

IndusInd Bank

Integrated Report
2019-20



**Nurturing
Growth through
Sustainability**

NURTURING GROWTH THROUGH SUSTAINABILITY

At IndusInd Bank, growth and sustainability goes hand-in-hand. In its 25-year long journey, the Bank has always viewed growth through a holistic prism and has maintained a relentless focus on prioritising sustained value creation over unbounded ambitions.



As a custodian of public trust, IndusInd Bank takes cognisance of its responsibility to provide seamless, best-in-class financial services and solutions to customers. Aligned with the 'Digital India' mission, the Bank is deploying next generation technologies into its operations and offerings to deliver simplicity and convenience while bringing a vast section of India's underbanked population into the economic mainstream.

Propelled by a prudent 4D strategy – digitise to differentiate, diversify, and maintain domain leadership,

IndusInd Bank continues to deepen its market coverage and demonstrate robust performance. This shifted to a higher gear this year, as the Bank made sustainability a business imperative, through its new 4D+S strategy. The result of this is an even stronger focus on embedding Environmental, Social, and Governance (ESG) parameters into its own operations and lending decisions, to drive quality growth, a risk-mitigated portfolio and long-term value.

About this Report

APPROACH TO REPORTING

IndusInd Bank Ltd. has been voluntarily reporting its sustainability performance since 2011, to communicate its triple bottom line focus to its stakeholders. Mindful of a changing operating environment and the emerging megatrends, the Bank has, over the years, responded by ensuring that its business and operations imbibe the philosophy of integrated thinking.

IndusInd Bank became one of the first organisations in India to adopt Integrated Reporting <IR> by publishing its first integrated report in 2017. Since then, the Bank has continued to annually publish integrated reports that provide a holistic view of its strategy, performance, relationships and value-creation efforts, including its Environmental, Social and Governance (ESG) approach.

REPORTING SCOPE AND BOUNDARY

This integrated report presents information about IndusInd Bank's pan-India operations across various business verticals. It covers information pertaining to the period from April 1, 2019 to March 31, 2020. The last report was published for the period April 1, 2018 - March 31, 2019. The report may be viewed [here](#).

[GRI: 102-1, 102-5, 102-10, 102-45, 102-48, 102-49 102-50, 102-51, 102-52,]

ALIGNMENT WITH REPORTING FRAMEWORKS

This integrated report is prepared in accordance with the International Integrated Reporting <IR> Framework outlined by the International Integrated Reporting Council (IIRC). This report has been prepared in accordance with the GRI Standards: Core option [GRI:102-54].

Note: IndusInd Bank also publishes a separate annual report prepared in accordance with the following :

- Companies Act, 2013 (and the rules made thereunder)
- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- Indian Accounting Standards
- Secretarial Standards issued by the Institute of Company Secretaries of India

The FY 2019-20 annual report can be found at:
www.indusind.com/content/dam/indusind-corporate/investor-resource/latest-annual-report/annual-report-2019-20.pdf

ASSURANCE

IndusInd Bank follows a dual assurance process, with its Board (as Those Charged With Governance) undertaking the responsibility of the integrity of information presented in this report, together with an external assurance objectively verifying the document and its contents. The Integrated Report 2019-20 has been externally assured by KPMG, an independent third party that has no financial interest in the operations of IndusInd Bank other than for the assessment and assurance of this report. The assurance statement thus issued is part of the annexures on page 103 of the report.

In the reporting year, the Bank appointed its new MD & CEO. The Bank also added to its physical infrastructure as outlined in the chapter on Geographic Presence on page 14 of the report. The Core Executive Committee and top management too underwent changes. Sustainability performance of the Bank's subsidiary Bharat Financial Inclusion Limited (BFIL) is not a part of the report's scope and boundary. There are no restatements of information provided in the integrated report as there were no changes in the nature of business, measurement methods etc. during the reporting year. There were no significant changes in the organisation's supply chain during the reporting year.

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For more details, visit our website
www.indusind.com



Strategic Growth, Sustainable Performance



We will be committed to generating sustainable value for our stakeholders by following the triple bottom line approach

Dear Stakeholders,

I am pleased to share with you IndusInd Bank's Integrated report for FY 2019-20.

For over 25 years, the Bank has been committed to delivering value for our customers through several pioneering innovations and robust customer solutions through our 'best-in-class' banking platforms. In my 12 years of service with IndusInd Bank, I am proud of what we have achieved as an organisation. As a part of the overarching strategy of the Bank, the management team and I will focus on 'sustainability' as a theme to drive long-term stakeholder value.

As I am writing to you, India is prudently rising from the unprecedented challenges posed by the COVID-19 pandemic to the society and the economy. As an organisation, IndusInd Bank responded exceedingly well amidst the crisis by being responsive to our stakeholders

and ensuring that all channels of banking remained operational. This has served to strengthen our customer relationships across the board.

As the Bank's newly appointed MD and CEO, I feel very proud to belong to and lead a team that is distinguished by its performance and its commitment to customer-centricity.

A challenging year

FY 2019-20 had been witnessing challenges even before the pandemic broke out. Demand had been muted and trade volumes were lower than expected. The credit scenario too had been conservative. These were effects of a sanitisation within the financial services sector made necessary by the preceding liquidity crisis.

The pandemic impacted two key ecosystems – healthcare and financial – plunging them first into

panic and then into steep adaptation mode. At IndusInd Bank, we have stood in solidarity with the frontline workers and we continue to do so, with several efforts aimed at providing support.

As India enacted among the most stringent lockdowns anywhere in the world, our responsibility towards our customers became our priority at IndusInd Bank. We lost no time in rolling out a Business Continuity Plan. Our continued strategic investments in technology have helped to ensure the uninterrupted delivery of services.

A calibrated opening up during April-end was followed by the announcement in May 2020 of a ₹20 lakh crore economic relief package. The measure taken by the Government of India to provide support to small businesses is among the many expected to set the ground for economic recovery. At the Bank, we see several opportunities to

participate in the recovery of the momentum lost due to the pandemic.

As markets attempt to reprise growth and ambition in the emerging new normal, we are seeing newer opportunities take shape. It boosts our confidence in a post-digital future and our role in it as a bank working to drive financial inclusion through technology-based solutions. The emerging scenario validates our long-held vision at IndusInd Bank. We will continue to deliver by moving ahead in our chosen direction.

A powerful strategy that translates into performance

Performance

We have clocked significant growth during FY 2019-20, from a year-on-year standpoint. Our Net Interest Income grew 36% to touch ₹12,059 crores; our total income also grew to ₹19,011 crores. Topline growth was accompanied by healthy growth in profit levels – our operating profit and post-tax profit grew 34% and 35% respectively from levels witnessed a year ago.

Despite the year being a challenging one, we have succeeded in delivering stronger returns and witnessed capital reserves grow. We also reduced our non-performing assets (NPAs) to 0.91% from 1.21% during the previous year, boosting profitability. Our portfolio remains well-diversified, with customer banking accounting for 50% of our fee income.

We continue to innovate keeping our customers' needs in mind. We introduced cutting-edge products such as the Nexxt Credit Card and the 3-in-1 account with a digital-first share and trading platform Upstox, to offer greater value to the customer. The positive response these garnered has provided the bright silver lining to the year.

Strategy

Our sustainable performance is the outcome of our systematic approach towards long-term planning and strategising for the Bank's growth. The year marks our entry into our

fifth three-year planning cycle (PC-5), following a strongly rewarding PC-4 under the broad theme of improving 'Market Share with Profitability'.

The period under PC-4 i.e. FY 2016-17 to FY 2019-20 saw our revenues grow 23%, our net worth by 19%, our deposits by 17%, and our advances by 22%. Our Net Interest Margin (NIM) grew by 26 basis points and we reduced the cost-to-income ratio by 370 basis points, enhancing our profitability.

These gains have accrued from focused efforts towards the four pillars of the PC-4 strategy: the 4Ds of Digitise to Differentiate, Diversify, and Create Domain Leadership, and Double the Bank. It drives us to continuously strengthen our investments in our digital backend (FY 2019-20 saw us invest ₹428 crores in technology and digital interventions), enhance our profitability and increase the granularity of our loan book.

Our strategy in its next leg, i.e. PC-5, sees the addition of S for Sustainability as its fifth pillar. Therefore, we will be committed to generating sustainable value for our stakeholders by following the triple bottom line approach. While striving to deliver consistent growth in profits, the Bank will conduct its business by converging social impact and environmental responsibility. This will see the Bank intensify its focus on sustainable investing and the reduction of its carbon footprint.

At IndusInd Bank, we recognise that sustainability will be a key driver of our growth.

Sustainability, the fifth pillar

The Bank's focus on sustainability is led by overall governance at the Bank. IndusInd Bank features on the 'A list' of the Carbon Disclosure Project (CDP), a mark of superior environmental transparency and performance.

Our Environmental and Social Management System (ESMS) integrates the aspects of

Environmental, Social, and Governance (ESG) with our credit/lending business, project finance, and advisory services offered to our wholesale, corporate, and investment banking clients. Our wholesale banking segment too, is focused on aspects such as impact financing, clean energy and renewables, green and social infrastructure, inclusive and microfinance, and more.

We are mainstreaming formal credit through microfinance. We are collaborating with communities to build interventions that help them realise their ambitions while helping to conserve what they value.

As an organisation, we are scaling our efforts to reduce our carbon footprint even as we expand our physical footprint, by improving our energy efficiency and waste management, among others.

A purpose-driven team that creates impact

The credit for our successes at IndusInd Bank goes to our people. Our culture of learning and innovation drives us to constantly enhance our capacities and build our capabilities. We ensure overall well-being through policies that drive diversity and inclusion, engagement driven by values, and focused initiatives to empower our people.

Committed to creating value

At IndusInd Bank, our belief in ourselves is backed by the belief of our millions of customers in our services. It is the source of our conviction. We are committed and fully geared to help our customers reap the benefit of opportunities emerging with the new normal. We will continue to support our customers and our people, to create lasting value for all our stakeholders.

Yours sincerely,

Sumant Kathpalia
MD & CEO

ESG Highlights and Recognition

Our achievements across Environment (E), Social (S), and Governance (G)

ENVIRONMENT

Emissions from air travel decreased by **42.31%** compared to the previous year

4,000 solar streetlights installed in 30 villages

~7% of infra portfolio attributed to green lending

4,096 MW of renewable projects financed

₹5,324 crores green and climate finance exposure

59,000 trees planted in FY 2019-20 and over 1 lakh since the inception of the afforestation programme

Emission intensity decreased by **17.53%** to 3.77 MT CO₂e/crore of total revenue

Fuel emissions from Company vehicles decreased by **~10%**

SOCIAL

~10 lakh beneficiaries of CSR activities

3,000+ customers funded under the Kisan Credit Card scheme by the Bank's retail agri-business

₹30 crores worth of relief items distributed to the COVID-19 impacted

93.5 lakh women Base of the Pyramid (BoP) beneficiaries through microfinance

28 lakh active users on 'IndusMobile'

7 lakh m³+ of water storage capacity created through water conservation CSR programmes

2,760 ATMs audio-enabled with braille keypads

~130% increase in rural customers over the previous year under the business correspondents route through microfinance

10 lakh customers on WhatsApp banking

1,278 MT of waste collected through the waste management CSR programme

₹30 lakh worth of employee donations to partner NGOs

~37% of the total portfolio comprises social, livelihood, and inclusive lending

~24,000 Bharat Money Kirana Stores where small shopkeepers and retailers are onboarded to act as banking agents

14 lakh training man-hours achieved for 5.77 lakh participants

More than **27,000** children in municipal schools supported with mid-day meals

7,292 hours of volunteering in environmental and social activities

GOVERNANCE

11 years of reporting on sustainability initiatives

4th year of Integrated Reporting <IR>

2nd year of externally assured Integrated Reporting <IR>

Dow Jones Sustainability Index (DJSI) Ranking Improved to **72** from **63**

Leadership in Carbon Disclosure Project (CDP) for 6 consecutive years; IndusInd Bank among the **7 Indian companies** to secure Band A- and be a part of CDP Rising Stars

39.44% of total lending is ESG focused

Awards

'Spirit of Innovation'
for IndusCorp, Duo Card and Nexxt Credit Card at Finnoviti 2020

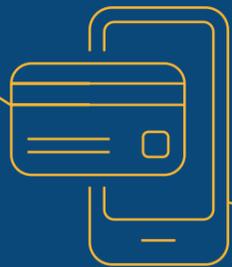
Has witnessed highest growth in brand value **among top global banks,** according to The Banker's Top 500 Banking Brands 2020 report

'Best Bank Award'
in the mid-sized bank category at the 24th edition of the Business Today - Money Today Financial Awards

CSR Times Awards 2019
for Best Corporate in the Environment, Climate, Forest Category

CORPORATE OVERVIEW

IndusInd Bank is one of India's fastest-growing new generation banks. A spirit to innovate and serve governs the Bank's efforts to provide millions of Indians from the underbanked and unbanked sections of the society with access to finance through a variety of tailored banking solutions.



About IndusInd Bank Limited

Banking Solutions for an Emerging India

IndusInd Bank in Numbers

A Nifty 50 Company

2.5 crore
Total customer base

44:56
Corporate-to-retail portfolio ratio

1,911
Branches across India

751
Geographic locations

2,760
ATMs across India



Mission

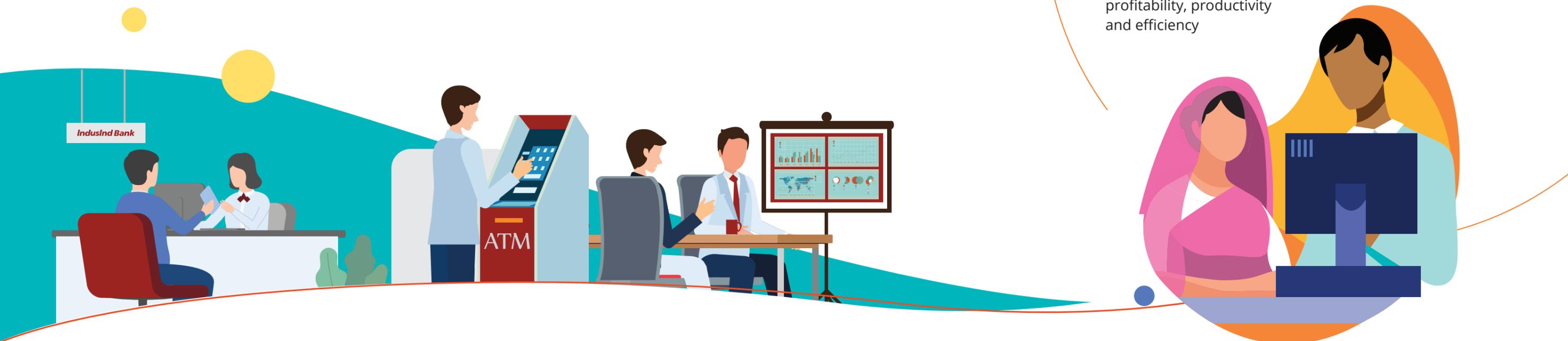
We will consistently add value to all our stakeholders and emerge as India's most convenient Bank with best-in-banking financial parameters together with the doubling of our loan book, clients and profits within the next three years.



Vision

IndusInd Bank's vision is to become:

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



[GRI:102-7]

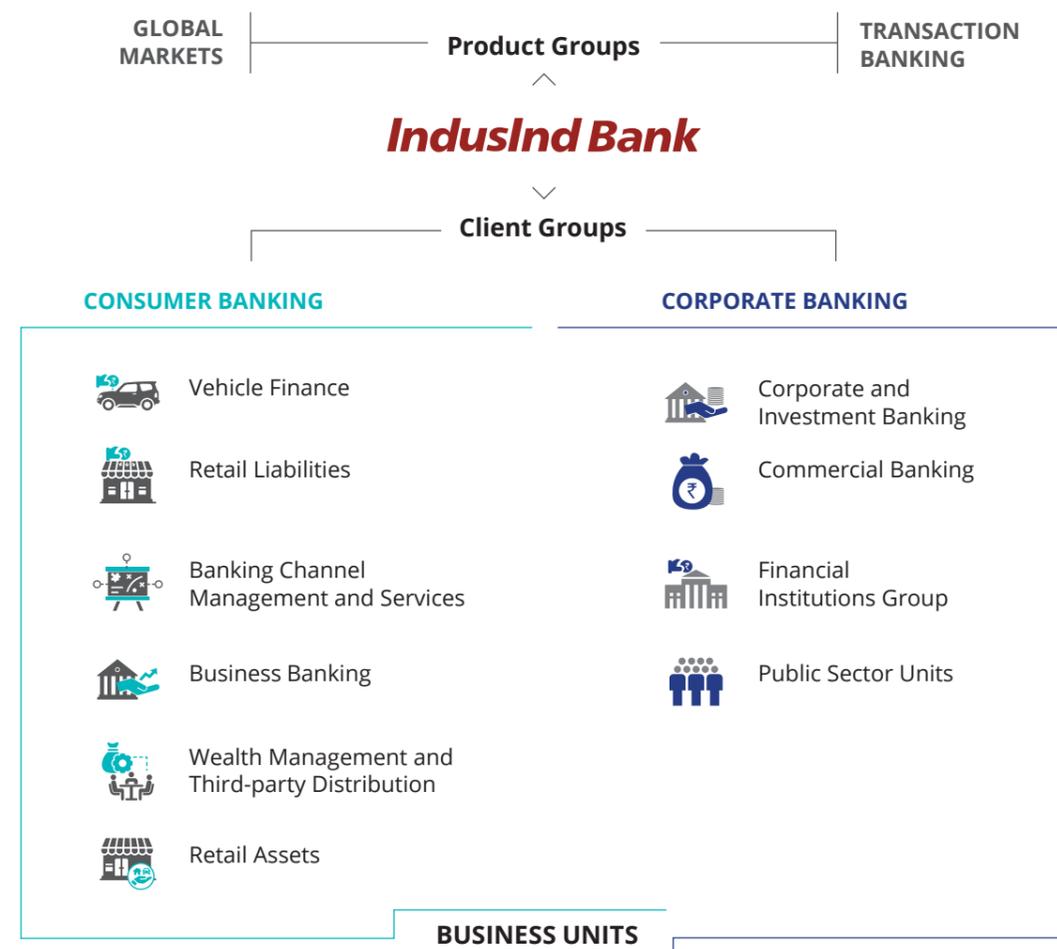
[GRI:102-7, 102-16]

Products and Services

Driven by Innovation

IndusInd Bank is committed to delivering products and services at par with the highest standards of quality in the global banking industry. In addition to its standard suite of offerings, the Bank is innovating to provide targeted solutions for rural development, financial inclusion, green and climate lending, and livelihood generation through microfinance.

Key Product and Client Groups



[GRI:102-2, 102-5]

Digital Offerings

IndusInd Bank employs digital technology to provide a variety of services to its customers.

Indus Mobile

IndusMobile

The all-in-one banking app by the Bank, which provides 100+ services to its customers for banking on-the-go

Indusnet - NetBanking

Safe, dedicated online platform for service delivery anywhere, anytime



Indus Assist - Voice Banking on Alexa

Taking convenience to the next level, customers can now link their bank accounts with Amazon's Alexa for voice banking



WhatsApp Banking

The Bank uses Natural Language Processing embedded within WhatsApp platform to resolve customer queries



Video Branch

A facility offered by the Bank to allow its customers to interact directly with their respective Branch Managers through video conferencing



On-the-go Banking

A suite of business banking services, offered through Facebook

IndusForex

A one-stop online portal to service forex needs of customers, including multi-currency travel cards

IndusSmart

An online mutual fund and wealth management platform to help account holders learn, invest and plan for their investment goals

[GRI:102-2]

Geographical presence

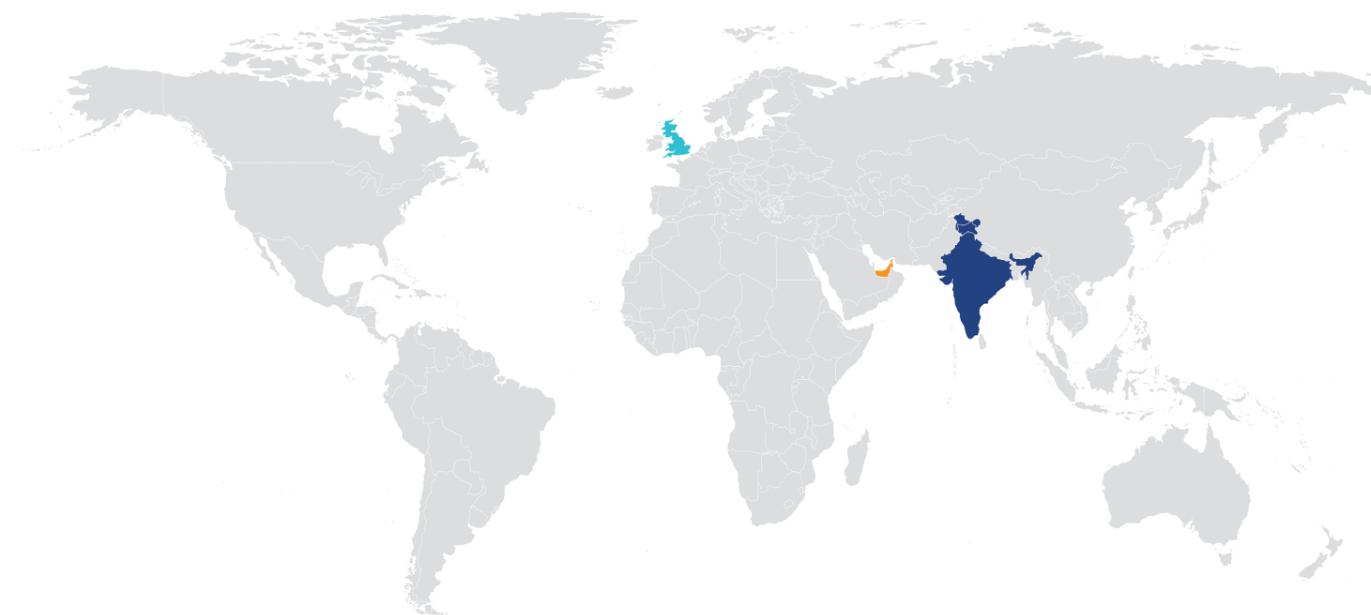
Expanding Reach

IndusInd Bank has a wide-ranging physical presence across both urban and rural markets and is focused on expanding its footprint to offer its services to wider consumer segments. It also has representative offices in London (UK), Dubai and Abu Dhabi (UAE) and a strategic alliance in Doha (Qatar).

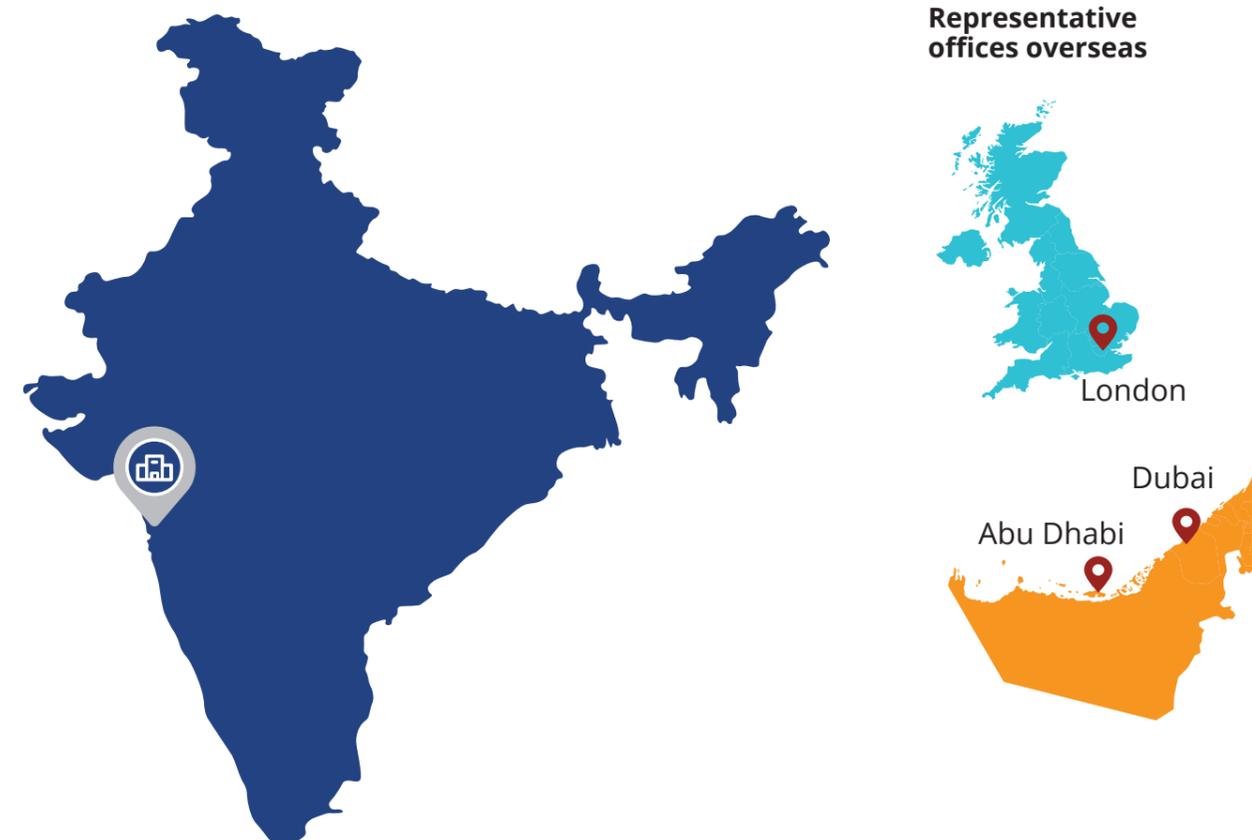


*1 branch in Gujarat International Finance Tec-City (GIFT) to cater to overseas customers

As on March 31, 2020



3
Representative offices overseas



[GRI:102-4, 102-6, 102-7]

[GRI:102-4, 102-6, 102-7]

Board of Directors and Sustainability Governance

Experience, Expertise and Foresight

The Board of Directors at IndusInd Bank brings a diverse set of experiences and wide-ranging expertise to guide the Bank in the overall strategic direction and its key priorities. It also maintains a keen oversight of the key result areas, acting as 'Those Charged With Governance' for the Bank.



Mr. Arun Tiwari
Chairman



Mr. Shanker Annaswamy
Director



Dr. T. T. Ram Mohan
Director



Mrs. Akila Krishnakumar
Director



Mr. Rajiv Agarwal
Director



Mr. Sanjay Asher
Director



Mr. Sanjeev Asthana
Director



Mrs. Bhavna Doshi
Director



Mr. Sumant Kathpalia
(MD & CEO)

BOARD DIVERSITY AND EXPERIENCE

7

Independent Directors

2

Women Directors

38 years

Average experience

[GRI:102-18, 102-19, 102-20, 102-22, 102-23, 102-24]

SUSTAINABILITY GOVERNANCE



CSR & SUSTAINABILITY COMMITTEE



Mrs. Akila Krishnakumar



Mr. Rajiv Agarwal



Mr. Sanjay Asher



Mr. Sumant Kathpalia

SUSTAINABILITY COUNCIL



Mr. Sumant Kathpalia
(MD & CEO)



Mr. Arun Khurrana
(Deputy CEO & Head - Global Markets, Transaction Banking and Financial Institutions and Public Sector)



Mrs. Roopa Satish
(Head - Corporate and Investment Banking, Sustainable Banking)



Mr. Sanjay Mallik
(Head - Investor Relations, Strategy and Portfolio Management - Wholesale Banking)



Mr. Zubin Mody
(Chief HR Officer)



Mr. Ramaswamy Meyyapan
(Chief Risk Officer)



Mr. S.V. Parthasarathy
(Head - Consumer Finance)



Mr. Sanjeev Anand
(Head - Commercial and Rural Banking)



Mr. Adwait Hebbar
(Head - Corporate Services)



Mr. Soumitra Sen
(Head - Consumer Banking)

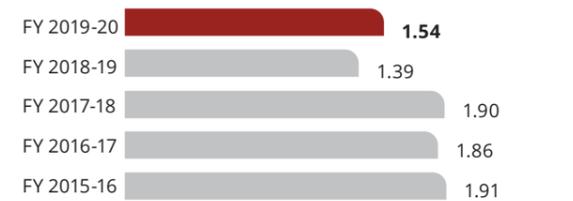
[GRI:102-18, 102-19, 102-20, 102-22, 102-23, 102-24]

Key Financial Performance Indicators

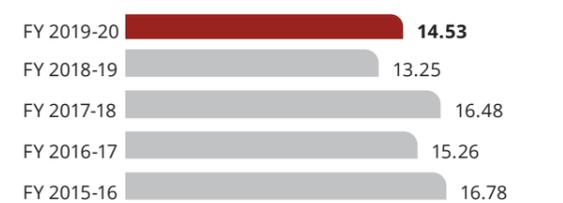
Consistent Performance

Strong Delivery over the Past 5 Years

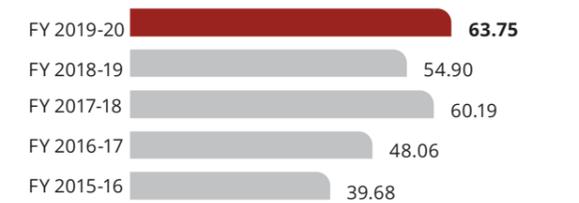
Return on Assets (%)



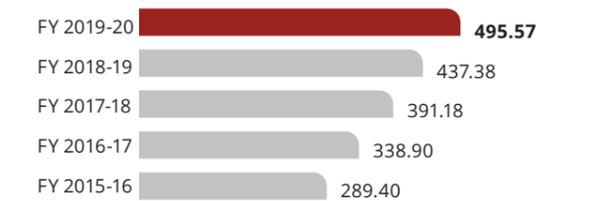
Return on Equity (%)



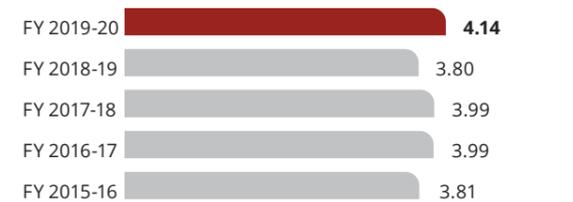
Earnings per Share (₹)



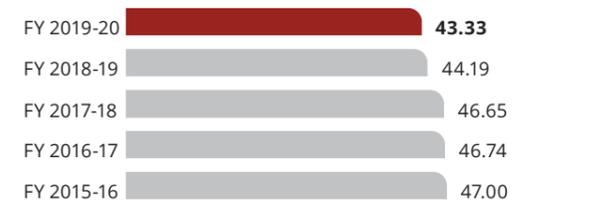
Book Value per Share (₹)



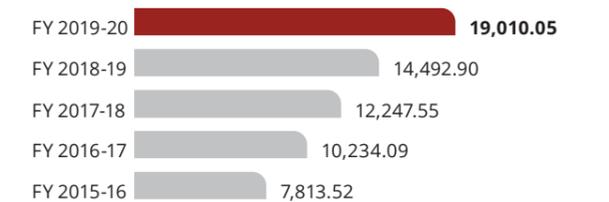
Net Interest Margin (%)



Cost to Income (%)



Revenue (₹ in crores)

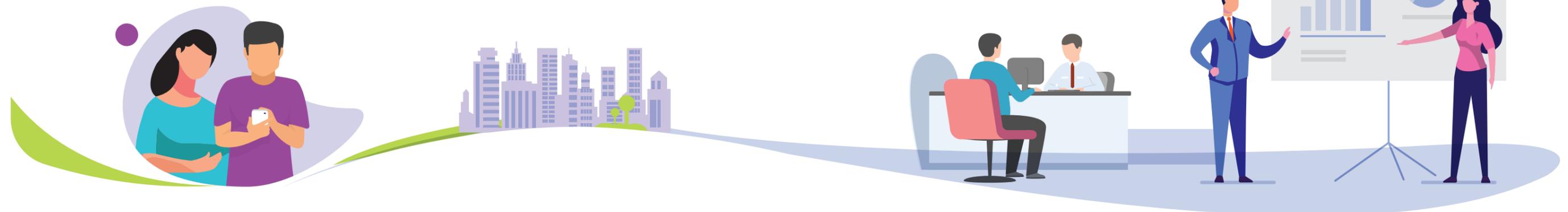


Tax Performance

Particulars	FY 2019-20
Earnings before tax (₹ in crores)	6,120.61
Reported taxes (₹ in crores)	1,702.70
Effective tax rate (%)	27.81
Cash taxes paid (₹ in crores)	2,061.36
Cash tax rate (%)	33.67

[GRI:201-1]

[GRI:201-1]



Digitalisation

Technology to Enhance Customer Experiences

Over the years, IndusInd Bank has gained recognition as a pioneer in digital innovations. With industry-first initiatives such as Alexa Voice Banking, Video Branch and the 'Duo' card (combining the benefits of debit and credit cards), it has led the way in enhancing the customer experience. Customers have appreciated the Bank's innovative value-additions such as choice in picking bank account numbers as well as that of bills at ATMs.

The Bank continues to improvise to deliver best-in-class solutions.

IndusMobile

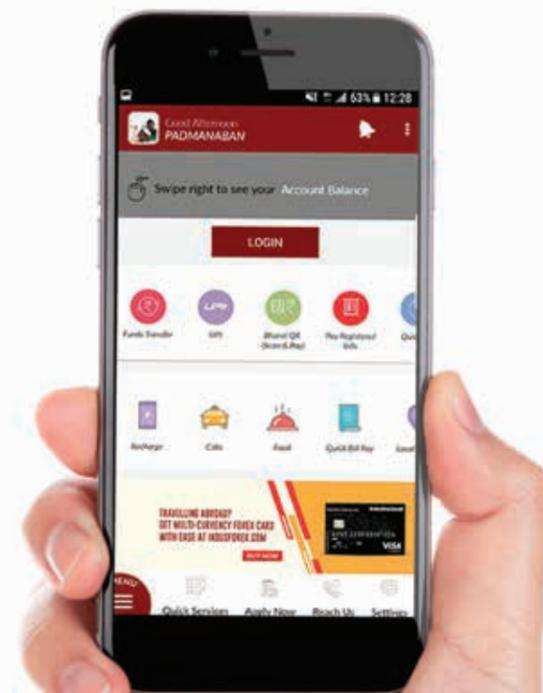
The all-in-one banking app continues to be the channel for customer services and transaction. The app offers 100+ services that help custom experience banking-on-the-go.

IndusMobile App

 **2.8 Mn**
registered users

 **10 Mn**
transactions/month

 **1 Mn**
registered users on
WhatsApp banking



[GRI:102-2]

Recent Initiatives

In FY 2019-20, the Bank invested ~₹428 crores in technology and digital interventions aimed at enhancing customer journeys for the retail and corporate sectors and strengthening security.

INDUSTOX FOR ONLINE TRADING

In partnership with Upstox, a leading exchange trading and broking platform, the Bank has launched an industry-first partnership product called the 3-in-1 account. It offers customers three benefits in one: an IndusInd Savings Account, an Upstox Demat Account and an Upstox Trading Account. It can be upgraded to a full-fledged trading and Demat account.

WHATSAPP BANKING SUPPORTED BY NLP

IndusInd Bank is the first of its kind to integrate NLP with its WhatsApp Banking services. Customers can chat with the Bank using conversational language on WhatsApp. Services for the Consumer Finance Division (CFD), Current Accounts and Savings Accounts (CASA), and non-resident customer base went live during FY 2019-20.

ONLINE FIXED DEPOSIT SERVICE

IndusInd Bank has launched a platform for opening fixed deposit/savings account online. This reduces customers' dependence on physical branches and accelerates their digital banking journey. It is also expected to serve as a key customer acquisition tool, increase granularity and improve risk-mitigation.

RSA ADAPTIVE AUTHENTICATION

The Bank has implemented the RSA Risk Engine, which uses AI and ML to understand end-user behaviour. The system also enhances security by analysing user patterns and intelligently creating a step-up authentication using different factors or denies login.

LCR COMPUTATION AUTOMATED SYSTEM

Liquidity Coverage Ratio (LCR) is a regulatory ratio that indicates the short-term liquidity resilience of the Bank. The Bank has completely automated the process of computation of LCR by integrating in real time with the source systems for asset and liabilities.

IndusConnect is a portal for CFD dealers, enabling them to boost relationships, increasing transparency and improving efficiency.

SME DIGITAL LENDING PLATFORM (DLP)

The Bank launched a comprehensive solution to augment its Business Loan and Loan Against Card Receivable products, through a digital lending platform available to existing as well as new customers. It facilitates instant disbursement based on the organisation's profile and its risk assessment, following the process of loan application, integrated underwriting and more, in real time.

The Bank rolled out an online platform for CFD loan repayment called ClickPay, facilitated through debit card, net banking, and UPI (both QR and collect request).

CASH MANAGEMENT SYSTEM

The Bank upgraded its Cash Management System for a superior performance by adding functionalities such as e-payments and e-collections. The product covers collections, payments and printing and supports cash processing for receivables and collections.

CORPORATE BANKING DIGITISATION INDUSCORP - CURRENT ACCOUNT OPENING

An assisted app-based platform (DIGICA) has been introduced to make opening a current account seamless and hassle-free for customers. Going forward, this process will enable the Bank to open current accounts for proprietorships, partnerships, limited liability partnerships, and private and public limited companies.



ENTERPRISE DATA WAREHOUSE WITH ANALYTICS AND POWER BI

The Bank identified the need for a platform to support the demand for business growth and data. This led to the building of an enterprise data warehouse on cloud (Azure) which integrates more than 50 banking systems. It generates business insights from the churning of terabytes of data, helping to shape up Business Intelligence (BI). With this technology, the Bank is able to achieve:

- A better understanding of customer spending patterns
- Improved customer segmentation and profiling
- Increased cross-selling of products
- Better fraud detection and prevention
- Improved risk assessment, compliance and reporting
- Improved real-time analysis and response to customer feedback



INDUSIND FASTAG

FASTag enables automatic deduction of toll charges, enabling customers to effortlessly pass through toll plazas on the national highways. The Bank takes the toll file or online API message as input from the toll plazas, checks the validity of tags, performs toll fare calculation and sends the transactions to the National Electronic Toll Collection (NETC) system. The Bank is responsible for collecting funds from the NETC settlement and posting the funds in the bank accounts of toll plazas.

ONE-TOUCH INSURANCE

OneTouch is an online platform for CFD customers to buy/renew insurance policies (health, standalone and vehicles) online. It is integrated with the insurance provider's core system for immediate policy issuance.

AADHAAR VAULT IMPLEMENTATION

The Bank has implemented the Aadhaar Data Vault on a state-of-the-art Hardware Security Module (HSM) solution. It acts as a centralised storage for all the Aadhaar numbers collected by the Bank for specific purposes under the Aadhaar Act and Regulations, 2016. It is a highly secure system that only stores the UID token; the Aadhaar number is neither stored nor accessible within the Bank's applications.

UNIFIED PAYMENTS INTERFACE (UPI) 2.0

The Bank has aligned its Payment Service Providers (PSPs) with UPI 2.0 upgrade along with other major banks. Existing features of the facility include Registration/Deregistration,

VPA Creation and Account Linkage, Real Time Account Balance, Transaction History, Send Money (VPA, Account + IFSC and Mobile MMID), Receive Money, Collect Request Raise/Authorise, Payment Authorisation, and Merchant Self-boarding.

IDENTITY ACCESS MANAGEMENT (IDAM) 2.0

Using advanced robotics for IDAM 2.0, the Bank now handles user data validation, notifications, actions and reporting at a fraction of the manual effort required previously and with higher accuracy.

[GRI:102-2]

Nexxt Credit Card

In November 2018, IndusInd Bank launched the 'Nexxt Credit Card', the first of its kind in the Indian banking sector. It is interactive and enables the user to opt for their preferred mode of payment (credit, reward points or EMI) at the point of sale, merely with the push of a button embedded in the card.

~60,000

Nexxt Credit Cards issued till date



NO MATTER
how you
SPEND
JUST
#PUSHTHE
BUTTON

INDIA'S FIRST INTERACTIVE CREDIT CARD WITH BUTTONS



Future of Digital Banking

The Bank's technology strategy is part of its digital banking roadmap for the next three years. It will act as the stepping stone to becoming the Bank of Tomorrow, which has embraced digital processes, digital channels and digital products.

The technology interventions for FY 2020-21 are aimed at significantly enhancing consumer experience through:



Offering a differentiated customer experience



Pursuing an omnichannel delivery model



Making digital channels the key banking channel for customers



Delivering smart banking solutions



Enhancing deposits and lending platforms



Focusing on MSMEs and financial inclusion

Simultaneously, the Bank's IT roadmap will cater to the following enterprise dimensions:



Business to consumer



Business to business



Business to government



Enterprise IT services to business



Cyber security

STRONG COMMITMENT TO SECURITY

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

There is Board-level oversight of the Bank's IT and digital infrastructure. The Board of Directors is engaged in the information security / cybersecurity strategy and review process. The IT strategy committee is a Board committee that oversees cyber security strategy. It is chaired by Mr. Shanker Annaswamy, who has a rich experience and background in IT, information security / cybersecurity. The Chief Security Officer (CSO) is responsible for the implementation of cybersecurity within the Bank.

All employees are assigned the mandatory E-learning Information Security Awareness Training module, to be cleared on a yearly basis through the Bank's Learning Management System (LMS). Considering the importance of cybersecurity awareness among the IT staff, specific role-based training modules are also made available through the LMS.

An enterprise-wide comprehensive 'Customer Awareness Framework' was developed during 2019. It resulted in various customer-facing initiatives including the spread of information security awareness through various communication channels such as online portals, onboarding communications on digital platforms, customer welcome kits, monthly account statements, weekly awareness SMSes and emails, posters / digital displays at ATMs and branches, and so on.



Information Security Practices

Information security and cybersecurity are part of the employee performance evaluation (e.g., disciplinary actions). 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 those who fail the simulated tests are provided additional training.

Information Security Breaches

	FY 2017-18	FY 2018-19	FY 2019-20
Number of information security breaches or other cybersecurity incidents	1	0	2
Number of information security breaches involving customers' personally identifiable information	0	0	0
Amount of fines/penalties paid in relation to information security breaches or other cybersecurity incidents	0	0	0



Marketing and communications

Campaigns that Connect

IndusInd Bank has been at the forefront of developing unique offerings that can maximise customer value. The Bank's marketing and communications activities are aimed at engaging with customers to make them aware of the unique features of its products and services.

Key initiatives for FY 2019-20

#JUST25

The IndusInd Bank celebrated its silver jubilee in 2019. The event was commemorated with its multimedia campaign #Just25. It garnered over 27 crore impressions across social media sites and 1.5 crore TVC views as well as over 5 lakh microsite visits.



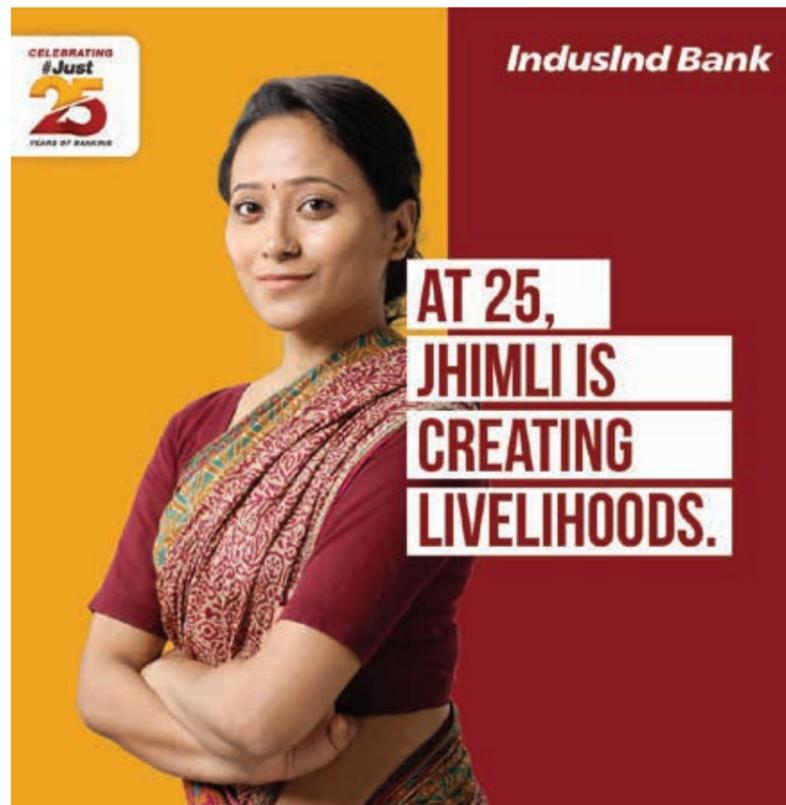
Just 25

LAUNCH OF 'CELESTA' CREDIT CARD

IndusInd Bank announced the launch of a super-premium credit card 'Celesta'. The card offers best-in-class rewards and benefits and has been created keeping in mind the discerning needs of senior professionals and businessmen who are always on the go.

'PIONEER'ING BANKING

'PIONEER' Banking is IndusInd's wealth management platform that caters to high net worth individuals. Its offerings were showcased at two large-scale events in Mumbai and Delhi, following a mega digital and print campaign.



ALWAYS ON

Always On is a campaign targeting customers looking for foreign exchange solutions, activated across all major digital marketing platforms. It has proved successful in helping the Bank onboard several new customers.

UPDATED CORPORATE WEBSITE

During the year, the Bank has also enhanced its corporate website by upgrading it with new-age technology platforms.

NEW ALLIANCES AND TIE-UPS

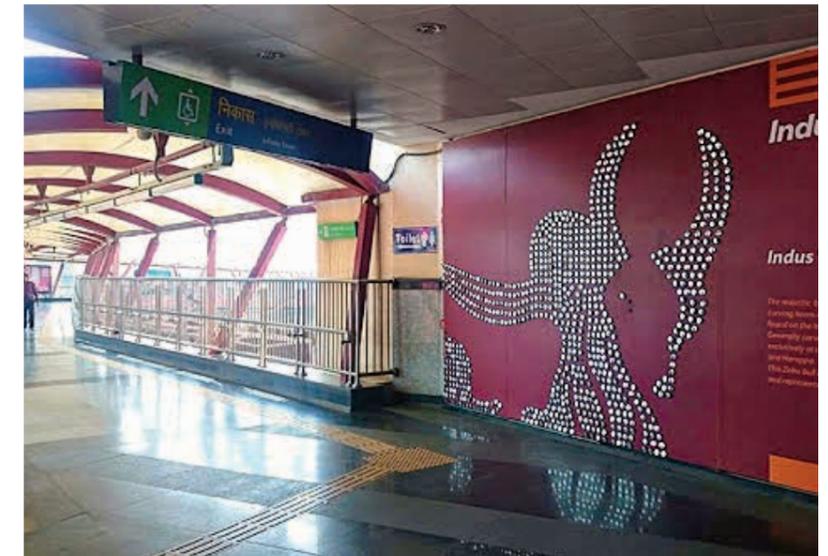
The Bank has added to its strategic alliances with various service providers in sectors such as travel, lifestyle, food and beverage and health and wellness, to provide better value and extensive services to its customers.

BRANDING METRO STATIONS

IndusInd Bank signed up for a five-year strategic branding initiative, which included the semi-naming of two metro rail properties in Noida and Mumbai.

REINFORCING BRAND IMAGE

The Bank has extended significant support to the fields of art, music, sports and environment through sponsorships and collaborations with Sanctuary Asia, Sahachari Foundation, Secure Giving Foundation, Indradhanush Foundation and Uttung Sanskrutik. The Bank supports the sport of polo through the Maharaja Jiwaji Rao Scindia Gold Cup.



Branding at Metro Stations



Our Brand

Note:

IndusInd Bank believes in transparent communications with its customers, among others. However, there were two marketing communications breaches reported in FY 2019-20, both of which are under investigation.

[GRI:417-1, 417-2]

[GRI:417-1, 417-2, 417-3]

INTEGRATED APPROACH TO VALUE CREATION

IndusInd Bank focuses on long-term business viability and success by responding to the external environment, delivering on its planning cycle priorities, investing in digital and connecting with more customers every day.



Our Capitals

Creating Lasting Stakeholder Value

IndusInd Bank strives to create value for its stakeholders by optimising its key outcomes across six broad capitals.



Financial Capital

The Bank delivers superior value to its stakeholders through excellence in corporate and retail banking, microfinance and vehicle finance.



Infrastructure Capital

The Bank invests in increasing its physical presence across India and creating sustainable physical value through green buildings and IT systems.



Intellectual Capital

The Bank uses a knowledge-based and inter-unit collaborative approach to provide customised solutions. Investments in new-age digital platforms and technologies help the Bank enhance the efficiency of its internal processes and its customer experience.



Human Capital

The Bank delivers value to its employees through a culture of transparency, communication, benefits and rewards as well as capacity building and engagement programmes.



Natural Capital

The Bank believes in preserving and enhancing the natural capital through investment in and adoption of renewable energy sources and environmental risk assessment and GHG emissions mitigation. The Bank also works towards integrating positive environmental action in its business.



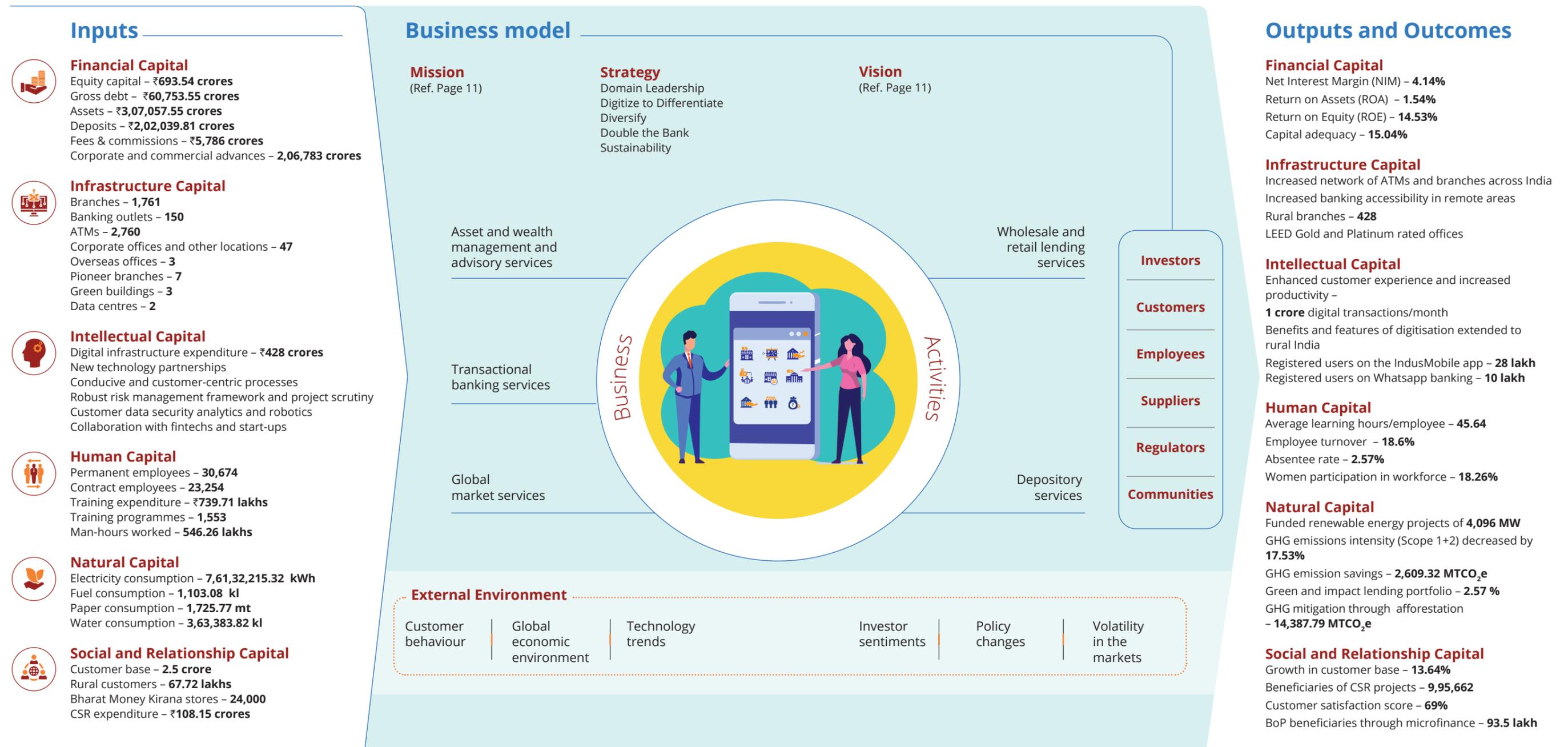
Social and Relationship Capital

The Bank prioritises customers through client-centric engagement and intervention, and through initiatives to enhance ease-of-business across the board. The Bank contributes towards the development of the community at large by targeting certain key areas such as the creation of scalable and sustainable livelihood opportunities.

Value-creation Model

Geared for Sustainable Value-creation

IndusInd Bank follows an integrated business model to consistently create and enhance value for all its stakeholders. It represents the various resources and relationships that are material to the Bank, with key considerations of the external environment, corporate credos, governance, risk management and more.



Opportunity Landscape

Prospects to Bank on

India is one of the fastest growing financial markets in the world. In this dynamic market, IndusInd Bank continues to trace a trajectory of strong growth, harnessing opportunities, and providing customer-centric financial solutions.

The country's credit ecosystem is characterised by underpenetrated semi-urban and rural markets. In line with this, the government is consistently driving various policy measures aimed at increasing financial inclusion. These have led financial institutions to expand their reach into these markets by using new-age technology that optimises costs while enhancing the customer experience. Thus, prospects for growth, for both the customer and the financial institutions, are strong.

For IndusInd Bank, this is an opportunity to drive impact. The Bank's Planning Cycle-5 (PC-5) strategy lends it the agility to identify, analyse, and comprehensively respond to changes that mark the evolution of the market.

TRENDS DRIVING SECTORIAL GROWTH

Push for digital: Customers are increasingly looking to digitally empower themselves in a trend driven by fintech players. Through the use of data-driven analytics and real-time solutions, it is transforming the customers' expectations from conventional banking institutions, pushing for fast-paced adoption of digital technologies across the board. This is being reflected in the way:

- The Central and State Governments have started early adoption of new payment

systems, giving way to a large opportunity for digital-first banks.

- Rural business models are being redefined in the wake of 'IndiaStack'- a set of APIs that allows governments, businesses, startups, and developers to utilise a unique digital infrastructure to accelerate financial inclusion.
- The use of cloud computing and robotic process automation is enabling banking operations to become leaner and faster as well as more profitable.

Targeting economic revival: The Central government aims to encourage focused efforts towards

making India a US\$5 trillion economy. India's manufacturing sector has the potential to touch US\$ 1 trillion by 2025 given the Government's push for 'Make In India'.

During FY 2020-21, in a bid to help COVID-19 impacted MSMEs, the government rolled out a ₹20 lakh crore package under the Aatmanirbhar Bharat Abhiyan. This will drive demand for organised lending in the economy, ease borrowing costs and enable domestic banks to fill in the vacuum created by capital withdrawal of multinational banks.

Read more on IndusInd Bank's PC-5 strategy and its digital focus on page 40-41

The COVID-19 Impact

Emerging Stronger Post the Pandemic

The impact of COVID-19 on countries and their economies across the world has been unprecedented. The pandemic hit Indian shores in the last week of January, 2020, and started spreading by mid-February. The Central and State governments acted decisively to implement the nationwide lockdown which began from mid-March. This helped contain the spread to a reasonable extent, giving authorities and healthcare systems time to prepare.

The easing of the lockdown in May was accompanied by the announcement of a ₹20 lakh crore economic package (Aatmanirbhar Bharat), equivalent to 10% of the India's GDP. A shot in the arm for the MSME sector impacted by the lockdowns, it hailed India's spirit to achieve self-sufficiency. Despite the economic outlook predicting a de-growth of almost a year, the economy is steadily on the mend.

In this context, India's financial sector remains a bright spot for the global investor community faced with a grim global scenario overall. Potential demand growth fueled by changing demographics and growing consumer base is driving investor confidence. The underpenetration of infrastructure and services along with a stable political and regulatory environment, act as sustained enablers to this.

INDUSIND BANK'S RESILIENT PERFORMANCE

The Bank believes itself more resilient today, having weathered macro challenges in the past, including the global financial crisis of 2008, the taper tantrum of 2013, demonetisation in 2016, and GST implementation in 2017, among others. Making it stronger today are the aspects of a healthy balance sheet, consistent profitability and performance excellence, led by an experienced management.

With a set of baseline assumptions, the Bank has forecasted a short-term impact on select loan portfolios, with minimal asset quality implication. The Bank expects a ~11% dip in its deposits in the near-term as the immediate effect of the pandemic, while recovery is on the cards driven by macro opportunities.

The Bank is balancing deposit outflows through:

- Longer duration refinance / forex borrowings swapped to INR
- Bank CD and term money borrowings
- Repo of excess SLR/Non-SLR securities
- Call money (both interbank borrower and lender as a balancing figure)

ENSURING CONTINUITY

IndusInd Bank has responded to the pandemic with agility, ensuring minimal impact on its ability to service its consumers. In the wake of the COVID-19 scenario, the Bank invoked its robust business continuity plan (BCP) to shift seamlessly to remote working while continuing to serve its customers.

It ramped up its digital channel facilitation since the lockdown, including online KYCs, in the anticipation of a surge in self-serve banking, while making sure that its branches, contact centers, and ATMs remained fully operational.

As a result, the Bank's daily digital NTBs (New-to-Bank) have doubled, online FDs have quadrupled and payments / digital partners' volumes are 1.5x of pre-lockdown levels. The Bank is constantly monitoring the situation and will continue to take all possible steps to safeguard the valued interests of customers and employees.



Stakeholder Engagement

Understanding Stakeholder Perspectives

IndusInd Bank has developed a detailed, comprehensive process for a sustained and meaningful engagement with stakeholders. The Bank takes proactive steps to communicate its intent and actions taken to various stakeholders in a timely and transparent manner, earning and enhancing trust.

Regular, Transparent Communication with Stakeholders



	 INVESTORS	 CUSTOMERS	 EMPLOYEES	 SUPPLIERS	 REGULATORS	 COMMUNITIES
Topics of interest	<ul style="list-style-type: none"> Strong operational performance with a focused growth strategy Risk management Compliance to regulations Building a responsible value chain Solid ESG performance and integration 	<ul style="list-style-type: none"> Data privacy and security Grievance mechanism Ease of access for banking facilities 	<ul style="list-style-type: none"> Benefits and remuneration Grievance redressal and timely response Training and career development Work-life balance 	<ul style="list-style-type: none"> Fair treatment Procurement from local suppliers Service delivery and quality Operational efficiency 	<ul style="list-style-type: none"> Compliance to regulations Solid ESG performance and integration CSR and reporting 	<ul style="list-style-type: none"> Rural development, Financial literacy and inclusion Support for livelihoods Socio-economic upliftment Job creation
Interaction and engagement approach	<p>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 seeking their perspectives on the Bank's performance and strategy.</p>	<p>The Bank maintains 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.</p>	<p>The Bank has ongoing regular communication with its employees through townhall meetings, appraisal process, newsletters and other channels to understand and support them with their concerns and ensure they are aligned with the Bank's strategic priorities.</p>	<p>The 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 longstanding relationships with its suppliers.</p>	<p>The Bank engages with regulators through one-to-one meetings, emails and submission of performance reports. The Bank strives to be a good corporate citizen and complies with applicable regulations and plays its role in developing and implementing public policies.</p>	<p>The Bank is committed to uplift the societies in which it operates. It engages regularly with the community through its CSR team. Community meetings are held to understand their needs and play an active role in supporting them.</p>
Embracing the value created	<p>Solid financial performance irrespective of volatility and changing dynamics</p>	<p>Happy customers and trustworthy relations</p>	<p>Career development and employee well-being</p>	<p>The Bank strives to create an empowered group of suppliers which contributes to a responsible supply chain with better practices.</p>	<p>IndusInd bank The Bank consistently supports government endeavours and abides by the laws of the land, leading by example and reducing risk.</p>	<p>The Bank is focused on giving back to the society with its CSR programmes, in the areas of environment, education, skill and livelihood development, healthcare, arts and sports.</p>

[GRI:102-21, 102-40, 102-42, 102-43, 102-44]

[GRI:102-21, 102-40, 102-42, 102-43, 102-44]

Materiality Assessment

Evaluating Key ESG Matters

IndusInd Bank conducted its first materiality assessment in FY 2016-17 and has continued to report on its Environmental, Social and Governance (ESG) issues ever since. With a view to continuously monitor its performance against material topics, the Bank conducted a materiality assessment again in FY 2019-20. The results brought to the fore changes that have occurred in the industry over the past three years, and highlighted the emerging challenges.

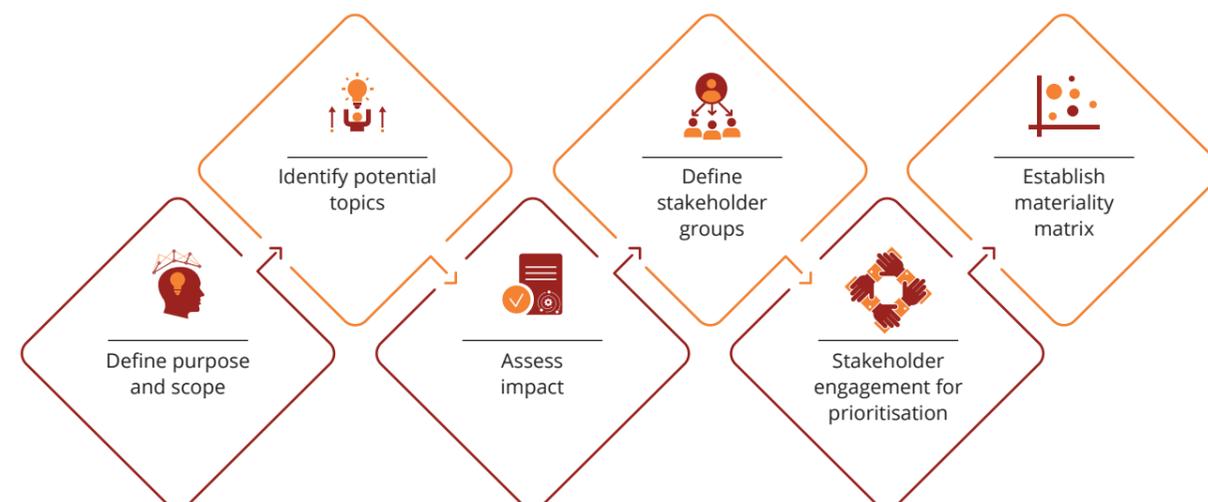
The Bank has taken a fresh look at the issues most material to its performance. The process has provided important inputs for the sustainability strategy at the Bank and its approach to value creation.

Assessment Process

The process of materiality assessment began with a benchmarking exercise aimed at understanding the core topics of concern for the banking industry. This was followed by populating potential ESG issues. Stakeholders were approached for providing a scoring of the potential ESG issues. The scoring presented the importance of these issues for IndusInd Bank. These were then analysed with the core issues

of international frameworks and rating agencies [e.g., DJSI, Morgan Stanley Capital International (MSCI), CDP] and assessed for contribution to United Nations Sustainable Development Goals (UN SDGs) and the Bank's investor ESG criteria. The final list of issues and prioritisation was arrived at which resulted in the development of the materiality matrix.

The process of arriving at the Materiality Matrix



[GRI:102-47]

Integrated Report 2019-20

Focused Stakeholder Dialogue

IndusInd Bank makes constant efforts to understand and listen to the concerns of its external as well as internal stakeholders. This year, the Bank launched a strategic dialogue involving both internal and external stakeholders. A stakeholder

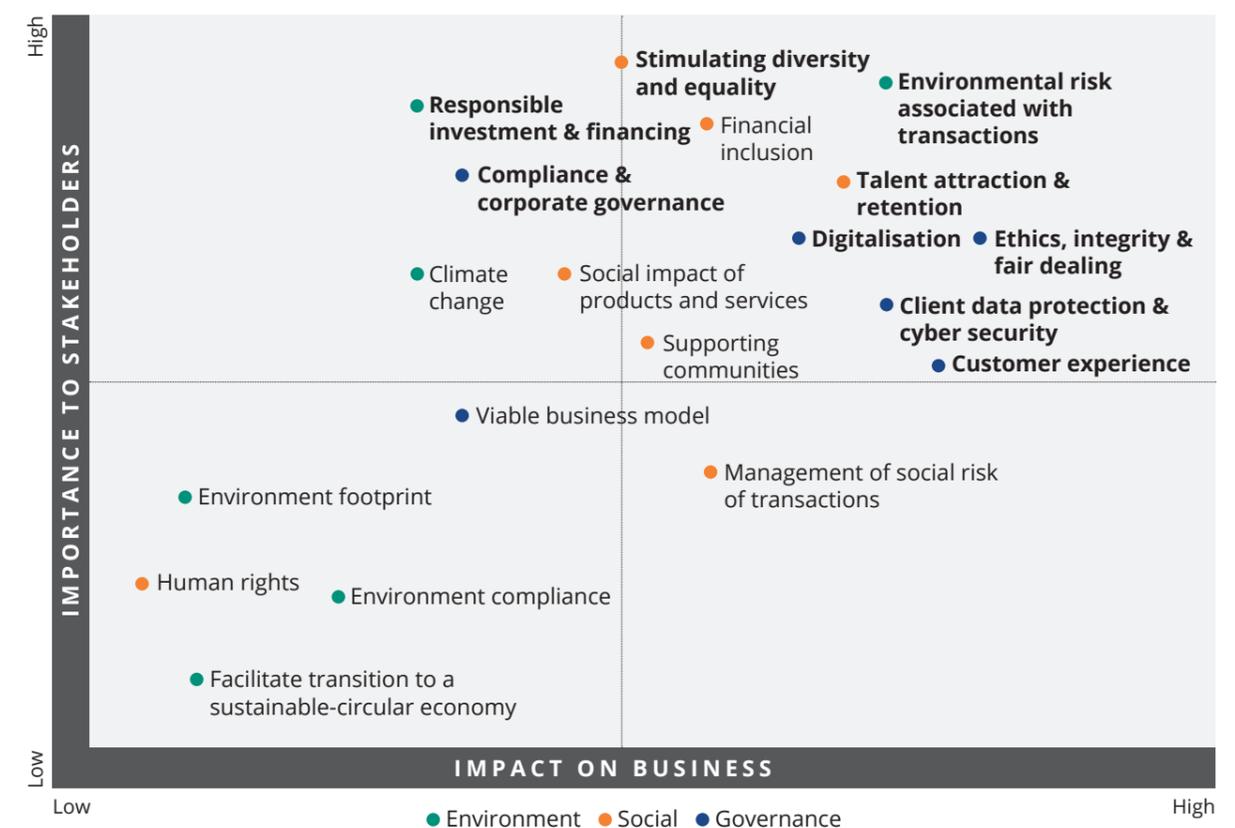
pool was approached, which included internal employees constituting all management levels as well as contract employees and external stakeholders, including customers and clients, Indian and international investors, suppliers, NGOs and

regulators. The dialogue helped to gather their views to help prioritise issues for the Bank.

Based on the combined inputs from stakeholder dialogue and view of the Senior Leadership Team, a materiality matrix was developed.

Materiality Matrix

The Bank identified 20 material issues. These are prioritised based on a combined review of inputs from internal and external stakeholders as per their priority for stakeholders on Y-axis and their impact on the Bank on X-axis. Financial inclusion and Supporting communities are two issues deeply internalised by the bank. The details of the work undertaken are provided in the 'Creating Social Impact through Investing' section. Hence we have prioritised the rest of the issues.



Based on the materiality matrix, the top issues for the Bank are highlighted in bold.

[GRI:102-47, 102-49]

Strategy

Priorities for the Coming Three Years

FY 2019-20 marked the completion of IndusInd Bank's three-year strategy Planning Cycle 4 (PC-4) largely delivering on all its stated objectives. Housed under the broad umbrella of 'Market Share with Profitability', the Bank's core strategy was titled '4D' which stands for 'Digitize To Differentiate', 'Diversify', 'Create Domain Leadership' and 'Double The Bank'.

During FY 2019-20, as part of its Planning Cycle 5 (PC-5), the Bank enhanced its strategy to include '4D+S', reflecting the erstwhile '4Ds' with the addition of 'S' for sustainability. PC-5 will be in force for the next three years, i.e., until FY 2023-24. The strategic plan of the Bank is closely linked to the framework on strategic risk management, which analyses the likelihood of failure of its key strategies and the impact of failure as a consequence.

The Bank's new strategic framework symbolised by '4D+S' recognises sustainability as a core imperative.

The Bank has identified the following key focus areas that will contribute to realising its 4D+S ambitions..

RETAILISATION OF DEPOSITS

- Multi-pronged consumer bank retailisation initiatives, including scaling up client acquisition, ramping up pioneer (affluent) and NRI segments, etc.
- Granularisation of deposits and reducing concentration
- Continuing the focus on government clients and reaping the benefits of investments made in facilitating the government's business

LIABILITY-LED ASSET GROWTH WITH IMPROVED CD RATIO

Given the weak operating environment, the loan growth is expected to be lower than the historical run rates. However, the Bank will focus on ramping up deposits, which are expected to grow faster than the loans. As a result, the CD ratio is expected to improve going forward.

STRENGTHENING THE LIQUIDITY PROFILE

- The Bank is further improving its liquidity profile with initiatives on retailisation and growth of deposits. It will also feature longer term durable liquidity from borrowings, besides targeting an appropriate Credit-Deposit ratio
- Build the borrowings book with stable long-term sources of funding through refinance and term borrowings from domestic and overseas banks and from multilateral agencies
- Consistently operate with Liquidity Coverage Ratio at a level which is 15-20% higher than the regulatory minimum

IMPROVING THE LOAN BOOK PROFILE

- Loan mix to continue to change somewhat in favour of retail by reducing larger concentration risk exposures
- Hold exposures to sectors more sensitive to the macroeconomic outlook
- Improve the provision coverage ratio (PCR) to create buffers. We have raised PCR from 43% in FY 2019-20 to 63% in FY 2019-20 and expect to raise it further
- Separate unit for portfolio monitoring across the Bank, focusing on granularity, annuity, diversification, tenures and improvement in return on risk-weighted assets.

MAINTAINING COMFORTABLE LEVELS OF CAPITAL

- The Bank is well capitalised at a Capital to Risk-weighted Asset Ratio (CRAR) of 15.04% as of March, 2020. However, given the uncertainty due to COVID-19, the Bank will maintain higher capital adequacy
- The Bank may explore various avenues for boosting CRAR such as equity capital or AT1 or Tier 2 depending on the market conditions
- The Bank will also focus on improving the risk-weighted asset density across segments / business units for better capital utilisation

RURAL BANKING

With the integration of Bharat Financial, IndusInd Bank has an indomitable presence in rural India across 1.23 lakh villages. Powered by an innovative service model, it will be the next frontier of growth for the Bank

DIGITISATION

To create a differentiated client experience across customer journeys and client segments, the Bank will draw on its investments in digital. Further, it will continue to build completely digital models across lending, payments, wealth and trade/forex and data analytics

STRENGTHENED WHOLESALE RISK AND PORTFOLIO MANAGEMENT

Sharp focus on being prudent and continuously widening our base to mitigate existing and emerging risks



Risk Management

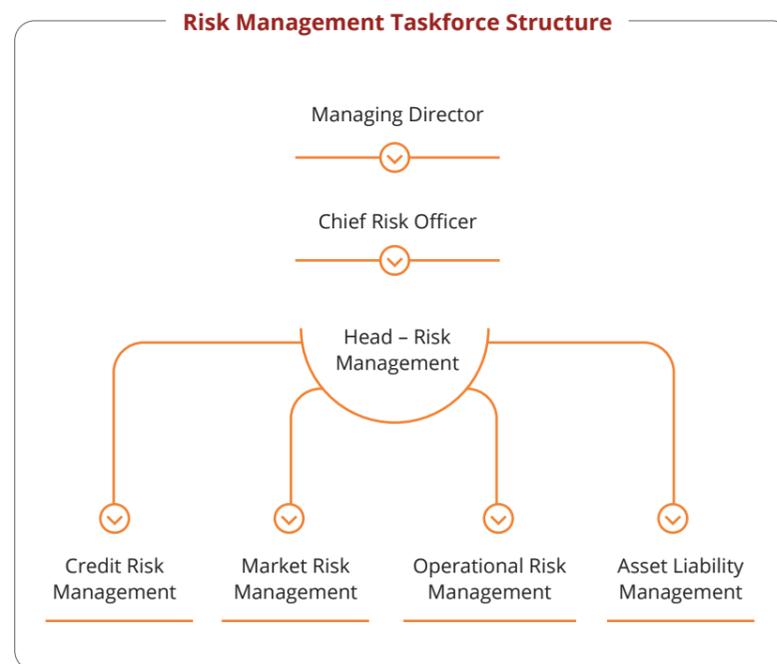
Managing Externalities

Operating in a dynamic macroeconomic environment means the Bank is exposed to different types of risks. Its objective is to continually evaluate the risk exposure to manage these effectively by adopting global best practices.

The Bank has established an Enterprise-wide Risk Management Framework responsible for the identification, measurement, monitoring and controlling of risks across various segments.

RISK GOVERNANCE

The Bank has put in place a comprehensive policy on Internal Capital Adequacy Assessment Process (ICAAP), which presents a holistic view of the material risks faced, control environment, risk management processes, risk measurement techniques, capital adequacy and capital planning. The Bank has articulated several risk policies specifying the various risks and techniques for measurement and control. These policies too are periodically reviewed and revised. All relevant reports are submitted to the top management and the Board.



Committees Maintaining Oversight on Risk Management



[GRI:102-11, 102-15]

The Bank is proactive in mitigating risks through measures such as: (i) risk analytics and data mining, (ii) B-score model development for retail loan book, (iii) development of rating models for assessing borrower risk for newer segments introduced and (iv) implementation of software for assessment of various risks such as credit risk, market risk, operational risk, Asset Liability Management, reputation risk, etc. and more.

CORE RISKS AND APPROACH TO MITIGATION



Credit risk

Source	Default on debt resulting in loss of principal and interest
Description	Transaction risk and portfolio risk
Potential impact	Erosion of capital
Estimated financial implications	This is a function of Loss Given Default
Likelihood of occurrence	Depends on the probability of default and concentration of portfolio
Methods of management	<ul style="list-style-type: none"> The Bank uses a robust risk rating framework for evaluating the credit risk of the borrowers. The Bank uses segment-specific rating models that are aligned to the target segment of the borrowers. Risks on various counter-parties such as corporates and banks are monitored through counter-party exposure and are also governed by country risk exposure limits in the case of international trades. The Bank manages risks at the portfolio level, too, with portfolio-level prudential exposure limits to mitigate concentration risk.



Market risk

Source	Performance of financial markets
Description	Interest rate risk, foreign exchange risk, price risk, volatility risk and commodity risk
Potential impact	Erosion of capital
Estimated financial implications	Replacement cost equivalent to mark-to-market
Likelihood of occurrence	Depends on the deterioration of the value of assets due to any unfavourable movement in market variables
Methods of management	Market risk is effectively managed through a comprehensive framework that 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, among others.



Asset-Liability Management risk

Source	Assets and liabilities mismatch
Description	Mismatch between assets and liabilities either due to change in interest rates or liquidity (ability to meet its liabilities either by borrowing or converting assets)
Potential impact	Erosion of capital
Estimated financial implications	Depends on the cost of funds to be generated to mitigate the mismatch
Likelihood of occurrence	Mismatch in future buckets managed, therefore very less likely
Methods of management	<ul style="list-style-type: none"> Limits prescribed for mismatch in time buckets facilitate efficient management of Asset Liability Management (ALM) risk. 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. 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 maintain a balance between risk containment and profit generation from market movements.

[GRI:102-15]



Operational risk

Source	Identify, assess, monitor and report the risks due to inadequate or failed processes, people or systems
Description	Inadequate or failed processes, people or systems
Potential impact	Erosion of capital
Estimated financial implications	Value of actual loss incidents and provisions
Likelihood of occurrence	Depends on the probability of operational loss incidents
Methods of management	Managed effectively through regular training, awareness, process enhancements, insurance premium, outsourcing and automation. The Bank has implemented various operational 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. The Bank has adopted a business continuity policy to ensure timely recovery of its critical operations and services in the event of any crisis. Regular mock drills are carried out to ascertain BCP preparedness.



Liquidity risk

Source	Poor management of credit lending and withdrawals along with asset quality
Description	Funding gap risk and market liquidity risk
Potential impact	Erosion of capital
Estimated financial implications	Depends on the cost of funds to be generated to mitigate the liquidity gap
Likelihood of occurrence	Funding gap risk is managed through the management of Liquidity Coverage Ratio (LCR) and adequate investment in high quality liquid assets; therefore, the occurrence of the risk is less likely. Market liquidity risk shall depend on the liquidity conditions in the financial market.
Methods of management	Liquidity risk is monitored through structural liquidity gaps, dynamic liquidity position, liquidity coverage ratios, liquidity ratio analysis and behavioural analysis, with prudential limits for negative gaps in various time buckets.



Regulatory risk

Source	National and international regulatory bodies
Description	Compliance with new regulatory guidelines
Potential impact	Erosion of capital
Estimated financial implications	Compliance with regulatory guideline and penalties/fines levied in case of violations/non-compliances
Likelihood of occurrence	Minimal – The Bank has a well-defined Compliance Department, which oversees the compliance function. The Bank staff is adequately educated on the compliance issues and knows how to deal with customers and regulatory issues.
Methods of management	<ul style="list-style-type: none"> Qualitative checks and controls Having a well-diversified portfolio across various industries and segments resilient to individual industry cycles



Brand and reputation risk

Source	Market/public perception, nature and volume of frauds/customer complaints, and more.
Description	Negative change in market and stakeholder perception due to frauds, complaints, and more.
Potential impact	Erosion of capital
Estimated financial implications	<ul style="list-style-type: none"> Depends on the volume of frauds and replacement cost of deposits due to adverse reputational event Loss of stakeholder confidence
Likelihood of occurrence	Minimal – The Bank has adequate corporate governance and a professional management team in place
Methods of management	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 has maintained its external rating.



Climate-change risks

Source	Physical risk due to natural disasters
Description	Extreme weather events such as rising sea levels, floods, cyclones, tsunamis as well as natural disaster and pandemics
Potential impact	Erosion of capital
Estimated financial implications	<ul style="list-style-type: none"> Credit costs for agriculture, infrastructure and real estate sectors Decreased asset quality Damage to the Bank's infrastructure and technological assets
Likelihood of occurrence	Moderate
Methods of management	<ul style="list-style-type: none"> Revised policy of funding Having a well-diversified portfolio across various industries and segments Implementation of a Business Continuity Plan Digitalisation of processes for employees and clients



Occupational health and safety risk

Source	On the Bank premises and external
Description	Health and safety issues related to indoor air quality, ergonomics, physical infrastructure (lifts, stairs, railing, etc.), health issues due to pandemics & other natural calamities
Potential impact	Low
Estimated financial implications	Lower productivity, absenteeism and delayed completion of tasks
Likelihood of occurrence	Low
Methods of management	<ul style="list-style-type: none"> The Bank has sophisticated technology and automated operations, leading to lower operational risk exposure The Bank's staff is trained from time to time on health and safety Regular checks and signages in place to educate staff about health and safety in offices and branches

[GRI:102-15]

[GRI:102-15]

APPROACH TO SUSTAINABILITY

With specific targets across the business its Environmental, Social and Governance (ESG) facets, the Bank is operating responsibly while striving to enable inclusive growth and give back to nature. As a result, the Bank also contributes directly and indirectly to 12 UN SDGs.



Sustainability Framework and Performance

In for the Long Term

At a time when the financial sector in India is undergoing a series of changes, IndusInd Bank remains bullish on its strategy of growing with the nation and its people. Towards this end, the Bank has interlinked its strategic business priorities and its sustainability focus areas.

The Bank's sustainability framework is in accordance with its Sustainability Policy, reinforcing the Bank's commitment to best-in-class sustainability practices covering environmental and social initiatives and projects within the Bank.

Sustainability Commitments

In FY 2019-20, the Bank announced its ESG targets for FY 2020-21. These targets drive its focus on the Bank's ESG portfolio, especially green lending, generation of sustainable livelihoods, and social lending. Incremental progress is being monitored and reported on a yearly basis to all stakeholders.

ESG Targets for FY 2020-21

	ASPECTS	TARGETS
ENVIRONMENT	Green and Climate Finance Portfolio	5% of loans through distinctive lending themes
	GHG Emissions Intensity and E-footprint	15% reduction in carbon intensity (CO ₂ /Cr revenue)
	Participation in ESG Indices	Maintain A-Rank or higher in CDP Submit to DJSI with a score >70
	Sustainable Procurement in Supply Chain	80% of vendors have ESG policies in place; vendor sustainability assessments in place
SOCIAL	Social, Livelihood and Inclusive Finance Portfolio	45% of all loans
	Women's Participation in Workforce	Expand to 22%
	Participation in ESG Indices	Employee engagement with external benchmarking
	Participation in Community and Outreach Activity	In addition: bank-wide volunteering of 10 hr/staff & e-Learning (on sustainability)
GOVERNANCE	Corporate Governance Score Rating	Corporate governance score in a leadership category
	ESMS Lending Filters	Expand ESMS to cover all corporate loans with external assurance
	ESG Disclosure and Integrated Reporting	Have external accredited agencies verify ESG/integrated reports & disclosures
	Formulation and Compliance to ESG Policies and CDP Program	External disclosure of ESG policies.

Sustainable Financing

IndusInd Bank has developed credit lines based on the ESG performance of companies. The loans provided under this portfolio have revolving

credit facilities and other lines of credit, with floating rates tied to the issuer's performance on an ESG evaluation. The total volume

of credit business (lending book) of this banking segment was ₹2,06,783 crores during FY 2019-20.

Sustainable Finance Lending

Sustainable Finance Verticals	FY 2017-18	FY 2018-19	FY 2019-20*
Green and climate finance (%)#	1.72	2.25	2.57
Advances (₹in crores)	2,493	4,194	5,324
Social, livelihood and inclusive finance (%)#	33.81	38.67	36.86
Wholesale/corporate advances (₹ in crores)			13,325
Retail Advances (₹in crores)			62903
Total advances (₹in crores)	49,012	72,071	76,228
Grand total advances (₹in crores)	1,44,954	1,86,394	2,06,783

*To be audited

Percentages as compared to total (retail + corporate) asset base

Wholesale Banking ESG Credit Lines

Main ESG Product Categories Offered	Total Monetary Value (₹ in FY 2019-20)
Product category 1: Green and climate finance wholesale / corporate advances	5,323.58 crores
Product category 2: Social, livelihood and inclusive finance wholesale / corporate advances	13,325.07 crores
Total volume of green/ESG-based credit lines in wholesale/corporate/investment banking segment	18,648.65 crores
Total volume of credit business (lending book) of wholesale/corporate/investment banking segment	91,334 crores
Percentage of Green/ ESG-based credit lines versus total credit/loan business	20.42%

Product/service Categories Included

Green and Climate Finance Sectors

- Renewable Energy
- Energy Efficiency
- Clean Energy
- Green Buildings
- Water, Sanitation, and Hygiene

Social, Livelihood and Inclusive Finance Sectors

- Education
- Healthcare
- Affordable Housing
- Impact NBFC
- Social Infrastructure
- Agribusiness
- Inclusive Finance

Retail Banking ESG Credit Lines

Main ESG products categories offered	Total Monetary Value (₹ in FY 2019-20)
Total value of green/ESG-based credit lines or mortgages	62,903 crores
Total value of your credit/loan facilitation business (lending book)	1,15,449 crores
Percentage of green/ESG-based mortgages and credit lines versus total value of credit/loan facilitation business	54.48%

[GRI:102-6, 102-13]

Responsible Investing through ESG Integration

IndusInd Bank has established an Environmental and Social Management System (ESMS) to ensure investments balance economic growth with socioeconomic sustainability.

THE POLICY

The ESMS Policy sets the context and overarching principles for safeguarding the Bank against credit and reputational risks. The Policy is governed at the macro level by key stakeholders, including Board members, business heads and the CEO. Through this system, the Bank evaluates its clients on various ESG parameters and identifies risks. The IndusInd ESMS integrates ESG aspects in its credit/lending business, project finance and advisory services to its wholesale/corporate/investment banking clients. Through this system, all proposals are evaluated for ESG criteria with detailed sector-specific checklists.

IMPLEMENTATION

The Bank's Relationship Managers, tasked with the implementation of the ESMS Policy, undergo rigorous capacity building to appropriately assess all proposals, identify gaps and maintain transparent reporting through the digital-filing systems. The Bank has set up a multilateral advisory desk that invests in areas such as renewable energy,

skilling, education and energy efficiency. Its wholesale banking segment focuses on ESG aspects including impact financing unit, agribusiness, healthcare, education and micro finance.

DUE DILIGENCE

Through the ESMS, the Bank has integrated Environment and Social Due Diligence (ESDD) with the overall credit risk assessment framework. Using this framework for corporate clients, Bank identifies underlying environmental and Social (E&S) risks and ensures that wider impacts of lending activities lie within a set of international and national standards. The ESMS ensures that ESG risks are factored in the client due diligence process. The Bank has a zero tolerance policy for non-compliance and as a demonstration of its commitment to the ESMS process, the Bank has delayed disbursements until all non-compliance issues are addressed by clients. The Bank carries out diligence to ensure that the projects it sanctions have been approved by competent planning authorities of the State.

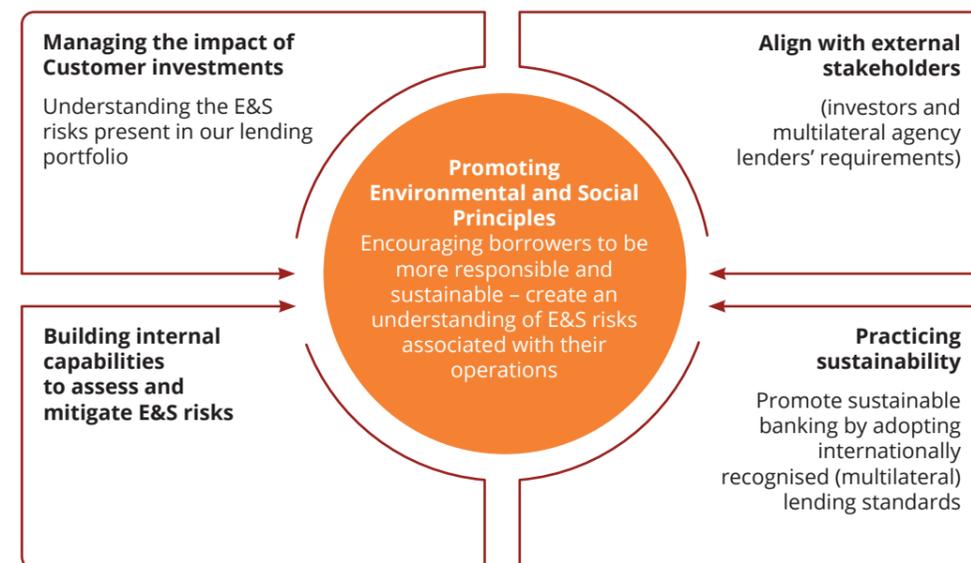
Accordingly, relevant compliances related to energy efficiency, waste water treatment and afforestation, among others, are checked at the authority level as applicable under the respective development control regulations.

Potential gaps between the outcome of the E&S evaluation and applicable local environmental and social laws, applicable International Finance Corporation (IFC) Performance Standards are addressed by the borrower by implementing an environmental and social action plan, as satisfactory to the lender.

100% of corporate credit/lending clients are informed about ESG-related risks and opportunities. All proposals are screened against the basic ESMS criteria (which is the exclusion list) with about three-fourths of all proposals being screened against detailed sector-specific checklists. All 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.

RESPONSIBLE BANKING: ESMS POLICY

The primary objective of IndusInd Bank's Environment and Social Management System (ESMS) is to mainstream environmental and social considerations into business activities, to safeguard customer investments from credit and reputational risk.



Exclusion List

- 1 Production or trade in any product or activity deemed illegal
- 2 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
- 3 Gambling, casinos and equivalent enterprises
- 4 Production or trade in products involving forced labour or harmful child labour
- 5 Businesses owning factories or workplaces that have inadequate safety mechanism when dealing with known industrial carcinogens

- 6 Businesses with a substantial stake in the porn industry
- 7 Production or trade in explosives and/or fireworks primarily meant for non-industrial use
- 8 Production or trade in tobacco or any of its derivate products, including, but not limited to, cigarettes, gutka, etc.

ALIGNMENT WITH INTERNATIONAL FRAMEWORKS

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

E&S guidelines are applicable for the corporate loan book (entire CCBG also including BFIL). All proposals are screened against the basic ESMS criteria, which is the exclusion list, before being further screened against detailed sector-specific checklists. This exclusion list, accessible to all employees, and is applicable to the corporate banking portfolio.

The Bank aligns its corporate banking, including project finance business, with the Equator Principles and ensures compliance. It is also compliant with other ESG frameworks. In FY 2019-20, the Bank's Project Finance Team has reviewed six projects in line with the Equator Principles.

Three examples of projects for which the ESMS Policy was applied in order to comply with the Bank's ESG framework are described below:

Example 1

IndusInd Bank evaluated a transmission line project involving the transmission of electricity produced through renewable energy sources to the demand site. During the E&S risk assessment, it was found that the route of the transmission line was to pass through a bird sanctuary, which is an eco-sensitive zone.

alternate route that can avoid bypassing the forest area and eco-sensitive zone and wildlife sanctuary. Thus, assessment of the impact on biodiversity became an imperative for the chosen route. IndusInd Bank has stipulated that a Biodiversity Impact Assessment report shall be obtained prior to disbursement. Moreover, obtaining wildlife and forest the clearances was critical to the viability of the project as part of the conditions stipulated at the time of sanction of the loan by the Bank. In case of any adverse impact on the viability of project, IndusInd Bank reserves the right to withhold disbursement of the facility at any time.

Transmission lines might have a negative impact on birds due to collisions and electrocutions. When transmission lines cut through flyways and migration corridors of birds, it can result in a considerable number of avian collisions. The International Finance Corporation Environment, Healthy and Safety (IFC EHS) Guidelines have suggested that transmission corridors be aligned to avoid such critical habitats or ensure control measures to minimise avian and bat collisions. As a mitigation measure, IndusInd Bank suggested a detour to the project developer which would steer clear of the eco-sensitive zone. The 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.

Example 3

One out of six elements of a transmission line project was to pass through a wildlife sanctuary in an eco-sensitive zone and forest area measuring 10.03% of the project length. There were no economically viable alternatives. While projects such as setting up of transmission lines have an essential role to play in the country's social infrastructure, they can have an impact on the environment and the biodiversity. Therefore, the Bank stipulated that the developer obtains wildlife and forest clearances on a timely basis.

Example 2

In a transmission line project, some of the proposed transmission lines were to pass through a forest area measuring ~33% of the total project length and wildlife sanctuary and eco-sensitive zone measuring 4.0% of the total project length. The feasibility study for alternative routes provided justification for the chosen route. It also highlighted the lack of any economically viable

Consequently, the disbursement under the facility was restricted to a lower debt equity ratio until all the forest and wildlife-related clearances for the project are in place and Lender's Independent Engineer (LIE) confirmation is obtained. Further, during the initial period, the Bank also stipulated that a Biodiversity Assessment Report be made available prior to availing subsequent disbursements.

IndusInd Bank Initiatives Contributing Directly to UN SDGs

Business initiatives CSR initiatives



- Livelihood financing
- Microfinance
- Rural banking
- Enhancing access to education



- Livelihood financing
- Legal and financial literacy, skilling and rehabilitation programme for women
- Midday meal programme



- Lending in healthcare
- Improving health care access: Mini health clinics, sanitation and support for cancer-affected children



- Lending in education
- Legal and financial literacy, skilling and rehabilitation programme for women
- Midday meal programme
- Promoting digital literacy



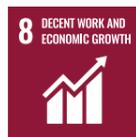
- Equal opportunity employer
- Microfinance
- Rural banking
- Enhancing access to education
- IndusInd for Sports
- Legal literacy, skilling and rehabilitation programmes for women



- Lending in infrastructure and housing
- Water stewardship



- Solar ATMs
- Renewable and clean energy financing
- Schools on rooftop solar
- Solar streetlights



- Digitisation
- Financial inclusion
- Rural banking
- Stree Swabhimaan initiative



- Financial inclusion
- Lending in infrastructure
- Microfinance
- Rural banking
- Enhancing access to education
- IndusInd for Sports



- Microfinance
- Promoting digital literacy
- Rural banking
- Enhancing access to education
- IndusInd for Sports



- Lending in affordable housing
- Areas of special interest: Preserving heritage, arts and culture
- Urban afforestation



- Livelihood financing
- Microfinance
- Rural banking
- Solid waste management

[GRI:102-12]

Environment

Preserving Environmental Value



The Bank has forayed into green and climate investing projects and energy-efficient operational controls. It also participates in global disclosure platforms such as the Carbon Disclosure Project (CDP) and Dow Jones Sustainability Index (DJSI), thus driving the global sustainability agenda forward.

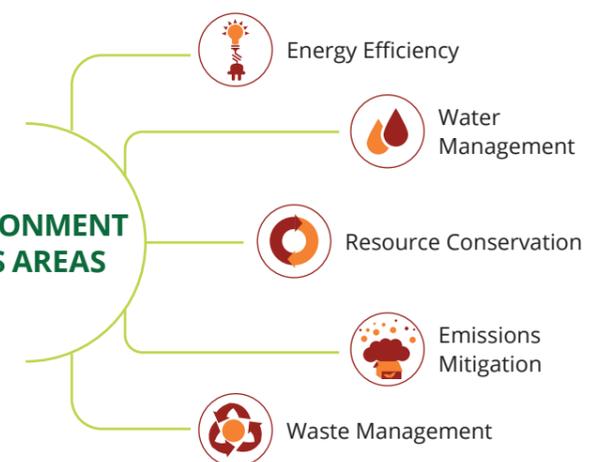
The Bank understands its responsibility towards enabling a positive impact on the environment through its investment decisions. It aims at controlling the risks associated with investment in companies with a high environment impact. The Bank's ESMS helps ensure that investments balance financial growth with socio-environmental sustainability. During the year, there were no fines or non-monetary sanctions due to non-compliance with environmental laws and regulations. The Bank reports environmental indicators such as electricity use, energy use, GHG emissions, paper waste and e-waste for 100% of its operations.

ENVIRONMENTAL TARGETS

The Bank monitors its performance for all major environmental indicators covering energy, GHG emissions, water and waste for all its operations and aims at minimising its environmental impact. The Bank has **surpassed its Emissions Intensity target** of 4.4 mtCO₂e/revenue (₹ crores) by 2021.

EMISSIONS

(Scope 1+2 in MTCO₂e)/Total Revenue (₹ crores)



GHG Emissions

15% reduction* in Scope 1 and Scope 2 GHG emissions intensity

Energy Consumption

15% reduction in energy consumption intensity

*Base year is FY 2017-18

(Scope 1+2 in MTCO₂e)/Full-time Employee



[GRI:102-11, 102-11, 307-1]

Creating Environmental Impact through Investing

The Bank facilitates funding of specific sectors that contribute towards a positive environmental impact, through one of the sustainable finance themes. The Bank is increasing its green and climate finance portfolio through sectors such as renewable energy, energy efficiency, water and sanitation, alternate fuels and others.



Renewables: Renewable energy projects include solar, wind, biomass or biogas and small hydro projects, renewable energy products (i.e., solar panels, turbines) and renewable energy production/transmission and distribution. As on March 31, 2020, the Bank sanctioned credit of ₹1,6251.1 crores for setting up renewable energy projects of 4,095.88 MW capacity.

Clean energy: Non-renewable clean energy sources such as waste-to-energy, clean-coal

technology, natural gas for industrial or transportation or domestic applications and electric mobility (vehicles, charging infrastructure and technology) are part of clean energy.

Green infrastructure: The Bank finances real estate developers that directly provide products/services for infrastructure projects with certifications such as LEED/ GRIHA/ IGBC or equivalent certification. It also provides financing for retrofitting/replacement in existing buildings for becoming eligible for eco-certifications.

Total green building projects exposure

₹1,236.53 crores

Renewable energy projects financed (capacity)

4,095.88 MW

Green Infrastructure Financing

Main ESG Product Categories Offered	Total Monetary Value (₹ in FY 2019-20)
Total value of green and/or sustainable infrastructure projects financed	5,323.58 crores
Total value of infrastructure finance	80,680.95 crores
Percentage of green/sustainable infrastructure finance versus total value of infrastructure finance	6.59%

Energy Efficiency (EE): These projects include 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:

These are projects that provide basic sanitation and safe drinking water, Sewage Treatment Plants (STPs), industrial and municipal wastewater treatment plants,

water management/ treatment projects, distribution, desalination. It also includes other projects that ensure accessibility, drinkability and security of water; sanitation infrastructure projects; and efficient water management technologies such as smart sensors, IT tools, etc.

Case Study

IndusInd Bank has provided funding to a global water solution provider with market leadership through innovation and technology for sustainable water management in over 20 countries. It has global R&D centres located in Europe and India with over 90 patented technologies. It is recognised in the league of Top 3 water solution providers globally. Its range of solutions in water include sewage water treatment, drinking water treatment, industrial water treatment, industrial wastewater treatment, desalination and recycling.

Value creation through business

- Over 21,500 million litres of municipal and industrial wastewater treated per day
- 10.36 lakh kWh of carbon-free wind power generation
- 5,857 kgs of waste paper recycled

Addressing Climate Change through Operations

IndusInd Bank measures and monitors carbon footprint covering all its businesses and operations in India, annually, as per the GHG Protocol. These are 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. IndusInd Bank is a signatory to the Carbon Disclosure Project (CDP) where carbon footprint and GHG inventory data are voluntarily disclosed, to be made available in the public domain. The Bank

currently features in the 'A' list of the CDP, a platform that is widely referred by global investors, for the sixth consecutive year.

ENERGY MANAGEMENT

Electricity and fuel are the two most consumed resources at IndusInd Bank. Cognisant of the impact of these inputs on the natural environment, mainly through GHG emissions, the Bank is committed to reducing its environmental footprint. It is progressively decarbonising its electricity and fuel consumption by employing low-carbon alternatives across all operations. The Bank has identified

the following initiatives for ensuring energy efficiency:

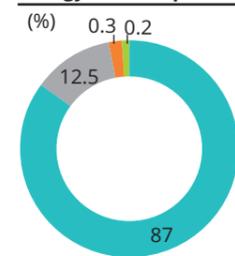
- Incorporation of energy-efficient technologies and systems into offices and branch building design
- Upgradation of existing physical infrastructure with certified energy-efficient and low-carbon equipment, including solar-powered ATMs
- Regular upgradation of hardware, deployment of new technologies,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

Energy Consumption (EC)

FY		FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20	
Source of Energy	Type of Energy	EC (MWh)	EC (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
	Direct energy - Petrol	503.68	1,813.25	304.23	1,095.23	222.25	800.10	190.34	685.23
	Direct energy - CNG	3.11	11.20	-	-	-	-	-	-
	Direct energy - Total	13,992.00	50,371.20	11,730.27	42,228.97	11,410.22	41,076.79	11,047.88	39,773.50
	Indirect energy (electricity)	62,032.21	22,3315.96	70,588.81	2,54,119.72	74,076.87	2,66,676.51	76,132.2	2,74,083.65
Total non-renewable energy consumption		76,024.21	2,73,687.16	82,319.08	2,96,348.69	85,487.09	3,07,753.30	87,180.10	3,13,857.15
	Renewable energy (solar)	255.26	918.94	245.28	883.01	255.80	920.88	252.40	908.67
Grand total		76,279.47	2,74,606.10	82,564.36	2,97,231.70	85,742.89	3,08,674.18	87,432.50	3,14,765.81

Total costs of energy consumption in FY 2019-20 = ₹55.51 crores

Energy Consumption (EC) for FY 2019-20



- Non - Renewable Indirect Energy (Electricity)
- Non - Renewable - Direct Energy (Diesel)
- Renewable Energy
- Non - Renewable - Direct Energy (Petrol)

RENEWABLE ENERGY

The largest contributor to the Bank's carbon footprint is purchased electricity, which accounts for more than 74.39% of the total GHG emissions. The Bank has implemented various initiatives to utilise solar energy in its operations. In FY 2019-20, renewable energy consumption was 252.4 MWh.

EMISSION MITIGATION

IndusInd Bank considers climate change to be the most pertinent issue of our times.

The Bank 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 for meeting its energy requirements and in energy-efficient solutions
- Divesting from fossil fuel interests
- Educating its employees on climate change and encouraging them to be partners in the implementation of its mitigation strategies

17.53%

Emission Intensity/unit revenue for Scope 1 + 2 decreased

42.31%

Air travel emissions decreased

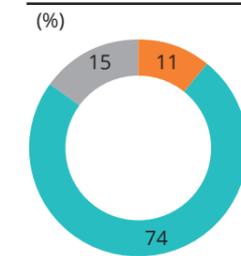
10.95%

Scope 3 emissions decreased

Absolute Emissions

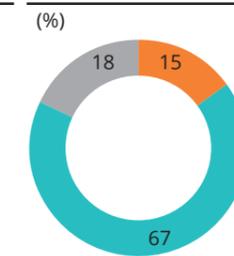
GHG Emissions (MTCO ₂ e)	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Direct GHG Scope 1	5,937.57	5,777.28	5,299.38	8,831.60
Indirect GHG Scope 2	51,141.22	57,801.35	60,907.97	62,785.67
Total GHG (Scope 1+2)	57,078.79	63,578.63	66,207.35	71,617.26
Scope 3	5,131.66	5,797.56	14,350.29	12,779.13
Grand Total (Scope 1+2+3)	62,210.45	69,376.19	80,557.64	84,396.39

[GRI:302-1, 305-4]

Emissions Summary (MTCO₂e): FY 2019-20

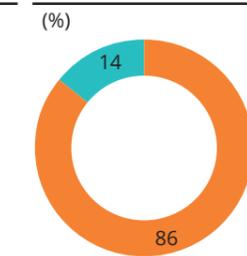
- Scope 1
- Scope 2
- Scope 3

Scope 1: FY 2019-20



- Company cars
- Generator sets
- Refrigerant leaks (HVAC)

Scope 2: FY 2019-20



- Electricity (offices and branches)
- Offsite ATMs

Scope 1 Emissions (MTCO₂e)

FY 2019-20	8,831.6
FY 2018-19	5,299.4
FY 2017-18	5,777.3

Scope 2 Emissions (MTCO₂e)

FY 2019-20	62,785.67
FY 2018-19	60,907.97
FY 2017-18	57,801.35

Scope 3: FY 2019-20

(%)		
60	Goods & Services Paper	1.22
21	Goods & Services Transactional ATMs	0.27
9	Business Travel-Air	0.27
4	Employee Commute	0.25
3	Business Travel-CFD Bus Reimb.	0.06
2	Business Travel-Car Hire	
	Business Travel-Hotel Stays	
	Business Travel-CFD Rail Reimb.	
	Goods & Services-Data Centres	
	Business Travel-Bus	
	Business Travel-Rail	

Scope 3 Emissions Break-up

GHG Emissions (MTCO ₂ e)	FY2016-17	FY2017-18	FY2018-19	FY2019-20
Paper	3,013.43	3,562.91	9,060.16	7,619.53
Employee commute	184.61	239.59	273.6	479.83
Business travel	1,933.61	1,995.06	2,413.58	1,226.65
Business travel-Reimbursement	-	-	119.54	653.33
Hotel stays	-	-	67.55	156.51
Data centre	-	-	70.72	34.30
Transaction-based offsite ATMs	-	-	2,345.14	2,608.99
Scope 3 Total	5,131.66	5,797.56	14,350.29	12,779.14

IndusInd Bank is promoting the concept of online meetings, which has resulted in a decrease in business travel emissions by over **25.78%** compared to the previous year. Due to an increase in purchase/consumption of recycled

paper products, these initiatives have contributed to paper emission reduction of **~16%** as compared to last year. Overall Scope 3 emissions decreased by over **10.95%** as compared to the previous year. This decrease is in spite of adding

four new categories to our Scope 3 emission calculations, namely business travel-reimbursement, hotel stays, data centre, transaction-based offsite ATMs since the past two years.

25.78%

Reduction in emissions due to business travel

9.72%

Reduction in fuel emissions from Company vehicles



[GRI:302-1, 305-1, 305-2, 305-3]

Emission intensity/unit revenue for **Scope 1 and Scope 2** decreased by **17.53%**. The decrease can be attributed to the various emission reduction activities implemented by the Bank in FY 2019-20, including reducing the average size of new branches, installing thin clients, energy conservation programmes by green champions and the use of solar energy.

Specific Emissions Intensity

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Total GHG emissions (Scope 1+2)	57078.79	63578.63	66207.35	71617.26
Specific GHG emissions (Scope 1+2) per crore of revenue	5.58	5.19	4.57	3.77
Specific GHG emissions (Scope 1+2) per FTE	2.25	2.51	2.39	2.26

Emission saving Initiatives

GREEN IT ROADMAP

IndusInd Bank has developed a green IT roadmap aimed at transforming its IT infrastructure towards achieving greater operational efficiency. It contributes to reduction of the Bank's environmental impact. The Bank aims to reduce power consumption of data centres and disaster recovery centres by 20%, optimise space requirements and move from physical to virtual servers. Server virtualisation allows businesses to migrate data from physical servers to software-based virtual machines. Virtualisation is a futuristic technology fast gaining ground. The Bank is also aligning its IT architecture with foundational transformations such as Network Virtualisation and Security Platform (NSX) and Hybrid Cloud to ensure that its data centres are increasingly energy efficient.

Emissions from data centres have gone down by

51.5%
because the space allocated to the Bank's servers at the Chennai Data Centre has gone down from **14% to 1.29%**

GREEN BUILDINGS

The Bank is working towards converting its buildings into green structures. The Palm Spring office at Gurgaon and the IBL House in Mumbai have achieved LEED

Emission-saving activities

Initiative	Quantity (Numbers)	Electricity Saved (kWh)	Emissions Reduced (MTCO ₂ e)
Thin clients	771	2,19,428.00	180.96
Virtual servers	485	27,91,214.74	2,301.89
Timers	155	1,53,360.00	126.47

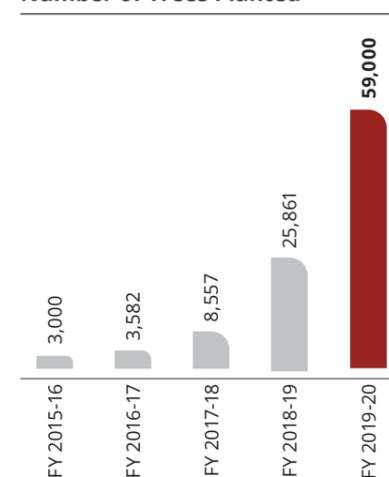
Gold and Platinum certifications, respectively. The Bank's office facility at Karapakkam in Chennai is certified with LEED Gold rating.

CARBON SEQUESTRATION

IndusInd Bank, in association with the Centre for Environmental Research & Education (CERE), has planted 59,000 trees in and around major cities such as Delhi, Noida, Gurgaon, Hyderabad, Kolkata, Nagpur, Nashik, Pune, Aurangabad, Bengaluru, Chennai and Mumbai with a Carbon Sequestration Potential (CSP) of 1,4387.79 MT of carbon dioxide (CSP estimated value over a tree's life span of 15 years) in FY 2019-20 with an aim to promote urban afforestation. It achieved a tree survival rate of greater than 75% as only native species are planted.

A total of 1 lakh trees have been planted till date since the inception of the Urban Afforestation Programme.

Number of Trees Planted



Emissions Reduced

Initiatives	Quantity (Numbers)	Electricity Saved (kWh)	Emissions Reduced (MTCO ₂ e)
Solar energy generated at Karapakkam, Chennai		45,620.86	37.62
Solar energy generated at IBL House, Mumbai		15,983.00	13.18
Solar ATMs	159	1,90,800.00	157.35
CSP of trees planted	59,000	PRE Stage Carbon dioxide Sequestration - Before Replantation	14,387.79

WASTE MANAGEMENT

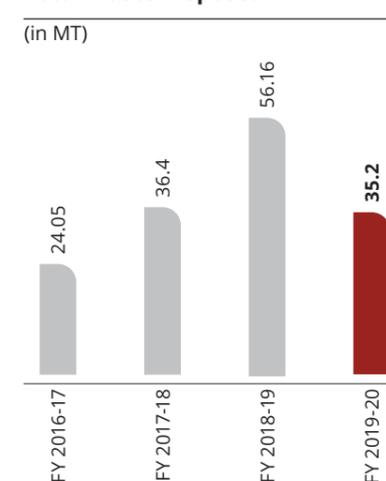
Effective waste management is a key focus area with IndusInd Bank, and waste generation comprises electronic waste (e-waste) and paper waste. The Bank is working towards sustainable management of e-waste as per government regulations. It is also working to reduce the use of paper in its processes. The Bank is shifting all its processes to the digital mode.

A total of 47,097.7 kg of hazardous e-waste and 35,200 kg of non-hazardous paper waste were generated and disposed of during FY 2019-20.

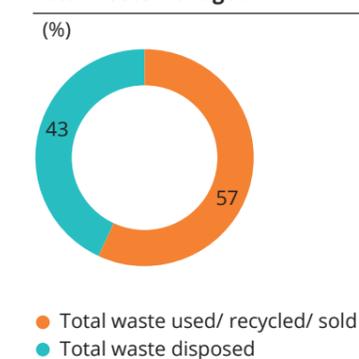
Waste segregation bins have been placed in the pantries of Corporate Offices and Dry Waste is sent for recycling while Wet Waste at few facilities is converted into compost.



Total Waste Disposed



Total Waste Managed



47,097.7 kg
E-waste recycled through authorised e-waste vendors

35,200+ kg
Paper waste generated

WATER MANAGEMENT

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 and male urinals are fitted with bio-blocks. These 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.

Water consumption	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Total water use (million cubic meters)	0.2802	0.2799	0.3071	0.363

Social

Creating Value for Stakeholders



IndusInd Bank views stakeholder value creation as a function of its relationships with customers, communities, governments, employees and suppliers. The Bank collaborates with its stakeholders to enhance its social and relationship and brand value. Being a responsible corporate citizen, it also contributes to the growth of the community through targeted initiatives as well as customised products and services. The Bank reports social indicators for 100% of its operations. During FY 2019-20, there were no fines or non-monetary sanctions due to non-compliance with laws and regulations in the social and economic areas.

Community Relations

IndusInd Bank partners with the communities around its operations, which are also its customers. The Bank's Corporate Social Responsibility (CSR) Policy guides the Bank to undertake need-based community efforts and its Board CSR Committee is responsible for its implementation. The Bank recognises national priorities and supports government programmes.

The Bank's community efforts are based on a participatory approach looking to understand the needs of the community, evaluated for their social and environmental impact.

The Bank involves the community through training and capacity building to drive ownership. Village-level institutions and Self-Help Groups (SHGs) implement these efforts, following which, projects are handed over to the beneficiary community while being monitored for a certain amount of time.



Inauguration of the Restored Badshapur Corridor in Gurugram

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

CSR Priorities and KPIs

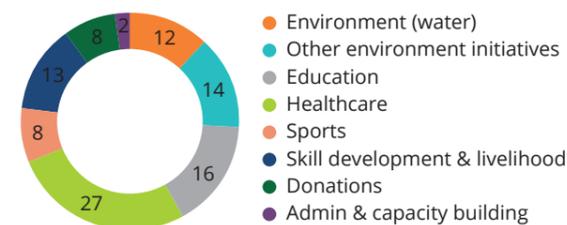
Priority	SDG Alignment	Description	Business Benefit KPI	Social/ Environmental Benefit KPI
Priority 1: Good Health and Well-being 	Goal 3: Ensure healthy lives and promote well-being for all at all ages 	Certain districts are categorised as aspirational districts while some are determined as difficult terrain geographies. The Banks operates in such difficult terrains and aspirational districts in five states.	The Bank's work at the grassroots level has created goodwill. The community identifies the brand and connects with it. This reflects in the credit-deposit ratio, which on an average is ~200% in the states we operate in.	The Bank ensures 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 people are from some of the most backward and aspirational districts as identified by the Niti Ayog.
Priority 2: Sustainable Cities and Communities 	Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable 	Cities like Mumbai, Gurgaon, Bengaluru, Chennai, Hyderabad, Ahmedabad, Noida and Delhi are all business hubs that are worst affected by pollution. The Bank has targeted urban spaces to create mini forests to mitigate the ill effects of pollution.	Working with the communities at the ground level brings synergies and creates a win-win situation for us and the society at large. The outcome of the Bank's interventions are visible not just in the increase in the number of accounts but also in the deepening of books.	The Bank has planted 59,000 indigenous trees in FY 2019-20. This is expected to have a carbon sequestration potential of approximately 26,700 MT _{CO₂e} (offset over 15 years).
Priority 3: Clean Water and Sanitation 	Goal 6: Ensure availability and sustainable management of water and sanitation for all 	The Bank acknowledges the importance of safe drinking water and started working in an area where it has an extensive network of Microfinance Institutions (MFIs). These areas had contaminated and high Total Dissolved Solids (TDS) water levels. The Bank works with communities to educate them about the importance of drinking clean water.	Relationships with business correspondents in rural clusters have become stronger. The deposits continue to grow.	The Bank will make additional water of more than 700 million litres or 7,00,000 m ³ available through various conservation and restoration initiatives by 2024. Watersheds will be developed over 3,600 hectares of land. The Bank will ensure the availability of affordable, RO-purified drinking water to 1,60,000 people from rural areas.

[GRI:203-1, 413-1]

The Bank collaborated with Bharat Financial Inclusion Limited (BFIL) on two projects, i.e., Sanjeevani and Pragat, aggregating to ₹11.91 crores spend in FY 2019-20.

The Sectoral Spend Analysis for FY 2019-20 [GRI:203-1]

The amount spent on various sectors in FY 2019-20 was ₹108.15 crores.



Philanthropic Contributions

Areas of Contribution	Percentage of Total Costs
Charitable donations	8
Community investments	92
Commercial initiatives	0
Total	100

CSR Project-wise Beneficiaries

Sr. No.	CSR Focus Areas	Male	Female	Total
1	Education initiatives (assisted learning, academic excellence, midday meal etc.)	52,156	38,836	90,992
2	Environment: water stewardship initiatives (access to safe drinking water, watershed and spring-shed, restoration of water bodies such as lakes and drains, and more)			4,16,383
3	Healthcare initiatives (access to primary healthcare, support for treatment and infrastructure for cancer, cataract surgeries, support for congenital defects, among others)	45,845	2,02,377	2,48,222
4	Sports with inclusion of the differently-abled and women for excellence	464	131	595
5	Skill development and livelihood	871	2126	2,997
6	Other environment initiatives: (afforestation, solid waste management, renewable energy in villages, schools and other institutions, and more)			2,36,473
Total beneficiaries				9,95,662

₹10,815 lakhs
CSR spend for
FY 2019-20

₹30.66 lakhs
CSR cash
contributions

7,292 hours
Employee
volunteering



Sholinganallur Lake, Chennai

[GRI:203-1, 413-1]



A. Environment-focussed social initiatives



Training the community on sustainable farming practices through the Watershed Management Programme in Maharashtra

A.1.1 WATER Watershed Management Programme

Piloted in FY 2018-19, this project is one of the flagship initiatives of the Bank. Soil and water conservation assessment was carried out for 63 villages in six districts across four states, namely Maharashtra, Madhya Pradesh, Odisha and Jharkhand. It has benefited more than 48,000 people in all.

Major components of the study were soil and water conservation through structural barriers and afforestation, and agricultural development through training of farmers and community on adopting sustainable practices.

Projects were planned in consultation with and close coordination with Self-Help Groups, Samyukta Mahila Samitis, Village Development Committees (VDCs) and Vasundhara Sevaks. Youth Village Volunteers were trained in the technical aspects to carry out the maintenance work. A team of 517 SHGs, 580 members from 63 VDCs and 100+ Vasundhara Sevaks are implementing the work. Technical support is also being

provided through the Watershed Organisation Trust (WOTR) – Pune.

During FY 2019-20, nearly 5,576 hectares of land area was treated, accompanied by construction of harvesting structures. This resulted in the creation of water storage capacity of 7,15,154 m³. Most of the work done here will witness its first monsoon in 2020, after which its impact on groundwater levels will be seen through monitoring wells.

Structures built before monsoon (and during the pilot) have seen groundwater levels rise incrementally by 2-4 metres. In addition to these benefits, the community will also receive training and support on agri-productivity and income, helping build their resilience against climate change impact.

7 lakhs+
m³ water storage capacity
was created with water
conservation structures in
the community

A.1.2 Spring-shed Management

The project aims to conserve and utilise the streams that are a perennial source of water for farmer communities in Odisha. Their challenges include damage to the catchment area by either soil erosion, deforestation, encroachment or human intervention (agricultural/industrialisation).



A check dam constructed for farmers in Odisha

The intervention is planned for the next five years and shall enhance agricultural productivity and farmer income by preventing the degradation of soil and water. During the year, four irrigation structures were constructed—one in village Sursobondel of Thuamul Rampur block of Kalahandi district and three in Sandhimaha, Budabarmaha and Pandhalaju of Kothagarh block of Kandhamal district. These benefited 170 households by extending irrigation to the farmers and providing water for domestic purposes.



[GRI:203-1, 413-1]

A.1.3 REJUVENATION OF URBAN LAKES AND PONDS

The Bank is working to restore existing water bodies, primarily in the urban and peri-urban spaces, as they play an important role in mitigation of the impact of floods that these areas witness during the monsoon.

During FY 2019-20, 20 lakes in five cities, namely Ahmedabad, Hubli, Trivandrum, Coimbatore and Vijayawada, have been rejuvenated, by treating over 200 hectares of land and creating capacities of over 7,000 lakh litres of water, benefiting close to 1.5 lakh people. IndusInd Bank has pledged to restore 50 lakes over a period of four years starting FY 2018-19.

20 lakes restored
in five cities to create 7,000+ lakh litres of water storage capacity, benefiting 1.5 lakh+ people

The Badshahpur drain, has been cleaned and over 5,000 trees have been planted along its periphery. The rejuvenated drain has helped increase groundwater levels along with creating public space. This also gave the Bank's employees an opportunity to volunteer in the activity of planting trees on the bunds.



Rainwater harvesting system

A.1.4 CLEARING UP OF STORMWATER DRAINS

The Bank took up the responsibility of fixing two severely contaminated storm water drains in Gurugram, during the past two years. It restored the Wazirabad drain in FY 2018-19 followed by the Badshahpur drain in FY 2019-20.

These stormwater drains were constructed to channelise the excess water from the Aravalli Hills. However, over a period of time they became sewage and garbage dumping places. This impacted the environment, as a result of hygiene hazards and flooding during times of excessive rains.

A.1.5 ROOFTOP RAINWATER HARVESTING

Launched in FY 2018-19, rainwater harvesting is crucial to ensure continuous supply of drinking water and water for domestic use in the rural areas of Rajasthan. Continuing its efforts from the last year, the Bank has created 400 rooftop rainwater harvesting structures across 30 villages covering nearly 40,000 beneficiaries. It aims to create over 1,200 structures in order to reach more than 1 lakh beneficiaries in the next year.

400
rainwater harvesting structures created in 30 villages

A.2 URBAN AFFORESTATION

The Bank's Urban Afforestation Project (UAP) aims to create green spaces for developing urban flora-fauna habitats and create a common area for communities to meet, interact and experience. With this view, plantation of trees is underway for urban areas.

This year, the Bank has planted 59,000 trees across 13 cities taking the total number of trees planted to 1 lakh. It has opted for traditional plantation and followed the Miyawaki technique, one that helps build dense, native forests. It involved its employees and witnessed a participation of over 700 of its people. The Bank aims to plan 3 lakh more trees in three years.

1 lakh+
trees planted to create urban green spaces and replicate forest diversity

Biodiversity Conservation - Miyawaki Technique

The Miyawaki technique was employed at Aurangabad, Bengaluru and Chennai. Through this technique, mini forest areas are created, which become self-sustainable and replicate forest diversity. These have a combination of intertwining plant and tree species to create a small biodiverse ecosystem. They develop over a period of one to five years and then host birds, insects and other species.

[GRI:203-1, 413-1]

A.3 SOLAR

A.3.1 SCHOOLS ON SOLAR

The Bank initiated the 'Schools on Solar' project aimed at helping schools adopt renewable energy. Solar panels have been installed at 10 schools and other institutions across Mumbai, Saphale, Alandi, Pune, Panvel and Thane this year. Benefits of solar energy has now been made a part of the curriculum to create awareness among the next generation.

A.3.2 SOLAR MICROGRID IN THE SUNDERBANS

The project is aimed at providing reliable power to the remote villages in the Sunderbans in West Bengal. The initiative provides decentralised renewable supply of energy in these highly remote areas, since the town here sees a meagre and inconsistent supply of conventional energy.

The Bank initiated the solar-based microgrid project in partnership with the World Wide Fund for Nature (WWF) during FY 2019-20. A solar microgrid system with a capacity of 25 kWp of electricity generation has been installed. This provides power to nearly 200 households and five rural institutions (schools, panchayat office, community building, etc.) along with 20 streetlights near the embankments in Kumirmari island.

In the current year nearly 1,000 people have been benefited. The programme will also help reduce human-wildlife conflict. The provision of lights in wee hours is expected to improve visibility and reduce such conflicts.

A solar microgrid system has been installed to power an island, providing electricity for households, schools, community spaces and streetlighting in the Sunderbans delta.



Inauguration of the Schools on Solar Project

A.3.3 SOLAR STREETLIGHTS

Streetlighting has been a need of the villages in the Pali district of Rajasthan. IndusInd Bank has installed 4,000 solar-powered streetlights across 30 villages benefiting over 3 lakh people. Further, the community has been trained in the maintenance of these solar panels. The intervention has enhanced mobility of the villagers and security for the residents.

4,000
solar powered streetlights across 30 villages

A.4 WASTE MANAGEMENT

IndusInd Bank is the first and, currently, the only private partner for the implementation of 'Jagmagaata Uttarakhand' programme. This includes distribution of segregation bins

to households; the collection, transportation, storage, segregation, recycling, composting and disposal of waste along with creating awareness; and the execution of the entire waste management process. It is active in eight villages of the Bhogpur Cluster in Dehradun District, benefiting around 19,000 residents and collecting 1277.5 MT waste annually. The Uttarakhand state in general and Dehradun district, in particular, have a thriving tourism industry.

The Bank plans to extend the initiative this year and the next to two more clusters having five villages each. Further, the Panchayati Raj plans to own the programme and scale up after the Bank exits in a few years. The project will be scaled up to another 15 villages in FY 2020-21.

[GRI:203-1, 413-1]



B. Education

B.1 SUPPORTING QUALITY EDUCATION

IndusInd Bank has joined hands with Cashpor, a microfinance institution, to provide better education to the community. Six districts of Uttar Pradesh and Jharkhand with high school drop-out rates have been identified and group tuition programmes are conducted to enable students to pass secondary school.

The programme has been scaled to 317 centres in FY 2019-20, bringing the total educational centre count to 717. Over 18,000 students from grade 1 to grade 10 have enrolled. The programme also entails capacity building for teachers and outreach to parents through both, field visits and meetings at the centres.

The programme has witnessed improvement in knowledge, comprehension and analytical abilities across subjects.

B.2 EARLY LEARNING OUTCOMES

The state of Haryana has adopted a well-defined Early Learning Literacy (ELL) Framework, thereby prioritising early learning. The Bank is working to improve ELL outcomes in Haryana. The beneficiaries will be 1,00,000 Grade 1 and 2 students and about 7,000 teachers and teacher educators across seven districts and 3,200 schools of Haryana. By the end of the programme, it is envisaged that the students will have fluency to read grade-level text by the end of grade 2. This project has been taken up for a period of three years. These outcomes are in alignment with Haryana state and NCERT learning outcomes.



Education of underprivileged children at Purkal Youth Development Society School, Dehradun

B.3 ROAD TO SCHOOL

The project aims to bring about a change in delivering education to the children from government schools in partnership with Learning Links Foundation (LLF). While focusing on enhancing learning outcomes, improving attendance and curtailing dropouts, the Road to School Programme will also support health and hygiene and wellness education in government schools along with reaching out to the parents and families through community outreach. Through the programme, IndusInd Bank is reaching out to 10,915 children and 125 teachers from 42 government schools and 10,000+ community members of Khordha district of Odisha. Every year, the Bank plans to add 30-40 schools to the programme.



Preventive healthcare initiatives under the Road to School Programme



Midday Meals Program through the Akshaya Patra Foundation in Odisha

B.4 MIDDAY MEAL PROGRAMME

In partnership with the Akshaya Patra Foundation, midday meals are provided to children in municipal schools in Odisha. Midday meals are a source of encouragement to children for attending schools regularly. This programme has a two-pronged approach – not to let any child go hungry to school and to ensure the child is well fed, to aid concentration.

27,000+
children in 437 municipal schools of Bhubaneswar and Puri in Odisha provided with midday meals this year

B.5 SCHOLARSHIPS FOR ENGINEERING AND MEDICAL STUDENTS

Launched in FY 2019-20, the Bank is supporting 25 scholars pursuing engineering and medical degrees for four years across Andhra Pradesh, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Tamil Nadu, Telangana and Uttar Pradesh in partnership with the Foundation for Excellence. The NGO extends scholarships to these meritorious students from underprivileged backgrounds. The programme runs on a unique concept of 'pay-it-forward' model, wherein every scholar undertakes a pledge to support the education of at least two other students through a contribution to the foundation whenever they are able to.

B.6 YOUNG INDIA FELLOWSHIP

IndusInd Bank supports deserving meritorious students through the Young India Fellowship (YIF) programme in partnership with the Ashoka University. YIF is a one-year full-time residential programme renowned for creating the next generation of leaders and change agents. IndusInd supports the course fees of Fellows who are from poor socio-economic background. Ashoka University is partnering with globally reputed educational institutions such as the University of Pennsylvania, University of California, University of Michigan, London Trinity College, Dublin, and Yale University and provides access to education at an affordable cost.

As many as 20 students are provided support annually under the IndusInd Fellowship Programme. This programme started in 2016 and envisages helping 100 students to complete their post-graduate studies at Ashoka University over a period of five years. Over these years of support, Fellows came in from 22 states and 92 cities in India. 48% of Fellows are from non-metros, 52%



Early Grade Reading Program in partnership with the Government Of Haryana and LLF



are women and 60% of the total pass-outs have joined the corporate sector (Aditya Birla Retail, BCG, RBL Bank, Toshiba etc.), 30% are engaged in the not-for-profit sector and 10% have become entrepreneurs.

B.7 INDUSIND SCHOLARS AT PURKAL

IndusInd Bank has been supporting 80 children at Purkal School at Dehradun. These children have the academic potential and are

predominantly from villages near Dehradun and other parts of Uttarakhand. The Bank takes care of their academic expenses, along with meals, learning support (library, books, awareness programmes), field visit expenses, arts and sports (theatre, skill development, counselling), and laboratory and hostel expenses.

[GRI:203-1, 413-1]

[GRI:203-1, 413-1]



C. Skill Development and Livelihoods

C.1 SKILL TRAINING CENTRES

IndusInd Bank is providing skill training for youth across areas such as microfinance management, customer relationship management and training to become unarmed security guard. It has established training centres in Rajasthan in association with Ambuja Cement Foundation, featuring courses that are in line with the National Skills Development Corporation (NSDC) guidelines.

Three such batches with 30 candidates each were conducted in FY 2019-20. The programme targets 90% placement for the 450 candidates enrolled. Once placed, the candidates are given further guidance for a year if needed.

The Bank's 'Indus Saksham' programme in Assam aims to enhance livelihoods by skilling local unemployed youth. It has initiated skills training programme in three trades, viz. Banking, Financial Services and Insurance (BFSI); Hospitality and Retail at Guwahati, Assam where 400 youth are being trained. The programme aims at providing 100% placement for the youth.

C.2 SKILL DEVELOPMENT FOR DRUG REHABILITATED YOUTH

The Bank is working to support drug rehabilitated youth through skill training. Having a reliable livelihood prevents them from going back to drugs. IndusInd Bank has partnered with 'SUPPORT,' an NGO offering long-term residential rehabilitation programme for street children/youth.

The programme has a two-tiered approach that involves rehabilitation (medical and psychological) from substance abuse and then skill development for employability. While in rehabilitation, based on their age, children are enrolled into formal school and youth who have already crossed the age of schooling



Skill Development Training Centre for Youth in rural Rajasthan

are sent to SUPPORT's Vocational Skills Training Programme.

The programme has trained and placed nearly 40 youth with 100% placement. The programme operates at a centre in Saphale, Palghar, Maharashtra. Few of the rehabilitated boys have been absorbed by the NGO on their rolls. This has given them immense confidence and motivation to lead a life free from drugs. Many candidates are re-united with their families and some are weaned in group homes. This programme has been the biggest recipient in the Share2Care programme of the Bank.

C.3 STREE SWABHIMAN LIVELIHOOD PROGRAMME

Under the Stree Swabhimaan initiative, around 4,500 girls have been provided with supplies of sanitary pads in Madhya Pradesh through the business correspondent 'Samhita'. Awareness workshops were conducted at schools and communities to help them understand the importance of health and menstrual hygiene.

With this distribution, the Bank has developed the understanding that the supply of the pads was a major challenge. It undertook to set up 350 village-level enterprises to manufacture sanitary pads across 100 districts in 16 states. These manufacturing

units further engage 6-8 women, thus creating livelihood for over 1,800-2,000 women in all. Apart from providing affordable sanitary products to women, the initiative is also an endeavour to effect behaviour change towards the issue of menstrual hygiene in the community.

350
enterprises set up at the village-level to manufacture sanitary pads across 100 districts in 16 states

C.4 INCLUSION OF PEOPLE WITH DISABILITIES

This programme supports training and placement of 250 young men and women with disabilities, hailing from marginalised communities. It helps them become economically and functionally independent. The programme was conducted in partnership with Association of People with Disability (APD) and domain-based training opportunities in Retail, BPO and Hospitality domains were extended to 13 districts of Karnataka. The training is completely residential and spans a period of 8-12 weeks. APD ensures 100% employability and trainees are allowed access to various government, social security and entitlement schemes.

[GRI:203-1, 413-1]



D. Sports, Arts and Culture

IndusInd Bank contributes to Sahapedia in their Frames Photography Grant, which actively encourages documentation of cultural heritage. The Bank has been supporting Sahapedia since 2017 towards the Heritage Fellowship Program (Sahapedia Frames Photography Grant) - FRAMES. This grant is to support about 25 photographers by giving them an opportunity to document cultural spaces, themes and practices of their interest in subjects related to culture, arts and heritage.

So far, 40 candidates have been selected from a total of 579 applications (combined figures 2018 and 2019). Almost all candidates who have been grantees are working either full-time as photographers, writers, researchers or curators or working in fields directly related to photography, social work and journalism.

The Bank's sports initiatives have been conferred a 'Honorable mention' by the Ministry of Corporate Affairs under their 'Contribution to the National Priority Areas - Promotion of Sports'.

D.1 INDUSIND PARA-CHAMPIONS PROGRAMME

IndusInd Bank, in association with Go-Sports Foundation, encourages sportspersons with special needs. The sports scholarship programme covers their travel, injury management, rehabilitation strength training, medical support needs, and more. Para-athletes are selected through a structured assessment. The Bank has supported 45 para athletes to participate in various national and international events.

The Bank not only promotes these athletes and para-sports, but also intends to change the social perception about the differently-abled. These athletes have won about 170 gold, 82 silver and 59 bronze medals in various competitions, both national and international.



Para athlete Anandan Gunasekaran warming up



Para athlete Sandeep Mann in a competition



Members of the Indian Blind Cricket Team supported by IndusInd Bank

D.2 INDUSIND BLIND CRICKET PROGRAMME

This programme was implemented in association with the Cricket Association for the Blind in India (CABI), the cricketing arm of Samarthanam, which governs Indian cricket tournaments for the blind. CABI is the apex body organising cricket for the blind and is affiliated with World Blind Cricket Ltd. (WBC).

IndusInd Bank is the principal supporter for 26 players in the Indian Blind Cricket Team. The programme gives exposure, infrastructure and training to the visually impaired to practice this sport on a larger scale. The team won the ODI Blind Cricket World Cup against Pakistan in Sharjah and the 5th ODI World Championship in Dubai. The team won ODI series played in Jamaica in July 2019 and January 2020 in Nepal. Further, the Nagesh IndusInd trophy was instituted so that more such talent could be identified. The tournament for the Nagesh Trophy was played in November, and December, 2019 and witnessed 60 matches in 12 states.

[GRI:203-1, 413-1]



An athlete of the IndusInd Rural Champions Programme at Khelo India Games

D.3 INDUSIND GIRL POWER PROGRAMME

IndusInd Bank supports 60 girl athletes from lower income strata from all across India. They get access to world-class coaching and training facilities at the Inspire Institute of Sports (IIS).

The Bank has partnered with JSW Foundation's Inspire Institute of Sport (IIS), which is a world-class, high-performance sport training facility at Vijaynagar, Karnataka, primarily to scout and train junior athletes. The long-term vision of the institute is to produce Olympic and World Championship medalists across the disciplines of Judo, Boxing, Wrestling, Track and Field, and Swimming.



Para shooter Sonia Sharma

D.4 NURTURING RURAL CHAMPIONS PROGRAMME

Mann Deshi Foundation runs a robust sports initiative that has produced champions and is being supported by IndusInd Bank. In line with the Bank's excellence and inclusive approach for sports, 55 young athletes, i.e., 15 national-level and 40 state-/district-level athletes, are being provided support in the form of training, nutrition,

medical care, injury and recovery management, among others. The focus is on select disciplines, viz. Wrestling, Track and Field, Athletics and Hockey. The training of these players is carried out at Mann Deshi Champions Sports Academy equipped with the latest training facilities.



IndusInd Hockey for Her Excellence Program

D.5 INDUSIND HOCKEY FOR HER EXCELLENCE PROGRAMME

The Hockey for Her Excellence Programme in partnership with TATA Trusts is being carried out at Bhubaneswar, Odisha. Throughout the three-year project phase, 40 high-performing girls in the age group of 13-15 years will be further trained and their talent will be nurtured at the state-of-the-art Naval Tata Hockey Academy (NTHA), a centre of excellence in Bhubaneswar, along with building the capacity of 10

coaches. These girls will be scouted from Odisha Government's regional grassroots centres. The existing high-performing hockey girl players from across India will be taken to the next level in terms of coaching. Bovelander Hockey Academy (Netherlands) will provide coaching to players and coaches. The Excellence Programme will act as a feeder for the Indian team and state hockey teams.



Atheletes of the IndusInd Rural Champions Programme at Khelo India Games



E. Healthcare

E.1 MINI HEALTH CLINICS

IndusInd Bank is setting up mini-health clinics in partnership with the microfinance institution Cashpor to provide affordable primary healthcare to low income group families in Uttar Pradesh. These Outpatient Department (OPD) clinics are visited by experienced medical professionals on a fortnightly basis and deliver treatment free of charge, with medicines priced at half rate.

IndusInd Bank has supported the setting up of 280 mini health clinics in rural Uttar Pradesh in partnership with Cashpor. In FY 2019-20, more mini health clinics were set up, covering five states and 24 districts with an outreach of about six lakhs and direct beneficiaries of over 85,000 additional people.

E.2 CANCER CARE IN ASSAM

IndusInd Bank has partnered with TATA Trusts to support an intervention for reducing the burden of cancer patients and to provide care, treatment, awareness and prevention services under the bigger umbrella of the Government of Assam's Cancer Programme.

The Bank is funding the radiology equipment at the Assam Medical College and Hospital, Dibrugarh. Through Infrastructure intervention, approximately 1,100 patients will receive treatment at this centre along with 3,800 patients in the Out-Patient Department every year.

E.3 SUPPORT FOR CANCER-AFFECTED CHILDREN

The Bank has partnered with Bhagwan Mahaveer Cancer Hospital and Research Centre (BMCHRC) in Jaipur, Rajasthan, to support the treatment of 50 children suffering from cancer every year in rural Rajasthan, whose parents cannot afford the treatment.

All the children are under 14 years of age and are being treated for different types of blood cancer. These children come from remote villages/towns of Rajasthan and have no access to medication or treatment. The Bank has made significant impact by providing treatment to 117 children in FY 2019-20. Of these, 105 have completed their treatment and have been declared cancer-free.

Projects in collaboration with Bharat Financial Inclusion Ltd (BFIL)

1. BHARAT SANJEEVNI

Bharat Sanjeevani is an indigenously implemented, award-winning CSR initiative of Bharat Financial Inclusion Ltd. (BFIL) aimed to provide rural households with livestock care. The project delivers qualified livestock care at the doorstep, eliminating the hassles and financial losses faced by small and marginal farmers. Toll-free numbers are set up for farmers to avail the service. A mobile app and integrated technology connects the veterinary doctors and farmers. There is a robust tracking mechanism for the same. The project is implemented in three states and 67 districts with support from the animal husbandry departments of the state governments.

2. PRAGAT - HOLISTIC VILLAGE DEVELOPMENT

Project 'Pragat' works towards achieving better holistic growth in under-developed villages that suffer a lack of basic amenities. The project works across 12 villages in Gulbarga, Karnataka, addressing a population of 65,000. The key areas of intervention include Healthcare, Education and Water. BFIL involves the local government for sustainability of the projects.



Preventive healthcare initiatives through SHGs in Uttar Pradesh

Share2Care

IndusInd Bank encourages employees to volunteer and contribute to the charitable cause of their choice. To promote this, the Bank has instituted a payroll-giving scheme called Share2Care, which allows employees to contribute to NGOs working on various social and environmental issues.

In the past year, the Bank's employees raised ₹30 lakhs for six NGOs, namely SUPPORT, Nalandaway Foundation, Samarathanam, Aaranyak, HelpAge India and Prayas. Their donations have made a significant positive impact in the areas of education for children, women empowerment, biodiversity conservation and elderly care.

As the world combats the distressing situation created by the COVID-19 pandemic, IndusInd Bank stands in solidarity with the nation and continues to pledge its support by donating:



[GRI:203-1, 413-1]

Integrated Report 2019-20

Supplier Engagement

IndusInd Bank promotes sustainable and ethical procurement practices through selection and onboarding criteria for vendors and suppliers. It emphasises the importance of sustainability performance including human rights, labour laws and adherence to standardised ESG norms by the upstream and downstream supply chain partners.

SUSTAINABLE PROCUREMENT POLICY

The Bank's Sustainable Procurement Policy guides the Bank's procurement of software and infrastructure-related hardware. While priority is given to suppliers who have local presence, the Policy also commits to procuring raw materials at a fair price from the suppliers. It serves as a guideline for uniformity in the overall procurement process of the Bank, including transparency, safety and the inclusion of human rights.

SUPPLIER ASSESSMENT

IndusInd Bank interacts with its suppliers and subscribes to responsible procurement practices. The Bank has a vendor onboarding system and has also identified around 20-30 critical suppliers. Paper products and stationery are procured from the local vendors while envelopes, letter heads and general forms at all the branches are procured centrally.

The Bank has conducted sustainability assessments for its large volume of suppliers that provide technology, equipment, IT hardware, white goods manpower, security and house keeping services. These suppliers were assessed on their social and environment practices, including health and safety, employee welfare, water



Supplier audits

management, EHS, GHG emissions management, etc. The Bank seeks to associate with supply chain entities willing to abide by standard and progressive labour practices while upholding basic human rights.

LOCAL SUPPLIERS

Local suppliers for the Bank deal with IT software/hardware, enhancements in existing software, IT software AMC and IT support and services. Nearly 75% of the Bank's spend relates to technology investments

and 65% of the Bank's products and services are purchased locally. Materials procured include laptops, desktops, printers, UPS and UPS batteries, paper products and ACs. There is a buy-back policy available to all the employees. Employees can also deposit their laptop with the admin team, which further gets used internally as a standby. The laptops that are not in working condition are recycled.

[GRI:102-9, 203-1, 413-1]

Client Engagement

IndusInd Bank has a segment-based customer engagement strategy executed and delivered through direct as well as digital routes.

CUSTOMER EXPERIENCE

Customer engagement encompasses the client's interaction across all touchpoints, including digital channels, Relationship Managers and Service Managers. Each channel has distinct KRAs and objectives.

The Bank is committed to creating distinctive customer experience as a source of sustainable competitive advantage. Customer journeys are being continuously redefined and made customer-centric through digitisation, AI, process re-engineering and improved client communication. The Bank's aspiration is to 'Redefine Convenience' with the key principles of 'Seamless, Easy, Fast and Transparent' imbibed in its culture, processes and technology solutions.

The Bank regularly conducts customer satisfaction surveys and this year's results show a 69% customers satisfied index for the responses received.

Being socially responsible, through IndusMobile app, customers are provided with an option to donate to a charitable trust for de-addiction & rehabilitation of substance-abusing children, which is then matched by an equal contribution from IndusInd Bank. Additionally, the Bank engages with NGOs to facilitate & promote donations for many other social causes.

CUSTOMER DATA PRIVACY

IndusInd Bank is committed to protecting customers' privacy during their visits and when they are using its website and online applications, and availing the products and services. The Bank recognises its responsibility to keep the information provided by the customers, confidential at all times.

The Bank follows a Board-approved Privacy Policy which is displayed at all branches and also hosted on the Bank's website. The Policy is applicable to personal information and sensitive personal data or information collected by the Bank. The Bank's primary responsibility is to keep its financial information secured all the time.

Read more about the Bank's privacy policy at <https://www.indusind.com/content/home/footer/privacy-policy.html>

Employees are authorised to access Customer Information for business purposes only. Employees are bound by a code of ethics that requires confidential treatment of customer information and are subject to disciplinary action in case of any breach. If customers so desire, the Bank can limit sharing of customer information. A customer may contact the Bank at reachus@indusind.com if they would not like to be informed of the offers available.

The Bank treats every customer's personal information as private and confidential and it is not disclosed to any other entity unless otherwise authorised by the customer or the disclosure is compelled by law as mentioned in the Customer Rights Policy.

During FY 2019-20, there were no complaints received from outside parties and regulatory bodies or substantiated by the organisation regarding breaches of customer privacy and losses of customer data. There were no identified leaks, thefts or losses of customer data [GRI:418-1].

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. The complaints can be filed with the branch – branch manager/complaints register or can be submitted to the call centre. In cases where the branch or contact centre is unable to resolve the issue within seven working days, the same can be escalated to the regional heads through Head – Customer Care.

During FY 2019-20, 46,248 customer complaints were reported, of which 45,441 were resolved and 807 were under process as on March 31, 2020. 1.74% customer complaints were pending as on March 31, 2020 which will be resolved subsequently.

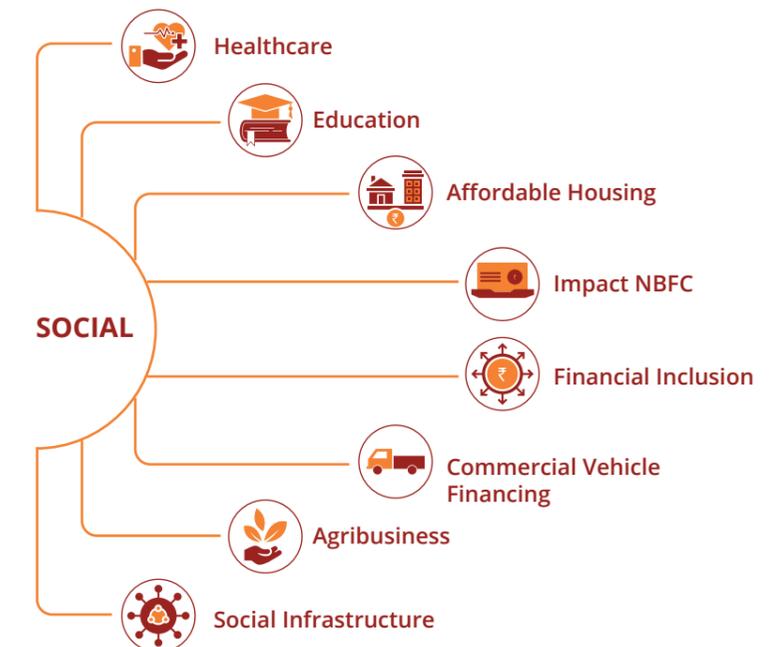
Read more on Grievance Redressal Policy and Mechanism at <https://www.indusind.com/in/en/personal/grievance-redressal.html>

[GRI:203-1, 413-1, 418-1]

Integrated Report 2019-20

Creating Social Impact through Investing

The Bank facilitates funding in the development sector to make a positive impact on society through one of the sustainable finance themes. The Bank has identified sectors such as rural banking, microfinance, livelihood and inclusive finance, agricultural and agri-allied sectors, vehicle and non-vehicle lending, education, affordable housing, healthcare and social infrastructure. IndusInd Bank has partnered with USAID to improve access to debt financing for hospitals and other healthcare service providers in maternity and child care space. It also offers debt solutions to social enterprises operating in the water and sanitation space. Through these partnerships the Bank intends to extend debt finance of approximately ₹700 crores.



A. Financial Inclusion

At IndusInd Bank, it is believed that the success of financial inclusion results from last-mile delivery of affordability, convenience, and flexibility. It is enabled by digital technologies. At the end of FY 2019-20, the Bank notched 10.8% market share in sustainable livelihood financing.

The Bank has a wide-ranging portfolio of financial inclusion offerings such as microfinance, microenterprise segment on the asset side, and savings bank accounts, micro recurring deposits and remittances, among a host of value-added services.

Digital solutions are facilitating smooth transactions for the microfinance segment through the use of IMPS, RTGS, NEFT and UPI supported by Aadhaar Enabled Payment System (AePS) /Biometric Authentication System and more.

93.5 lakh

Women beneficiaries in the Bottom of Pyramid (BoP) segment

₹35,841 crores

Total loan disbursal to weaker sections

₹19,300 crores

Total loan disbursal to agriculture and allied sectors

₹36,421 crores

Total loan disbursal

₹16,249 crores

Total loan disbursal to microenterprises sector

[GRI:203-1, 413-1]

Impact of Financial Inclusion Initiatives

Bharat Money Stores

In a bid to provide last-mile banking, the Bank has enrolled around 24,000 local village kirana stores as Bharat Money Stores (BMS) at. It has enabled small shopkeepers and retailers to act as banking agents. They provide the Bank's products and services to the underserved populations, driving financial inclusion goals. The model further empower the shopkeepers as they act both as merchants and service points for the Bank.

They also facilitate financial (deposit/withdrawal) and non-financial (balance enquiry and service requests, among others) transactions for customers. The BMS are in close proximity to the target community and are open virtually 24X7 to provide assistance. The Bank also introduced a specifically designed Micro Recurring Deposit (Micro RD) and Voluntary Savings Bank (SB) account facility to customers to enable them to use their accounts more effectively.

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 at the merchant's point within their own village. It helps them save much of their time which would otherwise have been spent travelling to the nearest town, not to mention the loss of a day's wages.

Access to Financial Services for the Disabled

It is important for the Bank to serve people with disabilities through its banking products and services. In order to provide easy access, all the Bank's ATMs are audio-enabled and equipped with Braille keypad that talks. The Bank had 2,760 ATMs as on March 31, 2020, all of which are equipped with these facilities. Many of the Bank's ATMs feature ramps to facilitate people with disabilities. As on March 31, 2020, ramp facility was available in 893 ATMs of the Bank.

Doorstep banking is provided to all customers, as per the doorstep banking requirements defined in the Banking Codes and Standards Board of India (BCSBI) code adopted by the Bank. The facility details are hosted on the bank's website.

Read more about doorstep banking <https://www.indusind.com/content/home/important-links/code-of-commitment.html>

Banker's guide for customers with special needs and persons with disabilities is developed by the Bank and it is available at <https://www.indusind.com/content/home/inclusive-banking.html>



Website accessibility

Bank's Website Accessibility Initiatives

As part of Web Content Accessibility Guidelines (WCAG) for the Bank's website, the following features are implemented on the website:

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 (alt) text unless they are purely for decoration.

[GRI:203-1]

Business Correspondent Model with Microfinance Institutions

Microfinance is an integral part of IndusInd Bank's financial inclusion strategy. The Bank has, therefore, launched its flagship Business Correspondent model with microfinance institutions. The model offers commercial viability and customer engagement and hence, is a win-win proposition for all stakeholders.

The Bank launched a programme under which Joint Liability Groups were formed, comprising women from the unbanked and underbanked segments. They received microloans under the programme, which benefited from continuous multi-layer monitoring and supervision undertaken at regular intervals.

Since the start of the initiative in May 2012, the programme has grown by leaps and bounds, and is a testimony to the success of the platform created by the Bank. Through the programme, the Bank financed about 1,100 women-led activities. It is a moment of pride for the Bank to look back on this achievement under the Pradhan Mantri Mudra Yojana (PMMY), which reached more than 300% of the targets allotted.

67.72 lakhs
Active rural customers under the Business Correspondent model, as on March 31, 2020

29.62 lakhs
Rural customers added in FY 2019-20 under the Business Correspondent model, as on March 31, 2020

Access to Financial Services for Low-income Social Groups

Microfinance Loans

The microfinance programme provides small loans to women borrowers, with annual household income not exceeding ₹1 lakh in rural areas and not exceeding ₹1.60 lakh in the urban and semi-urban areas, as defined by the RBI. Since the inception of the model, the Bank has been actively empowering women to attain a sustainable livelihood through microloans. In all, 100% of its borrowers are women organised under Joint Liability Groups (JLGs) to ensure timely repayment.

Micro Enterprise Loans

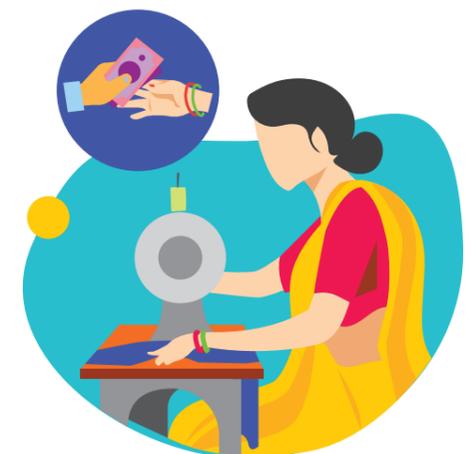
A set of existing customers who have higher loan requirements as they aspire to expand their businesses are offered loans through this programme. The loan sizes offered are up to ₹2.5 lakhs for business purposes such as addition to capital assets (e.g., purchase of machinery), working capital requirements, etc.

New Customer Enablement

For low-income groups, the Bank onboards new customers and services them through its branches and business correspondents through mobile/micro ATM applications.

Financial literacy for Low-income Social Groups

Financial literacy is a great enabler of development in the society at large. A financially aware and literate customer is the one most able to truly participate in the development and progress of the community. IndusInd Bank has been actively involved in helping communities become more financially literate, with initiatives specially aimed at women borrowers.



[GRI:203-1]

These trainings involve sensitising women borrowers regarding:

Risks of over-indebtedness	Mechanisms for grievance redressal
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



Financial literacy workshop

Financial and Digital Literacy Camps

The Bank conducted '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 the neighbouring villages on a monthly basis. The Bank also conducted special camps during the financial literacy week.

Topics covered under the Bank's Financial Literacy Camps include:

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

B. Loans for Commercial Vehicles

The Bank's Consumer Finance Division (CFD) offers loans to commercial vehicle operators. A significant portion of the Bank's borrowers are first-time borrowers and have been running hired trucks or working as drivers. On an average, it is said a truck gives livelihood for around 20 people. CFD, through its funding, creates livelihoods for a number of

Case Study

Poonam Saluja was a homemaker, whose husband used to work a part-time job in a shop. With her little money, she arranged for a down payment and bought an LPG auto for him. Her husband then started making a decent living. They bought one more auto and gave it to other drivers on a rental basis. Today, they have three LPG autos.



Poonam with her rickshaw

[GRI:203-1]

Integrated Report 2019-20

people such as drivers and people related to truck operations such as cleaners, loaders, service station, mechanics and more. They are able to mobilise the margin money and come for a loan.

They are the driver and owner and are able to repay the loan over a 3-4 year tenure after selling the truck or getting refinance on the free truck, which they use to procure more trucks – so, from a driver he becomes a owner through the funding given to him.

Similarly, in the small commercial vehicles segment, loan is given based on the guarantee of the parents and the requirement for documents is minimal, such as ration card. In such cases, the loans on autos create a livelihood for these borrowers who are typically auto drivers.



C. Agri-finance

Agriculture continues to play a vital role in the Indian economy, with almost 60% of Indian households depending on agribusinesses or allied activities. Thus, the Bank has prioritised the development of the entire value chain for agribusinesses, from fields to markets.

IndusInd Bank is planning to increase its strategic investments in agribusiness over the next two years by improving access to quality farming equipment through its tractor financing programmes; providing corporate-linked agricultural finance, such as working capital loans; or financing rural roads and infrastructure projects to facilitate logistics.



Tractor Loans

Case Study

When Laxman Jatav came to Jaipur, he was unemployed. He then acquired a cycle rickshaw on rent in Jaipur for plying; it was earning him a meagre ₹200 per day. Then with the little savings he had, he bought an e-rickshaw and started earning ₹600 per day. After running that for three years, he bought an LPG vehicle and got the balance financed by IndusInd Bank.

He is now earning close to ₹1000 per day and has been paying his EMI meticulously. He is now able to provide a decent life to his children. Laxman now wants to buy one more vehicle and is planning to give it on a rental basis to earn additional income.



Laxman with his rickshaw

Lending to Agri Corporates

The Bank's corporate agri book is equally diversified across all types of

borrowers – from individuals to agri corporates. For individual lending, female exposure may constitute ~25-30%. A total of 821 accounts were opened in FY 2019-20 in the

[GRI:203-1]

corporate agribusiness. Addition of the ESMS system in the lending process ensures compliance to human rights clauses by use of a checklist prior to loan disbursement.

Corporate agribusiness has developed a sustainable approach for the business and is one of the major Priority Sector Lending (PSL) contributing divisions of the Bank.

Food and Agri, a sub-vertical of the Bank's Agri Business Group (ABG) has ~50% exposure to dairy clients such as AMUL, Vadilal, and

more benefiting primary producers such as dairy farmers and rural women through on-lending from these corporates. The ABG also encourages PSL across corporate and commercial banking segments, providing funding for regulator identified priority areas such as education, housing, renewable energy, MSMEs, etc.

Two product categories, viz. Commodity Financing and Agri Project Financing, have a simplified ESMS checklist approved by the committee. Cases under the Food

and Agri segment, on the other hand, including corporate clientele, have to go through a detailed checklist certifying their compliance to the ESMS guidelines.

₹161.92 crores
Agri corporate exposure

₹25,342.57 crores
Agri retail exposure

Easier Credit for Farmers

With its retail agriculture vertical, IndusInd Bank extends short-term and long-term credit products to farmers from agriculture and agri-allied sectors. Strategic expansion into rural markets over the next few years is central to IndusInd Bank's strategy. The Bank's Indus Kisan product is a key enabler in this regard.

Indus Kisan is targeted at both small and marginal farmers, including those with disabilities. The Bank offers loans to meet the financial requirements for crop cultivation and agri-allied activities.

Kisan Credit card (KCC) simplifies credit delivery and screening processes and provides farmers flexible payment schedules, dependent on the types of crops being harvested. It also works as a single credit facility, which farmers can use to fulfil all their agricultural needs.

In FY 2019-20, 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 3,000 customers under KCC scheme across 489 approved branches in India. The outstanding book size for the year under retail agri-business is ₹16.79 billion.

The Bank believes in promoting awareness about national schemes and initiatives that are essential for securing the livelihoods of farmers. The Retail Agri-business vertical conducted more than 50 farmer engagement programmes

during the year to create awareness on KCC.

Every customer onboarded by The Retail Agri-business is offered bundled savings accounts. These enable multiple product offerings to each customer at a low cost and improve customer retention and loyalty. Farmers are also given training to familiarise them with mobile and internet banking, and other digital infrastructure. With its efforts, the Bank ensures a reduced need for travel and lower paper consumption, with RuPay debit cards and Indus Mobile contributing to its 'going green' efforts.



Case Study

The Bank has provided funding to a Company running India's largest potato platform involved in the entire potato ecosystem, including production of seeds, selling of seeds to farmers, storage and distribution.

Social value creation

- Supply of the right variety of tubers to more than 12,000 farmers to improve crop efficiencies
- Assist farmers in maintaining the quality of their stock and getting the highest price possible
- 20-50% improvement in farmer income
- Form SHGs and Joint Liability Groups with farmers
- Enter into buyback and franchise agreement with farmers to give them the commitment to buy a certain amount of potatoes grown
- The company procures potatoes directly from farmers to ensure they get the right price
- The company works with leading insurance companies to ensure easy and timely access to crop insurance for farmers
- Bridge the gap between technology and traditional farming methods

Case Study

The Bank has provided funding to a food distribution company that distributes fruits and vegetables, staples and branded food products to multiple end-use segments spanning small local shops and modern retail outlets. The company also has its own retail chain operating retail stores and mobile stores on trucks, along with partnerships with sister companies.

Social value creation

- For distribution of fresh produce, the company works with 50,000 farmers, moving 150 tonnes of products per day across 13 cities. It networks with small farmers rather than larger establishments. About 45% of its produce comes from farmers having less than two acres of land.
- More than 10% savings for farmers due to higher net realisation
- More than 70% produce directly sourced from farmers



D. Educational Financing



With evolving business models such as increasing private investments, Public-Private Partnerships (PPP) and government investments, the education sector is witnessing rapid

transformations across India and the globe. The education sector comprises schools, universities, colleges, coaching institutes, education assets-owning companies

and fund houses. The Bank has a thriving presence in this sector. The growth opportunity in the sector is due to the large population and low enrolment ratios. The major reasons for the increasing investment in the sector are steady cash flows, recession-proof nature of the business and negative working capital requirements.

The Bank looks at the education sector as a 'sunrise sector' and a corporate responsibility area. It covers client segments across the spectrum, including pre-primary, K12, degree courses and professional courses.

IndusInd Bank is lending to players in this segment with credibility and a good track record. Strong monitoring mechanisms

In FY 2019-20, 19 disbursements were done in the education portfolio, of which 16 transactions underwent checks under the ESMS.

Credit is also provided to educational institutions that provide education to people from the lower economic strata by providing fee waivers, scholarships,

etc. Additionally, the Bank has also funded groups that are focused on providing primary education to children belonging to lower socio-economic backgrounds.

SOCIAL IMPACT

- Among the institutions funded were medical colleges, which provide education to health professionals and have a positive social impact.
- Some institutions are offering vocational courses for entry-level skill development across industries. They have also partnered with the National Skill Development Corporation (NSDC) for the same.
- VG Education under Gems Group is offering education at a price point, which makes it affordable for families in the lower socio-economic strata.



E. Infrastructure Financing



projects in Tier-1 metro cities that are being developed by leading developers in the micro-market with vintage. Therefore, the projects that ultimately end up for financing are the ones that are backed by complete and proper technical approvals required for project development. Since the financed projects are mainly located in Tier-1 cities where municipal corporations and competent planning authorities exist, the compliance of ESG aspects are verified by authorities competent on the subject.

All projects sanctioned by IndusInd Bank are pre-approved by competent planning authorities of the state. Accordingly, relevant compliances related to energy efficiency, wastewater treatment, afforestation, etc. are checked at the authority level as applicable under the respective development control regulations before issuance of the Non-objection Certificate (NOC) (e.g., storm water drainage, pollution control, tree re-plantation,

waste treatment, etc.) and Commencement Certificate (CC) for project development. The Bank ensures that the project has due approvals before a lending decision is taken.

The Bank integrates ESG aspects in its credit and lending business by financing only approved projects of reputed developers with good track record and conduct. Lending focus area is targeted towards financing

The bank's exposure to infrastructure in FY 2019-20 was ₹39,588.55 crores while that to real estate stood at ₹47,728.60 crores

[GRI:203-1]

Case Study

The Bank has provided funding to an affordable housing finance company that provides financial assistance for home buying, home improvement, extension and construction to families from semi-formal and informal sectors. The company focuses on extensive ground presence, taking into account socio-economic indicators of the community to arrive at a credit score. For lead generation, it trains and operates a network of local women entrepreneurs through the Shakti programme. These women not only receive incentives but also become a beacon for other women. Thanks to its grassroots presence, the company tends to know its borrower well and has not experienced any delinquencies in its portfolio. It is a shining example of how the vast unbanked populations in India's hinterland can be profitably served with products tailored to their needs.

Social value creation

- All primary borrowers are women
- 5,200 loans disbursed and 4,500 Shakti representatives trained
- High emphasis on sanitation and hygiene with only borrowers having a functioning toilet at home considered eligible for loans. If not, then first tranche is mandated to be used for building a toilet and only after that is the remaining loan disbursed.



F. Healthcare Solutions

Spanning across the biggest hospitals, diagnostic centres and medical equipment manufacturers, the Bank aspires to provide nuanced banking support to all major players in this unique healthcare ecosystem. It caters to hospitals and care units including super and multi-specialty, diagnostic chains and other medical equipment manufacturing. Swachh Bharat Abhiyaan and National Health Protection Scheme are among the plethora of government initiatives aimed at building a robust social healthcare infrastructure.

Foreseeing the shift in the focus of the government towards healthcare penetration (qualitatively and quantitatively) and building a sustainable social infrastructure



model, IndusInd Bank has formed a dedicated and focused healthcare delivery team. Within a short span of time, it has gained good traction in terms of asset building and generating income for the Bank. It has covered the entire healthcare

value chain from growing medical equipment manufacturers to large established hospital chains, from promoter-driven single vintage hospitals to private equity backed young hospital chains.

[GRI:203-1]

People

Enriching Human Capital

At IndusInd Bank, human capital forms the bedrock of its success. A talented and professional workforce enables the Bank to grow from strength to strength and deliver best-in-class performance.



Highlights

30,674
Employees

5,750
Women employees

18.6%
Employee turnover rate

2.57%
Absentee rate

23,254
Employees hired on a temporary/contractual basis

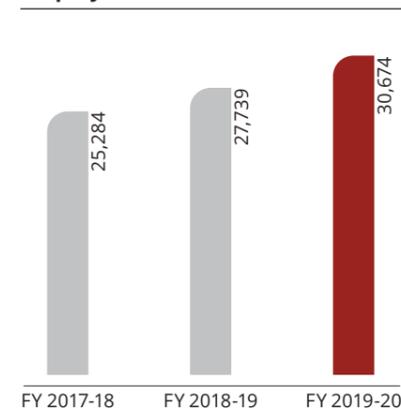
17
Permanent employees with disabilities

Employee Diversity

IndusInd Bank is committed to fostering a culture of diversity and inclusivity. A diverse workforce and environment powers growth and innovation. The Bank expects all employees to treat others with dignity and respect. It believes in creating a secure, fair, and transparent workspace devoid of discrimination or harassment.

Human capital at IndusInd Bank is known not only for its diversity in terms of age, gender, race and cultural background but also for the different sets of skills and experience that foster creativity and offer a range of perspectives and ideas.

Employee Count



Permanent Employee Breakup as on March 31, 2020

Age Group	Male					Total	Female					Total
	East	West	North	South	Corporate		East	West	North	South	Corporate	
<30	729	1,850	2,675	1,522	496	7,272	297	951	989	550	364	3,151
30-50	2,095	3,634	5,532	4,259	1,844	17,364	237	684	674	459	508	2,562
>50	31	42	34	83	98	288	5	8	3	6	15	37
Total	2,855	5,526	8,241	5,864	2,438	24,924	539	1,643	1,666	1,015	887	5,750

[GRI:102-8]

FEMALE WORKFORCE BREAKUP

Diversity Indicator

Female share of total workforce

Percentage



Women in management positions, including junior, middle and senior management (as % of total management workforce)

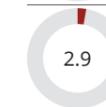


- Junior management: 13.36
- Middle management: 4.6
- Senior and top management: 0.79

Women in junior management positions, i.e., first level of management (as % of total junior management positions)



Women in top management positions, i.e., maximum two levels away from the CEO or comparable positions (as a % of total top management)



Women in management positions in revenue-generating functions (e.g., sales) as a % of all such managers (i.e., excluding support functions such as HR, IT, Legal, etc.)



Employee Development

IndusInd Bank invests in programmes for employee induction and development.

During FY 2019-20, the Bank conducted 14,00,100 training man-hours for 5,77,612 participants through 1,553 programmes. New training initiatives on business communication skills, leadership development, art of collaboration and interpersonal effectiveness were also conducted in FY 2019-20.

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

- Total learning spend: ₹739.71 lakhs
- Average amount spend per FTE : ₹2,412

Average hours of training and development per FTE [GRI:404-1]

- Total learning: 14,00,100
- Average learning hours per FTE: 45.64

Two of the key initiatives are summarised as follows:

1. Orientation Programme

Introducing employees from diverse backgrounds to the Bank's structure, vision, strategy, functions, people, policies, value systems and code of conduct. The Bank conducts a two-day exhaustive orientation programme across locations in India where new joiners are given a classroom orientation on the Bank's business units structure, vision, business journey, technology platforms, operational processes and policies, HR policies, etc. Over 10,000 participants were covered through these programmes in FY 2019-20.

Business Benefits

This orientation programme provided new joiners with adequate exposure to the Bank, its core executive team, structure, business units and their roles and responsibilities, standardised operational processes and policies, the Bank's business products, future agenda, code of conduct and requisite HR processes.

- Helped new joiners get acquainted with the Bank and get started on the job
- Developed an understanding of the Bank's operational processes and products

Key Impacts

Better product knowledge for sales, lower operational procedural errors, better knowledge of the Bank's structure, culture, vision, mission, etc.

2. Technical Skills Programme

E-learning interventions to provide learning on Bank's products, processes, compliance, risk, credit, treasury and more.

Business Benefits

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, etc. The Bank's e-learning initiatives have effectively addressed the training needs of its workforce by offering customised learning solutions on various technical and behavioural aspects.

[GRI:102-8, 404-1]



Employee training programme

Key Impacts

The business impact has been in terms of:

- Sales Force and Relationship Managers are 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 growth of the Bank's revenues over the years.
- Orienting new joinees, drawn from diverse organisations, into the ethos and culture of the Bank
- Reducing operational errors leading to higher efficiencies and customer satisfaction. On an operational level, e-learning interventions help in:
 - Standardised learning solutions
 - Cost efficiency
 - Better Turnaround Time (TAT) of training delivery
 - Cost of delivery is 10% of that of other delivery channels.
 - Managing scale and complexity. E-learning has helped us offer learning solutions to the entire employee base (27,739), which would have otherwise involved a significant cost outlay and would have been a time and resource consuming proposition. Around 95-100% of the workforce (FTEs) has been covered by e-learning interventions.

**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 employees received a performance appraisal, based on:

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

Employee Performance Reviews

Employee Category	Employees as on March 31, 2020			Employees Receiving Regular performance Reviews			Percentage (Employees receiving review/total no. of employees)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Junior management	14,854	4,099	18,953	7321	1903	9,224	38.6	10	48.6
Middle management	8,288	1,410	9,698	5,230	929	6,159	53.9	9.6	63.5
Senior management	1,469	210	1,679	1,079	138	1,217	64.3	8.3	72.5
Top management	313	31	344	254	29	283	73.8	8.4	82.2
Total	24,924	5,750	30,674	13,884	2,999	16,883	45.3	9.8	55.1

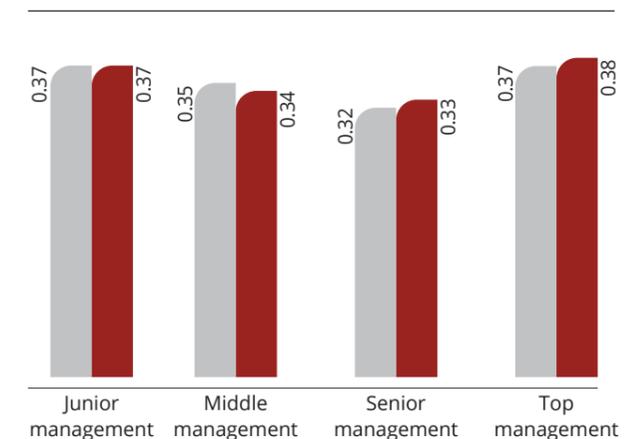
[GRI:404-3]

Workforce Productivity

Employee Category	Total Man-hours Worked in the Reporting Period			Total Days Worked in the Reporting Period			Total Missed Days in the Reporting Period		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent employees	4,53,83,796	92,41,803	5,46,25,599	50,42,644	10,26,867	60,69,511	1,24,977	24,673	1,49,650
Contract employees	20,92,986	9,91,170	30,84,156	9,945	1,10,130	3,42,684		5,120	15,065
Total	4,74,76,782	1,02,32,973	5,77,09,755	52,75,198	11,36,997	64,12,195	1,34,922	29,793	1,64,715

**Equal Opportunity Employer**

The Bank's HR policy describes the Bank as an equal opportunity provider. The 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 seeks to associate with supply chain entities willing to abide by standard and progressive labour practices while upholding basic human rights. The recruitment process is a fair and transparent process. The Bank aspires to be the first employer and make an environment suitable for the talent to thrive and do better irrespective of the age, religion, gender, race, caste and nationality. It is committed to being a company with a strong respect for human rights, safe work conditions and environmentally sound business practices for its employees.

Average Remuneration

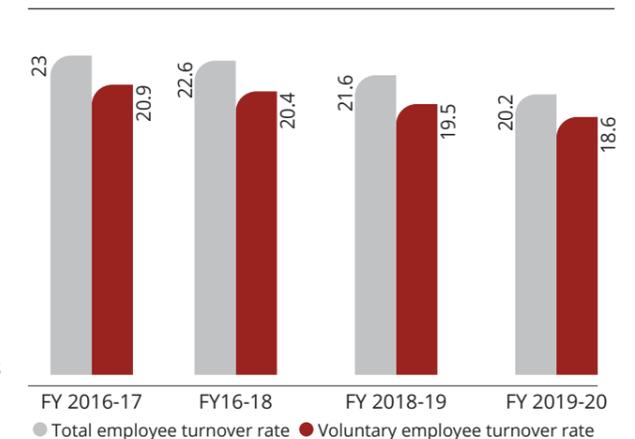
Average basic pay/ remuneration: ● Male ● Female

Median employee compensation for FY 2019-20 = ₹4,14,594

**Employee turnover**

The Bank has witnessed a decline in attrition across all employee levels and negligible attrition at strategic levels that provide strategic and functional leadership across various business units (BUs). Similar to industry trends, the attrition at the Junior and Middle Management levels is comparatively higher than that at the top managerial level – mainly in the frontline sales and branch operation roles.

The Bank supports its employees through several career development programmes and initiatives, and providing employees with market-benchmarked compensation, mentoring by seniors, learning opportunities, career planning, as well as, employee engagement. The average hiring cost/FTE for employees hired last year was ₹10,312, and 20% of open positions were filled by internal candidates.

Employee Turnover (%)

New Hires

Age Group	Gender	Joining						Left within 1 Year					
		East	West	North	South	Corporate	Total	East	West	North	South	Corporate	Total
<30	Male	285	633	960	575	230	2,683	80	151	264	129	29	653
	Female	133	415	425	243	148	1,364	35	87	87	66	21	296
	Total	418	1,048	1,385	818	378	4,047	115	238	351	195	50	949
30-50	Male	463	953	1,385	945	458	4,204	88	264	392	194	46	984
	Female	41	163	147	119	117	587	8	40	28	26	21	123
	Total	504	1,116	1,532	1,064	575	4,791	96	304	420	220	67	1,107
>50	Male	1	-	-	2	6	9	-	-	-	-	1	1
	Female	-	-	-	-	-	-	-	-	-	-	-	-
	Total	1	-	-	2	6	9	-	-	-	-	1	1

**Employee Benefits and Welfare**

The Bank recognises that employees that are engaged and satisfied perform better, and are an asset to business. To this end, HR policies are designed to attract and retain talented professionals by rewarding and acknowledging employees' efforts. This is implemented through performance management which includes review of individual performance, providing performance counselling and developmental feedback, and identifying future leaders for driving the Bank's business growth. The Bank also has a reward and recognition programme building long term employee ownership and association. Additionally, the Bank has instituted an Employee Stock Options Scheme to enable employees, including full-time Directors, to participate in the future growth of the organisation. Certain benefits like healthcare (Mediclaime, group personal accident policy) and insurance are also offered to full-time employees.

Employee Benefits

Benefits	Cost Incurred
Life insurance	₹0.97 Cr
Healthcare	₹39.19 Cr
Disability / invalidity coverage	₹0.78 Cr

Long-term Incentive Programmes

The KRAs of employees include targets on business, people, process, compliance, and resource utilisation. Rewards and recognition measures are based on tangible achievement of targets, which contributes to performance on sustainability aspects as well. The Board has set up a Compensation Committee to make recommendations on the issuance of the Bank's shares to its employees under the Employees Stock Option Scheme, 2007.

Parental Leaves and Return to Work

Employee category	Employees Entitled to Parental Leaves	Employees Who Took Parental Leave	Employees Who Returned after Availing/Initiating Parental Leave in the Current Reporting Period	Employees Who Availed Parental Leave and Were Employed even after 12 Months	Employees Who Returned after Availing/Initiating Parental Leave in the Previous Reporting Period
Permanent employees	5,750	307	124	11	64
Contract employees	720	6	3	-	-
Total	6,470	313	127	11	64

Note: Parental leave is only applicable for female employees.

**Health and Well-being**

IndusInd Bank has a workplace health and safety policy to guide its actions. It looks beyond the policy to assure their employees of their health being a priority. The Bank drives several initiatives to help enhance employee health and well-being. Employees in the banking sector are exposed to some health risks and physical exertion from prolonged work hours including ill health, psychological stress, and ergonomic issues.

IndusInd Bank manages these risks proactively. Various health awareness campaigns and challenges are organised for our employees on topics of nutrition, exercises, immunity, and others.

This year IndusInd Bank organised 'Leading the Run to the Moon' contest and employee squat challenge. The 'Leading the Run to the Moon' contest, is an employee engagement initiative, launched in 2017, under 'IndusInd for Sports'. It has seen an increasing participation from the Bank's various employees across cities. In FY 2019-20, ~8,500 employees under 26 cities took part in the initiative. Nearly 20% of the participants were female employees.

Apart from these, IndusInd Bank created awareness, this year, through mailers on a variety of health topics.

Safety and Security

The Bank is committed to providing its employees a safe and secure working environment. Periodic checks on the physical and mental health of the employees are routine. The Bank also conducts regular drills and trainings in first aid, fire safety and personal safety.

About 22,352 employees have been sensitised regarding workplace safety through the e-learning module and 14,378 through classroom sessions.

In FY 2019-20, the Bank conducted fire-safety training sessions for about 11,500 employees; 150 women employees were trained through six women's safety sessions, achieving 450 hours.

The Bank's Health and Safety Management System, integrates safety in day-to-day operations, allowing it to consistently identify and control its safety risks, 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 set up a continual safety improvement programme to implement suitable controls to manage risks. The Bank

ZERO

Incidents, injuries, occupational diseases or fatalities recorded in FY 2019-20



Fire safety training

[GRI: 401-1, 401-3]

[GRI:403-1, 403-2, 403-3, 403-5, 403-9, 403-10]

has a Fire Safety Manual, Security Manual, Facilities and Administration Manual and Workplace Health and Safety Policy.

The Bank's Safety Management System comprises the following three components:

Workplace Health and Safety Policy

The Bank's Workplace Health and Safety Policy clearly communicates the management's safety commitment and safety related vision/ mission/ targets. It is available online under Policies and Codes at <https://www.indusind.com/in/en/investors/investor-landing/investor-resources.html>

The Health and Safety policy covers the following elements:

- Safety objectives and responsibilities
- Risk management
- Incident management
- Consultation, communication and issue resolution
- Emergency management
- Bullying and workplace violence
- Alcohol and drug policy
- Work policy

Governance Structure on Fire and Safety

The top management of the organisation allocates responsibility, accountability and authority for development, implementation and performance evaluation of the safety management system to achieve the desired safety objectives.

Workplace Safety Assessment

Workplace hazards have been identified and corrected at the Bank's locations. Emergency prevention, preparedness and response arrangements have been established in cooperation with external agencies as applicable. Periodic audits, safety inspections and management review are conducted to determine the effectiveness of the system.

Human Rights Practices

The Bank has devised a comprehensive policy on human rights, diversity and inclusivity as well as on prevention of sexual harassment, under the guidance of the Board of Directors.



Fire Safety Training

The Bank respects, protects and promotes the Human Rights mandate that is recognised at the global levels. It has formalised processes and systems that facilitate and uphold the principles of ethics and sustainability as they pertain to all stakeholders, including employees. It maintains an employment policy that applies to both itself and its business partners. This includes mandates on age verification and blanket prohibition on child labour, forced or compulsory labour in all forms. As part of the due diligence process, the following identification activities with respect to human rights are executed by the Bank:

- Identification of where potential human rights issues could occur in its own operations
- Identification of where potential human rights issues could occur in its value chain or activities related to its business
- Identification of what actual or potential human rights issues could be of concern. No loans are given to customers/businesses involved in any activities employing child labour, juvenile labour deforestation, sand mining, coal mining wherever banned among others. The Bank is aligned with the UN Guiding Principles on Business and Human Rights and other international standards. It has devised company-specific policies accordingly. These policies cover:
 - A statement of commitment to respect human rights in accordance with internationally accepted standards
 - Requirements for its own operations (employees, direct activities, products or services)
 - Requirements for its suppliers
 - Requirements for its partners
 - Actions and procedures undertaken to meet its commitment
- 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, in terms of the HR policies of the Bank.

The Bank ensures strict adherence to these policies which has resulted in achieving 'Zero' complaints of infringement of human rights. During the year, zero cases of Child labour, forced labour, involuntary labour and discriminatory employment were reported. While seven cases of sexual harassment were recorded, and all were resolved within the year itself.

All these cases have been 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.

[GRI:403-1, 403-2, 403-4, 403-5, 403-9, 403-10]

100% of our employees, contractors, suppliers, service providers and subsidiaries are covered by the codes of conduct through written acknowledgement and training.

Similarly, Group-level code of conduct has been instituted and made publicly available. It 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 and more. 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.



Employee engagement

IndusInd for Sports

An employee engagement initiative, launched in 2017, 'Get Set Run' under IndusInd for Sports has seen increasing participation from the Bank's various employees across cities. In FY 2019-20, ~8,500 employees under 26 cities took part in the initiative. Nearly 20% of the participants were female employees.

Green Champions Programme

IndusInd Bank's Green Champion Programme is currently completing its 10th year. The year the programme recruited over 120 GCs from across the country. Green Champion Team Meets (GCTMs) were held twice during the year in April-May, 2019 and October-November, 2019. The Programme involved different types of activities including campaigns, awareness programmes and volunteer activities. Overall, the programme has been very successful.

A total of 206 activities were performed by 99 Green Champions this year. 52 of them sent reports whereas 47 others participated without reporting. Total participation in all activities together was 58,131 attendees, contributing to more than 7,292 man-hours of work towards environmental and social causes.

Activity-wise Distribution of Volunteering



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 in the Bank.

IndusInd Bank has a highly educated workforce, whose technical skills are greatly valued globally. Every employee has readily available access to many internal tools to connect with the senior management. The Bank encourages transparency across its workforce and directly helps connect with leaders on myriad issues including strategy and goals. The employees can also directly connect with the leaders through online platforms such as Twitter, Facebook and more [GRI:102-41].



Indus Marathon



Tree plantation by Green Champions

Governance

Operating a Responsible Bank



IndusInd Bank strives to maintain a strict focus on its good governance practices and benchmarks itself against global norms.

THE BOARD OF DIRECTORS

IndusInd Bank has always operated with a proactive governance framework, with significant emphasis on the independence of the Board, its diversity and accountability. Though the Bank has been set up by an overseas entity, all directors of The Bank are resident Indians.

Appointment of all Directors conforms to the 'Fit and Proper' criteria as laid down in RBI's extant guidelines. The Bank has ensured that Board-level appointments are more contemporarily professional by inducting technical and specially qualified personnel. The current composition of Board of Directors thus meets the governance requirements as prescribed under the provisions of Banking Regulation Act 1949.

The Nomination and Remuneration Committee determines the suitability of a person for the position of 'Director', in compliance with RBI guidelines, after perusing through several factors such as the candidate's academic qualifications, experience, track record, integrity and reputation. The committee reviews annually the composition of Board.

Post their recruitment, the Bank conducts induction programmes, invites external domain experts to provide trainings, and encourages Directors to attend programmes conducted by reputed institutions, to help them keep abreast of latest developments.

The Board has also constituted various committees for 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 (i) Committee of Directors; (ii) Audit Committee; (iii) Compensation Committee; (iv) Customer Service Committee; (v) Corporate Social Responsibility; (vi) Finance

Committee; (vii) Nomination and Remuneration Committee; (viii) Risk Management Committee; (ix) Review Committee (Wilful Defaulters); (x) Stakeholders Relations Committee; (xi) Special Committee (for monitoring large value frauds); (xii) IT Strategy Committee; and (xiii) Vigilance Committee.

BOARD STRUCTURE

ONE-TIER SYSTEM

Number of Members

Executive Directors - 1	Independent Directors - 7
Other Non-Executive Directors - 1	Total Board size - 9

The Independent Directors meet the criteria of Independence as laid down under SCHEDULE IV and Section 149 (6) of the Companies Act, 2013

The Independent Directors meet the criteria of Independence as laid down under 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 committee and subject to approval of the Board and the shareholders. In considering re-appointment, the Board would take into consideration the outcome of the performance evaluation process and the Director continuing to meet the independence criteria as defined under the Companies Act, 2013.

On the IndusInd Board, currently, 7 of the 9 Directors are Independent. The 7 Independent Directors include 2 Woman Directors. Details of can be found at <https://www.indusind.com/content/csr-home/our-approach/meet-the-bank.html>

Role of CEO and chairman is split and chairman is non-executive but not independent.

BOARD EVALUATION

The Board has formulated a Policy on Performance Evaluation which details the various aspects to be considered for evaluating the Directors including but not limited to attendance, participation in the meeting, contribution towards strategies of the Board etc. The Policy provides a guideline for the individual Directors to evaluate the Board, its Committees and individual directors. The policy can be found online at <https://www.indusind.com/in/en/investors/investor-landing/investor-resources.html>

The Board's performance is evaluated on an annual basis by an external agency, based on criteria defined by the Bank's Nomination and Remuneration Committee. These include:

- 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 areas such as Corporate Governance framework, financial reporting, industry and market conditions, and more.

The Board of Directors have carried out the annual evaluation of the performance of the Board, Individual Directors including Independent Directors, Non-Independent Directors, the Managing Director & CEO, and the Chairman and the Committees of the Board. This has been reviewed by the Nomination & Remuneration Committee, Committee of Independent Directors and by the Board of Directors.

BOARD DIVERSITY

The Bank maintains a board diversity policy available at <https://www.indusind.com/in/en/investors/investor-landing/investor-resources.html> IndusInd Bank exceeds the statutory requirement of having at least 1 woman director on the Board. There are two Women Directors (Mrs. Bhavna Doshi and Mrs. Akila Krishnakumar), on the Bank's Board along with seven male directors, who bring varied expertise in areas such as information technology and payments systems, accountancy, banking, finance, agriculture & rural economy and

99%
average Board meeting attendance by members

small-scale industry. The Directors' profiles can be found online at <https://www.indusind.com/in/en/investors/investor-landing/board-of-director.html>

BOARD INDEPENDENCE

IndusInd Bank has a single-tier system and its Board of Directors has 9 members including 1 Executive Director, 7 Independent Directors, 1 Non-Executive Director. The Independent Directors meet the criteria of independence as laid down under SCHEDULE IV and Section 149 (6) of the Companies Act, 2013. The Independent Directors meet the criteria of Independence as laid down under Regulation 16 (1) (b) and 17 (1) (a) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

BOARD MEETING ATTENDANCE

Number of meetings attended is 99% in last business/fiscal year.

Minimum of attendance for all members required, at least is 11.11%

BOARD MANDATES

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

Number of other mandates for Non-Executive/Independent Directors restricted to 9

BOARD PERFORMANCE REVIEW

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual evaluation of its own performance, performance of Individual Directors, Chairman of the Board and its Committees. The key 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, attentive 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 performance of the Director and makes a recommendation to the Board for considering his re-appointment.

BOARD ELECTION PROCESS

Board members are elected and re-elected on an annual basis. Board members are elected individually. Average tenure of board members is 8 years.

8 independent and non-executive members have relevant industry experience including

- Information Technology – Mr. Shanker Annaswamy and Mrs. Akila Krishna Kumar
- Banking and Finance – Mr. Arun Tiwari, Dr. T. T. Ram Mohan, Mr. Sanjay Asher, Mrs. Bhavna Doshi
- Small Scale Industry – Mr. Rajiv Agarwal
- Agriculture & Rural Economy – Mr. Sanjeev Kumar Asthana

**DISTRIBUTION OF SHAREHOLDING
(as on March 31, 2020)**

Sr. No.	Name of the Shareholder	Number of Shares Held	% of Shareholding
i.	IndusInd International Holdings Ltd.	6,65,75,939	9.6
ii.	IndusInd Ltd.	2,38,00,000	3.43
A.	Total Promoters Shareholding (i.+ii.)	9,03,75,939	13.03
B.	Non-Promoters Shareholding	60,31,59,799	86.97
C.	Grand Total (A+B)	69,35,35,738	100

**STOCK OWNERSHIP OF EXECUTIVE
COMMITTEE MEMBERS**

Position and Name of Holder	Number of Shares
Chief Executive Officer Mr. Romesh Sobti (Demitted Office as MD & CEO on March 23, 2020)	9,06,000
Mr. Sumant Kathpalia (Appointed as MD& CEO on March 24, 2020)	5,28,818

Name of Holder	Number of Shares
Paul Abraham	2,19,000
Kalpathi Sridhar	5,18,065
Suhail Chander	1,93,000
Arun Khurana	2,14,500
S. V. Parthasarathy	30,000
Ramesh Ganesan	1,10,000
S. V. Zaregaonkar	50,650
Sanjeev Anand	140
Zubin Mody	5,600
Sanjay Mallik	16,500
Ramaswamy Meyyappan	15,500
Bijayananda Pattanayak	1,45,500
M. R. Rao	1,65,606

The bank has no specific stock ownership requirements for the CEO and other members of the executive committee. No governmental institutions own more than 5% of the total voting rights. The Bank does neither have differential voting rights nor does it have dual class shares. It has a single class of shares for general public as well as the senior management.

CEO's Compensation

The Bank has pre-defined financial returns and relative financial metrics relevant for Chief Executive Officer's variable compensation. The variable component of the remuneration for Managing Director & CEO is based on the following parameters:

- (1) Annual performance on the Bank's business objectives approved at the beginning of the financial year by the Board of Directors
- (2) The Bank's financial performance and profitability
- (3) The variable component of the remuneration based on the Bank's compensation policy designed as per the RBI guidelines on Compensation of Whole Time Directors, Chief Executive Officers, Risk Takers and Control function staff. The Bank has guidelines on deferred bonus, time vesting, and performance period for the CEO's variable compensation.

The longest performance period covered by our executive compensation plan is 1 year. The Bank has a clawback provision in place as per the RBI guidelines.

The ratio between the total annual compensation of the Chief Executive Officer and the median employee compensation is 107.69.

Mr. Romesh Sobti had been Managing Director & CEO of the Bank with effect from February 1, 2008. The RBI had approved the appointment of Mr. Romesh Sobti as Managing Director and CEO of the Bank up to March 23, 2020. Details of Remuneration paid to Mr. Romesh Sobti during the FY 2019-20 are as follows:

Salary ₹209.92 lakhs, Other Allowances ₹236.30 lakhs, facility of company-leased and furnished accommodation, Provident Fund at 12% of Salary, Gratuity at one months' Salary, Pension at two months' Salary, Medical Expenses - reimbursement up to ₹2.09 lakhs, Leave Fare Concession of Rs.2.09 lakhs, Medclaim for self and family members, Personal Accident Insurance, Membership of two Clubs and official car with driver.

Mr. Sumant Kathpalia has been appointed as 'Managing Director & CEO' of the Bank with effect from March 24, 2020. Details of Remuneration paid to Mr. Sumant Kathpalia during the Financial Year 2019-20 are as follows: Salary ₹3.59 lakhs, Other Allowances ₹11.69 lakhs, Provident Fund at 12% of Salary, Gratuity at half months' Salary, Medclaim for self and family members, Personal Accident Insurance, Membership of One Club.

VIGILANCE

We have strong vigilance mechanism in place and various policies as below:

Anti-corruption Policy

The Bank follows a strict anti-corruption policy. It 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 also conducts regular training sessions for the employees to sensitise them in vigilance practices. In FY 2019-20, 221 such sessions were conducted across all major zones, with a total participation of 5,019 employees.

There were 8 vigilance complaints/references received directly (including two cases from previous fiscal years) of which 3 were closed after investigation, 2 cases resulted in punitive action and 1 was under disciplinary proceedings; two were under investigation (as on March 31, 2020)

Of the Vigilance and whistle-blower cases received in FY 2019-20, 10 complaints were received / dealt with in the category of corruption and bribery. Of these, 6 were found to be not true and remaining 4 were under investigation as on March 31, 2020.

WHISTLE-BLOWER PROTECTION

The Bank has in place a strong whistle-blower protection mechanism, clearly elucidated in the Whistle-blower Policy. Under this, the identity of the whistle-blower is protected and is known only to designated authorities. Any form of reprisal or retaliation against the whistle-blower is thus avoided.

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 emphasise on activities being carried out in 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 is entrusted with the fiduciary responsibility of overseeing the assets and affairs of the company.

We have a robust whistle-blower process wherein employees can raise whistle blows/ complaints through the forum to the Corporate Ombudsman. This is an open communication channel to identify and report potential risks that are reviewed by the investigation team and the Redressal Committee members and mitigation strategies are looked upon. This is in addition to the existing Risk Management framework, wherein potential risks are identified and reported.

During FY 2019-20, 690 cases of staff accountability were reported, of which 671 were resolved and 19 were under process as on March 31, 2020. During FY 2019-20, 82 Whistle-Blower cases were reported of which 72 were resolved and 10 were under process as on March 31, 2020.

82 cases were reported through the Whistle-Blower mechanism of which 64 were investigated resulting in 12 cases of punitive action. The aspects of anti-corruption are covered in vigilance sessions taken during the HR training programmes.

The Bank did not incur any fines or settlements related to Anti-Competitive Business Practices in the past four years

The policy can be found online at <https://www.indusind.com/in/en/sustainability.html>

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 2019-20.

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, independent source documents, data or information, identification of beneficial owner, or conducting ongoing due diligence on business relationships
- Non face-to-face CDD: Formal policies and procedures are in place for non face-to-face customers including, amongst other measures, certification of documents presented and independent contact with the customer by the Bank
- 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 2019-20.

HONESTY AND INTEGRITY

The Bank conducts business with honesty and integrity, and in compliance with all regulatory and legal obligations. The principles of anti-corruption and bribery are captured in the three codes of conduct the Bank follows : Code of Conduct for Directors and Senior Management, Code of Conduct for Prevention of Insider Trading, and Code of Practices and Procedures for Fair Disclosure.

IndusInd Bank does not encourage associates or any connected stakeholders to follow unethical means such as bribery or kickbacks. It has a zero tolerance approach to bribery and corruption, with commitment to acting professionally, fairly and with integrity in all its business dealings and relationships. Strong guidelines have been laid down to avoid malpractices and consequences of such actions are also well defined. Strong and stringent control measures are in place to stop such activities and associates are encouraged to bring to notice any such malpractice which might have been missed out. The Bank has made no direct or indirect political contributions. The Bank's charitable contributions and sponsorships are part of the CSR funding. Any donations made are legal and ethical under local laws and practices, such as mandates laid down by Section (135) of the Companies Act 2013.

TAX STRATEGY

The business operations of the Bank are largely concentrated in India. Activities outside India are restricted to resource mobilisation in the international markets. Since the Bank does not have material earnings emanating from foreign operations, the Bank is considered to operate only in domestic segment. The Bank is not present in any tax haven countries and does not do business in any tax evasive modes.

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

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

TRADE ASSOCIATIONS

IndusInd Bank supports the following trade associations through the respective contributions:

₹21,24,000

Indian Banks Association

₹11,80,000

Microfinance Institutions Network

₹2,95,000

Impact Investors Council

OTHER INSTITUTIONS

- Institute For Development And Research In Banking Technology
- Confederation of Indian Industry
- Institutional Investor Advisory Services India Limited
- Bombay Chamber of Commerce & Industry
- Indian Institute of Banking & Finance

CLAWBACK POLICY

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

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).

PRIVACY POLICY

IndusInd Bank is committed to protecting customers' privacy during their visits online and offsite visits, and

while availing the products and services via online applications. The Bank recognises its responsibility to maintain the confidentiality of the information it secures, at all times. This Privacy Policy is applicable to personal information and sensitive personal data or information collected by the Bank through its online portals, mobile apps and electronic communications, apart from any information collected by the Bank's server from the customer's browser. The Privacy Policy can be found online at <https://www.indusind.com/in/en/personal/privacy-policy.html>

DATA PRIVACY

All Information collected shall be used for the relevant lawful purposes connected with various functions or activities of the Bank related to services in which the concerned person is interested, and/or to help determine the eligibility of the concerned persons for the product/services requested/ applied/ shown interest in and/or to enable the Bank to verify Persons verification and/or process applications, requests, transactions and/or maintain records as per internal/legal/regulatory requirements and shall be used to provide the Concerned Person with the best possible services/products as also to protect interests of IndusInd Bank.

The Customer Account Information shall not be shared with any external organisation unless the same is necessary to enable IndusInd Bank to provide services or to enable the compilation of a transaction, credit reporting, or the same is necessary or required pursuant to applicable banking norms or pursuant to the terms and conditions applicable to such Information as agreed to with IndusInd Bank or pursuant to any requirement of law/regulations or any Government/court/other relevant authority's directions/orders.

RESTRICTED ACCESS AND ETHICS

Keeping financial information secure is one of the Bank's most important responsibilities. 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 Bank at reachus@indusind.com.

Annexure I

GRI Content Index

In accordance with the GRI Standards (Core) option

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	102-21	Consulting stakeholders on economic, environmental, and social topics	36-37	
	102-22	Composition of the highest governance body and its committees	16-17	
	102-23	Chair of the highest governance body	16-17	
	102-24	Nominating and selecting the highest governance body	16-17	
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GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE NUMBER / REFERENCE LINK
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*The breakup of employee turnover by age group and gender is not available to report in the current year. This will form part of the disclosure in the subsequent year.

[GRI:102-55]

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Annexure II

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Annexure III

Independent assurance statement



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Independent Limited Assurance Statement to IndusInd Bank Limited on its Integrated Report for Financial Year 2019-20

To the Management of IndusInd Bank Limited, 7th floor, Solitaire Corporate Park, 167-Guru Hargovindji Marg, Andheri (East), Mumbai-93, India.

Introduction

We ('KPMG Assurance and Consultancy services LLP' or 'KPMG') have been engaged for the purpose of providing assurance on the selected Sustainability disclosures presented in the Integrated Report ('the Report') of IndusInd Bank Limited ('IBL' or 'the Company' or 'the Bank') for FY 2019-20. Our responsibility was to provide limited assurance on the Report content as described in the scope, boundary and limitations.

Reporting Criteria

IBL applies its own reporting criteria derived from the following:

- International Integrated Reporting Framework (<IR>) published by the International Integrated Reporting Council (IIRC)
- Global Reporting Initiative (GRI) Standards 'in-accordance' Core option

Assurance Standard Used

We conducted our assurance in accordance with Limited Assurance requirements of International Federation of Accountants' (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. Under this standard, we have reviewed the information presented in the report against the characteristics of relevance, completeness, reliability, neutrality and understandability.

Scope, Boundary and Limitations

The scope of assurance covers the following sustainability disclosures¹ of IBL as per GRI standards for the period 01 April 2019 to 31 March 2020.

General Disclosures

- Organizational Profile: 102 – 1 to 102 – 4, 102 – 6 to 102 – 8
- Ethics and Integrity: 102 – 16
- Governance: 102 – 18
- Reporting Practice: 102 – 48, 102 – 50 to 102 – 56

¹ For details regarding the disclosures please refer the GRI Content Index on Page 98 – 100.

Annexure III



Specific Disclosures

- Economic
 - Indirect Economic Impacts: 203 – 1²
 - Anti-Corruption: 205 – 3
- Environmental
 - Energy: 302 – 1
 - Emissions: 305 – 1, 305 – 2, 305 – 3*, 305 – 4
- Social
 - Employment: 401 – 1, 401 – 3
 - Training and Education: 404-1
 - Local communities: 413 – 1

*Scope 3 emission data are restricted to employee business travel, Purchased Goods and services, Leased Assets and Franchises for FY 2019-20

The boundary of the Report covers the economic, environmental and social performance of IBL's operations in India which include:

- 1761 Branches and 150 Banking Outlets
- 2760 ATM centers (offsite and onsite) of IndusInd Bank

The data review and validation were restricted to the Corporate offices, Regional offices and branches mentioned above. The review and management interactions were performed virtually using screen sharing tools. Based on the information provided by the IndusInd Bank, we have assessed the internal controls and systems.

Limited assurance consists primarily of enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement. The assurance scope excludes following:

- Data related to Company's financial performance
- Data and information outside the defined reporting period
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim, future intention provided by the Company and assertions related to Intellectual Property Rights and other competitive issues
- Data review outside the operational sites as mentioned in the boundary above
- Strategy and other related linkages expressed in the Report
- Mapping of the report with other reporting frameworks other than those mentioned in the Reporting criteria above
- Aspects of the Report other than those mentioned under the scope above

Assurance Procedures

Our assurance process involves performing procedures to obtain evidence about the reliability of specified disclosures. The nature, timing and extent of procedures selected depend on our judgment, including the

²The Assurance activities were limited to non-financial disclosures under GRI 203 – 1



assessment of the risks of material misstatement of the selected sustainability disclosures whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the preparation of the Report in order to design assurance procedures that are appropriate in the current circumstances.

Our assurance procedures also included:

- Assessment of IBL's reporting procedures regarding their consistency with the application of GRI Standards.
- Evaluating the appropriateness of the quantification methods used to arrive at the sustainability disclosures presented in the Report.
- Review of systems and procedures used for quantification, collation, and analysis of sustainability disclosures included in the Report.
- Understanding the appropriateness of various assumptions, estimations and materiality thresholds used by IBL for data analysis.
- Reviewing the materiality and stakeholder engagement framework deployed at IBL.
- Assessment of data reliability and accuracy.
- Review of selected key performance data as defined in scope, boundary and limitations was carried out on a sample basis through video conferencing with corporate office.

Appropriate documentary evidences were obtained to support our conclusions on the information and data verified. Where such documentary evidences could not be collected due to sensitive nature of the information, our team verified the same with the IBL during virtual interactions.

Conclusions

We have reviewed the selected non-financial disclosures in the Integrated report of IBL for FY 2019 – 20. Based on our review and procedures performed, nothing has come to our attention that causes us not to believe that the sustainability data and information as per the scope of assurance presented in the Report is appropriately stated, in material respects and in line with the reporting principles of the GRI Standards.

We have provided our observations to the Company in a separate management letter. These, do not, however, affect our conclusions regarding the Report.

Independence

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 (Revised).

Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies ISQC 1 and the practitioner complies with the applicable independence and other ethical requirements of the IESBA code.

Responsibilities

IBL is responsible for developing the Report contents. IBL is also responsible for identification of material sustainability topics, establishing and maintaining appropriate performance management and internal

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CIN: L65191 PN1994PLC076333
[GRI:102-3]