

BUSINESS RESPONSIBILITY REPORT

At Kotak Mahindra Bank Limited (KMBL), responsible environmental social governance (ESG) practices have been embedded into the existing systems and processes that help the Bank to manage its environmental and social requirements beyond the statutory regulations. In doing so, KMBL has attempted to make a positive impact on society whilst ensuring customer satisfaction and fulfilling its responsibilities towards its internal and external stakeholders. The Bank's policy framework, Code of Conduct and compliance monitoring systems are designed to ensure that its operations are conducted in an ethical, transparent and accountable manner.

The disclosures presented in this Business Responsibility Report (BRR) cover the Bank's operations, and are directly aligned to the nine principles of the National Voluntary Guidelines released by the Ministry of Corporate Affairs in 2011. Additionally, the report has been prepared in accordance with the requirements under clause (f) of sub regulation (2) of regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and is compliant to Section 135, Schedule VII of the Companies Act, 2013, and the subsequent relevant notifications issued by the Ministry of Corporate Affairs, Government of India.

KMBL's approach to Business Responsibility

Principle 1:

Ethics, Transparency and Accountability

Integrated Governance: KMBL's policy framework adheres to the code of conduct, ethical conduct and fair practice code.

The CSR committee is responsible for the execution of CSR activities.

Principle 2:

Responsible Products and Services

Digital Tools for Empowerment: KMBL strives to develop products and services that maximise value for all customers, and is currently doing so through digital innovations.

The Bank has increased its portfolio of micro-loans lent specifically to women borrowers from rural areas, thus ensuring its commitment to women empowerment.

Principle 3:

Employee Well-being

One Team, One Dream: KMBL's endeavour is to bring all employees together by integrating the core values and culture of the Bank.

KMBL focuses on understanding the needs of its employees and providing them with equal opportunities for personal and professional growth.

Principle 4:

Stakeholder Engagement

Stakeholder Inclusiveness: Through the stakeholder engagement process, KMBL attempts to identify issues that are critical to the business as well as its key stakeholders in addition to implementing systems to improve upon their customer service.

Principle 5:

Human Rights

Ensuring Fair and Equal Treatment: KMBL's policy on Human Rights dictates that there is no discrimination made amongst employees or the customers to which the Bank's products and services are offered. All aspects of human rights are considered before undertaking any management decisions

Principle 6:

Environment

Minimizing Our Ecological Footprint: The environment management practices within KMBL ensure that key offices across India are monitoring its energy consumption and taking actions to enhance the efficiency of energy and resource use consumption

Principle 7:

Public Policy Advocacy

Aiding Responsible Policy Formulation: KMBL's partnerships with various associations helps the Bank to debate on industry-wide issues and implement responsible decisions within the organisation.

Principle 8:

Inclusive Growth

Corporate Citizenship: KMBL's CSR agenda is clearly outlined in its CSR policy. Its community outreach activities are focused around areas such as Education, Vocational Skills and Livelihood, Healthcare and Sanitation, Sustainable development, Relief and Rehabilitation, Sports etc.

Principle 9:

Customer Value

Enhancing Consumer Experience: A 24x7 customer service support is available for customers to raise their grievances which is then handled directly by a Relationship Manager

KMBL has recently set up a separate service division of 100 employees dedicated to handling customer transactions and maintaining relationships.

PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

Good governance and ethical conduct is rooted within KMBL's practices and has thus helped nurture long lasting relationships with all its employees, customers and partners. KMBL's governance practices are administered by the Board of Directors and committees involved in managing stakeholder priorities and concerns. Its robust framework ensures that all daily operations are conducted in a transparent and accountable manner. KMBL's whistleblower policy enables its employees to stand up and speak out freely against any unethical practice observed within the work environment. The policy is also extended to KMBL's customers. KMBL is also a participant in the Corporate Whistle-Blower Initiative, which is an independent web based reporting and communication initiative.

A detailed description of KMBL's corporate governance standards can be found in the 'Report on Corporate Governance' section of the annual report.

CSR Committee

KMBL has a Board approved CSR policy, chartering out its CSR approach, and is available on the Bank's website: http://www.kotak.com/corporate-responsibility.html#product_tab2. The CSR Policy Statement is in accordance with Section 135, Schedule VII requirements of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014 and the relevant notifications issued by the Ministry of Corporate Affairs. KMBL's Board CSR Committee is responsible for the effective execution and monitoring of KMBL's CSR agenda and policy.

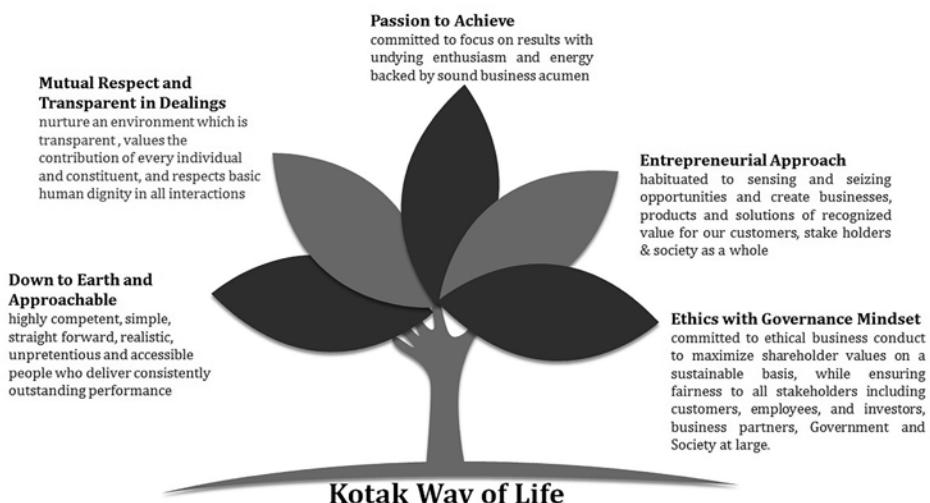
In view of Business Responsibility (BR) Committee and the CSR Committee's overlapping agenda, in FY 2015-16, the roles and responsibilities of the BR Committee have been merged with the CSR Committee. The CSR Committee will now oversee the implementation of the BR principles in addition to its already existing responsibility of carrying forward the Bank's CSR agenda. The committee comprises of one independent director and two directors. The head of BR and CSR- a senior executive, reports to this committee.

Sl. No.	Name of Committee Member	Designation
1	Mr. C Jayaram	Non-Executive Non-independent Director & Chairman of CSR Committee
2	Mr. Dipak Gupta	Joint Managing Director
3	Prof S. Mahendra Dev	Independent Non-Executive Director

KMBL's CSR Committee held one meeting on 22nd March 2016, and all Directors were present for the meeting.

KMBL's Policy Framework

- Code of conduct:** The Code of Conduct is a guide for KMBL's employees and communicates its position on safeguarding certain principles such as honesty, integrity, and transparency in the workplace. It also ensures compliance and promotes good banking practices.
- Ethical conduct:** KMBL's policy on ethical conduct supports the upholding of the highest moral and ethical standards when conducting business. Internal stakeholders are also encouraged to act professionally, exhibiting utmost care, skill and due diligence in their work environment.
- Fair practice code:** KMBL's policy on fair practice makes it imperative to provide its services and products without any discrimination on the basis of caste, creed, colour, religion, sex etc.



It is mandatory for all new employees joining KMBL to undergo a comprehensive induction training programme which clearly outlines the Bank's commitment for transparency, integrity and ethical standards. The induction training programme has an entire session dedicated to 'being a compliant employee.'

Sr. No	Business Responsibility Principles	Relevant Policies
1	Ethics, Transparency and Accountability	Code of Conduct (Directors, Senior Management, Employees, Direct Selling Agents, Suppliers and Business Associates); Ethical Conduct Policy; Vigilance Policy; Whistle Blower Policy; Code for Banking Practice; Compliance Policy; Internal Audit Policy, Fraud Risk Management Policy, Operational Risk Management Policy, Policy on Stress Testing Framework, Group Enterprise Risk Management Policy; Disclosures Policy, Protected Disclosures Policy.
2	Products Life Cycle Sustainability	Fair Practice for Credit Card Operations, Fair Practices for Lenders, Home Finance Policy, Educational Loan Policy, Financial Education Policy, Financial Inclusion Policy, Intellectual Property Rights Policy
3	Employees' Well-Being	Recruitment Policy, Benefits Policy, Leave Policy, Training Policy, Sexual Harassment Policy, Anti-Discrimination/Equal Opportunities Policy, Employee Communication And Participation Policy, Human RightsPolicy, Rewards And Recognition Policy, Health, Safety And Environment Policy, Code of Conduct (Suppliers And Business Associates)
4	Stakeholder Engagement	Group Corporate Responsibility Policy, Stakeholder Engagement Policy
5	Human Rights	Human RightsPolicy, Code of Conduct (Suppliers And Business Associates)
6	Environment	HSE Policy, Green Procurement Policy, Environment, Health, Safety and Social Due Diligence Policy
7	Policy advocacy	Advocacy Policy
8	Inclusive growth	Group Corporate Responsibility Policy, Financial Education Policy, Financial Inclusion Policy
9	Customer value	Policy on Collection of Dues And Repossession of Securities; Fair Practice for Credit Card Operations; Fair Practices for Lenders; Apex Information Security Policy, Fair Practice Code Policy; Corporate Communications Policy; Third Party Distribution Policy; Protected Disclosures Policy; Disclosures Policy; Grievance Redressal Policy; Compensation Policy; Waiver Policy; Financial Education Policy; Responsible Marketing Policy

PRINCIPLE 2: PRODUCTS AND SERVICES DESIGNED WITH ENVIRONMENTAL AND SOCIAL OPPORTUNITIES

It is the responsibility of the organisation to provide products and services that satisfactorily meet the customer requirements. KMBL's products and services have been designed in a manner to fulfil customer expectations, and additionally drive socio-economic development by making a positive impact on society. Further, the focus is also on creating value for its customers, especially from marginalised and rural sections of society.

Branch distribution

	Branches	Pan India Operating Locations
Metro	522	35
Urban	289	155
Semi Urban	287	259
Rural	228	221
Total	1,326	670

KMBL's Agri-business growth in India

KMBL's Agri-business division has grown significantly during the reporting period and has developed an extremely strong and stable lending structure across India. The sector has been segmented into three primary verticals for lending:

- **Small scale loans** available for small and marginal farmers (SMF). The primary purpose of this category of loans is to cater to the needs of farmers, for covering the cost of crop cultivation, tractor finance as well as developing infrastructure within farms such as digging bore-wells, laying down pipes, building cattle sheds and setting up drip irrigation facilities. These loans enable farmers to increase the yield of their farm produce, thereby increasing their annual income.

KMBL is providing these small scale loans to farmers living within a 70km radius of its branches located across India, especially in the west where 80% of the loan portfolio is dedicated to SMFs.

- Medium scale loans available for Small and Medium Enterprises (SMEs), who focus on advanced agricultural activities such as large scale cultivation, horticulture, floriculture and other practices such as animal husbandry and cattle farming.
- Large scale loans available for organisations that focus on activities such as primary and secondary agro processing.

Case Study of Sahebrao, Ganpat Wagh, Nasik District

Sahebrao Wagh is the owner of 4.97 acres of agricultural land in his village in Nasik and was facing severe water scarcity over the last few years. As he was unable to cultivate cash crops due to the lack of water, he approached KMBL for a crop loan which would allow him to repair and maintain the water pipelines.

Having made the necessary repairs using the money from the loan provided, Sahebrao is currently cultivating Pomegranate on his farm which generates an annual net income of ₹ 4 lac.



KMBL's agricultural loan portfolio continues to grow at a rate higher than the other lending divisions as the agri-business team has dedicated officers and lending branches in over 120 locations across India which is significantly more compared to the other lending activities. Further, KMBL's integration with ING Vysya Bank provided the Bank with a substantial crop loan portfolio in Punjab. KMBL is at the forefront of approving loans towards sustainable projects and scientific pursuits in the agricultural domain for which subsidies are also provided by the Government.

Crop loans offered to small farmers helped them to improve their income levels

Case Study of Agri-business branches at Nallapadu (Guntur) and Malakpet (Hyderabad)

The Agri Business division through its CBRL branches at Nallapadu (Guntur) and Malakpet (Hyderabad) started funding farmers against their produce. During the year 2015-16, over 100 farmers, majority of them being small and marginal farmers, were offered pledge loans against their produce amounting to approximately ₹21 crore.

Every year, starting from the January season, these two branches also fund farmers who travel from distant locations to avail loans against the storage bonds such that they can store their produce in cold storages. This ensures that farmers can get a better price for their produce, resulting in their overall financial well-being.



Agri loans extended to farmers against their produce in Telangana and Andhra Pradesh

Mindful of its duties as a responsible organisation, KMBL does not lend money to large corporates such as sugar mills, agro chemical units, alcohol and tobacco processors i.e. organisations which are most likely to have negative environmental and social impact.

Women empowerment

KMBL believes that improving the process of lending money to the marginalised communities for commercial/entrepreneurial activities is the best means for economic empowerment. This is especially true for the economic empowerment of women. During the reporting period, the Bank significantly increased its portfolio of micro-loans made available to women.

KMBL's micro-loan portfolio stands at over ₹ 1,300 crore catering to approximately 8,00,000 women borrowers. Loans are provided to women borrowers for activities such as rearing of domestic animals, establishing small shops, selling of products such as fish and flowers, tailoring, embroidering etc. During the year, KMBL undertook an extensive exercise of interacting with some of its women borrowers, especially in the states of West Bengal, Bihar, Maharashtra and Uttar Pradesh.

KMBL's team interacted with approximately 20,000 women, and their residence and commercial/entrepreneurial activities were verified and recorded. KMBL has witnessed economic progress among women borrowers as the loan amount has been steadily increasing with each loan cycle.

Building Sustainable Communities

The Agri-Business sector has initiated a dialogue with NABARD for extending financial support to farmers towards the installation of solar powered pump sets. These solar powered pump sets are provided by the Ministry of New and Renewable Energy under the Jawaharlal Nehru Solar Mission. In a short span of three months, the Agri business division provided funding to around 30 farmers. This scheme was initiated in Tamil Nadu, followed by Karnataka and Telangana.



Extending financial support to farmers towards the installation of solar powered pump sets in Telangana

Mantri Jan Dhan Yojana scheme (PMJDY), applying for insurance schemes (i.e. Suraksha Bandhan) or pension schemes (i.e. Atal Pension Yojana) etc. The Bank has undertaken various initiatives to promote these schemes across beneficiaries.

The Bank has opened 1,84,144 accounts with ₹17.06 crore value as on 31st March 2016 under the Pradhan Mantri Jan Dhan Yojana (PMJDY). Further, card activation under PMJDY RuPay has increased from 22,883 (14%) to 35,431 (19%) over the last financial year. Zero balance accounts have been reduced to 99,822 (54%) from 1,15,112 (71%) over the last financial year indicating that habit of saving is growing and accounts have become operational.

Under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREG), the Bank has 1,56,668 accounts with a balance of ₹3.04 crore and disbursed over ₹14.57 crore during FY 2015-16. The project is operational at four districts (Baloda Bazar, Mungeli, Bilaspur and Gariabandh) of Chhattisgarh.

KMBL has opened 5,46,725 branch banking accounts and 3,403 MNREGA accounts through Aadhar seeded in FY 2015-16.

KMBL is also a participant in the two Jan Suraksha Schemes launched by the Ministry of Finance to promote social security in the country. It has tied up with the Life Insurance Corporation of India & ICICI Lombard General Insurance Co Ltd to launch the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) & Pradhan Mantri Suraksha Bima Yojana (PMSBY) respectively, for all its customers. Additionally, it has successfully used various customer touch points such as SMS, Call Centre, Net Banking and physical branches as well as financial literacy camps to enrol these customers.

Approximately 3,30,000 saving account holders have been enrolled for these two schemes, out of which 39,000 customers belong to rural locations. These schemes have financially helped the customers after the death of their loved ones / the breadwinner of the family. A total of 33 claims have been settled till March 23, 2016.

KMBL has also rolled out the Suraksha Deposit Scheme, Jeevan Suraksha Deposit Scheme and Jeevan Suraksha Gift Cheque scheme as part of the Pradhan Mantri Jan Suraksha initiative.

The Atal Pension Yojana scheme has been popularised by the Bank across all the saving account customers, particularly in the PMJDY and financial inclusion segment.

Financial Inclusion

Supporting Government Schemes

Financial Inclusion at KMBL aims to extend financial services to the large un-served population of the country and to unlock its growth potential. Additionally, it strives for a more inclusive growth, particularly by making loans available to the underprivileged. Financial Inclusion is an important priority of the Government and to support this, various products have been launched by the Government to maximise its reach. These products cater to all the financial requirements of an individual, such as, opening a savings bank account through the Pradhan

Sanman Savings Account

To cater banking needs of farmers in remote unbanked rural areas, the Bank offers "Sanman savings account". Keeping in mind the seasonal financial challenges faced by the farmers/small traders, this account requires only a minimal amount to be kept as a balance in order to be functional. It has been very well received and the Bank has 12,172 such accounts with balance of ₹15 crore as on March 2016.

Managing unemployment amongst youth

Towards managing unemployment amongst youth, particularly those from rural and semi-urban segments who have restricted access to higher education, the concept of RSETI (Rural Self Employment Training Institute) took root in FY1982. ING Vysya Bank in collaboration with BVV Sangha of Bagalkot established one such Institute at Bagalkot, Karnataka, in 2003. Even after KMBL merged with ING Vysya, it continues to run this institute due to its positive impact on the youth in the past.

The key objectives of the institute are to identify, orient, motivate, train and assist the younger generation to take up self-employment through the promotion of Micro, Small and Medium Enterprises. After completing the training course, candidates are financially settled through monetary linkages provided by various banks within the district. Since its inception, 29,586 candidates have been trained so far, out of which 21,983 candidates have been financially settled.

During FY 2015-16, 46 programmes have been conducted and around 1,373 candidates were trained by the institute.

Training Performance of RSETI in FY2015-16

Training Programmes	Training programmes conducted	Number of Youths trained	Number of trainees settled	Out of total trainees Number of Women participants	Total number of programmes since inception	Total number of youths trained since inception	Total number of trainees settled since inception
6 Days	32	939	519	96	735	26,711	19,592
3 Days	14	434	218	218	133	2,875	2,396
Total	46	1,373	737	314	868	29,586	21,988

RSETI is engaged in conducting two entrepreneurial development programmes (EDPs). In addition to this, product and process trainings are also provided. Training programmes such as comprehensive agriculture and allied activities, dairy farming, vermi-composting, goat rearing, poultry, sericulture and sheep rearing are covered under the Agriculture EDP. The Prime Minister's Employment Generation and Rural Entrepreneurship Development programmes are covered under the General EDP.

Financial Literacy

In order to encourage financial literacy, KMBL has organised several financial literacy camps specifically in unbanked and rural locations.

Financial Literacy Camp, PAT High School – Mhapan Star branch, Sindhudurg district, Maharashtra



The activity was planned for 11th grade students, where a total 154 students attended the camp. KMBL introduced the various aspects of a bank's functions to the students along with its products and services.

Financial Literacy Camp - Pinguli Grampanchayat, Sindhudurg district, Maharashtra

Members from the local village were introduced to KMBL, and also various features and benefits involved in opening a savings account. The Bank invited the block development officer and the head Sarpanch of the Pinguli Grampanchayat along with all teachers of the school. A total of 65 people were present for the literacy camp.

Financial Literacy Camp at Mhapan, Sindhudurg, Maharashtra



Financial Literacy Camp at Mhapan, Sindhudurg, Maharashtra

A similar financial literacy camp was held in the ZP School, Pawashi-Kudal Branch, where 75 people participated in the workshop.

Technology and Innovation

Real Time customer acquisition system (RCAS)

The industry is seeing a gradual shift from the use of traditional underwriting tools towards modern underwriting methods with increasing use of technology. KMBL currently does not support a completely digital process for Personal loan (PL) acquisition and real-time decision. Considering the need of the hour, the Bank has decided to implement end-to-end digitization of PL acquisition. The RCAS application was implemented with the objective of providing end to end acquisition and real-time decision.

Verification of a customer is triggered on the basis of policy and updation of the same is done online such that the credit personnel get a bird eye view of the case details along with all verification and external check results. A Risk Control Unit (RCU) check is made available which will be a parallel activity within the process. Operations activities such as creation of party, agreement and cash flows can be created with less data input. The automation of this entire process has led to saving in overall time and the seamless process of PL acquisition.

Month	No of cases Disbursed(RCAS)	Total Amount (₹ crore)
Jan-16	352	16.15
Feb-16	1,037	44.00
Mar-16	1,359	67.00

Kotak Bharat Banking

The Kotak Bharat Banking app provides user friendly and simple interface to customers. It enables them to perform essential banking transactions without an internet connection. It rides on the existing SMS Banking platform. It is easy to navigate and supports multiple regional languages, such as Hindi, Marathi, Kannada, Gujarati and Tamil, in addition to English.

Since it does not require internet connectivity to transact, and is available even on the lowest version Android phones, Kotak Bharat Banking app can become a daily companion for users with low end smartphones.

Apart from basic banking requests, Funds Transfer and Mobile/DTH recharge are key features that are popular amongst all users. Key appealing factors about this system include:



- Regional language support addressing language barriers and making an app easier to use and understand.
- Low maintenance as it works on all Android phones and does not require internet connection
- Secure as users registered mobile number is verified while transacting.

Acknowledging KMBL's effort towards digital innovations, the Bank received an award in 2014 from Shri Pranab Mukherjee, President of India, for its role in the launch of the RuPay prepaid card, leading to the automation of the entire payout process for milk procurement by milk unions.

Tushar Trivedi receives an award from Shri Pranab Mukherjee, President of India, in recognition of impetus to Rupay

BillPay on SMS Banking

KMBL Bill Pay service enables customers to add, view, pay and store their utility bills, mobile recharge, DTH recharge, insurance premium, subscriptions, and donations. Earlier, the payment of the bills and recharge could be done through Net banking, Mobile banking, and customer care only. Now, the payment of bills and recharge can be done through SMS banking as well. Approximately 4,000 transactions are conducted using this facility on a monthly basis. Some of the benefits include:

- Convenience- Bill payment can be done using even low-end mobile phones without an internet connection.
- Anywhere Anytime Banking- Bill payment and recharge can be done anytime from anywhere without depending on internet access.
- Easy to use - Customers have to forward the intimation alert or reminder alert for successful bill payment using SMS banking.
- Secure- Instant SMS regarding the successful bill payment.
- No need to login into Net Banking or Mobile banking

Savings Account Digitization project

Banks in India are making rapid progress on the Digital front. Keeping the dynamic environment in mind, KMBL has decided to implement end to end digitization of the savings bank account opening process. The digitization initiative has helped in end-to-end customer acquisition and monitoring through unified Lead Management System (LMS). Some of the key features of this system include:

- Improve customer experience and enhance customer retention
- Achieve the First Time Right (FTR) factor
- Reduction in the cost of account opening in long term
- Instant account opening enabled through workflow thereby reducing the Turn Around Time (TAT) with respect to account activation for the customer.
 - a. Instant data transfer to operations through a workflow
 - b. Instant exception resolution by the front end would reduce turnaround times significantly
 - c. No re-data entry at backend

The usage of the LMS has resulted in the productivity improvement of resource within the sales and operations team in addition to improved sales discipline and tracking of leads.

PRINCIPLE 3: EMPLOYEE WELL-BEING

Employee well-being is a primary focus and integral part of KMBL's growth and success strategy. Following the merger of ING Vysya Bank with Kotak Mahindra Bank on April 1, 2015, employee interest has been a central focus at every stage of the integration. From an employee point of view, apart from structural and process integration, the Bank had a strong culture integration plan involving the synthesis of people into one 'culture'. Over and above this, KMBL also introduced new HR practices and further strengthened the ongoing ones.

Culture Integration

Apart from functional and structural integration, KMBL undertook substantial work to drive its 'core' values and culture within the last financial year that has helped strengthen the integration process.



Strengthening integration process through cultural integration sessions

Orientation Programme: Large scale induction programmes were undertaken to orient the incoming teams into the 'Kotak way of life' with an introduction to the Bank's values, culture, products and processes. Over 200 batches across 28 locations and covering 7100+ employees were conducted by 150+ trained facilitators.

Functional Training: Over 4,200 employees were trained via 371 e-learning modules of approximately 60 hours. 67 simulations were rolled out to learners as part of their daily simulation exercise by 48 trainers covering 14 different types of job roles.

Ongoing Communication: In light of the merger, continuous communication with employees was imperative. Diverse communication strategies ensured relevant information was cascaded through multiple channels effectively. Senior management involvement supplemented the ongoing communication with frequent 'Tea Time Charcha' with Mr. Uday Kotak, Town halls, Webcasts, and Meets sharing a clear, compelling vision for the Bank.

The reporting year also witnessed the launch of many engagement initiatives and tools for employees and managers. The initiatives ranged from adding tools and platform to strengthen the listening architecture to enabling managers to nurture high performance culture.

Pulse Survey

The 'Pulse' survey was designed recognising that the managers significantly impact the day-to-day experience through the quality of interactions they have with their team members. The survey was administered to get feedback on specific ways in which managers can improve the quality of interactions with their teams. The survey is currently in its second cycle. The Bank received an average participation of 90%+ employees, providing feedback on various engagement parameters. This feedback will be used to plan the way forward, and strengthen positive behaviours and improve managerial effectiveness in the areas of concern.



Leadership workshops - Nurturing future leaders

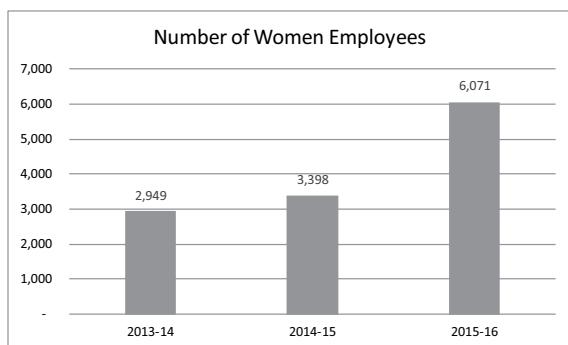
Leadership

With KMBL's objective to identify, build and nurture leaders across levels to deliver superior business results and address individual career aspirations, the Bank introduced a new contemporary approach to assess and diagnose leadership competency gaps followed by a development plan. It also launched its flagship leadership programme for newly promoted employees and revamped select on-going leadership programmes to align with organisational changes and context. This has further strengthened the Kotak Leadership Development Architecture.

Diversity

KMBL's diversity initiative is aligned with its continued effort to have an effective diversity strategy. It focuses on various aspects such as differentiating talent acquisition strategy, engaging through a flexible and enabling work environment and developing and nurturing high-potential women employees to build long-term sustainable careers. With 19% of the workforce being women, the Bank realises that achieving progressive gender representation requires addressing mind-sets and developing a more inclusive, holistic diversity agenda.

Specific initiatives included interventions through Astra – creating circle of influence, manager sensitization programmes, 'Womentoring' sessions, part time/flexi working provisions, extension of maternity leave provision to 4 months, various health awareness and well-being programmes etc.



Health and Well-being of Employees

Employee well-being and maintaining the work-life balance requirements has been of paramount significance to KMBL. Recognizing that creating a safe and an encouraging working environment enables employees to realise their full potential, KMBL has fully embraced its statutory duty and is committed to extend care and support beyond the statutory framework. Each strategy, programme and initiative designed towards this effort is driven by the intent to allow employees to manage their professional and personal lives efficiently. Some of these programmes are also designed to engage families of its employees.

Prevention of Sexual Harassment (POSH)

The Bank continues to promote its belief on zero tolerance towards sexual harassment at the workplace and continues to uphold and maintain itself as a safe and non-discriminatory organisation. KMBL has reinforced the understanding and awareness of Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. It has also formulated an 'Internal Complaints Committee' (ICC) at three locations for reporting any untoward behaviour or situation. Any complaints pertaining to sexual harassment are diligently reviewed and investigated and treated with great sensitivity.

Improving Service Quality through Competency Based Interview

With the organisation's robust focus on service orientation, recruiting people with a natural orientation to service was the Bank's prime focus. In this endeavour, KMBL extended its service quality initiatives focused on acquiring and training for desired behaviour and competencies. For example, the recruiting managers had to undergo a training programme on competency based interview, which focused on spotting potential talent with service orientation.

PRINCIPLE 4: STAKEHOLDER ENGAGEMENT

Key stakeholders are the driving force of KMBL's daily business and operations. As a bank that has a growing footprint all across India, it recognises the importance of interacting with both internal and external stakeholders on a regular basis to discuss topics of mutual and public interest. Constant feedback received from KMBL's stakeholder groups helps the Bank in making informed decisions towards driving its business strategy, integrating external perspective into developing innovative and sustainable products and services and mitigating potential risks.

Efficient and streamlined, the stakeholder engagement process at KMBL enables the Bank to identify issues that are absolutely critical for the business and implement systems that can improve the delivery of its services. Seven key stakeholder groups have been identified by KMBL. The details of the engagement process and frequency for each of the groups have been outlined in the table below:

Key Stakeholders	Method of Engagement	Frequency of Engagement	Topic of discussion	Relationship manager
Investors and Shareholders	Emails, letters, investor grievance cell, media, Bank's website	Annually, Quarterly and on a need basis i.e. During events that take place concerning shareholders e.g. Extraordinary General Meeting (EGM) etc.	Financial results, shareholder returns and dividends, issues related to shares' issue, transfer and dividend pay-outs. Post the quarterly results, a conference call is held wherein the senior leadership team participates and the call is open to all investors and analysts. The transcript of the call is also made available on the Bank's website.	Investor relations team, Secretarial team
Customers and Clients	One-on-one interactions, customer satisfaction surveys, customer grievance cell, customer meets, customer helplines/ toll-free numbers, media, Bank's website	On-going and need based	Customer service quality, investment returns, product features and benefits, technology interface for banking experience	Relationship managers, Branch staff, Customer Service Quality team
Employees	Induction Programme, e-mails, town halls, skip-level meetings, leadership meetings, employee engagement initiatives, rewards and recognition Programmes, employee grievance cell, intranet, employee satisfaction surveys, employee volunteering initiatives	On-going and need based	Bank's policies and procedures, employee welfare issues, performance appraisal and rewards, training and career development, workplace health, safety and security, community development and employee volunteering	Human resources team, Corporate Social Responsibility team
Government and Regulatory Bodies	Bank's regulatory filings, compliance statements, meetings, letters, emails	As per regulatory requirements and need based	License request and renewal, compliance to regulatory requirements, participation in Government financial sector plans and programmes	Cross functional team
Suppliers and Business Associates	Meetings, emails, letters, supplier and business associates performance reviews	On-going and need based	Product/Service/Technology quality and support, contract commercial and technical terms and conditions, minimum wage payments, supplier and business associates' statutory compliances	Respective departments dealing with suppliers and business associates, Commercial and procurements team

Key Stakeholders	Method of Engagement	Frequency of Engagement	Topic of discussion	Relationship manager
Communities and NGOs	Community development initiatives, proposals and requests for new initiatives / funding	Need based	Community needs, financial/ infrastructure/ human/ organisational support	Corporate Social Responsibility team
Media	Advertising, media interactions / interviews / responses, meetings, emails	On-going and need based	Marketing and advertising agenda, information disclosure through media, viewpoints on industry, and Bank related opportunities and Issues	Marketing team, Corporate communications team

PRINCIPLE 5: HUMAN RIGHTS

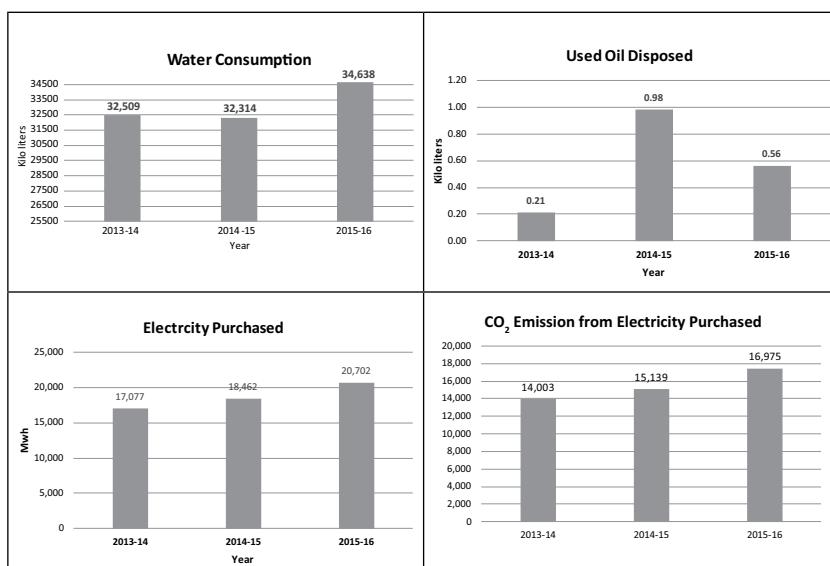
Due to the nature of the Bank's business and operations, KMBL doesn't face any risks of non-compliance with respect to Human Rights. KMBL respects the human rights of all its employees customers, partners etc., upholding the dignity of every individual. As mandated by the Fair Practice code, the Bank offers its products and services without any discrimination. It does not employ child labour. The security personnel are trained and instructed to prevent the entry of under aged or child workers into any of the Bank's premises. Further, the statutory compliance of all contractors on minimum wages is reviewed and monitored.

PRINCIPLE 6: ENVIRONMENT

KMBL is aware of its social obligations and responsibilities associated with running a business that has a minimal environmental impact. Its environmental management practices work towards reducing its carbon footprint and paper consumption in addition to using technology which is energy efficient. Energy consumption within KMBL is closely monitored and corrective actions are taken if the consumption increases. Numerous initiatives have been undertaken in FY 2015-16 to showcase our commitment towards preserving the environment. Some of the initiatives include:

- Replacement of CFL/ PL lamps/ light fixtures with LED lights has led to 20% reduction in lighting power consumption led to reduction in per capita energy consumption
- Strict monitoring of HVAC run time
- LEED certification for design and operations for the Bank's 27 BKC office and MG road Bangalore offices respectively is in place
- Proposition of a centralised energy consumption monitoring system in 10 branch offices across in India to be tested as a pilot project

The Bank's Environmental Performance¹:



Saving Paper

The Bank continues its green endeavours of saving paper through initiatives such as the 'M collection' application and providing e-statements. The Bank also undertook an initiative to avoid unnecessary printing of certain documents and wherever possible, made efforts to re-size certain items, redesigned certain forms and processes. One such initiative undertaken in FY 2015-16 is using tablets for opening of saving accounts. The initiative has resulted in saving seven A4 size papers per new account opened. Through all the initiatives put together, the Bank has collectively saved approximately 39,00,000 A4 size papers. KMBL continues to encourage shareholders to opt for electronic copies of the annual report, instead of physical copies.

¹The Environmental performance of the Bank is reported for its corporate offices in Goregaon and Bandra Kurla Complex (BKC) in Mumbai, Noida and Delhi. These corporate offices also house other Kotak Mahindra Group Entities.

Green Data Centre

Saving approximately 3.9 million A4 size papers has resulted in the following:

- 18.72 Tonnes of Paper saved
- 52.36 Tonnes of Greenhouse Gas (GHG) emissions avoided
- 77.05 Tonnes of wood saved*
- 18 lac Litres of water saved
- 18.1 Tonnes of solid waste avoided
- 197 Mega Watt Hours (MWh) of energy saved

*equivalent to saving 495 trees from being cut for paper

Source: www.papercalculator.org

The increasing need for storing information, computing and analysis has led to capacities of existing data centres being expanded. Data centres are one of largest energy consumers across KMBL's operations. The Bank has optimised the 'data centre' facility into a single facility in 2009 to leverage system efficiencies and exercise better control on energy performance. Various improvement initiatives have been undertaken to enhance the energy performance of the data centre. Initiatives such as high and medium density server rooms, server virtualization, server consolidation, cold aisle containment, managing optimal levels of inlet temperature, etc. have yielded good results to reduce the energy intensity of Data Centre and contribute towards environmental sustainability.

'Cold Aisle' containment for data centres was implemented for the high density server rooms which had been extended for low density server rooms in FY 2014-15. Additionally, the Bank introduced Cold Aisle containment for the server room within the BKC office as well in FY 2015-16. Improving cooling efficiency in Cold Aisle area, where it is needed the most, has resulted in direct savings of power units consumed.

Virtualization

Virtualization has proven to be a boon in terms of energy efficiency and carbon footprint reduction. The initiative has been touted as one of the key solutions for not only reducing the environmental impact of organisation's Data Centre, but also optimizing the efficiency of it. Currently, 80% of the servers are virtualised in the data centre. This has led to increase in data centre inventory by 23.37% in the first three quarters of FY 2015-16 and merely 0.05% increase in unit power consumption. Other initiatives to reduce electricity consumption within the data centre include:

- New application rollout using virtual servers as far as possible instead of the physical server
- Periodic technology modification for all high-end servers used for hosting the Bank's databases which not only provide the latest technology and higher configuration but also helps in reducing the electricity consumption. New technology hardware is generally 20-35% energy efficient compared to old hardware.
- Chiller set point increased by 1 °C from 7 °C to 8 °C which has ensured that less electricity is used for data centre cooling and achieve 1.65% Power Usage Effectiveness (PUE).

KMBL has moved portions of their user base to 'virtual desktop infrastructure', which has helped in replacing the CPU unit with a small 'Thin Client' unit. A Thin Client consumes 1/7th of the power of a typical CPU. Currently 1,600+ virtual desktop machines are operational at KMBL.

PRINCIPLE 7: PUBLIC POLICY ADVOCACY

KMBL's partnership with various associations helps the Bank to understand industry wide issues and, thus develop policies that are beneficial to the Bank. KMBL is currently a part of the following associations:

- Association of Mutual Funds in India
- Bombay Chamber of Commerce and Industry
- Confederation of Indian Industry
- Data Security Council of India
- Fixed Income Money Market and Derivatives Association of India
- Foreign Exchange Dealers Association of India

- ICC India
- Indian Institute of Banking and Finance
- International Fiscal Association Indian Branch W R C
- Mobile Payment Forum of India
- Primary Dealers Association of India
- The Employers Federation of India
- The Madras Chamber of Commerce and Industry
- Indian Banks Association
- Council for Fair Business Practices

PRINCIPLE 8: INCLUSIVE GROWTH

The CSR policy articulates KMBL's aim to positively contribute towards economic, environmental and social well-being of communities through its Corporate Social Responsibility agenda. The Bank's CSR agenda is driven by the attention given to the following key focus areas:

- a. Promoting Education
- b. Enhancing Vocational Skills and Livelihood
- c. Promoting Preventive Healthcare and Sanitation
- d. Reducing Inequalities Faced By Socially and Economically Backward Groups
- e. Sustainable Development
- f. Relief and Rehabilitation
- g. Clean India
- h. Sports

Pursuant to the provisions of Section 135, schedule VII of the Companies Act 2013 (the Act), read with the Companies (Corporate Social Responsibility) Rules, 2014 the report of the expenditure on CSR by the Company is as under:

The average net profit U/S 198 of the Bank standalone for the last three financial years preceding March 31, 2016 is ₹2,366.37 crore.

The prescribed CSR expenditure required U/S 135, of the Act for FY 2015-16 is ₹4,733 lac.

The CSR expenditure incurred for the period 1st April 2015 to 31st March 2016 under Section 135 of Companies Act, 2013 amounts to ₹ 1,641 lacas against ₹ 1,197 lac CSR spend in the financial year 2014-15.

CSR expenditure of ₹ 1,641 lac in FY 2015-16 as a percentage of average net profit U/S 198 of the Bank standalone at ₹ 2,366.37 crore is 0.69%

KMBL is striving to build its CSR capabilities for the long term and is committed to gradually increase its CSR spend in the coming years. The CSR Committee of the Board confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

The details of CSR activities and Spends under Section 135 of the Companies Act, 2013 for FY 2015-16, are available in the Director's Report section.

Promoting Education and Livelihood

The Kotak Education Foundation (KEF) was set up in 2007, with a purpose to support children and youth from underprivileged families through different education based interventions and skill development programmes. KEF takes a holistic and innovative approach to helping the urban poor break free from the vicious cycle of extreme poverty and generational disadvantages.

KEF has partnered with 36 schools, majority of which are located in the poorest wards of Mumbai. Livelihood training is provided at 7 centres spread across the poorest neighbourhoods of the city. In 2015-16, KEF has touched nearly 50,000 youngsters through its nine interventions.

Programmes towards improving Access to Quality Education

School Leadership Development Intervention (SLDI)

This programme aims to strengthen managerial and leadership skills of KEF's partner schools' teachers and principals, such that a sustainable culture of academic and personal success can be created for all the students. 53 school leaders from 17 schools have been empowered through the implementation of the following initiatives

- a. 1,740 sessions of the 'I Can Do it' (ICDI) programme: This programme is a focussed mentoring session for school leaders on individual leadership, team leadership, institutional leadership and sustaining and leading a culture of change. These sessions are conducted in small groups of 2-4 members only to create a larger impact.
- b. Four workshops such as networking and collaborations, perception of the headmaster's role, importance of giving feedback to teachers and the school development plan. These workshops resulted in 12 school headmasters developing a vision for their school and a three-year school development plan encompassing student learning outcome, development of teachers, improving the teaching learning programme and self-development aligned to the programme's visions.



School Leadership Development Intervention - Participation in Workshops



KEF partner schools' headmasters at International Education Leadership Conference



A senior KMEL executive volunteer leading by example - delivering lesson in English & motivational talk to teachers

conducted. To sensitise the teachers on certain behavioural areas, 33 special workshops were additionally conducted.

In one of the partner schools, STEP has been training 12 primary teachers on how to conduct lessons, including maths, for three years. The teachers have slowly acquired the necessary competencies to communicate with the children in English.

Nine head masters (HMs) of ICDI mentored schools were selected to participate in the International Education Leadership Round Table Conference. Seven HMs from KEF's partner schools were awarded for their innovative ideas and two of them were honoured for the implementation of their ideas within their respective schools. The conference is organised by City Montessori School in Lucknow on an annual basis to share the best practices of school education across the world.

The HMs took an active interest in participation, and were determined to implement the learnings within their own schools. All the HMs demonstrated the following competencies in their school development presentation: planning; delegation, involvement, development of teachers, good oral communication, walking the extra mile, process building and goal setting.

Six HMs have already started an Alumni association, while others have initiated counselling for children starting from the seventh grade to sensitise and motivate them for higher education.

School Teacher's Enrichment Programme (STEP)

STEP is an integrated platform, addressing the teachers of KEF's partner schools. It aims at enhancing teaching skills of the teachers and thus, indirectly improving the learning outcome of the students. The Primary Year Programme (PYP) started in FY 2015-16 with first grade teachers from six schools. The objective is to improve the ability of the teachers to speak and teach the children in English.

In FY2015-16, 545 teachers from 20 schools have benefitted through 167 academic workshops, 653 mentoring sessions and 771 spoken English sessions

Case Study: A story of Change

Sandhya Khose, a partner school teacher, feared the thought of communicating or teaching her students in English. Her lack of ability to understand and speak in English led to a lack of exposure to the English language for the students. The intervention helped her overcome her fear. STEP facilitator's mentoring sessions encouraged her to change her beliefs about children and learning. The spoken English sessions have made her confident enough not only to communicate in English, but also to help her students learn the language. She is able to teach and groom her students without employing corporal punishment and feels connected to the students. This has helped her in bonding well with them and their parents.

Parent Intervention Programme (PIP)

This programme creates awareness amongst the parents on the importance of education in their children's lives. The programme strengthens the role of the parents as an effective and proactive support by boosting core parenting competencies such as age appropriate care provided to a child, open and free communication, incorporating values, importance of routine and discipline amongst students, etc. In FY2015-16, 2,393 parents from 15 schools were empowered and sensitised through nine meetings. Additionally, 6,097 home visits were conducted to 871 households to gain a better understanding and offer a customised parenting programme. 14 teachers from six partner schools were also mentored to impart parenting skills sets through the Teacher Parent Partnership (TPP) programme.



Parent Intervention Programme session at KEF's partner schools

Kotak Umang

Kotak Umang caters to the aspirations of children from vernacular medium schools. It reinforces their comprehension and communicative English by providing them with opportunities to express and build confidence. Improvement in the student's English proficiency is linked to highly motivated teacher customizing lesson delivery. In FY2015-16, the programme taught 4,446 children from 19 schools. 89% (3,958) of these students showed 70% of attendance. As a result, 74% of these students have shown a remarkable improvement in their ability to communicate in English. The sessions are held in small groups such that the teacher can understand the needs of the children better and cater to them in an efficient manner.

Working with marginalised students- Kotak Udaan

Launched in FY2010-11 on the 25th anniversary of KMBL, Kotak Udaan, focuses on marginalised children by providing constant engagement and enrichment. Udaan offers a range of activities spanning across education and personality development to ensure the holistic growth of children through their high school (graded eight to ten) years. Udaan students face very critical and complex challenges on a personal, family and academic front. Most of them have a high probability of dropping out before finishing tenth grade.

Recognizing the vital need of self-expression, Udaan team organises a talent show - Udaan's Got Talent every year. One of the other benefits of this show is the sudden boost of confidence provided to students and parents, who are highly appreciative of the opportunity. KEF's staff also gets to interact with captive audience in informal setting and increase their rapport with the students and parents. In FY2015-16, 361 students attended and 339 performances (dance, singing, art, speech, science exhibition) were showcased.



Udaan's got talent – an initiative to provide platform for self-expression to marginalised children

Case Study: A story of Change

Pawan is an HIV positive student who has a learning disability. He lost his father due to AIDS and his mother is also HIV positive. Before he got selected to join Udaan programme, he used to be very depressed and would only watch TV or sleep. It took a lot of effort and several interventions to motivate him and get him interested in academics. Slowly he started studying but struggled to cope up with homework as his academic base was very weak. He was enrolled in daily academic sessions to increase his confidence. Both Pawan and his mother were extremely nervous as his SSC exams got closer and required daily reassurances.

Pawan passed his SSC exams with 46% and has been admitted into Jr. College. He is studying independently and keeps reassuring his mother that he would study hard, get a good job and take care of himself.

The overnight camp organised by Udaan motivated him further. He not only attended the camp at Magic Bus, but participated actively and thoroughly enjoyed the experience. For a boy who was not willing to cross the street, today he is working for Magic Bus as a peer and is handling 25 students.

Kotak 'In Search of Excellence' (KISE) - Working with meritorious students

KISE is a scholarship project that recognises and honours achievements of students of KEF's partner schools, who despite their challenging circumstances, have managed to excel in academics and score brilliantly in their tenth grade board exams. Every year, KEF rewards such students with a scholarship to cover their basic educational needs as required in their first year of junior college.

KISE has now widened its reach by extending support to students beyond the 12th grade. Twelve toppers from the batch of FY 2013 have been financially supported, i.e. their course/coaching class fees having been paid entirely through the KISE Programme.

Working towards improving Health interventions

The Kotak Education Foundation understands that the prevailing health issues and lack of nutrition is another important reason for children dropping out of school. Thus, it has undertaken several health initiatives that will enable underprivileged children to take better care of their health, stay in school and acquire a stronger education. The health interventions have been undertaken via creating awareness on the corrective and preventive measures that can be adopted by children studying in its partner schools on a regular basis.

The 'Mid-day' meal programme was started for students as an incentive to attend school and have at least one nutritious meal a day. In FY2015-16, approximately 4,670 students have benefited from the mid-day meal across 14 partner schools.

Another partner school initiated a cleanliness drive with the support of the KEF, Dharm Bharti Foundation, Municipal Corporation of greater Mumbai, Coro, SNEHA and the local community. It was conceptualised as an extension of the 'Majhi Swachcha Shala' (My Clean School) programme to instil values of cleanliness amongst the students. Children of the school visited 300 homes to sensitise the community members on the importance of health and hygiene. These students were accompanied by 'Kotak Unnati' aspirants and social workers to help spread the message in the community. Nearly 450 volunteers and 200 children participated in this programme to clean the surrounding of their school.



Cleanliness drive under the 'Majhi Swachcha Shala' (My Clean School) programme



The drinking water and sanitation improvement project

Poor sanitation, unsafe and inadequate water supply and inappropriate hygienic behaviour have had a terrible impact especially on the health of school going children. Children spend long hours in school and therefore the physical environment, and cleanliness of the facilities in school determines their health and well-being to a significant extent.

KEF intervened and improved sanitation infrastructure i.e. toilets, urinals, drainage and provided water for drinking and sanitation in eight partner schools which required critical infrastructural improvements. 33 toilets and 45 urinals were built or repaired, seven schools were provided with sufficient number of hand-washing points, eight schools were provided with sufficient potable drinking water. KEF also helped to improve their drainage system, so that cleanliness is maintained in the schools.



The drinking water and Sanitation Improvement project

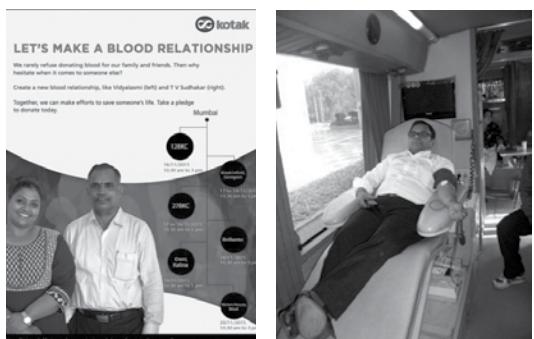


Vocational training for Kotak Unnati students

Case Study: A story of Change

Archana, became a widow at the young age of twenty six and has two beautiful little children to care for. The little savings her husband left behind began dwindling soon after, leaving her battling with anxiety and depression. She was invited to attend a meeting organised by an NGO named CORO. Here, she keenly listened to a presentation made on the Kotak Unnati programme. Soon after she joined the programme, she underwent a radical change due to the training provided by the programme. From grooming herself to communicating with others, the change was evident. She enthusiastically participated in all the activities, put in that extra effort to communicate in English and diligently attended all the sessions.

She was then placed with a retail brand associated with Reliance Trends in Vashi as a Customer Service Associate. Archana now has goals set for herself which primarily includes providing a quality education for her two daughters.



Blood donation drive organised across 10 cities

Kotak Mahindra Group CSR Activities

The Group supports several NGOs through contributions, employee engagement and volunteering initiatives. The Group not only supports several NGOs through monetary contributions but also actively encourages employees for doing their bit for the society through employee engagement and volunteering.

Blood Donation

The Bank organised a Blood Donation camp from 16-20 November, 2015 to celebrate Kotak Group Day on 21 November. Camps were organised across 10 cities – Mumbai, New Delhi, Bengaluru, Hyderabad, Pune, Surat, Chennai, Coimbatore, Ahmedabad, and Vadodara. Total 974 units of blood was collected during the blood donation camp.



Employees volunteer in Habitat for Humanity's Build programme in a village near Karjat

Building Homes for the Needy

The Bank sponsored 30 employees for Habitat for Humanity's 'Volunteer Build' at a village near Karjat. Employees assisted the villagers with brick-laying and painting work.

Employees volunteer in Habitat for Humanity's Build programme in a village near Karjat

Swachh Bharat Abhiyaan Initiative

The Bank sponsored 100 employees to run the Powai Run 2016. Post the marathon, a Swachh Bharat Abhiyaan drive was conducted wherein employees of the group cleaned up the venue.

This sanitation project has helped improve the hygiene practice of 5,916 students and 164 teachers in FY 2015-16.

Kotak Unnati - Generating Income through Skill building

Kotak Unnati is a 'Vocational Training' programme for underprivileged school and college drop-outs between the age group of 18-25 years.

After completing three months of training, the youth are placed in leading organisation from the Retail / Hospitality industry. The entry-level jobs given to them become the foundation for a sustainable career which in turn will help them provide a better quality of life for their families. In FY2015-16, 469 aspirants (3 batches) have been placed in 52 reputed companies, which has helped in almost doubling the income generation of their families and putting them above the poverty line.

A new concept, 'Earn while you Learn' was tried out for the first time with a Mumbai-based college. Unnati has been successful in placing all 15 students (the first batch) who've completed the course with Hamleys Toy stores. Seeing the success of this new intervention, KEF has plans of running similar courses in the new future as well.



Employees of Kotak Mahindra Group participate in various Swachh Bharat Abhiyan initiatives



Shanti Ekambaram is highest individual pledge raiser in the corporate challenge category

Mumbai Marathon 2016

This year, 105 Kotakites ran the Mumbai Marathon 2016 in support of four NGOs – Cancer Patients Aid Association (CPAA), The Indian Council for Mental Health (ICMH), Society of Parents for Children with Autistic Disorders (SOPAN) and Kotak Education Foundation (KEF).

Kotak runners raised pledges

amounting to ₹ 28.78 lac and collectively with the Bank's contribution, the total funds raised amounts to ₹47.28 lac. KMBL has been acknowledged as the 2ndhighest fundraising corporate in the corporate challenge category.



Employees participated in Mumbai Marathon 2016 and raised pledges in support of 4 NGOs



Employees participated in Mumbai Marathon 2016 and raised pledges in support of 4 NGOs



Women employees participate in Pinkathon for breast cancer awareness



Shanti Ekambaram, President – Consumer Banking raised ₹ 10.88 lac and was acknowledged as highest individual pledge raiser in the corporate challenge category.

Manish Kothari, Business Head, Large & Mid-Corporates, raised ₹ 7.5 lac and was acknowledged as the second highest individual pledge raiser in the corporate challenge category.

Delhi Half Marathon 2015

The Bank sponsored 40 employees to run Airtel Delhi Half Marathon 2015, on November 29, 2015. Employees ran for the NGO – Action for Ability Development & Inclusion (AADI).

Pinkathon

The Bank sponsored 33 women employees to participate in Pinkathon New Delhi and 181 women employees to participate in Pinkathon Mumbai - a run for women to spread awareness on breast cancer.

The Bank sponsored India's first Wheelchair Marathon 2015, organised by Spinal Foundation of India in Chennai, to support people with spinal injury. 86 employees of the Bank in Chennai participated in the marathon.

Employee driven CSR programmes

You Can Serve - Newspaper Collection Drive

Conducted in association with the NGO - Dhanwantari Medical Trust (DMT), the CSR programme helps and supports children affected by cancer and their families. Under 'You Can Serve' old newspapers and magazines are collected from Kotak offices in Mumbai and handed over to DMT. The funds generated from sale of the waste papers are utilised by DMT to support child cancer patients in the form of 'Monthly



Employees participate in Wheelchair Marathon to support people with spinal injuries



Grains Support' (MGS). In FY2015-16 a total of 7,846 kg of newspaper and 5,206 kg cartons were collected that generated ₹ 1,06,374/- for cancer affected children and their families.

Other initiatives

- KMBL celebrated Daan Utsav (formerly known as 'Joy of Giving Week') with four NGOs – Ahura Support, ADAPT, Under the Mango Tree and Dr. M L Dhawale Memorial Trust. The sales of their products amounting to ₹ 55,240/- contributed to these NGOs working in the field of supporting differently-abled, spastics, marginal farmers, providing healthcare to mother & child respectively.

- On the occasion of International Women's Day, KMBL supported Pehchan and Women's India Trust, NGOs working in the field of women empowerment in slums through setting up a stall for their products. Sales for their products amounting to ₹ 23,000/- contributed to these NGOs

Kotak Mahindra Group Payroll Giving Programme

Kotak Mahindra Group supported The Akanksha Foundation, Cancer Patients Aid Association (CPAA), National Association for the Blind (NAB), Dignity Foundation, Make-A-Wish Foundation of India and Society of Parents of Children with Autistic Disorders (SOPAN) under its Payroll Giving Programme.

As on March 31, 2016, 1,668 employees were part of the payroll giving programme, and did their bit by contributing ₹ 66,95,304/-

Lending A Helping Hand During Natural Calamities

Nepal-Bihar Earthquake

In association with NGO Goonj – ‘Giving Collection Drive’ was organised across five locations to extend support for those affected by the earthquake in Nepal and Bihar. Employees donated blankets, bed sheets, raincoats, buckets, sweaters, umbrellas, etc.

Chennai Floods

One of the most intense situations arose in Chennai, when the city came to a standstill due to floods and heavy rainfall in December 2015. Lives of our employees were also affected extensively during these floods. In order to help our employees cope with the difficult situation, the Bank organised four doctors from Mumbai to provide medical assistance to them and their families. Over 1,000 employees across the Bank and its subsidiary companies have benefitted from this emergency arrangement. Further, special interest free loans were announced for employees in Chennai, and additional emergency loans were offered for other requirements. Employees were also provided with advance salary for fulfilling emergency needs. More than 2,000 employees across Kotak Mahindra Bank and its subsidiary companies have benefited from this initiative.

Furthermore, the Bank has joined hands with the NGO - The Banyan for the rehabilitation of families affected by floods.



Drought in Latur

Latur in Marathwada region of Maharashtra, is witnessing one of the most severe drought in the decade.

In Q1 FY 2016-17, the Bank in collaboration with its employees in the area initiated the work for sourcing water for regions / villages with severe shortage. Prashant J Kumar and Ranjit Chamle and their team organised the first phase of this initiative by supplying water through water tankers in Pakharsangvi village. Currently, the Bank is supporting ten villages in Latur region to supply potable water. Three tankers with capacity of 6,000 litres each, are being supplied to the villages in the region namely, Khandapur, Shayam Nagar, Harangul, Akkarvai, Chincholi Rao Vadi, Bhoira, Chikurda, Maharana Pratap Nagar, Murud Akola and Sikandpur.

Providing potable water to villages near Latur, Maharashtra

PRINCIPLE 9: CUSTOMER VALUE

KMBL understands the necessity of enhancing customer value as a key business driver. Amidst strong market competition, KMBL continuously strives to improve its relationship with customers. By implementing a constant feedback mechanism, KMBL aims to improve the customer management system and bring about a positive experience towards the entire customer service journey.

Initiatives implemented to enhance customer Value

Kotak Mahindra Bank Limited is fundamentally a customer centric organisation that has continuously striven to implement systems and processes in place that result in customer delight. Customer satisfaction for the Bank is not an isolated event, but is an ideology that is embedded deep within its working culture.

Based on the complaints received from the customers, a root cause analysis is conducted to understand the reason behind the problems. The results of the analysis helps the Bank in making structural changes and implement new initiatives that will prevent the same problems from repeating itself. Based on the suggestions received, feedback is given back to customers, highlighting the changes made in the service delivery system.

As every customer is assigned a relationship manager, the details of the complaints received is taken directly from the Relationship Manager (RM) to understand the grievance in an in-depth manner. KMBL's complaint management process provides flexibility to its RMs to express customer's voice to complaint management team irrespective of whether the customer writes to Complaint management cell or not. If an RM at any point of time, receives an intimation or complaint from a customer, he is free to raise the concern to senior management. This entire process helps the RMs to understand the root cause of the concern as he is kept informed of all the proceedings until the case is closed.

During the reporting period, the Bank started a separate service division comprising of over a 100 employees dedicated towards handling customer transactions and maintaining client relationships. Employees within this division are committed to connecting with a diverse set of customers and understanding their specific requirements. KMBL understands that in the presence of fierce competition within the industry, the processes implemented to enhance client servicing will be a key differentiator. KMBL is thus using new technology and innovations to streamline and automate the systems through which customer transactions take place.

Developing Customer loyalty and Enhancing Customer Satisfaction

The Annual Customer Satisfaction tracking through an accredited research provider, IMRB-CSMM showed an increase of 8% in the overall Kotak Bank satisfaction. As compared to other leading banks, Kotak had better scores against indices such as Customer Satisfaction, Loyalty and Experience. Additionally, the India Customer Experience Index, 2015 rated KMBL as one of the highest scoring banks as per the CX Index. It also secured a high level ranking for compliance parameters as per a survey conducted by BCSBI and CRISIL for the public and private sector and foreign banks.

Details of the performance of KMBL are as follows:

	2015	2014	2013
Customer Satisfaction Index (CSI)	77	69	72
Loyalty Index	79	71	76
Experience Index	75	68	67

There were four key improvements made by KMBL to better the customer satisfaction, namely:

1. Voice of Customer
2. First Pass
3. Turn-around Time
4. Mystery Shopping Audits

Grievance Redressal Mechanisms

KMBL has a 24*7 customer service support for customers raising their grievances through social media. Grievances received through the Social Media platform are prioritised for resolution. The Bank's MD has started a Twitter handle of his own and the same is continuously monitored and reviewed for customer issues if any.

The Bank has a number of mechanisms for gathering feedback and grievances from its myriad stakeholders and resolving them to their satisfaction. For the Bank's customers, the grievance redressal mechanism is well publicised across our branches, website etc. A customer can formally lodge a grievance through various modes like email, letter, fax, phone and branch visits. The complaints are recorded and kept track by way of a service request number. There are well defined timelines for different types of customer issues and the Bank ensures providing a resolution within the said time frame. The resolutions of the complaints are communicated back to the respective customers, post which the services request is closed. If the request is not satisfactorily addressed, then the customer has the option of escalating it to senior management.

Ensuring Customer Privacy

Personal information and financial transactions are entirely confidential. As an organisation, KMBL takes issues of customer confidentiality breaches very seriously and does not accept employee lacunae on the same. The Bank is constantly making employees aware of Information Security which includes protecting information and information systems from unauthorised access, use, disclosure in addition to developing new technological innovations to ensure the absolute protection of all customers' data.

Data Leakage Prevention (DLP)

KMBL has deployed Data leakage Prevention (DLP) solution to protect customer information from unauthorised disclosure. The solution is implemented for monitoring data on Internet, Email and Endpoints (Laptops and select desktops).

The DLP policies are created by understanding the business processes and critical data elements within each business unit. This information is used to create the monitoring policies. (Both default and specific policies are created). An independent monitoring team monitors the alerts and sends it to the SPOC within the business unit for further action.

Fraud and Risk Management (FRM)

KMBL has deployed an enterprise-wide FRM system which adopts a holistic approach while analysing the risk involved in a transaction, by gathering and using information available from client transaction and behaviour. Through behaviour profiling, enterprise-wide systems can identify and discover behaviour that appears suspicious and unusual basis the rules defined. The FRM solution "Clari5" has the capability to monitor transactions from various channels and track the transaction pattern and behaviour of the customer and raise alerts, on the basis of rules defined in Clari5, in case of unusual behaviour.

With the implementation of Clari5, the Bank has also created a separate "Transaction Monitoring Team" which monitors the customer transactions basis rules defined. The Transaction Monitoring Team has the following objectives.

- Identify and verify the suspicious transaction basis risk score
- Prevent further misuse, if confirmed as Fraud
- Minimise losses
- Detect new fraud pattern/trends and design new rules accordingly

Section A - General information about the company

1	Corporate Identity Number (CIN) of the Company	L65110MH1985PLC038137
2	Name of the Company	Kotak Mahindra Bank Limited
3	Registered address	27 BKC, C-27, G Block, Bandra Kurla Complex, Bandra (E) Mumbai – 400051, Maharashtra, India
4	Website	www.kotak.com
5	Email id	cr@kotak.com
6	Financial year reported	2015-16
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Code: 64191 – Kotak Mahindra Bank is a banking company governed by the Banking Regulation Act, 1949
8	Three key products/services of the Company (as in balance sheet)	Deposits, Advances and Investment Advisory.
9 (i)	Number of international locations	None
9 (ii)	Number of National locations	
10	Markets served by the Company – Local/State/National/ International/	India

Section B - Financial detail about the company

1	Paid up capital (₹)	₹ 917.19 Crore as on 31st March 2016
2	Total turnover (₹)	₹ 18,996.42 Crore (Bankstandalone)
3	Total profit after taxes (₹)	₹ 2,089.78 Crore (Bankstandalone)
4	CSR spend as percentage of profit after tax (%)	0.79%
5	List of CSR activities	Refer 'Inclusive growth' section of 'Business Responsibility Report'
6	Financial year reported	2015-16

Section C - Other details

1	Company subsidiaries / joint-ventures	Refer Related Party Disclosures of the Annual Report.
2	Subsidiaries participating in Company's BR initiatives	Nil
3	Other entities ((e.g. suppliers, distributors etc.) participating in Company's BR initiatives	Nil

Section D - Business Responsibility Information (BR)

1.a	Director responsible for implementation of BR policies (DIN)	00012214
	Director responsible for implementation of BR policies (Name)	Mr. C. Jayaram
	Director responsible for implementation of BR policies (Designation)	Non-Executive Non-independent Director & Chairman of CSR Committee
1.b	BR Head (DIN, if applicable)	N.A.
	BR Head (Name)	Mr. Rohit Rao
	BR Head (Designation)	Executive Vice President, Head - Corporate Communication, Business Responsibility & CSR
	BR Head (Telephone number)	+91-22-6166 6001
	BR Head (email id)	rohit.rao@kotak.com

Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Policy/policies for.	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Policy being formulated in consultation with the relevant stakeholders.	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Policy conforming to national /international standards	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Policy approved by the Board and signed by MD/CEO/appropriate Director.	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Committee of the Board/ Director/Official to oversee the implementation of the policy.	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Link for the policy to be viewed online.	All policies are available on the Bank's intranet.								
7.	Policy formally communicated to all relevant internal and external stakeholders.	Yes. Policies have been communicated to all key internal stakeholders of the Bank. The communication on policies covering all internal and external stakeholders is an on-going process.								
8.	In-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Independent audit/evaluation of the working of this policy by an internal or external agency.	Evaluation done through internal audit mechanism.								

2a. If answer to S.No. 1 against any principle, is 'No', please explain why - Not Applicable
Section D: BR Governance

		Remarks
1.a	Frequency of Board of Directors, Committee of the Board or CEO review of BR performance	Board CSR Committee held one meeting on 22nd March 2016, and all Directors were present for the meeting.
1.b	BR report or sustainability (frequency and hyperlink)	BR Report Frequency: Annual Hyperlink: http://www.kotak.com/corporate-responsibility.html

Section E: Principle Wise Performance

Principle 1

1	Policy relating to ethics, bribery and corruption covering the Company and Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others	Refer 'Policy framework' section of 'Business Responsibility Report'
2	Stakeholder complaints received in FY 2015-16	35
3	Percentage of stakeholder complaints resolved	100%

Principle 2

1	Products and services designed with social or environmental concerns, risks and/or opportunities incorporate	1. Basic Savings Bank, Deposits Accounts 2. Agri business banking products 3. Tractor financing Additionally refer 'Financial Inclusion' section of the 'Business Responsibility Report'
2	i. Reduction with respect to resource use (energy, water, raw material etc.) per unit of product during sourcing/production/ distribution achieved since the previous year throughout the value chain (optional) ii. Reduction during usage by customers (energy, water) has been achieved since the previous year (optional)	N.A.
3	Procedures for sustainable sourcing (including transportation)	N.A.
4	Procurement of goods and services from local & small producers, including local communities	The Bank does not procure any goods for processing. The manpower services for offices and branches are generally hired from local agencies, Bank website, job-portals, internal movements, walk-ins, or through references.
5	Mechanism to recycle products and waste	Refer to the 'Environment' section of the 'Business Responsibility Report'.

Principle 3

1	Total number of employees (as at 31.03.2016)	31,410
2	Total number of employees hired on temporary/contractual/casual basis (as at 31.03.2013)	1,029
3	Total number of permanent women employees (as at 31.03.2013)	6,071
4	Total number of permanent employees with disabilities (as at 31.03.2016)	N.A
5	Employee association recognized by management	2,989 (Unionised) A section of officers comprising about 955 on IBA cadre are members of Bank Officers' Association and they are recognised Association. In the case of non-officers category about 2034 employees are members of All India Kotak Mahindra Bank Employees' Union which is recognised by the management. Apart from this through employee engagement mechanism the Bank directly engages with all employee on various expects of employee well being. For more details please refer to employee well being section of the 'Business Responsibility Report.'
6	Percentage of permanent employees part of employee association	9.51%
7.1	Child labour/forced labour/involuntary labour complaints filed (pending)	Nil
7.2	Sexual harassments complaints filed (pending)	08 (Bank Standalone)
7.3	Discriminatory employment complaints filed (pending)	Nil
8.1	Percentage of employees covered with safety & skill upgradation training (permanent employees)	84%
8.2	Percentage of employees covered with safety & skill upgradation training (permanent women employees)	84%
8.3	Percentage of employees covered with safety & skill upgradation training (Casual/Temporary/Contractual)	69%
8.4	Percentage of employees covered with safety & skill upgradation training (Employees with disabilities)	Included in total number of employees

Principle 4		
1	Mapping of internal and external stakeholders	Refer to the 'Stakeholder Engagement' section of 'Business Responsibility Report'.
2	Identification of the disadvantaged, vulnerable & marginalized stakeholders.	Refer to the 'Stakeholder Engagement' section of 'Business Responsibility Report'.
3	Special initiatives to engage disadvantaged, vulnerable & marginalized stakeholders	Refer to the 'Stakeholder Engagement' section of 'Business Responsibility Report'.
Principle 5		
1	Policy relating to Human Rights covering the Company and Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others	Refer 'Policy framework' section of 'Business Responsibility Report'.
2	Stakeholder complaints on Human Rights received (percentage resolved)	Nil
Principle 6		
1	Policy relating to Environment covering the Company and Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others	Refer 'Policy framework' section of 'Business Responsibility Report'.
2	Strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.	Refer to the 'Environment' section of 'Business Responsibility Report'.
3	Identification and assessment of potential environmental risks	Refer to the 'Environment' section of 'Business Responsibility Report'.
4	Projects related to Clean Development Mechanism	None
5	Initiatives on clean technology, energy efficiency, renewable energy, etc.	Refer to the 'Environment' section of 'Business Responsibility Report'.
6	Emissions/Waste generated by the company within the permissible limits given by CPCB/ SPCB	Yes
7	Number of show cause/ legal notices received from CPCB/SPCB which are pending	Nil
Principle 7		
1	Trade or chamber association memberships	Refer to the 'Policy advocacy' section of 'Business Responsibility Report'.
2	Advocacy through above associations for the advancement or improvement of public good	Refer to the 'Policy advocacy' section of 'Business Responsibility Report'.
Principle 8		
1	Programmes / initiatives / projects related to inclusive growth	Refer to the 'Inclusive growth' section of 'Business Responsibility Report'.
2	Programmes/projects undertaken through in-house team/own foundation/external NGO/ Government structures/any other organisation	Refer to the 'Inclusive growth' section of 'Business Responsibility Report'.
3	Impact assessment of initiatives	Refer to the 'Inclusive growth' section of 'Business Responsibility Report'.
4	Direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken	₹ 16,40,53,225/- (Rupees Sixteen Crore Forty Lac Fifty Three Thousand Two Hundred Twenty Five Only), Refer to the 'Inclusive growth' section of 'Business Responsibility Report'.
5	Successful adoption of community initiatives by communities	Refer to the 'Inclusive growth' section of 'Business Responsibility Report'.
Principle 9		
1	Percentage of customer complaints/consumer cases are pending	4.52%
2	Product information display on the product label, over and above what is mandated as per local laws	Refer to the 'Customer value and service' section of 'Business Responsibility Report'.
3	Cases filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years	Nil
4	Consumer survey/ consumer satisfaction trends	Refer to the 'Customer value and service' section of 'Business Responsibility Report'.