

IndusInd Bank



Striking the right balance with innovation

Profit | People | Planet



Sustainability Report
2011-12

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Message from the Managing Director



At IndusInd Bank, sustainability is not just part of our corporate social responsibility but an integral part of our business objectives. For us, sustainability is the cornerstone of economic, organisational and technological innovation and yields both bottom-line and top-line returns. Becoming environment friendly has helped us reduce costs, generated additional revenue and created new business opportunities by opening up a new frontier of innovation and growth.

In the last one year IndusInd Bank's sustainability drive has spread from the board room to the branches and back-offices and the Bank has seen exceptional growth in terms of energy efficiency and conservation, resource management and employee engagement and awareness. Our *Hum aur Hariyali* campaign has integrated management level approaches to sustainability with innovative action and initiatives from employees across the country.

The year 2011-12 saw IndusInd Bank witness several successes in terms of sustainable development. On the business front the Bank expanded its network, reaching 400 branches in over 270 geographical locations across India; and significantly increased its customer base as well as its profits while continuing to finance and develop social and environmental concerns.

Continuing to promote a 'client first' attitude, the Bank launched three new programs: 'Cash-On-Mobile', 'Direct Connect' and 'Quick Redeem Service', with the intention of providing the best available services using the benefits of technological innovation. The Bank was also selected as the 'Best Mid-Sized Bank in India' by the 'Business Today-KPMG Best Banks Survey 2011' as well as by the 'Businessworld-PwC Best Banks Survey 2011'.

IndusInd Bank also remained committed to adopting socially conscious and environmentally friendly business practices in 2011-12. This year saw the continued support and expansion of the Bank's 'Green Champions Program' as well as the extension of its network of 'Solar-powered ATMs'. The Bank also implemented several innovative solutions for energy efficiency and paper conservation, ranging from the use of power saving devices to the piloting of multi-functional printers. In recognition of its efforts the Bank was honoured with 'The Panasonic Green Globe Foundation Award' and the 'CII Environmental Best Practice Award' for 2011-12.

The quest for sustainability is already transforming the corporate landscape. The key to progress, particularly in harsh economic times, is innovation - specifically, **innovation for profit, people and planet**. At IndusInd, we view sustainable development as a vital element in earning the "license to operate" granted to us by the many stakeholders we serve. By treating 'sustainability' as a goal today, we hope to continue to be at the forefront of innovation and look forward to sharing with you a bright, green and sustainable future.

The quest for sustainability is already transforming the corporate landscape. The key to progress, particularly in harsh economic times, is innovation - specifically, **innovation for profit, people and planet**.

Sincerely,

Romesh Sobti

Managing Director & CEO

Profit, People, Planet - at a Glance

Profit



Deposits increased by 23% from 2011 to 2012



The Bank increased its presence in rural areas to 42 branches, a growth of 40% over the previous year



Launched three innovative services: 'Cash-on-Mobile', 'Direct Connect' and 'Quick Redeem'



Continued to promote renewable energy by sanctioning investments for wind, agri-waste and water management projects



45,250 loans valued at ₹ 868 crore extended to women in the FY 2011-12 an increase of 44% over the last financial year

People



More than 700 on-line learning and classroom training programs conducted for over 29,000 employees during 2011-12



E – Learning module on Green Banking developed for generating awareness on the environment, sustainable development and CSR amongst employees



Employees recognised for their contribution to the successful I- Solve and My - Idea programs



₹ 7.5 lakhs donated to NGO "Support" through Employee Donation Scheme



IBL promotes Art and Culture through it's continued support of Kala Viraasat and Smritiyaan



₹ 3.5 lakhs collected by auctioning 70 products donated for development of street children



Planet



50 Solar ATMs installed across India reducing 41 MT of carbon emissions



78 company-owned vehicles retrofitted with CNG or LPG engines



4989.27 Kgs of e-waste disposed through government certified e-waste recyclers



135 employees with NGO "Nalandaway" painted walls of children institutions



11,000 saplings distributed across India promoting biodiversity conservation through Adopt-a-Plant program



21232.543 M.T of CO₂e is IBL's total GHG emissions

- Implementing an environmental policy during 2012-13 putting forth sustainable practices for all
- Expanding our network of rural branches
- Investing in new technologies to improve customer satisfaction
- Reaching a 100 Solar ATMs in the next year will be our major goal
- Expanding our Green Champions Network and structuring the program to enhance employee engagement
- Developing platforms of communication for employees through the intranet facility
- The Bank hopes to continue as a signatory of the Carbon Disclosure Project and publish sustainability reports
- Expanding the E- learning program to reach out to all IBL employees in the years to come



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About IndusInd Bank

Origin of IndusInd Bank

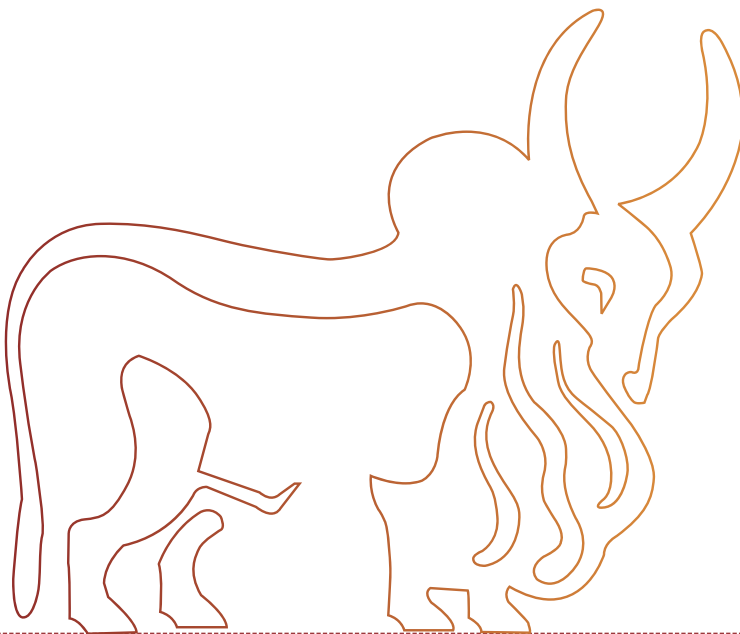
The history of India begins with the Indus Valley Civilization, which flourished in the north-western part of the Indian subcontinent from 3300 to 1700 BC. Archaeological evidence has uncovered the proof of a highly developed and innovative society with sophisticated cities, a powerful economy, sea links with Mesopotamia, internal trade routes, arts and crafts, and an as-yet undeciphered writing. It is this spirit of innovation, order and entrepreneurship that IndusInd Bank hopes to emulate, both in name and in business.

The Bank obtained a Certificate of Commencement of Business in February 1994 and was officially launched by Dr. Manmohan Singh, Honourable Prime Minister of India (then the country's Finance Minister) in April of the same year. The Bank started its operations with a capital amount of ₹ 1,000 million among which ₹ 600 million was contributed by the Indian Residents and ₹ 400 million was raised by the Non-Resident Indians. A decade after its establishment i.e. in June 2004, Ashok Leyland Finance Ltd was merged with IndusInd Bank which was one of the largest leasing finance and hire purchase companies in India, at that time. With this, the Bank increased its customer base and geographical penetration.

Organisation Profile

Business, Products and Services

In 2011-12 IndusInd Bank had a net-worth of Rupees 4522.37 Crores and bank deposits grew by 23.27% and advances by 34.01%, despite the deceleration in the growth rate of the Indian Economy. The Bank operates a diverse range of businesses, which include Corporate Banking, Retail Banking, Treasury and Foreign Exchange, Investment Banking, Capital Markets, Non-Resident Indian (NRI) / High Net-worth Individual (HNI) Banking and a Vehicle Financing Division. The Bank offers commercial, transactional and electronic banking products and services and is the first among the new-generation private banks in India. The Bank has specialized in retail banking services and continuously upgrades its support systems by introducing newer technologies. It is also working on expanding its network of branches all across the country along with meeting the global benchmark. The Bank is listed on the Bombay Stock Exchange (INDUSINDBK) and National Stock Exchange (INBK).



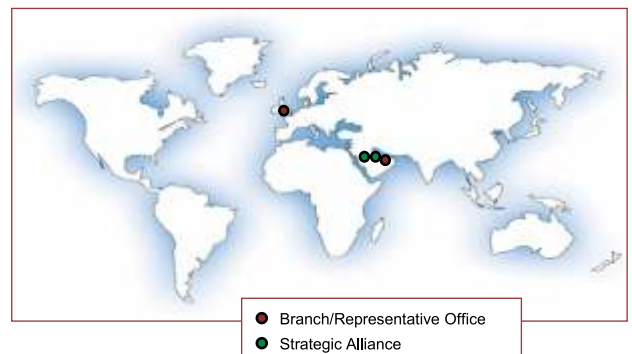
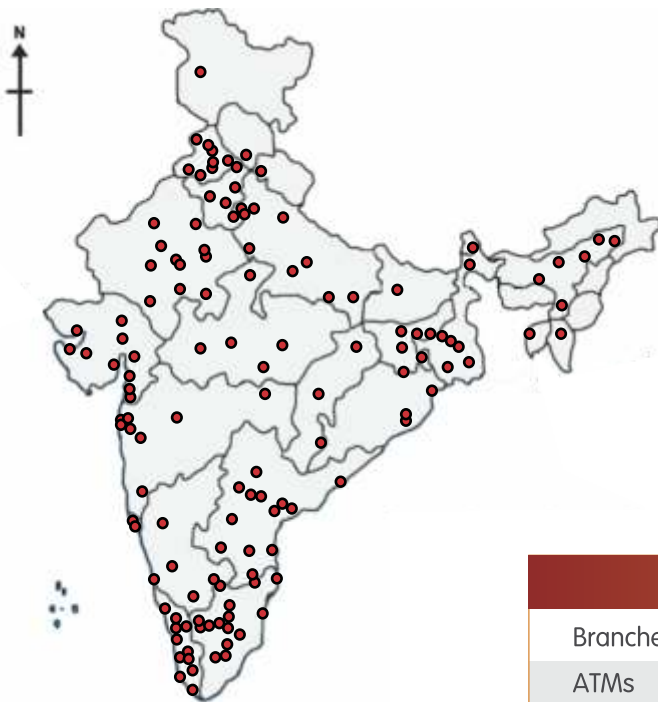


Key Business Highlights 2011-12

- Net worth moved to ₹ 4,522.37 Crores
- Net Profit up by 39% to ₹ 802.61 Crores
- Net Interest Income up by 24% to ₹ 1,704.25 Crores
- Core Fee Income up by 45% to ₹ 913.24 Crores
- Capital Adequacy Ratio (Basel III) at 13.85%; Capital Adequacy Ratio - Tier I at 11.37%
- Return on Assets (RoA) at 1.57% as against 1.46%
- Net NPA at 0.27% as on March 31, 2012 as compared with 0.28% the previous year
- Provisioning Coverage Ratio against NPAs at 72.72% as against 72.61%
- Earnings Per Share (Basic) increased to ₹ 17.20 from ₹ 13.16
- Dividend Declared of 22% as against 20% the previous year

Offices, Branches and ATMs

The Bank is headquartered at One Indiabulls, Elphinstone Road, Mumbai and has several additional offices across India. Additionally, the Bank has an extensive network of 400 branches across the country located in metro, urban, semi-urban and rural areas. This is a significant increase of 33% over its branch network in 2010-11. Apart from setting up 692 ATM centres of its own, the Bank has also concluded multilateral arrangements with other banks providing access to their ATMs for its customers. In addition to the above, the Bank also has representative offices in London and Dubai.



Strengthening our Network

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Branches	180	210	300	400
ATMs	356	497	594	692

Organisation Structure

2011-12 proved to be a landmark year in IndusInd Bank's Sustainability drive with the official recognition and deployment of its CSR department and committee. Details on this department and the organisational structure of the Bank can be found in the diagram and content below.



*There have been no significant changes in the organization operational structure in 2011-12. In case of such changes we ensure to keep our stakeholders updated.



Board of Directors

Name	Nature of Directorship	Occupation
Mr. R. Seshasayee	Part-time Chairman	Executive Vice Chairman, Ashok Leyland Ltd.
Dr. T. T. Ram Mohan	Independent Director	Professor-Finance & Accounting, IIM Ahmedabad
Mr. Ajay Hinduja	Director	Industrialist Director, IndusInd International Holdings Ltd., Mauritius, a Promoter Company
Mr. S. C. Tripathi	Independent Director	I.A.S. (Retired), Advocate
Mr. Ashok Kini	Independent Director	Managing Director (Retired), State Bank of India
Mrs. Kanchan Chitale	Independent Director	Practising Chartered Accountant
Mr. Vijay Vaid	Independent Director	Industrialist
Mr. R. S. Sharma	Independent Director	Management Consultant and Former Chairman & Managing Director of ONGC
Mr. Y. M. Kale	Alternate Director to Mr. Ajay Hinduja	Group President, Corporate Governance & Development in Hinduja Group India Ltd.
Mr. Romesh Sobti	Managing Director & CEO	Whole-time Director

The newly founded Sustainability arm of IndusInd Bank comprises of the Corporate Sustainability Committee headed by COO Mr. Paul Abraham and the Sustainability Department headed by Mr. Adwait Hebbar. Together these two entities are responsible for five major areas of work:

- Spearheading the Bank's social commitments and community outreach programs
- Calculating, monitoring and reporting IBL's carbon emissions (or carbon footprint)
- Developing and implementing an environmental policy
- Implementing solutions to reduce the Bank's GHG emissions
- Publishing IndusInd Bank's CDP and Sustainability Reports

Awards & Accolades

The Bank received various awards and accolades during the year:

"Best Bank Mid-Sized" by Businessworld-PwC Best Banks Survey 2011

"Best Mid-Sized Bank" by Business Today-KPMG Best Banks Survey 2011

CII Environmental Best Practice Award 2012 for the "Most Innovative Project"

M.IT.R - 50 Marketing & IT Recognition Program amongst top 50 brands-organised by Paul Writer in association with IBM

Panasonic Green Globe Foundation Awards 2012 in the "Business Enterprise Services" (UNEP/TERI/KPMG)

"Most Improved Bank Performance of the Year" at Financial Leadership Awards 2012 presented by Bloomberg UTV

"NASSCOM IT User Award 2012" for Environmental Sustainability by Frost & Sullivan

"Best Bank in New Generation Category" by the State Forum of Bankers' Club, Kerala

"Star Brand 2011" ICMR Star Brands of India Survey





Introduction

In the past the environment, community and business have been at odds with each other, where the development and conservation of one is perceived to be to the detriment of the other. Yet the truth is that for any real progress to be achieved, all three aspects: profit, people and planet need to be considered together; there is really no alternative to 'sustainable development'. The environment and the communities we live in are precious. We depend on them for our survival and wellbeing. Our ecosystems, and the biodiversity they support, provide services that are fundamental to human life, such as regulation of the atmosphere, maintenance of soil fertility, food production, filtration of water and pest control.

To address this issue of sustainable and equitable growth, the major future drivers of change – global warming, population growth, economic development and associated consumption of natural resources, as well as the pressures that these drivers place on the environment - need to be monitored and managed carefully. Action on sustainable development cannot come from government regulations and compliance alone, rather requires the use of innovation in the development of new products, processes, technologies and business models.

Because heavy industry is largely responsible for the use of natural and human capital, most of the business-focused programs responding to the problem of sustainable development, emphasize participation by manufacturers and utilities. Action by industry alone, however, is not enough. Long-term solutions require efforts by the entire economy including the financial sector. Recognising its wider social responsibility and the urgent need for innovation in sustainability, IndusInd Bank is publishing its second annual **Sustainability Report**, with a view to disclosing its environmental and social impacts while showcasing its sustainability initiatives.

Report Profile

This is the second Sustainability Report of IndusInd Bank covering a 12 month period from April 2011 to March 2012. This Report for FY 2011-12 has been prepared in accordance with the nine principles outlined by SEBI in the National Voluntary Guidelines on Social, Environmental and Economical Responsibilities of Business by the Ministry of Corporate Affairs (MOCA) as well as GRI G3 Guidelines. The relevant technical protocols have been followed to report the various indicators.

Report Scope & Boundary

The scope and boundary of this report is based upon the guidelines presented in the GRI framework (G3 guidelines). This Sustainability Report has been drafted by IndusInd Bank in line with its commitment to Corporate Social Responsibility (CSR) and regulatory requirement as per SEBI circular [CIR/CFD/DIL/8/2012] dated August 2012. The scope of this report covers the pan India operations of IndusInd Bank and the actions of its employees therein. In compiling the sustainability report we cover topics and indicators that reflect the most significant economic, environmental and social impacts from our operations: The Bank's financial and economic performance (profit), its employee welfare and community outreach programs (people) and its environmental impact and mitigation activities (planet). Within all these areas, the focus is on showing development and performance improvements over the last financial year and the implementation of innovative projects and technologies and their concomitant benefits for sustainable development.

This Sustainability Report has been drafted by IndusInd Bank in line with its commitment to Corporate Social Responsibility (CSR) and regulatory requirement as per SEBI circular [CIR/CFD/DIL/8/2012] dated August 2012.

The economic section of the report covers facets pertaining to the growth pathway of the Bank and the Bank's overall performance and the resultant benefit to its main stakeholders. This section also elaborates on how the Bank uses its financial operations to promote sustainability both within its walls and in the larger community. The social section of the report discusses the community engagement initiatives adopted by the Bank in and around its location of operations and its employee welfare and engagement schemes. The environment section provides details on the practises adopted by the Bank towards awareness generation, energy and water conservation, waste management and carbon footprint calculation & reduction.



Through this report we also hope to demonstrate that IndusInd Bank has not just attempted to meet compliance, but is working towards reaching a gold standard in innovation and sustainability.

This report has been researched and developed by the CSR department of IndusInd Bank, in partnership with the Centre for Environmental Research and Education (CERE). The data presented in the report is based on information present in public records, data provided by the Bank's various verticals and informal monitoring and reporting procedures.

Corporate Governance & Compliance

At IndusInd Bank, outstanding governance practices are essential to a sustainable business that delivers value to customers, staff and the wider community for the long-term. Our sustainable business practices include a strong corporate governance system and a commitment to compliance that arises not only from regulatory requirements, but also a determination to build transparency and integrity into our business model.

Good Corporate Governance

The scope of good corporate governance covers every aspect of our day to day work lives - whether in assessing and disbursing credit, managing operations, dealing with customers, financial reporting and in general, our work ethics. To maintain highest standards of good Corporate Governance, the Directors have formed various Committees of the Board. IndusInd's board has twelve committees.

Committees of the Board

The Board has constituted several Committees to take decisions and monitor the activities falling within their terms of reference. The Board's Committees are as follows:

Audit Committee of the Board

Members:

- Mrs. Kanchan Chitale
- Mr. S. C. Tripathi
- Mr. Ashok Kini
- Mr. R. S. Sharma

The role of the Audit Committee includes, inter alia: (1) Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible; (2) Recommending to the Board, the appointment / re-appointment of Auditors and fixation of audit fees; (3) Reviewing with the management, the quarterly and annual financial statements before submission to the Board for approval, with particular reference to:

- Changes, if any, in accounting policies and practices and reasons for the same
- Major accounting entries involving estimates based on the exercise of judgment by the management
- Significant adjustments made in the financial statements arising out of audit findings disclosure of related party transactions, if any;
- Qualifications in the draft Audit Report
- Review of Management Discussion and Analysis of financial condition and results of operations



The specialised functions of the Audit Committee include: (1) Reviewing with the management, the performance of Statutory and Internal Auditors and the adequacy of the internal control systems; and (2) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature.

Committee of Directors

Members:

- Mr. R. Seshasayee
- Dr. T. T. Ram Mohan
- Mr. R. S. Sharma
- Mr. Romesh Sobti

The Committee of Directors exercises powers delegated to it by the Board, for managing the affairs of the Bank; for efficient control over operational areas; and for ensuring speedy disposal of matters requiring immediate approval.

Compensation Committee

Members:

- Mr. R. Seshasayee
- Mrs. Kanchan Chitale

The Committee's role is to make recommendations on the issues of augmentation of capital and the issuance of the Bank's shares to its employees under an ESOP Scheme.

Customer Service Committee

Members:

- Dr. T. T. Ram Mohan
- Mr. Ashok Kini
- Mr. Vijay Vaid
- Mr. Romesh Sobti

The Committee's function is to monitor the quality of customer service extended by the Bank, and to attend to the needs of customers.

Finance Committee

Members:

- Mr. R. Seshasayee
- Mr. S. C. Tripathi
- Mr. Ajay Hinduja
- Mr. Romesh Sobti

The Committee's role is to decide on the appropriate mode of issue of capital; to finalise, settle, approve or agree to terms and conditions including the pricing for the said capital-raising programme; finalise, settle, approve, and authorise the executing of any document, deed, writing, undertaking, guarantee or other papers (including any modification thereof) in connection with

the capital-raising programme and authorise the affixing of the Common Seal of the Company, if necessary thereto in accordance with the provisions of Articles of Association of the Company; to appoint and to fix terms and conditions of merchant bankers, investment bankers, lead or other managers, advisors, solicitors, agents or such other persons or intermediaries as may be deemed necessary for the capital raising programme; to do all such things and deal with all such matters and take all such steps as may be necessary to give effect to the resolution for raising of capital and to settle / resolve any question or difficulties that may arise with regard to the said programme.

Human Resources Committee

Members:

- Mr. R. Seshasayee
- Mr. Ajay Hinduja

The Committee periodically reviews the Bank's HR function.

IT Strategy Committee

Members:

- Mr. Ashok Kini
- Mr. Romesh Sobti

The Committee conducts Board-level overview of aligning Information Technology with the business strategy of the Bank aimed at offering better service to customers, improved risk management and superior performance.

Nomination Committee

Members:

- Mr. R. Seshasayee
- Mr. Ajay Hinduja
- Mrs. Kanchan Chitale
- Mr. Romesh Sobti

The Committee conducts due diligence as to the credentials of any Director before his / her appointment, and makes appropriate recommendations to the Board, in consonance with the Dr. Ganguly Committee recommendations and the requirements of RBI. The Committee also discharges the functions of the Remuneration Committee envisaged in Clause 49 of the Listing Agreement.

Risk Management Committee

Members:

- Dr. T. T. Ram Mohan
- Mr. Ajay Hinduja
- Mr. Romesh Sobti

The Committee's role is to examine risk policies and procedures developed by the Bank and to monitor adherence to various risk parameters and prudential limits by the various operating departments.



Stakeholders Relations Committee

Members:

- Mr. Vijay Vaid
- Mr. Romesh Sobti

The objective of the Stakeholders Relations Committee is the redressal of stakeholders' complaints. The Company Secretary discharges the responsibilities of a Compliance Officer.

Special Committee of the Board (for monitoring large value frauds)

Members:

- Dr. T. T. Ram Mohan
- Mrs. Kanchan Chitale
- Mr. Ashok Kini
- Mr. Romesh Sobti

In accordance with the directives of Reserve Bank of India, a Special Committee has been set up for monitoring and follow-up of cases of frauds involving amounts of ₹ 1 crore and above.

Vigilance Committee

Members:

- Dr. T. T. Ram Mohan
- Mr. S. C. Tripathi
- Mr. Romesh Sobti

The Committee conducts an overview of cases of lapses of a vigilance nature on the part of employees of the Bank.



Compliance

With the paradigm of risk management gaining momentum over the years, there has been a shift in the roles and responsibilities of the compliance unit from solely a control group to an active participant, supporting and monitoring risk management functions at the Bank. We at IndusInd are committed to promoting and safeguarding the highest standards of corporate culture by not only meeting our legal obligations but also including broader standards of integrity and ethical conduct in our business.

We have a dedicated Compliance Function that facilitates management of compliance risk and has defined policies to ensure adherence to statutory guidelines. The function independently examines and monitors compliance aspects at various stages. In addition to this, the Compliance Function is a part of the Operational Risk Management Committee and vets new products, processes and assesses changes proposed to the existing ones. We have taken several steps towards enhancing processes and controls to ensure better compliance at the execution stage and for early detection of any deviations. In case of any defaults in compliance, besides suitable remedial measures, appropriate punitive action is taken.

In order to articulate fair compliance metrics we have enabled a MIS system of on-line Compliance Certification for Branch Managers and various Functional / Business Unit Heads. This facilitates quick reporting of default incidents and initiation of corrective action.



Fines paid for non-compliance by IndusInd Bank for FY 2011-12	None
Actions initiated against IndusInd Bank for non-compliance by regulatory bodies for FY 2011-12	None
Any products offered as part of IndusInd Bank's portfolio banned in any markets or have any been subjected to questions by stakeholder / public	None

Institutionalising a Compliance Mind-set

The Compliance Function engages with employees from time to time by providing reference material in the form of learning modules, short memos (compliance guides) on important topics and case studies analysing 'on ground events'. Several steps have been taken to create awareness and disseminate knowledge on the compliance framework and the consequences of non-compliance.

- (i) Compliance Flashes: Real life cases of compliance defaults depicting what went wrong and the learnings there on, are circulated on email to the employees. Events occurred in domestic and global arenas are covered in these flashes. During the year 40 flashes were circulated.
- (ii) Compliance Guides: Informative one / two pager Compliance Guides containing salient features in brief have been issued on important topics to enhance the awareness of these compliance aspects.
- (iii) Compliance Bulletin: A quarterly bulletin on Compliance aspects 'Compliance Quest' was published for enhancing awareness of Compliance framework. This publication includes briefs on new regulations, compliance related events,



global / domestic trends in compliance, etc. With a view to encouraging the Bank's employees to keep updated on regulatory aspects, a quarterly 'Compliance Contest' is held that is open to all staff. It comprises a quiz and a crossword on compliance aspects related to banking activities.

- (iv) Compliance Newsletter: A Compliance Newsletter 'Compliance Bytes' containing compliance related news / information from India and abroad, and the domestic Regulatory Highlights was issued on monthly basis.
- (v) Compliance Training: Seminars on Compliance and Vigilance aspects were conducted for the Managers Customer Service & Operations (MCSOPs), Operations / Marketing Executives from branches, Central Acquisition Teams, BMU and PAQ Units. During these seminars cases of defaults / deviations were discussed to bring home the risks associated with non-compliance. Group exercises on default cases were also given.

The various initiatives taken during FY 2010-11 and FY 2011-12 are given below:

Initiative	2010-11	2011-12
Guides	25	21
Flashes	42	40
Seminars	31 Seminars covering 724 employees (MCSOP, Ops, Sales Others) at 15 Centres	47 Seminars covering 1047 employees (MCSOP, Ops, Sales Others) at 23 Centres

Compliance Visits

Test Studies were carried out for sample branches, Corporate Office Departments, Associate Agencies, and Desk Studies for assessing the status of the level of compliance in significant areas. Sample checks are done in areas considered important from a compliance perspective like meeting KYC (Know Your Customer) requirements, cash transactions, handling of AML (Anti-Money Laundering) alerts, forex transactions etc. Also customer service aspects like display of notices / codes, holding customer service meetings, security & surveillance and other such aspects are verified.

KYC being one of the most critical compliance aspects is a major focus area during the branch visits. To ascertain the fulfilment of KYC requirements, interactions are held with the Sourcing Executives, the Manager - Customer Service & Operations (MCSOP) and other Executives. Similarly during visits to other Functional Units, interactions are held with the employees handling these activities to assess adherence to the stipulated guidelines / instructions. The study reports are circulated to the concerned Department Heads for taking necessary steps to identify areas for improvement and address them appropriately.



Sustainability Report of IndusInd Bank: 2011-12

The Studies done during FY 2010-11 and FY 2011-12 are given below:

Location	Nature of Studies	2010-11	2011-12
Branches	General Compliance Aspects at Branches	105 Branches	108 Branches
	Customer Service	30 Branches	-
	Testing of Compliance of Depository Services	30 Branches	-
Consumer Finance Units	General Compliance Aspects	23 Units	41 Units
Associated Agencies	Offsite ATM EOD processing by CIT Agencies	28 OSAs	-
	Handling of Outward Remittances by AD- II Forex Dealers	43 Units	15 Units
	Handling Inward Remittances received through Zoha Inc. under MTSS by sub-agents	55 Units of 3 Sub-agents	-
	Voucher Verification Units	-	6 Units
	Record Retention Agencies (RRA)	-	2 Agencies
	Outward Forex Remittances referred by Influencing Agents	-	10 Units
	Home Loans tie-up with HDFC	-	1 Unit
	3-in-1 Account arrangement with Kotak Securities	-	1 Unit
Corporate Office Departments (includes Centralised Units)	CFD at Karapakkam, Chennai	-	1 Unit
	Foreign Exchange Transactions undertaken at Centralised Processing Cell (CPC)	2 CPCs	-
	Testing of Compliance of Centralised Clearing Cells	4 Centres	-
	Depository Centralised Processing Centre	DP-CPC	-
	CPU Account Opening Process	CPU	-
	Payroll Process	HRD	-
	Complaints Handling by Banking Operations Department	GBO	-



Location	Nature of Studies	2010-11	2011-12
Corporate Office Departments (includes Centralised Units)	Account Opening HUB Study	4 Centres	-
	Corporate Netbanking	-	CMS Operations Unit
	Derivative Activity	-	1 Unit
	Deliverables Management Process	-	CPU
	Depository AML Alerts	-	DP-AML Unit
	Identification of Suspicious Transactions for Filing STRs	-	AML Cell
Desk Studies	Display on Bank's Website	-	Yes
	Review of Shops & Establishment (S & E) Registration of Branches	-	Yes
	Review of Licenses of Offices	-	Yes
	Analysis of Frauds	-	Yes
Analysis of Audit Reports	Branches	34	200
	Consumer Finance Units	75	100
	Corporate Office (CO) Departments	10	10
	CGMO	-	16
	Offsite ATMs (OSAs)	-	46
	Centralised Clearing Cells (CCCs)	-	8
Special Projects	Money Changing Activities	Yes	-
	Money Transfer Service Scheme (MTSS)	Yes	-
	Sanctions - Countries / Banks	Yes	-

Vigilance

IndusInd Bank considers Discipline and a proactive Vigilance Mechanism to be essential prerequisites for its development and sustainability as the success and very existence of an organization depends upon the faith and confidence its customers, various stake holders and public at large have in the organization. The objective of Discipline and the Vigilance Mechanism in the Bank is to enhance the level of managerial and operational efficiency and effectiveness. The primary aim of these functions is to prevent indiscipline, misbehavior, fraud etc. There are robust prevention and detection mechanisms in the Bank. There are also strong and time tested processes to trace, identify and analyze these deviant behaviors, followed by deterrent action. Furthermore, a Vigilance History of delinquent and suspect employees has been developed and has been updated till March 31, 2012.

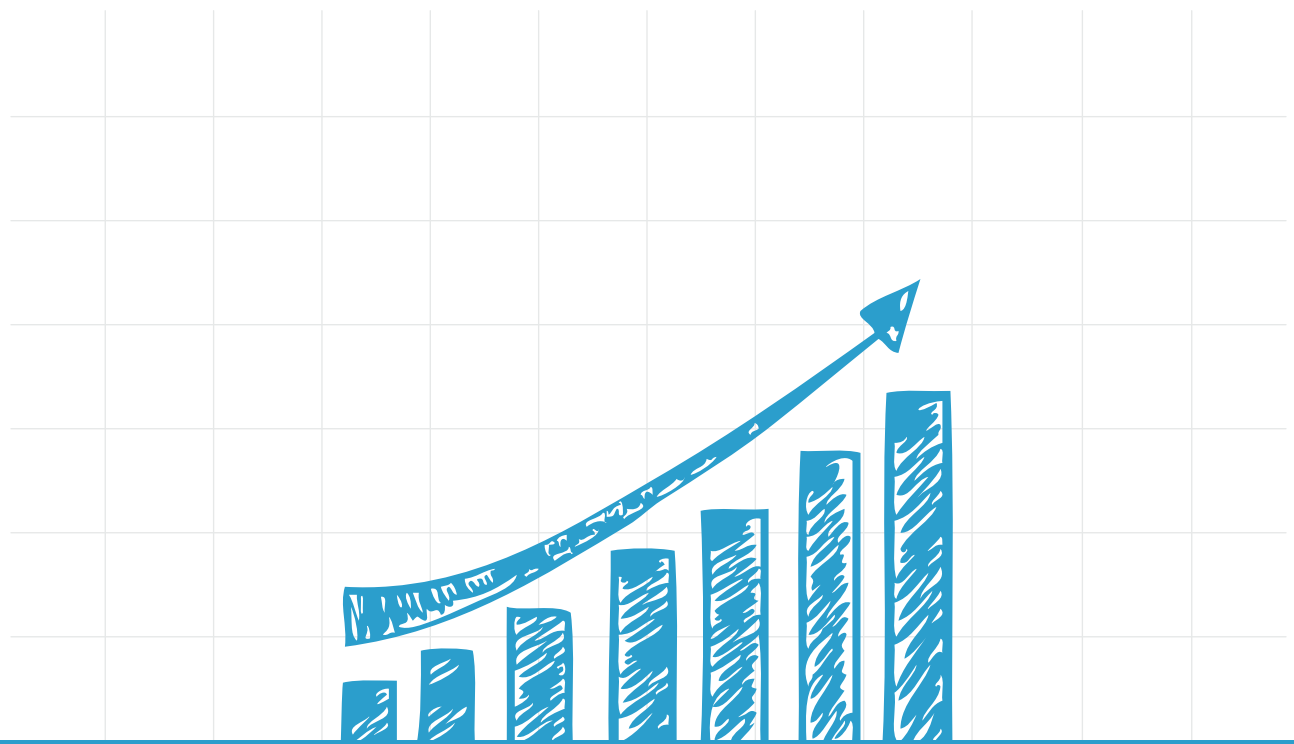
Vigilance Cases as on 31.3.12					
Stage	Punishment			Under Process	Grand Total
	Dismissed	Terminated	Others		
Resolved	9	1	3*	-	13
Under Process	-	-	-	-	-
Total	9	1	3	-	13

* 1 Case, Strict Warning letter & PAC Denial, 2 Cases Strict Warning letter.

With the objective of raising the awareness level of field functionaries and sensitizing them to the significance of Vigilance & Compliance, interactive, day-long seminars were held across the country (jointly with Compliance Department). During the current financial year, 47 seminars were held at 23 locations Pan-India covering 1047 executives. The category wise numbers of executives covered during these seminars is presented in the table below:

Category	No. of Participants
Branch Managers	4*
Manager-Client Service & Operations	105
Operations Executives	269
CSM /CSE	217
Other- Sales Executives	356
PAQ- Executives	4
BMU- Executives	4
CAT	77
Audit	10
Regional Head	1
TOTAL	1047

*As a 3 day BM's Training Program was being conducted by HR at the same time, this seminar was condensed and dovetailed therein. Therefore, while very few BMs attended a 'stand-alone' Seminar, 250 + BMs / Regional Heads were also exposed to these contents during this period.



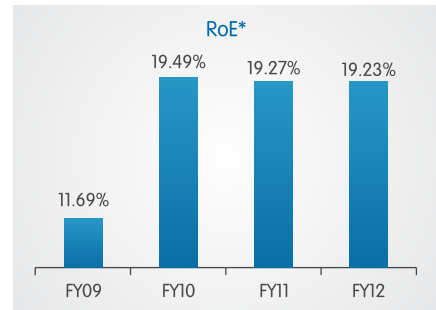
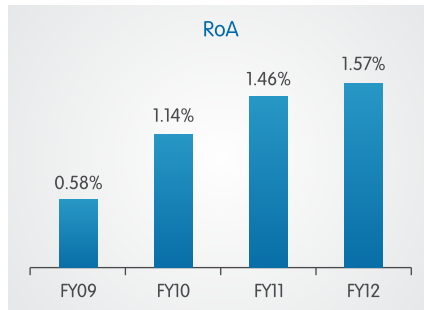
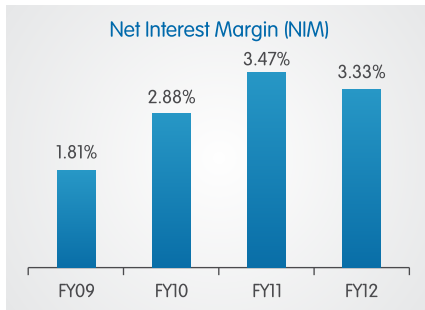
PROFIT

As the Bank enters the next financial year it continues to grow, in small part due to the momentum generated by its sustainable development agenda. The sustainable practices adopted during 2011-12 have not only led to the achievement of organisational goals but also a healthier environment. The Bank has established a way to combine consumer banking and sustainability by introducing programs such as Cash-on-Mobile, Direct Connect, and Quick Redeem. The Corporate Banking Policy has supported initiatives that also help meet our sustainability goals, thus keeping the benefit of the larger society in mind while ensuring financial security. Furthermore, the Bank continued to be successful in increasing its presence in rural India, thereby supporting marginalized community and increasing their access to banking services. The Bank has also continued to focus on strategies that support sustainable growth by benefiting a diverse group of stakeholders; a case in point is the vehicle finance division which has catered to several female clients, an under-served sector in the vehicle finance market.

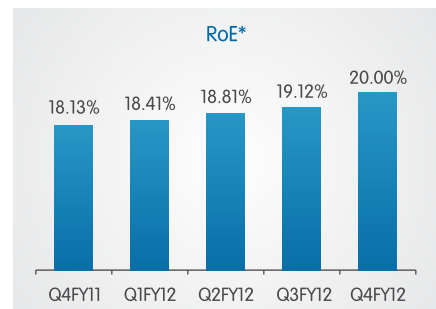
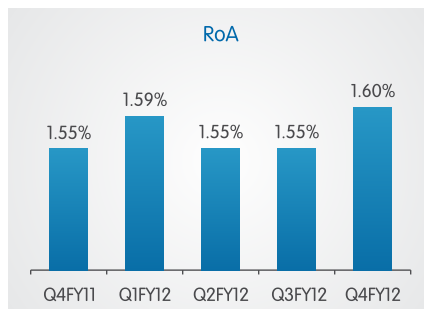
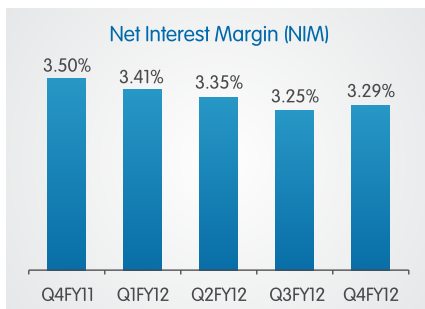
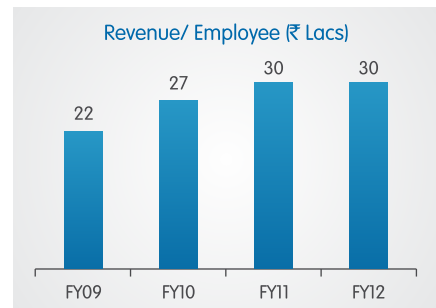
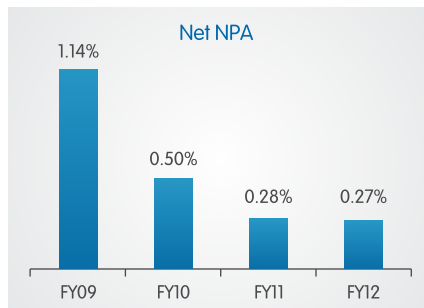
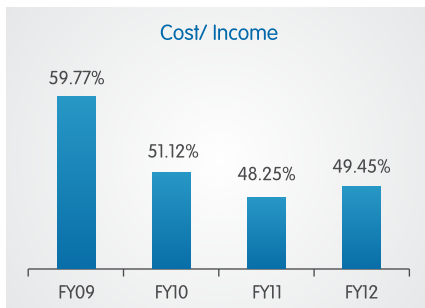
Financial Performance

The FY 2011-12 has been marked by a discernible deceleration in the growth rate of the Indian economy and a challenging macro-economic environment. Despite these trials IndusInd Bank has continued to grow and profit to the benefit of its employees, customers and shareholders. During the year the Bank's deposits grew by 23.27% and our advances increased by 34.01%. The Operating Profit during the year under review also rose by 27% to ₹ 1373.03 Crore. The Bank's Net Profit was higher by 39.02%, increasing from ₹ 577.32 Crore in FY 2010-11 to ₹ 802.61 Crore in the current financial year. This incredible performance has been in part due to IndusInd Bank's continued commitment to responsible corporate governance, sustainable business practices, our 'customer first' ethos and our innovative approach to long-term financial growth.

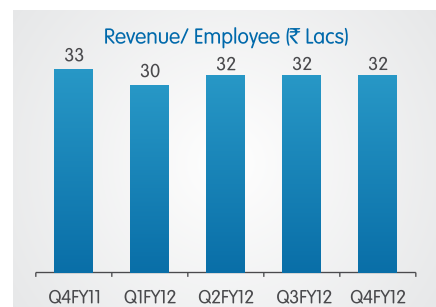
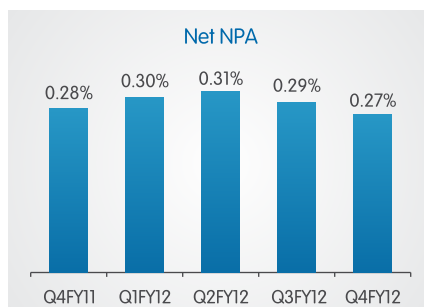
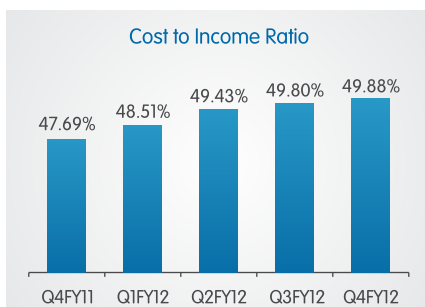
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*on average equity



*on average equity





Participating in Policy Development

IndusInd Bank is a member of several organisations that facilitate the development of public policy in the Banking Industry. The Bank is associated with the following bodies:

- Confederation of Indian Industries (CII)
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- Bombay Chamber of Commerce & Industry (BCCI)
- Indian Merchants Chamber (IMC)
- Indian Banks Association (IBA)
- Banking Codes and Standards Board of India (BCSBI)
- Fixed Income Money Market and Derivatives Association of India (FIMMDA)
- Foreign Exchange Dealers Association of India (FEDAI)
- Indian Institute of Banking & Finance (IIBF)

Sustainability in Business

Consumer Banking: Putting our Customers First

As one of India's best mid-sized Banks, our customers come first. We work hard to provide exceptional service to over 3 million customers across the country. Part of that service is taking a responsible yet state-of-the-art approach to the way we provide financial products and services to our clients. Customer service is one of our key performance indicators and in the FY 2011-12 we continued to promote customer satisfaction across all our major business areas. Furthermore, we actively engage feedback from our customers and regard complaints as opportunities that enable us to improve our business and our customer relationships.

Customer Complaints received during the FYs 2010-11 and 2011-12

Particulars	FY 2010-11	FY 2011-12
Complaints outstanding at the beginning of the period	272	307*
Add: Complaints received	15579**	18772***
Less: Complaints disposed off	15474	18754
Complaints outstanding at the end the period	377	325

* Pending 307 complaints as on beginning of June quarter is excluding 70 legal cases (earlier included)

** During the year FY 2010-11, Bank received 21109 complaints, of which 5530 complaints were resolved within next working day, hence not included in above table.

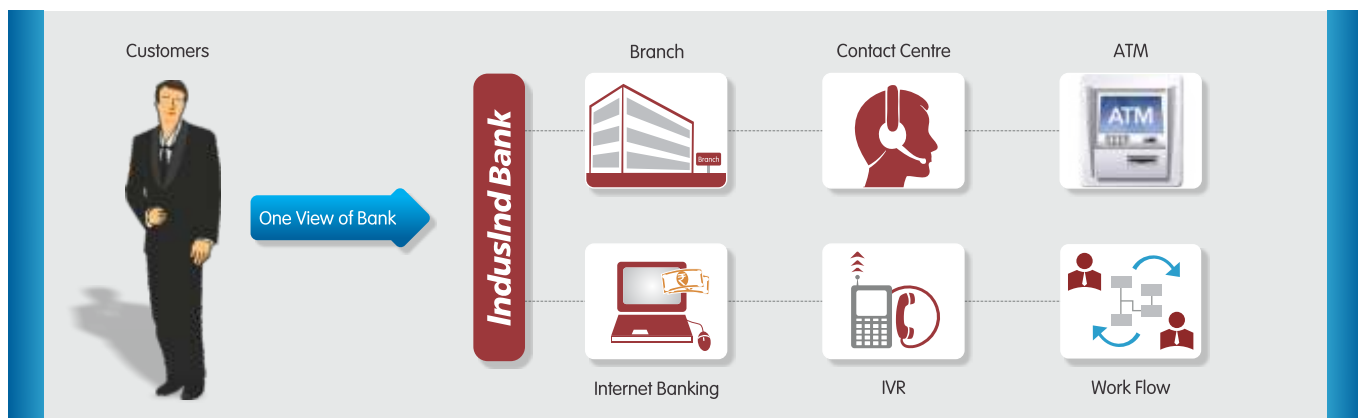
*** During the FY 2011-12, Bank received 26893 complaints, of which 8121 complaints were resolved within next working day, hence not included in above table.

Customer feedback is addressed at the first point of contact where possible or is escalated to the Committee on Procedures & Performance Audit of Public Services (CPPAPS). CPPAPS evaluates feed-back on the quality of Customer Service received from various quarters. The committee reviews comments/feed-back on Customer Service and the implementation of commitments in the Code of Bank's Commitments to Customers received from Banking Codes and Standards Board of India (BCSBI). CPPAPS ensures that all regulatory instructions regarding Customer Service are followed by the Bank and also considers unresolved complaints/grievances referred to it by Functional Heads responsible for redressal and offer their advice.

The Committee is supervised by the Customer Service Committee of the Board (CSCB) and as per Calendar of Review, at least 2 CSCB meetings are to be held once every 6 months. Accordingly, during this FY 2011-12, CPPAPS meetings were held on March 04, 2011, Aug 18, 2011 and Jan 25, 2012 and CSCB meetings were held on 4th October 2011, 6th February 2012 and 22nd March 2012.

Talisma- Innovation for Customer Satisfaction

IndusInd Bank is committed to meeting its customers' needs and keeping them happy. An example of the Bank's commitment is demonstrated by the implementation of the Talisma software, a state-of-the-art online customer complaint tracking system. Talisma was implemented as part of the recommendations put forth by the Goiporia Committee on Customer Service. As per these recommendations all customer complaints are captured in the branch Complaint Book and through various options as highlighted in the diagram below and so entered into Talisma.



This system allows for a complete end-to-end tracking of customer complaints, visible to everyone in the Bank. Talisma allows for an early resolution of complaints and the turn-around time for the closure of most complaints has been reduced to a week. There is a single customer view and all requests and complaints pertaining to a particular customer can be tracked against his/her account number which reduces the chance for errors and delays. More complex issues are escalated as per procedure to the Nodal Officer and addressed within a week thereafter. Talisma is an innovation that not only improved customer grievance redressal but also reduced the use of excessive paper work, time and resources.

Revolutionising the Customer Experience

At IndusInd Bank, our aim is to provide high quality and innovative financial solutions to our diverse customer base while continuously improving our technology and maintaining the highest levels of integrity and customer service. As part of our innovative approach to customer satisfaction we launched three new services: 'Cash-on-Mobile', 'Direct Connect' and 'Quick Redeem' during this past financial year. These new innovations were aimed at making banking easy and convenient for our customers, while reiterating the Bank's commitment towards providing a superior client experience.

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Cash-on-Mobile

While the Bank was formulating its Mobile Banking strategy a team of core IndusInd Bank stakeholders and our technology partners identified a latent need for a service which allowed the customers to request for cash while on the move and withdraw the money from the ATMs without the need for a card. With the growing advancement of technology and security functions over the air / mobile network, there is a growing need for Banks to provide Mobile Technology based banking to their customers. It is now possible to find mobile connectivity in the remotest of places also where having an internet connection is a problem.

With the initiation of our Mobile Banking Platform there was an inherent need of making available a proposition which would enable customers to withdraw money from our ATM's without the use of ATM/Debit Cards. Hence came about of IndusInd Bank's "Cash-on-Mobile" functionality. This facility enables customers to transfer money to anybody (including self) irrespective of whether the beneficiary has an IndusInd Bank account or not, from the mobile application to the beneficiary's mobile number. The beneficiary can withdraw the funds from IndusInd Bank ATMs without using his debit or ATM card.



Direct Connect

Most banks in India today have developed 24*7 phone banking services. Customers can now dial the customer service number of their bank to enquire on account status or simply place certain requests like ordering a new cheque book. However, highly complex Interactive Voice Recording (IVR) systems and a time-consuming process mean that most Indian customers prefer human interface and would rather speak to a customer service agent over the phone. To assuage this pressing customer need IndusInd Bank developed a Phone Banking service which allows IndusInd Bank 'Exclusive' customers to speak to the Phone Banking Executive directly without going through the IVR. The customers do not have to wait and go through different menu options to talk to the Phone Banking Executive as they are provided with direct access to talk to their designated Executive. This leads to ease of access and personalised services.



Quick Redeem

As part of its Loyalty Scheme, IndusInd Bank rewards its customers with cash credit for every complete credit card transaction. Reward redemption should be straight-forward and clear and customers should be able to clearly see the value in reward points earned during credit card transactions. At IndusInd Bank, the challenge was to address the needs of our credit card customers while not having access to an extensive merchant acquiring network and abiding by TRAI regulations with regard to customer privacy. To address this challenge, the Bank used an innovative approach in its 'Quick Redeem' service. This service enables customers to redeem reward points earned at the point of transaction. The service is not limited to the presence of any physical machine, but can be availed by sending a message from a registered mobile number. This circumvents the tedious and expensive process of merchant acquisition and thereby enhances customer satisfaction. The service is real time and hence involves the integration of new features in system architecture for specific product codes.



These innovative additions to IndusInd Bank's Mobile Banking Services have several tangible and intangible benefits. In addition to providing customers with increased functionality and greater access to banking services, 'Direct Connect', 'Cash-on-Mobile' and 'Quick Redeem', have increased productivity, revenue generation and transparency, while significantly reducing resource consumption and improving employee motivation. These services also allow customers to access banking services without having to travel to a local branch or ATM thus indirectly reducing GHG emissions from transport.

Corporate Banking

IndusInd Bank provides a wide array of commercial, transactional and electronic banking products to both large and small corporate clients in India. We have innovative products designed with a focused approach to suit requirements of various segments. We offer corporate banking services including working capital finance, term loans, trade and transactional services, foreign exchange and cash management services. The facilities are structured to meet specific needs of the client taking into account a client's risk profile. With our strong customer oriented approach, we have built relationships with a number of Indian companies including multinationals, well known domestic business houses and public sector companies. Environmental and social governance and sustainability are quickly becoming an integral part of our corporate banking agenda and in the FY 2011-12 IndusInd Bank has funded several projects that promote sustainable and rural development.

Fostering Clean & Renewable Energy Technologies

IndusInd Bank has been an upcoming investor in renewable and clean energy projects across India. Our participation in this industry is a long term commitment, requiring substantial investment in resources, knowledge and innovation.

Promoting Renewable Energy in India

A Public Limited Government Company under the Administrative Control of Ministry of New and Renewable Energy (MNRE), has been spearheading efforts in the country to promote renewable and sustainable energy development and conservation. It promotes, develops and extends financial assistance for renewable energy and energy efficiency/conservation projects. This company is operational in various areas of alternative energy development and has financed sectors like Hydro Energy, Wind Energy, Bio Energy, Biomass Power Cogeneration, Biofuels (Ethanol/Bio Diesel), Solar Energy, Solar Photovoltaic Market Development Programme, Solar Thermal Programme, Solar Water Pumping Programme etc. This company also implements programs on behalf of Ministry of Non-Conventional Energy Sources on basis of MOUs, for which MNRE places an agreed sum with this company for each program. IndusInd Bank supports this company through a holistic banking relationship that spans regular banking facilities including treasury products, deposits and management of their dividend mandate.

Energy from Agri-Waste

The state of Punjab has been faced with the challenge of meeting a growing demand for power. Simultaneously, the traditional disposal and burning of agricultural waste has led to the production of greenhouse gases like methane, thus exacerbating the problem of Global Climate Change. To meet these twin challenges, a green energy company has been engaged by Punjab Electricity Development Agency to set up Biomass based power plants with a capacity of 26 MW. IndusInd Bank has funded this innovative green technology initiative by way of long term loans thus supporting both local sustainable development and mitigating carbon emissions.

This green energy company has contributed to rural Punjab in various ways. The operations of the plant have brought about direct economic benefit to the farmers, through procurement of raw materials - agri-waste & bio-waste from them for a reasonable price. The company has also brought about employment generation in the rural area, giving preference to the marginalized people in the vicinity of the plant. Additionally, a by-product from these plants - 'Ash' - is gaining acceptance by the local farmers as a suitable substitute for fertilizers. This project is helping the state bring about a sustainable economic model for distribution of power, while simultaneously restoring and protecting the environment.

A green energy company has been engaged by Punjab Electricity Development Agency to set up Biomass based power plants with a capacity of 26 MW. IndusInd Bank has funded this innovative green technology initiative by way of long term loans



Championing Wind Energy

IndusInd Bank, by way of long term loans, has funded the set up 8.4 MW of wind energy in the states of Karnataka and Maharashtra. These states currently have high dependency on thermal power and energy production from coal is a major contributor to global warming and climate change. The loan recipients were mandated by Karnataka and Maharashtra state electricity boards (KERC and MSEDCL) to increase local renewable energy generation capacity. The project has not only helped support local economies through job creation, but is also an important part of India's carbon mitigation strategy.

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Managing our Water Resources

IndusInd Bank is also a banking partner to a company working in the field of Water & Waste Water Recycling. This company is an international multi-disciplined company specializing in providing design & turnkey execution services in the fields of water & wastewater collection, treatment and disposal. The Group provides the highest quality systems based on the latest available technologies at competitive prices for national & international turnkey projects. The company's offerings across the water and waste treatment segment include:

- Drinking Water Treatment
- Industrial and Process Water Treatment
- Sludge Treatment
- Municipal Waste Water Treatment
- Industrial Waste Water Treatment

The company has seen significant investor interest and has seen fresh PE investment to provide it growth capital. The company is currently working on a large number of turnkey projects for water management and water conservation/ recycling. IndusInd Bank has supported the company to grow by providing substantial funding for projects being undertaken in India and overseas.

Bringing Banking to Rural India



Expanding our banking services to rural India has been a conscious decision to support the growth and development of our country. This year saw increased impetus in microfinance and the banking sector has realised the large untapped potential of the rural Indian market which can be reached through technology. The Bank had opened 30 rural branches in 2011 which increased by 40% to 42 branches in 2012. There has been an increase in the deposits from 2010 to 2011 by 93.5% and from 2011 to 2012 by 124.7%. The advances

decreased by 7.6% in 2011 compared to 2010. However, in 2012 the advances increased by 90% from the 2011 figures. Following are the figures of deposits and advances that are given below.

As on March 31 (Amount in Crores)

Rural branches	2010	2011	2012
Deposits	143.27	276.85	622.16
Advances	58.71	54.2	103.10

The Bank had opened 30 rural branches in 2011 which increased by 40% to 42 branches in 2012. There has been an increase in the deposits from 2010 to 2011 by 93.5% and from 2011 to 2012 by 124.7%. The advances decreased by 7.6% in 2011 compared to 2010. However in 2012 the advances increased by 90% from the 2011 figures.

The objective of the Bank is to ultimately reach out to the interiors of the country and provide opportunities that will contribute to India's growth success.

*The names of the companies included in the case study are not disclosed on account of the client confidentiality clauses.

Supporting Marginalised Communities

Stronger, more economically sustainable communities mean a stronger India. At IndusInd Bank, one of the ways we help empower communities is through our 'Partnership Program'. Through this innovative program we help small business owners from poor and under-served communities to grow and develop local businesses by working with local partners and providing people with low-interest loans, bank accounts and services with lower fees. The salient features of the program are described below:

At IndusInd Bank, one of the ways we help empower communities is through our 'Partnership Program'.

- **Intermediary** - A suitable partner is appointed who is able to reach out to the community in question in an efficient and suitable manner. Due diligence is conducted to assess the suitability of the intermediary in terms of their operations, financial position, technology absorption, HR policies and leadership abilities. All of our current intermediaries are Microfinance institutions who have been extending small value credit to the poor.
- **Technology** - In order to implement this model seamlessly, the Bank has put in place a separate CBS solution whereby such customers' data is processed as per appropriate KYC compliances. All financial transactions are also hosted in this solution with a consolidated entry into the core CBS. Appropriate front-end technology solutions are also being adopted wherever available to provide transparency and efficiency at the convenience of the end user
- **Monitoring and control** - Given that this is a first of its kind model for the banking sector with a significant amount of risk, it was essential for the Bank to put in place certain control measures to ensure complete adherence to established norms and processes including all kinds of regulatory compliances.
 - **FI-CPU:** A dedicated Central Processing Unit (CPU) deployed for regular KYC checks and loan sanctions based on certain credit bureau checks.
 - **BAU:** A Business Analytics Unit keeps daily track of the loan portfolio and the various performance indicators based on the daily data flowing in to the Bank's system through various hand-offs from the intermediary.
 - **Field Supervision:** The key factor from which the Bank derives its comfort is through a dedicated field level supervisory employee who visits the operation grounds of the partner on a regular basis to observe and assess the operational procedures and report any deviations from agreed upon and established norms.
- **Revenue sharing** - While reaching out to marginalised communities is a part of the IndusInd Bank value system, it is important for all partnerships to be commercially and financially viable. To meet this requirement the Bank has established an appropriate revenue sharing model with the partner on the basis of mutually agreed terms which has been widely appreciated.
- **Products** - The arrangement initially starts with small value micro credit and is envisaged to scale-up for extending Savings, Insurance, Recurring Deposits and Fixed Deposits.



In September 2011, as part of the Partnership Program, IndusInd Bank has appointed two Business Correspondents (BCs), namely – Cashpor Micro Credit and Samhita Community Development Services in Uttar Pradesh and Madhya Pradesh respectively. The Bank will be working with Cashpor in four districts (Azamgarh, Deoria, Gorakhpur and Kushinagar) and with Samhita in Bhopal. The target group consists of rural women from low income families with emphasis on Scheduled Castes and Scheduled Tribes. Tools Like "Cashpor Housing Index (CHI)" and "Progress out of Poverty Index (PPI)" are used to assess the poverty level of the clients. The livelihoods of the target customers are mainly agriculture based, with small vibrant trading enterprises in the market areas. The majority of clients had no previous access to formal, low-cost credit.



Both the entities have been working in these regions for a considerable period and have time tested internal processes and mechanisms to reach out to the poor. The initial scope of services through these BCs revolves around sourcing and appraisal of small value micro credit loans and activities associated with subsequent repayments post KYC approval and sanctioning from the Bank. The entire process of servicing a customer starts with an elaborate enrolment exercise wherein various demographic and livelihood data is captured from the customer. We are also making the necessary arrangements to subsequently roll out savings services through a suitable front end technology solution. The Bank has already identified a mobile solutions provider for this purpose. The current arrangements has helped us to reach out to approximately 1,50,000 households in the 5 identified districts.

A Case Study

MAMTA

Mamta is a 45 year old lady. She lives in the village of Deepapur in Varanasi district. Her family comprises of 8 members with 5 girls (2 girls married) and 1 son. Mamta and her husband are the only two earning members of her family. Her husband owns a small general store and she does stitching, embroidery and weaving (seasonal). Through this they were able to manage a very nominal amount of income and were not able to meet their family's basic needs. Mamta looked for another employment opportunity and was supported in her endeavours by Cashpor.

Mamta took a small loan of ₹ 10,000/- as her first loan, which she utilized to purchase and run a small poultry farm. After paying off the first loan she raised the second loan of ₹ 10,000 with an aim of expanding her poultry farm business. This bold investment has nearly doubled Mamta's household income and has allowed her to improve the quality of life for her whole family. Mamta now owns a *pucca* house, has opened 3 bank accounts and has taken a LIC policy from her savings. She can take care of her family on all fronts including their health and education.

Vehicle Finance

In 2004 Ashok Leyland Finance merged with IndusInd Bank and since then we have emerged as one of the leading players in the business of vehicle financing. IndusInd Bank's Consumer Finance (CF) currently accounts for 46.9% of the loan book, of which 23.6% is contributed by commercial vehicle loans (CV). The Bank's Consumer and Vehicle Finance Division's strongest performance is in the 3-Wheeler sector and in 2011-12, three-wheeler loans numbered at 80,152 and were valued at ₹1,284 Crore.

IndusInd's success in the vehicle finance sector is partly due to its focus on customer responsiveness and efforts to reach out to under-served sectors of the vehicle finance market, particularly women. In the FY 2011-12 the total loans extended to women equalled 45,250 loans valued at ₹ 868 Crore, up from ₹ 601.55 Crore in 2010-11. Vehicle loans to women thus amounts to 6.9% of IndusInd Bank's lending portfolio and is an increase of 44% over the last financial year. Details about the Bank's loan disbursement are as below:

In the FY 2011-12 the total loans extended to women equalled 45,250 loans valued at ₹ 868 crore up from ₹ 601.55 crore in 2010-11. Vehicle loans to women thus amounts to 6.9% of IndusInd Bank's lending portfolio and is an increase of 44% over the last financial year.

Disbursements

Segment	2011-12 Women		2011-12 Total		% loan to women	
	Numbers	Amt	Numbers	Amt	Numbers	Amt
3-Wheeler	5,335	8,872	86,252	1,35,655	6.2%	6.5%
Car	5,035	14,391	39,479	1,11,088	12.8%	13.0%
Construction	600	9,442	10,880	1,59,103	5.5%	5.9%
LCV	1,335	7,627	21,247	1,12,460	6.3%	6.8%
MHCV	2,675	30,305	43,699	4,77,901	6.1%	6.3%
MUV	1,330	6,513	20,187	94,665	6.6%	6.9%
2-Wheeler	28,940	9,682	4,81,957	1,64,197	6.0%	5.9%
Total	45,250	86,831	7,03,701	12,55,070	6.4%	6.9%





PEOPLE

Creating a sustainable business not only benefits the planet, but it also impacts people - from employees and consumers to partners and the local communities where we do business. For IndusInd Bank, sustainability means building a successful business and creating long-term value for our people, our customers, our shareholders and the wider community. In the past financial year we not only promoted the recognition and welfare of our own employees through programs like i-Solve, My Idea and the Green Champions Initiative, but we have also contributed to the communities across the country through mutually beneficial partnerships, training programs and staff donation schemes. Through our partnerships we have also promoted programs in the area of health, art & culture.

Employee Demographics

The numerous successes and consistent growth we have seen in the past year are testaments to the hard work, drive and commitment of IndusInd Bank employees. Human Resources have been an enabler in the Bank’s business by partnering with the business units in Talent Acquisition, Retention & Development. Employee growth & development remains a focal point and the Bank offers a fulfilling career, work - life balance and market - linked compensation to its employees.

Our staff strength currently stands at 9370 employees a significant increase from 7008 employees in FY 2010-11. At IndusInd, emphasis is laid on hiring quality personnel in a timely and cost-effective manner, in line with not just business demands and standards but also keeping in mind gender, social and racial equality.

Details about IndusInd Bank’s employee composition can be seen in the tables below:

Key Employee Statistics

Zone	Female	Male	Total
Corporate	349	1107	1456
East	133	1291	1424
North	346	2002	2348
South	307	1975	2282
West	367	1493	1860
Total	1502	7868	9370

Age Group	Female	Male	Total
20 - 25	238	469	707
26 - 30	657	2794	3451
31 - 35	385	2780	3165
36 - 40	147	1263	1410
41 - 45	57	310	367
> 45	18	252	270
Total	1502	7868	9370

Employee Relations

From the sustainability perspective, managing employees, identifying issues and understanding their expectations is key to our business success. The intent is to create a congenial and performance enabling work atmosphere through driving values of discipline and compliance, and facilitating employees to explore opportunities outside their core business practices through our Green Champions program and volunteer prospects.

Hiring the Right & Best Talent

At IndusInd Bank, we seek to attract, develop and retain the best talent by providing a vibrant and inclusive workplace culture. We believe that a diverse, engaged and talented workforce is the best way to enhance productivity and innovation, manage risk, increase cooperation and problem solving, and service our extensive customer base better. Our Bank already draws upon the best talent in the industry and is seen as a ‘Preferred Employer’ in the market place. Today, high quality professionals from reputed peer Banks (Indian & Foreign) are willing to make our

Our Bank already draws upon the best talent in the industry and is seen as a ‘Preferred Employer’ in the market place.



Bank a long term career destination. Positive word-of-mouth accolades by current incumbents and increased hiring through employee referrals also speak highly of our Bank as an employer. Virtually negligible attrition at strategic leadership levels demonstrates the fact that employees want to make a long term career within the Bank. From the sustainability perspective, managing employees, identifying issues, understanding employee expectations and engaging them on multiple platforms is key to our business success. The intent is to create a congenial and performance enabling work atmosphere through driving values of compliance and innovation.



Our employee base has grown consistently over the past 4 years in tandem with our business growth. In the FY 2011-12, IndusInd Bank increased its employee base from 7,008 to 9,370 employees. Over 55% of our new hires are quality professionals from leading peer Banks and other renowned names in the BFSI space.

Equal Opportunity Employment

IndusInd Bank is an equal opportunity employer. The Bank is committed to ensuring that all employees are treated equally in the HR processes related to hiring, training, appraisals, promotion and staff benefits. At IndusInd Bank, each employee is evaluated on merit without any discrimination based on ethnicity, race, gender, religion, age or disability. To this end female employees represent 16% of our entire employee base and some differently-abled employees also make up a part of our work force.



Retaining Employees

In FY 12, there was a decline in overall attrition from FY 11 levels. There was virtually nil attrition at the Top Management levels that provides functional leadership across the Bank. Attrition was relatively higher at Junior Management and Lower Middle Management levels, which is an industry phenomenon and is factored into the recruitment plan.

The key reasons for employee attrition have been:

- Professional Reasons as Higher Compensation and Job roles
 - Junior management employees shifting for higher compensation and enhanced roles
 - Well – trained IBL employees targeted by peer Banks for critical roles
- Attritions on account of poor job performance
- Personal reasons such as Marriage and Higher Studies

Key Highlights

Age-wise Attrition	
Age Bracket	Attrition F. Y 2012
21 - 26	15%
26 - 30	38%
31 - 35	34%
36 - 40	10%
> 40	3%

Experience-wise Attrition	
Experience (in years)	Attrition F. Y 2012
< 1 year	56%
1 - 3 years	32%
> 3 years	12%

Impact of Attrition was mostly felt by employees in

- Job Roles : Frontline Sales and Operations
- Grade Bands : Junior Management and Lower Middle Management levels
- Experience Brackets - The most vulnerable segments have been Junior Managers with experience of 1 – 3 years within the Bank. This segment hops jobs for higher salaries, enhanced job roles and also at times quit on account of increased performance pressures

To combat attrition, the Bank pursues several developmental initiatives on an ongoing basis such as:

- Hand holding and mentoring by seniors
- Learning initiatives to improve employee skills and also impart cross - functional training
- Market linked compensation
- Employee engagement measures

In cases of unavoidable attrition, the Bank was able to fill the gap through external hires / internal resources, adequately equipped to handle the role of the exiting employee.

Employee Benefits & Welfare

Our employees have played a key role in making us, India’s ‘Best Mid-sized Bank’. Ensuring our staff is engaged and proud to work for the Bank is essential to achieving our goals. We believe that engaged employees will lead to success in the market place and success with our customers, shareholders and clients. Employee growth & development remains a focal point for the Bank and we offer our employees a fulfilling career, work - life balance, market - linked compensation and opportunities to grow on professional and personal levels.

We believe that engaged employees will lead to success in the market place and success with our customers, shareholders and clients.

Performance Management

An Online Performance Management System based on “SMARTs” is running successfully across the Bank to review and reward employee performance. The Bank’s Performance Management processes comprises of goal setting, mid - year review and annual performance review.



Accomplishments in FY 2011 - 2012

- Annual performance appraisal for FY 11 was conducted meticulously in consonance with the Bank's objective of rewarding performance against tangible goal achievements and over 5100 employees were covered in the exercise.
- Mid - Year Performance Review for FY12 was also completed successfully across the Bank for 7000 employees. Developmental feedback and performance counseling was provided to employees for achievement of their annual "SMARTs".

The performance management is strongly aligned to the compensation, promotions, bonus and job responsibilities of employees. The very philosophy of differentiating between high performers and laggards has created a performance enabling and result oriented culture. Technology is aiding to conduct performance management processes online and manage the ever increasing scale with efficiency.

Remuneration & Rewards

IndusInd Bank's remuneration framework is designed to attract and retain key talent, recognise the individual contributions of our employees, and motivate them to achieve strong performance aligned to our business strategy. The Bank's Compensation Policy is driven by a 'Pay-for-Performance' philosophy. It is based on the performance management process of the Bank. The Bank is also very sensitive to being compliant with RBI Compensation policy guidelines.

Compensation for all job categories is continuously benchmarked with the market levels and is structured to pay for performance & role criticality to facilitate attraction and retention of critical resources. In FY 2011 – 2012, our Bank participated in the "Indian Compensation Banking Study Forum" conducted by Aon Hewitt Associates to compare compensation levels of 300 odd job positions of the Bank with those of the peer banks. The findings were comprehensively analysed to design internal compensation strategies.



The intent is to reward performance through Performance-linked Variable Pay and Employee Stock Options. Under the Bank's ESOP scheme, ESOPs were granted to handpicked critical "Must Retain employees" in the grade levels Middle Management and above, as a reward and retention mechanism. The Bank's Compensation Policy is thus market driven, performance enabling and is poised to attract, retain and reward quality talent.

Additional Benefits

Provident Fund

The statutory benefits of Gratuity and Provident Funds are provided to all employees. Each employee, from the date of joining becomes a member of the Provident Fund scheme that is administered through Regional Provident Fund Commissioner Office, Mumbai. Additionally, the Bank also has a PF Trust for employees who had joined the Bank during the initial years.

Contribution: The staff members contribute 12% of their base salary to the provident fund. The contribution is made by deducting the amount from the monthly salary. The Bank also makes a contribution equivalent to 12% of the base salary of the staff members.

Voluntary Contribution: In addition to the rate of contribution specified, a staff member can voluntarily contribute a further sum, which shall be a fixed percentage of salary. In such cases the members will be allowed to alter their rate of voluntary contribution once in a year.

Gratuity

The Gratuity Policy of the Bank is governed by the Payment of Gratuity Act, 1972. Employees completing 5 years' continuous service with the Bank are eligible for the gratuity on separation from the Bank. Employees joining on or after October 1, 2010, are entitled to Gratuity as follows:

Length of Service	Gratuity Entitlement
0 - 5 years of service	Nil
5 years and above	15 days of basic salary for every completed* year of service.

* completed service means - continuous / uninterrupted service.

Loan Benefits

Employees who have joined on or after October 1, 2010 are entitled to Personal Loan up to ₹ 50,000 provided they have completed 6 months of service and are confirmed in the employment of the Bank.

Health & Safety

IndusInd Bank is committed to providing a safe, healthy and secure workplace to all its employees, contractors, visitors and customers. Our Human Resources Policy states that our employees will have access to a clean and safe work environment. We ensure that our branch and office premises are well ventilated, fully air-conditioned, attractive and completely hygienic for the employees as well as the customers.

IndusInd Bank is committed to providing a safe, healthy and secure workplace to all its employees, contractors, visitors and customers.

Medical Benefits

Our people's health and well-being is critical to our business. We offer our employees significant financial support with regard to their medical expenses and also support them with a range of opportunities to be active and realise their personal fitness goals.

Mediclaim: All employees and their five dependents, including their spouse, dependent children up to 21 years of age and dependent parents (up to the age of 85 years) are eligible for hospitalization benefits. The quantum of coverage is ₹ 250,000 per annum for the entire financial year.

Group Personal Accident Policy: All employees are covered under the Bank's Group Personal Accident Policy. The policy follows a grade-wise coverage under Group Personal Accident Insurance Policy resulting in death or permanent total disability of the employee.

Sports & Other Activities

We also offer our employees a range of opportunities related to their health and wellbeing. Our employees have participated in several sports events at the branch level and at the town or city level. Cricket is particularly favoured by Bank employees and we have supported their participation in several tournaments in the FY 2011-12. The IndusInd Cricket team is the proud winner of several cricketing championships including the Bombay Gymkhana Corporate Masters and Dreamz Corporate Champions Trophy. Our employees have also participated in cultural activities, such as mono-drama, musical events, etc.





Employee Communications about the HR benefits/Statutory Announcements

The Bank ensures that all the employee benefit schemes are displayed on the intranet and special programs are specially conveyed to employee groups. Employee's feedback is also solicited against the policies in general and the specific programs targeted to specific groups such as business promotions/sales etc.

Each and every office/branch displays in their premises, all the statutory and mandatory notices at conspicuous locations, so that all the employees are informed about the statutory notices and that they are made aware of the mandatory rules governing their employment with the Bank. The Bank also ensures that it meticulously follows the compliance of all the labour and industrial laws applicable to the employees to ensure full compliance.

Staff Accountability, Grievance Redressal & Disciplinary Action

At IndusInd Bank we pride ourselves in providing a work space that is fair, unbiased, safe, challenging and rewarding. We are committed to the highest standards of ethics, integrity and transparency and encourage an open culture amongst all our stakeholders including our employees. There are exhaustive policies and processes devised by the Human Resources Department / Board of Directors of the Bank, to deal with issues of discipline, integrity, and diligence on the part of the employees and also avenues that our employees and customers can follow in the case of any other form of grievance.

These policies are strictly carried out by the Human Resources Department and periodic reporting is made to the Board and the Top management. Employees found to be deviant are strictly dealt with including dismissals and terminations, depending upon the gravity of the misconducts. While dealing with sexual harassment cases or other escalations of indiscipline and violations of the Code of Conduct, the grade and level of the complainants are not at all considered material and the complaints of junior employees against the senior employees are dealt with in the same manner as complaints by senior employees against junior employees.

The Employee Service Rules and Code of Conduct

The Bank has devised its employee service rules and Code of Conduct, which exhaustively deals with and defines the acceptable and unacceptable behavior across the board. The employees are well aware of these codified behaviours and the consequences of their breach. These behaviours, besides being circulated periodically, are also displayed on the Bank's intranet under the HR segment so that employees have the opportunity to review them. These rules and Codes of Conduct are also often reiterated through training activities.

Principles of Natural Justice in the matters of Disciplinary Action

While the Bank believes in speedy disposal of disciplinary matters leading to quick resolution of the customer/employee grievances, no employee is punished without offering him/her adequate opportunity to present his or her case. Each and every instance escalated to top management is subjected to fast and unbiased investigation. If any substance is found to the allegations, the implicated employee is informed of the charges and a fair and unbiased domestic enquiry is conducted in the matter, by an impartial panel or officials. Punishment, if any, is decided based on the outcome of such an enquiry. The process of domestic enquiry allows the employee to personally appear before the enquiry panel, submit their defense on the questionable behavior and bring their own defense and the evidence to controvert the evidence brought in support of the allegations/charges leveled against them. The employee is also given a copy of the proceedings of such an enquiry followed by the findings of enquiry as recorded by the expert panel or official and their say, for the second time, is obtained and considered before imposing any punitive action. Even a warning letter is not issued to the employee without having recorded their say on the charge at hand.

Sexual Harassment Policy

IndusInd Bank considers its responsibility to its female employees of paramount importance and takes instances of sexual harassment and gender inequality very seriously. The Bank has put in place a robust policy to combat sexual harassment at the work place. The policy is in line with the directives of the Supreme Court and also conforms with the central and state government regulations. Female employees are encouraged to escalate any discomfort at the workplace arising out of gender differences. The escalations/complaints are quickly investigated and the matter is taken over by committees of experts comprising of female social workers and senior female executives. The committee hears from both the complainant and the male employee being charged before coming to any conclusion. Male employees found guilty of sexual harassment are dismissed from their post with the Bank, irrespective of their importance and position. The names and identities of the female employees are kept completely confidential during the investigation to protect their interest.

Escalation Matrixes

The Bank has put in place a number of reporting or escalations channels as a means of grievance redressal. Employee communication is promoted from every angle and through all channels - vertically, horizontally and across the board. Prominent and well established channels are:

Whistle-blower Mechanism

A Whistle Blower Policy was introduced at IndusInd Bank in March 2009 with the objective of further raising the bar for ethical behaviour and to encourage various stakeholders (the Bank's employees, customers, suppliers, shareholders, etc.) to bring to the notice of the Bank any issue involving compromise/ violation of ethical norms, legal or regulatory provisions, etc. without any fear of reprisal, retaliation, discrimination or harassment of any kind. This post is directly accessed by the Chief Vigilance Officer and reported to the MD. Anonymity is strictly observed in all matters reported via Whistle Blower. Several such matters are reported to HR for disciplinary issues and actioned with the approvals of the CEO. During the FY 2011-12 as many as 36 cases were reported through Whistle Blower, all of which have been actioned.

Listening Post

Employees are encouraged to communicate through this channel on any issue they think appropriate. The communication is accessed directly by the CEO who in turn, depending upon the nature, gravity and significance, sends the same to the concerned BUs/HR/Vigilance etc, as the case may be. The CEO personally examines each such escalation and having regard to the nature of the same, calls for follow up action/resolutions etc. Secrecy of the escalated issue / employee is also maintained where necessary. The concerned BU/Function in turn takes appropriate action and also communicates to the escalating employee about the cognizance taken or action proposed depending upon the need /matter under escalation. During the year about 200-250 such communications are addressed to the CEO and all such escalations are taken to their logical end and feedback is given to the CEO.

Direct Reporting

The employees can also directly write to their higher authorities up to the CEO on any issue, especially related to unacceptable behaviour or treatment, harassment by seniors, sexual harassment, unethical dealings or transactions and so on. All such escalations are actioned by those concerned in consultations with respective BUs/HR Head and also with the CEO if the issue is of significant importance.

Cases of Staff Accountability and other deviations observed during 2011-12

During the FY 2011-12, in all, 759 employees were found involved in deviant behaviors, such as operations related staff accountabilities, a small number of vigilance cases, a very small number of sexual harassment cases, behavioral misconducts such as absenteeism, absconding, disciplinary issues etc. All the 759 cases have been concluded and punishments of different types have been imposed. The average time for these cases to be logically concluded is 30 days which is unique in the banking space.



Staff Accountability Cases as on 31.3.12			
	Vigilance	Non -Vigilance	Total
Resolved	13	715	728
Under Process	-	31	31
Total	13	746	759

Employee Litigations Issues

We do not have any cognizable issues dragged to the Courts and Tribunals in spite of such heavy reliance on discipline and staff accountability processes culminating in dismissals and terminations. The obvious reason being that these processes are methodically dealt with and the delinquent employees are given full-fledged opportunity to counter the charges of allegations and also to bring their own defense and witnesses to be examined and cross-examined in the course of the process. This phenomenon is particularly unique to IndusInd Bank, especially compared to the banking industry at large.

Employee Training & Development

Investment in Training & Development to hone employee skills and competencies constitutes a very critical thrust area for the Bank. The focus is to enhance employee knowledge, skills and attitude through internally designed, focused & relevant learning programs delivered through classroom and on-line learning modes. During 2011-12 our staff completed more than 700 on-line learning and classroom programs. Over 29,000 employees participated in our learning programs for over 270,000 learning man-hours, a marked increase of over 130% over the previous year.

During 2011-12 our staff completed more than 700 on-line learning and classroom programs.

Training Program Details April 2011 – March 2012				
Type of Program	No of Programs/ Batches	No of Participants	Total Training Man - Hours	Average Training Man - Hrs per participant
Orientation to IndusInd Bank	117	2,594	56,979	22
Product & Sales Effectiveness Training - For all BU's (Consumer, CFD, COO, CCB and CRO)	313	8,919	53,704	6
Operational Process Training - (For GBO, CFD, CGMO, CRO)	46	1,148	10,421	9
DRA Training - CFD	7	1,868	98,273	53
E - Learning	200	15,346	53,375	3.5
External Training	23	55	792	14.4
Total	706	29,930	2,73,544	9

The Bank's training initiatives focus on:

- Inducting New Joinees: Introducing employees from diverse backgrounds to the Bank's structure, strategy, functions, people, policies and value systems
- Imparting functional knowledge on the Bank's corporate, consumer and specialized banking products
- Imparting functional knowledge on the Bank's operational processes, core-banking systems and various technology & user platforms
- Enhancing behavioral & people competencies. These include leadership skills, managerial & inter-personal effectiveness, selling & negotiations skills, responsiveness & customer service, customer engagement and account planning
- Provide domain-specific expertise to key employees to bring cutting-edge knowledge & skills to the Bank

Some of the key classroom learning initiatives conducted in FY 2011 - 2012 were:

- Comprehensive Orientation programs for new joinees of the Bank
- Credit Process programs for Relationship Managers of Corporate and Commercial Banking Group (CCBG)
- Treasury and Forex programs for Relationship Managers of CCBG
- Sales Presentation Skills programs for Relationship Managers of CCBG
- Product training on a pan India basis on Liabilities, Insurance and Investment Products for Consumer Bank Personnel
- Sales Process training on a pan India basis for Frontline sales personnel (Relationship Managers, CAT) of Consumer Bank
- Customer Service learning programs for Customer service executives of Consumer Bank
- Debt Recovery Agency training for CFD personnel
- Managerial Effectiveness programs for Credit Administration personnel
- Operational Processes Certification programs for Corporate and Global Market Operations personnel
- Programs on Standard Operating Processes, KYC and AML for Branch Operations Personnel
- Programs on "IFRS" for Credit and Finance personnel

E-Learning Initiatives

E-learning comprises all forms of electronically supported learning and teaching. This includes technology that supplements traditional classroom training with web-based components and learning environments where the educational process is experienced online. IndusInd Bank has been at the forefront of the e-learning movement and had deployed technology based LMS (Learning Management System) to facilitate the creation and implementation of online learning programs for our employees. The strategy is to leverage the Bank's technological infrastructure and deliver standardized learning inputs to employees across the Bank. Our Bank was adjudged amongst the best private sector banks for second year in a row by IBA for e-learning interventions. In the FY 2011-12 around 15,000 participants completed 20 e-learning modules in 200 batches offered by the Bank with the support of LMS. The Bank had launched several e-learning courses in FY 2011-12 namely Credit Processes, Advanced courses on Savings and Current Accounts.

E-learning has definite benefits over traditional classroom training. While the most obvious are the flexibility and the cost savings from not having to travel or spend excess time away from work, there are also others that include:

- Scalability and consistency of learning by delivering learning solutions within stipulated turn-around times,
- Considerable saving of time and money as e-learning costs only 10% of other learning modes,
- Convenience as employees learn at their own pace,
- Tracking learning progress of employees through online assessments and certifications,
- And it is eco-friendly and helps reduce IndusInd Bank's carbon footprint as it saves energy and paper as no printing is required.



Building Employee Sensitivity towards Sustainability

One of the most effective ways for companies to help protect the environment is by raising employee awareness about Climate Change and other environmental issues and simultaneously educating employees about the ways to address these so that they are encouraged to follow and implement best practices both at office and at home. At IndusInd Bank, we perceive sustainability as a journey wherein different employees are at different awareness levels depending on their business lines and departments. We seek to bring all our employees to a common understanding on the Bank's sustainability goals & policies and the methodology adopted by the Bank to achieve them.

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Training sessions on environmental issues and sustainability are conducted to help employees identify with the environment policies and values of the Bank and sensitize them about local and national environmental issues. These sessions have been incorporated as add on sessions in all the major training programs of the Bank. Particularly, sessions on 'Green Banking' and related environmental & social policies have been formally incorporated in the orientation programs for all new joiners and classroom programs for Branch Managers.

E-Learning module on Green Banking

At the end of the FY 2011-12, IndusInd Bank sanctioned the development of an e-learning and training module on 'Green Banking' with the objective of generating awareness on the environment, sustainable development and CSR amongst its people. This module will help sensitize the Bank's employees towards its green ethos and value system and also engage employee support for the implementation of operational changes, including optimizing the use of natural resources by adopting environment friendly practices. The module was developed by the Centre for Environmental Research & Education (CERE) and implemented through the Bank's LMS.

IndusInd Bank Climate Change, Green Banking and Sustainability

PHASE III Your Bank and Climate Change

With several successful initiatives underway, IndusInd Bank has decided to integrate sustainability into its core business practice. At the same time, IndusInd will rigorously continue to encourage and engage its employees in the Bank's various green initiatives and activities.

Awareness Activities

Publishing an Environmental Policy

IndusInd Bank

Sustainability Reporting

Measuring and Reporting our Carbon Footprint

Click each milestone to know more

Glossary | References | Bookmarks | 15 of 27

Apart from educating employees on major environmental issues like Climate Change and Global Warming, the module provides insights on the initiatives taken by the Bank in the area of promoting environmental sustainability. It also provides key inputs from a resource optimization perspective and creates awareness amongst the learners on generating solutions for the mitigation of the Bank's carbon footprint.

Facilitating Employee Engagement

We consider employee communication essential for improving efficiency and customer service, increasing problem solving and boosting innovation. It is very important for us to understand what our employees think, feel and do and for them to be able to convey and even implement their ideas for better service and customer satisfaction. To this end, we have set up several programs to encourage employee engagement and feedback.

I-Solve & My-Idea

The I-Solve Program, launched in February 2011, emphasises the aspects of 'getting it right the first time', 'taking ownership', 'being approachable' and 'cutting through bureaucracy'. This campaign has been extensively propagated through posters, mailers, videos and other communication channels. The aim of the program is to address the needs of IndusInd employees, particularly those that interface with customers and thus improve both the customer experience and the employee working environment. In the FY 2011 -2012, examples of employee innovation selected by an internal jury were showcased using the social networking platform. A democratically led poll resulted in the selection of 6 I-Solve ambassadors who were then recognised for their efforts and awarded for their innovation.



With My-Idea, the Bank hopes to reach out to employees and allow them the freedom to come up with innovative ideas and solutions to help improve the Banks operational efficiency and customer service. From its inception in 2008 up until 2012, the Bank has received more than 2000 ideas. Of these ideas more than 200 have been implemented and another 600 are in the implementation stage. Between April 2011 and March 2012 IndusInd Bank received 863 ideas through the My-Idea portal. From amongst these 'Ideas', 9 Employee were selected as winners and their ideas were implemented by the Bank.



My Idea Winners 2011-12

- Thamburaj Jaganathan, Manager, Sriperumbudur
- John Rajanayagam, Regional Manager, PAQ South
- Mukul Saxena, Product Head - Direct Banking, Gurgaon
- Sweetey Sethi, Deputy Manager - Contract Centre, Mumbai
- Ajayesh Kumar Srivastav, Branch Manager, Gorakhpur
- Sharvari Joshi, Manager - CSO, Sangli
- Gopaldaswamy Abr, Zonal Service Manager, PAQ Chennai
- Ramakrishnan H, Branch Manager, Pondicherry
- Vinay Shetty, Assistant Manager - Contact Centre, Mumbai



Employee Survey on Sustainability

IndusInd Bank has been a front runner in the field of sustainability and employee engagement, and has already taken several initiatives to engage and educate its staff through the *Hum aur Hariyali* campaign. In an effort to further quantify its results and better understand the needs and expectations of its workforce, IndusInd Bank conducted a Bank-wide employee survey with a focus on corporate sustainability and green banking in March 2012. The results of the survey are helping the Bank qualitatively and quantitatively assess the interests and habits of its employees, understand their current levels of awareness about environmental issues and the Bank's own green agenda and are helping facilitate the direction of the Bank's CSR activities.



The survey was conducted over a period of 28 days from 20 February to 19 March, 2012. A total of 1068 respondents participated in the survey, almost 15% of the entire staff strength of IndusInd Bank. It was designed to be short with only 20 questions, requiring a maximum response time of 15 minutes. The survey reached 42 departments across all four zones of the Bank: North, South, East and West.

Employee Survey: Key Findings

- **Increased Awareness:** Employees are showing a much higher level of interest and awareness from the previous employee survey (2009). They are also practising green habits at home and in the office, indicating the effectiveness of the *Hum aur Hariyali* Initiative.
- **Interest in Environmental Issues:** Employees at IBL show a greater concern for environmental issues, particularly nature & conservation.
- **Tree-planting & Greening:** Many employees are interested in greening and tree-planting suggesting that IBL should focus on Adopt-a-Plant programs as well as community plantation activities in the localities of bank branches
- **Being a part of a Green Company:** Almost all employees felt that it was very important that the company they worked for be accountable for its social and environmental impacts and grow sustainably.
- **Communication and Engagement:** Employees are interested in being a part of CSR but 40% are unaware of the Bank's green activities. It is thus important to engage & communicate with employees regularly through the intranet and micro-site.



Community Outreach

Good Corporate citizenship has been a part of the IndusInd Bank ethos since its inception in 1994. Today, we continue to contribute to communities across the country through mutually beneficial partnerships with grassroots environmental and social organisations. We focus our community engagement and outreach programs on specific societal issues, including the environment, community economic development, education, health, literacy, art and culture. We encourage social responsibility within our sector by supporting organizations that cultivate meaningful opportunities for civic engagement by our employees and members of the community, whether as volunteers, donors or innovators.

Employee Donation Scheme

Philanthropy is an important aspect of community outreach at IndusInd Bank. Employees are encouraged to make donations to a number of social and environmental causes. Over a 1000 employees participate in the Bank's employee payroll contribution program each month, collectively contributing over ₹ 7.5 lakhs each month to the NGO "Support". All contributions made to Support are utilised towards procuring food, education, health and vocational training for street children and working towards their overall development and rehabilitation.



Promoting Art & Culture

Art and culture play a critical role in every facet of daily life and also contribute to the economy. At IndusInd Bank, we support creative expression and innovation and regularly fund programs that promote traditional and contemporary art and culture.

Kala Viraasat

IndusInd Bank sponsored Kala Viraasat, a widely respected performing arts presentation by Banyan Tree, for the third consecutive year. The two-day event was a comprehensive festival displaying India's rich heritage across all genres of classical music and dance, folk art forms and World music. The opening day witnessed three performances, with the first one, Taal India, featuring some of the most popular as well as rare, exotic folk instruments. The second performance featured Odissi where internationally acclaimed danseuse Madhavi Mudgal and her group of 8 students presented specially choreographed beautiful dance ballets. The opening day concluded with Kathak where India's most eminent classical dancer & living legend, Padma Vibhushan Pt. Birju Maharaj performed. The second day programme, commenced with World Music Ensemble where young maestro Rahul Sharma (Santoor) performed with the famous Oud and Kanun players Farghaly Mohamed and his son Hamda Farghaly from Egypt and the most sought-after harpist from Netherlands, Gwyneth Wentink.



Smritiyaan

IndusInd Bank sponsored yet another classical musical concert organised by Pandit Chaturlal in its fourth consecutive year. The event, held on the 20 January, 2012, had a live performance by living legend, Padma Vibhushan Pt. Birju Maharaj. Smritiyaan was held in Mumbai.

Photography for Calendar

While Kala Viraasat and Smritiyaan promoted art and culture and prompted employees to appreciate India's cultural heritage, IndusInd Bank's Internal Photography Contest brought out its employees' inner artist. A number of beautiful images and talented photographers were identified while sorting through the competition entries and some of the best photographs made their way to the Bank's Desk Calendar for 2012.

In keeping with our 'Green Banking' mission, "Bonding with Nature" was identified as the theme for the calendar. The best 30 photographs were identified from the competition entries and were further short-listed to 12 photographs which were selected for their unique and theme based messages. These 12 contributors were given appropriate credits for their work in our Desk Calendar.

In an earnest attempt to conserve nature and promote environmental sustainability, the Bank had printed these calendars on 100% recycled paper certified by NAPM (National Association of Paper Merchants) and Ecolabel. The winners were as follows:

HARMONY IN 2012



Mridul Sharma
Solution Delivery Group, Consumer Banking,
Mumbai



Naveen Balu
SDG - Core Banking, Mumbai



Aparna Bihani
Business Banking Group Credit, Gurgaon



Ravish Mehta
Information Technology, Mumbai



Sidharth Nagar
Corporate Salary, Chandigarh



Praveen Kumar Dasari
Finance & Accounts, Mumbai



Sudeep Vernekar
Credit Administration, Mumbai



Ashish Mehta
Corporate Services, Mumbai



Saibal Mallick
General Banking Operations, Kolkata



Rahul Sardesai
Solution Delivery Group, Mumbai



Sandeep Bhor
Information Technology, Mumbai



Shubhada Rajam
Credit CBG, Mumbai

Auction

IndusInd Bank conducted an auction in their office from the 13th to 15th February 2012 with 201 employees participating. 70 different products such as Gold Coins, Silver Coins, Digital Cameras, Gift Vouchers, Mobile Phones, Tablets, and Watches to name a few were auctioned. A cash corpus of ₹ 3.5 lakhs was collected which was donated to the NGO "Support" for further contribution to the field of underprivileged education, health and nutrition benefits towards the overall development and rehabilitation of street children.





PLANET

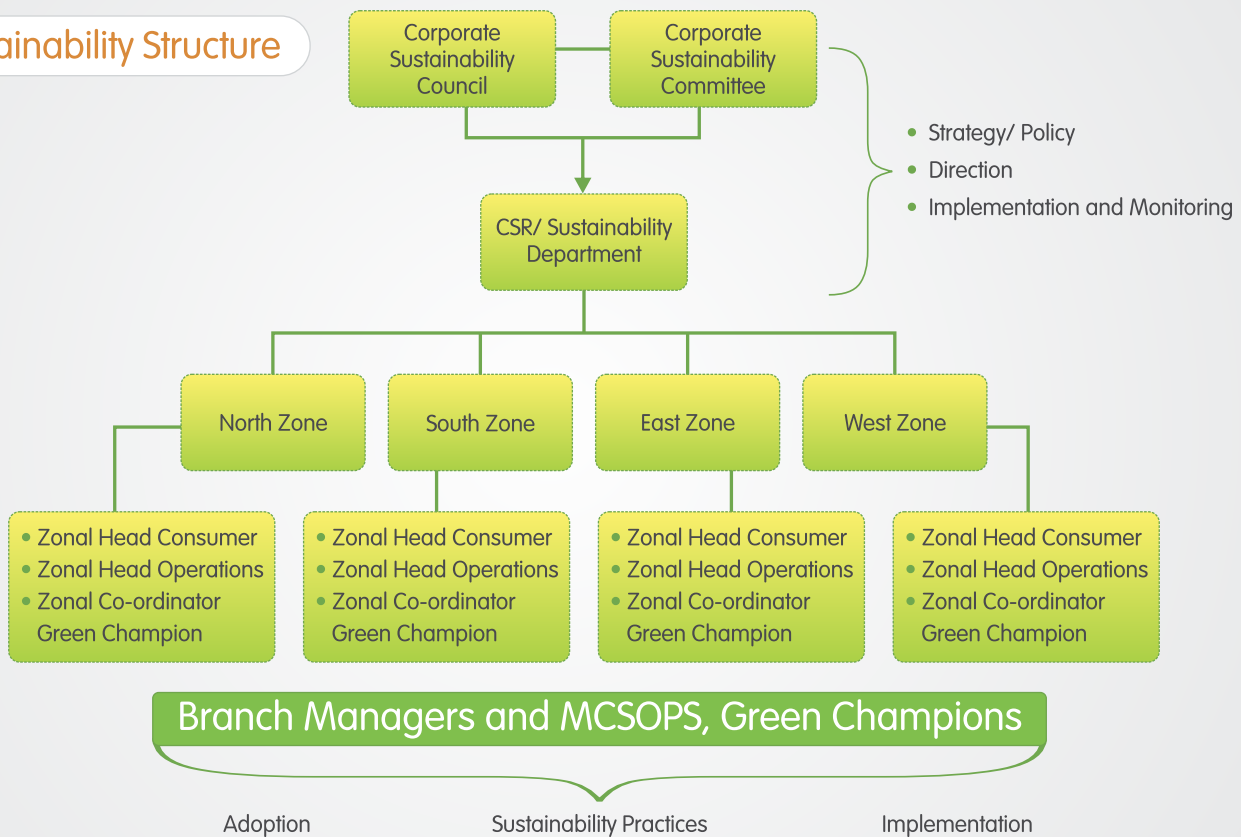
In 2011-12 IndusInd Bank continued to focus on “Green Banking” under the aegis of the “*Hum aur Hariyal*” campaign. It took pride in its role as a sustainable organisation. The passion of the company and its employees has led to innovations at the workplace that not only provide sustainable solutions but also significantly reduce its financial expenses. Reduction in energy has been achieved at the branches and corporate offices through energy conservation, solar banking, and efficient transportation policies. Green procurement and IT initiatives with our E-statement campaign have reduced our ecological footprint and at the same time saved money and improved the efficiency of our operations. Along with these changes we have also introduced awareness programs to increase our outreach and to ensure that the message of sustainability goes beyond the borders of IndusInd Bank. We have also been contributing to biodiversity conservation in our own small way through programs like Adopt-a-Plant and the donation of jeeps to promote eco-tourism. Lastly, we have also developed a data collection software to measure, monitor and report the company's greenhouse gas (GHG) emissions.

Environmental Stewardship

The *Hum aur Hariyali* campaign is supervised by the Sustainability Committee and Sustainability Department of the Bank. The campaign focuses on not just employee engagement but also works with various departments and verticals of the Bank to foster green banking operations and premises - with emphasis on energy efficiency and reduction and paper conservation. The department is also developing a series of procedures, strategies and targets which will be encapsulated in IBL's Environmental Policy which is to be internally verified and published in 2012-13.

Beyond these policies, IBL has established a framework to advance and maintain our environmental commitments. Although there is a dedicated team working on environmental initiatives, the Bank has distributed tasks related to our environmental commitment across all our business verticals and has also established a team of Green Champions-employee volunteers engaged in the task of sustainability at a local level. To form a core structure around our environmental commitment, the Bank has established a CSR Committee, headed by our COO Mr. Paul Abraham, which is responsible for the leadership, oversight & review of the Bank's environmental commitments. Below the level of the CSR Committee, is the CSR team.

Sustainability Structure



This financial year was very crucial in terms of adopting innovative sustainable practices which not only lead to the achievement of organisational goals but also emphasised the Bank's continuous commitment to monitoring, measuring and mitigating its environmental impact. The Bank introduced multiple practices at the corporate and branch level which augmented awareness and engagement levels across all segments and embedded green principles and practices into the DNA of its employees.

The financial year ended with significant achievements in the development and implementation of several green policies and practices which resulted in savings, revenue generation and improved logistics.



Innovation for the Environment

Energy Solutions at our Branches & Offices

Energy Conservation

Office buildings average about 18 kWh of electricity per square foot annually. Electricity thus represents a significant percentage of the expenditure and operational cost of a traditional office building and a single unit of electricity consumed on-site represents about 1 kg of CO₂ emissions produced at source. IndusInd Bank is committed to reduce its energy consumption and implement innovative and intelligent solutions to improve its energy efficiency and simultaneously reduce its greenhouse gas emissions.

Power Saving Devices

Few select branches and offices have been installed with 26 power-saving devices (PSDs) with an expected saving of 15% on an average in electricity costs. The project is currently being monitored and is likely to be expanded if successful in 2012-13.

Switching off Signages

The Bank is also exploring the option of switching off signages in about 250 branches after 11 p.m with the intention of reducing energy consumption and costs, while continuing to maintain a visual presence in these locations.

Banking on Solar

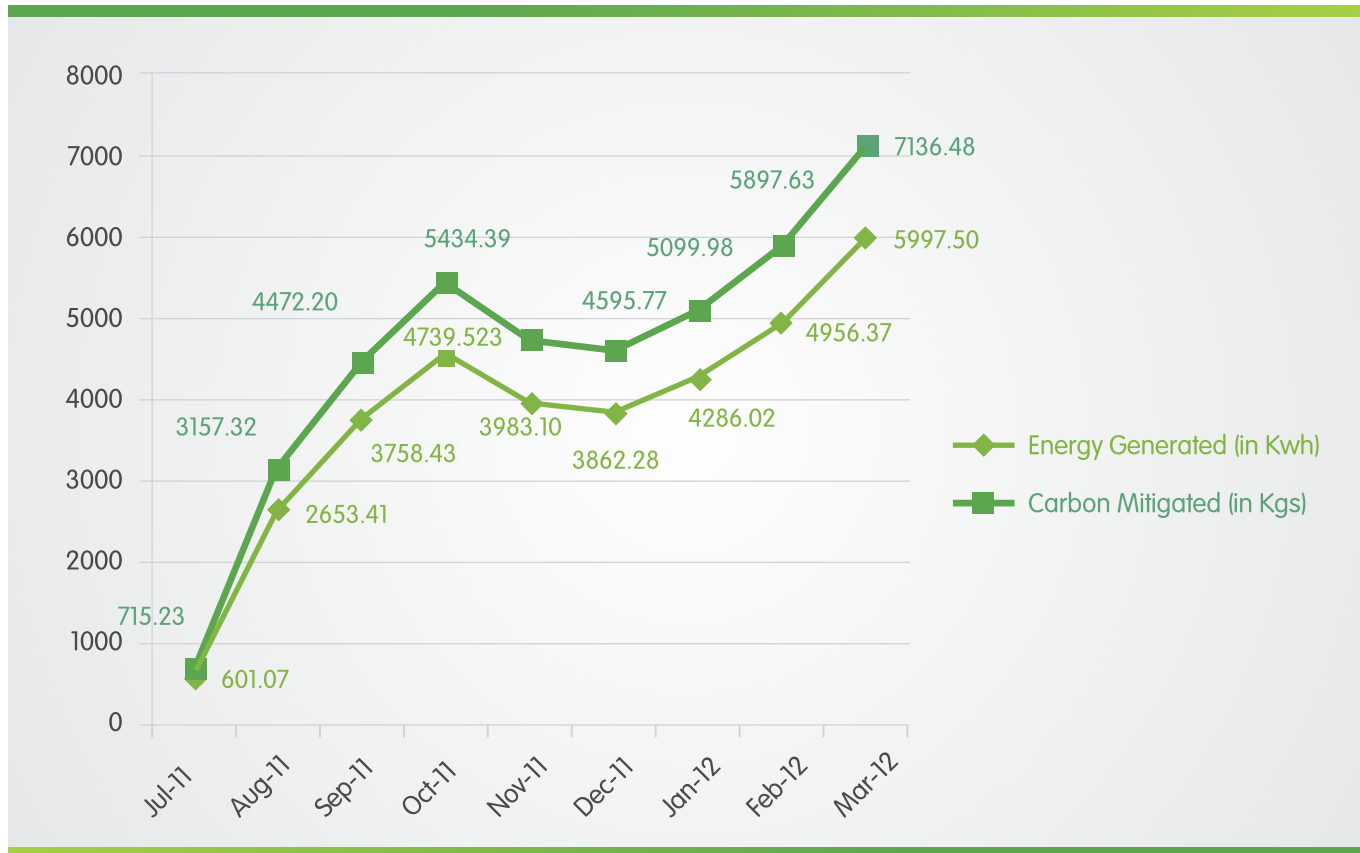
Solar ATMs

At IndusInd Bank we are always ready to explore new ideas and have thus been pioneers in the area of Solar ATMs. In 2009 the Bank launched one of India's first Solar ATMs at our flagship branch in Opera House, Mumbai. Today we continue to expand our network of Solar ATMs and hope to attain our goal of 100 Solar ATMs by 2012-13. To date we have successfully completed the 1st phase of the Solar ATM project and have started on the second phase. With the support of our Admin and Premises teams we have successfully installed 50 Solar ATMs across India. We have also implemented a first-of-its-kind Solar Dashboard in partnership with Wipro and will publish monthly data on solar energy generation from April 2012. The bank has also successfully presented its results to MNRE in anticipation of a subsidy claim on the capital investment of this project, another first within the banking sector.

Through the Solar ATM program IndusInd Bank has successfully generated 34,665 kWh of solar energy to date and financial savings of ₹ 2 lakhs in commercial grid-connected electricity and ₹ 4 lakhs in DG power. A Total of 41 MT of carbon emissions was also avoided. In addition to managing IndusInd Bank's carbon footprint the Solar ATM project has also helped the bank foster rural communities and economies by improving access to banking facilities and educating landlords and communities about the advantages of decentralised and renewable energy technologies. The graph below highlights the pattern between energy generated by the solar ATMs and the carbon emissions mitigated. There is a clear increase in the quantity of emissions mitigated as the number of solar ATMs has increased.



The table below highlights the savings in rupees gained due to this innovative step towards energy conservation.



Parameter	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
Savings considering Cost of Commercial Electricity (@ INR 6.17 per unit) (INR)	3709	16372	23190	28179	24576	23830	26445	30581	37005
Savings considering DG Power (@ INR 12 per unit) (INR)	7213	31841	45101	54805	47797	46347	51432	59476	71970
Savings assuming a mix of 65% on commercial power and 35% on DG power (INR)	4935	21786	30859	37498	32703	31711	35190	40694	49242

Energy Efficient Transportation

Business travel is an important aspect of operations at IndusInd Bank. To ensure that its travel requirements are as sustainable as possible IndusInd Bank not only encourages the use of video- and tele-conferencing facilities but has also committed to converting its entire fleet of vehicles to energy efficient fuels like CNG and LPG. To date 78 company-owned vehicles have been retrofitted with CNG or LPG engines and the Bank plans to continue this program in 2012-13.



Green Procurement & Green IT

Engaging with Vendors & Suppliers

Economic and environmental concerns have contributed to a rising interest in green procurement - a term used in various ways but that may best be described as acquisition of products and services with smaller-than-average environmental footprints. At IndusInd Bank we place considerable importance on 'green procurement' and the investigation and incorporation of opportunities for green procurement is an on-going process, one that considers attributes such as recycled content, energy efficiency, and waste reduction when interacting with vendors and suppliers. The Procurement Department is responsible for addressing most aspects of green procurement at IndusInd Bank. The Bank is currently in the process of setting up a green procurement policy that focuses on issues of sustainability as well as cost and has also implemented several 'best practices' with respect to the purchasing of paper, IT and travel.

In addition to looking at environmental criteria IndusInd Bank also meets all compliance standards with regards to procurement. None of our operations face the risk of child labour / forced labour / or compulsory labour. Most of our requirements are sourced from Corporates, where generally highly skilled labour is employed. The Purchase Order raised with vendors, places emphasis on the adherence to various labour laws as applicable. The Clause reads as follows:

"Please note that this order is being placed on you with the understanding that your company is complying with all the applicable labour laws of our country. As part of IndusInd Bank's Sustainable Development Program and its attached responsibilities, we would like to associate ourselves only with suppliers who are willing to abide by standard and progressive labour practices, including and not restricted to the non-employment of child labour, providing equal opportunity to women employees, ensuring Health, Safety and Welfare of employees and adopting safe environmental practices".

At IndusInd Bank we place considerable importance on 'green procurement' considering attributes such as recycled content, energy efficiency, and waste reduction when interacting with vendors and suppliers.

Paper Procurement

In 2010-11 the Bank first explored the option of using environmentally-friendly paper, manufactured by TNPL, at its offices and branches in Mumbai. Following this brief pilot program, green paper procurement was centralised and made mandatory for all locations pan-India. IndusInd Bank interacted and worked with paper suppliers to understand issues pertaining to cost, quality, environmental impact and distribution and finally selected **Spectra Paper** as part of its green procurement strategy. This paper is 75gsm & is produced from wheat straw, an agricultural by-product. It is produced using ECF (Elemental Chlorine Free) technology and carries the FSC Certification (Forest Stewardship Council Certification). In addition to reducing our environmental impact the competitive cost of this 'earth-friendly' paper has helped IndusInd Bank save ₹ 4, 81,270 in the FY 2011-12.

Just one tonne of 100% recycled paper saves about 3000 KWh of energy, reduces waste-water by approximately 45,000 litres and reduces solid waste disposal by 340 Kgs.

In addition to using eco-friendly office paper, IndusInd Bank has also commenced the issuance of visiting cards printed on 100% recycled paper for all employees. This initiative not only helps to reduce the Bank's environmental impact arising from paper consumption, but also helps promote the message of recycling and green procurement amongst our employees, customers and suppliers.



Green IT

At IndusInd Bank greening our IT systems is as important as using IT to implement innovative and sustainable systems of operation. In the FY 2011-12 we have implemented several programs to reduce our ecological footprint and at the same time save money and improve the efficiency of our operations.

Green IT Initiatives	
Initiative	Environmental & Social Benefits
Refurbished Toners & Cartridges	When disposed off to landfill toners and cartridges waste natural resources and contaminate soil and groundwater. Approximately 4 litres of oil is required to produce each new laser printer cartridge and 90ml of oil is used to produce each inkjet cartridge. The average toner cartridge is composed of 40% plastic, 40% metal and smaller amounts of rubber, paper, foam and toner. Refurbishing toners and cartridges reduces our depletion of natural resources and also mitigates the environmental pollution resulting from disposal.
Replacement of CRT Monitors with TFT Monitors	TFT Monitors are far more energy efficient than CRT monitors and reduce energy consumption by about 70%. These monitors are also sleeker and reduce space consumption and with a higher refresh rate they are also easier on the human eye. Approximately 200 CRT Monitors were replaced at a cost of ₹ 10.50 Lacs.
Video & Audio Conferencing	In the FY 2011-12, IndusInd Bank has invested greatly in video and audio conferencing technologies. These technologies have significant social and environmental advantages as they greatly reduce the need for travel, thus, reducing our carbon footprint and also allowing employees to use their time more productively.
Automation of the Procurement Process	The procurement department has migrated from a manual to an automated process on a workflow platform called 'iProcure'. The requirements raised by users travel through the platform, via the recommending authority, resulting in a procurement approval process and the generation of a Purchase Order. Almost 5000 on-line requisitions were routed through this platform during this FY resulting in a significant reduction in paper consumption.

In addition to the aforementioned activities the IT department at IndusInd Bank has also been at the forefront in technological advances for sustainability through IT within the Banking sector. The FY 2011-12 has seen the launch and implementation of three innovative facilities, namely:

- Green Datacentre
- Server Virtualisation
- Thin Computing

Green Datacentre The energy efficient green data centre uses a combination of row based cooling, modular UPS design and improved UPS efficacy to reduce energy demands and cost. By adopting a better technology, these cooling units consume 13.5 KW at full load against 22.5KW of power for conventional cooling units and additionally, have a zero Ozone Depletion Potential (ODP). This 9 KW of savings translates into a cost reduction of ₹ 81 lakh per annum and also represents a carbon reduction of about 70 MT of CO₂e annually.

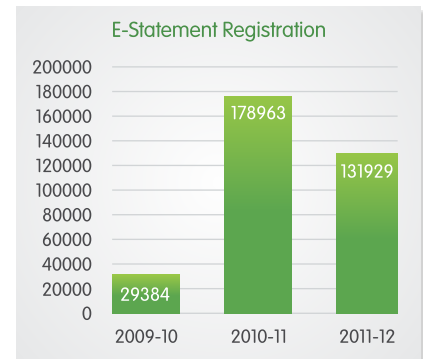
Server virtualisation In another major step to improve energy efficiency, 117 servers were virtualized on 9 physical servers thus resulting into power saving of 37 KVA per year and cost savings of ₹ 27 lakhs per year.

Thin computing By the end of the financial year more than 200 users were also provided with virtual desktops which reduce energy consumption by 300 KWh per year and save ₹ 1785 per desktop. The number of virtual desktops is planned to increase to 1000 users by the next financial year - 2012-13.



E-Statement Campaign

E-Statements are a free and paperless option, offered by IndusInd Bank, which reduce clutter and waste by allowing account holders to view their monthly statements online instead of receiving mailed paper statements. Importantly, e-statements also save natural resources and protect our forests and water reservoirs, while reducing our carbon footprint. IndusInd Bank has continuously worked with its staff and customers to promote the use of e-statements and over the course of the last three years has gradually increased the uptake of this facility. E-statement registrations dropped to 1,31,929 customers in the FY 2011-12, i.e., a 26% decrease over the previous financial year. However, the Bank hopes to continue to promote e-statement registrations amongst its customers with the intentions of significantly reducing its paper consumption and consequentially its carbon footprint.



Waste Management

At IndusInd Bank we make every effort to minimise our use of natural resources and reduce the volume of our waste stream. Where waste is generated we have begun the implementation of two unique programs to divert waste from landfills and into the recycling industry.

Recycling Paper - WOW Initiative

IndusInd Bank is initiating a new CSR program called "WOW"- A Waste Paper Collection drive in partnership with ITC-PSPD LTD. & Ramky Reclamation and Recycling Ltd (RRRL) with the aim of protecting the environment and reducing our ecological footprint by recovering valuable resources and recycling them. The initiative will focus on collecting all kinds of waste paper from employees & branches and recycling it at an ISO certified, PCB approved recycling plant. This program will be launched in the FY 2012 and will be promoted by employees and Green Champions.



Managing E-Waste

The Bank has taken up the challenge of sustainable e-waste management and disposal and has successfully rolled out an e-waste program on a pan-India basis. In the FY 2011-12 we disposed of 4989.27 Kgs of e-waste through government certified e-waste recyclers like Ecoreco and Attero Recycling. The Bank has received an official e-waste certificate for its efforts. IndusInd Bank is now also a registered member in the Green Enterprise community.



In addition to managing its e-waste the Bank has also created and promoted an employee awareness program and sustainability week for the collection of e-waste from its employees. This collection drive, organised through the joint efforts of the CSR, Corporate & Global Market Operations (CGMO) and Admin teams, resulted in the collection of about 1000 Kgs of electronic waste.

Education & Awareness Programs

One of the most effective ways for companies to help protect the environment is by raising employee awareness about Climate Change and other environmental issues and simultaneously educating employees about the ways to address these so that they are encouraged to follow and implement best practices both at the office and at home. Strategies that try to reduce GHG

emission by focusing on low-hanging fruits like energy and resource conservation can only be successful with the help of an educated and motivated employee base and for IndusInd Bank employee engagement and awareness are vital yet unique tools to promote sustainability in the office environment. To facilitate this process, CSR Councils at the corporate as well as zonal levels have been formed. They will encourage employee participation at the ground level through a collaborative approach and promote green practices amongst IndusInd Bank staff.

Hum aur Hariyali & the Green Champions Program

As part of its innovative employee engagement program IndusInd Bank launched the Green Champions Initiative (GCI) in 2009. In the FY 2011-12 this campaign has grown significantly and the Bank is now planning to expand its reach beyond its corporate hub (Mumbai) and promote the inception of Green Champions from branches and offices across the country. Two to three Green Champions will be selected from each zone and an intensive and interactive Green Champions program will be launched in June 2012. The Green champions will be responsible for the implementation of green programs like energy conservation, waste management and greening in their localities.



In Mumbai, Green Champions and other employees were invited to participate in an Art-n-Craft with Waste activity on Children's Day. 22 employees and their children learnt about the importance of reducing, reusing and recycling household waste while making beautiful block-printed paper bags out of old newspapers and Styrofoam blocks. The activity was organised by IndusInd Bank's CSR consultant Centre for Environmental research & Education (CERE).

Sustainability Week

In January 2012 the Corporate & Global Market Operations (CGMO) and the CSR teams partnered to conduct a Sustainability Week at several IndusInd Bank locations across the country. The objective was to come together as a team and contribute towards a common CSR goal: 'Sustainability'. The entire event was organised by a team of employee volunteers who worked closely with the central CSR team. Two events were planned:

E-Waste Campaign

An E-Waste Collection Campaign was held at 14 Locations across India by the CGMO teams. IndusInd Bank partnered with Ecoreco, a certified e-waste recycler to collect and manage voluntary e-waste donations. All e-waste was collected in bins provided by Ecoreco, placed at all participating locations. E-Certificates and fabric stickers with the slogan 'E-waste Champ! - I made a Difference!' were issued to all staff members who contributed some e-waste. Over 240 employees participated in the E-waste Campaign.



Outreach Event

The Sustainability week concluded with an Outreach Event held on Saturday 14th January after office hours in partnership with the NGO 'Nalandaway' from Chennai. The Event involved employees volunteering their time to help paint walls at children's institutions like schools, juvenile homes and orphanages. The event was successfully carried out at 3 locations (Mumbai, Chennai and Kolkata). Approximately 135 of our IndusInd Bank employees participated in the painting outreach program and showed incredible innovation and teamwork. Employees found the program to be enjoyable and fulfilling and the Bank hopes to create opportunities for more staff to participate in such programs in the future.



Awareness through the Intranet

In addition to the GCI, IndusInd Bank continuously promotes messages about sustainability through on-line platforms. The Bank shares posters, handy tips, and inspiring stories on its intranet site and is currently in the process of creating an on-line platform for Green Champions and the *Hum aur Hariyali* Initiative.

Water Quarter

In March 2012, in the weeks leading up to World Water Day, IndusInd Bank ran an on-line water conservation awareness campaign - 'Water Quarter' consisting of informational posters and a water quiz. Employees from across the country were invited to participate in 'Water Quarter' and to implement water saving practices in their branches and offices. The program ended with a pledge by the Bank to 'Say No to Bottled Water', and we are currently implementing policies to reduce the use of bottled water in our offices and branches, while keeping in mind the health and safety of our employees.



Earth Hour Campaign

IndusInd Bank participated in the Earth Hour Campaign in 2011-12. The Bank encouraged employees to participate in the program through awareness posters and mailers and also requested branches to turn off their signages between 8:30 pm and 9:30 pm, 360 branches participated in the event, as a sign of our commitment to reduce electricity consumption and mitigate our carbon footprint.



Green Festivals

In Mumbai 70,000 to 80,000 Ganapati idols are immersed in the sea during Ganesh Chaturthi. These plaster-of-paris (POP) idols do not decompose and so they pollute the water and endanger aquatic life. During Diwali, the skies of major metros are filled with fireworks that not only endanger bird and human life, but affect air quality and also often support illegal child labour. As part of our eco-awareness program, IndusInd Bank makes it a point to educate our employees about the importance of celebrating festivals like Ganesh Chaturthi and Diwali in an eco-friendly manner. The Bank shares informational posters interesting facts and green alternatives through the intranet and e-mailers and also encourages sharing of information through the Green Champions network.



E-Learning Program

In the year 2011-12, IBL commissioned CNK Management and CERE to develop an e-learning module on green banking and sustainability. This module will help raise awareness among IndusInd Bank employees on the importance of environmental topics like climate change, environmental degradation and pollution and the conservation of precious resources, particularly within the scope of an urban office environment. This program is currently in the testing phase and will be officially launched at the start of the next financial year. It will be mandatory for all IndusInd Bank employees to successfully complete the e-learning course on sustainability thus ensuring that all employees are well-aware of IndusInd Bank's sustainability mandate.

Training for House-keeping Staff

In most organizations, it is the house-keeping and security staff who switch on air-conditioners, lights etc. and manage the daily waste. It is thus important that they be made aware of the importance of sustainability, energy conservation and resource conservation. At IndusInd Bank we are concerned with the awareness levels of not just our full-time employees but our support staff as well. With this in mind, the Bank successfully organised an educational workshop for our facility partner Knight-Frank. We have trained house-keeping staff and regional Knight-Frank administrative heads on the importance of global climate change and sustainable development and on strategies to conserve energy and resources. The staff was also requested to use only eco-friendly cleaning products and dispose of waste responsibly through certified agencies.

Promoting Biodiversity

IndusInd Bank recognises that biodiversity is a cornerstone of any economy. It is the foundation of all food and medicine production, allows for the perpetuation of natural cycles and is a natural form of protection against climate change. If we fail to protect India's biodiversity, we stand to lose a gene pool of immeasurable value. IndusInd Bank is thus committed to protecting India's biodiversity and to fostering conservation activities at its offices and branches and in the larger community.

Adopt-a-Plant: Greening our offices and homes

In 2010 IndusInd Bank successfully executed an innovative program entitled Adopt-a-Plant, whereby employees adopted potted plants within their office spaces. This program not only engaged employees on the green platform, but also helped improve in-door air quality at IndusInd Bank's corporate offices in Mumbai. Following the success of this program, IndusInd Bank has expanded the Adopt-a-Plant program and has innovatively used it as a marketing platform to reach out to potential customers and local communities. This program has now been carried out at many locations across India with branches and offices engaging in both Adopt-a-Plant and tree plantation activities. In the FY 2011-12 West Zone branches planted 700 trees at a local municipal school. The Nagpur branch distributed more than 5000 saplings and consequently generated business with the opening of more than 4000 new accounts. Several other branches have also undertaken awareness program about the importance of greening and biodiversity and have distributed and planted over 6000 plants pan India.



Supporting India's National Parks: Donating Utility Vehicles to promote Eco-tourism

As an ardent supporter of India's wildlife and National Parks, IndusInd Bank is also a regular contributor to the Satpuda Foundation and the Government of Maharashtra Forest Department. The Foundation was established to highlight the biodiversity of the Central Indian Highlands (i.e. the Satpuda mountain range), educate different sections of society about its importance and to tackle threats to the area's forests and wildlife through well-coordinated research oriented conservation action. The Foundation has also established a community centre that is focused on organic farming, agro-forestry and implementing community based conservation programmes.

IndusInd Bank has been supporting this wildlife and forest conservation initiative by donating Utility Vehicles to the Centre for the last two years. In the FY 2011-12 the Bank donated two Utility Vehicles for the Centre's use. The Vehicles are extensively used for protection of natural resources in and around wildlife habitats and educating people that visit the near-by Melghat Tiger Reserve. This partnership has endorsed IndusInd Bank's brand value under the umbrella of the *Hum aur Hariyali* Campaign while promoting the conservation of India's natural heritage.





Carbon Emissions: Measuring, Monitoring & Reporting

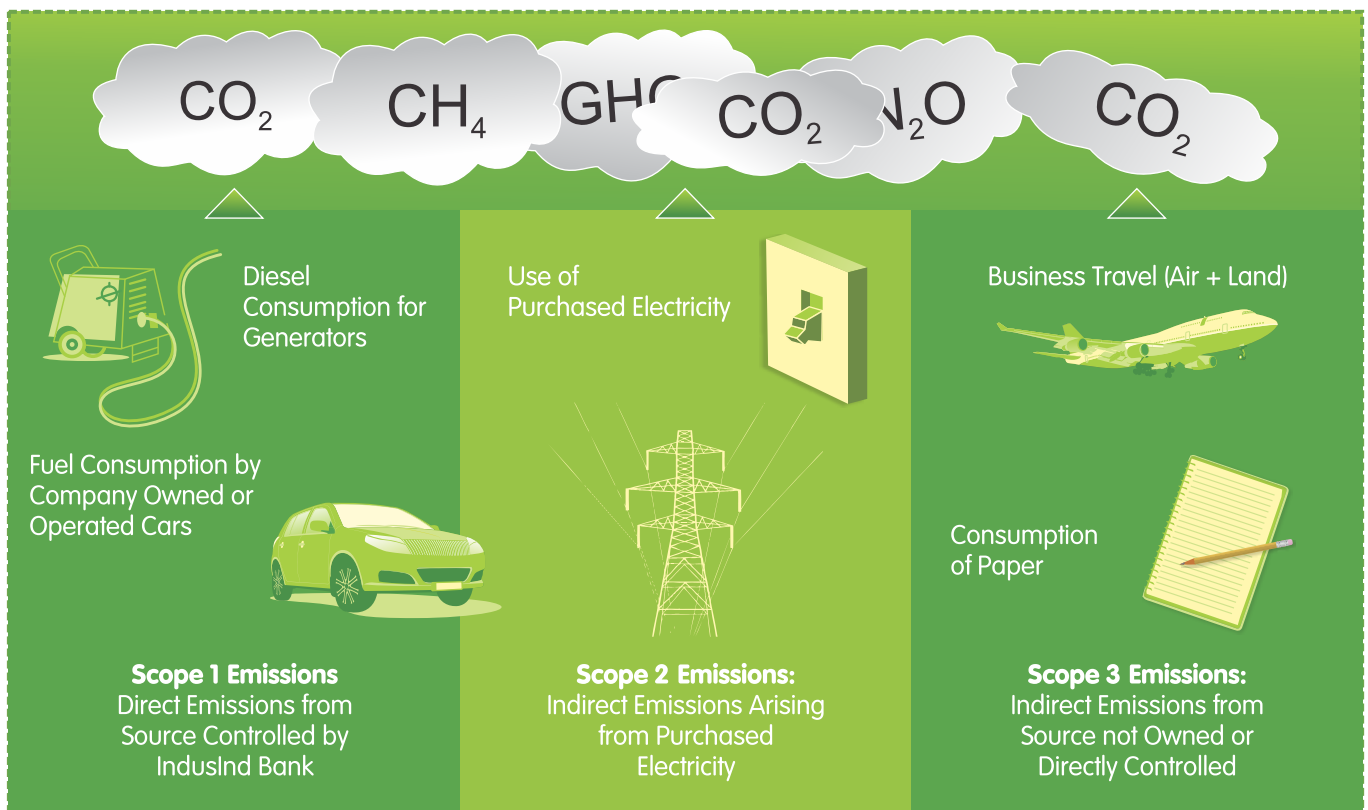
Climate Change is a global challenge with serious consequences for our social and economic infrastructure as well as the natural environment. The greenhouse gas (GHG) emissions that cause Climate Change are emitted mainly from burning fossil fuels such as coal, oil and natural gas. Because heavy industry is a primary source of GHG emissions, most of the business-focused programs responding to the issue, highlight participation by “emitters,” manufacturers and utilities. Action by industry alone, however, is not enough. Long-term solutions require emission reduction efforts by the whole economy including the financial sector. Recognising the potentially significant impact of Climate Change on its business, as well as its wider social obligation to effectively manage its GHG emissions, IndusInd Bank has committed to measuring, monitoring and reporting its carbon emissions for a third successive year.

Developing a Data Collection Software

As part of its carbon footprint mapping activities, IndusInd Bank has modified its in-house ERP software – COFA to capture data relevant to GHG emission mapping. This newly developed tool was used to integrate data for IndusInd Bank’s 2011-12 carbon footprint assessment. In addition to modifying its ERP systems, IndusInd Bank also organised training programs and talks for branch managers and branch staff on the importance of COFA and the need for accurate and complete data sets.

Carbon Footprint for 2011-12

IndusInd Bank’s carbon footprint evaluation for the year 2011-12 is the company’s most comprehensive to date. It has been carried out based on the guidelines and principles set out in the “Greenhouse Gas Protocol Corporate Accounting and Reporting Standard” as published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Scope 1, Scope 2 and Scope 3 sources of emissions were identified and accounted for as per GHG protocol guidelines.

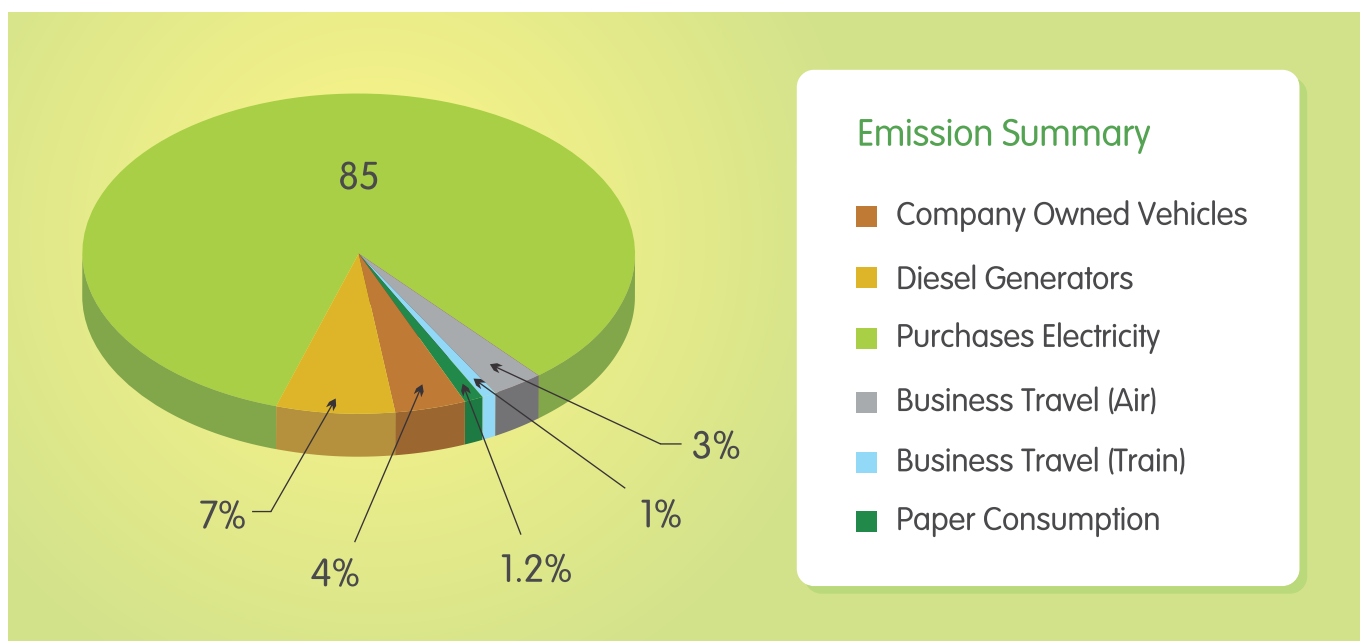


In 2011-12 IBL's total GHG emissions, within the predetermined organisational boundary, were estimated at 21232.543 MT of CO₂e. A review of the various sources and values of Scope 1, 2 and 3 emissions is presented below.

In 2011-12 IBL's total GHG emissions, within the predetermined organisational boundary, were estimated at 21232.543 M.T of CO₂e.

IndusInd Bank GHG Emissions by Activity for the FY 2011-12	
Activity & Scope	TOTAL (MT of CO ₂ e)
Scope 1	2188.085 (10.31%)
Company Owned Vehicles	744.826
Diesel Generators	1443.259
Scope 2	18099.321 (85.24%)
Purchased Electricity	18099.321
Scope 3	945.137 (4.45%)
Business Travel (Air)	671.125
Business Travel (Rail)	6.410
Paper Consumption	267.602
TOTAL	21232.543

The Bank's highest emissions resulted from the use of purchased electricity and as a result IndusInd Bank will continue to focus on energy conservation, energy efficiency and the implementation of renewable energy projects as part of its CSR agenda in 2012-13.





Electricity Consumption (Scope 2)

The company's total annual electricity use for 2011-12 was calculated 2,03,71,569 kWh or 20371.57 MWh, at a cost of ₹ 15,88,94,471 (Approximately ₹ 16 CR). The resulting Scope 2 emissions were calculated as 18099.321 metric tonnes of CO₂e, the single largest source of GHG emissions for IBL.

Fuel Consumption (Scope 1)

In addition to the use of electricity IndusInd Bank was also responsible for Scope 1 emissions arising from the use of company owned vehicles and the operation of diesel generators.

IndusInd Bank GHG Emissions by Activity for the FY 2011-12		
Activity	Fuel Consumption (Litres/Kgs)	CO ₂ e Emissions (Metric tonnes)
DG SET	536369	1443.259
Petrol Consumption	260689	592.167
Diesel Consumption	5302	14.189
CNG	47950	129.849
LPG	2739	8.620
TOTALS	853049	2188.085

Additional Emission Sources (Scope 3)

IndusInd Bank is committed to recording and reducing its carbon footprint and as such is not only concerned with its energy footprint but is also invested in reducing its indirect GHG emissions (Scope 3). To this end the Bank has tracked both emissions associated with business travel and with the use of paper. Business travel by rail and by air is responsible for 677.535 MT of CO₂e, while emissions associated with the use of office paper are estimated at 267.602 MT of CO₂e. We are making efforts to reduce emissions from both those sources by investing in video and tele-conferencing facilities and by ensuring that the paper procured by us is sustainable and green. Furthermore efforts are being made to reduce both paper consumption and business travel.

Reporting

IndusInd Bank believes that transparency is an integral part of sustainability and has reported on its CSR activities and GHG emissions through several channels. The Bank has published details about its CSR programs in its Annual and Sustainability Reports and is also a signatory to CDP.

Sustainability Reporting

With this report, IndusInd Bank will have published its second annual Sustainability Report. The first report was published for the FY 2010-11 and is available on request from the CSR department.

CDP Reporting

The Bank is a signatory of the Carbon Disclosure Project (CDP). As a signatory we have been publishing our carbon footprint data voluntarily and have also committed to reducing our per capita carbon emissions. This is IndusInd Bank's third year as a CDP signatory and this is the first year we have made our results available in the public domain.

The Road Ahead

The FY 2011-12 was about innovation and ideation for sustainability at IndusInd Bank. The Bank put in place several initiatives and systems to improve its employee engagement, increase its community outreach and manage and mitigate its GHG emissions. From completing the first phase of the Solar ATM project to extending its Microfinance program the Bank has launched and improved its sustainable development agenda. In the following financial year, 2012-13, IndusInd Bank hopes to further extend its sustainability mission by integrating sustainability into its core business practices, while continuing to promote some of the programs it developed in 2011-12.

Some of the major programs planned for the FY 2012-13 are outlined below:

✔ Implementing an Environmental Policy

As a testament to its commitment to protecting the environment IndusInd Bank is launching an Environment Policy in the year 2012-2013. This policy will be a snapshot of our objectives and commitments to sustainable growth and a record of the progress achieved in the same. The policy will also put forth best practices and targets that will need to be considered by all banking verticals and employees.

✔ Reaching 100 Solar ATMs

One of the major goals for IndusInd Bank in the year 2012-2013 will be to achieve our target of operating 100 solar powered ATMs. The Bank has already converted 50 of its on-site ATMs to run on solar energy and will now focus on bringing another 50 ATMs under the gambit of our Solar ATM project.

✔ Expanding our Green Champions Network

A major part of IndusInd Bank's *Hum aur Hariyali* Campaign has been its Green Champions Program. In the year 2012-13 the Bank hopes to expand the Green Champions program to all of its locations across the country and recruit volunteers from both the corporate offices and from branches. The program will also be more structured with specific activities and reporting procedures in place to capture the effectiveness of the program and to adequately engage employees in the decision making process and the implementation of sustainability programs.

✔ Developing Platforms of Communication

Transparency and communication are an integral part of IndusInd Bank's sustainability agenda and we hope to develop several platforms of communication for both our employees and our clients.

In the FY 2012-2013 the Bank will be developing an interactive site as part of our intranet for employees. The site will showcase programs that are part of the *Hum aur Hariyali* Campaign, announce events, share handy tips for conservation and also act as a platform for green champions to share and exchange ideas.

✔ Reporting

The Bank hopes to continue its reporting activities by ensuring that it publishes its CSR activities in its Annual Report and Sustainability Report for the year 2012-13. The Bank will also continue to be a signatory of CDP and will share its emissions data through the CDP questionnaire and report.



✓ Environmental E-Learning Program

A major activity in 2011-12 was developing an e-learning program for employees that focused on environmental issues and green banking. In 2012-13 IndusInd Bank will launch this e-learning program. The program will be compulsory for all employees and will be promoted through various channels in the coming financial year. The aim will be to bring our workforce into the fold of our sustainability program and ensure the implementation of green best practices throughout the Bank.

These are just a few of the programs IndusInd Bank has planned for the year 2012-13. As we look forward to a profitable, equitable and sustainable future we hope to continue to incorporate initiatives that not only help improve our business but also meet our social and environmental obligations.



Appendix

NVG Principle/ Core Elements	Statement	Page No.	GRI Guideline complied by
Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.		SO2- SO4
Core Elements	<ol style="list-style-type: none"> Businesses should develop governance structures, procedures and practices that ensure ethical conduct at all levels; and promote the adoption of this principle across its value chain. Businesses should communicate transparently and assure access to information about their decisions that impact relevant stakeholders. Businesses should not engage in practices that are abusive, corrupt, or anti-competition. Businesses should truthfully discharge their responsibility on financial and other mandatory disclosures. Businesses should report on the status of their adoption of these Guidelines as suggested in the reporting framework in this document. Businesses should avoid complicity with the actions of any third party that violates any of the principles contained in these Guidelines. 	<p>13-21</p> <p>12,13, 16</p> <p>-</p> <p>13</p> <p>12</p> <p>-</p>	
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.		PR1- PR9
Core Elements	<ol style="list-style-type: none"> Businesses should assure safety and optimal resource use over the life-cycle of the product - from design to disposal - and ensure that everyone connected with it- designers, producers, value chain members, customers and recyclers are aware of their responsibilities. Businesses should raise the consumer's awareness of their rights through education, product labelling, appropriate and helpful marketing communication, full details of contents and composition and promotion of safe usage and disposal of their products and services. In designing the product, businesses should ensure that the manufacturing processes and technologies required to produce it are resource efficient and sustainable. 	<p>52-54</p> <p>-</p> <p>NA</p>	



NVG Principle/ Core Elements	Statement	Page No.	GRI Guideline complied by
Core Elements	4. Businesses should regularly review and improve upon the process of new technology development, deployment and commercialization, incorporating social, ethical, and environmental considerations.	26, 50-54	
	5. Businesses should recognize and respect the rights of people who may be owners of traditional knowledge, and other forms of intellectual property.	NA	
	6. Businesses should recognize that over-consumption results in unsustainable exploitation of our planet's resources, and should therefore promote sustainable consumption, including recycling of resources.	52,54	
Principle 3	Businesses should promote the wellbeing of all employees.		LA1- LA15
Core Elements	1. Businesses should respect the right to freedom of association, participation, collective bargaining, and provide access to appropriate grievance redressal mechanisms.	38-39	
	2. Businesses should provide and maintain equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation.	34	
	3. Businesses should not use child labour, forced labour or any form of involuntary labour, paid or unpaid.	52	
	4. Businesses should take cognizance of the work-life balance of its employees, especially that of women.	33	
	5. Businesses should provide facilities for the wellbeing of its employees including those with special needs. They should ensure timely payment of fair living wages to meet basic needs and economic security of the employees.	35-37	
	6. Businesses should provide a workplace environment that is safe, hygienic humane, and which upholds the dignity of the employees. Business should communicate this provision to their employees and train them on a regular basis.	37-38	
	7. Businesses should ensure continuous skill and competence upgrading of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. They should promote employee morale and career development through enlightened human resource interventions.	37, 40-42, 55	

NVG Principle/ Core Elements	Statement	Page No.	GRI Guideline complied by
Core Elements	8. Businesses should create systems and practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities.	38-39	
Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.		SO1, SO4, SO7- SO10
Core Elements	<ol style="list-style-type: none"> 1. Businesses should systematically identify their stakeholders, understand their concerns, define purpose and scope of engagement, and commit to engaging with them. 2. Businesses should acknowledge, assume responsibility and be transparent about the impact of their policies, decisions, product & services and associated operations on the stakeholders. 3. Businesses should give special attention to stakeholders in areas that are underdeveloped. 4. Businesses should resolve differences with stakeholders in a just, fair and equitable manner. 	<p>28-29, 43-45, 57</p> <p>-</p> <p>28-29</p> <p>25, 38-39</p>	
Principle 5	Businesses should respect and promote human rights		Hr1- HR11
Core Elements	<ol style="list-style-type: none"> 1. Businesses should understand the human rights content of the Constitution of India, national laws and policies and the content of International Bill of Human Rights. Businesses should appreciate that human rights are inherent, universal, indivisible and interdependent in nature. 2. Businesses should integrate respect for human rights in management systems, in particular through assessing and managing human rights impacts of operations, and ensuring all individuals impacted by the business have access to grievance mechanisms. 3. Businesses should recognize and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalized groups. 4. Businesses should, within their sphere of influence, promote the awareness and realization of human rights across their value chain. 5. Businesses should not be complicit with human rights abuses by a third party. 	<p>-</p> <p>24-25, 38-39</p> <p>-</p> <p>45,47, 52</p> <p>52</p>	



NVG Principle/ Core Elements	Statement	Page No.	GRI Guideline complied by
Principle 6	Business should respect, protect, and make efforts to restore the environment.		EN1- EN30
Core Elements	<ol style="list-style-type: none"> 1. Businesses should utilize natural and manmade resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste. 2. Businesses should take measures to check and prevent pollution. They should assess the environmental damage and bear the cost of pollution abatement with due regard to public interest. 3. Businesses should ensure that benefits arising out of access and commercialization of biological and other natural resources and associated traditional knowledge are shared equitably. 4. Businesses should continuously seek to improve their environmental performance by adopting cleaner production methods, promoting use of energy efficient and environment friendly technologies and use of renewable energy methods. 5. Businesses should develop Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to their operations or that of a member of its value chain. 6. Businesses should report their environmental performance, including the assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner. 7. Businesses should proactively persuade and support its value chain to adopt this principle. 	<p>50-54</p> <p>51,54, 56</p> <p>NA</p> <p>27-28, 50-56</p> <p>10</p> <p>58-60</p> <p>52</p>	
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.		SO5- SO6
Core Elements	<ol style="list-style-type: none"> 1. Businesses, while pursuing policy advocacy, must ensure that their advocacy positions are consistent with the Principles and Core Elements contained in these Guidelines. 2. To the extent possible, businesses should utilize the trade and industry chambers and associations and other such collective platforms to undertake such policy advocacy. 	<p>-</p> <p>24</p>	

NVG Principle/ Core Elements	Statement	Page No.	GRI Guideline complied by
Principle 8	Businesses should support inclusive growth and equitable development.		EC1- EC9
Core Elements	<ol style="list-style-type: none"> 1. Businesses should understand their impact on social and economic development, and respond through appropriate action to minimise the negative impacts. 2. Businesses should innovate and invest in products, technologies and processes that promote the wellbeing of society. 3. Businesses should make efforts to complement and support the development priorities at local and national levels, and assure appropriate resettlement and rehabilitation of communities who have been displaced owing to their business operations. 4. Businesses operating in regions that are underdeveloped should be especially sensitive to local concerns. 	<p>-</p> <p>25-31</p> <p>NA</p> <p>29-30</p>	
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.		SO1,SO4, SO7- SO10
Core Elements	<ol style="list-style-type: none"> 1. Businesses, while serving the needs of their customers, should take into account the overall well-being of the customers and that of society. 2. Businesses should ensure that they do not restrict the freedom of choice and free competition in any manner while designing, promoting and selling their products. 3. Businesses should disclose all information truthfully and factually, through labelling and other means, including the risks to the individual, to society and to the planet from the use of the products, so that the customers can exercise their freedom to consume in a responsible manner. Where required, businesses should also educate their customers on the safe and responsible usage of their products and services. 4. Businesses should promote and advertise their products in ways that do not mislead or confuse the consumers or violate any of the principles in these Guidelines. 5. Businesses should exercise due care and caution while providing goods and services that result in over exploitation of natural resources or lead to excessive conspicuous consumption. 6. Businesses should provide adequate grievance handling mechanisms to address customer concerns and feedback. 	<p>24-31, 45-47</p> <p>-</p> <p>NA</p> <p>-</p> <p>NA</p> <p>25</p>	

This Report has been prepared by:



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