MANAGING OUR ENVIRONMENTAL FOOTPRINT

Contributing to a Brighter Tomorrow.

We understand the criticality of conserving our planet's natural resources for the future generations. As a responsible corporate citizen, we at Kotak are committed to take proactive steps towards environmental sustainability.

SDG linkage

Relevant material topics

Minimising environmental impact of operations

Capital linkage

Natural capital

At Kotak, our focus is to continuously transition towards 'Phygital' and 'digical' service delivery and adopting efficient and effective environmental management. Our focus is to ensure responsible resource utilisation, conscious energy reduction measures and adopting procurement practices that could reduce our environmental footprint.

The Bank's environmental management practices are guided by the ESG Policy Framework, along with our Environmental Policy, which showcases our commitment to reducing energy and emissions, and water and waste management. Our aim is to implement effective procedures and continuously enhance our monitoring mechanisms to track our environmental footprint as well as address any adverse impacts of our operations on the environment. We are committed to transition towards a low-carbon ecosystem and have embarked on the path of developing a decarbonisation strategy, guided by the national goals. We have also undertaken assessments to understand the impact of climate change-related risks, detailed further in the Managing Risks and Uncertainties section.

The key components of our Environmental Policy are:

- Ensuring compliance with regulations
- Managing our direct impact to environment through effective environmental management
- Transition towards a low-carbon ecosystem
- Monitoring our greenhouse gas emissions and environmental performance
- Conducting awareness sessions for our stakeholders
- Utilising clean energy alternatives
- Evaluating climate risks

Our Approach towards Environmental Management[1]

The Bank's CSR and ESG committee is the primary committee responsible for the oversight of environmental management. The Board of Directors is actively engaged in ensuring that the overall performance of Kotak is in line with the long-term sustainability goal of moving towards low-carbon, climate-resilient business operations.

The environmental footprint across all our locations is monitored and managed centrally at the bank, with designated teams tracking and monitoring the environmental footprint. We also work towards driving initiatives across our corporate offices and branches to continuously improve our environmental performance. Subsidiary companies provide periodic information on their environmental performance to the Bank for consolidation.

We emphasise upon utilising digitalisation, renewable energy procurement, responsible resource utilisation, waste recycling and other resource conservation measures, which form the four pillars of our approach towards minimising our operational environmental footprint. We monitor our impact and implement sustainable practices, while working towards a more sustainable future.

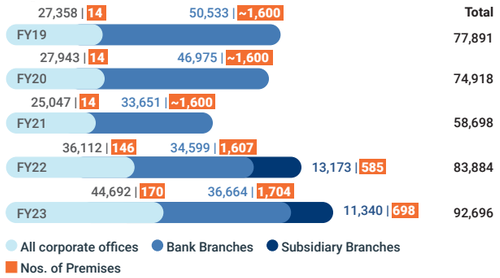
Minimising operational environmental footprint

Our aim is to utilise and adopt the best available technologies and clean energy to reduce our environmental footprint. Consequently, we use renewable energy at three of our largest corporate offices that seat over 11,000 people for about three months in a year. This amounts to a total of 12,585 GJ in FY 2022-23.

Environmental Performance

We are addressing our growing business needs by adding more offices and branches to our physical footprint and inviting more talent. With more employees coming back to work physically and higher utilisation of our office premises, there is a noticeable increase in our environmental footprint. In FY 2022-23, we added 26 newly set-up corporate offices and 130 bank branches, along with our international subsidiaries, to our coverage of environmental performance. Our corporate offices are considered as bank premises even as a few of them are shared with our subsidiaries.

KOTAK MAHINDRA GROUP'S SCOPE 1 AND SCOPE 2 EMISSIONS
tCO_2e



Note

- Large and small office premises represented separately in FY 2021-22 are shown together as corporate offices in FY 2022-23.
- Coverage of reporting has been enhanced to include 26 new corporate offices, 130 new bank branches and international subsidiaries compared to FY 2021-22.
- Emissions have increased across premises owing to growing business requirements of additional space and increasing workforce, with more employees returning to work from office premises and more customers visiting branches.
- In the graph presented last year, scope 1 emissions for FY 2019-20 were not accounted for, which is covered in this year's charts.
- Scope 1 emissions include refrigerant refiiling related emission only from select corporate offices.
- Scope 2 calculation for FY 2022-23 is based on the latest emission factor for electricity, as published by the Central Electricity Authority (CEA), which is lower than last year.
- In the previous reporting period the total electricity bill amount was used for estimating units of electricity consumed. In this reporting period there has been a change of methodology - the average percentage paid towards energy charges was estimated through randomised sampling of electricity bills sourced from various premises across regions and this average was used for estimating the units consumed.
- The total number of bank branches as of 31st March, 2023 stand at 1,780. However, emission computation has covered only those branches that were operational for more than six months during the financial year.

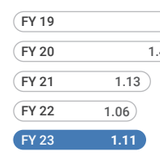
Some corporate offices also house the Bank's and/or subsidiary branches, and so subsume their environmental data. Wherever premises are managed by subsidiaries alone, the data is denoted separately.

GHG Emissions

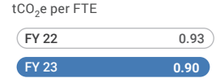
The total Scope 1 emissions for the group for FY 2022-23 were 12,214 tCO_2e, while the total Scope 2 emissions stood at 80,482 tCO_2e[2, 3]. Our Scope 1 emissions cover CO_2 equivalent emissions from purchased and replaced firefighting equipment, diesel and petrol consumed in fuel-based electricity generator sets and refrigerants used for air conditioning at select corporate offices and Scope 2 emissions include grid electricity related emissions. Standalone Scope 1 and Scope 2 emissions for the Bank are mentioned in the BRSR disclosure section of this Report.

The Group observed an emission intensity of 0.90[4] tCO_2e/FTE, which is 3.1% lower than the previous year. The bank's emission intensity slightly increased from 1.06 to 1.11 tCO_2e per FTE. There was a notable increase in Scope 1 emissions due to enhanced scope and boundary for reporting, inclusion of the new fire extinguishers bought for our premises to meet the safety requirements and increase in fuel consumption due to increased footfall of employees at workplaces post pandemic. Both Scope 1 and Scope 2 emissions are calculated in accordance with the GHG Protocol. The emissions due to electricity consumption have been calculated based on the latest emission factor for electricity, as published by the CEA.

EMISSION INTENSITY TREND FOR KOTAK MAHINDRA BANK LIMITED
tCO_2e per FTE



EMISSION INTENSITY TREND FOR KOTAK MAHINDRA GROUP
tCO_2e per FTE



Note

- Coverage of reporting has been enhanced to include 26 new corporate offices and 130 new bank branches and international subsidiaries compared with FY 2021-22.
- Energy consumption has increased across premises owing to growing business requirements of additional space and increasing workforce with more of them returning to work from office premises more customers visiting branches.
- While emission coverage represents a majority of our offices, FTE refers to full time employees on board at the end of the financial year, representing the workforce at all premises, including remote employees.

[1] *GRI 3-3*

[2] *GRI 305-1* | [3] *GRI 305-2* | [4] *GRI 305-4*

MANAGING OUR ENVIRONMENTAL FOOTPRINT

Decarbonisation Strategy

We are in the process of developing a low-carbon transition plan and a decarbonisation strategy, taking into account India's committed goals. We have conducted a modelling exercise covering our Scope 1 emissions arising from the use of refrigerants in ACs, Heating, Ventilation and Air Conditioning (HVAC) systems and fire extinguishers, and fuel use in electricity generator sets. The exercise also considered Scope 2 emissions arising from purchased electricity from the grid and helped us understand the amount of investment needed in various scenarios.

Our estimations covered the scenarios, including those where Kotak proactively works to reduce emissions from electricity every year initially, followed by other sources in the medium-term, and those where we work to reduce emissions related to some refrigerants and purchased electricity in the short-term, followed by all refrigerants in the medium-term. The initiatives considered for estimating the investments include increased use of renewable energy at our premises and the adoption of cleaner technologies to replace refrigerants in fire extinguishers and the procurement of energy efficient equipment. This exercise places us in a position to determine our decarbonisation path and also potentially define specific goals in the short-term.

Scope 3 Emissions[5]

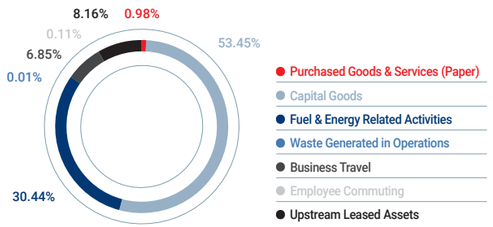
As we work towards increasing the coverage of emissions, we are also undertaking initiatives to reduce our Scope 3 emissions. With the economy moving back to normalcy after the pandemic, we observed an increase in our Scope 3 emissions due to increased business travel and investments in capital goods such as laptops and other electronic equipment, catering to the growing employee base, and vehicles procured for some employees under the 'Company Car Scheme,' accounting for the gradual transition to working at offices.

Total Scope 3 emissions are 77,055 tCO_2e for 7 out of the 15 categories reported and are computed as prescribed by the GHG Protocol. The seven categories were chosen based on the availability of data and the feasibility of estimation. These include employee commute, business travel covering air and rail modes, capital goods, purchased goods and services, waste generated in operations on the basis of the waste disposal method for each category of waste, fuel and energy-related emissions, as well as upstream leased assets. The initial four categories mentioned have emissions reported for Bank standalone, whereas e-waste under waste has data inputs from one of our subsidiaries as well.

The electricity consumption at offsite ATMs of the Bank (data reported for 1,047 ATMs out of the total 1,480 ATMs) and fuel (diesel) consumption in DG sets at limited subsidiary branches is considered as a part of the upstream leased assets category.

[5]GRI 305-3

SCOPE 3 EMISSIONS OF KOTAK MAHINDRA GROUP BY CATEGORY
%



The fuel and energy-related emissions category includes emission from the Bank and all the subsidiaries. Currently, we do not cover the Scope 3 categories which may not be fully relevant to us such as processing, use and end-of-life treatment of sold products, downstream leased assets and franchises.

Out of the remaining categories, financed emissions are considered relevant for our industry sector. Hence, we had made an attempt to compute the Scope 3 emissions associated with our portfolio in the reporting period. This was planned in line with the guidance provided by Partnership for Carbon Accounting Financials (PCAF) Global GHG Standard. The Standard indicates that measuring emissions associated with financial activities is the starting point for financial institutions to manage risk and to identify opportunities associated with addressing reduction of GHG emissions and begin the journey towards decarbonisation. It provides guidance to estimate GHG emissions attributed to financial institutions due to their financing activity across seven asset classes namely, listed equity and corporate bonds, business loans and unlisted equity, project finance, commercial real estate, mortgages, motor vehicle loans and sovereign debt.

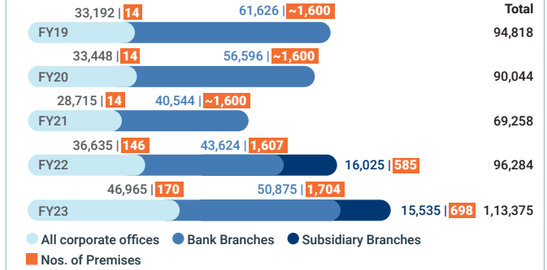
In our attempt, we discovered that higher-quality client-specific emissions data was needed for this exercise to prove decision-useful. Barring which, the estimated outcomes may not provide clear direction for identifying sources of risks and opportunities from the underlying portfolio. This attempt has pointed us to insights that will strengthen our systems to source quality data moving forward. Besides this attempt at computation of financed emissions, we also used WACI as a measure of climate related transition risk, details of which are found in page 44 of the 'Managing Risks and Uncertainties'.

The total Scope 1 emissions for the group for FY 2022-23 were 12,214 tCO_2e, while the total Scope 2 emissions stood at 80,482 tCO_2e, which are computed as prescribed by the GHG protocol.

Energy Consumption

We monitor our energy consumption from various sources covering diesel and petrol consumed in electric power generator sets and grid electricity consumed across our corporate offices, branches and subsidiaries.

KOTAK MAHINDRA GROUP'S GRID ELECTRICITY CONSUMPTION
MWh



Note

- Energy consumption was reported separately for select corporate offices in FY 2021-22; however, it is shown for other corporate offices, bank branches and subsidiaries as well in FY 2022-23.
- The coverage of reporting has been enhanced to include 26 new corporate offices, 130 new bank branches and international subsidiaries compared with FY 2021-22.
- Energy consumption has increased across premises owing to growing business requirements of additional space and increasing workforce with more of them returning to work from office premises more customers visiting branches.
- The total number of bank branches as of 31st March, 2023 stand at 1,780. However, energy consumption covered only those branches that were operational for more than six months during the financial year

3,200+ tCO_2e
Reduction in GHG emissions annually due to replacement of conventional bulbs with LEDs at bank branches

9
LEED-certified offices

During the reporting period, we consumed about 4,08,149 GJ of grid electricity, which includes 9,653 GJ of energy consumed from fuel consumed in the fuel-based generators used at our operating premises. We procured 12,585 GJ of renewable energy for three of our largest offices, out of the total 4,30,387 GJ of energy consumed in the reporting period[6].

The energy intensity for the group in the year was 4.17 GJ/FTE[7], which was higher than FY 2021-22. This increase in energy consumption may be attributed to the increase in our physical footprint, gradually increased customer footfalls after the COVID pandemic, as well as the need for additional cooling requirements of premises due to the increasing heat stress.

[6]GRI 302-1 | [7]GRI 302-3 | [8]GRI 302-1


27 BKC – LEED certified building

As part of our strategy to reduce our environmental footprint and GHG emissions, electricity generated from renewable sources, i.e. from both solar and wind energy at three of our corporate offices amounted to a total of 3,496 MWh.

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We have also undertaken several energy reduction initiatives to reduce emission generation in the past few years. Most of our corporate offices have already been using energy-efficient lighting solutions. In the previous reporting year, we also transitioned most of our branches from traditional lighting to energy-efficient lighting solutions. The replacement of conventional bulbs with LEDs at branches in the last reporting period has helped us reduce 137 GJ of energy consumption per month and consequently helped us save more than 3,200 tCO_2e of GHG emissions annually. In FY 2022-23, we completed this transition and replaced the bulbs at the remaining locations with LEDs, which has helped us reduce our energy consumption further by 25.15 GJ on a monthly basis. As a result, total energy consumption was reduced by 163 GJ per month, helping us avoid a total of more than 3,800 tCO_2e GHG emissions annually.

Nine of the corporate offices we operate out of are LEED certified, where about 24% of the bank's employees are located, allowing them to consume fewer resources and providing them with better indoor air quality. In a LEED-certified building, energy savings are expected to range between 20 to 30% and water savings between 30 to 50% as per the LEED framework. Such buildings are also designed to experience enhanced air quality, and excellent daylighting, which helps in maintaining the health and well-being of its occupants and enhancing safety and conservation of scarce natural resources.

MANAGING OUR ENVIRONMENTAL FOOTPRINT

Energy Conservation and Emission Reduction initiatives[12]

We are always on the lookout for adopting new practices to improve energy efficiency through various initiatives across our offices. The initiatives in FY 2022-23 include:

- Integration of sensor-based lighting and timer-controlled lighting to reduce electricity consumption.
- Transition of 75% physical servers to virtual servers so as to reduce our energy consumption and resource consumption.
- Installation of glow sign boards with LED modules at 14 of our largest corporate offices and most of our other corporate offices and branches to reduce our energy consumption.
- Pilot implementation of an AI-based module for monitoring the consumption of energy by air conditioners, efficiently managing the cooling process and reducing energy wastage by 10%.
- Adoption of environmentally friendly refrigerants, such as R134A, to reduce emissions.
- Installation of electric vehicle charging points at two of our largest offices to promote the usage of electric vehicles.

In addition to the initiatives during the year, we have also undertaken various other initiatives prior to FY 2022-23. They include:

- Installation of pressure-independent Variable Air Volume (VAV) systems for air distribution to allow temperature control for different user needs and energy savings during non-occupancy hours.
- Transitioning from traditional lighting to energy-efficient lighting systems (LEDs).
- Installation of non-emergency light fixtures on lighting controls, i.e., occupancy and daylight sensors at all locations, for energy savings during hours of non-occupancy.
- Usage of low-VOC, low-emitting materials, paints, sealants, adhesives, etc. that have a lower environmental footprint and minimal health effects at all our locations.
- Usage of CFC-free refrigerants in HVAC systems.
- Installation of sensor-based lighting in branch offices to reduce electricity consumption.
- Optimisation of Air Conditioner (AC) refrigerants emission for AC units to reduce GHG emissions.
- Replacement of Precision Air Conditioners (PAC) with Hybrid Air Conditioners using R407C Refrigerant that reduces our GHG emissions.
- Installation of digital LED signage to lower energy consumption, leading to lower carbon emissions.

Water Management[13]

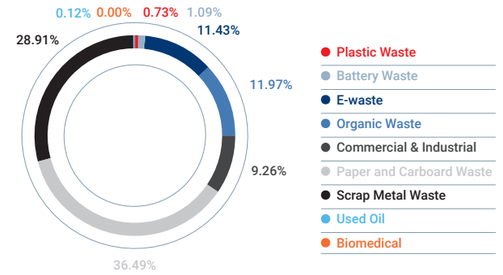
Our monitoring mechanisms have been strengthened over time, and we have expanded the coverage of our reporting on water consumption. At the corporate offices based in large cities, the primary source of water withdrawal is from Municipal Corporations and tanker services.[9] Consumption of drinking water is reported for 1,268 branches and 143 corporate offices of the Bank. We have started to monitor and report drinking water for 462 branches of 8 subsidiaries as well from FY 2022-23. The total water consumption of the Group is 1,26,772 KL, which includes drinking water as well[10, 11]. The water consumed at some of our select corporate offices also includes water consumption for a few subsidiaries, as they share the premises with the bank. Three of our largest corporate offices use recycled water in toilets. We have also installed low-flow plumbing fixtures to reduce water consumption in buildings. Currently, the Bank doesn't track the water discharged, hence water withdrawal is equal to water consumption[14]. A detailed breakdown of the Bank's water consumption can be found in the BRSR section of this Report.

[9]GRI 303-1 | [10]GRI 303-3 | [11]GRI 303-5 | [12]GRI 302-4, GRI 305-5 | [13]GRI 303-2 | [14]GRI 303-4

Waste Management[15, 16]

Due to the nature of our organisation, the waste generated at our premises mainly constitutes stationery waste and organic waste generated through our canteens. Other categories of waste monitored include e-waste, construction waste, plastic, biomedical waste as well as scrap metal34A. In this reporting period, we have tried to cover and report e-waste generated from all our corporate offices and bank branches and also from one of our subsidiaries, extending the scope from a small set of corporate offices from the last reporting period.

WASTE GENERATED BY TYPE AT THE GROUP[19]
%



We encourage the segregation of waste at our facilities through dedicated waste collection bins, for dry and wet waste into e-waste, organic, hazardous and other non-hazardous waste, out of which the hazardous waste generated is of negligible quantity. This includes waste such as used oil from fuel-based generators, which is collected and safely disposed of through authorised waste management agencies.[15, 18]

We also have organic waste converters (OWCs) at six of our corporate office premises that convert all our food waste into manure, which is utilised for landscaping within the premises and distributed to housing societies nearby. This data for waste generated is collected on a quarterly basis from all the premises and collated by a central team[15]. The total waste generated at all facilities of the Group was 190.4 MT34B, out of which 90% was reused and recycled. 23.8 tonnes of hazardous waste comprising batteries and e-waste was recycled by authorised vendors[16]. 17.0 tonnes of non-hazardous waste was incinerated and the remaining 1.6 tonnes was sent to landfill. Non-hazardous waste recycled or diverted from disposal amounted to 147.7 tonnes[17], out of which 86% was recycled off-site and the rest on-site through OWCs. The hazardous waste which includes used oil and biomedical waste, 0.2 tonnes of it was incinerated[16, 17]. The detailed breakdown of the Bank's waste generation and disposal can be found in Section C - Principle 6 of the BRSR section of this Report.

[15]GRI 306-2 | [16]GRI 306-4 | [17]GRI 306-5 | [18]GRI 306-1 | [19]GRI 306-3

We will continue to enhance our data monitoring and recording systems to further systemise processes for data management. We will continue to undertake initiatives to reduce our resource consumption, including our energy consumption and water consumption.

We will further strive to reduce our operational impact on the environment through the reduction of emission intensity by adopting energy efficiency measures and increasing the usage of renewable energy. We will also continue working with our suppliers in our efforts to procure sustainably and reduce the environmental impact in our supply chain. Furthermore, we will strive to strengthen knowledge of ESG across all our employees through dedicated awareness sessions.

Initiatives to reduce resource consumption

The Group is committed to make conscious and continuous efforts to reduce our resource consumption and have taken various initiatives[15] towards the same. Some of our key initiatives during the reporting period include:

- Use of duplex printing and lock printing to reduce our paper consumption across India.
- Use of QR codes instead of visiting cards undertaken as a pilot exercise to reduce our paper consumption.
- Utilisation of bio-degradable plastic bags as bin bags in offices to reduce plastic consumption.
- Increasing the life span of old UPS batteries by two years post completion of their life span through refurbishment; thus, reducing our battery waste.
- Adoption of Virtual Private Branch Exchange (PBX) instead of Electronic Private Automatic Branch Exchange (EPBAX) to reduce e-waste generation due to EPBAX machines.
- Installation of sanitary pad disposal devices at our large offices to ensure proper segregation of waste at source.