

GREEN BOND IMPACT REPORT

Axis Bank issued its inaugural Green Bond of USD 500 mn (ISIN XS1410341389) in June 2016. The bond was the first certified Green Bond by an Asian bank – Axis Bank's Green Bond was certified under Climate Bonds Initiative standards version 2.1. It was also the first bond issued from India to be listed on the London Stock Exchange.

Bonds were issued under the 'Green Bond Framework' established by the bank. The framework defined the use of proceeds, criteria for selection and evaluation of projects, monitoring utilization of proceeds and reporting guidelines. The framework was reviewed by KPMG, and provided an 'Independent Assurance Report' as required by Climate Bonds Standards.

The proceeds of the Green Bond were allocated to renewable energy projects, low carbon transport projects and energy efficient buildings. In order to monitor the proceeds, a Green Bond Committee was constituted. Proceeds were tracked monthly and shortfall, if any, was timely parked in government securities and other money market instruments.

Post issuance, we again engaged KPMG to provide assurance that the proceeds utilization and the internal controls for tracking the allocation conform to our Green Bond framework. KPMG has conducted their review and assessment in March 2017 and the Assurance Report of KPMG is provided in the appendix to this report.

As on 31st March 2018, the Bank has fully allocated USD 500 mn Green Bond proceeds to specified projects detailed below and has no unallocated proceeds.



Green Bond Allocation Details

Sector	Allocation as of 31 st March 2018 (USD mn)
Solar	215.70
Wind	142.59
Energy Efficient Building	114.75
Urban Mass Transport	27.76
Total	500.80

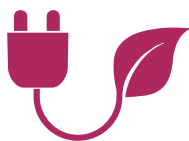
Number of Projects to which the funds have been allocated

Sector	Count of Projects
Solar	12
Wind	11
Urban Mass Transport	1
Energy Efficient Building	1
Total	25

Impact assessment of the projects to which funds were allocated is:



Renewable Energy of
1,062
Million
Units Generated



1 Mt
CO₂ GHG
Emission Savings Achieved by projects
funded using Green Bond



64
tonnes
Tonnes of Waste
recycled at Axis House.

Case Study

Tata Power Renewable Energy Ltd

Axis Bank provided financing to Tata Power Renewable Energy Ltd (TPREL), which is Tata Power's primary investment vehicle for the clean and renewable energy based power generation capacity.

Their current operating capacity is 1,839 MW comprising of 907 MW wind power and 932 MW solar power, with an additional 375 MW of solar and wind power projects under construction. Their plants are spread

across 10 provinces in India.

Tata Power group's goal is to achieve 30%-40% of power generation capacity from non-fossil fuel based sources



TPREL wind turbines



TPREL solar panel installations

Notes

1) The Central Electricity Authority, a statutory body under Ministry of Power, Govt. of India has published CO2 baseline database for the Indian power grid under the Clean Development Mechanism (CDM) of UNFCCC Kyoto Protocol. The CO2 emission factor of Indian power grid indicates the carbon intensity of the grid.

(http://www.cea.nic.in/reports/others/thermal/tpece/cdm_co2/user_guide_ver11.pdf)

2) Per the Energy Modelling Report for baseline conventional building of similar size and capacity as that of Axis House, the baseline electricity consumption is 7,878 Mwh. This data is sourced from the submission made to the US Green Building

Council (USGBC) for LEED Certification of Axis House premises. However, the actual electricity consumption for the premises during FY 17-18 was 6355 Mwh. The difference in electricity consumption is multiplied with CO2 emission of Indian power grid to arrive at the CO2 emission reduction achieved by Axis House.



Certification



This is to certify that the

*First green senior unsecured term notes to be issued
under the Global Medium Term Notes programme*

Issued by

Axis Bank Ltd.

Has met the criteria for certification by the Climate Bonds Standard Board
on behalf of the Climate Bonds Initiative

Sean Kidney

SEAN KIDNEY

Chair of the Climate Bonds Standard Board

14.05.2016





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Independent Assurance Statement

To the management of Axis Bank Limited, Axis House, C-2 Wadia International Centre, P.B. Marg, Worli, Mumbai - 400025, India.

Introduction

Axis Bank Limited (Issuer) has issued a green bond for USD 500 million on 1 June 2016. We were engaged by the Issuer to confirm that they and their bond are in conformance with the post-issuance requirements of the Climate Bonds Standard Version 2.1.

Assurance Standards

We conducted our engagement in accordance with requirements of 'Limited Assurance' as per International Federation of Accountants' (IFAC) International Standard on Assurance Engagements [ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information].

Assurance scope and level of assurance

Our scope of assurance included information on material aspects of the green bond based on post-issuance requirements of the Climate Bonds Standards Version 2.1 as listed below:

Part A: General Requirements

- Nominated projects and assets
- Use of proceeds
- Non-contamination of proceeds
- Confidentiality
- Reporting

Part B: Eligible Projects & Assets

- Climate Bonds Taxonomy
- Technical Criteria

Part C: Requirements for Specific Bond Types

- Project Holding
- Settlement Period
- Earmarking

Specific limitations and exclusions

- Our assurance process was subject to the following limitations as we have not been engaged to:
 - Determine which, if any, recommendations should be implemented
 - Provide assurance on information outside the defined reporting boundary and period
 - Verify the Issuer's financial statements & economic performance
 - Verify the Issuer's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention and national or global socio-economic and environmental aspects provided by the Issuer



Work undertaken

We planned and performed our work to obtain all the evidence, information and explanations that we considered necessary to obtain a meaningful level of assurance in relation to the above scope. The procedures we performed, which are set out in more detail below, were based on our professional judgment and included, as appropriate, inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of reporting policies and agreement or reconciliation with underlying records. We believe that the procedures we have performed and the evidence we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

To reach our conclusion we:

- Checked the Issuer's Green Bond Framework that includes processes, systems and controls in place for management of bond proceeds; investment areas for green bond proceeds and intended types of temporary investment instruments for the management of unallocated proceeds;
- Read sections of the bond disclosure documentation that also support the objects of the green bond issue, investment areas, earmarking of proceeds, reporting on use of proceeds and intended types of temporary investment instruments for the management of unallocated proceeds;
- Conducted interviews with management and key staff responsible for the green bond to understand how the processes, systems and controls defined in the Green Bond Framework have been implemented post issuance of the bond;
- Checked the list of projects to which bond proceeds have been allocated and their conformance with the criteria defined in the Green Bond Framework, bond disclosure documentation and Part B of the Climate Bonds Standard;
- Checked a sample set of loan proposal documents approved by Issuer's management for disbursement to project developers that includes the description of the nominated projects and assets and purpose of the loan disbursed;
- Confirmed the amount of bond proceeds allocated to nominated projects and assets through examination of Issuer's internal system for tracking use of proceeds and subsequently reported in the Issuer's Green Assets Register;
- Confirmed the investment of unallocated bond proceeds to government securities through examination of Issuer's internal systems; and
- Recalculated estimated annualized greenhouse gas (GHG) emission reductions from projects using information collected by the Issuer.

Conclusions

The following conclusion is based on the work performed and evidence obtained and the scope of our assurance engagement described above.

Nothing has come to our attention to suggest that the Issuer and their green bond issued on 1 June 2016 are not, in all material respects, conforming to the post-issuance requirements of the Climate Bonds Standard Version 2.1.

Independence

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 standard. Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, in relation to the scope of this assurance engagement. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due



care, confidentiality and professional behaviour. We have systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. We apply ISQC 1 and comply with the applicable independence and other ethical requirements of the IESBA code.

Management's responsibility

The Management of the Issuer is responsible for ensuring that the Issuer and their green bond complies with the requirements of the Climate Bonds Standard Version 2.1. This responsibility includes designing, implementing and maintaining systems and processes relevant for the management of green bond proceeds.

The Management of the Issuer is also responsible for preventing and detecting fraud and for identifying and ensuring that Issuer complies with laws and regulations applicable to its activities.

Our responsibility

Our responsibility is to report in the form of an independent limited assurance conclusion in relation to the above scope based on the procedures performed and the evidence obtained. We conducted our engagement with a multidisciplinary team which included professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 standard.

This assurance report is made solely to Issuer in accordance with the terms of our engagement, which include agreed arrangements for disclosure. Our work has been undertaken so that we might state to Issuer those matters we have been engaged to state in this assurance report and for no other purpose. Our assurance report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Issuer for any purpose or in any context. Any party other than Issuer who obtains access to our assurance report or a copy thereof and chooses to rely on our assurance report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Issuer for our work, for this independent limited assurance report, or for the conclusions we have reached.

Santhosh Jayaram

Partner

KPMG India

31 March 2017