

# ESG at Axis Bank

August 2022



# In this Presentation





## 1. Building ESG Around Purpose

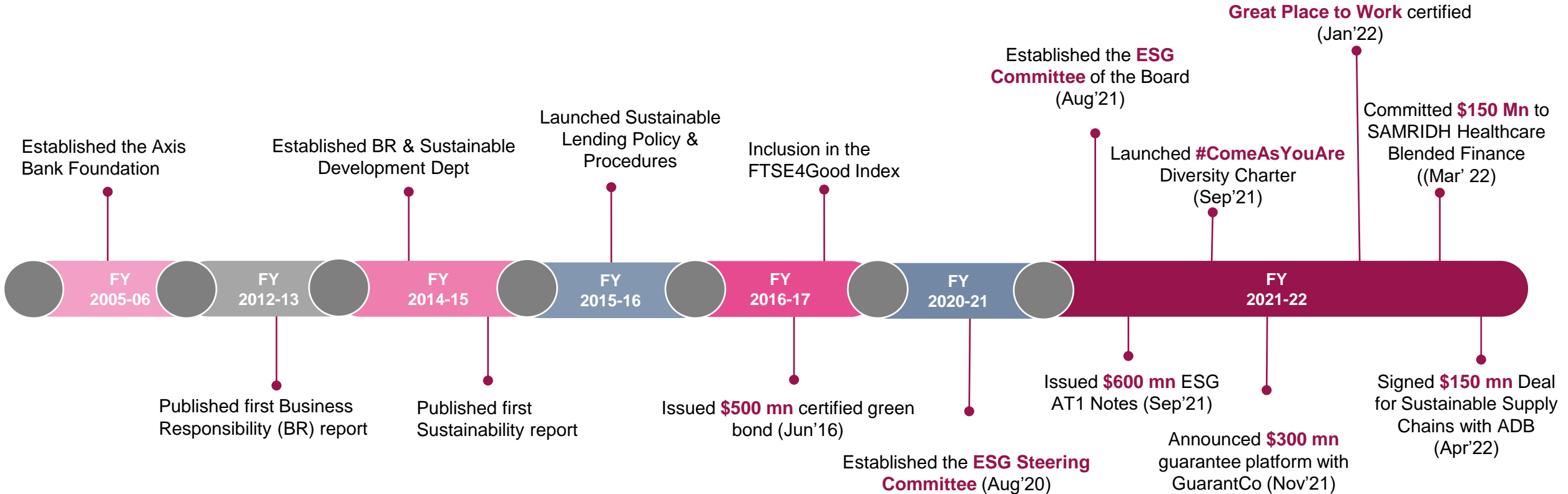




# Our ESG Journey



We have made steady progress in establishing an ESG culture at the Bank



# Building ESG Around Purpose...

**‘Banking that leads to a more inclusive and equitable economy, thriving community and a healthier planet’**

Inclusive and Equitable Economy	Thriving Community	Healthier Planet
<p>We are committed to providing opportunities that help the most economically disadvantaged achieve prosperity</p>	<p>We are committed to working with communities across the country to help them thrive on a sustainable basis.</p>	<p>We are committed to consciously nurture the planet we live in and make it a better place for future generations.</p>
		

Our ESG strategy & actions are aligned and contribute to pertinent Sustainable Development Goals (SDGs)

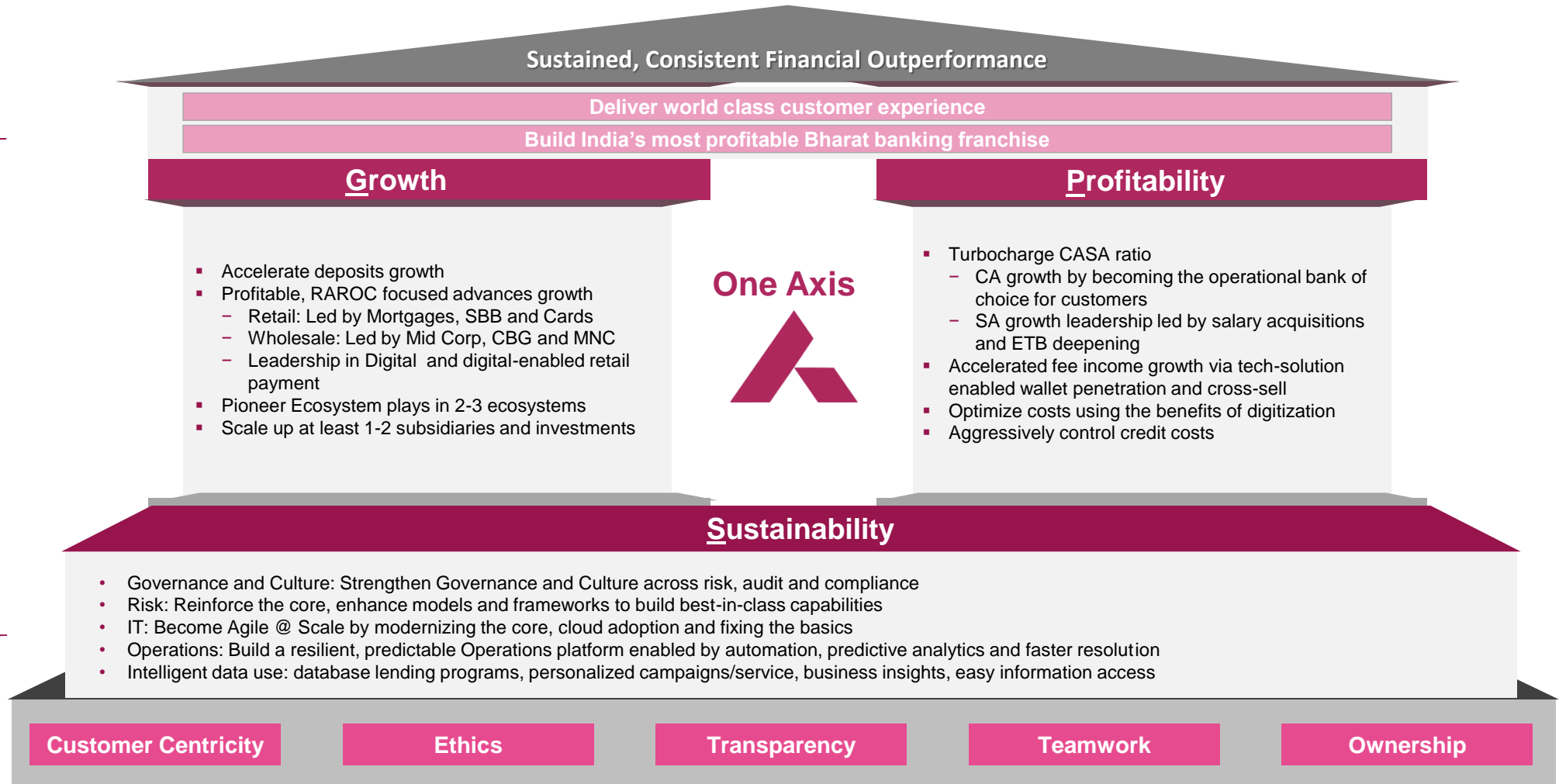


Please access our [Sustainability Reports](#) for further details

# ... towards strengthening our GPS journey

*Identified areas of distinctiveness with focus on Customer Obsession and serving the large under banked RUSU population*

*Investing in Digital and Technology to simplify customer journeys, strengthen data security and aid environmental sustainability*



# Our ESG Progress and Aspirations



Environmental

**~9,435 tCO<sub>2</sub>e**  
GHG emissions avoided

**₹12,255 Cr**  
Green corporate lending

**7.05 MW**  
In house solar capacity

**5%**  
Retail Two-Wheeler loan portfolio targeted as electric by FY24



Environmental

**600**  
CEMS branches

**292**  
Proposals assessed under ESG Policy for Lending

**3#**  
Large offices are on 100% green power

**2 Mn trees**  
targeted plantation by FY27



Social

**30%**  
Female representation in workforce by 2027

**1.03 Mn**  
Households reached under sustainable livelihoods

**1.87 Mn**  
Women borrowers under Retail Microfinance

**₹30,000 Cr**  
targeted incremental lending to positive impact sectors



Governance

**1<sup>st</sup>**  
Indian Bank to constitute an ESG Committee of the Board

**62%**  
Proportion of Independent, Non-Executive directors

**23%**  
Proportion of women directors on the Board

**30%**  
Targeted women representation in overall workforce by FY27

# Our ESG performance continues to get recognition

We aspire to be an ESG leader in India and globally



Constituent of  
Nifty100 ESG  
Sector Leaders  
Index



Among top 10  
constituents of  
S&P BSE 100  
ESG Index



Among Top 10  
Constituents of  
MSCI India ESG  
Leaders Index



FTSE4Good Index  
constituent for **6<sup>th</sup>**  
**consecutive year**  
in 2022



**ESG INDIA**  
LEADERSHIP AWARDS

**2021**

National Winner

- Leadership in Social Impact
- Leadership in Transparency

## Steady Progress on ESG Benchmarks

- One of the **14 companies out of 586** companies placed in the 'Leadership' Category at CRISIL annual ESG assessment 2022
- CDP Score at **B-** in 2021<sup>#</sup>
- MSCI ESG Ratings at **A** in 2022



**DJSI 2021<sup>#</sup> - Axis Bank is placed in the 78<sup>th</sup> percentile among global banks, improving its score from 51 to 60**

\* Awarded by ESG.AI, India's first ESG Rating Company

# 2022 score awaited



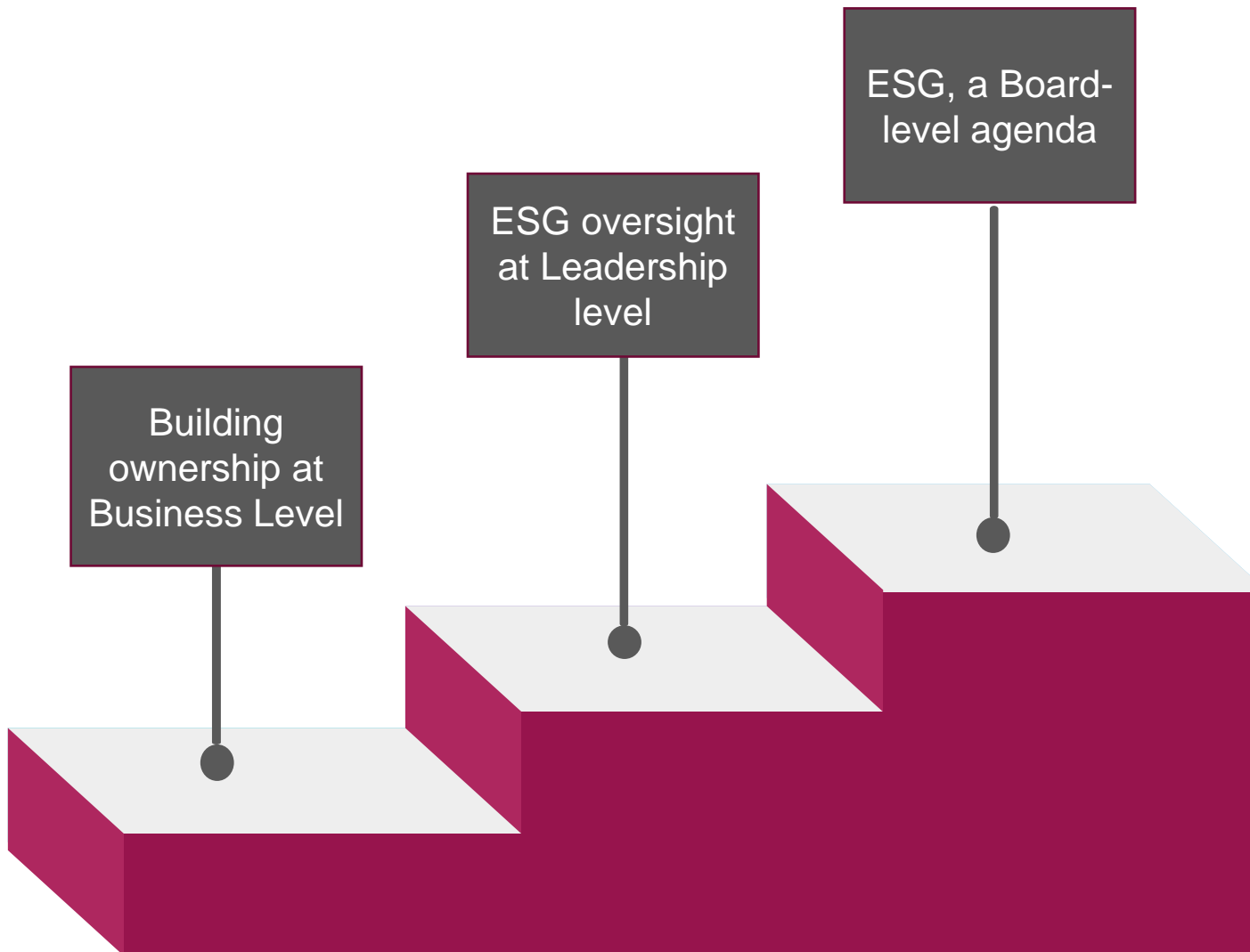


## **2. Leadership-driven ESG Governance**



# Leadership-driven ESG Governance

The foundational plank that both drives and supports ESG-aligned action



**Axis Bank is the first Indian Bank to constitute an ESG Committee of the Board**

- ESG Steering Committee at the Management level to champion ESG across Bank
- DEI Council providing oversight on Diversity, Equity and Inclusion
- ESG Working Group aligning ESG to lending and financing activities

- ESG Commitments announced for Retail and Corporate businesses ([link](#))
- Sustainable Financing Framework in place to guide future ESG-aligned issuances and lending activities

# ESG Led by the Board and Senior Management



## Strong & Diverse Board \*

**62%**

Proportion of Independent, Non-Executive directors

**23%**

Proportion of women directors on the Board

## ESG Committee of the Board

**Prof. S. Mahendra Dev**

Independent, Non-Executive Director (Chairman)

**Amitabh Chaudhry**

Managing Director & CEO

**Ketaki Bhagwati**

Independent, Non-Executive Director

**Ashish Kotecha**

Non-Executive (Nominee) Director

## ESG Steering Committee

- **Advisor – Transition & Sustainability**
- **Head - Digital Banking**
- **President - Wholesale Credit**
- **Head – Human Resources**
- **Chief Risk Officer**
- **Head - Investor Relations**

\* Board composition as of 30<sup>th</sup> June 2022

# Guided by Strong Policies

Demonstrating clarity and transparency through pertinent Policies and Processes





# Transition Action Plan & Strategy

The Bank's transition action plan addresses the following:



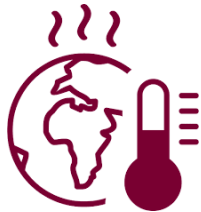
Scaling up lending to positive impact sectors (wholesale & retail)



Reducing our exposure to carbon intensive sectors



Expanding our Environmental & Social risk assessment of our overall portfolio



Scaling up our climate risk assessment at the enterprise level through climate stress testing & scenario analysis



Reducing our operational carbon footprint



Scaling up our Environmental initiatives under CSR (increasing India's carbon sink)

The Bank has undertaken ESG aligned commitments that support its transition plan

# Dedicated to Positive Climate Action and the SDGs



Multi-dimensional, impact-focused public commitments across business and non-business activities



## Positive Impact Financing

- Incremental financing of **₹30,000 crores** for positive-impact sectors by FY26
- Making **5%** of Retail Two-Wheeler loan portfolio as electric by FY24, offering 0.5% interest discount for new EV loans



## Proactive Risk Mitigation

- Integrating ESG into risk management at the enterprise level
- Expanding ESG risk coverage in credit appraisal
- Scaling down exposure to carbon-intensive sectors in our wholesale lending



## Inclusive and Equitable Economy

- Incremental disbursement of **₹10,000 crores** by FY24 under Asha Home Loans for affordable housing
- Ensuring **30%** female representation in workforce by FY27, aligned to our #ComeAsYouAre Diversity Charter



## Healthier Planet

- Planting **2 million** trees by FY27 across India towards contributing to creating a carbon sink
- Exploring **carbon neutrality** in our business operations

# Committed to Highest Standards of Data Security and Customer Privacy



In-Depth Defense through best-in-class security technology and process controls



Vulnerability and threat management across the entire tech. landscape



**24 x 7** events monitoring by SOC\* through Next Gen SIEM^, threat intelligence tools



Continuous Red Team Exercises for timely vulnerability identification



Continuous transaction monitoring supplemented by real-time decline rules



Strengthening Cyber resilience program with focus on detect & respond/recover activities



Security Analytics for enhanced security threat visibility



**770 / 900**  
Bitsight Rating<sup>1</sup>



Certified **ISO 27001:2013** for Information Security Systems and **PCI DSS** compliant

1. \* Security Operations Centre    ^ Security Information and Event management

1. Bitsight Rating = Key Risk Indicator of Over all Cyber Security. Cybersecurity ratings company based in Boston, US (2011). Approach similar to credit ratings for financial risk. Bitsight Security Ratings are calculated on a scale of 250-900 with a higher rating indicating better security performance.

# Embedding customer obsession through *Sparsh*

Sparsh's 4 building blocks will help deliver our aspiration to become **India's most customer-obsessed bank**

## Become distinctive in customer-obsession...



### Rise to #1

Raise our aspiration to be ranked #1 on NPS



### Delight customers and fulfill dreams

Convert customers to promoters through delight across key signature moments



### Deliver smart banking everyday


Leverage smart solutions like digital and analytics everyday to bring alive the Axis promise



### Become empowered

Empower employees to deliver customer obsession in everyday interactions

## ...by leveraging 'Sparsh' building blocks



### Craft delight journeys

Embedding customer obsession in focus businesses



### Create 80k+ delight advocates

Embed STAR behaviours; change management at scale



### Build institutional capabilities

Sparsh forums (Sparsh day/ architect), Omnichannel, 360° view of customer voice



### Measure and act on customer feedback

NPS, CX Index, select business & operating metrics





### 3. Committed to Operational Excellence





# Striving for Operational Excellence

As an organization, we remain committed to consciously managing the environmental footprint of our operations and adopting practices that maximize resource efficiencies and deliver greater customer satisfaction.

**1<sup>st</sup> and only Indian Bank** to achieve the IGBC Green Existing Building O&M Platinum Certification, achieved for Axis House, Mumbai

**Committed to lowering carbon emissions in our business operations**

- Replacing all conventional lighting to LED across all legacy branches and all upcoming branches and offices to have only LED
- All upcoming facilities in metro & urban centers to have 5 star-rated, Inverter-based air conditioners using environment-friendly R32 gas
- Lithium-ion batteries for UPS systems at all upcoming branches and offices, and existing replacements
- Scaling CEMS coverage from the current 600+ branches
- Digitisation of Bank's Real Estate Data, and related processes and controls for approx. 10 Million sq ft across India underway



# Striving for Operational Excellence

Committed to reducing our operational carbon footprint

The Bank's 3 largest offices, in Mumbai and Bangalore are running on **100%** renewable power

**7.05 MW** functional captive solar power capacity at close to 250 locations\*, helping avoid **approximately 3,066 tCO<sub>2</sub>e** annually

Centralized Energy Management System (CEMS) at 600 branches, saving **~3,071 tonnes** of CO<sub>2</sub> emissions

On-grid inverter solutions at rural branches to move away from DG sets

Providing **EV Charging** infrastructure at Head offices in Mumbai and at Noida

**~ 9,435 Metric tons** of GHG emissions avoided in FY 2021-22 from diverse energy saving initiatives

'Branch of the Future' initiative by Digital Banking helping each branch save **~1.1 million** sheets of paper monthly



# Investing in Digital Solutions to further our commitment to Sustainability in Our Operations

All data points are for period ended Jun'22

We are investing heavily in building capabilities...

**1,500+**  
People dedicated to digital agenda

**350+**  
In-house development team

**65+**  
Apps on Cloud

**104,500+**  
Staff enabled on Bring your own device

**250+**  
Services on digital channels

**2500+**  
Automated processes (IA)

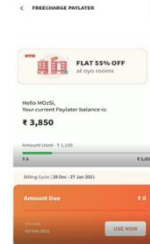
**16%**  
Market share in UPI

**4.6**  
Mobile App Ratings

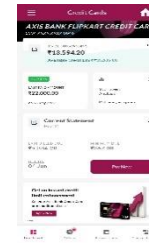
**300+**  
Employee tool journeys

**40%+**  
Lift of bank credit model GINI scores over bureau

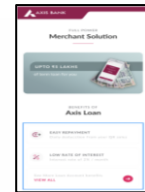
...with re-imagined customer journeys and new innovative offerings ...



Buy Now Paylater



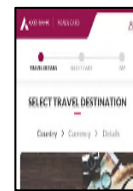
Cards lifecycle



Merchant Cssh Advance



GrabDeals

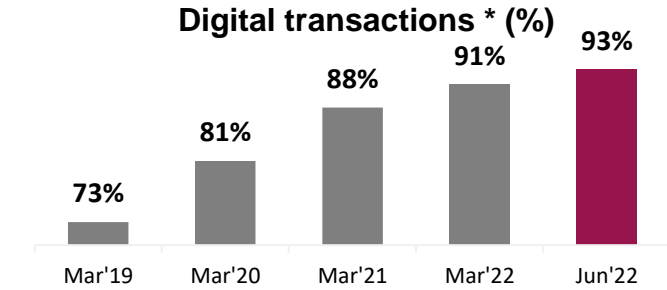


O/W Remittance



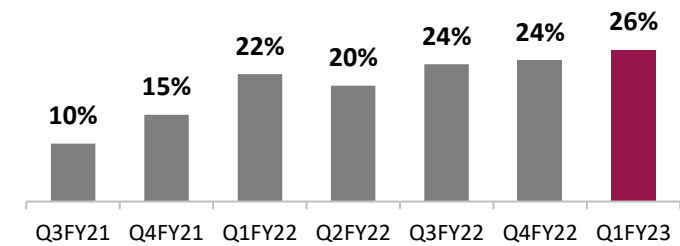
Digital Auto Loan

...that has led to improvement in digital adoption

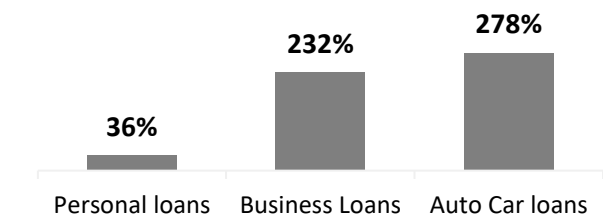


\* Based on all financial transactions by individual customers in FY22

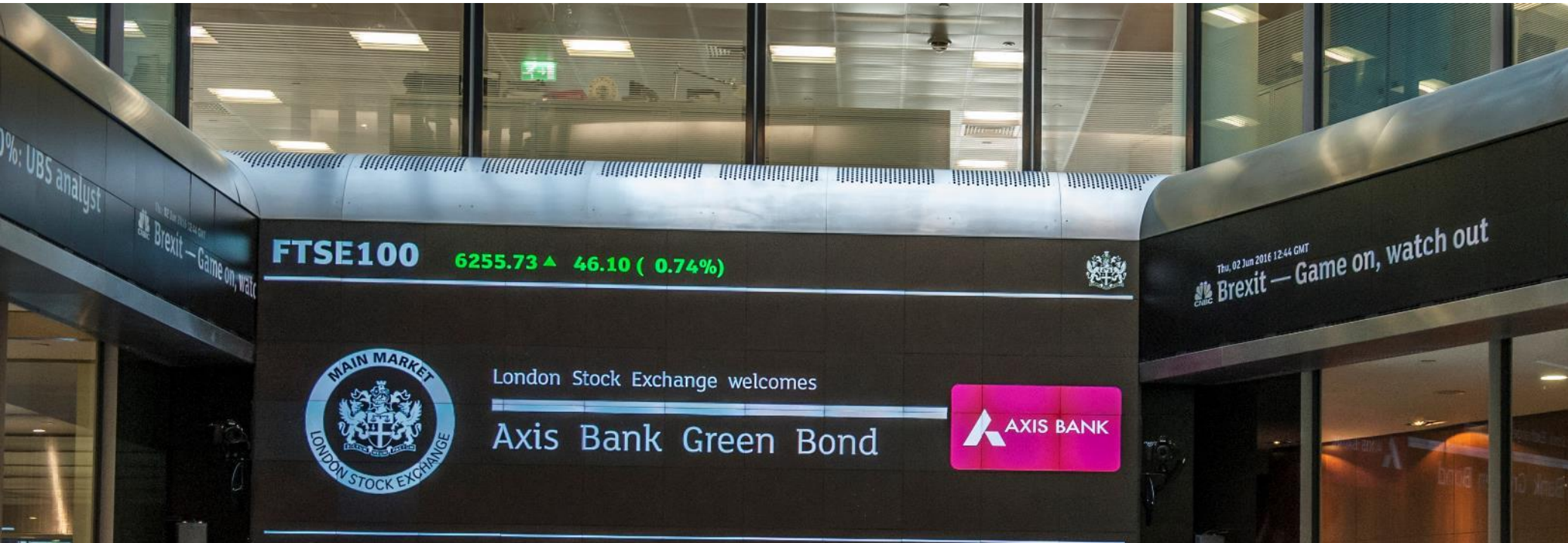
Non-salary<sup>1</sup> SA accounts opened digitally(%)



Growth in fully Digital loans (YOY)







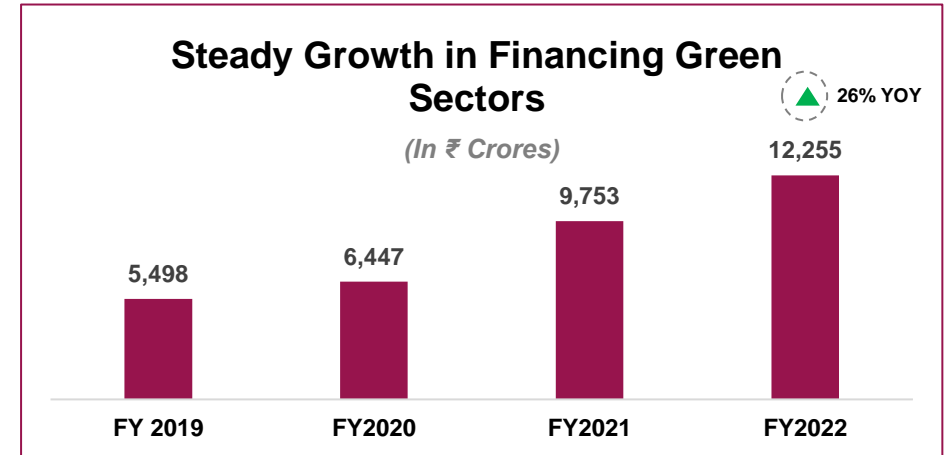
## 4. Driving Positive Finance



# Driving Sustainable Banking and Finance

Committed to scaling positive finance in India

- Issued 1<sup>st</sup> certified, dollar denominated green bond in India for \$500 mn in 2016
- Issued \$40 mn green bond in private placement in 2019
- Issued India's 1<sup>st</sup> Sustainable AT1 Notes for \$600 mn in Sept'21



- **Sustainable Financing Framework** released in August 2021 to guide future ESG issuances and align business portfolio
- Aligned to UN SDGs towards delivering positive social and environmental impact
- First such Framework to receive a Second Party Opinion in India
- ESG Working Group set up to oversee the Framework



Access the [Framework](#) here

## Integrating ESG Risk in Corporate Credit Appraisal

- Board-approved ESG Policy for Lending integrates environmental & social risk considerations into corporate credit appraisal mechanism
- The Policy, first framed in 2016, is suitably aligned to global standards and guidelines including the IFC Performance Standards
- Policy implemented by environmental and social risk experts housed in Credit Underwriting
- The Policy includes an exclusion list of sectors and projects that the Bank shall refrain from financing

Access the [Policy](#) here

# Marquee Sustainable Finance Milestones

Leading the way in positive impact financing in India

## \$600 mn Sustainable AT1 Notes issued in Sept'21

- **1<sup>st</sup>** Indian corporate to issue Sustainable USD AT1 Bond ([Press Release](#))
- Making India only the **2<sup>nd</sup>** jurisdiction in Asia for such issue
- **47%** final allocation to sustainability focused investors
- **1<sup>st</sup>** such bond to be listed on India INX & NSE IFSC exchanges in GIFT City



USD 600 mn Sustainable AT1 notes issuance wins '**Best Sustainability Linked Bond – Financial Institution**' :The Asset Country Awards 2021

## Announced \$ 300 mn E-Mobility loan guarantee program with GuarantCo

- Announced partnership and intent to execute an umbrella guarantee framework of \$200 mn with the Private Infrastructure Development Group (PIDG) guarantee arm during COP26 in Glasglow
- Program size of \$300 mn aimed towards accelerating financing to a wide range of entities in manufacturing & distribution of EV's, batteries, components and charging infrastructure ([Press Release](#))

## \$150 mn partial guarantee pact with ADB to support supply chain finance

- Focused on ESG & Impact (Priority) Sectors
- Perpetual & Scalable ([Press release](#))

## Axis Bank Commits \$150 mn to SAMRIDH Healthcare Blended Finance

- Health solutions to address COVID-19 along with other health emergencies, especially across the vulnerable communities of India from Tier 2 and 3 cities ([press release](#))



# Bharat Banking strategy to reach Rural & Semi-urban India



Combining physical reach with technological capabilities to serve the unbanked and the under-banked

Axis Bank is focused on providing a comprehensive bouquet of '**Bharat centric**' products and services to customers in Rural and Semi-urban (RUSU) regions, leveraging on its **wide distribution reach** and its **strong technology capabilities**.

Bharat Banking covers **2,065+** branches, aided by **52,400+** CSC Village Level Entrepreneurs\* to actively support India's RUSU economy.

Redesigning **end to end digital customer journeys** to improve customer experience, better data farming for underwriting opportunities

Bank's Bharat Enterprises segment caters to rural MSMEs and the whole sale microfinance segment; and is **scaling up partnerships** with big agri corporates and agri-tech platforms to serve entire rural value chain

- **24,576 new enrollments** in social security schemes in FY 22
- **18.7 Lakh women customers** under the 'Axis Sahyog' Microfinance program
- **386 Business Correspondents** deployed under PM Jan Dhan Yojna and other government mandates
- **9.9+ borrowers** under the PM MUDRA Yojana for micro-entrepreneurs
- **8.8 Lakh+ customers** for Atal Pension Yojana

\* As of period ended Mar'22



**Financial literacy interventions under the 'Axis Sahyog' Retail Microfinance program have touched close to 20 million participants in over 20 states and union territories across India in the last 3 years**

Read more on [Bharat Banking](#) here



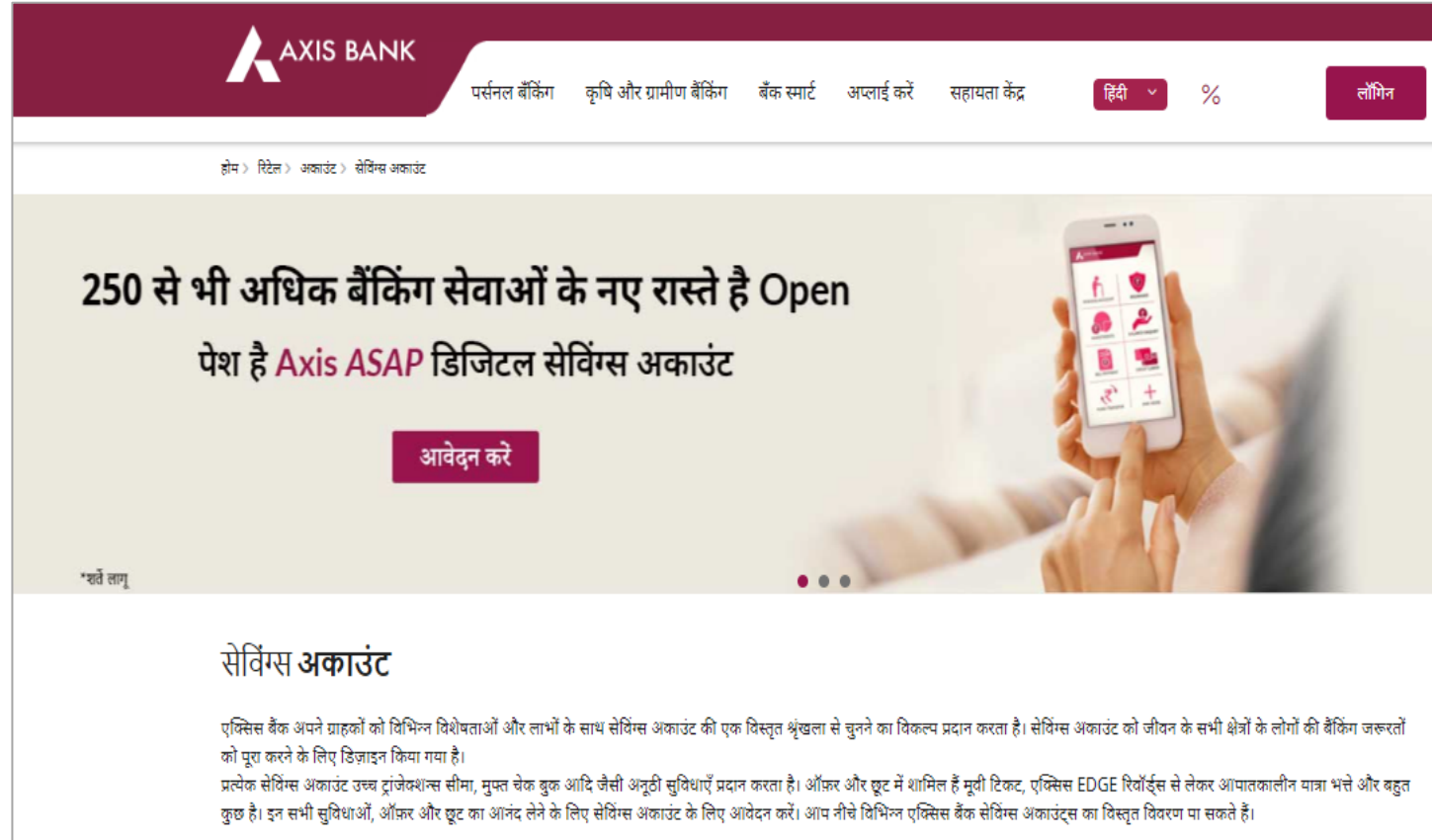
# Our Digital Banking services are offered in various regional languages



offers services in 11 regional languages



## Internet Banking – Product information and support pages in Hindi



<https://www.axisbank.com/hindi>



## 5. Serving the Community





# Serving the Community

Scaling positive impact across communities across the country

## Sustainable Livelihoods



- Our flagship program aimed at making rural communities self-reliant and resilient, driven by the Axis Bank Foundation
- Committed to reaching **2 million** households by 2027.
- **1.03** Million households reached in 205 districts across 26 states and Union Territories of the country cumulatively as on 31 March, 2022

## Financial Inclusion & Financial Literacy



- Financial literacy interventions under '**Axis Sahyog**', the Bank's Retail Microfinance program
- **1.37 Million** rural women participants reached in FY22
- '**Axis Sachetana**' launched to educate women participants on COVID-19 prevention and protection

## Education



- **Axis DiSe**, our flagship program supports education-led development in Assam, Manipur and Nagaland.
- Axis Bank Scholarship Program underway at Ashoka University and Plaksha University
- Supporting the Museum of Solutions for children in Mumbai.

## Environmental Sustainability



- Committed to plant **2 million** saplings by 2024 (full grown trees by 2027) across India
- The Bank is undertaking **Miyawaki plantations** on reclaimed urban sites

# Axis DiSe – Connecting Remote Communities

Since 2017, the Axis DiSe program has strived to transform the lives of Indians in the remotest corners of the country through education and community-led development.



## Axis DiSe, Manipur

Supporting the transformation of the Lyzon Friendship School in Churachandpur, Manipur at the India-Myanmar border, impacting hundreds of tribal students and communities in the surrounding villages.



## Axis DiSe, Assam

Supporting the transformation of the Hummingbird School in Majuli, India's only island district, in Assam, while helping the local indigenous tribes become economically resilient



# Axis Bank Foundation



Registered as a charitable trust in 2006, Axis Bank Foundation (ABF) works towards making rural communities self-reliant through its **Sustainable Livelihoods Programme**.

- Axis is committed to **Mission 2 Million** to help 2 million households achieve credible paths to sustainable livelihoods by 2027.
- The CSR contribution from Axis Bank & Subsidiaries is utilized towards supporting economically excluded rural communities.

## Focus Areas



**Increasing Agricultural Productivity**



**Watershed Management**



**Promoting Micro Enterprises**



**Providing Market Linkages**



**Access to Finance**



**Skill Development for Youth and PwDs**

Read more about the Foundation on its website [www.axisbankfoundation.org](http://www.axisbankfoundation.org)







## **6. The Future of Work**





- The Bank is now a **Great Place to Work® certified organization**. This is a result of several strategic transformations such as improved learning journeys, creation of a modern workplace with GIG-A opportunities and development of young leaders through Astros and Ahead
- It demonstrates that the Bank offers its people, opportunities and facilities that are at par with the best and most importantly that employees have the belief and confidence to share this with pride.

# The Future of Work



Committed to building a fair, diverse and performance-driven culture driven by the Axis Values

## Moving Towards the Future of Work

We launched the GIG-A Opportunities in FY 2021, and industry-leading hybrid work model expanding our access to skilled professionals anywhere in India

- **GIG-A Opportunities:** Of total hires in alternate format, **59%** are non-banking background and **31%** are non-metro hires
- **GIG-A Anywhere** – Over **3,600** employees in 100% virtual format
- **New Ways of Working:** **~12,000** employees in Hybrid model across India

## Engaging Employees Meaningfully

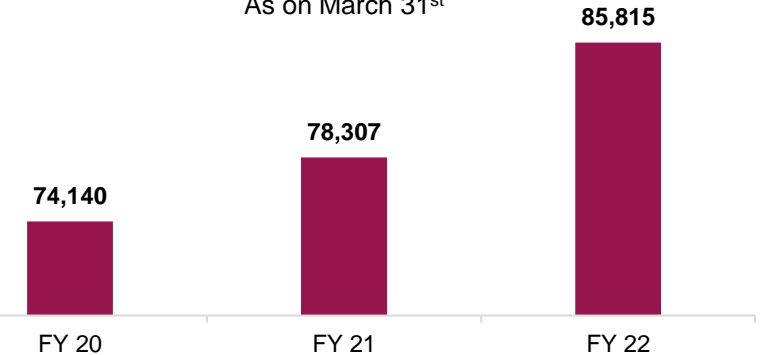
- Comprehensive **“With You” COVID-19 support program** with enhanced support towards employee safety, counselling, healthcare access & insurance coverage
- **Axis Values Realizers** initiative to align each employee to the Axis Values

## Committed to 360° Learning and Development

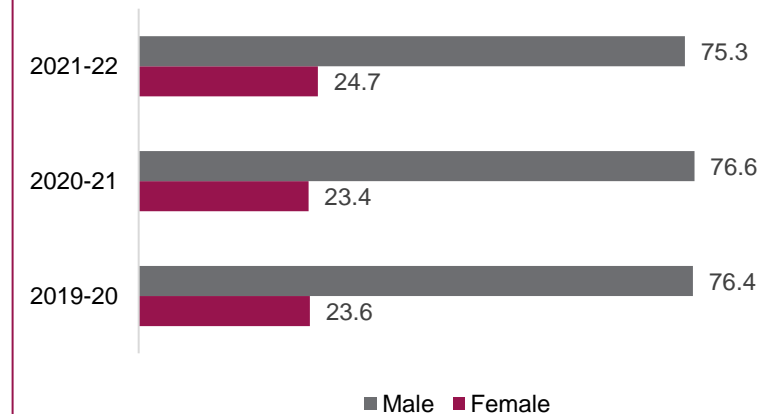
- The Bank has consciously moved away from episodic learning interventions to **integrated learning journeys**
- **Mandatory training** of employees in critical areas including compliance, information security awareness, Code of Conduct and Ethics
- **Axis Competency Profiler** – to test functional competency of employees with 350+ profiles

## Employee Strength

As on March 31<sup>st</sup>



## Gender Diversity

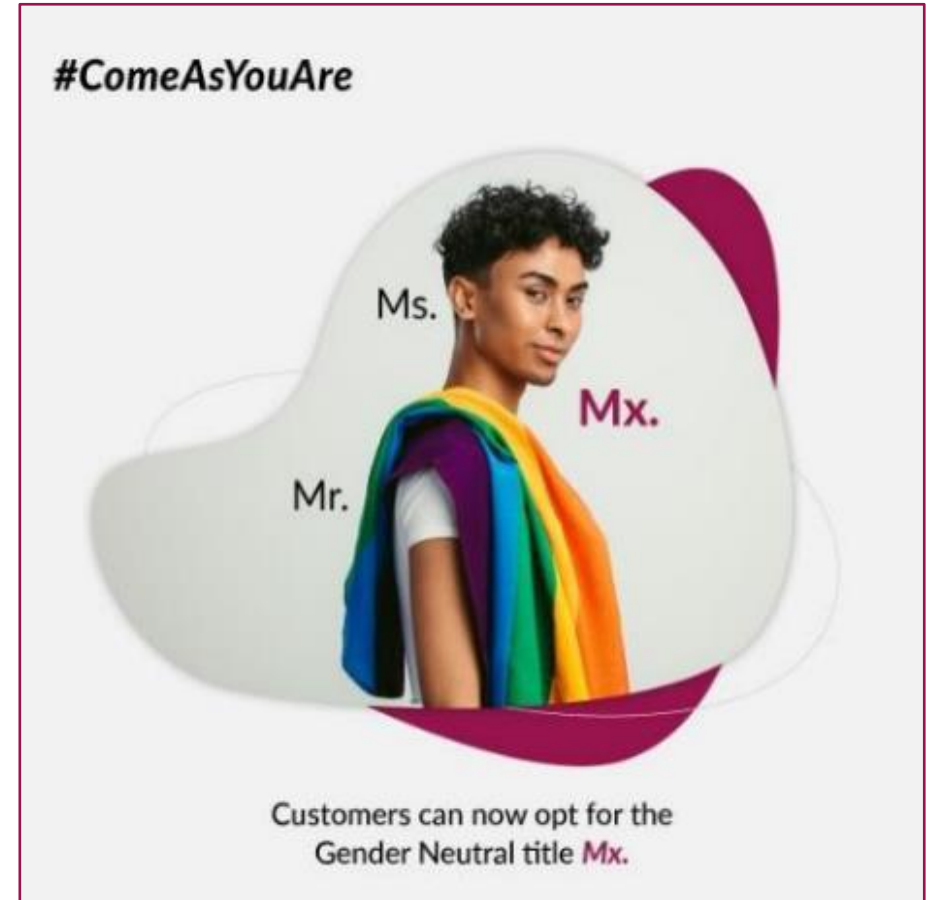


# #ComeAsYouAre – Diversity, Equity and Inclusion

Axis Bank's commitment to Diversity, Equity and Inclusion (DEI) focuses on building an organizational culture that goes – Beyond the Binary, Beyond Biases, Beyond Abilities and Beyond Stereotypes

- The Bank's [Diversity, Equity and Inclusion Policy](#) was launched in 2021 towards building an inclusive workplace
- **30% female** representation committed by the bank in the workforce by 2027
- **Axis Women in Motion (WiM)** campaign launched across college campuses to directly engage and inspire women students
- **#HouseworkisWork** hiring program for women amidst a break in their careers. 3000 applications were received
- **Pink Catalyst** – Internal hiring program exclusively for women
- **We Lead** leadership hiring program for women from India's top business schools

- In Sept '21, the Bank launched ['ComeAsYouAre'](#); a Charter of policies and practices for employees and customers from the LGBTQIA+ community
- The charter of policies and practices is a first in the Indian Banking sector





# DE&I – Pioneering Change

Axis Bank strives to build an inclusive culture that is rich in diversity where differences are celebrated and all employees experience a sense of belonging irrespective of where they come from.



## Putting the Bank's DE&I commitment into practice:

- **3** women directors on the Board which taking the Board women representation ratio to **23%** .
- The Chairperson of the Nomination and Remuneration Committee (NRC) is also a woman.
- **'Astros & Ahead'**:
  - ❑ A gender balanced representation has been ensured in internal talent programs 'Astros (**32%** female representation) and Ahead (**53%** female representation)
  - ❑ These programs are for employees (junior to mid management) who meet the eligibility criteria and clear the selection process, based on their performance and merit
- **National Coming Out Day Fair:**
  - ❑ The job walk-in fair drive received **1431** walk in applications across 15 Tier 1 and Tier 2 cities



# Axis Bank's Distinctiveness in ESG



Working on two focused distinctiveness areas - **Bharat Banking** and **Customer Obsession** to aid the Bank's GPS journey

**1<sup>st</sup>** bank in India to have a standalone, Board level ESG Committee which shall drive the ESG strategy and agenda for the Bank

**Only** Indian Bank in the FTSE4Good Emerging Index for 6 consecutive years as of 3<sup>rd</sup> August 2022

**1<sup>st</sup>** Indian Bank to issue an ESG AT1 Bond; this demonstrates continued commitment by embedding ESG into its capital structure

Put up the **1<sup>st</sup>** Sustainable Financing Framework of its kind among Indian Banks, first to receive a Second Party Opinion

**1<sup>st</sup>** in the sector to roll out the #ComeAsYouAre charter of policies and practices for their employees and customers from the LGBTQIA+ community

The Bank's ESG commitments are aligned to the Sustainable Development Goals and the Paris Agreement

**1<sup>st</sup>** Indian Bank to issue a certified USD denominated Green Bond, way back in 2016, which was, further, rated GB-1, the highest available rating.

# Axis Bank at a glance



Axis Bank		<b>3<sup>rd</sup></b> largest Private Bank in India	<b>4,759</b> Branches*	<b>86,400+</b> Employees	<b>6<sup>th</sup></b> straight year Constituent of FTSE 4Good EI ^				
Market Share		Traditional Banking Segment			Digital Banking Segment				
		<b>5.0%</b> Assets ##	<b>4.7%</b> Deposits #	<b>5.7%</b> Advances #	<b>16%</b> UPI <sup>1</sup>	<b>15%</b> Mobile**	<b>12%</b> Credit Cards^^		
Profitability		<b>3.60%</b> Net Interest Margin <sup>2</sup>		<b>2.24%</b> Cost to Assets <sup>2</sup>		<b>2.28%</b> Core Operating Profit Margin <sup>2</sup>			
Balance Sheet		<b>17.83%   15.16%</b> CAR <sup>***3</sup>   CET 1 <sup>3</sup>		<b>₹ 118 Bn   1.70%</b> Cumulative provisions (standard + additional non-NPA)		<b>77%   0.64%</b> PCR   Net NPA			
Key Subsidiaries		<b>59%</b> Growth in Axis Finance PAT (Q1FY23)		<b>18%</b> Growth in Axis AMC's Quarterly AAUM (Q1FY23)		<b>2<sup>nd</sup></b> Axis Capital's position in ECM <sup>§</sup>		<b>148%</b> Growth in Axis Securities new customer additions (Q1FY23)	

\*domestic network including extension counters    ^ EI – Emerging Index Series    \*\* by volumes for 2M FY23    \*\*\*CAR – Capital Adequacy ratio  
 # Based on Jun'22 data    ## Based on Mar'21 data    § As per Prime Database rankings for Equity Capital Markets for Q1FY23  
 ^^ Credit Cards in force as of May'22    <sup>1</sup> by volumes for Q1FY23    <sup>2</sup> For Q1FY23    <sup>3</sup> including profit Q1FY23

# Thank You



**Awarded the 'Most Recommended Retail Bank in India' and 'Most Helpful Bank during Covid-19 in India'**

