



DOING THE RIGHT THING

SUSTAINABILITY REPORT 2017-18

Business Excellence



UTI Mutual Fund and
CNBC TV18 Financial
Advisor Awards 2016-17
Grand Jury Award – Institution



Dale Carnegie Global
Leadership Award
for 2017



FinanceAsia Country
Awards 2017

- Best DCM House in India
- Best Investment Bank in India



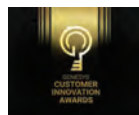
The Asset Triple A Country
Awards 2017

- Best Quasi Sovereign Bond
- Best FIG Bond
- Best Masala Bond
- Best Corporate and Institutional Bank
- Best Bond Advisor - Domestic

Customer Service



NASSCOM Customer
Service Excellence
Award 2017
Transformation category



Genesys Customer
Innovation Awards 2017
CX Innovator Best
Omnichannel Customer
Success Story



Max Get More Customer
Loyalty Awards 2018

- Best Loyalty Program in Financial Sector – Banking
- Loyalty Program of the Year
- Best Rewards Program



Max Get More Customer
Experience Awards 2018

- Best Contact Centre

Technology and Digital



IDRBT Banking
Technology Excellence
Award 2016 – 2017
Transformation category



Indian Banks' Association
IBA Banking Technology
Awards 2018

- Best Use of Digital and Channels Technology
- Best Use of Analytics for Business Outcome



The Asset Triple A Digital
Awards 2017

- Best Retail Online Banking Experience
- Most Innovative Emerging Technologies Project, India
- Most Innovative Risk Management Project, India



IDC I.C.O.N.I.C Insight
Awards 2017

Excellence in Operations

Sustainability & CSR



FICCI CSR Awards 2016-17
Women Empowerment category

DOING THE RIGHT THING

The story of Axis Bank, in many ways, is the story of modern India. Our roots go back to one of independent India's most significant turning points – the period of economic liberalization that began in 1991. UTI Bank, as we were then known, was among the first ten banks to secure a license under the RBI's 1993 Guidelines, and we inaugurated our first branch in Ahmedabad on 2 April 1994. Since its launch nearly 25 years ago, Axis Bank has established itself as one of India's most trusted brands, organically building a market-driven, universal banking franchise spread across the length and breadth of the country.

Now in our 25th year, Axis Bank is India's third largest private sector bank with a market capitalization of over USD 21 billion, balance sheet size of over USD 100 billion, and customer base of over 22 million, ably supported by 60 thousand employees spread across over 3,700 branches in India and overseas. The Bank's strong distribution capabilities, brand, and ability to continuously innovate and offer the right product propositions to customers has helped us rapidly build and consolidate substantial market share across various business verticals.

Further, within the Axis family, our subsidiaries in the institutional equity business, broking, asset management and our non-banking finance arm have scaled up well, acquiring leadership positions in their respective areas. The subsidiaries have helped the Bank augment its reach across the corporate and retail customer landscape and have played a meaningful role in building the Axis Bank franchise.

As a bank, we believe that the only way organisations emerge stronger in a disruptive and dynamic environment is by staying firm and true to their core values, which, for us means **Customer Centricity, Ethics, Transparency, Teamwork** and **Ownership**. Over the last nearly 25 years, the foundation of the Bank has been built on these core values with the basic objective of ultimately, doing the right thing for our over 22 million customers. Though we have progressed considerably in scale and technology, what hasn't changed is our customer service paradigm, 'The Axis Experience' – which is service in a digital world but with an old-world charm.

At the heart of our approach is the belief that our long-term success depends on the progress of the communities and people we serve, and protection of the environment we live in. Safeguarding the long-term interests of all our stakeholders is our key organisational priority as we continue to strengthen our governance, business and sustainability policies and processes.

The theme of this report – **Doing the Right Thing** – seeks to highlight our determination to reinforce the trust reposed in us by our customers, shareholders, employees and other stakeholders over the years. It reaffirms our commitment to give back to the communities we serve and a resolve to help preserve our environment.

ABOUT THE REPORT

‘Doing the Right Thing’ is our fourth Sustainability Report, for the annual financial cycle of the Bank from April 2017 to March 2018. The Report adheres to the Global Reporting Initiative’s GRI Standards for sustainability reporting, and has been prepared in accordance with the GRI Standards – Comprehensive option. It adheres to the GRI’s Reporting Principles for defining report content – Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness. The Report does not include any significant restatements from the previous report. Our previous Sustainability Report was for FY 2016-17, from April 2016 to March 2017.

For the first time, the Bank has aligned its Sustainability Reporting with the Integrated Reporting (<IR>) framework of the International Integrated Reporting Council. The Report is also in alignment with the SEBI Circular SEBI/HO/CFD/CMD/CIR/P/2017/10, dated 6 February 2017, on “Integrated Reporting by Listed Entities.”

As per the Integrated Reporting framework, the Report will include our performance under the six capitals – Financial, Manufactured, Intellectual, Human, Social & Relationship, and Natural. Integrated Reporting allows us to better communicate the value creation we have been able to achieve across our wide spectrum of stakeholders, and impact created through our financial and non-financial activities.

In addition, this Report is aligned with India’s National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG-SEE), and the UN Sustainable Development Goals (SDGs).

The reporting boundary for this Report is the Indian operations of Axis Bank Limited and the Axis Bank Foundation (ABF). The GRI Content Index, which specifies each of the GRI Standards used and lists all disclosures included in the report, has been provided on our website and can be accessed at <https://www.axisbank.com/csr/csr-reports-and-disclosures>.

Sustainability Reporting aims to report on the issues and concerns that matter most to our internal and external stakeholders and makes the best effort to address all the qualitative requirements of the GRI and Integrated Reporting frameworks. This Report has been prepared internally and includes data and information from our Annual Report 2017-18 as well as that shared by various business verticals and validated by our leadership and Board members.

We welcome all feedback and comments from our stakeholders, which may be addressed to sustainability@axisbank.com.

This Report can also be accessed online on our website at <https://www.axisbank.com/csr/csr-reports-and-disclosures>.

Independent Assurance

The Report has been externally assured by DNV GL Business Assurance India Private Limited (DNV GL). ‘Limited Assurance’ was provided using DNV GL’s assurance methodology VeriSustain™, which is based on their professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000) and the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

The complete Assurance Statement by DNV GL has been provided on our website at <https://www.axisbank.com/csr/csr-reports-and-disclosures>.



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▽ SUSTAINABILITY HIGHLIGHTS

Financial Capital



₹ **6,913.30**
billion

Total Assets,
15% y-o-y growth

₹ **587.40**
billion

SME advances,
19% growth y-o-y

₹ **1,482.02**
billion

Savings Bank deposits of
22.5 million Savings
Account Customers

₹ **43.71**
billion

Book size of Asha Home Loans
for low-income segments,
serving 31,000+ customers

₹ **1,000.12**
billion

Mortgage loans as on
31 March 2018

₹ **1,841.04**
billion

Bonds & debentures arranged
for PSU and corporate clients in
Debt Capital Market

Manufactured Capital



5.05
MW

of total installed solar power
capacity at our offices and
branches

3,703
domestic branches

covering 2,163 centres and
653 districts

502,226
POS terminals

installed, a base that is
among the largest in India

66
SME centres

across India, catering
exclusively to SME businesses

Intellectual Capital



6.8
million

Axis Mobile app users,
up 186% y-o-y

3.64
million

Fans on Facebook

6
Start-ups

graduate as first cohort of
Thought Factory Accelerator
programme

11.5
million

UPI IDs on-boarded, giving the
Bank a market share of 17%

250,000
accounts

opened within five months of
launch of Axis ASAP, our first
online eKYC-based account

4.48
million

Credit cards in force as on
31 March 2018, making us the
4th largest issuer in India

Human Capital



59,614
Employees

as on 31 March 2018,
a growth of 5.3% y-o-y

5,000+
Employees

at 27 locations interacted
with leadership as part of
Axis Blitz Voices

1.61
million

Total Person hours of
employee training

24,600
Employees

underwent a customised,
2-day behavioral
training programme

Social Capital



13,396
SHGs

with 159,654 women
members as part of ABF's
financial inclusion initiatives

₹ 1,337.7
million

Contribution of the Bank
towards various CSR activities
in FY 2017-18

108
Schools

in Leh and Ladakh districts
supported under the
Axis DilSe initiative

350,316
Households

engaged by ABF
in FY 2017-18

3,000
SMEs

covered under Evolve,
our knowledge sharing initiative
for the sector, in FY 2017-18

220,000
Rural Indians

covered under
'Pragatishala' financial literacy
camps

770,000
Members

enrolled for various social
security schemes in
FY 2017-18

1
million

Microloans disbursed under
our micro-lending program

Natural Capital



308
million

Estimated sheets of paper
avoided through 'Green
Banking' initiatives

5.84%
reduction

y-o-y in Scope 1 & 2
emissions per employee, to
2.42 tCO₂e

1.735
million

Saplings planted by ABF's
partners in plantation drives
across India in FY 2017-18

19,533
tCO₂e

Emissions savings from internal
energy and resource
management initiatives

₹ 39.28
billion

Outstanding towards
sustainable sectors

1,062
million

Units of renewable energy
generated from our Green
Bond-funded projects

MESSAGE FROM THE MANAGING DIRECTOR & CEO



Dear Stakeholders,

I am pleased to share with you Axis Bank's fourth Sustainability Report, 'Doing the Right Thing'.

As a bank, we are, first and foremost, in the business of garnering trust, and in this business, integrity and ethics are at the core of everything that we do.

Axis Bank is a strong franchise, which has only grown in strength during the last decade. Now entering its 25th year, the Bank continues to be widely acknowledged of having created one of the best universal franchises in the Indian banking sector with a well-diversified balance sheet comprising Retail (47%), SME (13%) and Corporate (40%) assets. In addition, the Bank's subsidiaries, our investment bank – Axis Capital, our mutual fund – Axis Asset Management Company, our retail broking arm – Axis Securities, and our NBFC – Axis Finance, have over the last few years acquired leadership positions in their respective areas of operations.

In a strong display of the continued trust in the Axis brand from its marquee investors, the Bank in December 2017, raised ₹11,243 crores from a consortium of investors including Bain Capital, LIC of India and the Capital Group. This includes allotted 4.54 crores share warrants exercisable within a period of 18 months. The capital raised has bolstered the capital adequacy for the Bank, thereby providing growth capital for the core business of the Bank and its subsidiaries.

India continues to offer immense potential across multiple sectors of banking and finance, and the Bank sees significant opportunities arising from the emerging macroeconomic trends. Significantly, over the last 9

years, we have diversified our balance sheet materially and are well positioned to take advantage of the opportunities that are expected to unfold across different business segments.

As on 31 March 2018, Axis Bank has 3,703 branches in 29 states and 6 union territories, covering 2,163 centres and 653 districts. 47% of its branches are in semi-urban and rural areas, and 78% of its rural branches have been opened in unbanked locations. This is in line with the Government's thrust to reach out to under-banked and unbanked locations for bringing more and more citizens into formal banking channels.

During the year, we continued to expand our commitment to supporting SME growth in India. The 4th edition of 'Evolve', our flagship SME knowledge initiative, was organised in 30 cities and saw participation from over 3,000 SMEs.

Axis Bank continues to stay ahead of its peers on the digital innovation curve to drive its next phase of growth and is investing in cutting-edge digital banking solutions to provide seamless customer experience across channels. The Bank tops the market charts in both mobile banking spend and volumes, and is the fourth largest credit card issuer in the country with 4.48 million cards in force as on 31 March 2018. The Bank was one of the earliest entrants in the UPI (Unified Payments Interface) space, building a strong technology platform which now has a market share of 17%, with 11.5 million UPI IDs on-boarded, of which 64% are non-Axis Bank customers. The Bank's transaction mix continues to lean towards digital, reaching 66% in Q4 2017-18 – highlighting the Bank's ability to cater to an increasingly digital – savvy customer base.

We launched our first online e-KYC based account, 'Axis ASAP' in

November 2017, offering potential customers an opportunity to open an account instantly and without any paperwork. In less than 5 months since the launch, over 2.5 lac 'Axis ASAP' accounts were opened.

Thought Factory, Axis Bank's innovation lab, continues to scale up in building India's fintech eco-system, under its tagline of #UnimaginedisUndone. In July 2017, the Lab announced the graduation of its first cohort of Accelerator start-ups, so far mentoring 6 start-ups in their evolution.

The Bank's home loan product 'Asha Home Loans' for aspiring first time homeowners belonging to low-income group (LIG) and economically weaker segments (EWS) has seen 40% increase in book size to ₹4,371 crores as on 31 March 2018.

Axis Bank's CSR philosophy has focused on making a meaningful and measurable impact on the lives of disadvantaged communities across India, with a focus on creating the necessary conditions for their sustainable livelihoods. Axis Bank Foundation, a public trust promoted by the Bank, is the primary driver of the Bank's CSR efforts and works in some of the poorest regions of the country directly or through its implementation partners. As on March 2018, the Foundation's programs are operational in 178 districts across 21 states.

I am happy to report that the Foundation has achieved its mission of catalysing 1 million sustainable livelihoods well before the targeted date of December 2017. It is significant that 63% of these livelihoods created were for women. The Foundation has now set itself a target of reaching out to 2 million households by 2025.

Under its Financial Inclusion initiatives, the Foundation continued

to strengthen the role of women in rural communities. At the end of the reporting period, a total of 13,396 Self Help Groups with 159,654 women members had been formed. As part of its efforts to provide skilling to Persons with Disabilities, the Foundation trained 21,510 youth and helped place 67% of them.

During the year, the Bank launched a unique and ambitious initiative to reach out to the remote communities in the Ladakh region of Jammu & Kashmir. The initiative, 'Axis DilSe – Connecting Remote Communities' aims to transform over 100 rural schools in Ladakh's Leh and Kargil districts over the next three years by creating and strengthening both physical and educational infrastructure.

The Bank continues to expand its financial literacy initiatives in alignment with the Pradhan Mantri Jan Dhan Yojana (PMJDY), focusing on providing low-income groups in urban and rural India with greater access to banking services. During the year, the Bank opened over 7.7 lac PMJDY accounts, and covered 2.2 lac rural populace through 15,240 financial literacy camps under its program 'Pragatishala'. In alignment with the Digital India program, the Bank has introduced the DigiSupport initiative as an extension of its ongoing DigiPrayas program, wherein all new branches of the Bank that open in rural or unbanked geographies have a clear mandate to educate and empower their surrounding communities on digital banking and services. In the year, DigiPrayas impacted 80,000 lives.

Our employees continue to be our greatest strength, and during the year, we continued to focus on capacity building, preparing them for future challenges. We have a workforce strength of 59,614 employees as on 31 March 2018. During the year, over 24,600

employees underwent a 2-day behavioural training program to help them perform at the next level. Following its institutionalised approach to providing differentiated learning, the Bank has partnered with INSEAD, one of the world's leading business schools, to launch Axis INSEAD Digital Leadership Academy, to help employees gain a better understanding of how the digital wave is disrupting businesses.

As a financial intermediary, we remain cognizant of our role in catalysing the shift towards a climate-positive and sustainable economy. During the year, we continued our focus on lending to sectors with a positive socio-economic and environmental impact. Our overall exposure to sustainable sectors, such as renewable energy generation, public transport and waste management, stood at ₹3,928 crores as on 31 March 2018.

Towards reducing the emissions impact from our own operations, we now have installed capacity of 5.05 MW of captive solar power, catering to 245 locations. In addition, the

Bank has undertaken several initiatives focusing on resource efficiency and energy savings, leading to an overall annualised GHG reduction of 19,533 tCO₂e.

We continue to make progress on 'Green Banking', further reducing paper usage in our banking operations and customer services, resulting in eliminating a requirement of an estimated 308 million sheets of paper in FY 2017-18.

In a significant achievement, Axis Bank has been included in the prestigious FTSE4Good Emerging Index, a leading benchmark index used by global investors to benchmark and invest in companies exhibiting strong Environmental, Social and Governance (ESG) performance.

Our latest Report is based on the latest GRI Standards reporting framework of the Global Reporting Initiative, and for the first time, has aligned itself with Integrated Reporting (<IR>) framework of the International Integrated Reporting Council. This <IR>-aligned report is also in compliance with SEBI's

Circular dated 6 February 2017 on voluntary adoption of Integrated Reporting by the top 500 listed Indian entities.

Our systems and processes continue to be strengthened to ensure that we can safeguard the long-term interests of our stakeholders. We have a strong leadership pipeline and a team of nearly 60 thousand enthusiastic and motivated employees who do a commendable job in ensuring that we stay on course to achieving the highest standards of sustainable and ethical business practices, and customer centricity.

I thank all our valued stakeholders who have continued to put their trust in us. We are sure that the underlying strength of the Axis Bank franchise and our combined efforts will see the Bank emerge stronger and occupy its rightful space amongst the most valuable and respected companies in the country.

Shikha Sharma
Managing Director & CEO

▼ LEADERSHIP SPEAK

▼ This is Axis Bank's fourth sustainability report. This is our first Report which adheres to the GRI Standards, the latest framework of the Global Reporting Initiative, and has, for the first time, been aligned with the Integrated Reporting framework of the International Integrated Reporting Council. With alignment to Integrated Reporting, we should be able to significantly improve our ability to capture and communicate value creation across all our stakeholders.

The Report's theme, 'Doing the Right Thing', aptly describes the Bank's current focus. As we are in a business of trust, staying true to our core values of ethics and integrity is critical to the long-term sustainability of the Bank. Notwithstanding the current challenges that the Bank is working to overcome, this year has also been of significant achievements for it, and our overall performance across various sustainability parameters has been noteworthy, which has been highlighted in this Report.

2018 is a momentous year for Axis Bank as it completes 25 years since incorporation. We opened our first branch in Ahmedabad in 1994 and today, with over 3,700 branches, we are present in 29 states and 6 union territories of the country, and have an international presence in 6 countries, supported by each of our nearly 60 thousand employees steadfastly committed to upholding the highest levels of integrity and compliance. ▼



V Srinivasan
Deputy Managing Director



Rajiv Anand
Executive Director (Retail Banking)

▼ As Axis Bank enters its 25th year in 2018, it is a moment of significant pride that the Bank is widely considered to have created one of the strongest retail franchises in the Indian banking sector. We remain deeply aware of the continued trust our over 2 crores retail customers have in us and are committed to achieving the highest level of customer delight, backed by enhanced technology adoption and improved processes.

For us, 'Doing the Right Thing', the theme of this Report, is a call to action for participating with greater vigour in India's overall development, centered around our core philosophies of customer centricity and ethics, and an unwavering commitment to creating sustainable stakeholder value. ▼

▼ Since its inception nearly 25 years ago, Axis Bank has successfully established itself as a leading banking franchise in India by staying true to its Core Values of Customer Centricity, Ethics, Transparency, Teamwork and Ownership. We look at each one of our nearly 60 thousand employees as a brand ambassador for the Bank and have invested in developing their capabilities that could help them emerge stronger in a dynamic and disruptive environment.

As a financial intermediary, we remain cognizant of our role in driving sustainable development in India. With a strong and expanding portfolio in financial inclusion, MSME lending, and agriculture lending, we are directly contributing to improving the wellbeing of millions of Indians in the bottom of the pyramid. Our CSR activities, primarily driven by the Axis Bank Foundation, has catalysed 1 million livelihoods across the country, and aims to reach 2 million households by 2025. ▼



Rajesh Dahiya
Executive Director (Corporate Centre)



Jairam Sridharan
Group Executive &
Chief Financial Officer

▼ Since the Bank's founding in 1993, we have delivered substantial long-term value for all our stakeholders. With marquee global investors demonstrating their faith in the Bank time and again, we are adequately capitalised to take advantage of improving economic sentiments and contribute to India's massive capital needs. We continue to have a strong balance sheet, and strong capital ratios. We have invested significantly in strengthening our risk management practices.

These are our bedrocks as we play our role in building the new India. ▼

▼ As India's third largest private sector bank, Axis Bank has played a significant role in contributing to the country's development, creating long-term stakeholder value across sectors and regions. Our focus on building a higher-rated and diversified lending book, improving our risk management function to proactively anticipate vulnerabilities, and ensuring full compliance with regulatory requirements, not only contributes immensely to our organisational strength and stability, but also future-proofs us in a dynamic environment. ▼



S.M. Sundaresan
Group Executive - Corporate
Relationship Group & Transaction Banking

▽ ABOUT AXIS BANK

Axis Bank Limited is India's third largest private sector bank, offering a wide spectrum of financial products and services to customer segments spanning retail, Small and Medium Enterprises (SMEs) and corporate businesses.

Axis Bank is present in 2,163 towns and cities across India and has an employee strength of 59,614 employees as on 31 March 2018. The Bank is headquartered at Axis House, Mumbai and has 3,703 branches in 29 states and 6 union territories in India, as well as 11 overseas offices and branches.

Details on the Bank's Business Segments and their performance for FY 2017-18 have been provided in the Business Overview section of the Management's Discussion & Analysis in its Annual Report for FY 2017-18 on pages 48-57. The Report can be accessed on our website at <https://www.axisbank.com/shareholders-corner/shareholder's-information/annual-reports>.

The Bank is a publicly listed entity listed on the Bombay Stock Exchange and National Stock Exchange of India. The details of its ownership structure, shareholding

pattern, subsidiary information and financial performance have been provided in its Annual Report 2017-18.

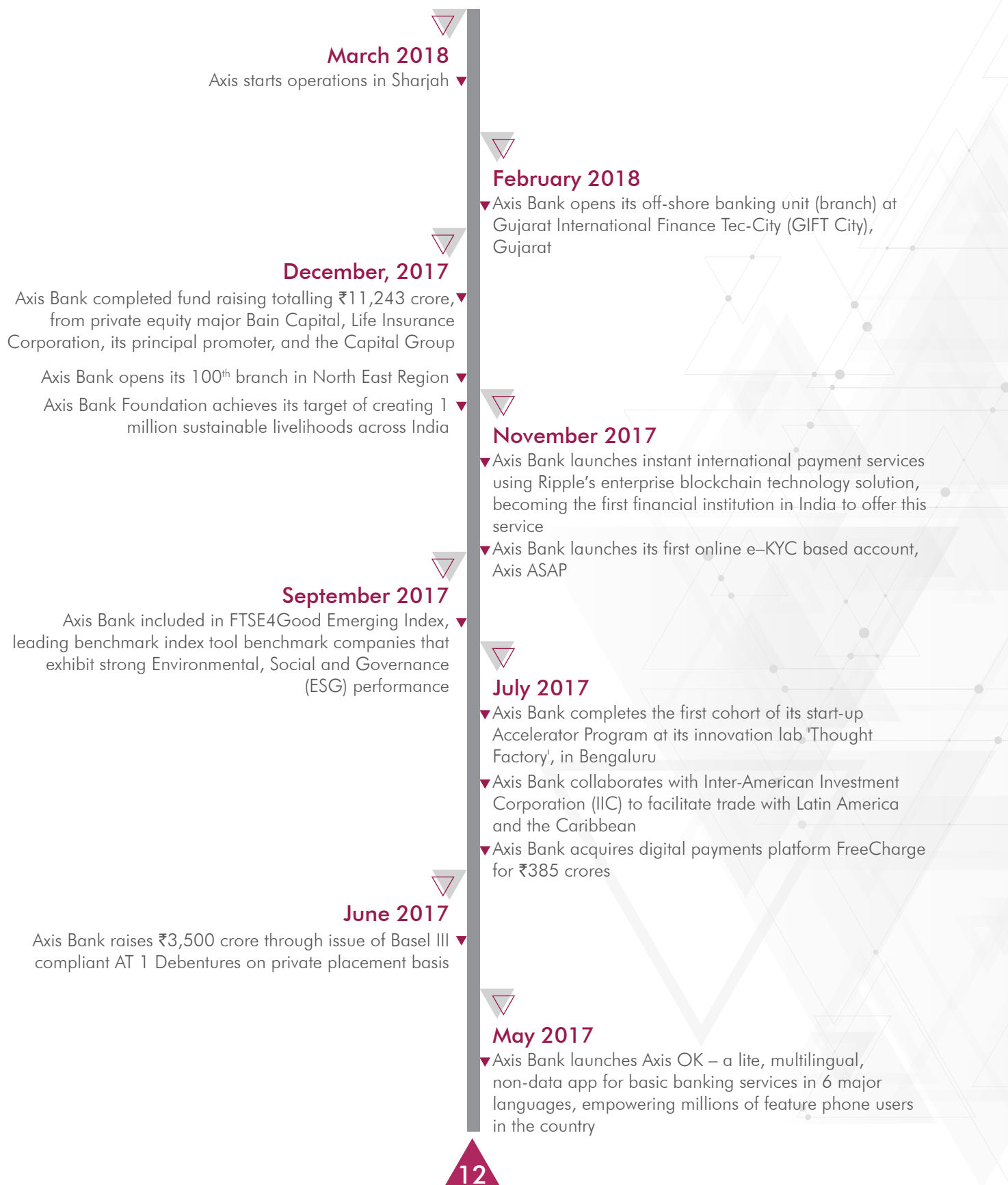
This Report covers the performance of Axis Bank's operations in India. Axis Bank Foundation is the Bank's CSR arm, which receives grants from Axis Bank as well as its subsidiaries to carry out CSR interventions across India, which have been reported here. The Bank's reported employee strength includes employees from its overseas locations.

Axis Bank included in FTSE4Good Emerging Index 2017



Axis Bank has been independently assessed by FTSE Russell according to the FTSE4Good criteria and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices, and used by a wide variety of market participants to create and assess responsible investment funds and other products.

▼ MILESTONES DURING THE YEAR



HOW AXIS BANK CREATES VALUE

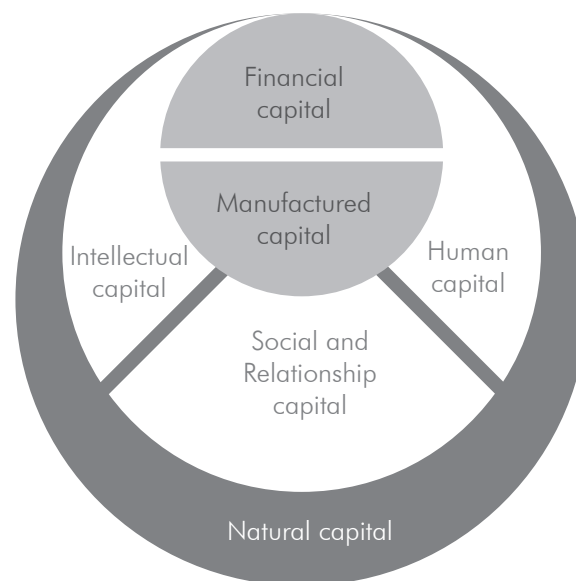
Integrated Reporting (<IR>) has emerged from a need felt globally for a corporate reporting tool that can enhance accountability, stewardship and trust as well as be able to harness the transparency and information flow in a connected, global economy. It recognises that organisational value is created

throughout an organisation, and the need to adopt integrated thinking that can connect its strategy, governance and performance.

The <IR> framework focuses on both qualitative and quantitative disclosures grouped into capitals, which are stocks of value that are

impacted by an organisation's activities and outputs. The organisation's business model draws on inputs across the various capitals, and through its activities transforms them into outputs and impact. Our report aims to highlight how we are creating value across the 6 capitals.

The Six Capitals



Source: www.iirc.org

Financial Capital:

Funds available for use in productions of goods / provision of services, and obtained through financing or generated through operations or investments

Manufactured Capital:

Manufactured objects available for use in productions of goods/ provision of services, such as buildings, equipment & infrastructure

Intellectual Capital:

Knowledge based intangibles such as IPR, patents, copyrights, trademarks, rights and licenses, and 'organisational capital' such as tacit knowledge, systems, procedures and protocols

Human Capital:

People's competencies, capabilities and experience, and their motivation to innovate

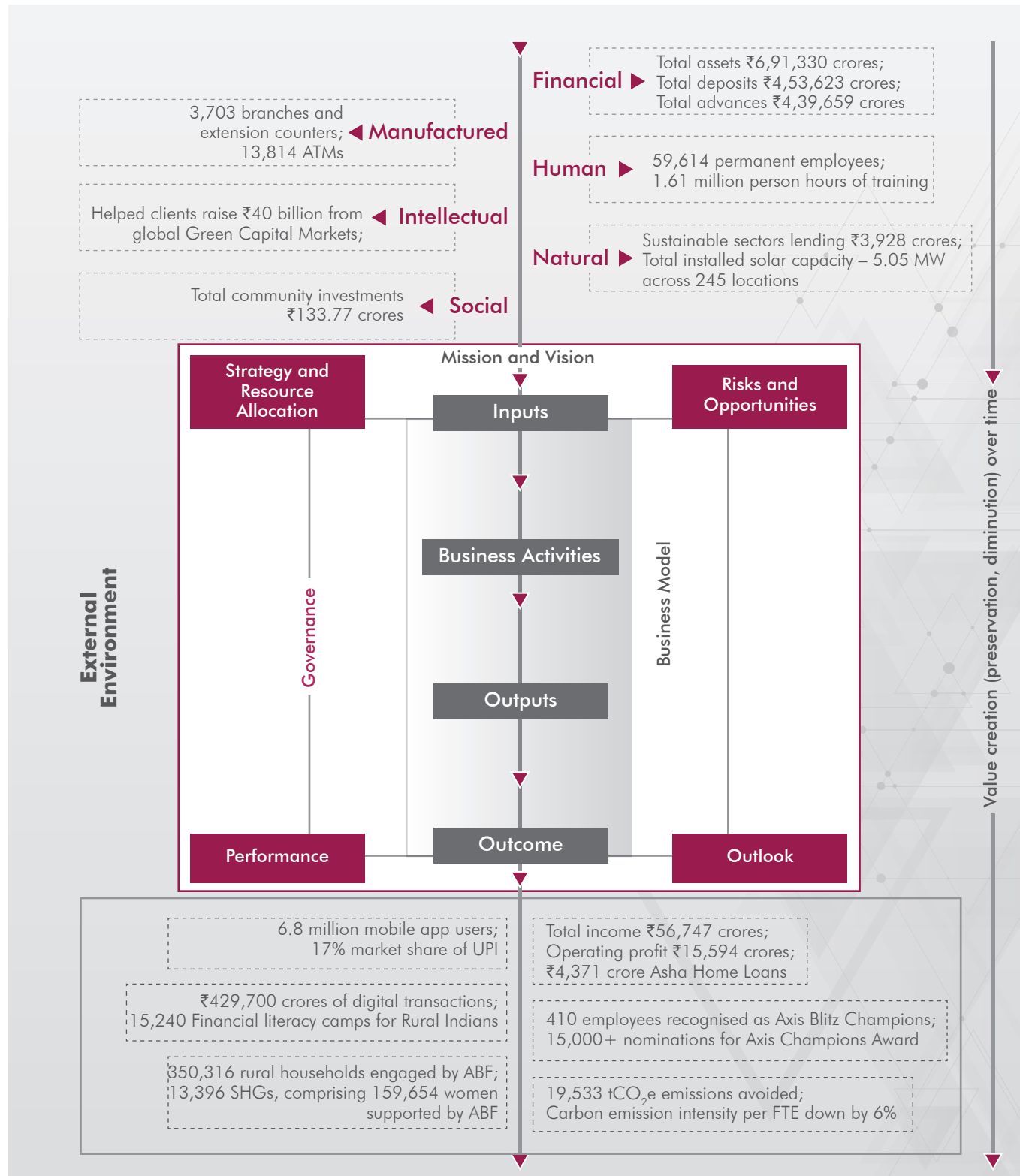
Social and Relationship Capital

Shared norms, common values and behaviour, Key stakeholder relationships and trust building, and Intangibles associated with brand and reputation

Natural Capital:

Renewable and non-renewable environmental resources and processes that provide goods and services such as air, water, land, minerals, forests, and biodiversity

THE VALUE CREATION PROCESS AS PER THE <IR> FRAMEWORK



(Sourced from the <IR> Framework at www.iirc.org)

OUR VALUE CREATION STRATEGY

Our vision is **'To be the preferred financial solutions provider excelling in customer delivery through insight, empowered employees and smart use of technology'**, and our five core values are Customer Centricity, Ethics, Transparency, Teamwork and Ownership.

At Axis Bank, our foremost goal is to be the preferred financial solution provider for our customers while creating an overall positive impact on all our stakeholders. To achieve this, we continue to improve and expand our current offerings, launch new & relevant products and services integrating digital banking and analytics, empower our colleagues and supply chain, improve service quality levels and work towards minimizing the impacts of our environmental footprint. With our sound capital position, we are prioritizing growth in growth segments of the economy coupled with better risk adjusted returns and improved cost efficiencies. Beyond our core business operations, we are reaching out to create tangible impact in the lives of the marginalised or disadvantaged.

Our strategy remains to move ahead in a manner that ensures sustainable

profits while catalysing positive economic, social and environmental value for all our stakeholders. We believe that sustainable value is created only when development benefits every stakeholder across the Bank's value chain. The way we do business, therefore, has to be integrated with the progress of communities we serve in, the competitiveness of enterprises, respect for our natural environment, and the well-being of our employees and all individuals. Our endeavour is to achieve the right balance that ensures the Bank and its stakeholders grow in the short, medium and long term.

We depend on a diverse set of resources and relationships to create value. These capitals, namely Financial capital, Human capital, Intellectual capital, Social and Relationship capital, Manufactured capital and Natural capital, are inputs which feed into the organisation's business model. The vision of the organisation forms the basis of our business model and our organisational offerings, both financial and non-financial, are designed to move towards achieving it. Given the interdependent relationship across the various

capitals, we ensure that we cater to stakeholders' changing needs and expectations.

- By offering savings, payments and investment products, we enable individuals to improve their quality of life and create a financially secure future.
- By providing finance to small, medium and large corporations and financing the development of key sectors like infrastructure and agriculture, we contribute to economic growth, job creation and innovation.
- By supporting green investments and promoting sustainable lending, we are supporting the transition of the economy towards a low-carbon growth.
- By improving financial literacy, promoting financial inclusion and providing opportunities for sustainable livelihood, we are contributing towards equitable development.
- Our strategy is to holistically view products or initiative so that we can ensure that the Bank creates sustainable profits while contributing to the sustainable development of all its stakeholders.

AXIS BANK'S ACTIVITIES

Where Axis creates value	Value addition achieved in 2017-18	Key organisational value drivers
Financial Capital		
Balance Sheet		
<ul style="list-style-type: none"> Standalone Balance Sheet size of ₹691,330 crores as on 31 March 2018 ₹30,970 crores of Retail Advances to Rural Lending ₹58,740 crores in advances to the SME sector in FY 2017-18 ₹148,202 crores Savings Bank deposits as on 31 March 2018 ₹27,636.39 crores outstanding total advances to agriculture and allied activities as on 31 March 2018 ₹4,371 crores of ASHA affordable housing loans disbursed in FY 2017-18 ₹1,000.12 billion mortgage loans as on 31 March 2018 	<ul style="list-style-type: none"> 14.9% growth in Balance Sheet size y-o-y 15.2% growth in Retail Advances to Rural Lending 19% growth in SME advances y-o-y 18% growth in Savings Bank Deposits y-o-y 6.35% y-o-y increase advances to agriculture and allied activities 40% increase in book size of Asha affordable housing loans 86% of new sanctions in the Bank's corporate book were to companies rated 'A' and above The Bank raised USD 500 Million in bonds at a finer pricing, in August 2017 Axis Bank raised ₹11,243 crores (~ USD 1.7 billion) (including allotted share warrants exercisable within 18 months) from a consortium of marquee investors including Bain Capital, LIC of India and the Capital Group 	<ul style="list-style-type: none"> Axis Bank is India's third largest private sector bank offering the entire spectrum of financial services to customer segments Axis Bank continues to be widely acknowledged of having created one of the best retail franchises in the Indian banking sector on both assets and liabilities side Axis Bank is committed to supporting SME growth in India and has a wide range of customised and fast track products for SME customers The Bank has branches and offices in 11 international locations, including an offshore banking unit at GIFT City, Gujarat and a subsidiary in the UK With its latest round of fund raising in December 2017, Axis Bank is adequately capitalised with enough growth capital to capture the visible uptick in credit demand
P&L Statement		
<ul style="list-style-type: none"> ₹18,618 crores Net Interest Income in FY 2017-18 ₹276 crores Net Profit in FY 2017-18 USD 4 billion outward retail remittances and USD 9.3 billion of inward remittances processed in FY 2017-18 Arranged ₹184,104 crores of bonds and debentures for clients in the Debit Capital Market in FY 2017-18 Over 1.9 million current accounts as on 31 March 2018 Over 22.5 million savings account customers as on 31 March 2018 Over 1 million mutual fund customers as on 31 March 2018 Over 1 million life insurance policies sold under partnership with Max Life Insurance 	<ul style="list-style-type: none"> 3% y-o-y growth in Net Interest Income (93)% decline in Net Profit due to impact by provisioning on NPAs 8% rise in volume of retail remittances in FY 2017-18 The Bank maintained its leadership position in the loan syndication market with a market share of 32.55% 11.8% growth in number of Current accounts 11% growth in number of savings account customers 	<ul style="list-style-type: none"> The Bank has a diversified business mix and presence across the value chain Axis Bank continues to feature at the top of almost every league table in debt and equity fundraising. Axis Bank has been ranked number one in the Bloomberg Official League Table for domestic bonds in India for the 11th consecutive year for calendar year 2017

Where Axis creates value	Value addition achieved in 2017-18	Key organisational value drivers
Digital Banking		
<ul style="list-style-type: none"> • ₹192,735 crores in mobile transactions value as on 31 March 2018 • ₹44,328 crores credit cards spend in FY 2017-18 • ₹429,700 crores value of digital channel transactions 	<ul style="list-style-type: none"> • 158% growth in mobile banking transactions value • 54% y-o-y increase in Credit card spends • Digital transactions dominate our transaction mix at 66% as on March 2018 • In November 2017, the Bank launched its first online e-KYC based account, Axis ASAP, with accounts opened crossing 2.5 lacs by 31 March 2018 	<ul style="list-style-type: none"> • Axis Bank's digital journey began over a decade ago, and since inception, it has been a force multiplier in the competitive banking landscape • The Bank is investing in cutting-edge digital solutions to provide seamless customer experience across channels • The Bank is among the market leaders in the digital payments ecosystem, having the country's second largest PoS network, a strong cards franchise, and among market leaders in the mobile banking space
Manufactured Capital		
<ul style="list-style-type: none"> • 3,703 branches in 2,163 centres and 653 districts as on 31 March 2018 • 13,814 ATMs as on 31 March 2018 • 2,263 cash recyclers as on 31 March 2018 • Axis Bank has 11 overseas offices, including a subsidiary in the UK. • 502,226 base of installed merchant POS terminals, among the largest in the country • 66 dedicated SME Centres catering to SME businesses across India in FY 2017-18 	<ul style="list-style-type: none"> • 399 branches and 1 offshore banking unit at IFSC, GIFT City, added in FY 2017-18 • 17% of Bank's branches are in rural areas, of which 78% are in unbanked locations • Northern regional office becomes operational in NOIDA • Axis Bank opens its newest international representative office in Sharjah, UAE • In FY 18, cash recyclers handled 40% of the overall cash deposits at the Bank, leading to efficient use of Bank staff • The Bank has deployed about 20,000 biometric readers across its network to leverage eKYC for account opening and other Aadhaar-based services 	<ul style="list-style-type: none"> • Axis Bank has among the largest captive solar power generation capacity in the Indian banking sector, contributing to lowering the carbon footprint of its physical locations • The Bank pursues energy efficiency projects to optimised energy consumption at offices and branches • The Bank's corporate headquarters in Mumbai, Axis House, is a LEED – Platinum rated green building • The Bank has a Vendor Management Framework in place for comprehensive risk assessment and management of its large vendor base
Intellectual Capital		
<ul style="list-style-type: none"> • 6.8 million Axis Mobile app users • 6.24 million Internet Banking customers • Over 3.64 million Fans on Facebook • Over 344 thousand followers on LinkedIn • Over 251 thousand followers on Twitter • Thought Factory, Axis Bank's innovation lab, emerges as a major fintech enabler, enhancing industry-start-up collaborations • Under the 'Evolve' initiative, 30 Knowledge sharing sessions in 30 cities for SME sector in FY 2017-18 	<ul style="list-style-type: none"> • 186% growth in Axis Mobile app users y-o-y • Over 3,000 SMEs covered under the knowledge sharing sessions for the SME sector in the 4th edition of the 'Evolve' initiative • 6,000 MSMEs reached through the Forex Club initiative in FY 2017-18 • In FY 2017-18, by process Re-Engineering and digitisation, the Bank has been able to reduce the turnaround time on savings and current account opening by about 90%; and on various other processes by 50-80% 	<ul style="list-style-type: none"> • Axis Bank hosts the SME Awards 'SME 100' to acknowledge the best SME performers • Axis Bank set up the Business Intelligence Unit (BIU) in 2009 which has over 200 in-house data scientists and developing solutions across the banking value chain • The Bank's Banking Intelligence Unit is at the forefront of building and implementing AI and machine learning solutions • Axis Bank's Thought Factory, an innovation lab set up in Bengaluru, drives technology-focused innovations across business areas

Where Axis creates value	Value addition achieved in 2017-18	Key organisational value drivers
<ul style="list-style-type: none"> • Knowledge sessions on global trade through the Bank's Forex Club initiative • Driving innovation in our operations through digitization and process improvement • 22.34 million debit cards in force as on 31 March 2018 • Over 4.48 million credit cards in force as on 31 March 2018 • Over 2 lac farmers have benefited from our Kisan Credit Cards, providing round-the-clock availability of funds • 79.25 million unique internet banking transactions in FY 2017-18 	<ul style="list-style-type: none"> • 27.2% growth in number of unique Internet Banking users y-o-y • Axis Bank Foundation hosted its 3rd Annual Conference in March 2018, with the theme 'Partnerships for Sustainable Development Goals' • Thought Factory, Axis Bank's innovation lab announces the graduation of its first cohort of six Accelerator start-ups in July 2017 • Axis Bank has been included in the prestigious FTSE4Good Emerging Index, a leading benchmark index used by global investors to benchmark and invest in companies exhibiting strong • 8.2% y-o-y growth in number of unique internet banking transactions • Environmental, Social and Governance (ESG) performance • Thought Factory conducted its start-up boot camp for grad start-up ideas under its 'Future for Jobs' initiative, mentoring 5 student teams • Axis Bank launched India's first single-wallet, contactless, open loop metro card for Kochi Metro • Launched Axis Aha! Chatbot on the website, which is a conversational assistant powered by AI and uses machine learning to assist customers with banking services • Debit cards in force grow 10.6% y-o-y, making Axis Bank among the largest debit card issuers in India • Credit cards in force grow by 35.8% y-o-y. Axis Bank continues to be the 4th largest credit card issuer in India with market share of 12% 	<ul style="list-style-type: none"> • Axis Bank set up an in-house Development Centre in 2017 to build front end and middle ware systems in-house • Axis Bank Foundation hosts its annual Conference to bring together leaders from development sectors, academia, corporate sector, and government • Axis Academies is a learning intervention that has been launched in partnership with national and international institutions of repute • Axis Bank's leadership is part of key industry and government committees on various issues • The Bank is working closely with multilaterals and Indian regulators on market development initiatives for sustainable finance • Axis Bank has 17% market share in UPI transactions, with over 11.5 million UPI IDs onboarded, 64% of them being non-Bank customers

Human Capital

<ul style="list-style-type: none"> • Under the Bank's Employee Stock Option Schemes, 19,73,90,994 options were exercised as of 31 March 2018 • 59,614 permanent employees as on 31 March 2018 • 27.06 Average Training Person-Hours in FY 2017-18 • Fifth edition of the Axis Champions Award, our employee recognition program, conducted successfully 	<ul style="list-style-type: none"> • Under Axis Blitz Voices, top management travelled to 27 locations and met nearly 5,000 employees • Under Axis Blitz, the Bank's circle-level platform for employee recognition, over 410 Blitz Champions were felicitated at 27 locations • 5.3% growth in number of employees in FY 2017-18 y-o-y 	<ul style="list-style-type: none"> • Axis Bank believes nurturing its human capability is the core of driving business excellence • The Bank makes concerted efforts to ensure employees can handle challenges of the future • Meritocracy, fairness and ethics are the tenets upon which the culture of the Bank has been established
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Where Axis creates value	Value addition achieved in 2017-18	Key organisational value drivers
<ul style="list-style-type: none"> A young and engaged workforce with an average age of 29.5 years Key diversity-focused hiring and training programs underway Axis Business Clinics launched to empower Branch Heads to drive the culture of learning at their respective branches Focused leadership development programs conducted for multiple management levels 	<ul style="list-style-type: none"> Percentage of Female Employees for FY 2017-18 at 23% The Bank launched Axis Competency Profiler in FY 2017-18 that better maps employee training requirements with their skill sets Over 15,000 nominations received for the fifth edition of Axis Champions Award for 2017-18 Over 24,600 employees underwent a 2-day behavioural training program to help them perform at the next level 25 women leaders participate in the Selfilbrium leadership program 762 branches covered in Phase I of Axis Business Clinics 	<ul style="list-style-type: none"> The Bank has introduced a learning platform, Axis Competency Profiler, to manage employee careers Axis Bank has tie ups with leading education portal Coursera for access to top-notch online training globally Axis Champions Award drives alignment of culture across the organisation and recognise employee champions for their role model behaviours Axis Bank launched 'Axis Academies' as learning interventions in domains, in partnership with institutions including INSEAD and CRISIL Axis Bank's integrated performance management and capability development system – ACElerate, helps foster high performance as well as build capacity

Social & Relationship Capital

<ul style="list-style-type: none"> Under its Financial Inclusion initiatives, ABF continued to strengthen the role of women in rural communities through SHG formation Total CSR spend of ₹133.77 crores in FY 2017-18 DigiPrayas is our initiative to support the digital transformation of India's villages Pragatishala is the Bank's umbrella program to promote digital financial inclusion and literacy ₹448.29 crore in cumulative contributions of Axis Bank to ABF as on March 2018 ABF's Geographical presence across 10,293 villages in 178 districts in 21 states 63% of ABF's beneficiaries under its 1 million sustainable livelihoods target are women We launched Axis DilSe, a unique initiative to support primary education in the region ABF conducts various livelihood programs for unemployed youth, including Persons with Disabilities (PwD) The Bank extended support to the Buddha Fellowship program to connect 	<ul style="list-style-type: none"> Six new programs were taken up by ABF through reputed partner NGOs in FY 2017-18 In FY 2017-18, ABF initiated work with over 350 thousand rural households ABF achieved its stated target of creating 1 million livelihoods by 2017-end in September 2017, of which, 63% are women 108 schools supported under Axis DilSe initiative in Ladakh region The Bank launched a digital literacy initiative, 'Connective Borders' in 20 villages in Nagaland As on March 31 2018, 13,396 Self Help Groups with 159,654 women members had been formed As part of its efforts to provide skilling to Persons with Disabilities, the Foundation trained 21,510 youth and helped place 67% of them in FY 2017-18 In FY 2017-18, the Bank covered 2.2 lac rural populace through 15,240 financial literacy camps under its program 'Pragatishala' Under DigiPrayas, impacted 80,000 lives through opening of 4,500 basic savings accounts, appointing 50 Business Correspondents, seeding of 4,100 	<ul style="list-style-type: none"> Axis Bank Foundation, founded in 2006, drives the Bank's CSR efforts across the country Sustainable Livelihoods constitutes the core sector for ABF's development work, and the Foundation has taken a target of bringing sustainable livelihoods to 2 million households by 2025 ABF's initiatives are strongly aligned with the Sustainable Development Goals 1, 2, 4, 5, 10 and 13 ABF's initiatives are strongly aligned with Government schemes on health, rural livelihoods, financial inclusion and literacy, among others, to enhance overall impact and scale The Bank has scaled up its efforts towards financial literacy and digital awareness across geographies, especially in rural communities 'Axis Cares' is the employee engagement platform that enables the workforce of the Bank to engage with various initiatives of the Foundation and support them through payroll donations.
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Where Axis creates value	Value addition achieved in 2017-18	Key organisational value drivers
<p>youth from reputed educational institutions to the development sector</p> <ul style="list-style-type: none"> Axis Bank has opened over 7.7 lac PMJDY accounts as on 31 March 2018 Issued 0.85 million Pradhan Mantri Suraksha Bima Yojana (PMSBY) and 0.22 million Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) Issued as on 31 March 2018 0.23 million customers have been enrolled under Atal Pension Yojana as on 31 March 2018 One million microloans disbursed to women through our micro-lending program 	<p>accounts with Aadhaar in FY 2017-18</p> <ul style="list-style-type: none"> 11 Fellows supported under the Buddha Fellowship Programme 62+ health checkup / eye check-up camps covering 4500+ people conducted through Branch Banking Launched Shubh Aarambh Home Loans, fortifying our position in the affordable housing segment 	

Natural Capital

<ul style="list-style-type: none"> ₹39.28 Billion outstanding in Bank's lending to Sustainable Sectors as on March 2018 5.05 MW total capacity of solar energy installed at Axis Bank's premises 144,630 tCO₂e Scope 1 & 2 GHG emissions of the Bank in FY 2017-18 2.42 tCO₂e Scope 1 and 2 emissions per employee in FY 2017-18 11,297 tCO₂e of annualised emissions reduction through various initiatives 20.98 kg paper consumption per FTE in FY 2017-18 314 tonnes of dry waste recycling achieved in FY 2017-18 	<ul style="list-style-type: none"> 4.4% increase in outstanding to 'Sustainable Sectors' y-o-y 5.84% reduction in the Bank's specific GHG emissions per employee y-o-y 1.735 million saplings planted by ABF and its partners across various regions in FY 2017-18 49.1% increase in green electricity generated y-o-y 0.05 MW of in-house solar capacity added during FY 2017-18 21 proposals assessed under the Bank's SLPP in FY 2017-18 1 million tCO₂e GHG emissions savings achieved by projects funded by Axis Bank's green bond 308 million estimated sheets of paper saved through Green Banking initiatives under Project Saksham 3.8 lac trees committed to be planted in 5 states through direct CSR interventions 	<ul style="list-style-type: none"> Axis Bank has put in place the Sustainable Lending Policy and Procedures (SLPP) to integrate environment and social risk management into its lending mechanisms Axis Bank's Treasury and Markets team has helped clients raise over ₹40 billion from global capital markets in Green Bonds in FY 2017-18 alone The Bank has undertaken targeted initiatives towards reducing its carbon footprint and waste, and enhance operational efficiency The Bank has launched Project Saksham as an umbrella initiative for process improvement and 'green banking'
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SUSTAINABILITY@ AXIS

Our View on Sustainability Trends & Outlook

India continues to progress with wide-ranging policy reforms and initiatives, and the country today presents unprecedented opportunities for global and domestic businesses. With the government's continued and sustained emphasis on infrastructure development, entrepreneurship and investment, there has been improvement in the business climate and productivity enhancement, thus fostering strong and sustainable growth.

As per our base projections, India's growth is expected to improve to 7.3% in FY 19, with much of the increase likely from higher consumption. While Investment is likely to remain modest, capital expenditure spend will be supported by spends on urban infrastructure, road and rail projects, renewable energy and affordable housing.

Formalization of the Economy

India's macroeconomic fundamentals continued to improve last year on the back of significant policy initiatives by the Government aided by a stable monetary policy. The country saw a sovereign rating upgrade from Moody's and climbed up the charts in the World Bank's Ease of Doing Business rankings. The implementation of the Goods and Service Tax (GST) regime in 2017 has been one of India's biggest structural economic reforms, benefits of which will continue to accrue in the years to come.



GST reform, along with the continued impact of demonetisation as well as India's digitisation efforts will significantly benefit towards formalisation of the economy.

India continues its push to bring its residents into the Aadhaar fold, and over a billion Aadhaar cards have been generated already, covering close to 90% of the population. With

increasing number of services, subsidies and payments now linked to Aadhaar, the Government has been able to reduce pilferage in its subsidy payments, eliminate millions of fake beneficiaries, improve direct benefits transfer to genuine beneficiaries such as pensioners and farmers, bring millions of previously unbanked Indians into the banking fold through the PMJDY, simplify tax filing, and improve access to government services for residents.

We believe that demonetisation and the implementation of GST are likely to result in a faster shift from the informal to the formal sector. Formalization of the economy can have a significant impact on India's socio-economic development. Post the adoption of GST, for instance, the number of enterprises paying indirect taxes has doubled to 3.4 million, and millions of new direct tax payers have been added post demonetization.

Due to India's weak fiscal base, the State is constrained in investing in social security systems, national security or provide public goods. An improved tax-to-GDP ratio improves the fiscal base and enables the Government to spend more on social and economic security.

As a financial institution, the formalization of India's economy brings sizable opportunities for us. For instance, through JAM (Jan Dhan – Aadhaar – Mobile) trinity, millions of Indians have already opened their first bank accounts, many of them with us. Already, we have distributed social security schemes such as the Atal Pension Yojana to millions of

beneficiaries. As more and more Indians become direct tax payers, they could be potential customers for our bouquet of retail offerings such as retail loans or wealth management. Similarly, the implementation of GST has brought many SMEs into the indirect taxes fold, providing an immense opportunity for us to unlock mutual benefits.

The Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the UN in 2015. The SDGs came into effect in January 2016 and are the universal targets for sustainable development globally till 2030. The 17 goals focus on the interconnected elements of

sustainable development, economic growth, social inclusion and environmental protection. Governments, businesses and civil society institutions across the world have aligned or are aligning themselves with the SDGs, including India, where the NITI Aayog has emerged as the foremost national institution driving SDG adoption within the Indian economy and society.



As an Indian financial institution, we remain cognizant of the significant opportunity we have to play a larger role in supporting India achieve its SDG targets. Our Foundation's initiatives are already aligned with the pertinent SDGs. Many of our business activities are directly or indirectly aligned with the SDGs. For instance, our renewable energy portfolio is directly contributing to SDG 7 – Affordable and Clean Energy, our lending portfolio to infrastructure sectors is contributing to SDG 9 – Industry, Innovation and Infrastructure, and our products and services catering to the Bottom of the Pyramid are directly contributing to reducing inequalities and expanding the rural economy. We expect our alignment with the SDGs to continue to expand.

Renewable Energy Expansion

The need for renewable energy in India today cannot be understated. For an emerging economy such as ours, a heavy dependence on oil imports makes it vulnerable to price fluctuations as well as geo-political tensions, both of which were present in FY 2017-18. Higher oil and commodity prices might once again lead to larger trade imbalances, increasing the risk of future volatility.



Many of India's large cities are counted among the most polluted in the world, and there is an urgent need for the country to shift to renewable energy given that thermal power production is the largest contributor to India's GHG emissions. The Government of India has announced a target of adding 175

GW of Renewable Energy capacity by 2022, in line with its commitments to the Paris Agreement, which came into force in November 2016 after ratification by 149 countries.

The push for renewable energy aligns very well with India's aim towards 100% electrification. Rural electrification is considered the most vital investment in accelerating rural development, as improved illumination and heating improves health and education outcomes, enterprise development, and rural consumption. The Government has repeatedly reiterated its commitment to bringing electricity to every household by December 2018, and off-grid renewable energy solutions have the potential to overcome the last-mile connectivity that is expensive for grid electricity to achieve.

The largest push has been in the solar power sector. As of March 2018, India's solar capacity stood at 24.4 GW, still a long way from its target of reaching 100 GW by 2022. Analysts suggest capacity addition may slow down, going forward, given emerging risks. These include the rising fear of tariff wars that may affect the global trade and movement of solar equipment, and supply-side concerns such as land availability and transmission. In addition, while the record falls in solar tariffs have brought them at par with costs of thermal power, it has also impacted the financial viability of existing projects and projected returns from future projects. Similarly, the wind sector has been impacted by unclear policies and land acquisition issues, among others. The viability of large renewable projects may therefore present a potential significant risk to banks that are lending to the sector. In addition to its efforts to scale up capacity addition, the Government is also working towards addressing the sector's issues. This includes making improvements in the bidding mechanisms to

provide domestic or smaller players a level playing field, addressing lenders' concerns on project unviability, and waiving interstate transmission system charges and losses to create a pan-India renewable power market.

The Government estimates that the share of renewable energy in India's electricity mix would increase to 55% by 2030, and India's renewable energy push remains a significant opportunity for the financial sector.

Climate Change

Climate change and related environmental risks have featured at the top of the World Economic Forum's Global Risk Reports for over a decade, and continue to pose a significant threat to all countries. The latest Global Risk Report for 2018 identifies five categories of environmental risks – extreme weather events and temperatures, accelerating biodiversity loss, pollution of soil, air and water, failures of climate change mitigation and adaptation, and risks linked to the transition to low carbon. All of them rank high on both likelihood and impact.



The Paris Agreement, adopted at the COP21 of the UNFCCC at Paris on 12 December 2015 and entered into force on 4 November 2016, is the de facto guiding document for the global campaign to combat climate change. Under the Agreement, signatories have to act on their 'Nationally Determined Contributions' that must be "ambitious" and "represent a progression over time".

India, as signatory to the Agreement, announced its NDCs in October 2015, which include: reduction in the emissions intensity of its GDP by 33 to 35 per cent by 2030 from 2005 level, and to create an additional carbon sink of 2.5 to 3 billion tonnes of CO₂ equivalent through additional forest and tree cover by 2030. Significantly, India is also anchoring the International Solar Alliance.

India has been working towards meeting its developmental needs in conjunction with its environmental commitments. These include a shift towards renewable energy production, enhancing energy efficiency in energy consumption, developing climate-resilient urban centres, promoting waste to wealth conversion, introducing sustainable transport systems, and planned afforestation. Across the world, the corporate sector is aligning itself with the global climate agenda, and working towards not only making its business operations climate-positive, but in many instances, revising its business strategy to be able to take advantage of the emerging opportunities. Axis Bank, for example, is a significant lender in renewable energy and other sustainable sectors, and has created positive impact through its CSR efforts.

Pollution and Environmental Degradation

Environmental degradation and pollution has emerged as a critical risk for India. As per the World Health Organization's World Global Ambient Air Quality Database, 11 of the 12 most polluted cities in the world are in India. Increased air pollution in India's cities negatively impacts millions of people daily, leading to decrease in productivity, and rise in healthcare costs. As per the WHO, the poorest and most marginalised people bear the brunt of the burden.

The Environmental Performance

Index of the World Economic Forum ranks India 177th among 180 countries in terms of environmental health, and the report highlights air pollution as a leading threat. At present, air pollution is the direct cause of 1.1 million deaths in India, exacting a large socio-economic cost on the country. In addition to air pollution, pollution on land and in water has emerged as a significant threat to all life. Plastic pollution is choking urban centres across India, and untreated industrial and urban waste have damaged rivers and water bodies.

Today, India is facing an acute water crisis with 600 million Indians facing high to extreme water stress. Its per capita availability of water has dropped drastically and its groundwater tables depleted across the country, even as its water bodies face extreme pollution from untreated industrial effluents, untreated urban sewage, and chemical fertiliser runoffs from agriculture. With or without government pressure, India's corporate sector is recognizing its role and responsibility in mitigating India's water crisis, and is adopting mitigating measures in its own operations and its supply chain.

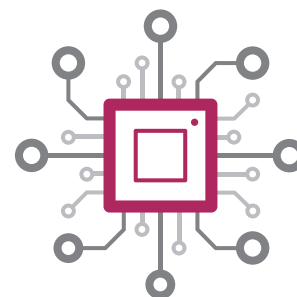


As an organisation, we are cognizant that thousands of our employees and millions of our customers are already impacted or could be impacted. Through our CSR efforts, we are working with communities around the country on water and livelihood security, have planted millions of saplings and supported afforestation projects, as part of our environmental focus. We also introducing water-sav-

ing initiatives in our own operations and working towards raising awareness among our employees to lead healthier and more sustainable lives.

'Digital India'

India's banks have evolved tremendously over the last 25 years – from providing basic banking services with little effective competition in the pre-liberalisation era, to becoming market-driven, globally-competitive financial institutions. The combination and contribution of the public sector and private sector banks over all these years, and more recently with the introduction of small finance and payment banks, has had a tremendous positive impact on the economy, and society at large.



Today, digital payments and online consumption of financial services are growing on the back of 'Digital India' initiatives. This continues to present a significant opportunity to ride on the digital infrastructure to strengthen payments, trade and information flow to aid sustainable and inclusive growth. As the economy continues to go digital, there has been a significant behavioural change in retail payments – from large value-low volume transactions using credentials that are managed by the bank, to small ticket size-high volume transactions using public credentials. This shift has presented the opportunity to broad base payments. The new age digital payments are outgrowing cash, but the opportunity remains large and compounding effect will show over time.

Continued Retail Banking Penetration

From 60,000 branches in 1991, the branch network of all scheduled commercial banks in India has more than doubled to over 138,000 in 2017, offering direct employment to 1.35 million people.



In that period, total bank credit and deposits have grown nearly 70 times and 55 times, respectively. India's Banking sector has not only aided

economic expansion by meeting corporate and retail credit requirements, but have also been the core facilitator of infrastructure development, as well as driven growth in priority sectors such as MSME and agriculture. Today, banks are playing a leading role in extending the Government's social benefit schemes and driving the country's financial inclusion agenda.

India continues to offer immense potential and opportunities for expansion of retail banking. During the year, we added 399 branches to our retail network. We see exciting times ahead with four key themes shaping the future of retail banking in the next five years:

1. Low penetration numbers across key products – low housing loan

penetration (2.5%), household debt at very low level (11%), low penetration of acceptance infrastructure for digital payments (165 Point Of Sales terminals per 100,000 adults)

2. Rapid technology adoption amongst all income and social strata due to falling cost of data and internet access
3. Democratization of data with India Stack and open Application Programming Interfaces (APIs)
4. Concerted efforts to formalise the economy through tax reforms, introduction of GST, digitization of high volume low value transactions, Aadhaar seeding across financial and non-financial services and the drive for affordable housing

CORPORATE GOVERNANCE

Axis Bank is committed to achieving and adhering to the highest standards of corporate governance, and it constantly benchmarks itself against best practices. Our policy on corporate governance has been:

- I. To enhance the long-term interest of our shareholders, provide good management, adopt prudent risk management techniques and comply with the required standards of capital adequacy, thereby safeguarding the interest of our other stakeholders such as depositors, creditors, customers, suppliers and employees.
- II. To institutionalise accountability, transparency and equality of treatment for all our stakeholders, as central tenets of good corporate governance and to articulate this approach in our day-to-day functioning and in dealing with all our stakeholders.

The Report on Corporate Governance for the financial year 2017-18 along with a certificate issued by the Statutory Auditors of the Bank confirming compliance with the mandatory requirements relating to Corporate Governance as stipulated under Chapter IV of the Listing Regulations, is part of the Bank's Annual Report 2017-18 from page 64, accessible on its website at <https://www.axisbank.com/shareholders-corner/shareholder's-information/annual-reports>.

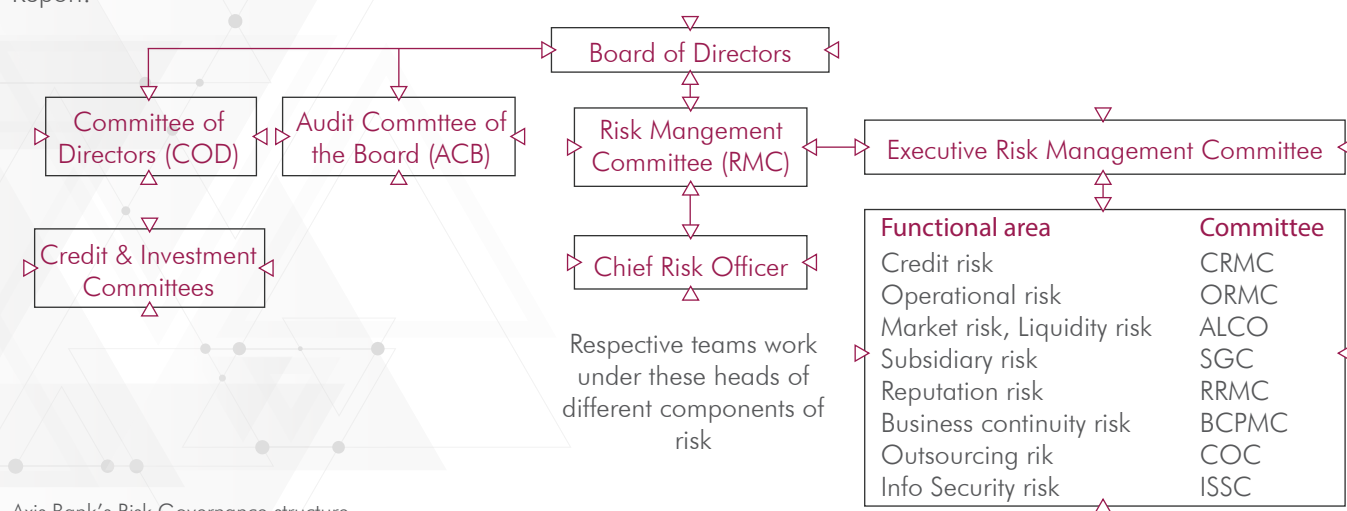
The Corporate Governance Framework of the Bank incorporates all the mandatory requirements as prescribed in the Listing Regulations. The Bank has also adopted the non-mandatory requirements as recommended in the Listing Regulations, detailed in the Report on Corporate Governance in the Annual Report.

The composition of the Board of Directors, our highest governing authority, is provided on page 60 of the Annual Report 2017-18. In addition, the Report includes disclosures on the Board's nomination and selection processes, performance evaluation, its various Committees, its role in the Bank's remuneration and HR matters, and strategy, among their other roles and responsibilities.

Risk management and compliance remain an integral part of the Bank's corporate governance agenda. We have an independent risk management function which ensures that the risk is managed through a risk management architecture as well as through policies and processes approved by the Board of Directors. For more details on the Bank's Risk management framework, including

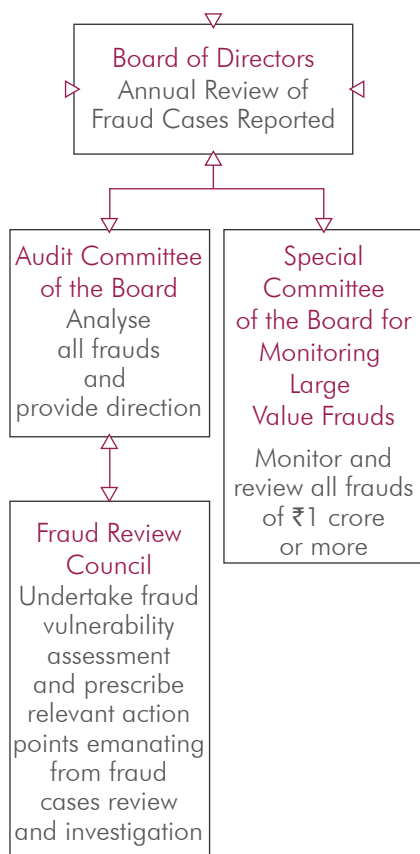
commentary on various risks, codes of conduct, information technology and cyber security, compliance and internal audit, please access page 55-58 of the Annual Report 2017-18. Please access pages 87-89 of the Annual Report 2017-18 for disclosures on prevention of insider trading, the Bank's Policy on Prevention of Sexual Harassment at Work, and its Whistleblower Policy and vigil mechanism. We take a precautionary approach to the impact of our organisational activities wherever applicable.

Through various Committees, the Board ensures that stakeholder feedback reaches it unhindered and in a timely manner.



Fraud Detection and Mitigation

As a financial institution, fraud detection and mitigation is an organisational priority for us, and we endeavour to maintain a secure, 'least vulnerable to fraud' environment, driven at the highest level by our Board.



The Bank's Policy on Fraud Management and Reporting serves as a reference document and guidance for the internal oversight and fraud management framework and covers the entire organisation. We have an end-to-end anti-money laundering software system at the enterprise level for monitoring, investigating and reporting of suspicious transactions, and a separate fraud management system for fraud detection and prevention in our cards business.

With the increasing use of technology in the banking system, cyber frauds

have proliferated and are becoming even more sophisticated in terms of use of novel methods. Despite all precautionary measures, customers who use their own devices to complete online transactions may still fall victims to the fraudsters.

The Bank's Fraud Control and Monitoring Department has extended its 2016-2017 Safe Banking Strategy to 2017-2018 for creating and sustaining an environment of banking-without-fear, for its customers in particular and public in general to instil in them the confidence of Safe Banking.

In a bid to reach out to the maximum number of customers, various methodologies were adopted, including direct interactions by way of 'Let's Talk'. Radio jingles on safeguarding banking credentials were developed and aired on radio channels during prime time to reach out to the masses in a more effective and impactful way.

As a matter of routine practice, the Bank puts continuous efforts to create awareness among its customers and general public through various channels such as short clips, messages, mailers, customer engagement programs at branches etc. **#muhpetaala** – a short clip was made as a public service initiative in collaboration with Mumbai Police. This clip was circulated through various social media for the general public.

Taking cue from the short film, Maharashtra Police and Axis Bank joined hands to educate general public on cyber security and create awareness on frauds at 24 locations in Maharashtra. Around 6,000 stakeholders, including youth, army officials, police officials were successfully reached. A special training session on awareness on banking frauds was organised for Maharashtra State Judicial Academy, and a similar workshop was facilitated for the officials of

Economic Offenses Wing (EOW), Mumbai.

Our endeavors have not only proved to be strong confidence building measures for our customers but also have helped create a strong platform for association between the Bank and law enforcement agencies, in collectively fighting fraud in the banking industry. The positive and constructive feedback received from the audience and participants, across sections, sums up the effectiveness of this multi-faceted initiative undertaken by the Bank.

Sustainability Governance

Our sustainability strategy and action continues to be guided by the Board and senior leadership. The Committee of Whole-time Directors (COWTD) is the apex body guiding our sustainability efforts and reviewing our performance. This Committee Terms of Reference includes the review and approval of our sustainability-linked public disclosures, including this Report. Through varied engagements and interactions, we continually aim to enhance our Board's awareness on pertinent social and environmental issues, through periodic interactions with pertinent teams, frequent site visits to our CSR intervention sites and engagement on pertinent platforms, among others.

The Executive Director – Corporate Centre, a member of the COWTD, oversees the implementation of our sustainability initiatives which cascade down across the organisation to implementing departments. The Business Responsibility and Sustainable Development team housed within the Corporate Affairs Department works with pertinent teams and departments to implement the various initiatives. The Directors of the Bank meet with pertinent teams on various sustainability-focused activities periodically to provide their guidance and review progress.

The Corporate Social Responsibility Committee of the Board oversees the CSR agenda of the Bank, including the formulation and approval of its CSR Policy. The Axis Bank Foundation, which is managed by an independent Board of Trustees, acts as the Bank's CSR arm and drives key community initiatives across the

country. Representatives of the Foundation also participate in the CSR Committee meetings. Our CSR initiatives and impact have been discussed in the Social & Relationship Capital section of this Report.

The Bank has adopted the Sustainable Lending Policy and Procedures (SLPPs) to integrate

environmental and social risk assessment into its credit appraisal. This Policy is approved by the Committee of Directors of the Board, and has been discussed in the Natural Capital section of this Report.



Axis Bank's Annual General Meeting 2017 underway in Ahmedabad on 26 July 2017

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Our approach towards sustainability remains focused on understanding what is important to our stakeholders. Engaging with our wide spectrum of stakeholders is a critical component of our sustainability agenda and we believe it is imperative that we collaborate with them in order to progress sustainably.

Today, stakeholders globally are interested in disclosures on corporate performance that go beyond the financial bottom line. They want to know how an organisation is creating value for the community, environment, and its key internal and external stakeholders. Increasingly, regulators and financial markets are mandating enhanced corporate disclosures on the Triple Bottom Line (social, environmental, and financial) strategy and performance. Towards making corporate sustainability disclosures more relevant and impactful for its stakeholders, it is important to identify and respond to the issues that are material to them.

As part of this year's sustainability reporting process, we revisited our key material issues through a focused stakeholder engagement and materiality assessment exercise. The






previous such exercise was conducted in 2015, and a new exercise became necessary to reflect the changes in our corporate environment. The scope of the exercise, conducted by KPMG, included structured feedback sessions with various stakeholder groups and prioritisation of identified topics, to be reported in this Report.

Stakeholder identification and prioritization was done in consultation with our senior management and corporate sustainability team. The prioritization was based on the impact that stakeholders may have on Axis Bank's business as well the impact Axis Bank may have on each stakeholder group. In addition to a heavy focus on in-person interactions, given the national and global spread of select stakeholder

groups, a questionnaire feedback mechanism was also adopted, and feedback on customised questionnaires for each stakeholder group was solicited through direct as well as indirect interactions with representatives. For interactions with top management and employees, two critical stakeholders to the organisation, in-person interactions and closed-door focus group discussions were done. In addition, other modes of communication included email, survey/online feedback, telephone, personal interaction, and branch visits.

The top stakeholders identified by the Bank's top management and employees were: Customers, Employees, Regulators, Investors, Vendors and Community.

For the focused exercise, the mode of engagement adopted for each stakeholder is as below:

Stakeholder Group	Mode of Engagement
 Senior Management	At the onset of this exercise, senior management interactions were conducted to understand their perceptions on some key topics material to the Bank, and to identify the stakeholders relevant for the organisation.
 Employees	The employees interacted with represented both the corporate and branch level functions to gain a holistic understanding of organisation-wide issues. The participants were engaged through workshops held at the corporate head office, Mumbai. These sensitization workshops were followed by a materiality assessment exercise to capture their feedback.
 Customers	Customers were engaged with through employees by means of a customised questionnaire, and the feedback was collected from various branches within the Mumbai region.
 Investors	Select investors were chosen based on their criticality and relationship with Axis Bank and questionnaires were shared with them. Telephonic interactions were conducted with the select investors who responded to the information request to obtain their feedback.
 Vendors	A select group of vendors was identified based on their impact and relationship with the Bank. Vendors were interacted with by floating customised questionnaires to understand their perception.

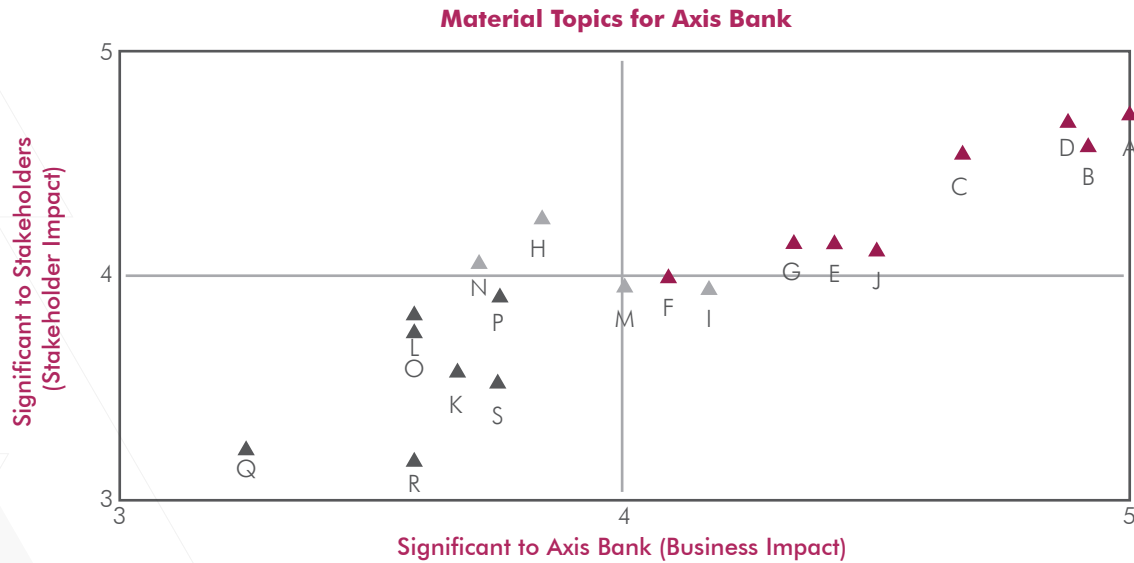
Stakeholder Group

Mode of Engagement



Representatives from the Bank's CSR partner organisations were included in the exercise, through a detailed questionnaire, especially focusing on their qualitative feedback.

The resulting materiality matrix is illustrated below:



Material Topics for Axis Bank. The top 8 critical topics have been highlighted in burgundy.



In addition to the 8 critical material topics, there are four additional material topics, highlighted in light grey, that have been ranked as having a high stakeholder impact or high business impact, which may

also be considered critical. In addition to the material topics that emerged from the focused Stakeholder Engagement exercise conducted in the reporting period, our key material topics have

been discussed in the 'Sustainability@Axis section – Our View on Sustainability Trends & Outlook.'

The boundaries for each of the material issues highlighted in this

Report extend to within our operations as well as to our pertinent stakeholders. The significant impact of the critical material topics listed above, namely A, B, C, D, & I falls primarily outside the organisation, while the remaining critical material

topics have a significant impact within. In addition, the topics of climate change, SDGs, Renewable Energy, Environmental Degradation, Retail Banking Penetration, and Digitization, have a significant impact primarily outside the

organisation. Our action and initiatives around these material issues have been included in this Report under various sections.

Key insights from the focused stakeholder engagements as part of the focused exercise include:

Stakeholders	Key Topics and Issues highlighted	
Senior Management and employees	<ul style="list-style-type: none"> • Building trust within through transparent and open communications • Strengthening trust of our stakeholders through higher degrees of accountability • Scaling up our risk and crisis management 	<ul style="list-style-type: none"> • Enhancing data security • Building strong technology-aided processes • Talent management and retention
Customers	<ul style="list-style-type: none"> • Reliable product and services • Customer centricity • Knowledgeable and friendly staff 	<ul style="list-style-type: none"> • Ease of banking • Enhancing customer service • Improving product and service quality
Investors	<ul style="list-style-type: none"> • Sustainable and long term investments • Community initiatives 	<ul style="list-style-type: none"> • Green investments • Enhanced investor engagement
Vendors	<ul style="list-style-type: none"> • Strengthening vendor selection process • Enhancing vendor education programs • Improvement in payment timelines • Bank's Strengths: <ul style="list-style-type: none"> o High customer centricity 	<ul style="list-style-type: none"> o Strong processes and open communication o Digital vendor platforms o Well-defined escalation matrix o Committed employees
Community	<ul style="list-style-type: none"> • Opportunity to enhance government partnerships and collaboration with peers • Increasing rural penetration • Improving data collection and analysis • Expanding financial inclusion agenda • Banks Strengths: <ul style="list-style-type: none"> o Systematic and result oriented approach 	<ul style="list-style-type: none"> o Collaborative approach and long term association o Dedicated employees o Women-centric programs and focus on livelihood generation o Regular field visits o Openness to new ideas

While the targeted engagement exercise conducted during the year covered the selected stakeholder groups, we remain responsive to our overall spectrum of stakeholders, which also includes groups including regulators, media, our peers, industry associations, community organisations, non-profits, and government bodies, among others. The Bank has both formal and informal engagements with all its

stakeholder groups through the year across multiple communication channels, locations, platforms and occasions. These engagements can also be opportunities for our stakeholders to communicate their issues and concerns.

The outcomes of this year's formal engagement exercise would help us reassess our existing focus areas vis-à-vis our stakeholders, offer an

opportunity to better address our stakeholders' priorities and concerns, and provide them the confidence that their views and concerns are being taken into account and responded to. This exercise has allowed us to draw insightful conclusions and helped identify tangible steps that could further strengthen our sustainability journey and stakeholder value creation.

▽ AXIS BANK'S BUSINESS ACTIVITIES

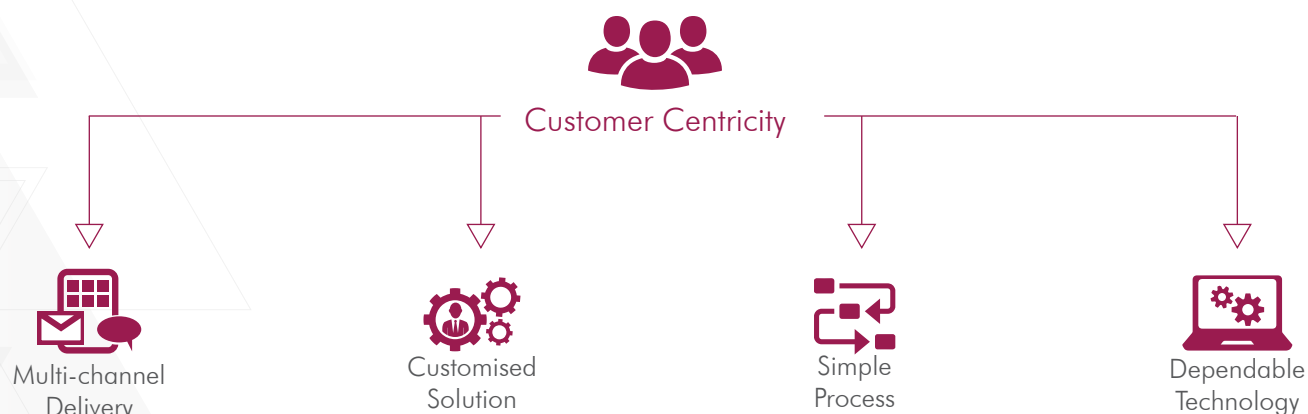
Enabling progress in the lives of our customers and society at large, and providing the best solutions to them, remains the heart of our business philosophy. We serve individuals, businesses and government, and partner with all our stakeholders to provide best-in-class products and services as per the right fit to ensure that we create positive value for everyone.

As India continues to bridge the space between itself and the leading global economic powerhouses riding on factors like a young population, consumption growth driven by rising affluence, and improving physical and digital connectivity, we see the emergence of new age Indian

consumers who are savvy, highly aware and have come to expect the very best.

Differentiation in experience is the new frontier to win over these new age customers and Axis Bank is taking large strides in this space. Key experience drivers like convenience,

simplicity and relevance are being addressed in the bank's customer experience transformation journey through strategies like omni-channel service delivery, reducing process pain points and delivering customised solutions respectively.



Products and services

We are catering to the requirements of small and medium businesses and helping build national infrastructure, while continuing to expand and deepen our physical footprint across India's vast terrain, transcending the digital divide in the urban and semi-urban growth centres and in the under-banked rural areas.

Retail Banking

The objective of our Retail Banking segment has been to continuously deliver end-to-end solutions to our customers, made possible through a complete bouquet of financial products and services, the physical and digital infrastructure to deliver it effectively and a team of advisors to help consumers make the right choices.

The ability to gauge different customer needs and behaviour and factoring them in our product solutions, processes and everyday conversations with customers has been at the core of our strategy.

Retail Bank continues to be the bedrock of Bank's financial performance. Strong execution, robust distribution and digital proliferation has helped the Bank gain strong market share and improve customer experience. During the financial year 2017-18, Retail contributed 63%, 47% and 48% of the Bank's deposits, advances and fee income respectively.

Retail Advances:

The Retail Advances portfolio has grown at a CAGR of 26% over the

last five years and stood at ₹206,465 crores as on 31 March 2018 up 23% from ₹167,993 crores in the previous year. The Bank continued to increase its share of retail loans to total advances, which stood at 47% compared to 33% in March 2013. The Bank has been able to grow retail advances faster than Industry by focusing on two key areas:

- Deepening within existing branches coupled with expansion in new geographies, where the Bank already had seasoned branches.
- Increased use of analytics that helped not just in identifying the right target segments but also helped in keeping risks under control.

Digital Payments:

• Digital Payments continue to be at the core to the Retail Banking strategy. UPI (Unified Payments Interface) is a mobile-based, real-time payments system developed by National Payments Corporation of India (NPCI), which is at the forefront of this digital ecosystem. The Bank is effectively leveraging UPI to attract non-Axis Bank customers and has used this headstart to its advantage by making this platform available to multiple partners including Google Tez, Uber, Samsung Pay, LIC, IRCTC, Big Bazaar. As on March 2018, the Bank has a share of 17% in UPI transactions, with over 11.5 million UPI IDs onboarded and 64% of them being non-Axis Bank customers.

- Debit Card issuance - 22.34 million (going forward ~50% of cards issuance are going to be enabled for contactless payments.)
- Credit cards: With 4.48 million cards in force as on 31 March 2018, we are the 4th largest credit card issuer in the country. The credit cards portfolio saw a substantial increase in spends by 54% to ₹44,328 crores from ₹28,740 crores last year.
- The Bank's merchant acquiring business continues to be one of the largest acquirers in the country with over 502,226 base of installed terminals of which 225,819 terminals are enabled for accepting contactless payments. The Bank is also using digital technologies like Bharat QR to drive high

volume-low value payments acceptance use cases.

- Axis Bank joined hands with the Bengaluru Metropolitan Transportation Corporation to launch the 'Axis Bank BMTC Smart Card' offering a seamless payment experience for commuters with a single card.

During the year, we acquired FreeCharge, one of India's leading digital payments companies, in October 2017. FreeCharge has a user base of 54 million, with 75% of its users under the age of 30. The acquisition enhances our reach in a new customer segment that is predominantly young, mobile-first, and considered digital native.



Axis Bank and Kochi Metro launch India's first single-wallet, contactless, open loop metro card, making travel convenient and hassle-free for commuters in Kochi.

We partnered with NPCI in developing this card on interoperable open standards. With this card, commuters can not only access metro rail services but also shop at merchant and online retail outlets. All the functions of the card can be managed through an integrated mobile app.

Online Banking:

Mobile Banking:

During the year, an improved and redesigned version of Axis Mobile App was launched with several new and useful features for customers like a dedicated loan centre, credit card spend analyser, notifications and a newer dashboard. Our mobile banking user base witnessed a 72% increase in fiscal 2018 and the Bank was ranked number 1 by mobile banking transactions value in August and October 2017 as per data published by RBI.

Building on our distinguished Mobile Banking user experience, the following critical additions were made to the features list in FY 2017-18

- New post login dashboard and improved side menu to improve the visibility of all the features of the mobile app and reduce clutter of side menu
- New digital loan centre which is also a great cross sell platform
- UPI dash board within the mobile banking app
- New and improved notifications engine
- Introduction of My privileges for Burgundy, Priority and Prime customers

Internet Banking:

Our internet banking platform continues to scale up and improve.

Important additional services activated for the Internet Banking platform during the year were:

- Allowing customers to pay GST online through Internet Banking and online linking of their GST number to the bank account
- Enablement of various government schemes like Kisan Vikas Patra, Atal Pension Yojana and setting up of standing instructions on PPF
- Introduction of loan centre which allows users to see all loan products that the Bank offers in one glance
- Enabling instant disbursement of personal loans and loans for small business banking customers

- Enabling outward remittance using blockchain technology
- Allowing payment gateway transactions using debit card

credentials in addition to User ID/password

- Integration with Digilocker (Government of India's e-locker)

allowing customers to store documents in e-vaults



In November 2017, the Bank launched its first online eKYC based account Axis ASAP. Axis ASAP offers customers the opportunity to open bank accounts instantly in minutes without any paperwork. The Bank has seen a strong consumer response with the number of accounts opened crossing the 2.5 lac mark within 5 months of its launch.



6.8 MILLION

AXIS MOBILE APP USERS



3.7 MILLION

FREECHARGE MONTHLY ACTIVE USERS



₹ 192,735 CRORES

VALUE OF MOBILE TRANSACTIONS



₹ 429,700 CRORES

VALUE OF DIGITAL CHANNEL TRANSACTIONS



5+ LACS

EDC MACHINES NETWORK



6.24 MILLION

UNIQUE INTERNET BANKING SUBSCRIBERS



79.25 MILLION

UNIQUE INTERNET BANKING TRANSACTIONS

Burgundy – the Bank's unique offering for its affluent customers

The Assets Under Management (AUM) of Burgundy customers with the Bank, across banking and wealth management products, crossed the ₹1 lac crore milestone to end the year at ₹123,298 crores (~[USD

18.92 billion]). Savings account balances have been growing at a CAGR of 23% over the last 4 years



while fee from wealth management services has been growing at a CAGR of over 55% over the last 4 years – demonstrating a healthy mix and sustainable growth for the business. Burgundy customers represent a unique blend of traditionally wealthy along with affluent millennials. On an average, each Burgundy family has availed 4.56

unique products from the Bank.

Other offerings and initiatives include:

- Customer centric initiatives for NRI/PIO clients:
 - Dedicated Inward Remittance rates for NRI (Non-Resident Indians) / PIO (Persons of Indian Origin) customers on wire transfers, making it absolutely transparent and simple for customers.
 - New digital remittance platform, remitmoney.com, to bring convenience in every remittance transaction to its customers.

Going a step ahead and assisting NRIs beyond just financials, the Bank also tied up with Indian Health Organisation (IHO) for discounted health services for the NRI Family Banking customers.

- The Bank has over 1 million mutual fund customers and generates a fee income of around 11% of the total Retail Banking fees. The Bank also offers online trading services to its customers in collaboration with Axis Securities Ltd. (a 100% subsidiary of the Bank) under the name Axis Direct. Axis Direct crossed 1.8 million total customers during the year.
- With Max Life Insurance, the Bank has now secured over 1 million lives since inception of the partnership. Partnership with Life Insurance Corporation of India has given the desired choice to prospective customers and Bank has insured 19,000 customers through LIC of India in its very first year of the relationship, making the Bank one of the leading bancassurance partners for LIC. In General insurance, the Bank has a tie-up with Tata AIG General Insurance Company Ltd. and for health insurance with Apollo Munich Health Insurance Company Ltd.

Our Retail Banking segment has been highlighted in our Annual Report 2017-18 on pages 8, 48-51. The Report can be accessed at <https://www.axisbank.com/shareholders-corner/shareholder's-information/annual-reports>.

Corporate Banking

Our corporate banking solutions comprise credit, transaction banking, treasury, syndication, investment banking and trustee services.

Key descriptions and disclosures of our Corporate Banking segment have been included on pages 9 and 52 of our Annual Report 2017-18. The Report can be accessed at <https://www.axisbank.com/shareholders-corner/shareholder's-information/annual-reports>.

CREDIT

Our loan and fee-based products and services are tailored to meet the financial requirements of large and medium-sized corporate clients and SMEs. Our products and services include cash credit facilities, demand and short-term loans, project finance, export credit, factoring, channel financing, structured products, discounting of bills, documentary credits, guarantees, foreign exchange and derivative products. Our liability products for large and mid-corporate segments comprise current accounts, certificates of deposits and time deposits.

₹ 233,186 CRORES

NON RETAIL ADVANCES IN 2017-18. 14% y-o-y GROWTH

TRANSACTION BANKING

Our Transaction Banking Group (TxB) offers integrated products and services in the realm of current accounts, cash management services, capital market services, trade, foreign exchange and derivatives, cross-border trade and correspondent banking services and tax collec-

tions on behalf of the Government of India and various State Governments.

₹ 95,650 CRORES

CURRENT ACCOUNT DEPOSITS IN 2017-18. 10% y-o-y GROWTH

TREASURY

The Treasury supervises our funding position and maintains our regulatory reserve requirements. It invests in sovereign and corporate debt instruments, and engages in proprietary trading in equity and fixed income securities, foreign exchange, currency futures and options. The division further governs our investments in commercial paper, mutual funds and floating rate instruments as part of the management of short-term surplus liquidity. Moreover, it offers a wide range of treasury products and services to corporate customers.

SYNDICATION

We also offer services of placement and syndication in the form of local currency bonds, rupee and foreign term loans, along with external commercial borrowings to corporate customers.

INVESTMENT BANKING AND TRUSTEE SERVICES

We cater to investment banking and trusteeship services requirements of our corporate clients through our wholly-owned subsidiaries.

Axis Capital Limited offers investment banking services relating to equity capital markets, institutional stock-broking and M&A advisory.

Axis Trustee Services Limited is engaged in trusteeship activities, acting as debenture trustee and as trustee to various securitisation trusts. services to corporate customers.

International Banking

The international banking strategy of the Bank continues to revolve around leveraging its relationships with

corporates in India and non-resident Indians, by providing banking solutions at overseas centres. Through our international operations, we continue to leverage the skills and strengths built in our domestic operations. It also widens the horizon of the product offerings covering a varied spectrum of corporate and retail banking solutions across client segments in various geographies. Details of Bank's international footprint has been mentioned under 'Manufactured Capital' section.

During the year, emphasis continued towards trade finance business and value added services. As on 31 March 2018, the total assets at overseas branches stood at USD 9.36 billion as compared to USD 8.37 billion in the previous year. Axis Bank UK Limited (ABUK), the Bank's overseas banking subsidiary, completed its fifth year of operations during the year. The total assets of ABUK stood at USD 1,040 million as on 31 March 2018, as against USD 823 million as on 31 March 2017.

Treasury

The Bank's Treasury function comprises Asset Liability Management (ALM), Proprietary trading business in Interest rates & Equity, Foreign Exchange & Derivatives and Arrangership business.

Transaction Banking

Transaction Banking unit focuses on the flow businesses, i.e. current accounts, collection and payments solutions, trade services, forex remittances and capital market solutions. It caters to corporates, SMEs, financial institutions, Government segment and also to retail customers for their forex requirements such as forex cards and wire transfers.

The key financial deliverables of the business are current account float balances and fee income. The business generated a fee income of ₹2,396 crores in fiscal 2018, a growth of 18% year on year.

Key parts of the Bank's Transaction Banking services are:

- Current Accounts
- Cash Management Solutions
- Government Business
- Trade, forex and risk management services
- International Retail
- Custodial and Capital Market Services

MSME Lending

The Bank, by virtue of its understanding and expertise in SME business, is committed to provide timely, adequate and hassle free credit to SMEs across sectors. The Bank,

through its 66 dedicated SME Centres and more than 3,700 Branches, is able to offer best-in class lending and other banking services to customers. The Bank's SME Business comprises of three business verticals namely Medium Enterprises Group (MEG), Small Enterprises Group (SEG) and Supply Chain Finance (SCF). The Bank has a wide range of regular and customised products designed for SME customers across manufacturing, trade and services sectors including Working Capital, Term Loan, Trade Finance, Project Finance and Bill / Invoice Discounting etc.

The SME Business in the Bank continues to focus towards lending to the Priority sector (PSL) and is a significant contributor to the Bank's overall PSL portfolio. During the fiscal, the Bank's SME advances grew at 19% to ₹58,740 crores from ₹49,172 crores last year. The SME portfolio of the Bank constituted 13% of the Bank's total advances as on 31 March 2018.

With a commitment to support the SME growth, the Bank has taken its Evolve series - an educational initiative for SMEs - to a new level. Details of the initiative are provided in the Social & Relationship Capital section of this Report.

ALM	Proprietary Trading Business	Foreign Exchange & Derivatives	Arrangership Business
<ul style="list-style-type: none"> • Manages the regulatory requirements of Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio (LCR) • Also manages the liquidity, interest rate and currency risks of the portfolio 	<ul style="list-style-type: none"> • Participating in primary auctions of RBI for Government Securities • The Bank holds one of the largest bond investment portfolio with 95% of them having rating of atleast 'A' • Runs limited trading book in Equity, Commercial Paper and Certificate of Deposits 	<ul style="list-style-type: none"> • Forex Trading Group is major participant in Foreign Exchange and Derivatives Market • The Group provides risk management and hedging solutions to a wide range of corporate customers and financial institutions 	<ul style="list-style-type: none"> • The Bank is a dominant player in Debt Capital Market (DCM). During the year, the Bank arranged ₹184,104 crores of bonds and debentures for various PSUs and corporates. • In International Debt Capital Markets business, the Bank was the lead manager in the very first Masala Bond issue and the first Green Masala Bond issued by domestic companies

NEW PRODUCTS AND SERVICES LAUNCHED

Identifying evolving consumer needs and transforming the product and services bouquet to best serve those needs is critical to building the right engagement and ensuring customer loyalty. Our focus in the reporting year was to revitalise existing offerings from a consumer lens and identify/build relevant solutions for under-served consumer segments.

1. Launched 'Shubh Aarambh'

Home Loans that allow four EMIs to be waived off every four years for home loans of up to ₹30 lacs to fortify our footprint in the affordable housing segment



2. Launched Axis ASAP (savings account that can be instantly opened online with just PAN and Aadhaar details) offers industry-first feature where savings balances over ₹110,000 are automatically treated as fixed deposit and customers earn higher rates of interest



3. With an objective to continuously lend freshness to the priority proposition to retain/improve the customer perceived value and experience, a **re-energised Priority Proposition** powered with incremental consumer centric benefits and a package to empower Priority Relationship Managers was introduced. Additionally, to enable a customer to understand the value of benefits that they are entitled to as a part of the Priority Proposition, a

singular, simple and differentiated communication plan has been introduced.



4. Waiver of Term Deposit

Premature Penalty: To enhance customer experience by extending a promise of absolute liquidity during times of need, as an industry-first pricing initiative, the existing penalty structure for partial withdrawal of term deposit was changed for upto 25% of deposit's principal value, and premature closure penalty rates have been waived off.



5. New Salaried offering for PSU/Government employees: **PSU/Government employees** is an important consumer segment which has been a significant contributor the Bank's salary business, with a higher balance maintained than the overall portfolio. With an objective to ring fence this segment, and to provide traction to the new acquisitions in this space, a uniquely positioned offering Axis Republic was introduced which promises higher and secure returns, financial security for family and travel related benefits for the account holder



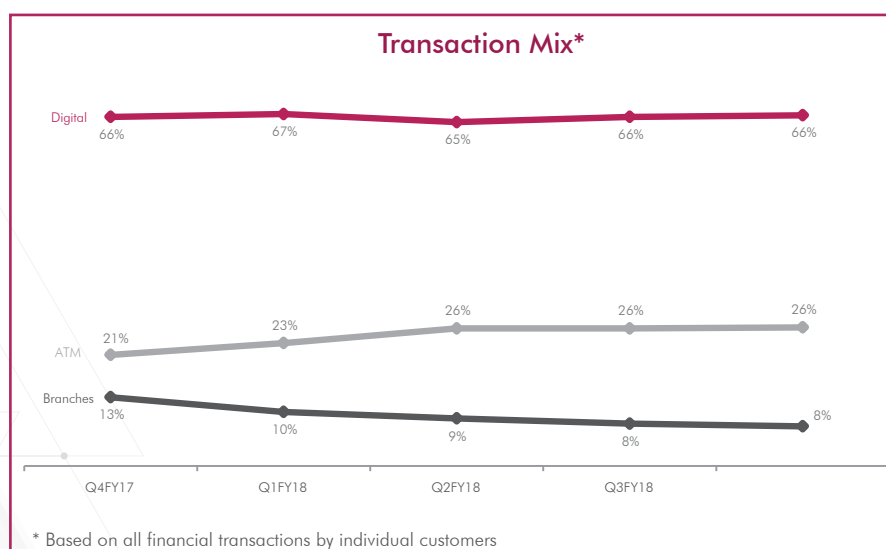
Multi-channel delivery

With the integration of technology into a large part of our customers' daily lives, it is imperative that we

provide greater ease of banking with us. To ensure the same, providing a seamless experience to the customer, regardless of which channel they choose to use is paramount. The key here is to present a unified face to the customer.

In the reporting year, we continued with our strategy of following our consumers where they are, evidenced from the following instances:

1. Co-originating Health Insurance, Public Provident Fund (PPF), Term Deposit and Credit Card products: With an intent to provide New To Bank customers a larger basket of offering at the time of on-boarding, the bank has introduced co-originated offerings of Health Insurance, PPF, Term deposit and Credit Card with Savings Account as part of tab-based account opening process
2. Straight through opening of Term Deposit through Axis Remote Banking Channel: Continuing with the objective to establish an omni-channel experience for potential Fixed Deposit customers, the bank recently introduced Instant Term Deposit opening through its Remote Banking channel, thus providing customers with an opportunity to book a term deposit while engaging with their remote relationship manager on call
3. Introduction of online National Pension Scheme (NPS) account opening: In line with our strategy to digitise services, the Bank has collaborated with an NPS Service provider for providing online NPS account opening service through the eNPS platform
4. Empowered Priority RMs can now process basic customer service requests such as cheque book request or updation of personal details via tablets based on biometric authentication of the customer.



Digital continues to lead our channel transaction mix

Social media presence

Being a brand with high visibility and large customer base, we are active on social media platforms and deploy them to engage deeper with our customers, stakeholders and public at large. We appropriately use channels like Facebook, Twitter, and LinkedIn to reach out to our customers with information such as new products/launches, and new initiatives taken. We also use these platforms as an avenue for seeking feedback from our stakeholders or contact the Bank directly or to respond to issues raised by any stakeholders.

Product/Service Labelling

Establishing trust is the foundation stone of any relationship and ensur-

ing transparent and effective disclosures at all times is critical to that objective. As financial custodians, we take utmost care of the details which we provide to our customers while helping them to choose a suitable product for themselves.

We internalise simplicity in the product design (i.e. features and fees) itself which makes the communication process easier. Also, since the new-age customer navigates effortlessly across communication channels, it is important to identify the channel preference which increases the ability to land the communication effectively. Lastly, it is important to establish a learning model which through a definite structure ensures standardization and also allows for internal optimization

based on performance/results. Axis bank has been transparently communicating features, rates and charges of products through multiple modes, as mentioned below:

- Account Opening Form Terms and Conditions section
- Product or service related information documents
- Welcome Letter in Insta Kit
- As part First Impressions through Welcome Letter, Welcome Mailer
- Regular Direct to Customer communication on Product Features and Benefits
- Monthly Statement
- My Privileges Section in Mobile Banking
- Axis Bank Website
- Breakup of charges levied on customer account through Statements, SMS and Internet Banking

Data privacy and cyber security

The Bank has undertaken various technology enabled business initiatives to realise the vision of customer centricity and and respond to customer demand in real time, by trying to assess our customers' behaviour better and offering them a single view of all our products and services. Reliable business processes and improved customer service continued to be the key business capabilities that these initiatives delivered for the Bank.



3,644,421
Facebook fans



251,334 followers
on Twitter



344,617 followers
on LinkedIn

With new customers entering formal banking system and the volume of transactions increasing rapidly, the need for robust and dependable technology has increased significantly. The Bank's IT infrastructure has been augmented to build capabilities. We have upgraded our core systems and moved to the latest versions of applications and adopted modern technology stack for better scalability. The Bank has adopted a holistic cyber security program with a comprehensive Cyber Security Policy (CSP) and standards based on industry best practices with compliance to regulatory guidelines. The Bank has created its cyber security design and framework based on National Institute of Standards and Technology (NIST) standard. The Bank's cyber security framework is built around five fundamental areas including Identify, Protect, Detect, Respond and Recover. The Bank has a 24 X 7 Security Operations Centre and Cyber Security Operations System.

Digital-first application architectures were created that takes advantage of the new capabilities of business analytics. Using data collected in a mobile world and providing real-time analytics, we have been able to build objective measures by which we can better respond to the unpredictability of the changing consumer behaviour. The Bank also took significant steps in the area of Robotics Process Automation (RPA) and Blockchain technology this year. The Bank has implemented Straight Through Processing (STP) and automation through advanced techniques of RPA and Machine Learning to reduce human intervention and errors and deliver improved throughput.

Blockchain has emerged as a potentially disruptive force capable of transforming financial services industry by making transactions faster, cheaper, more secure and transparent. The Bank implemented

Blockchain Inter Ledger protocol technology solution to build a faster and more efficient cross-border remittance network.

Simplifying Processes

Intuitive, simple and user friendly processes help reduce friction in customers banking experience, help build repeat usage and advocacy, and create a positive brand recall in the customer's mind. Our thrust has been on transforming traditional experiences to simple 'Do It Yourself' or assisted platforms. Some initiatives taken in that direction are:

1. Digital application for PPF & NPS accounts - With an objective to simplifying the account opening process, an option to apply for NPS, PPF accounts through the website platform has been enabled for customers. Features like auto filling and auto intimation to branch helps reduce friction in the journey
2. Digital On boarding for APY customers: To simplify the application for Atal Pension Yojana (APY), the option for instant opening has been enabled for customers through the Internet banking platform and through the website as well by riding on the eAPY platform
3. RM initiated Customer OTP based Mutual Fund transaction: This is an industry-first initiative and provides an integrated facility to customers, giving them an option for OTP-based authentication to confirm transaction initiated by RM.
4. Improving Digital Locker booking process - To improve the experience for Locker customers, all digital bookings have now been enabled with an extended reservation period of one year. Also an online rent payment facility has been introduced to allow for easy and convenient payments
5. On boarding of PPF through e-forms : With an objective to simplify the account opening process for the branches and improved account opening time, on boarding of PPF accounts through e-forms has been introduced to help reduce friction for branches which helps reduce the turnaround time for customers

Enhancing customer service

Providing our customers 'The Axis Experience' every single day is the focus of every employee of the Bank. Over the last 24 years, the foundation of the Bank has been built on our core values – to do the right thing for our 22+ million customers. Though we have progressed a lot in terms of technology, what hasn't changed is our legacy customer service 'The Axis Experience' – which is service in a digital world but with an old world charm.

Our priority is around Customer Experience Intelligence. We have made huge investments in the last few years in building a data repository, and creating an analytics backbone. Social Media integration will also help us leverage comments, questions and suggestions from customers to be combined with internal data. With this we will be able to construct a blueprint for improving the customer experience and creating engagement opportunities.

Providing a true multi-channel helps deliver tailored offers based on customer lifestyles and needs, therefore we have also moved toward the below strategy:

- 1) Listen, Revise, Repeat Perceptions: It is more important than ever to keep a finger on the pulse of customers. A listening strategy is essential to quickly test the effectiveness of messaging as well as pre-empt myths and inaccuracies. Structured governance and rapid

responses will lead us to our objectives & improve decision making and response time

- 2) When To Sell; When To Service: In the multichannel world, understanding your customers' behaviours and then determining the optimal role for each channel is the key, keeping in mind that

multiple channels play roles in each interaction for every customer

- 3) Technology Enablers To Advance Customer Clairvoyance: Mass adoption of the Internet, smart phones, and tablets, coupled with access to big data on customer behaviour, presents incredible opportunity as well as challenges.

Understanding the role each device and channel plays in the buying process is critical to ensure the optimal user experience and that the content matches the user scenario. While access to information is valuable, concise messaging is most important.

Saksham is an enterprise-wide platform created exclusively by Axis Bank employees for enhancing Customer Experience and driving Operational Excellence. It is an industry-first initiative whereby service requests are being processed in paperless mode (without involving any backend department) for the branch walk-in customers.

Salient features of Saksham include:

- 1) Reduced data entry fields and user-friendly interface for financial transactions, leading to improved resource productivity
- 2) Instant Gratification for high volume service requests leading to Customer delight
- 3) Single place of reference for all Customer relationships for enhanced customer engagement– Customer 360°
- 4) Enabling Service to Sales through personalised offers and leads

Self-service Kiosks

- **Speed Banking Kiosk** is a self-service kiosk which serves as a complete banking solution for branch walk in customers for routine financial and non-financial banking transactions. It has been deployed in over 1,300 branches pan India. Speed banking kiosks were instrumental in handling the increased customer service requirement during the demonetization exercise in November 2016, thereby easing the load on branch staff.

7.7 lac transactions were processed through the kiosk in FY 2017-18, thus saving branch staff's efforts and paper for transaction processing.

- **Passbook Printing Kiosk** is an automated passbook printing kiosk for handling passbook printing request in branches. It has been deployed in 370 branches pan India. More than 6.9 lac passbooks were printed between July 2017 and March 2018. Customer Impact: Zero Wait time

and availability beyond banking hours

Since these transactions did not require any paper based request form, they boosted paper saving initiatives in the branches.

- **Cheque Deposit Kiosk (CDK)** is a self-service terminal that accepts and acknowledges cheques deposited by branch walk in customers. This is further integrated with the CTS system and sends these cheques for clearing

as well without additional data entry being required. The CDK has been deployed at 125 branches pan India. Customer Impact: Cheques can be deposited till 4PM as opposed to 11AM with same day clearing.

As CDK doesn't require any request form, it thus makes the transaction paper less. 5.47 lac cheques were deposited through CDK in FY 2017-18.

SPEED BANKING KIOSK



1303
Kiosks

5.7 Lac
Unique Logins

7.7 Lac
Transactions

Top 3 Transactions:

723 Cr
Fund Transfer

2.5 Lac
Email Statement

1.1 Lac
Add Beneficiary

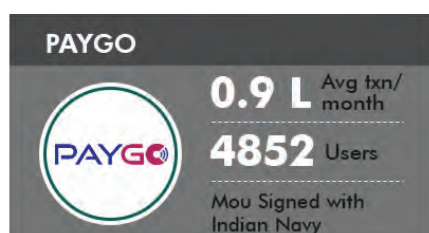
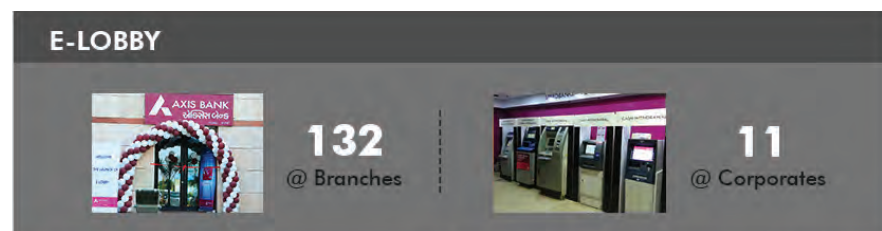
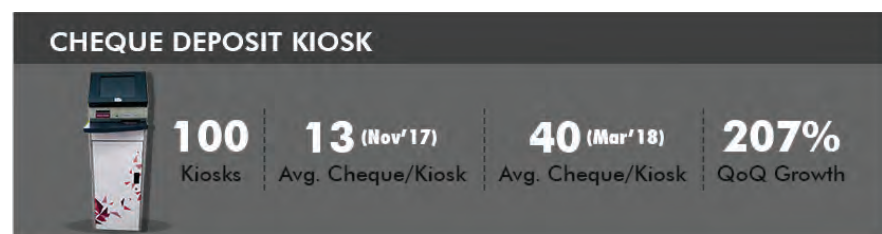
PASSBOOK PRINTING KIOSK



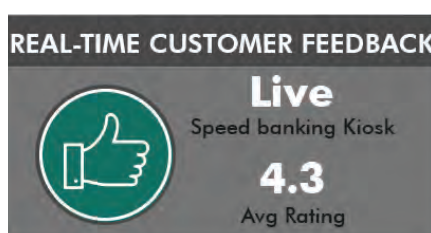
361
Kiosks

6.9 Lac
Passbook Printed

140%
Q4 over Q3 Growth



Our customers have multiple ways to reach us and they can choose any convenient option. Details of customer helplines and email are provided



on the Bank's website, product brochures, statements, and at branches.

The Bank launched Axis Aha! Chatbot on the website in December 2017. Axis Aha! is a conversational assistant powered by artificial intelligence and uses machine learning to assist

customers with banking services. The Bank has been among the first in the industry to enable financials transactions via simple chats, for example, just type Pay ₹200 to Sam and Axis Aha! does the rest. Axis Aha! lets users send money, pay mobile bills, do recharges or block cards. It also answers user questions on FAQ's, loans and general help. Since inception, it has processed over 3.5 lac conversations, answered over 1.3 lac FAQs and transacted over ₹12.5 lacs.

The customer service and grievance redressal initiatives are reviewed at the highest level by the Customer Service Committee of the Board. At the executive level, Standing Committee on Customer Service reviews customer service and grievance redressal initiatives. Customers are also invited to the Standing Commit-

tee meetings to share their feedback and engage with senior management of the Bank.

Customer satisfaction

Our Annual Customer Satisfaction Survey (CSAT) study provides vital insights into the perception and

expectations of our customers across our product segments. The CSAT survey conducted during the year have showed consistent results compared to the previous year for the Retail Banking segment. Customer Transaction Survey (CTS) is an on-going customer sampling survey conducted to understand the customer experience with different aspects of the transaction undertaken by them. The insights from the surveys are discussed in the Service Quality Council meetings.

Financial Inclusion & Literacy

We have made efforts to intertwine the agenda of 'Financial Inclusion and Literacy' with the Bank's rural strategy to further extend reach in the rural market and serve the under-banked or unbanked population.

- During FY 2017-18, the Bank has covered 0.22 million rural people in 15,240 Financial Literacy Camps under 'Pragatishala', which is our umbrella program to promote Digital Financial Inclusion and Literacy, executed by students of various business schools who are engaged to undertake financial literacy programs in villages.
- The Bank's tailored home loan product Asha Home Loans for aspiring first time home owners belonging to the low-income group (LIG) and economically weaker segments (EWS) has seen 40% increase in book size from ₹3,131 crores as on 31 March 2017 to ₹4,371 crores as on 31 March 2018.
- During the year, the Bank launched its initiative - 'Connecting Borders', in Kohima, Nagaland by adopting 20 villages where it conducted financial literacy camps.

DigiSupport – Supporting the digital transformation of villages

In alignment with the Government's Digital India programme and its impetus on digital financial transactions, the Bank introduced the DigiSupport program as an extension of its ongoing DigiPrayas program (endeavour to support rural villages in digital transformation by enabling them to be financially literate, digitally aware, adopt and be active on various modes of digital banking like Mobile Application, UPI and USSD-based solutions), wherein new branches opened in rural or unbanked geographies aim to educate and empower the villagers/local communities around them. These communities are made familiar with mainstream banking products and services, digital banking options, and ways to enhance cashless transactions. In addition, the Bank expands its reach through Business Correspondents (BCs) that promote digital banking through use of micro-ATMs and promote digital financial literacy.

DigiPrayas has impacted 80,000 lives through opening of 4,500 basic savings accounts, appointing 50 Business Correspondents, seeding of 4,100 accounts with Aadhaar.

#MUHPETAALA campaign

During the International Fraud Awareness week from November 12-18, 2017, Axis Bank, in association with Mumbai Police, launched its latest campaign #MuhPeTaala (loosely translating to 'stay silent') to promote safe banking. The aim of campaign was to raise awareness

about how to keep oneself safe from falling prey to fraudulent calls asking information such as pin code, CVV, OTP etc. #MuhPeTaala is the mantra that needs to be followed to prevent cyber banking crimes. The video featured Mumbai Police Officers explaining the important practices one must observe while online banking and if asked for personal banking details by

strangers. It also informed that one must not disclose details such as OTP, CVV, passwords even if the caller claims to be a bank employee. It cautioned the viewers that no bank will ever ask for any of these details over the phone.



Insurance and pension schemes

Government sponsored insurance schemes are important tools for providing social security to millions of citizens, especially the poor and under-privileged. Key schemes distributed by the Bank include Pradhan Mantri Jeevan Jyothi Bima Yojana (life cover), Pradhan Mantri

Suraksha Bima Yojana (accidental death and disability cover) and Atal Pension Yojana (pension). Under PMJDY, Bank has opened over 0.77 million accounts of which 89% customers have been issued Rupay Cards with a total balance of ₹225 crores. Overall, the Bank has issued 0.85 million Pradhan Mantri Suraksha Bima Yojana (PMSBY) and 0.22 million Pradhan Mantri Jeevan Jyoti

Bima Yojana (PMJJBY) policies of which, the Bank has registered 599 claims under both insurance schemes. Further, the Bank has actively promoted Atal Pension Yojana (APY) wherein the Bank is ranked first amongst all private sector banks in sourcing of APY. Overall, 0.23 million customers have been enrolled under APY.

10.01 million

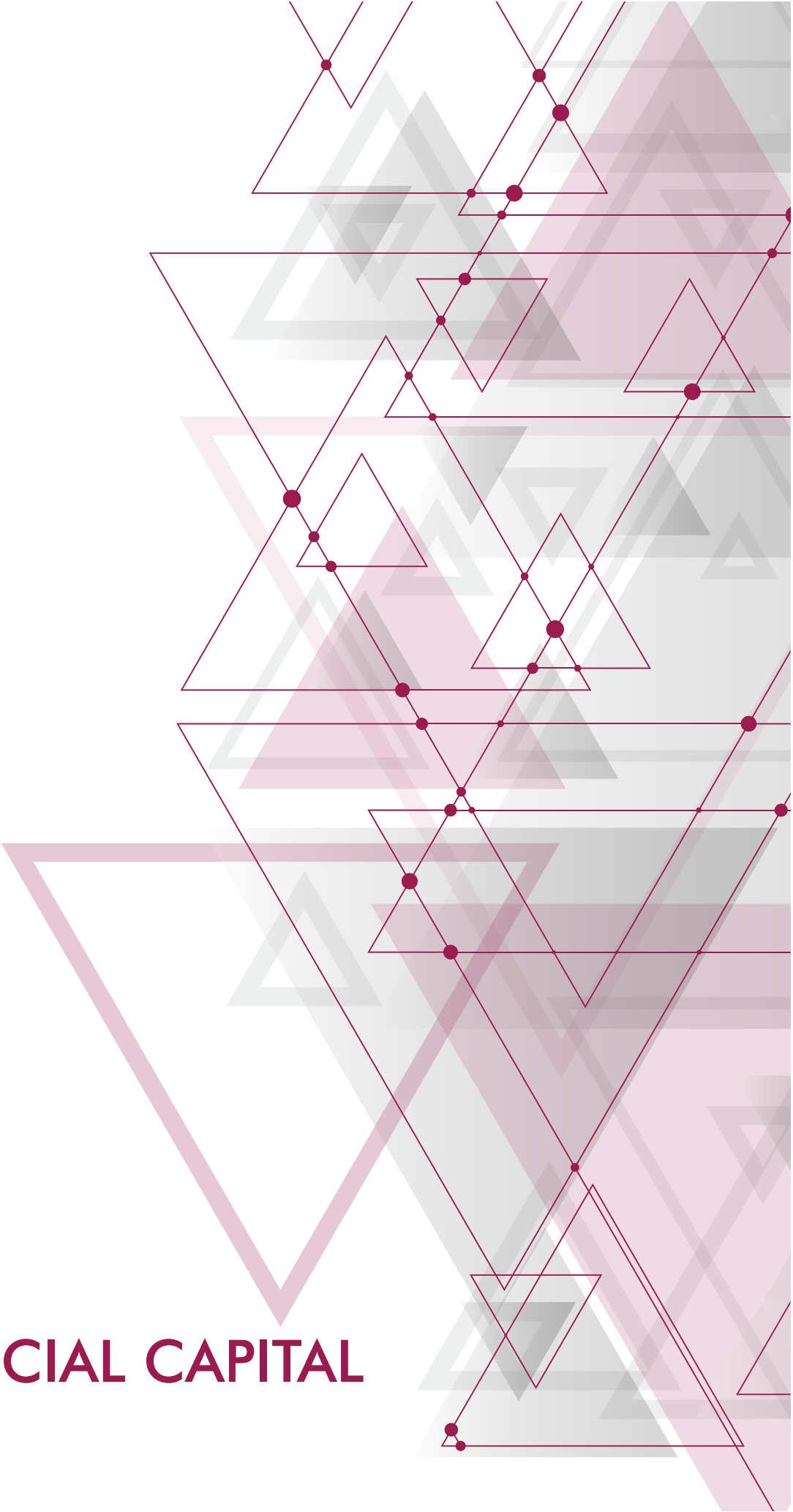
Financial Inclusion
customer base

0.77 million

accounts opened
under PMJDY

578

districts served
through PMJDY



FINANCIAL CAPITAL

FINANCIAL CAPITAL

Financial resources obtained from shareholders and providers of capital form the most essential resource of the organisation. We strive to provide them with sustainable returns over a long-term, ensuring growth derived from strategic capital deployment and robust risk management.

Axis Bank, India's third largest private sector bank, offers a wide spectrum of financial products and services to customer segments spanning Retail, Small and Medium Enterprises (SMEs) and Corporate Businesses. With over 3,700 branches across India and 11 overseas offices and branches, the Bank has 59,614 employees, over 2.25 crore customers and an asset base of ₹691,330 crores, as of 31 March 2018.

The year gone by was a challenging one for business owing to several factors, but we continued to grow despite the headwinds, by adhering to our principle of 'customer-centricity', backed by an expanding branch network and innovative digital channels, a potent retail franchise and multiple key corporate and SME relationships.

Our focus on customer-centricity has enabled us to deliver consistent growth with a five-year CAGR (2013-14 to 2017-18) of 15% in total assets, 12% in total deposits and 17% in total advances.

Key financial highlights for the year include:

- Growth in total assets by 15% y-o-y to ₹691,330 crores, total deposits rose by 9.47% to ₹453,623 crores and total advances increased by 17.85% to ₹439,650 crores
- Operating revenue remained almost flat at ₹29,585 crores and operating profit declined by 11.32%
- Net profit of ₹276 crores owing to accelerated NPA recognition
- Retail Banking continues to be the Bank's growth engine, achieving

an 18% y-o-y growth in Savings Bank deposits and an 11% y-o-y growth in Retail Term Deposits. Retail advances have seen a 23% growth y-o-y with a CAGR of 26% over the last 5 years

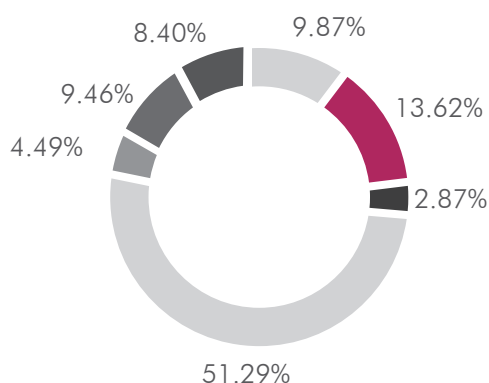
- On the corporate side, Current Account deposits registered a growth of 10% y-o-y and Non-retail Advances grew at a healthy rate of 14% y-o-y

We continue to place strong emphasis on greater capital efficiency and shoring up our capital adequacy for enhancing shareholder value. In order to achieve this objective, the focus has been to increase the proportion of lower risk weighted assets. Our capital management framework ensures proper allocation and utilisation of capital for an optimal mix of businesses.

Axis Bank Raises ₹11,243 Crores from Marquee Investors

Marquee investors continue to repose their faith in the Bank. During the year, Axis Bank raised ₹11,243 crores from a consortium of marquee investors including Bain Capital, Life Insurance Corporation of India and the Capital Group. This includes allotted 4.54 crores share warrants exercisable within a period of 18 months.

Shareholding Pattern (as on March 31 2018)



- ▲ Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)
- ▲ Life Insurance Corporation of India (LIC) & its group entities
- ▲ General Insurance Corporation and four PSU insurance companies
- ▲ Overseas investments (including FIIs/OCBs/NRIs)
- ▲ Foreign Direct Investment (GDR issue)
- ▲ Other Indian financial institutions/mutual funds/banks
- ▲ Other

For detailed disclosures on the Bank's financial performance and key performance indicators, please refer to the Bank's Annual Report 2017-18 at www.axisbank.com, on pages 42-48. The details of the Bank's various business verticals and units are provided in the 'Business Activities' section of this Report. We have 3,703 branches, 13,814 ATMs and 66 SME Centres as on March 31 2018. For a detailed breakdown of the Bank's reach in India, please refer to page 3 of the Annual Report 2017-18.

Axis Bank acknowledges that climate change can pose significant risks and opportunities to its business operations, profitability and expenditure. We report our climate strategy and performance to the CDP (Carbon Disclosure Project) annually that includes in detail the identified climate risks and opportunities. The Bank's CDP response can be accessed on the CDP's website at www.CDP.net. In addition, there is a brief commentary included in this Report in the **Sustainability@Axis** section.

Disclosures on the Bank's employee benefit plans, and other disclosures have been included in the Human Capital section of this Report. In addition, detailed disclosures are also provided in the Annual Report 2017-18, accessible at www.axisbank.com. Please refer to disclosures on remuneration on pages 182-188 of the Report. In all its areas of operations, the Bank follows the established rules and practices towards employee compensation. Please refer to 'Disclosure on Remuneration' on page 119 of the Annual Report 2017-18.

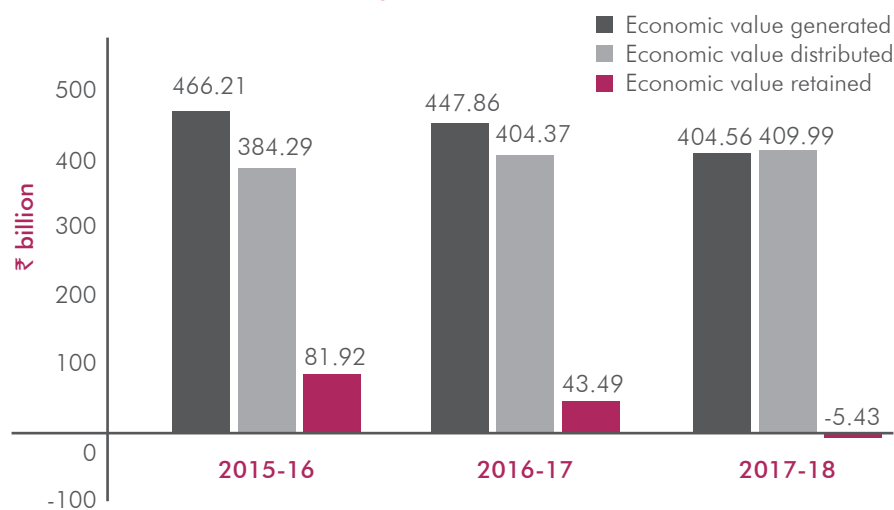
Economic Contribution

As a leading financial institution, we realise that our role is not limited to generating profits for our shareholders and providers of capital, but also making positive contributions for the

larger society as well. We endeavour to play our part in promoting

economic development that is equitable, sustainable and far-reaching.

Direct Economic Contribution Economic value generated, distributed and retained



*The values reported above have been calculated as per the GRI Standards – Disclosure 201 requirements.

The dip in the Economic Value Retained is primarily due to the lower Net Profit reported by the Bank in FY 2017-18, due to higher provisions for NPAs

Indirect Economic Contribution

We facilitate financial flows and help overall economic activity thrive. Through our products, services, operations and community programmes, we touch myriad sections of society including individuals, businesses and institutions.

- Retail Banking - helps individuals achieve their goals and aspirations by providing them the banking and financial solutions that meet various lifecycle financial needs.
- Financial Inclusion – Financial literacy, insurance and other social security schemes such as PMJDY improve financial security.
- Corporate Banking - We support businesses and institutions in their growth journey through our Corporate Banking solutions. This in turn contributes to overall economic growth and nation building.
- Priority Sector Lending – PSL norms ensure funds are moving into critical sectors such as agriculture, and towards infrastructure creation.
- We partner with governments to facilitate delivery of citizen services and social benefit schemes directly to the beneficiaries, in the process, contributing to effective and transparent governance models.
- Community Development - Programmes, primarily undertaken through the Axis Bank Foundation, address the challenges of creating sustainable livelihoods in some of the poorest districts of the country.
- Through digitization of our products and processes, and offering new digital products and services such as mobile banking, the Bank is contributing to making the banking sector less paper-intensive and more capable of reaching the grassroots of the country.
- Through its consumption of natural and other resources required for running its operations, the Bank produces greenhouse gas emissions and waste. Through various initiatives towards emissions mitigation and waste management, the Bank strives to minimise such impact on the environment.

Economic contribution to society in 2017-18



- **₹191.74 billion** interest expended on deposits
- Home Loans of **₹252 billion** disbursed, with a customer base of 93,348
- Outstanding total advances of **₹276 billion** to agriculture and allied activities
- Education Loans of **₹4.22 billion** disbursed, with student customer base of 9,051



- Non-retail advances at **₹2,331.86 billion**
- Priority Sector Advances of **₹986.08 billion**
- SME Sector Advances (including non-retail agriculture advances) of **₹587.40 billion**



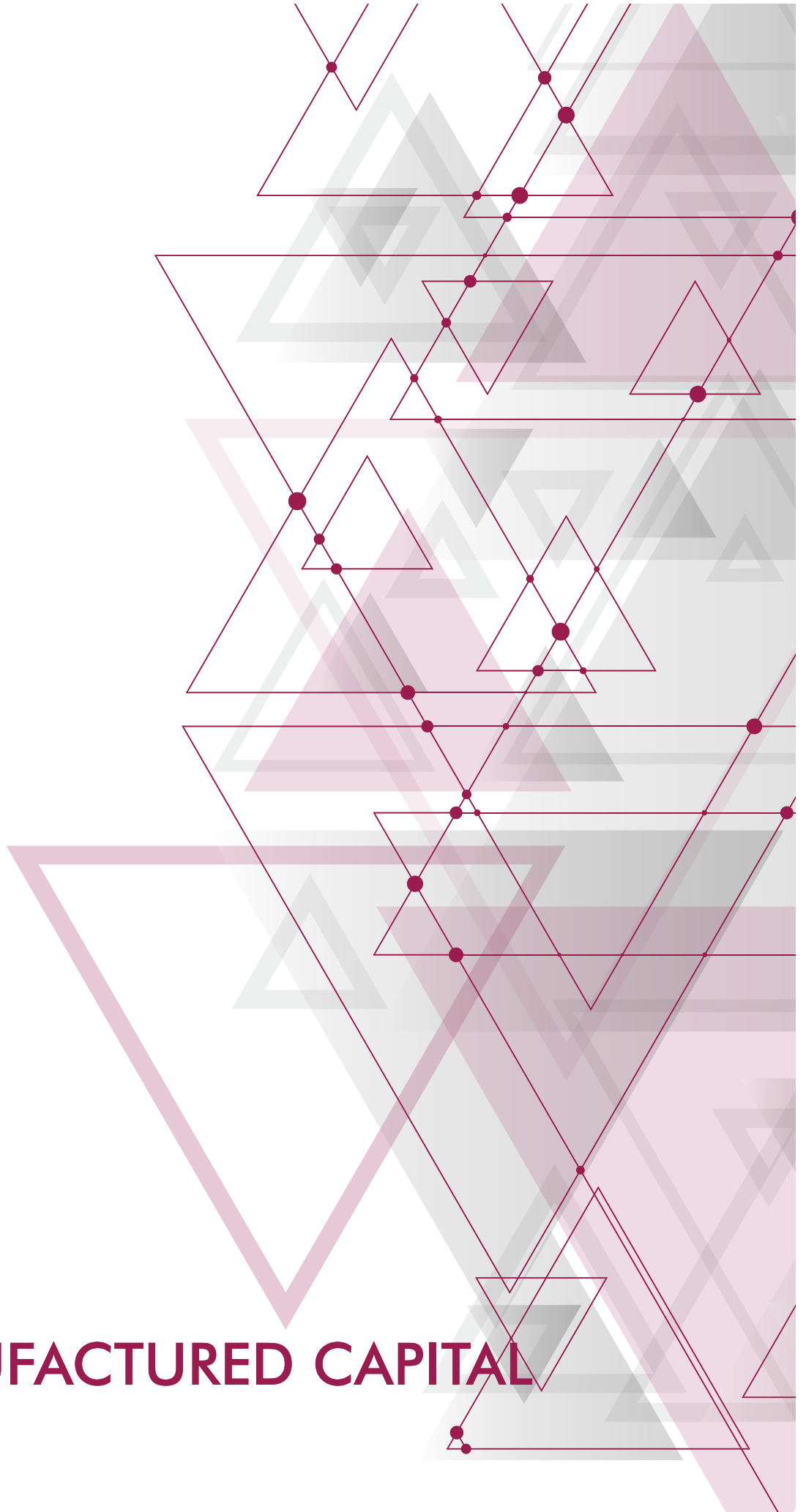
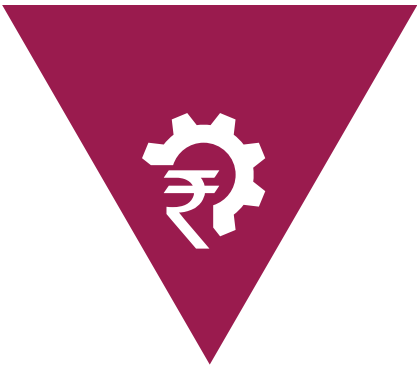
- Credit Exposure of **₹39.28 billion** to sustainable sectors - renewable energy (solar, wind, biomass, mini-hydro), waste processing and mass rapid transportation
- Financial Inclusion customer base of over **10 million** customers, serviced through network of **612** rural branches.
- Under PMJDY, Bank has opened over **0.77 million** accounts of which **89%** customers have been issued RuPay Cards with a total balance of **₹225 crores**.
- The Bank has issued **0.85 million** Pradhan Mantri Suraksha Bima Yojana (PMSBY) and **0.22 million** Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) policies
- Over **31,000** LIG customers served through 'Asha Home Loans' with **₹43.71 billion** of affordable housing loan disbursements



- **59,614** employee base with **₹43.13 billion** in employee related payments and provisions
- **29.55 million** outstanding Employee Stock Options



- Axis Bank Foundation (ABF) managing projects with **18** partners in **178** districts covering **21** states in India as on 31 March 2018
- **₹1.34 billion** spent on Corporate Social Responsibility
- Total cumulative grant of **₹4.48 billion** given to ABF and its partner NGOs since 2006
- In FY 2017-18, ABF initiated work with **350,316** rural households.
- As a part of ABF's financial inclusion activities, a total of **13,396** Self Help Groups (SHGs) have been formed with **159,654** women beneficiaries.



MANUFACTURED CAPITAL

MANUFACTURED CAPITAL

The trust and confidence of our customers continue to be our strongest anchor, encouraging us to consistently improve our products and service propositions. We provide our customers with the ease to transact in any manner they prefer – through our vast network of branches, ATMs, cash deposit and withdrawal machines, and a host of digital banking solutions. Apart from the banking network, our value chain primarily comprises of IT products and service providers, human resource service providers, utilities providers, technology partners, office stationary suppliers and office infrastructure vendors.

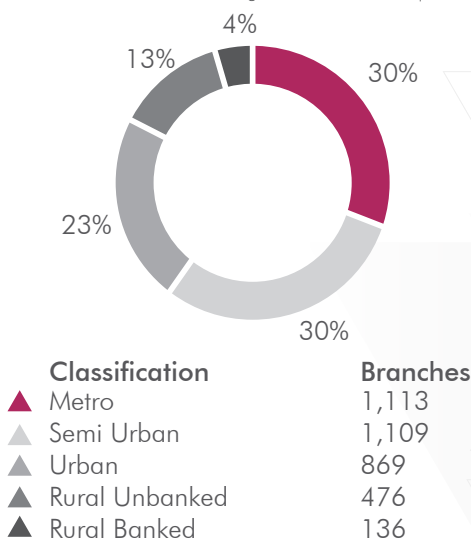
Physical Footprint

We believe that India continues to be a growth economy, and that in the near to medium term, new customer acquisition would be a larger growth driver as compared to a deepening of existing customer wallet share. Physical distribution would continue to be central to new customer acquisition, and with this objective, the Bank added 399 new branches in FY 2017-18.

In addition, for a sustained and expeditious inclusion of India's unbanked population into mainstream banking, driven by key government initiatives such as the PMJDY (Pradhan Mantri Jan Dhan Yojana), we believe that a good mix of physical and digital expansion of the Bank is the way forward.

We continue to scale up our physical presence across the country, having 3,703 branches throughout the country as on 31 March 2018.

Expanding Our Reach



37%
Branch network in semi-urban and rural areas

78%
Rural branches in unbanked locations

As on 31 March 2018

In addition to our strong pan-India presence, we have a global footprint at key international trade and finance hubs across Asia and Europe.

As on 31 March 2018, the Bank's international branches and Representative Offices were at:



Singapore



Shanghai, Hong Kong



Colombo



Dhaka



Dubai, Abu Dhabi, DIFC, Sharjah

and an overseas banking subsidiary in



United Kingdom

The Bank opened its Offshore banking unit in the International Financial Service Centre (IFSC) at Gujarat International Finance Tec-City (GIFT City), Gandhinagar, Gujarat.



Gujarat

Physical Assets

With its large network of branches and offices, and an employee base of nearly 60 thousand, Axis Bank is a bulk consumer of IT assets including laptops, computers, and printers. In addition, given that supply of grid electricity at many of our branches remains erratic, we have installed diesel generator sets at the most affected branches as an auxiliary power source. Significantly, we continue to make substantial investments in solar-power installations (rooftop solar) at various locations and have an installed capacity of 5.05 MW as on 31 March 2018.



Resource Consumption

As a financial institution, printing paper is a key input as well as output material used in our daily operations. We continue to focus on minimizing our overall usage through growing digitization of products, services and processes. By leveraging technology towards process and product digitization, we have not only been able to deliver safer, more secure and convenient banking to our customers, but also reduce the dependence on paper.

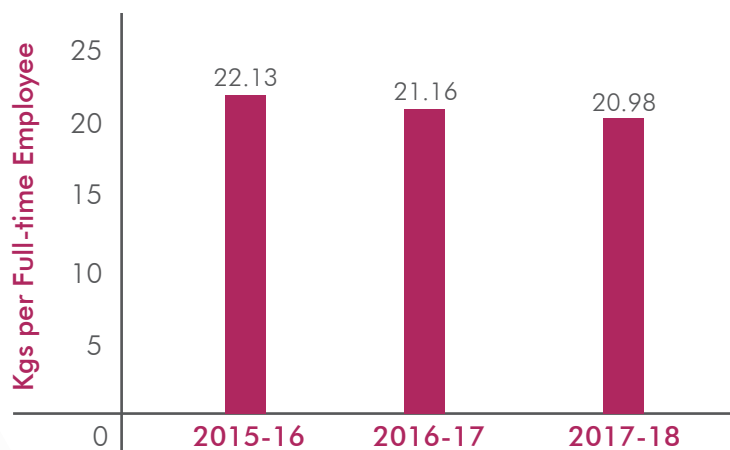
The Bank makes conscious effort to raise awareness among its customers to move towards digital banking, including a greater use of digital payments and app-based banking. The Bank also encourages its customers to opt for e-statements and e-receipts, thus contributing to reduced paper consumption in its banking operations.

We continued to procure wheat straw-based office paper as much as possible. This paper is a greener alternative to conventional

wood-based paper and further helps reduce our overall environmental impact. Owing to various measures, we have been successful in reducing our paper usage intensity by 4% compared to the previous year. This

is especially significant as the Bank's operations expanded considerably in the same period, with a larger workforce, an addition of 399 branches, and expansion of business activities.

Office-Paper Usage Intensity



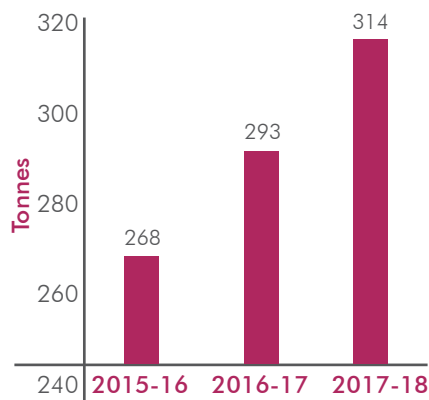
Managing waste at Axis House

The primary categories of waste generated in our operations are e-waste, dry waste (primarily paper waste) and wet waste (primarily from the cafeteria at our Corporate Office in Mumbai). We have put in place an Information Asset Management Policy towards e-waste management which provides the guidelines on responsibly managing and disposing e-waste in accordance with applicable statutory rules and regulations. This includes:

- Wherever possible, we have entered into buy-back agreements with suppliers/manufacturers to enhance recycling efforts and reduce waste to landfill.
- E-waste is disposed in an environmentally sound manner through Pollution Control Board- approved recyclers.
- All dry waste collected at our large offices is sent to a recycler who provides us stationery items made from that waste itself.
- A composting machine has been installed at the Corporate Office for treating wet waste which is then sent to a recycler which turns it into compost manure.

At our corporate office, since August 2011, the dry waste collection program has resulted in recycling of 314 tonnes of dry waste into 42,510 items viz. notebooks, notepads, envelopes and bookmarks. A total of 43 tonnes of wet waste was processed through the composting machine in the reporting period.

The other waste categories such as discarded furniture / office infrastructure and other materials are disposed through competent vendors.



▲ Cumulative dry waste recycled since August 2011

Supply chain sustainability

We work with a myriad of partners and service providers across our operations and consider them to be important stakeholders in our success as an organisation. Our supply chain primarily comprises of IT-centric product and service providers, human resource service providers, utilities providers, technology partners, office stationary suppliers and office infrastructure vendors. The Bank has a comprehensive 'Vendor Management Framework' (VMF) in place and requires all vendors to be enlisted on VMF for them to be able to provide any products or services to the Bank. As a part of the VMF, the Bank has in place a 'Supplier Code of Conduct' on which the vendor must provide a sign-off. The code includes tenets on key topics including minimum wages, safe workplace, human rights, and environmental sustainability, apart from the compliance to statutory requirements. Going forward, we propose to strengthen the VMF structure further by having periodic audits for high-value suppliers to gauge their compliance to the framework.

VMF approved by senior management on 16 February 2017

All stages of vendor lifecycle – Onboarding, Contract management, performance evaluation and exit are covered under VMF.

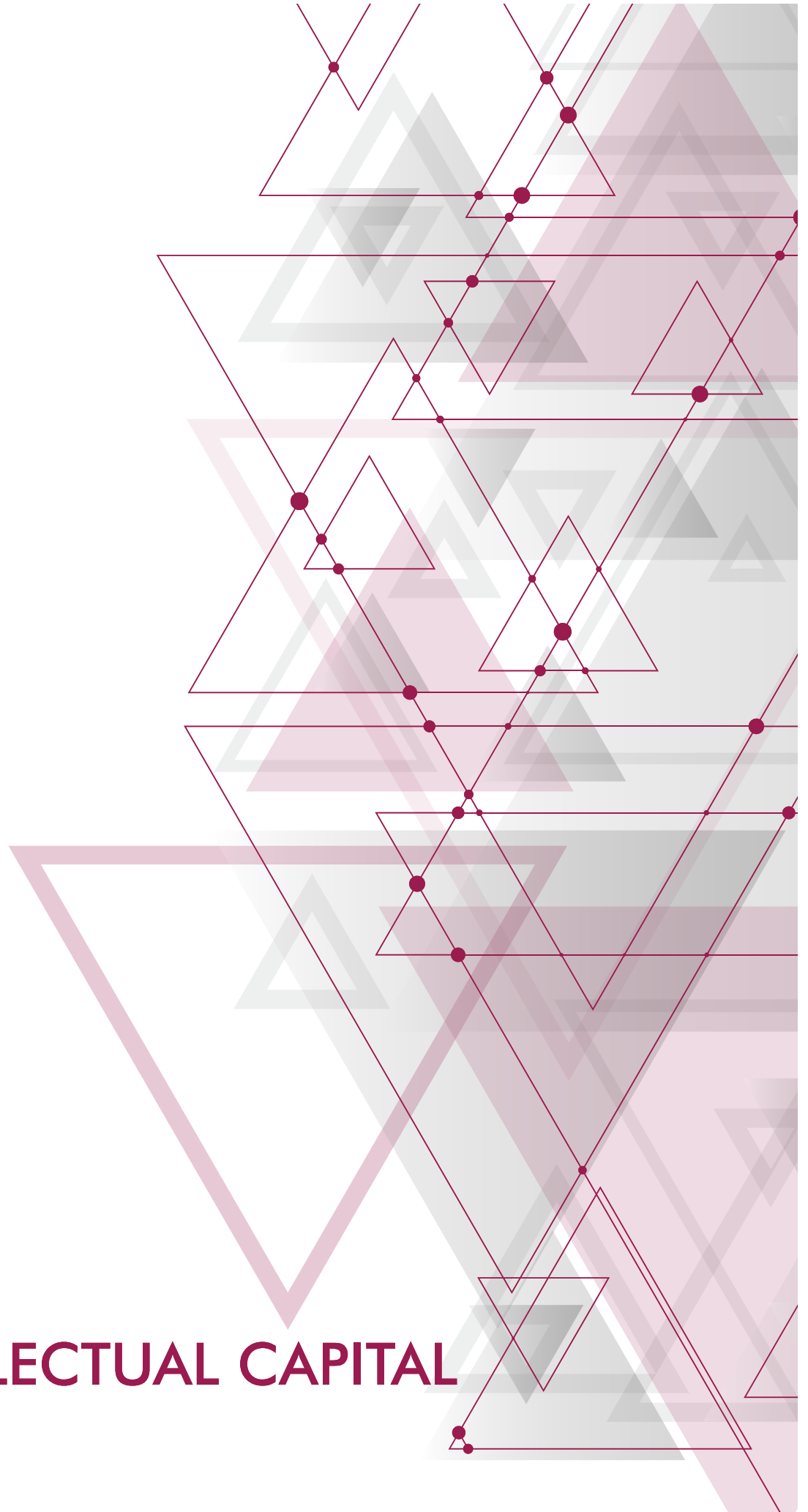
- The Contract Management module is expected to make contract drafting, reviewing and approval system-driven with the ability to capture the complete audit trail
- The Supplier Performance Module shall establish a system-driven, KPI-based performance review focusing with a stress on effectiveness and efficiency

Initial roll out for centralise teams of the Bank which handle bulk procurement

Post September 2017 – Roll out to pan-India branches

Parallely activity of making 45,000 (approximate) existing vendors VMF compliant was completed by December 2017 and payments are being processed only for VMF compliant vendors

Currently work is in progress for creation of a digital centralised repository, centralised contract management platform and system driven performance evaluation



INTELLECTUAL CAPITAL

INTELLECTUAL CAPITAL

We believe, that collective engagement and action by all stakeholders is a key component to the nation's socio-economic progress, and support thought leadership, policy advocacy platforms and occasions wherein we can expedite our role as a catalyst for positive societal impact.

Axis Bank is represented on multiple committees, associations or other similar groups through its senior management, that focus on pertinent topics including fintech and innovation, promoting sustainable banking and finance, financial inclusion and literacy, and human

capital development, among others.

During the year, our top management were part of key conferences hosted by industry bodies including Confederation of Indian Industry (CII), NASSCOM, and the Indian Banks Association, and media platforms including the

Economic Times, the Mint, CNBC-TV18, Business Standard, and Thomson Reuters.

In this period, our leaders were also members of pertinent committees of the Confederation of Indian Industry, India's premier industry association. These included:

Sl. No	Name	Designation	Axis Bank Representations for FY 2017-18
1	Shikha Sharma	MD & CEO	Chair – CII National Committee on Banking 2017-18
2	V Srinivasan	Deputy MD	CII's Council of Services Committee
3	Rajiv Anand	Executive Director (Retail Banking)	Member of CII National Committee on Banking 2017-18
4	Saugata Bhattacharya	Chief Economist	Member of CII Economic Growth and Investments Council 2017-18
5	Sanjay Silas	President & Head - Branch Banking	Member of CII National Committee on Financial Inclusion 2017-18
6	Chandresh Nigam	MD & CEO - Axis AMC	Member of CII National Committee on Capital Markets 2017-18

In addition, our senior leadership also lends their expertise to other formal and informal industry groupings on pertinent topics.

Strengthening the Axis Brand

Since inception, we have striven to create a differentiated identity and are today recognised as among the most valuable brands in India. Our initiatives in this direction have been recognised at multiple forums, including:

- Being counted among the **top 10 Most Valuable Brands** in India by Kantar Millward Brown in their BrandZ™ Top 50 list of India's most valuable brands for 2017.

- Ranked **second among Indian banks** on Functionality in Forrester's Mobile Banking benchmark, and an overall global ranking of 20, for 2017, demonstrating our progress in improving our customer interface and functionalities.

Technology and Analytics for Retail Expansion

India continues to be a growth economy with new customer acquisition being a large growth driver for us. Even with the gradual shift towards digital channels and the growing focus on deepening existing customer wallet share, physical distribution remains central to new customer acquisition for us. For ensuring a calibrated growth in

our branch network, we have adopted a combination of advanced analytics that help in identifying high potential locations and technology tools that increase staff productivity and smaller branch formats. For more details, please refer to 'Retail Banking – Bedrock of Bank's Performance' in the Business Overview section of the Management Discussion & Analysis on page 48 of the Annual Report 2017-18.

Our investments in analytics have helped build and sustain our strong position in the payments space, allowing us to expand cross-selling of financial and investment products. Aided by big data-led analytics, the Bank's cross-sell metrics continue to remain strong.

Business Intelligence Unit

Set up in 2009, the Bank's Business Intelligence Unit (BIU) develops solutions across Retail Banking, Wealth Management, Payments, and Corporate Banking arms of the Bank. With over 200 in-house data scientists, the BIU is leading Axis Bank's focus on cutting edge innovation and technology adoption for solutions that have the potential to revolutionise banking operations as well as customer experience.

Artificial Intelligence and machine learning are changing lives globally at rapid pace. Businesses are adopting AI and machine learning across industries to revolutionise customer experience, personalisation and decision making.

The BIU, along with Axis Bank's Thought Factory Innovation Lab, is setting up an AICoE (Artificial Intelligence Centre of Excellence) to build and enhance customer facing

solutions including creation of personalised product recommendations, improved customer targeting by smart micro-segments through identification of latent behaviour patterns, identification of customer base for pre-approved loans and planning of branches and ATM locations. The Centre would also help identify fraudulent card transactions, locate point-of-compromise at ATMs in case of skimming, and prioritise investigations on complex money laundering transactions.

In the reporting year, the bank was also looking to go live with its Big Data Lake project for implementing scalable analytical solutions that can personalise customer services in real time. As a first for microfinance Industry, the Bank has built an integrated Tab-sourcing and Big Data platform to understand borrower's behaviour for enhanced credit decision making and

underwriting.

Additionally, the Bank is investing significantly in tools and tech infrastructure for understanding unstructured data such as email text, call center voice data, or video data from CCTV cameras, on top of which customer centric solutions could be built.

Thought Factory

Axis Bank launched Thought Factory in 2016 as an innovation lab facility aimed at accelerating the development of technology innovations for the financial sector. Based in Bengaluru, the Lab includes an in-house innovation team and an Accelerator programme, and would work closely with the start-up community active in the fintech space, focusing on emerging technologies including Blockchain, artificial intelligence, mobility and cloud, among others.

Since its inception, Thought Factory



Participants at the Axis Design Hackathon, #DevHack2018, in Bengaluru



The Viacom18 Accelerator Programme underway at the Thought Factory at Bengaluru

has played an active role as a fintech ecosystem enabler, hosting focused events, workshops, international visitors and other corporate clients, thus contributing to enhancing industry-start-up collaboration.

In July 2017, Thought Factory announced the graduation of its first cohort of Accelerator Start-ups. The six start-ups, namely S2Pay, Pally, Perpule, FintechLabs, Paymatrix and Gieom, were selected from a pool of 108 applicants and represent each of the emerging sectors touted to be game changers in the fintech space - Payments, Investments, Lending

Analytics and Credit in rental space.

Once on-boarded, the Bank, in conjunction with the program managers, Zone Startups, facilitated a 6-month long structured mentorship program and access to office space, internal banking experts and mentors, and a live test environment. Of the first cohort, the Bank plans to commercially pilot solutions from three of the start-ups at its own business units.

In addition, the Accelerator programme also conducted a startup boot camp, which is a two-month programme for grad startup ideas, under its 'Future of

Jobs' initiative, wherein five student teams of two members each were provided with hands-on mentorship for pursuing their ideas and converting them into real businesses. The student teams were selected from 10,990 registrations, comprising 5,100 teams from across 312 campuses pan-India, received for the initiative.

Details on the Thought Factory can be accessed at <https://www.axisbank.com/thoughtfactory/index.html>.

Green Finance Advisory

Axis Bank is engaged in a number of initiatives in the area of sustainable financing, including policy advocacy and market development for green bond /green capital markets.

In the reporting year, the Debt Capital Markets business of the Bank helped its clients raise an estimated ₹40.00 billion from the global Green capital markets. This included the ₹19.50 billion of Green Masala Bonds raised for India Renewable Energy Development Agency (IREDA) in September 2017 and ₹20.00 billion Green Masala Bonds raised for National Thermal Power Corporation (NTPC) in April 2017.

We are leading number of initiatives



Participants at the Catalyst for Women Entrepreneurs Jam at the Thought Factory Lab in Bengaluru

along with other international agencies/entities like The GIZ (a German government development Agency), Climate Bonds Initiative (CBI), and International Capital Markets Association (ICMA).

During the year, we hosted a roundtable conference of key market participants in Indian Debt Capital Markets, in partnership with GIZ and Skandinaviska Enskilda Banken (SEB), on safeguarding the integrity of reporting standards and regulatory requirements in the Green Bond market.

We are partnering with the Climate Bonds Initiative (CBI), an investor-lead, non-profit organisation formed by some of the largest global investors for promoting green bonds, in a number of areas for development of the SRI (Socially Responsible Investing) market. Axis Bank has been a founding member of the India Green Bond Council, launched jointly with CBI, FICCI and other leading stakeholder institutions. We are also members of the ICMA Green Bond Principles group, which formulated the Green Bond Principles, global voluntary guidelines for promoting the integrity of the Green Bond market.

In addition, the Bank's officials regularly contribute towards dissemination of knowledge on the topic by conducting corporate training events for its clients, and participating in relevant conferences and forums.

Business and Economic Research

Axis Bank has emerged as a central institution in shaping the public policy debate in India. As a stakeholder in one of the most dynamic economies of the world – and among the fastest growing economies of the world – spotting,

understanding and disseminating the implications of economic and financial sector trends helps, inter alia, business decisions at the bank.

A thorough understanding of macroeconomic trends is key to making major business decisions at the Bank. The Business and Economic Research (BER) group provides an in-depth look at economic developments in India, as well as in other regions that have a bearing on domestic macro and market variables. The BER team is drawn from a variety of backgrounds, pooling together different knowledge and skill sets, and keeping research relevant to our target audience.

In a volatile economic environment, insights on economic trends are also valuable inputs to the Bank's clients and can also be a major differentiating factor from the point of view of client servicing. Apart from internal briefings across business groups, our economists meet with clients on a regular basis as a means to share expertise, and in the process, enabling a deeper relationship and more informed decision making. The team also aims to lead the conversation around pressing macroeconomic issues through ongoing media interactions, and to help shape policy through interactions with key institutional stakeholders.

BER is led by economist Saugata Bhattacharya, who comes with deep institutional links, having been inducted in the Confederation of Indian Industry (CII) National Economic Affairs Council, the Federation of Indian Chambers of Commerce and Industry (FICCI) Economists Forum, and other organisations. The team, led by Saugata, collectively brings decades of experience and strong relationships across the corporate sector and government institutions.

Government Banking

Government Banking at Axis Bank caters to the requirement of all Government bodies, departments & agencies across state and Central Government, various constitutional, judiciary & statutory bodies, autonomous institutions and educational institutions within the Government framework. It is authorised to handle agency business of the Government including CBDT (Central Board of Direct Taxes), statutory taxes across multiple states, GST (Goods & Services Tax), EPFO (Employees' Provident Fund Organisation), civil pension payments, and several Departments of the Government of India. In addition, the bank also acts as a trustee bank to NPS (National Pension Scheme), besides acting as a collecting banker.

The various services offered by the Bank encompass standard services including account management services, agency businesses, cash management services, and forex & trade services, as well as digital solutions like Direct Benefit Transfer, Aadhaar-based payment system and Aadhaar- Enabled Payments Systems (AEPS). It is also an active player in Public Finance Management System and is currently actively helping India's ambitious Smart Cities Mission in achieving its objectives.

E Municipalities

The Bank has joined hands with Urban Local Bodies (ULBs) across the country to provide citizen-centric services such as collections of taxes, fees and other statutory dues, and payment of vendor or pension remittances through online channels. These are in line with the Government of India's push for digital transactions.

In FY 2017-18, the following mandates were under execution:

Rajasthan Smart Raj Project	The Smart Raj project is one of the major citizen-centric projects of the Government of Rajasthan involving e-collection from 190 Urban Local Bodies in the state, with Axis Bank as the financial service provider to both the State Government as well as citizens. The project is expected to impact 48 lac households across the state.
New Delhi Municipal Council	Axis Bank is providing collection services vide NEFT/RTGS and Bharat QR for property tax, utilities, and Estate fees collections, along with the regular tax collection services being provided through our extensive branch network in Delhi.
Municipal Corporation of Gurugram (MCG)	The Bank has partnered with the Municipal Corporation of Gurugram to provide online modes of property tax collection. This is in addition to the already existing collection services being provided to citizens in the National Capital Region (NCR) through our extensive branch network.
Odisha Urban Housing Mission	We are currently developing a software-based application through which the ULBs in the state of Odisha can make online payments to all beneficiaries in the state. The initiative is expected to cover approximately 1.3 crore households across Odisha.
Maharashtra Housing and Area Development Authority (MHADA)	The Bank is associated with MHADA as the service provider for online collection of Earnest Money Deposit (EMD) and related instalments for all of MHADA's all housing projects in the Mumbai, Pune and Konkan regions.
Urban Administration & Development Department, Government of Madhya Pradesh	We are the sole banker for collections through both online and offline modes of the municipal revenues of 139 ULBs in the state of Madhya Pradesh. These ULBs collectively cover approximately 1.6 crore households in the State.
Lucknow Municipal Corporation (LMC)	Axis Bank has partnered with LMC for tax collections. Its solutions include the Integrated EDC (POS) machine-based collection facility, wherein the EDC (GPRS) machines are completely integrated with the Corporation's billing software. Other collection modes such as net banking and internet payment gateways are currently being integrated with the LMC website.



MoU signed between Axis Bank and e-Nagarpalika Bhopal, signed by Mr. Vivek Aggarwal, IAS, Commissioner, UADD, Government of Madhya Pradesh and Mr. Debarchan Mishra, Head - Government Banking & GCG, Axis Bank, in the presence of Mr. S S Rajput, IFS and Mr. Mrugesh Suthar, Circle Head – Bhopal, Axis Bank

Smart Cities Mission

Smart Cities Mission is an urban renewal and improvement program by Government of India (GoI) with the mission to develop 100 cities across the country, making them citizen-friendly and self-sustainable. The Union Ministry of Urban Development is responsible for implementing the mission in collaboration with the state governments of the respective cities.

Axis Bank is closely associated with this national initiative and involved

in facilitating digital transactions and payments for various stakeholders including citizens,



government bodies and utility companies. This includes providing easy payments and e-governance services to various government

and non-government bodies using advanced technological products such as mobile applications, web portals, pre-paid cards, electronic data capture terminals, and mobile handheld devices.

The Bank's strong alignment with the Smart Cities Mission is not only helping scale up digitisation in e-governance and citizen services space but also strengthening the Bank's position in the digital banking space.

Raipur Smart City Limited

Axis Bank has been selected as the implementing agency for the Raipur Smart City project in Chhattisgarh, expected to benefit over 12 lac individuals. The scope of the engagement broadly involves:

- Design and delivery of a Smart Card-based cashless payment system for citizens within the periphery of Raipur Smart City.
- Design, development and hosting of a web & mobile portal for Raipur Smart City with citizen-centric services.
- Supply, integration and maintenance of POS/Micro ATMs at specified locations for payment acceptance for municipal taxes, utility payments, and other services



Public Financial Management system

The Union Ministry of Finance has launched the Public Financial Management System (PFMS) as an electronic fund tracking mechanism which compiles, collates and makes available, in real-time basis, information regarding all government schemes-based payments. PFMS tracks fund flow right from the inception at the Central Government-level through its various stages, such as State Governments, Districts, and Urban and Rural Implementing Agencies, down to the ultimate beneficiaries.

Axis Bank has been empaneled by

the Government of India as a partner in this prestigious national project. As part of its mandate, the Bank has been providing training and disseminating information to the designated employees of various Central & State Government departments, and other bodies on the usage and benefits of this payment platform. In addition, the Bank is also engaged in helping non-customers come on board the PFMS platform by providing systematic training. The bank is also a significant player in facilitating fund flows across all Government agencies

and departments in line with the broad Government objectives.

Axis Bank has brought on board a substantial number of customers to the System. These include the Quality Council of India, Swachh Bharat Mission (Urban) for several states, Rashtriya Madhyamik Sikshya Abhiyan for several states, Central Institute for Cotton Research (CICR), AMRUT Mission for Maharashtra, Mission Shakti for Odisha, and ICDS for Bihar.

Government e-Marketplace

The Government e-Marketplace (GeM) is a platform initiated by the Government of India for procurement of common-use goods and services required by various governmental departments, organisations, and Central & State Public Sector Undertakings (PSUs). The Platform aims to enhance transparency, efficiency and speed in public procurement, in addition to offering competitive lower prices and prevent repetitive tendering.

The Platform provides options of e-bidding, reverse e-auctions, and demand aggregation, to facilitate government users and achieve the best value for their funds. Axis Bank is associated with GeM platform for

providing various online collection services, for which, it has entered into a MoU.

With the implementation of GeM platform, the Bank would be able to cater to the State GeM Pool Account (SGPA) of States who have signed a MoU with GeM.

Integrated offering for Agriculture Mandis

The Government of India has been pursuing the digitisation of Mandis (marketplace for agricultural produce) through the Electronic National Agriculture Market (eNAM) program. Axis Bank is committed to improving the financial management of the mandis and offering a value proposition to farmers across the country. Towards this, the bank is

working with mandis to develop end-to-end solutions that encompass:

- Integration of mandis' ordering platform to offer real-time information on funds received by them from buyers, and make seamless payments of sales proceeds to sellers on order fulfilment
- Leveraging the Bank's network of branches and Cash Deposit Machines (CDMs) to collect funds from buyers on behalf of the mandis.
- Offering holistic solutions, including current accounts and loans, to 'arthias' (commission agents) to participate digitally in this ecosystem

Key mandates for the Bank include:

Haryana State Agricultural Marketing Board

Axis Bank has collaborated with Haryana State Agricultural Marketing Board to provide them with collection & payment solutions through the government-designed portal. This is making life easier for producers, buyers as well as the 'Arthias', by making the overall payment & settlement process faster & seamless, and reducing overall turnaround time.

Maharashtra State Agricultural Marketing Board

In Maharashtra, the Bank is facilitating collection of cess, mandi charges, auction charges and other related charges, as well as payments to farmers accounts, loaders accounts, weighting accounts and commission accounts, among others, through various internal systems.



Starting with the Rahata Agriculture Produce Marketing Committee (APMC) in Ahmednagar district, Axis Bank was the first bank in Maharashtra to offer e-auction settlement services on CAS for APMC trade transactions, aimed at digitizing transactions and streamlining payments to farmers

eProcurement

E-Procurement is an initiative by the Government of India for providing an electronic infrastructure to facilitate access to government tenders through an online system, thereby enabling easy submission of tenders and faster procurement processing. Axis Bank has joined hands with various State

governments and PSUs under this initiative and is providing the following solutions:

a) Collections: Facilitating collection of application tender fees and EMD (Earnest Money Deposit) through various online and offline transactional

channels and reconciling each transaction within a comprehensive management information system.

b) Refunds: Payments Refunds of EMD to the unsuccessful allottees of their EMD on the automatic platform

These initiatives have helped in quicker realization of funds and faster refund process for the allottees. Key mandates during the year include:

Government of Telangana eProcurement project

The Bank has successfully integrated its payment gateway with e-tendering portal of the Government of Telangana.

Punjab Urban Development Authority (PUDA)

Axis Bank has developed a complete solution for PUDA that manages the front-end of handling auctions, and the payment gateway for handling online payments.

Education

Axis Bank is working closely with government bodies, universities and institutes across India to offer pioneering solutions in the education space. Its key mandates during the year include:

Maharashtra Common Entrance Test (MH-CET):

The Government of Maharashtra has established the Admissions Regulating Authority and State Common Entrance Test Cell per the

provisions of the Maharashtra Unaided Private Professional Educational Institutions Act 2015, which made it mandatory for all aspirants across most types of Degree, Diploma and Post-Graduate levels to compulsorily go through

the CET for admission.

With an aim to provide a seamless and hassle-free payment system to all participating students, Axis Bank has coordinated with the technical partner of MH-CET for integrating data, including financial support, covering application and enrolment fees.

Indian Institute of Management, Lucknow (IIML) - Noida Campus:

Axis Bank is the sole banker for IIML-Noida campus, and is responsible for collecting the various fees such as course and seminar fees through its integrated collection solutions. Based on the Institute's requirements, the bank has designed a customised page for collecting fees for respective courses with an



ability to provide customised fee receipts to payees. The Bank is in the process of installing POS machines at the Institute's hostels for facilitating collection of lodging and food expenses.

Admission Committee for Professional Post Graduate Medical Courses (ACPPGMC), Gujarat:

The Government of Gujarat has passed an act to regulate the admission of candidates to the

Professional MD/MS/Diploma & MDS degree courses in the state. The process is managed by a state-level Admission Committee mission with a mandate to carry out the admissions process strictly on the basis of merit, and to implement the counselling process in a fair and transparent manner. Axis Bank is mandated to receive the fee collections for all medical, paramedical & nursing courses on behalf of ACPPGMC.

In addition to the above mandates, the Bank is also partnering institutions including the Institute of Company Secretaries of India (ICSI), Yashwantrao Chavan Maharashtra Open University, and Mahatma Phule Krishi Vidyapeeth [MPKV], Pune, offering a range of online and offline payment modes.

Cashless Village: A notable effort @ Sindhudurg, Maharashtra

During the year, Axis Bank undertook a unique digital literacy initiative in the Sindhudurg district of Maharashtra to educate villagers on new-age banking. The Sindhudurg Digital Literacy Program was initially launched in the Nerurpaar village in association with the Gram (village) Sarpanch,

Gram Sevak and Block Development Officer. As part of the initiative, the Bank, led by employees of the nearest Axis Bank branch at Kudal, conducted financial literacy camps, created a wi-fi zone and website for the Gram Panchayat, and installed an EDC (Electronic Data Capture) machine.

The program improved the awareness level of villagers towards digital developments in the financial world and facilitated the migration of some of their banking transactions towards digital platforms.



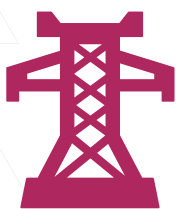
SINDHUDURG DIGITAL LITERACY PROGRAMME



Other notable mandates during the year

APEPDCL (Eastern Power Distribution Company of Andhra Pradesh Limited):

The Eastern Power Distribution Corporation of A.P. Limited (APEPDCL) is one of the two power distribution companies in Andhra Pradesh, catering to 5 of the 13 districts in the state.



APEPDCL has been proactive in adopting customer-centric solutions for bill payments with Axis Bank as its partner. The Bank is the aggregator bank for the company's web-based and mobile app payments. The Bank has actively promoted the adoption of the Unified Payments Interface (UPI) for payments, offering an innovative, simple and cost-effective payments solution for consumers. Significantly, the state's capital,

Visakhapatnam, is aiming to become the 'first cashless city' in the world and Axis Bank is playing an active role by being part of the government's 'Project Digital Sankalp' through APEPDCL.

Delhi e-PDS:

Axis Bank has partnered with the Government of Delhi's Department of Food Supplies and Consumer Affairs (DSCSC) to provide collection facilities through direct debit, wherein the collections from the Fair



Price shops operating in the state are mapped to the data provided by the Department every month. Towards digitizing the State's PDS (Public Distribution System) operations, the department has implemented FPS Automation wherein e-POS machines are being installed at every Fair Price shop and all distribution and operations would be done only through them. Within this system, beneficiaries would be able to make payments through Aadhaar-enabled systems.

Employees' Provident Fund Organisation (EPFO):

Axis Bank has integrated its Retail and Corporate Internet Banking with the EPFO of India so that all establishments maintaining accounts with the Bank can make their EPF contributions through the Bank's Internet banking services in real time.



Department of Social Justice and Empowerment, Gujarat:

Gujarat's Department of Social Justice and Empowerment is primarily engaged in planning and coordination of various social welfare programs of the State. Axis Bank has partnered with the Gujarat Safai Kamdar Vikas Nigam (GSKVN), under Department, which provides loans to beneficiaries under various government schemes. In

addition to facilitating its collections & payments, the Bank has also brought on-board GSKVN for Direct Beneficiary Transfer under Aadhaar



Payment Bridge System (APBS) for fresh loan disbursements.

Defence Exhibition Organisation (DEO):

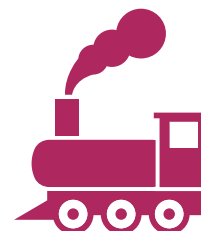
Axis Bank is the sole banker for the DEO, and is responsible for collection of various fees including registration and participation fees.



Our Payment Gateway services are successfully integrated with their website and we provide POS machines at exhibition venues for facilitating collections during ongoing exhibitions.

RITES Limited:

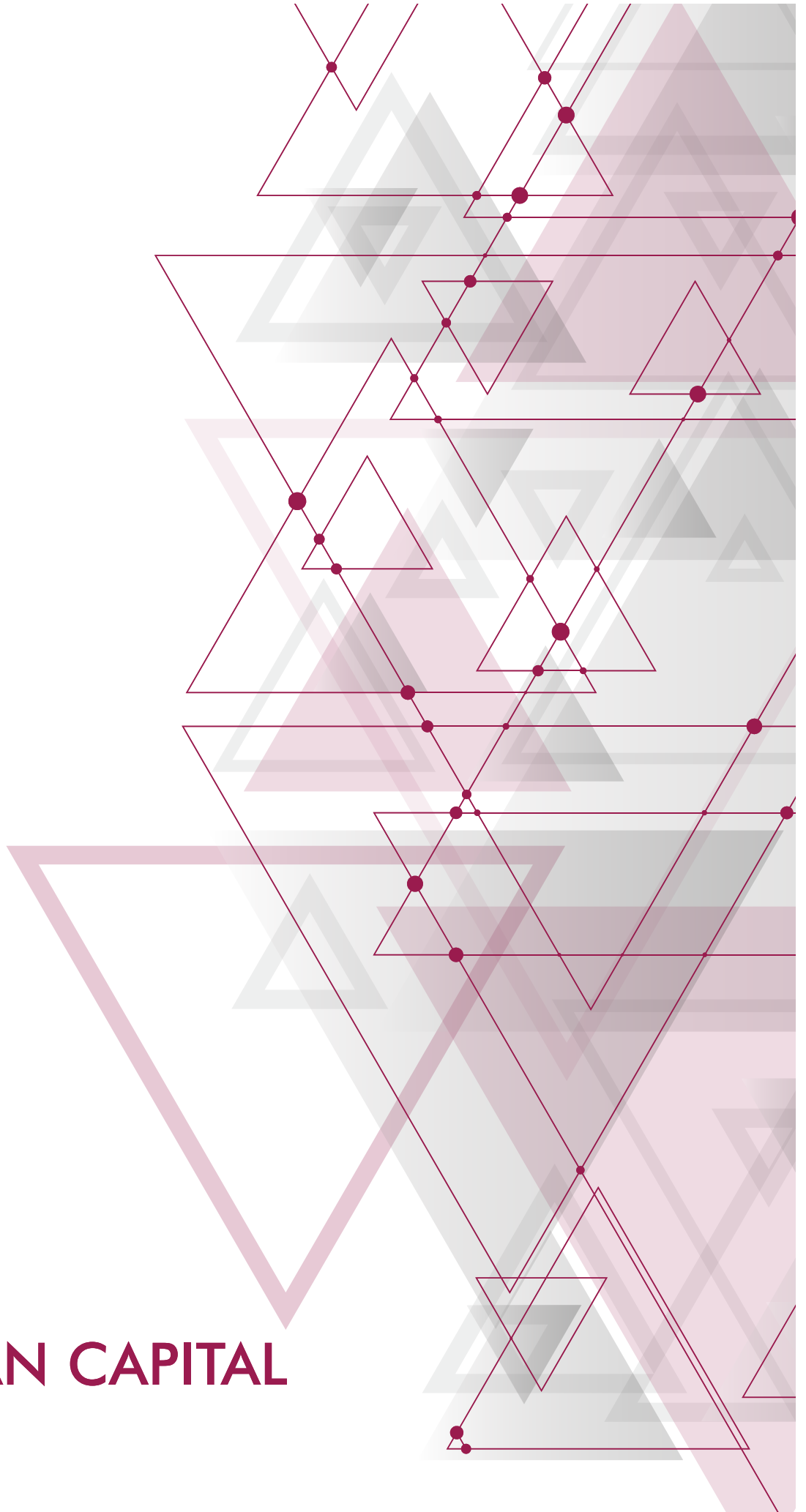
RITES Ltd is multi-disciplinary consultancy organisation in the domains of transport, infrastructure and related technologies, fully-owned by the Government of



India under the aegis of Indian Railways. Axis Bank provides RITES an online platform for collecting fees for their North Region Inspection office.



The Axis Bank Kochi Metro metro Card, 'Kochi1', being launched by Hon'ble Vice President of India, Shri M Venkaiah Naidu, along with Ms. Shikha Sharma, Managing Director & CEO, Axis Bank and Mr. Elias George, Managing Director, Kochi Metro Rail Limited at Kochi on 17 June 2017



HUMAN CAPITAL

HUMAN CAPITAL

At Axis Bank, it is the people who form the bedrock of our organisation. We aim to provide them with an atmosphere where they can achieve to the best of their potential in their life and career, while feeling safe and secure in the workplace.

Meritocracy, Fairness, and Ethics constitute the cornerstones of our organisational ethos, and it is our constant endeavour to ensure adequate opportunities for our people to learn new skills on a regular basis and through various mediums. Regular initiatives are undertaken to empower them in becoming future leaders.

A **young and engaged workforce** with an average age of 29.5 years continues to drive our journey ahead. In the reporting year, our workforce grew by 5.3% to 59,614 employees.

Diversity

We believe that having a diverse mix of individuals is in the interest of our employees as well as the organisation for gaining diverse views and innovative solutions. We consciously make efforts to ensure that our workforce diverse and inclusive.

- 'WE Lead' is Axis Bank's flagship diversity hiring program for women at mid-managerial levels. This year, nine candidates from the country's premium business were offered roles in the Bank at the grade of Senior Manager and Assistant Vice President, as a part of the **Axis-ISB 'WE Lead' Program**, the partnership having been extended to IIM-A, IIM-B, IIM-C, IIM-L and XLRI this year.

The objective of the program is to increase diversity at mid/senior level positions in the Bank while offering women leadership roles by taking into account their prior work experience.

- Under a similar initiative, three candidates were hired from SPJIMR's Post Graduate Management Program for Women, who joined the Bank in grades Senior Manager to Deputy Vice President. The program is focused on middle-aged women

(35-50 years) with relevant educational background, who were on a long career break or are new entrants to the workforce. This would provide them with an opportunity to sharpen their skills in a work environment and explore a new area of expertise and learn new skills which will be relevant to the organisation and aligned to the 'Axis Way'.

- We support our female colleagues who are embarking on the journey of motherhood, during their maternity period to ensure a smooth transition back to work. This includes **'ebytes'**, specialised one-on-one coaching sessions for employees and their spouse. 44 women employees availed this service.

There is zero tolerance for any kind of discrimination at the workplace and all employees are provided with



Ms Shikha Sharma, MD & CEO, Axis Bank, at the sailing event, 'Women at the Helm', organised by the Bank for top twenty five women achievers from around the country, at Mumbai in February 2018

appropriate reporting channels if they face any concerns in this area.

In addition to the awareness sessions, a sustained communication campaign was launched during the year towards expanding the level of awareness and participation among

all employees against sexual harassment. Posters and tent cards were displayed at various branches, details of members of the Bank's internal committees were widely circulated, and suitable messaging was included in all screensavers.

Please refer to the Bank's disclosure in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 on page 87 of the Annual Report 2017-18.



An awareness session for employees conducted by an external expert, on the Bank's Policy on Sexual Harassment (POSH) underway at the Raipur Circle Office in Chhattisgarh

Selfilibrum

This is a one-of-a-kind leadership program focused on middle management (AVP/ DVP) women leaders at Axis Bank. The objective of the workshop is to help high-potential women leaders 'explore the idea of self and equilibrium of the self in terms of the masculine and the feminine aspects of the psyche/ personality and leadership expression'.

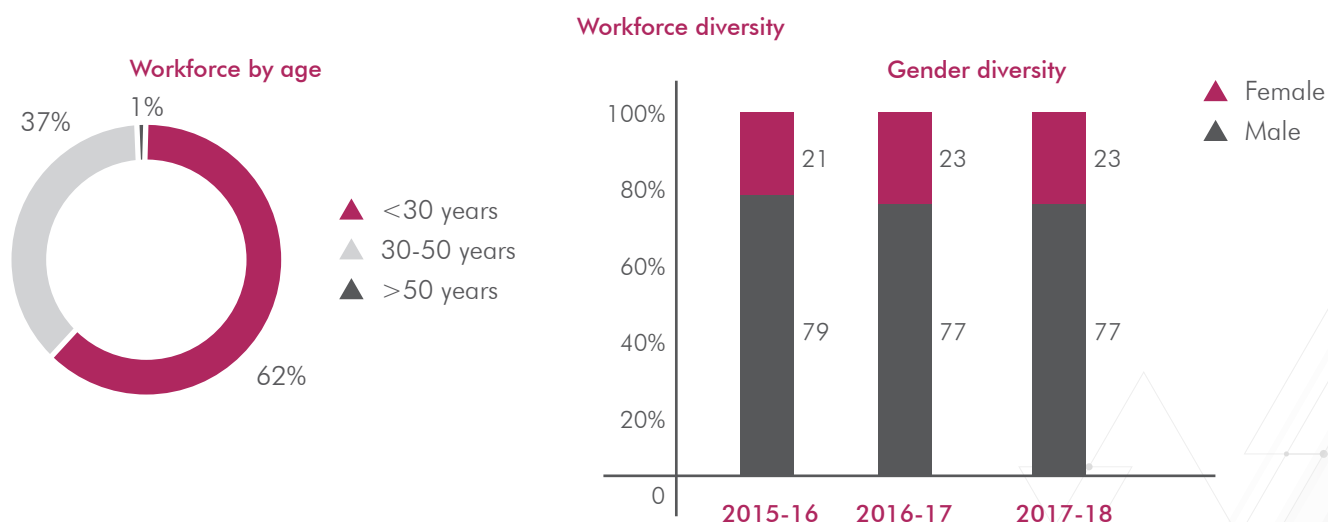
The intervention is designed to be a day and a half, offsite, for a group of approximately 25 women leaders. During the workshop, the facilitators use techniques from yoga, theatre and process work in order to help the group explore various dimensions of being a

woman in the current context. We have conducted 3 sessions during

the last year covering 72.2% employees out of the eligible pool.



Axis Bank's women leaders at an off-site for the Selfilibrum leadership program



Engaging Employees

Engaging our employees is a critical aspect of keeping them refreshed and excited, and vital for helping them achieve their best. There are regular internal communication through emails and intranet, team off-sites, performance management

discussions, town-hall meetings by senior management, trainings, colleague suggestion schemes, rewards and recognition programs, key events and festival celebrations, health awareness sessions and fun-at-workplace activities.

We have renamed our engagement

platform as 'Junction A to Z' to highlight its expanded scope.

As a part of this initiative, we undertook the following events during the year:

Yoga Workshop & Ultimate Table Tennis

Junction A to Z began its journey on 5 July 2017, with the first initiative being the Yoga Workshop, celebrating the International Yoga Day. About 50 employees participated in the same at the

Corporate Office in Mumbai. This was followed by a table tennis tournament on the July 20 2017, for the promotion of the Ultimate Table Tennis Tournament, which was organised in Chennai, New

Delhi and Mumbai. Employees participated in huge numbers at the Corporate Office, and a lot of goodies and passes for the championship were offered.



Bring Your Parents to Work Day

On the occasion of World's Parents Day, Axis Bank organised 'Bring Your Parents to Work Day' on July 28 2017 at the Corporate Office. The event was celebrated at every Branch/Regional Office/Circle

Office on 2 August 2017, simultaneously. The response was over-whelming with almost 6,000 parents turning up for the event.

There were photo booths and selfie

corner with props to frame the happy memories of the gatherings. Hosted by our in-house team, the event was unique among any of the financial Institutions in the country.



Blind Date with a Book

Organised by the Book Lover's Club, 'Blind Date with a Book' was organised in the Corporate Office in Mumbai on August 11 2017. This was an innovative version of Book Exchange, wherein employees registered their names and contributed books. The same were covered and post an interactive session with Mr. Rajiv Anand, Executive Director - Retail Banking, who was the first member of the Book Lover's Club at the Bank, each employee could pick up any book

basis the cues written on them. The event received a warm response from all employees, with almost 150 employees being a part of the event and forming a 'Book Lovers' Club'.



Grub Fiesta

A 3-day long event, Grub Fiesta was organised at the Corporate Office in Mumbai and had stalls

from leading eateries and food chains. The initiative's aim was to offer employees a welcome break

from their regular schedules and an opportunity to interact with each other in an informal setting.

Stepathalon & Emotional well-being sessions

Stepathalon was promoted under the Junction banner, starting from September 20 2017. 128 teams, in group of 2 to 5, representing

Axis Bank from across India, participated in this event. Focusing on the wellness initiatives, there were multiple

sessions organised on emotional and mental well-being of employees, covering each region across India.

In conversation with Amish Tripathi

Mr Amish Tripathi, noted author of the Shiva trilogy series was invited to the Corporate Office in Mumbai for a book-reading session, as a part of the 'Book Lovers' Club's events. The first member of the Club, Mr Rajiv Anand, Executive Director – Retail Banking, participated in the event.

Mr Apurva Sahijwani, Senior Vice President – Affluent Business emceed for the evening and drove the conversation, to the delight of the audience. The event saw our enthusiastic readers pose witty questions to Mr Tripathi, with the deliberation on history further

facilitated by the insights on Amish's upcoming books.

There was also a book signing session of Mr Amish's latest book

– Immortal India. The participants of the event were extremely happy with the initiative.



Employees at the book reading session with author Amish Tripathi organised by the Book Lovers' Club at Axis House, Mumbai

Axis Premier League

Axis Premier League is the Annual Cricket Tournament of Axis Bank which was organised from 7 October to 26 November 2017. The final was held in Bhubaneswar, the last tournament's Champions' hometown. The event was a pan-India one, with 30 teams participating, covering all the 26 circles, NPC and Corporate Office. With the supporters of the teams, travelling to support their favourite teams to the various game locations, the event was enthusiastically cheered across all geographies.

Bhubaneswar emerged as the winners once again, with DMD, Mr

Srinivasan, handing over the trophy to the winners.



Winners of the Axis Premier League 2017, Bhubaneswar Circle, with Mr V Srinivasan, Deputy Managing Director, Axis Bank

In addition, key occasions including the International Women's Day, International Yoga Day, and several others were marked with focused events conducted at various office locations. There were programs conducted for employees, focusing on their health and wellness, including, health check-ups, eye check-ups and blood donation camps.

Culture of Performance

As a representative of the organisation, we believe that all our employees are the ideal representatives of our core organisational values. We stress on the fact that all our customers should have utmost trust in our employees for 'doing the right thing' while carrying out their job.

It is therefore critical for us, as an organisation, to have a strong culture of performance, and have systems in place to highlight and laud the efforts of employees. To ensure this, different interventions have been put in place, including innovative rewards and recognition programmes.

Our annual recognition programme – **Axis Champions** – fosters

cultural alignment across the organisation and recognises champions for their efforts. In its fifth edition in FY 2017-18, the event has grown bigger, garnering over 15,000 nominations from across the Group for adjudication by an esteemed jury.

Axis Blitz was launched as a circle level platform to reinforce role model behaviours through storytelling and experience sharing with Senior Leaders of the Bank. Axis Blitz sessions were conducted at 27 locations at regional level to felicitate more than 410 Blitz Champions. Various other rewards

and recognitions programs are also conducted at regional and departmental levels.

Our integrated Performance Management & Capability Development system -

ACElerate - helps in fostering high performance and capability building. Capability development interventions are provided to high-performing employees to hone their skills further and help them perform better. During 2017-18, over 24,600 employees underwent a two-day behavioural training programme, customised to their grade and their role challenges.



Branch leaders from the Punjab Circle during Axis Blitz



Senior leadership of Axis Bank engaging with employees at the Bank's various regional circles under Axis Blitz



Being Learning Agile

We believe in continuous learning for our employees so that they remain agile and continue to acquire relevant skillsets. The learning pedagogy employed is a

mix of various learning modes such as classroom programs, external programs, certification programs and e-learning modules to facilitate the learning process across all

levels. We have focused programs for different target groups in order to provide them with right knowledge and tools to succeed.

Axis Business Clinics

Axis Business Clinics was launched with the purpose of Empowering Branch Heads to drive the culture of learning at the branch with modules focused on key processes, systems and products.

Key aspects covered:

- Focus on building skills on

customer service and customer empathy by building product and process knowledge

- Customised curated content and direct linkages to the branch excellence scorecard
- Leveraging the collaborative

learning culture of the team to drive branch customer excellence

A pilot module was launched for 762 Branches in phase 1 in November 2017. The topics launched were Digitalization and NFTR.

Axis Learning Achievers

Axis Learning Achievers was launched in October 2017 to create functional experts in respective domains. This was started with an aim of enhancing efficiency and effectiveness in branches specifically in the area of Operations.

Handpicked Axis Bank employees would contribute a few man-days annually towards facilitating the various learning interventions through this platform. The topics would range from basic to specialised levels, and the participants would themselves help

in co-creating best in class content on various functional topics.

The first 1 day functional module for Branch Operations Heads was launched in November 2017.

Redefine

'Redefine' is Axis Bank's online learning offering under the ACElerate umbrella. It is a first of its kind tie-up with Coursera which ensures we give our top talent access to world class faculty and best in class content from the top universities in the world. Each

employee falling in the MP+ and MP++ were assigned 3 specially curated courses based on their role.

Over the course of the year, 12,522 members were invited to the three course program. Four special academies were created to

cater to business specific courses. These are:

- Axis Aspire Discovery Academy
- Axis Bank BIU Academy
- Axis Learning Achievers Academy
- Axis HR Academy

Axis Competency Profiler



We have introduced a learning platform, the 'Axis Competency Profiler' to manage careers of our employees in a manner which provides them training interventions aligned to their respective skill-sets. Through the medium of proctored assessments, the profiler

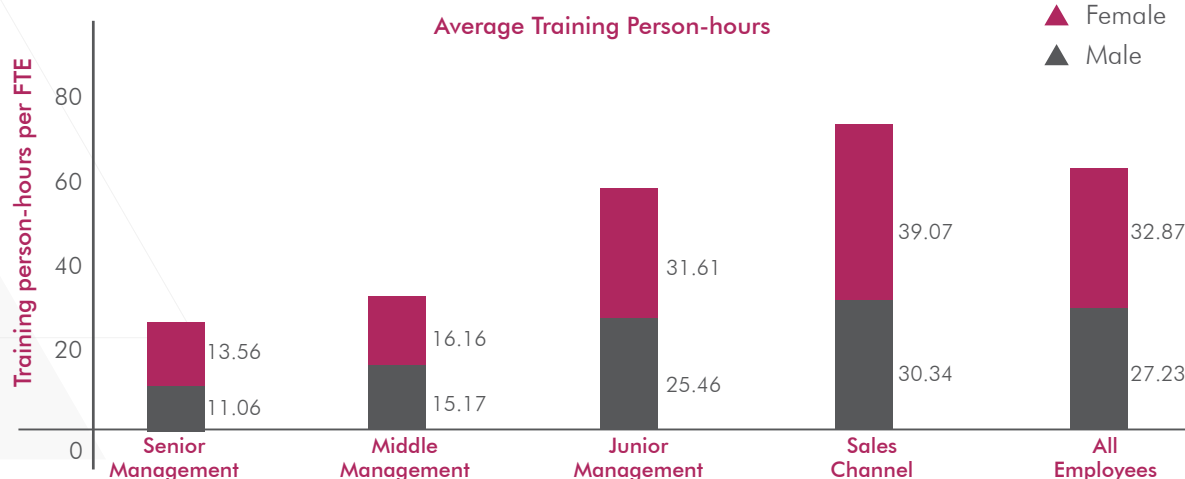
evaluates knowledge and application in five core areas viz., Products & Services, Processes, Systems, Risk & Compliance and the organisational landscape. It provides in-depth analysis of one's core strengths as well as showcase how one is placed across the cohort in the organisation. The Profiler comprises three proficiency levels – Cornerstone (Basic), Prime Key (Intermediate) and Master Key

(Advanced). The candidate's score in the assessment determines her proficiency level, which will determine subsequent learning interventions for the candidate. This platform may also be leveraged for conducting Knowledge and Application Based profiling for employees working in Branch Banking, SME, Transaction Banking, Retail Lending and Treasury departments.

Our HR tool 'twin-tracking' helps build core traditional banking capabilities, while focussing on new-age skills for the future. It has been the bedrock for the Bank's Academies. Collaboration with experts helps the Academies provide our people an opportunity to master core banking functional areas, in addition to developing new-age skills including analytics and digital capabilities.

Micro certifications that lead to

'Axis Bank Power



Talent Acquisition

As part of talent acquisition strategy, we engage with universities and institutions of repute to ensure adequate supply of skilled manpower with day-zero productivity.



During the year, we focused on strategic resourcing in alignment with our business strategy and creation of new verticals. Through 'Careernext', our internal job portal, we promoted internal job rotations, while external lateral hiring were done per business needs. Additional initiatives in this direction included:

- **Management Trainee Programmes** to provide differentiated career pathways for students from various business schools.
- A **Graduate Leadership Programme (GLP)** was designed to attract top talent from the country's best Graduate Campuses.
- **'We Lead: Axis Bank – ISB Women Leadership Programme'**, run in partnership with Indian School of Business (ISB), is women centric program to build diversity in leadership talent pipeline.
- **Axis Bank Young Bankers (ABYB) Programme**, in association with Manipal Global

learning pedagogies and cross-country roadshows

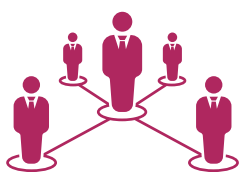
as a part of the 'Learning Binge' initiative.

Apart from these initiatives, on-going knowledge management by way of mailers on diverse topics like management best practices, role model behaviour and building a culture of excellence is a part of our employee development culture.

Education, focuses on imparting domain expertise and skill set in the field of Banking to create a talent pool of young bankers.

Leadership Development

Talent management and leadership development has always been a focus area for the organisation. There are initiatives which help us in finding and nurturing the talent to become future stalwarts of the Bank. This year, the institutionalised approach of providing differentiated learning opportunities to the most talented was continued for ongoing batches of participants (senior management – VP, SVP grades). The multi-tiered talent development architecture was extended to mid management (AVP, DVP grades) and



top talent was identified through the Talent Appreciation Process (TAP) by way of talent review conversations.

Executive Leadership Programme (ELP)

With three participant batches, the

ELP is the Bank's flagship SVP program and consists of four modules spread over a 15-18 month period. Second module for Batch 3 on 'Financial Strategy & Value-based Marketing' was successfully completed in June 2017 at IIM Ahmedabad campus and the third module on 'Big Data & Analytics and Strategy Implementation' was completed in January 2018 at Galle, Sri Lanka.

Business Leadership Programme (BLP)

The three-module BLP certification, the Bank's flagship programme for VPs was launched for 26 participants of Batch 2 in 2017. The latest module, on 'Building Execution Focus' was completed in October 2017, with participants receiving certificates for the successful conclusion of the BLP classroom initiative.



Senior management participating in the third module of the Executive Leadership Program on 'Big Data & Analytics and Strategy Implementation' at Galle, Sri Lanka

Axis Aspire – The Discovery Series

'The Discovery Series' is a custom-designed differentiated developmental journey targeted at the identified top talent (~7-8% i.e. 300 high-potential candidates) at AVP-DVP grades. It is a combination of learning elements that focus on self-awareness and personal development in addition to learning through networking

with colleagues. Aspire is spread over a year and consists of multiple interactions of varying lengths, the first of which is a 2-day workshop. Through focus group discussions, the themes covered in this interactive 2-day dialogue are Leadership Perspectives, Conceptual vs. Analytical Thinking, Power, Interpersonal

Orientation and Ambition. 8 batches of ~35 each have been completed between December 17 and January 18. As each batch completes its session, participants are given access to specific, handpicked courses on Coursera as part of 'Aspire Academy'.



Participants during a course at Axis INSEAD Digital Leaders Academy, which was launched in January 2017 with a focus on building digital bankers in India

Ideas First – Action Learning Projects

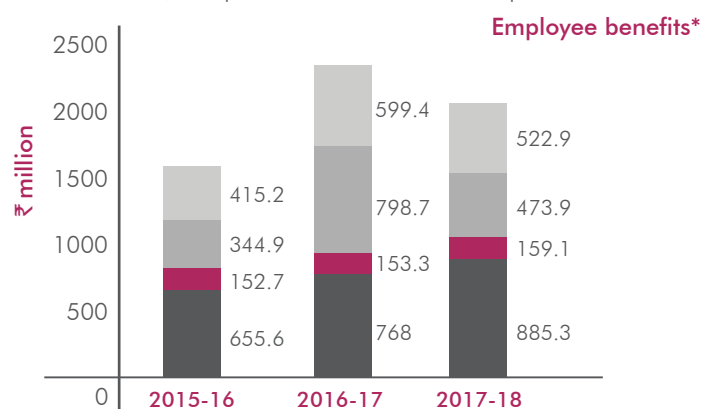
The Ideas First – Action Learning Projects are mini projects/stretch assignments on a real-time organisational issue to provide a platform for exchanging and learning from varied, cross-functional perspectives. It was launched for both the BLP and ELP batches and is a continuing initiative.

Employee Benefit Obligations

We provide a comprehensive range of retirement and other benefits to our employees. These include Provident Fund benefits, Gratuity benefits, Compensated Absences and Superannuation Scheme

benefits. Appropriate processes, including an actual valuation by independent actuaries, are put in

place to manage defined benefit obligations and defined benefit retirement plans.



- ▲ Gratuity benefit plan expenses
- ▲ Compensated absences expenses
- ▲ Contribution to employees' superannuation plan for the year
- ▲ Provident Fund benefit plan expenses

* As recognised in the Profit & Loss Account of the Bank for FY 2017-18, reported in its Annual Report

Axis Bank Ranked #1 by the EPFO

The Axis Bank PF was awarded the 1st rank by the EPFO for January, February, and March

2018. Axis Bank scored 600 points out of a maximum of 600

points based on the following parameters



Transfer of Fund
Before Due Date



Investment



Remittance
to the Trust



Interest
Declared



Claim
Settlement



Audit of
Accounts

Bank	Rank	Points
 Axis Bank	 (for Jan & Feb, March 2018)	600 <hr/> 600
Axis Bank places strong emphasis on efficient and safe management of employee benefits and towards this, it has constituted independent and irrevocable Trusts. These Trusts, namely Provident Fund, Gratuity and Superannuation, are independently audited each year	to ensure that all Regulatory requirements are complied with. In the case of Provident Fund we have successfully cleared the audits by the Enforcement Officers of the Regulator, Employees' Provident Fund Organisation (EPFO). In addition to this, we have	launched an online digital platform for Provident Fund, through which users can view balances, apply for transfers / settlements and make partial withdrawals from their Provident Fund accounts in case of certain exigencies.

Safe, Secure and Harassment-free Workplace

We continuously strive to provide a safe and secure workplace to our colleagues, customers and other relevant stakeholders while at our premises. This is one of the primary objectives and a key element of our Business Continuity Management (BCM) framework. The framework is designed to enable identification of potential threats to the Bank and for building organisational resilience with the capability for an effective response that safeguards the interests of our key stakeholders, reputation, brand and value-creating activities.

To protect lives and minimise damages to assets in crisis situations, an Emergency Response Plan (ERP) is active for critical locations. The Crisis Management Plan (CMP) within BCM framework enables analysis of possible emergency and crisis situations, development of response strategies for recovery and monitoring of countermeasures.

Fire hazards and incidents are one of key primary risk areas for safety of our people, assets and premises. An effective Fire Prevention and Protection Policy has been put in

place and covers procedures and guidelines that are to be adhered to, covering aspects of prevention, saving lives, mitigation of damage to assets, quick reaction, and constant vigilance and awareness.

We conduct Fire Life Safety Audits across all branches through empaneled third party agencies. The audits cover six key areas of fire prevention, management and safety preparedness – electrical, UPS/ Battery bank, DG sets, fire detection, fire suppression/fighting systems and emergency preparedness. In addition, the auditors impart basic fire, life, safety information and training to our employees and other staff at branches and also conduct emergency evacuation drills. Fire and security reviews are also extended to third-party premises including leased premises, hotels and resorts that the Bank may use for conducting its business, trainings or events.

Our Policy on Safety of Women at Workplace continues to guide and ensure that all female employees Feel safe and secure in the work environment. The Policy covers various aspects of women safety at workplace including safety measures and precautions related to workplace infrastructure, travel arrangements at late hours,

emergency helpline and stay arrangements for women employees traveling on work. All women employees are provided with escalation points both at the Corporate and the Branch level to raise any concerns.

We have put in place a colleague assistance program which provides counselling service to deal with employees' worries and issues. Seasoned counsellors interact in complete confidence with employees, and this facility has also been extended to employees' family members.

Axis Bank has a zero-tolerance approach towards discrimination and harassment at the workplace, articulated clearly in its Code of Conduct and Ethics for employees. The Bank has in place a Policy for Prevention of Sexual Harassment at Workplace that aims to maintain a healthy, safe and secure work environment that enables our colleagues to work without facing unwelcome, offensive or discriminatory behaviour. The Policy clearly defines mechanisms for reporting and redressal and enforce strict disciplinary action in case of violations. All Bank employees are required to undergo mandatory e-learning module on the Policy.

Our policies and grievance redressal mechanisms towards employee safety and security also extend to the

contract employees who work at our premises, and we work closely with our manpower suppliers to ensure

they adhere to pertinent policies and compliance requirements.

Incident monitoring through Command Centre

The Bank has a Command Centre in place at its Airoli office in Navi Mumbai, which remotely monitors branch activities and responds to incidents in the following way:

Once a branch is operational, it is integrated with Command Centre and 24X7 monitoring is done by Remote Operations Team deployed at the Centre. The Remote Operations Team receives alerts and notifications through sensors and devices installed at these

branches.

In order to handle such alerts/incidents in an organised way, the team follows a well-defined SOP.

Some of the key activities handled by operations team are:

- Incident Monitoring & Response
- Monitoring alerts and action initiation as per SOP
- Maintaining QRT attendance data
- Support Branch staff in 'arming' and 'disarming' the Branch
- Preparation, action and verification of all reports

The Remote Operations Team at Airoli works in three shifts. In the event of any alert/incident getting detected by the team, they immediately coordinate with the 'On-field' QRT (Quick Response Team), the Safety & Security team, Branch staff and branch guards to mitigate the risk associated with the incident. Overall 1,146 locations of the Bank (including branches and currency chests) are covered by the Command Centre currently.



Snapshot of the Bank's Command Centre at its Airoli office in Navi Mumbai

Health and Wellbeing

Employee health and well-being is an integral part of our engagement process. 'Fit & Fine' is an umbrella health and wellbeing programme that provides employees with opportunities to pursue their health, fitness, sports, and recreational interests. Our corporate head office, Axis House is equipped with

in-house gym facility and a multi-purpose fitness centre for yoga and aerobics. In-house medical facilities are available at Axis House and other large offices where employee strength is greater than 500. All the Bank's employees are covered through adequate medical insurance policies.

Axis Moms@Work

We have taken steps towards strengthening our relationship with our employees and partnering in their life events. Maternity leave and returning to work can be turning points for women in their careers. We stand committed to supporting them on this and ensuring a smooth

and supportive transition back to work.

Towards this, the Moms@Work initiative provides one-on-one coaching sessions and e-bytes for not only the concerned women employees but also their spouses.

an opportunity and a platform to contribute to social and environmental causes of their choice. Employees can opt to make one-time or monthly contributions to projects of their choice which are undertaken by ABF or an external

exhibiting ethical and acceptable behaviour on aspects including human rights. All employees are made aware of the Code of Conduct and Ethics through e-learning modules and classroom sessions / talks to promote a culture of equal and fair treatment. All employees are provided with incident reporting and grievance redressal mechanisms to raise concerns on non-adherence to Code of Conduct and Ethics including concerns on human rights violations. While the Bank does not have employee unions or associations, we respect the right to 'Freedom of Association'.

We, and all our subsidiaries, do not engage in or promote child or forced labour in any form. Conditions pertaining to compliance with labour laws including no employment of children or forced labour, providing defined benefits like provident fund contribution, social security such as employees' state insurance, payment of minimum wages etc. are stipulated in contract agreements with suppliers and vendors. Axis Bank Foundation also has specific clauses related to human rights, prevention of sexual harassment and non-discrimination described in Memorandum of Understanding (MoU) signed with its partner agencies or NGOs.

All employees have been provided with multiple channels to register their grievances, such as the Whistle blower portal or H-Response (a virtual help desk for addressing colleague's queries). Employees also have an option to reach out to the Bank's Ethics Officer, Chief Compliance Officer, Chief of Internal Vigilance or other designated authorities for timely escalations.



Participants at the Moms@Work initiative organised by the Bank at Axis House, Mumbai

Expansion of Day Care Facility

The day care facility present in the Central Office in Mumbai has acted as a wonderful support to many parents at Axis Bank. The Bank is exploring options to provide day care facilities at all locations where we have 50 or more employees.

Employee Engagement through Axis Cares

Axis Cares is our payroll giving program wherein all employees have

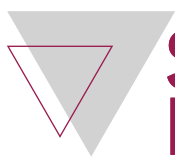
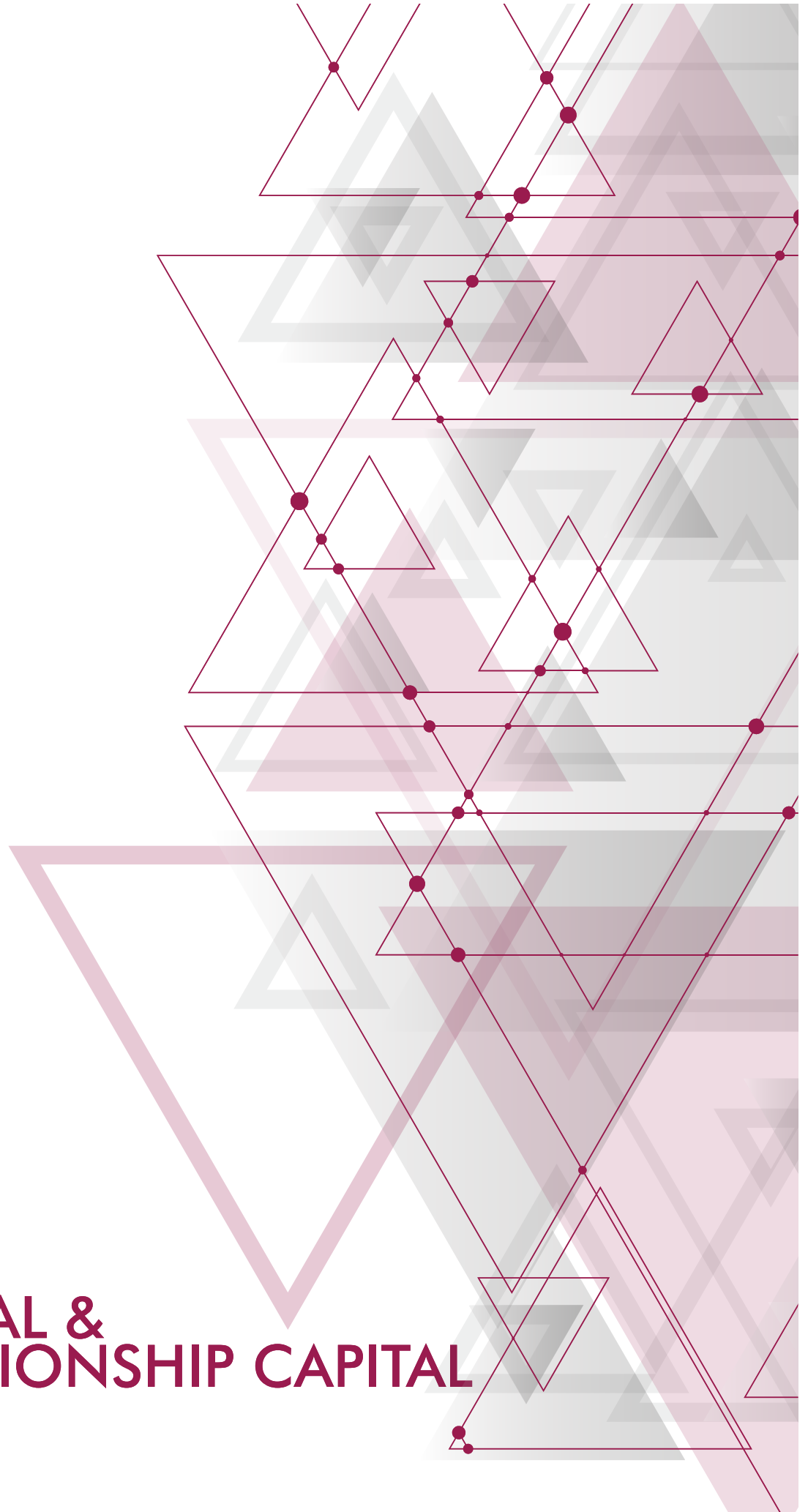
NGO. In addition, Axis Cares also connects employees with various NGOs where they can donate their time through volunteering.

Human Rights

We believe that every person has basic human rights which must be respected. The Bank's 'Policy on Human Rights' enlists of our commitment to human rights and supplements the Code of Conduct and Ethics to guide our employees in



Axis Bank employees volunteering at an NGO under Axis Cares



SOCIAL & RELATIONSHIP CAPITAL

SOCIAL & RELATIONSHIP CAPITAL

We believe that for an organisation to succeed in the long term, it is imperative to keep the overall well-being of society at the core of its value and purpose. As an institution, our role in partnering for progress is not just limited to our customers but extends well beyond that to the community at large. Our approach has focused on creating sustainable livelihoods through the Axis Bank Foundation (ABF), expanding financial literacy and inclusion in our role as a financial institution, and leveraging our geographical spread across the country to undertake 'shared value' initiatives.

Our community development objectives and focus areas are guided by our Board-approved CSR

Policy, and the CSR Committee of the Board directly oversees the

implementation and reviews progress.

Aligning Our Social Imperatives with the Sustainable Development Goals

Sustainable Development Goals (SDGs) were announced by the UN in 2015 and adopted by 193 countries. It was an occasion where the world united as one and entered into a new era of sustainable and equitable development. It marked a transition from Millennium Development Goals (MDGs), pursued from 2000 to 2015, to the SDGs, to be pursued from 2015 till 2030. While MDGs relied heavily on the governments, SDGs have acknowledged the role of businesses and civil societies along with the

governments in achieving the goals. SDGs follow a pragmatic approach, and focus on holistic development of the society and the planet. A need for a collaborative action between governments, business and civil society is envisaged for realization of 17 SDGs and 169 targets by 2030. It envisages a collaborative, partnership-driven approach with the participation of multiple stakeholders.

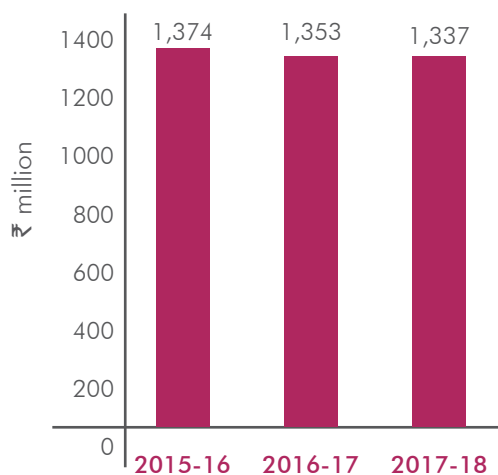
The framework recognises that along with financial investments, private

businesses also have the potential to provide necessary technical expertise and bring on board professionally trained human resources. This would require social sector organisations like the government, NGOs, and other civil society institutions to embrace opportunities for designing programmes which have an impact on communities, and at the same time generate returns for investors.

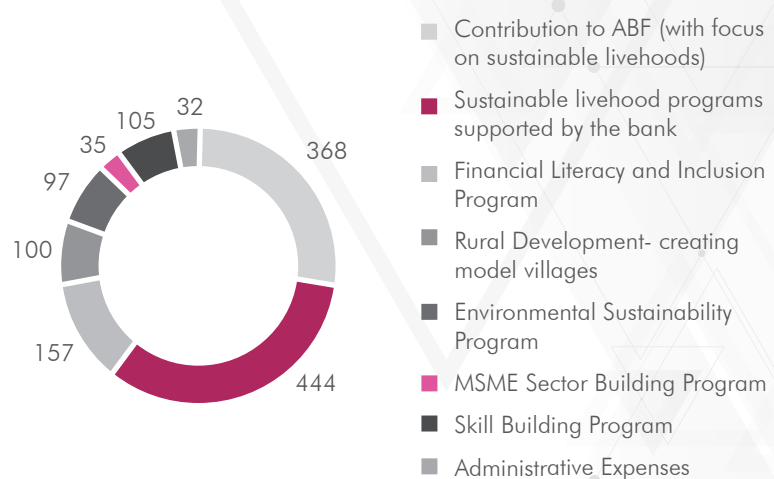
ABF's project outcomes are in alignment with the following SDGs set by the UN in 2015 –



Community Investments



Community Investments (in ₹ million) 2017-18



The Axis Bank Foundation: Over a Decade of Making a Difference

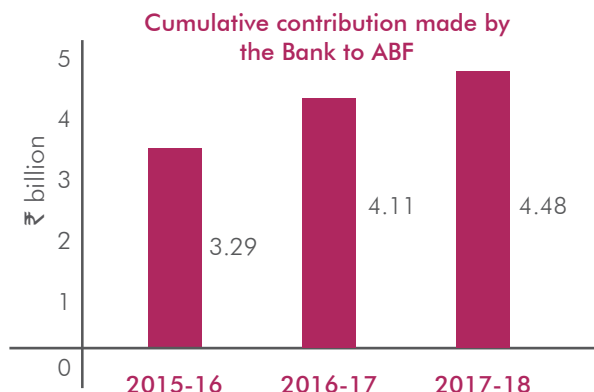
Axis Bank Foundation (ABF) was established in 2006 with the mission to take forward Axis Bank's community development objectives and serve the underprivileged sections of society. Over the past decade, ABF has relentlessly worked to reach out to some of poorest districts of the country through several multi-disciplinary programmes which have directly benefited more than one million people cumulatively.

Through a strong network of 18 grass-root level Non-Governmental Organisations (NGOs), ABF programs were spread across 178 districts in 21 states across the country as on 31 March 2018.

In FY 2017-18, ABF initiated work with 350,316 rural households.

During the reporting period, ABF achieved its stated mission of

reaching out to create 1 million livelihoods well before the stated target completion date of 31 December 2017, of which 63% were for women. The Foundation has now committed itself to supporting 2 million households by 2025.



"Axis Bank Foundation (ABF) has been acting as a change agent in the lives of the communities living on the fringes of poverty in the rural parts of India for over a decade now. In 2011, it undertook a mammoth target of reaching out to a million livelihoods by 2017 and it gives me immense pleasure to share that the foundation was able to successfully achieve its goal in September last year. ABF's success can be attributed to co-creating localised, inclusive, collaborative and sustainable projects with its NGO partners keeping the community at the

centre of its focus. Over the last decade, ABF has strongly evolved as a corporate foundation and has worked on issues such as distress migration, water scarcity, climate change, etc. Augmenting its learning from the past, the Foundation will continue on its path with an extended goal of reaching out to 2 million households by the year 2025. We at ABF are committed to build the capacity of the community which in turn will put them in charge of their own economic and social growth leading to sustainable development."



Mr. S Ramadorai
Chairman, Axis Bank Foundation

Touching a million livelihoods

Axis Bank Foundation (ABF) had embarked upon a journey in the year 2011 to enhance and create sustainable livelihoods across India,

with a target to reach out to a million individuals by December 2017. To achieve its goal, ABF partnered with numerous NGOs and had a focused approach on interventions including natural resource management, collectivization, farm-based activities,

non-farm based activities, and up- & cross-skilling to create a basket of livelihood activities for communities living in rural India.

As part of this commitment, the Foundation pledged its support to

the Government of Maharashtra's 'Village Social Transformation Mission' that aims to transform adverse conditions in 1,000 villages in the state plagued by draught and low human development indices. In the reporting year, the Foundation took up interventions in 15 villages in Yavatmal district.

With this approach, ABF has been able to achieve its goal of reaching out to create a million livelihoods in September 2017 and has been able to set rural families on a path of social and economic transformation. Building upon this momentum, ABF has now taken up a new challenge of impacting livelihood of 2 million households by 2025. ABF is committed to working with these households in their journey towards better livelihood by building community institutions, producer organisations and establishing market linkages. Building resilience in communities will be one of the key strategies. Sustainable models with defined exit strategy are core to the work that ABF executes.

Many of the ABF-supported programmes are closely aligned with the Government of India's rural development schemes including the Mahatma Gandhi National Rural

Employment Guarantee Act (MGNREGA) and Pradhan Mantri Krishi Sichai Yojana (PMKSY).

The Foundation's programmes also aim to strengthen the role of women in rural economies. As part of ABF's financial inclusion initiatives, a total of **13,396 Self Help Groups (SHGs)** have been formed with

159,654 women members as on 31 March 2018. These SHGs have recorded a savings of ₹28.95 crores and borrowings of ₹55.30 crores from the formal sector.

ABF's interventions provide vocational training to unemployed youth, including Persons with Disabilities (PwD), in alignment with national schemes including the Skill India Mission. In the reporting year, **21,510 youth** have been trained, of which **67% have been placed**.

Environmental Sustainability

With ABF's sustainable livelihoods programmes having a strong focus on agriculture and allied interventions, environmental sustainability is inherently embedded in its outcomes and impact. For instance, interventions in the farm sector create awareness on organic

farming, prevention of soil erosion, watershed management and use of renewable energy. Additionally, ABF, through its partners, undertakes tree plantation drives at locations across India. During the reporting period, **17.35 lac saplings were planted**.

The Bank is also supporting an initiative wherein approximately

3.8 lac trees will be planted in around five states - Andhra Pradesh, Rajasthan, Gujarat, Odisha and Maharashtra with an aim to improve vegetation in common lands, arrest and reverse land degradation, besides helping in reducing pressure on the forests and common lands. This initiative is expected to improve availability of fodder, fuel wood, biodiversity, water, nutrients thereby improving livelihoods of poor rural households.

We also focus on reducing environmental footprint of our own operations through enhancing renewable energy use and improving energy efficiency through a host of allied measures. For additional information on our environmental initiatives, please refer to 'Environment Capital' section of this report.

Case Studies

Agriculture interventions through SHG Formation in Odisha

The Kharmani village is located in Baliapal block, Balasore, Odisha. Its nearest major town, Simulia, is five Km away, and the nearest government clinic is at a distance of four Km. The ABF - Dhan Balasore project organised the village community in January 2015 and the Jagannanth SHG was promoted.

A direct participant, Parvati Nandi is a member of Jagannanth SHG, and has a family of five, comprising her husband and three sons. Her eldest

son is taking an electrical course at an ITI in Balasore city, and the other two sons are in seventh and eighth standards. The family is engaged in agriculture since five years and were earlier part of a joint family. In the joint family, the family income was not known as it was managed by their parents and elder brothers, and was insufficient for Parvati's family, due to which Parvati and her family had to move out from the joint set-up.

As a member of the SHG, a primary advantage to the participant is its loans that can be availed at an interest rate which is about half as much as what local moneylenders charge. Parvati has so far taken 7 loans from the SHG and has repaid them 1-2 months in advance. Till date, she has taken loans worth ₹ 50,000, through which, they have purchased kitchen garden seeds and scaled up their agriculture activities. At present, their monthly

income is ₹5,000 after meeting all agriculture-related expenses. Additionally, most of the family's food requirements are met through their agriculture produce and livestock.

The household has three cows which were purchased from agriculture income, through which the family earns a net income of



Parvati Nandi, member of the Jagannath SHG in Balasore, Odisha, with her family members. She is a direct participant of ABF and Dhan Balasore's intervention towards livelihood enhancement

₹30,000 annually after meeting the cost of fodder and cattle maintenance. This is part of the annual household income of ₹60,000. The Nandi family has also commenced fish farming in the pond near their house after taking a loan of ₹6,000.

They also own half an acre of land, and have leased additional land to

expand their agriculture production.

The family's primary monthly expenses include ₹3,000 for their elder son's education and living expenses in Balasore town, and ₹1,000 on the education of their other two children. They now aspire to build a permanent house in the future, and save money for their children's further education.



Horticulture Cooperatives at Dahod, Gujarat: Going from strength to strength

N M Sadguru Water and Development Foundation (NMSWDF) is one of India's pioneer NGOs in the field of Natural Resource Management (NRM) with a high degree of expertise in land and water resources development. They have been associated with agricultural communities since 1974. NMSWDF's engagement with ABF dates from October 2014, and is focused on NRM for ensuring livelihood promotion.

Its interventions cover different agricultural prototypes based on land and water resources, initiatives for dairy development, and diversification of agriculture activities – making farming viable on marginal land. Additionally, it undertakes training and capacity building of participating households and promotion of village institutions and other community-based organisations. The interventions are operational in the Dahod,

Panchmahal and Mahisagar districts of Gujarat and Banswara, Dungarpur and Jhalawar districts in Rajasthan.

The Dahod district in Gujarat has a literacy rate of 60.6% and over 90% of its population is located in rural areas. A majority of the population is tribal. Cultivation in the region is mostly rainfed and delays in rain make the district vulnerable to droughts.

The livelihood enhancement initiatives taken up by ABF and NMSWDF are natural resources-based, aimed at guiding these communities to engage in economically viable income generating practices that optimally utilise the limited resources available. These include crop diversification, floriculture, seed production, dairy development and horticulture.

Community Based Organisations (CBOs), including the federations and cooperatives promoted by the project, were able to diversify into other NRM-linked businesses by investing their surplus funds. For instance, horticulture cooperative, Limkheda (Dahod) is a 2,500 farmer strong entity, with its

executive board constituted by women. The Cooperative is running a farm input shop in Limkheda which supplies high quality seeds, fertilisers, pesticides and other farm inputs to local farmers.

It provides these products at less than the market rate for its members, in the process incentivizing non-members to become members and motivating members to source only from the shop. The CBO is also running a nursery from where it supplies quality vegetable saplings to local farmers, and has started a small processing unit for turmeric powder which it is selling at a small scale as of now.

NMSDWF supported them by

providing training on management and accounting, and advisory on expanding the cooperative. They also provided initial assistance in getting the cooperative registered and in finding office space and location for the farm input shop.

Members of the cooperative are now contemplating venturing into aggregation of vegetables which would involve buying fresh vegetables from the farmers, giving them cash in hand and supplying to nearby towns like Vadodara and Surat. They would then be investing their surplus funds into sustainable, profitable businesses, with the profits being shared with all members in the form of annual dividend pay-outs.



Ms. Shikha Sharma, Managing Director & CEO, Axis Bank, visiting the ABF-supported Horticulture Cooperative at Limkheda in Dahod, Gujarat, in May 2017. She reviewed the initiative's progress and interacted with the direct participants



Members of the Horticulture Cooperative in Limkheda, Dahod, Gujarat



A nursery being managed by the cooperative

The Ghummar Mahila Custard Apple Pulp Producers Company, Pali, Rajasthan

ABF works with farmers across four districts in Rajasthan – Bundi, Tonk, Pali and Pratapgarh, through its implementing partner, Self Reliant Initiatives through Joint Action (SRIJAN) since 2012. The interventions focus on livelihood

promotion in agriculture, dairy and horticulture, besides promoting the formation of cooperatives and SHGs towards enhancing food security in the region.

Demographically, the four districts constitute nearly 38% of the tribal

population in the state. The region faces frequent droughts, and there is scanty rainfall throughout the year with a limited availability of grazing land. Rajasthan also has a low forest cover of about 5% of the total country, with wastelands covering



Members of the Ghummar Mahila Custard Apple Pulp Producers Company, Pali, Rajasthan sorting and processing produce at the Central Processing Unit

up to 30% of its geographical area, the second lowest yield per hectare and only 1% share of the nation's water resources. There is a lack of irrigation facilities and rapid depletion of groundwater, in addition to the rocky terrain making groundwater storage a major challenge. The quality of water itself is highly saline with high fluoride content. All these challenges limit the income generating capacity of farmers and make it essential to plan interventions around managing the region's limited available resources.

The Bali tehsil, situated 120 Km away from the Pali district headquarters, is considered a backward block, with average literacy rate of 55.1%, and a dismal female literacy rate of about 38.58%. Although one third of the block's geographical area is under forest cover, the soil has low productivity due to constant erosion. Traditional cultivation practices are another reason for the low land productivity. Additionally, undulating topography and poor infrastructure makes connectivity difficult. The population has poor food security, and a majority of their annual income is earned as migrant wage labourers.

SRIJAN started Focused Group Discussions (FGDs) in the area with community institutions including Self-Help Groups (SHGs), Voluntary Organisations (VOs) and Federations. They concluded that the area had untapped livelihood potential for custard apple production – a horticultural, Non Timber Forest Product (NTFP) and that a sustainable value chain could be developed around it. SRIJAN, jointly with an SHG, Ghummar Mahila Samiti, developed a system for implementing the proposed value chain. It initially formed eight Village level collection centres (VLCCs) where women were trained to pluck, sort, weigh, grade, and naturally rejuvenate custard apples grown in the wild.

Over 800 women, such as Chunni Bai from Bhimana village, plucked raw custard apples from the wild and sold them to the VLCC, earning almost ₹2,500 in a period of 30-35 days. All records were maintained in the VLCC's account books as well as the individual members' pass books.

The typical value chain process involves women depositing their plucked produce at the Central Processing Unit of the VLCC, where

they are naturally ripened, sorted and peeled, with all natural waste going into composting. Processed pulp is packed into standard packets, blast frozen, moved to cold storage, and marketed. The seeds separated in the process are preserved for after sales or natural plantation.

This value chain is now registered as a Producer Company. Cumulatively, over 1,000 women are involved in the value chain, close to 200 women are employed at the Central Processing Unit (CPU) and approximately 850 women sell raw custard apple pulp to the VLCCs, providing a net income enhancement of approximately ₹2,500 in a month. The company is also exploring processing additional NTFPs such as Jatropa, Casia Tora (Coffee adulteration/Gum resin), Awwal Leave (Henna adulteration), and palash flowers (Organic dry colour powder).

Cumulatively, the ABF-SRIJAN partnership has directly impacted over 50,000 households in Rajasthan, Madhya Pradesh and Chhattisgarh through livelihood generation activities around Natural Resource Management (NRM) and Self Help Group (SHG) formation.

Chamunda SHG, Bhilwara, Rajasthan: Creating Pathways for Economic Empowerment of Women

ABF has been supporting the Foundation for Ecological Security (FES) since December 2014 for restoring ecological security as means to improve and secure livelihoods of rural, resource-poor communities in Rajasthan and Karnataka. The project aims to cover 12 blocks in two districts of Karnataka (Kolar and Chikkaballapur) and five districts of Rajasthan (Pratapgarh, Udaipur, Bhilwara, Chittorgarh and Pali)

through farming and non-farming activities.

The Bhilwara district in Rajasthan is known for its textile industry and often referred to as the Manchester of India. The district's HDI rank in the state is 15th. It has a predominantly rural population of 78.72%, a rural work participation rate of 51%, Scheduled Tribal population of 11.32%, an overall sex ratio of 973, and rural literacy rate of 65% with female literacy rate

at a low 40.58%. Its forest cover is 7.2% and agricultural land covers 61.14%, of which 38.48% is irrigated. Of the total rural working population, 56.37% are cultivators and 16.2% agricultural labourers.

FES's approach towards creating and sustaining natural resource-based livelihoods addresses the issues from the region's fragile ecology marked by declining ground water table, degradation of common land due

to uncontrolled grazing, and local agricultural practices. Through an approach called Socio-Ecological Approach to Livelihoods (SEAL), projects are implemented at the habitation level – forming and strengthening village institutions, preparing village plans, and livelihood plans for households, based on available natural resources. Activities include developing common land and water bodies, promoting better agricultural practices, diversifying income from non-farm livelihood options, convergence with social security schemes, leveraging funds from public livelihood development programmes, building capacities of Community Resource Persons (CRPs) and forming and fortifying SHGs.

The Chamunda SHG in Dhapada village, Bhilwara, was formed in 2015 by 12 women motivated to improve their lives and a desire to succeed. The SHG aimed to improve their economic situation through credit linkages, many of whom were otherwise mired in debt. They would initially incur debt at a high interest rate from private money lenders to pay for healthcare, education, and social obligations, and many were in a debt trap. Through the interventions, the SHG members have improved their savings, have better access to formal financial institutions and participate in managing the SHG's funds. The SHG collects ₹100 from each member per month for the pool, allowing members in need to take loans at nominal rates.

Sowing the seeds of change: During their meetings, members realised that all of them had enough spare time in their day for doing collective, financially rewarding activities. With the CRP's support, they have developed a business



Members of the Chamunda SHG in Bhilwara

plan for setting up a spice processing unit, given its constant demand across villages, towns and cities. They also took the help of the village school principal for technical information, and set up a unit to process turmeric, red chilli and coriander.

The establishment costs of machinery and rented space was ₹35,000, raw materials from the nearby Bewar Mandi cost ₹55,000, while the packaging material involved further additional costs. The manufacturing process involves cleaning, drying, pulverizing, sieving, packaging, transportation and marketing, with production taking place for seven to eight months in a year, with a break during the agricultural season. The peak demand is between April and June, and during festivals and weddings. The SHG supplies the

processed spices to wholesale stores in nearby towns of Gyangar, Bhim, Bhilwara, and Ajmer, in addition to local schools in adjoining villages for mid-day meal preparation. They also participate in direct sales through exhibitions and trade fairs held once or twice a year within the district.

The SHG has made ₹75,000 in profits, after paying back one fourth of their loan taken for the venture.

The members acknowledge their initial challenges in understanding and getting right the procurement, production rates and sales. A bad production batch due to rains had to be abandoned, and they stopped processing a spice that they weren't able to make a profit on.

Chamunda SHG has been recognised for their entrepreneurial venture and awarded by the Indian Institute of Biosocial Research and Development (IBRAD), Kolkata, at their SANCALP Forum, after being nominated by FES. The SHG's President narrated their story at the function and said, **"The award instils pride in our work and we are grateful that our work is recognised even outside our own state. But the best part was that we were able to travel all the way to Kolkata. No other women in our village have done that. This, I think is the power of the SHG!"**

The women of Chamunda SHG have set an example for their villages and communities and helped them earn respect. They are now actively engaged in decision making in their households as well as their village. The SHG is now looking to getting itself registered and developing a strong brand so that they can supply in bulk and under their own name.

Impact Assessment Reports

ABF conducts impact assessments of its programs to assess the socio-economic impacts, both quantitative and qualitative, created against target impacts listed as part of each programme's objectives. Credible institutions with expertise in the development sector are engaged to carry out the impact assessments. These studies are generally carried out once during the programme period (mid-term) and at the end of the programme.

Impact Assessment Report 1: "Enhancing tribal livelihoods in Dangs & adjoining districts - Dangi Vikas Karyakram" by Aga Khan Rural Support Programme India (AKRSP(I))

The Aga Khan Rural Support Programme India (AKRSP(I)) with the support of the ABF seeks to promote activities and develop models for sustainable livelihoods and improved quality of life in the project "Enhancing tribal livelihoods in Dangs & adjoining districts - Dangi Vikas Karyakram." With ABF's support AKRSP(I) works with environmentally challenged and economically vulnerable population of the Dangs district in Gujarat. The project commenced in January 2013 with an initial target period of five years, targeting 22,000 households. The project also seeks to take up such activities that empower women, builds or revives institutions and creates institutional linkages.

Through these activities the project aims at:

- Significant increase in annual income from farm and non-farm interventions for 22,000

households over a period of 5 years

- Reduce soil erosion in 160 villages,
- Increase area under irrigation by 25%, and
- Reduce migration by 20%

Understanding the demography and geography of the place is crucial to understanding the relevance of the basket of project interventions. In order to achieve these targets AKRSP (I) had taken up a set of activities, including soil and water conservation, farm-based interventions, revival/creation of infrastructure or resources, support to non-farm activities such as animal husbandry, skill development in handicrafts, and supporting petty trades by distribution of tool kits or financial aids. Additionally, for improving the quality of life, acrylic sheets have been introduced to utilise daylight for interior lighting, smoke vents for clean cooking, efficient fuel use, better health, farm forestry and promotion of other forestry based activities including Non-Timber Forest Product (NTFP) collection. For financial inclusion as well as for developing a formal credit culture, SHGs and federations have been formed.

Impact Assessment

In the end term assessment, the assessor, Thinkthrough Consulting, used surveys, focused group discussions and referenced relevant project documents to arrive at the impact findings.

Water Resource Development

Different water structures such as bori bunds, check dam repairing, lift irrigation, solar lift irrigation & installation of mobile engines for lift irrigation have been constructed for availability of water. This has

expanded the cultivation area and availability of water has had a positive impact on cropping intensity thus leading to reduction in migration. Overall, there is a higher productivity and better yield.

Soil and Water Conservation

Farm bunding, nalla plugging and gabion structures help to conserve soil and water. Topsoil on the farm is arrested itself during rainfall, leading to slow levelling of the fields and in increasing the level of topsoil nutrients. Due to soil water conservation methods, paddy cultivation has replaced nagli and other crops. There has also been an increase and improvement of cultivable areas due to gabions and bunding.

Agricultural Extension

Interventions such as System of Rice Intensification (SRI), agriculture input supply, 'amrut pani', the supply of agricultural equipment, landless gardens and introduction of kitchen gardens, have resulted in increased crop yield and productivity. Farmers reported that the use of SRI has resulted in increasing yields by as much as 100 percent. SRI is being extended by farmers to other crops beyond paddy, and similar results are visible. Organic methods including the application of 'amrut paani' has decreased losses due to pest and disease attacks.

Collective input purchase has been taken up to increase the bargaining power of the community. As a result savings were reported to the tune of 20 to 40 percent depending on the seed variety. Introduction of kitchen and landless gardens have given them opportunities for cultivating multiple vegetables, other than the traditionally cultivated millets. This has further increased food security.

Non-farm Activities

Non-farm activities including bamboo enterprise, goat rearing, handicrafts & skill development, and petty trade have all contributed to the process of income enhancement. Through these activities the community has been able to increase their income and also diversify their sources of income.

Participatory Irrigation Management

Participatory Irrigation Management (PIM) has helped ensure the uniform supply of water to fields and has helped in increasing production. It has also created awareness among farmers on efficient irrigation techniques.

PIM also reduces potential conflict as it ensures all water users pay their dues, besides reducing water wastage as usage is better planned. Groundwater recharging has improved as the net irrigated area has increased. Availability of water has made sugarcane cultivation (water-intensive activity) prevalent.

- The average gross income per household has grown to about ₹1,20,000 annually
- 2,835 Ha land covered through watershed development activities like gabions, trenching, farm-bunding etc. (in two districts)
- 2,029 Ha land covered under irrigation support work like lift irrigation, farm ponds, bori-bandh etc. (in two districts)
- 4,100 Ha land is getting irrigation water regulated through 11 canal irrigation societies (in two districts)
- There has been an observable increase expenditure on consumer durables and social activities.
- Overall access to information has increased.

AKRSP (I) has reached out to 21,562 households in 5 years and has entered the second phase of the

project that seeks to saturate intervention focus among households in specific blocks of The Dangs.

Impact Assessment Report 2: Providing Vocational Skills and Mentoring to Socio-economically Vulnerable, Unemployed Youth by Don Bosco Tech Society

Introduction

Don Bosco Tech Society (DBTS) and the ABF had been engaged in a partnership between 2012 and 2017 for providing compatible vocational skills and mentoring to the socio-economically vulnerable, unemployed youth and enabling them to find suitable work opportunities. The Programme was aligned with government initiatives in the skilling sector, including Skill India and Make in India.

The Programme's driving objectives were:

- To establish vocational training centres for the poor and unemployed youth
- To reduce unemployment and forced migration/trafficking among disadvantaged youths in project area by providing employability skills and placement services
- To promote sustainable livelihood through transforming unskilled labour into skilled labour
- To supply incremental labour to existing labour pool, as well as meet the emerging demand for skilled labour

In order to achieve these outcomes, DBTS set up formal training and smaller outreach centres across India for providing short-duration, employment-linked, market-driven

vocational courses. The centres have been set up and are operational on co-funding basis.

DBTS undertakes the following activities at the Centres:

- Pre-implementation curriculum design, youth survey, mobilisation of youth, counselling etc.
- Implementation through training, assessments, support for job placements, etc.
- Post-implementation through batch review, placement tracking, post-placement survey, etc.

Impact Assessment

Deloitte India was commissioned to assess the impact of the programme in terms of placements, changes in income levels and savings and impact of training such as gain in soft skills, personality development and life skills.

- The average annual income of the employed trainees post-intervention was found to be approximately ₹81,000.
- The increase in annual income on an average per trainee was approximately ₹54,000.
- However, the average annual income among employed as well as unemployed trainees is approximately ₹43,000.
- Those trainees who migrated to other parts of the state or country after completion of training were found to be earning more than the annual average of the other trainees.
- The placement percentage (including self-employment) in the respective courses was 70%.
- 5% had been found to be self-employed after completion of training.
- The average monthly contribution of employed youth to their households was found to be approximately ₹4,200.

- The various reasons of attrition for alumni trainees are dissatisfaction with job, migration, marriage, pursuing a trade different from the vocation skilled and employed in, etc., which results in a drop in number of alumni of previous batches still placed at these organisations.

- The organisations where the trainees were placed with have provided feedback on the alumni having inculcated a positive attitude, willingness to learn and good listening skills with respect to performing their roles at work.
- 46% organisations were satisfied

with DBTS's alumni employees.

- 92% organisations revealed that they are extremely likely to employ DBTS's trainees and alumni in future.

DB Tech Society has trained a total of 52,180 candidates in the span of 5 years of its engagement with ABF.

ABF Board of Trustees visit Implementation Partners

As a best practice in CSR governance, ABF's Board of Trustees annually visit select ABF-supported projects to not only review project implementation but also interact with community members, the Foundation's implementation partners and other stakeholders. The

visits to project sites help the Board members understand the requirements of the target participants and connect directly with the implementation partners to appreciate their work, and also comprehend their challenges.

In FY 2017-18, board members

visited two project sites. The first site was at Chhindwara district, Madhya Pradesh where ABF's NGO partner SRIJAN (Self Reliant Initiatives through Joint Action) is operational, and the second visit was in Dhamtari District, Chhattisgarh, where ABF's NGO partner PRADAN is functional.



Members of the Board of Trustees and other dignitaries during their site visit to Chhindwara, Rajasthan



Members of the Board of Trustees and other dignitaries interacting with the farmers during their field visit to Dhamtari, Chhattisgarh

ABF's 3rd Annual Conference – 'Partnerships for Sustainable Development Goals (SDGs)'

Axis Bank Foundation (ABF) held its 3rd Annual Conference titled, 'Partnerships for Sustainable Development Goals (SDGs)' on 14 March 2018 at Mumbai. The conference was inaugurated by the Hon. Chief Minister of Maharashtra, Mr Devendra Fadnavis; Ms Shikha Sharma, MD & CEO, Axis Bank; Mr V Srinivasan, Deputy Managing Director, Axis Bank and Trustee, ABF; Mr Rajesh Dahiya, Executive Director – Corporate Centre and Trustee,

ABF; and Mr S Ramadorai, Chairman, Axis Bank Foundation.

The Conference's key note address was delivered by Mr Sonam Wangchuk, innovator and education reformist, emphasizing the need of personal social responsibility towards alignment with the SDGs. His address was followed by a panel discussion comprising Mr Amit Chandra, MD, Bain Capital; Mr Arun Maira, Former Member, Planning Commission; Mr Praveen

Singh Pardeshi, Additional Chief Secretary, Maharashtra Government; and Mr S Ramadorai, Chairman, Axis Bank Foundation; and moderated by Ms Ayesha Faridi, Senior News Editor – Markets & Anchor, ET Now. The discussion highlighted the need to focus on collective action keeping community at the centre stage. Partnerships emerged as an important driver for enabling alignment between institutions and people.



Hon. Chief Minister of Maharashtra Mr. Devendra Fadnavis, along with Mr. S Ramadorai, Chairman, ABF, Ms. Shikha Sharma, MD & CEO, Axis Bank and other Trustees, at the inaugural ceremony the Foundation's 3rd Annual Conference in Mumbai on 14 March 2018



Panel discussion on 'Partnerships and SDGs – Shared Action for Shared Prosperity' at the Foundation's 3rd Annual Conference in Mumbai on 14 March 2018; Left to Right: Mr. Praveen Singh Pardeshi, Additional Chief Secretary, Government of Maharashtra, Ms. Ayesha Faridi, News Anchor, ET Now (Panel Moderator), Mr. S Ramadorai, Chairperson, Axis Bank Foundation, Mr. Arun Maira, Former Member of Planning Commission, and Mr. Amit Chandra, MD, Bain Capital

Axis DilSe – Connecting Remote Communities

The Leh and Kargil districts in the Ladakh region of Jammu and Kashmir are amongst the remotest areas of our country that remain isolated from the rest of India due to geographical constraints. In FY 2017-18, the Bank embarked on an ambitious endeavour, as a part of its CSR programme, to reach out to these remote communities through a three-year programme 'Axis DilSe – Connecting Remote Communities' to

transform 100 border villages in Leh and Kargil districts by providing educational infrastructure and support to 108 schools in these villages.

The initiative is also in alignment with the government of India's 'Border Area Development Program (BADP)', which aims to build infrastructure, including educational facilities, to promote growth and development in

the underserved border villages.

In addition to financial support from the Bank, senior leaders of the Bank will invest time and effort by adopting five schools each and ensuring the rollout and implementation of the Axis DilSe programme at their respective five villages across a three-year period.



The Axis DilSe initiative being launched by Hon'ble Union Finance Minister, Mr Arun Jaitley, along with Dr Sanjiv Misra, Non-Executive (Part-Time) Chairman, Axis Bank and Mrs. Shikha Sharma, MD & CEO, Axis Bank on 26 September 2017 at New Delhi



Beneficiaries, partners and Axis Bank's leadership at the launch of the Axis DilSe initiative in Leh district in Jammu & Kashmir

MSME Sector Development

With our commitment to extend support for the development of the MSME sector, one of our important initiatives has been the 'Evolve' series – an education initiative dedicated to MSMEs wherein industry domain experts share knowledge and discuss case studies focusing on MSME sector growth and development.

The 4th edition of 'Evolve' was organised during the reporting year in 30 cities spread across all major Industrial centres of India, which saw active participation from over 3,000 SMEs.

In India, the role of family businesses in nation building, wealth creation, employment generation is both significant and commendable. In order to eulogise and salute the contribution of family-run business, we organised the 'Evolve' Roadshow around the concept of "How Family Business may be transformed into successful business", wherein sessions were conducted by eminent speakers who have built successful family businesses. The idea of arranging the sessions was to enable capacity building of entrepreneurs and help them grow their family-run businesses amidst challenges thrown

up by a rapidly changing economic environment.

In addition to this, we aim to recognise the efforts of MSMEs and reward the ones who are worthy of applause. We have been the presenting partner of the 4th edition of India SME 100 Awards. With over 41,000 nominations from across India, top 100 MSMEs were selected on basis of various financial and non-financial parameters. Winners were rewarded by political dignitaries and they also got exposure on a national forum to interact with potential investors and other MSMEs.



A knowledge sharing session underway for SMEs under our Evolve initiative

Supporting Swachh Bharat Mission

Our Government Banking team took up a CSR intervention in Nagpur, Maharashtra covering the areas of community health and hygiene. The initiative's specific focus was on curbing the menace of open defecation, in alignment with the Government's Swachh Bharat Mission. The project included

designing a communication strategy to reach out to stakeholders in the areas of Kamptee, Parsheoni, Kanhan and Wanadongri in Nagpur.

The Bank partnered with a recognised NGO to execute the communication process. The public and school students were the target

segment for the initiative, with road shows, public meetings, interaction at school assemblies and flash card meetings being some of the strategies used in the campaign.

The vertical aims to execute similar projects in other parts of the country under the Swachh Bharat Mission.



School children in Kamptee, Nagpur, participating in the Bank's CSR interventions around the Swachh Bharat Mission

Knowledge Sharing with MSMEs on International Trade

Foreign Exchange (forex) markets play a critical role in facilitating cross-border trade and investment flows. Updates on the developments in global economic activity, international trade best practices and recent regulatory changes help corporates in deciding the terms of trade with their overseas buyer/seller. Axis Bank's Transaction Banking

Department (TxB) hosts the Axis Fx Club, under which it organises events such as High Teas, CXO meets and Woman Entrepreneurs meets to support corporates having exposure in Trade, Forex and other Transaction Banking products by sharing knowledge on the regulatory guidelines on cross border business and the behaviour of global markets.

The initiative aims to empower them to pursue business in a compliant and efficient manner to reach higher levels of proficiency.

In total we have conducted 56 events across 50 locations from November 2017 to March 2018. There were 6,500 clients that participated, out of which ~60% were NTB (New to Bank) clients.

Project Akshar: Online Platform for Financial Literacy

In the reporting year, Axis Bank's Retail Lending and Payments (Collections) team launched Project Akshar, an online platform to help create a financially literate society. Launched on 14 November 2017, the initiative aims to provide consumers with a simple, intelligent and gamified platform to help them improve their knowledge of Financial Products.

Akshar aims to fulfill its goal to augment financial proficiency in individuals by amplifying fiscal knowledge sharing with the help of various interactive financial tools including quizzes & surveys, chatbots, articles, infographics and checklists.

By March 2018, a customer base

of 5 lac dormant and 16 lac live customers were touched. Akshar has 1 Lac user registrations, 1 million+ page views, 800+ shares and 2000+ appreciations through social media platforms and Email/SMS.

Akshar aims to gauge consumer's behaviour on the financial learning



curve through advancing stages from beginner to intermediate to advanced level and accordingly, to develop financially viable products/tools equipping all consumers to reach the advanced stage.

Towards promoting financial Inclusion at a pan-India level, the Bank also engages Business Correspondents (BCs) to act as banking intermediaries for undertaking financial literacy programmes – leading to a deeper percolation and adoption of financial products and services.

In FY 2017-18, the Bank enrolled 7.7 lac members for various social security schemes through its various banking channels.

The Buddha Fellowship Programme

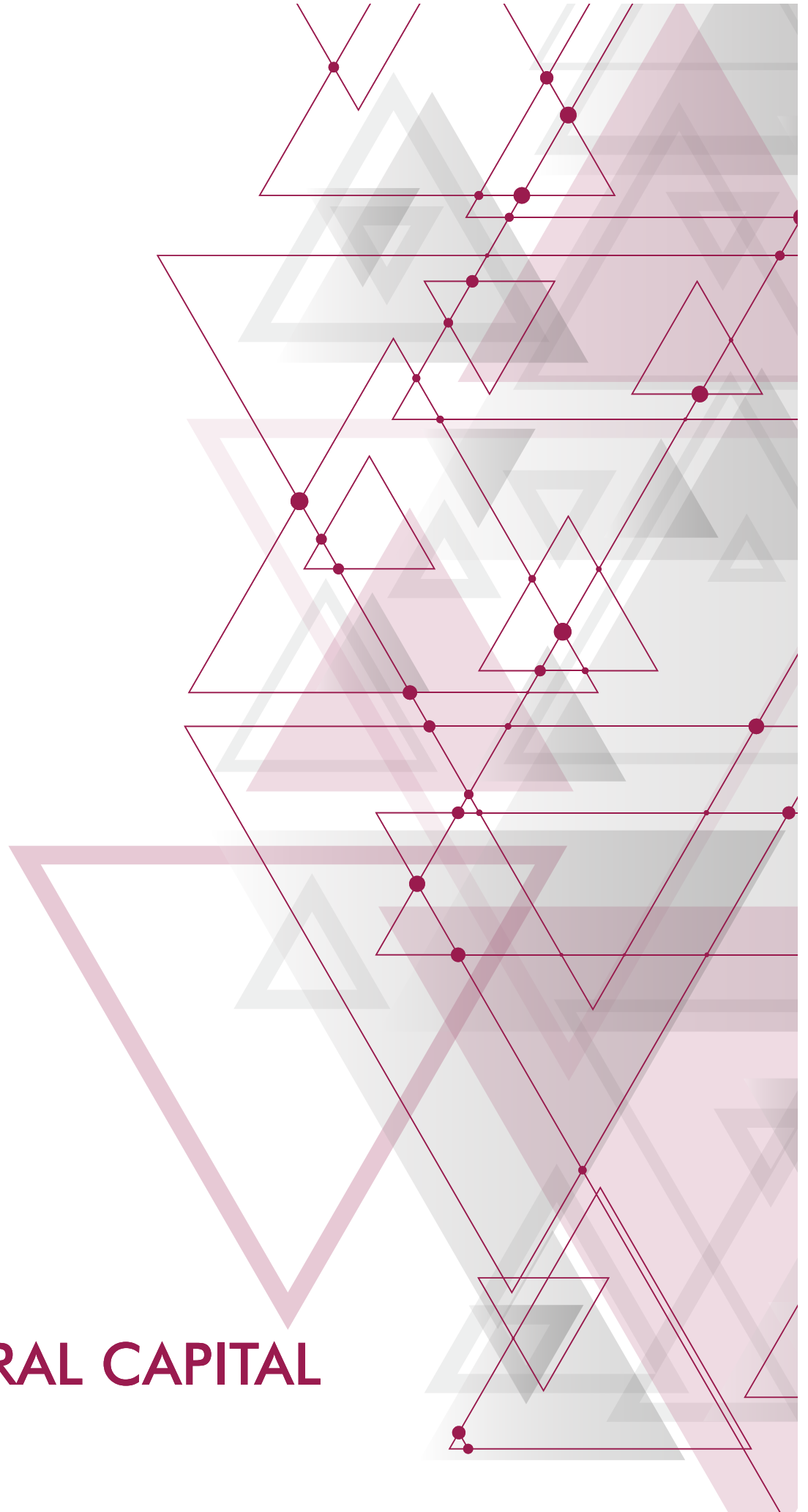
During the year, Axis Bank, in partnership with its NGO partner, Srijan, took on-board 15 graduates from various IIM campuses as part of the Buddha Fellowship Programme. The aim of the

fellowship is to connect students from prestigious educational institutes in India with opportunities in the development sector. With the Bank's Foundation, the cohort of Buddha Fellows would gain strong experience

on driving sustainable change at the grassroots through improved planning, project management and financial management.



The Buddha Fellows from the 2017-19 cohort with Mr Rajesh Kumar Dahiya, Executive Director – Corporate Centre, Axis Bank and Trustee, Axis Bank Foundation, Mr Jacob Ninan, Executive Trustee and CEO, Axis Bank Foundation and Mr Ved Arya, CEO, SRIJAN at Axis House, Mumbai



NATURAL CAPITAL

NATURAL CAPITAL

Businesses must recognise their symbiotic relationship with the environment they operate in, as they are not only dependent on a myriad of natural resources for carrying out their business activities, but also leave an environmental footprint that impacts their stakeholders. At Axis Bank, we recognise our duty as a responsible corporate citizen, and make a conscious effort to actively manage our own environmental footprint more efficiently as well as support our clients and business partners in making more environmentally sustainable choices. As part of our overall efforts, we are gradually scaling up production of renewable energy for our own use, enhancing our sustainable finance portfolio and external engagements, strengthening our processes for improved environmental risk assessment, expanding our product and process digitization initiatives, supporting environmental initiatives under our CSR efforts, and supporting our large offices towards becoming zero-waste facilities.

Sustainable Finance

As a leading financial intermediary, we are aware of the externalities arising due to our project finance and corporate finance operations. Over time, we have invested in several green assets which have a neutral to positive impact on the environment. We promote sustainable sectors such as renewable and clean energy, low carbon transport, waste management through various corporate banking solutions. Our overall **exposure to sustainable sectors** was at **₹39.28 billion** as of 31 March 2018.

In August 2017, we tied up with Freyr Energy to offer term loans for solar rooftop installations for commercial and industrial purposes to MSMEs and self-employed individuals in Andhra Pradesh and Telangana.

To better manage the impacts and risks of other assets, we have put

‘Sustainable Lending Policy and Procedures’

(SLPP) in place. Subjecting our financing decisions to SLPP helps us in assessing environmental and social risks for qualifying projects, engaging with project proponents to put mitigation plans in place, and monitor and review the implementation of the mitigation

plans. SLPP draws from international frameworks including the Equator Principles, IFC Performance Standards Framework for Environmental and Social Sustainability, the World Bank Group General Environment, Health & Safety (EHS) Guidelines and Sector Specific Guidelines, and other applicable national and local regulatory requirements/multilateral agreements.

The SLPP was revised in November 2017 to enhance its scope and bring in more clarity on its applicability, and has been integrated into the Bank’s credit policy. During the year, a total of 21 proposals were assessed under SLPP.

In addition to the SLPP, we assess all projects for environmental and labour related permits as may be required by applicable regulations. Under the SLPP, we remain committed to not finance / refinance firms engaged in ‘exclusion list’ activities, which also includes:

- Dealing in banned wildlife related products;
- Polluting industries, unless the

units have clearance from pollution control authorities and have installed effluent treatment plants;

- Setting up of new units consuming/producing Ozone Depleting Substances (ODS) like Chlorofluorocarbons (CFC), Halons and units manufacturing aerosol products that have CFCs;

- Production or trade in radioactive materials¹;
- Production or trade in unbonded asbestos fibres²;
- Drift net fishing in the marine environment using nets in excess of 2.5 km in length; and Production or trade of wildlife or products regulated under CITES³.

1. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is assessed to be trivial and/or adequately shielded

2. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%

3. Convention on International Trade in Endangered Species of Wild Fauna and Flora

Implementation of Sustainable Lending Policy and Procedures (SLPP)

Our Sustainable Lending Policy and Procedures applies to all new funding projects (excluding the sanction of cost overruns or additional funding for existing projects), subject to the threshold criteria for qualifying projects as defined in the SLPP.

An Environmental and Social Monitoring Group (ESMG) comprising subject matter experts has been setup to implement the SLPP. It works in close coordination with the Credit Team, and leverages integrated environmental and social considerations in the screening and decision making processes for sanctioning loans and disbursing funds.

In the Credit Appraisal Process, after being initially screened against the Exclusion List, a credit proposal is screened for the sector, location and inherent environmental and social sensitivities to assess the risk

category of the project. This risk category of credit proposals is primarily adapted from IFC's Sustainability Framework, and is used to identify the key areas/themes to focus the scope of the Environmental and Social Due Diligence (ESDD).

Some instances of the projects assessed under SLPP:

Case study 1:

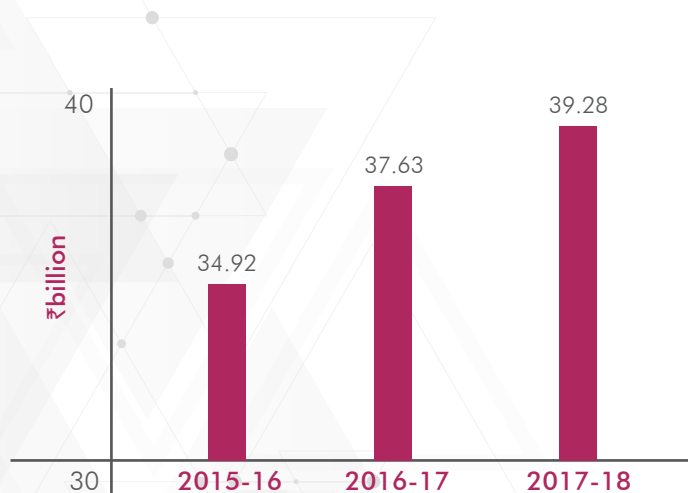
A prominent infrastructure development company based out of Agra, UP, involved in a National Highway expansion project, was unaware that the proposed project involved diversion of forest land. The ESGM team analysed the information and apprised the concerned stakeholders. They advised the company to undertake environmental and social risk assessment for the project corridor and implement suitable mitigation actions, including receiving Forest Clearance. This was stipulated as

a Pre-Disbursement Condition to the company.

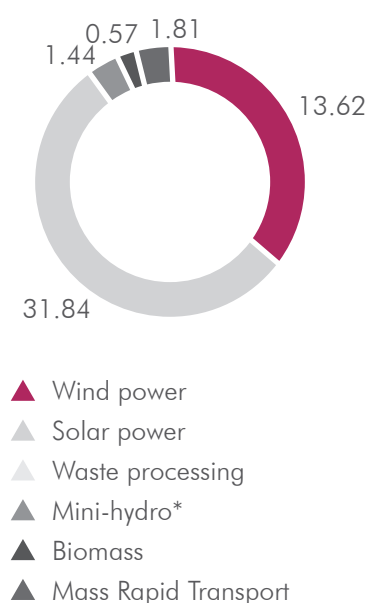
Case study 2:

One of India's leading private infrastructure companies had approached Axis Bank for funding its port's expansion project located in Maharashtra. The ESGM team, based on its detailed ESDD study of the project, stipulated a condition to conduct a comprehensive Environmental and Social Impact Assessment (ESIA) study of the proposed associated facility of a railway line between the port and the local rail station. This condition was stipulated in line with a holistic approach to environmental and social impact due to the port, though the proceeds of the proposed funding were not be used for the railway line project.

'Sustainable Sectors' - Outstanding Amount (in ₹billion)



'Sustainable Sectors' - sector-wise allocation (in ₹billion), as on 31 March 2018



* includes run of the river hydro projects

Green Bonds

Axis Bank issued its inaugural Green Bond of USD 500 million (ISIN XS1410341389) in June 2016. The bond was the first certified Green Bond by an Asian bank – Axis Bank's Green Bond was certified under Climate Bonds Initiative

standards version 2.1. It was also the first bond issued from India to be listed on the London Stock Exchange.

In FY 2017-18, the projects to which the Fund has been allocated generated 1,062 million units of renewable energy, and achieved an emissions savings of approximately 1

million tCO₂e.

The annual Green Bond Impact Report for FY 2017-18 has been published and is accessible on the Bank's website at www.axisbank.com.

Case Study: Tata Power Renewable Energy Ltd

Tata Power Renewable Energy Ltd (TPREL), one of the recipients of our Green Bond proceeds, is Tata Power's primary investment vehicle for the clean and renewable energy based power generation capacity. TPREL develops,

constructs and operates wind and solar power assets. Their current operating capacity is 1,839 MW comprising of 907 MW wind power and 932 MW solar power, with an additional 375 MW of solar and wind power projects

under construction. Their plants are spread across India in 10 provinces. Tata power group's goal is to achieve 30%-40% of power generation capacity from non-fossil fuel based sources.



TPREL Wind Turbines



TPREL Solar Panel Installations

Renewable Energy Focus

Scaling up renewable energy adoption is an essential component of achieving a low-carbon growth trajectory. Given the government's sustained focus on making India self-sufficient in energy capacity while meeting its commitments under the Paris Agreement, the sector is poised to grow rapidly.

We have adopted a dual approach to renewable energy adoption. Through our corporate

banking and credit related services, we support the growth of renewable energy sector by funding projects in wind, solar, biomass, among others.

In addition, we have also been strategically investing in solar energy for our own operations, boosting our clean energy generation capabilities and reducing our carbon footprint at the same time. Our total installed capacity stands at 5.05 MW,

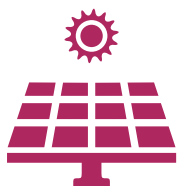
spread across 245 locations.

On 2 November 2017, Mr Som Mittal (Chairman CSR Committee, Axis Bank) inaugurated the rooftop solar installation at Axis House in Noida, UP. The installed capacity of the project is 1.27 MW and it's the largest rooftop solar installation undertaken by the Bank at a single location. A total of approximately 1,380 MWh energy was produced through this installation during FY 2017-18.



**₹35.46
billion**

credit outstanding for
renewable energy
sector 31 March 2018



**5.05
MW**

total installed
capacity of solar
energy for Axis Bank
operations



**4,293
tCO₂e**

emissions avoided on
annualised basis due
to solar energy use for
Axis Bank operations



The 1.27 MW rooftop solar installation at Axis House, Noida, inaugurated in November 2017

Direct Environmental Impacts

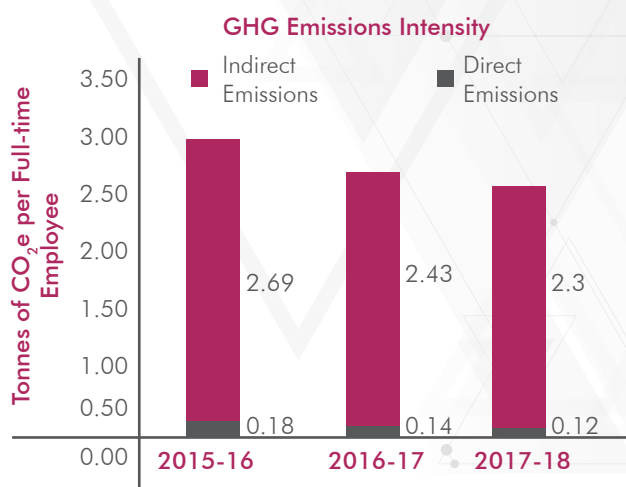
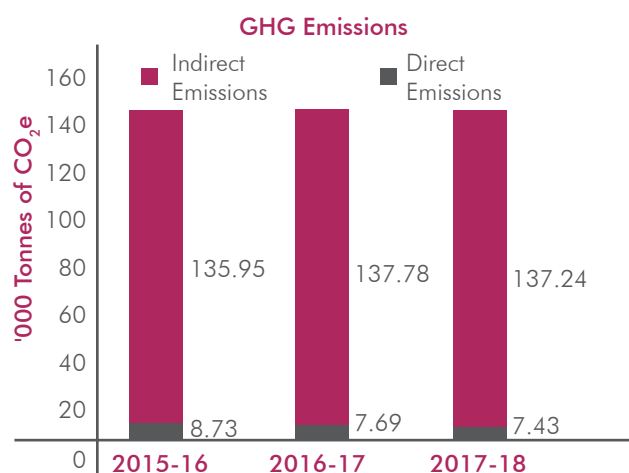
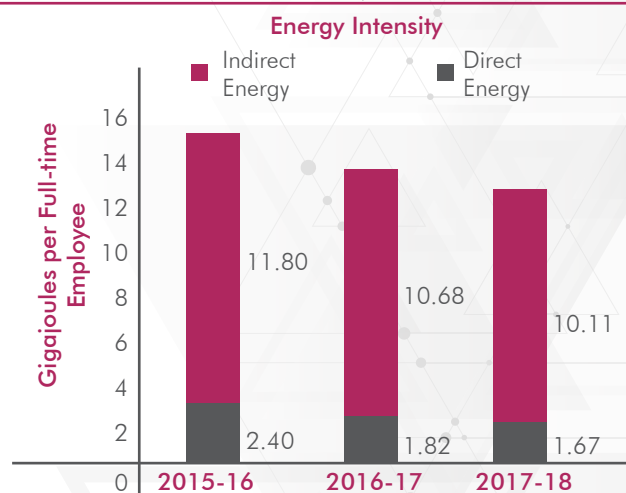
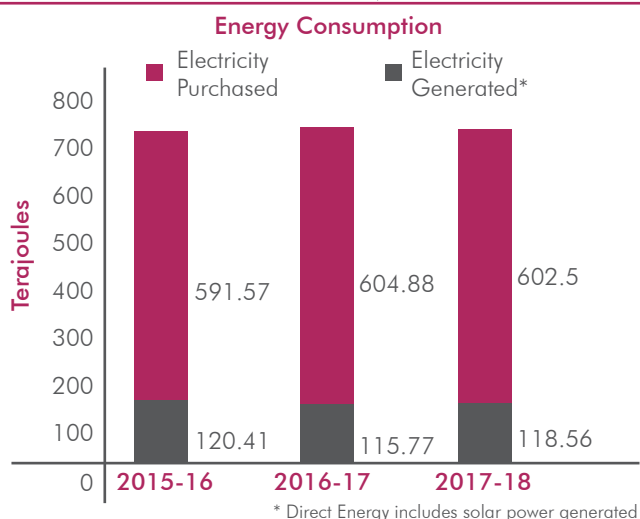
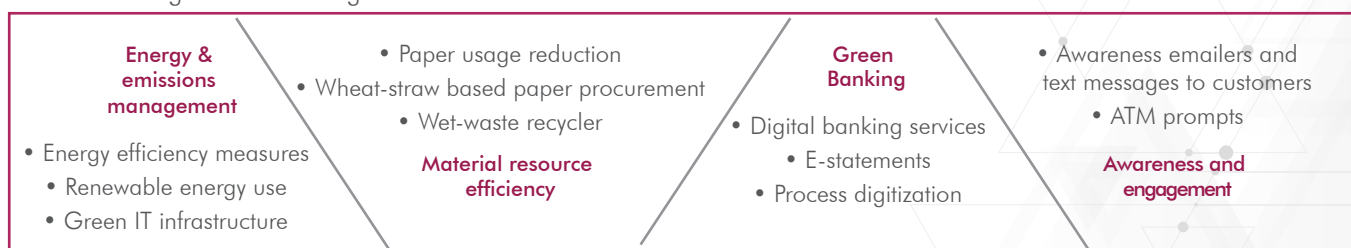
Our 'Policy on Environmental Management' provides the broad framework which guides our efforts towards managing our direct environmental impacts. Energy efficiency, material resource efficiency, renewable energy use and employee awareness are key components of this policy.

Being a service sector organisation, our environmental footprint primarily stems from large office buildings and

branches, mostly on account of our energy usage for enabling operations. We primarily rely on energy drawn from the grid for our energy needs, and use diesel generator sets for on-site power generation as an auxiliary option at locations where availability of grid electricity is intermittent. We have made conscious investments in renewable energy (solar) installations at large office and select branches, and will continue to try to scale up adoption of renewable energy in our operations.

Towards improving the energy management at our key locations, we have an ongoing initiative for remote energy management system, which is currently operational at 893 branches.

In addition, we have made energy efficiency an important criteria for procurement of assets including ACs, laptops, desktops etc. We believe our focused approach has helped us reduce and rationalise energy consumption across the board.



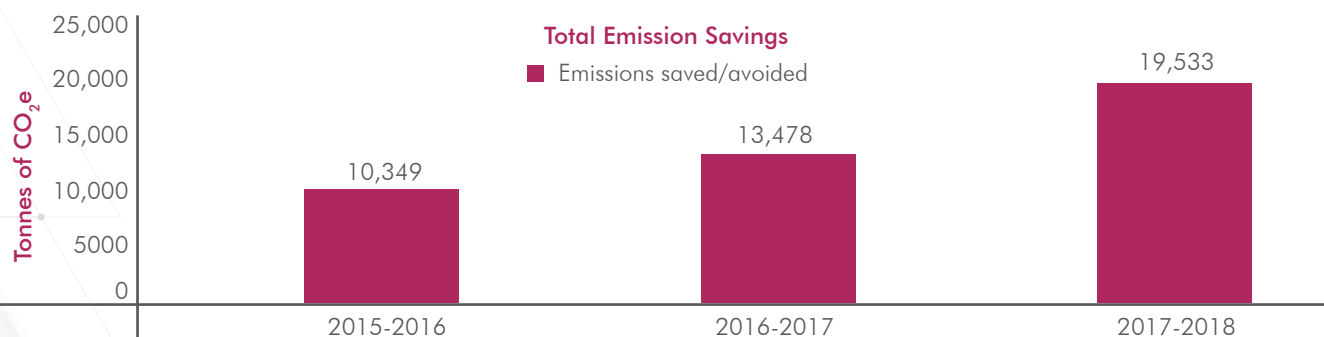
The other GHG emissions (Scope 3) relating to employee travel - employee business air travel, company provided shuttle bus services for employees, and paper consumption during the year were 2,904, 274 and 6,722 tonnes of

CO₂e respectively.

Resource efficiency initiatives

The estimated annualised GHG emissions saved due to various initiatives undertaken during the year

is **19,533 tonnes of CO₂e**, which is equivalent to 13.5% of our carbon footprint (direct and indirect emissions). This includes:



Implementation of **Centralised Energy Management System** (CEMS) to monitor and control energy consumption

Conversion of food/wet waste at Axis House into compost through composting machine

Maintenance of unity power factor through 500 KVAR x 4 nos. of APFC panels in auto mode for optimum use of power at Axis House, Mumbai

Installation of **motion sensors** for workstation and common area lighting at Axis House, Mumbai

Recycling of paper waste at Axis House, Mumbai into stationery items like notepads

Daily recycling of 150 kl of water through sewage treatment plant at Axis House, Mumbai

Reduction of water consumption at Axis House, Mumbai and Gigaplex building, Navi Mumbai through use of aerators

Conversion of conventional lighting to LED in select premises and 100% installation of **LED lights** in all new branches and offices

Rain Water Harvesting at Axis House, Mumbai

Saving of water through use of bio-blocks in urinals at select large facilities

Installation of sensors in washbasins to optimise flow of water at select large facilities

Renewable energy installations at 245 branches or office locations

Paper usage reduction due to digital banking services – e-statements, e-welcome kits, e-copies of annual reports

Wheat straw based paper procurement at major office locations

Our total energy intensity [per full-time employee] has reduced by 6% compared to previous year partly due to the initiatives highlighted

above. The estimated annualised total energy savings accrued owing to initiatives for energy savings in large offices and remote energy

management in branches, during FY 2017-18, are 13,777 Mwh leading to an emissions reduction of 11,297 tCO₂e.

Axis House case study – Striving to be a Zero Waste Facility:

- LEED-Platinum certified facility
- Dry Waste – Recycled into notebooks, note pads etc. (21 tonnes collected during 2017-18 and turned into 3,500 articles of stationary).
- Wet waste recycling – All waste coming out of canteen processed in composting machine (43 tonnes produced in 2017-18).
- STP installed at Axis house – all wastewater is recycled and used for domestic purposes



Axis House, Mumbai is LEED-Platinum certified facility and striving to be a zero-waste facility

Green Banking

We continue to scale up and direct investments into digitization of our products and services under 'Green Banking'. This has helped to not only provide greater banking

convenience to our customers but also helped reduce our own resource requirements. As a part of our umbrella initiative for process improvement, called 'Saksham', we have targeted reduction in paper

usage as one of the key focus areas for our internal operational efficiency improvements.

Following initiatives are currently under implementation as part of 'Saksham'.



Cheque book request



Mobile number and email updation



Aadhaar and PAN updation



Address change across CASA, Loan and Credit Card accounts online



Electronic Interest certificates and NOC for Home Loans



Online Repayment schedule for Home Loans



Paperless processing of Form 15G/H



Paperless processing of re-KYC through eKYC

We continue to focus on engaging with our customers on adopting 'Green Banking' practices such as choosing paperless transactions or opting for digital receipts. We continue to engage with our

shareholders to subscribe for e-copies of our Annual Report, in accordance with the 'Go Green' initiative of Ministry of Corporate Affairs.

An estimated 308 million sheets of paper, equivalent of almost 32,490 trees, were avoided during the year as a result of these initiatives.

Environmental sustainability through CSR

Promoting environmental sustainability outside our operations under CSR remains an important organisational mandate for us. The Bank is supporting an initiative wherein approximately 3.8 lac trees are being planted in around five states viz. Andhra Pradesh, Rajasthan, Gujarat, Odisha and Maharashtra. This will help improve vegetation in common lands, arrest and reverse land degradation, besides helping in reducing pressure on forests and common lands. The initiative is expected to improve availability of fodder, fuel wood, biodiversity, water, nutrients thereby improving livelihoods of poor rural households.



Saplings being planted as part of Axis Bank's CSR interventions towards environmental sustainability

Additionally, the Bank's foundation (ABF), through its partners, has undertaken tree plantation drives at locations across India, planting 1.735 million saplings in FY 2017-18. During the year, we

also supported a solar street lighting initiative in rural Rajasthan. Street lighting can significantly improve the safety of neighbourhoods where they are installed and can also enhance the community's productivity, as they

are able to work outside their homes for longer. Adopting off-grid, solar street lighting is not only climate-friendly but also overcomes the unreliability or unavailability of grid electricity.



Beneficiaries of the solar street lighting initiative in rural Rajasthan in front of installed lights in their villages

Environmental Impact through Axis Cares

Through Axis Cares, we support various programs across the country with a positive environmental impact. Key initiatives supported during the year are highlighted below.

To conserve natural habitat in Udalguri, Assam, Axis Cares is supporting a project to reforest an area of 150 hectares by planting 2.97 lac trees through its partner, Balipara Tract & Frontier Foundation, Udalguri. The reforestation of trees would enable creation of community

assets that provide ecological, economical and social benefits that are shared equitably by the community.

Axis Cares has partnered with World Wide Fund for Nature, India (WWF) to reduce human-wildlife conflict in fringe villages of two protected areas in Sikkim. WWF supports communities to build structures like bio-fences and strong predator proof sheds to evade wildlife attacks on crops and livestock. This helps reduce the damage caused by

wildlife, in turn decreasing animal deaths caused due to the resentment amongst the communities for their losses.

Axis Cares has partnered with The Corbett Foundation (TCF) aimed at mitigating wildlife deaths due to vehicular hits and poaching of stranded wildlife during floods in villages near Kaziranga. Places of refuge will be constructed inside the park which would act as a safe shelter for wildlife during floods.



A sapling nursery under the Udalguri afforestation Project in Assam, supported by Axis Cares



Community participants in the Udalguri afforestation project in Assam, supported by Axis Cares

PERFORMANCE REVIEW

	Units of measurement	2017-18	2016-17	2015-16
Economic Contribution				
Economic Value Generated (A)	₹ billion	404.56	447.86	466.21
Revenue	₹ billion	404.56	447.86	466.21
Economic Value Distributed (B)	₹ billion	409.99	404.37	384.29
Operating costs	₹ billion	95.01	81.47	65.77
Employee wages & benefits	₹ billion	43.13	38.92	33.76
Payments to providers of capital	₹ billion	271.63	264.49	241.57
Payments to Government	₹ billion	-1.12	18.14	41.8
Community investments	₹ billion	1.34	1.35	1.37
Economic Value Retained (A-B)	₹ billion	-5.43	43.49	81.92
Customers				
Customer complaints⁴				
Pending as on previous year end (31 st March)	Numbers	42,184	9,499	9,513
Received during the year	Numbers	368,424	337,673	227,676
Redressed during the year	Numbers	383,508	305,988	227,690
Pending as on current year end (31 st March)	Numbers	27,100	42,184	9,499
Consumer cases				
Pending as on previous year end (31 st March)	Numbers	1,391	1,356	1,317
Received during the year	Numbers	496	169	262
Redressed during the year	Numbers	701	134	223
Pending as on current year end (31 st March)	Numbers	1,186	1,391	1,356
Shareholder & Providers of Capital				
Net profit	₹ billion	2.76	36.79	82.24
Operating revenue	₹ billion	295.85	297.84	262.04
Earnings per share (Diluted)	₹	1.12	15.34	34.4
Dividend	Percentage	Nil	250	250
Return on equity	Percentage	0.53	7.22	17.49
Return on assets	Percentage	0.04	0.65	1.72

	Units of measurement	2017-18	2016-17	2015-16
Investor complaints⁵				
Pending as on previous year end (31 st March)	Numbers	0	0	0
Received during the year	Numbers	1,043	768	797
Redressed during the year	Numbers	1,043	768	797
Pending as on current year end (31 st March)	Numbers	0	0	0
People				
Workforce diversity – age and gender wise				
Male				
<30 years	Numbers	26,568	26,044	23,435
30-50 years	Numbers	19,262	17,464	15,648
>50 years	Numbers	360	322	288
Female				
<30 years	Numbers	9,322	8,995	7,422
30-50 years	Numbers	4,079	3,774	3,324
>50 years	Numbers	23	18	18
Workforce diversity – employee category wise				
Top management	Numbers	6	6	4
Senior management	Numbers	151	142	134
Middle management	Numbers	5,343	4,873	4,353
Junior management	Numbers	39,845	37,632	33,654
Sales channel	Numbers	14,629	13,964	11,990
Workforce diversity – region wise				
Central Office, Mumbai	Numbers	2,791		
Regional Offices*	Numbers	3,343		
North	Numbers	15,997		
East	Numbers	10,568		
West	Numbers	12,811		
South	Numbers	13,914		
Overseas	Numbers	190		

* Regional Offices are in Navi Mumbai and Hyderabad

	Units of measurement	2017-18	2016-17	2015-16
Workforce turnover – age and gender wise				
Male				
<30 years	Numbers	9,966	10,363	7,071
30-50 years	Numbers	2,096	2,547	2,342
>50 years	Numbers	39	37	73
Female				
<30 years	Numbers	2,898	2,796	1,972
30-50 years	Numbers	445	468	397
>50 years	Numbers	2	3	1
Workforce turnover – employee category wise				
Top management	Numbers	0	0	2
Senior management	Numbers	11	13	29
Middle management	Numbers	319	362	386
Junior management	Numbers	6,932	7,832	6,759
Sales channel	Numbers	8,184	8,007	4,680
New hires – age and gender wise				
Male				
<30 years	Numbers	8,943	11,014	10,753
30-50 years	Numbers	1,659	2,034	1,408
>50 years	Numbers	3	2	0
Female				
<30 years	Numbers	2,948	3,994	3,511
30-50 years	Numbers	208	291	192
>50 years	Numbers	3	0	0
New hires – employee category wise				
Top management	Numbers	0	0	0
Senior management	Numbers	6	6	3
Middle management	Numbers	157	158	131
Junior management	Numbers	7,804	8,984	5,741
Sales channel	Numbers	5,794	6,716	3,569

	Units of measurement	2017-18	2016-17	2015-16
New hires turn over – age and gender wise*				
Male				
<30 years	Numbers	4,004	3,087	1,089
30-50 years	Numbers	87	67	46
>50 years	Numbers	0	0	0
Female				
<30 years	Numbers	859	729	236
30-50 years	Numbers	20	14	11
>50 years	Numbers	0	0	0
New hires turnover – employee category wise*				
Top management	Numbers	0	0	0
Senior management	Numbers	0	0	0
Middle management	Numbers	5	4	7
Junior management	Numbers	953	1,147	542
Sales channel	Numbers	4,012	2,746	833

* New hires turnover implies number of employees who left the organization within one year of joining it

Employee training – employee category and gender wise

Male				
Top management	Person-hours	0	1	0
Senior management	Person-hours	1,570	2,128	492
Middle management	Person-hours	68,885.5	81,377	51,460
Junior management	Person-hours	713,322	740,362.4	597,919
Sales channel	Person-hours	409,253	543,949.5	562,899
Female				
Top management	Person-hours	0	0	0
Senior management	Person-hours	122	210.5	20
Middle management	Person-hours	12,973	14,095	9,554
Junior management	Person-hours	362,601.5	379,247.5	286,092
Sales channel	Person-hours	44,580	52,495	35,430

	Units of measurement	2017-18	2016-17	2015-16
Performance feedback – employee category wise				
Eligible				
Top management	Numbers	6	0	0
Senior management	Numbers	148	140	133
Middle management	Numbers	5,241	4,672	4,186
Junior management	Numbers	35,790	31,912	27,261
Received				
Top management	Numbers	6	0	0
Senior management	Numbers	148	140	133
Middle management	Numbers	5,241	4,672	4,186
Junior management	Numbers	35,790	31,912	27,261
Parental leave				
Male	Numbers	1,864	1,746	1,656
Female	Numbers	611	613	500
* People who availed parental leave in FY 2016-17, returned to work and are still on company rolls as on 31 March 2018 are: Male – 1,235 and Female - 377				
Environment				
Sustainable Lending – Outstanding				
Wind power	₹ billion	13.62	13.34	19.98
Solar power	₹ billion	21.84	13.45	4.86
Biomass	₹ billion	0.57	1.51	2.41
Mini-hydro	₹ billion	1.44	2.17	2.21
Waste processing	₹ billion	-	5.23	3.47
Mass Rapid Transport	₹ billion	1.81	1.93	1.99
Energy				
Energy generated ⁶	Tera Joules	118.56	115.77	120.41
Green electricity	Tera Joules	18.84	12.64	2.64
Electricity purchased	Tera Joules	602.5	604.88	591.57
Energy Intensity				
Energy generated	Giga Joules per FTE	1.99	2.09	2.40
Electricity purchased	Giga Joules per FTE	10.11	10.68	11.80

		Units of measurement	2017-18	2016-17	2015-16
GHG Emissions⁷					
Direct emissions (Scope 1) ⁸	Tonnes of CO ₂ equivalent		7,433	7,687	8,778
Energy indirect emissions (Scope 2) ⁸	Tonnes of CO ₂ equivalent		137,237	137,777	134,747
Other indirect emissions (Scope 3) ⁹	Tonnes of CO ₂ equivalent		9,900	10,427	7,885
Emissions saved / avoided	Tonnes of CO ₂ equivalent		19,533	13,478	10,349
GHG Emissions Intensity					
Direct emissions (Scope 1)	Tonnes of CO ₂ equivalent per FTE		0.12	0.14	0.18
Energy indirect emissions (Scope 2)	Tonnes of CO ₂ equivalent per FTE		2.3	2.43	2.69
Materials					
Office-Paper ¹⁰ (conventional)	Tonnes		644	570	355.28
Office-Paper (wheat straw based)	Tonnes		543	628	713.95
Waste					
Dry waste ¹¹					
Recycled	Tonnes		219	25	32.1
E-waste	Tonnes		10.83	11.3	1.34
Wet waste ¹²	Tonnes		43	NA	NA
Communities					
Community investments					
Contribution to ABF and its partner NGOs	₹ million		368	822	736
Other programs	₹ million		937	510	621

⁴ The information does not include complaints redressed within the next working day.

⁵ The information includes complaints received for non-receipt of dividends.

⁶ Energy generated includes energy generated from diesel usage and green electricity, i.e. solar power.

⁷ Emissions for direct fuel use have been calculated using IPCC emission factors and emissions for grid electricity have been calculated using Central Electricity Authority (Government of India) Guidelines (Version 10).

⁸ Calculations for diesel and grid electricity consumption are based on authentic consumption data as well as extrapolations based on branch monthly expenses, wherever consumption data is not available centrally. The cost for Diesel and electricity used to arrive at unit consumption are derived from state-level diesel prices and state-level tariffs, respectively.

⁹ Scope 3 emissions include Business air travel by employees. Approximately 1% of the total input data used to calculate emissions was incomplete and hence excluded from the calculations.

¹⁰ Refers to daily paper usage in various offices/branches.

¹¹ Quantity reported for dry waste collected at Corporate Office in Mumbai during FY 2017-18.

¹² Data capturing started for Composting machine installed at Corporate Office in Mumbai during FY 2017-18.

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