



Natural Capital

As an organisation, we recognise the centrality of the relationship we share with our natural environment and are cognisant of our responsibility to protect it. As a financial institution, we actively work towards facilitating India's transition to a more environmentally sustainable economy and supporting actions that lead to a positive environmental impact within the Bank and among its stakeholders.

Sustainable Finance

Axis Bank supports the global transition towards sustainable finance, guided by the commitments under the Paris Agreement and to achieving the Sustainable Development Goals. The Bank is an active financier and lender in sectors aligned to positive social and environmental impact in India, that help grow India's physical infrastructure in a more sustainable manner and align with the country's sustainable and equitable development ambitions.

The Bank's total outstanding under its Corporate Advances book to sectors such as renewable energy generation, urban mass transport, electric mobility, and green buildings, stood at ₹9,753 Crores as on 31 March 2021, up over 50% from its previous year's outstanding of ₹6,446.58 Crores*.

Towards augmenting its book in sectors aligned to positive climate action, the Bank issued a USD500 Million green bond in 2016 which was the first certified dollar-denominated green bond by an Asian Bank. The Bank issued a smaller USD40 Million green bond as private placement in 2019. The Bank is committed to future

green issuances and has developed a more inclusive and detailed Sustainable Financing Framework that shall guide the Bank's future ESG-aligned issuances and cover both social and green sectors. The Framework was finalised and released in the public domain in August 2021, and can be accessed on the Bank's website at <https://www.axisbank.com/docs/default-source/default-document-library/axis-bank-sustainable-financing-framework.pdf>.

As a best practice, the Framework has obtained a second party opinion from Sustainalytics, thus providing the confidence that the Framework is aligned to prevalent best practices globally in the space and in line with investor expectations.

Under the governance approach proposed in the Framework, the Bank has established an ESG Working Group to provide the internal oversight and controls to track and report its ESG-aligned portfolio. Going forward, the Bank proposes to align its disclosures on its ESG-aligned portfolio to the Sustainable Financing Framework.

Integrating Environmental and Social Risks into Credit Decisions

Axis Bank has approved and implemented 'Sustainable Lending Policy and Procedures' (SLPP) since April 2016 that integrates environmental and social risks into the Bank's credit appraisal mechanism.

In August 2021, the Policy was renamed the ESG Policy for Lending and updated to better reflect the latest best practices on integrating ESG risks into credit appraisals. The Policy continues to be managed and implemented by the Environment and Social Management Group (ESMG).

A summary of the Policy is also now available on the Bank's website at www.axisbank.com/docs/default-source/default-document-library/esg-policy-and-procedure.pdf.

The Policy defines a detailed credit appraisal process and is applicable, subject to certain internal thresholds, to a wide range of loan types, as elaborated in the Policy document. Axis Bank recognises that international risk management

frameworks, adopted by financial institutions, have promoted convergence around common environmental and social standards for lending and project finance. The Policy suitably takes account of relevant standards and guidelines including those from the IFC and World Bank and various conventions ratified by India.

The process flow for the environmental and social due diligence as per the Policy has been elaborated in its publicly accessible version and includes pertinent parameters such as sector, location and inherent environmental and social sensitivities, as well as an exclusion list. This risk categorisation of credit proposals is primarily adapted from IFC's Sustainability Framework and is used to identify the key areas/themes to focus the scope of the Environmental and Social Due Diligence (ESDD).

During the year, a total of 37 proposals were assessed under the Policy.

* Includes large hydropower projects that have been classified as renewable energy by the Government of India.

Some instances of the projects assessed under the Policy include:

Warehouse Project in SEZ area under the Port Boundaries

ESDD identified that within the premises of port boundaries/SEZ all activities and their compliances are generally taken care by the Port Authority of the SEZ, which is responsible for overall compliance/O&M activities at the SEZ.

There is a limited opportunity for Tenants to comply/monitor with regulatory compliances with respect to EHS activities and to avoid any unwanted incidents with respect to Environment, Health & Safety (EHS), additional requirements to monitor EHS activities beyond the compliances and requirements of the SEZ

need to be done. This is to avoid any incidents during project development and/or during project running phase.

Key Mitigation Measures

Environmental and Social Management System (ESMS) for project development phase/operating phase which is beyond the regulatory compliances

Internal Review/audit for self- compliance and to avoid any incident/accident under the requirements of EHS laws

Infrastructure: Roads & Highway Development Project

ESDD identified that as per the latest status provided by the Concessionaire, out of the total Land of 210 Ha required for the construction of the Project highway, almost 100% of the land was available till date.

Though, 100% of the land was acquired, the project consisted of acquisition of about 70 Ha of forest land. However, due to alignment issue around 90% of the length was clear and the balance 10% (around 7.00 Ha) of the land was in process of approval from forest department as per actual. There was a deviation in the total forest land diverted & approved by the Ministry of Environment, Forests and Climate Change earlier in 2013. To ensure that there was no ambiguity in the

final forest clearance obtained for the proposed project some important actions were taken.

Key Clarification Measures

Forest Clearances for the entire stretch has been considered upfront for more transparency

Working permission for the entire stretch has been taken into account upfront for clear evidence of access to Right of Way (ROW)

Operational Excellence


Being a service-led organisation, the Bank's direct environmental footprint is largely around the resources it consumes to run its banking operations and to serve its customers and other stakeholders. This includes purchased electricity and the use of diesel gensets at its branches, and use of paper in its banking forms, statements, and other such documents that the Bank uses to conduct its banking activities.

Policy on Environmental Management

The Bank has in place its Policy on Environmental Management that aims to guide the Bank's strategy and action towards being an environmentally-responsible organisation.

The Bank is committed to following industry best practices, adopting pertinent technologies, and investing in the solutions that can rationalise its resource requirements and lower its overall environmental footprint.

The Banking sector has been moving at a rapid pace towards greater digitisation and digitalisation, and as a bank, we have been investing in large scale, strategic initiatives that can not only make our systems and processes more agile and efficient, but also enhance the experience of our customers. The Bank has taken an ambitious target of 5% reduction in intensity emissions per employee y-o-y and is working towards aligning its various interventions towards achieving it.

 **Policy on Environmental Management**
www.axisbank.com/docs/default-source/default-document-library/axis-bank_policy_on_environmental_management_2020.pdf

5%

Reduction in intensity emissions per employee y-o-y.

Energy and Climate Change

The Bank strives to make continuous efforts towards reduction in its GHG emissions. With respect to Scope 3 emissions, due to COVID-19 pandemic, the number of ticket bookings were significantly lower than the previous years, which contributed to a reduction in scope 3 emissions. Additionally, as most of the Bank's the offices and branches were running with a fraction of their total strengths, it led to reduced printing of stationery items in every business unit.

As highlighted in the 'Customer Centricity at the Core' section of this Report, the implementation of strategic business initiatives such as Saksham, and the growth in digital banking products and services have also contributed to significant paper savings.

Together, the various initiatives have resulted in a significant amount of energy savings in FY 2020-21, avoiding 15,359.83 MT of GHG emissions which comprises solar power generation, renewable power purchase arrangements, implementation of CEMS, procurement of wheat straw-based paper, and digital banking services such as Saksham initiative and issuances of e-statements and e-welcome kits under digital banking products and services.

Energy Consumption (in Terajoules)

Electricity purchased

859.98**

2020-21 | 859.98**

2019-20 | 737.75**

2018-19 | 618.36

Electricity generated*

87.17

2020-21 | 87.17

2019-20 | 102.49

2018-19 | 105.33

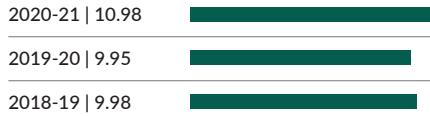
* The overall installed renewable energy capacity at the Bank was 7.05 MW as on 31 March 2021, generating approximately 87,170 GJ of electricity.

**Increase in electricity consumption attributed to extended banking operations during COVID-19 pandemic in the reporting period, since Bank being an essential service provider. In addition to this, the non-availability of personnel for the maintenance of solar panels resulted in less renewable energy production, which ultimately led to increased dependency on indirect energy source i.e. purchased electricity.

Energy intensity (in GJ per FTE)

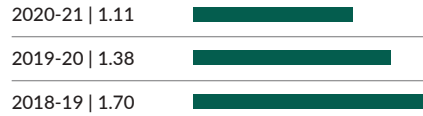
Indirect Energy

10.98



Direct Energy

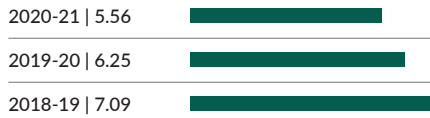
1.11



GHG Emissions (in 1,000 tonnes of CO₂e)

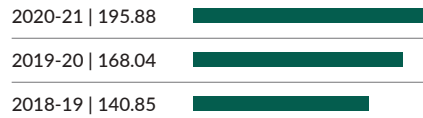
Direct emissions#

5.56



Indirect emissions##

195.88



*As a service organisation, the emissions such as ozone-depleting substances (ODS), Nitrogen oxides (NOX) and Sulphur oxides (SOX) and other air emissions are relatively not materially significant.

Direct emissions are scope 1 emissions which includes CO₂, N₂O and CO₂e emissions from Axis Bank's diesel usage in its large offices including both owned and leased branches. The month-wise diesel consumption data is extracted from the Caphub Team under the Finance & Accounts Department, which handles monthly accounts and billing. The cost of diesel consumed pan Bank is converted in quantities consumed by using state level diesel prices. Further, the average rate per litre diesel is calculated as per IOCL rates for diesel every month for 4 metro cities. The emission factors and GWP (Global Warming Potential) values have been taken from IPCC guidelines. The Bank has used financial control approach for measuring and managing these emissions, hence diesel consumed by leased branches are covered under Scope 1 category. We plan to also include emissions resulting from refrigerant leaks and use of fire extinguisher in drills in Scope 1 in the future and are putting necessary measurement systems in place.

Indirect emissions are scope 2 emissions which include CO₂ emissions from electricity consumed by Axis Bank. The month-wise electricity consumption data is extracted from Caphub Team under the Finance & Accounts Department, which handles monthly accounts and billing. The cost of electricity consumed pan Bank is converted in quantities of electricity consumed by using state level tariffs. The emission factors have been taken from CEA's (Central Electrical Authority) CO₂ database, version 10. The Bank have used financial control approach for measuring and managing these emissions.

GHG Emissions Intensity (in tCO₂e per FTE)

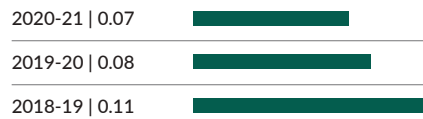
Indirect emissions

2.50



Direct emissions

0.07



*Above consumption and emission data are pertaining to PAN India Axis offices and branches.

Scope 3 Inclusions

- It includes GHG emissions relate to Employee Commuting (Company provided shuttle bus or traveller services for employees) were 3,216 Tonnes of CO₂e and Business Travel (Business Air Travel and Employee Local Conveyance for official visits to offices/branches) were 263 and 8,821 Tonnes of CO₂e respectively.
- Scope 3 GHG emissions also include purchased goods and services (paper consumption) which was 4,123 Tonnes of CO₂e. We are committed to strengthening our processes for monitoring and reporting additional scope 3 emission categories.

Resource Efficiency

We are committed to investing in digital solutions and multi-pronged energy-conserving initiatives to further our commitment to achieving greater environmental efficiency in our operations.

Paper and waste management

- Conversion of 3.1 MT food/wet waste at all large offices in Mumbai, into compost through composting machine, used in landscaping/gardening of premises
- Re-cycling of 18.31 MT of dry waste such as newspapers, shredded documents, dry paper cups and tissues collected at all large offices in Mumbai, into stationery items like notepads
- Collection and disposal of 12.60 Tonnes of e-waste through government-authorized vendors

The Bank has expanded its reporting boundary for paper and waste management this reporting period. In addition to reporting of waste data from the Bank's headquarters, Axis House in Mumbai, the Bank is also reporting data from its 2 large offices in Mumbai. E-waste disposal continues to be reported at a pan-Bank level.

Water consumption

As a service sector organisation, the primary use of water is for drinking and hygiene of our employees, and for landscaping at some of our large offices. The Bank strives to follow best practices for efficient water use across its premises. Interventions in place for water conservation include:

- Daily re-cycling of 150 KL of water through Sewage Treatment Plant at Axis House, Mumbai
- Use of wash basin sensors, aerators and bio-blocks in washrooms at select large offices
- Rain water harvesting of ~2,000 KL annually at Axis House, Mumbai
- 66,574 KL water consumed by employees at large offices in Mumbai, In FY 2020-21

Energy Efficiency measures

- Solar energy projects across select Branches and Offices, aggregating 7.05 MW. Approximately 3,498 Mwh energy was produced through these installations cumulatively in FY 2020-21, helping avoid approximately 2,868.37 tCO₂e
- IOT-based monitoring of power generated through solar installations across rooftop over 245 branch locations
- Power Purchase Agreement in place to procure solar power ~1MW (3.50 Lakhs units p.a.) for Data Centre in Bangalore. Approximately 4,975 Mwh energy was consumed under the agreement in FY 2020-21, helping avoid approximately 4,079.5 tCO₂e
- Centralised Energy Management System (CEMS) augmented to 1,493 branches from 893 branches to monitor and control energy consumption
- Implementation of on-grid inverter solution to reduce diesel consumption in rural branches augmented to 260 branches from earlier 100 branches. Estimated savings in Diesel consumption at 2.22 Lakhs litres per annum
- Maintenance of unity power factor through APFC panels in auto mode for optimum use of power at Axis House Mumbai and Axis House Noida
- Installation of motion sensors for workstations and common area lighting at Axis House, Mumbai and Regional Office Bengaluru. The Bank shall introduce sensors in additional locations
- The Bank is in the process of installing Electrical Vehicle charging facility at large buildings Axis House Mumbai & Noida, MIDC Andheri which should be operational by FY 2021-22. The Bank is actively scouting additional locations for providing this facility

Reducing Energy Consumption with Centralised Energy Management System (CEMS)

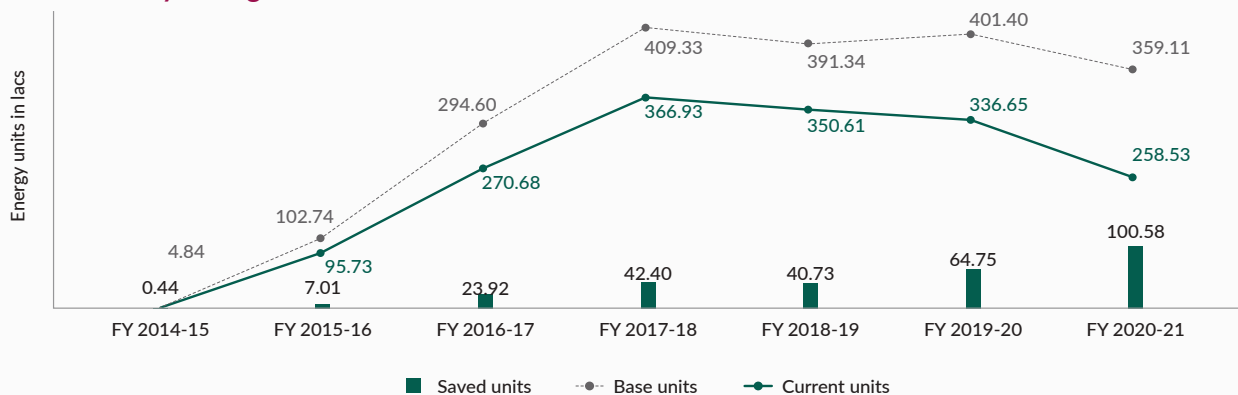
In FY 2020-21, the Bank utilised a total of 9,47,148 GJ of energy, out of which 90.8% was grid electricity, consumed primarily at our offices, branches and ATM locations.

In FY 2014-15, the Bank adopted Centralised Energy Management System (CEMS) at its large branches and offices as an cloud-based solution that remotely controls and manages temperatures of AC systems as well as pertinent lighting installations, thereby rationalising electricity consumption as well as maintain ambient temperatures. Since its implementation at 246 branches in 2015, we estimate

CEMS has helped reduce our consumption by approximately 10% from the baseline in those branches where it is installed.

As on March 2021, CEMS is implemented in 1,493 branches, up from 893 branches in the previous year, delivering electricity savings of approximately 101 Lakhs units and monetary savings of ₹11.49 Crores in FY 2020-21 on an annualised basis. Approximately 10,058 Mwh energy was saved through these installations cumulatively in FY 2020-21, helping avoid 8,248 tCO₂e of emissions.

Annual Yearly Saving Trend Units



Our Commitments towards Operational Excellence

As an organisation, we are pledging ourselves to the following commitments and targets, focused on scaling ongoing interventions and taking new interventions that hasten our operational excellence journey:

- Attain Green Building standard ratings by Indian Green Building Council (IGBC) for green energy at Axis House, Mumbai and Axis House, Noida by implementing the necessary measures for achieving energy and operational efficiency
- Replace all conventional/CFL light fittings to LED light fittings across balance legacy branches by March 2023 and all upcoming branches and offices shall have only LED lights installed
- All upcoming branches and offices, including lifecycle replacements in metro and urban centres shall have 5 star-rated Inverter-based air conditioners, with the use of R32 gas for all installations
- All upcoming branches and offices shall be provided UPS systems with Lithium-based batteries. All existing replacements of UPS systems shall be with lithium-based batteries
- Committed to integrating green concepts and materials into interior design for all upcoming offices, towards maximising natural light usage, ventilation, and energy and water efficiency while enhancing people comfort and safety
- Scaling the coverage of CEMS programme from present 1,400+ branches to 2,000+ branches and offices by March 2023
- Committing to running the Bank's three large offices in Mumbai (~5.50 Lakh sq.ft, ~4,500 occupants) and Disaster Recovery Centre (Data Centre ~30 Thousand sq.ft) in Bengaluru on Renewable energy, thereby making them Net Zero Carbon in Energy by March 2022
- Delivering carbon emissions reduction by internal abatement initiatives of at least 10% of the total emissions by 2024
- Digitisation of Bank's Real Estate Data, and related processes and controls for approx. 10 Million sq ft across India by March 2023