

SUSTAINABILITY INITIATIVES

Staying true to our commitments

AU Small Finance Bank, with its 25 years of experience and a mission to give wings to the aspirations of millions through its financial services in the unserved and underserved market, has successfully built a business model to gain the trust of its stakeholders. The business model of the Bank is aligned to generate sustainable value for its customers, clients, shareholders and employees.



Sustainability priorities



The Bank has taken several steps to unredem the shadow of financial duress of underprivileged people, by galvanising its financial inclusion and financial literacy efforts. The Bank has developed customised products and services to cater to the needs of all the sections of the society, without any discrimination.

Our prudent strategies on economic and social upliftment, along with leaving a positive impact on the environment, have always been the bedrock of our inclusive growth.

The Bank's business responsibility of conducting ethical business is deep rooted in our DNA and in our people. We have structured and inculcated our AU Dharmas in the entire ecosystem of our Bank, thereby laying a strong foundation for business ethics.

Through CSR initiatives, the Bank has made a creditable endeavour for social development, building a better society by ensuring livelihood options, empowering women, skills enhancement, financial literacy & education and sports development.

Environment protection is the need of the hour and AU, as a responsible organisation, always strives to run its business in an eco-friendly manner, with the adoption of various measures to reduce emission of green-house gases.

Our seamless, advanced, integrated technology framework enables the users to bank digitally,

thereby enhancing customer delight and saving the cost and time of our customers.

The reporting framework used in this report is based on the 9 Principles of 'National

Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)' released by the Ministry of Corporate Affairs, Government of India, in July 2011, the disclosures made under this

Principle 1



ETHICS & GOVERNANCE

The Bank's strong ethos on compliance and governance has been established with the objective of building trust and transparency among all stakeholders.

Principle 2



SUSTAINABLE PRODUCT & SERVICES

Our comprehensive and differentiated product suite and services have been designed to cater to the financial requirements of the customers, contributing sustainably to their entire financial lifecycle.

Principle 3



EMPLOYEE WELFARE

The Bank is constantly building a platform for new learnings, connecting them with opportunities and stimulating our people to reimagine the possibilities of value creation.

report provide transparent and relevant information on the Bank's efforts and performance against the principles of Business Responsibility as stipulated in Regulation 34(2)(f) of The Securities and Exchange Board

of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, covering topics across environment, social, governance, and stakeholder perspective. It is intended to transparently

disclose our performance based on the principles provided in the NVGs and is meant for all our stakeholders.

Principle 4



RESPONSIVENESS TOWARDS ALL STAKEHOLDERS

The Bank establishes a relationship built on trust by carving a culture of topical responsiveness to its stakeholders.

Principle 7



ADVOCACY OF PUBLIC POLICY

The Bank actively participates in public forums on issues and policy matters that impact the interest of our stakeholders and industry.

Principle 5



RESPECT AND PROMOTE HUMAN RIGHTS

Our business principles commit us to comply with all relevant laws and regulations, underpinning our approach to protect the fundamental rights of employees and other stakeholders.

Principle 8



INCLUSIVE GROWTH

The Bank is focused on the development of a strong banking and financial ecosystem.

Principle 6



ENVIRONMENT PROTECTION

The Bank has created a robust technology platform to build a new age digital banking ecosystem, thereby reducing its carbon footprint in the environment.

Principle 9



CUSTOMER VALUE

We empower our customers' journey and believe in *'Unki jeet mein hamaari jeet hai'*.

Social impact

Corporate Social Responsibility Initiatives



USHERING IN THE CHANGE WE WISH TO SEE

Over the years, AU Bank has gained prominence as a trusted and responsible banking institution. However, our responsibilities extend much beyond banking. AU Foundation, under the umbrella of AU Bank, is moving relentlessly in the pursuit of social development and upliftment.

‘The future of business as well as societal progress are intertwined, and one cannot succeed at the cost of the other’.

AU Foundation, with its firm conviction of sustainable development, focused on building a platform for underprivileged and unserved people to fulfil their aspirations through its CSR initiatives. It seeks to improve the life and livelihood of people and bring out visible transformation.

We have developed several community upliftment programmes and livelihood projects with requisite intervention, after understanding the requirements, aspirations and expectations of the communities.

Our penetration areas are broadly classified under:

- AU Udyogini – Empowering Women Entrepreneurship
- AU Skills Academy – Empowering Self-Reliance
- Sports for Development – Making a Healthier India
- Financial and Digital Literacy Initiative – Empowering with Financial Knowledge and Wisdom

Livelihood enhancement

Our core business philosophy has always been to serve the underserved. Our livelihood enhancement programmes take this tenet of AU Bank’s purpose ahead and guide community members to create a better life for themselves. We run two different programmes — AU Skills Academy and AU Udyogini — to deliver growth opportunities to rural, semi-urban and urban areas focussed on the marginalised communities.

638

Youths trained in AU Skills Academy

AU Skills Academy

Skilled human resource is the asset of a nation.

At AU Skills Academy, we offer vocational skilling programmes to the youth from needy backgrounds.

Through these programmes, AU Skills Academy follows a holistic approach and emphasises on polishing soft skills covering communication, presentation, leadership, teamwork, language proficiency and personality development.



The programme trains aspiring youths to be ready for work in the daunting environment of different industries in diversified roles including Customer Relationship Management (CRM), Office Assistant, Retail Sales Associate, Food & Beverages and in the Hospitality & Tourism sector. During the year,

we have trained 638 youngsters, and most of them are suitably placed. We further incorporated the following action points for strengthening these initiatives:

- Launched the alumni club to create a network of ex-trainees with placements

- Felicitated outstanding trainees
- Standardised mobilisation process to reduce human bias and intervention



AU Udyogini

AU Udyogini, a livelihood and women empowerment initiative of AU Foundation, operates with the objective of transforming and empowering rural women into village-level entrepreneurs with a sustainable business model. The programme trains groups of rural and semi-urban women with income/employment generation skills, including multiple soft

skills and business skills, along with backward and forward market linkages, procurement of raw materials and selling of the finished product.

During FY 2019-20, we supported three projects under this initiative and empowered 330+ women.

330+

Total Women trained under AU Udyogini

THE POWER OF UNRESTRAINED DETERMINATION...

“Becoming a bread earner for my family, was never a choice, but a compelling circumstance,” – says Champa Devi a woman in her mid-forties, living in the hinterland of Jobner, a suburban area of Jaipur city.

Champa Devi, began earning a living when her husband was diagnosed with a fatal disease.

She started working as a wage labourer in agriculture fields in the vicinity. Survival with this meagre income from labour work was difficult as she was unable to satisfy the needs of her family.

She was always on the lookout for multiple sources of livelihood to build a better future for her family. Her eyes lit up with aspirations when she heard about the AU Udyogini programme. She joined the programme and has since, shown zeal in becoming a part of the Food Processing and Masala Making unit, besides learning the art of selling her products at better prices.

AU Udyogini helped her to recognise her true abilities and sharpen her skills to fly high.

Within a short span of time, she moved up the ladder and became a team leader of the group, scaling new heights every day. She has also learnt leadership skills and motivates other women around her to join her team.

Today, Champa Devi is the co-owner of her masala brand, **Maa Annapurna Masala** with a motto of selling the purest and finest spice mixes, without compromising on quality.

In her words, “Customer health is our utmost priority and hence we only sell quality products. The trust of customers always comes with the time and efforts we put in, to serve them with the highest quality products. Money will come eventually.”

She is now an inspiration to several other women in her community.



Financial and digital literacy

As a Small Finance Bank (SFB), our objective has always been to build a strong banking and financial ecosystem that caters to the unbanked and unserved, with easy access to credit and banking services. Over the years, we have served the needs of the underbanked and marginalised segments of the society — small and marginal farmers, micro and small industries, and the unorganised sector.

These associations pointed out the lack of financial literacy among certain strata of the society, which hinders the adoption of formal financial services. Remedying the situation, the Bank conducted programmes for imparting financial literacy and education as a mode of creating awareness about banking products, government schemes, insurance and pensions etc.

We follow a unique creative model of *Nukkad Natak* (Street Play) to reach

Sports for development

Sports is associated with improvements in health, cognitive processes, sociability, productivity and quality of human life. Sports are crucial in the overall development of children as it helps in learning life lessons on discipline, team handling, and co-ordination, inculcating team-spiritedness, besides building strategies and developing leadership qualities among others.

At AU Foundation, we initiate multi-faceted sports intervention programmes that encourage youngsters to take up sports and coach them for state and national level participation.

“A community that plays together, stays together because it knows ways to win any challenge that life throws at them.”

out to our target audience, primarily to farmers, workers, school/college students, women, Self-Help Groups (SHGs) both in urban and rural populations. With our expertise, we have made the sessions more interesting by adding animated videos for delivering the right messages in their local dialects.

During the year, we conducted 1,767 financial and digital literacy camps in more than 82 districts of 6 states (Rajasthan, Gujarat, Madhya Pradesh, Maharashtra, Haryana and Punjab), reaching out to nearly 3 lakh people.

3 lakh

people reach through various financial and digital literacy programmes



We promote team sports like football and basketball through our 19 sports development centres at five different districts. These centres help the athletes to learn skills and discipline, increase endurance and

agility, and build general awareness about current affairs and sports. Our sports programme, ‘Khel-Khel Mein’ benefited over 3,300 children during FY 2019-20.



Financial Inclusion

Global Findex database of the World Bank 2017, reported that globally 1.7 billion adults lack an account, and approximately 31% people do not have a bank account and are totally excluded from mainstream financial services and products. Access to affordable financial services is an ultimate tool for overcoming poverty and minimising income inequalities, and hence the role of financial inclusion becomes significant.

Relatively speaking, India has been one of the bright spots in an otherwise lacklustre global economy. As we move ahead, the near-term growth outlook especially for discretionary spends is sluggish. However, India's favourable demographics, continuing policy reforms, significantly better Current Account Deficit (position 0.2% of GDP for Q3 FY20), and improved banking and corporate balance sheets augur well for its medium - to long-term growth prospects.

At AU Bank, we are committed in bringing more and more unbanked and underbanked people under the ambit of formal banking channels by addressing and offering adequate and timely solutions to break the shackles of exclusion.

Our market insights and greater penetration in rural and semi-urban areas enable us to build the right platform for financial inclusion. Over the years, our approach of personalised touch, assessing customers more on their behaviour and offering them customised lending products to suit their needs, have enabled us to reach out to over one and a half million people to fulfil their dreams.

The RBI has formulated the National Strategy of Financial Inclusion, defining its objectives with the vision of ensuring access to an array of basic formal financial services to all the sections of society. AU Bank has designed its programme structure revolving around these key objectives.

UNIVERSAL ACCESS TO FINANCIAL SERVICES

ACCESS TO LIVELIHOOD AND SKILL DEVELOPMENT

CUSTOMER PROTECTION AND GRIEVANCE REDRESSAL

ENSURING BASIC BOUQUET OF FINANCIAL SERVICES

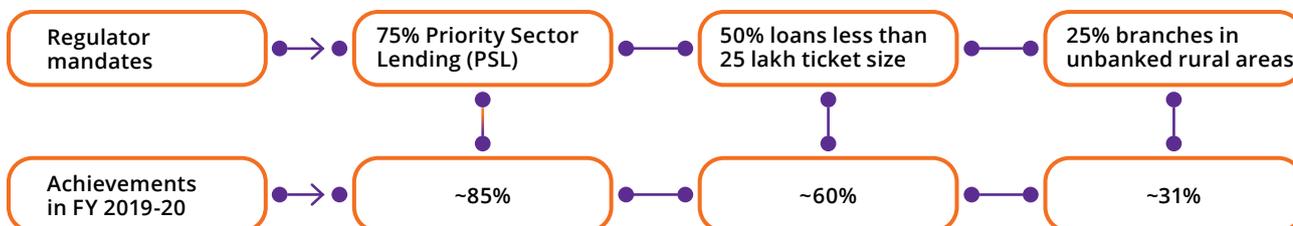
FINANCIAL LITERACY AND EDUCATION

EFFECTIVE CO-ORDINATION AMONG STAKE HOLDERS

www.aubank.in/financial-inclusion



AU Bank Financial Inclusion (FI) objectives and achievements



KEY HIGHLIGHTS, FY 2019-20

₹ 2,857 crore
MUDRA# disbursements

~80,303
BSBD^ Accounts, Cumulative numbers as on 31st March 2020.

~₹19 crore
Disbursed Under PMEGP*

~₹ 4,098 crore
Deposits collected in semi-urban, rural and UBR

#Micro Units Development & Refinance Agency Ltd. | ^Basic Savings Bank Deposit Accounts | *Pradhan Mantri Employment Generation Programme

Where everyone banks

Inclusive banking remains a challenge in India. Our financial inclusion programmes focus on increasing access of formal banking services to benefit small and marginal farmers, economically weaker sections, micro, small & medium sized enterprises & business owners.

50%
of retail asset customers are self employed

57%
of liability customers are self employed

Priority sector lending

As per RBI, the sectors which are important for our country's development - agriculture, Micro Small & Medium Enterprises, education, housing, exports, social infrastructure, renewable energy etc. - come under the ambit of priority sector lending.

As a Small Finance Bank, we continue to abide and focus on extending credit to these priority sectors.

We at AU, always choose to serve the unserved and underserved sections of the society, with no formal document for income

proof and no document to prove the intention of borrower for graduating to the next level.

“We came into existence to serve the unserved & underserved. Lending to the priority sector is embedded in our design.”

Our target customers include low and middle-income individuals and credit-worthy micro/small enterprises that possess business potential, but are unable to avail financing from formal channels viz. drivers, small transport operators, kirana and general stores, carpenters, textiles, hardware and electrical shops, furniture works, fabrication units, flour mills, educational institutes, healthcare institutions, and various other small manufacturers and traders.

~22%

Priority Sector Lending under
Agriculture & Agri-Allied activities

₹ 64 crore

Disbursed under CGTMSE# Scheme

₹ 23 crore

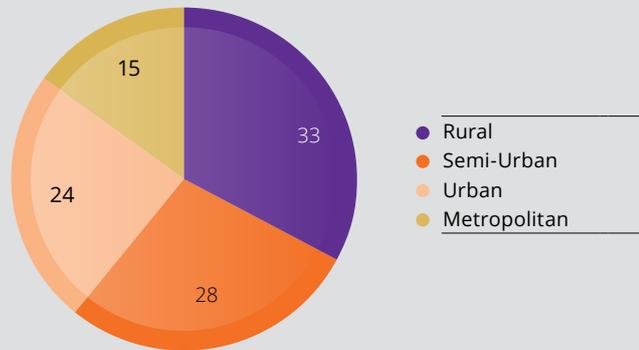
Transferred under PMAY-CLSS^

#Credit Guarantee for Micro & Small Enterprises ^Pradhan Mantri Aawas Yojna – Credit Linked Subsidy Scheme

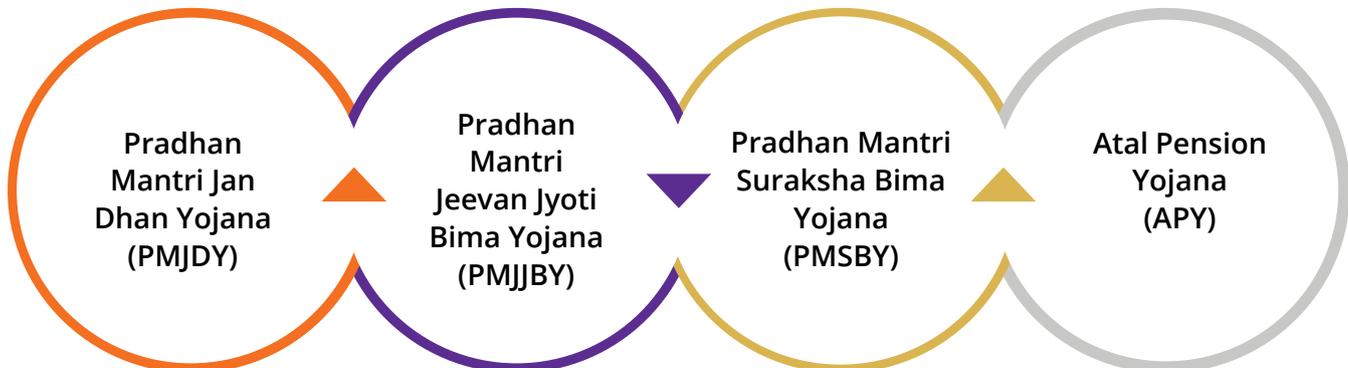
Covering across geographies

We serve in geographies across the spectrum - from Tier-I to Tier-VI centers, in metropolitan, urban, semi-urban and rural/unbanked rural (UBR) areas, through our 528 Bank branches, of which 164 are in UBR regions.

Region-wise Branch Distribution (%)



TO ADDRESS THE NEEDS OF LOW INCOME GROUPS, WE ALSO DRIVE GOVERNMENT OF INDIA'S INITIATIVES



Financial literacy and education

Financial inclusion and financial literacy are two important elements in the developmental role of the Bank in banking the unbanked. In order to spread financial literacy and education, the RBI has developed and shared awareness content on financial

products and services, good financial practices, going digital and consumer protection with different stakeholders. RBI encourages digital financial literacy initiatives in rural areas.

During the year, we conducted several financial literacy and

education camps, and created awareness on various banking habits like the importance of saving, introduction of various deposit products, importance of KYC, Social Security Schemes, insurance and consumer protection while going digital.



Driving financial inclusion through technology

Our TAB-based banking, ‘paperless onboarding’ of customers, eKYC with support of AePS (Aadhar Enabled Payment System) technology are redefining customer experience.

“Our digital interventions with a re-engineered approach, testify the intent to simplify banking, by eliminating unnecessary steps and enabling smooth onboarding of the customer’s journey.”

Our doorstep banking, tab banking, AU Abhi, WhatsApp Savings Account, Chatbot, Tax Payment from Branches, Missed Call Banking, Internet Banking and Mobile Banking — all come together to enhance one’s visualisation of how technology is transforming banking and augmenting customer ease.

REACHING THE LAST MILE

We have established a robust network of Banking Outlets in the unbanked rural areas and Business Correspondents to extend banking services to the remotest areas. These, technology-enabled outlets provide all basic banking

services remotely with a handheld device (TAB), such as opening of accounts through eKYC, facility of cash deposit, withdrawal and remittances, insurances and pension.

The AePS enabled devices allow customers to carry out interoperable financial transactions using the Aadhar with customer’s biometric authentication.



EMPOWERING FARMERS

₹ 2,723.46 crore

Disbursed under Agri Portfolio in FY 2019-20

Nearly 70% of the rural population in India is dependent on agriculture and its allied activities as a source of livelihood. These people suffer from a great deal of indebtedness and are subject to exploitation in the credit market, due to high interest rates and lack of convenience of credits.

To avoid these debt traps of unorganised credit lending to the agriculture sector, AU Bank has developed a conduit of products that meet the credit needs of agriculture and its allied activities.

The Bank, besides not limiting its services in extending credit for farm-based activities, has also achieved discernible progress in developing the product to satiate the credit need of the entire agri value chain.

We categorised our products under Agriculture Funding into three major pillars:

- Farm Based Activities (Land Based Activities & Agri-Allied Activities)
- Agriculture Infrastructures
- Ancillary Activities/ Agri Enterprises

In Farm based activities, we have unrestrained funding for purchase of Agri-Equipment like tractors and to Agri Allied activities like dairy, bee keeping, poultry, fisheries, etc. In FY 2019-20, we have funded ₹ 769.93 crore under Farm Based Activities, reaching out to 19,827 beneficiaries.

Majority of the farmers engaged in agricultural activities in India, are small and marginal, considered most vulnerable in terms of accessing the formal financial system to meet their funding needs. The upliftment of the sector is possible by injecting adequate amount of credit to support these small and marginal farmers. In FY 2019-20, we have funded ₹ 1,270.21 crore to small and marginal farmers.

The Bank intends to build a conducive environment for funding to the agricultural sector and its allied activities. Hence the Bank has adopted a prudent strategy in extending credit facility for setting up of Agri-Infrastructure

to support a strong network of forward linkages of farm produce. We endeavour to provide both term as well as overdraft facility by funding for Agri-Infra creation like the construction of warehouses, godowns, cold storages, market yards, etc. for storing agricultural produce.

The Food and Agro Processing sector is one of the most critical links in the entire Agri value chain. Agri Ancillary activities include loans to high-tech horticulture projects, food and agro processing units, etc. To fulfill the credit appetite of the Food and Agro Processing sector, the Bank offers wide range of working capital products. We have extended our support by funding 1,723 cases, with ₹ 178.91 crore in Agri Ancillary activities.

The Bank has also funded in other Agriculture activities with disbursement of ₹ 485.64 crore in FY 2019-20.

We are thrilled to be seamlessly fulfilling the credit needs of several such farmers, and be a part of their success stories.

Environmental Impact

As a financial services provider operating in a developing economy, we are keenly aware of the seriousness and urgency of climate change. In response, we have incorporated environmentally oriented measures into a range of bank operations, lending, products, and services to enable the transition toward a low carbon measure. We have policies and processes in place for reducing energy usage and minimising our environmental footprint. Our efforts also focus on reducing waste, harnessing renewable energy through installed solar panel in the office premises, reducing electricity consumption, savings in paper usage.



Reducing our carbon footprint

Conservation of Energy

AU Bank endeavours to improve energy efficiency and systematically manage energy use throughout its operations. Some of the key initiatives undertaken to drive energy efficiency are:

- Installing a BTU Meter in the chilled water system for air conditioning at our Head Office to reduce the consumption of energy
- Designing and planning the ecosystem to maximise the use of day-light in office premises and use of energy efficient LED Lights in our offices & Branches
- Installing Energy Star appliances to meet the Environmental Safeguard Agency's (ESA) Power Star advisory for minimal electricity usage
- Optimising the use of energy by installing a solar panel at our head office for reduction in carbon footprint
- Planting more than 1,000 trees in FY 2019-20 to neutralise impact of the carbon footprint

Advanced Setting Power Use Interface

The Bank implemented the latest Operating Systems and is working on setting up of the Advanced Settings Power Use Interface (ACPI) enabled devices. During FY 2019-20, we have saved nearly **59,20,000 kWh** electricity using **13,200 ACPI** enabled devices.

Reduction in Consumption of Fuel

- The Bank understands the criticality of environmental challenges and the benefits of transitioning towards a low carbon economy. We have setup lithium ion batteries/ invertors in our branches in place of DG sets, saving the use of diesel and reducing emission of CO₂ in the environment.



- We have encouraged our customer to use our digital channel of banking like net banking, mobile banking, UPI etc. for financial and non-financial transactions to promote ease of banking, save consumption of fuel as well as reduce travel time and expenses of customers

Virtualised Info Centre

Server virtualisation allows the business to migrate data from physical servers to software based virtual machines, which can hold data equivalent to that held on many physical servers. This remains the most effective way for the Bank to reduce energy consumption while boosting system efficiency and agility. We have saved nearly **82,05,000 kWh** of energy by virtualising the **1,094 servers** in FY 2019-20.

Energy Management

Electrical and electronic equipment contain different hazardous materials, harmful to human health and environment, if not disposed carefully. The e-waste generated, is disposed through authorised recyclers. A total of **2.95 tonnes** of e-waste was disposed in FY 2019-20.

Our approach of reusing electronic devices like laptops/desktops is also an important focus area in energy management.

Technology Absorption

The Bank witnessed a strong growth in adoption of TAB-based account opening, android-based mobile banking, and internet banking, thus minimising paper usage, reducing waste generation and achieving improved waste management. In FY 2019-20, we have opened **3,46,818** accounts digitally, and saved the usage of tonnes of paper.

The Bank's initiative in paperless banking for processing the loan applications of Two-Wheeler and Consumer Durables loans as well as the 'No deposit slip' policy, have significantly reduced the use of paper.

(Regulatory Disclosures as per SEBI Circular No. CIR/CFO/CMD/10/2015 in respect of Business Responsibility Report is annexed as Annexure VII to the Board's Report)

Annexure VII

ANNUAL REPORT ON BUSINESS RESPONSIBILITY

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company	L36911RJ1996PLC011381								
2. Name of the Company	AU SMALL FINANCE BANK LIMITED								
3. Registered address	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001 (Rajasthan)								
4. Website	www.aubank.in								
5. E-mail id	investorrelations@aubank.in								
6. Financial year reported	1 st April 2019 to 31 st March 2020								
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	National Industrial Classification 2008 Section K: Financial and Insurance Activities Code: 64191								
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	<ul style="list-style-type: none"> • Deposits and Other products • Wheels and SBL Loans • Small and Mid – Corporate Loans 								
9. Total number of locations where business activity is undertaken by the Company	(a) Number of international locations – None (b) Number of national locations – 647 as on 31 st March 2020								
10. Markets served by the Company	<table border="1"> <thead> <tr> <th>Local</th> <th>State</th> <th>National</th> <th>International</th> </tr> </thead> <tbody> <tr> <td>✓</td> <td>✓</td> <td>✓</td> <td>x</td> </tr> </tbody> </table>	Local	State	National	International	✓	✓	✓	x
Local	State	National	International						
✓	✓	✓	x						

SECTION B: FINANCIAL DETAILS OF THE COMPANY AS ON 31ST MARCH 2020

1. Paid-up Capital	₹ 304,12,33,270 (₹ 304.12 crore)
2. Total Turnover (₹ in crore)	4,991.98
3. Total profit after taxes (₹ in crore)	674.78
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.87%
5. List of activities in which expenditure in 4 above has been incurred	<ul style="list-style-type: none"> • Sustainable Livelihood Programmes – Exclusively designed community engagement programmes to build a self reliant approach in youths and to promote women entrepreneurs through vocational & interpersonal relationship training driven by AU Skills Academy and AU Udyogini. • Financial & Digital Literacy – The Bank continues to pro-actively engage with the local community and has conducted 1,767 financial literacy camps in the rural & semi-urban geographies and in urban slums in FY 2019-20 to promote financial & digital literacy by providing education on basic financial product and services and help in enhancing their knowledge. • Sports for Development – By nurturing sporting talent among children through life discipline, team handling, co-ordination skills and also to train them to graduate to higher level in sports. • COVID-19 – Bank immediately responded to emerging needs of the society caused by unexpected COVID-19 outbreak which brought the health sector and the world economy with unprecedented challenges.

Note: Details of CSR initiatives are forming part of CSR Report as Annexure-II of the Board's Report.

SECTION C: OTHER DETAILS (AS ON 31ST MARCH 2020)

1.	Does the Company have any Subsidiary Company/Companies	No
2.	Do the Subsidiary Company/Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	Not Applicable
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for Business Responsibility (BR)

(a) Details of Director/Directors responsible for implementation of the BR policy/policies

DIN	00009526
Name	Mr. Sanjay Agarwal
Designation	Managing Director & CEO

(b) Details of BR Head

DIN Number	NA
Name	Mr. Sunil Parnami
Designation	Chief of Investor Relations and M&A
Telephone number	022-62490607
E-mail id	sunil.parnami@aubank.in

2. Principle-wise (as per National Voluntary Guidelines) BR Policy/policies

(a) Details of compliance (Reply in Y/N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	*Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	-	Y	Y
4.	**Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6.	Indicate the link for the policy to be viewed online?	www.aubank.in/notice-board								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Policies/code that are internal documents of the Bank are accessed by employees through BIMS (an internal portal for policies & procedures) and other relevant Board approved policies have been hosted on the website of the Bank and can be accessed at the above link.								
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	-	Y	Y

*All policies of the Bank have been formulated in compliance with applicable regulatory requirements prescribed by MCA, RBI, SEBI & other regulators, business requirements and in line with the industry best practices.

**The policies are being put up to the Board for approval after signature of respective process owner(s).

(b) If answer to the question at serial number 1 against any principle, is 'No', explain why: (Tick up to 2 options)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or human resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)							@refer below		

@The Bank works closely with collective trade and industry associations and there is no specific policy outlined for this principle and we do not take part in any lobbying or policy advocacy.

Principle wise policies

P.No	Business Responsibility Principles	Relevant Policies/Code
P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Fraud Risk Management Policy, Compliance Policy, Risk Based Internal Audit Policy, Anti-Bribery and Anti-Corruption Policy, Code of Conduct for Employees, Code of Conduct for Directors and Senior Management Personnel, Code of Conduct – Prohibition of Insider Trading Policy, Policy on Related party Transactions & Materiality, Code of Fair Disclosure and Conduct and Prohibition of Fraudulent and Unfair Trade Practices relating to securities market
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Fair Practice Code for Lenders, MSME Policy, Policy on Business Correspondents, Social and Environmental Management System, Policy for Soliciting and Servicing Insurance Products and Code of Conduct for Direct Selling Agents
P3	Businesses should promote the wellbeing of all employees	Learning & Development Policy, Code of Conduct for Employees, Capacity building policy, Compensation policy, Whistle blower Policy & Vigil Mechanism, Employee Leave policy, Prevention & Redressal Against Sexual Harassment and Job Rotation Policy
P4	Businesses should respect the interests of and be responsive towards all stakeholders especially those who are disadvantaged, vulnerable and marginalised.	Investor Grievance Redressal Policy, Communications Policy, CSR Policy, Customer Service Policy, Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market, Policy for Determination of Materiality of Events/Information, Whistle Blower Policy & Vigil Mechanism and Prevention & Redressal Against Sexual Harassment.
P5	Businesses should respect and promote human rights	Citizen’s Charter, Charter on Customer Rights and Fair Practices Code for Lenders
P6	Business should respect, protect, and make efforts to restore the environment	Social and Environmental Management System
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Bank does not have any policy/code for this principle
P8	Businesses should support inclusive growth and equitable development	CSR Policy and Social and Environmental Management System
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	Customer Service Policy, Customer Grievance Redressal Policy, Customer Compensation Policy, Citizen’s Charter, Collection of Dues & Repossession of Security, Charter on Customer Rights and Fair Practice Code for Lenders

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company? Within 3 months, 3-6 months, annually or more than 1 year?	The Board constituted CSR Committee meets at least twice in a year. The impact of the BR initiatives are monitored by BR Head and it is reported at regular interval to the management. BR performance of the Company is assessed annually by Board of Directors.
(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes, the Bank publishes its BR Report annually Hyperlink: www.aubank.in/disclosures

SECTION E: PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1

BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

No.	Description	Response
1	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?	No. The policy for this principle is applicable on all stakeholders including vendors, service providers of the Bank. The Bank has adopted a 'zero-tolerance' approach to bribery and corruption and put in place an Anti-Bribery and Anti-Corruption Policy, which sets forth obligations on part of every employee for prevention, detection and reporting of any act of bribery or corruption. Under the Bank's Anti-Bribery and Anti-Corruption Policy for vendor mechanism and outsourcing mechanism, the Bank ensures that a culture of transparency and highest ethical standards are followed while transacting and dealing with all the external stakeholders including vendors & suppliers.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	The Bank has appropriate mechanism in place for redressal of grievances of stakeholders with the Bank. During the reporting period, the Bank has not received any complaints from shareholders through SCORES and other modes, and queries and requests of the shareholders have been duly resolved. The details of customer complaints have been disclosed in the schedule no. 18(12) of notes to accounts of the Audited Financial Statements for FY 2019-20.

PRINCIPLE 2

GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFECYCLE

No.	Description	Response
1	List up to three of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	As a young phygital and tech focused Bank, our wide range of products supports the financial aspirations of our customers covering the credit, savings, payments, transactions financial needs and to make a positive impact on society. <ul style="list-style-type: none"> • Inclusive Banking – Offering world class Banking experience and for Banking the unbanked • Lending Products: Financing to Retail MSMEs, vehicle finance, Agri, SME & Mid Corporate, healthcare and other sectors • Digital Banking – Mobile Banking, Corporate Internet Banking, Missed Call Banking, Chatbot, AU Abhi and Tab Banking etc. for enhanced convenient digital banking.
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional) <p>(a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?</p> <p>(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year</p>	(a) The Bank, as a responsible organisation, established and implemented the required systems and processes to conserve energy aligned to its nature of the business. The Bank is using energy efficient cooling systems for its operation and also implemented IT architecture in a manner to achieve internal natural resource consumption efficiencies and simultaneously minimising the carbon footprint. (b) The Bank spearheaded its services with several unique banking innovations for Savings & Current Account, paperless and digital customer acquisitions, no 'home branch' concept, no slips for cash deposits or withdrawal and no form for Real Time Gross Settlement (RTGS) transactions, internet banking, mobile banking, WhatsApp Banking, Banking through Missed Call and various application solutions thereby reducing paper consumption, customer time as well as fuel consumption.

No.	Description	Response
3	Does the Company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	Being a Banking Company, sustainable sourcing of inputs is not significant in its operations. However, the Bank endeavours to reduce the environmental impact of its operations. The Bank does not utilise raw materials/resources directly, yet in procurements of electrical equipment ESP star ratings are taken into consideration while procuring equipments & products for its branches/offices to save electricity.
4	Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	Yes, the Bank procurement procedures covers quality assurance review of the vendors while procuring/ordering goods and services, wherein small and local vendors are given preference for procurement of daily use items and services such as stationary, food and beverages, taxi etc. The Bank also endeavours for upliftment of local and small vendors by providing them easy access to loans including working capital loans for their Businesses.
5	Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	Being a Bank, our products are intangible in nature that they cannot be recycled. Hence, we have limited scope for using recycled material as processed inputs. The Bank follows e-waste disposal guidelines for disposal of fairly old systems and equipments in an environment friendly manner.

PRINCIPLE 3

BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES

No.	Description	Response																
1	Please indicate the total number of employees.	17,112																
2	Please indicate the total number of employees hired on temporary/contractual/casual basis.	1,079																
3	Please indicate the number of permanent women employees.	972																
4	Please indicate the number of permanent employees with disabilities.	5																
5	Do you have an employee association that is recognised by management?	No																
6	What percentage of your permanent employees is members of this recognised employee association?	Not Applicable																
7	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	<table border="1"> <thead> <tr> <th>No.</th> <th>Category</th> <th>No. of complaints filed during the financial year</th> <th>No. of complaints pending as on end of the financial year</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Child labour/forced labour/ involuntary labour</td> <td>0</td> <td>0</td> </tr> <tr> <td>2</td> <td>Sexual harassment</td> <td>6</td> <td>0</td> </tr> <tr> <td>3</td> <td>Discriminatory employment</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year	1	Child labour/forced labour/ involuntary labour	0	0	2	Sexual harassment	6	0	3	Discriminatory employment	0	0
No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year															
1	Child labour/forced labour/ involuntary labour	0	0															
2	Sexual harassment	6	0															
3	Discriminatory employment	0	0															
8	What percentage of your undermentioned employees were given safety & skill up-gradation training in the last year?	a. Permanent Employees: 87% b. Permanent Women Employees: 98% c. Casual/Temporary/Contractual Employees: 52% d. Employees with Disabilities: 60%																

PRINCIPLE 4

BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED

No.	Description	Response
1	Has the Company mapped its internal and external stakeholders? Yes/No	Yes
2	Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?	<p>As a Small Finance Bank, we are guided by the Reserve Bank of India (RBI) guidelines on priority sector lending, lending to small and marginal farmers, lending to weaker section and to support government-led initiatives to improve access to financial services, and insurance and pension cover for reaching out to disadvantaged, vulnerable and marginalised stakeholders. Internally, the Bank carries out data mining for analysing its existing customers by classifying them under suitable categories.</p> <p>The Bank has also emphasised on development of women by strengthening their skills and providing entrepreneurship training under its flagship CSR programme AU Udyogini, thereby paving the path for women empowerment in rural, semi-urban and local areas.</p> <p>The Bank is taking steps to enable easier access to the Bank's branches and ATMs for the physically challenged people and is also providing facility for the visually challenged to transact at ATMs.</p>
3	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.	Yes, the Bank follows a two pronged approach, one through direct intervention by engaging with the under-banked and unbanked population in rural and urban India, which is still not entirely integrated into India's mainstream economy and offering them simplified banking services and, second through its CSR programs, where the focus is on skill development of woman and students in rural, semi-urban and urban slums to become self-reliant. Please refer CSR section of Annual Report for more details.

PRINCIPLE 5

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

No.	Description	Response
1	Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?	<p>The Bank's corporate whistle-blower program covers all its internal and external stakeholders providing them means to directly report their concerns, if any, to the Chief Vigilance Officer of the Bank. There is non-discrimination and fair to all approach that is followed by the Bank, and the Bank's Fair Practices Code ensures that all its products and service offerings are made available to its customers without discrimination.</p> <ul style="list-style-type: none"> • The Bank offers doorstep banking, support to Sr. citizen customers and a ramp at its Branches for easy access by physically challenged customers. • The Banking outlets & Business correspondents of the Bank in rural & other areas offer doorstep Banking services and enhance these services further by reaching out and offering remittance, transfer and deposit – withdrawal services to customers. • In view of the lock down, rural customers were worst affected and marginal savers were supported well by AU by taking Banking services to their doorsteps.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the Management?	No complaints with respect to Human rights violations were reported during the period under review.

PRINCIPLE 6

BUSINESS SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

No. Description	Response
1 Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others?	Yes, The Bank understands its role and while carrying out its operation, it acts in a socially responsible manner to address the environmental and other concerns. The Bank complies with applicable environmental guidelines in its operations to the extent applicable. The Bank endeavor to create awareness among its vendors, suppliers about the policies that governs the Bank and the compliance to be ensured in this regard. The Bank also encourage vendors to adopt environment friendly measures in their operations. Further, the Bank's CSR Policy covers Environment Sustainability and projects have been undertaken to create positive, direct environmental impact through tree plantation drive and other measures and also by engaging with internal and external stakeholder to build and make meaningful impact of its efforts in this direction.
2 Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for web page etc.	No
3 Does the Company identify and assess potential environmental risks? Y/N	Yes, as a responsible Bank, we comply with applicable environmental regulations in respect of its premises and operations. Further, the Bank's Social Environment Management System (SEMS) sets guidelines to refrain from financing any activity that does not comply with applicable social and environment statutes applicable in India.
4 Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Not Applicable
5 Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc?	As a conscientious Bank, we understand our responsibility to operate in an environmentally sustainable way by developing, promoting and utilising eco-friendly and resource-efficient services. In this regard, the Bank has designed offices infrastructure that is energy efficient, to save energy and to make optimal utilisation of natural resources at its Branches and other offices. Further, we are pleased to inform that your Bank has initiated steps by installing the solar panel in its office to make clean energy and to reduce the carbon footprint.
6 Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes, The Bank's emissions and waste are within permissible limits of the laws applicable.
7 Number of show cause/legal notices received from CPCB/ SPCB, which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	Nil

PRINCIPLE 7

BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

No.	Description	Response
1	Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	The Bank is a member of various trade bodies and associations such as the Indian Banks' Association, Confederation of Indian Industry in India and the Indian Institute of Banking & Finance among others. The Senior Management of the Bank participates in the programme organised by the above and other institutions to present views and represent issues of the Banking sector and of common interest.
2	Have you advocated/lobbied through the above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	No

PRINCIPLE 8

BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

No.	Description	Response
1	Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof?	Yes, the Bank is focused towards making socially inclusive and equitable growth by contributing to the upliftment of marginalised communities, women, partially disabled and others, and has taken several actions and initiatives to redefine the boundaries of social good through inclusive banking in areas where it operates. Through the Digital Banking unit, the Bank is driving digital payments across all economic sections of the society. <ul style="list-style-type: none"> Skill training initiatives of AU Foundation include the AU Skill Academy, where the poor/marginalised young population is provided with vocational and job-oriented training, is provided to become self-reliant. 5 Academies have been established to train upto 5,000 Students every year. <p>The details of programmes/initiatives/projects are covered in the CSR Report as Annexure-II of this Board's Report.</p>
2	Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/ government structures/any other organisation?	The projects/programmes are undertaken primarily through in-house teams with involvement at the ground level, through the AU Foundation and with the assistance of implementation partners, as part of its overall strategy.
3	Have you done any impact assessment of your initiative?	Periodic reviews are carried out for various projects. The Bank's initiatives cover comprehensive programmes for inclusive growth and evaluation with regard to the progress made in providing skills training, financial and digital literacy, women entrepreneurship programmes and access to banking and financial services to under-privileged customers, which are reviewed at regular intervals.
4	What is your Company's direct contribution to community development projects amount in INR and the details of the projects undertaken?	The details of contribution to community development projects are covered in the CSR Report as Annexure -II of this Board's Report.
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.	In all the social initiatives, the community plays a very important role for Bank. AU Foundation encourages that active engagement of key stakeholders such as government, NGOs, communities and other local institutions to facilitate developing and building community ownership, while ensuring the sustainability of the social development programmes. All projects and programmes developed under the CSR initiatives are largely focused on maximum community participation in rural and semi-urban, urban slums and other areas. Further, while designing the products & financial services delivery model, and the priority sector lending guidelines, the unbanked and under-banked population in rural and urban are considered as key constitutes for achieving Financial Inclusion meaningfully in the country.

PRINCIPLE 9

BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

No.	Description	Response
1	What percentage of customer complaints/consumer cases are pending as on the end of financial year?	0.76% of total customer complaints received by the Bank, are pending as on 31 st March 2020.
2	Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. Remarks (additional information)	<p>Being a Banking Company, our products are intangible. Hence, product labelling is not applicable. However, the Bank complies with the disclosure requirements relevant for its product and services.</p> <p>Additionally, the Bank also displays the details of its products through various modes viz. brochures, website, print media and social media etc.</p>
3	Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.	<p>In the ordinary course of business, some customers and borrowers have had differences with the Bank, which could result into their filing of suits in courts alleging deficiencies of service. In order to reduce such instances, the Bank’s customer experience team has taken several initiatives by being connected with customers and for offering the best banking experience.</p>
4	Did your Company carry out any consumer survey/consumer satisfaction trends?	<p>Yes, the Bank believes that the culture of best-in-class customer experience can be achieved by listening to customer voice, acting and closing the loop with resolution, which leaves a smile on customer’s face.</p> <p>In this regard, the Bank conducted a customer survey to measure the delight level of our customer using QR code, where their feedback regarding the experience of our service delivery through various channels have been captured, and appropriate solutions were built in on the basis of their feedback.</p>