

Green Bond Impact Report 2020-21

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 London Stock Exchange.

The proceeds of the Bond are being managed as per the 'Green Bond Framework' created by the Bank that defines the use of proceeds, criteria for selection and evaluation of projects, monitoring the utilisation of proceeds and reporting guidelines. In line with the post-issuance requirements under Climate Bonds Version 2.1, the Bank engaged a competent third party to independently review and assure the framework put in place prior to issuance as well as the post-issuance process.

The proceeds of the Green Bond have been allocated to renewable energy sectors, urban mass transportation projects and energy efficient green buildings, as on 31st March 2021. As per the issuance covenants, any shortfalls, if any, was merely parked in government securities and other money market instruments. The proceeds are monitored and reported monthly under a Green Bond Asset Register that is reviewed and approved up till the Board level.

Post-issuance of the Green Bond proceeds, the Bank again engaged a third party for assurance and verification of proceeds utilisation and internal controls for tracking the allocation conform to our Green Bond framework. The Independent Assurance Report by EY is provided at the end of this Report.

The Bank issued its second green bond, of USD 40 million, as a private placement, in April 2019 through its GIFT City Branch, which have been subsequently added to the Bank's Green Bond Asset Register with proceeds being tracked cumulatively.

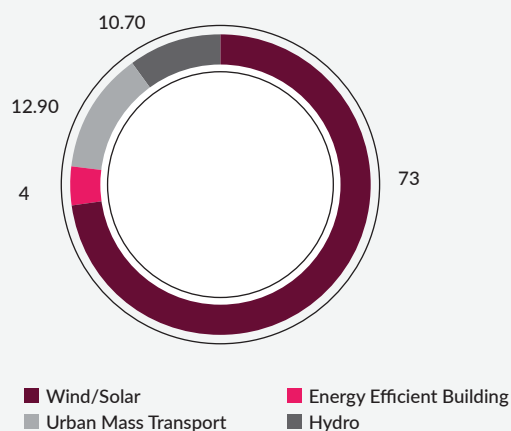
As on 31st March 2021, the Bank had allocated 100% of its total proceeds. The total green bond expenditure is INR 4,604.49 Cr against the requirement INR 3,953 Cr.

The USD 500 million Green Bond issued in 2016 has matured in May 2021 and this is the fifth and final Green Bond Impact Report being published for the issuance.

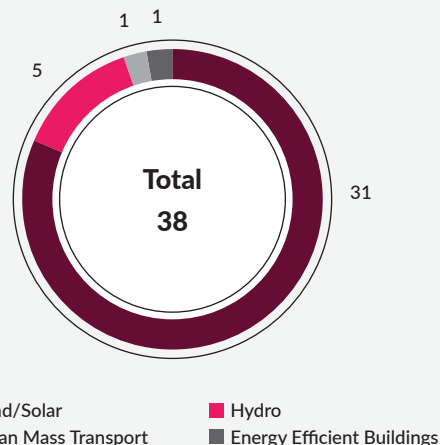
Going forward, the Bank shall align its disclosures for any existing and future issuances with the Sustainable Financing Framework (Link) and with the oversight of the ESG Working Group.



Sector-wise allocation of the allocated proceeds as on 31 March 2021 (in %)



Number of Projects to which Proceeds have been allocated, as on 31 March 2021



Impact Assessment of the projects to which funds are allocated:



2 billion units*
of renewable power generated



1.64 million tCO₂e**
emission avoided from renewable power generation

The impact numbers highlighted above have been externally assured by EY

** The emissions avoided have been calculated from units generated from the wind and solar power generation and hydropower generation projects in the Green Bond Asset Register of the Bank as on 31 March 2021.

** The renewable power generation data has been obtained for 28 wind/solar and hydropower projects for FY 2020-21 out of eligible 32 projects. 3 projects had zero power production during the year.

** This number includes the power export figures from the pertinent wind and solar projects only and does not consider T&D losses or auxiliary consumption.



Axis House, the corporate headquarters of Axis Bank at Mumbai, is a certified 'Platinum' rated Green Building by Indian Green Building Council (IGBC). Axis Bank has allocated its green bond proceeds in Axis House for incorporating innovative technologies and measures for achieving energy and operational efficiency. In addition, the Bank has invested in solar rooftop installations that support lowering the building's carbon footprint.

- **Renewable energy generation:** As on 31st March 2021, the Bank has an overall installed solar power capacity of 7.05 MW across 248 locations, that includes 220 KW capacity of rooftop solar installed at Axis House, along with a 2 MW plant at Solapur, Maharashtra. The energy generated by roof top solar installations at Axis House, meet the energy requirement of the building.
- **Energy and Resource efficiency:** Axis House has invested in digital solutions and adopted several energy and resource efficiency measures that help increase the operational efficiency in its operations. Some of the significant measures include replacement of all conventional lightings with LED light fittings, installation of energy management systems and motion sensors at workstations and common area lighting, and maintenance of unity power factor through APFC panels in auto mode for optimum use of power.
- **Waste and water management:** The centralised waste management system at Axis House enable to recycle more waste and produce less waste. In the reporting period, approximately 21 tonnes of dry and wet waste such as printing papers, newspapers, magazines, paper cups, food waste etc. were recycled. At Axis House facilitates a composting machine in its premises which helps to convert its wet waste into compost manure. Similarly, its dry waste is also converted into usable stationery items such as notebooks and notepads. The Bank disposes its e-waste from all locations responsibly in an environment friendly manner through government authorized vendors.
- During the reporting period, approximately 66,574 KL water was consumed by employees' at large offices in Mumbai, which includes Axis House. Several measures are taken at Axis House to save water resources and minimise its consumption. Some significant measures include use of aerator taps and sensors to optimize water flow at washrooms and bio-blocks at the urinals. Axis House also facilitates sewage treatment plant which recycles almost 150 KL of water daily, the recycled water is used for gardening purpose and it also harvests close to 2000 KL of rain water annually for building's use.



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INDEPENDENT ASSURANCE STATEMENT

The Board of Directors and Management

Axis Bank Limited,
Axis House, Wadia International Center
P.B. Marg, Worli
Mumbai - 400 025

Ernst & Young Associates LLP (EY) was engaged by Axis Bank Limited (the 'Company') to provide independent assurance of its Green Bond Impact Report (the 'Report') for the Financial Year 2020-21.

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.

EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the report content as described in the scope of assurance. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Scope of assurance

The scope of assurance covers the following aspects of the Report:

- ▶ Data and information related to the Company's Green Bond Impact in accordance with Climate Bonds Standard Version 2.1
- ▶ Review of the technical criteria of Axis Green Bond Framework
- ▶ Remote Verification of sample data and related information through consultations with the Company's representatives from Axis Bank corporate office.

Limitations of our review

The assurance scope excludes:

- ▶ Operations of the Company other than those mentioned in the 'Scope of Assurance'
- ▶ Aspects of the Report and data/information other than those mentioned above
- ▶ Data and information outside the defined reporting period i.e. 1st April 2020 to 31st March 2021;
- ▶ The Bank's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Bank
- ▶ Review of the Bank's compliance with regulations, acts, guidelines with respect to various regulatory agencies and other legal matters
- ▶ Data and information on economic and financial performance of the Company
- ▶ Review and validation of the actual loan disbursement and end-use certificates
- ▶ Validation of data generated from the Bank's internal data management systems

Assurance criteria

The assurance engagement was planned and performed in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000). Our evidence-gathering procedures were designed to obtain a 'Limited' level of assurance (as set out in ISAE 3000) on reporting principles, as well as conformance of Climate Bonds Standard Version 2.1 on the technical criteria

What we did to form our conclusions

In order to form our conclusions, we undertook the following key steps:

- ▶ Interviews with select key personnel and the core team responsible for the preparation of the Green Bond Impact Report to understand the Company's green bond framework and use of proceeds.

- ▶ Interactions with the key personnel to understand and review the current processes in place for capturing Green Bond Data
- ▶ Data assurance through desk reviews pertaining to disclosures mentioned in the 'Scope of Assurance' above.
- ▶ Review of relevant documents and systems for gathering, analyzing and aggregating the performance of the green bond proceeds

Our observations

The Company has demonstrated its commitment to Green Bond Framework in alignment to Climate Bonds Standard Version 2.1. The Report includes a description of Sector-wise allocation of the allocated proceeds, Impact Assessment of the projects to which funds are allocated and Case studies. Areas of further improvement wherever identified have been brought before the attention of the management of the company.

Our conclusion

On the basis of our review scope and methodology, nothing has come to our attention that causes us not to believe that the data has been presented fairly, in material respects, in keeping with the Climate Bonds Standard Version 2.1.

Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our climate change and sustainability network and undertakes similar engagements with a number of significant Indian and international businesses. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants¹. EY's independence policies and procedures ensure compliance with the Code.

for Ernst & Young Associates LLP,



Shailesh Tyagi
Partner
21.01.2022
Mumbai

¹ International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. This *Code* establishes ethical requirements for professional accountants.