



# Building a sustainable tomorrow

Preserve | Promote | Practice

Sustainability Report 2023-24



Forever Bank



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## ESG OVERVIEW

### Keeping Planet First – AU's Green Deposit

Climate change has been recognised as one of the most critical challenges faced by the global society and economy in the 21<sup>st</sup> century. The financial sector can play a pivotal role in mobilising resources and their allocation thereof in green activities/ projects. Green finance is also gaining traction in India.

Deposits are a significant source for mobilising funds by the regulated entities. To further this initiative and foster the development of a green finance ecosystem in the country, RBI has introduced a framework for acceptance of green deposits.

Planet is at the forefront of our thoughts and actions; in everything we do. Our Bank introduced Planet First -

Green Fixed Deposit (FD), specifically designed to allocate its entire proceeds to support renewable and green projects, including solar power, electric mobility solutions among others. Our efforts represent an 'incremental but sure' step toward bridging the funding gap to achieve India's Net Zero targets.

Taking inspiration from RBI's framework for acceptance of green deposits, we have formulated our own Green Deposit policy and framework.

To promote inclusion, the minimum investment requirement is kept at ₹ 5,000 only. This new offering allows both existing and new customers of AU SFB to secure their Green FD conveniently through Video Banking, the AU 0101 App, Net Banking or by

simply visiting their nearest AU Small Finance Bank branch.

The Green Deposit further complements AU SFB's commitment to sustainable climate action and we continue to evolve to bring 'Badlaav,' in the journey of 'Forever'.

We have developed a Green Fixed Deposit Policy and Framework, which is Board - approved and duly certified by a second party.



### Green Deposit Policy

Climate change is impacting socio-economic environment set-up and has emerged as one of the most critical risks faced by the global society. It has adverse ramifications for multiple stakeholders including agriculture, power sector, transportation industry and financial sector. The two aspects of climate risk – physical and transitional need to be effectively managed. Sustainable finance offers considerable leverage in addressing and managing both these risks.

We are in a unique position to seize this opportunity and contribute to sustainable 'Badlaav' by gradually offering retail products focused on sustainability. This would be further strengthened once we have our own structured policy and framework in place. The Green Deposit policy would further complement our commitment

to 'financing responsibly managed projects to further strengthen our stance on ESG' in line with our overarching sustainability policy (Sustainability policy is available at <https://www.aubank.in/investors/secretarial-policies>).

India needs US\$10 trillion to achieve Net Zero by 2070. Financial institutions must work aspirationally to arrange such a

large pool of funds. AU SFB's green deposits will inspire SFBs and other financial institutions to venture into the green finance space.

The time to embrace a greener transformation is now – otherwise, we may pay dearly in the future. Our sustainable and inclusive revolution marks the dawn of a new era, with the aim of achieving a Sustainable Planet, Sustainable AU.

In alignment with RBI's framework for Green Deposits, AU SFB has launched the "Planet First – Green Fixed Deposit".

**8,700+**  
Green FD Accounts

**₹600 Crore+**  
Green FD Raised

The entire proceeds of these deposits will be dedicated to financing renewable and green projects such as solar power and electric mobility solutions.

This strategic move supports India's ambition to achieve Net Zero targets and embodies our ongoing commitment to sustainable development and climate action.

## PERFORMANCE SNAPSHOT

### ENVIRONMENT



#### Energy Consumption (GJ)

**90,809.5**

● FY 2023-24

**81,678.4**

● FY 2022-23

#### Energy Intensity (GJ/FTE)

**2.99**

● FY 2023-24

**2.88**

● FY 2022-23

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

**316.8**

● Scope 1

**280.0**

● Scope 1

**16,840.9**

● Scope 2  
(FY 2023 -24)

**15,365.9**

● Scope 2  
(FY 2022 -23)

#### Emissions Intensity (tCO<sub>2</sub>e / FTE)

FY 2023-24  0.58

FY 2022-23  0.55

**PERFORMANCE SNAPSHOT CONTD...**

**SOCIAL**

**Employees**



**Women Diversity**

**2,779**  
● FY 2023-24  
**2,353**  
● FY 2022-23



**Total Employees**

**29,738**  
● FY 2023-24  
**28,320**  
● FY 2022-23



**Training hours per full-time employee**

**31.62**  
● FY 2023-24  
**21.48**  
● FY 2022-23



**Corporate Social Responsibility**

**Beneficiaries in CSR**



**AU Ignite** (Nos.)

**21,540**  
● FY 2023-24  
**7,693**  
● FY 2022-23



**AU Bano Champion** (Nos.)

**8,100+**  
● FY 2023-24  
**6,963**  
● FY 2022-23



**AU Udyogini** (Nos.)

**2,580+**  
● FY 2023-24  
**2,187**  
● FY 2022-23



**Financial and Digital inclusion**



**Increasing usage to financial services**

Customers provided financial services under Jan Dhan Yojana

**10.4 Lakh+**  
● as on FY 24  
**8,10,000+**  
● as on FY 23



UPI registered customers in Unbanked Rural Centres

**2,88,100+**  
● as on FY 24  
**1,88,000+**  
● as on FY 23



**Improving access to financial services**

Touchpoints in Unbanked Rural Centres

**334**  
● as on FY 24  
**311**  
● as on FY 23



AU0101 Registration in Unbanked rural centres

**2,77,000+**  
● as on FY 24  
**1,62,000+**  
● as on FY 23



**Enhancing quality to financial services**

Financial Literacy Camps at Rural Branches

**10,500+**  
● as on FY 24  
**8,400+**  
● as on FY 23



Employees trained through Digital Literacy Modules

**12,300+**  
● FY 2023-24  
**19,900+**  
● FY 2022-23



**PERFORMANCE SNAPSHOT CONTD...**

**ECONOMIC / GOVERNANCE**



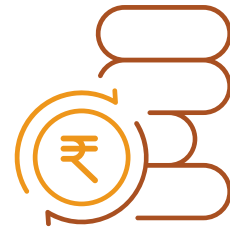
**Deposits** (in Crore)

**87,182**

● As on 31<sup>st</sup> March 2024

**69,365**

● As on 31<sup>st</sup> March 2023



**Direct Economic Value Generated** (in Crore)

**12,301**

● FY 2023-24

**9,239.87**

● FY 2022-23



**Profit After Tax** (in Crore)

**1,592**

● FY 2023-24

**1,428**

● FY 2022-23



**Economic Value Distributed** (in Crore)

**10,327**

● FY 2023-24

**7,657.11**

● FY 2022-23



**Total Assets** (in Crore)

**1,09,426**

● FY 2023-24

**90,216**

● FY 2022-23



**Economic Value Retained** (in Crore)

**1,974**

● FY 2023-24

**1,582.76**

● FY 2022-23



**A NEW CHAPTER BEGINS**

**FINCARE officially merges with AU Bank**

In a landmark development, AU Small Finance Bank (AU SFB) successfully completed the merger with Fincare SFB within AU SFB w.e.f. 1<sup>st</sup> April, 2024. With a shared vision and commitment to Bharat's aspirations, this strategic merger aims to create a larger, more diverse and technologically advanced financial franchise with a pan-India presence, unlocking significant potential synergies



**Strategic Rationale**

- Complementary branch footprint building a truly pan-India Small Finance Bank.
- Diversification of portfolio with access to rural and financial inclusion focused Microfinance business.
- Significant opportunity to expand deposit and asset franchise in South India.
- Shared values, common regulatory regime and experienced team providing deep domain expertise.
- Compelling synergy potential especially in deposits, technology and scale-driven efficiencies over time.

**Unified Values and Expertise**

- Integration of branch networks to form a truly nationwide Small Finance Bank.
- Expanded portfolio through access to rural areas and a focus on financial inclusion via Microfinance.
- Significant prospects for growing the deposit and asset base in South India.
- Shared values, a common regulatory framework and a seasoned team offering extensive domain knowledge.
- Notable synergy opportunities, particularly in deposits, technology and efficiency gains over time.



## CHAIRMAN'S MESSAGE



the core Indian banking sector. By adhering to RBI guidelines, AU is not only mitigating risks but also driving the transition toward a more sustainable and resilient economy.



**We reinforce our commitment to sustainable growth with products such as 'Planet First – AU GREEN FIXED DEPOSIT'.**



Moreover, we recognise the importance of social responsibility in our operations. We are dedicated to fostering an inclusive culture within our organisation, supporting diversity and ensuring that our activities contribute positively to the communities we serve. Our efforts include providing financial literacy programmes, supporting small and medium enterprises and investing in projects that drive economic and social development.

Governance is a cornerstone of our approach to sustainability. We uphold the highest standards of transparency, ethics and accountability in all our dealings. Our governance framework is designed to ensure that sustainability is embedded in every aspect of our business, from decision - making processes to risk management.

As we move forward, we will continue to engage with our stakeholders, listen to their concerns and work collaboratively to create a sustainable tomorrow. We are committed to innovation and resilience, ensuring that AU Small Finance Bank remains at the forefront of the sustainability agenda.

In closing, I would like to express my gratitude to our employees, customers, shareholders and partners for their continued support. Together, we will transform today into a more sustainable and equitable tomorrow.

**Mr. Harun Rashid Khan**  
Chairman

We have outpaced the small banking criteria for lending in the priority sector, loan size and unbanked areas. Until now, we were members of multiple Indian trade and industry chambers and associations; however, after receiving our AD-I license from the RBI, AU SFB has gone live with cross-border trade and foreign exchange business. This allows us to actively engage with global agencies.

At AU Small Finance Bank, we believe that economic growth and environmental stewardship go hand in hand. Our sustainability strategy is centred around three key pillars: environmental responsibility, social equity and governance excellence. We are committed to reducing our carbon footprint, promoting green finance and supporting initiatives that lead to low-carbon economy. Our aim is to be a catalyst for the transition to sustainable development, ensuring that our investments and operations are aligned with the goal of the Paris Agreement and the UN Sustainable Development Goals for 'Our Common Future'.

### Dear Shareholders,

As the chairman of AU Small Finance Bank, I am honoured to reaffirm our steadfast commitment to sustainability, which is an integral part of our mission and values. In today's world, the role of financial institutions extends beyond providing services and products; we have a responsibility to drive positive change and contribute to a sustainable future for all.

The banking sector's commitment to sustainability is multifaceted, encompassing regulatory compliance, voluntary commitments and proactive engagement in global initiatives. By aligning ourselves with BRSR guidelines, we ensure compatibility with national and international frameworks such as GRI (Global Reporting Initiative), UNGP (United Nations Guiding Principles), NGRBC (National Guidelines for Responsible Business Conduct) and UN-SDG (UN-Sustainable Development Goal). Our reporting on non-financial activities prioritises areas such as poverty reduction, clean energy, decent work, economic growth and climate action, demonstrating our commitment to stakeholder engagement and responsible business practices. We are strengthening our position within

## MESSAGE FROM THE SUSTAINABILITY COMMITTEE OF THE BOARD



**Ms. Malini Thadani**  
Sustainability  
Committee Chairperson



**Mr. Harun Rashid Khan**  
Member



**Ms. Kavita Venugopal**  
Member



**Mr. Kamlesh Vikamsey**  
Member



**Mr. Sanjay Agarwal**  
Member

As the Sustainability Committee at AU Small Finance Bank, we recognise the critical importance of Sustainability in shaping a resilient and prosperous future. In our role as stewards of the bank's environmental, social and governance responsibilities, we are committed to ensure to our Stakeholders that Sustainability is embedded into every aspect of the Bank's business operations, decision-making processes

We are dedicated to minimising the Bank's environmental impact by adopting sustainable practices across its operations and financing projects that contribute to a transition towards a low-carbon economy. This includes reducing the Bank's own carbon footprint and focusing on renewable energy and promoting energy efficiency. We are committed to setting and achieving ambitious targets aligned with global climate agreements, including the Paris Agreement, to limit global warming.

The Bank's commitment to social responsibility extends beyond immediate operations to the communities we serve. We wish that the Bank continues to remain focused on promoting financial inclusion, supporting small and medium-sized enterprises (SMEs) and investing in community development initiatives that enhance quality of life. We believe in fostering a diverse and inclusive workplace where all employees are empowered to contribute their best and are treated with dignity and respect.

Strong governance is the backbone of the Bank's Sustainability strategy. We are committed to uphold the highest standards of transparency, accountability and ethics. Our governance practices ensure that Sustainability is a key element in all decisions and that the Bank is held accountable for its commitments. We also actively engage with our stakeholders, including shareholders, employees, customers and regulators, to understand their perspectives and incorporate their feedback into the Bank's ESG strategy.



**We believe that integrating ESG principles into our core business is not only the right thing to do but also essential for long-term success.**



By aligning its financial products, services and investments with sustainable development goals, the Bank is creating value for its stakeholders and contributing to a more sustainable global economy. We are committed to transparent disclosure on the Bank's ESG practices, ensuring that

all stakeholders have access to clear, accurate and timely information about our progress.

Given the increasing threat of climate change and the associated physical damage, changes in market perception as well as the transition towards more environment-friendly products and services, the impact of climate change on REs (Regulated Entities) is inevitable. The REs also play an important role in financing the transition towards an environmentally sustainable economy. It is therefore imperative for REs to implement robust climate-related financial risk management policies and processes to effectively counter the impact of climate-related financial risks.

Sustainability is an ongoing journey, and we are committed to continuous improvement. We regularly review and update the Bank's ESG policies and practices to ensure that they remain relevant and effective in a rapidly changing world. We will also continue to engage with industry peers, regulators and other stakeholders to share best practices and contribute to the development of a sustainable financial sector.

The Sustainability Committee at AU is to steer the Bank towards the sustainable goals and commitment. We believe that by doing so, we will not only fulfill our responsibilities to the Bank's stakeholders but also contribute to a better and sustainable future for all.

MESSAGE FROM MD AND CEO



Paving the Way for a Sustainable Future, Today.



1 Lakh Crore. This strategic step has amplified our potential to positively impact lives across India. Our extensive product line, ranging from microfinance in remote areas to corporate finance in metropolitan centres, reinforces our role as a Complete Bank. This expansion has not only increased our size but also our potential to contribute meaningfully to a thriving, inclusive 'Viksit Bharat' and a US\$30 trillion economy by 2047.

We recognise the urgent need to address climate change and promote environmental stewardship. To create a positive impact on the world around us, we have implemented various measures to diminish our carbon emissions and minimise our environmental impact. We have adopted energy-efficient practices across our operations, promoted paperless processes and implemented recycling and waste reduction initiatives. We are going the extra mile by exploring opportunities to enhance our green infrastructure by green building certifications.

AU SFB has now gone live with cross-border trade and foreign exchange business post securing the Authorised Dealer Category I (AD-I) license from the RBI in April, 2023. This allows the Bank to operate in the foreign exchange market, enable forex transactions and support EXIM and retail customers by offering cross-border trade solutions and remittances.

Sustainability at our Core

Our commitment to sustainability is deeply rooted, with a strong emphasis on environmental well-being. Our journey as a Small Finance Bank (SFB) was conceived to drive financial inclusion among the unbanked and underbanked segments. This mission laid the groundwork for our inclusive banking approach, which significantly contributed to our licensing success. As an SFB, we are mandated to allocate 75% of our lending to the priority sector, with 50% of loans below 25 lakhs and establish 25% of our branches in unbanked rural centres. I'm proud to share that we have exceeded these requirements, with 94% of lending in the priority sector, 62% of loans below 25 lakhs and 31% of our touchpoints in unbanked rural areas.

Planet First – AU Green Fixed Deposit

Climate change has been recognised as one of the most critical challenges faced by the global society and economy in the 21<sup>st</sup> century and the Indian Government has played a leading role in climate change control by committing to the net-zero target at COP 27 (Confederation of Parties) meeting.

We have taken a step forward and are among the first few banks to launch 'Planet First – AU Green Fixed Deposit,' fully compliant with the new RBI framework. We intend to keep our planet first in our thoughts and actions and to foster the ethos of the recent G20 initiative of One Earth, One Family and One Future. By choosing Planet First - AU Green Fixed Deposit, one joins a community of pro-green customers, where the deposits so mobilised, shall be channeled

exclusively into essential green projects (including solar power, electric mobility solutions among others) that support climate action.

Engage, Interact, Innovate - Inclusive Stakeholder Practices

Stakeholder engagement is not merely a formality; it is integral to AU Dharma. We regularly engage with stakeholders through structured dialogues, town halls and platforms for anticipation and reflection. These interactions, aligned with GRI standards, enrich our sustainability framework, ensuring it is relevant and resilient.

Stakeholder Awareness is our key responsibility and multiple initiatives are taken to further the agenda. Training is imparted to all employees on Sustainability and ESG. Trainings cover multi-faceted narratives – Introduction to sustainability and its importance, climate change, environmental (E), social (S) and governance (G) aspects of sustainability.

Turning Risks into Opportunities

Our robust risk management framework monitors various risks, including credit, market, liquidity, operational, IT and cyber security as well as compliance. We acknowledge the critical role of climate-related risks in the current and future landscape and proactively implement corrective measures.

Our Customer-Centric Approach

We recognise that our success is intertwined with our customers' prosperity. Our commitment to inclusive financial services aligns with Sustainable

Development Goals (SDGs), particularly for underserved communities.

Diverse, Inclusive, Employee-Centric and Contributing to a Better Society

Our sustainability pillar rests on our people. We prioritise diversity, equity and inclusion, fostering a workplace where every colleague feels valued and empowered. Our initiatives span recruitment, education, training, career development and mentoring programmes, resulting in a diverse workforce.

Our CSR initiatives reflect our dedication to building a better society, focusing on youth and women empowerment and promoting financial inclusion. With the financial sector constantly evolving, there is an urgent need for financial literacy among communities. We have designed financial literacy modules based on established communication theories.

Looking Ahead

Our sustainability journey is ongoing, fuelled by the unwavering support of our stakeholders. Enhanced ratings on sustainability platforms and positive feedback from investors validate our commitment to a sustainable future. Our quest for sustainability and inclusion heralds a new era, striving for a Sustainable Planet and a Sustainable AU. We remain resolute in creating a 'Bank for All', guided by the motto, Paving the Way for a Sustainable Future, Today.

Sanjay Agarwal  
Managing Director and CEO

## EXECUTIVE DIRECTOR & DEPUTY CEO'S MESSAGE



### Dear Stakeholders,

Sustainability is our way of life. It involves making decisions and adopting practices that support the long-term health of our environment, economy and society. Whether it is promoting clean energy, conserving natural resources, supporting fair trade or reducing waste; sustainability is about balancing our needs today with those of future generations. It encourages efficient consumption, environmental stewardship and social responsibility – it is the Planet First mindset. Sustainability begins with individual actions, which ripples outward to influence families, communities and the society at large. By making conscious choices – whether it is reducing personal waste, conserving energy or supporting ethical products we strive to contribute to a larger cultural shift towards sustainability.

These personal efforts, when combined with collective actions, such as advocating for systemic changes or supporting sustainable businesses and policies, create a much larger impact. When each person takes responsibility for their actions, the cumulative effect can drive significant progress towards a more sustainable world.

By aligning personal, professional and organisational efforts, sustainability becomes an integrated, ongoing process that can transform industries,



**We strive to contribute to a larger cultural shift towards sustainability.**



economies and societies as a whole. This progression emphasises the importance of leading by example at each level.

In our operations, we promote digital banking, video banking and e-receipts to reduce paper usage and waste. Our focus on clean mobility, including incentives for electric vehicle loans and sustainable office practices further underline our commitment to eco-friendly practices.

Our Sustainability Report and Business Responsibility and Sustainability Report (BRSR) demonstrate our transparency and adherence to global standards, showcasing our commitment to sustainable growth and positive societal impact.

**Uttam Tibrewal**  
Executive Director & Deputy CEO



## OUR APPROACH TO BANKING

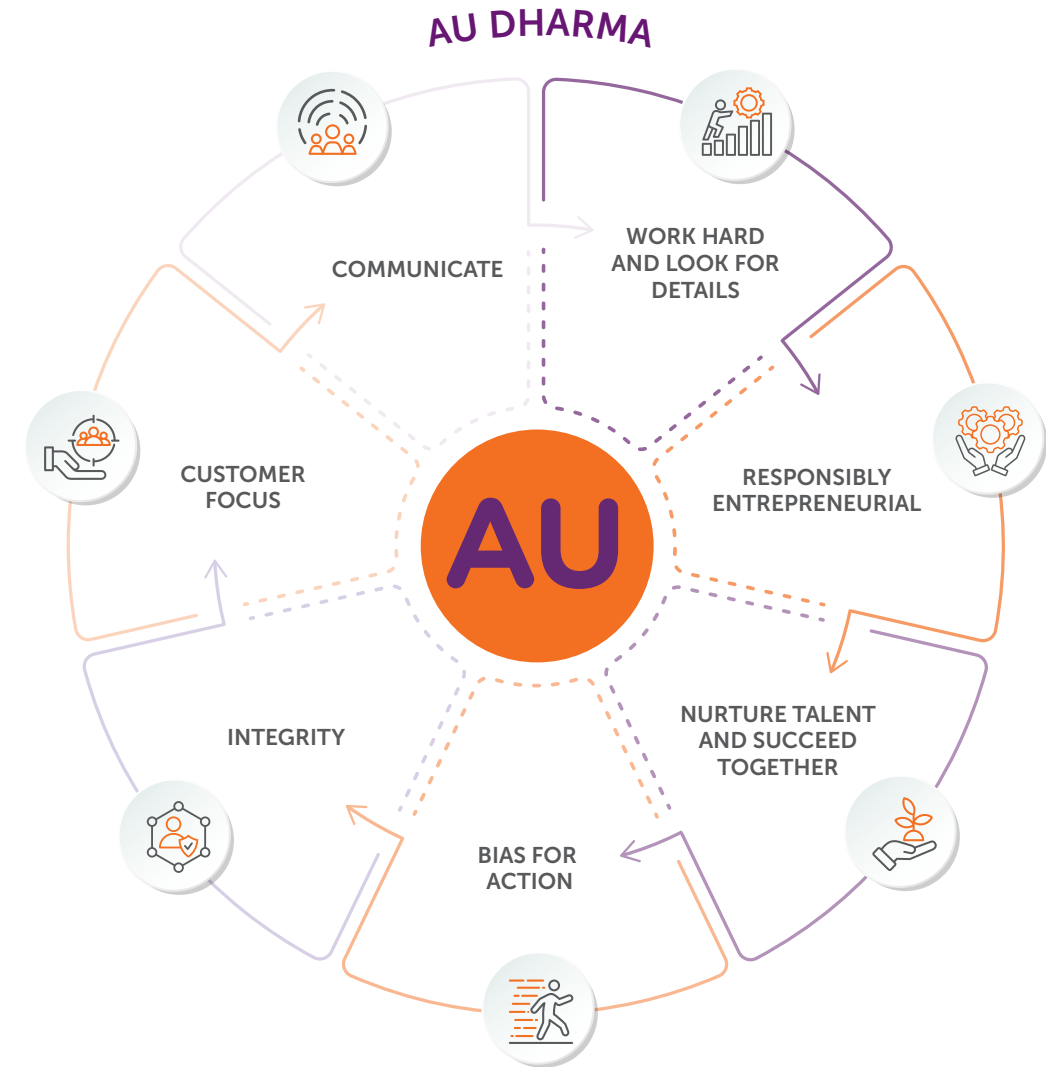
As a purpose-oriented institution rooted in AU Dharma, our approach is shaped by our commitment to generating enduring value. To realise this objective, we adhere to core principles that ensure a well-balanced management of our operations.

Responsible Financing - Our financing activities are strategically aimed at channeling capital and creating

opportunities that foster sustainable development. We support clients who are dedicated to making a positive environmental impact. As expectations rise for businesses to provide sustainable solutions, we strive to offer banking services that align with these demands.

We aim to tackle ESG challenges by responsibly offering credit and facilitating

trade and investment. We prioritise integrating impact and risk assessments into our product development process, focusing on delivering responsible products and services. To better serve our clients, we regularly train our staff to deepen their knowledge of our products and their features.



## ABOUT THIS REPORT

This report elucidates the bank's vision and its commitment to creating value for society, stakeholders and the environment through sustainable and inclusive banking practices, alongside its ESG (Environmental, Social and Governance) initiatives. The ESG indicators are presented in distinct colours—green for environmental, blue for social and brown for governance—each reflecting their respective domains.

This is our third Annual Sustainability Report, crafted in accordance with the Global Reporting Initiative (GRI) Standards, 2021. It spans from April 1, 2023, to March 31, 2024, unless stated otherwise and encompasses all operations under our control. The report aims to articulate our sustainability approach and showcase our performance to stakeholders. It addresses sustainability topics pertinent to both our business and our stakeholders, adhering to the GRI principles of stakeholder inclusion and materiality.

### Reporting Scope and Boundary

Our operations are defined within a scope that includes 2,383 Touchpoints, comprising offices and branches across 21 states and 4 union territories in India. As we do not have any subsidiaries or associates, this report pertains solely to our entity, without extending to any external entities.

### Data Compilation Methodology

The data featured in this report is gathered from various internal reporting systems, tailored specifically for sustainability reporting, distinct from those used for our financial statements (as outlined in the Annual Report for FY 2023–24). We employ diverse systems and practices to ensure accurate and consistent tracking of our sustainability performance. We have noted any significant limitations in the information provided and may adjust our internal guidelines for data inclusion in future reports, with timely updates communicated. The report also includes major governance-related indicators.

### Suggestions and Feedback

We invite your feedback and suggestions regarding the report's content and presentation. Please direct your comments to [sustainability@aubank.in](mailto:sustainability@aubank.in).



## ORGANISATION OVERVIEW

AU Small Finance Bank is engaged in providing comprehensive banking services to a diverse set of customers with simplicity and convenience. Headquartered in Jaipur, Rajasthan, we are a Fortune India 500 Company and a Scheduled Commercial Bank. Capitalising on our nearly three-decade rich expertise as a Non-Banking Financial Company, we are committed to contributing to India's growth story. We will continue to move forward by leveraging our brand's outreach, digital capabilities, strong balance sheet and pricing power to generate positive outcomes for all our stakeholders, sustainably.

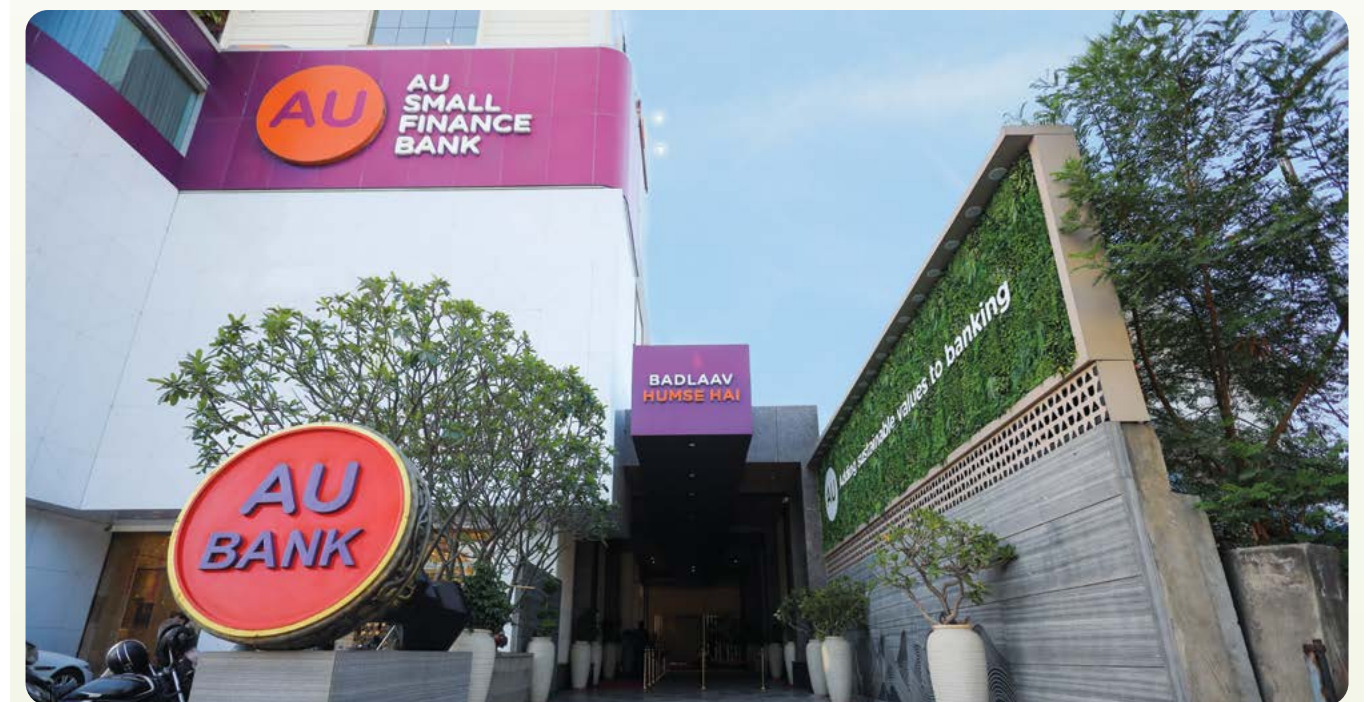
For over two decades, we have provided funding to customers primarily in the segments of vehicle loans, business loans and housing loans, while organically

expanding our geographical presence. In FY 2015, when the Reserve Bank of India (RBI) introduced the licensing guidelines for Small Finance Banks, AU emerged as the most formidable brand among the 72 applicants. As a result of our established presence and track record, we were honoured with this coveted license. AU Financiers transformed into AU Small Finance Bank in April 2017 and that very year, we registered a stellar listing while earning the trust of renowned investors.

As a retail-focused bank constantly innovating to make banking simple for its customers, we are now moving towards a digitally led and tech-enabled Bank with a pan-India presence. We continue to move ahead with foresight and with the interest of our communities at our heart. At AU SFB, we are optimising the

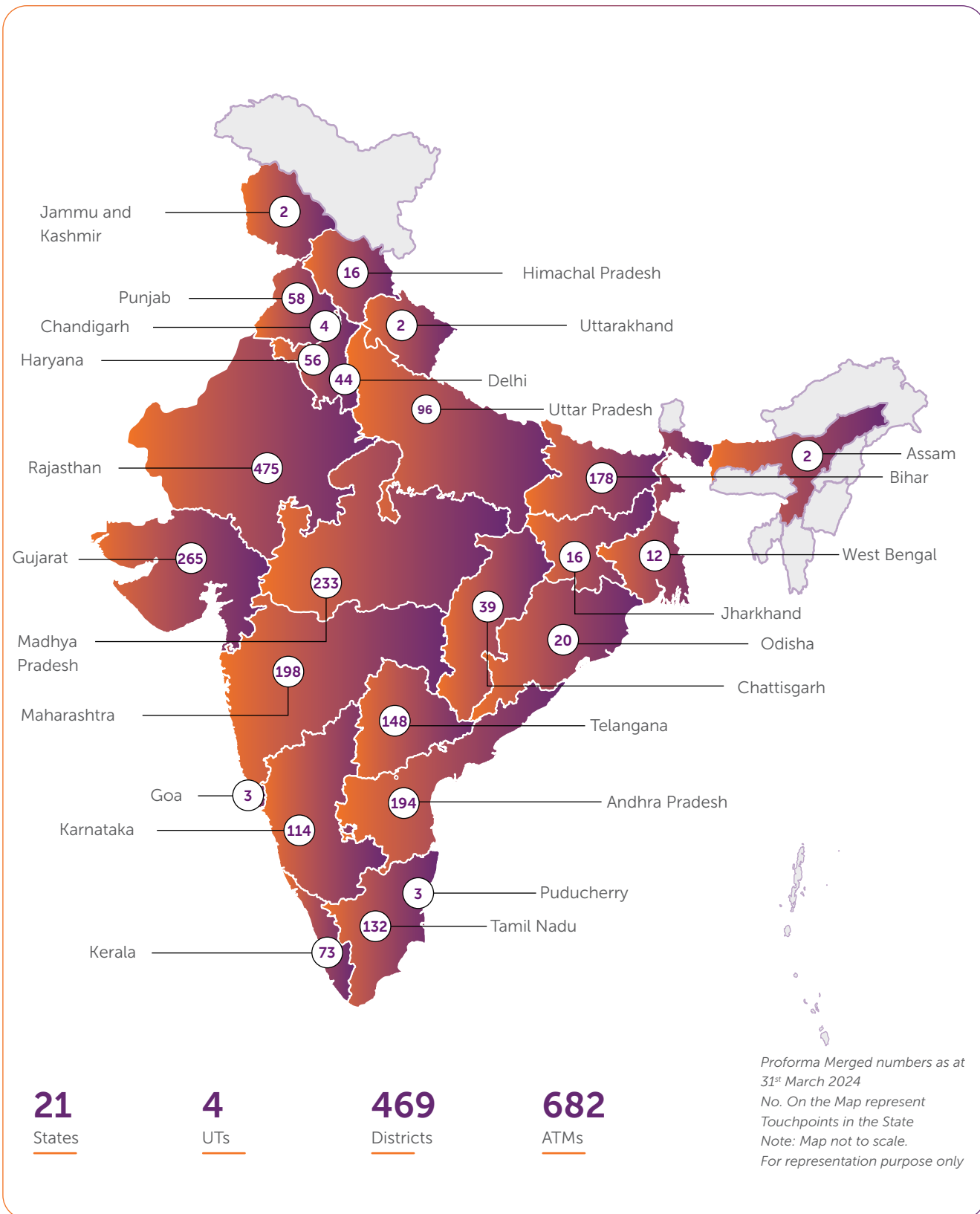
mix of physical infrastructure and digital capability ('Phygital') to expand our network. As we customise our services as per our target audience in the markets, we continue to strengthen our offerings.

AU Small Finance Bank provides a wide range of banking services, tailored to a diverse clientele, with an emphasis on simplicity and convenience. Based in Jaipur, Rajasthan, we are a Fortune India 500 Company and a Scheduled Commercial Bank. Building on nearly thirty years of experience as a Non-Banking Financial Company, we are dedicated to advancing India's growth. We aim to drive positive outcomes for our stakeholders, sustainably, by leveraging our brand's reach, digital capabilities, strong balance sheet and pricing power.



● Bank house Jaipur

## OUR PRESENCE



## OUR STRATEGIC BUSINESS UNITS

### BUSINESS GROUPS REALIGNED

With growth at the forefront, key changes have occurred with regard to our Bank's Business Groups, which are now strategically realigned as follows:

**1 Urban Branch Banking**  
(Branch Banking Focused on Urban Affluent Market)

**DEPOSITS**

**INSURANCE PAYMENTS WEALTH AND PMS CMS**

**ADVANCES**

**3 Retail Assets**

- Wheels
- Micro Business Loan (MBL)
- Home Loan

**2 Swadesh Banking, Government and Wholesale Deposits**  
(Focused on Core market) SMF (Small and Marginal Farmer) Lending Financial and Digital Inclusion

**5 Digital Bank AU 0101**

<p><b>Digital Products</b></p> <ul style="list-style-type: none"> <li>• Credit Card</li> <li>• Personal Loan</li> <li>• Merchant Lending</li> </ul>	<p><b>Digital Services</b></p> <ul style="list-style-type: none"> <li>• AU0101 and Video Banking</li> <li>• Merchant App</li> <li>• UPI QR, POS</li> <li>• Chatbot</li> <li>• WhatsApp Banking</li> </ul>
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**4 Commercial Banking**

- Business Banking
- Agri Banking Real Estate Group
- NBFC Lending
- Trade and Transaction Banking

**6 Fincare Unit**

- MFI
- Gold Loan
- Micro Business Loan (MBL)
- Home Loan

**EMBRACING BADLAAV FOR A BRIGHTER TOMORROW!**

Note: Secured Business Loan (SBL) is now renamed as Micro Business Loan (MBL)



SUSTAINABLE VALUE CREATION

# Priority Sector Lending



Agricultural lending

Let's read a story. Ram and Shyam wanted to buy a tractor but they were not having funds. Vijay is ready to loan it to both because he believes that money should be given to all sectors which contribute to development.

Same is the case with the banks. The endeavour of the bank is to

ensure credit flow to all sector of the economy especially unserved and under-served. We all know, business or economic activity require continuous flow of fund and RBI has ensured that certain specific sectors of the country continues to receive focus via the priority sector lending norms.

Therefore according to RBI, it is bank's responsibility to ensure constant flow of credit to priority sectors. Different banks have different targets. Small finance banks are given additional responsibility to contribute in priority sector lending.

PSL Target -  
Small Finance Banks

**75%**

Adjusted Net Bank Credit (ANBC) of financial year

Target - Universal Banks  
(both public and private)

**40%**

Adjusted Net Bank Credit (ANBC) of financial year



The main purpose of PSL is to ensure credit flow of certain/ specific sectors. These sectors are:



Agriculture (Including small and marginal farmers)



Micro, Small & Medium Enterprises



Housing loans

Others



Renewable energy



Export Credit



Educational loans

Thus, PSL includes those sectors which have an impact on a large section of the population. Hence, banks will lend to different sector not just to one sector to ensure overall development.

## SUSTAINABILITY STRATEGY AND FRAMEWORK CONTD...

### Sustainability Governance Structure

The Sustainability Committee of the Board is the apex body that provides inputs on the entire sustainability agenda to steer our Bank toward inclusive transition and becoming a sustainable institution. To further strengthen our focus on ESG and execute sustainability initiatives across various functions, we have established a Sustainability Steering Committee, which is a management-level committee comprising of CXOs and Business Heads across major functions at our Bank.



Sustainability at AU SFB is driven from the top by our Sustainability Committee of the Board and Sustainability Steering Committee and is embedded at every level of our organisation. The Bank's efforts in sustainability were further strengthened with setting up of a dedicated team to lead the Bank's sustainability-related actions and initiatives under the supervision of Head of Sustainability.



## CORPORATE FINANCE - ESG INTEGRATION

We have resolved to embrace ESG not just as a reporting principle but as an operational philosophy. Owing to our sound governance values, we have been able to play a critical role in supporting economic growth and societal prosperity through our products and services.

### ESG Mutual Funds

We, at AU Small Finance Bank, are driven to support a more environmentally friendly, socially conscious and quality governance ecosystem. It is our aim to help investors generate long-term wealth through sustainable investing. In addition to wealth creation, your

decision to invest in these funds will also contribute to the creation of a sustainable and livable planet.

Investors can conveniently invest in ESG Mutual Funds through AU 0101 Net Banking and App. Here are select ESG Mutual Funds from leading asset management companies that score well on sustainability.



## MANAGING OUR RISKS

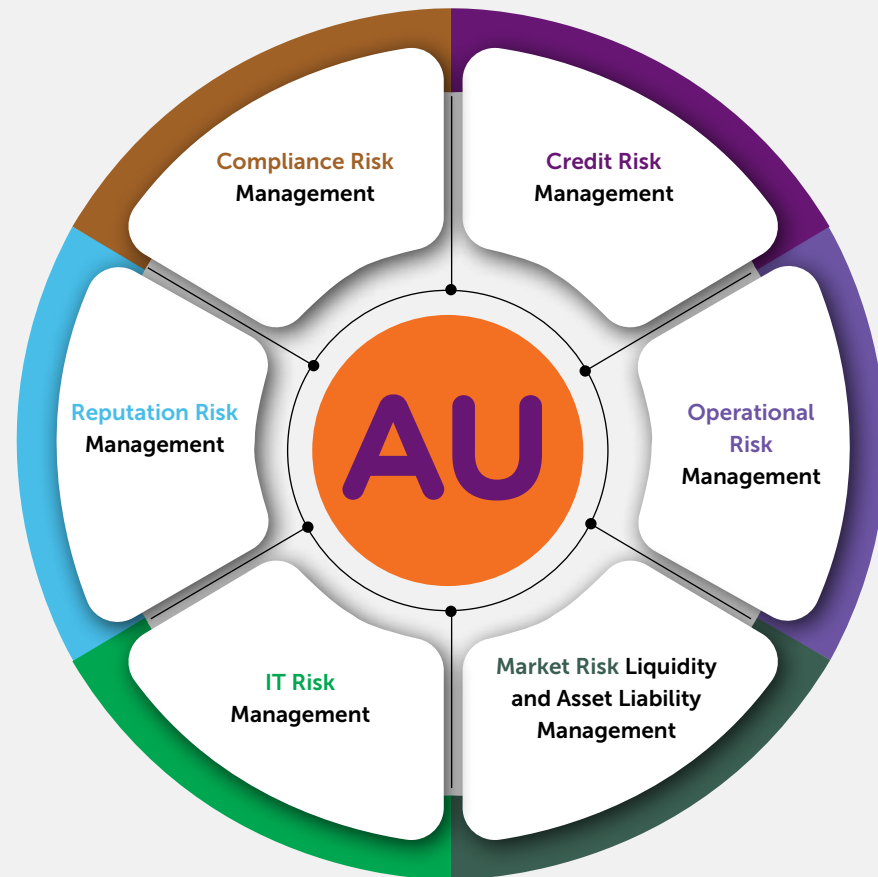
At AU SFB, Risk management is an independent function that relies on robust tools to monitor credit risks, market and liquidity risks, operational risks, IT and cyber security risks, compliance risks, ESG risks and others. The responsibility of examining risk mitigation policies and procedures, ensuring adherence to risk parameters, compliances and setting prudent limits for various departments lies with the Risk Management Committee of the Board.

To gain a comprehensive outlook on risks, our Bank follows an integrated risk approach where various risks and their monitoring are handled by the Chief Risk Officer (CRO). There is a robust mechanism of focused training throughout the organization on risk management principles within the purview of applicable regulations. Open communication channel and other measures allow employees to proactively report potential risks. Risk management practices are continuously improved based on the feedback received from employees. A proper structure and process is available which facilitates incorporating risk criteria in the product development and approval process.

### Risk culture

Risk is the most critical element in the banking industry as banks are the custodians of public deposits. The nature of risk ranges from credit risk, market and liquidity risk, operational risk, IT and cyber security risk, compliance risk and others. Our Bank has adopted a multi-layered risk management process to identify, assess, monitor and manage the various risks through the effective use of processes, information and technology. For the prudent management of risks, we have an integrated risk management function that is independent of other business functions. We seek to promote a strong risk culture throughout the organisation as it encourages a holistic approach to risk management and safeguards of our reputation.

### Risk Management Framework



## EMERGING ESG RISKS AND OPPORTUNITIES



### Environment

#### Risk

##### Climate Change

Increase in the frequency of physical climate risks resulting in erratic weather patterns

##### Climate Regulations

Recently RBI issued draft guidelines regarding disclosure framework on climate-related financial risk.

Such regulations can cause incremental cost in transitions and several assets to become stranded.

##### Technology shift from Internal Combustion Engine (ICE) Vehicles to EVs

EV sales replacing the traditional Internal Combustion Engine sales.

##### Operations in Water-stressed Regions

Migration of population from water-deficit regions

#### Opportunity

Explore renewable and sustainable technology (solar energy) to limit the impact. Explore initiatives to perform climate risk assessment of locations as a long-term action.

Promotes more transparency, accountability, the framework lays more resilient and sustainable financial system.

Pillars of Disclosure covers detailed governance process, controls and procedures, building strategic plans helps in identification of risk and opportunities, risk management, metric and target helps in setting climate related targets to meet the guidelines.

Explore new financing models in our lending portfolio such as lending propositions for EV charging infra.

To utilise technology and implement low water- consumption initiatives across our branches and offices.

#### Mitigation

Encourage financing towards solar and other clean technology.

Developing methodologies and climate related scenarios as well as carrying out physical and transition risk assessment, initiating internal assessment on climate risk areas and their impact on business model, risk appetite, portfolio and key financial metrics.

Setting appropriate targets and evaluating their performance.

In-house efforts to curate attractive financing models to assist customers in making successful EV purchases.

Implemented low-flow volume taps at locations. Continuous sensitising of the workforce through water awareness initiatives and communication



Solar plant lending

### EMERGING ESG RISKS AND OPPORTUNITIES CONTD...

#### Social

Risk	Opportunity	Mitigation
<p><b>Black Swan Events</b></p> <p>The pandemic has seen customers shying away from visiting branches</p>	<p>Explore innovative ways to create value for customers</p>	<p>Further strengthened digital propositions like AU 0101 super app, video banking among others. Enabled digital payments, online document collection, paperless withdrawals and deposits.</p>
<p><b>Workforce Falling ill Post-pandemic/ Any Other Reason</b></p> <p>Labour challenges leading to the workforce staying away from work for long periods</p>	<p>Developing labour-centric policies and addressing their inherent needs</p>	<p>Supporting employees through a comprehensive wellness programme; PCS. Supporting the workforce and their families in unfortunate circumstances.</p> <p>Enhanced medical assistance, along with financial support.</p>
<p><b>A Shift in Spending Patterns by Customers</b></p> <p>Customers wanting to delay certain discretionary purchases/transactions</p>	<p>Identify ways of delivering greater value to customers</p>	<p>Attractive offers planned for customers including competitive interest rates in deposits and lending.</p>



Cyber security awareness - Jaipur

#### Governance

Risk	Opportunity	Mitigation
<p><b>Economic Uncertainty</b></p> <p>Globally deferred spending, decline in consumption by customers, impact on loan book and subsequent impact on business</p>	<p>Explore opportunities such as preventive measures for all risk types via detailed specifications.</p>	<p>Innovative and futuristic product solutions and offerings.</p>
<p><b>Potential Cyber-attacks</b></p> <p>Cyberattacks can lead to loss of valuable information, unauthorised access to data systems and other events of intrusion</p>	<p>IT infrastructure to be strengthened by scaling up the system security across locations</p>	<p>Deployed measures such as awareness mails, internet protocol security and secure sockets layer tools, preventing from phishing emails, among others. Further strengthened cyber insurance</p>
<p><b>Social Media</b></p> <p>There are various risks posed by social media which includes reputational risk, liquidity risk, operational risk, compliance risk, legal risk and so forth</p>	<p>Bank also leverages social media channels to promote its products and services and engage with their customers.</p>	<p>Bank has effective public relations strategy and controls in place to monitor social media risk</p>

Extreme weather events can cause adverse effects, resulting in changes in ecosystem, economies and human health. Businesses, governments and communities focus on assessing and managing these risks to mitigate their impact and adapt to changing conditions. Climate risks generally fall under two main categories:

#### Physical Risks

Physical risks are categorised under **Acute Risk** sudden and extreme weather events and **Chronic Risks** long-term changes and gradual shifts.

#### Transition Risks

Risks associated with the shift towards a lower-carbon economy and the adjustments necessary to address climate change. Transition risks can be categorised under **Policy and Legal Risks**. New regulations or stricter standards aimed at reducing carbon emissions, **Technology Risks** rapid advancement of climate-friendly technologies hampers existing technologies and business models obsolete, **Market Risk** consumer demand towards more sustainable products

and services, **Reputational Risks** adequate actions on climate changes to be taken to maintain customer loyalty and investor confidence.



## GREEN FD POLICY

### Objective:

To demonstrate commitment and establish a structured methodology for the classification and reporting of financial products and services as 'Green'.

### Definition:

Green deposit represents denomination, interest rates and tenor of deposits for being allocated towards green activities.

### Implementation Mechanism:

Robust process to ensure compliance, communication and third-party verification. Broadly, the process will be -

#### Use Of Proceeds -

In line with RBI guidelines on green deposits, AU SFB will allocate the proceeds raised through green deposits towards the eligible green activities/projects which encourage energy efficiency in resource utilisation, reduce carbon emissions and greenhouse gases, promote climate resilience and/or adaptation and value as well as improve natural ecosystems and biodiversity.

#### Exclusions -

The sectors/industries/entities engaged in extraction, production and distribution of fossil fuels, direct waste incineration, alcohol, weapons, tobacco, gaming or palm oil industries, generating energy from biomass from protected areas, landfill projects, hydropower plants larger than 25 MW among others. are excluded from consideration in Green Finance.

#### Process For Project Evaluation And Selection -

Assessment and due diligence of projects/ assets in accordance with Bank's existing lending and retail offering processes already laid down.

#### Management Of Proceeds -

The proceeds shall be credited to a separate account and will be tracked in an appropriate manner by a formal internal process.

#### Third Party Verification/Assurance -

Fund allocation subject to an independent third-party verification/assurance annually.

#### Impact Assessment -

Impact assessment through independent external firms to assess the impact associated with the funds lent or deposited in eligible activities/projects.

#### Reporting And Disclosure -

Annual disclosure of portfolio-level information regarding the use of the

green deposit funds and which will also be presented before the Board.

#### External Review Of The Framework -

Engaging a third party to provide an external review on its Green Deposit Framework. The opinion of the same will be publicly available.

### Commitments

1. Develop 'Green Deposit framework'.
2. Matrix for eligible 'green' activities and 'use of proceeds'
3. Formulate a criterion for allocation of funds for 'Green Lending' and 'Green Deposits'.
4. Third-party impact assessment of projects

### Disclosures:

Third-party verification/assurance of the allocation of funds and make public the Impact Assessment Report as well as portfolio level information in the Annual Financial Statements regarding the use.



## STAKEHOLDER ENGAGEMENT AND MATERIALITY

### Consulting Stakeholders

Stakeholder perspectives are valued throughout the process of developing the Sustainability Strategic Framework. Our approach involves engaging in open dialogues with our diverse stakeholders to understand their viewpoints and inputs on sustainability and its implications for our business and the broader ecosystem.

Throughout the year, we maintain an effective two-way communication with our stakeholders. There are various channels available within our Bank

to capture stakeholders' inputs and these include communication through sustainability email ID, focused group webinars, leadership talks, conference, periodic sessions with new joiners and sustainability related workshops.

#### Advocacy and Participations

Our Bank actively participates in public forums on issues and policies that are in the interest of our stakeholders and the industry. The advocacy is primarily centred around climate change,

environment sustainability and policy framework, all of which can boost the industry and benefit the community. We collaborate with the Indian Banks' Association, Association of Small Finance Banks of India, Confederation of Indian Industry and Federation of Indian Chambers of Commerce and Industry to focus on agendas that promote societal upliftment, issues circling around sustainability and regulatory reforms.



### STAKEHOLDER ENGAGEMENT AND MATERIALITY CONTD...

Stakeholder group	Key focus areas	Modes of engagement	Frequency of engagement
<p><b>Customers</b></p>	<ul style="list-style-type: none"> <li>Access to safe, non-discriminatory and responsible banking services with transparent pricing</li> <li>Products and services that meet customer needs</li> <li>Seamless transactions across different platforms</li> <li>Convenient access to banking (channel of choice)</li> </ul>	<ul style="list-style-type: none"> <li>Over the counter: Branch and Offices, ATMs, BOs and BCs.</li> <li>Tele Banking- Phone Banking, IVR, Customer Care.</li> <li>Digital Channels: Mobile Banking, Net Banking, WhatsApp, Social Media Platform, Auro Chatbot and Video Banking.</li> <li>Customer satisfaction surveys and feedback.</li> <li>Written and verbal communication.</li> </ul>	Continuous engagement as per requirement
<p><b>Investors and Shareholders</b></p>	<ul style="list-style-type: none"> <li>Sound risk management and compliance</li> <li>Sustainable shareholder value</li> <li>Strong governance and transparency</li> <li>Responsible business practices</li> <li>Effective and timely communication</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly financial updates</li> <li>Investor meetings and presentation</li> <li>Public disclosures</li> <li>Annual General Meetings</li> <li>Analyst meets</li> <li>Annual Report</li> </ul>	Quarterly/Annual
<p><b>Regulator and Government</b></p>	<ul style="list-style-type: none"> <li>Facilitating financial and digital inclusion</li> <li>Implementation of various social security schemes</li> <li>Compliance with all relevant laws and regulations</li> <li>Responsiveness towards regulatory changes</li> <li>Customer privacy and data security</li> <li>Contribution to national priorities</li> </ul>	<ul style="list-style-type: none"> <li>Regular on-site and off-site meetings</li> <li>Policy updates, circulars, guidelines and directives</li> <li>Mandatory filings of information, regulatory and need based</li> <li>Various Government schemes and policies</li> </ul>	Continuous engagement as per requirement

Stakeholder group	Key focus areas	Modes of engagement	Frequency of engagement
<p><b>Employees</b></p>	<ul style="list-style-type: none"> <li>Employee health, safety and well-being</li> <li>Foster a culture of high performance</li> <li>through meritocracy, innovation, empathy and integrity.</li> <li>Professional development of employees</li> <li>Diverse and inclusive workplace</li> </ul>	<ul style="list-style-type: none"> <li>Workplace safety through safety drills.</li> <li>Comprehensive wellness incentives including wellness app, health check-ups, donation camps among others.</li> <li>Holistic training and development programme for performance improvement and enhancement.</li> <li>Timely goal setting, followed by feedback sessions and performance discussions.</li> </ul>	Continuous engagement
<p><b>Partners, Vendors and Associates</b></p>	<ul style="list-style-type: none"> <li>Ensure effective communication for quality and efficient service.</li> <li>High governance standards with policies around corruption, child labour, human rights.</li> <li>Maintain transparency in all the disclosures and interactions.</li> <li>Resolution mechanisms and frameworks for handling of differences and disputes.</li> </ul>	<ul style="list-style-type: none"> <li>Regular hybrid interactions and surveys are conducted with partners to ensure regular feedback.</li> <li>Holistic conferences and workshops held.</li> </ul>	Continuous engagement
<p><b>Society</b></p>	<ul style="list-style-type: none"> <li>Contribution to various causes/ programmes for skill development, financial and digital literacy, safe drinking water, education, healthcare.</li> <li>Proactive involvement in community development and upliftment of unbanked rural regions.</li> </ul>	<ul style="list-style-type: none"> <li>CSR initiatives at multiple locations</li> <li>Social activities through the AU Foundation</li> <li>Social media communication</li> <li>Regular meetings and interventions</li> <li>Financial Literacy Programme</li> <li>Project monitoring and reviews</li> </ul>	Continuous engagement
<p><b>Environment</b></p>	<ul style="list-style-type: none"> <li>Integration of ESG factors into business decisions.</li> <li>Using our resources to promote social and environmental issues and other common agendas to build a thriving society.</li> <li>Ensure that the end-use of products offered by our Bank is in consonance with environment.</li> </ul>	<ul style="list-style-type: none"> <li>Social media</li> <li>Internal and town hall meetings</li> <li>Campaigns and promotions</li> <li>Reports and publications</li> <li>National and international forums</li> </ul>	Continuous engagement

## MATERIALITY ASSESSMENT

Materiality in the context of our Sustainability Report is based on the updated Global Reporting Initiative (GRI) Material Topics Universal Standards 2021.

This year, in consideration of the global sustainability reporting developments, we enhanced our approach with the Inward-Outward Materiality concept. Topics identified under our sustainability assessment are material for our reporting. They do not necessarily represent matters that would be considered material for financial statement reporting, based on the accounting standards of a country. We reserve the right to update our materiality based on the evolving regulatory landscape and business requirements.

During FY 2022-23, the material topics were revisited to align with the GRI standards effective from 1<sup>st</sup> January 2023. In addition to stakeholder input and emerging ESG risk assessments, materiality maps and frameworks from external sources are used to confirm that relevant areas are included with the right prioritisation. The process is summarised as: deep-dive into sustainability impacts and material topics. We identified our sustainability-related impacts based on several sources, such as:

- Workshops with the Sustainability Committee of the Board, key management personnel, employees, partners and customers
- Reports from global ESG platforms, consultancy research, sustainability reporting standards
- Analysis of topics relevant to AU SFB
- Review of company policies and reporting disclosures
- Review of sustainability-related material issues from external ESG experts

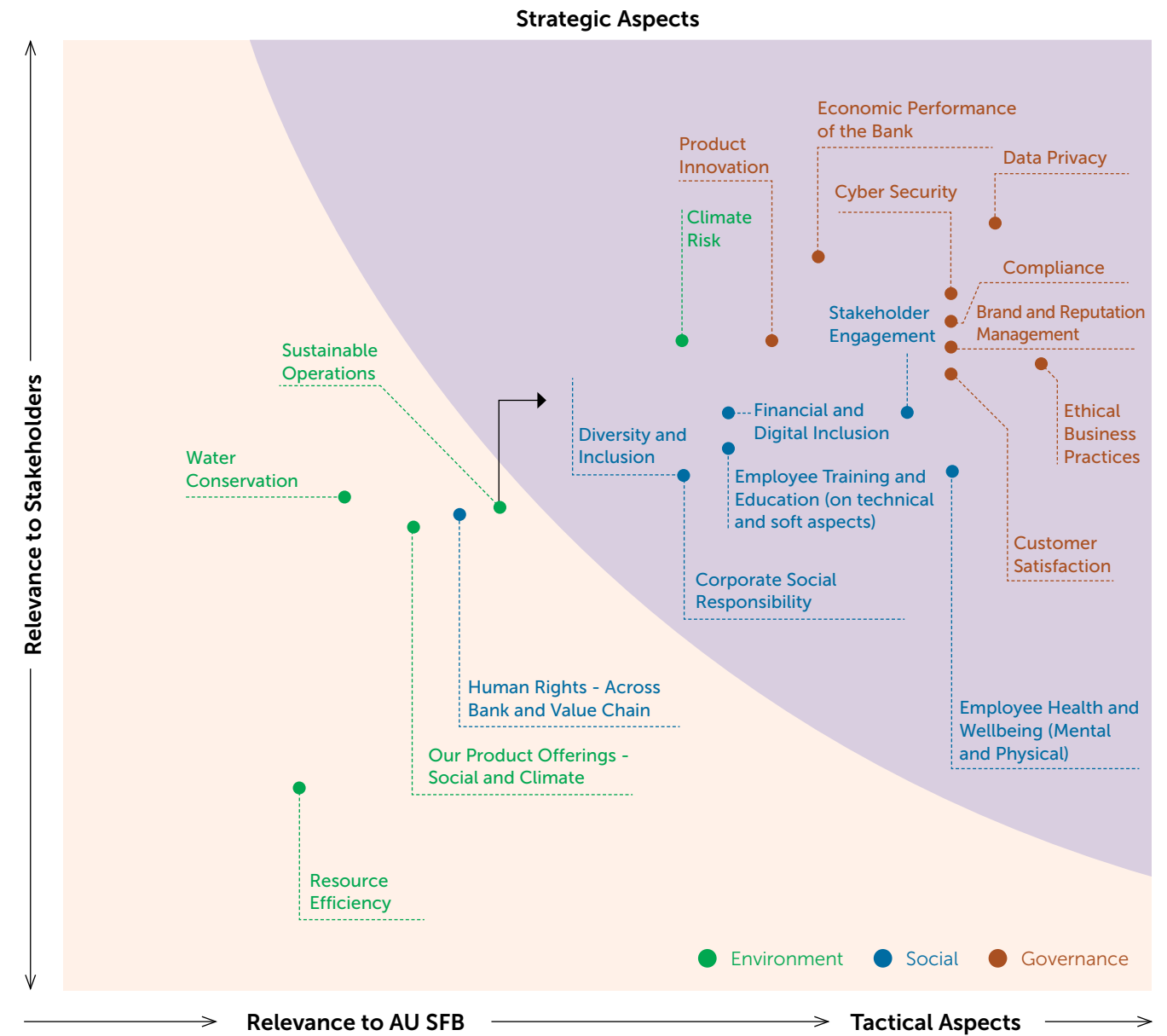
### Assessment and Prioritisation of Sustainability Material Topics

We have evaluated and prioritised the effects of our operations on the economy, environment and people. This assessment was conducted based on the findings of a materiality exercise that identified strategic and tactical material aspects. In addition, we leveraged our integrated risk management systems to support this process. All positive and negative impacts were deemed significant according to the GRI definition and

were consolidated into 20 material topics through an impact score (not beyond a score of 5) and prioritisation order. The 20 material issues are linked to the overarching indicator with our sustainability strategic framework.



## MATERIALITY MATRIX



## SUSTAINABILITY STRATEGY AND FRAMEWORK

At AU Small Finance Bank, sustainability is at the core of our business model and reflects in all our offerings. Our commitment to environmental and social responsibility is deeply rooted in our values. We believe in proactive measures rather than reactive responses to climate change, setting ambitious targets and robust governance to achieve them.

Our Sustainability Board Committee guides us through this journey, while our MD and CEO continually inspires us to build a Bank that sustains for generations. Initiatives like AU's Green Deposit demonstrate our dedication to

mobilising funds for green projects and supporting India's Net Zero targets.

We prioritise stakeholder awareness through training programmes, covering sustainability and ESG topics for all employees. Our communication efforts, internally and externally, ensure that our sustainability message reaches everyone.

**In our operations, we promote digital banking, video banking and e-receipts to reduce paper usage and waste. Our focus on clean mobility, including incentives for electric vehicle loans and sustainable office practices further underline our commitment to eco-friendly practices.**

Additionally, we empower women through initiatives like AU Udyogini and promote sports through Bano Champion, fostering inclusion and well-being in communities. Continual improvements in sustainability ratings validate our ongoing efforts in this area.

Our Sustainability Report and Business Responsibility and Sustainability Report (BRSR) demonstrate our transparency and adherence to global standards, showcasing our commitment to sustainable growth and positive societal impact.

### Structured governance around sustainability



#### Climate Resilience

- Climate Risk
- Sustainable Operations



#### People

- Diversity, Equity and Inclusion
- Upskilling and Development
- Well-being and Safety



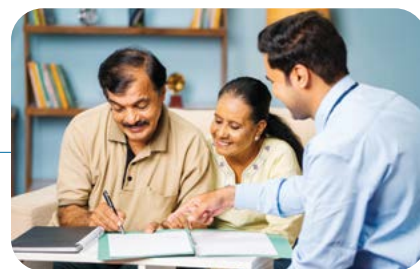
#### Inclusive Prosperity

- Financial and Digital Inclusion
- Corporate Social Responsibility



#### Responsible Banking

- Financial Performance
- Compliance and Ethical Practices
- Cyber-security and Customer Privacy



#### Customer Centricity

- Customer Delight with Sustainable Offerings
- Appropriateness of the Product Offered to the Customer
- Innovation in Process and Product Design
- Brand and Reputation

### Stakeholder Engagement and Insights on Communication and Advocacy

## FARMER PRODUCER ORGANISATIONS (FPO'S)

Our Bank has constantly gone beyond its ways to grant support to Farmer Produce Organisations (FPOs), helping accelerate their growth. In terms of banking, FPOs serve as a bridge between farmers and financial institutions, facilitating access to credit, insurance and other financial services.

By actively engaging with FPOs that are promoted by various NGOs, CSR and legacy corporations such as ITC Ltd., Grant Thornton, PRADAN, BAIF, NRLM, KVSS, Star Agri, NAFED, BASICS Agri and E-Dwara, we have earned honours and recognitions from government organisations such as NABARD, RBI and the Madhya Pradesh

Government for FPO credit linkages.

A significant portion of the FPO funds has been disbursed for working capital needs, across the states of Madhya Pradesh, Rajasthan, Uttar Pradesh, Maharashtra and Haryana. We have touched more than 2,36,000 farmers through the FPO initiative. Through this initiative, the Bank will be able to reach a larger number of small and marginal farmers.

### NABARD felicitates AU for FPO financing.

Owing to our efforts, our Bank took the centre stage at a state-

level workshop on FPO financing, conducted by NABARD in Madhya Pradesh, where we showcased our innovative approach to FPO financing in a detailed presentation. The representatives of NABARD duly praised our Bank's unique methodology toward FPO financing, even instructing the Farm Sector Development Department (FSDD) to extend its support to us in the near future. In a long lineup of national banks, we stood out as the sole Bank to be felicitated, with NABARD encouraging others to study our Bank's methodology with respect to FPO financing.



● Agricultural loan

SUSTAINABILITY FRAMEWORK - OUR PILLARS

# Pillar I - Climate Resilience

## Green Fixed Deposit

At AU Small Finance Bank, we are committed to fostering sustainable development with our ground breaking Planet First - AU Green Fixed Deposit. This innovative financial product not only secures your finances but also ensures that your deposits are deployed toward making a positive impact on the environment. By choosing Planet First - AU Green Fixed Deposit, you join a community of responsible investors, channeling your investments toward a sustainable world.

### Key Benefits

#### Investing in a Greener Future:

Planet First - AU Green Fixed Deposit invests all funds in projects dedicated to green initiatives like waste management, solar projects, recycling plastic, rainwater harvesting and electric vehicles. This means your savings directly contribute to building a cleaner, greener tomorrow.

#### Lucrative Returns:

Enjoy up to 8.50% \* interest p.a. on fixed deposit while making a difference. Our Planet First - AU Green Fixed Deposit offers a win-win solution that lets you grow your savings responsibly.

#### Flexibility in Tenure:

Choose a tenure that suits your financial goals, ranging from 1 to 10 years options. Your commitment to sustainability remains constant throughout your chosen investment period.

#### Different payout options:

Choose between monthly, quarterly and cumulative (at maturity) payout options to manage your cash flow.

#### How to apply for Planet First - AU Green Fixed Deposit?



#### Video Banking:

You can now start a Green Fixed Deposit through our Video Banking services available on our website. All you need is your PAN Card and Aadhaar Card.



#### AU 0101 App / Net Banking:

As an existing customer, you can apply for a Green Fixed Deposit through AU 0101 App / Net Banking.

#### Sustainable Growth:

Unlike traditional fixed deposits, Planet First - AU Green Fixed Deposit aims to create a meaningful change by aligning your investments with sustainable development goals. Your money works not just for you but also for the planet.

#### Overdraft facility available:

Avail Overdraft facilities against your Green Fixed Deposit as and when required.

#### Contributing to a Greener Legacy:

By opting for Planet First - AU Green Fixed Deposit, you become an eco-conscious leader, inspiring others to invest in a sustainable future. Together, we create a legacy of responsible finance for generations to come.

# Sustainable Operations - AU Bank conferred with IGBC Green Interiors Certification

## Initiation of Green Building (Interior) offices



Sustainable Operations is one of key driver under Environment Initiatives.

Green building encompasses environmentally responsible and resource-efficient practices throughout a building's life cycle, from planning to demolition. It expands on traditional building concerns of economy, utility, durability and comfort by prioritising energy, land, water and material savings while reducing pollution and promoting harmony with nature. The Indian Green Building Council (IGBC)

leads this movement in India. We are glad to share that AU Digital Bank, Turbhe – Mumbai, achieved a "Gold" rating in IGBC's Existing Green Interior Category, showcasing a commitment to indoor environment quality, sustainable materials, energy efficiency, water conservation and eco-design principles.

This achievement reflects the Bank's dedication to environmental responsibility and sets a standard for future branches nationwide.

## World Environment Day

This Earth Day, all AU's have pledged to take care of the Earth with the campaign "Happy Earth Day - Today and Everyday"

On Earth Day, 22<sup>nd</sup> April we planned an electricity shut down for 5 mins.

India's electricity generation is heavily reliant on burning coal and electricity shut down contributed to ease out the systems.

The stipulated timing was 12:00 pm to 12:05pm. Raw power along with ACs was non-operational for 5 minutes, ensuring we contribute to the motto 'Cleanse the Earth, Restore its Breathe'. Employees enthusiastically supported this activity.

### Earth Day: Every Day

We raise awareness among the employees, spreading useful tips such as :-

- Stop single-use plastic consumption.
- Stop using plastic water bottles.
- Avoid littering plastic waste to help combat plastic pollution.
- Try being paper-free as much as you can.
- Grow more plants for a Healthier Life.



Tree Plantation by Senior Management on World Environment Day

## PM KUSUM

The country has set an ambitious target at the COP26 of 500 GW of non-fossil fuel-based energy by 2030. This has been a key pledge under the "Panchamrit". As of December 2023, India ranks 4<sup>th</sup>, globally, for the total renewable power capacity additions with combined installed renewable energy capacity of ~180 GW. India's contribution to the "Panchamrit" of renewable energy encompasses various elements.

The governments, both at the central and state levels, have been providing strong fillip for harnessing renewable energy. Solar energy occupies a critical place in India's power strategy due to its scalability, easy deployability and availability of abundant sunshine.

**a** India has made significant strides in solar energy, becoming one of the world's largest solar power producers.

**b** Wind energy has seen substantial growth, with India ranking 'fourth' globally in wind power capacity.

Renewable energy projects, particularly those focused on solar energy, play a pivotal role in India's transition towards a greener and more sustainable energy landscape.

By harnessing abundant renewable resources, we can



Reduce reliance on fossil fuels,



Ensure energy security



Combat climate change.

### Our Contribution

In line with the government's objective and mission, we have underwritten PM- Kusum loans of ₹256 Crore for a cumulative capacity of 118 MW. Fresh disbursement under renewable energy sector for entire financial year (FY23-24) is ₹184.08 Crore with cumulative capacity of 76.1 MW which facilitated the mitigation of carbon emissions and also improved economic well-being. Hence promoting 'green banking'.

Photographs of few FPOs funded by us are attached below:



Assisted Farmer Producer Companies



Assisted Solar projects

## PILLARS OF ENERGY CONSERVATION STRATEGY

AU SFB has been committed to environmental sustainability since its inception. We are actively reducing our emissions through digital solutions and adopting low-carbon innovations, like exploring zero-carbon electricity for our operations. To offset any remaining emissions, we invest in verified carbon reduction projects globally, focusing on land management, reforestation and ecosystem protection. Our commitment extends to reducing greenhouse gas emissions across all facets of our operations, including Scope 3 emissions. We have implemented a three-pronged strategy for energy conservation -

### 1

#### Energy Efficiency Measures

- Keeping temperatures at 24°C or higher.
- Using energy-efficient Star Rated equipment.
- Encouraging greenery like plants and gardens on our premises to lower air conditioning needs.
- Implementing power factor corrections.
- Engaging in performance-based contracts for energy savings.
- Switching to LED lights instead of traditional ones to cut down on electricity usage.
- Using timers for signage to optimise energy usage.
- Installing power factor systems in electrical panels for efficient electricity use.
- Designing offices with green building principles to maximise natural sunlight, reducing the need for artificial lighting as much as possible.

### 2

#### Technology Upgrades

- Implementing an i-touch manager for efficient monitoring and control of electricity usage, leading to reduced consumption.
- Using Variable Refrigerant Volume (VRV) based chillers to cut down on energy usage in ACs by 20% and prevent pilferage.
- Employing insulation to minimise heat load in offices, reducing the need for excessive air conditioning.
- Using UPS and inverters to reduce reliance on diesel generators.

### 3

#### Renewable Energy

- Recognising the importance of renewable energy for a cleaner future, AU Bank has installed a 1 MW solar plant.
- The solar project is situated in Gainer Site, Bikaner district, Rajasthan and serves JPO-01, Malviya Nagar and Tonk Road offices.
- This project is expected to generate 16,00,000 units annually, contributing significantly to reducing carbon footprint and supporting global sustainability goals.



## PILLARS OF ENERGY CONSERVATION STRATEGY CONTD...

### Other Initiatives –

**Green Building** - Natural Sunlight is maximised through green building design in offices to reduce reliance on artificial lighting to the extent possible.

Green building encompasses environmentally responsible and resource-efficient practices throughout a building's life cycle, from planning to demolition. It expands on traditional building concerns of economy, utility, durability and comfort by prioritising energy, land, water and material savings while reducing pollution and promoting harmony with nature. AU Small Finance Bank's branch in Sanpada, Mumbai, achieved a 'Gold' rating in **IGBC's Existing Green Interior Category**, showcasing our commitment to indoor environment quality, sustainable materials, energy efficiency, water conservation and eco-design principles.



### Technology Adoption and Advancements

The Bank embraces technology to enhance its banking services. From robust online banking platforms to mobile banking apps, AU Bank offers convenient access to financial services. It has implemented innovative solutions like AI-driven chatbots for customer support and blockchain for secure transactions. The Bank has also adopted biometric authentication for enhanced security, making transactions seamless and secure for customers. AU Bank's technological advancements not only streamline operations but also provide customers with a modern banking experience, positioning the Bank as a leader in digital banking solutions.

#### I) Our approach towards digitisation of our products and services and embracing technology:



#### Digital Banking

Banking is done through the digital platform, doing away with all paperwork such as cheques, pay-in slips, demand drafts and so on. Over 90% of our deposit accounts are opened through digital platforms, with the main one being tab banking. Expanding our capabilities, we are adding more end-to-end customers on this platform like Secured Business Loan (SBL), home loan, 2-wheeler and 4-wheeler loan, credit card and insurance. The Bank witnessed strong growth in the adoption of tab-based account opening android-based mobile banking, WhatsApp banking (24/7 banking solutions) and net banking, thus minimising paper usage, reducing waste generation and achieving improved waste management.

The Bank witnessed strong growth in the adoption of tab-based account opening android-based mobile banking, WhatsApp Banking (24/7 banking solutions) and net banking, thus minimising paper usage, reducing waste generation and achieving improved waste management.



#### AU 0101 App and Net Banking

AU 0101 App feature enables our customers to bank from home and contribute to reducing carbon footprint; seamless video banking enables customers to avail all our services virtually through a video-enabled chat with branch executives, eliminating the need to travel to the branch.



#### Video Banking Facility

AU video banking service helps you connect with our executives in real time at your convenience from home. You can open account, book FD, upgrade and much more. We launched video banking in the previous financial year during the pandemic with a vision to offer all our services virtually through video-enabled chat with branch executives, eliminating the need for branch visits. This initiative helped us twofold in promoting digital banking and inspiring our customers to adopt a more environmentally sustainable banking channel. This initiative helped two-fold in promoting Digital Banking and inspiring customers to adopt a more environmentally sustainable Banking channel and saving of fuel by reducing commutation.



#### Embracing E-receipts Culture

We encourage customers to choose electronic receipts at ATMs, then send them a detailed SMS on their most recent transaction and bank balance to their registered mobile number to reduce paper usage. We also teamed up with the transport department of Haryana to automate the ticketing process, promoting the conservation of natural resources.



#### Automate Energy Data Collection

The application of digital technologies for energy data collection. We have replaced manual way of data collection from many of our sites and automated data collection through ERP software.

Energy accounting and reduction are key drivers of clean energy transitions, leading to significant emission reductions. The system is helping us to cut costs, improve efficiency and resilience as well as reduce emissions.

## PILLARS OF ENERGY CONSERVATION STRATEGY CONTD...

### II) The benefits derived like product improvement, cost reduction, product development or import substitution

We deliver products and services that promote sustainable development and conduct our business in a fair and professional manner. We have established a proper structure and process which facilitates incorporating risk criteria in the product development and approval process. The Bank is continuously taking various steps

for product improvement. The Bank is implementing a new and upgraded version of ITAM tool (IT asset management tool). This tool will manage all Bank's IT assets life cycle i.e., from procurement to scrap and disposal of asset, for PAN INDIA banking operations. Highly efficient use of technology through software helps in saving time, improving efficiency, reducing costs, improving productivity and agile as well as strengthening in information security.

We are investing in initiatives and innovations to build a digital gateway to a sustainable lifestyle. Our investments in digital technologies have simplified banking and enabled a smoother customer journey. In addition, we have created a robust technology platform as part of the new-age digital banking ecosystem. We are using tab-based banking and video banking, thereby reducing customers' branch visits and our own carbon footprint.

### III) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

<p><b>a</b> The details of technology imported: Nil</p>	<p><b>b</b> The year of import: Nil</p>	<p><b>c</b> Whether the technology been fully absorbed: Nil</p>	<p><b>d</b> If not fully absorbed, areas where absorption has not taken place and the reasons thereof: Nil</p>
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### IV) Expenditure incurred on Research and Development:

Since financial services is being primarily covered under the service sector, the details of this clause are not applicable to the Bank.



● Social initiatives by AU Bank

SUSTAINABILITY FRAMEWORK - OUR PILLARS CONTD...

# Pillar II - People (int, ext)

## Public Advocacy

### Our People

At, AU we have been redefining the HR practices in the financial landscape, which has been recognised not only in India but also the Asia Pacific region. Over the past two decades, there has been a notable transformation in how organisations manage their workforce. Despite these shifts, our unwavering

focus remains on investing in our people and taking a step towards balancing the changing needs of employees and the Bank.

By investing in our employees, we aim to support their overall well-being, including that of their families and provide them with learning and

growth opportunities to build fulfilling careers with us. These initiatives are heavily informed by feedback from our annual engagement survey and other communication channels, ensuring that our benefits align with the needs and preferences of our workforce.

Our framework covers 4 different buckets of wellness that include:



## Physical Wellness

Focusing on maintaining the wellness of the employees and keeping them physically fit has always been the focus of our Bank. We offer exciting perks and engaging initiatives to keep everyone physically active and healthy by organising annual sports events such as AU Marathon and AU Khelotsav, running fitness challenges i.e., biggest loser challenge, running and cycling challenges. AU Khelotsav is a sports festival featuring cricket, badminton and table tennis tournaments which received huge participation and appreciation by the employees.

To celebrate fitness and health, we organised yoga workshops at various locations on International Yoga Day. We understand that fitness is not a one-day activity but an everyday commitment, so we encourage employees to go for regular health check-ups, donate blood, use stairs and so forth.

To make health easily accessible to all our employees and their families, we have

partnered with a comprehensive wellness app, available to all employees 24/7 in multiple languages. This app provides free medical consultations and facilitates the delivery of medicines, making healthcare accessible from anywhere.

Our commitment to employee wellbeing extends beyond fitness programmes. We offer access to medical facilities, including tie-ups with renowned hospitals, ensuring comprehensive healthcare support. We have even addressed everyday needs like providing sanitary napkins in offices, providing medical rooms in offices, transportation facilities among others.

Our P.C.S (Prevention, Cure, Security) initiative underscores our dedication to supporting employees during challenging times. Initially launched during the pandemic, this programme now extends to those facing terminal illness, with significant investment and coverage for affected employees and their families.

### Beneficiaries:

**6** families supported in FY 2023-24 under P.C.S.

**18** employees benefited in FY 2023-24 under P.C.S.

**26,000+** registrations on Medical App

**32,254** dependences added on Medical App



BANO CHAMPION participants

## SUSTAINABILITY FRAMEWORK - OUR PILLARS CONTD...

### Mental and Emotional Wellness

Each employee is unique and AU recognises that. Focusing on people's varied emotional needs and providing support, allows our bank to grow and glow like a bright star. Our idea is creating a space for our employees to express themselves freely and openly in an amicable manner.

We encourage our employees to familiarise themselves with and utilise the resources available to them and to break the stigma around mental health by participating in open dialogue. We conduct workshops on least talked topics like Men Can Share, Unconscious Bias to acquaint employees to handle life's everyday challenges, as well as support their teammates. We regularly connect to our employees via mail, calls or forms to understand their feeling about the workplace and give them an open platform to share their queries and concerns.

We have a provision for **sabbatical leaves** to support employees to take

time off for attending physical and mental wellbeing programmes or pursue any course/ certification for skill development/ for any other urgency that requires them to take time off. It is also extended to new returning mothers who needs further time off for any health/family reason.

We offer our employees a comfortable working environment where employees can avail **pre-approved leaves for birthdays and wedding anniversaries**, accompanied by personalised greetings. **Paternity leave** is enhanced to 7 days beyond regular privilege leave to promote gender equality and enable male employees to support their spouse during childbirth.

We understand that women are biologically different from men and face unique physical challenges. Therefore, to support our women employees in their wellbeing and

growth journey, we arranged menstruation leaves which is an additional pre-approved leave accrued every month to them.

We also celebrate occasions like **World Happiness Day**, where employees can share joyous moments and thoughts. **Flexible working hours** are available in select departments for added comfort and adaptability. We celebrate employees and their families through workplace events, work anniversaries, new baby arrivals and other milestones, fostering a culture of appreciation and support. We believe that we have created a family any high potential employee who part ways with us, is liable to receive **AU Forever Pass** as a token of appreciation, symbolising our perpetual welcome.



Female employees in AU

### Financial Wellness

Having financial wellness means developing and maintaining good money habits, planning short-term and long-term expenses and setting aside savings for goals or emergencies. We believe in making our employees economically stable, by helping them achieve their dreams and desires.

We believe in merit; We believe in shining light on notable achievements of employees by rewarding them with stock options on milestone years with the Bank and to the employees who are consistent performers. This helps employees to grow their wealth along with the growth of our bank, making them future ready.

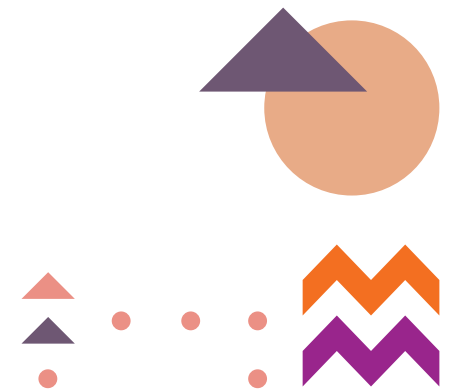
We benchmark our compensation with industry standards every year as part

of our Annual Performance Appraisal Cycle, where we ensure external and internal parity.

We provide loans at special rates to our employees to address all their needs be it personal need, home loan, vehicle loan and so forth. In addition, we have an Education Assistance Programme in place to assist employees in fulfilling their aspirations and the fees is reimbursed by our Bank.

We provide holistic well-being offerings that cover financial needs of employees in emergencies like medical cover, personal accident and life insurance cover for all employees and their dependents.

Around **3,000** employees availed loans from us like vehicle, home and personal.



At AU Bank, we follow employees' centric approach, investing in continuous professional development. We have established a robust learning and development framework for development of our employees. One of our important AU Dharma is 'Nurture Talent and Succeed together'. We believe in teamwork and collaboration for success of the organisation.

Our Skills Upgrade Program enhances technical and soft skills (e.g., data analytics, leadership) to meet evolving industry demands. The Transition Assistance Program facilitates internal mobility through mentoring, coaching, and training, supporting career

advancement. We proactively identify top talent through performance reviews and development programs. These initiatives demonstrably improve employee performance and retention. We are committed to fostering a culture of ongoing learning and adaptation.



Financial inclusion camp

## SUSTAINABILITY FRAMEWORK - OUR PILLARS CONTD...

### Social Wellness

We focus on connecting with people for who they are and what they bring to the table. We thrive on creating equality for all where people are free to speak and feel acknowledged. Keeping diversity and inclusion at our prime focus, we build engagement programmes that offer clear communication channels, celebrate events together that fosters interpersonal relationships with each other. We plan several wellness activities keeping in mind: **Wellness, Sustainability, Celebration and Awareness**

Some of these programmes include festival and birthday celebrations, townhalls, skip level discussions as 'Coffee with HOD' and 'Decaf'. There is buddy mentor programme, reflection and anticipation with MD and CEO, rewards and recognition (SPOT awards and Value awards), off-site for applauding employees for their exceptional performance.

**8,000+**

Town halls conducted annually.

#### Building a larger talent pool

During the year, we on-boarded 14,000+ new employees, strengthening our teams across functions and locations. We have a well-structured recruitment process to hire the finest talent, who can help us the next orbit of growth.

### Local talent

We offer equal opportunities to all employees, irrespective of gender, caste, creed, religion or social background. As a culturally diverse organisation, we recruit employees from different backgrounds to ensure there is an appropriate mix of talent and continuous flow of new ideas and initiatives within the teams.

**26,000+**

employees placed in their hometowns.

### Deepening Diversity

At AU Bank, our Board Committee guides us in focusing toward diversity and inclusion, covering 3 major types of diversity- gender diversity, specially-abled employees; and widening education diversity.

Our aim is to continually improve in these areas and to cross 10% women representation by FY 2025. Additionally, we have a significant proportion of millennials, Gen-Z employees, Graduate and Post-graduate employees. We have implemented a range of targeted initiatives and policy improvements to enhance inclusion and improve decision-making.

To welcome young talented individuals, we have well defined programmes like:

**AURIFY:** hiring talent from Tier-1/2 colleges and giving them a holistic experience of department through on the job trainings and interactions with leadership team.

**120+**

Interns hired

**AU Shine:** Making IT students Fintech ready through classroom coaching, TTT programs and on the job projects.

**50+**

Students trained

#### Key initiatives that encourage the participation of more women in our workforce:

- Apart from a 26-week paid maternity leave, we have sabbatical leaves for women employees on maternity.
- We do not encourage women employees to stay late in office, to ensure their safety.

Strong grievance mechanism is in place so that women employees can raise their voice against any kind of workplace harassment.

#### Key initiatives that encourage the participation of our specially-abled workforce:

- Developed more infrastructural support to ensure accessibility to workplace i.e. ramps, voice over in lifts, headsets.
- We have a dedicated HR team who connects with these employees monthly to check on their wellbeing.

### New-age learning and development

One of our key Dharmas (values) is 'Nurturing talent and succeeding together' whereby we believe in nurturing talent and synthesising our employees' efforts for long-term success. By embracing learning and development practices, we encourage an environment of collaboration, innovation and performance. We invest significant resources to develop talent with right capabilities to achieve the growth and innovation needed to support our strategy.

We offer employees and their managers several tools to help in their personal and professional development, including first-time manager programmes, innovative knowledge series, skill development workshops, e-learning programmes and in-house learning opportunities basis training which is held at the beginning of each year.

### Leadership and development

In partnership with Korn Ferry, we have started a succession planning programme to make the Bank 'Future Ready'. It is the **identification of top talent**, along with the development of leadership teams where we find successors in the organisation to build a **career path** for them.

**31.62**

Training hours per employee

During the year, 1800+ employees received grade elevation as part of the Bank's continuous initiatives to recognise their efforts.

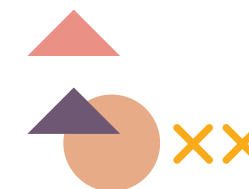
We acknowledge that people work best when they are hale and hearty. So, to check the pulse on ground we conduct annual survey i.e., AU Vibes through an AI Chat bot to gauge the feedback and employee engagement. We scored 91% in this survey and this satisfaction score is an indicator of the trust an individual has with the institution and its leadership team. We also participated in **Great Place To Work** and was certified 4<sup>th</sup> year in a row. We have received **Retail Banker Asia Trailblazer Awards 2024** in two categories i.e., 'Excellence in Employee Engagement' and 'Best benefits, wellness and wellbeing'. We have also been recognised as **India's Best Workplaces in BFSI 2024**. Our employee-oriented approach has won us many accolades and adulation across platforms.

At AU, we don't just say and forget but implement. Our best practices have helped people in dealing with stress, becoming self-aware and indulging in self-care.

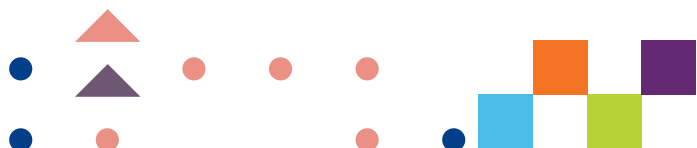
### Sustainability Advocacy and Communication

Stakeholder awareness is our key responsibility and multiple initiatives are taken to further the agenda. Training is imparted to all employees on sustainability and ESG. Training cover multi-faceted narratives – Introduction to Sustainability and its need; Climate Change; Environment (E), Social (S) and Governance (G) aspects of Sustainability.

Multiple (Internal and External) Communications for stakeholder communication. We regularly communicate to our stakeholders. Internally mailers are sent to employees and externally we use social media handles for stakeholder awareness.



Female employee training



## SUSTAINABILITY FRAMEWORK - OUR PILLARS CONTD...

### Glimpses of Badlaav Humse Hai 2.0

Started in 2021, it showcases the efforts of India's lesser known changemakers who inspire countless others. The campaign features noted actor and former Miss India, Gul Panag, as the celebrity champion and voice of the initiative.

Honouring Excellence and Achievements: The women of Khejri Mahila Producer Company under AU Udyogini were recognised in 'Badlaav Humse Hai' Season 2 for transforming traditional skills into sustainable livelihoods.

AU Udyogini won 'Most Impactful Women Employment Initiative' at the 2023 Indian CSR Awards. AU Udyogini Rajni Mordiya from Navrangpura, has been awarded the prestigious Lakhpati Didi Award under the Rajasthan Aajeevika programme.



Changemakers recognised and felicitated for bringing Badlaav in India



Our Founder, MD and CEO along with Shri Devendra Fadnavis, Deputy CM of Maharashtra and the changemakers in the award ceremony, Mumbai.

### AU CSR

Our CSR initiatives are strategically designed to drive sustainable development and create lasting impact. Operating within carefully defined thematic areas, we consistently implement purposeful interventions that catalyze grassroots change and empower individuals to shape their own futures. Our programs, rooted in innovation and resilience, showcase the transformative power of strategic community engagement.

Our dedication encompasses critical societal needs - education, women's empowerment, sports, livelihood, environment, and healthcare - fostering comprehensive development across diverse communities. These initiatives narrate compelling stories of change, innovation, and resilience, demonstrating how strategic

interventions can transform lives and communities.

As of 31st March 2024, we've successfully provided secure employment to 16,779 youths, nurtured 2,580 women entrepreneurs, and trained 8,100 athletes. Through our diverse initiatives, we continue to

foster sustainable growth, enrich lives, and build an enduring legacy of positive change in the communities we serve. Our shared commitment to holistic societal progress and individual empowerment, showcases the power of collaborative effort in driving meaningful बदलाव.



Educational support through notebooks, bags in rural locations

### AU IGNITE

AU Ignite, our flagship program, is dedicated to fostering a more robust and inclusive India. By equipping youth with job-related skills under our mission, 'कौशल आज सफल कल', we aim to not only boost employability but also catalyze economic growth at the grassroots level, nurturing a self-sustaining cycle of progress and prosperity for Viksit भारत. This initiative focuses on equipping marginalised youth with the skills needed for employment.



AU IGNITE trainees

## SUSTAINABILITY FRAMEWORK - OUR PILLARS CONTD...

With a target of educating over 28,000 youth by March 2025, AU Ignite is deeply committed to providing comprehensive skill development in four key sectors: Banking, Financial Services and Insurance (BFSI), Healthcare, Tourism & Hospitality and IT&ITeS. In addition to job-specific training, trainees at AU Ignite centres are equipped with essential life skills and soft skills such as problem-solving, critical thinking, creativity, leadership and resilience, communication, personal

grooming and etiquettes preparing them for success in the workplace.

Through regular assessments and evaluations executed by external agencies, the programme ensures quality training (including on the job training) and skill validation. This rigorous approach has led to impressive outcomes, with some trainees securing overseas placements.

Presently, AU Ignite operates in 12 districts,

with five direct academies located in Bikaner, Bhilwara, Sikar, Jodhpur and Kota, alongside seven partner-led academies in Jaipur, Ajmer, Alwar, Bharatpur, Jaitaran, Pali and Nagaur.

AU Ignite follows the Hub and Spoke model in accordance with NCVET guidelines. The Hub provides upskilling and reskilling courses such as Full Stack Development, Sales Force and Artificial Intelligence, while the Spoke academies focus on foundation level skilling.

### AU BANO CHAMPION



AU Bano Champion aims to provide guided sports training to athletes in rural and semi-urban geographies of Rajasthan, across Athletics, Football, Throwball, Volleyball, Wushu, Boxing and Kabaddi.

Since its launch in October 2021 across 30 sites, the programme has rapidly expanded to encompass 60 rural and semi-urban areas, spanning 22 districts in Rajasthan. Presently, over 8,100 children and youth on their journey from 'मैदान से मंज़िल तक'. They have been benefitted from training under the guidance of more than 90 skilled coaches and assistant coaches, alongside the enthusiastic support of volunteers. As part of our commitment, we continuously enhance the capabilities of our coaches through comprehensive training programmes. The programme has garnered significant support from diverse stakeholders, including formal partnerships with industry experts, associations and government backing.



BANO CHAMPION participants

Outcomes have been promising, with over 846 young athletes demonstrating exceptional performances at state and national-level competitions, with five participants successfully qualifying for the prestigious Khelo India Youth Games and 7 athletes selected for Delhi Sports School. Looking ahead, we aim to further elevate the technical training standards and cultivate collaborations to extend our reach and impact.

Beyond foundational training, the programme offers a platform for children to compete at various levels, from local village tournaments to district and state-

level events. Apart from these, weekend leagues are being organised to allow athletes to compete against other athletes outside their home ground. Last year, we organised the inaugural phases of these tournaments in February and August, attracting over 30,000 participants, with the district-level tournament boasting more than 5,800 athletes. Additionally, the State Level Sports Tournament held at SMS Stadium in Jaipur witnessed participation from over 1,500 athletes across seven sports disciplines.

### AU UDYOGINI


The AU Udyogini programme comprises three dedicated initiatives aimed at fostering community-based enterprises, supporting self-help groups and empowering women entrepreneurs to establish independent businesses. These initiatives are tailored to empower women from challenging backgrounds and boost family incomes through ventures in the masala and oil business, crafts and market linkages.

We focus on capacity building, providing essential technical assistance such as accounting training under the Individual Women Entrepreneurship Initiative. This empowers women to maintain accurate business records, crucial for securing formal loans and facilitating expansion. Our support extends beyond training; we create opportunities for AU Udyoginis to showcase their products at various exhibitions, enhancing their market exposure.

To broaden their perspective and inspire new ideas, we organize educational tours. In the past, Udyoginis explored Jaipur's wholesale markets, visited renowned beauty salon chain and innovative institutions like Barefoot College in Tilonia. These experiences foster a deeper understanding of various business models and industry practices. Additionally, we implement continuous monitoring of their businesses to ensure long-term sustainability.


**a**

**Maa Annapurna Masala:**  
This women-led community enterprise specialises in delivering high-quality spices and pure mustard oil. With the establishment of five centres, 110 women are supported. In FY 2022, the 'Khejri Mahila Producer Company', a farmer producer organisation (FPO), was registered to oversee the operations of this enterprise.



**b**

**Nirjhari Women Artisans Producer Company:**  
Registered under the producer company, Nirjhari engages women in crafting home furnishings, apparel and recycled paper products. The company has trained over 103 women in producing various items.



**c**

**Individual Women Entrepreneurship:**  
To provide personalised support, we have initiated the Individual Women Entrepreneurship programme, enabling women to start 27 types of businesses such as salons, cosmetic shops, groceries, flour mills and more. Businesses such as salons, cosmetic shops, groceries and flour mills.

The AU Udyogini programme has nurtured 2,580 women, with 213 earning regular incomes through community enterprises. Additionally, 820 individual women entrepreneurs have launched small businesses, with profits on the rise. These interventions aim to foster sustainable development, support local communities and enhance the economic well-being of women.



AU Udyogini beneficiaries



SUSTAINABILITY FRAMEWORK - OUR PILLARS CONTD...

AU Kartavya



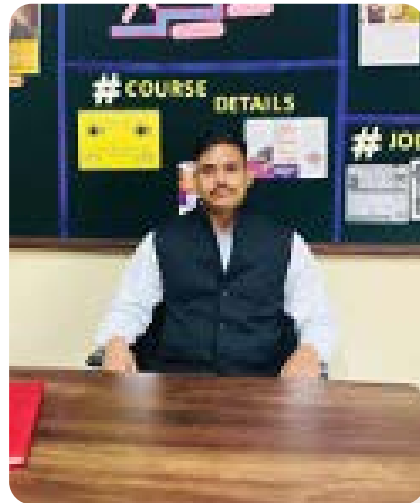
Kartavya

Beyond our flagship and strategic programmes, there is a diverse array of projects and activities conducted to bring about positive change in the society and the environment.

These projects are designed according to needs of the local community and in the interests of our primary stakeholders. Some of our key initiatives in this domain focus on enhancing access to quality education, strengthening the government healthcare system, setting up open-air gyms in public parks, improving road safety, providing access to clean drinking water and art & culture among others.

- Provided ambulance to ECHS Polyclinic.
- Established a Dialysis Unit at District Hospital in Kotputli.
- Mobile Medical Unit provided to BAPS Public Charitable Trust, Ahmadabad.
- Four electric carts with boarding and charging stations provided to Shiromani Gurdwara Parbandhak Committee at Amritsar.
- Installed 211 Jal Banks across the nation. (FY 2021-2024)

Stories of Strength and Empowerment



AU Ignite:

"I enrolled in AU Ignite's Front Office Associate programme after facing job rejections. With training and guidance, I now work as a warehouse operator in Ireland earning 1.30 Lakh per month. I am extremely grateful for AU Ignite's life-changing opportunity".

-KARAN SINGH SHEKHAWAT, JHUNJHUNU



AU Bano Champion:

As an under 17, 1500-meter runner, I have worked tirelessly to shine in athletics. My journey from a small town to participating in Nationals twice to winning silver medal at Khelo India Youth Games, all was possible due to the 'AU Bano Champion' programme. It helped me get closer to fulfilling my dreams.

-MUSKAN, KISHANGARH BAS



AU Udyogini:

"Fifteen years ago, my husband left me and since then I have been facing hardships. With support from AU Foundation since last year, I started my fruit stall earning ₹ 20,000 monthly. I feel proud to provide for my son and assist my brother financially".

-KAMLA DEVI, SHAHPURA

IMPACT:

- Won the Indian CSR Award for AU Udyogini programme
- Muskan, an athlete of Bano Champion won silver medal at Khelo India Youth Games.
- 3 athletes (girls) bagged medals in International Boxing and Wushu competitions.
- Khejri Mahila Producer Company was recognised as a changemaker in the 2nd season of Badlaav Humse Hai in association with Network 18.



Individual Social Responsibility Initiative:

As a part of our Individual Social Responsibility, we contributed sweaters and school uniforms along with sewing machines to the children of Happiness School in Valmiki Kachhi Basti in Jaipur.



Recently, under our Bano Champion sports project, we raised above ₹ 2 Lakhs through employees as a part of our 'Individual Social Responsibility' and contributed shoes to over 350 athletes.



## SUSTAINABILITY FRAMEWORK - OUR PILLARS CONTD...

### Financial Inclusion

The Reserve Bank of India unveiled the National Strategy for Financial Inclusion 2019-2024, delineating a roadmap to ensure equitable access to financial services. Aligned with this vision, AU SFB is committed to empowering marginalised communities and low-income groups by facilitating seamless access to credit and financial services.

Our initiatives have had a transformative impact, particularly in uplifting economically vulnerable segments such as farmers, small-scale entrepreneurs and informal micro-enterprises. Through our extensive network in rural and semi-urban areas, coupled with tailored product offerings, we not only fulfilled our Priority Sector Lending (PSL) obligations but also fostered genuine financial inclusion.

By extending financial services to underserved regions and demographics, we contribute to the broader goals of poverty reduction, gender equality, women's empowerment and skill development. We recognise the multiplier effect of financial inclusion in enhancing overall economic output and mitigating income disparities.

As we continue to expand our outreach and refine our services, we remain steadfast in our commitment to promoting inclusive growth and sustainable development across the territories we serve.

Further, the National Strategy for Financial Inclusion (NSFI) stands as a guiding principle for realising the vision of inclusive financial services, aiming to foster a sustainable society that prioritises the well-being of its people in a balanced manner. Our initiatives align closely with the core pillars of the national strategy: Improving Access, Increasing Usage and Enhancing Quality of financial services.

By addressing these dimensions comprehensively, AU SFB has effectively generated opportunities for growth among its customers, empowering them to actively participate in the holistic development of the nation.

### Access to financial services



Financial inclusion training

Ensuring access to financial services beyond urban areas is crucial for achieving comprehensive financial inclusion in India, where 65% of the population resides in rural regions. With a presence in 31% of Unbanked Rural Centres (URC), our commitment lies in narrowing the gap in financial services and fostering the growth of rural India. Recognising the potential of collective efforts and innovative strategies, we have structured our outreach (in 50 special focus districts\* with 94 touchpoints covering 23 aspirational districts, 13 Left Wing left

wing extremist affected districts, 13 hill state districts and 1 north-eastern region district. Leveraging both physical and digital banking modes, we aim to bolster the financial well-being of rural communities. Our physical distribution channels, including rural branches and Banking Outlets (BO) are strategically positioned to serve areas with populations below 9,999. Demonstrating our dedication, we expanded our network to 334 touchpoints in FY 2023-24, comprising 81 rural branches and 253 BOs.

### Improving usage of digital financial services in a safe and secure manner

In recent years, India has witnessed a significant evolution in its financial landscape, driven by technological advancements, policy reforms and a growing emphasis on financial inclusion. The utilisation of financial services in India has undergone a notable transformation, playing a pivotal role in empowering individuals, fostering entrepreneurship and driving inclusive economic growth.

One of the most notable trends in the usage of financial services in India is the rapid adoption of digital banking solutions. With the proliferation of smartphones and internet connectivity, a significant portion of the population now has access to banking services at their fingertips. Mobile banking apps, digital wallets and online payment platforms have become increasingly popular, enabling individuals to conduct transactions, transfer funds, pay bills

wand even access credit seamlessly. Despite the rapid adoption of digital banking, there are still sections of the society that are either unaware or hesitate to use digital banking. Therefore, we at AU SFB, through our campaigns, aim to enhance the adoption of digital services.

Our AU 0101 Mobile Banking App is designed in a way so that users can enjoy seamless and secure P2P transactions, empowering them to conduct digital payments with confidence. The AU 0101 UPI App prioritises user security through rigorous measures such as bank-grade encryption, two-factor authentication (2FA) and real-time transaction monitoring. With end-to-end encryption, sensitive financial data is shielded from unauthorised access. Two-factor authentication adds an extra layer of security, requiring users to

authenticate both device binding and transactional PINs. Users can access their transaction history and monitor ongoing transactions for transparency and accountability. Advanced fraud detection algorithms and regular security updates further bolster the app's resilience against evolving cyber threats, ensuring a secure and trustworthy banking experience.

We have successfully onboarded over 2,77,000 individuals to our AU 0101 digital banking platform. Additionally, we facilitated the digitisation of over 71,000+ merchant's business through the deployment of QR codes and point-of-sale (POS) systems. Our initiatives for digital inclusion have not only advanced the cause of digital banking but have also guided our customers towards adopting a more sustainable banking avenue.



## SUSTAINABILITY FRAMEWORK - OUR PILLARS CONTD...

### Encouraging active savings behaviour

The government's push towards financial inclusion through initiatives like the Pradhan Mantri Jan Dhan Yojana (PMJDY) which is a landmark financial inclusion initiative aimed at providing access to financial services to every household in the country. This ambitious programme has since become one of the world's largest financial inclusion schemes, transforming the banking landscape and has played a crucial role in expanding the reach of banking services to previously underserved communities. By providing access to basic banking facilities such as savings accounts, insurance and pension schemes, these efforts have helped millions of individuals, especially those in rural areas, become part of the formal financial system. The scheme offers Basic Savings and Bank Deposit Account (BSBDA) designed to encourage savings, micro-insurance (PMJJBY and PMSBY) and micro-pension schemes (APY). The scheme has promoted awareness among marginalised communities by educating individuals about the benefits of savings, insurance and other financial products. It has empowered them to make informed decisions about their finances.

AU SFB has been highly efficient in fostering financial inclusion and banking penetration by implementing PMJDY rigorously, creating awareness and encouraging active saving behaviour among individuals by opening BSBDA accounts, promoting micro-insurance (PMJJBY and PMSBY) and micro-pension schemes (APY) in large numbers.

### PM JAN DHAN YOJANA

**BSBDA**  
4,67,400+

**MUDRA**  
2,33,400+

**PMJJBY**  
1,00,800+

**PMSBY**  
1,41,000+

**APY**  
1,03,000+

Received Direct Benefit Transfer of ₹15.5+ Crore in FY24 in Aadhaar seeded accounts.

### PROVIDING MICROFINANCE TO SMALL-SIZED BUSINESSES OR TO THE UNDERPRIVILEGED



Digital inclusion training

Microfinance has emerged as a powerful tool for promoting financial inclusion and economic empowerment in India. These microloans have proven to be instrumental in lifting people out of poverty, particularly women and marginalised communities, by empowering them to start their own businesses and become financially self-reliant.

Microfinance enables individuals with limited resources to access financial services, empowering them to start or expand small businesses. With the aim to boost and empower small businesses, the Government has launched schemes like PM SVANidhi and IGUCCY. These schemes provide collateral free capital to the small businesses and promote microfinance to empower marginalised communities,

foster entrepreneurship and drive inclusive economic growth without having to deal with complex paperwork.

In India, there are millions of Micro-entrepreneurs who operate small-scale businesses, often with limited resources and manpower. They typically run businesses such as street vending, small retail shops, food stalls or provide services like tailoring, plumbing or repairing. These entrepreneurs play a significant role in the Indian economy, contributing to employment generation and local economic development. AU SFB has emerged as a beacon of proactive innovation when it comes to implementing schemes such as PM SVANidhi and IGUCCY through its approach and commitment to serving the needs of the marginalised communities in India. AU SFB swiftly

mobilised its resources to reach out to this vulnerable segment of our society. Leveraging its extensive branch network and digital infrastructure, the Bank facilitated the seamless disbursement of loans to the street vendors, enabling them to rebuild their businesses and secure their livelihoods. What sets AU SFB apart is its proactive approach to understanding the unique needs and challenges faced by its customers. By doing so, AU SFB not only fulfills its corporate social responsibility but also works as a trusted partner in the nation-building process and implementing government schemes such as PM SVANidhi and IGUCCY exemplifies its dedication to driving positive change and fostering inclusive growth.

### BENEFICIARIES IN VARIOUS SCHEMES

**PM SVANidhi**  
Supported 1,200+ street vendors

**IGUCCY**  
Supported 690+ micro-entrepreneurs



## SUSTAINABILITY FRAMEWORK - OUR PILLARS CONTD...

### Supporting the old aged in retirement through coverage of suitable pension products

As the population of elderly citizens continues to grow in India, ensuring their financial security and well-being during retirement has become an increasingly pressing concern. With changing socio-economic dynamics and evolving family structures, the traditional support systems for the elderly are facing challenges. In this context, the availability and coverage of suitable pension products play a crucial role in safeguarding the financial future of India's aging population. Pension products are financial instruments designed to provide a steady income stream to individuals during their retirement

years. They offer a means of accumulating savings over the course of one's working life, which can then be utilised to meet expenses and maintain a comfortable standard of living post-retirement.

Recognising the importance of pension products in ensuring a dignified retirement, AU Bank has taken concrete steps to promote awareness and accessibility among its customers. Through targeted outreach programmes and educational campaigns, the Bank aims to empower individuals, especially the elderly, with the knowledge and tools needed

to make informed decisions about their financial future. By demystifying pension products and highlighting their benefits, AU Bank seeks to bridge the gap between retirees and suitable retirement planning solutions.

One of AU Bank's initiatives in this regard is to offer the government's Atal Pension Yojana (APY). By offering APY services through its branches, the scheme targets the unorganised sector and the main objective of the scheme is to contribute to the economic security of people for the future.

### RECOGNITIONS

**'Best Financial Inclusion Award'** by IBA 19<sup>th</sup> Annual Banking Technology Conference and Citations

**'Financial Inclusion Award'** by FICO

Bank has received several Awards by Pension Fund Regulatory and Development Authority (PFRDA) viz.

**'APY Annual Award of Excellence Achiever'** 60 AAPB - achieved the target and ranked no.1 in SFB.

**'Award of Excellence'** for achieving 121% of the target

**'Certificate of Appreciation'** for Maintaining above 70% persistency

**'Award of Par excellence'** for overachieving the PFRDA target, ranked no.1 in SFB category.

**'NPS Diwas Award'** for sourcing max NPS.

### Inculcating financial literacy concepts



Financial literacy training

### विद्या ददाति विनं विनाद् याति पात्रताम् । पात्रत्वात् धनम् आप्नोति धनाद् धर्मं ततः सुखम् ॥

This means knowledge makes one humble, humility begets worthiness, worthiness creates wealth and enrichment, enrichment leads to right conduct, right conduct brings contentment. Knowledge is the cornerstone of progress and understanding, as 'Bharat' aspires to become a developed nation by 2047 and here financial literacy will play a crucial role in driving economic growth, foster entrepreneurship and reduce poverty. AU SFB's focus is towards spreading financial literacy to empower marginalised sections of our country to contribute towards inclusive Bharat by 2047.

Financial inclusion aims at the availability and accessibility of financial services to all segments of society, especially to those who are traditionally underserved or excluded from the formal financial system. It is an important factor as it fosters

inclusive growth, reduces poverty, promotes social cohesion and builds a resilient and sustainable economy. With the rapid advancement of technology, digital financial services have emerged as a powerful tool for expanding financial inclusion. Financial inclusion aims to provide equal access to financial services for all section of society, including those who are traditionally underserved or excluded from the formal financial system. However, access alone is not sufficient; individuals also need the knowledge and capability to utilise financial services effectively. Financial literacy complements financial inclusion by ensuring that individuals not only have access to financial services but also have the ability to understand and use them to their advantage.

In India there has been significant progress in improving overall literacy

rates by 77% over the year, with the literacy rate rising steadily, the level of financial literacy remains relatively low at 27%. Many Indians still lack basic knowledge about the financial concepts, products and services.

To spread awareness on financial and digital literacy, our Bank is undertaking various initiatives under the flagship of Financial and Digital camp in collaboration with NABARD. AU SFB has been conducting Financial and Digital Literacy camps (FDLCs) with an attempt to educate the rural sections of our society about the importance of financial knowledge. To create awareness about financial and digital literacy, we conduct camps in local dialect, folk artists use storytelling techniques, perform skits inspired from real life scenarios to build context and relevance.

SUSTAINABILITY FRAMEWORK - OUR PILLARS CONTD...



Financial Literacy Camp witnessed by Board of Director



Financial Literacy Camp witnessed by DGM of RBI

Financial Literacy for school children



RBI Financial Literacy Initiatives



RBI's annual Financial Literacy Week focuses on good banking habits and educating the masses on the importance of digital banking. This year's topic was 'Make a Right Start: Become Financially Smart'. It was a week-long event (26<sup>th</sup> February-1<sup>st</sup> March 2024), wherein we conducted 500+ Financial Literacy Camps at our touchpoints and ran a Company-wide special edition series to spread awareness on topics: Saving and Power of Compounding, Banking Essentials for Students and Digital and Cyber Hygiene.

"Ghar Ghar KCC Abhiyan"

AU conducted 'Ghar Ghar KCC Abhiyan', from 1<sup>st</sup> October to 31<sup>st</sup> December 2023, spreading awareness regarding the Kissan Credit Card Scheme which aims at providing adequate, affordable and timely credit support to the farmers, an initiative by the Ministry of Agriculture and Farmers Welfare. Through our camps we educated the farmers about the scheme and its associated benefits.

Cyber Fraud awareness

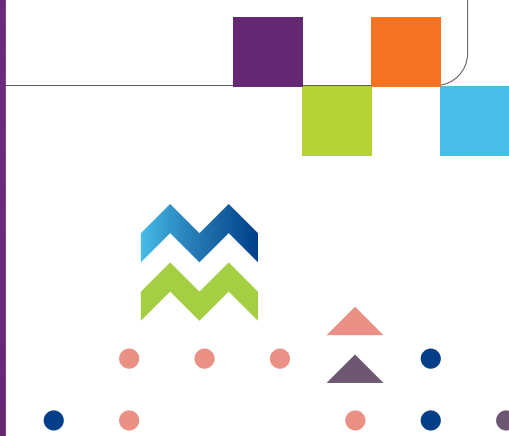
The technological advancements in the banking industry have brought unprecedented convenience but also heightened risks of online scams and cyber frauds. Cyber fraudsters often target individuals to steal personal and financial information, such as credit card numbers, passwords, account numbers and so forth for illicit purposes. Therefore, it is essential to raise awareness about common cyber frauds, tactics to protect one from these frauds. To make people aware of the increasing risk of cyber frauds AU SFB conducts regular awareness sessions and training programmes to educate people about common cyber fraud tactics and stay safe while online transactions.

In today's complex and dynamic world, financial literacy has become an essential life skill and there is no better time to start cultivating it than during childhood. Introducing financial education at an early age equips children with knowledge, skills and attitudes they need to make informed financial decisions throughout their lives. Thus, AU SFB recognises the importance of financial literacy, particularly among school children and promotes financial awareness through its innovative and impactful initiatives. AU SFB's financial literacy programmes are designed to be engaging, interactive and age-appropriate, ensuring that students develop a strong foundation in financial concepts from an early age. We make use of puppet shows, street plays, audio visuals, ppts among others to impart knowledge in an interactive and fun way.

Pillar III - Responsible Banking

Driving Sustainable Practices during Banking Operations

- Promoting Digital Banking and AU0101 App:** Our digital banking solutions empower customers to conduct transactions remotely, reducing paper usage, minimising waste generation and enhancing waste management practices.
- Video Banking Initiative:** We introduced video banking to offer comprehensive services without the need for physical branch visits, thereby conserving resources associated with commuting.
- E-Receipts:** Our e-receipts initiative promotes paperless banking, encouraging customers to opt for environment-friendly banking alternatives.
- Clean Mobility and Clean Energy Portfolio:** A segment of our vehicle loans falls under our green portfolio, tailored specifically for electric vehicle (EV) customers. We also incentivise employees to adopt electric vehicles by providing discounted EV loans.
- Sustainable Office Practices:** Our commitment to sustainability extends to our office operations. We implement measures such as eliminating home branches to reduce commuting, educating employees on printing costs to minimise paper usage and promoting resource conservation by using natural light and turning off unnecessary lights. These efforts collectively contribute to our sustainable business practices.



## EMPLOYEE SUSTAINABILITY IMPACT STORIES - HAVE ANY IDEA CONTEST

Sustainable practices are at the core of our forever banking journey and we collected several Ideas from employees to guide us all in path toward A greener future. From digitisation of processes and transport alternatives to better waste management and much more, we received some great suggestions to fulfil our ESG goals!

**Congratulations to the winners!**  
**CHAMPIONING SUSTAINABILITY IDEAS**

On this World Environment Day, we congratulate all the participants who shared many great ideas to improve our Bank's sustainable practices. Your enthusiasm towards building a sustainable bank and creating positive impact is admirable. We are also proud to finally announce the winning suggestions that will help us fulfil our ESG goals in a systemic and scalable manner!

*Congratulation's!*

NAME	BU	DEPARTMENT
Mr. Harish	Wheels	Sales
Mr. Dinesh Kumar	Digital Tech	IT
Mr. Sandeep Mohata	Unsecured Loan	Credit & Policy
Miss. Tanvi Goyal	Swadesh Banking	Financial & Digital Inclusion
Mr. Avinash G	Business Banking	Credit
Mr. Mayur Vijaynath Kunder	Branch Banking	Operations and Services
Mr. Sandeep Bhardwaj	COO Function	Operations - Liabilities
Mr. Pragnesh J Soni	Swadesh Banking	Operations and Services
Mr. Ravi Kant Yadav	Central Function	Marketing
Mr. Amit Joshi	Micro Business Loan	Collection

**WINNERS TO STAY TUNED FOR MORE UPDATES!**

## COMMITTED TO BUILDING A SUSTAINABLE TOMORROW

Sustainability is a foundational pillar of the global economy and this has encouraged us to rethink the way in which we conduct our business at a fundamental level. Elevating the status quo and delivering on all three dimensions of sustainability by preserving the environment, promoting social inclusion and practicing highest level of governance, is, however, a highly complex task that presents a multitude of challenges. These challenges have not only reinforced the need for us to step up but also highlighted the criticality of thriving with 'sustainability' on a global scale.

India has committed to become net zero by 2070. Achieving this will require shifts in the way businesses operate as well as appropriate and rapid improvements in clean power generation, energy efficiency, sustainable mobility, green infrastructure and reducing carbon

emissions. The clock is ticking, calling for immediate action in terms of investment, transition and deployment on a large scale.

A sharper focus on the dual aspects of climate and economy requires greater cooperation on a global level. This is essential to foster synergy across borders and among companies, all working towards a sustainable future and interwoven economic opportunities. Doing so will require, among other things, the strengthening of public and private institutions to mainstream sustainability.

At AU SFB, our sustainability agenda is an integral part of our business model and embedded in the products and services we offer. The AU family has been built on the foundational ethos of being an institution, responsible and concerned about the impact on the nature, climate and society at large

that the developmental and banking initiatives can bring. Mindful of our responsibility towards the planet and the people, we undertake many initiatives to achieve ESG excellence.

We believe that sustainability is not just an initiative but a way of life. We are cognizant of the fact that we cannot defer our response to climate change and are therefore acting now. We are strengthening our base lining and firming up strategic areas. With inclusive stakeholder consultation, robust governance structure, setting up of aspirational targets and strong review mechanism to achieve those targets, we are set to accelerate our sustainability journey.

Inclusion of Fincare Small Finance Bank has improved our footprint across India especially in Southern India. This inclusion will help us to further widen our legacy of growth and excellence.



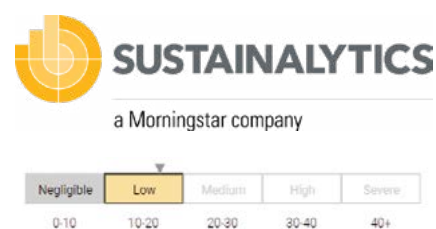
World environment day - Tree plantation programme

### ESG SCORE CARD

Our Bank has been working on seamlessly integrating ESG principles into our business model and embed them into our products and processes, with formal guidelines and policies, guided and supported by the dedicated Sustainability Committee of the Board. Our Green Fixed Deposit programme is dedicated to financing renewable and green projects, such as solar power and electric mobility solutions. Other key sustainability initiatives being driven by your Board are focused on minimising environmental impact, promoting gender diversity and empowering women.

Owing to key strategic focus on ESG, we have been rated by multiple sustainability rating platforms. Sustainalytics rated us 'Low ESG Risk' (one of few Indian banks to achieve a low ESG risk); MSCI ESG rated us as AA; and continuously improving on DJSI, CDP and other platforms. These ratings are conformity evidence of our continued focus on sustainability drive across the Bank. Sustainability will remain a key focus area for our business.

We have already allocated around ₹ 120 Crore towards projects focused on renewable energy, clean transportation and related green initiatives and are in the process of deploying the remaining funds into additional green initiatives. Our strategic focus on ESG has been recognised by multiple sustainability rating platforms. Sustainalytics rated us "low ESG risk," making us one of the few Indian banks to achieve this distinction; MSCI ESG rated us AA; and we are continuously improving on DJSI, CDP and other platforms. These ratings confirm our deep commitment to sustainability, which is at the core of our mission.



Rated '**Low**' risk. One of the few Indian banks in the low risk category



Continuous Improvement – **Current Score 39**



Featured in FTSE with **60+ Score**



Rated '**AA**'



### GRI CONTENT INDEX

<b>Statement of use</b>	AU Small Finance Bank has reported the information cited in this GRI content index for the period 01-04-2023 to 31-03-2024 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location, Page No./Remarks
<b>GRI 2: General Disclosures 2021</b>	2-1 Organisational details	Organisation Overview, Page no. 15-17
	2-2 Entities included in the organisation's sustainability reporting	About this report, Page no. 14
	2-3 Reporting period, frequency and contact point	About this report, Page no. 14
	2-4 Restatements of information	No Restatement
	2-5 External assurance	NA
	2-6 Activities, value chain and other business relationships	Organisation Overview, Page no. 15-17
	2-7 Employees	Social, Page no. 04
	2-8 Workers who are not employees	Not Applicable
	2-9 Governance structure and composition	
	2-10 Nomination and selection of the highest governance body	<a href="https://www.aubank.in/investors/annual-reports">https://www.aubank.in/investors/annual-reports</a>
	2-11 Chair of the highest governance body	Board's Report Page no. 128-153
	2-12 Role of the highest governance body in overseeing the management of impacts	
	2-13 Delegation of responsibility for managing impacts	
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance Structure, Page no. 20
	2-15 Conflicts of interest	<a href="https://www.aubank.in/investors/annual-reports">https://www.aubank.in/investors/annual-reports</a> Annual Report Page no. 213-214
	2-16 Communication of critical concerns	<a href="mailto:sustainability@aubank.in">sustainability@aubank.in</a>
	2-17 Collective knowledge of the highest governance body	Sustainability Governance Structure Page no. 20
	2-18 Evaluation of the performance of the highest governance body	<a href="https://www.aubank.in/investors/annual-reports">https://www.aubank.in/investors/annual-reports</a> Board's Report Page no. 128-153
	2-19 Remuneration policies	<a href="https://www.aubank.in/investors/secretarial-policies">https://www.aubank.in/investors/secretarial-policies</a>

GRI Standard	Disclosure	Location, Page No./Remarks
<b>GRI 2: General Disclosures 2021</b>	2-20 Process to determine remuneration	<a href="https://www.aubank.in/investors/secretarial-policies">https://www.aubank.in/investors/secretarial-policies</a>
	2-21 Annual total compensation ratio	<a href="https://www.aubank.in/investors/annual-reports">https://www.aubank.in/investors/annual-reports</a> Annual Report Page no. 307
	2-22 Statement on sustainable development strategy	Our Sustainability Strategy, Page no. 18-21
	2-23 Policy commitments	<a href="https://www.aubank.in/investors/secretarial-policies">https://www.aubank.in/investors/secretarial-policies</a>
	2-24 Embedding policy commitments	<a href="https://www.aubank.in/investors/secretarial-policies">https://www.aubank.in/investors/secretarial-policies</a>
	2-25 Processes to remediate negative impacts	Materiality Assessment, Page no. 30-31
	2-26 Mechanisms for seeking advice and raising concerns	<a href="https://www.aubank.in/investors/annual-reports">https://www.aubank.in/investors/annual-reports</a> Annual Report Page no. 181
	2-27 Compliance with laws and regulations	<a href="https://www.aubank.in/investors/annual-reports">https://www.aubank.in/investors/annual-reports</a> Annual Report Page no. 181
	2-28 Membership associations	Public Advocacy, Page no. 42
	2-29 Approach to stakeholder engagement	Stakeholder Engagement, Page no. 27-29
2-30 Collective bargaining agreements	Not Applicable	
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	Materiality Assessment, Page no. 30-31
	3-2 List of material topics	Materiality Assessment, Page no. 30-31
	3-3 Management of material topics	Materiality Assessment, Page no. 30-31
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value  generated and distributed	Performance Snapshot, Page no. 06
	201-2 Financial implications and other risks and opportunities due to climate change	Climate Risks section, Page no. 23
	201-3 Defined benefit plan obligations and other retirement plans	Not Applicable
	201-4 Financial assistance received from government	Not Applicable
<b>GRI 202: Market Presence 2016</b>	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	People - Pillars of wellness, Page no. 42-45
	202-2 Proportion of senior management hired from the local community	People - Pillars of wellness, Page no. 42-45
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1 Infrastructure investments and services supported	We conduct our CSR activities, investments, and lending/financing services in full compliance with applicable regulations and standards.
	203-2 Significant indirect economic impacts	Covered in CSR Section of this report. Page no. 48-53

GRI Standard	Disclosure	Location, Page No./Remarks	
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	<a href="https://www.aubank.in/investors/annual-reports">https://www.aubank.in/investors/annual-reports</a> Annual Report Page no. 214	
	<b>GRI 205: Anticorruption 2016</b>	205-1 Operations assessed for risks related to corruption	All our locations comply with the regulations set by the authorities and operate in accordance with these standards, which are regularly updated. We do not engage in any additional activities beyond these requirements. <a href="https://www.aubank.in/investors/annual-reports">https://www.aubank.in/investors/annual-reports</a>
		205-2 Communication and training about anti-corruption policies and procedures	Annual Report Page no. 251
<b>GRI 206: Anticompetitive behaviour 2016</b>	205-3 Confirmed incidents of corruption and actions taken	<a href="https://www.aubank.in/investors/annual-reports">https://www.aubank.in/investors/annual-reports</a> Annual Report Page no. 213	
	206-1 Legal actions for anticompetitive behaviour, antitrust, and monopoly practices	No such action	
<b>GRI 207: Tax 2019</b>	207-1 Approach to tax	<a href="https://www.aubank.in/investors/annual-reports">https://www.aubank.in/investors/annual-reports</a> Annual Report Page no. 267	
	207-2 Tax governance, control, and risk management	<a href="https://www.aubank.in/investors/annual-reports">https://www.aubank.in/investors/annual-reports</a> Annual Report Page no. 267	
	207-3 Stakeholder engagement and management of concerns related to tax	<a href="https://www.aubank.in/investors/annual-reports">https://www.aubank.in/investors/annual-reports</a> Annual Report Page no. 267	
	207-4 Country-by-country reporting	NA	
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	Given the intangible nature of our Bank's business activities, we have limited opportunities to incorporate recycled materials as inputs. We responsibly dispose of waste, such as paper and dustbin bags, through municipal authorities, while e-waste is handled by authorised vendors. To minimise plastic use in our offices and branches, we opt for alternatives whenever possible. We procure furniture from authorized suppliers that use recyclable materials.	
	301-2 Recycled input materials used		
<b>GRI 302: Energy 2016</b>	301-3 Reclaimed products and their packaging materials	Performance snapshot - Environment, Page no. 03	
	302-1 Energy consumption within the organisation	There are outside the boundary	
	302-2 Energy consumption outside of the organisation	Performance snapshot - Environment, Page no. 03	
	302-3 Energy intensity	Pillars of Energy Conservation Strategy, Page no. 37	
	302-4 Reduction of energy consumption	Given the nature of our Bank's business activities, our products and services are intangible in nature. There is no such mapping available.	
	302-5 Reductions in energy requirements of products and services		

GRI Standard	Disclosure	Location, Page No./Remarks
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	The consumption of water is only limited to drinking and sanitation purpose
	303-2 Management of water discharge-related impacts	Due to the nature of the Bank's business operations, water usage and discharge are not significant factors. Water consumption is primarily restricted to drinking and domestic purposes.
	303-3 Water withdrawal	
	303-4 Water discharge	
	303-5 Water consumption	
<b>GRI 304: Biodiversity 2016</b>	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	No such sites come under the areas of high biodiversity protected areas. We operate through offices and branches that owned or are rented properties with all applicable compliances in place.
	304-2 Significant impacts of activities, products and services on biodiversity	
	304-3 Habitats protected or restored	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	Performance snapshot - Environment, Page no. 03
	305-2 Energy indirect (Scope 2) GHG emissions	Performance snapshot - Environment, Page no. 03
	305-3 Other indirect (Scope 3) GHG emissions	Not Calculated
	305-4 GHG emissions intensity	Performance snapshot - Environment, Page no. 03
	305-5 Reduction of GHG emissions	Performance snapshot - Environment, Page no. 03
	305-6 Emissions of ozonedepleting substances (ODS)	Not Applicable.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	<a href="https://www.aubank.in/investors/annual-reports">https://www.aubank.in/investors/annual-reports</a> Annual Report Page no. 231
	306-2 Management of significant waste-related impacts	Sustainable Operations, Page No. 35
	306-3 Waste generated	<a href="https://www.aubank.in/investors/annual-reports">https://www.aubank.in/investors/annual-reports</a> Annual Report Page no. 231
	306-4 Waste diverted from disposal	Not Applicable
	306-5 Waste directed to disposal	Not Applicable
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	We have sustainable Procurement guidelines in place which is a holistic document covering ESG aspects for our suppliers. <a href="https://www.aubank.in/Sustainability%20pdf-Website%20Copy%20-%20Sustainable%20Procurement%20(1).pdf">https://www.aubank.in/Sustainability%20pdf-Website%20Copy%20-%20Sustainable%20Procurement%20(1).pdf</a>
	308-2 Negative environmental impacts in the supply chain and actions taken	

GRI Standard	Disclosure	Location, Page No./Remarks
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	<a href="https://www.aubank.in/investors/annual-reports">https://www.aubank.in/investors/annual-reports</a> Annual Report Page no. 206
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Public Advocacy - Our People, Page no. 42-47
	401-3 Parental leave	<a href="https://www.aubank.in/investors/annual-reports">https://www.aubank.in/investors/annual-reports</a> Annual Report Page no. 217
<b>GRI 402: Labor/ Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes	We have a robust business contingency plan in place. In case of any relocation/ closure/opening of a branch, the concerned employee(s) are informed well in advance for him/her to accommodate in such operational changes. We are drafting several employee centric guidelines including 'Minimum notice period for operational changes'. Same will be disclosed in subsequent years
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-3 Occupational health services	
	403-4 Worker participation, consultation, and communication on occupational health and safety	People - Pillars of wellness, Page no. 42-45
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-8 Workers covered by an occupational health and safety management system	
	403-9 Work-related injuries	Not Applicable
	403-10 Work-related ill health	Not Applicable
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	<a href="https://www.aubank.in/investors/annual-reports">https://www.aubank.in/investors/annual-reports</a> Annual Report Page no. 218
	404-2 Programmes for upgrading employee skills and transition assistance programmes	People - Pillars of wellness, Page no. 43
	404-3 Percentage of employees receiving regular performance and career development reviews	People - Pillars of wellness, Page no. 44
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	<a href="https://www.aubank.in/investors/annual-reports">https://www.aubank.in/investors/annual-reports</a> Annual Report Page no. 218
	405-2 Ratio of basic salary and remuneration of women to men	Covered in Sustainability Report FY22. <a href="https://objectstorage.ap-mumbai-1.oraclecloud.com/n/aubank2/b/Marketing/o/Sustainability_Report.pdf">https://objectstorage.ap-mumbai-1.oraclecloud.com/n/aubank2/b/Marketing/o/Sustainability_Report.pdf</a>

GRI Standard	Disclosure	Location, Page No./Remarks
<b>GRI 406: Nondiscrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	No such incidents
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not Applicable
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	Not Applicable
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Not Applicable
<b>GRI 410: Security Practices 2016</b>	410-1 Security personnel trained in human rights policies or procedures	All our employees are given applicable training including coverage on Human Rights aspects as per our training calendar.
<b>GRI 411: Rights of Indigenous Peoples 2016</b>	411-1 Incidents of violations involving the rights of Indigenous people	Not Applicable
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programmes	Covered in CSR Section of this report. Page no. 48-53
	413-2 Operations with significant actual and potential negative impacts on local communities	No such negative impacts
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	Our sustainable procurement guidelines encompass a holistic approach, addressing ESG factors relevant to our suppliers. Link - <a href="https://www.aubank.in/Sustainability%20pdf-Website%20Copy%20-%20Sustainable%20Procurement%20(1).pdf">https://www.aubank.in/Sustainability%20pdf-Website%20Copy%20-%20Sustainable%20Procurement%20(1).pdf</a>
	414-2 Negative social impacts in the supply chain and actions taken	
<b>GRI 415: Public Policy 2016</b>	415-1 Political contributions	Not Applicable
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	Given the nature of our bank's business, our products and services are primarily intangible. We adhere to all compliance and assessment requirements set by the regulator.
	416-2 Incidents of noncompliance concerning the health and safety impacts of products and services	No such incidents
<b>GRI 417: Marketing and labelling 2016</b>	417-1 Requirements for product and service information and labelling	Not Applicable
	417-2 Incidents of noncompliance concerning product and service information and labelling	Not Applicable
	417-3 Incidents of noncompliance concerning marketing communications	No such incidents
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No such complaints

### GRI DATA MATRIX

#### 302-1 & 302-3

Indicators	FY 2024
<b>Energy Consumption (within the organisation) Data in Gigajoule</b>	
HSD	4,274.8
Grid Power	84,674.9

HSD - High Speed Diesel

The energy intensity (within the organization) per full time employee (FTE) for FY 2024 was 2.99 GJ/FTE

#### 305-1 & 305-2

Indicators	FY 2024
<b>CO2 Emissions in tonnes CO<sub>2</sub> e</b>	
<b>Scope 1</b>	
High Speed Diesel (HSD)	316.8
<b>Scope 2</b>	
Grid Electricity	16,840.9

The carbon emission per full time employee (FTE) for FY 2024 was 0.58 tCO<sub>2</sub>/FTE

#### 401-1

##### Employee Hire & Turnover\*

Indicators	Total no. of employees as on 31st Mar 2024	Employee Hire	Hire rate(%)	Employee Turnover	Turnover rate(%)
Male	26,959	12,536	46.50	11,546	42.83
Female	2,779	1,629	58.62	1,201	43.22
<30 years	13,061	8,678	66.44	6,050	46.32
Between 30–50 years	16,571	5,481	33.08	6,697	40.41
>50 years	106	6	5.66	18	16.98

#### 401-3

##### Parental Leaves indicators

Parental Leaves indicators	Male	Female
Total number of employees that were entitled to parental leave	26,961	2,777
Total number of employees that took parental leave	517	161
Total number of employees that returned to work in the reporting period after parental leave ended	511	158

##### Return to Work Ratio

	(%)
Male	98.84
Female	98.14

\* Turnover percentage for employees also includes attrition on account of death, superannuation, disciplinary action and exit of employees on account of low performance.

**404-1**

**Training Programmes for Employees**

Category	Average Training Hours per Employee
Male	31.25
Female	32.66
Associate	31.54
Middle Management	34.58
Senior Management	18.46
Top Management	16.07

21.48 Average training hours per employee per year for FY 2023-24

**405-1**

**Diversity of Governance Bodies and Employees**

Indicators	Associate		Middle Management		Senior Management		Top Management	
	Employee Count	% Employee Count (X/Y)	Employee Count	% Employee Count (X/Y)	Employee Count	% Employee Count (X/Y)	Employee Count	% Employee Count (X/Y)
Male	23,668	31.37	2,826	34.97	382	18.49	82	16.07
Female	2,548	33.04	214	29.39	18	17.89	0	NA
<30 years	12,928	49.31	113	3.72	0	0.00	0	0.00
Between 30–50 years	13,248	50.53	2,871	94.44	385	96.25	67	81.71
>50 years	40	0.15	36	1.18	15	3.75	15	18.29
<b>Total (Y)</b>	<b>26,216</b>	<b>88.16</b>	<b>3,040</b>	<b>10.22</b>	<b>400</b>	<b>1.35</b>	<b>82</b>	<b>0.28</b>



**Independent Limited Assurance Statement to AU Small Finance Bank Ltd. on Sustainability Report FY 2024**

To the Management of AU Small Finance Bank Ltd. Jaipur, India

**Introduction**

Intertek India Private Limited ("Intertek") was engaged by AU Small Finance Bank Ltd ("AU Bank") to provide an independent limited assurance on its Sustainability Report for FY 2024 ("the Report"). The scope of the Report comprises the reporting period of 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024. The Report is prepared by AU Bank based on Global Reporting Initiative (GRI) Standards 'in-accordance' option for sustainability reporting.

The assurance was performed in accordance with the requirements of International Federation of Accountants (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

**Objective**

The objectives of this limited assurance exercise were, by review of objective evidence, to confirm whether any evidence existed that the sustainability-related disclosures, as declared in the report were not accurate, complete, consistent, transparent and free of material error or omission.

**Intended Users**

This Assurance Statement is intended to be a part of the Sustainability Report FY 2024 of AU Small Finance Bank Ltd.

**Responsibilities**

The management of AU Bank is solely responsible for the development of the Report and its presentation. Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report so that it is free from material misstatement, whether due to fraud or error.

Intertek's responsibility, as agreed with the management of AU Bank, is to provide assurance and express an opinion on the data and assertions in the Report based on our verification following the assurance scope and criteria given below. Intertek does not accept or assume any responsibility for any other purpose or to any other person or organization. This document represents Intertek's independent and balanced opinion on the content and accuracy of the information and data held within.

**Assurance Scope**

Assurance has been provided for selected sustainability performance disclosures presented by AU Bank in its Report. The assurance boundary included data and information for the operations in Pan India in accordance with GRI standards. Our scope of assurance included verification of data and information on selected disclosures reported as summarized in the table below:



Sr. No.	GRI Indicator Number	Description of Indicator
1.	302-1	Energy consumption within the organization
2.	302-3	Energy intensity
3.	305-1	Direct (Scope 1) GHG emissions
4.	305-2	Energy indirect (Scope 2) GHG emissions
5.	401-1	New employee hires and employee turnover
6.	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
7.	403 -6	Promotion of worker health
8.	404-1	Average hours of training per year per employee
9.	404-2	Programs for upgrading employee skills and transition assistance programs
10.	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data.

**Assurance Criteria**

Intertek conducted the assurance work in accordance with the requirements of 'Limited Assurance' procedures as per the following standard:

- International Standard on Assurance Engagements (ISAE) 3000 (revised) for 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'.
- International Standard on Assurance Engagements (ISAE) 3410 for 'Assurance Engagements on Greenhouse Gas Statement'

A limited assurance engagement comprises of limited depth of evidence gathering including inquiry and analytical procedures and limited sampling as per professional judgement of assurance provider. A materiality level of 10% was applied. Assessment of compliance and materiality was undertaken against the stated calculation methodology and criteria.

**Methodology**

Intertek performed assurance work using a risk-based approach to obtaining the information, explanations and evidence that was considered necessary to provide a limited level of assurance. The assurance was conducted by desk reviews & stakeholder interviews with regards to the reporting and supporting records for the fiscal year 2024 at AU Bank office Jaipur. Our assurance task was planned and carried out in the month of December 2024. The assessment included the following:

- Assessment of the Report that was prepared in accordance with the GRI standards.
- Review of processes and systems used to gather and consolidate data.
- Examined and reviewed documents, data and other information made available at corporate offices and digitally.
- Conducted interviews with key personnel responsible for data management.
- Assessment of appropriateness of various assumptions, estimations and thresholds used by AU Bank for data analysis.
- Review of GRI disclosures on sample basis for the reporting period of 1<sup>st</sup> April 2023 to 31<sup>st</sup> March of 2024 for AU Bank was carried out by desktop review.
- Appropriate documentary evidence was obtained to support our conclusions on the information and data reviewed and details would be provided in a separate management report.

**Conclusions**

Intertek reviewed selected sustainability disclosures provided by AU Bank in its Report. Based on the data and information provided by AU Bank, Intertek concludes with limited assurance that there is no evidence that the sustainability data and information presented in the Report is not materially correct. The report provides a fair representation of GRI disclosures and is in accordance with the GRI Standards to the best of our knowledge.

**Intertek's Competence and Independence**

Intertek is a global provider of assurance services with a presence in more than 100 countries employing approximately 43,500 people. The Intertek assurance team included Competent Sustainability Assurance Professionals, who were not involved in the collection and collation of any data except for this Assurance Opinion. Intertek maintains complete impartiality towards any people interviewed.

For Intertek India Pvt. Ltd.

*Poonam Sinha*

**Poonam Sinha**  
 Manager-Sustainability  
 Intertek Assuris

02<sup>nd</sup> January 2025

*Beth Mielbrecht*

**Beth Mielbrecht**  
 Project Director  
 Intertek Assuris

02<sup>nd</sup> January 2025

*No member of the verification team (stated above) has a business relationship with AU Small Finance Bank Limited stakeholders beyond that is required of this assignment. No form of bribe has been accepted before, throughout and after performing the verification. The verification team has not been intimidated to agree to do this work, change and/or alter the results of the verification. The verification team has not participated in any form of nepotism, self-dealing and/or tampering. If any concerns or conflicts were identified, appropriate mitigation measures were put in place, documented and presented with the final report. The process followed during the verification is based on the principles of impartiality, evidence, fair presentation and documentation. The documentation received and reviewed supports the conclusion reached and stated in this opinion.*







## **AU SMALL FINANCE BANK LIMITED**

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