



Singapore Branch

Environmental Risk Management Disclosure of Indian Bank Singapore Branch

Indian Bank Singapore Branch (hereinafter called as Bank) recognizes environmental risk, particularly climate-related risks, as a significant and emerging threat to financial stability and long-term value creation. In line with the Monetary Authority of Singapore (MAS) Guidelines on Environmental Risk Management for Banks (issued June 2020), we are committed to identifying, assessing, monitoring, and managing environmental risks in a manner proportionate to our size and complexity, while progressively aligning our practices with international standards such as the Task Force on Climate-related Financial Disclosures (TCFD).

Environmental risk is increasingly being recognised as a key risk globally with climate change at the forefront of concerns and issues revolving around the environment are widely acknowledged across the world as a global challenge. For a Bank, Environmental Risk not only poses reputational concerns, but also has potential financial impact on the portfolios and activities which could potentially materialize as a financial loss through physical and transition risks.

As credit risk is eminent in Banking Industry and to consider or evaluate the factors related to environment, which may pose a risk to the business / project, an integrated environmental risk policy is required.

When financing the projects, our decision making process includes climate related risks as an integral part. It is pertinent that climate-change-related risks may potentially impact a customer's ability to repay the loan. Risks and opportunities associated with climate change typically relates to their activities and/or physical locations and vary by customer. Hence the evaluation of climate risk is to be carried out on a case-by-case basis.

Environmental and climate change could translate into the following financial risks. The credit department will diligently consider the following risks while financing its customers.

- Liability Risk
- Financial Risk

- Credit Risk
- Market risk
- Liquidity Risk
- Operational Risk
- Reputational risk

A prospective financing arrangement can have the following risk categories

- High Risk-Projects with potentially significant adverse environmental impact
- Medium Risk-projects with limited adverse environmental impact and
- Low Risk-projects with minimal or no adverse environmental impact

In order to oversee the exposure towards various commodities, commodity wise exposure limits is stipulated in the Environmental Risk Management policy and sectors are classified as High risk, Medium Risk and Low risk sectors.

Projects are categorized based on environmental risk level as below

- Industry sector
- Proximity to environmentally sensitive areas
- Potentially irreversible impacts
- Extent of social and environmental issues

The aspects which are to be considered by the lending officers at the time of evaluating the environment risks, on a case-to-case basis, includes the following:

- Evaluate the operations of customers
- Evaluate customer's commitment, capability and track record of managing climate-related and environmental risks
- Performance of a detailed Environmental Due Diligence

In order to assess the environmental risk posed by borrower, Indian Bank has developed a questionnaire to collect the detailed data about customer & their business to rank them on a low, medium and high risk category. The questionnaire is applicable for customer exposures of USD 10 Mio and above.

Bank is having a continuous monitoring mechanism in place which includes monthly placing of note to Top management on Climate Risk portfolio, As per internal policy, Bank has an internal threshold of Climate Risk advances to Total Advances.

Green Initiatives taken at Head Office level:

- Solar Power and LED lighting
- Harnessing of Solar power to Corporate Office, this is already under Green Building (Gold Rating Status).
- Expanding the Solar Power Plant installation network in Bank's own building, wherever technically feasible, to reduce the annual overall expenditure on Energy consumption.
- Adopting new technological products in the illumination systems by using LED lamps in the interior lighting systems
- New branches illuminated with LED lighting only.
- Lighting in existing branches being replaced in a phased manner.
- Conduct of Energy Audits periodically for branches and offices.
- Provision of timers for auto cut off of Air Conditioners installed at branches and Offices, installations of harmonic filters and usage of Star rated electrical appliances have considerably reduced the consumption of electricity

Head office initiatives on reducing environmental impact through digitalization:

By pushing for a higher adoption rate of digital banking services, the bank reduces the need for physical banking infrastructure and paper-based processes. This shift not only streamlines operations but also significantly cuts down on the bank's carbon footprint. The report highlights that 85% of the bank's transactions were conducted through digital channels in the last quarter of the fiscal year, an increase from 77% the previous year. Bank has till date launched 57 digital journeys which in turn has resulted in substantial reduction in the usage of paper essential for loan documents. The number of loan accounts opened digitally in the last FY 23-24 is approximately 51.50 lakhs. Branch of the future – Digital Banking helps in saving of 5.15 crore papers. (Considering each loan account comprising 10 papers on an average, it has resulted in a saving of 5.15 crore papers). Bank is Committed to lowering carbon emissions in business operations.

Bank will continue to identify climate-related metrics which will enable to effectively assess the impact of climate-related risks in line with the TCFD recommendations. The Bank is committed towards Singapore's net zero plan to reduce emissions and achieve net zero emissions by 2050.

Indian Bank is reviewing and enhancing environmental risk disclosures in a progressive manner and will continue to enhance the methodology as data quality and industry best practices become available.