

Enabling and Empowering our Stakeholders



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Amitabh Chaudhry
MD & CEO

Dear Stakeholders,

I am pleased to share with you Axis Bank's seventh Sustainability Report, for FY 2020-21.

The theme for this year's report is 'Equitable Economy, Thriving Community, Healthier Planet', which aims to convey our continued resolve to be an institution that supports our customers, employees, communities, natural environment, and indeed all our stakeholders to become resilient economically, socially and materially.

The COVID-19 pandemic continues to impact us all, and throughout the year, we continued to place utmost emphasis on doing whatever we could as an institution to help the country weather this crisis. I am filled with immense pride at the fortitude and resolve that each and every member of the Axis family has displayed throughout this period, often going beyond their mandates and exemplifying our institutional commitment to remain 'Dil Se Open' to all our stakeholders. Indeed, they have been our truest heroes and I thank them and their brave and supportive families.

I would also like to convey my gratitude to our country's COVID warriors, the brave men and women who have been tirelessly working in the toughest of conditions to bring the pandemic under control. Since early 2020, when

the COVID-19 cases first began to rise rapidly in India, Axis Bank has been providing direct support to our police departments, municipal authorities, civil hospitals and other such government entities in helping meet their requirements for medical support, safety and any other equipment that they may need to fulfil their duties. Our direct support to our frontline warriors reached close to 150 districts in 20 states in FY 2020-21. Through the Axis Bank Foundation, we continued our support to vulnerable communities, particularly in rural India, in helping cope with the socio-economic shocks of the pandemic and being able to restart their livelihoods.

Throughout the ongoing pandemic, close to 99% of our branches have remained functional, thanks to the hard work and dedication of all Axis Bank's employees as well as the systems and processes we put in place that enabled us to function effectively while following all safety norms and regulatory guidelines. I would like to highlight that this year, Axis Bank implemented one of the largest Work-From-Home programmes in the banking sector, with over 20,000 users able to concurrently and seamlessly access all the bank systems and use all the collaborative tools at their disposal to remain connected with each other and with their customers and other stakeholders.

Even as the nation-wide vaccination camp that rolled out in January this year offered hope that the worst may be behind us, the pandemic's second wave from March 2021 onwards proved that we, as individuals and as a nation, simply cannot and must not let our guards down. I am confident we shall come out stronger together from this experience.

Even prior to the onset of the pandemic, under our GPS strategy, we were already in the midst of strengthening our organisational core and enhancing our capabilities in technology and customer centricity. The hard work we put in initially not only helped us respond to the pandemic more effectively but also helped us deliver strong organisational performance.

In a sign of the strong investor confidence in the Axis Bank franchise, we successfully raised ₹10,000 Crores of capital this fiscal, which has not only further strengthened the Bank's capital adequacy ratios, but it shall also help address risks emanating from the COVID-19 pandemic and provide us adequate growth capital to leverage the opportunities that lie ahead.

Innovation has been a cornerstone of our strategy to transform ourselves into a more agile and future-ready institution. Innovation, applied across our human capital, our products and services, and our technological core, has enabled us to achieve a much higher degree of productivity, accountability and efficiency across the organisation. I believe that the pandemic has only catalysed this transformation journey, and we saw the current challenges as the ideal opportunity to accelerate our strategic investments into innovation and transformation. Today, we are seeing a much deeper and dynamic collaboration between our business and technology, with cross-functional squads active on over 220 transformation projects spreading across the Bank, each of them contributing to bolstering our efficiency and productivity.

Our digital banking journey continued to take rapid strides during the year and is enabling us to completely reimagine customer journeys and deliver market-leading products and services. Notably, the Bank has over 800 people committed fully to our digital transformation agenda, including an in-house team of 110 people covering all aspects from product design to development to quality assurance.

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Our customers too, continue to go digital at a rapid pace. 88% of all financial transactions by our customers were digital in FY 2020-21 and 74% of our customers were digitally active in the last quarter of the fiscal.

We continue to grow in the UPI space as a Payer PSP (Payment Service Provider) to some of the most marquee brands in the country. With a registered VPA base of 168 Million, the Bank had a market share of 17% as on 31 March 2021. Our mobile banking platform garnered a market share of 16% in the fiscal and remains among the highest-rated banking platforms on both Google Play Store and Apple App Store, demonstrating strong customer delight.

We remain committed to helping India transition to a low-carbon economy by channelising investments towards low-carbon sectors such as renewable energy, mass transport, electric mobility and green infrastructure. As on 31 March 2021, our total outstanding 'green' portfolio was little over ₹9,750 Crores, up from ₹6,447 Crores in the previous fiscal and we shall continue to strive to scale this further.

Towards deepening our presence in rural and semi-urban India, we initiated the Deep Geo initiative in FY 2019-20. The Deep Geo strategy aims to combine our physical reach into the rural markets with our strong technology capabilities to offer a comprehensive bouquet of products and services to the rural customers. The Initiative now covers 1,577 branches and has enrolled over 13,600 Common Service Centres, supporting the growth in our Rural loan book by 17% year on year.

Our employees have been our role models in this pandemic, displaying great ownership to power through what has been a challenging year. We are now moving beyond simply working from home and are actively identifying hybrid models where such flexibility and agility could perhaps be offered permanently. We have initiated what we call the 'Future of Work', putting in motion a strategy that significantly expands our human capital knowledge base, deliver on our diversity and inclusion imperatives and at the same time offering our employees greater flexibility in their roles. In the first phase, 1,200 employees from 18 different departments moved to a 100% virtual format while an additional 15,000 employees are following a hybrid model.

GIG-A opportunities, a new platform for alternate work models introduced this year embraces the 'work from anywhere' model and promises to boost our talent acquisition from smaller towns. We are aspiring to achieve 15% in incremental hiring over the next three years in such alternate work models.

Our investment into the growth and learning of our employees achieved a significant boost by way of the flexibility of a hybrid working model, and a large percentage of our employees undertook various e-learning modules and sessions to augment their skills and knowledge base. Notably, we launched a certification and talent development programme, called The Leadership Collective, focused on building the leadership capabilities of our middle management.

The community continues to be our key stakeholder, more so in these challenging times. In the past year, in addition to the nation-wide support towards COVID-19-focused response and relief, our CSR interventions touched some of the remotest corners of the country, spanning themes including education, sustainable livelihoods, skill development and financial inclusion and literacy.

Axis DilSe, our flagship programme in education, after its successful engagement in Ladakh in FY 2019-20, launched its second phase in the southernmost tip of Manipur in the North-East, where we are working with a children's school in the predominantly rural and tribal region over the next three years. In the first year, the intervention supported the creation of new physical infrastructure at the school,

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invested in the training of its teachers and upgrading of the school's educational curriculum. With the pandemic-related lockdowns and restrictions forcing the children to remain home for many months, we augmented our support by providing tablets to support digital learning for the students.

We have also initiated the 'Axis Bank Scholarship' programme at Ashoka University in Haryana. The programme aims to provide financial aid to female students for weaker economic backgrounds pursuing 'Science, Technology, Engineering, Mathematics' (STEM) degree programmes at the University. We are also supporting the creation of a unique museum for children, the Museum of Solutions, currently under construction in the heart of Mumbai. The Museum aims to be a dynamic, inclusive and experiential learning space for all children.

Our financial literacy and financial inclusion programme, led by our microfinance vertical, reached over 9 Lakhs primarily rural women participants in 22 states and 1 union territory during the year. This year, the programme added a new module, Axis Sachetana, towards raising COVID-19-focused health and hygiene awareness among community participants.

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Our focus on making our business operations greener continued through the year, as we scaled up existing interventions and launched new initiatives aimed at improving energy and resource efficiency and reducing our environmental footprint. The COVID-19 pandemic, that has prompted the shift towards virtual communications and hybrid work models, has also led to reduced energy and resource consumption in our physical operations. Going forward, we have now committed to adopting green principles for all our new infrastructure and are actively exploring greening of our existing offices and branches.

Globally, ESG has emerged as the definitive driver of organisational value creation as well as measure of performance and resilience. We believe a deeper ESG alignment into our governance and decision making shall strengthen our ability to recognise emerging opportunities and mitigate emerging risks.

We are taking measured steps to deepen the integration of ESG-aligned principles and performance across the Bank, from the Board level to our operations. ESG is now formally a part of Board-level discussion and has been included into the agendas of pertinent Board-level committees. We have established an ESG Steering Committee at the management level that comprises senior leaders of the Bank and is acting as the eyes and ears of the Board to ideate and drive ESG priorities across the organisation. At the business level, we are actively exploring ESG-aligned targets in various business and control verticals.

I am pleased to share that through the year, we improved our performance on key global ESG assessment platforms, such as the S&P Dow Jones Sustainability Indices, MSCI ESG Ratings and CDP, and continued to be a member of the prestigious FTSE4Good Emerging Markets Index for the fourth consecutive year in 2020.

In conclusion, I would once again like to convey my deepest gratitude to our Axis Bravehearts for their fortitude and commitment to their stakeholders, and we thank all of you for continuing to repose your faith in the Axis franchise. We remain committed as ever to meeting your expectations.

Warm Regards,

Amitabh Chaudhry
MD & CEO