

Green Bond- Monitoring and Reporting of Use of Proceeds

Yousuf Syed
Head, International DCM and Fixed Income Investor Relations
Axis Bank

17th May 2017

Axis Bank Green Bond Framework

Under its Environmental agenda the bank endeavours to support transition to low carbon economy by increasing Environmental Financing. The bank's Green Bond Framework is one such initiative to further this objective.

Our Framework is assured by KPMG to be in compliant with Climate Bonds Initiative Standards guidelines Version 2.0

1. Use of Proceeds

- Renewable Energy : Solar, Wind and Small Hydro
- Urban Mass Transport: Electrified Public Transport and Bus Rapid Transport System
- Low Carbon Emission Buildings

2. Selection and Evaluation Process

- Corporate Credit Team to Nominate green assets
- Green Committee consisting of Senior Management to approve the eligibility of nominated asset as per framework
- Post approval asset qualifies for applying Green Bond Proceeds

3. Earmarking of Funds

- To maintain a dedicated register for tracking application of Green Bond Proceeds
- Register to contain bond ISIN, loan amount sanctioned, amount disbursed, category of asset, project description etc
- Unallocated proceeds to be invested in Money Market Instruments and T Bills/Government securities.

4. Reporting

- Axis Bank will report the 'Use of Proceeds' for each green bond issued through a separate section in Annual Sustainability Report which will be published on website.
- Wherever possible, we will also report the environmental impact of our investments and reduction in GHGs.

Monitoring and Reporting Activities- Details

1. Monitoring

- Monthly tracking of allocation of proceeds through a separate register.
- Formation of a Committee which oversees the process. Committee consists of various business heads from Treasury, Funding, Corporate Credit and ESG team which brings in expertise from different areas
- Committee members are periodically updated about the allocation of green bond proceeds
- Due to monthly tracking, any shortfall is identified quickly and funds are temporarily parked in money market instruments and G Secs as per Green bond Framework

2. Reporting

- Annual reporting through our Sustainability report which covers the entire gambit of ESG activities of the bank. Same is published under CSR section on our website.
- Important disclosures:
 - Amount allocated to various sectors with case studies on some of the projects
 - Nature of projects
 - Unallocated amount from this bond issuance
 - Measurable environmental impact (i.e. CO2 emissions etc) of the projects financed by this bond

Questions?