

ENVIRONMENT

Managing our ENVIRONMENTAL FOOTPRINT

Our environmental management practices are focused on reducing the operational carbon footprint through transition to 'Phygital' service delivery, clean energy procurement, responsible resource utilisation, and conscious energy reduction measures.



6%

Reduction in Scope 1 + Scope 2 emission intensity for the Bank*

65%

Waste recycled out of the waste generated at the Group's large offices

12%

Electricity from renewable sources used in the Group's large offices

Material topic(s) covered

Minimising environmental impact of operations

Capital Linkage



Natural Capital

Impact on SDGs



*Reduction in intensity despite expansion in scope of emission coverage

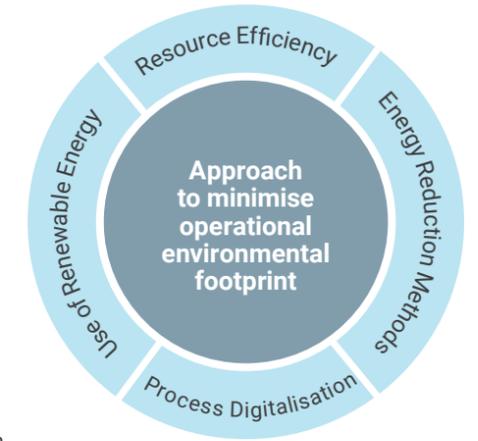
We, at Kotak, are cognisant of the impact created on the natural environment through both our own operations as well as lending and investment activities. We acknowledge the role of financial institutions in anchoring the transition to a sustainable future, given our contribution to the growth of every sector in the economy.

There is global consensus on the indispensable role of financial institutions in addressing climate change. The ongoing transition to a low-carbon economy creates both risks and opportunities for the sector. We have decided to put in place frameworks to measure, monitor, and manage climate-related risks to mitigate any losses arising from climate-sensitive assets as detailed in

the **risk management** section. Our Group has been integrating an ESG lens in select financing and investment decisions at the Bank and in some of our subsidiaries. Further details are available in the **ESG overview** section of this Report.

OPERATIONAL FOOTPRINT

Our Group's efforts to minimise our operational carbon footprint are focused on digitalisation of products and services, procurement of renewable energy, responsible utilisation of resources and waste recycling, among others. The **Technology Strengths** section elucidates our approach to digitalisation, which in turn reduces our carbon footprint.



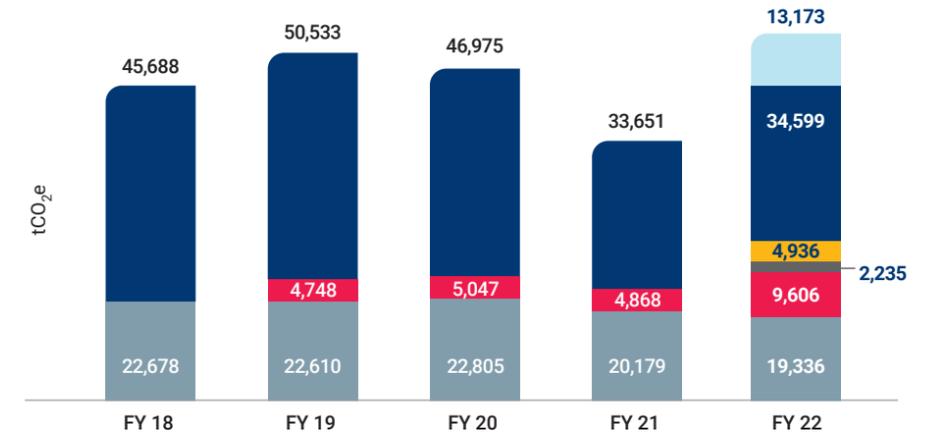
ENVIRONMENTAL PERFORMANCE

GHG emissions²¹

We, at Kotak in FY 2021-22 have expanded our scope of environmental performance disclosures to include all our locations in the Indian geography. Along with 10 new additional large offices covered this year, our Bank's 123 small offices have also been added. Our large offices are considered as Bank premises, even as they are shared with our subsidiaries. Some large and small offices also include some of our Bank's and subsidiaries' branches. The data pertaining to the Bank's and subsidiaries' branches has been represented separately. Scope 1 and scope 2 emissions have been calculated in accordance with the GHG Protocol.

This year, our Scope 1 coverage expanded to include emissions from firefighting equipment, diesel consumed in DG sets and refrigerants used for air conditioning. Our Scope 1 emissions stood at 7,820 tCO₂e. The Bank's Scope 1 emissions are given in **Principle 6** of BRSR. The total Scope 2 emissions for the group are 76,064 tCO₂e. Details of Bank's Scope 2 emissions are

Kotak Mahindra Group - Scope 1 and Scope 2 emissions



■ Subsidiaries' branches ■ Bank branches ■ Small offices ■ 10 new large offices (added in 2021)
■ 8 additional offices (with historical data from 2019) ■ 6 large offices (with historical data since 2017)

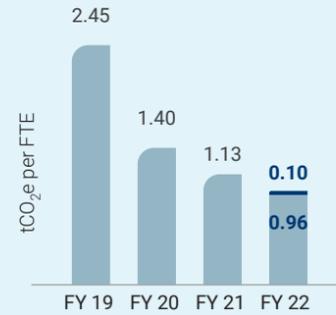
given in **Principle 6** of BRSR. The Group's emission intensity is 0.93 tCO₂e/FTE. Details of Bank's emission intensity can be found in BRSR under **Principle 6**. The Scope 2 calculation for FY 2021-22 is based on the latest emission factor for electricity, as published by the Central Electricity Authority (CEA).

We have consistently worked towards strengthening our GHG inventory monitoring systems and increased our scope of coverage over the years, as depicted in the above graph.

²¹GRI 305-1, GRI 305-2, GRI 103-2, GRI 103-3

ENVIRONMENT

Emission Intensity Trend for Kotak Mahindra Bank Limited²²



Reduction in Scope 1+ Scope 2 emissions per FTE in FY 2021-22 over FY 2020-21: 6%

A steady decrease in emission intensity indicates our commitment to progressively lowering our carbon footprint

Note: The comparable segments of the above graph displays emission intensity trend for 14 large offices and Bank branches with historical data, i.e. 0.96 tCO₂e/FTE for FY 2021-22. The additional 0.10 tCO₂/FTE represents the emission intensity for expanded coverage considered for emission calculation. Denominator used for the calculation is the total number of Bank employees.

Scope 3 emissions²⁴

During FY 2021-22, we strengthened our monitoring mechanisms to expand the coverage of our Scope 3 inventory. We identified and added new sources of Scope 3 emissions. Our inventory now covers 7 out of the 15 categories of Scope 3 prescribed in the GHG protocol based on our monitoring mechanisms. This includes emissions

Kotak Mahindra Group's Scope 3* GHG emissions by category



***Expansion of Coverage of Scope 3 emissions in FY 2021-22:**

- Coverage of Business Travel in FY 2021-22 has been expanded to include train travel. Overall emissions from Business Travel in the prior reporting period were relatively lower because business travel was restricted during the COVID-19 pandemic
- Coverage of capital goods in FY 2021-22 has expanded to also cover ATMs, furniture & fixtures, upgrade to premises, office equipment and vehicles, beyond what has been reported in FY 2020-21 (which was limited to IT hardware for select large offices)
- Purchased Goods has been added as an emission source in FY 2021-22 to include emissions from paper consumed during the reporting period
- Emissions from 'Upstream Leased Assets' has been added as a source in FY 2021-22 to include fuel consumed in leased DG sets and electricity consumed at leased sites (that house offsite ATMs)
- Waste related emissions have been added as a source of emissions in FY 2021-22 to include emissions from waste generated across select large offices. Emissions have been calculated based on the waste disposal method
- This year the newly added category of 'Fuel and energy related emissions' accounts for ~35% of Scope 3 emissions. The expansion of coverage of Scope 1 and Scope 2 emissions has a proportionate impact on this category

²²GRI 305-4 | ²³GRI 302-1, GRI 302-3 | ²⁴GRI 305-3

Energy consumption²³

Over a period, we have enhanced coverage of reporting total energy consumption. Energy consumed includes diesel used for DG sets, and electricity consumed across offices and branches. During FY 2021-22, we consumed a total of 3,70,549 GJ of energy, which includes electricity from both renewable and non-renewable sources. Our energy intensity for the Group which includes fuel and electricity is 4.09 GJ/FTE. Details of the Bank's energy consumption and intensity can be found in BRSR under [Principle 6](#).

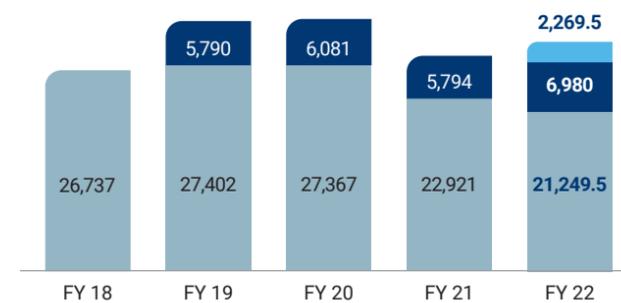
generated from employee commute, business travel (air and rail), capital goods, purchased goods and services, waste generated in operations, fuel and energy related emissions as well as upstream leased assets. Electricity consumption at offsite ATMs has been included under the category of upstream leased assets. After inclusion of the new sources, our Group's Scope 3 emissions for FY 2021-22 is 55,493 tCO₂e (versus 224.2 tCO₂e for FY 2020-21). Details of Bank's Scope 3 emissions are mentioned in the BRSR under [Principle 6](#).

Renewable energy

We procure energy from renewable sources to meet part of our energy requirements in three of our large corporate offices. During FY 2021-22, we procured 12,994 GJ of renewable energy and helped avoid 3,532 tCO₂e.

We, at the Bank, have installed charging points for electric vehicles in two of our large corporate offices.

Purchased Electricity from non-renewable sources (in MWh)



- 10 new large offices (added in 2021)
- 8 additional offices (with historical data from 2019)
- 6 large offices (with historical data since 2017)

Energy conservation initiatives²⁵

The key initiatives undertaken for energy efficiency across some of our Group's offices in FY 2021-22 include:

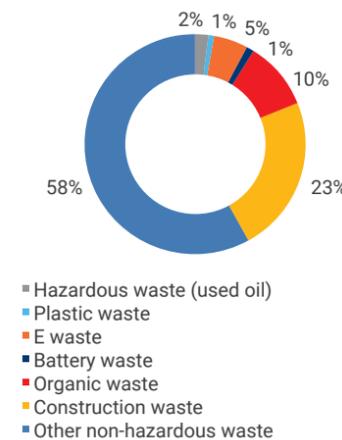
- Installation of LED glow sign boards at key branches
- Installation of occupancy sensor-based lighting across offices

Waste management²⁷

Being a service sector organisation, the waste generated from our operations primarily consists of stationary waste, and organic waste (generated through our canteen). Other categories of waste monitored include e-waste, construction waste, plastic as well as scrap metal.

The waste generated at our large offices totaled up to 104.75 MT and a breakdown is given in the below pie chart. Waste is segregated across our offices into e-waste, organic, hazardous and other non-hazardous waste. Hazardous waste generated from our operations is negligible and includes used oil from diesel generators. We collect and safely dispose all the hazardous waste, we generate through authorised waste management agencies. We reuse and recycle most of the waste generated, with nearly 75% of the waste generated at our large offices being reused or recycled.

Kotak Mahindra Bank: Waste generated by category, FY 2021-22



- Optimisation of natural light usage by design in buildings

We, at Kotak, are also exploring opportunities for IoT-based monitoring system for energy consumption and resource optimisation. As a pilot project, an IoT-based energy saving model has been installed across 85 branches for air-conditioning systems.

Some key initiatives undertaken for waste management across some of our Group's offices in FY 2021-22 include:

- Ban of Single Use Plastic (SUP): We have banned the use of SUP water bottles across our large offices including meeting rooms and cafeterias.
- Installation of Organic Waste Converters (OWC): Wet waste generated from cafeteria, pantries, and landscaping is converted into manure by using OWCs at six of our large offices. This manure is utilised for captive use and is also donated to our employees and neighbouring housing societies for use in their gardens
- Minimisation of food wastage: Awareness initiatives are conducted to sensitise employees on food wastage, with posters placed at strategic locations to create maximum impact and regular e-mail. Waste generated each day in cafeterias is measured and displayed to sensitise employees.
- Responsible disposal of e-waste: All the IT and e-waste generated is responsibly disposed through authorised vendors
- Paper waste minimisation: Overall paper consumption across our operations has been reduced through implementation of default duplex printing on all printers and avoiding physical account statements and envelopes. A cost saving of over ₹45 lakh has been achieved due to these efforts.

During FY 2021-22, we calculated the emissions arising from the waste generated across the Bank offices. This was computed using the waste disposal method for

Water management²⁶

Over time, we have strengthened our monitoring mechanisms and enhanced the coverage of reporting water consumption. Recycled water is used in toilets for flushing in three of our largest corporate offices. Further details of our water consumption are given in the BRSR section under [Principle 6](#).



Organic Waste Converter at our 27 BKC office

each category of waste and included in Scope 3 category of our GHG inventory. The categories of waste monitored and included in GHG inventory during FY 2021-22 were used oil, e-waste, organic waste, construction waste, paper and cardboard, plastic, scrap metal and batteries.

We, at Kotak, are committed to continue to make conscious efforts to reduce our operational and portfolio environmental footprint. Over the next few years, we propose to further strengthen our GHG inventory monitoring systems and undertake initiatives to try and limit emissions. We are also in the process of formulating a Group-wide low carbon transition plan with scientific targets and goals.

²⁵GRI 302-4 | ²⁶GRI 303-1, GRI 303-2 | ²⁷GRI 306-1, GRI 306-2