARAT MONEY STORES

#### INCREASING ACCESSIBILITY FOR UNDESERVED GROUPS AND DISTANT GEOGRAPHIES

In order to build last-mile banking, the Bank has enrolled around 35,900 kirana stores as Bharat Money Stores (BMS). These stores act as both merchants and service points of the Bank, facilitating financial and non-financial transactions to customers. The BMS are in close proximity of the target community and are open virtually 24x7 to provide assistance. The Bank has also introduced a specifically designed Micro Recurring Deposit (Micro RD) and Voluntary Savings Bank (SB) account facility to customers to enable them to use the account effectively. An AEPS-enabled App has been developed to facilitate the process for merchants. The App is encrypted and linked to the Bank's Core Banking System (CBS), which allows customers to be authenticated by biometrics, facilitating real-time online transactions.

The biggest beneficiaries of this model are women in remote villages whose single point for payment of utility bills, withdrawals, loan repayments and more is located within their own village through the merchant's point. It helps them save time, since they no longer have to travel to the nearest town, and the loss of a day's wages. The model furthers the Bank's mission of empowering women financially.

# 35,900

Kirana stores enrolled in the Bharat Money Stores (BMS)

### TRANSFORMING BANKING FOR DISADVANTAGED SOCIAL GROUPS

Among the Bank's customer-centric initiatives is leveraging the high penetration of mobile phones to maintain and conduct regular interactions. Virtual centre meetings are held through phones to address any difficulty in payments, loan disbursements and account management among others. SMS has become an integral medium to send customers confirmation of payments, creating awareness on banking products and services, and sending reminders prior to loan repayment due dates, and so on. These initiatives are aimed at streamlining customers' association with the Bank and understand customer choices and preferences.

[GRI: 203-1]

## Social Financing

### FINANCING AGRI CORPORATES

IndusInd bank supports holistic development of agricultural businesses and value chains. The bank is expanding its investment in agribusiness through financing projects and providing corporate linked agricultural finance.

Corp Agri book is diversified across all types of borrowers – from individuals to Agri Corporates. For individual lending, the female exposure may constitute ~25-30%.

The Agricultural Business Group (ABG) has voluntarily signed up for ESMS compliance, under which all on-boarded clients need to provide upfront self-declaration or furnish relevant proofs stating there is no violation of human rights, child labour laws or issues not aligned with the Bank's growth philosophy.

### UPLIFTING SMALL AND MARGINAL FARMERS

The Bank's Food & Agri division from its inception in 2016 has contributed tremendously towards the upliftment of small and marginal farmers by providing them banking linkage and supporting payments directly to their accounts resulting in savings for their development.

Food & Agri, a sub-vertical of ABG has approximately 50% dairy exposure to the clients like AMUL, Vadilal, etc., benefiting dairy farmers and rural women through on-lending from these corporates. ABG also encourages lending across areas like education, housing, renewable energy, MSMEs, etc.

# 823

### Contracts signed under Corp Agri business in FY 2020-21

#### WHAT DOES AGRI-FINANCE ACHIEVE

Expanding processing and warehousing capacity through Infra loans	Provides financial cushion for business operations via working capital loans
Socio-economic impact to the lowest strata of agri-community via trickle-down effect when funding large farmers, traders, processors, etc.	Price parity for farmers, JLGs and other agri-stakeholders when availing commodity finance loans and stocking through the lean season

One of the Bank's product programmes-WH Commodity Finance-exclusively caters to JLG group of farmers who need small ticket size funding to manage their operational expenses and prepare for the next crop cycle without burdening their personal finances. This also liberates them from the local lenders' debt trap.



[GRI: 203-1]

### RETAIL AGRICULTURE

The Bank provides short-and long-term credit products to farmers from agriculture and agri-allied sectors. Indus Kisan, the Bank's retail agriculture product, offers loans to meet financial requirements for crop cultivation, agri-investment and agri-allied activities. Indus Kisan simplifies credit availability and offers flexible repayment schedules dependent on the types of crops being harvested by the farmers. All Indus Kisan customers are issued RuPay debit cards and Indus Mobile App in accordance with the 'going green' philosophy of the Bank.

Every customer is offered a bundled savings account. This enables multiple product offerings to each customer at a low cost and improves customer retention and loyalty. Training is also provided to farmers to familiarise them with Mobile and Internet banking, and other digital infrastructure.

In FY 2020-21, the retail agriculture vertical of the Bank witnessed a steady growth of approximately 14% with an expansion into new rural and semi-urban locations by funding over 2,200 applications under the Indus Kisan Credit Card (KCC) scheme across 532 designated branches in Madhya Pradesh, Maharashtra, Kerala, Gujarat, Rajasthan, Haryana, Punjab, and Chhattisgarh. The Bank is planning to expand into new states – Andhra Pradesh, Telangana and Tamil Nadu. The outstanding book size for FY 2020-21 under retail agri-business is ₹19.09 billion.

## ₹1,910 Cr

Outstanding book size for retail agri-business for FY 2020-21

### RURAL BANKING MEASUREMENT AND IMPACT

Particulars	Values
KCC lending book as of March 31, 2021	₹ 16.7 Bn
Outstanding credit portfolio across 11,000 clients	₹ 19.1 Bn
Disbursal	₹ 3.5 Bn
Total No. of rural liabilities customers	1.51 Mn
No. of Rural customers in FY 2020-21	5,82,762
Increase/decrease in rural customers over previous year	63%

### EDUCATION FINANCING

As the Indian population grows, demand for education is steadily rising. Investment in this sector is also growing owing to steady cash flows, the business being recession proof and negative working capital requirements.

Under the education segment, funding is provided to various types of educational institutions like medical colleges, engineering colleges and vocational colleges. These institutes help in creating health professionals, engineers, etc. which aids in the growth and development of the overall society. Further, few institutes provide affordable education so as to make education accessible to students belonging to lower socio-economic strata of the society.

The Bank finances clients with a good track record and robust monitoring mechanisms such as periodical cash flow monitoring, reconciliation of cash flow routing with the actual number of students on rolls, comparison with projected admissions among others to help build good portfolio quality. In FY 2020-21, 33 disbursements were done for 22 clients in the education portfolio.

#### SOCIAL IMPACT OF EDUCATION FINANCING

- Medical colleges provide education to health professionals
- Institutions which offer vocational courses for entry-level skill development across industries. Bank has partnered with National Skill Development Corporation
- VG Education under Gems Group offers affordable education, benefiting the families in lower socio-economic strata

[GRI: 203-1]

## Social Financing

### INFRASTRUCTURE FINANCE

IndusInd Bank finances infrastructure projects after considering the lending through the sustainability prism. The Bank integrates ESG parameters in its lending business and associates only with approved projects by reputed developers. Projects financed by the Bank are pre-approved by the State's planning authorities and municipal bodies.

Relevant compliances related to energy efficiency, waste water treatment, afforestation etc. are checked before issuance of NOC (e.g. storm water drainage, pollution control, tree re-plantation, waste treatment, etc.) and CC (Commencement Certificate for project development). The Bank ensures that the project has due approvals before a lending decision is taken. It usually targets financing projects in Tier 1 metro cities undertaken by leading developers. The Bank undertakes due diligence on necessary approvals to integrate ESG aspects while financing real estate projects.

### HEALTHCARE SOLUTIONS

IndusInd Bank is offering support to the healthcare ecosystem by catering to the banking and financial needs of hospitals, diagnostic chains, speciality care units through its dedicated healthcare delivery team. This business has gained good traction in terms of asset building and generating income for the Bank. The entire healthcare value chain is covered by the business-from new medical equipment manufacturers to large established hospital chains, from promoter-driven single vintage hospitals to private equity backed young hospital chains.

### DEEPENING HEALTHCARE PENETRATION

During the COVID-19 pandemic, Krsnaa has been one of the prominent players in providing diagnostic testing (RT-PCR) through the public-private partnership (PPP) model in the states of Maharashtra, Tamil Nadu and Rajasthan, among other areas. The organisation has presence in 15 states in India and under the PPP model, offers a pan-India world-class diagnostic facility. It also works out of designated spaces in government hospitals on the basis of revenue sharing or rental arrangements. In Maharashtra, the organisation uses mobile vans (customised Volvo buses) for COVID testing. As on February 2021, it had conducted 5.78 lakhs RT-PCR tests for various in the three states. IndusInd Bank has sanctioned loans worth ₹147 crores to the organisation for setting up new centres, thus directly contributing to the much-needed healthcare penetration. Working capital limits sanctioned are to help Krsnaa manage its working capital requirements during these testing times.

[GRI: 203-1]



### FUNDING TL INITIATIVE IN MOHALI AND PATIALA

The Bank is contributing to the healthcare infrastructure by lending to a hospital with a presence in both Mohali and Patiala. Mohali handles patient inflow from Himachal Pradesh, Jammu & Kashmir, western Uttarakhand and states which lack quality tertiary healthcare facilities. It is also surrounded by districts of Punjab and Haryana such as Rupnagar, Fatehgarh Sahab, SBS Nagar, Ambala, Kaithal, Yamunanagar, and other which do not have specialised medical setup. Patients actually go to Chandigarh Tri-city for super-specialty care. The hospital that sought the Bank's services welcomes patients covered under various state and central government health schemes, including Employees State Insurance Corporation (ESIC) and Ayushman Bharat health schemes, and positions itself as an affordable healthcare unit for the underserved.

IndusInd Bank's funding of ₹20 crores will help commission the Patiala unit, which will help patients to access quality healthcare and also help offer better equipment and facilities in the hospital's Mohali unit, thus helping patients from adjoining states and districts to get quality healthcare.

~₹20 Cr

Funding towards Patiala hospital unit

[GRI: 203-1]

## Community Development

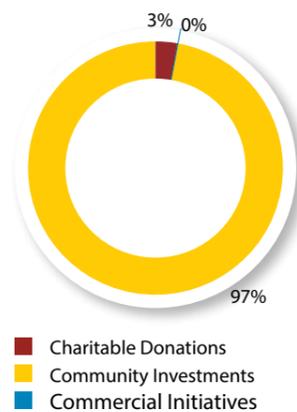
# Promoting Holistic Development

The Bank's CSR mission is to emerge as a best-in-class bank committed to growth and development that not only benefits the Bank and its customers, but also the natural environment and the community at large. The Bank undertakes CSR activities under the motto of 'Sattvam-Our country. Our commitment.'

### CSR GOVERNANCE

The Board's CSR Committee has oversight over the Bank's CSR activities and is responsible for undertaking and implementing need-based community efforts that ensure that the Bank's business grows consistently and responsibly, benefiting those it serves and promoting the well-being of its employees, the environment, and the community.

### CSR EXPENDITURE



### FOCUS AREAS

The Bank's community efforts are based on needs assessment and a participatory approach, involving the community to generate a higher impact. Training and capacity building is provided to the beneficiaries who further implement and carry forward the efforts.



[GRI: 203-1, 413-1]

### Priority Areas

Priority 1: Good Health and Well-being



To ensure healthy lives and promote well-being for all at all ages

### SDG Alignment

Certain districts are categorised as aspirational districts while some are determined as difficult terrain geographies. The Bank is operating in difficult terrains.

### Description of alignment between priority areas and business drivers

The Bank's work at the grass-root level has created goodwill. The community identifies the brand and connects with it, showcasing a good credit-deposit ratio.

### Business benefit KPI

Ensuring access to highly subsidised and affordable primary healthcare and medicines for 2,00,000 people per year belonging to poor and lower income families. These families come from some of the most backward and aspirational districts of India as published by Niti Aayog.

Priority 2: Good Sustainable Cities and Communities



Make cities and human settlements inclusive, safe, resilient and sustainable

Metropolitan cities like Mumbai, Gurgaon, Bengaluru, Chennai, Hyderabad, Ahmedabad Noida, Delhi, the business hubs, are the ones worst affected by pollution. The Bank has targeted urban spaces in order to create mini forests to mitigate the ill effects of pollution.

Working with the communities at grassroot levels bring synergies and creates a win-win situation for the Bank and the society at large. As outcomes, the Bank has witnessed an increase in the number of accounts through such interventions.

Planting of 59,000 indigenous trees by 2020. This is expected to have a carbon sequestration potential of approximately 26,700 MT of CO2 (offset over 15 years).

Priority 3: Clean Water and Sanitation



Ensure availability and sustainable management of water and sanitation for all

The Bank acknowledges the significance of safe drinking water and has started working in the area where it has an extensive network of Micro-finance institutions. These areas have contaminated water with high TDS levels. The Bank works with communities to bring in awareness on drinking clean water.

The Bank has witnessed an increase in rural business. Relationship with business correspondents has become stronger, with them working with the Bank on a common agenda for the community. Deposits have grown over the period and continue to grow.

Ensuring the additional water availability of more than 700 million litres or 7,00,000 cubic metres will be created through various conservation and restoration initiatives by 2024. Watersheds will be developed over 3,600 hectares of land.

Ensuring the availability of affordable, RO purified drinking water to 1,60,000 people from rural areas.

### CSR BENEFICIARIES

Focus areas	Male	Female	Total
Education	48,788	43,982	92,770
Water	3,01,659	2,93,229	5,94,888
Environment (Other)	38,454	33,308	71,762
Healthcare	66,298	5,98,534	6,64,832
Sports	503	136	639
Skills & livelihood	3,34,264	1,42,491	4,76,755
<b>Total</b>	<b>7,89,966</b>	<b>11,11,680</b>	<b>19,01,646</b>

### CSR CONTRIBUTIONS

Type of contribution	Monetary value (₹)
Cash contributions: Donations by employees and IndusInd Bank to 6 NGOs namely Aranyak, Helpage, Nalandaway, Prayas, Samarthnam, Support.	39,20,750
Time: employee volunteering during paid working hours	1,470
In-kind giving: product or services donations, projects/partnerships or similar	0
Management overheads	0

### SOCIO-ECONOMIC COMPLIANCE

The Bank complies with all applicable socio-economic laws and regulations. In FY 2020-21, there were no fines or non-monetary sanctions due to non-compliance with socio-economic laws and regulations.

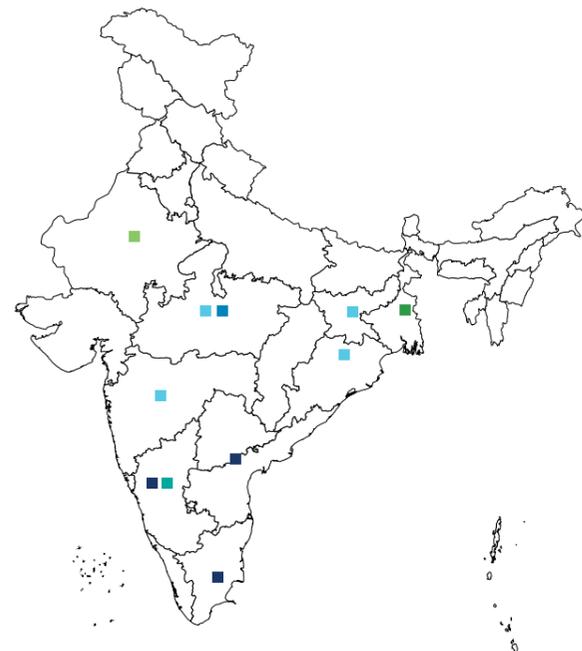
[GRI: 102-12, 203-1, 413-1, 419-1]

# Community Development

## Preserving the Ecology for the Community

The IndusInd Bank not only believes in causing minimum damage to the environment, but it has also forayed into undertaking initiatives for, and together with, the community in resource management and revival of the ecosystem.

### RESTORATION OF WATER BODIES IN RURAL AREAS



### ENSURING WATER SECURITY

The Bank has been restoring degraded water bodies in water scarce landscapes and improving water harvesting capacities by building structural barriers. It also creates widespread awareness on adaption and best cropping practices, soil conservation and optimum water use. The Bank's aim is to revive the ecosystem and provide water security to the agricultural communities.



- Watershed management – Maharashtra, Odisha, Jharkhand, MP Springshed management – Odisha
- Rainwater harvesting– Rajasthan
- Revival of water bodies – MP
- Community-led institutions for managing agriculture resources with tank-based watershed approach – TN, AP, Karnataka, Telangana
- Pragat Watershed Development – Karnataka
- River water harvesting - West Bengal

### RESULT

**9,863 Ha**

Land treated

**190**

Villages benefited

**93,65,510 Cu Mt**

Pondage created

[GRI: 203-1, 413-1]

### RESTORATION OF WATER BODIES IN URBAN AREAS

Lakes, ponds and drains, especially in urban areas, are most vulnerable to encroachment and degradation. The Bank is seeking to restore and maintain them in partnership with the local corporation and community in five states and Union Territories – Tamil Nadu, Karnataka, Gujarat, Pondicherry, Andhra Pradesh. These restored water bodies act as a buffer for urban flooding, recreational space for citizens and improves biodiversity.

**7**

Water bodies restored

**52 Ha**

Area restored

**10,145**

Trees planted

**6,500 Qt**

Garbage cleared

**5,74,29,465 Cu Mt**

Water holding capacity created

### AFFORESTATION

Under the Bank's Urban Afforestation Programme, it has planted 56,000 trees across multiple cities in states such as Maharashtra, Karnataka, Tamil Nadu, Delhi, Haryana, West Bengal and Uttar Pradesh. Plantation in urban spaces was done by liaising with government officials and departments for land, permits and other resources.

**11**

Cities

**56,000**

Trees

**825 MTCO<sub>2</sub>e/annum**

Sequestration potential

The plantation survival rate has been maintained at around 90% with only native species being planted. Miyawaki (mini-forest) technique was also adopted in three cities. Apart from the Urban Afforestation Programme. 1.64 lakhs trees were planted in project locations in watershed, springshed, lake rejuvenation and other areas.

### ACCESS TO SAFE DRINKING WATER

As many as 40 RO-based Water ATMs have been re-installed in Uttar Pradesh and Rajasthan, which face acute drinking water crisis in terms of quality, accessibility and affordability. These village-based decentralised Water ATMs dispense clean water at the rate of 30 paisa/litre and is owned and operated by the community and Gram Panchayat. Similarly, 10 defunct RO systems were revived in Karnataka under the Pragat Water Initiative of Bharat Financial Inclusion Limited (BFIL). Both initiatives have incorporated bore well recharge in and around the system, which has a water harvesting and recharge capacity of more than 37,000 cu mt.

**45**

Villages

**81,000**

Population benefited

**26,636,420 ltr**

Drinking water dispensed

### ENCOURAGING USE OF RENEWABLE ENERGY

To incorporate green energy use, a large rooftop solar installation was initiated in a hospital, providing a clean energy source, saving electricity costs and spreading awareness on clean energy source among the beneficiaries. The hospital selected for solar electrification provides preventive and curative paediatric cardiac care.

In another initiative, an AC micro-grid system (solar PV based) was installed in a forest-fringed village on Kumirmari Island in Sundarbans. This has provided critical electricity supply to 200 households and village institutions which are at risk of human-wildlife conflicts. Also, a total of 100 smart solar street lights were operationalised.

**330 kWp**

Capacity

**39,000**

Population benefited

**384 MTCO<sub>2</sub>e/annum**

Emissions saved

[GRI: 203-1, 413-1]

## Community Development

### Strengthening the Knowledge Base



Through its programmes that promote universal education, the Bank aims to improve knowledge comprehension and analytical abilities of students, making them the change agents of their own lives.

#### ACADEMIC IMPROVEMENT PROGRAMMES

The Bank runs three major programmes under this sub-theme. Two of these focus on providing remedial education to bridge the learning gaps in grade level reading, comprehension and solving arithmetic with a holistic approach towards the overall development of children in government schools. Teachers are also trained through disseminating unique teaching ideas, approaches and concepts. In the third kind of programme, Education Centres established run group tuitions to assist children from poor families with necessary education and knowledge support, and help them gain a basic degree (pass Class 10). The programme also intends to reduce dropout rates and encourage those who drop out to gain salaried employment.

To continue the programme during the pandemic, the Bank adopted online mode of teaching at the community centres to provide access, through FaceTime, to teachers. The self-learning mode was also encouraged with the help of video resources and learning worksheets provided to the students to help them adapt to the change.

#### PROGRAMMES FOR EDUCATIONAL IMPROVEMENT

- Road to School Programme, Odisha
- Early Language Learning, Haryana
- Assisted Learning Programme, MP, Jharkhand, Chhattisgarh, Bihar, UP
- Pragat – Road to School, Karnataka

#### REWARDING EDUCATIONAL EXCELLENCE

Scholarships are provided to deserving students from socio-economically backward families to help them complete their education. Such support is provided through Ashoka University, FFE Foundation for Excellence and Purkal Youth Development Society.

#### PROGRAMMES TO PROMOTE EDUCATIONAL EXCELLENCE

- Scholarship for engineering students
- Scholarships for students from Purkal Youth Development Society
- Young India Fellowship Programme

**4,317** **92,770**

Schools/  
Learning centres

Students

**4,221** **4,137**

Teachers

Villages

[GRI: 203-1, 413-1]

### Supporting Healthcare Infrastructure



The pandemic has reiterated the importance of access to basic healthcare services to all. IndusInd Bank recognises this need and supports initiatives such as setting up of healthcare units and partnerships with hospitals to support the vulnerable population.

#### PRIMARY HEALTHCARE

To provide timely access to primary medical care in remote locations amid the restrictions induced by the pandemic, e-Health/Telemedicine Clinics were setup. In some places, access is provided through Mobile Medical Units (MMUs). Local awareness campaigns on health and hygiene and preventive healthcare are conducted by local community health facilitators. These initiatives run hand-in-hand with the government healthcare machinery. Care has been provided for the treatment of primary ailments. Cases requiring secondary care are referred with a follow-up. Patients receive free consultation and medicines at subsidised cost. Thus, communities are less vulnerable to interference from quacks.

#### PRIMARY HEALTHCARE PROGRAMMES

- E-clinics – UP, MP, Jharkhand, Chhattisgarh, Bihar
- Primary Healthcare programme - UP
- Pragat - PHC and Sub Centre strengthening

**2,591** **8**

Patients  
directly benefited

Specialised hospitals  
associated with Bank

**579**

Villages

**310**

E-clinics, Healthcare  
Centres, MMUs etc.

**6,25,029**

Benefited directly  
and through  
outreach programmes

**1,670**

Community  
health facilitators  
and frontline  
healthcare workers

[GRI: 203-1, 413-1]

#### PROVIDING SPECIALISED CARE

Support for screening, diagnosis, treatment, surgeries and infrastructure support (eg. equipment) for critical and cost intensive ailments such as paediatric and general cancer, paediatric congenital heart diseases and HIV are also provided by the Bank. As and where necessary, the Bank enters into tie-ups with institutions working on a large scale and catering to disadvantaged patients. The Bank has also launched a Mother and Child Care programme in conjunction with the government healthcare department of the Odisha state government and a specialised menstrual and general health programme for adolescent girls in Telangana.

#### SPECIALISED CARE PROJECTS

- Treatment of HIV patients - Kolhapur
- Cancer support for children - Jaipur
- Cancer treatment for children - Maharashtra and Goa
- Cancer support with the Assam Government
- Congenital heart disease programme -Chattisgarh, Haryana, Maharashtra



# Community Development

## Enhancing Skills to Build Livelihoods

The pandemic has reiterated the importance of access to basic healthcare services to all. IndusInd Bank recognises this need and supports initiatives such as setting up of healthcare units and partnerships with hospitals to support the vulnerable population.



### SANITARY PAD MANUFACTURING

The Bank provides support to entrepreneurs in sanitary pad manufacturing and runs three short-term skill training programmes that groom youths for placement. The latter has led to average earnings of ₹8,185/month while the former has created 201 women entrepreneurs in villages.

### KEY SKILL DEVELOPMENT PROJECTS

Village-level entrepreneurs for sanitary pad manufacturing	Skill training programme for drug rehabilitated youth
Skill training programme for the differently-abled	Skill training programme for the youth

**1,209**  
Youth/  
Entrepreneurs benefited

**290**  
Villages

**45%**  
Differently-  
abled beneficiaries

**47%**  
Women  
beneficiaries

### LIVESTOCK DEVELOPMENT PROGRAMMES

Two income enhancing livestock development programmes viz. Dairy Farmer's Livelihood Programme (income enhancement through ICT intervention and market linkage) in Punjab and the Sanjeevani Programme in MP and Jharkhand (livestock veterinary care) have led to 4,75,546 beneficiaries.

### RATION AND SANITATION KIT DISTRIBUTION

During the year, the Bank also carried out activities like ration and sanitation kit distribution, awareness programmes, stitching and distribution of masks through SHGs, grocery procurement from small farmers, SHGs, MSMEs affected by the pandemic. In one such drive, 50,000 Happiness Boxes were distributed to the children of government schools and their families who were losing out on their daily nutrition due to the pandemic.



Dear IndusIndian,  
As we celebrate World Youth Skill Day today, we share with you how the Bank has touched the life of Nisha Rajpurohit - a youth from Rajasthan, and many like her.

## Pursuing Development through Sports



Through its programmes that promote universal education, the Bank aims to improve knowledge comprehension and analytical abilities of students, making them the change agents of their own lives.

### SPORTS PROGRAMMES

#### PARA-CHAMPIONS PROGRAMME (IN PARTNERSHIP WITH GOSPORTS FOUNDATION)

Launched in 2016 with an objective to support para-athletes across various sports disciplines, this programme currently supports 43 para-athletes across 7 disciplines. In all, the para-athletes have won 309 gold, 156 silver and 107 bronze medals till 2021.

#### GIRL POWER PROGRAMME (IN PARTNERSHIP WITH INSPIRE INSTITUTE OF SPORT)

Launched in 2017, this programme supports 60 girl athletes across 3 disciplines i.e., Judo, boxing and wrestling (20 in judo, 12 in boxing, 28 in wrestling). The programme provides the sportspeople high-quality coaching, along with a tailor made academic and life skills programme. In all, the athletes have won 84 gold, 39 silver and 66 bronze medals till 2021.

#### HOCKEY FOR HER EXCELLENCE PROGRAMME (IN PARTNERSHIP WITH TATA TRUST)

Launched in 2019, this programme supports 40 girl athletes in hockey. Uptil 2021, two cadets represented Odisha State and won bronze at the School National Hockey Championship in 2019; one cadet represented Assam and stood 4th in Khelo India Youth Games 2020. Nine girls from the programme were also selected to represent Odisha in the Hockey India Junior Women National Championship 2021.

#### CRICKET FOR BLIND PROGRAMME (IN PARTNERSHIP WITH CABI)

Launched in 2016, this programme supports the Indian Blind Cricket Team and 300+ blind cricketers at the state and district level. The Indian Blind Cricket Team has won eight international series, including the ODI World Cup. Also, Shekhar Naik of the team was conferred the Padma Shree Award and National Best Sports person Award in 2017; and Prakash Jayaramaiah the National Best Sports person Award in 2018.

#### ELITE ATHLETE PROGRAMME (IN PARTNERSHIP WITH MANN DESHI FOUNDATION)

Launched in 2019, this programme supports 55 athletes (from Nomadic tribes/backward castes) in Satara district in Maharashtra across three disciplines (field hockey, athletics and wrestling). In totality, these athletes have won eight gold, six silver and five bronze medals at various national, state, district and local level tournaments.

#### SHOOTING STARS PROGRAMME

Launched in 2017, in partnership with the Government of Madhya Pradesh, the programme aims at providing job opportunities to promising athletes. Chinki Yadav (Bhopal) secured India's quota for 25 m pistol shooting at Tokyo Olympics 2021 and received the Vikram Award in 2020. She even bagged a gold at the ISSF World Cup in 2021 in women's 25 m pistol event.

**182**  
Medals/Win

**639**  
Athletes

**77%**  
Athletes supported are  
differently-abled and  
27% are females

**57**  
Tournaments



[GRI: 203-1, 413-1]

[GRI: 203-1, 413-1]

The bank's biggest asset – its workforce. Fuelled by an enriched human capital, the Bank is taking strides in enhancing its work culture while nurturing its employees.

# EMPLOYEE WELL-BEING

## Highlights

5,528

Permanent women employees and 25 differently-abled permanent employees

14,00,100

Man-hours of training provided

5,77,612

Participants reached through 1,553 programmes

### IN THIS SECTION

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People Practices

# Nurturing a Talented and Motivated Team

IndusInd Bank is supported by a strong team of talented individuals who help the Bank achieve its goals. The Bank recognises that well engaged employees are an asset to business, hence it regularly conducts training and capacity building programmes. Policies are designed to attract and retain talented professionals by rewarding and acknowledging their efforts, which also helps the Bank identify future leaders for driving business growth.

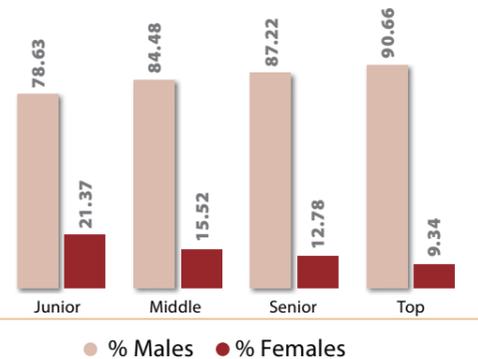
**DIVERSITY AND INCLUSION**

IndusInd Bank is an equal opportunity employer, drawing its workforce from varied backgrounds and life experiences. The Bank promotes diversity of thought which enables it to better understand and serve the diverse needs of its customers, clients, and communities. IndusInd Bank ensures overall well-being through its policies that promote diversity and inclusion, engagement driven by values, and undertakes focused initiatives to empower its people.

The Bank offers a harmonious work environment that is safe, secure, fair, and respects individuals irrespective of their age, religion, gender, race, caste, and nationality. The Bank's HR policy pertains to regular full-time employees and covers guidelines and policies relevant to employee welfare and benefits, work environment, and business ethics. The Bank gives full and fair consideration to everyone based on their competencies, strengths, and potential with an environment encouraging development and growth. It is also committed to paying its people fairly and equitably depending on their assigned role, skills, experience, and performance.

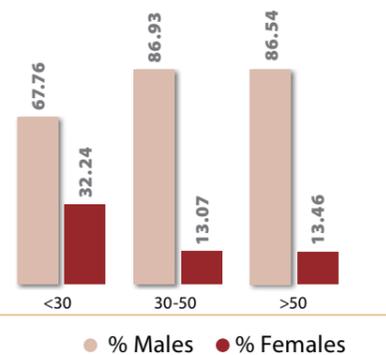
**PERMANENT EMPLOYEE STRENGTH (GRADE AND GENDER-WISE CLASSIFICATION)**

Employee Category	Males	Females	Total
Junior Management	13,426	3,648	17,074
Middle Management	8,803	1,617	10,420
Senior Management	1,535	225	1,760
Top Management	369	38	407
<b>Total</b>	<b>24,133</b>	<b>5,528</b>	<b>29,661</b>



**PERMANENT EMPLOYEE STRENGTH (AGE AND GENDER-WISE CLASSIFICATION)**

Age Group	Males (Nos)	Females (Nos)	Total
<30	5,830	2,774	8,604
30-50	17,975	2,703	20,678
>50	328	51	379
<b>Total</b>	<b>24,133</b>	<b>5,528</b>	<b>29,661</b>



[GRI: 102-8]



**BUILDING A DIVERSE BANK**

Diversity Indicator	Percentage
Female share of total workforce	18.64
Females in all management positions, including junior, middle and senior management	18.64
Females in junior management positions, i.e. first level of management	21.4
Females in top management positions, i.e. maximum two levels away from the CEO or comparable positions	1.2
Females in management positions in revenue-generating functions (e.g. sales) of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	11.89

**29,661**

Total permanent employees

**21,568**

Total contractual employees

**20%**

Of open positions are filled by internal candidates

**~16,506**

Average hiring cost/FTE

**NEW EMPLOYEE HIRES (FY 2020-21)**

Age Group	Gender	Joining (Zone Wise)						Left within 1 year (Zone Wise)					
		East	West	North	South	Corporate	Total	East	West	North	South	Corporate	Total
<30	Male	351	597	1,086	581	198	2,813	208	396	502	291	134	1,531
	Female	203	323	473	297	164	1,460	113	178	211	162	72	736
	<b>Total</b>	<b>554</b>	<b>920</b>	<b>1,559</b>	<b>878</b>	<b>362</b>	<b>4,273</b>	<b>321</b>	<b>574</b>	<b>713</b>	<b>453</b>	<b>206</b>	<b>2,267</b>
30-50	Male	250	537	837	513	217	2,354	84	244	295	202	71	896
	Female	32	80	99	70	45	326	10	41	44	28	14	137
	<b>Total</b>	<b>282</b>	<b>617</b>	<b>936</b>	<b>583</b>	<b>262</b>	<b>2,680</b>	<b>94</b>	<b>285</b>	<b>339</b>	<b>230</b>	<b>85</b>	<b>1,033</b>
>50	Male	-	3	1	2	5	11	-	1	-	-	2	3
	Female	-	-	-	-	1	1	-	-	-	-	-	0
	<b>Total</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>12</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>3</b>

[GRI: 102-8, 401-1]

## People Practices

### REWARDING AND UPSKILLING EMPLOYEES

The Bank's HR policies are designed to acknowledge employees' efforts by acknowledging individual performance. The Bank also provides counselling and constructive feedback during performance assessment. The rewards and recognition programme, subject to employees meeting their targets, helps build long-term employee ownership and association.

All the employees can participate in the Employee Stock Options Scheme for the future growth of the organisation and also avail the benefits such as healthcare (Mediclaim, group personal accident policy) and insurance, which are offered to full-time employees.

Supporting the Bank's PC-5 Strategy, the Board has setup a Compensation Committee to make recommendations on the issuance of the Bank's shares to its employees under the Employees Stock Option Scheme, 2007.



### EMPLOYEE BENEFITS

(₹ in crores)

Benefits	Cost Incurred
Life Insurance	0.80
Healthcare	40.50
Disability/invalidity coverage	0.84

0.63%

Employee absentee rate

20.6%

Employee turnover rate

### PARENTAL LEAVE

Categories	Employees entitled to parental leaves	Employees who took parental leave	Employees who returned after availing parental leave in the current reporting period	Employees who availed parental leave and were employed even after 12 months	Employees who returned after availing parental leave in previous reporting period
Permanent	5,528	316	116	15	79
Contractual	770	10	4	2	2
<b>Total</b>	<b>6,298</b>	<b>326</b>	<b>120</b>	<b>17</b>	<b>81</b>

### EMPLOYEE SATISFACTION

The Bank also tracks employee satisfaction using a variety of channels, including branch visits, employee engagement, grievance redressal, query resolutions and exit interviews. The branch visits conducted in the year offer feedback and insights, which are then analysed for remedial actions or process changes.

[GRI: 401-3]

### EMPLOYEE PERFORMANCE

IndusInd Bank employs a highly educated workforce, whose technical skills are greatly valued globally. The Bank follows a fair and transparent recruitment process. The Bank aspires to be a first employer and create an environment suitable for talent to thrive and do better irrespective of their varied backgrounds. In FY 2019-20, 100% of all employees received a performance appraisal.

### TYPE OF PERFORMANCE APPRAISAL

Particulars	% of All Employees
Management by objectives: systematic use of agreed measurable targets by line superior	100
Multidimensional performance appraisal (e.g. 360 degree feedback)	100
Formal comparative ranking of employees within one employee category	100

### EMPLOYEE REMUNERATION

Employee Level	Average Female Salary (₹ Lakh)	Average Male Salary (₹ Lakh)	Ratio (= Average Female Salary / Average Male Salary)
Executive level (Base salary only)	131	119.41	1.097
Management level (Base salary only)	4.21	4.81	0.88
Management level (Base salary + other cash incentives)	11.68	13.56	0.86
Non-management level	3.31	3.45	0.96

### EMPLOYEE TURNOVER

Age Group	Gender	Zone					Total
		Corporate	East	West	North	South	
<30	Male	44	70	261	243	131	749
	Female	76	130	466	559	292	1,523
	Total	120	200	727	802	423	2,272
30-50	Male	57	47	123	125	77	429
	Female	232	246	646	992	592	2,708
	Total	289	293	769	1,117	669	3,137
>50	Male	3		1			4
	Female	10	4	2	2	5	23
<b>Total</b>		<b>13</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>27</b>

### EMPLOYEE TURNOVER RATE

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Total employee turnover rate	22.6%	21.6%	20.2%	20.6%
Voluntary employee turnover rate	20.4%	19.5%	18.6%	18.0%

[GRI: 401-1, 404-3]

## People Practices

### TYPE OF PERFORMANCE REVIEWS

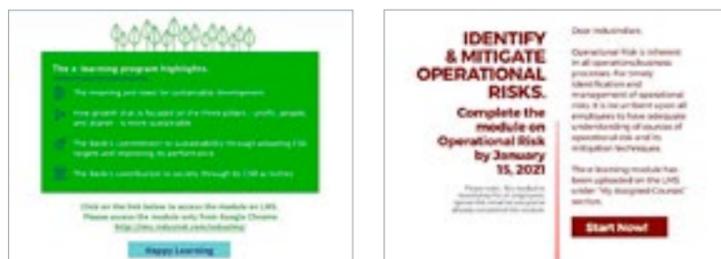
Employee Category	Total No. of Employees as on March 31, 2020*			No. of employees receiving regular performance reviews			Percentage (No. of employees receiving review/ Total no. of employees)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Junior Management	14,854	4,101	18,955	11,208	2,919	14,127	75	71	75
Middle Management	8,288	1,408	9,696	6,903	1,178	8,081	83	84	83
Senior Management	1,469	210	1,679	1,363	189	1,552	93	90	92
Top Management	313	31	344	294	31	325	94	100	94
<b>Total</b>	<b>24,924</b>	<b>5,750</b>	<b>30,674</b>	<b>19,768</b>	<b>4,317</b>	<b>24,085</b>	<b>79</b>	<b>75</b>	<b>79</b>

\*This data pertains to FY 2019-20. The appraisal process for FY 2020-21 were not complete at the time of publishing the Integrated Report.

### EMPLOYEE TRAINING

IndusInd Bank invests in induction and development programmes for its employees. During FY 2020-21, the Bank conducted 8,52,997 training man-hours for 5,05,132 participants through 1,593 programmes.

New training initiatives on business communication skills, leadership development, the art of collaboration and interpersonal effectiveness, behavioural/soft skills training, CFD behavioural/technical training, external training were also conducted in FY 2020-21.



₹874

Average amount spent on training and development/ Full-Time Employee (FTE)

28.76

Average hours of training and development/Total learning

₹259.17 Lakhs

Total spend on learnings

### EMPLOYEE MAN-HOURS WORKED

Particulars	Man-hours worked in the reporting period			Days worked in the reporting period			Missed days in the reporting period		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Employee Category									
Permanent Employees	4,84,89,192	97,33,446	5,82,22,638	53,87,688	10,81,494	64,69,182	35,441	20,488	55,929
Contractual Employees	18,88,443	10,59,894	29,48,337	2,09,827	1,17,766	3,27,593	4,451	1,953	6,404
<b>Total</b>	<b>5,03,77,635</b>	<b>1,07,93,340</b>	<b>6,11,70,975</b>	<b>55,97,515</b>	<b>11,99,260</b>	<b>67,96,775</b>	<b>39,892</b>	<b>22,441</b>	<b>62,333</b>

[GRI: 404-1, 404-3]

### EMPLOYEE ENGAGEMENT

The Bank engages its employees in activities beyond the realm of banking to nurture their talent, passion and team spirit. The Bank had introduced the 'Get Set Run' initiative in 2017.

During FY 2020-21, a total of **32 virtual marathons** were conducted through the year which engaged **over 6,000** employees across the country. This phase kick-started in June 2020 with participation in one of the first virtual marathons – 'Run to the Moon'.

During the nationwide lockdown, the Bank organised several employee initiatives. Some employee centric videos include:

- Squat Challenge video** – Participants were encouraged to send across short videos of them doing squats – one of the most effective exercises. This video garnered more than 29,000 views across the social media platforms of the Bank.
- Runner's Tips Video** – With the focus on six in-house runners, the video threw light on how the athletes were keeping their spirits alive and the athlete in them alive.
- Run to the Moon Video** – This was created to commemorate 51 years of man's landing on the moon and culminated in the Bank's participation in the very first virtual running event – Run to the Moon. This video garnered more than 7,20,000 views across the social media platforms of the Bank.

### #SPORTSCHANGESLIFE CAMPAIGN

This was an internal employee-centric campaign launched in November 2020, through which employees were encouraged to share their stories on how sports has inspired them in life. The campaign, lived up to the ethos of the Sports vertical – that 'there's a sportsperson in everyone'. A total of 28 employees across 18 sports were featured through this campaign.

The Bank also celebrates International Women's Day, Environment Day, Earth Day along with employee volunteering activities aimed at building employee engagement among its people while raising awareness.

### THE FINISH LINE

An eight-part web series, launched in partnership with Baseline Ventures, 'The Finish Line' aimed at keeping the sportsman spirit alive. It featured eight athletes over a span of eight weeks. The athletes featured were - Abhinav Bindra, Vishwanath Anand, Pankaj Advani, Smriti Mandhana, Leander Paes, Varun Singh Bhati, Parul Parmar, Dinesh Kartik. This series garnered more than 2 million views.

### BEACH CLEAN-UP

The Bank had organised a beach clean-up at Juhu Beach, Mumbai. A total of 110 employees attended the beach clean-up drive and clocked 220 hours of hard work. The volunteers were able to clear up 500 kgs of waste, showcasing the relentless efforts of the Bank in order to stay committed to sustainability.



## People Practices

### HUMAN RIGHTS PRACTICES

IndusInd Bank has a robust and comprehensive policy on human rights, diversity and inclusivity as well as on the prevention of sexual harassment. The Board maintains a strict oversight. IndusInd Bank is committed to respect human rights in accordance with applicable standards to prevent , forced labor, child labor, freedom of association, the right to collective bargaining, equal remuneration and all forms of discrimination.

The policy is applicable to our own operations (employees, direct activities, products or services) and our suppliers and partners.

As part of the due diligence process, the following activities with respect to human rights are executed by the Bank:

- Identification of potential human rights issues arise and Risk identification in our own operations, in our value chain and in new business relations (mergers, acquisitions, joint ventures, etc.)
- The Bank does a systematic periodic review of the risk mapping of potential issues covering human trafficking, forced labor, child labor, freedom of association, the right to collective bargaining, equal remuneration and all forms of discrimination
- The Bank covers its employees, women, children and third-party contracted labor

As part of the mitigation and remediation process, the following activities with respect to human rights are executed by the Bank:

- No loans are given to customers/businesses involved in any activities employing child labour, juvenile labour deforestation, sand mining, coal mining wherever banned
- Human rights reviews are being undertaken from time to time in areas of hiring employees/contract staff and during their life cycle, on an ongoing basis
- Periodic checks are done and SOPs are defined for potential issues covering forced labor, child labor, freedom of association, the right to collective bargaining, equal remuneration and all forms of discrimination
- The SOPs request for document verification and evidence, KYC checks before onboarding

**100%**

Of our employees, contractors, suppliers, service providers and subsidiaries are covered by the Code of Conduct through written acknowledgement and training

### PREVENTION OF HARASSMENT

All the cases are addressed in line with the statutory obligations laid down in the Prevention of Sexual harassment (Prevention, Prohibition and Redressal) Act, 2013. The employees identified for breach of law have also faced appropriate punitive action.

Training on code of conduct is also undertaken regularly to create awareness among the employees of the Bank, its subsidiaries, JVs and partners as well as the Board. This Group-level code of conduct has been instituted which deals with aspects such as

- Corruption and bribery
- Discrimination
- Confidentiality of information
- Conflicts of interest
- Antitrust/anti-competitive practices
- Money-laundering and insider trading/dealing
- Environment
- Health and safety
- Whistleblowing

**0**

Complaints of infringement of human rights

**0**

Cases of child labour, forced labour, involuntary labour and discriminatory employment

**4**

Cases of sexual harassment were recorded, redressed and stand concluded.

**608**

Cases of staff accountability were reported, out of which 606 were resolved, with 2 cases under process.

**48**

Cases under whistle blower policy

### EMPLOYEE DEVELOPMENT PROGRAMMES

Employee Development Programmes	Description of business benefits	Quantitative impact of business benefits (Monetary or Non-monetary)
<p>Introducing employees from diverse backgrounds to Bank's structure, vision, strategy, functions, people policies, value system, code of conduct (33 % of FTEs participating in the programme)</p> <p>The Bank conducts a 2-day exhaustive orientation programme across locations country wide where new joiners are given a classroom orientation on the Bank's business units, structure, vision, business journey, technology platforms, operational processes &amp; policies, HR policies, etc.</p> <p>E-learning interventions to provide learning on Bank's products, processes, compliance, risk, credit, treasury</p>	<ul style="list-style-type: none"> <li>• This orientation programme gave new joiners adequate exposure about the Bank, its core executive team, structure, business units and their roles/responsibilities, standardised operational processes and policies, Bank's business products, future agenda, code of conduct and requisite HR processes</li> <li>• Helped new joiners get acquainted with the Bank and get started on the job</li> <li>• Develop understanding for the Bank's operational processes and products improving</li> </ul> <p>In order to achieve the Bank's business goals, there is a need for a trained workforce on products, sales, operational processes, technology, compliance, domain skills pertaining to say Credit, Risk, Treasury, among others.</p> <p>The bank's e-learning initiatives have effectively addressed the training needs of the Bank's workforce by offering customised learning solutions on various technical and behavioural aspects.</p>	<p>Better product knowledge for sales, lower operational procedural errors, better knowledge of the Bank's structure, culture, vision, mission among others.</p> <p>The business impact has been in terms of</p> <ul style="list-style-type: none"> <li>• Sales force and Relationship Managers being aware of all the products. They gain confidence to have an effective client interface and acquisition through effective sales pitch and customer service. This has been a factor in the growth of the Bank's revenues over the past years</li> <li>• Orienting new joiners, drawn from diverse organisations, into the ethos and culture of the Bank</li> <li>• Reducing operational errors leading to higher efficiencies and customer satisfaction</li> </ul> <p>On an operational level, E-learning interventions help in:</p> <ul style="list-style-type: none"> <li>- Standardised learning solutions</li> <li>- Cost efficiency</li> <li>- Better TATs of training delivery</li> <li>- Cost of delivery is 10% of that of other delivery channels</li> </ul> <p>Managing scale and complexity. e-learning has helped the Bank to offer learning solutions to the entire employee base (27,739), which would have otherwise involved a significant cost outlay and would have been a very time and resource consuming proposition.</p>

### HUMAN CAPITAL RETURN ON INVESTMENT

Particulars	Monetary Value (₹)
a) Total Revenue Currency: (₹)	2,00,29,00,00,000
b) Total Operating Expenses Currency: (₹)	81,57,00,00,000
c) Total employee related expenses (Salaries + Benefits) Currency: (₹)	30,39,00,00,000
<b>Resulting HC ROI (a - (b - c)) / c</b>	<b>4.9</b>

## Health and Well-being

# Ensuring Zero Tolerance to Harm

During the COVID-19 pandemic, the Bank's employees worked incredibly hard to support customers and clients. Many were designated as frontline workers and continued to man the branches while others showed remarkable adaptability by working from home. The constant effort of the Bank during this critical time was to ensure the health and safety of the employees and customers across all its facilities.

### ALIGNING WITH SDG GOAL 3: GOOD HEALTH AND WELL-BEING



IndusInd Bank ensures the health and well-being of its employees through various initiatives throughout the year such health awareness campaigns like #SportsChangesLife and challenges organised for employees on various topics such as nutrition, exercises etc. Virtual marathons every month enabled employees to run/ride and kept them motivated. To ensure fitness and keep their spirits up during the lockdown, the Bank organised the Squat Challenge and Runner's Tips videos were produced.

### OHS GOVERNANCE AND MANAGEMENT

IndusInd Bank prioritises employee health and safety and has laid out action plans for zonal managers along with a dedicated H&S department. There is documentation of health risks on a regular basis following a bottom up approach and at the strategic level a top down approach where in evaluation of progress in reducing/preventing health issues/risks is monitored through internal inspections, consultations by OHS specialists as well as independent external verification of health, safety and well-being such as OHSAS 18000. Goals regarding H&S are embedded in performance and remuneration of management.

The Bank developed effective Health & Safety Management System which integrates safety in day-to-day operations and allows an organisation to consistently identify and control its safety risks,

### SAFE AND SOUND

During the year, IndusInd Bank conducted a virtual training workshop for women's self-defence. The virtual sessions received an overwhelming response and the Bank will continue such engaging sessions for employees.



reduce the potential for accidents, help achieve compliance with safety legislations and continually improve its performance. It has provided a systematic way to identify workplace hazards and risks and to setup a continual safety improvement programme to implement suitable controls to manage risks.

The Bank is committed to providing its employees a safe and secure working environment. A Health and Safety Management System helps achieve compliance with safety legislations and the implementation of suitable controls to manage risks against identified workplace hazards.

The Bank has a Fire Safety Manual, Security Manual, Facilities and Administration Manual and Workplace Health and Safety Policy in place. Regular drills and trainings in first aid, fire safety and personal safety are conducted together with periodic checks on the physical and mental health of employees

During FY 2020-2021: Fire safety training and evacuation drills were conducted at 35 high-rise buildings and 1,350 bank branches across all zones. More than 19,500 employees including outsourced staff participated in these fire and evacuation drills /training programmes. Online e-learning modules covering emergency preparedness at ground level have been implemented for further raising the awareness threshold of the environment in this regard. The efficacy of the fire drills and practices carried out is evident from non-occurrence of any major fire incidents since 2014.

[GRI: 403-1, 403-2, 403-3]

0

Reported cases of injury/ incidents, occupational diseases and work-related fatalities

3,100

Total security personnel trained on human rights

3,885

Total security personnel in the Company

4,950

Employees sensitised about workplace safety through 780 classroom sessions in FY 2020-21

1,345

Women employees trained through workplace safety sessions achieving 4,035 man-hours

### RIGHT OF ASSOCIATION

The Bank allows employees to exercise the lawful right of free association. However, the Bank does not have any collective bargaining agreements as there is no trade union or employee association. The Bank encourages transparency across its workforce and enables easy access to senior management through readily available internal tools.

### THE BANK'S SAFETY MANAGEMENT SYSTEM COMPRISES THE FOLLOWING THREE COMPONENTS:

**WORKPLACE HEALTH AND SAFETY POLICY**  
The Bank's Workplace Health and Safety Policy and safety-related vision/mission/targets are available online under Policies and Codes [here](#).

**GOVERNANCE STRUCTURE ON FIRE AND SAFETY**  
Responsibility, accountability and authority for development, implementation and performance evaluation of the safety management system are allocated by the top management of the organisation to achieve the desired safety objectives.

**WORKPLACE SAFETY ASSESSMENT**  
The Bank maintains a keen eye and corrects workplace hazards at all the locations. Emergency prevention, preparedness and response arrangements have been established in cooperation with external agencies as applicable. The Bank also conducts periodic audits, safety inspections and management review to determine the effectiveness of the system.

### ACTIVE AND PASSIVE SECURITY MEASURES

- CCTV surveillance
- Fire, burglar alarm system
- Intrusion detection system
- Remote Health Monitoring System for CCTV

- Intrinsically safe design of locker and strong room
- British Standards Institute/Global Standards are followed

- Auto dialler facility System for Branch Manager and MCSOP
- Emergency contact numbers of critical services (Police, Fire, Ambulance, etc.)

- Physical/Human barriers
- Trained and skilled security guard and gunmen
- Role players and surprise check/cold calling

19,500

Employees participated in fire and evacuation drills and training programmes

[GRI: 102-41, 403-2, 403-3, 403-4, 403-5, 403-9, 403-10]

The bank is underpinned by good governance practices. Corporate governance has always been a cornerstone for the bank's operations, laying down the foundation for a sustainable and viable business.

# ETHICS AND VALUES AT WORK

## Highlights

6  
Independent Directors

2  
Women Board Members

8  
An average Board member's tenure

18,500+  
Participants attended business ethics training module in FY 2020-21

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## Corporate Governance

# Upholding Best Practices

The leadership at IndusInd Bank provides strategic guidance and is committed to improving the governance mechanism to better the Bank's value-creation potential.

### APPOINTMENT OF THE BOARD

The Bank appoints all Directors in conformity to the 'Fit and Proper' criteria laid down in the RBI's extant guidelines and takes professionals with adequate expertise and experience on the Board. The Board is governed as per the provisions of the Banking Regulation Act 1949. The Nomination & Remuneration Committee determines the suitability of a person for the position of 'Director', in compliance with RBI guidelines.

The Bank organises various induction programmes for its Directors, inviting external domain experts to provide trainings, and also encourages Directors to attend programmes conducted by other reputed institutions.

### BOARD COMMITTEES

The Board has constituted various committees for the efficient conduct of its business and ensuring compliance with the regulatory statutory requirements of RBI, Companies Act, and SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, among others.

### THE COMMITTEES OF THE BOARD INCLUDE:

- Audit Committee: Review Committee (Wilful Defaulters)
- Compensation Committee: Stakeholders Relations Committee
- Customer Service Committee: Special Committee (for monitoring large value frauds)
- Corporate Social Responsibility & Sustainability committee : IT Strategy Committee
- Finance Committee: Vigilance Committee
- Nomination and Remuneration Committee

### BOARD DIVERSITY

IndusInd Bank has a robust and balanced Board with a wide range of attributes ensuring a blend of functional and industry experience and expertise. The Bank maintains diversity in Board in compliance with Section 10A (2)(a) of the Banking Regulation Act, 1949.

The Board has expertise and special knowledge or practical experience in respect of one or more of the following namely Accountancy, Agriculture and Rural Economy, Banking, Co-operation, Economics, Finance,

Law, Small-scale industry as well as Information Technology, Human Resources, Business Development and Management, Payment and Settlement Systems and Risk Management.

IndusInd Bank adheres to and maintains a board diversity policy that does not discriminate on the basis of gender, caste, race or ethnicity. The policy can be accessed [here](#).

The Bank exceeds the statutory requirement of having at least one-woman Director on the Board. At present, the bank has two women directors (Mrs. Bhavna Doshi and Mrs. Akila Krishnakumar) along with six male directors, who come from diverse backgrounds and bring varied expertise in a mix of areas. The Directors' profiles can be found [here](#).

The Board has an optimal combination of Executive, Non-Executive, Independent and Woman Directors in accordance with the requirements of the Banking Regulation Act, 1949, the Companies Act, 2013, Listing Regulations, and Articles of Association of the Bank.

### BOARD INDEPENDENCE

IndusInd has a single-tier system and its Board of Directors has eight members, including the Chairman, Managing Director & CEO and six directors.

The Independent Directors meet the criteria of independence as laid down under SCHEDULE IV and Section 149 (6) of the Companies Act, 2013 and Regulation 16 (1) (b) and 17 (1) (a) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

An Independent Director can be appointed for two consecutive terms of four years each. The tenure of an Independent Director will be in line with the provisions of the Banking Regulations Act, 1949. Independent Directors are not liable to retire by rotation. Re-appointment at the end of the term shall be based on the recommendations of the Nomination and Remuneration Committee and subject to approval of the Board and the shareholders. In considering re-appointment, the Board will take into consideration the outcome of the performance evaluation process and whether the Director continues to meet the independence criteria as defined under the Companies Act, 2013.

### BOARD STRUCTURE

The Chairman is Part-time Non-Executive Chairman of the Board and all executive functions of the Bank are invested in the MD & CEO. This indicates the split in the roles of the Chairman and the Managing Director & CEO of the Bank.

Six out of the total number of Directors (8) are Independent Directors on the Board, including two woman Directors.



- Executive Directors (Managing Director & CEO)
- Independent Directors
- Other Non-Executive Directors

### BOARD MANDATES

Number of Non-Executive/Independent Directors with four or less other mandates: Mr. Shanker Annaswamy, Dr. T. T. Ram Mohan

Number of other mandates for Non-Executive/Independent Directors restricted to 13

**94.08%**

**Board meetings attended in last business/fiscal year**

Minimum of attendance for all members required, at least is 12.5%

### BOARD ELECTION

The Bank's Board members are individually elected and re-elected on an annual basis. The average tenure of Board members is eight years.

### BOARD EXPERIENCE

Six Independent or Non-Executive members have relevant industry experience including

- Information Technology – Mr. Shanker Annaswamy and Mrs. Akila Krishnakumar
- Banking and Finance – Dr. T. T. Ram Mohan, Mr. Sanjay Asher, Mrs. Bhavna Doshi
- Small Scale Industry – Mr. Rajiv Agarwal

### BOARD EVALUATION

The Board has formulated a Policy on Performance Evaluation, which provides a guideline for evaluation of the Board, its committees, Individual Directors' and various aspects such as attendance, participation and contribution towards strategies of the Board. The policy can be found [here](#). The key focus areas of evaluation of the Board Directors are knowledge of business, diligence and preparedness, effective interaction with others, constructive contribution to discussion and strategy, concern for stakeholders, attention to the internal controls' mechanism and ethical conduct issues. While considering the extension of tenure of a Director, the Nomination and Remuneration Committee of the Board reviews the Directors' performance and makes a recommendation to the Board.

The Board's performance is evaluated annually by an external agency, which appraises the Board basis the criteria defined by the Bank's Nomination and Remuneration Committee:

- Development of suitable strategies and business plans at appropriate time and their effectiveness
- Implementation of robust policies and procedures
- Size, structure and expertise of the Board
- Oversight of the Financial Reporting Process, including Internal Controls
- Willingness to spend time and effort to learn about the Bank and its business
- Awareness about the latest developments in the areas such as Corporate Governance framework, financial reporting, industry and market conditions, etc.

## Corporate Governance

### SHAREHOLDING PATTERN

Stock Ownership of MD and CEO and Key Managerial Personnel as on March 31, 2021. CEO's shareholding is 34 times his base salary

Particulars	Number of shares
Mr. Sumant Kathpalia: (Appointed as Managing Director & CEO on March 24, 2020)	5,94,818
<b>EXECUTIVE COMMITTEE MEMBERS</b>	
Mr. Arun Khurana	4,73,400
Mr. S.V. Zaregaonkar	75,400
Mr. S.V. Parthasarathy	45,250
Mr. Sanjeev Anand	140
Mr. Ramesh Ganesan	1,10,000
Mr. Zubin Mody	5,600
Mr. Sanjay Mallik	16,500
Mr. Ramaswamy Meyyappan	56,000
Mr. Bijayananda Pattanyak	1,45,500
Mr. Soumitra Sen	1,85,789
Mr. Anil Rao	10,500
Mr. Anish Behl	1,45,400
Mr. Samir Dewan	60,500
Ms Roopa Satish	Nil
Mr. Rana Vikram Anand	Nil
Mrs. Charu Sachdeva Mathur	Nil

The Bank has no specific stock ownership requirements for the CEO and other members of the Executive Committee. Having specific stock ownership requirements for the CEO and other members of executive committee is not a requirement as per Indian Companies Act. No governmental institution owns more than 5% of the total voting rights. No (founding) family members individually have more than 5% of the voting rights. The Bank does not have differential voting rights shares as well as dual class shares. It has a single class of shares for general public as well as for the senior management. Total number of shares as on March 31, 2021 is 77,33,72,299.

### PROMOTER SHAREHOLDING

Promoter Name	Number of shares	Percentage
IndusInd International Holdings Limited	8,95,37,464	11.58
IndusInd Limited	2,79,78,546	3.62
<b>Total</b>	<b>11,75,16,010</b>	<b>15.20</b>

### CEO'S COMPENSATION

The Bank has pre-defined financial returns and relative financial metrics relevant for the CEO's variable compensation.

The Bank has guidelines on deferred bonus, time vesting, and performance period for the CEO's

variable compensation. During the year, the Bank has implemented the RBI Guidelines on Compensation of Whole Time Directors /Chief Executive Officers/Material Risk Takers and Control Function Staff, issued wide circular dated November 4, 2019. The quantum of overall variable pay to be disbursed in a year for all eligible employees including the material risk takers and risk controllers may vary from year to year on the basis of the financial performance of the Bank measured through various parameters such as Net Interest Margin, Net Interest Income, Return on Assets, Profit After Tax and Return on Equity.

The CEO is granted Stock Options. The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model. Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during a period. The measure of volatility used in Black – Scholes option pricing model is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in the closing equity share price on the National Stock Exchange (NSE), over a prior period equivalent to the expected life of the options, till the date of the grant. The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: Dividend yield,

Volatility, Risk free interest rates and Expected life of options.

Employee Stock Option Scheme 2020 ('ESOS 2020') is granted to the Eligible Employees, including Directors other than the Promoters, Non-Executive, Independent Directors and Directors holding more than 10% of the outstanding Equity shares of the Bank, having Face value of ₹10 per share under ESOS 2020 by way of issuance of Employee Stock Options. The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model.

The percentage of the short-term bonus deferred in the form of shares or stock options is calculated as a cumulative figure for the 18 employees defined as WTD /CEO/risk takers/other control function staff. The Bank has a clawback provision in place as per the RBI guidelines. The Bank will implement malus/claw-back arrangements with the concerned employees in case of deferred variable pay. The criteria would be negative contributions to the bank and/or relevant line of business in any year. As applicable, malus arrangement would adjust deferred remuneration before vesting

and clawback arrangement would adjust deferred remuneration after vesting.

The CEO is granted Stock Options which are a part of the Variable Compensation. Upon vesting, the options have to be exercised within a maximum period of five years or such period as may be determined by the Compensation Committee from time to time. The stock options are equity settled where the employees will receive one equity share per stock option.

The longest performance period covered by the Bank's executive compensation plan is one year. The ratio between the total annual compensation of the CEO and the median employee compensation is 101.22.

The compensation of CEO and some executive committee members is linked to the responsible investment and sustainable financing which is a part of the member's KRA. The compensation of the CEO and Country Head - Technology and CGMO is linked to the achievement of Product Innovation and Digitisation goals as part of the KRA. The compensation of the CEO and Chief HR Officer is linked to the reduction of the attrition rate which is also a part of the member's KRA.

### SUSTAINABILITY GOVERNANCE STRUCTURE

The Bank's current PC-5 strategy has embedded sustainability into its core framework. It operates responsibly to achieve inclusive growth in terms of revenue, environmental and social value creation. The Bank understands that inclusion of sustainable practices is key to surviving and thriving in the

longer run. It upholds sustainability in every aspect of its functioning.

At the apex of the Bank's sustainability governance lies the CSR and Sustainability Committee Board, followed by the Sustainability Council and the Sustainability Team.



# Corporate Governance

## VIGILANCE MECHANISM

IndusInd bank has a strong vigilance mechanism in place for ensuring prudent governance. These policies help the Bank uphold its code of conduct and ethical standards.

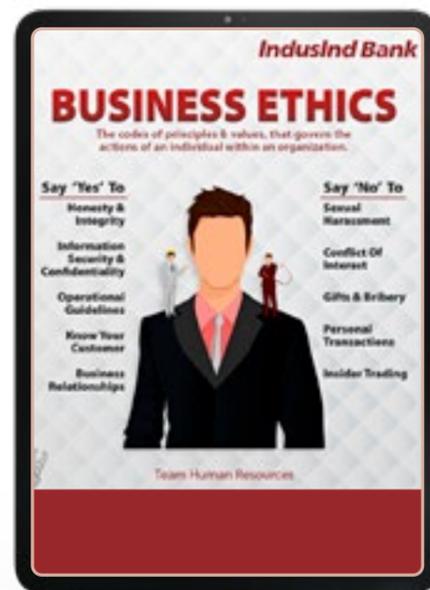
There were no complaints received from outside parties and substantiated by the Bank regarding breaches of customer privacy and loss of customer data or complaints received from regulatory bodies during the year.

The Directors, both, Executive and Non-Executive, top management, middle level management and all associates follow and adhere to strong corporate codes of conduct laid out by the organisation in its culture and also in policies accessible to all. These policies lay emphasis on activities being carried out in an honest, fair, diligent and ethical manner, within the scope of the authority conferred upon associates and in accordance with the laws, rules, regulations, agreements, guidelines and standards. Directors and associates have a duty to make decisions and implement policies in the best interests of the Company and its stakeholders. The Board of Directors are entrusted with the fiduciary responsibility of overseeing the assets and affairs of the Company.

The Bank has a Chief Compliance Officer who reports to the MD and CEO of the Bank and is the custodian of the anti-money-laundering and anti-terrorism financing policy.

There were 15 Vigilance complaints/references received directly of which seven were closed after investigation (not substantiated), four cases resulted in punitive action, three were under disciplinary proceedings and one was under investigation as on March 31, 2021.

There are no incidents of non-compliance with regulations or voluntary codes concerning product and service information and labeling. Also there are no incidents of non-compliance with regulations or voluntary codes concerning marketing communications.



[GRI: 102-16, 102-17, 417-3]

## POLICIES AND THE CODE OF CONDUCT

### Anti-corruption Policy

The Bank prohibits corruption in any form, including:

- Bribes in any form (including kickbacks) on any portion of contract payments or soft dollar practices
- Undisclosed direct or indirect political contributions
- Undisclosed charitable contributions and sponsorship

The Bank conducts regular training sessions for the employees to sensitise them in vigilance practices.

### Privacy Policy

The Bank takes responsibility to maintain the confidentiality of the information, at all times.

Privacy policy applies to the entire operations of the Bank, including suppliers. Mr. Anil Rao is the custodian of the Privacy policy and related issues. Privacy policy system is embedded in group-wide risk/compliance management. Disciplinary actions in case of breaches of privacy are taken as and when required. To ensure compliance, as per the statutory requirement of the Reserve Bank of India, audit of the privacy policy is being carried out.

The bank's Privacy policy can be accessed [here](#).



### Whistleblower Policy

The Bank has a rigid whistle-blower process and an open communication channel wherein employees can raise whistle blows/complaints through the forum to the Corporate Ombudsman.

Under the Whistleblower policy, the Bank protects the identity of the whistleblower, which is known only to designated authorities. Any form of reprisal or retaliation against the whistleblower is thus avoided.

### Clawback Policy

The Bank has a clawback provision in place as per the guidelines of the RBI. The Bank has regulations on deferred bonus, time vesting, and performance period for the CEO's variable compensation. The longest performance period covered by the Bank's executive compensation plan is 1 year.

## CODE OF CONDUCT CASES

Particulars	FY 2020-21
Cases of corruption*	0
Whistle blower cases**	48
Breaches against codes of conduct and ethics	4

\* During the year, 6 complaints were received/dealt with in the category of corruption and bribery, none of which could be substantiated/ found to be true.

\*\* Out of 48 whistle blower cases, 9 cases did not require any investigation, while 39 were investigated. Out of 39, 10 were pending investigation as on 31st March 2021 while 29 were closed after investigation resulting in 10 cases of punitive action.

The Bank takes responsibility to maintain the confidentiality of the information, at all times. Privacy policy applies to the entire operations of the Bank, including suppliers. The Bank has a General Banking Operations (GBO) department which oversees the Data Privacy at the Bank. Mr. Anil Rao, who is the Head-Consumer Operations oversees the implementation of the policy. Privacy policy system is embedded in group-wide risk/compliance management. Disciplinary actions in case of breaches of privacy are taken as and when required. To ensure compliance, internal audits are also conducted. As per the statutory requirement of the Reserve Bank of India, audit of the privacy policy is being carried out.

[GRI: 102-16, 102-17, 205-3]

## Corporate Governance

### ANTI-COMPETITIVE AND MONOPOLISTIC PRACTICES

The Bank strictly adheres to the prevention of anti-competitive and monopolistic practices during its operations. As a result, there is no legal case pending/completed against the Bank with respect to anti-competitive behaviour and violations of anti-trust and monopoly legislation for FY 2020-21. The Bank did not incur any fines or settlements related to anti-competitive practices in the past four fiscal years. There are no ongoing investigations related to anti-competitive practices.

### ANTI-MONEY LAUNDERING

The Bank has established procedures to ensure the effective establishment and implementation of a Company culture opposing money-laundering and terrorism financing. These include:

- Customer due diligence (CDD): Formal policies and procedures include customer verification based on reliable sources
- Non-face-to-face CDD: Formal policies and procedures are in place for non-face-to-face customers
- Terrorist financing: CDD procedures include formal searches against lists of known or suspected terrorists issued by competent authorities having jurisdiction over the relevant financial institution
- Politically exposed persons (PEPs): Formal policy and procedures in place covering the identification, periodical review and monitoring of PEPs
- Senior management to sign off PEP customers or other customers from countries, businesses and products with greatest risk of money-laundering/terrorism financing
- Record keeping for five years for all anti-money-laundering/terrorism financing-related documents
- Annual independent assessment of monitoring procedures via an external agency

There is no legal case pending against the Bank with respect to anti-competitive behaviour and violations of anti-trust and monopoly legislation for FY 2020-21.

### TAX RATES

Particulars	FY 2019-20	FY 2020-21
Earnings before Tax (₹ in crores)	6,120.61	3784.14
Reported Taxes (₹ in crores)	1,702.70	947.75
Effective Tax Rate (in %)	27.8191	25.05
Cash Taxes Paid (₹ in crores)	2,061.36	730.08
Cash Tax Rate (in %)	33.679	19.29

# 26.76

Average tax rate

# 28.18

Average Cash Tax Rate

[GRI: 102-16]

### TAX STRATEGY

The Bank's business operations are largely concentrated in India and international activities are restricted to resource mobilisation in the international markets. The Bank is committed to compliance with the tax laws and regulations in the countries in which the company operates.

Since the Bank does not have material earnings emanating from foreign operations, the Bank is considered to operate only in the domestic segment. The Bank is not present in any tax haven countries and does not do business in any tax evasive modes. The Bank does not transfer value created to low tax jurisdictions or use tax structures without commercial substance.

The tax policy of the Bank is approved by the board of directors.

The Bank does not support or align with political campaigns, political organisations, lobbyists or lobbying organisations and other tax-exempt groups to influence policy.

### TRADE ASSOCIATIONS

Trade associations supported by the Bank

Particulars	Monetary Value (₹)
Indian banks association	27,25,000
Micro finance institutions network	11,61,551
Institutional investor advisory services India limited	6,49,000
Bombay chamber of commerce and industry	88,500
Indo-German chamber of commerce	10,900
<b>Total</b>	<b>46,34,951</b>

### GLOBAL SYSTEMICALLY IMPORTANT BANK (G-SIB)

Banks play a vital role in the flow of money and credit between savers and borrowers. For a working economy and society, the stability and sustainability of the entire financial system is of utmost importance. Learnings from past financial crisis have driven national

and international regulatory initiatives that press for the adoption of stronger capital requirements and loss absorbency, among other measures. Global Systemically Important Banks, as defined and monitored by the Financial Stability Board (FSB), are particularly subject to these regulatory initiatives, as the Basel Committee on Banking Supervision seeks to improve the resilience of banks and banking systems that are active in business areas with high-risk exposure. As per the latest list released by the FSB, IndusInd Bank does not fall under the ambit of Global Systemically Important Banks (G-SIB).

### BASEL III LEVERAGE COMPONENTS

Particulars	March 2020	March 2021
Tier 1 capital (₹ Mn)	376,853	4,59,230
Exposure measure (₹ Mn)	39,65,994	45,29,275
Leverage ratio (%)	9.50	10.14

### RESTRICTED ACCESS AND ETHICS

The Bank secures financial information. It maintains physical, electronic and procedural safeguards to protect the customer information. Employees are authorised to access customer information for business purposes only.

The Bank's employees are bound by a code of ethics that requires confidential treatment of customer information and are subject to disciplinary action if they fail to follow this code. IndusInd Bank may also share Information to provide customers with better services and a range of offers and services available to them. If customers desire the Bank to limit such sharing whereby customer would not like to be informed of offers available, he/she may contact the Bank at [reachus@indusind.com](mailto:reachus@indusind.com).

[GRI: 102-13]

## Sustainable Procurement

# Embedding Sustainability in the Value Chain

IndusInd Bank believes in responsible sourcing and is committed to building a strong and reliable supply chain while onboarding many local suppliers, which is fundamental to carrying out sustainable operations.

### SUSTAINABLE PROCUREMENT POLICY

The Bank's sustainable procurement policy has acted as a central approach in bringing uniformity in its procurement practices keeping in mind transparency, safety and inclusion of human rights. This policy guides the Bank's software and hardware related procurement. Through this policy, the bank maintains a keen focus on sustainable sourcing, prioritising local suppliers and procures raw material at a fair price.

### ENGAGING LOCALLY

The Bank prefers to interact with local suppliers who deal with IT-related hardware and software services. These materials include laptops, desktops, printers, UPS and UPS batteries. These items are often recycled. Almost 70% of the products for the Bank are sourced locally, making for a responsible supply chain.

### SUSTAINABLE PROCUREMENT AUDIT AND VENDOR ESG ASSESSMENT

IndusInd Bank has commenced its supplier sustainability journey through the following steps:

**A formal Sustainable Procurement Policy and a Supplier Code of Conduct are in place**

**Public commitment to ESG targets on sustainable procurement**

**Conducting supplier engagement and collecting vendor ESG Declarations**

**Conducting supplier assessments and procurement audit**

Refer to the Sustainability Procurement Audit Assurance Statement [here](#).

The Bank has undertaken a commitment that 80% of the vendors will have ESG policies and practices in place. In order to meet the compliance for this target, a Vendor Assessment Questionnaire on ESG was shared with large vendors, including both OEMs and MSMEs. These suppliers provide technology, equipment, IT hardware, white goods manpower, security and housekeeping services to the Bank. An external agency, namely Deutsch Quality System India Pvt Ltd (DQS), was appointed to help audit and assess the Bank's vendors on the ESG information provided by them. These suppliers were assessed on their social and environment practices, including health and safety, employee welfare, water management, EHS, GHG emissions management, etc. The response to the questionnaire from 40 vendors was followed by a Gap Assessment of vendor's ESG data and submission of key findings and observations. The resultant closure of audit observations helped improve supplier sustainability ratings and ensure the processes and products supplied to the Bank are more ESG compliant.

DQS has provided an Independent Limited Assurance to IndusInd Bank Limited on Supplier Sustainability Assessment for FY 2020-21.

**45%**

Of vendors (17 nos.) by spend are ESG compliant

**29%**

Of vendors (19 nos.) are partially ESG compliant

**3%**

Vendors (4 nos.) need substantial improvement in their ESG performance.

[GRI: 102-9]

## Way forward

# Geared for a Carbon Neutral Future

IndusInd Bank recognises the need to have specific guidelines for financial institutions on key ESG disclosures like SBTi, TCFD among others.

The Bank looks forward to having standard and specific guidelines, benchmarks and best practices on the following aspects:

### NET ZERO CARBON TRANSITION

Climate risks factored into capital requirements, hence cost of capital is reflected in pricing and underwriting decisions. Sustainability-linked loans with KPIs are reflective of actions in the real economy to reduce climate risk and associated weighting on the Banks' balance sheets.

### REPORTING FINANCED EMISSIONS AND PORTFOLIO TRAJECTORY

Develop portfolio impact metrics that take into account emissions intensity. Set targets to align portfolios with climate-related goals such as the Paris Agreement. Divestment from activities contributing to climate change.

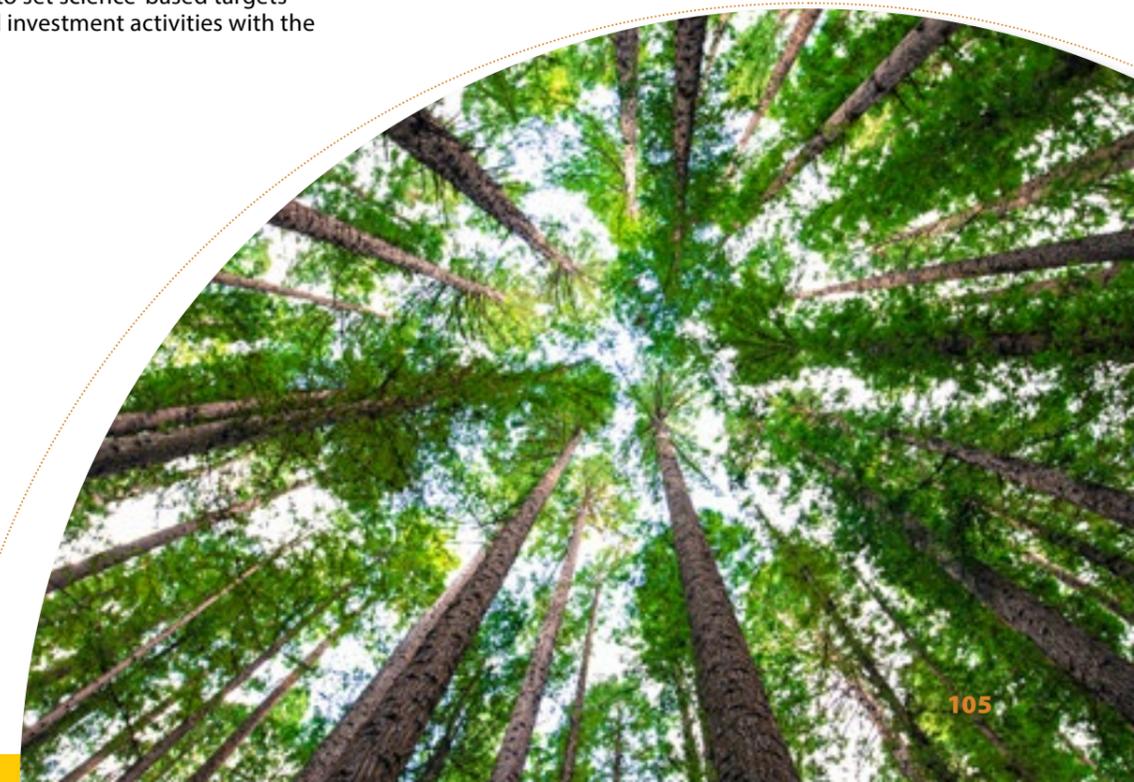
### SCIENCE-BASED TARGETS

The SBTi launched its framework for financial institutions in 2020 to set science-based targets to align lending and investment activities with the Paris Agreement.

### CLIMATE-RELATED SCENARIO ANALYSIS

Conduct climate scenario stress in line with TCFD recommendations to appropriately incorporate potential impacts of climate change on businesses, strategies, and financial performance in the planning processes. The Bank needs to consider how such risks and opportunities may evolve and what the potential implications may be under different conditions. Scenario analysis is a strategic planning tool to enhance critical strategic thinking by challenging 'business-as-usual' assumptions and instead exploring alternatives based on their relative impact and likelihood of occurrence (i.e. critical uncertainties). A scenario describes a potential path of development that will lead to a particular outcome or goal

[GRI: 102-12]



## Annexures

### Independent IR ESG Assurance Statement

## Deloitte Haskins & Sells LLP

**Independent Limited Assurance Statement on Key Performance Indicators disclosed in the Integrated Report of IndusInd Bank for the financial year ended March 31, 2021**

#### The Board of Directors of IndusInd Bank

We have been engaged by the Management of IndusInd Bank ("the Bank"), to provide a Limited Assurance Statement on Key Performance Indicators ("KPIs") described below and disclosed as per the Global Reporting Initiative ("GRI") Standards (herein the "GRI Standards Disclosures") in its Annual Integrated Report (the "Report") for the year ended March 31, 2021.

#### Subject Matter

We are required to provide limited assurance on the following KPIs, presented in the Report, in accordance with management's basis of preparation, the audited financial statements, the audited books of account for the year ended March 31, 2021 and other relevant records and the GRI Standards Disclosures.

The terms of management's basis of preparation and GRI Standards Disclosures comprise the criteria by which the KPIs are to be evaluated for purposes of our limited assurance engagement.

The subject matter includes the following:

KPI	GRI Disclosure
E-waste Recycled through authorised vendors	306-2
Organization Structure – Number of Branch and ATMs across India	102-6; 102-7
Training Man Hours and Fire Drills	403-5; 404-1
Sexual Harassment of Women at Workplace- Number of Cases recorded, redressed and concluded	Not Applicable
Microfinance Beneficiaries in Bottom of Pyramid (BoP) segment*	Not Applicable
Total Employees- Permanent and Contract	102-8
Employee New Hires and Turnover	401-1
Parental Leaves	401-3
Reported cases of injury/ incidents, occupational diseases and workrelated fatalities	403-9; 403-10
Employee Absentee Rate	Not Applicable
Water Consumption	303-3

\* Includes details of Bharat Financial Inclusion Limited.

[GRI: 102-56]

## Deloitte Haskins & Sells LLP

The scope of limited assurance covers the Bank's pan-India standalone operations across various business verticals and information pertaining to the period April 1, 2020 to March 31, 2021.

#### Responsibility of the Management

The Bank's management is responsible for the selection, preparation and presentation of the KPIs for the year ended March 31, 2021, in accordance with the criteria mentioned above. This responsibility includes identification, preparation and reporting of KPIs in accordance to GRI Standards, the identification of stakeholders and stakeholder requirements, material matters and commitments with respect to sustainability performance. The management is also responsible for design, implementation and maintenance of adequate internal controls to facilitate collection, calculation, aggregation and validation of the data, relevant to the KPIs and preparation of the Report, that is free from material misstatement, whether due to fraud or error.

#### Our Independence, Ethical Requirements and Quality Control

Our team comprising multidisciplinary professional, have complied with independence policies of Deloitte Haskins and Sells LLP, which address the requirements of the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants in the role as independent auditors. We have complied with the relevant applicable requirements of the International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

We also confirm that we have maintained our independence in the Report and there were no events or prohibited services related to the Assurance Engagement which could impair our independence.

#### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the KPIs set out in the subject matter paragraph, as disclosed in the Report for the year ended March 31, 2021, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance in accordance with International Standard on Assurance Engagement 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information (herein referred as "ISAE 3000") issued by the IFAC. This standard requires us to comply with ethical requirements and to plan and perform our limited assurance engagement to obtain sufficient appropriate evidence about whether the KPIs are free from material misstatement.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal controls, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgment and included inquiries, observation of process followed, inspection of documents, analytical procedures, evaluating appropriateness of quantification methods, agreeing or reconciling with underlying data, etc.

In performing the procedures listed above, we:

- Interviewed key personnel including senior executives to understand the governance, systems, internal control environment, risk assessment process and information systems during the reporting period, relevant to the KPIs set out in the subject matter paragraph;

[GRI: 102-56]

## Annexures

### Independent IR ESG Assurance Statement

## Deloitte Haskins & Sells LLP

- Tested data, reviewed records and relevant documentation submitted by the Bank, to arrive at the data presented in their Report; and
- Reviewed key systems and processes relating to collation, aggregation, validation and reporting of the KPIs on sample basis.

We have relied on the information, documents, records and explanations provided by the Bank for the purpose of our review.

Our procedures are restricted to detailed testing of source data for the year ended March 31, 2021 and do not include any such testing or the testing of the operating effectiveness of internal controls or review of the Bank's financial performance or any other KPIs for years prior to and including year ended March 31, 2021.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the KPIs have been presented, in all material respects, in accordance with management's basis of preparation.

Further, a limited assurance engagement does not constitute an audit or review of any of the underlying information in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit opinion or review conclusion.

#### Our Conclusion

The procedures we have performed and the documents and records that were made available to us and the information and explanations provided to us by the Bank in connection to the review of the KPIs, set out in the subject matter paragraph, as disclosed in the Report for the year ended March 31, 2021, provide an appropriate basis for our conclusion.

Based on the procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the KPIs set out in the subject matter paragraph for the year ended March 31, 2021, are not presented, in all material respects, in accordance with the management's basis of preparation and GRI Standards Disclosures.

#### Other Matters

Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the reports. The maintenance and integrity of the IndusInd Bank website is the responsibility of its management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information on the website, the reports or our independent assurance report that may have occurred since the initial date of presentation.

## Deloitte Haskins & Sells LLP

#### Restriction on use and distribution

Our work has been undertaken to enable us to express a limited assurance conclusion on the KPI disclosures to the management of the Bank in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than the entity, for our work, for this report, or for the conclusion we have reached.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
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Pallavi Mahesh Sharma  
Partner  
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Refer to the GHG Assurance Statement [here](#).

Refer to the Sustainability Procurement Audit Assurance Statement [here](#).

# Annexures

## Integration with Sustainable Development Goals

SDGs	Initiatives	Outcome (Beneficiaries)
<b>NO POVERTY</b> 	Livelihood financing Microfinance Rural banking Enhancing access to education	<ul style="list-style-type: none"> <li>92,770 students benefitted through education programmes</li> <li>1,209 youth and entrepreneurs trained for employable &amp; entrepreneurial skill to generate income</li> </ul>
<b>ZERO HUNGER</b> 	Livelihood financing Legal and financial literacy, skilling and rehabilitation programme for women	
<b>GOOD HEALTH AND WELL BEING</b> 	Lending in healthcare Improving health care access: e-health clinics, specialised HIV and cancer care	<ul style="list-style-type: none"> <li>Set up 310 e-health clinics across 579 villages benefitting 625,029 people</li> <li>Provided specialised care to 2591 patients through 8 hospitals</li> </ul>
<b>QUALITY EDUCATION</b> 	Lending in education Legal and financial literacy Programmes conducted for improvement in education Programmes offering scholarships and fellowships to Indian students	<ul style="list-style-type: none"> <li>Initiatives spread across 4,317 schools benefitting 92,770 students and 4,221 teachers</li> </ul>
<b>GENDER EQUALITY</b> 	Equal opportunity employer Microfinance Rural banking Enhancing access to education IndusInd for Sports Legal literacy, skilling and rehabilitation programmes for women	<ul style="list-style-type: none"> <li>Provided employment security to 1,209 youth across 290 villages.</li> <li>45% of differently abled beneficiaries</li> <li>47% of women beneficiaries</li> </ul>
<b>CLEAN WATER AND SANITATION</b> 	<ul style="list-style-type: none"> <li>Lending in infrastructure and housing</li> <li>Water stewardship</li> <li>Water body restoration</li> </ul>	
	Water body restoration in Rural areas	<ul style="list-style-type: none"> <li>9,365,510 Cub. Mt. of Pondage created across 190 villages</li> <li>153,635 Trees planted</li> <li>155,502 Lives benefitted</li> </ul>
	Water body restoration in Urban areas	<ul style="list-style-type: none"> <li>57,429,465 Cub. Mt. of water holding capacity created across 7 water bodies</li> <li>10,145 Trees planted</li> </ul>
	Installed RO based water ATMs across Uttar Pradesh and Rajasthan	<ul style="list-style-type: none"> <li>26,636,420 litres of water dispensed across 45 villages benefitting a population of 81,000 people</li> </ul>

SDGs	Initiatives	Outcome (Beneficiaries)
<b>AFFORDABLE AND CLEAN ENERGY</b> 	<ul style="list-style-type: none"> <li>Solar ATMs</li> <li>Renewable and clean energy financing</li> <li>Schools on rooftop solar</li> <li>Solar streetlights</li> </ul>	<ul style="list-style-type: none"> <li>Provided solar rooftop installation for a pediatric cardiac care hospital.</li> <li>Installed AC micro-grid system of 330 kWp capacity in an island of Sundarbans, benefitting a population of 39,000 people</li> <li>1,600 MTCO<sub>2</sub>e Emissions saved through clean energy solutions</li> </ul>
<b>DECENT WORK AND ECONOMIC GROWTH</b> 	Digitisation Financial inclusion Rural banking	<ul style="list-style-type: none"> <li>Recorded a 63% growth in rural customers</li> </ul>
<b>INDUSTRY INNOVATION AND INFRASTRUCTURE</b> 	<ul style="list-style-type: none"> <li>Financial inclusion Lending in infrastructure Microfinance Rural banking Enhancing access to education</li> <li>IndusInd for Sports</li> </ul>	<ul style="list-style-type: none"> <li>639 athletes benefitted through sports programs</li> <li>182 medals won at 57 tournaments</li> <li>77% athletes are differently abled</li> <li>27% athletes are female</li> </ul>
<b>REDUCED INEQUALITIES</b> 	Microfinance Promoting digital literacy Rural banking Enhancing access to education IndusInd for Sports	<ul style="list-style-type: none"> <li>Supported 83.77 lakh women through microfinance</li> </ul>
<b>SUSTAINABLE CITIES AND COMMUNITIES</b> 	Lending in affordable housing Areas of special interest: Preserving heritage, arts and culture Urban afforestation	<ul style="list-style-type: none"> <li>Planted 56,000 trees across 11 cities, thus creating 825 CO<sub>2</sub>e/ annum carbon sequestration potential</li> </ul>
<b>RESPONSIBLE CONSUMPTION AND PRODUCTION</b> 	Livelihood financing Microfinance Rural banking Solid waste management	<ul style="list-style-type: none"> <li>Waste management program in Dehradun is benefitting more than 25,000 people</li> </ul>
<b>CLIMATE ACTION</b> 	Urban Afforestation drives	<ul style="list-style-type: none"> <li>Planted 56,000 trees for increasing the carbon sequestration capacity of cities</li> </ul>

# Annexures

## GRI Content Index

In accordance with the GRI Standards (Core) option

GRI STANDARD	DISCLOSURE	DESCRIPTION	WORD DOCUMENT PAGE NUMBER / REFERENCE LINK
<b>GRI 102: GENERAL DISCLOSURES 2016</b>			
<b>ORGANIZATIONAL PROFILE</b>	102-1	Name of the organisation	8
	102-2	Activities, brands, products, and services	10-11
	102-3	Location of headquarters	Back Cover
	102-4	Location of operations	9
	102-5	Ownership and legal form	08-09
	102-6	Markets served	10
	102-7	Scale of the organization	08-09, 26-27
	102-8	Information on employees and other workers	26-27, 84-85
	102-9	Supply chain	104
	102-10	Significant changes to the organization and its supply chain	2
	102-11	Precautionary Principle or Approach	2
	102-12	External initiatives	75, 105
	102-13	Membership of associations	103
<b>STRATEGY</b>	102-14	Statement from senior decision-maker	6-7
	102-15	Key impacts, risks, and opportunities	28-33, 37
<b>ETHICS AND INTEGRITY</b>	102-16	Values, principles, standards, and norms of behavior	9, 100-102
	102-17	Mechanisms for advice and concerns about ethics	100-101
<b>GOVERNANCE</b>	102-18	Governance structure	96-97
	102-19	Delegating authority	96-97
	102-20	Executive-level responsibility for economic, environmental, and social topics	96-97
	102-21	Consulting stakeholders on economic, environmental, and social topics	34-35
	102-22	Composition of the highest governance body and its committees	96
	102-23	Chair of the highest governance body	96
	102-24	Nominating and selecting the highest governance body	96-97
<b>STAKEHOLDER ENGAGEMENT</b>	102-40	List of stakeholder groups	34-35
	102-41	Collective bargaining agreements	93
	102-42	Identifying and selecting stakeholders	34-35
	102-43	Approach to stakeholder engagement	34-35
	102-44	Key topics and concerns raised	34-35

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GRI STANDARD	DISCLOSURE	DESCRIPTION	WORD DOCUMENT PAGE NUMBER / REFERENCE LINK
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	102-46	Defining report content and topic Boundaries	2
	102-47	List of material topics	36
	102-48	Restatements of information	2
	102-49	Changes in reporting	2
	102-50	Reporting period	2
	102-51	Date of most recent report	2
	102-52	Reporting cycle	2
	102-53	Contact point for questions regarding the report	Back Cover
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	102-56	External assurance	106
<b>GRI 200: ECONOMIC</b>			
<b>GRI 201: ECONOMIC 2016</b>	103-1	Explanation of the material topic and its Boundary	12-15
	103-2	The management approach and its components	12-15
	103-3	Evaluation of the management approach	12-15
	201-1	Direct economic value generated and distributed	15
<b>GRI 203: INDIRECT ECONOMIC IMPACTS 2016</b>	103-1	Explanation of the material topic and its Boundary	64-81
	103-2	The management approach and its components	64-81
	103-3	Evaluation of the management approach	64-81
	203-1	Infrastructure investments and services Supported	64-81
<b>GRI 205: ANTI-CORRUPTION 2016</b>	103-1	Explanation of the material topic and its Boundary	101-102
	103-2	The management approach and its components	101-102
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