

## Sustainability Report

We nurture relationships across stakeholders, which helps us understand pertinent issues, develop businesses, enhance shareholder value and manage risks better. It is the relationship based on trust and commitment to stakeholder interest that makes Kotak Mahindra group's operations robust, resilient and sustainable. We look at all our stakeholders - shareholders, employees, suppliers, customers, investors, communities and policy makers, as partners in our success and remain committed to maximising value for each one of them.

### Code of Conduct

Our Code of Conduct defines our commitment of doing business with due regard to the interests of our stakeholders and also the environment. Further, the Code of Conduct covers issues such as bribery & corruption, fraud, insider trading and human rights & discrimination. Forced Labour Convention (29) and the abolition of Forced Labour Convention (105) have been ratified by India and our company does not support any forced or compulsory labour in any form and adheres to all labour laws as formulated by the Constitution of India.

We respect human rights at workplace and pursue global leading practices, which ensure freedom of association, prohibition of child labour, protection of indigenous rights and prohibition of forced and compulsory labour. We recognise and accept our responsibility to uphold human rights at the workplace and its sphere of influence. Our grievance mechanism is equipped to address all employee grievances related to work environment and company policies. Our Code of Conduct is applicable to all employees and we do not have any instance of human right abuses in FY 2011-12.

### Employee Talent Development

We understand our business as a business of trust and believe that trust can be built and sustained only in a stable environment. We believe in stable, long term and sustainable growth for the firm and its people.

Over the years our institution has grown in size - customers, revenue, profits, geographical spread and people, and we believe that we have been able to attract and groom some of the finest talent in the industry. This has enabled us to take a longer term view on talent development and we have been making significant investments in this area. Today, we are well respected in the country for the quality and stability of our senior management. They have stayed on with us and have been delivering outstanding performance year after year. Today, nearly all the members of our senior leadership are home grown, and many of them have spent 15-20 years with us. Their growth in the organisation is an indicator of the fact that the firm has managed to practice the above mentioned values and provide a sustainable stable environment for its talent to learn and grow.

The firm takes great pride in the fact that our employee retention rate is amongst the best in the industry. Across all levels, we provide a stable work environment and a constant face to service multiple needs of our customers. Attrition at our senior management has been a miniscule 1% on an annual basis with a stable middle management at less than 6% annualised rate of attrition.

Long term career path is aligned to building leadership depth in the organisation. We continue to invest in our talent base to build knowhow and managerial depth. The Apex management committee 'Op Mancom' has members who have been with the firm for more than 15 years, providing stable leadership. Most functional / business heads and leaders have been with the organisation for more than ten years with minimum being 5 years plus.

Our HR processes are aligned to our Employer Value Proposition 'FLAME' and business outcomes.

- F** - Focus on results
- L** - Opportunity to work the senior leadership of the organisation
- A** - Active involvement/inclusiveness
- M** - Maximum challenge and
- E** - Entrepreneurial Creativity

Various levels of leadership platforms like Kotak Leadership Team (KLT), Kotak Initiatives Team (KIT) and Regional Forums (RF) provide a framework of cross functional reach of leadership within the organisation's human resource base.

The talent management process also focuses on building stability and scalability at all levels of the organisation. The individual development plans are focused towards the same. We have two talent review committees, one at apex level comprising the CEO, Directors and Presidents, for senior leadership talent and another comprising Business Heads for managers at middle management levels.

We lay high emphasis on levels of employee engagement and focus on improving the same. The Corporate Executive Board benchmark has given us an indication of our emotional and rational commitment as being higher than Global & Indian benchmarks. We invest significant portions of our training budget in development of frontline management.

We believe that the firm is uniquely placed on the strength of this stable and capable human resource base aligned to its core values.

### Health

We conduct health education and awareness sessions, health exhibitions and diagnostic camps. We have instituted an in-house medical clinic at Kotak Infinity Park, Mumbai which offers round the year medical check-up facility. We are moving towards the concept of wellness as we recognise that a healthy employee is a productive resource. We undertake health promotional activities including customised dietary consultation services to employees at our offices in Mumbai. In FY 2011-12, the medical team, headed by our Chief Medical Advisor, organised a workshop at Mumbai on Basic First Aid & Cardio Pulmonary Resuscitation (CPR) to provide exposure to basic life saving techniques & hands-on CPR training on a mannequin that could be useful during emergencies.

All confirmed resources in the Kotak group are covered under Group Mediclaim policy. The employees are also insured for Group Personal Accident Cover and Group Term cover.

### Safety

We are committed towards the safety of our employees. We have made Security and Building Safety induction programme a part of HR induction in the year 2011, for new joiners. This programme gives an easy orientation to the fresh brigade of employees with basic building safety, physical security apparatus, evacuation procedure, identification, work ethics & crime prevention guidelines.

We also conduct Fire Safety Audits across offices of our group companies, which are aimed at lessening the potential of fire hazard. Further, we also conduct Safety & Security awareness drives informing employees on prevention of crime, accident, incident etc.

As a responsible corporate citizen, in FY 2011-12, we conducted traffic safety and anti-drink/drive campaigns with support from Mumbai traffic police to create awareness about these issues.

## Stakeholder Engagement

The end-users of our products are one of our key stakeholders. Our business development teams regularly interact with them to seek up-to-date feedback. We track customer satisfaction on a monthly basis through a physical Customer Feedback Form (CFF), and also measure customer satisfaction using the Branch Service Quality Scorecard. We are focused on delivering service quality to the customer. The philosophy behind our service processes is to get it right the first time, leaving the customer with the "Ask once and it is done" feeling. Relationship managers are empowered to resolve issues across all channels - branches, teller queues, customer contact centre hotlines, etc. We are also striving to reach simplified and fast-tracked responses on Internet and mobile banking facilities.

## Environment

It is our constant endeavour to conduct operations in an environment friendly manner. We are making conscious efforts to migrate from traditional banking practices to more environment friendly solutions, a step to significantly reduce our carbon footprint.

We have implemented multiple e-initiatives across the group. The Bank's 'Think-Green' initiative encourages customers to sign-up for e-statements and discontinue paper statements, thereby saving the environment. Under an arrangement with the bank, Grow-Trees.com plants a tree for every e-credit card statement on behalf of our customers. E-statements of Account Opening Forms under Financial Inclusion, SMS-based transaction details for corporate customers, etc. are some of the efforts undertaken by the Bank towards reducing paper usage. At Kotak Securities, e-contracts have been introduced to save paper, the number of pages in the Account Opening Forms has been reduced by 20 sheets and multiple client updation forms have been integrated into one. At Kotak Mutual Fund too, we have substituted hard copies of the quarterly newsletter for distributors and investors with e-versions.

Further, in-line with the Government of India - Ministry of Corporate Affairs' (MCA) green initiative, we are encouraging shareholders to opt for e-copies (electronic form) of the annual report instead of physical copies.

## Corporate Social Responsibility

### Community Development Initiatives

Kotak Mahindra Bank, along with the employees of the group, supports CSR initiatives of various NGOs through several programmes. We believe that one of the ways to change this is to work on removing poverty through education. We have been financially supporting the philanthropic activities of Kotak Education Foundation (KEF) including the foundation's flagship initiatives - Kotak Unnati and Kotak Udaan. Kotak Unnati is a vocational training programme under which KEF trains youths who have dropped out from schools and colleges, and belong to Below Poverty Line (BPL) families. The training programme is for a 3-month period, and thereafter, the aspirants are placed in good organisations.

Kotak Udaan is a special scholarship offered by KEF for marginalised children. The scholarship is given to children from the under privileged section of the society and who face hardship to pursue their education. The scholarship is to help and mentor these children to become tomorrow's achievers. The children are mentored over a 3-year period.

### Employee Volunteering

In 2011, we undertook the activity of house building, in association with Habitat for Humanity, where employees volunteered to build decent, affordable homes for local families in need of urgent shelter.

Annually, on Kotak Mahindra group's Foundation Day - November 21, employees across the group have been participating in a blood donation campaign. Blood donation camps with the support of Red Cross, King Edward Memorial (KEM) Hospital, Mumbai and other blood banks, are held across major offices of the group across India.

In order to promote the culture of employee volunteering, we conduct help drives annually. Goonj Help Drive is aimed at enabling employees to donate anything that can be reused like old clothes, utensils, books, toys, bedspreads, appliances and other household utility items.

During Christmas, various NGOs set up gift stalls at our offices selling products made by the underprivileged members of the society.

We have been successfully running the Payroll Giving Programme for the past 2 years. Over 800 employees from the Bank and Group companies are part of the 'Kotak Mahindra Payroll Giving Programme' that supports 6 NGOs - The Akanksha Foundation, Cancer Patients Aid Association, National Association for the Blind, Dignity Foundation, Make-A-Wish Foundation of India, SOPAN (Society of Parents of Children with Autistic Disorders).

The donors get receipts U/S 80G of IT Act at the end of the year to claim tax relief while experiencing satisfaction of supporting a social cause. This initiative gives an opportunity to the employees to participate in bringing about a change in society.

### Running For a Cause

Standard Chartered Mumbai Marathon (SCMM) and Airtel Delhi Half Marathon (ADHM) are sporting events that lay emphasis on joys of the human spirit. We encourage employees across cadres and businesses to support NGOs by running for a cause in the marathon races held in both cities. It brings together all stakeholders, importantly the common man, and the differently abled on the same platform. It cuts across all barriers and generations and allows one to set personal targets and record personal triumphs. These events are not only a platform to test an individual's athletic excellence but also a unique fund raising event for charity.

For SCMM, we sponsored 60 runners in 2010 and 75 runners in 2011 and 2012, and we sponsored 25 runners for the ADHM in both 2010 and 2011.

At SCMM our employees ran for Cancer Patients Aid Association in 2010. In 2011, we also ran supporting Indian Council for Mental Health and SOPAN (Society of Parents of Children with Autistic Disorders). This particular year, Kotak Mahindra Bank received the award for 'Most Active Corporate' under the Corporate Challenge category. In 2012, in addition to running for these NGOs, we also ran for Kotak Education Foundation. At ADHM, our employees ran in support of the NGO - Action for Ability Development & Inclusion (AAD).

### Campaign With a CSR Heart

In 2011, we ran a nationwide advertisement campaign to announce our 6% savings bank offering - a Public Interest Contest. Through this campaign, we invited individuals to send their public interest ideas to the bank. The prize for the top 10 entries: Kotak Mahindra Bank would make a donation Rs. 25,000 (Rupees twenty five thousand only) to a charitable organisation of the winner's choice. Further, the bank also facilitated the winners to personally hand over their respective cheques to the NGO. This initiative was an excellent platform to engage with people and also extend financial support directly at the grass root level.