

ENVIRONMENT

Promote environmental sustainability and equitable growth through sustainable lending practices; Reduce impact on environment on account of own operations by actively managing our environmental footprint and supporting customers to make 'green banking' choices



Scan the QR Code to know more about our SDG alignment

ENVIRONMENT

G4-EC2,
FS8

Sustainable Lending

We are aware of the indirect environmental impacts of our corporate lending operations, and have put in place 'Sustainable Lending Policy and Procedures' (SLPP). The SLPP acts as an environmental and social risk management framework for corporate lending business, and guides our efforts in assessing environmental and social risks for qualifying projects, engaging with project proponents to put mitigation plans in place, and monitoring and reviewing the implementation of mitigation plans.

The framework draws the environmental and social risk management aspects from international frameworks including the Equator Principles, IFC Performance Standards Framework for Environmental and Social Sustainability, the World Bank Group General Environment, Health & Safety (EHS) Guidelines and Sector Specific Guidelines, and other applicable national and local regulatory requirements / multilateral agreements. During the year, 16 proposals were assessed under SLPP.

Notwithstanding the SLPP, we assess all projects for legal permits as required by applicable regulations, as per the

Bank's Credit Policy which also envisages environmental and social regulations and compliances. Under the SLPP, We remain committed to not finance / refinance firms engaged in 'exclusion list' activities, which amongst others include:

- 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), including chlorofluorocarbon (CFC) and halons, and units manufacturing aerosol products using CFCs;
- Production or trade in radioactive materials¹ ;
- Production or trade in unbonded asbestos fibres² ;
- 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 CITES³ .

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

Implementation of Sustainable Lending Policy and Procedures (SLPP)

Our SLPP applies to all new funding projects (except for sanction of cost overrun or additional funding for the existing project) subject to the threshold criteria for qualifying projects as set in the SLPP. An Environmental and Social Management Group (ESMG) comprising of subject matter experts has been setup to implement the SLPP and it works closely with the Credit Team. The SLPP through use of tools has integrated environmental and social considerations in the screening and decision making processes to sanction loans and disburse funds.

As part of the credit appraisal process, after being initially screened against the Exclusion List, the credit proposal is screened for the sector, location and inherent environmental and social sensitivities to assess the E&S risk category of the project. This risk category of credit proposals is mainly 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). An example of the project assessed under SLPP is given below.

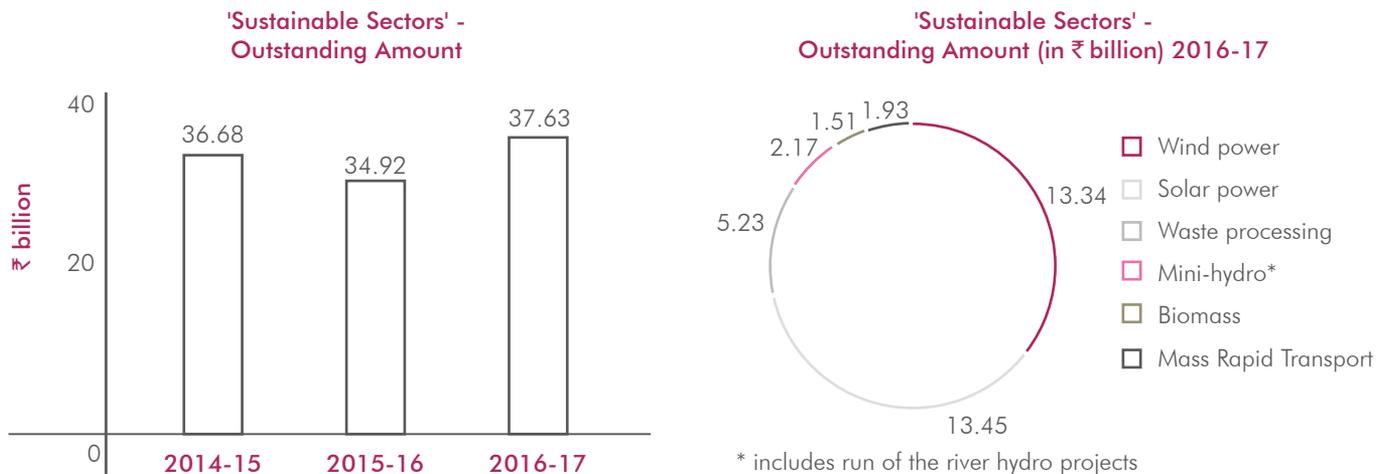
We have sanctioned term loan for a brownfield expansion project for a petroleum refinery based in Punjab, India. As per Axis Bank's SLPP, based on the E&S risk category of the project, an Environmental & Social Due Diligence study has been undertaken internally by the ESGM team. The assessment included desk review and visit to the project site. The risk assessment identified opportunities for improvement on below aspects.

- Environmental & Social Management System including stakeholder engagement and grievance redressal mechanism
- * Impact on local air quality - emissions such as PM, SO_x, NO_x due to extraction and re-use of by-products
- * Occupational health and safety-suitable management and operational controls to avoid major incidents including fatalities

Basis the assessment conducted, we engaged with the project proponent to develop appropriate mitigation plans and corresponding terms and conditions were documented in the loan document. We will regularly monitor the progress of the implementation of various mitigation plans as agreed with the project proponent.

We promote sustainable sectors such as renewable and clean energy, low carbon transport, and effective waste management and recycling through various corporate banking solutions.

Our overall exposure to sustainable sectors remained at ₹ 37.63 billion as of 31st March, 2017.



G4-FS8

Green Bonds

We believe that climate finance plays an important role in promoting climate change mitigation and adaptation. With an objective of leveraging market debt instrument for financing green projects, we have introduced and implemented a Green Bond Framework.

In accordance with the provisions of the Framework, we have issued Green Bonds during FY '17. The Green Bonds, valued at US\$ 500 million, are the first certified green bonds issued by an Indian bank, and have been listed internationally. The issue was over subscribed and many core 'green' only investors have subscribed to the bonds, some of whom were first-time subscribers to Indian issuance. As per the Green Bond Framework, the proceeds from the issue shall be used to finance, and/or refinance, projects spanning renewable energy, energy efficient buildings and low carbon transport sectors in accordance with the relevant Climate Bonds Initiative (CBI) standards.



Ms. Shikha Sharma, MD & CEO, Axis Bank (center) with officials from Axis Bank and London Stock Exchange at the ceremonial listing of Axis Bank Green Bond at London Stock Exchange.

The use of proceeds as on 31.03.2017 is given below:

Sector	Allocation (US\$ Million)	Count of Projects
Energy Efficient Building	118.19	1
Solar	55.98	11
Urban Mass Transport	29.74	1
Wind	188.13	11
Total	392.04	24

Unutilised Proceeds:

As per the Green Bond Framework, any shortfall in allocation of Green Bond proceeds is permitted to be invested in money market instruments and government securities. Accordingly, as on 31st March 2017, the Bank has US\$ 107.96 Million of 'Unutilised proceeds' which have been temporarily parked into liquid Indian Government Bonds

We also assess the positive environmental impacts of the green projects. Some of the key impacts are:

- Renewable Energy of 1,148 Million Units Generated
- 1.1 Million tCO₂ GHG Emission Savings Achieved by projects funded using Green Bond
- 25 Tonnes of dry waste collected from Axis House is recycled and 42 Tonnes of wet waste is composted at Axis House.



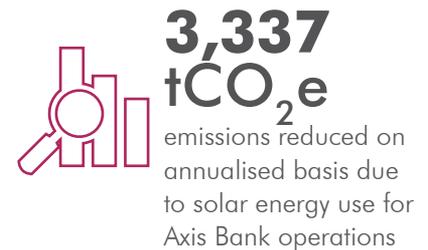
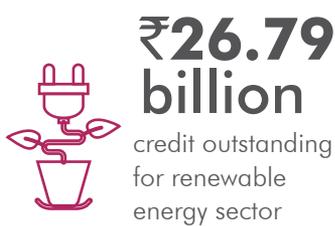
Scan the QR Code to
read the Green Bonds
Impact Report

RE focus

The renewable energy sector is a quintessential component of low-carbon growth, and with the Government's relentless focus to make the country energy self sufficient, the sector is poised to grow rapidly. We have a dual approach towards the renewable energy sector. Through our corporate banking and credit related services, we support the continued growth of the Sector.

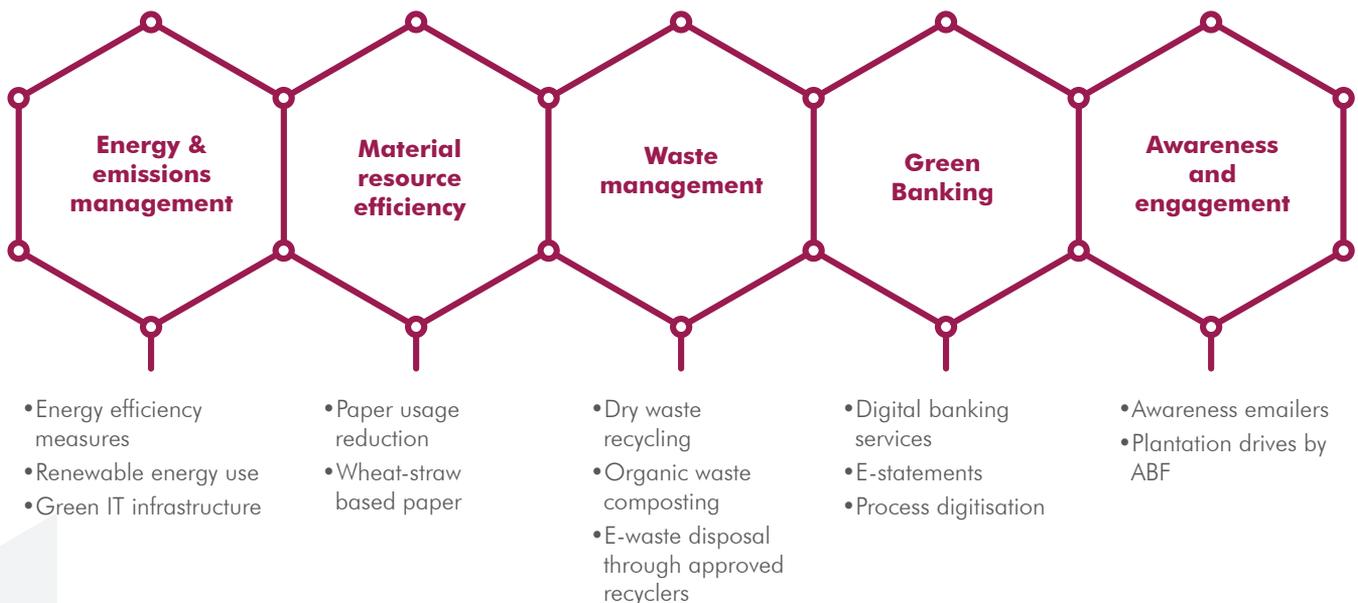
At the same time, we have also been strategically investing in solar energy for our own operations – boosting our clean energy generation, and reducing our carbon footprint simultaneously.

During the year, we have added 2 MW of solar energy generation capacity to take the total installed capacity to 5 MW. The solar power generation caters to 175 of our locations.



Direct Environmental Impacts

Our 'Policy on Environmental Management' constitutes the broad framework that guides our efforts towards managing our direct environmental impacts. Energy efficiency, material resource efficiency, renewable energy use and employee awareness are key components of this policy.



Being a service oriented industry, our environmental footprint primarily stems from large office buildings and branches, especially the use of energy to run our operations. We are dependent on the power drawn from the grid for our energy needs, and also use diesel generator sets for meeting on-site power requirements as a backup option. We have made incremental investments in renewable energy (solar) installations at our larger office and select branches, and will continue to increase our investments in green power.

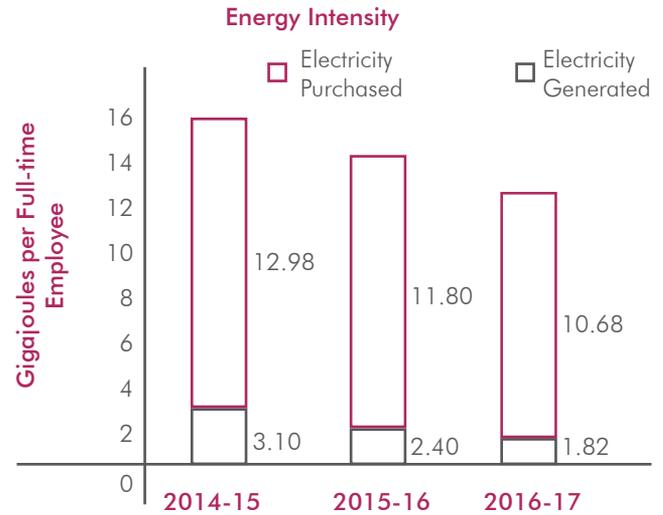
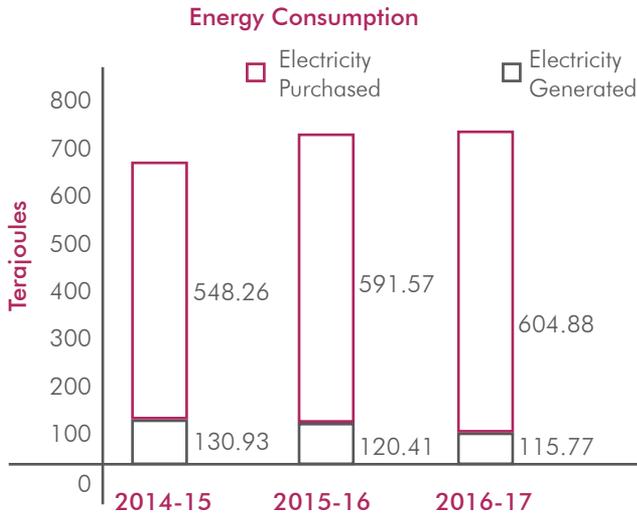
Energy efficiency projects are being pursued in earnest to reduce and optimise energy consumption at 'Axis House', our corporate office building. Axis House is a Platinum rated LEED (Leadership in Energy and Environment Design) certified green building, and has incorporated a multitude of green features from the design stage-up to help lower its overall environmental impact.

As a part of our continued focus on ensuring energy efficiency, we have also identified this idea as an important criterion for procurement of assets including ACs, laptops, desktops etc. This has helped us reduce our energy consumption, and minimised our impact on the environment.

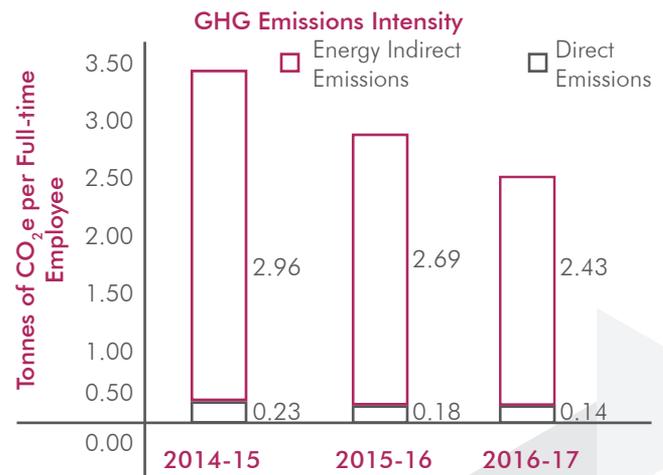
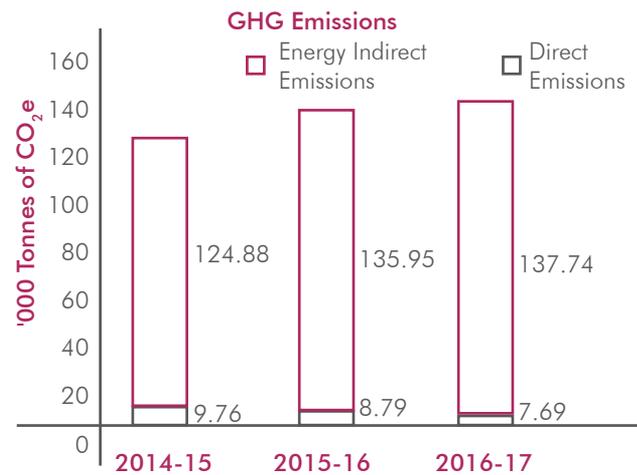
Our total energy intensity [per full-time employee] has reduced by 0.25 % compared to previous year. The focus on various energy initiatives such as renewable energy use, remote managed energy control systems at branches, lighting conversion to LED, and maintaining unity power factor at Axis House has yielded results in lowering the energy intensity. The estimated annualised total energy savings accrued during 2016-17 are to the tune of 9,542 Mwh leading to emissions reduction of 7,824 tCO₂e.

G4-EN6

G4-EN3,5



G4-EN16-18





15.3 kw Solar Power Plant at the Bank's Hyderabad Currency Chest, Begumpet, Hyderabad, India

Emissions Reduction Initiatives

The estimated annualised greenhouse gas (GHG) emission reduction due to initiatives undertaken as mentioned below during the year is 13,478 tonnes of CO₂e which is equivalent to 9.27% of our carbon footprint (direct and indirect emissions).

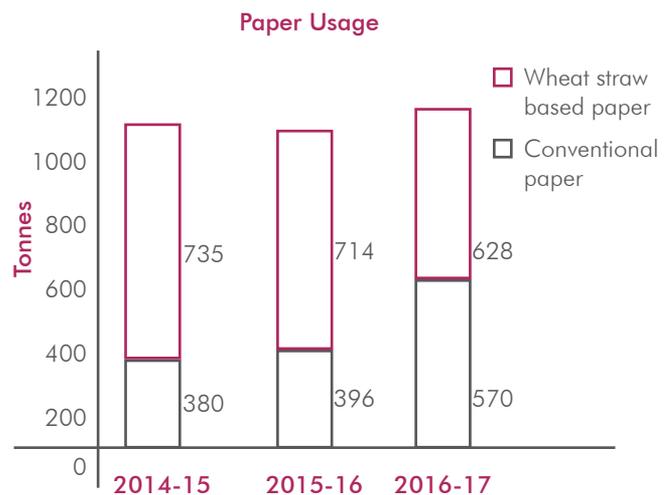
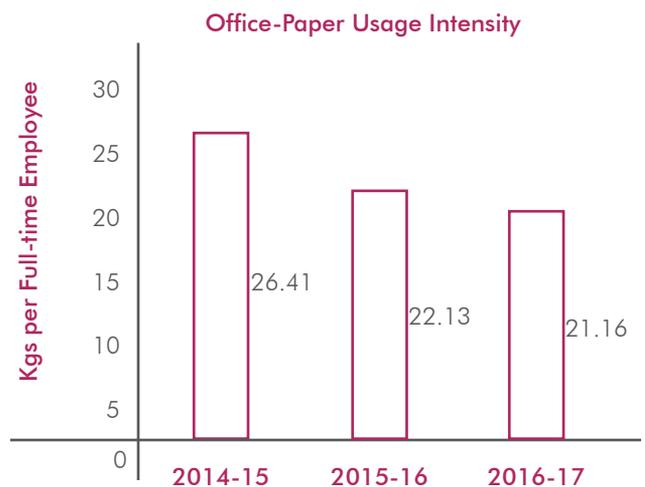
- Renewable energy installation at branches
- Smart remote-managed energy management systems for 889 branches and HVAC efficiency measures at Axis House, NPC II
- Paper usage reduction due to digital banking services – e-statements, e-welcome kits, e-copies of annual reports
- CFL lights replacement with LED lights
- Wheat straw based paper procurement

The other GHG emissions (Scope 3) relating to employee travel - employee business air travel, company provided shuttle bus services for employees and paper consumption during the year were 3454, 624 and 6349 tonnes of CO₂e respectively.

Paper is one of the key materials used in daily operations, and we are continually focusing to minimise its usage by digitising more products, services and processes. We leverage technology for digitisation of products, services and processes to deliver safe, secure and convenient banking, and have initiated procurement of wheat-straw based office paper, which is a greener alternative to conventional wood based paper, and reduces the overall environmental impact.

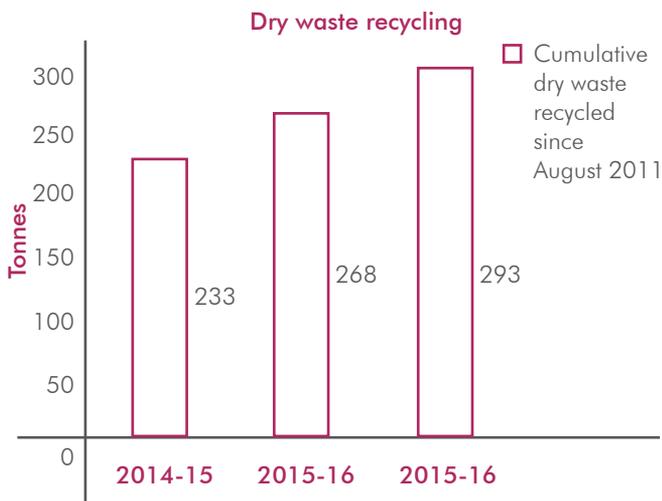
Owing to various measures, we have been able to

reduce of paper usage intensity by 4% compared to last year.



G4-EN1,6,7,18,19,23

The primary categories of waste generated in our operations are e-waste and dry waste (primarily paper waste). We have put in place an Information Asset Management Policy which details guidelines on responsibly managing and disposing e-waste in accordance with applicable statutory rules and regulations. Where possible, we enter into buy-back agreements with suppliers/manufacturers to enhance recycling efforts and reduce waste to landfill. E-waste is disposed in an environmentally sound manner through Pollution Control Board approved recyclers. Through our Axis Bank Foundation, we run a dry waste recycling program to recycle all the paper waste collected in over



80 offices and branches of the Bank in Greater Mumbai and Thane regions.

To further augment our efforts in reducing waste to landfill, we have initiated organic waste composting program at our Corporate Headquarters – Axis House.

The cafeteria waste generated at Axis House is converted into organic manure through an organic waste composter. A total of 42.24 tons of wet waste was collected and processed through the composting machine during 2016-17.

The other waste categories such as discarded furniture / office infrastructure and other materials are disposed through competent vendors.

Green Banking

We continue to make significant investments in the digitisation of our products and services to empower and enable the customer in adopting 'Green Banking' practices. Reduction in usage of paper is one the key focus areas for our internal operational efficiency improvements. Our digital banking services, including tablet-based account opening using eKYC, instant replacement of debit cards, insta-PIN generation through phone banking and internet banking, e-statements, transaction features on mobile banking app and internet banking etc. help in not only providing speedy and secure services, but also helpful in the reduction of paper usage and avoidance of branch visits – contributing significantly to environmental sustainability.

We engage with customers through e-mailers, 'Green Banking' messages on ATM and special campaigns to adopt paperless transactions. In the quest to provide customers with 'Green Banking' choice, we are in the process of evaluating options for making bio-degradable cards available for select product segments. Our endeavour is to continue encouraging our shareholders to subscribe for e-copies of the Annual Report, in accordance with 'Go Green' initiative of Ministry of Corporate Affairs.

G4-EN27

Initiative

Impact

E-statements (Demat accounts)

92% of statements issued through electronic medium

Demat E-welcome kit

54% of Demat welcome kits sent as e-welcome kit

E-copies of Annual Report

81% of shareholders registered

An estimated 155 million paper sheets, equivalent of 16,320 trees cut, were avoided during the year due to above-mentioned initiatives.