

*IndusInd Bank*

Sustainability at IndusInd Bank

# RAISING THE BAR

**Integrated Report 2021-22**

Sustainability at IndusInd Bank

# RAISING THE BAR

IndusInd Bank prioritises delivering long-term value to our stakeholders by embedding sustainability principles deeply in our business. The Bank is committed to evaluating the key products and process through an ESG lens, thereby ensuring that both clients and the society at large, benefit from the services. It strives to adopt the best governance practices and aims to optimise use of resources so that carbon footprint is reduced year on year. The Bank has indeed deepened its impact on the society through responsible lending, mitigating climate change, and promoting social behavioural changes.

Over the last few years, our continuous attempt to improve the level of ESG integration across the Bank's diverse businesses, risk management and operations has positioned the Bank well across stakeholders. We commit to raising the bar continuously.



**The Cheetah has evolved over several adaptations with an enhanced ability to sprint.**

## FINANCIAL HIGHLIGHTS

**₹22,398 Cr**

Revenue

**₹4,611 Cr**

Total Profit After Tax

**₹15,000 Cr**

Net Interest Income

**₹2,93,681 Cr**

Deposits

**₹2,39,052 Cr**

Total Advances

**₹1,563 Cr**

Reported Taxes

**10.20%**

Return on Equity

**4.11%**

Net Interest Margin

**42.68%**

Cost/Income Ratio

**₹59.57**

Diluted Earnings Per Share

**₹8.50**

Dividend Per Equity Share

## International Ratings

Ba1 for Senior Unsecured MTN programme by Moody's Investors Service

## Domestic Ratings

**CRISIL AA+**: Infrastructure Bonds Programme/Tier 2 Bonds

**CRISIL AA**: Additional Tier I Bonds Programme

**CRISIL A1+**: Certificate of Deposit Programme/Short Term FD Programme

**IND AA+**: Senior Bonds Programme by India Ratings and Research

**IND AA**: Additional Tier I Bonds Programme by India Ratings and Research

**IND A1+**: Short Term Debt Instruments by India Ratings and Research



A big thank you to all our partners for helping us achieve this milestone.

## THE KEY PILLARS SUPPORTING THE BANK'S PIONEERING ESG STRATEGY

- 1 ESG Principles Embedded in Business
- 2 Growth in Impact Positive Sectors
- 3 Innovative ESG Banking Products
- 4 ESG Filters in Credit Risk Assessment
- 5 Reduction in GHG Emissions
- 6 Sustainable Operations

# ESG HIGHLIGHTS



## Environmental

- 52,000**  
Trees planted
- 53,440 kgs**  
E-waste recycled
- 80,000**  
Water and sanitation loans to be offered under MoU with water.org
- 42%**  
GHG emission intensity reduction over FY 2017-18
- 5**  
2 offices and 3 branches are LEED certified\*
- 20%**  
Of the Bank's CSR budget allocated to environmental initiatives
- ~3%**  
Of Total Portfolio is towards Green and Climate Finance
- 47%**  
Reduction in paper consumption through digitalisation
- ~2%**  
Decrease in energy consumption as compared to FY 2020-21
- Green Fixed Deposits**  
Externally Assured ESG linked product launched
- 240**  
Rain water harvesting structures created or renovated

\*LEED certification is a globally recognised symbol of sustainability achievement and leadership. The certification verifies that a building was designed and built using strategies and materials to maximize sustainability.



## Social

- ~44%**  
Of the total portfolio is towards Social Livelihood and Inclusive Finance
- 678**  
Employee volunteering hours during FY 2021-22
- 2 Mn**  
CSR beneficiaries
- 6,130**  
Women employees in FY 2021-22
- 46,976**  
Bharat money finance stores across India
- 13%**  
Of the total portfolio is towards Micro Finance
- 8 Mn**  
Women benefitted through Micro Finance
- Partnership with Dell Foundation**  
to support Social Enterprises
- \$50 Mn**  
Risk sharing agreement with USAID for financing companies in the WaSH segment
- \$50 Mn**  
Risk sharing agreement with USAID for financing companies in the healthcare segment



## Governance

- 13**  
Years of reporting on sustainability initiatives
- 2/9**  
Board and Board oversight for sustainability
- 0**  
Cases of corruption
- 0**  
Breaches against code of conduct and Ethics
- 0**  
Information security breaches or other cybersecurity incidents
- 0**  
Data breaches occurred
- BRSR**  
Voluntarily reported Business Responsibility and Sustainability Report (BRSR) for FY22

## ESG Ratings/ Score

MSCI: A      CDP Rating: B  
DJSI: 63/100      Refinitiv: 78

### DJSI

IndusInd Bank has been included in the S&P DJSI Sustainability Yearbook 2023 with a score of 63 in FY 2021-22, within the top 15% of the 'Banking Industry' peers for the third time in a row.

- 1 It is the only Indian bank and one of the 75 banks globally, to be included in the DJSI Yearbook for 3 consecutive years
- 2 The Bank is one of the 21 Indian companies to be a part of the Yearbook

This ranking is a validation of the Bank's focus and continued efforts towards driving the sustainability agenda across environmental, social and governance parameters through specific initiatives so that it is well-positioned to address future sustainability challenges and opportunities.

### Refintiv

The Bank has been a top performer and has showcased excellence and high transparency among global banking services companies. It has achieved a score of 78 out of 100. The Bank also got ranked 84<sup>th</sup> out of 1088 banking services companies globally.

### CDP

IndusInd Bank has been recognised for showcasing its Management in climate change mitigation by global environmental non-profit CDP (formerly known as the Carbon Disclosure Project), securing a band B for tackling climate change. This is in recognition of the Bank's actions to cut emissions, mitigate climate risks and develop a low-carbon economy.

IndusInd Bank is the only Indian bank and one of the 75 banks globally to be included in the S&P DJSI Sustainability Yearbook 2023 for 3 consecutive years

## ABOUT THIS REPORT

### Approach to Reporting

IndusInd Bank has been one of the first organisations in India to incorporate integrated thinking in its operations and reporting. The Bank believes in creating long-term value for its stakeholders and has been voluntarily reporting its sustainability performance since 2011.

The Bank published its first Integrated Report in 2017. It has since continued to publish Integrated Reports that provide a holistic view of the Bank's strategy, performance, relationships and value-creation efforts and its overall approach towards Environmental, Social and Governance (ESG) factors.

### Reporting Frameworks

This Integrated Report is prepared in accordance with the International Integrated Reporting <IR> Framework outlined by the International Integrated Reporting Council (IIRC), now part of the IFRS Foundation. The Key Performance Indicators (KPIs) and disclosures discussed in this report are

in accordance with the Global Reporting Initiative (GRI) Standards 'Core' option. The Bank also publishes an annual report. The FY 2021-22 Annual Report can be accessed [here](#).

There have been no restatements of information and changes in reporting in this FY 2021-22 Integrated Report.

### Reporting Scope and Boundary

This Integrated Report presents information about the pan-India standalone operations of the Bank across various business verticals. It covers information pertaining to the period April 1, 2021 - March 31, 2022. The last report was published for the period April 1, 2020 - March 31, 2021. There were no significant changes to the Bank or its supply chain during the reporting year.

### Board of Directors' Assurance

IndusInd Bank's Board of Directors undertake the responsibility of assuring the integrity of information presented in this report, following a review and approval process.

### External Assurance

The IndusInd Bank Integrated Report 2021-22 has been externally assured by KPMG Assurance and Consulting Services LLP. Their assurance statement is a part of the report. Read on Page 130.

### Precautionary Principle

As a financial institution, the Bank's environmental impact is mainly on account of its branch and operations as well as the loan portfolio. The Bank monitors and reduces its own carbon footprint as well as engages with its clients and vendors regarding their environmental and social impact. The Bank is also making efforts to sensitise its employees on the importance and impact of ESG factors.

For more details, contact:

**Ms. Roopa Satish**  
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## Capitals

### Intellectual Capital



The Bank prioritises its customers at the highest level and believes in providing clear and customised solutions using a collaborative, knowledge driven approach. The Bank also aims to keep its internal processes in sync with the rapidly changing technologies.

### Infrastructure Capital



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

### Natural Capital



The Bank is committed to preserving the environment through investing in climate positive choices. The Bank has adopted renewable energy, is dedicated to reducing its GHG emissions, and continues to actively advocate for the inculcation of sustainability in the core strategic framework of its business

### Human Capital



The Bank considers its people to be its biggest assets and believes in delivering value to its workforce through transparent communication, capacity building and training programmes. We treat all our employees with respect, dignity and provide an incentivised, diverse and inclusive work culture.

### Social and Relationship Capital



The Bank consistently endeavours to build good relationships with its stakeholders and focuses on initiatives with positive social impact, that help enhance the business. The Bank also supports community development by providing new livelihood opportunities, while endeavouring to contribute towards the holistic development of the society.

### Financial Capital



The Bank offers products and excels across various verticals viz. corporate, retail banking, digital banking, Micro Finance and Vehicle Finance, and creates value consistently for its stakeholders.

The Blue whale, the largest mammal on earth who triumphs the sea

# INSIDE THE REPORT

The Indian Peacock  
unravelling its beauty

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## Contribution to UN SDGs

Throughout this report, with the help of SDG icons, the Bank has indicated its efforts to support the United Nations Sustainable Development Goals (UN SDGs).



# INDUSIND BANK

With sustainability at its core and a fundamentally strong franchise, IndusInd Bank is well positioned for growth.

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**OVERVIEW**

# BANKING WITH TRUST AND INTEGRITY

Named after the Indus Valley Civilisation, IndusInd Bank has continued to be one of India’s fastest-growing private banks, even in the 27th year of its operations. Based on the foundation of one of the greatest cultural and human influx, IndusInd Bank envisions human ingenuity as an Indian-ness, curated through innovation and enterprise as well as business acumen. Powered by this philosophy, the Bank has been consistently delivering best-in-class banking solutions and services.

The Bank has proved its commitment by maintaining and growing its clientele, year after year, making banking effortless, convenient and effective through technological enhancement, embracing diversity and understanding the needs of its consumers.



**Highlights**

**32 Mn**

Customer base

**₹1,09,463 Cr**

Corporate: Retail Loan Book

**54:46**

Loan Mix, Retail v/s Corporate

**₹4,611 Cr**

Net Profit After Tax

**4.2%**

NIM

**81%**

Credit to Deposit Ratio

**41%**

Retail LCR Deposits

**18.42%**

CRAR

**72%**

PCR

**92%**

Overall digital transaction mix

**~50,000**

Clients on-boarded through video KYC every month across accounts and offerings

**OVERVIEW**



The Royal Bengal Tiger



**Mission**

We will consistently add value to all our stakeholders by enhancing the sustainability of the organisation and emerge as India’s most convenient Bank with financial metrics amongst the best in the industry.



**Vision**

- 1**  
A relevant business and banking partner to its clients
- 2**  
Engaged with all our stakeholders and will deliver sustainable and compliant growth and returns
- 3**  
Customer- responsive, striving at all times to collaborate with clients in providing solutions for their banking needs
- 4**  
A forerunner in the marketplace in terms of productivity, technology, efficiency and profitability
- 5**  
A change agent for financial inclusion in India
- 6**  
An equal opportunity and preferred employer



**Sustainability at IndusInd Bank**

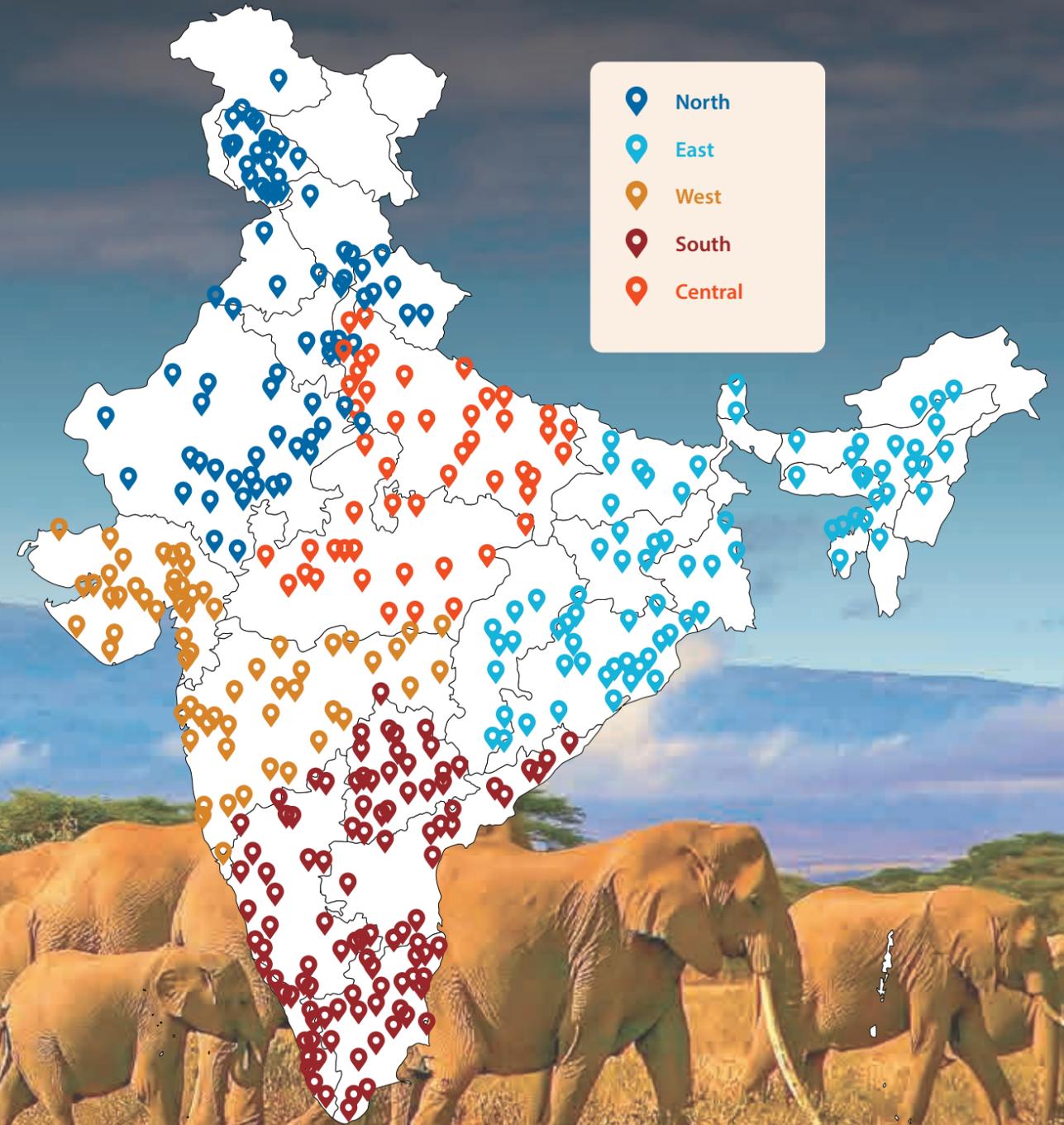
Sustainability is at the core of all endeavours of the Bank and forms a key part of the Planning Cycle 5 (PC-5). The Bank prepares its strategic objectives in 3-year planning cycles, which are further segmented into yearly and quarterly ambitions. Sustainability is at the core of all endeavours of the Bank and forms a key part of the Planning Cycle 5 (PC-5). PC-5 is force until FY 2023-24 and its theme is ‘Scale with Sustainability’.

Aligned with this theme, the Bank has integrated ESG factors into many aspects of its business. This commitment has meant looking inwards and viewing every function through the ESG lens. The rigor of this exercise has strengthened the Bank from its core. While this has meant minimising resource use, firming up the Bank’s financial viability and imbibing best governance practices; it has also meant greater focus on the impact of the Bank’s investments. The Bank is going strong, deepening its impact through responsible lending, mitigating climate change and promoting lasting social changes through its investments, in its people and the society.

PRESENCE

# EXTENSIVE REACH

The Bank has an extensive reach across every region in India. It is present in the GIFT city and also has representative offices in London (UK), Dubai and Abu Dhabi (UAE).



**2,265**  
Branches

**507**  
Rural branches

**470**  
Semi-urban branches

**50**  
Offices

**816**  
Outlets



**2,767**  
ATMs



**1,32,000**  
Villages covered



**2,795**  
Bharat Financial Inclusion Limited branches

## MANAGING DIRECTOR'S MESSAGE

# STRENGTHENING THE CORE, PROGRESSING SUSTAINABLY

**Dear Stakeholders,**

I hope that this message finds you and your family safe and well. It brings me great pleasure to present to you the FY 2021-22 Integrated Report of IndusInd Bank, one of India's leading banks. The past few years have been marked by unprecedented conditions, with recurring global pandemics, supply chain interruptions and geo-political conflicts affecting both individuals and economic growth. Despite these volatile times, we have seen a sense of stability return in FY 2021-22, with pre-COVID activities being resumed.

In India, the economy has recovered substantially from the pandemic lows, primarily due to huge countrywide vaccination campaign, specific assistance measures implemented and due to continued focus on economic reforms by the Government of India. While global geo-political concerns and rising commodity prices slowed the speed of economic recovery, India is well placed to address these difficulties because of the country's robust macro-economic profile, strong foreign purchasers and thriving corporate and financial sectors. India remains one of the world's fastest growing major economies.

**At IndusInd Bank, we continued the execution on the Planning Cycle 5 Strategy of 'Scale with Sustainability'. I am happy to share that for FY 2021-22, we have recorded the highest ever profits in the history of the bank with consolidated pat of ₹4,805 crores, with a revenue generation of ₹22,397.89 crores.**

We further strengthened our position across sustainability metrics, while steadily pivoting towards growth.

We persisted with our strong focus on deposit mobilisation with 15% Y-o-Y growth, achieved along with a reduction in cost of deposits. The cost of deposits has now come down to the lowest levels in the history of the Bank. The deposit growth was driven by granular retail deposits and CASA, which grew faster than the overall deposits.

On the loan book side, we remained watchful of the evolving operating environment. We slowed down loan disbursements during COVID-2 wave in the early part of the year and resumed loan growth cautiously once the pandemic concerns receded. Our loan growth for the year picked up by 12% Y-o-Y compared to 3% Y-o-Y for the last year.

The Bank has a unique customer franchise focused on 'livelihood' generating loans. These are also segments of domain expertise such as vehicle finance, Micro Finance and diamond manufacturer financing. We saw these segments participating actively in the economic recovery and thereby achieving one of the best quarterly disbursements in March 2022.

We also progressed well on scaling up our new initiatives such as affluent banking, NRI banking, tractor financing, brought focus on SMEs and MSMEs, Merchant acquiring, affordable housing and Digital 2.0.

We continued to invest in our physical and digital distribution network. We added 250 branches during the year, increasing our branch count to 2,265 compared to 2,015 last year. Our wide geographic spread across both urban and rural markets in India, gives the bank a unique advantage in the market.

We have also noticed consistent shifts in customer behaviour toward digital banking since the pandemic. The bank has begun its Digital 2.0 strategy. We established a Digital Centre of Excellence with the goal of deploying cutting-edge digital platforms and developing end-to-end digital client value propositions. FY 2021-22 saw our vision on Digital 2.0 being progressed and the Bank has launched a number of its planned digital initiatives:

Indus EasyCredit offers an end-to-end digital journey for instant Personal Loans and Credit Cards

- Indus EasyCredit for Business, a digital-first offering for banking needs of MSME customers

- Indus Merchant Solutions App, a one-stop solution for merchants of all size bringing all their payment, lending and banking needs under a single umbrella
- Indus EasyWheels, a portal for used vehicle ecosystem

We are also progressing well on our planned digital launches focused on Individual and SME segment and you will soon hear from us about these. Overall, we aim to continue our execution on Digital 2.0 strategy with planned launches and scaling up the existing initiatives.

While we have made significant progress on financial indicators, we have also made significant improvement on embedding ESG in our business, risk and operations.

During the year, we strengthened our dedicated Sustainable Banking Unit for a sharper focus on ESG across all our business, risk and operations. This has improved the Bank's awareness of the changing macro trends and helped us evaluate opportunities, develop newer sectors and ESG linked products and evaluate ESG risks embedded in our clients and segments. With continued focus on reduction of Bank's carbon emissions, initiatives for greening our branch and digital operations, we improved our global ESG ratings and was the only Indian bank to be featured in the Dow Jones Sustainability Yearbook. This culminated in the Bank being acknowledged by AsiaMoney as the Best Bank in India - ESG for FY 2021-22 and as a Market Leader by EuroMoney.

Overall, the bank continued to progress well towards its strategy of 'Scale with Sustainability' and is now well positioned to take a leap towards sustainable growth. We will focus on the strategic priorities laid out in our strategy and progress toward its goal of delivering long-term value for all our stakeholders.

I would also like to express my heartfelt appreciation to regulatory authorities for their unwavering support. My sincere gratitude to my colleagues and Board members for leading and encouraging the management team in its efforts. I also extend my thanks our valued customers and our highly committed and talented employees for their help in offering seamless banking in the difficult operating environment over the last financial year.

**Sumant Kathpalia**  
Managing Director & CEO

**OFFERINGS: ESG FOCUS IN PRODUCTS**

# A WIDE SPECTRUM OF INNOVATIVE SOLUTIONS

The Bank has grown its clientele year by year and making banking effortless, convenient and effective through technological enhancement, embracing diversity and understanding the needs of its consumers.

Over the years, IndusInd Bank has established its domain leadership in vehicle finance, Micro Finance and diamond banking. Through its wide array of products and services, it is also a preferred partner for Government entities and corporates, with specialised sector-specific offerings. Aligned with its philosophy of sustainability, the Bank also focuses on impact investment and green lending, with specialised desks for enabling these services.



**Green Fixed Deposit**

During FY 2021-22, IndusInd Bank announced the launch of ₹Green Fixed Deposits, where the deposit proceeds will be used to finance projects and firms supporting the United Nations Sustainable Development Goals (SDGs). IndusInd Bank is amongst few banks globally, to bring forth this proposition, thereby integrating SDG into a regular fixed deposit product.

Green Fixed Deposits are offered to both retail and corporate customers. The proceeds from these deposits are used to finance a wide array of sectors aligned with SDG Goals including, energy efficiency, renewable energy, green transport, sustainable food, agriculture, forestry, waste management and greenhouse gas reduction.

The launch of ₹Green Fixed Deposits' is part of the Bank's larger commitment of creating value for all its stakeholders and remaining focused at driving sustainable economic growth of the country.



**The Unique & colourful Red Eyed Tree Frog**

## IndusInd Bank

**Diverse client coverage**

- Consumer Banking
- Affluent Banking
- Micro Finance
- Corporate Banking
- Global Diamonds and Jewellery

**Product Offerings**

- Derivatives & Hedging solutions
- Trade Finance
- Collection and Payment Products
- Working Capital and Term Loans
- Supply Chain Finance
- Investment Banking
- Sustainable Banking
- Digital Banking
- Project Finance

Current and Saving Bank Accounts

Deposits

Loans

Foreign Exchange

Cards

Insurance

Investments

Payment Products

Financial Inclusion

## OFFERINGS: ESG FOCUS IN PRODUCTS

### Sector Development (WaSH)

WaSH (Water, Sanitation and Hygiene) sector is poised to grow given the Gols increased focus on Water Security and Hygiene for the country through various schemes such as Swachh Bharat, Amrut 2.0 and Jal Jeevan Mission. Sustained efforts have pivoted IndusInd Bank into a leadership and pioneering role in this sector:

#### **80,000 water loans**

To rural women under MoU with water.org

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Appointed as the Primary Investment Advisor and Banking Partner to WaSH Innovation Hub, a platform showcasing innovators in WaSH sector

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Regular engagement with Investors, Government Regulator (RBI), Large Corporates and SMEs

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Appointed as a Member of Expert Committee by The Ministry of Housing and Urban Affairs for shortlisting and selecting Innovators eligible for Grants under for AMRUT – 2.0

Water - the elixir of life

STRENGTHS

# SUSTAINABILITY AT THE CORE

IndusInd Bank is the fifth largest private sector Bank in India, with a widespread banking footprint with 3.2 crores+ customers across segments, owing to its universal product offerings. One of the strongest brands in the industry, IndusInd Bank's sustainable value propositions are rooted in its inherent strengths.

Fire Ants - Planning, Commitment and teamwork



## Scaling Up Areas of Domain Expertise

The Bank has showcased its proficiency in various domains, with robust risk-adjusted returns in segments such as livelihood loans, vehicle finance, Micro Finance, and diamond financing. In addition, the Bank aims to venture into new domains, including affordable housing, SME, NRI banking, and wealth management, as part of its ongoing exploration and expansion strategy.



## Strong Financial Profile

Amidst the pandemic, the Bank garnered robust support from its stakeholders and raised equity worth ₹2,021 crores by converting promoter warrants in February 2021. Despite the challenging macro environment, the Bank managed to fortify its liquidity buffers to enhance its liability profile. Furthermore, the Bank sustained healthy operating margins and improved its stress coverage ratios, exhibiting its resilience in a subdued market.



## Proven Track Record

The Bank's prompt and adaptable reaction to the ongoing COVID-19 crisis has reinforced its crisis management track record. Looking ahead to FY 2021-22, the Bank's performance stands out in comparison to the industry on various parameters, such as Pre-provision Profitability, Gross NPA, and capitalisation levels.



## Convenience and Security

In anticipation of the lockdown, the Bank has bolstered its digital channel offerings and introduced a range of innovative, client-centric digital-first products. To support this, the Bank invested in a highly scalable and top-tier IT infrastructure, complete with end-to-end security architecture, stringent data compliance standards, and comprehensive cyber-security and threat detection features.

The Bank has market leadership with decades of experience in areas such as Vehicle Finance, Micro Finance and Diamond Finance, among others where it has outperformed industry amidst macro challenges.

### Share in Bank's Loan Book

<b>26%</b>	<b>13%</b>	<b>4%</b>
Vehicle finance	Micro Finance	Diamond Finance

## STRENGTHS

Steadily progressing towards SCALE WITH SUSTAINABILITY



### Diversified Loan and Liability Franchise

The Bank serves the needs of diverse customers across segments from the women in deep rural areas to multinational corporations operating across nations. It has an equally strong and diversified liability franchise for a sustainable growth.



### Profitability Amongst the Highest in the Banking Industry

Pre-provision operating profits (PPOP) are at 9.48% of average assets/loans and is amongst the highest in the banking industry. This helps the bank to have sufficient credit cost cushion in an uncertain economic environment.



### Domain Expertise in 'Livelihood Loans'

Livelihood loans to women and to small road transport operators positions the Bank strongly as a market leader with decades of experience in running these businesses.



### Strong Capital Adequacy Significantly Above Regulatory Thresholds

The Bank's capital position is strong and well above regulatory requirements, demonstrating its financial stability, ability to absorb losses, and meet its obligations. This is due to the bank's prudent financial management and risk management practices, highlighting its strong financial health and management capabilities.



### Pan-India Distribution Network with Unparalleled Rural Presence

The Bank has a widespread footprint with 3.2 crores+ customers, 5,876 distribution points including 2,265 branches as well as BIFL and IMFS sale points across the country. The Bank has deep rural presence covering 1.32 lakhs+ villages across India.



### Focus on Digital Banking to Drive Growth

Ready with a Digital 2.0 strategy, with a strong focus on: 1) Building enriched digital value proposition stacks with human centred design 2) Building new digital business model 3) Transforming existing lines of business



### Stable Asset Quality with Stringent Risk Management across the Cycles

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



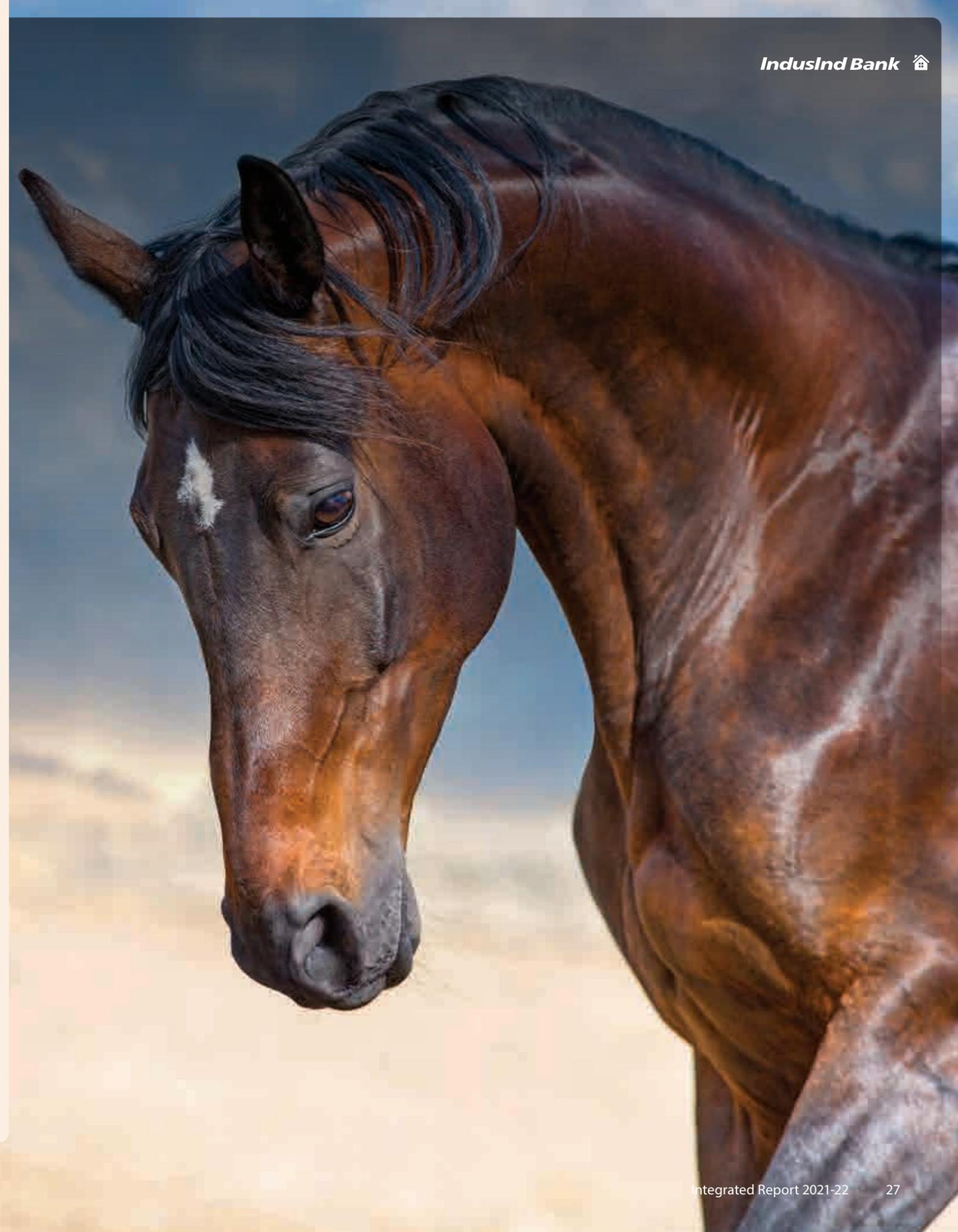
### Experienced and Well-knit Management Team

The Bank has a stable management team with decades of experience and domain expertise.



### Recognised Leadership in ESG

The Bank's current PC-5 strategy has embedded sustainability into its core framework. In line with the overall strategy, a centralised Sustainability Unit works closely with various stakeholders in developing the ESG strategy for each department. This rolls up to form the Bank's overall ESG strategy.



**DIGITALISATION**

# BUILDING A TRULY DIGITAL BANK

IndusInd Bank's IT team strongly adheres to its strategic objectives to uphold its mission of partnering with business functions, to re-imagine banking, developing into a truly next-gen Bank. On the back of this commitment, the Bank has been able to provide compliant, secure, resilient and high-performing solutions to its customers.

The Bank's ongoing digital initiatives have continued to yield positive benefits for the organisation and its customers. The deployed applications have enhanced the capability of the bank on a holistic level which has also increased its productivity.

The Bank has also integrated internal and third party applications to enable straight through processing transactions capability across branches, contact centres and operations.

Open Banking initiatives have also helped create a strong API banking suite that spans across collections, payments and global remittances, among others. Time-tested APIs on cloud are specifically used to enable developers to build innovative use cases to drive digital payments in India.

The video KYC initiatives for on-boarding new customers have allowed the Bank to have a fully integrated, zero-contact, completely digital account opening facility, as well as a process for booking fixed deposits in just a few steps, which also enables credit card customers to submit applications and get them processed digitally – a one-of-its-kind service in the banking industry.

**No data breaches have been reported or have occurred in FY 2021-22**

The usefulness of these digital initiatives is measured by the Operational Risk Management Committee, Strategic Committee and Steering Committee of the Bank. Some of the imperative results are business process impact, productivity gains, operational savings, top line revenue/income growth and bottom-line reduction of expenses, among others. The committees also take vendor assessments into consideration to study and understand its impact on the existing technology landscape, risks and impact on regulations and compliance.

## Key Highlights of FY 2021-22

**50,000 clients**

Clients on-boarded through video KYC every month across Savings Account, Personal Loans and Credit Cards

**4.1 million**

Registered customer WhatsApp base, up by 87% Y-o-Y

**~92%**

Of Banks transactions that are digital

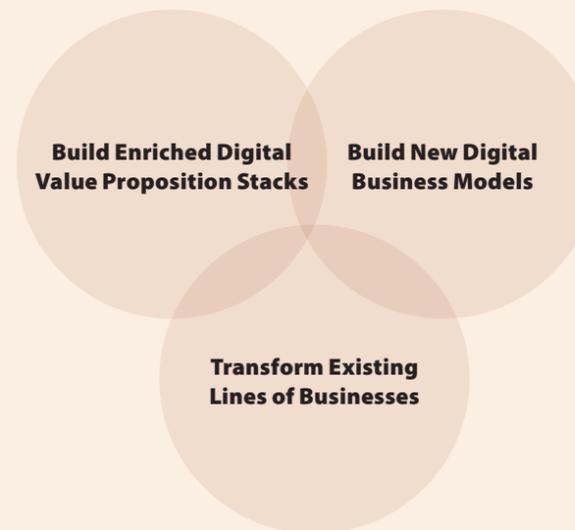
**84%**

Y-o-Y IndusInd Bank Mobile transaction volume growth as compared to FY 2020-21

**47%**

Reduction in paper consumption through digitisation

## The Bank's Digital Strategy



## DIGITALISATION

### Major Technological Initiatives in FY 2021-22

The Bank continues to strive for new collaborations and evaluates its existing partnerships in line with its commitment to deliver best-in-class products and solutions to clients. To drive innovation within its product offerings, the Bank has multiple partnerships with companies across the technology spectrum. Some prominent partners are Salesforce, Oracle, Azure, Hewlett-Packard, Cisco, Tata Consultancy Services, IBM, Amazon Web Services, SAS and Newgen Software.

#### IndusEasyCredit

It is a unique and one-of-a-kind initiative in the industry that leverages the power of 'Indiastack', India's public digital infrastructure, creating a fully digital, end-to-end paperless presence and cashless journey for new clients.

#### Indus Merchant Solutions Mobile App

Through this Indus Merchant Solutions mobile app, the Bank intends to combine physical and digital operations to offer an omniflow/omnichannel experience for its customers across various payment companies with the features to create an all-in-one 'Merchant in a Box Solution'.

#### UPI Pre Paid Voucher

The Bank is amongst the first five banks in India to enable pre-paid vouchers, a new UPI feature, as a part of proof of concept and implementation, that enables Government entities and corporates to issue UPI based pre-paid vouchers, where the code is sent via email or SMS and can be used at any merchant gateway or shop, when enabled for acceptance. Through this, the Bank can issue upto ₹10,000 with a validity period of upto one year, facilitating a cashless solution.

#### Indus EarlyCREDIT – Digital Portal for SCF

As an end-to-end digitised supplier chain finance journey, Indus EarlyCREDIT allows real time and straight transaction execution, real time visibility of client/Bank front end portal, integration with clients/ Fintechs and single loan account for disbursement, interests and repayments, alongwith a capability to handle large volumes with customised reports, reminders and monitoring enablers.

#### Single Sign-On (SSO) for Corporate Channels

A one-of-a-kind, first time initiative, the Bank has implemented the SSO for external customers through complex architecture, integration and seamless migration. It helps enhance customer experience and augment channel migration to a large extent.

#### ETHERA – Digital Collections Portal

ETHERA is a digital collections portal implemented as a self-service cloud based platform for the Bank to enable efficient management of its customers while driving digital collection. It covers the requirement to incorporate digital customer platforms for collection repayment process, catering to retail personal loan portfolio and credit cards.

#### SME Journey – Indus Direct Mobile App

A comprehensive single app connected across corporate portals in cash, trade, payment and collection, among other channels, using SSO and API integration. The app also provides secure 2FA authentication using biometrics to maintain data protection.

#### IndusInd Trade Accelerator (iTRAC)

The IndusInd Trade Accelerator (iTRAC) system has been designed with a vision to create a solution that will enable quick transaction processing of inward and outward remittances, to achieve improved efficiency, cost reduction and faster turnaround times and at the same time provide enhanced visibility to operations and other stakeholders.

### ESG Integration with Technology

The Bank has been able to innovatively leverage use of emerging technologies to create transformational solutions for addressing the ESG challenges. These collectively provide benefits of superior experience to the Bank's clients digitally, conserving energy, bringing about STP in the journeys to avoid use of paper and resource waste. Some examples of this approach are given below:

#### SDDC (Software Defined Data Center) – Virtualisation

A technology where a server hardware is sliced and diced to run almost 17 to 18 virtual applications on it. SDDC inherently comes with the benefit stability, resiliency, availability, scalability, performance and saving of space power, cooling and reducing carbon footprint.

#### HCI – Hyper Converged Infrastructure

HCI is a technology, where compute, storage and network are integrated in a single box reducing the requirement of a separate storage and networks, thus reducing the overall space and power in the data center. Currently, the Bank is hosting around 50 Nos of HCI nodes, saving around 50% power per node.

#### VDI – Thin Client End Points

Virtual Desktop Infrastructure (VDI), replaces PCs with energy-efficient thin clients. Thin clients offer a similar user experience, but consume a fraction of the energy required to run a PC and produce fewer CO<sub>2</sub> emissions. Currently, the bank has around 3,000 thin clients which consumes around 90 KW (25%) of power as against full PC power of 390 KW.

#### A Pandemic Phenomenon - Work From Home

WFH has benefited the Bank by drastically reducing commute and travel costs and increasing the employees well-being and productivity, at the same time reducing the environmental workloads of office premise, like space, power, cooling. As a strategy, the tech solutions have been scaled to support a roster-based model, which goes up to 30-40% of employees working from home.

#### Digital Origination – Using Tab Banking, Mobile Apps and VKYC

With the help of Tab banking, VKYC and mobile apps, the bank is able to assist customers on various journey of account openings, loans, cards and to enable and activate their KYC in online and scan document modes rather than a paper based modes, inherently reducing paper and carbon foot print. The Bank's digital origination for liability accounts have touched north of 85% and now the Bank is firmly accelerating the adoption for digital origination for lending programs on retail/consumer book also.

#### Centralised E-Client Communication

CCM project is an IT initiative geared towards moving the customers to receive letters, statements and other communication on digital channels like email, SMS, WhatsApp, etc.

The bulk of the customers will be nudged towards enabling the electronic communication over a period of 2-3 months. This activity is expected to save at least 2,200 trees per year besides reducing the greenhouse gases from burning fossil fuels and burning waste paper.

## DIGITALISATION

### Investing to Create a Digital Ecosystem

The Bank continues to explore ways to conduct business effectively and efficiently, with technology being as a key enabler. It has embraced new age architecture and moved towards multi-cloud environment with a strategy to achieve a balanced presence in hybrid cloud. To enhance the customer experience, the Bank has implemented multiple solutions focusing on providing paper-less, presence-less and cash-less solutions with its new data center in-line with Datacenter Evaluation Framework (DEF) and latest International Guidelines from IEEE.

To amplify its reporting and analytics capabilities, the Bank is in the process of upgrading its Enterprise Data platform, allowing it to handle unstructured data and real-time data ingestion for real time alerts and messages, better visibility of the data across systems for better customer visibility and servicing needs, as well as to manage incremental data requests from regulators.

Continuing the drive for innovative and best-in-class payments technology, the Bank implemented Enterprise Payments Hub (EPH) platform during the year. The first-of-its kind in payments transformation and modernisation, it offers services for multiple payment methodologies on cloud and within the Bank's hybrid ecosystem. The centralised payment system is scalable and is a robust platform on open shift technology with micro-services architecture.

The Bank continues to leverage best-in-class products and functionalities to provide convenient and feature filled experience to its customers. As part of this objective, it evaluates the available proprietary products which could be integrated into the Bank's ecosystem. In FY 2021-22, the Bank has configured and implemented proprietary products such as IBM Webseal and the Enterprise Payment Hub platform from TCS.

### Awards Received for the Bank's Digital and Technical Expertise



VMware Customer Excellence Award for Improved Customer Experience



Celent Model Bank Award 2022 under the category of Payments System Transformation for the Bank's Enterprise Payment Hub initiative



Finacle Innovation Awards 2021 for COVID Response Innovation and Ecosystem-led Innovation

**DATA SAFETY**

# ENFORCING SAFE AND SECURE OPERATIONS

IndusInd Bank is strongly committed to protecting the privacy of its customers and ensures confidentiality of every kind. Information security is a key responsibility of the Bank and it makes sure to maintain physical, electronic and procedural safeguards to protect customers' information.

**The Baya Weaver bird with its secure home with a narrow entrance**



The Board of Directors reviews the Bank's information and cybersecurity, while the IT Strategy Committee is a Board that oversees cybersecurity strategy. Mr. Shanker Annaswamy, one of the Bank's Director, overlooks and is involved in the Cybersecurity Strategy Process and oversees the Bank's strategy via the IT Strategy Committee.

The Bank has a Chief Information Security Officer (CISO), who reports to the Chief Risk Officer (CRO) and is responsible for overseeing cybersecurity within the organisation, with an insurance policy ranging between \$10 million to \$100 million.

100% of the Bank's IT Infrastructure and Information Security Management have been ISO 27001 certified and have also been audited by external auditors. The Bank has also conducted third-party vulnerability analysis with simulated hacker attacks.

All the IT and cybersecurity measures apply to all the employees to make sure that they are aware of any issue that may arise. Increased awareness and ease of accessibility also come with all the information regarding security policies, procedures and standard documentation being published on the Bank's portal. As part of the process, all Company employees are educated to report a security incident to the Security Incident Response Team at [incidentresponse@indusind.com](mailto:incidentresponse@indusind.com).

The Security Incident Response Team will then notify the CISO and respective IndusInd Bank Team. All new joiners are also expected to complete the cyber security e-learning module. Whenever there are periodic updates to the policy and procedures, the employees have to complete the information security training module.

Employees are authorised to access customer information for business purposes only and 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.

This policy applies to personal information and sensitive personal data, or information collected by the Bank or connected directly from the customer or through the Bank's online website, mobile apps and electronic communications and also any information collected by the Bank's server from the customer's browser.

Any information that is easily available or accessible in the public domain or furnished under the Right to Information Act 2005 or any other law for the time being in force, shall not be regarded as sensitive personal data or information for this policy.

All information collected by the Bank shall be used for the relevant lawful purposes associated with various functions or activities of the Bank and shall be used to provide the customer with the best possible services/products and also to protect the interests of the Bank, adhering to all confidentiality norms and compliance.

**No data breaches reported in FY 2021-22**

Strict warnings and disciplinary actions are initiated for violations of security policies and phishing exercises are conducted periodically to assess the awareness levels of employees. Monthly emails are also sent for increased awareness, as a part of the 'Be Aware Take care' or the 'Be Cyber Aware' series of email threads. Regular online internal quizzes are also run on cybersecurity, comprising questions around various scenarios. This helps test employees' awareness levels and helps them relate the scenarios to real-world events. The top 10 respondents with all correct answers are appreciated and rewarded as well.

The Bank also has a business continuity and a contingency plan in place, along with an incident response, which is tested semi-annually.

## Information Security Breaches

Particulars	FY19	FY20	FY21	FY22
Total number of information security breaches or other cybersecurity incidents	0	2	0	0
Total number of data breaches	0	0	0	0
Total number of customers and employees affected by Company's data breach	0	0	0	0
Total amount of fines/penalties paid in relation to information security breaches or other cybersecurity incident	0	0	0	0

CUSTOMER CONNECT

# DELIVERING SUPERIOR CUSTOMER EXPERIENCE

One of the core visions of IndusInd Bank is to be customer-responsive. The Bank always strives to collaborate with its clients to provide the best solutions to meet their banking needs.

The Bank has an all-encompassing approach to provide the highest levels of customer satisfaction. This is executed and delivered through the effective use of digital channels. For direct customer interaction, the frontline branch banking staff, customer contact centre staff, relationship managers, virtual relationship managers and high-end service managers get extensive training to handle clients effectively.

The Penguins' loyal and friendly embrace



### Customer Engagement

IndusInd Bank has clients from various walks of life, with diverse needs and expectations. The Bank engages with customers based on client segmentation, identifying differentiating points as per different clients, and then connects with them digitally or physically. Apart from a varied portfolio of services, the Bank also engages with customers through press releases, brand building, and feedback mechanisms, namely, 'Voice of the Customer'.

IndusInd Bank believes in walking the extra mile to ensure customer delight during customer meetings. This helps deliver a differentiated and superior client experience, ensuring seamless customer interactions and transactions. 98% of the client requests get resolved within one day with a complaint incidence rate of 0.03% every quarter, which is also 26% lower than the previous year.



### Establishing Rural Connect

IndusInd Bank's Micro Finance portfolio such as BFIL has one of the widest rural distribution networks among financial institutions in India. ~28,000 BFIL field staff meet an average of 15 lakhs customers daily, helping them carry out a variety of financial transactions. This includes disbursing loans, helping them repay their instalments, opening Savings/FD/RD accounts, or fulfilling their dreams of owning a consumer durable or a two-wheeler. The Bank believes in using hi-tech models to meet customer needs, helping them achieve their dreams and touching their lives. The Bank also has marketing campaigns to generate awareness about its products and services.



**IndusInd Bank also enabled digital transactions through the electronic National Agricultural Market (e-NAM), reaching out to a much wider audience.**



### Affluent Channel Connect

Each channel works with different and specific objectives to meet the needs and address the concerns of the particular client group. The Affluent channel has a team of dedicated Service Managers and Relationship Managers who work on an engagement-led coverage model that aims to grow the client base, ensure customer retention and build brand loyalty. The NRI relationship channel, including the virtual relationship team, focuses on overseas clients and works on customised digital activities, considering the hurdles posed due to the geographic constraints of the clients.



### Catering to All Age Groups

Apart from digital and virtual channels that cater to client requirements for respective segments, there is a range of banking products and services that are continuously being improvised to provide customised solutions for different client demographics.

While IndusDiva is a specifically designed product with the best savings solutions and privileges for women, the Bank also provides banking solutions such as the senior citizen account and the young saver account to cater to the needs of senior citizens and minors, respectively. The Bank also offers free doorstep banking services for senior citizens, along with higher interest rates on fixed deposits.

The Bank also ensures that there is a continuous flow of information through regular and effective communication both at the individual level and at a segment level. The communication programme not only focuses on sharing information regarding the client's relationship with the bank, but it also aims at educating the client on security measures and best practices working towards building mutual trust between the client and the Bank.



### Customer Experience

In line with the Bank's vision of being the Most Convenient Bank, the CEX strategy focuses on meeting the client's needs through the SEFT principles of "Seamless, Easy, Fast and Transparent" delivery of services. Providing an exceptional client experience is an on-going process and the Bank is continuously committed to meeting customer expectations by engaging with them in a result-oriented and transparent manner. The customer experience

## CUSTOMER CONNECT

strategy emphasizes on an all-encompassing look at customer satisfaction which is executed and delivered through continuous client interaction by effectively using both digital and non-digital channels. The Bank has also invested in a setting up a dedicated Client Experience unit, which continuously monitors and measures Voice of Customer and drive service experience improvement in engagement with the respective stakeholders.

For the affluent banking segment, trained Relationship Managers constantly work towards delivering a good client experience with 98% complaint resolution within a day and for FY 2021-22, the complaint incidence rate was 0.03% per quarter, 26% lower than the previous year.

Achieved

**98%**

complaint resolution within a day for the affluent banking segment



### Measuring Customer Satisfaction

With the objective of assessing customer requirements and enhancing the existing client experience and service delivery standards at every touch point, the Bank regularly conducts surveys which are customized based on the type of interaction and mode of service used by the customer. Although the individual parameters are journey specific, customer experience is also assessed basis a primary question that aims at capturing the level of satisfaction of the client. The Bank is also looking forward to initiate the globally recognised NPS (Net Promoter Score) survey in the FY 2022-23 with the objective to measure customer loyalty and gauge client satisfaction. The NPS survey would help in understanding customer satisfaction at each interaction.

### Customer Satisfaction Survey

Unit	FY18	FY19	FY20	FY21	FY22
% of satisfied customers out of total number of customers responding to the survey	65	73	69	75	75+



### Customer Data Privacy

Their data is essential to the ethical, moral and healthy functioning of the Bank. Confidentiality is of prime importance and hence, IndusInd Bank makes sure to not share a customer's account information with any external organisation, unless the same is absolutely necessary for a pertinent Bank function that the client knows about and requires with all legal compliances in check. Their data shall only be used to provide customers with the best possible services/products, not only to maintain their privacy but to also protect the interests of the Bank.

The bank has a robust IT and Information Security Committee and safeguarding mechanism in place, which oversees every IT Security Strategy and Decision that is made, hence ensuring complete privacy protection.

[Read more about the Privacy Policy of the Bank here.](#)



### Customer Grievance Redressal

Customer Care being one of the key focus areas, the Bank has a Board approved Customer Grievance Redressal Policy, as well as a Redressal Mechanism in place, in case of any complaints, issues or suggestions by a customer.

Complaints can also be made on toll-free numbers which lead a customer on to efficient call-centres open 24 hours in case of any inconvenience. The Bank values its customers and makes sure that any kind of inconvenience is resolved at the earliest.

[More can be found on the policy here, and about the redressal mechanism, here](#)

Particulars	FY22
Complaints outstanding at the beginning of the period	873
Complaints received	33,584
Complaints disposed off	33,247
Complaints outstanding at the end the period	1,210

**98%+**

Customer complaints received in FY 2021-22 resolved



### Customer-centric Initiatives

To remain connected with customers in today's fast changing world, digital channels namely, mobile banking, internet banking, chatbots were widely promoted. Awareness about COVID-19 was also spread via video campaigns and other remote portals.

#### Marketing and Communications

Bringing the latest technology to consumers has always been an important agenda of the Bank. Innovative banking solutions through multiple touch points has also been a priority. The Bank's marketing and communications strategy has always been aligned with this vision, designing campaigns to understand stakeholders' interests and engage with them in their world.

#### Paralympics Campaign

IndusInd Bank, in partnership with GoSports Foundation, a Bengaluru based NGO, supported 43 para-athletes across seven disciplines from 14 states around the country. In order to commemorate their qualifications, IndusInd Bank launched a brand campaign titled – 'phirse #JeetKaHalla', that spoke about the rigour of the preparation undertaken by the para-athletes. The video garnered 30 million+ views across all platforms.

#### A Digital-first Campaign with Sara Ali Khan

This was launched to showcase the Bank's robust suite of offerings, attractive interest rates, digital banking platforms and much more.

#### Club Vistara IndusInd Bank Explorer Credit Card

Launched in collaboration with Vistara Airlines, this Credit Card was positioned to attract travellers with offers that can be availed from both IndusInd Bank as well as Club Vistara.

#### IndusInd Bank Platinum Aura Edge Credit Card

The Platinum Aura Edge Credit Card is a new endeavour of the Bank, exclusively launched to cater to the needs of Government employees. The card was marketed through digital e-mailers that were specifically targeted at Government employees.

#### Indus Moments

Indus Moments, which started as a reward platform, has now become a full-fledged portal providing discounts, offers, vouchers, flight bookings and more. It also hosts the online concierge programme that offers various value-added services, making it an efficient platform for customers.

#### NRI Homecoming

The NRI Home Coming Campaign was launched in November 2021. For every NRI customer on-board a flight, during the period of the programme, the Bank contributed towards providing aid to underprivileged children through the Akshaya Patra Foundation.

#### FD Radio Campaigns

IndusInd Bank executed a strategically planned radio campaign on the Bank's fixed deposit proposition, which was aired in 5 languages – Hindi, Bengali, Tamil, Telugu and Kannada. The radio campaign was aired across 16 markets. The key idea behind the campaign was to communicate about fixed deposit interest rates and attractive savings account interest rates to the audience.

#### Customer Awareness Initiatives

The Bank continued to educate customers about its digital banking platforms and offerings, specifically amplifying the theme 'Invested in your best Interest' on social media. The campaign focused on promoting the Bank's online savings account, its robust features and best-in-class interest rates. It also focused on educating customers about cybersecurity and safe banking practices.

#### Branding and Naming Rights of OKHLA NSIC Metro Station

To further strengthen the Bank's presence in one of its key markets, a large-scale property was identified and covered with Brand assets in the heart of New Delhi – OKHLA NSIC Metro Station, one of the busiest metro stations in South Delhi.

#### Alliances and Tie-ups

The Bank forged some strategic alliances with an intent to boost the usage of its cards. These partnerships were done with popular brands across categories including travel, lifestyle, food and beverage and health and wellness, among others.



### Beyond Banking

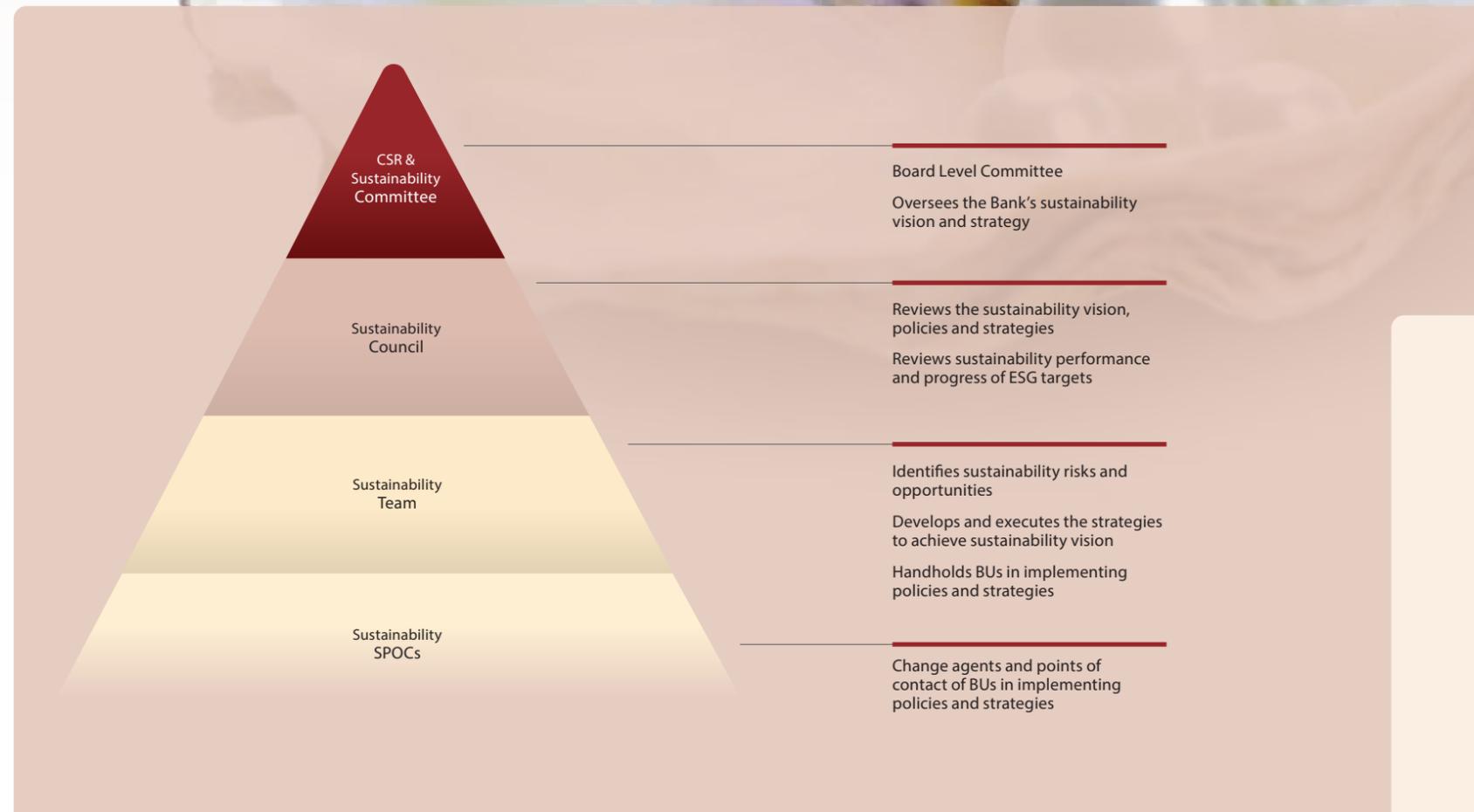
The Bank is committed to running its business in a way that generates sustainable value for its customers, clients, shareholders and employees. It continues to work towards social upliftment and environmental conservation as well. The Marketing and Communications team has crafted customised messages for each of them to create awareness among all stakeholder groups of the Bank. Some of the initiatives include 'Ebar Pujo, Sobar Pujo' in West Bengal to commemorate the auspicious festival of Durga Puja, initiatives on Mother's Day and World Environment Day, commemorating days of national and international importance, celebrating festivals of hope and organising webinars and workshops for spreading awareness on health and nutrition.

[For more details refer to the Annual Report.](#)

# INTEGRATED APPROACH TO VALUE CREATION

IndusInd Bank holistic ESG strategy & inclusive approach across multiple Business units and Operations of the Bank has helped align the Bank's performance to the desired ESG parameters. The Sustainability Policy of the Bank forms the backbone of the agenda, shaping its approach to smartly integrate sustainability into every aspect of the business.

Sustainability policies of the Bank is available at:  
<https://www.indusind.com/in/en/sustainability/policies.html>



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VALUE-CREATION MODEL

# DESIGNED TO DELIVER LASTING VALUE

IndusInd Bank follows an integrated business model that allows it to maximise value creation for its stakeholders.



KPIs



**Financial Capital**

- Equity Capital: ₹774.6 crores
- Assets: ₹4,01,974.6 crores
- Deposits: ₹2,93,681.4 crores
- Corporate and commercial advances: ₹2,39,052 crores



**Manufactured Capital**

- Branches: 2,265
- Banking outlets: 816
- ATMs: 2,767
- Corporate and back offices: 50
- Overseas offices: 3
- Pioneer branches: 10
- Green buildings: 3
- Data centers: 3



**Intellectual Capital**

- Digital infrastructure expenditure: ₹428 crores
- New technology partnerships
- Conducive and customer-centric processes
- Robust risk management framework and project scrutiny
- Customer data security analytics and robotics
- Collaboration with fintechs and start-ups



**Natural Capital**

- Electricity consumption: 70,336.8 MWh
- Fuel consumption: 30,292 GJ
- Paper consumption: 217.32 MT
- Total water used: 6,10,510.5 KI/annum



**Human Capital**

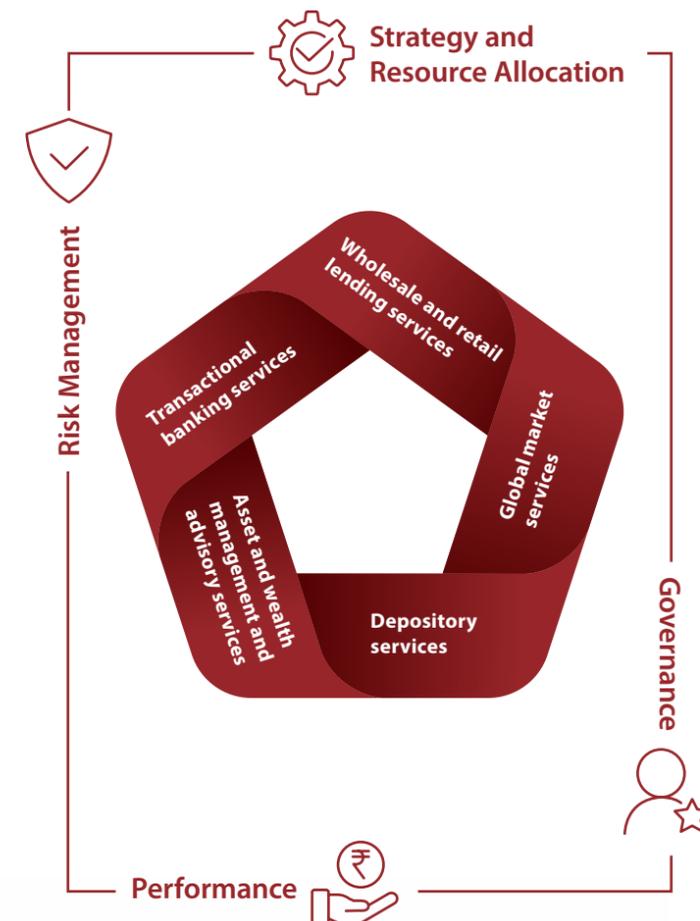
- Total permanent employees: 33,582
- Training programmes: 1,548
- No. of training participants: 7.3 lakhs
- Permanent employees man-hours worked: 7,30,94,496



**Social and Relationship Capital**

- CSR expenditure: ₹108.7 crores

Business Activities



Output and Outcomes



**Financial Capital**

- Revenue: ₹22,397.9 Cr
- PAT: ₹4,611 Cr
- Net Interest Margin (NIM): 4.1%
- Return on Assets (ROA): 1.3%
- Return on Equity (ROE): 10.2%
- Capital Adequacy Ratio: 18.4%



**Manufactured Capital**

- Increased network of ATMs and branches across India
- Increased banking accessibility in remote areas
- Rural branches: 507
- LEED Gold and Platinum rated offices



**Intellectual Capital**

- Enhanced customer experience and increased productivity
- ~3.11 crores digital transactions/month; benefits and features of digitisation extended to rural India
- Registered users on the IndusMobile app: 12 lakhs
- User growth in WhatsApp banking: ~87%



**Natural Capital**

- Funded renewable energy projects: 4.5 GW
- Emissions intensity/FTE as compared to FY 2020-21 decreased by: 9.1%
- Emissions intensity per unit revenue as compared to FY 2020-21 decreased by 7.7%
- GHG emission (Scope 1 + 2) as compared to FY 2020-21 increased by 2.9%
- Trees planted through the afforestation project: 52,000



**Human Capital**

- Employee turnover: 39.6%
- Average learning hours/employee: 39.2
- Permanent women employees in the workforce: 6,130
- Permanent employees with disabilities: 17



**Social and Relationship Capital**

- Beneficiaries of CSR projects: ~19 lakhs
- Customer satisfaction score: 75%
- Micro Finance beneficiaries: 82,75,830
- Social Finance book: ₹1,05,898 crores



OPPORTUNITY LANDSCAPE

# BANKING ON EMERGING ADVANTAGES

The Bank is now looking at a reviving economy, new regulatory frameworks, climate change challenges and several social mega-trends like digitisation and sustainability that disrupt traditional models. This is the new normal. It makes for a peculiar yet positive operating landscape, that present new avenues and opportunities for the Bank to create a better impact in every possible manner.



## Megatrends in the Financial Sector



**Climate Consciousness**

Banks have been making multiple commitments to curb their carbon footprint. But they have a bigger role to play as facilitators of funding climate conscious projects. Investors have already started shifting towards not only examining the ROE and Cost-to-income ratios of companies but also the carbon footprint attached to their income statements and balance sheet. With the changing regulatory environment and increasing customer awareness, banks would have to cut through 'greenwashing' and shift their credit from polluters to environmentally conscious companies. For IndusInd bank, this represents a strong business opportunity in Corporate Banking given low corporate exposures to carbon intensive sectors.



**Digital Transformation**

There has been an aggressive and continuous shift towards digitalisation in the banking sector. Newer and emerging technologies are being adopted, promoting operational eco-efficiencies, enhancing speed to market, and delivering superior customer experiences. The Bank has been increasingly investing in self-service digital channels to cater to the rising popularity of mobile and online banking requirements among customers, and also launching differentiated individual offerings embedding features like hyper personalisation. New emerging technologies adopted in Data Centres have also helped the Bank reduce its carbon emissions.



**Economic Growth**

Indian economy has picked up momentum and is expected to grow at a rate of 6.5% in FY 2022-23. With a rise in the working population and hence higher disposable income, banking and finance related services are expected to also grow significantly. Rural India is growing at an attractive pace, supported by government and private sector investments to improve the physical and infrastructure. With a market leadership in certain rural focussed domains, and an extensive rural presence, Bank is well positioned here.



**Partnerships with Fintechs**

Banks are partnering-up with multiple fintech companies while leveraging their in-house technologies to capitalise on the changing operating environment. The earlier rivalry has transformed into new partnerships. Banks and fintech companies are partnering up, with the latter providing marketing, administration, loan servicing, or other allied services, enabling the banks to provide tech-savvy services. The financial services landscape is getting re-shaped through these partnerships and IndusInd has been able to leverage this effectively with a strong long term and collaborative approach with our partners.



**Trends in Consumer behaviour**

Rising education, exposure to new ideas and technologies and growth in income levels have changed consumer attitudes in urban India. The Consumer is now more aware, quality conscious and is willing to pay a premium for convenience and customised products and services. Health consciousness is also gaining traction. Women are emerging as decision makers in several consumer products and choices for the family. Also with increasing pride on being Indian, there is a growing preference to Indian brands. The Bank has been able to ride these changes positively which is reflected in the growing number of clients acquired by the Bank and strong brand recognition of the bank's brand in the market.



**Changing Regulations**

To improve governance and make the financial sector more resilient, the Reserve Bank of India has announced several guidelines especially in the sensitive areas like Priority Sector Advances and Inclusive Banking, Digital Banking, Payments, Client Data Privacy and Data Management in Banks. There is also increased awareness about the threat of physical and transition risks in Banks emanating from Climate Change. SEBI has announced applicability of Business Responsibility and Sustainability Reporting BRSR for top 100 listed companies. The bank advocates a policy of zero tolerance to non-compliance and actively engages with regulators to keep abreast of changing developments. BRSR reporting has been completed by the Bank voluntarily for FY 2021-22, while the guidelines come in force from FY 2022-23 onwards.

**RISK MANAGEMENT**

# MITIGATING RISKS EFFICIENTLY

IndusInd Bank has established a robust risk management framework that focuses on identification, measurement, monitoring and controlling of risks across various segments. The Bank has progressively adopted the best industry practices to continually reinforce its risk management functions

## Risk Organisation

The Chief Risk Officer (CRO) reports to the MD and CEO of the Bank as well as the Board-level Risk Management Committee (RMC). The Committee has a complete oversight on the functioning of various sub committees setup for identification, measurement, management and mitigation of risks faced by the Bank. The Bank undertakes a range of business activities necessitating it to identify, measure, control, monitor and report risks effectively. The Board of Directors and Risk Management Committee have oversight on the risks assumed by the Bank. The Risk Management function is structurally independent of the business and is without any volume or profit targets. The CRO reports to the CEO. There are clear policies in place that articulates the bank's approach to underwriting and the Risk Management team filters and prioritises the risks based on the policies and Risk management framework. The Chief Risk Officer discusses the individual risks and based on the criticality of the risks, they are tabled on to the Risk Management Committee of the Board.

## An Innovative and Effective Risk Culture

IndusInd Bank has been proactively undertaking various initiatives, in-line with the best international practices and suited to the operating environment, in order to enhance its risk management.

With growth in business volumes and the introduction of innovative products and services, it is highly imperative to adopt risk management practices, so as to safeguard the Bank's interests.

Some of the measures recently adopted include:

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

## Risk Management Framework



# RISK MANAGEMENT

## Key Risks and Management Methods

### Credit Risk

#### Risk Identified

##### Transaction and Portfolio Risk

Depends on the probability of default and concentration of portfolio

#### Potential Impact

Erosion of capital

#### Estimated Financial Implications

This is a function of loss given default

#### Methods of Management

- The Bank uses segment-specific rating models that are aligned with target segment of the borrowers.
- Risks on various counter-parties such as corporates, banks and others are monitored through counter-party exposure limits, also governed by country risk exposure limits, in case of international trades.
- The Bank manages risk at the portfolio level too and it is done with portfolio level prudential exposure limits to mitigate concentration risk:
  - Regular measurement and monitoring of credit quality by means of Weighted Average Credit Rating (WACR) of the credit portfolio.
  - Measurement of the credit quality of vehicle finance portfolios by means of behaviour models.
  - Stress testing of credit portfolios is carried out periodically to measure the shock-absorbing capacity under multiple stressed scenarios.
  - Early Warning Signals (EWS) system implemented to track risks and alerts in borrower's accounts as a post disbursement monitoring mechanism.

### Market risk

#### Risk Identified

Interest rate risk, foreign exchange risk, price risk, volatility risk and commodity risk

Depends on deterioration of value of assets due to unfavourable movement in market variable

#### Potential Impact

Erosion of capital

#### Estimated Financial Implications

Replacement cost equivalent to mark-to-market

#### Methods of Management

The Bank manages market risk through a framework which supports various measures such as mark-to-market, sensitivity analysis, value-at-risk and monitoring through operational limits such as stop-loss limits, exposure limits, deal-size limits and maturity ladder, among others.

The Bank has implemented a Market Risk Management System (SAS) complemented with the treasury system 'Calypso', which supports the monitoring of risk parameters and risk sensitivities, including computation of market risk capital charge. The system supports monitoring of Value-at-Risk (VaR) limits, risk sensitivity limits such as PV01 and Greeks for Forex, investments, equity and derivatives portfolios, besides stop-loss limits, exposure limits, deal-size limits and others. Valuation of all portfolios are undertaken daily and the risk sensitivities are monitored on a daily basis.

### Assets and Liabilities Mismatch Risk

#### Risk Identified

Mismatch in future buckets managed, therefore occurrence is very less likely

#### Potential Impact

Erosion of capital

#### Estimated Financial Implications

Depends on the cost of funds to be generated to mitigate the mismatch

#### Methods of Management

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 balance between risk containment and profit generation from market movements.

### Operational Risk

#### Risk Identified

Inadequate or failed processes, people or systems risk. Depends on the probability of operational loss incidents

#### Potential Impact

Erosion of capital

#### Estimated Financial Implications

Value of actual loss incidents and provisions

#### Methods of Management

The Bank has adopted Business Continuity Plan (BCP) to ensure timely recovery of the Bank's critical operations and services in the event of any crisis.

Regular mock drills are carried out to ascertain BCP preparedness.

The risk is managed effectively through regular training, awareness, process enhancements, insurance premium, outsourcing and automation. The Bank has implemented various risk management tools such as Risk and Control Self-Assessment (RCSA), KRIs monitoring and loss data collection (Basel 8x7 matrix), including near miss events and Operational Risk Assessment Process (ORAP) framework.

### Liquidity Risk

#### Risk Identified

##### Funding Gap Risk and Market Liquidity Risk

Funding gap risk is managed through management of LCR and adequate investment in high quality liquid assets, therefore very less likely

Market liquidity risk shall depend on the liquidity conditions in the financial market

#### Potential Impact

Erosion of capital

#### Estimated Financial Implications

Depends on the cost of funds to be generated to mitigate the liquidity gap

#### 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

#### Risk Identified

##### Compliance with New Regulatory Guidelines

Minimal occurrence – the Bank has a well-defined compliance department which oversees compliance function; Bank staff are adequately educated on compliance issues and dealing in customers and regulatory issues

#### Potential Impact

Erosion of capital

#### Estimated Financial Implications

Compliance with regulatory guidelines and penalties/fines levied in case of violations/non-compliance

#### Methods of Management

The Bank ensures qualitative checks and controls with qualitative internal and external audits to comply with regulatory requirements.

Well-defined internal policy and function in place.

## RISK MANAGEMENT

### Brand and Reputation Risk

**Risk Identified**

Market/public perception, nature and volume of frauds/customer complaints, etc.

Minimal occurrence – the Bank has adequate corporate governance and professional management team in place

**Potential Impact**

Erosion of capital

**Estimated Financial Implications**

Depends on volume of frauds and replacement cost of deposits due to adverse reputational event

**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 maintained its external rating.

### Climate-change Risks

**Risk Identified**

Extreme weather events like rising sea levels, floods, cyclones, tsunami and flooding

The likelihood of occurrence is moderate

(For more details please refer the TCFD Chapter)

**Potential Impact**

Erosion of capital

**Estimated Financial Implications**

Credit costs for agriculture, infrastructure and real estate sectors

Decreased asset quality

Damage to the Bank's infrastructure and technological assets

**Methods of Management**

Revised policy of funding.

Having a well-diversified portfolio across various industries and segments.

Implementation of a BCP.

Digitalisation of processes for employees and clients.

### Occupational Health and Safety Risk

**Risk Identified**

Health and safety issues related to indoor air quality, ergonomics, physical infrastructure (lifts, stairs, railing, etc.); health issues due to pandemics and other natural calamities

The likelihood of occurrence is low

**Potential Impact**

Low

**Estimated Financial Implications**

Lower productivity, absenteeism and delayed completion of tasks

**Methods of Management**

The Bank has sophisticated technology and automated operations, leading to lower operational risk exposure.

The Bank's staff has been provided adequate training to perform operations in the Bank.

Regular checks and signages in place for health and safety aspects in all the facilities.

### Cyber Risk

**Risk Identified**

An accelerating risk due to advances in technology and digital landscapes; also, as a result of the COVID-19 pandemic, working remotely has increased the risk of potential cyber-related threats

The likelihood of occurrence is low

**Potential Impact**

Erosion of capital and data

**Estimated Financial Implications**

Depends on volume of fraud

[Read more on the Banks initiatives in the Annual Report here.](#)

**Methods of Management**

The Bank applies a variety of strong technical control vulnerabilities, network security controls, password management controls and software development controls.

## Risk Policies

The Bank has articulated various risk policies which specify the risks, controls and measurement techniques, keeping risk appetite as the central objective. The Bank identifies a number of key risk components and for each of these components, it determines a target that represents its perception of the component. These risk policies are vetted by the sub-committees of the Risk Management Committee, which is a sub-committee of the Board, after which the same are placed for the approval of the Board and are later implemented.

The Bank has also put in place a comprehensive policy on the Internal Capital Adequacy Assessment Process, or ICAAP, which presents a holistic view of the material risks faced, the control environment, risk management and measurement techniques, as well as the capital adequacy and capital planning.

All the Policies are periodically reviewed and revised to address the changes in the economy or the banking sector and the Bank's risk profile. Monitoring of various risks is also undertaken at periodic intervals and a report is submitted to the top Management or the Board.

## Enterprise-wide Training Focused on Risk Management Principles

Risk management is a key function of IndusInd Bank and resources are upskilled depending on the business growth, regulatory provisions and compliance aspects, with an objective of sustained business continuity.

The Bank undertakes various focused training programmes with an objective of enhancing the skill set of the workforce, to keep them abreast of latest developments and provide necessary guidance. These programmes are attended by all employees and executives throughout the organisation. Adequate budgeting for these trainings and sessions is also carried out at the beginning of the financial year.

## RISK MANAGEMENT

### Emerging Risks

At IndusInd Bank, the Senior Management understands the importance of taking an integrated, firm-wide perspective of the Bank's risk exposure in order to support its ability to identify and react to emerging and growing risks in a timely and effective manner. The purpose of this guidance is to enhance firm-wide oversight, risk management and establish controls around the Bank's capital markets activities, including securitisation, off-balance sheet exposures, structured credit and complex trading activities.

The Bank has in place a sound risk management system to identify and assess emerging risks which have the following key features:

- Active Board and Senior Management oversight
- Appropriate policies, procedures and limits
- Comprehensive and timely identification, measurement, mitigation, controlling, monitoring and reporting of risks
- Appropriate Management Information Systems (MIS) at the business and firm-wide level
- Comprehensive internal controls

Description of risk, as reported in the public domain	Potential business impact of the risk, as described in the public domain	Mitigating actions, as described in the public domain	Supporting evidence from the public domain on risk, business impact and mitigating actions
Other (Finance and Technology)	Low	<ul style="list-style-type: none"> <li>• Well-tested and validated models in use; statistical tests for validation</li> <li>• Less complex models for measurement of credit and market risk</li> <li>• Periodic review of model performance</li> </ul>	<ul style="list-style-type: none"> <li>• Benchmarking of internal ratings to external ratings</li> <li>• Capital cushion made available for model-related risks</li> </ul>
Natural calamity /pandemic/ geo-political	Low	<ul style="list-style-type: none"> <li>• Bank has sophisticated technology and automated operations, leading to lower operational risk exposure</li> <li>• Bank's staffs are qualified and adequately skilled to perform operations in the Bank; however, intense competition for skilled resources among financial firms leads to concerns of attrition risk of people resources</li> </ul>	<ul style="list-style-type: none"> <li>• RCSA being progressively implemented</li> <li>• Loss data collection and analysis</li> <li>• Bank's processes are well-documented and established</li> <li>• Control systems and processes in the Bank are adequate</li> <li>• All new products and processes are approved by ORMC under the New Product Programme Policy</li> </ul>

### Climate Change as an Emerging Risk

Globally, climate change is increasingly being recognised as a source of financial risk for banks. Its impact often goes beyond typical financial and business planning horizons, and is felt across multiple lines of business, sectors, and geographies.

Climate risk can emerge, either from physical effects and changing weather patterns that result from climate change (physical risk), or by efforts to reduce and eliminate greenhouse gas emissions that cause it (transition risk). The bank faces both direct and indirect climate risk which can result in a considerable financial impact on its balance sheet. Banks face:

- Direct climate risk from emerging regulatory and legal requirements, disruptions to its operations & services and clients' operations and profitability on account of exposure to physical risk.
- Indirect climate risk from financing and investments for clients in climate-sensitive sectors. Exposure to climate risk factors does not necessarily mean those risks will be realised, as the client or the Bank may have taken steps to mitigate those risks.

IndusInd Bank recognises that it has an important role to play in accelerating the transition to a low-carbon economy and in mitigating the risks associated with climate change. The approach to addressing climate-related risks and opportunities is coordinated organisation-wide.

IndusInd Bank has established an Environmental and Social Management System (ESMS), to ensure the wider impacts of its investments comply with a set of national and international standards. The Bank has established an ESMS Policy and an ESMS governance mechanism that aligns with guidelines such as the UN Principles for Responsible Investing (UNPRI) and the International Standards Organization (ISO) environment management guidelines. Usage of risks models, scenario analysis, stress tests etc. give the Bank flexibility to factor various scenarios including those arising out of climate risk while determining cash flows for borrowers. Thereby at a portfolio level, the Bank can aggregate likely changes in the position of its assets and take steps to mitigate climate related risks accordingly. At the individual credit proposal level, the Bank is able to stipulate conditions specific to change in cash flows arising out of the climate risks and appropriate security/collateral for the borrowing.

Climate-related opportunities have been identified across the Bank's business segments. This includes strategies, products and services to support the clients in the low-carbon transition, and to capture new areas of business growth.

In FY18, 1.72% of IndusInd Bank's lending book was engaged in climate positive and green sectors, this portfolio has grown to 2.83% of the overall portfolio in FY22. Severe impact industries as defined by the ESMS policy of the bank include: Coal, Mining, Oil, Gas and Petrochemicals, Pesticides, Tanneries, Thermal and Nuclear Power Generation

The exposure in these severe impact industries is less than 5% of the Bank's total advances.

Description of Risk/ Opportunity	Classification – Physical/Regulatory/ Other	Financial Implication	Methods of Management	Cost of Actions
Rising sea levels and flooding	Physical	Credit costs for RE sector	Revised policy of funding/lower LTV ratios etc.	Higher credit cost
New regulations	Regulatory	Compliance with regulatory guidelines	Qualitative checks and controls – Internal audit and other audit functions ensures check for compliance with internal and regulatory norms	Compliance risk
New financial products	Opportunity	Products streamlined for adverse climate scenarios	Well-defined internal policy and function	Higher Process and Operation cost
Incremental changes to climate/drought	Physical	Agriculture sector – productivity decreases	Higher insurance	
Energy Sector	Physical	Revised credit cost functions	Stress testing models	

STAKEHOLDER ENGAGEMENT

# CATALYSING MEANINGFUL ENGAGEMENTS

IndusInd Bank accords the highest importance to creating transparent communication and engagement with stakeholders. Their feedback not only contributes to effective risk management but also helps while undertaking new ventures. It enables a holistic approach to sustainable development, eventually leading to better value creation.



## Open and Transparent Engagement



### Investors

**Topics of Interest**

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

**IndusInd Bank's Interaction and Engagement Approach**

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

**Embracing Value Created**

Solid financial performance irrespective of volatility and changing dynamics.



### Customers

**Topics of Interest**

- Innovative Client
- Centric Solutions
- Ease of Banking
- Compliant resolution

**IndusInd Bank's Interaction and Engagement Approach**

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

**Embracing Value Created**

This has resulted in growing numbers of customers satisfied with banks services, lower client attrition and high compliant resolution matrix.



### Employees

**Topics of Interest**

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

**IndusInd Bank's Interaction and Engagement Approach**

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

**Embracing Value Created**

Career development and employee well-being.



### Suppliers

**Topics of Interest**

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

**IndusInd Bank's Interaction and Engagement Approach**

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

**Embracing Value Created**

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



### Regulators and Policymakers

**Topics of Interest**

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

**IndusInd Bank's Interaction and Engagement Approach**

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

**Embracing Value Created**

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



### Society & NGOs

**Topics of Interest**

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

**IndusInd Bank's Interaction and Engagement Approach**

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

**Embracing Value Created**

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

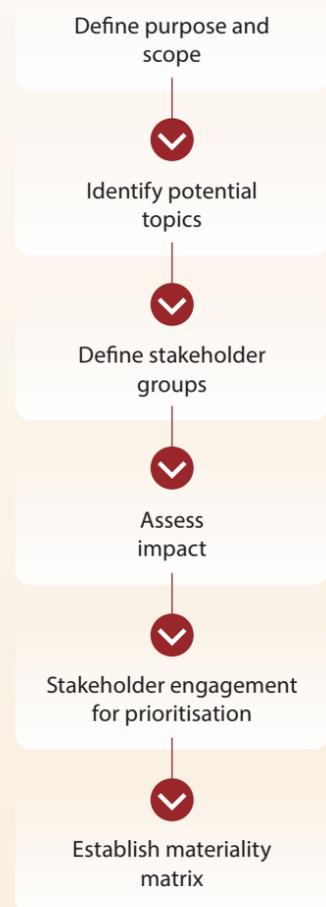
**MATERIALITY**

# PRIORITISING ISSUES OF SHARED VALUE

In an ever-changing scenario of customer needs and market dynamics, materiality assessment is a tool that helps analyse the importance of certain parameters, understand how they are of interest to key stakeholders and generate positive value. The Bank considers those issues as material which have the potential to influence its business.



## Materiality Assessment Process



## Materiality Matrix

The Bank has identified 18 material issues which are of strategic relevance to its operations. These are assessed based on two dimensions - their impact on the business and their importance to the concerned stakeholders.



- |  |  |
|--|--|
| <p><b>Environment</b></p> <ul style="list-style-type: none"> <li>1 Digitalisation</li> <li>2 Climate Transition Finance</li> <li>3 Resilience to climate change</li> <li>4 Carbon Footprint</li> </ul> <p><b>Social</b></p> <ul style="list-style-type: none"> <li>5 Customer Experience</li> <li>6 Social Finance &amp; Financial Inclusion</li> <li>7 Talent attraction &amp; retention</li> <li>8 Diversity &amp; Inclusion</li> <li>9 Employee Welfare</li> <li>10 Supporting Communities</li> </ul> | <p><b>Governance</b></p> <ul style="list-style-type: none"> <li>11 Compliance</li> <li>12 Transparency &amp; Disclosures</li> <li>13 Financial Performance</li> <li>14 Ethics &amp; Integrity</li> <li>15 Client data protection &amp; cyber security</li> <li>16 Conscious Lending</li> <li>17 Product Liability</li> <li>18 Risk management framework</li> <li>19 Sustainable Procurement</li> </ul> |
|--|--|

**STRATEGY**

# SCALING THE PC-5 STRATEGY

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

## Strategy Formulation Process

IndusInd Bank formulates its business strategy following a 3-year planning cycle. This strategic undertaking is based on assessments of the potential and the current business environment and takes into consideration the vision, mission, targets and risks of the Bank. The political, economic, global, regulatory and climate considerations are incorporated in this planning exercise.

The strategy is prepared with the involvement of all stakeholders, along with the strategic inputs provided top down by the Core Executive Team (CET) and is then fine-tuned by taking inputs from operating staff as well so that

changing customer preferences and new market opportunities are incorporated. Specialised agencies and consultancies are also engaged at times if certain domains need to be evaluated more critically, bringing an Outside-In approach. This strategic plan is presented to the Board by the CEO and the CET (Country Executive Team) for further discussions and approval.

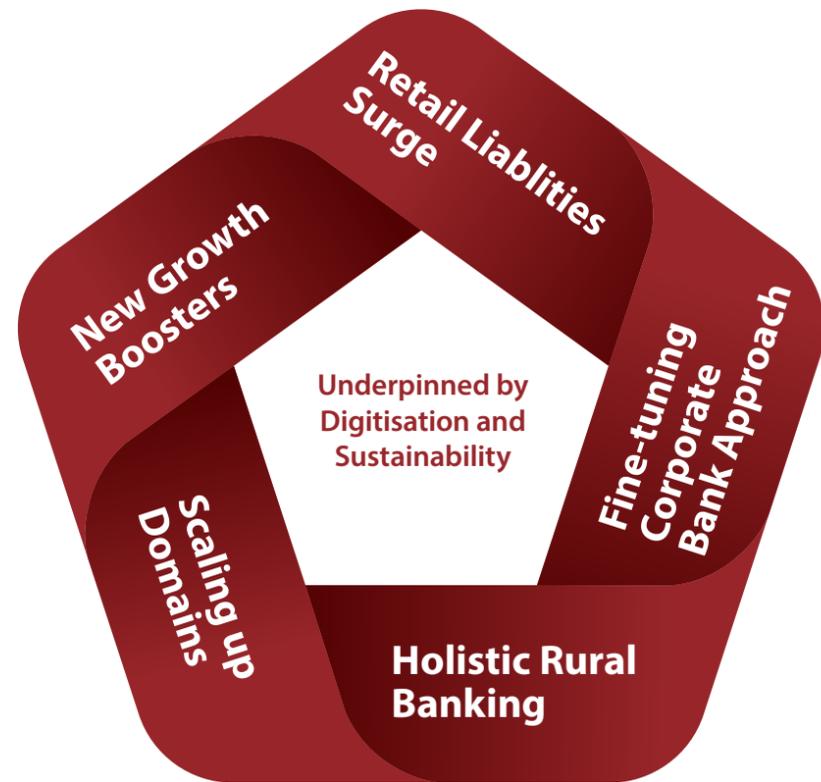
## Long-term Strategy

The current strategy being followed is the PC-5 strategic plan adopted in January 2021. This plan was adopted when the pandemic was in progress and the bank was adapting to sudden macro-economic and financial changes. The planned targets for FY 2021-22 were achieved as per the budget and against all the benchmarks set for the year.



# STRATEGY

## PC-5 Strategic Priorities



Scale with Sustainability – Continue to Improve Across Sustainability Metrics

For FY 2022-23, targets are aligned with the final stage of the PC-5 strategy:

- Retail deposit mobilisation to continue apace
- Loan growth acceleration led by areas of domain expertise
- Progress on digital 2.0 strategy with planned execution
- Continue improving the loan book profile
- Maintain comfortable level across sustainability metrics (such as CRAR, CD ratio, PCR, and LCR, among others)

## PC-6 Strategy

**Strategic Themes for the coming years: growth with focus on long term Sustainability**

IndusInd Bank remains focused on its strategy of 'Scale with Sustainability' to drive long-term stakeholder value.



With the launch of green products, the Bank is expected to foray into emerging climate positive sectors. The concept of climate change and sustainability will build more traction and become key pillars of the PC-6. The Bank has set a target of achieving carbon neutrality by 2032 and will soon be announcing its transition plan of aligning with the Paris Agreement to limit global warming to 1.5°. The Bank will be leveraging the demand and supply side levers to minimise emissions and use offsets to mitigate residual emissions. As the strategy progresses, the Bank will work on creating necessary pathways to meet and achieve its vision.

**ESG INTEGRATION IN PRODUCTS AND SERVICES**

# COMMITTED TO UPHOLDING ESG PARAMETERS

IndusInd Bank is a socially and environmentally responsible organisation, which seeks to develop its lending portfolio by increasing its presence in sectors that contribute positively to the nation’s developmental transformation, in a sustainable manner.

Through sustainable financing, the Bank intends to fund specific sectors that are aligned closely with the UN Sustainable Development Goals. The Bank has a robust process and metrics in place for setting targets for growing this portfolio. These and the subsequent positive impacts of the lending portfolio, form the focal point from which the Bank’s ESG performance is measured.

## Financing connected with ESG Performance of Companies

Banks play a vital role in facilitating the transition to a low carbon economy. IndusInd Bank takes this responsibility seriously and has consciously built capabilities for providing Climate Finance. The Bank provides a range of climate financing

solutions as well as supports social development through a strong social finance portfolio with focus on education, healthcare and other social assets.

ESG Risk analysis is well integrated into the investment process as the ESG performance of corporates are evaluated closely during the credit appraisal process. ESG factors are evaluated for measuring impact on business and society, as well as value creation. Material ESG issues are identification and evaluated and supplemented through client communication and employee awareness activities, so that long term commitment to sustainability is achieved.

As a part of good governance, the ESMS (Environment and Social Risk Management System) involves checks and balances, which maintain the hierarchy. The Board of Directors have control and supervision of the policy which helps in creation of positive impact and generation of long-term financial returns.



**The northern lights, or the Aurora Borealis**

## ESG INTEGRATION IN PRODUCTS AND SERVICES

### Sustainable Finance Lending Verticals (₹ in Cr)

Particulars	FY18	FY19	FY20	FY21	FY22
Green and climate finance advances (₹ in Cr)	2,493	4,194	5,382	6,059	6,770
Green and climate finance as % of Bank's advances	1.72%	2.25%	3%	2.85%	2.83%
Social, livelihood and inclusive finance advances (₹ in Cr)	49,012	72,071	81,438	91,954	1,05,898
Social, livelihood and inclusive finance as % of Bank's advances	33.81	38.67	39	43.25%	44.30%
Total advances (₹ in Cr)	1,44,954	1,86,394	2,06,783	212,595	239,052
Total ESG lending	51,502	76,273	86,820	98,013	1,12,668
ESG lending as % of Bank's advances	35.53%	40.92%	41.98%	46.10%	47.13%

## Environment and Social Management System (ESMS)

Responsible Banking at IndusInd Bank corresponds to the incorporation of environmental and social concerns in the Bank's overall risk assessment. To this end, the Bank has developed an Environment and Social Management System (ESMS) to assess the environmental and social risk of borrowers and warrant that these risks lie within a set of international and national standards.

Thus, the primary objective of ESMS is to integrate environmental and social considerations into business activities and to safeguard investments credit and reputational risks arising out of ESG factors. A Board-approved comprehensive ESMS policy and governance mechanism for the ESG risk assessment is in place.

With an established Environmental and Social Management System (ESMS), IndusInd Bank ensures balanced investments with the triple bottom line, identifying key components of ESG and sustainability.

The governing body oversees and ensures the proper functioning of the ESMS. The ESMS Policy is guided by national regulations as well as international frameworks and guidelines such as the Principles of the UN Global Compact (UNGC), UN Principles for Responsible Investing (UNPRI), the International Standards Organisation's (ISO) environment management guidelines and the Equator Principles.

Clients are evaluated on the basis of several ESG parameters and risks involved, with the policies reinforced by Relationship Managers, trained through stringent capacity-building, to appropriately assess all proposals, identify gaps and mitigate risks to the Bank's portfolio from risks arising out of E&S linked variables.

General E&S standards for the Bank's portfolio include:

- The Bank expects as a minimum requirement that its clients meet all pertinent E&S laws and regulations
- Clients are required to obtain all applicable licenses and permits for all of their business operations

- Clients are also expected to consider implementing best-in-class practices for managing E&S related impact of their business activities

As per the ESMS policy of the Bank, it is mandatory for every proposal to clear the Exclusion List to ensure that the Bank does not provide any facility for projects/activities which are likely to create an adverse impact on the environment and society at large. The exclusion criteria contain the following:

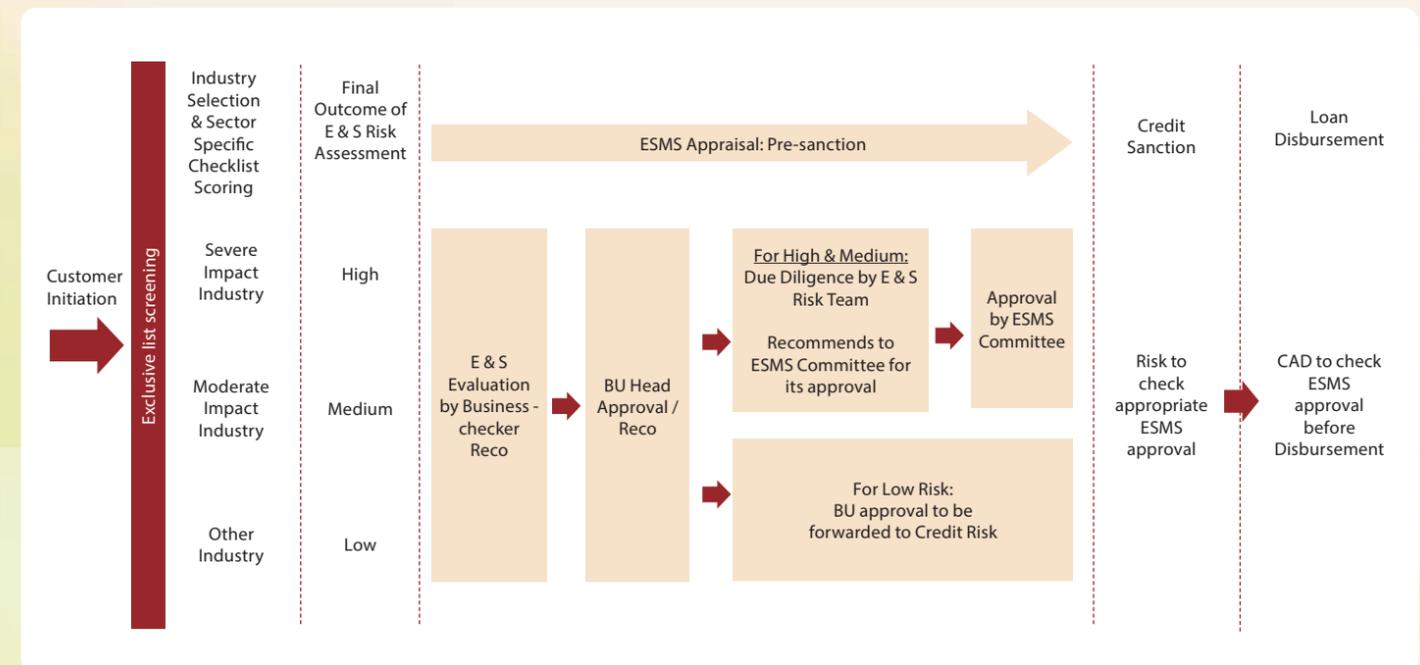
- Production or trade in any product or activity deemed illegal
- Production or trade in substances which are internationally banned, including but not limited to wildlife products, products regulated under CITES and illegal narcotics, among others
- Gambling, casinos and equivalent enterprises
- Production or trade in products involving forced labour or harmful child labour
- Businesses owning factories or workplaces that have inadequate safety mechanisms when dealing with known industrial carcinogens
- Businesses with a substantial stake in the porn industry
- Production or trade in explosives and/or fireworks primarily meant for non-industrial use
- Production or trade in tobacco or any of its derivative products including but not limited to cigarettes, gutka, etc. (except companies trying to diversify their business with more than 50% revenue from non-tobacco business streams)

The Bank has identified high ESG risk industries with a higher inherent negative environmental and/or social impact. All such proposals undergo a more extensive evaluation by the Sustainable Banking Unit and get escalated to the Environmental and Social Risk Committee of the Bank for approval of ESG Risk. The Bank's ESMS Committee comprises senior representatives from the Business, Risk and Sustainability team. This Committee also periodically evaluates the ESG risk portfolio.

### Integrating the ESMS Policy with the Credit Appraisal System

During the year, the Bank has successfully implemented the integration of the ESMS process with the credit appraisal system, which ensures that ESG assessment and compliance is mandatory before credit sanction, with a pre-sanction requisite. Every

customer is onboarded only after the Exclusion List process is completed and compliant. These clients are further scrutinised by way of custom made, segment specific checklists to analyse their existing Company policies, framework, processes in mitigating the harmful effects. The Sustainable Banking team, if required, also engages with an external rating agency for enhanced ESG due diligence, to specially assess high ESG Risk cases.



ESG TARGETS AND PERFORMANCE

# PROGRESSING AGAINST SET TARGETS



 Environment

Aspects	Baseline	Revised Target Year and KPIs	Performance Dashboard – FY22
<b>Green and Climate Finance Portfolio</b>			
	FY18: <b>1.72%</b>	Green and climate finance @ 3.5%	FY19: 2.25% (Assurance by E&Y) FY20: 2.60% (Assurance by E&Y) FY21: 2.85% (Assurance by E&Y) FY22: 2.83% (Assurance by E&Y)
<b>GHG Emissions Intensity</b>			
	FY18: <b>5.2 MTCO<sub>2</sub>e /revenue Cr</b>	50% reduction over baseline (1.9 MT CO <sub>2</sub> e/revenue Cr) Baseline year: FY20	<b>S&amp;P Global Ratings score:</b> FY19: 12% reduction over baseline (4.6 MT CO <sub>2</sub> e/revenue Cr) FY20: 27% reduction over baseline (3.8 MT CO <sub>2</sub> e/revenue Cr) FY21: 37% reduction over baseline (3.2MT CO <sub>2</sub> e/revenue Cr) FY22: 42% reduction over original baseline (2.99 MT CO <sub>2</sub> e/revenue Cr)
<b>Participation in ESG Indices</b>			
Carbon Disclosure Project Rating	FY18: A- Rating FY19: A- Rating FY20: A Rating FY21: B Rating FY22: B Rating	Continued participation in major ESG Indices	
S&P Global Ratings score	FY18: <b>50</b> score	Continued participation in major ESG Indices	<b>Dow Jones Sustainability Index Score:</b> FY19: 55 score FY20: 64 score FY21: 72 Score FY22: 63 Score
<b>Sustainable IT Procurement in Supply Chain</b>			
	Some vendors exhibit sustainability practices	<b>Target year: FY23</b> 80% of vendors by spend to be ESG compliant	<b>ESG Compliant Vendors:</b> FY21: 45% of vendors by procurement spent ESG compliant; audited by third party-DQS FY22: Audit under way

## ESG TARGETS AND PERFORMANCE

### Social

Aspects	Baseline	Revised Target Year and KPIs	Performance Dashboard – FY22
<b>Social, Livelihood and Inclusive Finance Portfolio</b>			
	FY18: <b>33.8%</b> (Audited by E&Y)	<b>Target year: FY23</b> Social, Livelihood and Inclusive Finance @ 41.5%	<b>Social, Livelihood and Inclusive Finance:</b> FY19: 38.7% (Assurance by E&Y) FY20: 39.38% (Assurance by E&Y) FY21: 43.25% (Assurance by E&Y) FY22: 44.30% (Assurance by E&Y)
<b>Women Employees in workforce</b>			
	FY18: <b>18.68%</b>	<b>Target year: FY23</b> Women's participation in workforce @22%	<b>Women Employees in workforce:</b> FY19: 18.26% (Assurance by KPMG) FY20: 18.26% (Assurance by KPMG) FY21: 18.64% (Assurance by Deloitte) FY22: 18.25% (Assurance by KPMG)

### Governance

Aspects	Baseline	Revised Target Year and KPIs	Performance Dashboard – FY22
<b>ESG Disclosure</b>			
	Integrated Report published but no external assurance	<b>Target year: FY23</b> Integrated Report with external assurance	<b>Integrated Report:</b> FY19: Integrated Report and ESG KPIs externally assured by KPMG FY20: Integrated Report and ESG KPIs externally assured by KPMG FY21: Integrated report and ESG KPIs externally assured by Deloitte FY22: Voluntarily reported Business Responsibility and Sustainability Report FY22: Integrated Report and ESG KPIs assured by KPMG
<b>Formulation and Compliance to ESG Policies</b>			
	Internal disclosures	<b>Target year: FY23</b> <ul style="list-style-type: none"> <li>External disclosure of ESG Policies</li> <li>Human Rights, Diversity and Inclusion Policy</li> </ul>	<b>ESG-linked Policies:</b> <ul style="list-style-type: none"> <li>ESMS Policy</li> <li>Employee Volunteering Policy</li> <li>Sustainability Policy</li> <li>Workplace Health &amp; Safety Policy</li> <li>Policy on remuneration of non-executive directors</li> <li>Related Party Transaction Policy</li> <li>Code of Conduct for Directors &amp; Senior Management</li> <li>Policy for Appointment Selection of Directors</li> <li>Whistle Blower Policy</li> <li>Protected Disclosure Scheme</li> <li>Grievance Redressal Policy</li> <li>Code of Practices &amp; Procedures for Fair Disclosure</li> <li>CSR policy</li> </ul>



The beautiful Toucans are globally threatened or near threatened with extinction

# ENVIRONMENT PRESERVATION

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

**~54%**

Decrease in paper emissions as compared to FY 2019-20

**7%**

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

**69%**

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

**53,440 kg**

E-waste recycled through authorised vendors

**5,252 MW**

Electricity saved through numerous energy efficiency initiatives

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GREEN FINANCING

# MAKING INVESTMENTS COUNT

The Bank is undertaking several initiatives to increase its exposure to climate positive sectors. In FY 2017-18, 1.72% of its lending book was engaged in climate positive and green sectors. Despite COVID during the intervening period, this portfolio has grown to 2.83% of the overall portfolio. In amount terms incremental exposure taken by the Bank during this period was ₹4,277 crores.

## Green Financing

Green financing helps the Bank to actively focus and invest in environmentally conscious organisations with green activities, which effectively helps in transitioning to a low-carbon economy. This will also help facilitate innovation towards carbon-efficient technologies and create more sustainable supply chains, thereby creating a positive impact on the environment.

**Green Financing**

Water, Sanitation and Hygiene (WaSH)



Renewable Energy



Clean Energy



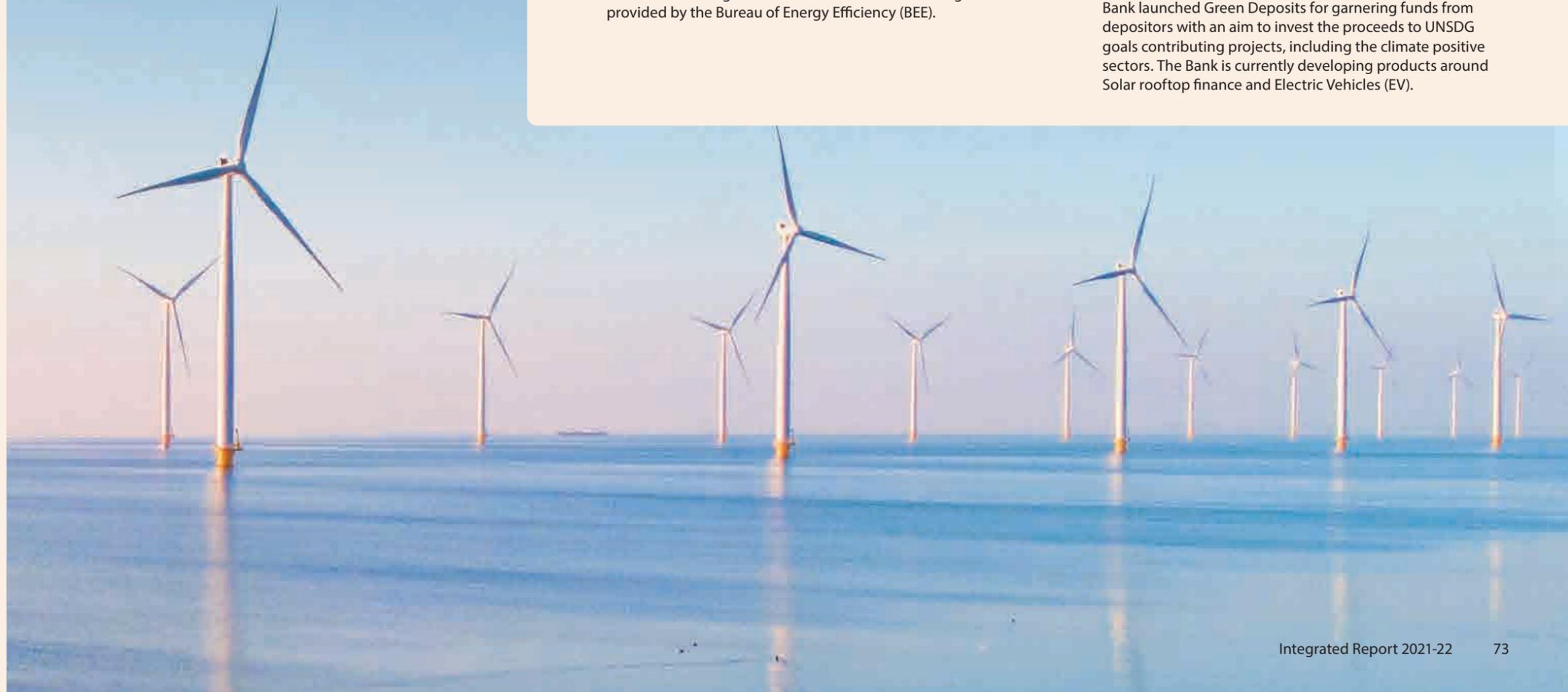
Green Buildings



Energy Efficiency



e-Mobility



**Renewable Energy:**

Renewable energy forms a major part of the green financing initiative in the Bank. Within the Project Finance team, a dedicated team for Clean Energy Finance has been set up with strong industry knowledge. This team interacts with various stake holders in the Clean and Green Energy Eco system from regulators, to operators and owners of assets to ensure that the Bank can capture the opportunity well along with a deep understanding of risks.

Till March 31, 2022 the Bank has committed ₹14,000 crores for setting up renewable energy projects of 4.5GW capacity. These projects include solar, wind, biomass or biogas and small hydro projects, renewable energy products and renewable energy production/transmission and distribution.

**Green Buildings:**

IndusInd Bank also finances green building initiatives with accreditations like LEED, GRIHA, IGBC equivalents. It also finances redevelopment of traditional buildings into green buildings.

**Energy Efficiency (EE):**

The Energy Efficiency of financed projects is carefully looked into, with a focus on energy consumption reduction and improvement in industrial, commercial and municipal EE. It also encompasses residential buildings, transportation, agricultural equipment and the manufacturing sector as well. The EE follows the guidelines provided by the Bureau of Energy Efficiency (BEE).

**WaSH (Water, Sanitation and Hygiene) Programme:**

With a focus on access to safe drinking water and basic sanitation, Sewage Treatment Plants or STPs, industrial and municipal wastewater treatment plants, water management/treatment projects, and distribution and desalination projects are financed, under the WaSH programme.

**Transitioning to Climate Positive Sectors:**

The Bank is already on the path towards contributing to climate positive sustainability causes through the following:

- a. **Lending to ESG positive sectors:** The Bank' stated goal is to increase the exposure to Climate Finance as the economy is also transitioning to a low carbon economy presenting multiple opportunities.  
  
A detailed assessment has been carried out on emerging areas such as E mobility and Distributed off grid Roof Top Solar systems as these sectors are likely to see increased financing requirements.
- b. **Conscious CSR spends:** The Bank focuses on sustainability driven projects for investing and contributing to climate positive initiatives. Some examples include afforestation, water and sanitation.
- c. **Launch of new products across businesses:** To have a climate positive impact, the Bank is diversifying. The Bank launched Green Deposits for garnering funds from depositors with an aim to invest the proceeds to UNSDG goals contributing projects, including the climate positive sectors. The Bank is currently developing products around Solar rooftop finance and Electric Vehicles (EV).

## GREEN FINANCING

### Development of Climate Positive Banking Products:

The Bank has decided to incorporate ESG linked products into all its businesses, with the intent to launch them across its business verticals.

- a. **Green Deposits:** In FY 2021-22, the Bank launched ₹Green Fixed Deposits, which were then deployed to projects supporting the UNSDGs
- b. **Electric Vehicle Financing:** The Bank has decided to foray into EV financing and developing products around the entire EV value chain to maximise the impact.
- c. **Financing of WaSH (water sanitation and hygiene subsectors):** The Bank has entered into an MOU with Water.org to provide 80,000 water and sanitation loans. The Sustainable Finance department also works closely with USAID in mobilising loans in the Water sector and has entered into a 50/50 Risk Sharing arrangement with USAID for the same for USD 50 million.
- d. **Agricultural Loans:** The Bank has ₹2,350 crores+ live sanctioned amount covering 15,000+ farming households, supporting livelihood. The Bank has expanded across various states in India to create a geographical hedge to its businesses.

### Integrated ESG Risk Management Approach:

The Bank has an Operational Risk Management (ORM) Framework which assesses the risk of incurring losses due to physical risks and has a three-pronged approach to mitigate risks to operations:

1. Purchasing insurance for its Branches and offices (purchased insurances with premiums worth ₹76.25 lakhs)
2. Putting in place a Business Continuity Plan (BCP)
3. Conduct safety training and create training manuals

### Climate Risk Related Opportunities:

The Bank has adopted a three pronged approach.

- Making the Bank's book climate risk resilient by increasing focus on climate positive sectors
- Launching climate positive products like green deposits, green personal loans, etc.
- Embedding the products across all business verticals

### Developing Partnerships:

Collaborations with funds, foundations and Development Finance Institutions (DFIs) like US International Development Finance Corporation, Proparco, United States Agency for International Development (USAID) etc, to support entities and projects engaged in sectors like WaSH, Healthcare, Agriculture and Micro Finance



**RESOURCE MANAGEMENT**

# PRESERVING THE ENVIRONMENT RESPONSIBLY

IndusInd Bank is committed to furthering its vision of a sustainable planet by consistently greening its operations, systems and processes.

**Reducing Emissions**

The Bank is committed to align with India's NDC goal of reducing emissions intensity of its GDP by 33%-35% from 2005 levels by 2030. The Bank is also committed to supporting SDG 13 (Action on Climate Change) by channelising finance and undertaking several new initiatives in its greening its own operations for supporting the transition.

**Retail Bank**

The Bank promotes the switch to e-statements by its retail banking customers in an effort to reduce paper consumption. 1.65 million+ customers opted for e-statements in FY 2021-22, thus reducing emissions associated with the use of paper and delivery of physical statements.

The Bank also encourages customers to use its digital banking platforms to reduce emissions from travel and emissions associated with running a large branch. The successful ongoing transition to digital banking prompted the Bank to reduce its new branch size by 40% in Tier-2 and Tier-3 cities, thereby reducing its Scope 1 and Scope 2 emissions. Digital banking has increased in scope with 2.8 million active customers currently using the 'IndusMobile' App and ~4.5 million customers opting for WhatsApp banking.

**~2%**

Decrease in energy consumption in FY 2021-22

**14,06,502 kWh**

Solar energy consumed in FY 2021-22

There are no incidents of non-compliance with environmental laws and regulations.

**1,122 MTCO<sub>2</sub>e**

Emissions saved through deploying solar energy



## RESOURCE MANAGEMENT

### Energy Efficiency

The Bank is carrying out active decarbonisation across all business operations to ensure energy efficiency, along with the following initiatives:

- Electricity is sourced from renewable avenues including solar, wind and hydropower energy.
- Building designs are incorporated with energy-efficient technologies with low-carbon and energy-efficient equipment with conscious energy conservation adaptation.
- Green IT is definitive vision of the Bank with regular software updates; utilising new technologies and streamlining other IT operations.

- Regular energy audits to identify gaps, manage budgeting and costs, and formulate strategies and long-term solutions.
- Conducting workshops to promote energy conservation and to disseminate awareness, importance and integration of sustainability.

**₹78.03 Cr**  
Total cost of fuel used in FY 2021-22

**2,83,504 GJ**  
Total energy consumption

### Energy Consumption\*

Source of Energy	Type of Energy	FY18		FY19		FY20		FY21		FY22	
		Energy Consumption (MWh)	Energy Consumption (GJ)	MWh	GJ						
Non-Renewable	Direct Energy (Fuel-Diesel)	11,426.04	41,133.74	11,187.97	40,276.69	10857.55	39088.27	6,692.91	24,095.14	8,244.93	29,681.73
	Direct Energy – Petrol	304.23	1,095.23	222.25	800.10	190.34	685.23	131.56	473.61	169.39	609.81
	Direct Energy – CNG	-	-	-	-	-	-	-	-	-	-
	<b>Direct Energy – Total</b>	<b>11,730.27</b>	<b>42,228.97</b>	<b>11,410.22</b>	<b>41,076.79</b>	<b>11047.88</b>	<b>39773.5</b>	<b>6,824.46</b>	<b>24,568.75</b>	<b>8,414.32</b>	<b>30,291.55</b>
	Indirect Energy (Electricity)	70,588.81	2,54,119.72	74,076.87	2,66,676.51	76132.20	274083.65	73,037.88	2,62,943.73	6,89,30.30	2,48,149.09
<b>Total Non-Renewable</b>		<b>82,319.08</b>	<b>2,96,348.69</b>	<b>85,487.09</b>	<b>3,07,753.30</b>	<b>87,180.10</b>	<b>3,13,857.15</b>	<b>79,862.34</b>	<b>2,87,512.48</b>	<b>77,344.62</b>	<b>2,78,440.64</b>
Renewable	Solar	245.28	883.01	255.8	920.88	252.4	908.67	234.77	845.20	1,406.50	5063.41
<b>Grand Total</b>		<b>82,564.36</b>	<b>2,97,231.70</b>	<b>85,742.89</b>	<b>3,08,674.18</b>	<b>87,432.50</b>	<b>3,14,765.81</b>	<b>80,097.11</b>	<b>2,88,357.68</b>	<b>78,751.12</b>	<b>2,83,504.04</b>

### Energy Consumption Pattern

Particulars	%
Non-renewable indirect energy (Electricity)	87.53
Non-renewable direct energy (Diesel)	10.47
Renewable energy	1.79
Non-renewable direct energy (Petrol)	0.22

### Renewable Energy

In FY 2021-22, renewable energy consumption was 1,406.50 MWh. The largest contributor to the Bank’s carbon footprint is purchased electricity, which accounts for more than 87% of the total GHG emissions. The Bank has implemented various initiatives to utilise solar energy in its operations, such as solar-powered ATMs.

Units	FY21		FY22	
	Electricity Generated (kWh)	Emissions Avoided (MTCO <sub>2</sub> e)	Electricity Generated (kWh)	Emissions Avoided (MTCO <sub>2</sub> e)
Solar Energy generated at Karapakkam facility, Chennai	34,051	28.08	12,21,979	975
Solar energy generated at IndusInd Bank Limited House, Mumbai	9,923	8.18	1,84,523	147

\* Constitutes electricity consumed from offices and ATMs of all zones. The conservative approach was followed to derive the electricity consumed and the lowest DISCOM charges (LT Commercial) were applied to the amount paid towards electricity consumption.

### Emissions Mitigation

The Bank has set a new target of 50% reduction of emissions, over FY 2019-20 baseline of 3.8 MTCO<sub>2</sub>e/Revenue crores by FY 2024-25. Currently the emissions intensity for the Bank is 2.9 MTCO<sub>2</sub>e/Revenue crores, through which it has achieved a 20% reduction against the 50% target. The Bank has also shown considerable improvement in emission intensity (MTCO<sub>2</sub>/No. of branches) which came down from 45.41 in FY 2017-18 to 29.5 in FY 2021-22 and emission intensity (MTCO<sub>2</sub>/FTE) which came down from 2.5 in FY 2017-18 to 1.9 in FY 2021-22.

#### Steps to Reduce Emissions:

- Measuring, monitoring, and reducing GHG emissions associated with the Bank’s operations across India.
- Transforming its operations to achieve carbon neutrality over the long-term.

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

- Active emission reduction initiatives have been taken by the Bank, especially through the deployment of thin clients, virtual servers and the installation of timers at signages.

- 225 additional thin clients have been deployed with their per-unit cost being lesser than a standard computer, also reducing the electricity consumption. 180 additional timers were installed in the signages which helped with further electricity consumption reduction in the offices and branches, along with reducing the carbon footprint of the Bank collectively, aligning with the ESG targets as well.

- IndusInd Bank also continues to invest in virtual servers with additional 23,023 virtual servers throughout the Bank which further helps in energy cost reduction. The total emission savings through these initiatives have been 2,539.94 MTCO<sub>2</sub>.

### Absolute Emissions (MTCO<sub>2</sub>e)

Particulars	FY18	FY19	FY20	FY21	FY22
Direct GHG Scope 1*	5,777	5,299	8,832	6,698	9,552
Indirect GHG Scope 2**	57,801	60,908	62,786	58,290	57,359
Total (Scope 1 + Scope 2)	63,578	66,207	71,618	64,988	66,912
Scope 3***	5,798	15,298	13,927	21,393	9,251

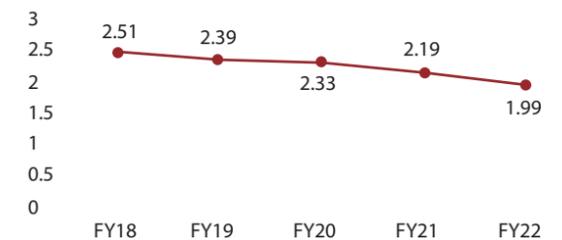
### Emissions Intensity

Particulars	FY18	FY19	FY20	FY21	FY22
GHG emissions (Scope 1+2) in MTCO <sub>2</sub> e per revenue Cr (₹)	5.20	4.60	3.77	3.24	2.99
GHG emissions (Scope 1+2) in MTCO <sub>2</sub> e per FTE	2.51	2.39	2.33	2.19	1.99
GHG emission (Scope 1+2) in MTCO <sub>2</sub> e per branch	45.41	39.76	37.48	32.35	29.54

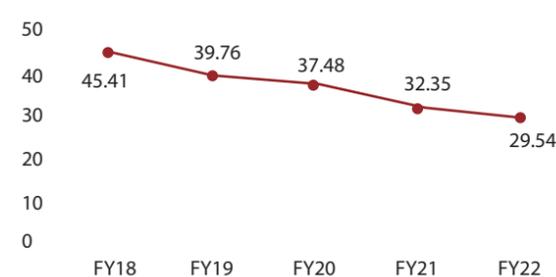
GHG Emissions (Scope 1+2) in MTCO<sub>2</sub>e per revenue Cr (₹)



GHG Emissions (Scope 1+2) in MTCO<sub>2</sub>e per FTE



GHG Emission (Scope 1+2) in MTCO<sub>2</sub>e per branch



## RESOURCE MANAGEMENT

### Scope 3 Emissions Overview

Particulars	(MTCO <sub>2</sub> e)	
	FY21	FY22
IndusInd Bank Limited purchased electricity (water, DG and other electricity charges)	-	84
Air travel	90	364
Rail travel	0	1
Bus travel	3	7
IndusInd Bank Limited car hire	5	11
CFD- car hire reimbursement	2,852	0.1
Employee commute	329	409
Paper consumption	6,572	3,495
Data centers	1,238	2,555
Transaction based off-site ATMs	2,188	1,502
Hotel stays	103	247
Work from home emissions	3,660	575
<b>Total</b>	<b>17,039</b>	<b>9,251</b>

\* The emissions are calculated from IBL and CFD DG sets. The diesel rate conversion that has been used for converting financial value into activity data is ₹90.23/liter. The average rate of diesel consumed in the Bank's (across PAN India) for calculations wherever the rate of purchase of diesel was unavailable. These are fugitive emissions from the Bank's refringent leaks and fire extinguishers.

\*\* Constitutes electricity consumed from offices and ATMs of all zones. The conservative approach was followed to derive the electricity consumed and the lowest DISCOM charges (LT Commercial) were applied to the amount paid towards electricity consumption.

\*\*\*The Bank's purchased electricity amount has been used to determine the calculations. Activities include data from The Bank's and CFD entities. Data from paper consumption comprises of paper CPU, paper credit card, paper personal loans and paper procurement is considered. The Bank's data centers: Tariff rate ₹14.763 is used to derive the electricity consumed in kWh from the electricity charges, for cases where units are not reported. For WFH calculations: 1) Laptop:9hrs 2) Ceiling fan:9hrs 3) Modem:9hrs 4) LED Tubelight: 3 hours

<sup>1</sup> Emission targets are set on basis of Scope 1 and 2 emissions only

CFD - Consumer Finance Division, BFIL - Bharat Finance Inclusion Limited

### Energy Efficient Initiatives

Activity Description	FY21		% Change	FY22		% Change
	Emissions Saved (MTCO <sub>2</sub> )	Emissions Saved (MTCO <sub>2</sub> )		Energy Saved (kWh)	Energy Saved (kWh)	
Thin clients	35	1.29	-96	41,836	1,620	-96
Timers	129	166	29	1,56,600	2,08,054	33

Particulars	Units Saved (kWh)	Amount Saved (₹)	Monetary Value (₹)	Additional Units	Emissions Saved (MTCO <sub>2</sub> e)
Thin clients	1,620	22,140	48.38 lakhs	225	35
Timers	2,08,054	20,80,540	8.92 lakhs	180	129

The benefits of ESG integration in technology are evident in the table with the adoption of several energy efficient technologies such as SDDC (software defined data centre) – Virtualisation ad VDI – Thin Client End Points. SDDC inherently comes with the Benefit Stability, resiliency, Availability, Scalability, Performance and saving of Space Power, Cooling and Reducing Carbon Foot Print.

### Waste Management

IndusInd Bank generates both paper as well as electronic waste.

Waste segregation is also followed with segregated bins placed in all the pantries of the corporate offices, with dry waste being recycled and wet waste converted into compost. Electronic waste is also recycled through authorised e-waste vendors.

**53,440 kgs**  
Of e-waste recycled

### Water Conservation

The Bank's water consumption is limited to the water usage carried out at its offices and it is working tirelessly to effectively minimise the same. It withdraws water from the municipality and/or other authorised sources. No groundwater is pumped-out across any of the Bank's offices.

- Male urinals are fitted with bio-blocks, which work as a replacement of water flushes, converting existing flush-based urinals into a completely waterless system, saving ~3 litres of water per flush.
- Aerator sprinkler filters have been installed in the washbasins, saving ~2,500 litres per device per day.

**6,10,510 Kl/annum**  
Total water used

### Resource Conservation

#### Green IT Roadmap

The IT infrastructure within the Bank is essential to its functioning but also has a significant environmental footprint. To reduce the same, a Green IT Roadmap has been developed by the Bank to reduce the power consumption by data centers and disaster recovery centres, while moving from a physical to a more virtual server setting.

Energy Efficiency is also set to be increased by Network Virtualisation, the Security Platform (NSX) and Hybrid Cloud forming an essential part of fundamental transformations of the Bank's IT infrastructure.

#### LEED Gold certified

Palm Spring office in Gurgaon

#### LEED Platinum certified

IndusInd Bank Limited House in Mumbai

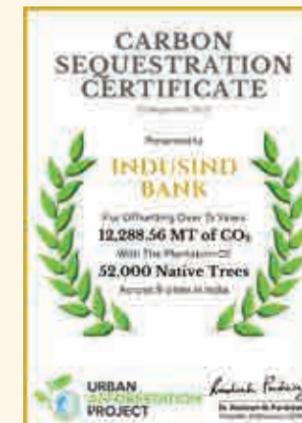
#### LEED Gold certified

Karapakkam office in Chennai

#### Green Buildings

Green Buildings further work towards energy efficiency and hence the Bank has been operating out of certified Green Buildings while also investing in green building development initiatives. Currently, there are three LEED certified branches/offices.

Two pioneer branches: On-site work related to Gold LEED Certification completed and data is being monitored on pilot basis. Once successful, all seven branches will undergo LEED certification.



#### Carbon Sequestration

Aligned with the goal of the Centre for Environmental Research and Education (CERE), the Bank has achieved the following:

- Planted 52,000 trees in and around major cities such as Delhi, Noida, Gurgaon, Hyderabad, Kolkata, Nagpur, Nashik, Pune, Aurangabad, Bengaluru, Chennai and Mumbai.
- This will potentially offset 12,288 MT of CO<sub>2</sub> over 15 years timespan.



**The Sea Turtle - endangered due to poaching and over exploitation of their eggs, meat, skin, and beautiful shells**

**ALIGNING WITH TCFD RECOMMENDATIONS**

# ACCELERATING CLIMATE ACTION

IndusInd Bank is cognisant of the ill-effects of climate change. This worldwide phenomenon is driving extreme weather events, erratic rainfall patterns, heatwaves and droughts, and is also considered as a long term threat to the stability of the financial system. The Bank identifies the financial implications with respect to climate risk and is aligning its initiatives with the TCFD (Task Force on Climate-related Financial Disclosures) recommendations. Through these disclosures, the Bank is stepping up the ante to respond to any climate-risk related issues in the future.

The Bank is working towards integrating the TCFD framework into its Risk Management process, planning to fully integrate it by 2023. The Bank has implemented several measures and has contributed towards the TCFD Framework.

TCFD Framework Structure



## Governance

**The bank's governance around climate related risk management risks and opportunities is encapsulated in the Sustainability Policy. It comprises of the following committees at the Board and the management level.**

**TCFD's Recommended Disclosure:** Board oversight of climate related risks and opportunities

Management role in assessing and managing climate-related risks and opportunities

### Risk Management Committee

The RMC reports directly to the Bank's Board of Directors and manages all investment-related risks and opportunities with regard to the internal and external environmental risks to the Bank and the overall risks as well.

The Enterprise-wide Risk Management Department manages, mitigates and monitors all risks which minimise the Bank's volatility in earnings while enhancing shareholder value. A few responsibilities of the RMS include:

Recommending methodologies to the Board for managing risks, like allocation of capital for credit risk and operational changes at the Bank-wide level to mitigate operational risk. This also includes all climate-related regulatory, transitional and physical risks.

Ensuring the Bank's compliance with RBI Guidelines and monitoring the progress for operations and BASEL recommendations with respect to credit risk management.

Reviewing the risk involved in lending to new segments and how to strategize ahead.

Climate change related and social risks and opportunities are increasingly becoming important as a part of broader risk categories and the bank is currently evaluating a deeper and in-depth evaluation of physical and transition risks in its portfolio. At client level an integrated Environment and Social Due Diligence (ESDD) framework has been added to the overall credit risk assessment of the Bank.



**The Sea Lion, found often on coastlines are adapted for life on land and sea**

## ALIGNING WITH TCFD RECOMMENDATIONS

### Sustainability and CSR Committee

The CSR and Sustainability Committee of the Board is responsible for approval of a clear Sustainability Strategy of the Bank embedding within it Climate related commitments of the Bank, both in terms of risk assessment, addressing business opportunities as well as the Bank's own carbon footprint. The board reviews regularly the Bank's progress against the ESG targets

### Sustainability Council

The members of the Sustainability Council, reporting into the CSR and the Sustainability Committee of the Board. The council is headed by the MD and the CEO of the Bank. The Sustainability Head proposes initiatives that aligne the Bank's sustainability policies and strategies with all ongoing operations while reviewing and monitoring all sustainability strategy, goals and the Bank's performance. Ensuring compliance is also a duty of the council. The same is reported to the MD for onward monitoring and reporting to the Board

### Environment and Social Risk Management Committee

The E&S risk evaluation and approval at individual company level is done by the ESMS Committee. The ESMS committee is Chaired by the Sustainability Head and has the Deputy CEO, the CRO and Business Head as members of the approving committee. The Corporate Banking coverage team and Sustainability team members undertake a detailed assessment of the companies which is presented to the ESMS Committee members for approvals. The ESMS policy specifically lists out those industries and tags them as "Severe risk industries" which have inherently high risk of emissions and pose a high Climate risk.

## Strategy

### Enabling a Smooth Shift towards a Risk-free Environment

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

### IndusInd Bank's Progress

The Bank is progressing well on its PC-5 strategy i.e., Planning Cycle 5: 2021-2024, through which the Bank is mainstreaming sustainability in business and across the Bank's operations. The key elements of sustainability include 'Sustainable Operations', 'Good Governance', 'Responsible Banking', 'Sustainable Finance', 'Human Capital Development', 'Sustainable Procurement' and 'Social Responsibility; and climate change is integrated into these elements. The Bank has committed to climate change related targets for these elements, which are actively monitored by the Sustainability Council.

Bank has specially articulated "Sustainable growth" as its main driver for financial performance and all its business and operational targets are aligned with this strategy. ESG Integration within Business Risk Management and Operations is the strategy approved at Board level.

As a part of its PC-5 strategy, the Bank has taken the decision to expand its book in new sub-sectors and develop products around climate risk resilient segments. The Bank has increased

its exposure in climate positive sectors. More specifically, in renewable energy, green mobility, WaSH, STP and CGD. Moreover, the Bank has entered into partnership arrangements with Developmental Financial Institutions to explore developing business lines around climate positive businesses. The Bank has also engaged with various Government entities like Government of Telangana, Ministry of Water (NMCG mission) for advocacy and development of businesses around the WaSH segment.

Climate change is expected to have several negative impacts on businesses and livelihoods, hence the Bank has included it as a parameter to focus on reducing its carbon footprint. The bank recognises the various physical and transition risks that climate change will directly pose and realises the physical impacts on its assets and employees and indirect impacts on its business, such as the risks posed by climate change in the agricultural sector in which the bank is expanding its presence and opportunities for business in the Renewable Energy sector. As of March 31, 2022, the Bank has supported an installed capacity in excess of 4.5GW in renewable energy power with ~₹14,000 crores in sanctions.

Further, the Bank has also increased the extent of its Green and Climate lending from 1% in FY 2017-18 to 2.83% of its investment portfolio in FY 2021-22. As a part of understanding and developing new business propositions, the Bank has identified EVs as one of the focus areas in the future. The Bank has already lent out capital to this sub-segment and it is continually engaging with participants across the EV value chain to create business opportunities and to develop new products. Furthermore, the Bank also launched Green Fixed Deposits to channelise funds from depositors into projects which are supportive of UNSDG goals.



**A family of Two-horned Rhinoceros in grasslands**

# ALIGNING WITH TCFD RECOMMENDATIONS

## Risk Management

### Managing Risks Associated with Climate Change

**TCFD's Recommended Disclosure:** This pertains to how the Bank identifies, assesses and manages climate-related risks and how it is integrated into the overall Risk Management.

#### IndusInd Bank's Progress

The banking industry has always dealt with a plethora of risks. In order to keep the business viable, it is necessary for the Bank to identify, assess and manage these risks. The most pressing issue of today's day and age is climate change. Climate risks pose a serious threat to the banking business and it can be categorised broadly into transition and physical risks. These risks can be monitored over different timescales of short-, medium- and long-term, depending on the nature of impact. IndusInd Bank has started to use some aspects of scenario analysis to forecast potential changes in the Bank's business and operations. These scenarios are assessed through the risk mechanisms and by the senior leadership of the Bank. The scope of the assessment includes its own operations and downstream activities and clients.

The Bank has an Enterprise-wide Integrated Risk Management (ERM) department, which is responsible for identification, managing, monitoring and mitigating various risks to reduce the volatility of the Bank's earnings and enhance shareholders' value. The Bank uses both the top-down and bottom-up approach in the identification and assessment of the climate related risks. As a part of the top-down approach ERM department has the following responsibilities:

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

Transition Risk	Physical Risk	
<ul style="list-style-type: none"> <li>• Policy, regulatory and legal changes</li> <li>• Technology shifts</li> <li>• Changing market demand</li> </ul>	<ul style="list-style-type: none"> <li>• Acute – Extreme weather events</li> <li>• Chronic – Shifts in climate patterns over a long-term</li> </ul>	
Short-term 0-1 year	Medium-term 1-5 years	Long-term 5-30 years

**Climate Related Transition Risks:** Sustainability is crucial to the Bank in all its operations. Aligned with India's Intended Nationally Determined Contributions, the strategy towards sustainability focuses on:

- Reducing the emissions intensity of the total GDP by 33-35% by 2030 from 2005 level.
- Achieving ~40% cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030.
- Creation of an additional carbon sink of 2.5-3 billion tonnes of CO<sub>2</sub> equivalent through additional forest and tree cover by 2030.
- Better adaptability to climate change by enhancing investments in development programmes, especially aligned to sectors vulnerable to climate change, like agriculture, water resources, Himalayan region, coastal regions, health and disaster management.

The Bank has shifted focus on to two fronts i.e., **increase in the Bank's loans and advances in climate positive sectors and enhancing the Bank's investments and partnerships on the climate front.** The Bank had set a target of making 3.5% of its total portfolio climate positive by the end of 2023.

#### Treatment of Climate Change Induced Transition Risk

- **Situation:** The Bank decided to increase its loans in the Climate positive sectors to mitigate transition risk.
- **Task:** In line with the Government of India's focus on renewable energy sector, the Bank has decided to increase the exposure in this sector and had targeted lending to projects amount to capacity of 2 GW energy.
- **Action:** Various projects were evaluated across sectors, geographies and business segments.
- **Result:** The Bank has extended credit for ~₹14,000 crores for renewable energy projects having a capacity of ~4.5 GW.

India is a proud signatory to a number of commitments pertaining to a better strategy for the climate and venturing into renewables through all sectors. With a commitment of producing 450 GW of renewable energy, it is a possibility that by 2030, India's total energy mix would have 54% of renewable energy.

Financial instruments are essential for better adaptability especially in the priority sectors of rural, agriculture, waste and water. This is being incorporated in the Bank's strategy and through scenarios in the risk assessment framework. The strategy integrates green and climate financing, especially for renewable energy, clean energy, energy efficiency, green buildings, water and sanitation; both in the long- and the short-term.

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

The risks associated with the acute physical impacts of climate change such as flooding and cyclones are evaluated through the Credit Risk Assessment and ESMS frameworks. These risks may impact the Bank's loans to sectors such as agriculture, infrastructure and real estate which are vulnerable to the acute physical impacts of climate change. Chronic physical risks are also included in the Credit Risk Assessment process as they may impact the Bank's clients, particularly in the infrastructure and agricultural sectors. The Bank offers loans to other segments in this sector which are more resilient to climate change.

#### Treatment of Climate Change Induced Physical Risk

- **Situation:** The Bank's agriculture sector assets are at higher risk due to climate induced physical risks.
- **Task:** To lend to more climate risk resilient sub-sectors and spread geographically.
- **Action:** In FY 2021-22, the retail agriculture vertical of the Bank witnessed a steady growth with an expansion into new rural and semi-urban locations by funding applications across states.
- **Result:** The Bank was able to relatively spread its agriculture portfolio to new states and business sub segments, thereby partially mitigating physical risk.

**Mitigation of Risk to Bank's Operations:** The Bank has an Operational Risk Management (ORM) Framework which assesses the risk of incurring loss due to a failure of systems, technology, processes, employees, projects, natural disasters, external factors, frauds, etc. While not specifically stated, this also encompasses risks arising from the physical impacts of climate change on its assets and employees. The Bank uses a three-pronged approach to mitigate risks to its operations:

1. Purchasing insurance for its Branches and offices
2. Putting in place a Business Continuity Plan (BCP)
3. Conducting safety training and creating training manuals around the same

Fixed assets of the Bank are valued at ₹1,848.69 crores and for its offices and branches, the Bank purchases insurances with premiums worth ₹76.25 lakhs. The premium costs are built into the budgets of the risk under the CSR and sustainability departments.

**Climate Risk Related Opportunities:** Apart from mitigating potential risks, the Bank has identified the following sub-segments in the mentioned sectors to enhance its book and make it more climate risk resilient:

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

## Metrics and Targets

### Measuring the Bank's Targets and Achievements

#### TCFD's Recommended Disclosure

This includes metrics to assess and manage climate-related risks and opportunities. Scope 1, 2 and 3 GHG emissions and related risks; to manage climate related risks and opportunities and performance against targets.

#### IndusInd Bank's Progress

IndusInd Bank is committed to sustainability and mitigating climate change related risks and opportunities. With regular monitoring of associated risks, sustainable finance and operational carbon footprint, the Bank has gained a competitive edge.

By expanding its ESG lending portfolio, the Bank has a target for Green and Climate Finance by FY 2022-23, outlining that it should account for 3.5% of the Bank's loan book, whereas Social, Livelihood and Inclusive Finance should account for 41.5% of the Bank's loan book.

Currently the Green and Climate Finance accounts for 2.83% of the portfolio in FY 2021-22. Moreover, the Bank has achieved a 42% reduction in its GHG emissions intensity over the original baseline to 3.0 MTCO<sub>2</sub>/Revenue crores.

IndusInd Bank is making progress in its journey to align with the TCFD recommendations and will soon be implementing it in a more comprehensive manner.

[For more details on targets refer ESG commitments on Page 69](#)

A pride of lions who hunt  
and share a meal together.

# COMMUNITY RESPONSIBILITY

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

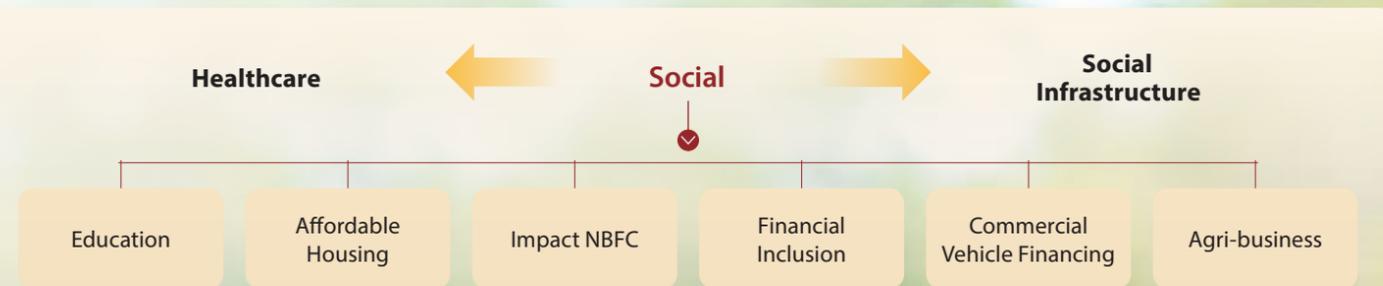
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**SOCIAL FINANCING**

# ENABLING SOCIAL CHANGE

Sustainable finance is an important part of responsible and sustainable growth, creating a positive impact on society as a whole. Debt solutions are important for social enterprises, along with a specific focus on health and sanitation sectors. IndusInd Bank makes sure to provide them to individuals and organisations, making the well-being of stakeholders and the community at large, fundamental to the Bank.



## Quick Facts

Using IMPS, RTGS, NEFT, and UPI, as well as AEPS/Biometric Authentication System, digital solutions are streamlining transactions in the Micro Finance segment.

- 1 **Total number of rural customers as on March 31, 2022, under Business Correspondent (BCs) = 62,91,758**

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- 2 **Number of new rural customers added in FY 2021-22 under BCs = 15,84,030**

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- 3 **Increase in rural customers over previous year under BCs = 0.31%**

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- 4 **The Inclusive Banking Group has provided loans to 8.28 million women in FY 2021-22**

**80,21,433**

Women beneficiaries in the Bottom of Pyramid (BoP) segment

**A kangaroo and joey in its pouch**

## SOCIAL FINANCING

### Inclusive Banking

The banking sector is a key facilitator for effective acceleration and financial inclusion, especially for an economy like India, in such a turbulent global period.

IndusInd Bank believes in financial inclusion, providing flexible and affordable solutions and services to every citizen of the country. In FY 2021-22, the bank also had a 12% market share in sustainable livelihood financing with facilities like Micro Finance, loans for missing-middle segment, micro-enterprise segment on the asset side, savings bank accounts, micro-recurring deposits, and remittances, among a host of value-added services.

Being an integral part of the Bank's inclusion strategy, the programme provides small loans to women borrowers, with annual household income not exceeding ₹1,00,000 in rural areas and not exceeding ₹1,60,000. They also widen out to underprivileged and economically disadvantaged groups, creating impact and development in the rural sector.

IndusInd Bank is the second largest Micro Finance lender having a presence in 1,32,000+ villages and 23 states. With 8.17 million women as a part of the customer base, the Bank has 46,976+ Bharat Money Stores at their doorstep and have onboarded 86,000+ merchants looking after the banking needs, specifically that of MSMEs. Risk Management through data has also been enabled for every branch and district.

Bridging gaps between the urban and rural sector is one of the main inclusivity models by IndusInd Bank, which also develops opportunities, creates positive value and gives a boost to sustainable livelihood and empowerment.

#### Financial Services for People with Disabilities

The Bank makes a number of services easily accessible to people with disabilities.

- Dedicated counters with lower-height workstations for senior citizens and those with disabilities.
- All ATMs i.e., 2,767, are equipped with audio enabled 'Talking ATMs' with braille keypads.
- Cheques are accessible in braille.
- Doorstep banking is offered in accordance with Banking Codes and Standards Board of India (BCSBI). More information regarding doorstep banking may be found [here](#).
- Net banking and mobile banking are available.
- There are 883 ATMs and 669 branches with accessibility ramps.

Equipped with ramps for wheelchair users

**669 Branches | 883 ATMs**

#### Micro Finance through BC Model

Micro Finance is also facilitated through Micro Finance Institutions or MIS, driven by IndusInd Bank's flagship Business Correspondent Model. With these correspondents providing doorstep services, the model deconstructs the traditional value chain, only with the critical functions retained.

Other operations and services are outsourced aligning with the regulatory guidelines.

The BC model has been really successful both commercially as well as in value creation, reaching out to underbanked and unbanked segments of the society, representing the underprivileged as well as female customers. Providing them micro-loans through the Joint Liability Group has also helped them to avail other financial services.

Regular and stringent monitoring, providing Micro Finance through Business Correspondents and reducing the gap between rural and urban regions is one of the Bank's main CSR initiatives and helps create more positive value.

#### Financial Services for Low-income Social Groups

##### Micro Finance Loans

Empowering women entrepreneurs through micro-loans also helps generate more sustainable livelihood avenues. These loans by IndusInd Bank extends its offerings to entrepreneurs and women borrowers, with annual household income not exceeding ₹1 lakh in rural areas and not exceeding ₹2 lakhs in the urban and semi-urban areas, as defined by the Reserve Bank of India.

##### Micro Enterprise Loans

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

##### New Customer Enablement

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

## Bharat Finance Inclusion Limited, a wholly owned subsidiary of the Bank

Micro-financing is a huge part of how IndusInd Bank serves its communities and accounts for a large part of its CSR. IndusInd Bank acquired BFIL in 2019 to become one of the biggest Micro Finance players in India. With a reach spanning 1,32,000+ villages across 517 districts in 23 states, as on March 2022, BFIL has the widest rural distribution network among financial institutions in India.

About 28,000 of BFIL field staff meet an average of 15 lakhs customers each day, helping them carry out a variety of financial transactions including disbursing loans, helping them repay their instalments, opening bank accounts and also fulfilling their small dreams of owning a consumer durable or a two-wheeler. A huge target audience for BFIL are women as the Group provides banking services to ~73 lakhs women under the Joint Liability Group (JLG) model, catering to the bottom-of-the-pyramid population and helping with an opportunity to realise economic prosperity, good health, well-being and quality education. As per the Grameen model, these women organise themselves into groups and centres where all the financial transactions are carried out with a very high level of transparency.

BFIL is also paperless, hence everything is digital and large volumes of transactions are carried out with 1.2 loans disbursed per second, directly into the customer's bank account. The Bank, through BFIL, has built a lending book of ₹29,800 crores+ at the end of FY 2021-22 and intends to reach many more women borrowers and their families, offering them a wider suite of banking services including individual loans, personal loans, affordable housing loans, etc., while also providing them the opportunity to avail adequate cover through micro-insurance products.

Through this collaboration, a formal banking fold was also piloted in 2019 for very small-scale entrepreneurs, to make them a part of the organised sector. For this, a service with a smaller than usual MSME loan was created. Since then, the Bharat Super Shop (BSS) business has identified 38 trades to lend to, with 5.5 lakhs retailers on-board. ~3.2 lakhs of these retailers are active borrowers with a loan book of over ₹1,943 crores+. The Bank and BFIL hope to keep creating lasting value and empower communities together.

## SOCIAL FINANCING

### Business Banking Group Offerings

Working Capital Loans and short-term finance options are given through Business Banking Group Offers made on the basis of stock and book debt of the Business Group and its potential of meeting the working capital to meet the finances.

Small Business Enterprises form a major part of the economy, contributing to the industry outputs and providing industrial jobs and IndusInd Bank realises this.

To contribute to the growth of SMEs and eventually the economy, the Bank offers a large target pool of clients' funds. To avail this, the Group is supposed to come up with a differentiating product under the 'Small Business Banking Policy'.

These Business Groups are divided as traders, service providers, exporters, importers and manufacturers and they offer immense cross-selling opportunities. Main industries availing the offer are textiles, pharmaceuticals, logistics, construction, auto, chemicals among others with the Bank aiming to add more diverse groups to the list of offerers.

### Entities with Financial Details

- The Bank caters to the working capital and trade-related banking finance needs under this proposition.
- The target pool consists of SMEs with sole or multiple banking relationships and exclusive collateral security coverage.

- Opportunities include sole proprietorships, registered businesses, private and public limited companies.
- Entities must have a minimum of two years of audited financials and three years of business vintage.

### Entities without Financial Details

- To lend to this sector, a beneficial score card mechanism was developed to provide rationality in lending.
- Under the 'GST and Banking' proposition, customers who are willing to provide their GST returns, have satisfactory banking, and adequate collateral, are offered facilities.
- Loans can be obtained without submitting detailed financial information.

### Spreading Financial Literacy

Financial literacy empowers citizens of an economy and is an important tool for creating social and financial inclusion and development.

IndusInd Bank helps educate communities, women borrowers and underprivileged people, making them financially literate and enabling them to feel more included.

The Bank is sensitising women borrowers on:

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

The Bank organises 'Financial and Digital Literacy Camps' in rural regions, with the target audience covering farmers, women, senior citizens and students. The branches in neighbouring villages organise at least one outdoor camp on a monthly basis.

### Loans for Commercial Vehicles

The Bank saw varying trends pertaining to vehicle loans and consumer finance depending on several economic factors and consumer preferences. Some of the trends showcased that consumers preferred more of CNG run and electrical vehicles due to the rising fuel prices. The recovery of this segment was also seen to be slow, as lesser availability of CNG pumps and charging stations for Electric Vehicles (EVs) made the pattern varying. Three wheelers had the lowest procurement cost and the Bank expects at least a year for the segment to pick up momentum.

With the initiatives for economic recovery in the post-pandemic world, there has been an overall increase in prices and loans are being considered by many consumers, showing a 150% increase in people preferring loans. Rise of e-commerce and re-opening of schools are also facilitating more bus sales. Schemes such as Mumkin, Pradhan Mantri Swarojgar Yojna, are pushing LCV sales especially in Himachal Pradesh, Madhya Pradesh, Andhra Pradesh, Jammu and Kashmir, and the North-eastern parts of India. The Bank that contacts the state Government first, is likely to get the first-mover and monopoly advantage.

While buying new cars, consumers are bending towards buying more premium vehicles. Domestic sales grew with a CAGR of 2.9% and has an estimate growth of 8.5% until FY 2026-27, with the preferred vehicles being CNG or EVs. Demand for the compact SUV grew by 15.2% and that of SUVs grew by 28%. EVs saw a sale of 21,915 units through the year and with new Government schemes coming in, this is set to grow. Moreover, two-wheeler sales saw a 40% drop from pre-pandemic sales.

Key challenges for the banking industries included the increase of nationalised bank market share, from 3.5% to 7%. The Government is also funding more EV vehicles and policies which facilitates that. Mahindra Finance has also started a scheme of a low interest rate starting from 7.5%. Top NBFCs and Banks have shifted their focus to increased funding norms between

150% to 200% for refinance products for customers with proven track records. Tier-2 and Tier-3 locations showed an increase in opportunity. Low IRR demand is seen in Tier-1 cities with the premium segment sales doubling.

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

Despite the pandemic, tractor-funding, a major initiative towards Priority Sector Lending and Financial Inclusion, performed well during the year, with a disbursement of ₹4,084 crores in FY 2021-22 as against ₹3,545 crores in FY 2020-21, a 15% growth over the previous year.

During the year, CFD launched the IndusEasyWheels portal, which hosts ancillary services like road side assistance, mechanic services and insurance, which is a first-of-its-kind in the market. This portal also hosts the repossessed vehicles of the Bank for auction and provides a smooth user experience for anyone looking for pre-owned vehicles.

### Financing Agri-corporates

Agriculture forms a huge part of the Indian Economy, employing a major section of the population as well. It forms a crucial part of value chains, creating positive impact and holistic development.

IndusInd Bank actively invests in agribusinesses through finance and corporate agricultural finance in the form of Corp Agri, inclusive of all types of borrowers. For individual lending, the female exposure may constitute ~25-30%.

The Agricultural Business Group (ABG) also comes under the ESMS Compliance on a voluntary basis, wherein all on-boarded clients need to provide upfront self-declaration or furnish relevant proof stating that there is no violation of human rights, child labour laws or issues not aligned with the Bank's growth philosophy.

### Bharat Super Shops

After the success of Bharat Money Stores, the Bank designed a new product with a ticket size smaller than the usual MSME loan. The Banks assists customers through the entire application process right at their doorstep. Since then, the Bank's Bharat Super Shop (BSS) business has identified 38 trades to lend to. The Bank has onboarded ~5.5 lakhs retailers and ~3.2 lakhs of these retailers are active borrowers with a loan book of ₹1,943 crores+.

### Financial Literacy Camps Focus Areas

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

## SOCIAL FINANCING

### Agri-Finance Focus



### Retail Agriculture

As retail is an important part of the farmers' livelihoods and is an integral component of the agriculture industry, the Bank provides short and long-term credit products to farmers from agriculture and allied sectors.

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

Along with these services, every customer is offered a bundled savings account, enabling multiple product offerings to each customer at a low cost. This also enables better customer retention and loyalty. These farmers are given trainings on Mobile and Internet Banking, as well as other digital infrastructure.

In FY 2021-22, the retail agriculture vertical of the Bank witnessed a steady growth of ~11% with an expansion into new rural and semi-urban locations, by funding 3,600+ applications under the Indus Kisan Credit Card (KCC) scheme across 559 designated branches in Madhya Pradesh, Maharashtra, Kerala, Gujarat, Rajasthan, Haryana, Punjab, and Chhattisgarh. The Bank is planning to expand into new states – Andhra Pradesh, Telangana and Tamil Nadu. The

outstanding book size for FY 2021-22 under retail agri-business is ₹21.28 billion.

**₹21.28 Bn**

Outstanding book size for retail agri-business for FY 2021-22

### Education Financing

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

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

The Bank finances clients with a good track record and robust monitoring mechanisms such as periodical cash flow monitoring, reconciliation of cash flow routing with the actual number of students on rolls, comparison with projected admissions, among others, to help build good portfolio quality. In FY 2020-21, the Bank disbursed to 39 clients in the education portfolio.

### Educational Financing's Impact

- 1 Medical schools educate health care professionals.
- 2 Institutions that provide vocational courses for entry-level skill development across multiple sectors. The Bank has partnered with the National Skill Development Corporation.
- 3 VG Education, part of the Gems Group, provides affordable education to families in lower socio-economic strata.

Before issuing a NOC (e.g., storm water drainage, pollution control, tree re-plantation, waste treatment, etc.), relevant compliances linked to energy efficiency, wastewater treatment, afforestation, and so on, are examined (Commencement Certificate for project development). Before making a credit decision, the Bank confirms that the project has received all necessary permissions. It often focuses on funding initiatives performed by top developers in Tier-1 metro locations. While financing real estate developments, the Bank conducts due diligence on the relevant permissions.

### Healthcare Solutions

Through its specialised healthcare delivery team, IndusInd Bank caters to the banking and financial needs of hospitals, diagnostic chains, and specialty care units, to support the healthcare ecosystem.

This business has acquired traction in terms of asset creation and income generation for the Bank. The business covers the full healthcare value chain, from new medical equipment manufacturers to major established hospital networks, from promoter-driven single vintage hospitals to private equity-backed fledgling hospital systems.

### Rural Banking Measurement and Impact

Particulars	₹ in Bn	
	FY21	FY22
KCC lending book as of March 31, 2022	16.7	19.5
Outstanding credit portfolio	19.1	21.28
Disbursal	3.5	6.15

**13,149**  
No. of clients

### Infrastructure Financing

IndusInd Bank sponsors infrastructure projects by viewing financing through the lens of sustainability. The bank incorporates ESG criteria into its lending operations and only works with authorised projects by reputable developers. The Bank's projects are pre-approved by the State's planning agencies and local boards.

**The Chimpanzee - our closest evolutionary cousin**



**COMMUNITY DEVELOPMENT**

# IMPACTING LIVES POSITIVELY

IndusInd Bank strives to improve the quality of life and give back to its communities. Aligned with the UN 2030 Sustainable Development Goals and national priorities like NITI Aayog's Aspirational District Programme (ADP), the Bank aims to promote greater well-being of rural households and bolster the local ecosystem development.

The Bank has a strong focus on long-term value creation and better social impact with minimum execution risk.

As one of the leading financial institutions in the country, the Bank's vision of sustainability also makes CSR a crucial element for all operations. To give back to the community and generate positive impact, the Bank has a long-term as well as a short-term CSR plan, in the form of its flagship CSR programme and the strategic Programmes, respectively.

of Government schemes, technology and innovation, along with data backed assessments. These will be implemented over a period of 10 years. This extensive period of a decade will help the Bank in creating more social impact, better value creation and more expansion in geographical boundaries as well as economic empowerment of rural households and communities.

The strategic programme is shorter, with a duration of 3 to 5 years, and focuses on environmental sustainability, sports, education, and development in urban and semi-urban areas.

'Sattvam', the Bank's CSR platform, works under the theme of 'One Country, One Commitment'. IndusInd Bank has a mission to design sustainable initiatives that empower and benefit the marginalised and weaker sections of society, along with the high risk and high-stressed communities, which are guided by the Bank's CSR Policy.

**₹108.69 Cr**      **2 Mn**  
 CSR Expenditure      CSR Beneficiaries

The flagship CSR programme aims to transform villages and rural livelihoods. These community development programmes are planned to integrate community involvement, collaborations at the district, state and centre, convergence

The Bank has touched more 2 million+ lives through several need-based initiatives implemented across the nation in FY 2021-22.

**Flagship Programme**

Long-term programmes designed to create deep social and rural impact

Strategic role in programme design and implementation

Leveraging core expertise of the Bank

Higher governance standards

Appoint implementation partners to execute the project

Adopt strong project management oversight and monitoring

**Strategic Projects**

**Role of IndusInd Bank**

Short-mid term theme based projects designed to solve critical issues in the ecosystem; urban/Tier-2/Tier-3 cities in focus

**Implementation Model**

Leverage partners with strong community connects

Continuous governance to ensure impact metrics are met

**Branding**

Will create a strong brand presence for IndusInd Bank in rural India and is aligned with the Company's business presence in these districts

Will create a strong brand presence for IndusInd Bank in rural India and is aligned with the Company's business presence in these districts

**Impact**

Took 50% of the budget increasing the depth of the finance

Took 45% of the budget increasing the breadth of the impact



## COMMUNITY DEVELOPMENT

### CSR Governance

Corporate Social Responsibility and the fruitful execution of CSR strategies and programmes are extremely important for IndusInd Bank. It is necessary to have a proper Board and team to oversee how the CSR Initiatives are carried out from the very beginning and regulated at every level.

The CSR Committee identifies the CSR beneficiaries and the communities that can be helped and also determines how to better create value.

Broad Areas	Priorities
<b>Governance</b>	Board Oversight Committee Based Approval
<b>Compliance and Operational Risk Framework</b>	MoU with BFIL Arm's length with Hinduja Foundation CSR Policy CSR Manual CSR Amendments – Reporting and Disclosures Internal/External Audit
<b>CSR Project Review, Monitoring and Evaluation</b>	Team Strengthening Employee Engagement and Branding Grant Management System for Project Evaluation and Monitoring Impact Assessment

### Socio-economic Compliance

The Bank complies with all applicable socio-economic laws and regulations. In FY 2021-22, there were no fines or non-monetary sanctions due to non-compliance with socio-economic laws and regulations.

Priority Areas	Relevance	KPIs	Social and Environmental KPI
 Good health and Well-being	Certain districts are categorised as aspirational districts while some are determined as difficult terrain geographies. The Bank is operating in difficult terrains.	The Bank's work at the grass-root level has created goodwill. The community identifies the brand and connects with it, showcasing a good credit-deposit ratio.	Ensuring access to highly subsidised and affordable primary healthcare and medicines for 2,00,000 people per year belonging to poor and lower income families. These families come from some of the most backward and aspirational districts of India as published by Niti Aayog.
 Good and Sustainable Cities and Communities	Metropolitan cities like Mumbai, Gurugram, Bengaluru, Chennai, Hyderabad, Ahmedabad Noida, Delhi, the business hubs, are the ones worst affected by pollution. The Bank has targeted urban spaces in order to create mini forests to mitigate the ill effects of pollution.	Working with the communities at grassroot level brings synergies and creates a win-win situation for the Bank and the society at large. As outcomes, the Bank has witnessed an increase in the number of accounts through such interventions.	Planting of indigenous trees, is expected to have a carbon sequestration potential of approximately 26,700 MT of CO2 (offset over 15 years).
 Clean Water and Sanitation	The Bank acknowledges the significance of safe drinking water and has started working in the area where it has an extensive network of Micro Finance institutions. These areas have contaminated water with high TDS levels. The Bank works with communities to create awareness on drinking clean water.	The Bank has witnessed an increase in rural business. Relationship with Business Correspondents has become stronger, with them working with the Bank on a common agenda for the community. Deposits have grown over the period and continue to grow.	Ensuring the additional water availability of more than 700 million litres or 7,00,000 cubic metres will be created through various conservation and restoration initiatives by 2024. Watersheds will be developed over 3,600 hectares of land. Ensuring the availability of affordable, RO purified drinking water to 1,60,000 people from rural areas.

The Bank goes above and beyond all compliance measures and gives back to the community, all its stakeholders and adds overall value to the lives of its beneficiaries.

### CSR Beneficiaries

Focus Areas	Male	Female	Total
Education	78,541	79,207	1,57,748
Water	2,93,201	2,82,585	5,75,786
Environment (other)	12,860	12,215	25,075
Healthcare	93,895	1,47,401	2,41,296
Sports	452	415	867
Skills and Livelihood	2,57,581	10,789	2,68,370
COVID Relief	-	-	10,09,434

### CSR Contributions

**₹22,15,450 lakhs**

Cash Contributions (donations by employees of IndusInd bank to support 6 NGOs)

**678 hours**

Time (employee volunteering in paid hours)

**₹86,838**

Financial donation 225 cartons of material donations of stationery for schooling, toys, clothes and footwear for underprivileged children

In-kind giving: product or services donations, projects/partnerships or similar

**0**

Management overheads

### Ecology Focused Community Development Initiatives

#### Major Projects under Sustainable Environment

- 1 Watershed Development by WOTR at Maharashtra, Odisha, Jharkhand and Madhya Pradesh; also by DHAN Foundation at Karnataka
- 2 Rain Water Harvesting at Rajasthan with Ambuja Cement Foundation
- 3 Revival of water bodies and watershed at Madhya Pradesh (Bundelkhand) with SRIJAN
- 4 Urban Afforestation (multiple locations) with CERE
- 5 Solar Renewable Energy (institutions on Solar) at Maharashtra and Gujarat with CERE



### Water Security

'Good Ecology is Good Economics' is the fundamental vision and idea that the Bank built through CSR initiatives on Environmental Conservation.

Water is a fundamental necessity for both communities and individuals, which makes water conservation a primary aspect of water stewardship. The Bank contributes to water conservation and incorporates better water usage in all its internal operations. Access to safe drinking water is one of the biggest issues for rural communities and underprivileged sections and hence creating access to safe drinking water is a priority for the Bank, apart from restoring water bodies.

Projects on water stewardship were implemented in rural water stressed landscapes with water security leading to financial empowerment, community strengthening and climate resilience.

**19,440 Ha**  
Land treated

**690**  
Villages benefitted

**240**  
Rain water harvesting structures created or renovated



## COMMUNITY DEVELOPMENT

### Restoring Water Bodies

Restoration of water bodies can lead towards better conservation of ecology. It also helps in the regeneration of land and soil. Due to land degradation, smaller fresh water bodies have been grossly affected. Restoring water bodies makes water accessible for all communities. It also creates a culture of local water harvesting and improves water supply for all the communities.

The Bank undertook restoration of water bodies (lakes and drains), afforestation and renewal energy solutions for hospitals.

- Watershed Development (Maharashtra, Madhya Pradesh, Odisha, Jharkhand, Tamil Nadu, Karnataka, Andhra Pradesh, Telangana)**  
 Structural -barriers were created for arresting soil erosion and prevent surface water run-off. Water management practices were also developed for agricultural development.
- Spring Shed Management (Odisha)**  
 Water for irrigation, drinking and domestic purposes was made available through diversion-based irrigation structures built on springs. Soil and water conservation was also done through area treatment, apart from agricultural interventions through trainings and exposure visits.
- Traditional Rain Water Harvesting (Rajasthan)**  
 Water was revived through traditional rain water harvesting structures like Naadis (ponds), Tankas (tanks) and Khadins (bunds), etc. This was also at the lowest cost of water harvesting work at ₹31/CUM (31 Paisa/Ltr).

- River Water Harvesting (West Bengal)**  
 In order to increase availability of water, harvesting through lifting and the distribution system was carried out. Decentralised resource management and utilisation was also followed, ensuring efficient and equitable distribution.

**6** Water bodies restored **1,500 Qt** Garbage cleared in lake restoration

**52,000** Trees planted **19,440** Land treated

**1,200 Qt** Waste handled with solid waste management initiative

**1,400 MTCO<sub>2</sub>/annum** Sequestration potential generated through tree plantation

### Afforestation

In a time of rapid climate change and reduced green cover due to rising temperatures, preserving existing green covers and inculcating afforestation at all levels is a business imperative. The Bank recognises this and under the Urban Afforestation Programme, trees were planted across nine cities to generate a sequestration potential of 764 MTCO<sub>2</sub>/annum.

Afforestation initiatives were carried out in eight states to protect and promote existing green spaces and community mobilisation for carbon sequestration and the environment. Native saplings were also planted in these areas with the survival rate being 90%.

**9** Cities **52,000** Trees planted

**1,400 MTCO<sub>2</sub>/annum** Emissions saved

### Renewable Energy

Aligned with the Bank's vision, mission and values of providing sustainable banking as well as giving back to the community, initiatives that promote the use of renewable energy are vital. This is also in line with United Nations' Sustainable Development Goals.

While saving energy costs and giving back to the environment, incorporation of renewable energy is essential. In Maharashtra and Gujarat, rooftop solar installations were carried out in four health care centres, providing a clean energy source, saving electricity costs and spreading awareness on clean energy, among the beneficiaries.

Additionally, ~19 thousand eye surgeries were performed at subsidised rates from the electricity cost savings resulting from the rooftop solar in PBMA's H.V. Desai Hospital, Pune.

**205 Kwp** Capacities **2,665** Population benefitted

**236 MT/annum** Emissions saved

### Access to Safe Drinking Water

Due to pollution, urbanisation, industrial activities and climate change, safe drinking water is difficult to find. The Bank took active initiatives towards bettering the quality and access to safe drinking water.

All the CSR activities were done with support from the local people involving local bodies, gram panchayats and communities.

- Water Body Restoration (Chhattisgarh, Gujarat, Telangana, Haryana)**  
 Eight urban lakes that were susceptible to encroachment and waste dumping were restored.  
  
 This resulted in improved aesthetic value, preservation of biodiversity and flood prevention in the areas as well.  
  
 In Badshahpur, 1.2 km of a major drain which had become a dumping site was also restored to improve the capacity of wastewater and storm water flow, resulting in flood prevention.

As a part of **Waste Management initiatives**, safe disposal initiatives and awareness campaigns were carried out, with the support of local populations and tourists.

25 thousand households benefitted from 11 villages with 1,200 mt of waste managed per day through the year.

**11** Villages **25,000** Population benefitted

**3,50,00,000 L** Drinking water dispense

### Skilling and Livelihood

Empowerment of communities and individuals begins with their upskilling, which could help them build a life, develop their skill and power their identity. IndusInd Bank carries out a number of such initiatives to develop and empower communities.

- Employment-led skilling programme was conducted in Assam, Rajasthan, Karnataka and Maharashtra, wherein 994 persons with disabilities were supported, along with 936 women.
- Batches of short-term courses on employable skills were carried out, in line with NSDC guidelines, especially targeted to youth with disabilities.
- Drug rehabilitation programmes were also conducted where the patients were later employed and reunited with their families.
- The Livelihood Programme was undertaken in Punjab, Madhya Pradesh, Maharashtra and Jharkhand, where technological intervention was utilised for livestock care of

rural livestock farmers. Improved survival and productivity of livestock was also seen with 3 lakhs livestock veterinary support received from the Bank.

Awareness on livestock related services and entitlements was spread and incomes were improved. A mobile app was launched as well with tracking mechanisms, along with the Bharat Sanjeevani and Diary Farmers' Livestock Programme that focused on nurturing the livelihood and livestock owned by the rural populations. Livelihood initiatives also included setting up of healthcare units and partnerships for community development.

**2,500** Youth skilled **12,000** Average salary/month

**2,65,000** Beneficiaries from livestock programmes



## COMMUNITY DEVELOPMENT

### Education

Education is a fundamental right of every human being and educating its stakeholders is a primary responsibility of the Bank.

Over the years, IndusInd Bank has worked on educating rural children, helping to provide or initiate educational programmes, directly as well as indirectly. Better facilitation, lower charges and even free of cost education increased the student turnover rate, helping generate interest within the rural community towards educating their young ones.

Learning outcomes for school children with better methodology were developed. Mostly run in Government schools or remotely located schools, these helped in empowering the community through scholarships for academically accomplished but financially poor students.

#### Government School Programmes

- **Road to School**  
A holistic development programme for children to bridge the learning gap and bring them to their grade level.  
Scholastic and co-scholastic opportunity developments were created through three major components viz. remedial education, health and wellness and community engagement.
- **Early Language Learning**  
Improving the curriculum and teaching methodologies to ensure that the children are at their grade level and can read fluently, at par with a child reading in a developed country.  
The Bank also worked towards strengthening the Government's education mechanisms and systems.

#### Other School Programmes

- **Purkal Youth Development**  
The Bank worked towards providing affordable and accessible education support for the overall development of children in Uttarakhand, with an ultimate objective to make the students employable and help them get out of the poverty cycle.

- **Single Teacher's School**  
This initiative works in informal schools in remote villages serving children of the underprivileged in three districts of Tamil Nadu. The teachers are appointed from the same villages as well.
- **Tamana**  
Economically poor people with disabilities were supported through special education, therapy, skill training and extra-curricular activities for optimum rehabilitation. This helped people with Cerebral Palsy, Mental Retardation and Down Syndrome.

#### Scholarships

- **IndusInd Scholars for Engineering Studies**  
IndusInd Bank Scholarship helps academically accomplished, deserving engineering students, who come from weaker sections of the society. This is provided for the first three years of their education.  
These students in turn, pledge to support two deserving students in the future, creating a 'Circle of Giving'.
- **Young India Fellows – IndusInd Scholars**  
IndusInd Scholars are students who come from poor socio-economic backgrounds, who are selected for the prestigious Young India Fellowship and are financially supported with a scholarship.

**1,58,000**  
Students

**3,600**  
Schools

**8,200**  
Teachers

**₹2.16 Cr**  
Worth of scholarship provided

### Healthcare

Access to basic healthcare is fundamental to human existence and IndusInd Bank, with its Mobile Medical Units and partnerships and collaborations, has been providing better and accessible healthcare, to the most disadvantaged communities.

Screening, diagnosis, treatment, surgeries and infrastructure support for critical and cost intensive ailments was provided by the Bank. This was done in areas including Paediatric and General Cancer, Paediatric Congenital Heart diseases and HIV.

Tie-ups were initialised with institutions working at a large-scale, with special provisions for disadvantaged patients. Initiatives catering to high-risk pregnancies, health of adolescent girls and NCDs were also taken up. PwDs were also supported and programmes were conducted for better mobility and awareness.

#### Provision of Specialised Care

- **Cancer**  
400 economically disadvantaged children with different types of cancer were supported with diagnosis and treatment. Support was also provided for radiology equipment at the Assam Medical College and Hospital, contributing to the Government of Assam's Cancer programme on Screening and Awareness on Cancer.
- **CHD and HIV**  
Children with congenital heart diseases who needed open heart surgeries or procedures using catheterisation (CATH) treatment for survival were supported with counselling, nutrition and medicines. The Bank helped conduct 400 successful surgeries.  
The Anti-Retroviral Therapy centre in Kolhapur is supported by the IndusInd Bank for follow-up treatments.

- **For PwD**  
1,250 children with disabilities were supported with need-based and customised aids like wheelchairs, walkers, visual and hearing aids, toilet chairs, enabling mobility and mainstreaming them into education programmes in schools.  
The visually impaired were also provided with a sensory device called 'Saarathi' which signals the user to avoid collision, thus facilitating obstacle awareness.

#### Mother and Child Health

The project serves Particularly Vulnerable Tribal Groups (PVTG) of Odisha. The Bank assisted with ante-natal and post-natal care (1000-day programme), nutrition and health of adolescent girls, along with creating awareness on Non-Communicable Diseases and significance of nutrition within the community.

#### Healthcare for Adolescent Girls

37,000 girls from Tribal Residential schools in Telangana benefitted from the Bank's programme on Menstrual hygiene awareness. They were also supported with sanitary napkins and incinerators. ENT treatments were also offered.

#### Telemedicine Programme

Government healthcare centres were upgraded with telemedicine facilities and PHCs were equipped with better tools. The Bank also conducted health camps on preventative care.

**2,39,000**  
Beneficiaries

**8**  
Specialised hospitals associated with the Bank

**A karoo thrush feeding its babies**



## COMMUNITY DEVELOPMENT



### Sports



Sports not only helps with community empowerment, but it also facilitates inclusion, education scholarship and a better and healthier lifestyle for the athletes.

Empowering individuals and children through sports gives them their own strength and identity and that is what the Bank has been working towards through multiple initiatives.

#### Pan-India Sports for Women

##### Hockey For Her Excellence Programme – 38 girl athletes

- HPC cadets in Hockey India Sub-Junior Women’s National Championships 2022 participated in this programme from the Odisha State Team.

##### IndusInd Girl Power Programme – 26 Judokas

- The Bank supported the Judokas, who are being trained for the selections at the Paris Olympics.

Three athletes from the programme won gold medals in March 2022 at the All-India Inter-University Judo Championships. Among them, Inunganbi was awarded the Best Player of the Tournament.

#### Pan-India Sports for PwD

##### IndusInd Para Champions Programme – 43 Athletes

- The Bank supported para-athletes for the Olympics, National and International tournaments.
- Seven athletes won eight medals in the Tokyo Paralympic, which included four out of five gold medals won by Team India
- At the National Sports and Adventure Awards 2021, held in December, six athletes supported by the programme were conferred with National Awards.

#### IndusInd Cricket for Blind Programme

- Supported 400 people with blindness.
- In FY 2021-22, included 300 recruits to Women’s Blind cricket and inaugurated the 1st IndusInd Bank Limited Women’s National T20 cricket tournament in February 2022.
- 14 state women cricket teams participated, from which the Indian international squad was finally selected.

#### Sports for the Underprivileged in Maharashtra

##### Rural Champions Programme – 60 Tribal Children and Youth

- Sudeshna Shivankar was selected for the Indian national 100 and 200-meter camp.
- Kajal Atpadkar and Ashwini were chosen for hockey and Dhanshree for wrestling.
- Jobs were provided for few athletes, who are also the sole bread-earners of their families.

**867**

Sportsperson benefitted

**43**

Athletes with disabilities supported

**51**

Tournaments

**160**

Medals/wins

Lion cubs in a playful mood





# EMPLOYEE WELL-BEING

Let your actions be such that you inspire others to dream more, learn more, do more and become more.

The tall majestic Pine Tree

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PEOPLE PRACTICES

# BUILDING A ROBUST WORKFORCE

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

**Diversity and Inclusion**

IndusInd Bank's employee base is its driving force and the Bank inculcates inclusivity by hiring from diverse backgrounds.

Better diversity, helps better brainstorming and opens up newer perspectives, which help the Bank improve its performance, leading to more positive value creation.

**33,582**

Total permanent employees

**2,895**

Total contractual employees

**6,130**

Female employees

**25**

Employees with disabilities

**10**

Neurologically diverse employees

**20%**

Open positions filled by internal candidates

**6,374**

Average hiring cost/FTE

**3,921**

Net new hires

**Permanent Employee Strength (Grade and gender-wise classification)**

Employee Category	Male	Female	Total
Junior management	15,729	4,015	19,744
Middle management	9,579	1,831	11,410
Senior management	1,723	247	1,970
Top management	421	37	458
<b>Total</b>	<b>27,452</b>	<b>6,130**</b>	<b>33,582*</b>

\*Total employees in India: 33,510 and Dubai employees: 72

\*\*6,110 women employees from India, 20 Women employees from Dubai

**Permanent Employee Strength (Age and gender-wise classification)**

Age and Gender-wise	Male	Female
<30	6,855	3,134
30-50	20,083	2,918
>50	514	78
<b>Total</b>	<b>27,452</b>	<b>6,130</b>

**Diversity Indicator**

	(%)
Increased women in workforce by FY 2022-23	22
Female share of total workforce	18.25
Females in junior management positions, i.e. first level of management	20.3
Females in top management positions, i.e. maximum two levels away from the CEO or comparable positions	8.1
Females in management positions in revenue generating functions (e.g. sales) of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	18.0

**New Employee Hires**

Age Group	Gender	Joining FY22						Left within 1 Year					
		East	West	North	South	Corporate	Total	East	West	North	South	Corporate	Total
< 30	Male	690	1,869	2,284	1,642	499	6,984	250	609	705	579	118	2,261
	Female	419	1,139	1,176	977	394	4,105	140	357	362	367	120	1,346
	<b>Total</b>	<b>1,109</b>	<b>3,008</b>	<b>3,460</b>	<b>2,619</b>	<b>893</b>	<b>11,089</b>	<b>390</b>	<b>966</b>	<b>1,067</b>	<b>946</b>	<b>238</b>	<b>3,607</b>
30 – 50	Male	558	1,298	1,658	1,288	778	5,580	134	296	348	310	131	1,219
	Female	119	338	365	286	191	1,299	24	77	74	73	36	284
	<b>Total</b>	<b>677</b>	<b>1,636</b>	<b>2,023</b>	<b>1,574</b>	<b>969</b>	<b>6,879</b>	<b>158</b>	<b>373</b>	<b>422</b>	<b>383</b>	<b>167</b>	<b>1,503</b>
>50	Male	2	2	2	3	23	32	-	-	-	-	1	1
	Female	-	-	1	-	1	2	-	-	-	-	-	-
	<b>Total</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>24</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>
<b>Total Joiners &amp; Leavers in FY22</b>		<b>1,788</b>	<b>4,646</b>	<b>5,486</b>	<b>4,196</b>	<b>1,886</b>	<b>18,002*</b>	<b>548</b>	<b>1,339</b>	<b>1,489</b>	<b>1,329</b>	<b>406</b>	<b>5,111</b>

\*includes 47 employees shifted from BFIL to IBL

**Rewarding and Upskilling Employees**

The Bank believes in motivating its employees and providing them with the best. A fulfilling reward programme not only helps in better employee engagement but also keeps them motivated. This also leads to better employee turnover. The Bank believes in keeping its employees up to date in their relevant areas of expertise. As a result, trainings, workshops and upskilling activities are regularly conducted.

**Employee Benefits**

Benefits	(₹ in Cr) FY22
Life insurance	1.86
Healthcare	48.86
Disability/invalidity coverage	0.86

**4%**

Employee absentee rate

**39.6%**

Employee turnover rate

**34.7%**

Voluntary employee turnover rate

Categories	Employees entitled to parental leaves	Employees who took parental leave	Employees who returned after availing parental leave in FY22	Employees who availed parental leave and were employed even after 12 months	Employees who returned after availing parental leave in FY21
Permanent	5,406	316	201	-	143
Contractual	776	7	6	-	7
<b>Total</b>	<b>6,182</b>	<b>323</b>	<b>207</b>	<b>-</b>	<b>150</b>

## PEOPLE PRACTICES

### Employee Satisfaction

Creating employee satisfaction is an important parameter for every organisation. The Bank endeavours to attain this to create an engaged workforce. It is directly proportionate to the impact of the Bank and employees' performance. Satisfaction is linked to employee health and well-being and the Bank regularly adopts initiatives to ensure the same.

### Employee Performance

IndusInd Bank is driven by efficiency and excellence. Its employees are fundamental to all the value created and every target that is set. A good employee performance is therefore crucial to the Bank.

The Bank takes all pertinent measures to increase employee motivation and satisfaction, thereby increasing their performance levels.

### Employee Turnover

# 39.6%

Employee Turnover Rate  
in FY 2021-22

Age Category	Gender	East	West	North	South	Central	Corporate	International	Grand Total
<30	Female	371	903	1,044	583		1,340		4,241
	Male	927	2,020	2,737	1,991	13	1,761	4	9,453
<b>&lt;30 Total</b>		<b>1,298</b>	<b>2,923</b>	<b>3,781</b>	<b>2,574</b>	<b>13</b>	<b>3,101</b>	<b>4</b>	<b>13,694</b>
30-50	Female	224	518	590	364		1,083	20	2,799
	Male	2,141	3,628	4,802	4,284	16	4,568	44	19,483
<b>30-50 Total</b>		<b>2,365</b>	<b>4,146</b>	<b>5,392</b>	<b>4,648</b>	<b>16</b>	<b>5,651</b>	<b>64</b>	<b>22,282</b>
>50	Female	3	10	2	4		52		71
	Male	39	38	30	45		274	4	430
<b>&gt;50 Total</b>		<b>42</b>	<b>48</b>	<b>32</b>	<b>49</b>		<b>326</b>	<b>4</b>	<b>501</b>
<b>Grand Total</b>		<b>3,705</b>	<b>7,117</b>	<b>9,205</b>	<b>7,271</b>	<b>29</b>	<b>9,078</b>	<b>72</b>	<b>36,477</b>

### Employee Turnover Rate

	FY18	FY19	FY20	FY21	FY22
Total employee turnover rate	22.6	21.6	20.2	20.6	39.6
Voluntary employee turnover rate	20.4	19.5	18.6	18.0	34.7

### Type of Performance Review

Employee Category	Total no. of employees as on 31st March 2022		No. of employees receiving regular performance review		Percentage (Employees receiving regular performance review)	
	Male	Female	Male	Female	Male	Female
Junior management	15,729	4,015	15,729	4,015	100	100
Middle management	9,579	1,831	9,579	1,831	100	100
Senior management	1,723	247	1,723	247	100	100
Top management	421	37	421	37	100	100

### Type of Performance Appraisal

Particulars	% of all employees
Management by objectives	100%
Systematic use, agreed measure by line manager	100%
Multi-dimensional performance appraisal	100%

### Employee Remuneration

Employee level	Average salary (₹ in lakhs)	
	Average female salary	Average male salary
Executive level (base)	107.43	125.8
Management Level (base)	4.35	5.01
Management level (base + cash incentives)	4.83	5.7
Non-management level	1.29	1.32

### Employee Training and Development

Employees are what makes the core of an organisation. It is essential for the employees of IndusInd Bank to align with and believe in all that the Bank stands for. Initiatives are undertaken for their training, development and more active involvement in the core and peripheral operations of the Bank. This is vital for creating better impact and maximising value creation. Training is provided to employees irrespective of gender or categorisation.

# ₹21

Average amount spent on FTE

# 39.16 Hrs

Average hours of training and development

# ₹155.16 Lakhs

Total spend on learnings

# 13,15,367

Digital learning man-hours

# 1,548

Training programmes conducted

# 7.30 Lakhs

Participants trained

### Employee Man-Hours Worked

Particulars	Man-hours worked in FY22		Days worked in FY22		Missed days in FY22	
	Male	Female	Male	Female	Male	Female
Permanent Employees	5,39,45,176	1,91,49,320	57,64,954	20,46,674	48,285	13,476

### Employee Engagement

Employee engagement activities around Earth Day 2021 were online activities organised in the backdrop of the second COVID wave in India. 'Restore Our Earth' was the central theme for all the activities and included an art and craft contest to create art out of waste along with family members. The contest also allowed employees to vote on the artwork created by their colleagues for a 'People's Choice Award'. A video to announce the winners was released across the Bank's social media assets and garnered over 3.1 lakh views. To watch the video, click on the link: <https://bit.ly/3qO1xw0>

With the culmination of the art and craft contest, began the online pledges that employees could take regarding actions that could help in restoring the planet. These included pledges to reduce personal water consumption, reduce food wastage, eliminate plastic usage and reduce personal energy consumption. Around 3,500 employees participated in all the activities spanning from Earth Day in April to June 30, 2021. During this period, the Bank also celebrated World Environment Day on June 05. On that day, a video was released across the Bank's social media assets and to employees, conveying the Bank's initiatives toward a sustainable environment. To watch the video, click on the link: <https://bit.ly/3qN11YI>

The Bank continued improving employees' skills/competencies through digital learning initiatives. The learning process emphasised capacity building through learning roadmaps, role-wise/business-unit wise gamified learning programmes, mobile learning applications, leadership development and domain-specific programmes (digital, risk, credit, treasury, compliance), along with mandatory regulatory certifications. The learning road maps followed a well-defined process comprising learning need identification, dissemination of learning plans among the stakeholders, learning delivery through digital modes (virtual classroom sessions), and structured learning feedback mechanism to improve learning design and efficacy.

In FY 2021-22, the Bank conducted 13,15,000+ digital learning man-hours with an emphasis on leadership development, selling and negotiation skills, managerial effectiveness, customer focus, responsiveness, banking products, operational processes, credit, risk, treasury and orientation programmes.

The Bank also created awareness and conducted learning programmes on aspects of compliance, business ethics, business etiquette, prevention of sexual harassment, cybersecurity and risk management, enabling employees to comply with the regulatory/statutory guidelines.

In Q2 FY22, on the occasion of Independence Day, the MD declared the next one year at IndusInd Bank as the 'Year of Volunteering'. During that quarter, an employee survey was conducted to understand the percentage of employees that were willing to volunteer their time and skills and which causes employees would like to support. Around 2,500 employees participated in the survey.

Employees were also given an opportunity to participate in the Bank's Urban Afforestation CSR Programme, through a tree plantation drive across nine cities. Despite the activities being conducted under COVID restrictions, the drive yielded 678 volunteering hours and over 2,500 saplings were planted.

To encourage the culture of employee giving, a first-of-its-kind IndusInd Joy of Giving Festival was organised in Q3 in partnership with the NGO Goonj. The Bank facilitated, encouraged and provided logistical support for employees to make material and financial donations for the benefit of underprivileged children. Under weekly themes, employees donated stationery, toys, clothes and footwear for the children. Over 12,000 employees participated in the month-long festival, contributing 225 cartons of materials and over ₹86,000 in financial donations. The latter was matched by the Bank.

## PEOPLE PRACTICES

Water continued to be a big focus area for the Bank under CSR & Sustainable Banking, and therefore, on World Water Day 2022, several initiatives were undertaken.

To engage employees, a fun online quiz was conducted on water, with movies as the theme, which received enthusiastic participation. This was followed by an employee communication to create awareness and instill a sense of pride about the Bank's water-centric initiatives under CSR and sustainable financing. For external stakeholders, a video was created and posted across the Bank's social media assets, which generated over 1.7 lakh views. To watch the video, scan the QR Code or click on the link: <https://bit.ly/3lyF66b>

### A. Get Set Run

Get Set Run – the Bank's biggest employee engagement initiative has been successfully running since its inception in 2016. Under this initiative, employees are encouraged to take up running with an objective to have a happy and healthy workforce.

'Cause-a-thon' was launched in early 2022 with the objective of encouraging employees to participate in virtual runs on topical days like Earth Day, Hypertension Day, Doctors Day, Mental Health Day, National Cancer Awareness Day and more. The virtual run enabled participants to run or walk anytime and anywhere by recording their activity data on any GPS enabled app.

A total of 30 'Cause-a-thon' runs were conducted, which witnessed a participation of 3,000+ employees covering a cumulative distance of ~52,000 Km.

### B. Couch to 5K:

The Couch to 5K campaign was launched to help employees run 5 Km in just eight weeks. It consisted of a well-structured and informative plan which was curated by an ACE certified fitness coach.

### C. IndusInd Box Cricket League

An inter-department box cricket league was conducted in Delhi NCR and Mumbai, to promote the spirit of camaraderie and teamwork among employees. 600+ employees across 60 teams participated in these matches and ~4,000 employees were engaged virtually.

### D. AIPL – IndusInd Prediction League

A fun digital campaign was created around the IPL season to educate, excite and engage employees by providing trivia and information on athletes' performance and on the teams participating.

### IndusInd Bank organised an employee engagement event each quarter, involving a Country Management Member.

- ~19,000 employees were engaged across all the quarters.
- Earth Day Engagement Activity in Q1 FY22
- Launched the Year of Volunteering by the MD and the Employee Volunteering Survey in Q2 FY22
- IndusInd Joy of Giving Festival in Q3 FY22
- 'Water & Movies Quiz' on World Water Day in Q4 FY22

### Employee Volunteering Portal Ready for Launch

The Bank has reviewed employee volunteering portals of two vendors and has researched on best practices for such portals. The Bank short-listed the vendor for the Employee Volunteering Portal and Volunteering Operations Management. Necessary approvals were received for commencement of the customisation and integration of the portal with IndusInd Bank's IT environment and systems. Must-have features list has been created for phase 1 and phase 2 of customisations, for a better, more engaging employee experience.

### Human Rights Practices

Human rights are fundamental to an individual and the protection of these rights is an absolute imperative. The Bank takes every possible measure to ensure that no violation of any human rights take place in any capacity within the organisation.

**0**  
Complaints of infringement on human rights

**0**  
Cases of child, forced, involuntary labour and discriminatory employment

**10**  
Cases of sexual harassment recorded, redressed and concluded

**442**  
Cases of staff accountability, only 2 under process, rest resolved

**69**  
Cases under whistle-blower policy

**100%**  
Employees and stakeholders covered under the Code of Conduct

The policy is applicable to IndusInd Bank's own operations (employees, direct activities, products or services) as well as the suppliers and partners.

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

- Identification of potential human rights issues and Risk identification in the Company's own operations, throughout the value chain as well as new business relations (mergers, acquisitions, joint ventures, etc.).
- A systematic periodic review of the risk mapping of potential issues covering human trafficking, forced labour, child labour, freedom of association, the right to collective bargaining, equal remuneration and all forms of discrimination.
- All employees, women, children and third-party contracted labour are covered through the Bank's policies.

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

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

### Prevention of Harassment

The Bank addresses all cases that are reported, in line with the statutory obligations laid down in the Prevention of Sexual Harassment (Prevention, Prohibition and Redressal) Act, 2013. The employees identified for breach of law have also faced appropriate punitive action.

Training on Code of Conduct is undertaken regularly to create awareness among the employees of the Bank, its subsidiaries, JVs and partners, as well as the Board. The Group-level Code of Conduct deals with the following aspects:

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

### Employee Development Programmes

1. The Bank introduces its employees to the Bank's structure, vision, strategy, functions, people, policies, values and Code of Conduct. This is usually done through a two-day orientation wherein new-joiners are told about all the procedures of the Bank.
2. E-learning lessons and courses are also available for the employees to know more about the Bank's processes, risk management, compliance, etc.

These orientation programmes and online courses help the new employees understand about the basic functioning of the Bank and aids them in adapting better, leading to better performance.

They also know about the structure and the core team of the Bank, enabling them to be well-acquainted with business units and their roles and responsibilities, standardised operational processes and policies. Understanding of the Bank's business products, future agenda, Code of Conduct and requisite HR processes is also facilitated.

The online courses are helpful for constant knowledge upgradation on products, technology, compliance, etc. Through the customised learning solutions available online, an employee can know the Bank better.

These courses have also impacted the business in the following ways:

- Sales force and Relationship Managers are aware of all the products
- Employees gain confidence leading to better client interactions, formal discussions and effective sales pitches, boosting the Bank's revenue
- New joiners align with the Bank's vision, mission and ethos
- Operational errors have reduced through:
  - Standardised learning solutions
  - Cost efficiency
  - Better TATs of training delivery
  - Cost of delivery has become 10% of that of other delivery channels
  - E-learning has also helped in the significant reduction of training programmes and logistics if done in-person

### Human Capital Return on Investment

Particular	₹ in Cr	
		Monetary Value
Total revenue		224.08
Total operating expenses		93.11
Total employee related expenses		34.74
Resulting HC ROI		3.77

**HEALTH AND SAFETY**

# ENSURING ZERO TOLERANCE TO HARM

Safety and well-being of the employees is crucial for the proper functioning of the Bank. A Safety Management System is put into place which effectively integrates day-to-day operations and allows the organisation to identify risks, along with ways to mitigate them. Reducing potential accidents helps achieving compliance and performance improvement.

**0**  
Reported cases of injury/  
work related hazards

**1,450**  
Women employees  
trained on safety

**7,792**  
Employees sensitised  
about workplace safety

**4,377**  
Man-hours put in training  
women for safety

**3,842**  
Security personnel trained  
on human rights

**Workplace Health and Safety Policy**

Specific to the organisation and with respect to its size and nature, the policy clearly communicates the Management’s safety commitment and the Bank’s safety related vision, mission and goals. The policy contains a framework for setting and reviewing health and safety related objectives in a concise and clear manner. This is then dated and made effective by the senior-most person in the Bank. It is communicated to all the employees and stakeholders of the Bank before being implemented and maintained.

**Governance Structure on Fire Safety and Security**

The top management of the organisation allocates responsibility, accountability and authority for development, implementation and performance evaluation of the safety management system to achieve all safety targets. Structures and procedures are established with effective arrangements for the identification and prevention of hazards, along with a structure for governance of resources for the development as well as facilities to implement and periodically review the same. Employees representing Safety Management teams are given all the necessary training by the Bank.

**Workplace Safety Assessment**

After workplace hazards are identified and mitigated, their impact on the internal and external environment is measured and monitored. This includes new working processes and compliance and regulation norms, among others. Emergency prevention, employee preparedness and response arrangements are established in accordance with relevant external agencies.

Periodic audits, safety inspections and management reviews are also conducted to determine the effectiveness of the safety management system and the results are then handed over to the safety and risk management team.

**Rights of Association**

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



## HEALTH AND SAFETY

### Initiatives

#### First aid measures for Fire safety and Security installed at Branches/offices – for Employee and Customer Safety

##### (a) Fire Extinguishers (FEs)

- All branches and offices are equipped with Fire Extinguishers (FE):
  - a) ABC powder
  - b) CO<sub>2</sub> type extinguishers for first aid fire-fighting
- FEs are deployed as per IS Specifications (BIS)
- FEs generally have a life of three years and are closely tracked and refilled promptly on expiry
- Gas Suppression System (clean agent type) is installed in the server/UPS rooms which automatically operates when the actuator/bulb bursts at a pre-defined temperature of 68 degrees
- Pressure of FEs are checked every month; replacement/refilling takes place when the needle turns to Red Zone
- 470+ Service Desk requests are received for FE refilling annually

- Magnetic contacts for ATM machine, Main/Exit door and cash vault
- Manual Call Point for fire and Panic Switches are installed at BM and Cashier desks
- Fire Alarms get activated in case of fire/smoke at the branches
- Depending upon intensity of fire, further actions are taken

##### (c) Electronic Surveillance

- All Branches are equipped with Electronic Surveillance systems consisting of CCTV, Fire Detection and Intrusion Detection Alarm Systems
- The Health of the CCTV and Fire System is monitored through Centralised Monitoring System (CMS) via a 24X7 Command Centre, with a real-time alert-based monitoring
- The CCTV recordings are stored in Network Video Recorders with 90 days recording at the Branches and at Currency Chest with first-in first-out recording pattern
- CCTV footage is useful for investigations of cases reported by Banking Ombudsman, dispute transactions, Customer Frauds, Robbery/Thefts and HR enquiry
- In case of any flags raised at CMS, fault is analysed remotely, and engineers are sent to location to rectify the problem

**21,800**

Employees participated in fire and evacuation drill programmes

##### (b) Fire Detection and Intrusion Alarm Systems

- All branches and offices are equipped with Fire Detection and Intrusion Detection Alarm Systems
- Smoke detectors are installed in the office area and heat detectors are installed in the server and UPS rooms

#### Audit and Inspection by IAD, BMU, Compliance Team

As part of the continuous improvement process, workplace fire safety inspections are carried out periodically through:

- Internal Audit Department (IAD)
- Branch Monitoring Unit (BMU)
- Compliance Team
- Zonal Admin and Security Manager

A pre-defined checklist on workplace and fire safety measures is followed during these assessments.

#### The following parameters are included in these audits:

- Adequacy and testing of fire extinguishers
- Testing of fire and burglar alarm system
- Display of fire safety signages and floor evacuation plan
- Availability of first aid boxes
- Workplace safety measures/fire exit doors/electrical fire prevention

Internal Audit Team keeps a close track of the fire safety measures at bank branches while the Zonal Operation and Business team ensures fire safety compliance at the branch level.

#### Electrical Safety/Health Check-up/Audit at Bank Branches (Yearly)

Comprehensive electrical health checks are conducted at the Bank Branches annually. This activity is conducted for all category A to D branches; thereafter required repair and maintenance work is undertaken based on the ageing of the equipment and issues identified.

Electrical health check-up/audits have been conducted in 1800 branches (for the branches operational between since 1994-2021) and 35 larger offices.

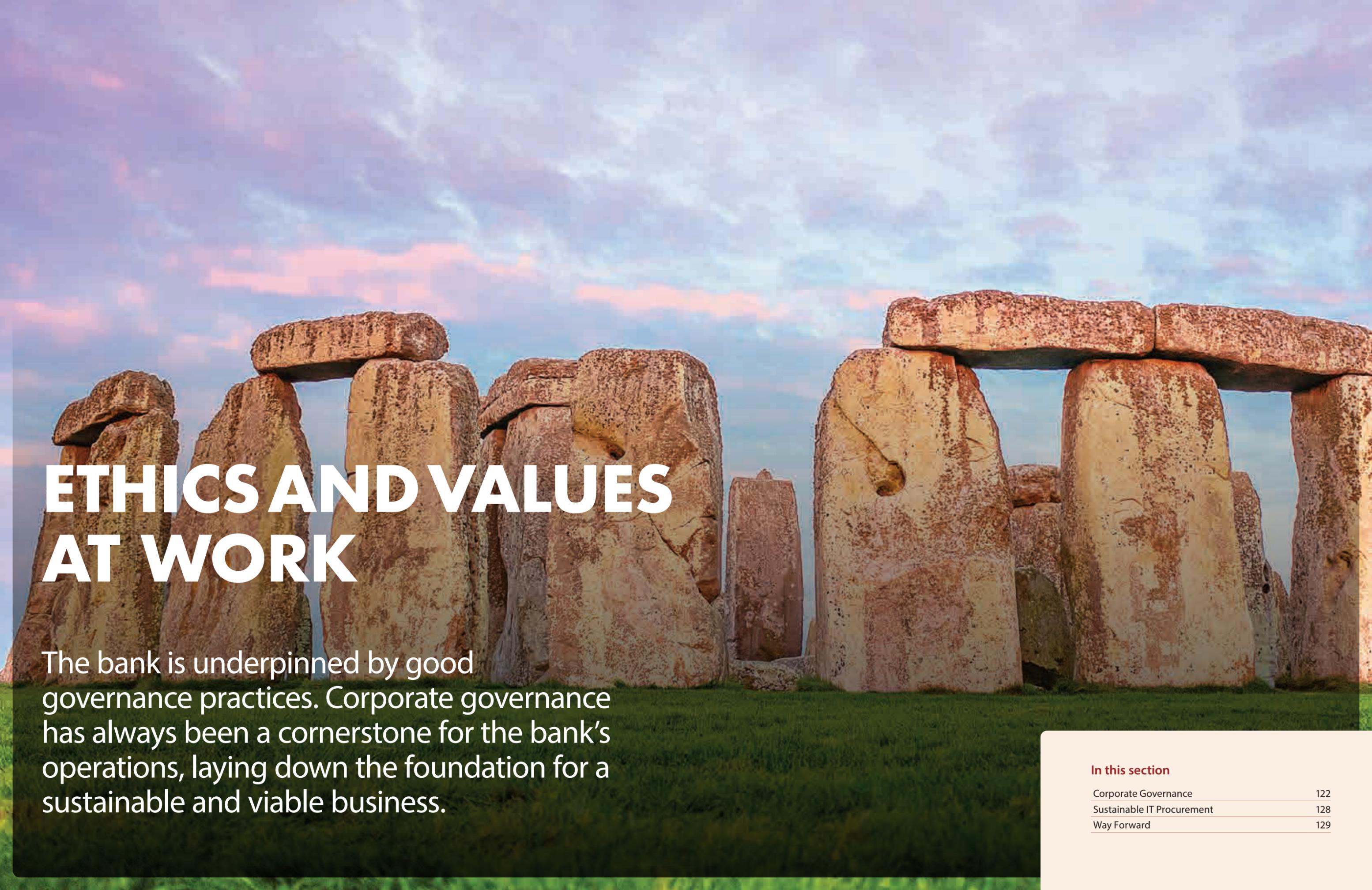
#### Electrical Health Check-up include:

1. Comprehensive electrical health check-up to identify overloading/hotspots
2. Thermal Imaging of electrical panels using infrared camera
3. Earth pit test to check ground resistance
4. Lux level check to understand illumination level at the workplace

#### Right of Association

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





# ETHICS AND VALUES AT WORK

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

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**CORPORATE GOVERNANCE**

# LEADING WITH INTEGRITY AND TRANSPARENCY

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

**Appointment of the Board**

The Bank appoints all Directors in conformity to the ‘Fit and Proper’ criteria laid down in the RBI’s extant guidelines and only inducts professionals with adequate expertise and experience on the Board. The Board is governed as per the provisions of the Banking Regulation Act 1949. The Nomination and Remuneration Committee determines the suitability of a person for the position of ‘Director’, in compliance with the RBI guidelines. The Bank organises various induction programmes for its Directors, inviting external domain experts to provide trainings. It also encourages Directors to attend programmes conducted by other reputed institutions.

**Board Committees**

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

**The Committees of the Board**

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



**Board Diversity**

IndusInd Bank has a robust and balanced Board with a wide range of attributes ensuring a blend of functional and industry experience and expertise. The Bank maintains diversity in the Board, in compliance with Section 10A (2)(a) of the Banking Regulation Act, 1949. The Board has expertise and special knowledge or practical experience in accountancy, agriculture and rural economy, banking, co-operation, economics, finance, law, small-scale industry as well as information technology, human resources, business development and management, payment and settlement systems and risk management. IndusInd Bank adheres to and maintains a Board diversity policy that does not discriminate on the basis of gender, caste, race or ethnicity. The policy can be accessed [here](#). The Bank exceeds the statutory requirement of having at least one woman Director on the Board. At present, the bank has two women Directors (Mrs. Bhavna Doshi and Mrs. Akila Krishnakumar) along with six male Directors, who come from diverse backgrounds and bring varied expertise in a mix of areas. The Directors’ profiles can be found [here](#). The Board has an optimal combination of Executive, Non-Executive, Independent and woman Directors in accordance with the requirements of the Banking Regulation Act, 1949, the Companies Act, 2013, Listing Regulations, and Articles of Association of the Bank.

**Board Independence**

IndusInd Bank has a single-tier system and its Board of Directors has eight members, including the Chairman, Managing Director & CEO and six Directors. The Independent Directors meet the criteria of independence as laid down under SCHEDULE IV and Section 149 (6) of the Companies Act, 2013 and Regulation 16 (1) (b) and 17 (1) (a) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015. An Independent Director can be appointed for two consecutive terms of four years each. The tenure of an Independent Director will be in line with the provisions of the Banking Regulations Act, 1949. Independent Directors are not liable to retire by rotation. Re-appointment at the end of the term shall be based on the recommendations of the Nomination and Remuneration Committee and subject to approval of the Board and the shareholders. For re-appointment, the Board takes into consideration the outcome of the performance evaluation process and whether the Director continues to meet the independence criteria as defined under the Companies Act, 2013.

**Board Structure**

The Chairman is a part-time Non-Executive Chairman of the Board and all executive functions of the Bank are invested in the MD & CEO. This indicates the split in the roles of the Chairman and the Managing Director & CEO of the Bank. Seven out of the total number of Directors are Independent Directors on the Board, including two women Directors.

Board	
Executive Directors (MD & CEO)	1
Independent Directors	7
Other Non-Independent Directors	1
Total Board Size	9

**Board Mandates**

Number of Non-Executive/Independent Directors with four or less other mandates: Dr. T. T. Ram Mohan and Mr. Jayant Deshmukh. Number of other mandates for Non-Executive/Independent Directors restricted to 13.

**91.88%**

Attendance percentage of board meetings in the last business/ fiscal year

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

**Board Election**

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

**Board Experience**

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

**Mr. Arun Tiwari**

**Chairman**

With over 39 years of experience, he has acquired expertise in various areas, including, strategic planning, project finance, risk management, HR, IT, credit operations, etc.

**Mr. Shanker Annaswamy**

**Director**

In his 40 years of experience, managing large workforces and diversified business portfolios he has expertise in Human Resource Management and Enterprise Risk Management.

**Dr. T. T. Ram Mohan**

**Director**

In the course of a varied career spanning over many years, has donned several hats: management consultant, financial journalist, banker, investment banker, academic and independent director on the boards of companies.

**Mrs. Akila Krishnakumar**

**Director**

During a career spanning 30 years, her focus has been on operational excellence, talent engagement and customer relevance.

## CORPORATE GOVERNANCE

### Mr. Rajiv Agarwal

#### Director

With about 38 years of experience, he is a ₹Small Scale Industries' domain expert.

### Mr. Sanjay Asher

#### Director

With over 32 years of experience, he specialises in the fields of M&A, cross-border M&A, joint ventures, private equity and capital markets.

### Mrs. Bhavna Doshi

#### Director

With a rich experience of over three decades, she has in depth understanding in the fields of taxation, regulatory matters, accounting, valuations, mergers and acquisitions - advisory.

### Mr. Jayant Deshmukh

#### Director

A career Government official with over 31 years of vast and varied experience with domain expertise in agriculture, a focus area and key priority sector.

### Mr. Sumant Kathpalia

#### Managing Director & CEO

With a career spanning over 30 years, focused on driving business growth and innovation has expertise in Banking and Finance.

### Mr. Pradeep Udhas

#### Additional Director (w.e.f. June 09, 2022)

With over 40 years of experience and expertise in global business, management consulting, technology and private equity.

### Board Evaluation

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

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

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

### Shareholding Pattern

The Bank has no specific stock ownership requirements for the CEO and other members of the Executive Committee. Having specific stock ownership requirements for the CEO and other members of Executive Committee is not a requirement as per Indian Companies Act.

No governmental institution owns more than 5% of the total voting rights. No (founding) family members individually have more than 5% of voting rights.

The Bank does not have differential voting rights to shares as well as dual class shares. It has a single class of shares for general public as well as for the senior management. Total number of shares as on March 31, 2022 is ₹12,90,864 equity shares of ₹10 each.

### Promoter Shareholding

Promoter Name	Number of Shares	%
IndusInd International Holdings Limited	8,95,37,464	11.56
IndusInd Limited	2,79,78,546	3.61
<b>Total</b>	<b>8,95,37,464</b>	<b>15.17</b>

### CEO's Compensation

The Bank has pre-defined financial returns and relative financial metrics relevant for the CEO's variable compensation. The Bank has guidelines on deferred bonus, time vesting and performance period for the CEO's variable compensation.

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

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

The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions – Dividend yield, Volatility, Risk free interest rates and Expected life of options.

Employee Stock Option Scheme 2020 ('ESOS 2020') is granted to the eligible employees, including Directors other than the Promoters, Non-Executive, Independent Directors and Directors holding more than 10% of the outstanding equity shares of the Bank, having face value of ₹10 per share, under ESOS 2020 by way of issuance of Employee Stock Options.

The fair value of options granted during the year has been estimated on the date of grant using the Black-Scholes option pricing model. The percentage of the short-term bonus deferred in the form of shares or stock options is calculated as a cumulative figure for 19 employees defined as WTD/CEO/risk takers/other control function staff. The Bank has a clawback provision in place as per the RBI guidelines. The Bank will implement malus/claw-back arrangements with the concerned employees in case of deferred variable pay. The criteria would be negative contributions to the Bank and/or relevant line of business in any year.

As applicable, malus arrangement would adjust deferred remuneration before vesting and clawback arrangement would adjust deferred remuneration after vesting. The CEO is granted stock options which are a part of the variable compensation. Upon vesting, the options have to be exercised within a maximum period of five years or such period as may be determined by the Compensation Committee from time to time.

The stock options are equity settled where the employees will receive one equity share per stock option. The longest performance period covered by the Bank's executive compensation plan is one year. The ratio between the total annual compensation of the CEO and the median employee compensation is 170x. The compensation of CEO and some Executive Committee members is linked to the responsible investment and sustainable financing, which is a part of the member's KRA. The compensation of the CEO and Country Head – Technology and CGMO, is linked to the achievement of product innovation and digitisation goals as part of the KRA. The compensation of the CEO and Chief HR Officer is linked to the reduction of the attrition rate which is also a part of the member's KRA.

### Vigilance Mechanism

IndusInd Bank has a strong vigilance mechanism in place for ensuring prudent governance. These policies help the Bank uphold its Code of Conduct and ethical standards. There were no complaints received from outside parties and substantiated by the Bank regarding breaches of customer privacy and loss of customer data or complaints received from regulatory bodies during the year.

The Directors, both Executive and Non-Executive, top management, mid-level management and all associates follow and adhere to strong corporate Codes of Conduct laid out by the organisation in its culture and also in policies accessible to all.

These policies lay emphasis on activities being carried out in an honest, fair, diligent and ethical manner, within the scope of the authority conferred upon associates and in accordance with the laws, rules, regulations, agreements, guidelines and standards. Directors and associates have a duty to make decisions and implement policies in the best interests of the Bank and its stakeholders.

The Board of Directors are entrusted with the fiduciary responsibility of overseeing the assets and affairs of the Bank. The Bank has a Chief Compliance Officer, who reports to the MD and CEO of the Bank and is the custodian of the anti-money-laundering and anti-terrorism financing policy. There were 11 vigilance complaints/references received directly of which 2 were closed after investigation (not substantiated), 6 resulted in punitive action, 3 were under disciplinary proceedings and one was under investigation as on March 31, 2022.

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

### Policies and Code of Conduct

#### Anti-corruption Policy

The Bank prohibits corruption in any form, including:

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

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

## CORPORATE GOVERNANCE

### Privacy Policy

The Bank takes responsibility to maintain the confidentiality of the information, at all times. Privacy Policy applies to the entire operation of the Bank, including suppliers. Mr. Anil Rao is the custodian of the Privacy Policy and related issues.

Privacy Policy system is embedded in Group-wide risk/compliance management. Disciplinary actions in case of breaches of privacy are taken as and when required. To ensure compliance, as per the statutory requirement of the Reserve Bank of India, audit of the Privacy Policy is being carried out. The Bank's Privacy Policy can be accessed [here](#).

### Whistle-blower Policy

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

Under the Whistle-blower Policy, the Bank protects the identity of the whistle-blower, which is known only to designated authorities. Any form of reprisal or retaliation against the whistle-blower is thus avoided.

### Clawback Policy

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

The Bank takes responsibility to maintain the confidentiality of the information, at all times. Privacy Policy applies to the entire operations of the Bank, including suppliers. The Bank has a General Banking Operations (GBO) department which oversees the Data Privacy at the Bank. Mr. Anil Rao, who is the Head-Consumer Operations, oversees the implementation of the policy.

Particulars	FY22
Cases of corruption	-
Whistle-blower cases	69
Breaches against codes of conduct and ethics	-

### 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 2021-22. The Bank did not incur any fines or settlements related to anti-competitive practices in the past four fiscal years. There are no ongoing investigations related to anti-competitive practices.

### Anti-money Laundering

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

These include:

- **Customer Due Diligence (CDD):** Formal policies and procedures include customer verification based on reliable sources
- **Non-face-to-face CDD:** Formal policies and procedures are in place for non-face-to-face customers
- **Terrorist Financing:** CDD procedures include formal searches against lists of known or suspected terrorists issued by competent authorities having jurisdiction over the relevant financial institution
- **Politically Exposed Persons (PEPs):** Formal policy and procedures are 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 2021-22.

### Honesty and Integrity

The Bank's governance practices are laid out on the foundation of honesty and integrity, conducting business in compliance with all the regulatory and legal obligations.

The principles of anti-corruption and bribery are captured in the three Codes of Conduct the Bank:

- Code of Conduct for Directors and Senior Management
- Code of Conduct for Prevention of Insider Trading
- Code of Practices and Procedures for Fair Disclosure

### Bank's brand ranking in the market

IndusInd Bank has been a pioneer in undertaking initiatives that have redefined the banking landscape. It once again has been ranked among the top 50 Most Valuable Indian Brands as per Brandz India report 2022, which ranks and showcases the most valuable brands across globe.

As one of India's leading financial service brands, IndusInd has proudly come to become the preferred banking solutions provider and partner for approximately 33 million customers across the country, including individuals, large corporations, various government entities and PSUs. The Bank has representative

offices in London, Dubai and Abu Dhabi and has consistently ranked among the top banks in India in various industry surveys and rankings. It enjoys clearing bank status for both major stock exchanges BSE and NSE and settlement bank status for NCDEX. It is also an empanelled banker for MCX and was first included in the NIFTY 50 benchmark index on April 1, 2013.

### Zero-tolerance Towards Bribery and Corruption

IndusInd Bank is committed to act professionally, fairly and with integrity in all its business dealings and relationships. Strong guidelines and stringent control measures have been laid down to avoid and stop malpractices, consequences of which are also well-defined.

The Bank promotes its employees in pointing out such malpractices, if found. The Bank has also made no direct or indirect political contributions and charitable contributions. Sponsorships are a part of 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. IndusInd Bank does not encourage associates or any connected stakeholders to follow unethical means such as Bribery or kickbacks.

The Bank has a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships, and to implementing and enforcing effective systems to counter bribery. 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.

### Tax Rates

	FY21	FY22
Average tax rate	26.76%	25.18%
Average cash tax rate	28.18%	27.36%
EBIT	₹3,784.17 Cr	₹6,173.65 Cr
Reported tax	₹947.75 Cr	₹1,562.53 Cr
Effective tax rate	25.05%	25.31%
Cash taxes paid	₹730.08 Cr	₹2,187.08 Cr
Cash tax rate	19.29%	35.43%

### Tax Strategy

The Bank's business operations are largely concentrated in India and international activities are restricted to resource mobilisation in the international markets.

The Bank is committed to compliance with the tax laws and regulations in the countries in which it operates. Since the Bank does not have material earnings emanating from foreign operations, the Bank is considered to operate only in the domestic segment.

The Bank is not present in any tax haven countries and does not do business in any tax evasive modes. The Bank does not transfer value created to low tax jurisdictions or use tax structures without commercial substance.

The tax policy of the Bank is approved by the Board of Directors. The Bank does not support or align with political campaigns, political organisations, lobbyists or lobbying organisations and other tax-exempt groups to influence policy.

### Trade Associations

Particulars	Monetary Value FY21	Monetary Value FY22
Indian Banks Association	27,25,000	41,30,000
Micro Finance Institutions Network	11,61,551	13,25,848
Institutional Investor Advisory Services India Limited	6,49,000	1,77,000
Bombay Chamber of Commerce and Industry	88,500	88,500
Indo-German Chamber of Commerce	10,900	-
<b>Total</b>	<b>46,34,951</b>	<b>57,21,348</b>

### Global Systematically 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 crises have driven national and international regulatory initiatives that press for the adoption of stronger capital requirements and loss absorbency, among other measures.

Global Systemically Important Banks, as defined and monitored by the Financial Stability Board (FSB), are particularly subject to these regulatory initiatives, as the Basel Committee on Banking Supervision seeks to improve the resilience of banks and banking systems that are active in business areas with high-risk exposure.

As per the latest list released by the FSB, IndusInd Bank does not fall under the ambit of Global Systemically Important Banks (G-SIB).

### Basel III Leverage Components

Particulars	March 2020	March 2021	March 2022
Tier 1 capital (₹ Mn)	376,853	4,59,230	4,95,930
Exposure measure (₹ Mn)	39,65,994	45,29,275	49,75,796
Leverage ratio (%)	9.50	10.14	9.97

### Restricted Access and Ethics

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

## SUSTAINABLE IT PROCUREMENT

# A SUSTAINABLE PARTNER OF CHOICE

The Bank has a diverse range of suppliers and vendors and its vendor on-boarding process focuses on various aspects of sustainable procurement and also requires information gathering regarding vendor activities in relation to ESG parameters, including climate change. The suppliers are assessed on various attributes. The Sustainable IT Procurement Policy underlines the selection and onboarding criteria for vendors. The Bank is working to ensure that 80% (by spend) of all the Bank's vendors and suppliers are ESG compliant and that they are committed to the prohibition of child labour, ensuring health and safety and upholding human rights. The suppliers are also expected to have environmental and energy management systems and demonstrate a commitment to environmental sustainability, including climate change. Until FY 2021-22, 77% of the Bank's suppliers were screened for ESG practices and 45% of the Bank's suppliers by spend have climate change mitigation strategies in place. The outcome of this engagement is that many of the Bank's suppliers are open to adopting forward-thinking practices and processes that minimise environmental and social risk.

### Sustainable Procurement Policy

The Bank's sustainable procurement policy ensures inclusion, transparency and safety of human rights in all aspects. Sustainable sourcing, prioritisation of local suppliers and a focus on cost-efficiency and cost-leadership, are central to the policy and to IndusInd Bank.

### Engaging Locally

The Bank deals with local suppliers for hardware and software services, even dealing with laptops, desktops and other computer systems and accessories. UPS and UPS batteries are also used by the Bank. More so, 70% of the products are usually recycled, making it a sustainable and responsible supply chain.

### Sustainable IT Procurement Audit and Vendor ESG Assessment

IndusInd Bank has a protocol to connect with suppliers. These help in building a sustainable supply chain:

- A formal Sustainable Procurement Policy and a Supplier Code of Conduct are in place
- Public commitment to ESG targets on sustainable procurement
- Conducting supplier engagement and collecting vendor ESG Declarations
- Conducting supplier assessments and procurement audit

## 45%

Vendors (17) by spend are ESG compliant

## 3%

Vendors (4) need substantial improvement in their ESG performance

Numbers may vary as audit is underway.

The Bank is committed to not only abide by a sustainable development plan but is also working towards making different levels of the supply chain sustainable.

The Bank targets 80% of its associated vendors should have their ESG policies and practices in place. The Bank conducts regular vendor assessments through ESG questionnaires for large vendors, OEMs as well as MSMEs.

The suppliers are required to provide information on technology, equipment, manpower and security among other services.

Deutsch Quality System India Pvt Ltd. is an external agency that has been appointed by the Bank to audit and assess all the ESG information given by the procured vendors. These suppliers have been assessed on their social and environment practices.

Post this, a gap analysis is carried out on the data sent by the vendors which helps improve the audit result and the supply chain.

### Vendor Procurement Process

The Bank has an in-house online vendor onboarding system in the form of an application known as the Vendor Management System or VMS. New vendors are assessed on the basis of their financial stability, client base, commercials and capabilities, whereas existing vendors' performance is assessed by Business/IT/SDG Team against SLAs/SOW.

It has lately been observed that 75% of the Bank's expenditure pertains to IT Software, Hardware and other accessory supports and services.

Examples of recent investments of the Bank are:

- The Millennial App, an indie app for millennials to carry out all their banking needs on a single platform
- HRMS – a management information system mobile app for IBL employees to perform HR operations

With the help of these recent investments, banking has been made more easy, convenient and remotely accessible.

The Bank also maintains three data centers, two in Mumbai and one in Chennai.

## 29%

Vendors (19) are partially ESG compliant

## WAY FORWARD

# TOWARDS THE NET-ZERO AMBITION

IndusInd Bank believes in embedding sustainability at every level of its operation and across the entire supply chain. Aligning with ESG disclosures including SBTi, TCFD are crucial for the Bank, along with following other financial guidelines.

The Bank ensures that all standards are maintained. Benchmarks are set and best practices are followed in all pertinent ESG guidelines and beyond.

### A Carbon Neutral Strategy

The Bank has announced its commitment to become carbon neutral by 2032. This pledge is in line with the bank's efforts to reduce its carbon footprint and contribute to the response against climate change. The bank has implemented various measures to achieve this target, including investments in renewable energy, energy-efficient technologies, and sustainable practices. This commitment to sustainability aligns with the bank's values and its efforts to support a greener and more sustainable future.

### Reporting Financed Emissions and Portfolio Trajectory

Different metrics are specific for different emissions and emission intensity. All these need to be adhered to for the reduction of climate related risks and for the mitigation of the same. Better transparency and sustainable finance ventures can also contribute towards reducing emissions.

### Science-based Targets

Climate mitigation is better understood through the SBTi framework for financial institutions. These science-based targets align lending and investment activities with the Paris Agreement and are geared towards global sustainable development.

### Climate-related Scenario Analysis

Aligning with TCFD recommendations and disclosures help the Bank to better identify climate risk and scenario understanding for organisations globally and for financial institutions as well.

Impact of the same on business has to be understood well and proper strategy and planning has to be ensured. Scenario Analysis is a strategic planning tool that helps understand what one decision might lead to and which option is the best solution in a plausible future situation. Businesses use this for better strategy formulation and implementation.

**ANNEXURES**

# INDEPENDENT IR ESG ASSURANCE STATEMENT



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 First Floor, Block A,  
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 Pirojshanagar, Vikhroli - West,  
 Mumbai - 400 079

Telephone: +91 (22) 6808 6000  
 Internet: www.kpmg.com/in  
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**Independent Limited Assurance Statement to IndusInd Bank Limited on its Non-financial Disclosures in the Integrated Annual Report for the Financial Year 2021-22**

To the Management of IndusInd Bank Limited, 8th Floor, Tower 1, One World Centre, 841, Senapati Bapat Marg, Elphinstone Road (W), Mumbai – 400013, Maharashtra, India

**Introduction**

We ('KPMG Assurance and Consulting Services LLP', or 'KPMG') have been engaged for the purpose of providing assurance on the selected non-financial disclosures presented in the Integrated Annual Report ('the Report') of IndusInd Bank Limited ('IBL', 'Bank' or 'the Company') for FY 2021-22. Our responsibility was to provide limited assurance on the Report content as described in the scope, boundary, and limitations.

**Reporting Criteria**

IBL has developed its report based on the applicable accounting standards and has incorporated the principles of the International Integrated Reporting Framework (<IR>) published by the International Integrated Reporting Council (IIRC).

IBL's non-financial performance reporting criteria has been derived from Global Reporting Initiative (GRI) Standards 2021.

**Assurance Standards 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.
  - 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.

**Scope, Boundary and Limitations**

The scope of assurance covers the non-financial disclosures of IBL for the period 01 April 2021 to 31 March 2022.

The Disclosures<sup>1</sup> subject to assurance were as follows:

General Disclosures	
•	2-1: Organisational Details
•	2-3: Reporting period, frequency, and contact point
•	2-4: Restatements of information
•	2-5: External assurance
•	2-7: Employees
•	2-8: Information on employees and other workers**

<sup>1</sup> For details regarding the disclosures please refer the GRI Content Index in Integrated Annual Report on Page 136.

KPMG Assurance and Consulting Services LLP, an Indian limited liability partnership and a member firm of KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee

KPMG (Registered) (a partnership firm with Registration No. BA-52445) converted into KPMG Assurance and Consulting Services LLP (a Limited Liability Partnership with LLP Registration No. AAT-0367), with effect from July 23, 2020

Registered Office: 2nd Floor, Block T2 (B Wing) Lodha Excelus, Apollo Mills Compound, N M Joshi Marg, Mahalaxmi, Mumbai - 400011



Specific Disclosures	
Environment	<ul style="list-style-type: none"> <li>• 302-1: Energy consumption within the organization</li> <li>• 305-1: Direct (Scope 1) GHG emissions</li> <li>• 305-2: Energy indirect (Scope 2) GHG emissions</li> <li>• 305-3: Other indirect (Scope 3) GHG emissions</li> <li>• 305-4: GHG emissions intensity</li> </ul>
Social	<ul style="list-style-type: none"> <li>• 401-1: New employee hires and employee turnover</li> <li>• 403-5: Occupational Health &amp; Safety</li> <li>• 404-1: Average hours of training per year per employee</li> </ul>

\*The data disclosed under 305-3 is restricted to limited upstream and downstream categories: Business Travel (Air Travel, Car Travel, Rail Travel, Bus Travel, and Hotel Stay), Employee Commute, Fuel- and Energy-Related Activities that are not included in Scope 1 or Scope 2 (Data centers), Products and Services (Paper Consumption), Downstream leased assets (Transaction based off-site ATMs)  
 \*\* Contractual Employees are not covered

The boundary of the Report covers IBL's operations in India which include:

- 2265 branches and 50 offices
- 816 outlets (IndusInd Marketing and Financial Services Private Limited)
- 2767 Automated Teller Machines (ATMs)

The data review and validation were conducted through the Corporate office which collates the data for pan-India locations. The review and management interactions were performed virtually using screen-sharing tools. Based on the information provided by IBL, we have assessed the internal controls and systems.

The assurance scope excludes following:

- Aspects of the Report other than those mentioned in the scope mentioned above
- 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 related to Company's financial performance
- Data review outside the operational sites as mentioned in the boundary above
- Strategy and other related linkages expressed in the Report

**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 assessment of the risks of material misstatement of the selected non-financial 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.

## ANNEXURES



Our limited assurance procedures also included:

- Assessment of the Company's reporting procedures regarding their consistency with the application of GRI Standards.
- Evaluating the appropriateness of the quantification methods used to arrive at the non-financial disclosures presented in the Report.
- Review of systems and procedures used for quantification, collation, and analysis of non-financial disclosures included in the Report.
- Understanding the appropriateness of various assumptions, estimations and materiality thresholds used by IBL for data analysis.
- 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 site visits and video conferencing with corporate office

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

### Conclusions

We have reviewed selected non-financial disclosures in the Integrated report of IBL for FY 2021-22. Based on our review and procedures performed, nothing has come to our attention that causes us not to believe that the non-financial performance data and information as per the scope of assurance presented in the Report is appropriately stated for the disclosures covered in the scope of assurance.

Data representation and calculation related errors were observed but the same were resolved during the assurance process. The assumptions that are being followed for a portion of scope 3 emissions during calculations can be further reviewed and strengthened. We have provided our observations to the Company in a separate management letter. These, do not, however, affect our conclusions.

We have provided our observations to the Bank 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) standard.

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 behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies International Standard on Quality Control (ISQC) 1 and the practitioner complies with the applicable independence and other ethical requirements of the International Ethics Standards Board for Accountants (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, internal control systems and derivation of performance data reported. This statement is made solely to the Management of IBL in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to IBL those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than IBL for our work, for this report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. Our report is released to IBL Bank on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

*Saurabh R. Kamdar*

Saurabh Kamdar  
Associate Partner

KPMG Assurance and Consulting Services LLP  
30 March 2023

**ANNEXURES**

# ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS

Summary of assets under UNSDG as on March 31, 2022 is as below:

UNSDG Goals	Sector	(as % of Bank's total advances)
	Renewable Energy	1.25%
	Energy Efficiency	0.05%
	Clean Energy	0.03%
	Green Buildings	1.43%
 	Water, Sanitation & Hygiene	0.06%
	Education	1.46%
	Healthcare	0.48%

UNSDG Goals	Sector	(as % of Bank's total advances)
  	Impact NBFC	1.23%
 	Social Infrastructure	0.42%
	Affordable Housing	0.83%
	Agri-Business Non-PSL	0.45%
	Agri-Business PSL	15.33%
 	Livelihood & Inclusive Finance Non-PSL	2.49%
	Livelihood & Inclusive Finance PSL	21.62%

**ANNEXURES**

# GRI 2021 CONTENT INDEX

Statement of Use IndusInd Bank has reported in accordance with the GRI Standards for the period April 01, 2021 - March 31, 2022.  
**GRI 1 used** **GRI 1: Foundation 2021**

GRI Standard / Other Source	Disclosure	Location (Page No.)	Omission		
			Requirements omitted	Reason	Explanation
<b>GRI 2: General Disclosures 2021</b>					
<b>The organisation and its reporting practices</b>	2-1 Organisational details	12-17, Back Cover			
	2-2 Entities included in the organisation's sustainability reporting	6			
	2-3 Reporting period, frequency and contact point	6			
	2-4 Restatements of information	6			
	2-5 External assurance	6, 130			
<b>Activities and workers</b>	2-6 Activities, value chain and other business relationships	20-23			
	2-7 Employees	113			
	2-8 Workers who are not employees	112			
<b>Governance</b>	2-9 Governance structure and composition	122-125			
	2-10 Nomination and selection of the highest governance body	124			
	2-11 Chair of the highest governance body	123			
	2-12 Role of the highest governance body in overseeing the management of impacts	123			
	2-13 Delegation of responsibility for managing impacts	127			
	2-14 Role of the highest governance body in sustainability reporting	123			
	2-15 Conflicts of interest	123			
	2-16 Communication of critical concerns	123			
	2-17 Collective knowledge of the highest governance body	123			
	2-18 Evaluation of the performance of the highest governance body	124			
	2-19 Remuneration policies	68,125			
	2-20 Process to determine remuneration	125			
	2-21 Annual total compensation ratio	125			
	<b>Strategy, policies and practices</b>	2-22 Statement on sustainable development strategy	18-19		
2-23 Policy commitments		126-127			
2-24 Embedding policy commitments		126-127			
2-25 Processes to remediate negative impacts		54			
2-26 Mechanisms for seeking advice and raising concerns		54,38			
2-27 Compliance with laws and regulations		35			
2-28 Membership associations		127			

GRI Standard / Other Source	Disclosure	Location (Page No.)	Omission		
			Requirements omitted	Reason	Explanation
<b>Stakeholder engagement</b>	2-29 Approach to stakeholder engagement	54-55			
	2-30 Collective bargaining agreements	54-55			
<b>Material Topics</b>					
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	56-57			
	3-2 List of material topics	56-57			
	3-3 Management of material topics	56-59			
<b>Topic Standards - Economic</b>					
<b>GRI 201: Economic Performance 2016</b>	3-3 Management of material topics	56-57			
	201-1 Direct economic value generated and distributed	2			
	201-2 Financial implications and other risks and opportunities due to climate change	82-87			
	201-3 Defined benefit plan obligations and other retirement plans				
<b>GRI 203: Indirect Economic Impacts 2016</b>	201-4 Financial assistance received from government	95,98			
	3-3 Management of material topics	100 -101			
	203-1 Infrastructure investments and services supported	32, 94-106			
	203-2 Significant indirect economic impacts	103-106			
<b>GRI 204: Procurement Practices 2016</b>	3-3 Management of material topics	56-57			
	204-1 Proportion of spending on local suppliers	128			
<b>GRI 205: Anti-corruption 2016</b>	3-3 Management of material topics	125-126			
	205-1 Operations assessed for risks related to corruption	125			
	205-2 Communication and training about anti-corruption policies and procedures	125			
	205-3 Confirmed incidents of corruption and actions taken	126			
<b>GRI 206: Anti-competitive Behaviour 2016</b>	3-3 Management of material topics	126			
	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	126			
<b>GRI 207: Tax 2019</b>	3-3 Management of material topics	127			
	207-1 Approach to tax	127			
	207-2 Tax governance, control, and risk management	127			
	207-3 Stakeholder engagement and management of concerns related to tax	54-55, 129			
<b>Topic Standard - Environmental</b>					
<b>GRI 302: Energy 2016</b>	3-3 Management of material topics	76			
	302-1 Energy consumption within the organisation	78			
	302-4 Reduction of energy consumption	79			
<b>GRI 303: Water and Effluents 2018</b>	3-3 Management of material topics	82			
	303-1 Interactions with water as a shared resource	82			
	303-2 Management of water discharge-related impacts	82			
	303-5 Water consumption	80			

## ANNEXURES

GRI Standard / Other Source	Disclosure	Location (Page No.)	Omission		
			Requirements omitted	Reason	Explanation
<b>GRI 305: Emissions 2016</b>	3-3 Management of material topics	78-79			
	305-1 Direct (Scope 1) GHG emissions	79			
	305-2 Energy indirect (Scope 2) GHG emissions	79			
	305-3 Other indirect (Scope 3) GHG emissions	79			
	305-4 GHG emissions intensity	79			
	305-5 Reduction of GHG emissions	4,79			
<b>GRI 306: Waste 2020</b>	3-3 Management of material topics	80			
	306-1 Waste generation and significant waste-related impacts	80			
	306-2 Management of significant waste-related impacts	82			
	306-4 Waste diverted from disposal	82			
<b>GRI 308: Supplier Environmental Assessment 2016</b>	3-3 Management of material topics	130			
	308-1 New suppliers that were screened using environmental criteria	130			
	308-2 Negative environmental impacts in the supply chain and actions taken	130			
<b>Topic Standards - People</b>					
<b>GRI 401: Employment 2016</b>	3-3 Management of material topics	110			
	401-1 New employee hires and employee turnover	111			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	111			
	401-3 Parental leave	111			
<b>GRI 403: Occupational Health and Safety 2018</b>	3-3 Management of material topics	118-121			
	403-1 Occupational health and safety management system	116-119			
	403-2 Hazard identification, risk assessment, and incident investigation	117			
	403-3 Occupational health services	117-119			
	403-4 Worker participation, consultation, and communication on occupational health and safety	117			
	403-5 Worker training on occupational health and safety	116-117			
	403-6 Promotion of worker health	116-119			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	116-119			
	403-9 Work-related injuries	116			
	403-10 Work-related ill health	118			
<b>GRI 404: Training and Education 2016</b>	3-3 Management of material topics	113			
	404-1 Average hours of training per year per employee	113			
	404-2 Programs for upgrading employee skills and transition assistance programs	113-115			

GRI Standard / Other Source	Disclosure	Location (Page No.)	Omission		
			Requirements omitted	Reason	Explanation
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	3-3 Management of material topics	110			
	405-1 Diversity of governance bodies and employees	110-111,123			
	405-2 Ratio of basic salary and remuneration of women to men	112			
<b>GRI 406: Non-discrimination 2016</b>	3-3 Management of material topics	114-115			
	406-1 Incidents of discrimination and corrective actions taken	114-115			
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	3-3 Management of material topics	115			
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	115,119			
<b>GRI 413: Local Communities 2016</b>	3-3 Management of material topics	98			
	413-1 Operations with local community engagement, impact assessments, and development programs	98-107			
	413-2 Operations with significant actual and potential negative impacts on local communities	103-108			
<b>GRI 414: Supplier Social Assessment 2016</b>	3-3 Management of material topics	130			
	414-1 New suppliers that were screened using social criteria	130			
	414-2 Negative social impacts in the supply chain and actions taken	130			
<b>GRI 418: Customer Privacy 2016</b>	3-3 Management of material topics	34-35			
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	35			

# **IndusInd Bank**

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[GRI: 102-3, 102-53]



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