

SUSTAINABLE LENDING POLICY & PROCEDURE (SLPP)

Axis Bank is India's third largest private sector bank that offers a spectrum of financial services - project and bid advisory services, project lending, debt syndication, project structuring and due diligence, securitisation and structured finance - to customer segments covering Large and Mid-Corporates, MSME, Agriculture and Retail Businesses.

As one of India's largest lenders in key growth sectors such as infrastructure, metals & mining, power generation, real estate and manufacturing, we are committed to ensuring that our operations demonstrate our organization's highest commitment to applicable national laws and relevant international standards on environmental and social sustainability.

By adopting the Sustainable Lending Policy and Procedures (SLPP)¹, we further demonstrate our resolve to drive our country's economic growth by being providers of responsible, sustainable finance. We also intend to partner with our clients to achieve compliance to the SLPP and to influence other banks and financial institutions in adopting principles of sustainable finance.

SCOPE OF THE SLPP

SLPP is applicable, subject to certain internal criteria/thresholds, to project loans/corporate loans/lines of credit (including working capital term loans); Bridge loans provided by Axis Bank pending final sanction of the project loan by Axis Bank; Overseas funding, Consortium / multiple banking; Syndicated by other banks; Refinance transactions.

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. We have thus developed the SLPP in cognizance of the following Standards for Environment & Social Risk Assessment of Lending Portfolio-

- Applicable Indian national, state and local regulatory requirements;
- The IFC Performance Standards (PS1 to PS8) Framework 2012 for Environmental and Social Sustainability;
- The World Bank Group General Environment, Health & Safety (EHS) Guidelines and Sector Specific Guidelines;
- Relevant multilateral environmental, social, labor and biodiversity conventions ratified by India;
- National Voluntary Guidelines, Ministry of Corporate Affairs, 12th July 2011; and
- G4 Sector Disclosure for Financial Services.

OBJECTIVE OF THE SLPP

Axis Bank has developed and adopted the SLPP with the aim to:

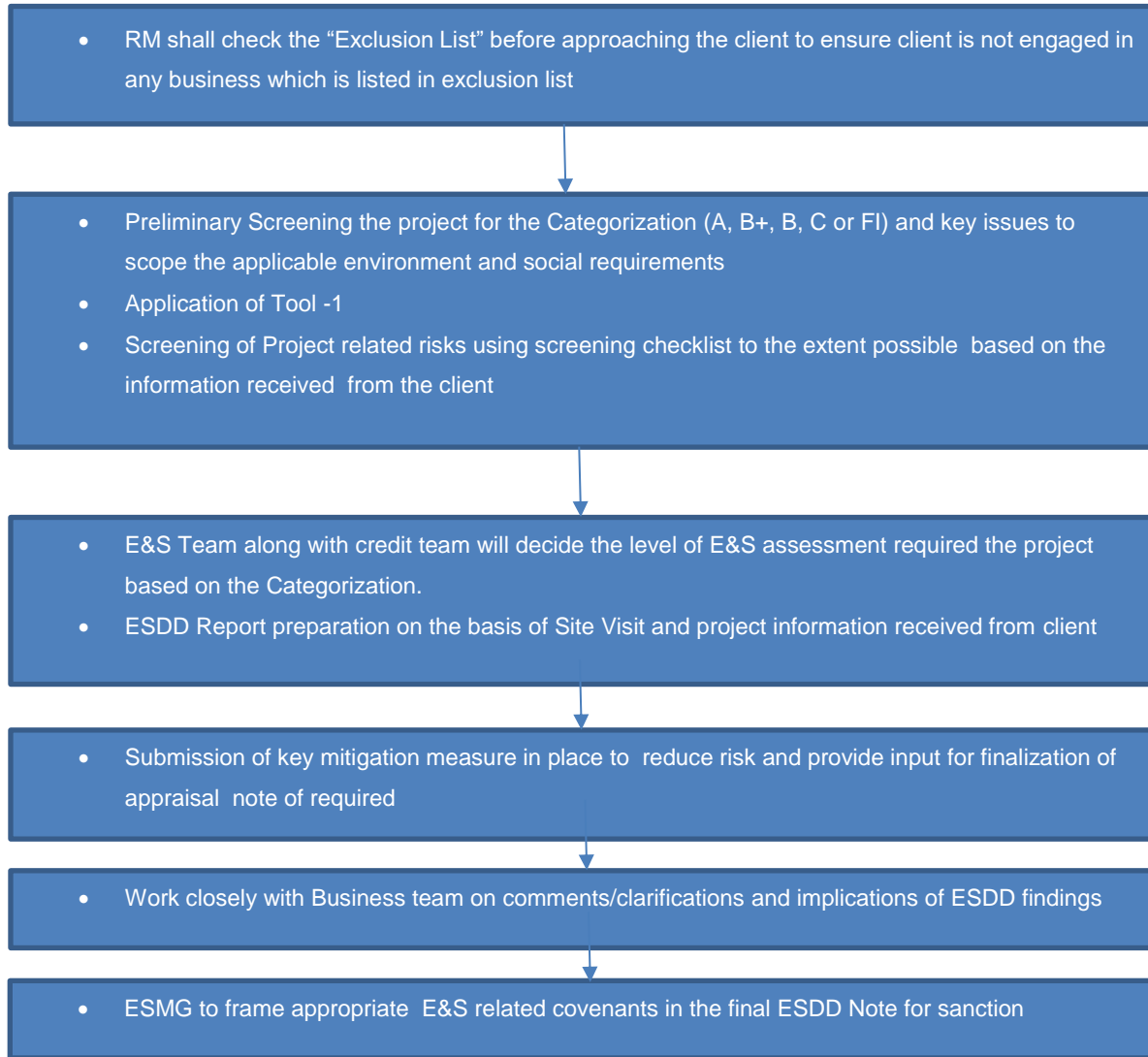
- Mainstream the credit case for integrating environmental and social risks into its internal risk management frameworks;
- Provide tools for assessing environmental and social risks of project finance;
- Provide guidance on application on international environmental and social standards within Indian businesses environment;
- Trigger implications of incidents that can lead to negative environmental and social outcomes which can result into business continuity risk, reputation risk and a direct financial impact; and
- Identify opportunities to enable us to promote environmental sustainability and equitable growth through our products and services.

INSTITUTIONAL STRUCTURE OF ENVIRONMENT & SOCIAL MANAGEMENT GROUP (ESMG)

Axis Bank has established a separate division – the Environment and Social Management Group – to oversee and manage the environmental, social and health & safety risks within the CRG's lending portfolio and, by doing so, help implement the Sustainable Lending Policy and Procedures (SLPP). A detailed Credit Appraisal Process has been defined in the policy. The structure, responsibilities, resources allocated, training and capacity building of the ESGM and budgets allocated to ensure that the ESGM is able to perform its functions effectively.

¹ Axis Bank SLPP is approved by the Board of Directors and SLPP is a part of Corporate Credit Policy of Axis Bank

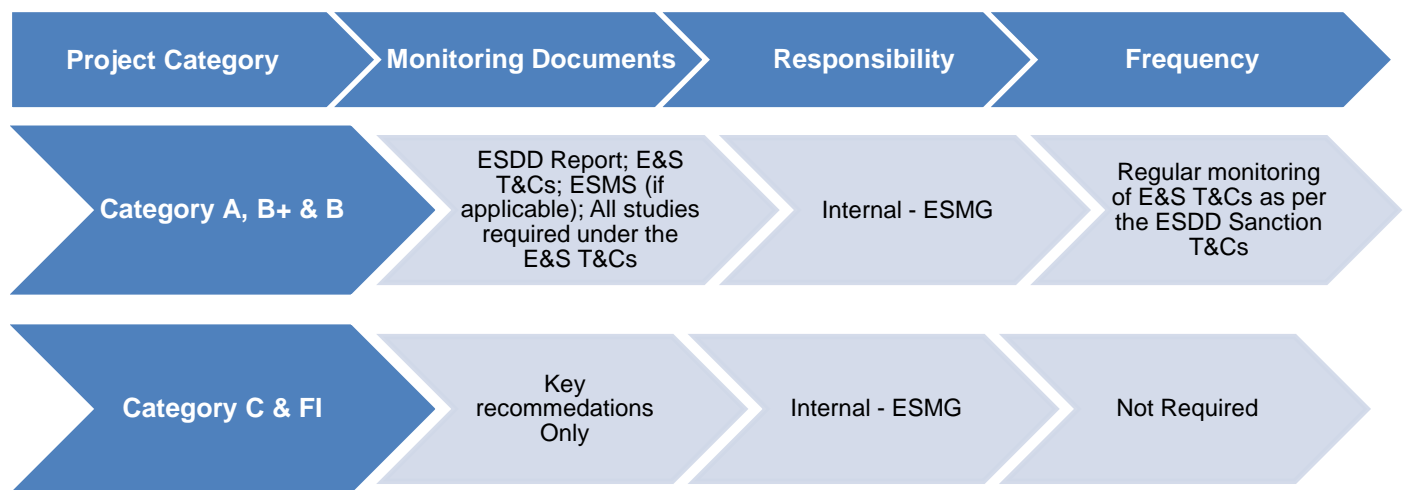
PROCESS FLOW DIAGRAM FOR ENVIRONMENT & SOCIAL DUE DILIGENCE (ESDD) OF LENDING PORTFOLIO AS PER SLPP



HERE PROJECT CATEGORIZATION MEANS-

Category	Description
Cat A	The project / sub-projects / investment is likely to have significant adverse environmental and/or social impacts that are sensitive, diverse or unprecedented
Cat B+	The project / sub-projects / investment with potential adverse social or environmental impacts that are generally beyond the site boundaries, largely reversible and can be addressed through relevant mitigation measures
Cat B	The project / sub-projects / investment with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures
Cat C	The project / sub-projects / investment is likely to have minimal or no adverse environmental impacts. No further environmental assessment is required
Cat FI	Investments in financial intermediaries those themselves have minimal adverse social and/or environmental impacts but may finance sub projects with potential impacts. This category is further subdivided into FI-1, FI-2, FI-3 on the basis of the financial exposure to business activities

PROJECT MONITORING DURING TENOR OF THE LOAN



COMMITMENTS AND PRINCIPLES

Axis Bank is committed to assess and mitigate environmental and social risks in its corporate lending portfolio. In its endeavour to implement environmental and social standards, it will be ensured that this does not encumber the Bank's ability to facilitate Indian companies as they compete in domestic and international markets.

Axis Bank endeavours to adopt the following principles:

- The Bank's lending activities will comply with applicable Indian laws and regulations along with any multilateral environmental, social and biodiversity agreements and/or conventions ratified by India;
- The Bank will ensure that lending is provided to businesses that have robust environmental and social management systems that enable early identification of risks and impacts and their effective mitigation;
- Through its lending activities, Axis Bank Ltd. will seek to uphold the protection of human rights and assure fairness, inclusion and development opportunities for all our stakeholders;
- The Bank will implement screening, appraisal and monitoring procedures to safeguard the commitments under our "Sustainable Lending Policy";
- The Bank will disclose relevant information to promote transparency and accountability while respecting business confidentiality.

EXCLUSION LIST

Axis Bank commits to ensure that funds will not be used to finance the following type of activities and/or end use for all project and corporate loans under the scope of the SLPP:

- Production and distribution of pornographic material;
- Manufacture and marketing of banned drugs;
- Dealing in narcotics;
- Stand-alone manufacture and marketing of gutkha and tobacco;
- Dealing in banned wildlife related products;
- Polluting industries unless the units have clearance from pollution control authorities and have installed effluent treatment plants;
- Setting up of new units consuming/producing Ozone Depleting Substances (ODS) such as chlorofluoro carbon (CFC), Halons and units manufacturing aerosol products using CFCs;
- Standalone Casino, and Gambling / Betting in any form;
- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans;
- Production or trade in weapons and ammunitions ⁽¹⁾ ;

(1) This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations;

- Production or trade in alcoholic beverages (excluding beer and wine);
- Production or trade in radioactive materials; ⁽¹⁾
- Production or trade in unbonded asbestos fibres ⁽²⁾;
- Drift net fishing in the marine environment using nets in excess of 2.5 km in length; and
- Production or trade of wildlife or products regulated under CITES. ⁽³⁾

The Bank has adopted a policy not to finance/refinance firms engaged in the above mentioned products.

(1) This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is assessed to be trivial and/or adequately shielded

(2) This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%

(3) Convention on International Trade in Endangered Species of Wild Fauna and Flora