

CORPORATE GOVERNANCE

Accountability, transparency and equality of treatment for all our stakeholders are the central tenets behind Axis Bank's corporate governance philosophy. We continually undertake measures to adopt best practices in corporate governance.

Board of Directors

The composition of the Board of Directors of the Bank is governed by the relevant provisions of the Companies Act, 2013, the Rules made thereunder, the Banking Regulation Act, 1949, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Articles of Association of the Bank. Our Board has an optimum combination of executive and non-executive Directors. The Board presently* comprises of 13 Directors and provides a diverse combination of professionalism, knowledge, expertise and experience as required in the banking business. The Board has 8 Independent

Directors constituting more than half of its total membership strength, and 3 women Directors. None of the Directors or their relatives are related to each other.

We recognise and embrace the importance of a diverse Board in our success and are endowed with the appropriate balance of skills, experience and diversity of perspectives, thereby ensuring effective governance.

The Board has adopted the Policy on Board Diversity which lays out an approach to ensure Board diversity so as to enhance its effectiveness while discharging its fiduciary obligations towards its stakeholders.



Board of Directors*:

Sanjiv Misra: Non- Executive Chairman –
Nominee of SUUTI

Shikha Sharma: Managing Director & CEO

V. R. Kaundinya: Independent Non-Executive

Prasad R. Menon: Independent Non-Executive

Samir K. Barua: Independent Non-Executive

Som Mittal: Independent Non-Executive

Rohit Bhagat: Independent Non-Executive

Usha Sangwan: Non-Executive - Nominee of
the Life Insurance
Corporation of India
(Promoter)

S. Vishvanathan: Independent Non-Executive

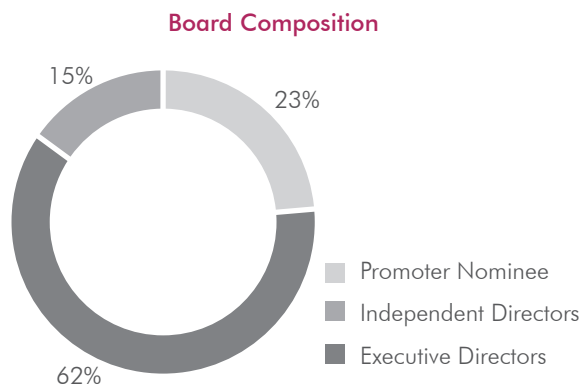
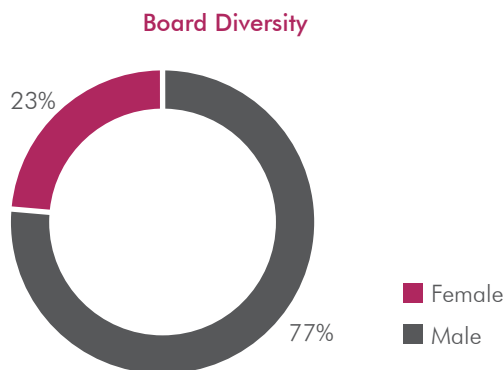
Rakesh Makhija: Independent Non-Executive

Ketaki Bhagwati: Independent Non-Executive

B. Babu Rao: Non-Executive - Nominee of
SUUTI (Promoter)

V. Srinivasan: Deputy Managing Director

* as at 31.03.2016



The role of the Board is to provide effective guidance and oversight to the Management of the Bank so that it delivers enduring sustainable value, is fully compliant with extant laws and regulations, and functions in an ethical and efficient manner. The duties and responsibilities of the Board are as stipulated under the Companies Act, 2013, Rules made thereunder, Listing Regulations, Banking Regulation Act, 1949, Guidelines issued by the RBI from time to time and the Articles of Association of the Bank.

The responsibilities of the Board include overseeing the functioning of the Bank, monitoring legal, statutory compliance, internal controls and management of risks on the basis of information provided to it.

The Board is also responsible for approving the strategic direction, plans and priorities of the Bank, monitoring corporate performance against strategic business plans, overseeing our operating results on a quarterly basis to evaluate whether the business is being properly managed, overseeing our Corporate Governance framework and supervising the succession planning process for our Directors and Senior Management.

The Board as well as its specific committees, during meetings and/or strategy meets, are apprised of and deliberate on emerging trends and issues including those on economic, environmental and social topics and their impact on the industry and the Bank.

The agenda items for Board meetings also include matters forming part of Seven Critical Themes:- business strategy, financial reports and their integrity, risk, compliance, customer protection, financial inclusion and human resources, as stipulated by the RBI.

Selection and Appointment of Directors

The Nomination and Remuneration Committee of the Board, comprising entirely of Independent Directors, reviews the structure, size, composition of the Board, the regional and industry experience, track record, expertise, diversity of the Board, their positive attributes for

evaluation of existing skills, defining gaps and the information and documents provided by the candidates and makes appropriate recommendations to the Board with regard to their appointment, re-appointment, remuneration and assignment of duties (nomination to various committees of the Board) designed to enhance the Board's effectiveness.

We adhere to the process and methodology prescribed by the Reserve Bank of India in respect of the 'Fit and Proper' criteria as applicable to Private Sector Banks, and the signing of deed of covenants which binds the Directors to discharge their responsibilities to the best of their abilities, individually and collectively, in order to be eligible to be appointed as Director of a Bank.

Evaluation of the Board's Performance

The Board has adopted a formal mechanism for evaluating the performance of its Committees, Independent Directors and Non-Independent Directors including the Chairman of the Board. The evaluation was conducted on the various aspects of the Board's functioning such as Strategic alignment and direction, Engagement alignment, Composition & Structure, Dynamics & Culture, Ethics & Corporate Citizenship, Board support, Audit Committee of the Board, Risk Management Committee, Nomination & Remuneration Committee, and Self-evaluation and attendance.

An external agency was engaged for setting the methodology and determining the process of evaluation and advising the Board on the measures pursuant to the outcome of such an evaluation.

Remuneration Policy and Remuneration of Directors

Our compensation philosophy aims to attract, retain and motivate professionals in order to attain our strategic objectives and develop a strong performance culture in the competitive environment in which we operate. To achieve this, we follow the principles of competitiveness

in the talent market, pay for the job through fixed pay, pay for performance to drive meritocracy through variable pay, employee stock options for long-term value creation and aligning the benefits and perquisites with market practices and affordability.

The compensation structure for the MD & CEO, Whole-Time Directors (WTDs) and employees at the level of Vice President and above in Risk Control and Compliance functions of the Bank, is aligned to the Reserve Bank of India's (RBI) guidelines for sound compensation practices. It addresses the general principles of effective and independent governance and monitoring of compensation, alignment of compensation with prudence in risk-taking through well designed and consistent compensation structures and clear and timely disclosures for facilitating supervisory oversight by all stakeholders.

The ratio of remuneration of the Bank's Managing Director & CEO to the median remuneration of the employees (excluding front line sales force) is 72.5:1. During the year, the percentage increase in remuneration for the Bank's Managing Director & CEO was 12.9% and the percentage increase in the median remuneration of employees (including sales force) of the Bank was 6.45%.

Board Committees

The Board of the Bank also conducts its business through

various Committees constituted by the Board to deal with specific matters as per the delegated powers for different functional areas of the Bank.

Board Committees

- Committee of Directors
- Audit Committee
- Risk Management Committee
- Stakeholders Relationship Committee
- Nomination and Remuneration Committee
- Special Committee of the Board of Directors for Monitoring of Large Value Frauds
- Customer Service Committee
- IT Strategy Committee
- Corporate Social Responsibility Committee
- Review Committee
- Acquisition, Divestments and Mergers Committee
- Committee of Whole-Time Directors



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Axis Bank's Board of Directors at the 21st Annual General Meeting

Sustainability Governance

The Management Committee of the Bank is responsible to review the implementation of the Sustainability Framework of the Bank.

The Executive Director (Corporate Centre) of the Bank oversees the implementation of the Sustainability Framework of the Bank and is supported by the Ethics & Sustainability Department. The Sustainability Framework is cascaded down from the top management to individual departments, in order to implement various initiatives.

The various elements of the Sustainability Framework are also reviewed by the Board and its Committees based on sustainability aspects related to functional roles of individual departments reporting to the Board and its Committees.

We have also set-up a Board-level Corporate Social Responsibility (CSR) Committee to oversee the CSR agenda of the Bank. Aspects of the Sustainability

Framework are integrated into the performance scorecard for the top management and individual functions through annualised objectives.

The stakeholder feedback reaches the Board through various Board Committees. The Stakeholder Relationships Committee looks into shareholders' grievances and feedback. The Nomination and Remuneration Committee reviews the pan-organisational health through feedback from employee surveys conducted on a regular basis. The Customer Service Committee oversees customer service related aspects including feedback received from customers through various channels. The Corporate Social Responsibility Committee is responsible for the community development agenda. The Sustainable Lending Policy agenda is approved by the Committee of Directors of the Board. Apart from the Board Committees, the Board also has periodic reviews of various functions of the Bank which include aspects of stakeholder feedback.