IndusInd Bank’s approach to ESG
Good Ecology is Good For Business
Good Ecology ....

Key Elements of Sustainability & ESG

GOVERNANCE
Framework to oversee implementation of sustainable strategies, practices and policies

RESPONSIBLE BANKING
Environmental & Social risk assessment incorporated in our lending practices

SUSTAINABLE FINANCE
ESG integration in our products

SUSTAINABLE OPERATIONS
Health, safety and environmental performance of our operations & Sustainable procurement practices in Supply Chain

HUMAN CAPITAL DEVELOPMENT
Emphasis on employee diversity, development and engagement

CORPORATE SOCIAL RESPONSIBILITY
Contributing to local communities and promoting the well-being of society and natural surrounds at large.
<table>
<thead>
<tr>
<th>Revenues</th>
<th>Costs</th>
<th>Productivity</th>
<th>Investment</th>
</tr>
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<td>• Affirmative Green and Clean Tech Financing</td>
<td>• Lower Funding Costs for Sustainable Finance</td>
<td>• Community engagement aids portfolio outcome</td>
<td>• Avoid environmental traps in lending</td>
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<td>• Attract more B2B, B2C customers on digital platforms</td>
<td>• Large % internal employee referrals &amp; large digital L&amp;D</td>
<td>• Brand Building that supports franchise build-out</td>
<td>• Good Governance enables mandate for expanding business</td>
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#### Is Good for Business

- **Revenues**
  - Livelihood Financing important business driver
  - New Business Models in Rural India
  - Affirmative Green and Clean Tech Financing
  - Attract more B2B, B2C customers on digital platforms

- **Costs**
  - Lower Carbon Footprint e.g. Solar ATMs, Thin Servers
  - Digital adoption (API, Cloud, ML, Robotics, etc.)
  - Lower Funding Costs for Sustainable Finance
  - Large % internal employee referrals & large digital L&D

- **Productivity**
  - Employee Motivation via Engagement and Purpose
  - Client Experience Journeys @ Mobile driving preferences
  - Community engagement aids portfolio outcome
  - Brand Building that supports franchise build-out

- **Investment**
  - Long Term Funding
  - Greater Access to Capital
  - Avoid environmental traps in lending
  - Good Governance enables mandate for expanding business
ESG is a Strategic Choice
Change agents and points of contact of BUs in implementing policies & strategies

Management & Implementation of Strategies
Dedicated head of Sustainability to drive agenda
Business and functional coordination

Reviews Sustainability Vision, Policies & Strategies
Reviews Sustainability Performance & progress of ESG targets

Board Level committee
Oversees the Bank’s Sustainability Vision & Strategy

CSR & Sustainability Committee

Sustainability Council

Sustainability Team

Sustainability SPOCs
ESG Policies

- Code of Conduct
- Whistle Blower Policy
- Anti-Corruption, Anti-Bribery Policy
- Human Rights, Diversity & Inclusion Policy
- Environment and Social Management System Policy
- Workplace Health & Safety Policy
- CSR Policy
- Sustainable Procurement Policy
- Environment Policy
- Sustainability Policy
<table>
<thead>
<tr>
<th>KPIs</th>
<th>2018</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environmental</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Green and climate financing portfolio</td>
<td>&lt;1% of loans</td>
<td>5% of loans through distinctive lending themes</td>
</tr>
<tr>
<td>GHG Emissions Intensity and Energy (E) Footprint</td>
<td>GHG: (Scope 1&amp;2): 5.2 MTCO²/Cr. Rev</td>
<td>GHG (Scope1&amp;2): 15% reduction to 4.4 MTCO²/Cr. Rev</td>
</tr>
<tr>
<td>Participation in Green Indices</td>
<td>A-Rank in CDP (Carbon Disclosure Project)</td>
<td>Maintain A-Rank or higher in CDP Submit to DJSI with a score &gt;70</td>
</tr>
<tr>
<td>Sustainable procurement practices in the supply chain</td>
<td>Some vendors exhibit sustainability practices</td>
<td>80% of vendors have ESG policies in place Vendor sustainability assessments in place</td>
</tr>
<tr>
<td><strong>Social</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women participation in workforce</td>
<td>19%</td>
<td>Expand to 22%</td>
</tr>
<tr>
<td>Social, Livelihood and Inclusive Financing Portfolio</td>
<td>~40% of all loans</td>
<td>45% of all loans</td>
</tr>
<tr>
<td>Employee engagement score to aid motivation and productivity</td>
<td>Internal initiatives</td>
<td>Employee engagement with external benchmarking</td>
</tr>
<tr>
<td>Participation in community and outreach activity</td>
<td>Green Champions Program</td>
<td>In Addition: Bank wide volunteering participation of 10hr/staff &amp; E-Learning (on Sustainability)</td>
</tr>
<tr>
<td><strong>Governance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ESG disclosure and Integrated Reporting</td>
<td>Published but no external assurance</td>
<td>Have external accredited agencies verify ESG / Integrated Reports &amp; disclosures</td>
</tr>
<tr>
<td>Formulation and Compliance to ESG policies and CDP Programme</td>
<td>Internal Disclosure</td>
<td>External Disclosure of ESG Policies</td>
</tr>
<tr>
<td>Corporate Governance Score/ Rating</td>
<td>Not participated</td>
<td>Corporate governance score in a Leadership Category</td>
</tr>
<tr>
<td>ESMS Lending Filters</td>
<td>ESMS filters implemented</td>
<td>Expand ESMS to cover all Corporate loans with external assurance</td>
</tr>
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</table>
A Few Achievements

- For the 5th consecutive year, the Bank retained its top position
- Securing Band A- in the CDP India Climate Change Rising Stars
- 10 Years of Sustainability Reporting
- Published First Externally Assured Integrated Report in 2018-19
- IBL’s Percentile Ranking in DJSI improved by 16 points, jumping to 80 as compared to previous year.
## Alignment with Sustainable Development Goals

### Business Initiatives

1. **Livelihood financing**  
   - Microfinance  
   - Rural Banking

2. **Livelihood financing**

3. **Lending in healthcare**

4. **Lending in education**

5. **Equal opportunity employer**  
   - Microfinance  
   - Rural banking

6. **Lending in infrastructure & housing**

### CSR Initiatives

1. **Enhancing access to education**

2. **Legal literacy, skilling and rehabilitation programme for women**  
   - Midday Meal Programme

3. **Improving health care access: mini health clinics, sanitation and support for cancer - affected children**

4. **Legal literacy, skilling and rehabilitation programme for women**  
   - Midday Meal Programme  
   - Promoting digital literacy

5. **Enhancing access to education**  
   - IndusInd for sports

6. **Water stewardship**

### Business Initiatives

7. **Solar ATMs**  
   - Renewable energy financing

8. **Digitization**  
   - Financial inclusion  
   - Rural banking

9. **Financial inclusion**  
   - Lending in infrastructure  
   - Microfinance  
   - Rural banking

10. **Microfinance**  
    - Promoting digital literacy  
    - Rural banking

11. **Lending in affordable housing**

12. **Livelihood financing**  
    - Microfinance  
    - Rural banking

### CSR Initiatives

- **Schools on rooftop solar**  
- **Solar street lights**

- **Stree Swabhimaan' initiative**

- **Enhancing access to education**  
- **IndusInd for Sports**

- **Enhancing access to education**  
- **IndusInd for Sports**

- **Areas of special interest: preserving heritage, arts and culture**  
- **Urban afforestation**

- **Solid waste management**
Examples of ESG @ Work
1. Sustainable Finance portfolio

Portfolio Review Methodology

- Inclusion & Exclusion Criteria for each Sustainable Finance Sector
- Establishing strategy to achieve targets
- Monitoring progress and review of portfolio
- Verification by a Third Party

Verification by

- Green & Climate Finance:
  - Sectors: Clean Energy, Energy Efficiency, Green Building, Renewable Energy WaSH
  - FY 18: 1.72% of Advances
  - FY 19: 2.25% of Advances
  - FY 20*: 2.80% of Advances

- Social, Livelihood & Inclusive Finance:
  - Sectors: Affordable Housing, Agriculture, Education, Healthcare, Impact NBFC, Inclusive Finance, Social Infrastructure
  - FY 18: 33.81% of Advances
  - FY 19: 38.67% of Advances
  - FY 20*: 37.80% of Advances

* Third Party Verification WIP

Our funding partners in Sustainable Finance
- Multilateral Agencies
- Domestic developmental financial institutions
The primary objective of IndusInd’s Environment and Social Management System (ESMS) is to mainstream environmental and social considerations into business activities, to safeguard our investments from credit and reputational risk.

Promoting Environment & Social Principles

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

Managing the Impact of our Investments

- Understanding the Environment & Social risks present in our lending portfolio
- Screening proposals against Exclusion list
- Identifying proposals from the High Negative Impact Industries

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

Align with external stakeholders

- (Investors, Multilateral Agency lenders’ requirements)

Promote Sustainable Banking by adopting some internationally recognized (multilateral) lending standards

Practicing Sustainability
# 3. Sustainability in Operations

## Implementation of ISO 14001 (Environment) & 45001 (Health & Safety) Standards

<table>
<thead>
<tr>
<th>Phase</th>
<th>Locations</th>
<th>Timeline</th>
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<tr>
<td>Phase-I</td>
<td>8 office locations in Mumbai</td>
<td>FY 2020-21</td>
</tr>
<tr>
<td>Phase-II</td>
<td>37 office locations in all other cities</td>
<td>FY 2021-22</td>
</tr>
<tr>
<td>Phase-III</td>
<td>All branches PAN India</td>
<td>FY 2022 to 24</td>
</tr>
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</table>

Phase I – work initiated

## Renewable Energy Generation

- **Solar ATMs & Offices**
  - 258 MW

## Energy Savings

- Thin Clients connected to Servers
  - 4,636 MW in FY 20

## Vendor Management

- 80% of vendors ESG compliant

## GHG Emission reduction

- 30% reduction from 2017-18
- Baseline levels
4. Employee Engagement

**Green Champions Program**

**Launch of Green Champions Programme**
- IndusInd Bank launched its Green Champions Program as part of its Hum aur Hariyali Campaign in 2009.
- At the beginning of 2012, the Bank began the process of officially launching the Green Champions Program on a national scale.

**Green Commandos**
- Green Champions receive intensive training and support through an annual training meet. Green Champions are joined by their juniors - the Green Commandos.

**Urban Afforestation Programme**
- Green Champions organized volunteers to take part in plantations across Mumbai, Delhi, Bangalore, Nagpur, Ahmedabad, Aurangabad, Kolkata, Hyderabad and Gurugram.
- More than 1930 trees were planted by more than 300 individuals.

**Sustainability marathon**
- The Sustainability Marathon activities were conducted by 99 Green Champions with a total participation of 5813 individuals including other employees, clocking 7292 volunteer hours.

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**Excellence in Sports**

The Bank’s sports initiatives have been conferred ‘Honourable Mention’ by Ministry of Corporate Affairs under their ‘Contribution to the National Priority Areas - Promotion of Sports’.

**IndusInd Para Champions Programme**
- Develop & groom para athletes who become role models and promote sports among the differently-abled and society
- 12 of 45 athletes in the program were confirmed for Paralympics 2020 (postponed)
- 116 medals won in several national & international competitions

**IndusInd Blind Cricket Programme**
- Support the Indian Blind Cricket Team with Cricket Association for the Blind in India
- 400 Cricketers under the program Won two bilateral series against Nepal & West Indies
- IndusInd Nagesh trophy is played every year in 12 states

**IndusInd Girl Power Programme**
- 60 girl athletes across India groomed into National and International champions in the disciplines of Boxing, Judo & Wrestling at IIS (Inspire Institute of Sports)
- More than 100 medals won this year

**Rural budding talent**
- 55 rural athletes from a deprived & drought prone area of Mann, Satara are coached for excellence
- 5 athletes won medals at Khelo India
- 3 were part of U19 Maharashtra Hockey team, won bronze
- Wrestler Kajal Jadhav, daughter of a small farmer has bagged 8 medals
5. Corporate Social Responsibility

CSR Mission
To create value for all our stakeholders and emerge as a 'Best-in-Class' Bank that is committed to sustainable economic growth. To ensure that the Bank's business grows consistently and responsibly, benefitting those we directly serve while also promoting the well-being of our employees, our natural environment and the community at large.
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