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Independent Assurance Statement to Axis Bank Limited on their Sustainability Report for Financial Year (FY) 2016-17

To the management of Axis Bank Limited, Axis House, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai – 400025.

Introduction

We ('KPMG in India, or 'KPMG') have been engaged by Axis Bank Limited ('The Company' or 'Axis Bank') for the purpose of providing assurance on its sustainability report ('the Report') for the financial year (FY) 2016-17. The report was prepared by Axis Bank according to the Global Reporting Initiative's (GRI) G4 guidelines 'In-accordance' – Core option including the Financial Services Sector Disclosures for sustainability reporting.

Assurance Standards

We conducted the assurance in accordance with

- Limited Assurance requirements of International Federation of Accountants' (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. Under this standard, we have reviewed the information presented in the report against the characteristics - relevance, completeness, reliability, neutrality and understandability.

Scope and Boundary of the Assurance Engagement

The scope of assurance covers the sustainability disclosures of Axis Bank for the period 01st April 2016 to 31st March 2017. The boundary of report covers the economic, environmental and social performance of Axis Bank's operations in India. We have carried out the assurance visit to the corporate office, Axis House.

The assurance process was limited to the sustainability disclosures made in the Report. The General Standard Disclosures that were subjected to assurance are as follows:

- Strategy and Analysis (G4-1, G4-2)
- Organizational Profile (G4-3 to G4-16)
- Identified Material Aspects and Boundaries (G4-17 to G4-23)
- Stakeholder Engagement (G4-24 to G4-27)
- Report Profile (G4-28 to G4-31)
- Governance (G4-34 to G4-55)
- Ethics and Integrity (G4-56, G4-57)



The Specific Standard Disclosures that were subjected to assurance are as follows:

- Economic
 - Economic Performance (G4-EC1 to G4-EC3), Indirect Economic Impacts (G4-EC7 to G4-EC8)
- Environmental
 - Materials (G4-EN1), Energy (G4-EN3 to G4-EN7), Emissions (G4-EN15 to G4-EN19), Effluents and Waste (G4-EN23), Products and Services (G4-EN27), Compliance (G4-EN29), Transport (G4-EN30)
- Social
 - Labor Practices and Decent Work
 - Employment (G4-LA1, G4-LA3), Occupational Health and Safety (G4-LA6), Training and Education (G4-LA9 to G4-LA11), Diversity and Equal Opportunity (G4-LA12), Equal Remuneration for Men and Women (G4-LA13), Labour Practices Grievance Mechanisms (G4-LA16)
 - Human Rights
 - Investment (G4-HR1, G4-HR2), Non-discrimination (G4-HR3), Freedom of Association and Collective Bargaining (G4-HR4), Child Labor (G4-HR5), Forced or Compulsory Labor (G4-HR6), Indigenous Rights (G4-HR8)
 - Society
 - Local Communities (G4-SO1, G4-SO2), Anti-corruption (G4-SO3, G4-SO4), Anti-competitive Behavior (G4-SO7), Compliance (G4-SO8)
 - Product Responsibility
 - Product and Service Labeling (G4-PR3 to G4-PR5), Marketing Communications (G4-PR6, G4-PR7), Customer Privacy (G4-PR8), Compliance (G4-PR9)
- Financial Services Sector Disclosures
 - Product Portfolio (FS-6 to FS-8), Local Communities (FS-13, FS-14)

Limitations in Conducting the Assurance

Our assurance process was subject to the following limitations:

- Verification of claims was limited to data and information presented in the Report for the period 01st April 2016 to 31st March 2017. Data and information in the Report outside this reporting period was not subject to verification



- Any statement/ remarks/ comments indicating intention, opinion, belief and/ or aspiration by Axis Bank were excluded from the scope of assurance
- The Assurance Statement does not include verification of financial performance indicators/information that was sourced from Axis Bank's FY 2016-17 annual report
- Determine which, if any, recommendations should be implemented

Work Undertaken

Our procedures include assessment of the risks of material misstatements of selected performance indicators and disclosures and underlying internal controls relevant to the information published in the report. Our procedures were designed to gather sufficient and appropriate evidence to determine that the selected performance information is not materially misstated. We have adopted the following process.

- Discussion on sustainability with senior executives/ management at corporate office to understand the risk and opportunities from sustainability context and the strategy Axis Bank is following
- Review of Company's approach to identify material issues and stakeholders engagement framework
- Assessment of stakeholder engagement and materiality assessment process for determining material aspects
- Discussions with the personnel responsible for the evaluation of competence required to ensure reliability of data and information presented in the report
- Understanding the appropriateness of various assumptions, estimations and materiality thresholds used by Axis Bank for data analysis
- Evaluating the appropriateness of the quantification methods and models used to arrive at the data presented in the report
- Assessment of the systems used for data collection and reporting of the General Standard Disclosures and Specific Standard Disclosures of material aspects as listed in the assurance scope above
- Testing on a sample basis, the evidence supporting the data and information
- Verification of systems and procedures used for quantification, collation, and analysis of sustainability performance indicators included in the report
- Evaluating the report's content to ascertain the 'In-accordance' option as per Global Reporting Initiative's G4 Guidelines

The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement. Appropriate documentary evidence was obtained to support our conclusions on the information and data verified. Where such documentary evidence could not be collected due to sensitive nature of the information, our team verified the same at Axis Bank's premise.



Conclusions

Based on the procedures performed, nothing has come to our notice that causes us not to believe that the sustainability report of Axis Bank for FY ending 31 March 2017 is presented fairly, in all material respects, in accordance with the sustainability reporting guidelines (G4) and financial services sector disclosures of the Global Reporting Initiative.

Independence

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 standard. Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies ISQC 1 and the practitioner complies with the applicable independence and other ethical requirements of the IESBA code.

Responsibilities

Axis Bank is responsible for developing the Report contents. Axis Bank is also responsible for identification of material sustainability issues, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of Axis Bank in accordance with the terms of our engagement and as per scope of assurance.

Our work has been undertaken so that we might state to Axis Bank those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Axis Bank for our work, for this report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement.

Prathmesh Raichura

Director

Sustainability Services

9th November 2017