

# ENVIRONMENT

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Promote environmental sustainability and equitable growth  
through sustainable lending practices;

Reduce impact on the environment on account of our own operations by actively  
managing our environmental footprint and supporting customers  
to make 'green banking' choices

# ENVIRONMENT

## Sustainable Lending

Our corporate lending operations have an indirect impact on the environment. Towards providing responsible and sustainable financing options, we have developed 'Sustainable Lending Policy and Procedures' (SLPP) that strengthen the way we assess environmental and social risks in our lending decisions.

SLPP draws from international frameworks such as 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.

SLPP is effective from 1<sup>st</sup> April, 2016. We are currently testing the SLPP through pilot projects and shall subsequently institutionalise the application of SLPP for qualifying projects. Notwithstanding the SLPP, we assess all projects for environmental and labour-related permits as required by applicable regulations. Under the SLPP, we are committed to not finance/refinance firms engaged in 'exclusion list' activities, which amongst others, include:

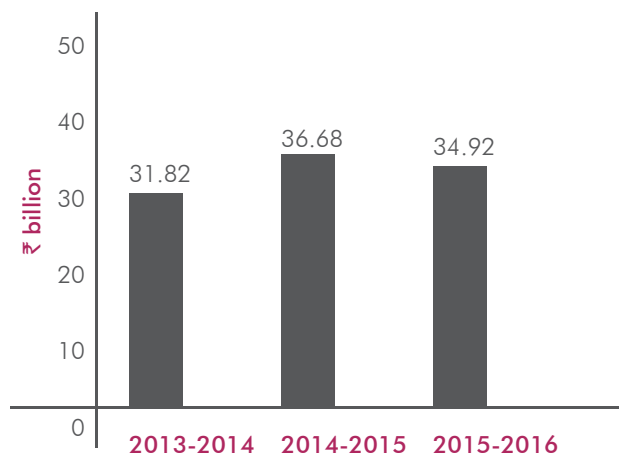
- Dealing with banned wildlife-related products
- Polluting industries unless the units have clearance from

pollution control authorities and have installed effluent treatment plants

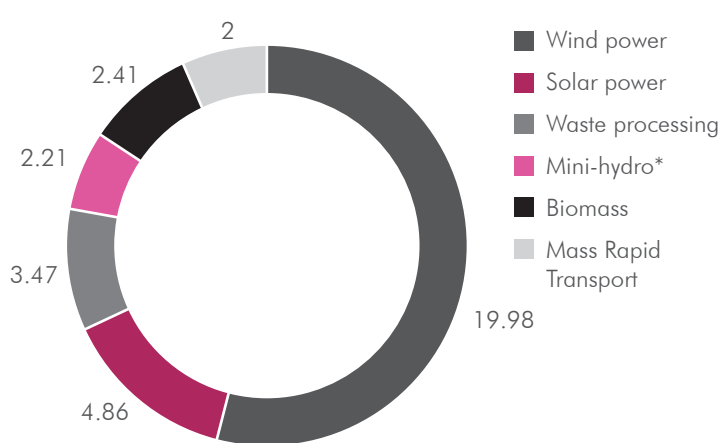
- Setting up of new units consuming/producing Ozone Depleting Substances (ODS) such as chlorofluoro carbon (CFC), Halons and units manufacturing aerosol products using CFCs
- Production or trade in radioactive materials<sup>1</sup>
- Production or trade in unbonded asbestos fibres<sup>2</sup>
- Drift 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<sup>3</sup>

Sustainable sectors such as renewable energy, waste to energy, waste management, mass rapid transportation, and sustainable urban infrastructure play an important role in defining the low-carbon growth pathways to achieve sustainable development. We actively support such sectors by extending corporate banking and credit-related services to enable business growth. Our overall exposure to sustainable sectors stood at ₹34.92 billion. We are also in the process of issuing 'green bonds' with an objective to finance and/or refinance qualifying green projects and assets in accordance with the Climate Bonds Standard.

'Sustainable Sectors' - Outstanding Amount (in ₹ billion)



'Sustainable Sectors' - Outstanding Amount (in ₹ billion) 2015-2016



\* includes run-of-the-river hydro projects

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.

## RE focus

The renewable energy sector is a quintessential component of low-carbon growth and the sector is poised to grow rapidly. The Government of India has taken on an aggressive target to increase installed renewable energy capacity by more than five times to 1,75,000 MW by 2022. We have a two-pronged

approach towards the renewable energy sector. Through our corporate banking and credit-related services, we support the growth of the renewable energy sector. In the RE-Invest 2015, we have made green energy commitments of extending finance of ₹100 billion for renewable energy projects equivalent to 2,000 MW installed capacity.



**₹29.46  
billion**

credit outstanding for  
renewable energy sector



**3  
MW**

total installed capacity of  
solar energy for Axis Bank  
operations



**3,294  
tCO<sub>2</sub>e**

emissions reduced on an  
annualised basis due to solar  
energy use for Axis Bank operations



Solar panels installed at the Bank's branches

We have also invested in solar energy for our own operations towards clean energy generation and reduction in our carbon footprint. During the year, we added 2.7 MW of solar energy generation capacity to

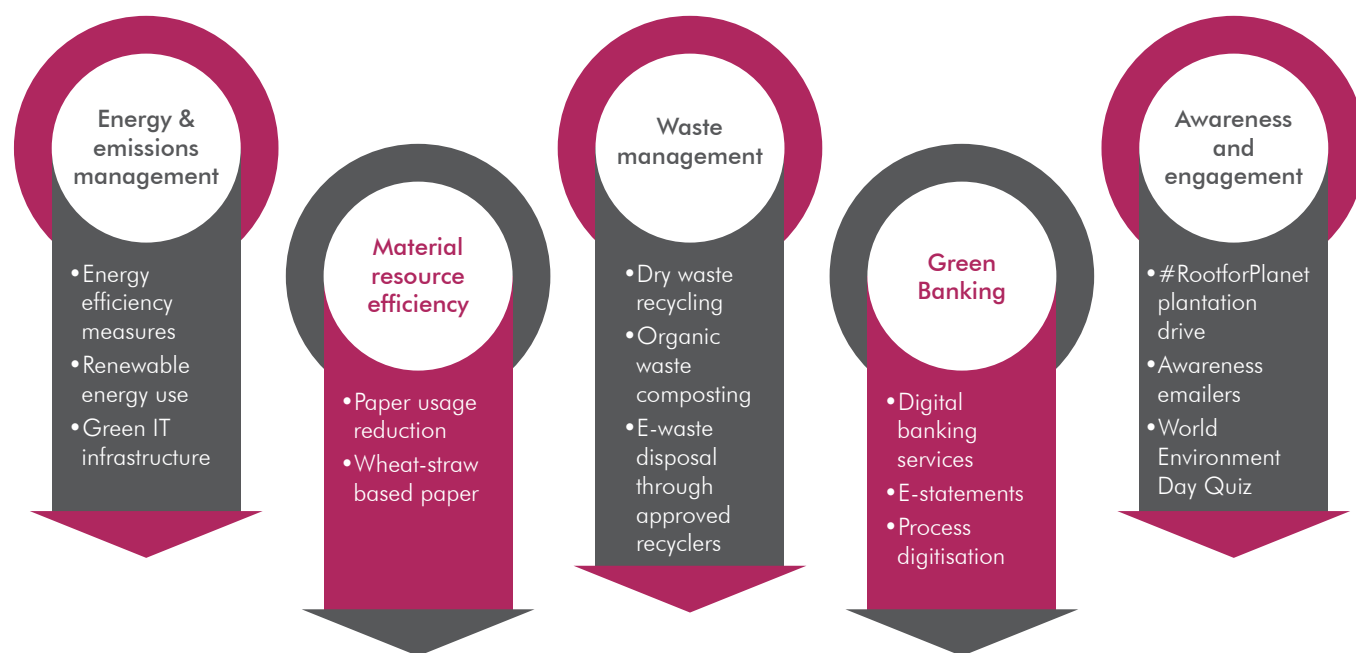
take the total installed capacity to 3 MW. The solar power generation caters to 175 of our locations.



Scan the QR code to know more about our Climate Change Risks and Opportunities

## Direct Environmental Impacts

We have put in place 'Policy on Environmental Management' to guide our efforts towards managing direct environmental impacts. The key focus areas for environmental management include energy efficiency, material resource efficiency, renewable energy use, and employee awareness.



Energy usage is one of the significant contributors to our environmental footprint. We responsibly manage our energy mix by focusing on energy efficiency and increasing the use of renewable energy. Our energy needs are primarily met through electricity drawn from grids, and is supplemented by on-site generation of electricity through diesel generator sets and solar panels. We continually explore opportunities to enhance energy efficiency through various measures. 'Axis House', our corporate office building, is a platinum-rated LEED- (Leadership in Energy and Environment Design) certified green building and has incorporated a multitude of green features at the design stage to help lower its environmental impacts. Energy management for Information Technology (IT) infrastructure like Data

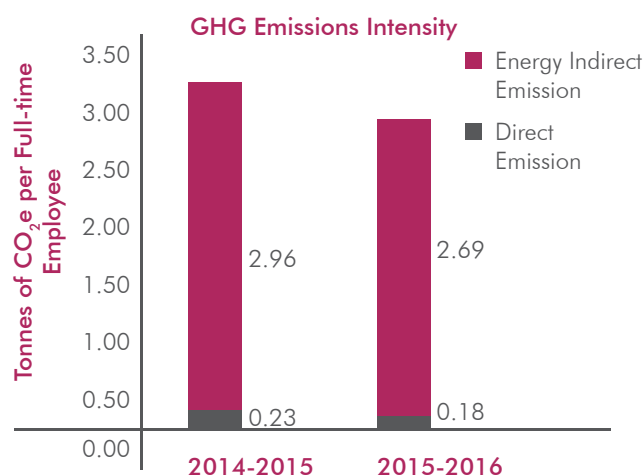
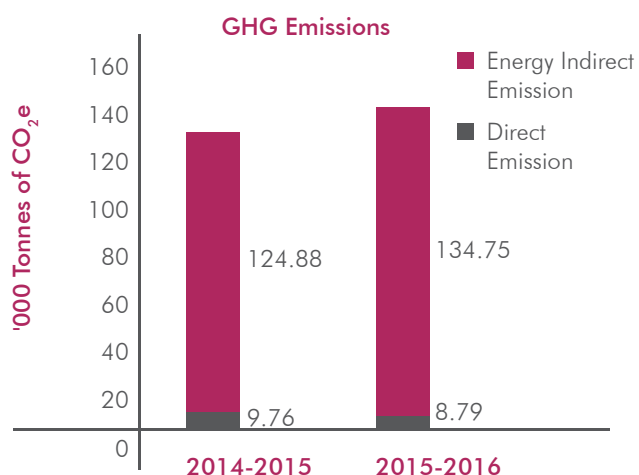
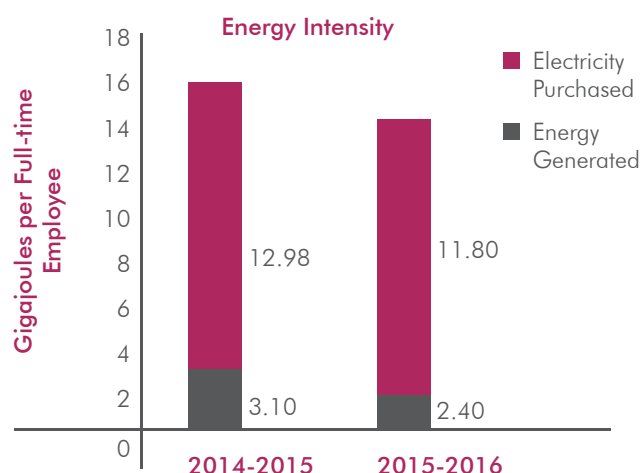
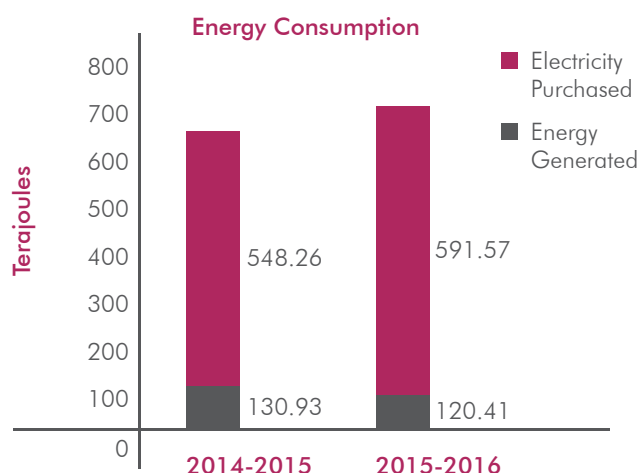
Centres is another focus area wherein measures such as solid-state data storage, cold aisle containment, server consolidation, and Virtual Desktop Infrastructure have been undertaken to improve efficiency. Energy efficiency is also an important criteria for the procurement of assets such as ACs, laptops and desktops to reduce energy consumption.

## Energy management initiatives

We have made concerted efforts to reduce our energy intensity by undertaking various efficiency measures which resulted in reduction of 12% in our energy intensity [per full-time employee]. Some of key energy management initiatives undertaken were:

- Renewable energy – we have installed a total of 3 MW of solar energy systems which translates to an annualised estimated low carbon energy generation of 4,136 Mwh during the year and a reduction in emissions of 3,294 tCO<sub>2</sub>e.
- Smart energy control systems – 400 branches are now installed with a remote-managed smart energy control system. The system enables central monitoring of the office energy consumption on a real-time basis, benchmarking of energy performance and sending reports to different unit managers for proactively improving energy efficiency.
- LED lighting – CFL lights are replaced with LED lights at Axis House. On an annualised basis, this has a potential of 76 Mwh of energy savings leading to 62.52 tCO<sub>2</sub>e emissions reduction.
- Efficient HVAC systems – HVAC system in Axis House was optimised and retrofit of Air Handling Unit (AHU) at NPC II was done. This has a potential of annualised energy savings of 649 Mwh resulting in a reduction in emissions of 532 tCO<sub>2</sub>e.

The estimated annualised energy savings for 2015-16 are to the tune of 9,582 Mwh and a reduction in emissions of 7,856 tCO<sub>2</sub>e.

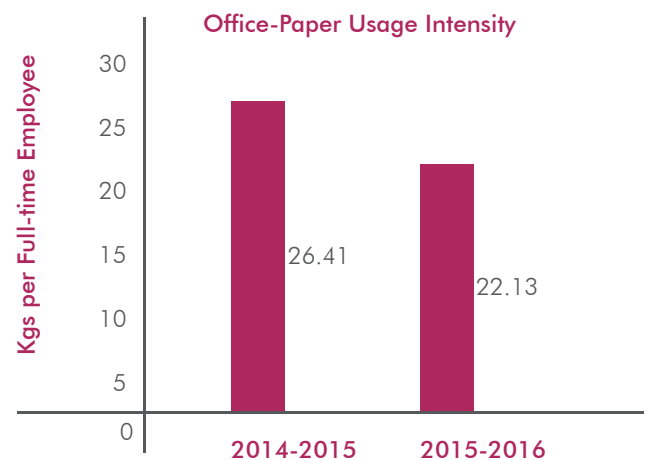
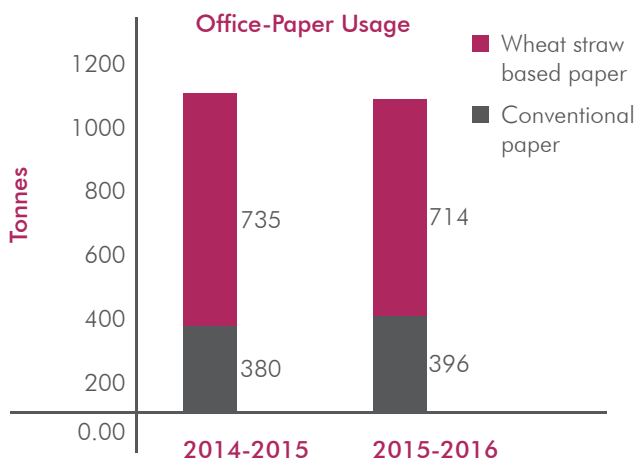


## Emissions reduction initiatives

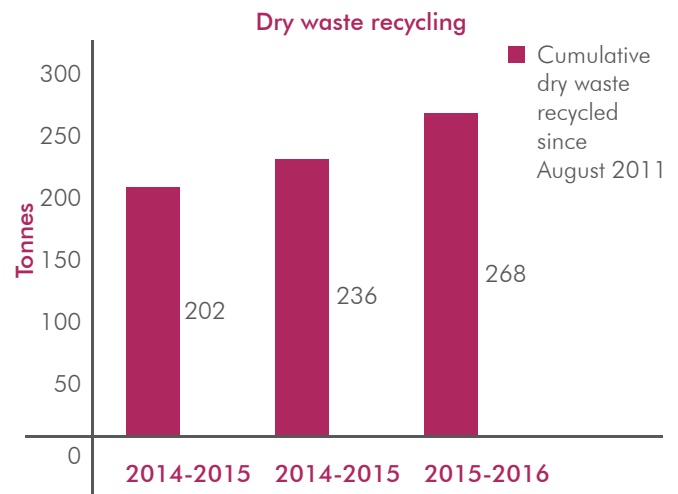
The estimated annualised reduction of GHG emissions due to initiatives undertaken as mentioned below during the year is 10,349 tonnes of CO<sub>2</sub>e which is equivalent to 7.2% of our carbon footprint (direct and indirect emissions).

- Renewable energy installation at branches
- Smart remote-managed energy management systems for 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
- #RootforPlanet tree plantation drive

In terms of material resources, paper is a key input material that is used. Optimisation of paper usage is a focus area for operations management. We leverage technology for digitisation of products, services and processes to deliver safe, secure and convenient banking. Digitisation also helps us in reducing the usage of paper. We also procure wheat-straw based office paper which is a greener alternative to conventional wood based paper to reduce the overall environmental impact. Owing to various measures, we were able to reduce the intensity of office paper usage by 16% compared to last year.



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 the Greater Mumbai and Thane regions.



The other GHG emissions (Scope 3) relating to employee business air travel, company provided shuttle bus services for employees and paper consumption during the year were 1763.60, 670.04 and 5451.14 tonnes of CO<sub>2</sub>e respectively. To further augment our efforts in reducing waste to landfill, we have started 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. The other waste categories such as discarded furniture/office infrastructure and other materials are disposed through competent vendors.

## Green Banking

We strive to reduce environmental impacts incidental to our products and services through 'Green Banking' practices. Digitisation of products, services and processes is vital for both reducing environmental impacts and providing superior customer service by enhancing the safety, ease and convenience of banking. 'Pratham' is our strategic initiative aimed at large scale transformation by re-engineering several processes across retail and wholesale verticals of the Bank aimed at enhancing the customer experience and reducing operational risk. Digitisation has been a key enabler in the success of 'Pratham'. Key initiatives such as tablet-based instant savings, current and NRI account opening, tablet-based instant credit card application and processing, speed banking services through tab devices at branches, insta kits for savings and NRI accounts; and instant

replacement of debit cards, not only help in improving customer service but also contributing to a significant reduction in the usage of paper. Customers are encouraged to subscribe for e-statements. Frequent communications are sent to the customers on availing e-statements in an easy and secure manner. The 'Green Banking' message at the ATM, alerts the user to avoid printing the transaction slip, if not needed. Customers can set their debit card / credit card PIN at the Bank's ATM or through phone banking in a secure manner, thus eliminating the use of paper for PINs sent through post. We continue to reach out to our shareholders to subscribe for e-copies of the Annual Report, in accordance with the 'Go Green' initiative of the Ministry of Corporate Affairs.

| Initiative                                                                                  | Impact                                             |
|---------------------------------------------------------------------------------------------|----------------------------------------------------|
| E-statements (Savings accounts, Current accounts, other retail liabilities/assets products) | 70% of total statements are issued electronically  |
| E-statements (Demat accounts)                                                               | 85% of statements issued through electronic medium |
| Demat E-welcome kit                                                                         | 68% of Demat welcome kits sent as e-welcome kit    |
| E-copies of Annual Report                                                                   | 76% of shareholders registered                     |

An estimated 138.15 million paper sheets, equivalent of 14,589 trees cut, were avoided during the year due to the above-mentioned initiatives.

## Awareness and engagement

Awareness and engagement also plays a key role in furthering our green agenda. Customer engagement is done through active pursuance of the digital banking strategy to help customers make 'green banking' choices. Specific messages are sent to customers on important dates like World Environment Day to drive home the message of environmental sustainability, and garner customer support by rewarding them with vouchers/coupons if they switch to e-statements. We engage with employees on environmental and energy-efficiency topics through regular emailers. During the year, we have conducted a World Environment Day online quiz for our employees to advocate environmental

sustainability. Exhibitions were conducted by Axis Bank Foundation partner NGOs to promote sale of green products like paper-based handmade jewellery, bowls, plates, etc. Extending our green efforts beyond the branches, we conduct an annual sapling plantation drive to engage with customers and community members. This year, #Rootforplanet – our annual sapling plantation campaign – scaled new heights by making it to the *Limca Book of Records* for 'Largest Plantation Drive Across Most Locations'. More than 1,27,000 saplings were planted as part of the #Rootforplanet campaign. Axis Bank Foundation (ABF) engages with communities on sustainable agricultural practices leading to environmental sustainability.

*For additional information, please refer to 'Communities' section of this report*



'Roof for Planet' plantation drive at Maharashtra Nature Park in Mumbai