

SUSTAINABLE  
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SUSTAINABLE PROGRESS  
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PROGRESS

Sustainability Report 2015-16



## SUSTAINABLE PROGRESS

At Axis Bank, we believe success is a never ending journey, and this is at the core of our brand value proposition. In the journey of human progress, we are all connected like never before and are in the defining phase in history for shaping the future we want.

The United Nations Sustainable Development Goals, UNFCCC Conference of Parties (COP) 21 climate change agreement, World Economic Forum's Global Risks amongst others, are some of the key global indicators towards immediate and affirmative action required to ensure a sustainable future.

'Sustainable Progress', as an extension of our brand proposition 'Progress on...', is an articulation of our sustainability philosophy and our steadfast commitment towards building a sustainable future for all.



## About the Report

This is our second Sustainability Report, covering the reporting period 2015-16. The report is prepared using the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines, and is 'in accordance' with G4 'core' reporting option. KPMG was engaged to provide external assurance and the report is also aligned to the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG-SEE), United Nations Global Compact (UNGC) Principles, and the UN Sustainable Development Goals.

Our reporting approach focuses on highlighting the Bank's sustainability performance, while providing transparent and relevant information on the 'material aspects' that are of significance to both us and our

stakeholders. The approach to materiality and stakeholder engagement is reported in subsequent sections. The reporting boundary for 2015-16 was primarily limited to the Indian operations of Axis Bank Limited and to the Axis Bank Foundation. Relevant disclosures are made across the report to indicate the reporting boundary for the performance and information presented. The complete GRI G4 Content Index for 2015-16 can be accessed through the website at [www.axisbank.com/csr](http://www.axisbank.com/csr)

Your feedback is important in our quest to enhance our reporting efforts. Send in your valuable comments and feedback to [sustainability@axisbank.com](mailto:sustainability@axisbank.com) or reach us through the social media channels given below.



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[youtube.com/AxisBank](https://youtube.com/AxisBank)



This report contains references to relevant additional information. Active web-links and QR codes are provided across the report to enable the reader access such information. Smart phones or tablets can be used to scan the QR code to access and read additional information.

## Independent Assurance

KPMG (Registered), India was selected to provide independent assurance on this sustainability report which conforms to the Global Reporting Initiative (GRI) G4 guidelines in-accordance with 'core' criteria. 'Limited Assurance' was provided against the International Standard on Assurance Engagements (ISAE) 3000 on the report contents as described in the assurance scope. The full assurance statement with conclusions provided by KPMG (Registered), India is available on our website [www.axisbank.com/csr/csr.aspx](http://www.axisbank.com/csr/csr.aspx)



Scan the QR code to access the Independent Assurance Statement



Scan the QR code to access the GRI content Index

## Additional Resources



[axisbank.com](http://axisbank.com)



Axis Bank Annual Report 2015-16



Axis Bank Business Responsibility Report 2015-16



[axisbankfoundation.org](http://axisbankfoundation.org)

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Axis House, Mumbai – the Corporate Headquarters of Axis Bank

# SUSTAINABILITY HIGHLIGHTS



**₹432 billion**

credit exposure to vital sectors of growth – Infrastructure and Power Industry



**₹859.67 billion**

loans disbursed for housing, education and agriculture (retail) sectors



**₹34.92 billion**

credit outstanding for 'sustainable sectors' – renewable energy, waste processing and mass rapid transport



**₹1.46 billion**

Government to Consumer (G2C) payments facilitated



**15.44 percent**

increase in savings account customers over the last year



**2.38 million**

overall Axis Mobile Banking registrations



**3.71 million**

overall Axis Internet Banking netsecure registrations



**9.6 million**

financial inclusion customer base

# SUSTAINABILITY HIGHLIGHTS



**11.77**  
**percent**

increase in Net Profit over  
previous year



**11**  
**percent**

increase in Dividend Per  
Share over last year



**50,135**  
**employee**

strength at  
2015-16 year end



**1.54**  
**million**

person-hours of  
employee training  
imparted in 2015-16



**₹10.08**  
**billion**

micro-loans disbursed  
to women



**10,349**  
**tCO<sub>2</sub>e**

estimated annualised  
emissions reduction in 2015-16



**1.37**  
**billion**

spent on Corporate Social  
Responsibility initiatives in  
2015-16



**0.81**  
**million**

cumulative beneficiaries of Axis  
Bank Foundation programs

## MESSAGE FROM THE MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Dear Stakeholders,

The year gone by has been a significant one from the sustainable development perspective. The new United Nations Sustainable Development Goals for 2030 laid out a blueprint for a future we all aspire for. The COP21 climate change agreement in Paris brought together the world leaders on single platform to agree on limiting emissions to within 2 °C of temperature rise compared to pre-industrial levels. Increasing number of extreme weather events further substantiated the fact that climate change is an immediate threat, not just for the environment but also for economic growth and social development. It is then only natural that climate change for the first time has emerged as a top global risk in the World Economic Forum's Global Risks 2016 report. This calls for concerted efforts by one and all – the Government, Businesses, Civil Society and Individuals – in shaping the future by acting now.

At Axis Bank, we are making progress in doing our bit to contribute to sustainable development by anticipating and adapting to evolving externalities, embracing new challenges and preparing for future uncertainties. We have adopted a stakeholder-centric Sustainability Framework, which serves as roadmap for us to address material sustainability topics while continuing to deliver robust growth.

Our unwavering commitment to customer centricity continues to drive our vision and strategy. We are making banking simple by developing customised solutions for different customer segments across the economic pyramid, investing in dependable technology for multi-channel delivery and re-engineering processes to make customer transactions and interactions with us easy and secure across channels. We also take seriously, our role towards the national cause of comprehensive financial inclusion to bring millions of underserved people into the formal banking fold and enable them to build a better financial future. It is indeed a matter of pride for us to have been recognised as the Best Private Sector Bank for Rural Outreach at the Dun & Bradstreet Banking Awards 2015.



**At Axis Bank, we are making progress in doing our bit to contribute to sustainable development by anticipating and adapting to evolving externalities, embracing new challenges and preparing for future uncertainties. We have adopted a stakeholder-centric Sustainability Framework, which serves as roadmap for us to address material sustainability topics while continuing to deliver robust growth.**

The macroeconomic fundamentals of India continued to improve, primarily driven by a continuation in government policy initiatives and benefits of a sustained regime of low commodity prices. While the retail segment continued to show steady progress, corporate investments remained slow as capacity utilisation continued to be modest, balance sheets are stretched and the global growth environment remains uncertain. This had a bearing on the balance sheets of the banks in the form of deterioration of asset quality. During the year, the RBI undertook a comprehensive Asset Quality Review (AQR) across all banks. We have recognised necessary impairment emanating from RBI's AQR and the necessary provisioning impact of the asset reclassification in the third quarter of the fiscal year. Notwithstanding such factors, we continued to deliver steady growth of 21% core operating profit and 12% net profit during the year. This was possible owing to our strategy of diversifying the business mix and a sustained focus on deepening our low-cost deposit franchise.

People are our key asset. We invest in progressive people practices to engage and empower our young workforce to realise their potential. Their commitment and dedication are the cornerstones of our relentless pursuit for excellence. During the year, we have shifted to a new integrated performance management and capability development system 'ACElerate' which endeavours to deliver a more inclusive approach to career growth with greater alignment to the Bank's performance. The team spirit exhibited by our employees, especially when it matters the most, is truly commendable and inspirational. When nature wreaked havoc through the floods in Chennai, our employees went beyond the call of duty to ensure essential banking services were made available for extended hours and weekends.

We have made progress on the environmental sustainability front by rolling out 'Sustainable Lending Policy and Practices' to ensure that environmental and social aspects are integrated into the credit risk framework for qualifying projects. We are also in the process of putting in place a 'Green Bond Framework' towards raising capital for green projects and initiatives. Significant capacity addition has been made to our solar power generation capacity, and investments in energy efficiency contributed to lowering our carbon footprint. Employee awareness on environmental sustainability is another key enabler that we are working on to increase the impact of our programs.

Our community development agenda primarily focuses on creating enabling conditions for communities in some of the poorest districts of the country to generate

sustainable livelihoods, thus contributing to poverty alleviation. The community development programs, conducted by the Axis Bank Foundation, are spread across the country and have reached over 0.8 million beneficiaries since inception. Beyond the outreach of the Foundation's programs, the impact made by such programs are noteworthy with an average 60-70% increase in income of beneficiaries, and women empowerment observed in most of the programs. The Foundation's work is complemented by some of the programs undertaken directly by the Bank, which aim to create shared value by supporting rural communities and vital sectors of growth such as the MSME sector.

During the year, we have made progress against our sustainability objectives. I am confident that we are taking the right steps in this direction and will continue to pursue this agenda with increased vigour. I would like to take this opportunity to thank all our stakeholders, past and present, who have been and are part of this journey; and I reaffirm our commitment to deliver 'sustainable progress' for all stakeholders.

Shikha Sharma  
Managing Director & CEO

# ABOUT AXIS BANK

Axis Bank is the third largest private sector bank in India offering an entire comprehensive spectrum of financial services to customer segments covering Large and Mid-Corporates, Micro, Small and Medium Enterprises (MSME), Agriculture and Retail Businesses.

## Vision

To be the preferred financial solutions provider excelling in customer delivery through insight, empowered employees and the smart use of technology

## Values



Customer Centricity



Ethics



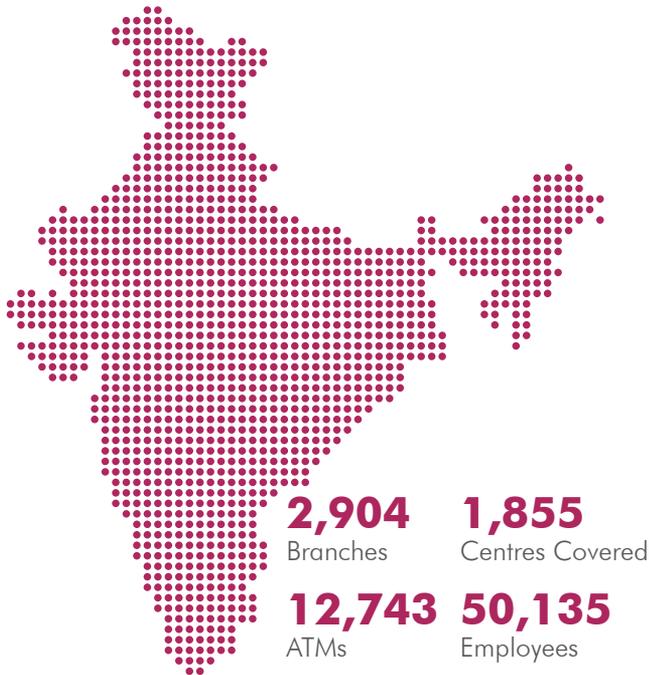
Transparency



Teamwork



Ownership



## International Presence



London, UK



Singapore



Shanghai,  
Hong Kong



Dubai, Abu  
Dhabi, DFIC



Colombo



Dhaka

Data as on 31<sup>st</sup> March, 2016

# Business Segments



## Retail Banking

End-to-end retail banking services:

- Deposits
- Loans
- Investments
- Payment Solutions
- Digital Banking

- 17 million Savings Account customers
- ₹1,058 billion Savings Bank deposits
- ₹1,385 billion Retail Loans portfolio
- ₹194 billion Credit Card spends
- 3.7 million Axis Internet Banking users, 2.4 million Axis Mobile Banking App users
- More than 0.3 million Insurance Policies sold
- More than 0.3 million Online Trading Accounts opened
- Processed US\$ 2 billion Outward Retail Remittance and US\$ 6 billion Inward Retail Remittance



## Corporate Credit

Composite credit facilities:

- Working Capital
- Term Loan
- Project Finance

- ₹1,554 billion Corporate Credit portfolio



## Treasury

Integrated Treasury business covering:

- Asset Liability Management
- Correspondent banking activity
- Foreign Exchange and Derivative Trading
- Bullion Business
- Investments in SLR and Non-SLR securities
- Arranger Ship Business

- ₹1,241 billion bonds and debentures arranged for various Public Sector Undertakings and corporates



## Transaction Banking

Integrated Transaction banking business covering:

- Current Accounts
- Collection & Payment Solutions
- Forex
- Trade Services
- Capital Market Solutions

- ₹637 billion Current Account deposit base



## SME Business

Robust SME Support:

- Working Capital
- Term Loan
- Trade Finance
- Project Finance

- ₹449 billion SME advances

Information for FY 2015-16 as at 31.03.2016

## SUSTAINABILITY@AXIS

Sustainability is intrinsic to our core philosophy of creating enduring value for all stakeholders. This philosophy guides us in growing from strength to strength, building a sustainable enterprise and fulfilling our role as an important catalyst for economic, environmental and societal prosperity.

### Axis Leader Speak

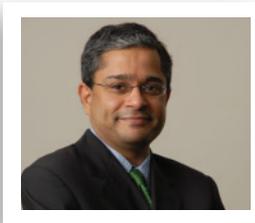
'I am happy to introduce our second sustainability report for the reporting period 2015-16. The report is prepared using the Global Reporting Initiative (GRI) G4 guidelines and is externally assured by M/s KPMG. We have also presented an alignment of the Bank's activities to the United Nations Sustainable Development Goals 2030 and have mapped our disclosures to United Nations Global Compact Principles.

Last year, we have developed our Sustainability Framework using the materiality principles of GRI guidelines. The Framework is a stakeholder-centric framework with five key pillars covering customers, shareholders & providers of capital, people, environment and communities. Strategic priorities and objectives were developed for each of the pillars, and the progress achieved during the year is presented in the subsequent sections of this report. In the first year of formalising our Sustainability Framework, we were also accorded the CII Sustainable Plus 2015 'Gold' label.

I reiterate our commitment to contribute to sustainable development and create enduring value for all stakeholders.'



**V Srinivasan**  
Deputy Managing Director



**Rajiv Anand**  
Executive Director (Retail Banking)

'Customer Centricity is one of our organisational values and a core pillar of our vision. Pursuing this customer centric approach, we aim to meet 'life cycle' financial needs of our customers through innovative products and services backed by world-class service and delivery models. We continue to focus on leveraging technology to innovate for next-generation banking products and services.'



**Rajesh Dahiya**  
Executive Director (Corporate Centre)

'People are our core strength and we strongly believe in building and nurturing our people capabilities as the central tenet of driving business excellence, especially in a service-driven banking business like ours. Our approach for holistic people development rests on creating an enabling and engaging work place with rewarding careers, exciting learning and growth opportunities, and a safe, non-discriminatory and ethical work environment.

On the communities front, we believe in making a lasting positive impact on the lives of underprivileged and underserved sections of society through our integrated community development agenda.'

'We strive for continual enhancement of shareholder value by pursuing profitable growth and managing capital efficiently, underpinned by strong governance and risk management.'



**Jairam Sridharan**  
Group Executive & Chief Financial Officer



**Sidharth Rath**  
Group Executive - Corporate  
Relationship Group & Transaction Banking

'The first universal climate agreement announced as result of the Paris climate talks emphasises the need to decouple economic growth and the rise of emissions. We support the transition to a low carbon growth model and reaffirm our commitment to environmental sustainability. Our holistic environmental-management approach focuses on promoting sustainable lending practices, actively managing direct environmental impacts and supporting customers in making 'green banking' choices.'



The Atrium at Axis House in Mumbai

# Sustainability Trends and Outlook

Various macroeconomic and global trends continue to shape the economic and societal context in which we operate. Though not under our direct control, some of these trends could help us in evolving our materiality assessment and sustainability framework from time to time, and also present a contextual background to our sustainability strategies and performance.



## Economic volatility

After a period of intermittent volatility in global financial markets since early 2016, mainly due to heightened concerns of China's economic and financial vulnerability, global markets have reverted to a risk on environment, with increasing capital flows into Emerging Markets (EM).



India's macro fundamentals remain robust, due to both, the drop in the prices of commodities, particularly oil, and as a result of the strong policy measures from the union government. The fundamentals compare favourably with most of India's EM peers.

However, given the various constraints due to balance sheet impairments etc., coupled with the drop in export activity and weak agriculture, these measures still have not completely translated into improved economic activity. Rural demand has remained weak and all of the above factors have served to offset the very modest industrial growth and services sector recovery.

Factors such as low private sector capital expenditure,

highly leveraged balance sheets, weak sales growth of corporates, high NPA levels of the banking system have contributed to weak economic activities witnessed so far.

There are signs of a gradual recovery in India's economic activity, despite continuing headwinds from weak exports and the agriculture sector. However, global financial markets seem to have stabilised, even if transiently. The order books of companies executing Government EPC and other contracts are witnessing inflows, indicating that manufacturing growth might show some recovery during FY17.

GDP growth is expected to improve from 7.6% in FY16 moderately to ~7.8% in FY17, with an upward bias if the monsoon is indeed normal. Most of the increase is likely to arise from higher consumption, with capital expenditure spends still likely to be moderate. Market liquidity conditions are likely to be better in FY17, especially due to the revised RBI Liquidity Management Framework. Given this outlook, credit offtake from banks is expected to increase gradually to 12.5 – 13%, both due to higher capital expenditure requirements as well as banks gaining market share that they had lost to other market intermediaries.

*To know about our economic performance, please refer to the 'Economic Contribution', 'Shareholders and Providers of Capital' sections of this report.*

## Digital future

Digitisation is impacting almost every sector in unconventional and innovative ways. Digital innovations are occurring at a breakneck pace, changing the paradigm of conventional operational and relationship models of businesses. The financial sector in particular is at the cusp of rapid digital transformation with increasing customer uptakes and demands for digital services, use of big data and analytics to drive customer acquisition and service, and new financial technology (fintech) start-up models from non-traditional players.



Digital innovations are opening up new exciting possibilities of future growth for those who anticipate and adopt digital disruptions, but at the same time concerns on data security and cybercrime pose newer challenges.

*To know about our digital banking initiatives, please refer 'Customers' section of this report*

## Climate change

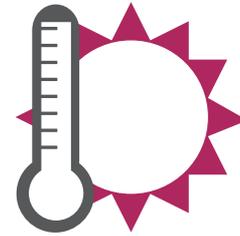
According to the World Economic Forum's Global Risks Report 2016, the failure of climate change mitigation and adaptation has, for the first time, emerged as the top global risk.

The year-end of 2015 marks the beginning of a new era of climate action with 195 countries adopting the first universal climate agreement at the Paris Climate Change Talks (COP21).

The primary objectives of the agreement are limiting the increase in global average temperature to well below 2°C above pre-industrial levels, increasing the ability to adapt to adverse impacts of climate change, and making finance flows consistent with low-carbon growth models.

The expected outcomes of this agreement are:

- Increase in regulatory measures to discourage fossil fuel consumption and promote low-carbon innovation;
- Multi-fold investments in clean technologies;
- Increase in investor action to consider climate change risks and opportunities in investment decisions;
- Adoption and disclosure of climate response strategies by businesses;
- New carbon market mechanisms



All of these outcomes will shape the context of medium to long term economic growth models and will have a profound impact on a number of resource intensive sectors like metals and mining, power generation and distribution, infrastructure, manufacturing and transportation.

*To know about our environmental initiatives, please refer to the 'Environment' section of this report*

## Population growth and urbanisation

According to United Nations estimates, the world population is expected to reach 8.5 billion in 2030, and further to 9.7 billion in 2050 and 11.2 billion by 2100. These estimates suggest that India will be the largest contributor to world population with 1.7 billion by 2050, surpassing China.



Another defining trend of this population growth shall be the rapid urbanisation - by 2050, the world will be one-third rural (34 percent) and two-thirds urban (66 percent). India will contribute hugely to the urban increment with the addition of 404 million urban dwellers, nearly doubling the size of its urban population between 2014 and 2050. While the population growth is going to result in an increasing demand for goods and services and thus new business growth opportunities, there will also be additional stress on the ecosystem and environmental resources to cater to this demand.

Rapid urbanisation also means that the cities of future will need to be 'smart sustainable cities', to not only provide clean and sustainable environments but also create opportunities for the generation and equitable distribution of wealth for inclusive growth.

*To know about our direct and indirect economic contribution, please refer to the 'Economic Contribution' section of this report*

## Inclusive growth

Robust economic growth is an essential prerequisite for improved living standards. However, economic growth by itself does not guarantee improvements in economic opportunities and living standards for all.

An increasing number of studies by organisations such as the United Nations, OECD, World Bank, International Labour Organisation, World Economic Forum suggest that there is a significant rise in income inequality globally.

In developing economies, sustained economic growth has helped millions come out of abject poverty but at the same time the gap in terms of income growth of the richest and poorest is widening. Such disparate growth can lead to both economic and social ills.



Access to economic opportunities amongst other economic and social development indicators is essential in enhancing the participation of middle and lower income groups in economic growth and subsequent fair distribution of economic value thus generated.

Financial inclusion of all is indispensable towards creating an inclusive growth model.

## Stakeholder Engagement

Our stakeholders are diverse in nature as is our engagement approach.

With an aim to develop a deeper understanding of our stakeholder needs, expectations and concerns, we have developed multiple formal and informal listening posts across the organisation.

These channels of communication are customised for each stakeholder group enabling them to consistently maintain an active dialogue with us in an easy and convenient manner.

### Stakeholder Group

### Performance Figures 2015-16



Customers

- 410 million page views for www.axisbank.com with 45 million unique visitors
- 3.19 million Facebook fans, 165 thousand followers on Twitter and 207 thousand followers on LinkedIn
- 42 % of customer query resolution within 24 hours, up from 35% last year



Employees

- 79% employee participation in follow-up survey of Axis Voices Dil Se conducted in 2015
- 107 Axis Champions felicitated at Annual Axis Champions Awards Nite
- 27 Axis Blitz sessions conducted across the Bank to felicitate 494 Blitz champions
- 1,11,280 employee queries resolved through 'H-Response' employee service portal

*To know about our financial inclusion and community development agenda, please refer to the 'Customers', 'Communities' sections of this report*

## Corporate responsibility

The 2008 financial crisis has significantly eroded the trust levels in the business and financial sector in particular. Global trends, some of them discussed above, point to an increasing need for businesses to assume greater responsibility of their long term impacts and act in the larger interest of society and the environment. There is a rising stakeholder interest in the corporate responsibility strategies of companies that seek to create value for all stakeholders including the society at large.

Governments and regulators are also demanding greater transparency in disclosing such strategies and performance. India in 2013, has become the first country in the world to have mandated corporate social responsibility while the Securities Exchange Board of India (SEBI) has mandated disclosures on business responsibility principles for the top 500 companies listed in India.

Companies are also expected to demonstrate commitment to various relevant global developmental priorities such as those listed under the UN Sustainable Development Goals.

*To know about our alignment to UN Sustainable Development Goals and our community development agenda, please refer to the 'Sustainability @ Axis', 'Communities' sections of this report*

## Stakeholder Group

## Performance Figures 2015-16



- Regular coordination with Reserve Bank of India (RBI) and participation in Reserve Bank of India (RBI) constituted committees



- 797 shareholder queries received and resolved
- 135 shareholder attendees at 21<sup>st</sup> Annual General Meeting
- 944 investors/analysts meetings/conference calls held



- 0.81 million beneficiaries of Axis Bank Foundation (ABF) programs since 2006 (inception)
- 66 Axis Bank staff undertook exposure visits to Axis Bank Foundation partner NGOs
- Over 115 thousand children participated in Axis Bank annual painting competition SPLASH
- 7,210 financial literacy camps conducted in rural areas reaching out to nearly 68,000 people
- 14 million page visits for financial literacy blog itsallaboutmoney.com



- 139 supplier auctions conducted through Strategic Sourcing Solution by Centralised Procurement Team



Scan the QR code to access our Stakeholder Engagement Map

## Materiality

Our approach to sustainability is based on the materiality principles of understanding what is important to our stakeholders, and to achieve our long term business strategies. The Materiality Matrix is an outcome of an engagement with our senior management to assess sustainability topics, both from the business and stakeholders' perspective. Insights gathered from existing stakeholder engagement models will continue to shape our sustainability agenda. Our stakeholder-centric sustainability framework is closely aligned to the material sustainability topics to help us perform the way our stakeholders expect us to.



Scan the QR code to know more about our Materiality Assessment and Materiality Matrix

# Sustainability Framework and Performance

We have adopted a stakeholder centric Sustainability Framework aligned to material sustainability topics. Our long term vision and strategy continues to be at the core of this framework.

## Sustainability Framework

## Material Topics



Customers

Consistently enhance customer service by focusing on customer experience, innovation and quality assurance to deliver superior Axis Banking Experience

- Risk control measures for fraud and money laundering
- Transparent information and fair advice to customers
- Customer privacy and data security
- Create innovative products to improve financial access for marginalised sections



Shareholders & Providers of Capital

Actively engage with Shareholders and Providers of Capital to create enduring value

- Compliance to applicable regulations and standards



People

Create and sustain a diverse work culture through improving organisational effectiveness, providing safe and ethical work environment, and maintaining stability and sustainability amidst a rapidly changing business environment and growth

- Employee safety and security
- Creating right competencies across levels
- Healthy and non-discriminatory workplace
- Committing to Human Rights principles
- Leadership development and succession planning
- Enhancing employee diversity
- Extending ESG policies to supply chain



Environment

Promote environmental sustainability and equitable growth through sustainable lending practices

Reduce impact on environment on account of own operations by actively managing our environmental footprint and supporting customers to make 'green banking' choices

- Integrating environmental and social risk factors in our investment and lending decisions
- Optimising resource efficiency
- Waste management
- Managing our carbon footprint



Communities

Create and sustain a mechanism that will propagate sustainable livelihoods and contribute back to society across various segments

- Financial Literacy
- Community development

# Performance update of our Sustainability Framework



Strategic Priority	Objective	Performance 2015-16
 <p>Multi-channel delivery</p>	<p>Increase the reach and usage of digital channels for enabling superior customer experience and simplified banking</p>	<ul style="list-style-type: none"> <li>• 2.38 million users registered for Axis Mobile Banking App</li> <li>• 3.71 million users registered for Internet banking</li> <li>• 19% of total customer spends are from digital channels</li> </ul>
 <p>Customised Solutions</p>	<p>To develop a deeper, holistic understanding of the customer's banking needs, and bring customised, innovative products and programs that delight and engage them strongly with the Bank</p>	<ul style="list-style-type: none"> <li>• New processes - New-age digital account opening, Account opening through Micro ATM devices, Co-originated Savings and Health insurance proposition, Online booking of Demand Draft via internet banking, Fixed/recurring deposit creation and closure through Mobile Banking app, booking of locker through Mobile Banking app</li> <li>• New products - Social payment app – Ping Pay, digital wallet – Lime, Fixed Deposit+</li> <li>• Revitalised product with new propositions – Prime savings account, Salary account proposition for defense &amp; police personnel, Salary proposition for premium corporates</li> <li>• Stronger analytical models to build richer customer profiles, gauge customer needs more accurately and make targeted offerings through their preferred channels</li> </ul>
 <p>Dependable Technology</p>	<p>Ensure secure and streamlined processes making banking simple and safe for customers and new technologies for superior customer experience</p>	<ul style="list-style-type: none"> <li>• 870 Wi-fi enabled branches</li> <li>• Expansion of tablet based banking through relationship managers/sales executives</li> <li>• First Indian bank to enable customers to seamlessly transact with Apple's 'Touch ID' through the Axis Mobile Banking app</li> </ul>
 <p>Simple Process</p>	<p>To make banking and money management easy across all behaviours and touch points</p>	<ul style="list-style-type: none"> <li>• Empowered Burgundy and Priority customers with 'one glance statement' to view to all relationships with the Bank in a single statement</li> </ul>



## Shareholders & Providers of Capital

Strategic Priority	Objective	Performance 2015-16
 <p>Economic value creation and contribution to the Society</p>	<p>To assess the economic value created and contributed by the Bank to various stakeholders and the society at large</p>	<ul style="list-style-type: none"> <li>• 10.64% increase in total economic value generated compared to previous year</li> </ul>
 <p>Engagement Programs</p>	<p>To provide regular information, disclosures and timely updates, address concerns and create a platform for discussions with shareholders</p>	<ul style="list-style-type: none"> <li>• 100% resolution of shareholder grievances received</li> <li>• 135 shareholders attended the 21<sup>st</sup> Annual General Meeting</li> <li>• 944 investors/analysts meetings/conference calls held</li> </ul>
 <p>Strategic Vision on Capital Allocation</p>	<p>Ensure optimal utilisation of capital through capital allocation driven by Vision 2020, Risk-adjusted Return on Capital (RAROC)</p>	<ul style="list-style-type: none"> <li>• Capital Adequacy Ratio (CAR) under Basel III was 15.29% against the minimum regulatory requirement of 9.625%</li> </ul>
 <p>Governance and Risk Management</p>	<p>Ensure robust governance and risk management through policies and practices on transparency, accountability, ethics and risk control</p>	<ul style="list-style-type: none"> <li>• Pursuant to review of the risk profile of the Bank, the Board has not come across any element of risk which would threaten the existence of the Bank</li> </ul>



## People

Strategic Priority	Objective	Performance 2015-16
 <p>Committing to Human Rights principles</p>	<p>Integrate Human Rights principles into the workplace environment</p>	<ul style="list-style-type: none"> <li>• 'Policy on Human Rights', rolled out last year, supplements the Code of Conduct and Ethics</li> <li>• 3,975 person-hours of training imparted on the Code of Conduct and Ethics</li> </ul>
 <p>Ensuring a healthy, safe and non-discriminatory workplace</p>	<p>Facilitate a workplace environment that espouses the principles of fairness, meritocracy &amp; non-discrimination</p>	<ul style="list-style-type: none"> <li>• Launched 'With You' employee assistance program, offering confidential professional counselling services for employees</li> <li>• A Yoga session was conducted across various locations in association with Isha Foundation, marking International Yoga Day Celebrations</li> <li>• Regular health checkup and screening camps for employees</li> </ul>
 <p>Building leadership development and succession planning</p>	<p>Train &amp; develop internal talent's knowledge, skills &amp; leadership behaviours with a view to advance them into higher responsibilities or more challenging roles. De-risk the organisation from unplanned attrition at key roles</p>	<ul style="list-style-type: none"> <li>• Launched 'ACElerate' as the new performance management system with a more inclusive capability development approach</li> <li>• Succession Heatmaps for key senior management roles</li> <li>• Leadership development initiatives including Executive Leadership Program, Business Leadership Program workshops on 360-degree feedback initiative based on Axis Leadership Practices, one-to-one coaching sessions, senior leadership mentoring</li> </ul>
 <p>Creating right competencies across levels</p>	<p>Identify and define functional, behavioural and leadership competencies for major roles in key business &amp; support functions</p>	<ul style="list-style-type: none"> <li>• The key competency framework has been created for all major roles</li> </ul>
 <p>Enhancing employee diversity</p>	<p>Enhancing employee diversity (particularly gender based), in terms of ensuring a balanced representation of women at all levels, by tapping alternate talent pools and plugging leakages in the pipeline through retention interventions, and working towards building a culture of inclusivity, based on fairness and meritocracy</p>	<ul style="list-style-type: none"> <li>• 21% of women in workforce</li> <li>• 10 female candidates hired through 'WeLead' program</li> <li>• 37 differently-abled people are a part of workforce</li> </ul>



## Environment

Strategic Priority	Objective	Performance 2015-16
 <p>Integrating environment and social factors into lending and investment decisions</p>	<p>Integrate environmental and social issues into risk analysis and decision-making processes for corporate lending operations</p>	<ul style="list-style-type: none"> <li>• Rolled out 'Sustainable Lending Policy and Procedures' (SLPP), an internal environmental and social risk-management framework for project finance activities</li> </ul>
 <p>Support transition to low carbon economy by increasing 'environmental /sustainable financing'</p>	<p>Explore opportunities to increase financing in key sectors that promote low carbon economy</p>	<ul style="list-style-type: none"> <li>• Credit outstanding of ₹ 34.92 billion for 'sustainable sectors'</li> </ul>
 <p>Managing our carbon footprint</p>	<p>Measure and manage the carbon footprint intensity [per Full-time Employee]</p>	<ul style="list-style-type: none"> <li>• 10.21% reduction in carbon footprint intensity [per Full-time Employee] compared to previous year</li> <li>• 2.7 MW installed solar energy capacity for own operations, increase of 711% compared to previous year</li> <li>• 766 Mwh energy savings realised through efficiency and retrofit measures</li> </ul>
 <p>Optimising resource efficiency</p>	<p>Promote resource optimisation through internal operational efficiency and employee engagement / awareness</p>	<ul style="list-style-type: none"> <li>• 16.18% reduction in overall office-paper usage</li> <li>• Installed water saving faucet aerators at Axis House and NPC I (Airoli, Mumbai)</li> </ul>
 <p>Waste Management</p>	<p>Actively pursue waste management towards 'zero-waste' philosophy by adopting 3R (reduce, reuse and recycle) principles</p>	<ul style="list-style-type: none"> <li>• 32 tonnes of dry waste recycled</li> <li>• Installed organic waste composter at Axis House</li> </ul>



## Communities

Strategic Priority	Objective	Performance 2015-16
 <p>Sustainable Livelihoods</p>	<p>To create one million livelihoods</p>	<ul style="list-style-type: none"> <li>• 0.6 million livelihoods created cumulatively through Axis Bank Foundation</li> <li>• 0.8 million overall beneficiaries of Axis Bank Foundation programs</li> </ul>
 <p>Financial Literacy</p>	<p>Support progress of individuals and communities through financial awareness and literacy</p>	<ul style="list-style-type: none"> <li>• 7,210 financial literacy camps conducted covering nearly 68,000 people</li> <li>• 1.4 million views of financial literacy and consumer awareness blog 'itsallaboutmoney.com'</li> </ul>

## Policy Advocacy

We engage with various industry bodies to promote policies and initiatives that aim to create an efficient and transparent financial system for the country, enhance financial literacy and improve access of banking systems to the unbanked areas, and support key sectors of nation building and rural development. We believe in the holistic development of the industry by sharing and adopting best practices. We also participate in key projects and initiatives undertaken by the Government and regulators.

The Confederation of Indian Industry (CII) through the National Committee on Banking works towards promoting the growth of the Indian banking industry. Ms. Shikha Sharma, MD & CEO – Axis Bank was the Chairperson of the CII National Committee on Banking, which comprised of 30 bankers for 2015-16. Under the aegis of this Committee, 3 working groups were created during the year to discuss topics like Asset Resolution & Managing NPAs, Regulations and Policy, and Market Development & Need for Capital. To further deliberate on the recommendations of these working groups, CII organised its first Banking Summit with the theme: “Reconfiguring Banking Systems – The Known Unknown” on February 11, 2016 in Mumbai. The recommendations were forwarded to RBI, IBA and select Ministries of the Government. Various senior officials of the Bank are also represented in different CII National Committees and Councils on topics pertaining to Financial Sector Development, Economic Growth and Investments, Cloud Computing, Financial Inclusion, and Capital Markets. Ms. Shikha Sharma was also part of the steering committee of the FIBAC (FICCI-IBA) Summit held in August 2015. As part of the Federation of Indian Chambers of Commerce & Industry’s (FICCI) initiative for garnering support of the Indian Industry for the Paris Climate Talks, Ms. Shikha Sharma has taken the pledge to combat climate change.



Ms. Shikha Sharma, MD & CEO, Axis Bank with Mr. Raghuram Rajan, Governor, RBI at the first Banking Summit organised by CII.

Axis Bank Foundation (ABF) has been appointed as a member of the Executive Committee and the General Body of Bharat Rural Livelihood Foundation (BRLF). BRLF has been set up by the Government of India to foster and facilitate civil society action in partnership with the Government for transforming the livelihoods and lives of people in areas such as the Central Indian Adivasi belt, which is its initial geographic focus.

# Alignment to United Nations Sustainable Development Goals

In September 2015, countries across the globe- adopted the new 2030 Agenda for Sustainable Development, underpinned by 17 Sustainable Development Goals (SDGs) and 169 targets. We are committed to supporting the progress on SDGs through our business operations and community investments. Some of our key business activities and community investments with alignment to SDGs are presented below.

United Nations Sustainable Development Goals	How are we aligned
 <p>No Poverty</p>	<p>Providing access to basic financial services, including microfinance to the vulnerable and the marginalised</p> <p>Contributing to poverty alleviation through ABF livelihood programs</p>
 <p>Zero Hunger</p>	<p>Providing access to financial services, to small-scale farmers</p> <p>Supporting the agriculture sector through knowledge-based initiatives such as agriculture talks</p> <p>Supporting sustainable agriculture practices through ABF livelihood initiatives</p>
 <p>Quality Education</p>	<p>Providing vocational skills training towards supporting employment, decent jobs and entrepreneurship</p>
 <p>Gender Equality</p>	<p>Providing equal access to financial services to women</p> <p>Promoting and enhancing gender diversity in the Bank</p> <p>Promoting women's participation in leadership roles at the Bank</p> <p>Promoting woman empowerment through ABF livelihood programs</p>
 <p>Affordable &amp; Clean Energy</p>	<p>Promoting investments in renewable and clean energy projects</p> <p>Deploying renewable energy solutions and continually enhancing energy efficiency of own operations</p>
 <p>Decent work &amp; Economic Growth</p>	<p>Supporting employment growth through direct and indirect jobs</p> <p>Contributing to financial inclusion through access to banking, insurance and financial services for all</p> <p>Supporting transition to a low carbon economy by extending financing to sustainable sectors</p>

## United Nations Sustainable Development Goals

## How are we aligned



Industry, Innovation & Infrastructure

Influencing sustainable infrastructure and industry development through 'Sustainable Lending Policy & Procedures'

Supporting SME sector development through financial solutions and non-financial services



Reduced Inequalities

Facilitating income growth of the poor through ABF 'Sustainable Livelihood' Programs

Providing low cost migrant remittances



Sustainable Cities & Communities

Providing customised financial solutions for access to affordable housing



Responsible Consumption & Production

Pursuing 3R (Reduce, Reuse, Recycle) waste management principles

Providing transparent information on our sustainability strategies and performance through sustainability reporting



Climate Action

Strengthening environmental and social risk assessment for lending decisions through 'Sustainable Lending Policy & Procedures'

Supporting transition to a low carbon economy by extending financing to sustainable sectors

Reducing own environmental footprint



Peace, Justice & Strong Institutions

Supporting global and national efforts to reduce illicit financial flows and combat terrorism by adhering to Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards / Combating of Financing of Terrorism (CFT) requirements



Scan the QR code to know more about UN Sustainable Development Goals

# CORPORATE GOVERNANCE

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

## Board of Directors

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

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

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

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



### Board of Directors\*:

**Sanjiv Misra:** Non- Executive Chairman –  
Nominee of SUUTI

**Shikha Sharma:** Managing Director & CEO

**V. R. Kaundinya:** Independent Non-Executive

**Prasad R. Menon:** Independent Non-Executive

**Samir K. Barua:** Independent Non-Executive

**Som Mittal:** Independent Non-Executive

**Rohit Bhagat:** Independent Non-Executive

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

**S. Vishvanathan:** Independent Non-Executive

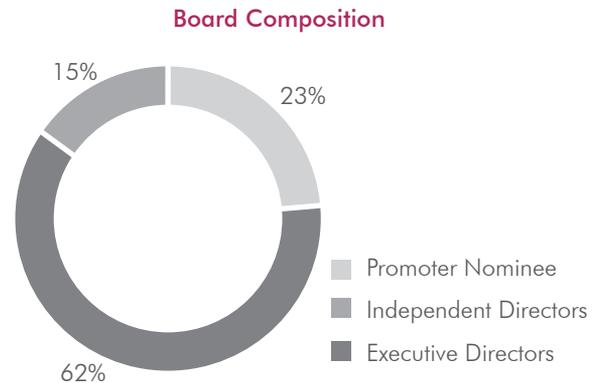
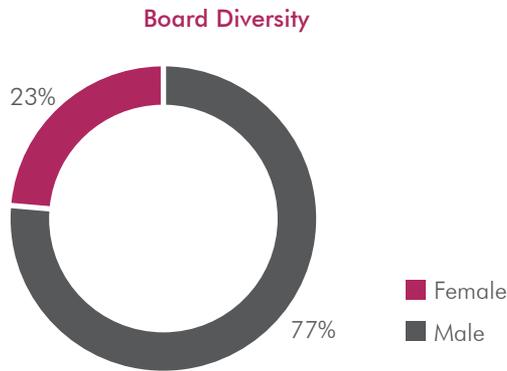
**Rakesh Makhija:** Independent Non-Executive

**Ketaki Bhagwati:** Independent Non-Executive

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

**V. Srinivasan:** Deputy Managing Director

\* as at 31.03.2016



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

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

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

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

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

### Selection and Appointment of Directors

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

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

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

### Evaluation of the Board's Performance

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

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

### Remuneration Policy and Remuneration of Directors

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

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

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

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

## Board Committees

The Board of the Bank also conducts its business through

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

### Board Committees

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



Scan the QR code to access Corporate Governance section of our Annual Report 2015-16



Axis Bank's Board of Directors at the 21<sup>st</sup> Annual General Meeting

## Sustainability Governance

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

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

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

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

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

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

# ETHICS & RISK MANAGEMENT

Ethics and Transparency are the centre of our belief system.

We strive to protect stakeholders' interests by ensuring fair dealings with them and complying with regulatory and voluntary norms as applicable to us. Policies, procedures and controls are put in place across our operations for effective implementation of Ethics and Risk Management frameworks.

## Codes and Policies

Our Code of Conduct and Ethics framework is the pivotal guide for employee behaviour and ethical and acceptable conduct, reflecting the larger organisational values on aspects related to but not limited to ethics, conflict of interest, and bribery and corruption.

Similar codes are in place for the Board of Directors and Senior Management of the Bank to guide them in adopting high ethical standards in managing the affairs of the Bank.



Awareness of the Code of Conduct and Ethics is promoted through e-learnings, trainings, scenario-based assessments and an annual sign-off on the Code by employees. Our voluntary Code of Commitment to Customers based on codes and standards of Banking Codes and Standards Board of India (BCSBI) is aimed to safeguard customer interest and illustrates banking practices followed by us to ensure fair and transparent dealings with our customers.

A Whistle-blower Policy and Vigil Mechanism has also been established to encourage reporting of a suspected or actual occurrence of illegal, unethical or inappropriate actions, behaviour or practices by staff without fear of retribution.

To ensure the streamlined flow and management of complaints under the Whistleblower Policy, a web-based application - 'Corporate Whistleblower' has been set up which also provides an option for anonymous reporting, thereby enabling lodging of complaints online over a secure platform without fear of revelation of identity.

We have also appointed an Ethical Counsellor to assist employees who have witnessed offences and are in need of counselling about their roles and responsibilities in seeking a redressal of the wrongdoings.

We have comprehensive policy frameworks in place, to shape organisational behaviour on various aspects. Well-documented procedures and defined accountability

at various levels support the effective implementation of policies.



Scan the QR code to know more about our Policy Frameworks reported in our BRR 2015-16 (Page 7)

## Risk Management

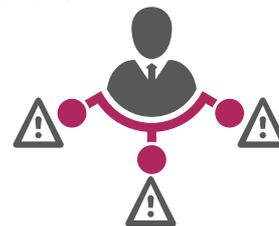
The key components of our risk management policy rely on the risk governance architecture, comprehensive processes and internal control mechanisms based on approved policies and guidelines.

Our risk governance architecture focuses on the key areas of risk such as credit, market (including liquidity) and operational risk and quantification of these risks, wherever possible, for effective and continuous monitoring and control.

The risk management processes are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring through the sub-committees of the Board of Directors.

The overall risk appetite and philosophy is set by the Board.

The Committee of Directors, the Risk Management Committee and the Audit Committee of the Board, which are sub committees of the Board, review various aspects of risk arising from the businesses of the Bank. Various senior management committees operate within the broad policy framework.



We have put in place risk management processes for products and / or changes in products and processes:

The Product Management Committee (PMC) is responsible for reviewing and approving new products to ensure that these are being introduced as per the laid

down process, the risks associated with such products at various stages of their lifecycle have been duly identified and that the requisite controls have been put in place.

The Change Management Committee (CMC) is responsible for reviewing and approving change in any product and/or any process that might have a bearing on other products, the customer base, or on the existing system in place.

The Business Continuity Policy frames guidelines to develop a resilient management framework and approach towards business continuity of our critical services /products during disaster while safeguarding the interest of our clients, protecting the life of our employees and minimising losses to our assets.

The Emergency Response Plan (ERP) and Crisis Management Plan (CMP) are put in place under the Business Continuity Management framework to minimise losses during an emergency and strategise the recovery process after disaster.

We have rolled out 'Sustainable Lending Policy & Procedures', which in conjunction with credit risk policies will enable us to assess environmental and social risks associated with Project Finance activities of a certain size and actively engage with clients towards ensuring adequate safeguards.



Scan the QR code to know more about the Risk Management disclosure given in our Annual Report 2015-16 (Pages 54-56)

## Compliance

We are committed to adhere to the highest standards of compliance vis-à-vis regulatory prescriptions and internal guidelines.

We continually strive to elevate our compliance culture through various enablers like dissemination of regulatory changes and percolation of compliance knowledge through training, newsletters, e-learning initiatives and other means of communication apart from direct interaction.



New products and processes are vetted to ensure our products and processes operate within the Compliance

Framework. Compliance monitoring and testing programs enable the identification of deviations, evaluation of internal controls and examination of systemic corrections as required.

Accountability to ensure compliance is set at various levels within the organisation.

At the apex level, the Audit Committee of the Board reviews the status of compliance with regulatory guidelines on a periodic basis. We have also put in place an Enterprise-wide Governance Risk and Compliance Framework - an online tool - pivotal in addressing operational, compliance and financial reporting risks, bringing efficiency in processes and improvement in compliance levels besides facilitating an annual assessment of said risks.



Scan the QR code to access additional information given in the 'Management Discussion and Analysis' section of our Annual Report 2015-16 (Page 57)

## Fraud detection and mitigation

We have adopted a Policy on Fraud Management and Reporting which serves as a reference document and guidance for the internal oversight and fraud management framework.

Our primary objective towards fraud management is to develop a secure, 'least vulnerable to fraud' environment in the Bank.



The Policy is supported by procedures across operations and supporting policies on anti-money laundering, information security, outsourcing of financial services, whistle-blowing, recognition and reward for detection / prevention of fraud, code of conduct and code of right sell.

- The Board of Directors conduct an annual review of fraud cases reported.
- The Audit Committee of the Board is responsible to analyse all fraud cases and provide direction.
- A Special Committee of the Board of Directors for the Monitoring of Large Value Frauds is constituted to monitor and review all frauds of ₹10 million or above.

- A Fraud Review Council (FRC) comprising of key functionaries of the Bank is set-up to undertake fraud vulnerability assessment and prescribe relevant action points emanating from the review and investigation of fraud cases.

Employees play a critical role in the detection and prevention of fraud and we encourage their active participation through Policy on Recognition and Reward for Detection / Prevention of Fraud.

Employees are sensitised and made aware of ethics and prevention of frauds through policy updates, periodic newsletters and employee communications such as

'Ethical Times', 'Due Diligence' and 'Information Security Awareness Series'.

Information and case studies are disseminated among employees to provide information and insights on frauds detected and actions taken, incident analysis of industry fraud cases and the latest regulatory updates.

The employees are also informed on the actions taken for alleged breaches of policies along with representative case studies.

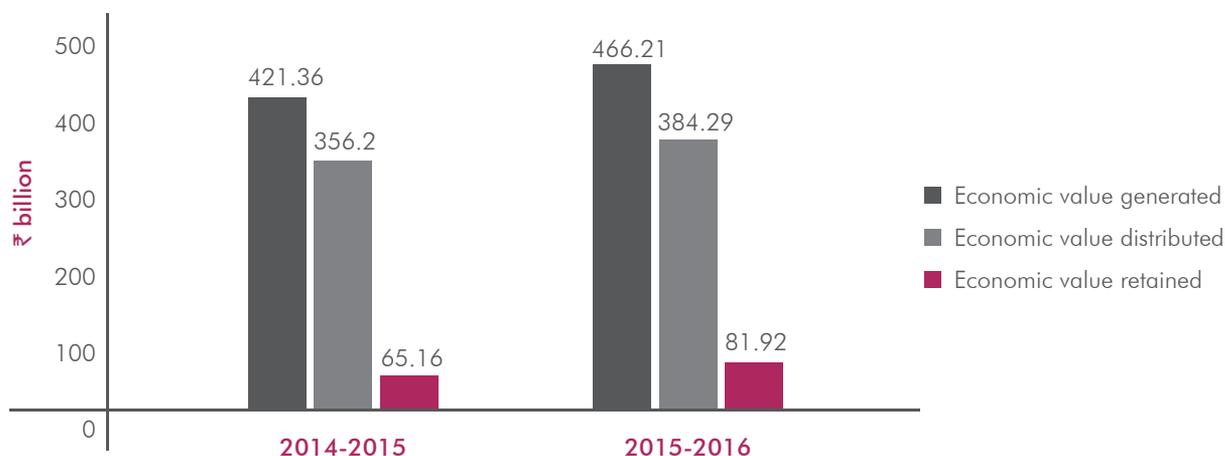


# ECONOMIC CONTRIBUTION

We believe that our role in society is defined not merely by profitability but also by the larger economic value we add through our products, services and operations. We take this role seriously and endeavour to positively contribute to the economic and social wellbeing of the society at large.

## Direct economic contribution

Economic value generated, distributed and retained



## Employee Benefit Obligations

The retirement and other employee benefits provided to employees include Provident Fund benefits, Gratuity benefits, Compensated absences and Superannuation scheme benefits.



Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due and when services are rendered by the employees.

Further, an actuarial valuation is conducted by an independent actuary to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate.

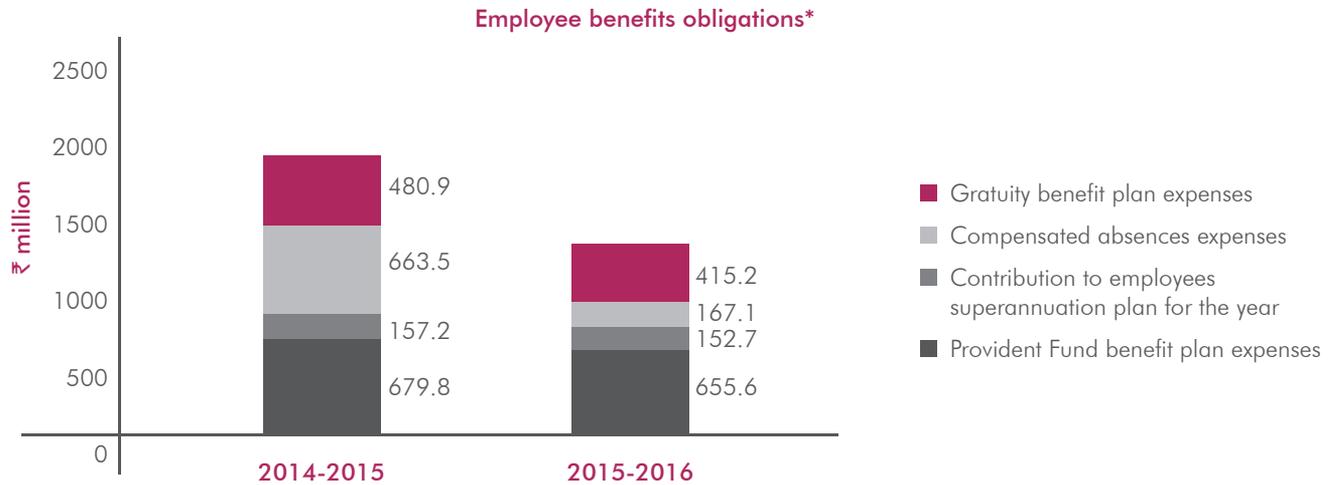
We contribute towards the gratuity fund (defined benefit retirement plan) administered by various insurers for eligible employees. The plan provides a lump sum payment to vested employees at retirement or at the termination of employment based on the respective employee's salary and the years of employment with the Bank.

Liability with regard to the gratuity fund is accrued based on the actuarial valuation conducted by an independent actuary.

Short-term compensated absences are provided for based on the estimates of encashment/availment of leave, and provisions for long-term compensated absences are made based on an actuarial valuation conducted by an independent actuary.

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme either under a cash-out option through salary or under a defined contribution plan.

Superannuation contributions are recognised in the Profit and Loss Account in the period in which they accrue.



\* As recognised in the Profit & Loss Account

Additional resources

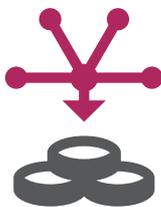


Scan the QR code to access additional information given in the 'Employee Benefits Obligations' (Pages 186-189) disclosures of our Annual Report 2015-16

## Indirect economic contribution

We play an important role in the overall economic activity by facilitating financial flows and thus enabling people, businesses and institutions to prosper.

Our Retail Banking products and services are designed to meet the lifecycle financial needs of people and help them achieve their goals and aspirations.



Through our Financial Inclusion agenda, millions of underserved people are provided access to a formal banking system and making them active participants of economic growth. Financial Literacy efforts undertaken by

we help people understand the basics of banking and economic opportunities available to them to earn a livelihood, save and grow their wealth, and avail social security.

The Corporate Banking products and services provide vital support to businesses and institutions for expansion of economic activity which ultimately contributes to nation-building and higher living standards.

We have special focus on sectors like MSME sector and the Agriculture sector under 'Priority Sector' focus to provide impetus to the sectors' growth which has huge potential for job creation.

We contribute to effective and transparent governance by facilitating the delivery of citizen services and social benefit schemes.

Axis Bank Foundation works in some of the poorest districts of the country with the primary focus on creating sustainable livelihoods.

## Economic contribution to society in 2015-16



Consumers

- ₹ 243.44 billion interest expended on deposits
- Home Loans of ₹623 billion disbursed with a customer base of 0.31 million
- Retail Agriculture Loans of ₹ 233 billion disbursed with a customer base of 1.91 million
- Student Loans of ₹ 0.195 billion disbursed with student customer base of 4,500



Corporates

- Credit Exposure of ₹ 432 billion to vital sectors of growth - Infrastructure and Power industry
- Priority Sector Advances of ₹ 816.01 billion
- SME Sector Advances of ₹ 448.69 billion



Shareholders

- Proposed Dividend amounting to ₹ 14.05 billion



Products & Services  
With Environmental  
And Social Benefit

- Credit Exposure of ₹ 34.92 billion to sustainable sectors - renewable energy (solar, wind, biomass, mini-hydro), waste processing and mass rapid transportation
- Financial Inclusion customer base of around 9.6 million customers, serviced through network of 587 rural branches and more than 31,300 Business Correspondent (BC) agents spread over 3,272 villages
- Facilitated ₹ 74.04 billion of domestic money transfers over nearly 22 million remittance transactions
- 0.7 million customer base served for microloans with disbursals of ₹ 10 billion
- Outlay of ₹ 244 billion for Rural And Semi-urban Home Loans
- 17,247 Low Income Group (LIG) customers served through 'Asha Home Loans' with ₹ 18.85 billion of affordable housing loan disbursals
- Facilitated disbursals of ₹ 1.46 billion of Government to Consumer (G2C) payments



Employees

- 50,135 employee base with ₹ 33.76 billion in employee related payments and provisions
- 35.53 million outstanding Employee Stock Options



Community  
Development

- 26 programs run by Axis Bank Foundation (ABF) in 241 districts covering 26 states in India
- ₹1.37 billion spent on Corporate Social Responsibility
- Total cumulative grant of ₹3.29 billion given to Axis Bank Foundation and its partner NGOs since 2006
- 0.81 million beneficiaries reached through ABF programs since 2006 (inception)

# CUSTOMERS

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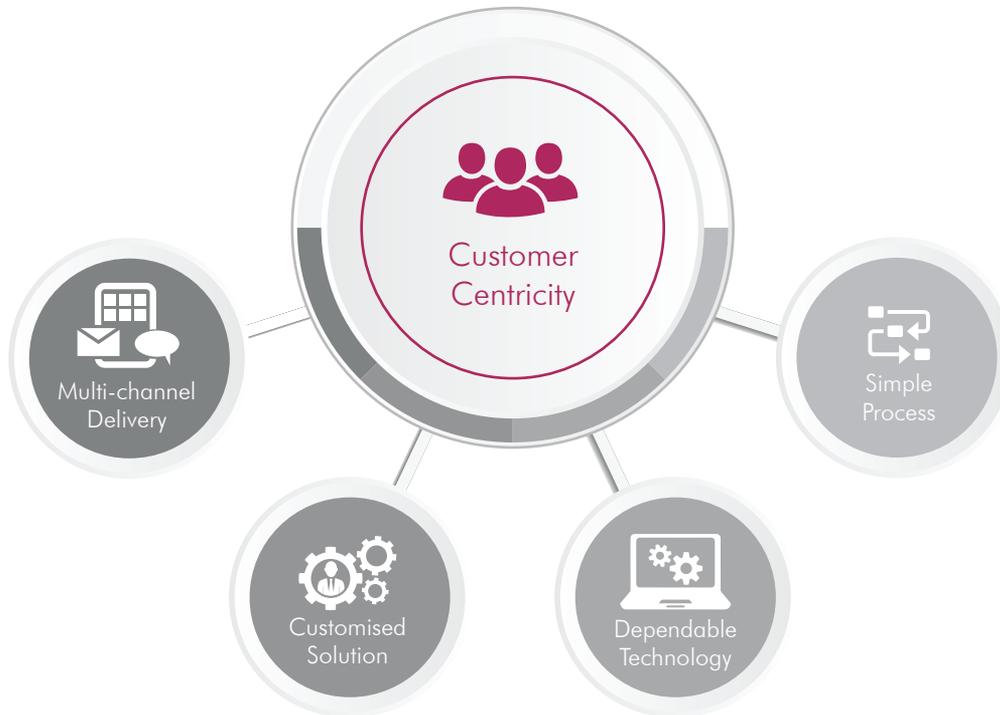


Consistently enhance customer service by focusing on customer experience, innovation and quality assurance to deliver superior Axis Banking Experience

# CUSTOMERS

We continue to build sound customer franchises across distinct businesses and forge long-term relationships with our customers. We provide high-quality services and products through regular customer engagement in a convenient manner.

Our customer centricity model has four key elements that address the design, delivery and service aspects of our products and services:



## Products and services

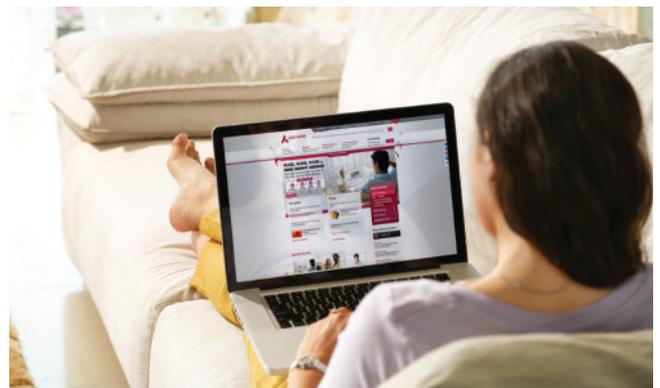
Our objective is to offer a full range of financial products and banking services catering to all levels of the economic pyramid.

The products and services are delivered through multiple channels, thus giving our customers the flexibility to choose the channel that best suits them. Being a customer-centric bank, we place emphasis on customer engagement as an important enabler to innovate and deliver our products and services. This helps us understand and anticipate customer needs to develop customised products and service propositions for each customer segment.

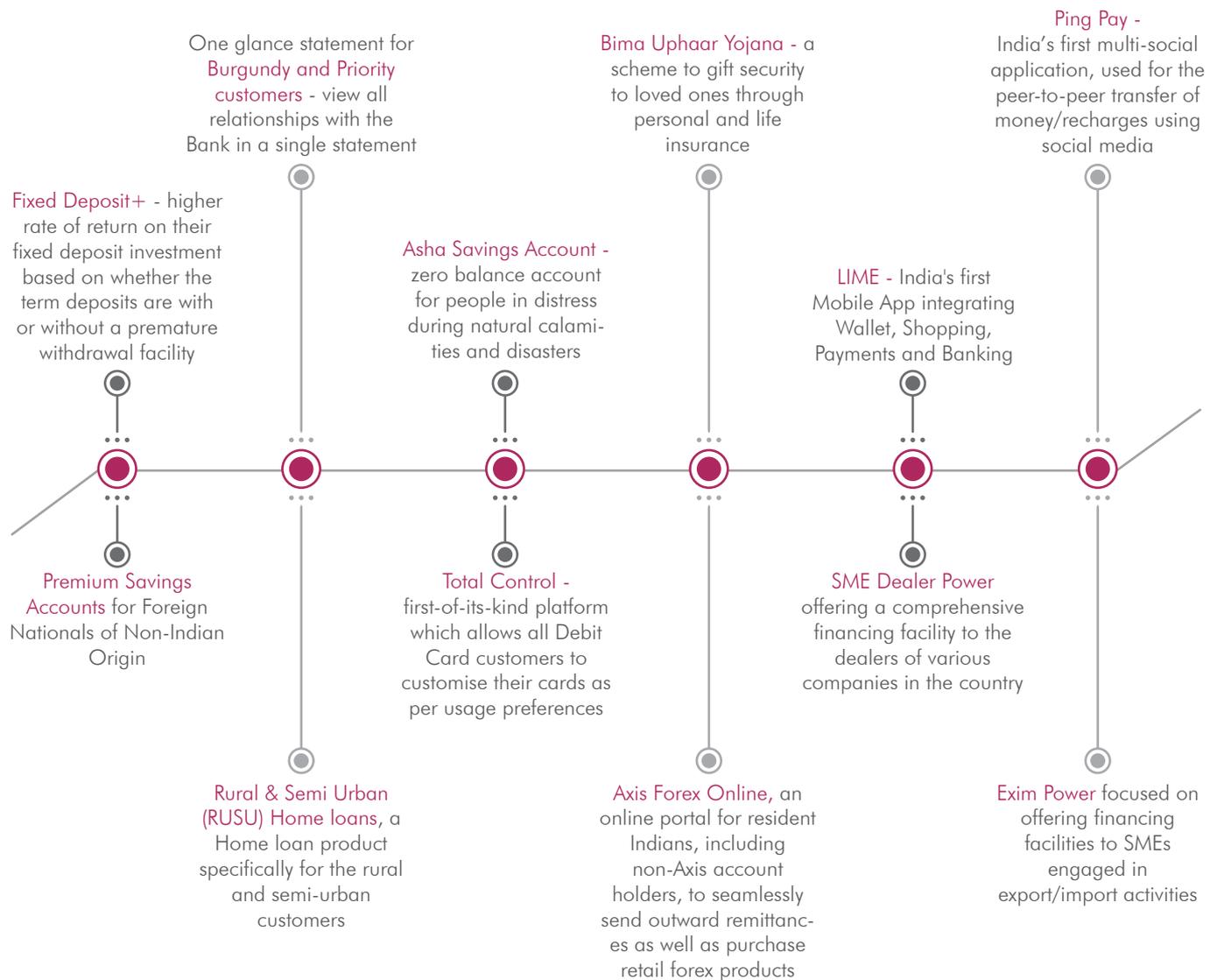
We have also developed a 'Product Suitability Matrix' for our retail products to ensure that the products are aligned to customer profiles and minimise the risk of product mis-selling.

Focus is also placed on important sectors of growth and geographies to enable inclusive development.

With inclusive banking focus in mind, we set up 44% of our new branches during the year in semi-urban and rural areas.



## New Products And Services Launched



We provide comprehensive banking and financial services. Through our retail products and services we help customers meet their 'life cycle' financial needs.

The eEDGE Loyalty Rewards program is an award-winning bank-wide loyalty program that rewards customers across their Savings Account, Credit card, Debit card, Current Account, Loans and Forex relationships.

The wholesale banking products and services cater to corporates, Government clients and also focus on fee-based trade finance and the treasury businesses.



Scan the QR code to know more about our products and services

## Digital future

It is our constant endeavour to anticipate and meet customers' evolving needs by offering innovative products and services.

We have invested in digital banking services to provide an enriching experience and engagement through innovative and secure channels.

Our digital banking agenda is based on principles of simplicity, comprehensiveness and innovation.

Digital banking services offered by us complement the branch network to take banking solutions to remote corners of the country and provide a seamless banking experience.

Our digital banking agenda adopts a holistic approach addressing aspects related to customers, internal employees, branches and social media footprint to leverage the power of digitisation across the organisation.

### Digital is the Future - Experience it now

Opening a savings account with Axis Bank is now as simple as online shopping. Customers can open a savings account using the Mobile Banking app or internet banking with a few simple clicks.



Fill in 6 simple personal details



Get an account number instantly



Fund the account instantly



Book appointment with Axis Bank representative for delivery of account kit

Similarly, customers can now check availability and book safety lockers in nearby branches through the Axis Mobile App. Fixed deposit customers can avail the e-advice service through multiple channels like Branch, Internet and Mobile Banking. Taking the digital drive to the masses and enabling underserved sections of society to access the formal banking system, Micro ATM Devices have been deployed at branches for facilitating Aadhar-based and biometric based transactions.

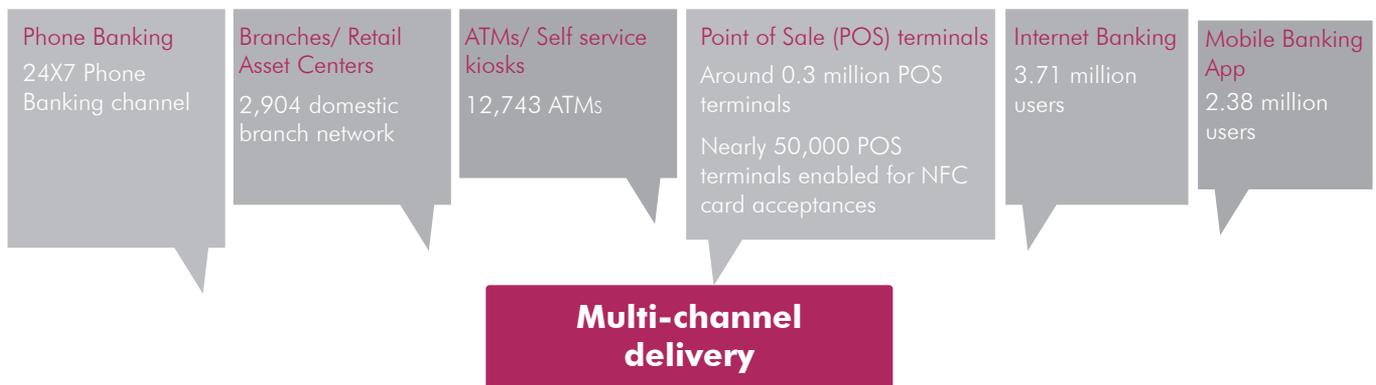
## Multi-channel delivery

With the emergence of the internet and advancements in technology, internet banking, telephone banking and mobile banking have emerged as an easy-to-access, paper-less ways of banking.

We pursue a multi-channel banking strategy as a key pillar of our 'customer centricity' approach with four focus areas – consistency across channels, seamless multichannel integration, integrated customer data & information, and defined multichannel ownership.

Our various channels of delivery are designed to complement one another and empower customers to transact in an easy and secure manner at their own convenience. Technology is leveraged to provide a seamless experience across channels.

We constantly review multi-channel delivery services for improvements and engage with customers directly to understand their choices and preferences which in turn helps us to provide customers with greener options that are more convenient to adopt.



### Digital Circle

Axis Digital Circle is our new channel which aims to create digital alternatives for physical banking transactions. Launched in 2015, Digital Circle is a state-of-the-art strategic sales and service channel which delivers an omni-channel customer experience. It is equipped with multiple capabilities to reach out to customers with need-based banking solutions and fulfil the sales over a call. Currently, we have two Digital Circles live in Mumbai and Bengaluru.

### Multi-channel delivery highlights:



Mobile Banking (MB)

- 2.38 million overall MB registrations (35% growth in Axis mobile users)
- ₹553 billion overall spends through MB (339% growth in spends)
- 53 million transaction count



Internet Banking (IB)

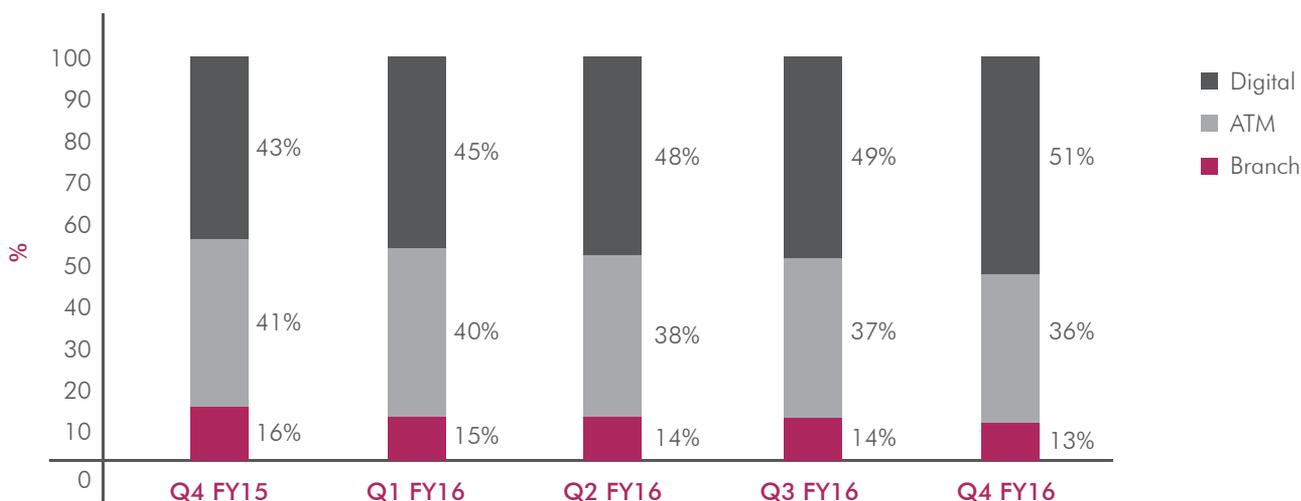
- 3.71 million overall IB netsecure registrations (23% growth in IB registrations)
- ₹950 billion overall spends through IB (16% growth in spends)
- 63 million transaction count



Digital Channels

- 0.33 million leads generated through the website across products
- 56% of overall leads generated for Personal Loans

### Channel transaction mix



## Social media presence

Social media is an important platform for us to connect and have a dialogue with our customers and other stakeholders.

We actively use social media platforms to reach out to our customers for campaigns, new developments and achievements, among others. The platforms are also an avenue for our stakeholders to provide feedback and reach out to us directly.



## Consumer awareness and privacy

We enable customers to make informed decisions about our products and services by providing them with right and transparent information.

Product features and charges are informed to the customers during the transaction. The 'Most Important Document' contains terms and conditions including disclosures on any important disclaimers and grievance-redressal procedures. The Customer is required to read and sign on this important document along with the account opening / card application form. Where required by regulators or as an industry practice, the product labelling also includes a 'risk rating' of the product.

Online tools are also available for customers to understand their eligibility, applicable interest rates and service charges for loan products such as home loans and car loans.

SMS alerts are sent to customers when the charges or fees get triggered or levied in their account. Similarly, customers are made aware of free monthly ATM transactions available through SMS alerts.

While requisite product and service information is provided to customers at the time of product purchase, it is critical for consumers in general to be aware of their rights and responsibilities in choosing the right products according to their risk profile and safeguarding against fraud.

Our blog 'Itsallaboutmoney' provides a wealth of information to the public in general about various personal financial management concepts, safe banking, tips for choosing the right products, investment planning, consumer rights etc.

Taxassist is another another web platform created to educate consumers about tax planning and saving. We also create awareness on safe banking through email

## Safe Banking

To disseminate the information on safe banking in an entertaining and fun way, we have created small videos which are tales about two friends Jai and Vicky. The videos illustrate real-life situations and how one should avoid common pitfalls that can lead to fraud. The safe banking tips include precautions to be taken while using an ATM, making payments through cards, and responding to suspicious emails and phone calls. The videos can be accessed through the blog itsallaboutmoney or through our YouTube channel. The videos were also widely circulated through WhatsApp mobile messaging app.



Scan the QR code to access the safe banking videos

alerts, SMS, ATM messages and websites.

Information Security and Data Privacy are critical components of our operations. We continually implement measures guided by well-defined Information Systems Security Policies (ISSP) to meet regulatory requirements, satisfy voluntary industry standards, and adopt best practices towards managing information security and data privacy.

All the applicable recommendations of the RBI Working Group issued on 29 April, 2011, relating to Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds have been implemented. We have adopted and are certified for ISO 27001:2013 Information Security Management Systems and the Payment Card Industry Data Security Standard (PCI DSS) 3.0.

Periodic Vulnerability Risk Assessments are conducted

across key assets to assess the potential risks and adopt mitigating strategies. State-of-the-art solutions are deployed for Data Leakage Protection, Information Rights Management, Mobile Device Management, Mobile Application Management, and Advanced Persistent Threat Management to ensure that the data and information is stored, accessed and transferred in a controlled and secure environment. All electronic data and information transmitted to third-party agencies is stringently monitored and data encryptions are used to secure the use of such data. Employees are periodically trained on information security policies and measures, and they are required to complete a mandatory e-learning module on information security.

## Simple Process

Our 'Simple Process' approach is designed to make banking and money management exceptionally easy across all behaviours and touch points. We empower our customers to transact using convenient, secure and cost-effective self-service and digital channels. Customers are offered bundled pricing options that are more transparent as monthly charges are declared at the outset. Process improvements under project 'Pratham' and other initiatives are pursued through the efficiencies offered by our new banking systems and more streamlined procedures such as paperless and remote account opening processes.

### 2015-16 Highlights:



Insta Kit activation alert for customers on the registered mobile number



Customer onboarding on digital platforms



Reminders to customers to use the mobile app feature for requesting cheque books



Real-time offer-related pop ups made available on the mobile app



eTDS certificate made available through Phone Banking and shared through the customers' registered email ID



Online booking of Demand Draft and collection at any Axis Bank branch



Mobile number registration of joint account holders is made available for all new and existing customers for transaction alerts and One Time Passwords



Aadhaar seeding through Phone Banking made available



Statement password made easy to remember - multiple and easy passwords enabled for customers to open e-statements



Process automation, lean documentation, and SLA monitoring and alignment for Forex-related processes (Inward Remittance, Outward Remittance, Retail Inward Remittance)



Process automation, approval management system, and charge and document simplification for International Trade offerings (Foreign Letter of Credit, Buyer's Credit, Import Bills, Export Bills)



Process automation, approval management system, and document simplification for Domestic Trade offerings (Inland Letter of Credit, Inland Bank Guarantee, Inward Bills of Collection, Outward Bills of Collection)

## Customer service and engagement

Our aim is to provide unparalleled customer service. 'PROGRESS', our Customer Service Credo, defines the basic tenets of customer service that we believe in and aspire to live daily.

### Our Customer Service Credo

**Proactive in approach**

**Right for the customer**

**Own the solution**

**Go deeper**

**Remove the jargon**

**Error free**

**Simplify**

**Serve enthusiastically**



We continue to pursue our journey of 'customer service excellence' through various initiatives that reinforce a service culture across levels. The 'PROGRESS' service culture framework empowers people by creating multiple listening posts for capturing feedback, developing programs and enablers, which aid employees in delivering a differentiated customer service, creating a network of Service Guardians and Ambassadors, and felicitating the employees who live the values of our Customer Credo in their daily work through rewards and recognition programs.

Focused programs are run to promote and address various aspects of customer service. 'My Customer' surveys help the frontline teams to provide valuable insights to understand the factors that impact our service standard, and ascertain our strengths and areas of opportunities.

The 'Axis One View' Customer Relationship Management (CRM) tool provides a 360-degree view of the entire liability relationship of the customer in a single screen. We have strengthened the CRM platform with 'Customer Profiler' and 'Customer Feedback Mechanism' to capture all customer interactions and feedback, and build unique customer profiles, which enable us to service customers through personalised offerings.

To assess the customer experience and quality of service, structured mystery shopping audits are conducted and the outcome is analysed to address the service gaps and identify further opportunities for improvement. During the year, we launched focused programs to capture instant customer feedback post their transaction and support the branches through weekly scores and progress feedback towards achieving perfection across six key servicing

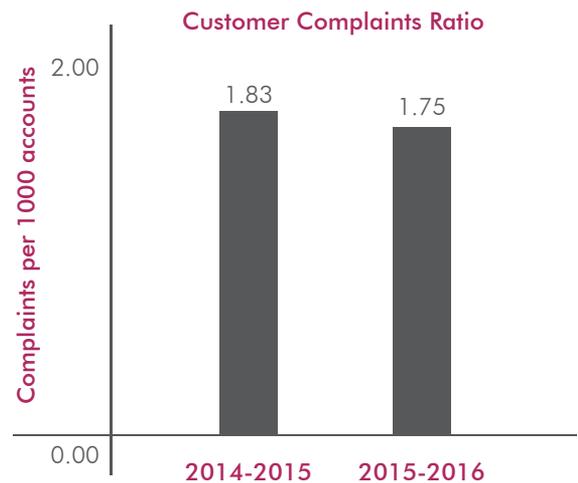
parameters.

Customers have various channels through which they can reach out to us. Customer helplines and email details are provided on the Bank's website. Customers can lodge their complaint on an online complaint management system. They can also report their grievances at the branches. All the complaints are monitored centrally. The TAT and escalation matrix are well defined to ensure the complaints are resolved in the minimum time possible.

A three-level escalation matrix has been established for domestic and overseas customers. The analysis of customer complaints is done in a proactive manner and feedback is provided to business teams to ensure that appropriate mitigation measures are taken. The assessment of the quality of complaint closures is undertaken on a sample basis, to highlight process adherence gaps by branches and backend processing teams.

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, the Standing Committee on Customer Service reviews customer service and grievance redressal initiatives.

Customer engagement also falls within the purview of Standing Committee meetings wherein customers share their feedback. Supported by various product, process and service initiatives undertaken, we were able to reduce the complaints ratio (per thousand accounts) by 4%.



## Customer satisfaction

We conduct an annual Customer Satisfaction Survey (CSAT) to assess the perception and expectations of customers on various aspects of the Bank's product, services and brand. At the transaction level, the Customer Transaction Survey (CTS) is an ongoing survey

that is conducted with a sample of customers to understand their experience with different aspects of the Bank. The insights from the surveys are discussed in the Service Quality Council meetings.

## SME Focus

We are committed to the growth of the Small and Medium Enterprise (SME) sector and offer a wide range of fast-track and customised products designed to meet the needs of the sector. Currently, we operate from 51 SME Centres and 9 SME Cells across the country to service customers effectively covering around more than 1,500 branches.

Continual efforts are made to evolve new products and processes that will help in better serving the SME sector. "SME Dealer Power" launched during the year offers a comprehensive financing facility to the dealers of various companies in the country for efficient management of working capital and other business requirements.

Another newly launched product "Exim Power" offers financing facilities to SMEs engaged in export/import activities and showcases our commitment towards the "Make in India" initiative. We have also adopted industrial cluster based financing as an important strategy towards ensuring manufacturing credit flow in the SME sector. As part of this initiative, important clusters have been identified across various sectors and plans have been developed to focus more on these identified clusters in the coming years.

We also support the SME sector growth through non-financial services focused on knowledge-based initiatives. 'Evolve' is a knowledge series that aims to provide a platform for SMEs to gain knowledge on new SME growth opportunities.



Mr. V. Srinivasan, Deputy Managing Director, Axis Bank addressing the participants of an SME Evolve session conducted in Mumbai

The workshops involve expert speakers who provide insights on pertinent topics for SME sector growth. During

the year, we expanded the 'Evolve' program to 40 cities across the country covering nearly 4,000 participants. This initiative is also a step towards further facilitating and contributing to the "Make in India" initiative.

## Financial Inclusion & Literacy

Financial inclusion is a key enabler for inclusive growth and is pursued by the Government of India as a 'national priority'. We have aligned our financial inclusion agenda with the four key pillars of financial inclusion promoted by the Government of India – savings, credit, remittances, and insurance and pension.

Our endeavour is to serve the excluded sections of society in a cost-effective manner through specialised products and services designed for them.

Financial literacy is an integral part of our financial inclusion agenda and aims to empower various sections of society with knowledge on the basics of savings and other personal financial management aspects.

Promoting savings through the formal banking system



PMJDY Account Opening Activity

A basic savings account provides a banking identity to the excluded and under-served sections of society and acts as a vital channel for them to access various financial services and social benefits, thus contributing to inclusive growth.

We leverage our network of 587 rural branches, Business Correspondent network and technology to serve the financial inclusion customer base. Aadhar-based paperless eKYC is deployed towards ensuring a hassle-free account opening process. We also actively support the Government of India's endeavour towards completing the comprehensive financial inclusion project 'Pradhan Mantri Jan Dhan Yojana' (PMJDY).

## NGOs as Business Correspondent Partners

Axis Bank Foundation conducts livelihood programs with a specific focus on women empowerment. The women beneficiaries generally form Self Help Groups (SHGs) to pursue livelihood activities. ABF programs are spread across different districts in the country wherein some areas there is nominal or no banking facility. To enable the beneficiaries and SHGs to avail banking services, we have partnered with entities such as ABF Partner NGOs to deliver basic banking services under the Business Correspondent model. Currently, we have enrolled four NGOs as our BC partners and have opened basic savings accounts for 600 members of the SHGs to avail banking facilities through these BCs.

**9.6**  
million

Financial customer  
base

**23**  
thousand

Accounts opened  
through eKYC  
route

**156**  
thousand

Account Opened  
under PMJDY

**562**

Districts served  
through PMJDY



Scan the QR Code to know  
more about PMJDY

### Providing customised credit services

'Axis Sahyog' is our micro-loan initiative to empower women groups to undertake income generation activities.

Women form Joint Liability Groups (JLGs) to access micro-loans. Financial literacy is imparted to women groups to ensure that they have a basic understanding of concepts like savings, interest rates, credit score and so on.

Women beneficiaries and their spouses are also covered through insurance to manage emergency situations. The initiative is currently active in the seven states of Bihar, Madhya Pradesh, Uttar Pradesh, Odisha, Karnataka, Maharashtra and Jharkhand. We have tied up with Business Correspondents to extend similar micro-loans in the state of Tamil Nadu and Gujarat.

We also provide credit-related services to Non-Banking Financial Companies and Microfinance Institutions, which further cater to the excluded sections of society. To enable a secure and speedier onboarding and disbursal process, we have launched a new tablet-based Loan Origination system for Microfinance business. The

application includes different modules for the onboarding of villages by conducting village surveys, and onboarding of applicants by conducting group trainings and tests, and completing the disbursement. The tablet application is integrated with our underwriting hub for real-time approvals/rejections based on bureau checks and underwriting rules.

Agriculture lending is a key focus area for us. We have a wide range of products that cater to the specific needs of the rural and agricultural sector like cultivation needs, tractors, cattle, commodity storage and contract farming. We also engage with the farming community through agriculture expert talks to enable them to increase their productivity and earnings.

We have created specialised products to address the needs of housing for economically weaker sections, and rural and semi-urban areas. The 'Asha Home Loan' caters to the Low Income Group/Economically Weaker Sections of society by providing them loans for affordable housing. During the year, we have also launched Rural & Semi Urban (RUSU) Home loans, a Home loan product specifically for Rural and Semi-Urban customers.



Axis Sahyog

# 0.7 million

customer base served for  
microloans with cumulative  
disbursals of

# ₹10.08 billion



Agriculture loans

# 1.9 million

customer base served for  
agriculture loans with  
disbursals of

# ₹149 billion



Asha Home Loans

# 17,247

Low Income Group (LIG)  
customers served through  
'Asha Home Loans' with

# ₹18.85 billion

of affordable housing  
loan disbursals



RUSU Home Loans

# 0.12 million

million customers served  
through RUSU Home  
Loans with

# ₹244.29 billion

loan disbursals

### Remittance and payment services

Our easy-access remittance and payment services are designed to provide easy and secure domestic money transfers and especially help the migrant population to send money to their dependents in villages.

The remittances can be made in three modes: cash to account, account to account, and account to cash. To ensure a wide outreach of such services, we leverage technology through mobile-enabled banking services in partnership with Suvidhaa Infoserve, Novopay Solutions Pvt Ltd. and Idea Mobile Commerce Services Ltd. The remittance and payment services are powered by a network of Business Correspondents (BC) and Customer Service Points (CSP). CSPs also serve the customers through small ticket payment services such as mobile and Direct-to-home (DTH) recharges, utility bill payments and loan re-payments.

Direct credit and disbursement of Government benefits such

as wages, pensions, subsidies etc. promote transparent governance and help in reducing slippages, thus ensuring that deserving beneficiaries avail such benefits in a safe and timely manner. We support Direct/Electronic Benefit Transfer schemes across 18 districts in the country.

We secured the mandate to credit and disburse Social Security Payments (pensions), wages under the National Rural Employment Generation Act (NREGA) and subsidies like LPG subsidy across various states. The beneficiary accounts are linked to benefit schemes through Aadhar-enabled bank accounts. The beneficiaries can avail disbursements in cash through the Aadhar authentication mechanism after benefits are credited in their accounts. The disbursements are supported by a network of BCs and CSPs who are provided with micro-ATMs (biometric handheld devices) to facilitate door-step banking.



Ms. Shikha Sharma, MD&CEO, Axis Bank and Mr. H.R. Khan, Deputy Governor, RBI launching Axis Suvidha Card along with other dignitaries

	Government to Consumer (G2C) payments	Consumer to Consumer (C2C) payments	Aadhar Enabled Payment Services (AEPS) payments
Transactions	<b>532 thousand</b>	<b>22 million</b>	<b>221 thousand</b>
Payment Amount	<b>₹1.5 billion</b>	<b>₹74 billion</b>	<b>₹550 million</b>

### Insurance and pension schemes

The Government of India has introduced various social security schemes in the Insurance and Pension sectors for all citizens, especially targeting the poor and the under-privileged. The two insurance schemes – Pradhan Mantri Jeevan Jyothi Bima Yojana (life cover) and Pradhan Mantri Suraksha Bima Yojana (accidental death and disability cover) – provide affordable insurance cover while the pension scheme Atal Pension Yojana is targeted at people in the unorganised sector who are currently not covered through formal pension schemes.

We are authorised to enrol customers under these schemes. To popularise these schemes and to enrol a large number of people, we have conducted various camps and have sent messages to customers. During the year, we were able to enrol over one million people for these schemes.

### Financial Literacy

Financial literacy is an important enabler for achieving comprehensive financial inclusion. Our financial literacy

initiatives are aimed to create awareness on basic financial concepts like the need and importance of savings, insurance, investments for future, pension planning, loans, credit limits and repayments, which will enable people to better manage their personal finances and make informed decisions. Financial Literacy Camps (FLC) are conducted in rural areas using the broad-based financial literacy module developed by the Reserve Bank of India. Hand-held projectors, financial literacy posters, diaries and other tools are used to make the sessions interesting and easy to understand. During the year, we conducted 7,210 FLCs reaching out to approximately 68,000 people. Disseminating financial literacy is also a key component of our extension of the banking services arrangement with Business Correspondents (BCs). 'Train the trainer' program is conducted for BCs towards this end. We also conduct various health camps and agriculture talks in the vicinity of our branches to engage with local communities. During the year, we conducted over 500 such camps.



# SHAREHOLDERS & PROVIDERS OF CAPITAL

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Actively engage with Shareholders and Providers of Capital  
to create enduring value

# SHAREHOLDERS & PROVIDERS OF CAPITAL



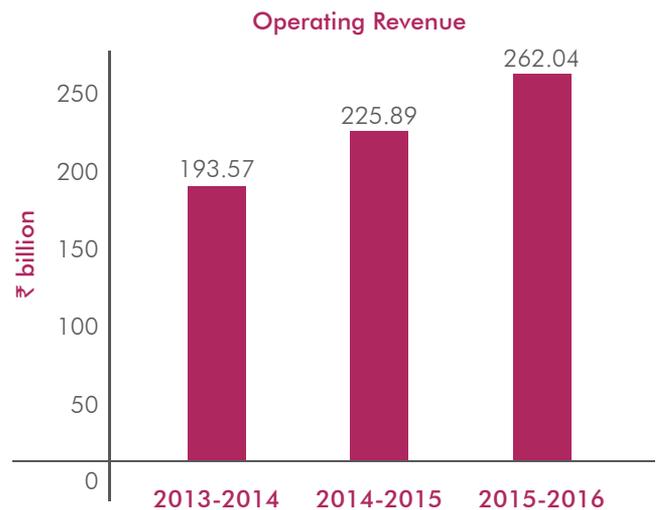
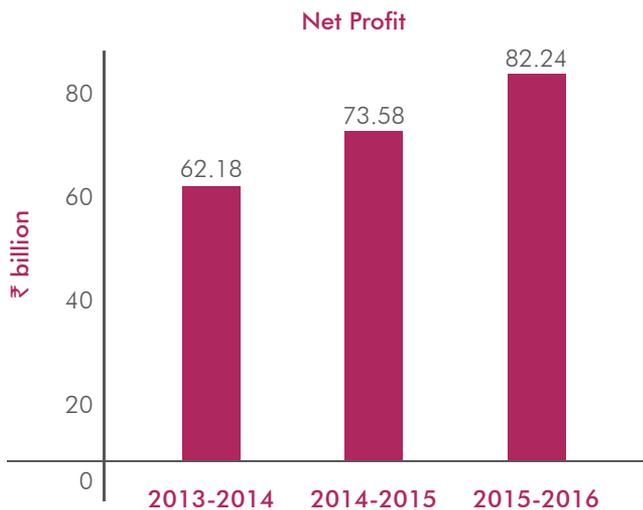
## Profitable growth

This year has been a mix of opportunities and challenges for the Indian Banking sector. Despite the challenges, we continued to perform well, by leveraging our branch network and innovative electronic channels, a well-developed retail franchise, and a number of key corporate and SME relationships.

Net profit of ₹82.24 billion was reported for the year ended 31<sup>st</sup> March 2016, registering a growth of 11.77%

over the net profit of ₹73.58 billion last year. The growth in earnings was achieved owing to the contribution from all business segments.

We displayed steady growth in key balance sheet parameters for the year ended 31<sup>st</sup> March 2016. The total assets increased by 13.75% to ₹5,254.48 billion, total deposits increased by 11.02% to ₹3,579.68 billion, while total advances increased by 20.52% to ₹3,387.74 billion.



During the year, we continued to expand our network, as we believe that both physical branches and digital channels will co-exist to create superior customer experiences, which remain the cornerstone of our vision and strategy.

Our retail businesses grew steadily during the year and there was credible growth of both retail deposits and loans, supported by an expanding network that is critical to the retail franchise.

Our corporate advances portfolio grew higher than industry growth rates as we continue to find attractive refinancing opportunities for highly-rated corporates that are new relationship additions to the Bank's franchise.

### Capital management

The Bank strives for continual enhancement of shareholder value by efficiently using capital to maximise return on equity. Aiming to achieve this objective, we endeavour to develop an asset structure that will be sensitive to the importance of increasing the proportion of low-risk weighted assets. Our capital management framework helps ensure an appropriate composition of capital and an optimal mix of businesses.

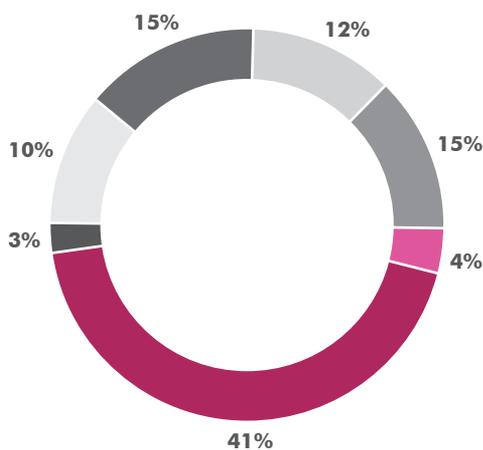
During the year RBI made certain amendments which included rationalisation of the risk weights and LTV ratios for individual housing and among other changes to treatment of DTA in calculation of CET1 is of significance. These measures improved total CAR by

approximately 30 basis points during fiscal 2016.

We are well capitalised with an overall Capital Adequacy Ratio (CAR) of 15.29% as on 31<sup>st</sup> March 2016, computed under Basel III norms, which is well above the benchmark requirement of 9.625% stipulated by the Reserve Bank of India (RBI). Of this, the Common Equity Tier I CAR was 12.48% (minimum regulatory requirement of 6.125%) and Tier I CAR was 12.51% (minimum regulatory requirement of 7.00%) against 12.07% last year. The Tier II CAR was at 2.78% against 3.02% last year.

In accordance with the RBI's guidelines on the issuance of long-term bonds for financing of infrastructure and affordable housing, the Bank successfully raised ₹30 billion of long-term Infrastructure bonds during the year. The outstanding balance in long-term infrastructure bonds as on 31<sup>st</sup> March, 2016 was ₹87.05 billion.

Shareholding Pattern (as on 31<sup>st</sup> March 2016)



- 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 investors (including FIIs/OCBs/ NRIs)
- Foreign Direct Investment (GDR issue)
- Other Indian financial institutions/Mutual funds/Banks
- Other

### Shareholder returns

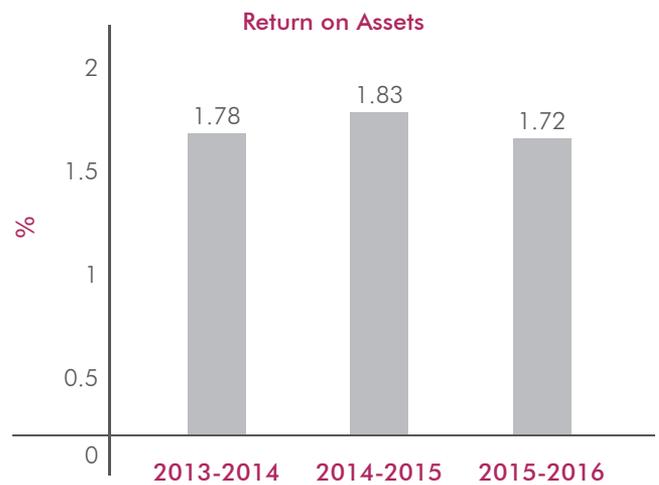
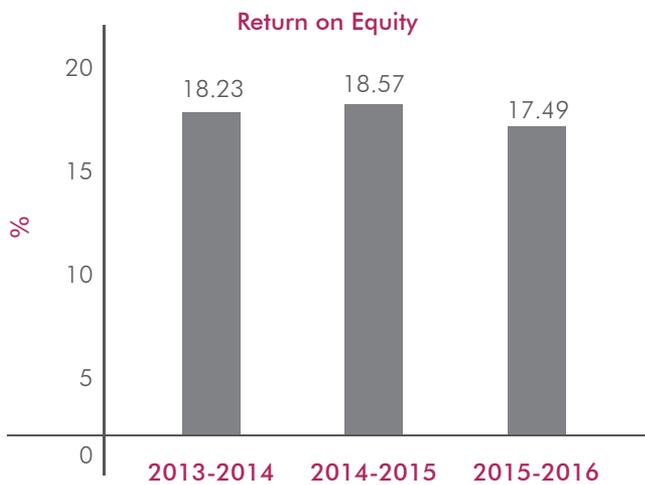
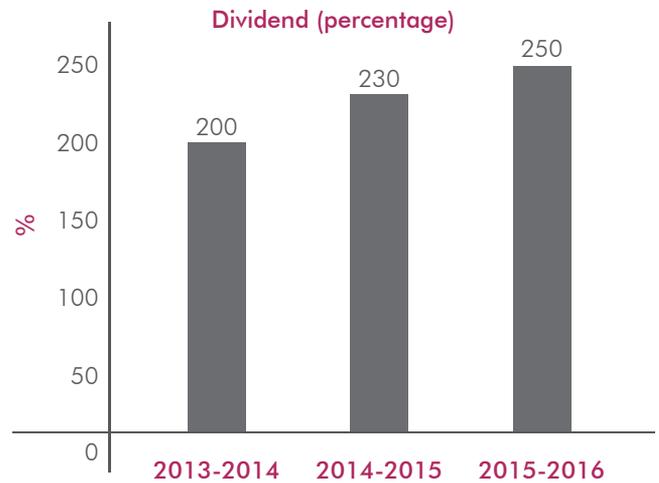
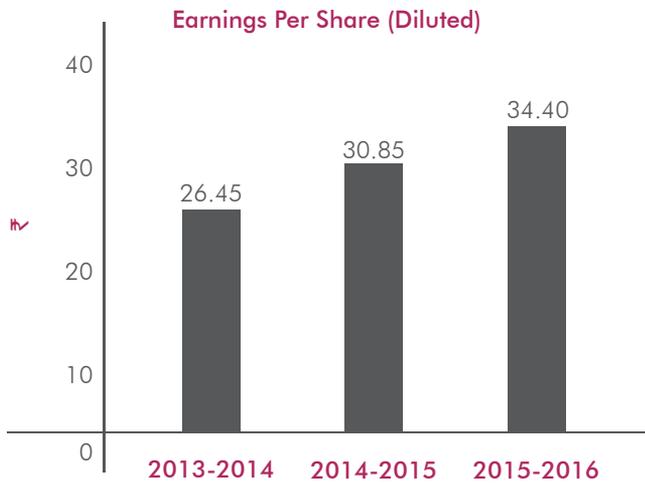
We continued to enhance our shareholder value by delivering healthy financial return ratios. Basic Earnings Per Share (EPS) was ₹34.59 compared to ₹31.18 last year, while the Diluted Earnings Per Share was ₹34.40 compared to ₹30.85 last year.

Key return ratios continued to remain healthy, with Return on Equity (RoE) at 17.49% compared to 18.57% last year, and Return on Assets (RoA) at 1.72% compared to 1.83% last year. The Net Interest Margin (NIM) for the year was 3.90% compared to 3.92% last year.

During the year we added ₹73.45 billion as fresh additions to gross NPAs and ₹53.00 billion to net NPAs

after adjusting for recoveries and upgradations of ₹17.03 billion and ₹3.42 billion respectively. The Bank's ratio of Gross NPAs to gross customer assets stood at 1.67%, and Net NPA ratio (Net NPAs as percentage of net customer assets) at 0.70%.

In view of the overall performance of the Bank and the objective of rewarding shareholders with cash dividends, while retaining capital to maintain a healthy capital adequacy ratio to support future growth, the Board of Directors has recommended a dividend of ₹5.00 per equity share of ₹2 each for the year ended 31<sup>st</sup> March 2016, as compared to ₹4.60 per equity share of ₹2 each declared last year.



## Shareholder engagement

We engage with shareholders and investors on a continual basis. Key updates are shared through investor and analyst meetings and calls, and quarterly and annual results announcements.

Our website also contains shareholder information and updates. Annual General Meetings are held to apprise

shareholders on our performance and plans and seek shareholder approvals. In case of grievances, shareholders can reach us through email. The Board, through the Stakeholder Relationships Committee, oversees redressal of the grievances of security holders of the Bank, inter alia relating to the non-receipt of dividend/interest, refund order/redemption, transfer/transmission, non-receipt of the annual report.

# PEOPLE

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Create and sustain a diverse work culture through improving organisational effectiveness, providing a safe and ethical work environment, maintaining stability and sustainability amidst the rapidly changing business environment and growth

# PEOPLE

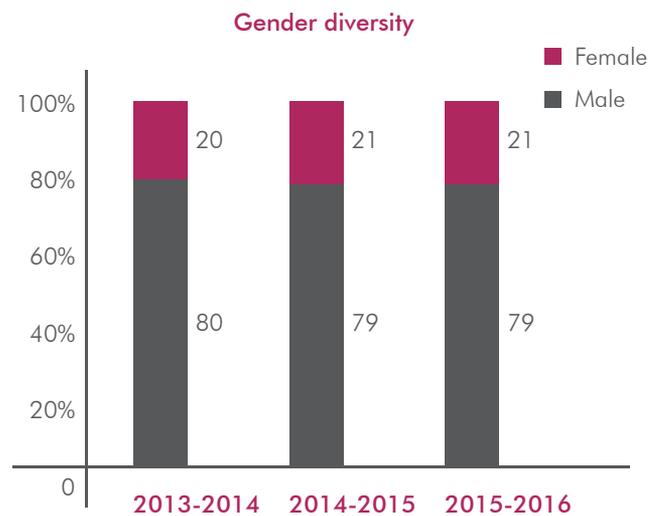
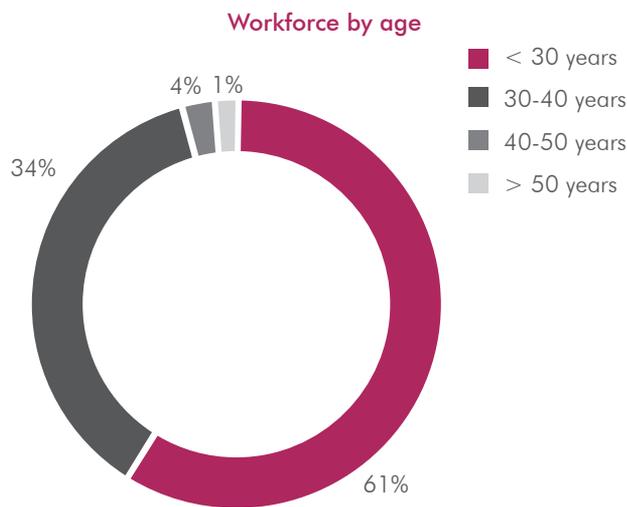
## Employee Diversity

Meritocracy, Fairness and Ethics are cornerstones of our people agenda. Diversity within the workforce is essential to build an inclusive and enabling workplace.

We continue to invest in enhancing our employee diversity, while ensuring that our recruitment strategies are based on equal opportunity principles. Discrimination of any form is strictly censured.

'Re-Connect', an Axis-Women Alumni Program, provides a platform for engagement with our women alumni who had taken a break in their career for various reasons, and provides opportunities for those seeking avenues to re-start their career. Through the 'We Lead: Axis Bank – ISB Women Leadership Program', run in partnership with Indian School of Business (ISB), we aim to build diversity in the leadership talent pipeline.

### Workforce diversity



Average age of workforce: 30 years

## Employee Engagement

Employee engagement is conducted on a continual basis through various channels. These include but are not limited to regular communication through emails and intranet, team off-sites, performance management discussions, town-hall meetings by senior management, trainings, employee suggestion schemes, rewards and recognition program, key events and festival celebrations, health awareness sessions and fun-at-the-workplace activities. During the year, we launched an integrated employee portal 'myConnect' to facilitate connection, collaboration and communication within our widespread employee base.

Axis Voices Dil Se is the annual employee engagement survey conducted in partnership with the Great Place to

Work Institute. During the year, 79% of the employees participated in the follow-up survey of Axis Voices Dil Se 2014-15.

The survey measures employee perceptions on work-life balance, career opportunities, diversity, collaboration, communication and the pride of belonging to the organisation. The survey results have been cascaded across regions and departments, and certain focus areas have been identified for action. Some of the key focus areas identified were enabling work life balance, empowerment, and differentiated experience for high performers.

Constant monitoring of branch closure timings, specialised training programs for employees, diversified employee recognition platforms, and the launch of an

integrated employee portal are some of the key initiatives undertaken to address the above mentioned focus areas. Details on a few initiatives can be found through the report.

### Fostering a Culture of Excellence

Commitment to excellence is at the core of our vision. To build and sustain a culture of excellence within the organisation, various enablers are deployed including rewards and recognition programs. 'Axis Champions Awards' is the flagship recognition program, which celebrates the passion, commitment and dedication of employees to deliver our brand promise to customers. In the third edition, over 3,000 nominations from across the Group were received and a four-tiered jury process determined the winners.

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 in 27 locations at the regional level to felicitate 494 Blitz Champions. Senior leaders of the Bank also covered 137 offices addressing more than 5,400 employees to celebrate the spirit of Axis Bank.

The program culminated in the 'Axis Champions Awards Nite' wherein 107 champions across the organisation were felicitated across six award categories. Apart from these six categories, a Special Award was given to the Chennai team for their contribution during the Chennai floods. Various other reward and recognition programs are also conducted at the regional and departmental levels.

### Learning and Development

Our approach to employee learning is driven by a combination of business needs of the organisation and developmental needs of the employees. We deploy a blended learning approach of classroom programs, external programs, certification programs and e-learning modules to facilitate the learning process across all levels. The learning and development needs of employees are integrated with the Performance Management System. Our learning platform 'Axis Academy' enables employees to undertake e-learning courses at their convenience. During the year, customised learning roadmaps were created for all Corporate Centre departments.



New programs such as Data Visualisation, Total Quality Management (TQM) certification and Certified Scrum Master programmes were introduced. Further, to bring in world-class training content and facilitators to the Bank, leading global training and consulting partners such as Capgemini, KPMG and Tata Consultancy Services have been empanelled for conducting relevant trainings.



Axis Bank's Top Management felicitating the Chennai team with a Special Award at the 'Axis Champions Awards' event

This year, the touch points of learning went beyond the conventional classroom through migration to alternate channels of delivery. We reinforce the status of compliance and standards as an important element of our business operations and all the trainings are focused to ensure that employees understand and meet their responsibilities. In this regard, a series of function-specific programs were rolled out with internal subject matter experts taking the lead in design and delivery.

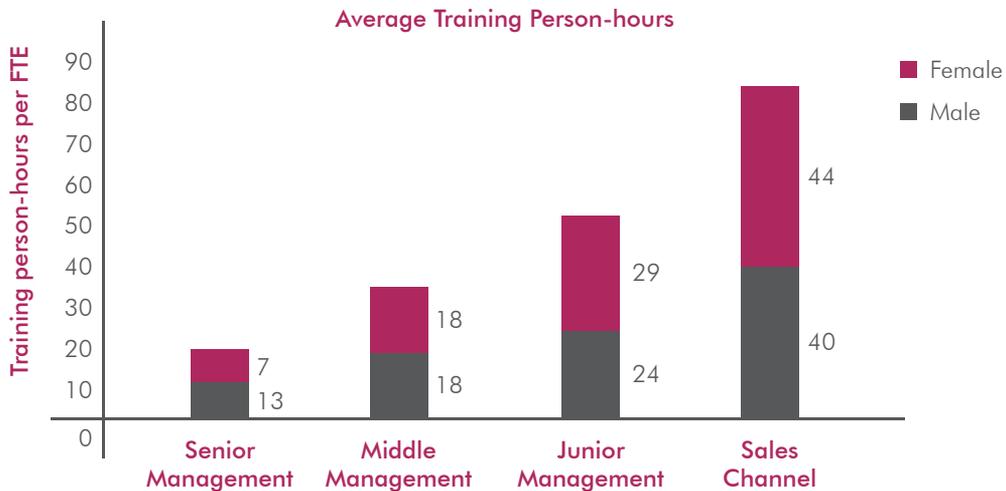
We have also introduced new training programs during the year to sharpen product knowledge. The 'Competency Directory' for frontline roles like Front Desk Officers and Relationship Managers maps role-based

skills to ensure consistency in customer service and adherence to regulations. Specific induction and functional training programs are conducted for customer-facing staff to ensure that they acquire the requisite skills. 'Axis LEAP' is an e-initiative rolled out on the Axis Academy online platform that offers learning collaterals along with online assessments on products, processes, compliance and customer service to the branch staff.

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.



Senior management of the Bank felicitating Blitz champions at regional Blitz events.



During the year, we have migrated to an integrated Performance Management & Capability Development system – ACElerate (Axis Capability Enhancement Program) from our existing performance management system. While retaining the tenets of Meritocracy, Transparency and Fairness, the ACElerate platform is aimed to driving changes across the following principles:

- Greater alignment to the Bank's performance – Flexible performance ranges in alignment with the Bank's performance
- More Inclusive approach to career growth – Widen the access to developmental & growth opportunities for a higher number of employees through Performance Pools
- Investing in Capability Development – Integration of capability building with the performance agenda to build, not only organisational capability but also individual competence
- Leaders at every level – Encourage leadership behaviour across levels by providing levers to enhance performance and enable career progression

## Talent Acquisition

As part of our talent acquisition strategy, we engage with universities and institutions of repute to ensure an

adequate supply of skilled manpower with day-zero productivity. During the year, focus was placed on strategic resourcing in alignment with our business strategy and creation of new verticals. Management Trainee programs are developed to provide differentiated career pathways for students from various groups of business schools.

The Graduate Leadership Program (GLP) is designed to attract top talent from the country's best Graduate Campuses. The 'We Lead: Axis Bank – ISB Women Leadership Program', run in partnership with the Indian School of Business (ISB), is a women-centric program designed to build diversity in the leadership talent pipeline.

The Axis Bank Young Bankers (ABYB) Program, in association with Manipal Global Education, focuses on imparting domain expertise and creating a skill-set in the field of Banking to create a talent pool of young bankers. Through 'Careernext', an internal job portal, we promote internal job rotations. External lateral hiring is done as per business needs.

### Rural Immersion Program as part of 'Axis Ahead'

A 'rural immersion program' was launched for new management trainees recruited from top B-schools. The objective of the program is to expose the new management trainees to on-ground rural scenarios. The rural immersion stint was for 12 days wherein the trainees visited selected villages to understand the rural way of life, opportunities and challenges of the rural market, the functioning of banks in such areas and their impact on rural development. They interacted with village community members and undertook exposure visits to ABF-supported DHANA project locations. At the end of the visit, the trainees made a presentation and submitted a draft report. A valedictory event was conducted to mark the closure of the program and the trainees were able to interact with 2,500 farmers at a symposium held at Madurai.

## Leadership Development

Developing leadership skills across various levels is one of the key focus areas for capability-building within the organisation. We follow an institutionalised approach in identifying individuals with the potential to become future leaders. A multi-tiered leadership development program has been created to develop leaders at various levels. The Top Leadership Development Program (TLDP) is aimed at honing the leadership capabilities of top management through structured executive coaching sessions. The Executive Leadership Program (ELP) and Business Leadership Program (BLP) focus on senior management development.

At the middle management level, the 'Axis Aspire' program is created to develop leadership capabilities for future roles. Targeted interventions are planned under



this program based on a Talent Needs Analysis. Talent Appreciation Committees (TAP) meet periodically to discuss employees' career growth and their potential for various future roles. Development plans are then accordingly designed. The talent management and succession policy and process for ensuring business continuity, especially at the level of MD & CEO, the other WTDs, senior managers one level below the Board and other key roles, is reviewed by the Nomination and Remuneration Committee and recommended to the Board for approval.

## Social Impact Projects as part of Leadership Development

We view exposure to and participation in community projects by employees as an integral part of leadership development. During the year, community projects were introduced as part of the Business Leadership Program (BLP) run in association with Indian School of Business (ISB), Hyderabad. BLP is a leadership-development program spread across 12 months and 3 modules. As part of the community project, 4 groups from the senior management level comprising of 7-8 people in each team visited 4 ABF partner NGOs. The stint at the project site was for 3 days. Post the visit, each group had to undertake projects that focused on scaling up the initiative, providing market linkages for beneficiaries and so on. The program ended with presentations made by each team to the panel consisting of the Deputy Managing Director, Axis Bank, ET&CEO - ABF and CEOs of the four partner NGOs.



BLP participants with Mr. V. Srinivasan, DMD, Axis Bank, Mr. K. Anil Kumar, ET & CEO - ABF and CEOs of four ABF partner NGOs

## Safe, Secure and Harassment-free Workplace

We accord high priority to the safety and security of our employees, customers and other relevant stakeholders while at our premises. This is one of our primary objectives and is a key element of our Business Continuity Management (BCM) framework. The framework is designed to enable the identification of potential threats to the Bank and build 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 the lives and minimise damages to the assets in a crisis situation, an Emergency Response Plan (ERP) is prepared for critical locations. The Crisis Management Plan (CMP) within the BCM framework enables the analysis of possible emergency and crisis situations, development of response strategies for recovery, and monitoring of countermeasures.

Security Risk Assessment is diligently carried out at all Bank premises and an adequate mix of people, process and technology is deployed to prevent, detect and

respond in case of any physical security risk.

Fire hazards and incidents are primary risk areas for the safety of our people, assets and premises. A Fire Prevention and Protection Policy is put in place. The policy 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.

Over the past two years, we have been conducting Fire Life Safety Audits across all branches, through empaneled third-party agencies. The audits covered 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.

The auditors also impart basic Fire Life Safety information and training to our staff in the branches and conduct an emergency evacuation drill. Fire and security reviews are also extended to third-party premises such as leased premises, hotels and resorts that the Bank may use for conducting its business, trainings or events.

### Unified Command Center

During the year, we launched a state-of-the-art Unified Command Centre. The objective of the Centre is to have critical information flow from all Business units on a pan-India level, monitor the same in real time, and function as a First responder within a predefined time frame. The branches are retrofitted with an array of security and fire detection equipment and sensors, which feed relevant data to the Unified Command Center in real time. Inside the Unified Command Center, incoming information is gathered, categorised, processed, logged and displayed in order to optimise decision-making in case of any safety or security incident. Incident Response SOPs are in place for any threatening incidents detected by the Command Centre to immediately act and mitigate the risk through first responders/quick response teams. Beyond the safety and security monitoring, the Centre also has the potential to provide insights on various service and operations parameters through real-time advanced video analytics.

We continually strive to provide best-in-class customer services and treat all our customers with politeness, courtesy and respect at every interaction. However, instances of aggressive behavior by customers directed towards our employees can adversely impact their morale and efficiency. In such compelling cases, we may advise the customers who are found to be offensive in their interaction with us, to close their entire relationship with the Bank.

To ensure a safe workplace especially for women employees, we have rolled out a 'Policy on Safety of Women at Workplace'. The Policy covers various aspects of women safety at the workplace including safety measures and precautions related to workplace infrastructure, travel arrangements after 8 pm, an emergency helpline and stay arrangements for women employees traveling on work. Female employees are provided with escalation points both at the Corporate and Branch level to raise any concerns. Further, we have tied up with a reputed institute based in Mumbai to provide emergency helpline services iCALL for an immediate safety response to women employees during any emergency or distress situation.

We adopt a zero tolerance approach towards discrimination and harassment at the workplace, and the same is articulated in the Code of Conduct and Ethics. A Policy for the Prevention of Sexual Harassment at the Workplace is put in place and it aims to create a healthy, safe and secure work environment that enables employees to work free from unwelcome, offensive and discriminatory behavior.

Reporting and redressal mechanisms are defined within the Policy to deal with such issues and enforce strict disciplinary action in case of violation of the Policy. All employees were required to complete a mandatory e-learning module on the Policy.

### Health and Wellbeing

The health and wellbeing of our employees is an integral

part of our employee engagement practices. 'Fit & Fine' is an umbrella health and wellbeing program that provides employees with the opportunity to pursue their health, fitness, sports, and recreational interests. Our corporate headquarters Axis House is equipped with an in-house gym facility and fitness centre for yoga and aerobics. A day-care centre 'Little Steps' at Axis House helps employees manage their professional and personal commitments. In-house medical facilities are available at Axis House and other large offices where the employee strength is greater than 500. All employees are covered through adequate medical insurance policies.



Some of the key health and wellness programs conducted are listed below:

- International Yoga Day - A 3-day yoga session was conducted across various locations in association with Isha Foundation, marking International Yoga Day Celebrations. 167 employees registered for the session.
- Stepathlon – More than 850 employees participated this year in the Stepathlon campaign. Various sponsorship schemes for Stepathletes with top scores, the most engaged team, the most regular Stepathletes, and so on are provided to encourage the culture of walking and promote wellness.
- Eye check-up - An eye check-up camp was organised at Axis House in Mumbai, followed by an eye care talk.
- Marathon - 125 employees were sponsored to participate in half/full marathon events of the Standard Chartered Mumbai Marathon for 2016.

- Self-defense workshops – On the occasion of International Women’s Day, self-defense workshops were organised at 154 locations in 21 cities, spread across 14 states registering a total participation of 18,703 women.



Self-defense workshops conducted by the Bank

### **‘With You’ Employee Assistance Program**

It is our priority to help and support employees to manage their health and well-being, both at the workplace and beyond the workplace. During the year, we launched 'With You' - a free confidential counseling service for employees and their families. Through this service, employees and their families can avail professional counseling services for a wide range of topics concerning their personal life and commitments. Counseling is offered by professional counselors through secure telephonic conversations.

We regularly conduct training interventions for safety and security measures like emergency evacuation drills, fire/life safety training, and first-aid training.

### **Human Rights**

We respect human rights and uphold the dignity of every individual engaged or associated with us in any manner. The Policy on Human Rights is an articulation of our commitment to human rights and supplements the Code of Conduct and Ethics to guide employees in exhibiting ethical and acceptable behaviour on aspects involving human rights.



An awareness about the Code of Conduct and Ethics is created through e-learning modules and classroom sessions/talks to promote a culture of ethics. Scenario-based questions are also posed to employees on their desktops to assess their understanding of the Code of Conduct and Ethics. Employees are provided with an incident reporting and grievance redressal mechanism to raise concerns on non-adherence to the Code of Conduct and Ethics including concerns on human rights violations.

We and all our subsidiaries do not engage in child or forced labour. Conditions pertaining to compliance with labour laws including no employment of child or forced labour, providing defined benefits like provident fund contribution, offering social security such as employee’s state insurance, and ensuring payment of minimum wages are stipulated in contract agreements with suppliers and vendors.

The Axis Bank Foundation also has specific clauses related to human rights, the prevention of sexual harassment, and non-discrimination described in the Memorandum of Understanding (MoU) signed with its partner agencies or NGOs.

### **Employee associations**

While we respect the right of ‘Freedom of Association’, there is no employees’ union or association. We ensure that employee grievances are received and addressed through various means such as the Whistle blower portal and H-Response (a virtual help desk for addressing employees’ queries).



We have also provided various reporting options for employees in the form of an Ethics Officer, Chief Compliance Officer, Chief of Internal Vigilance and other such designated authorities for timely escalations.

# ENVIRONMENT

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Promote environmental sustainability and equitable growth through sustainable lending practices;  
Reduce impact on the environment on account of our own operations by actively managing our environmental footprint and supporting customers to make 'green banking' choices

# ENVIRONMENT

## Sustainable Lending

Our corporate lending operations have an indirect impact on the environment. Towards providing responsible and sustainable financing options, we have developed 'Sustainable Lending Policy and Procedures' (SLPP) that strengthen the way we assess environmental and social risks in our lending decisions.

SLPP draws from international frameworks such as 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.

SLPP is effective from 1<sup>st</sup> April, 2016. We are currently testing the SLPP through pilot projects and shall subsequently institutionalise the application of SLPP for qualifying projects. Notwithstanding the SLPP, we assess all projects for environmental and labour-related permits as required by applicable regulations. Under the SLPP, we are committed to not finance/refinance firms engaged in 'exclusion list' activities, which amongst others, include:

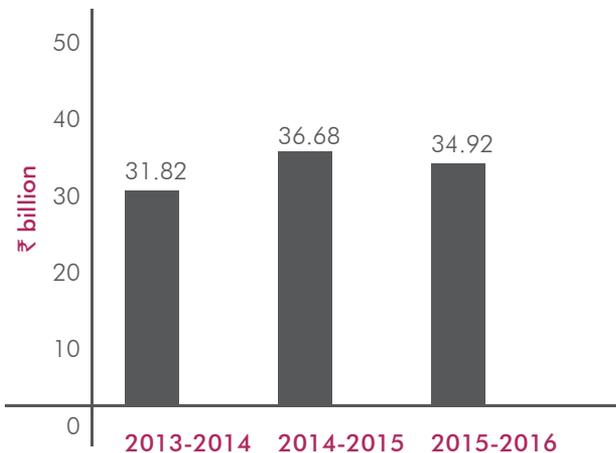
- Dealing with banned wildlife-related products
- Polluting industries unless the units have clearance from

pollution control authorities and have installed effluent treatment plants

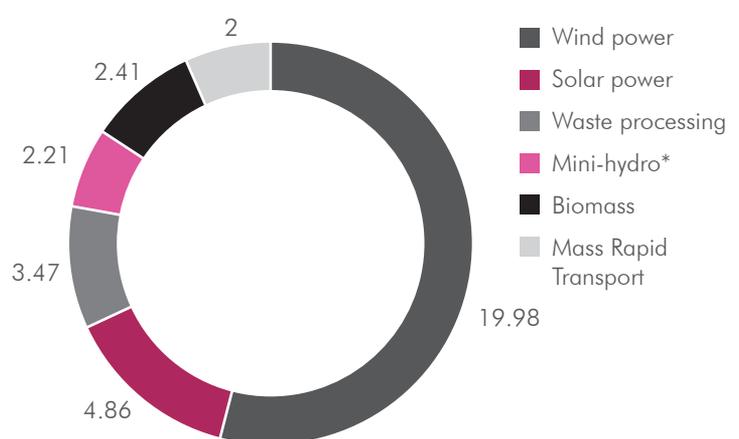
- Setting up of new units consuming/producing Ozone Depleting Substances (ODS) such as chlorofluoro carbon (CFC), Halons and units manufacturing aerosol products using CFCs
- Production or trade in radioactive materials<sup>1</sup>
- Production or trade in unbonded asbestos fibres<sup>2</sup>
- Drift 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 CITES<sup>3</sup>

Sustainable sectors such as renewable energy, waste to energy, waste management, mass rapid transportation, and sustainable urban infrastructure play an important role in defining the low-carbon growth pathways to achieve sustainable development. We actively support such sectors by extending corporate banking and credit-related services to enable business growth. Our overall exposure to sustainable sectors stood at ₹34.92 billion. We are also in the process of issuing 'green bonds' with an objective to finance and/or refinance qualifying green projects and assets in accordance with the Climate Bonds Standard.

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



'Sustainable Sectors' - Outstanding Amount (in ₹ billion) 2015-2016



\* includes run-of-the-river hydro projects

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.

### RE focus

The renewable energy sector is a quintessential component of low-carbon growth and the sector is poised to grow rapidly. The Government of India has taken on an aggressive target to increase installed renewable energy capacity by more than five times to 1,75,000 MW by 2022. We have a two-pronged

approach towards the renewable energy sector. Through our corporate banking and credit-related services, we support the growth of the renewable energy sector. In the RE-Invest 2015, we have made green energy commitments of extending finance of ₹100 billion for renewable energy projects equivalent to 2,000 MW installed capacity.



**₹29.46 billion**

credit outstanding for renewable energy sector



**3 MW**

total installed capacity of solar energy for Axis Bank operations



**3,294 tCO<sub>2</sub>e**

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



Solar panels installed at the Bank's branches

We have also invested in solar energy for our own operations towards clean energy generation and reduction in our carbon footprint. During the year, we added 2.7 MW of solar energy generation capacity to

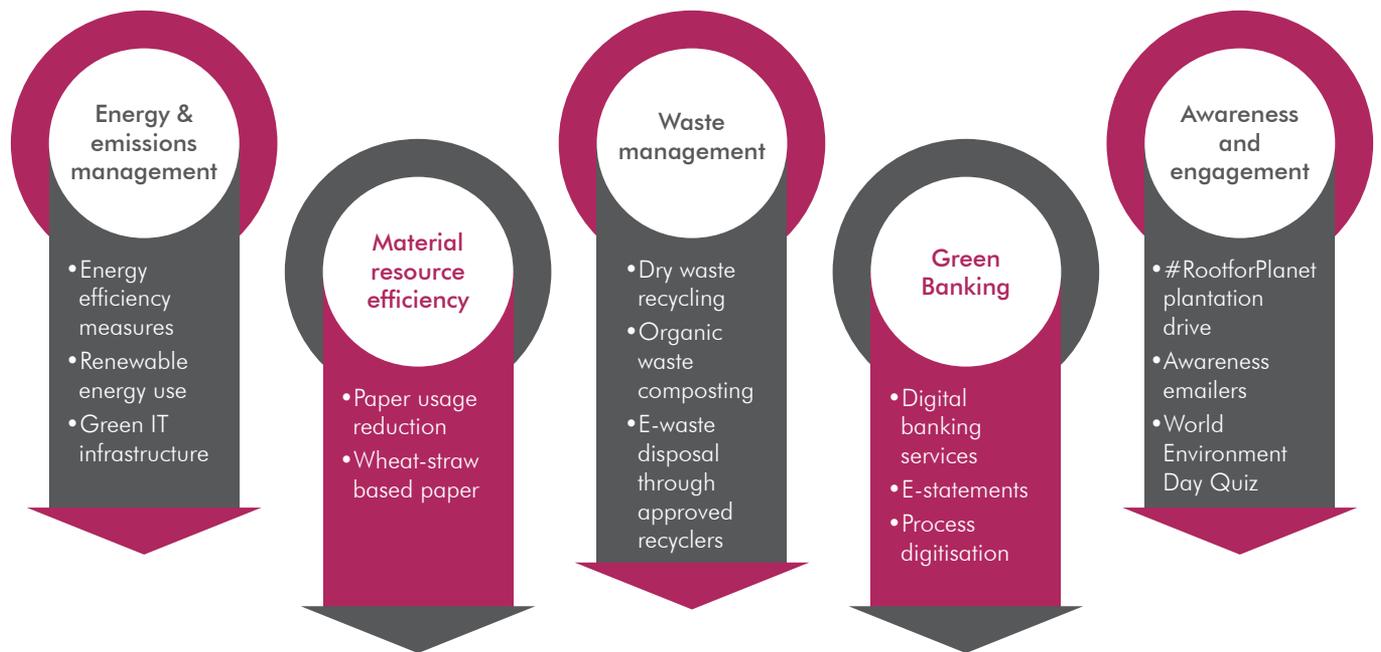
take the total installed capacity to 3 MW. The solar power generation caters to 175 of our locations.



Scan the QR code to know more about our Climate Change Risks and Opportunities

## Direct Environmental Impacts

We have put in place 'Policy on Environmental Management' to guide our efforts towards managing direct environmental impacts. The key focus areas for environmental management include energy efficiency, material resource efficiency, renewable energy use, and employee awareness.



Energy usage is one of the significant contributors to our environmental footprint. We responsibly manage our energy mix by focusing on energy efficiency and increasing the use of renewable energy. Our energy needs are primarily met through electricity drawn from grids, and is supplemented by on-site generation of electricity through diesel generator sets and solar panels. We continually explore opportunities to enhance energy efficiency through various measures. 'Axis House', our corporate office building, is a platinum-rated LEED- (Leadership in Energy and Environment Design) certified green building and has incorporated a multitude of green features at the design stage to help lower its environmental impacts. Energy management for Information Technology (IT) infrastructure like Data

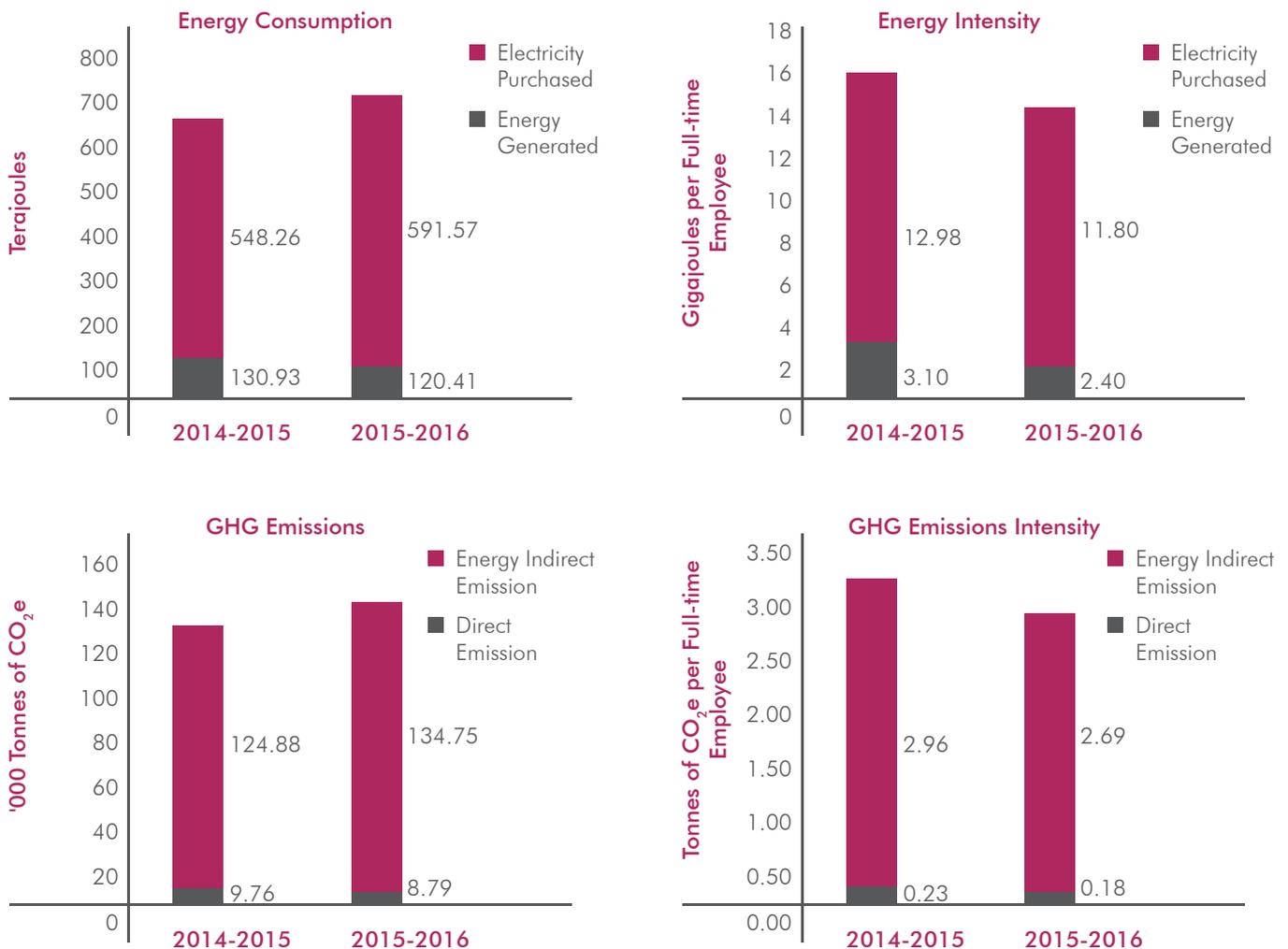
Centres is another focus area wherein measures such as solid-state data storage, cold aisle containment, server consolidation, and Virtual Desktop Infrastructure have been undertaken to improve efficiency. Energy efficiency is also an important criteria for the procurement of assets such as ACs, laptops and desktops to reduce energy consumption.

### Energy management initiatives

We have made concerted efforts to reduce our energy intensity by undertaking various efficiency measures which resulted in reduction of 12% in our energy intensity [per full-time employee]. Some of key energy management initiatives undertaken were:

- Renewable energy – we have installed a total of 3 MW of solar energy systems which translates to an annualised estimated low carbon energy generation of 4,136 Mwh during the year and a reduction in emissions of 3,294 tCO<sub>2</sub>e.
- Smart energy control systems – 400 branches are now installed with a remote-managed smart energy control system. The system enables central monitoring of the office energy consumption on a real-time basis, benchmarking of energy performance and sending reports to different unit managers for proactively improving energy efficiency.
- LED lighting – CFL lights are replaced with LED lights at Axis House. On an annualised basis, this has a potential of 76 Mwh of energy savings leading to 62.52 tCO<sub>2</sub>e emissions reduction.
- Efficient HVAC systems – HVAC system in Axis House was optimised and retrofit of Air Handling Unit (AHU) at NPC II was done. This has a potential of annualised energy savings of 649 Mwh resulting in a reduction in emissions of 532 tCO<sub>2</sub>e.

The estimated annualised energy savings for 2015-16 are to the tune of 9,582 Mwh and a reduction in emissions of 7,856 tCO<sub>2</sub>e.

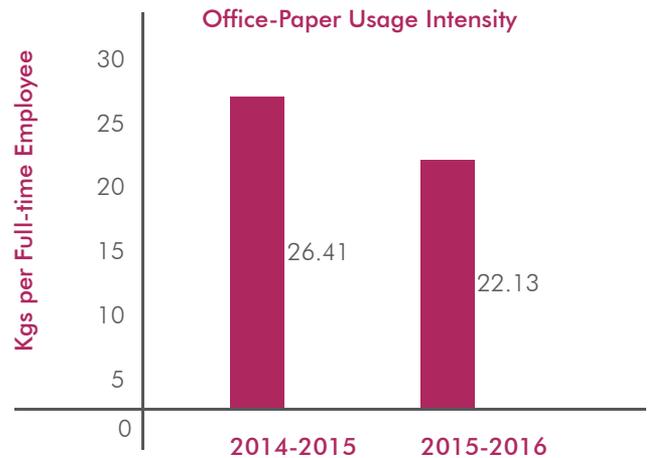
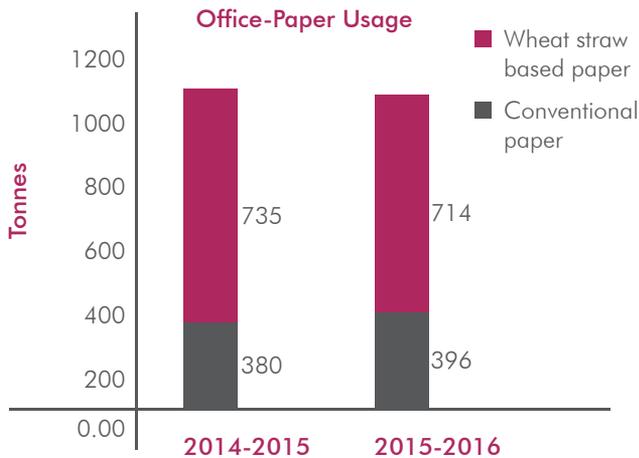


## Emissions reduction initiatives

The estimated annualised reduction of GHG emissions due to initiatives undertaken as mentioned below during the year is 10,349 tonnes of CO<sub>2</sub>e which is equivalent to 7.2% of our carbon footprint (direct and indirect emissions).

- Renewable energy installation at branches
- Smart remote-managed energy management systems for branches and HVAC efficiency measures at Axis House, NPC II
- Paper usage reduction due to digital banking services – e-statements, e-welcome kits, e-copies of annual reports
- CFL lights replacement with LED lights
- Wheat-straw based paper procurement
- #RootforPlanet tree plantation drive

In terms of material resources, paper is a key input material that is used. Optimisation of paper usage is a focus area for operations management. We leverage technology for digitisation of products, services and processes to deliver safe, secure and convenient banking. Digitisation also helps us in reducing the usage of paper. We also procure wheat-straw based office paper which is a greener alternative to conventional wood based paper to reduce the overall environmental impact. Owing to various measures, we were able to reduce the intensity of office paper usage by 16% compared to last year.



The primary categories of waste generated in our operations are E-waste and dry waste (primarily paper waste). We have put in place an Information Asset Management Policy which details guidelines on responsibly managing and disposing e-waste in accordance with applicable statutory rules and regulations. Where possible, we enter 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. Through our Axis Bank Foundation, we run a dry waste recycling program to recycle all the paper waste collected in over 80 offices and branches of the Bank in the Greater Mumbai and Thane regions.



The other GHG emissions (Scope 3) relating to employee business air travel, company provided shuttle bus services for employees and paper consumption during the year were 1763.60, 670.04 and 5451.14 tonnes of CO<sub>2</sub>e respectively. To further augment our efforts in reducing waste to landfill, we have started organic waste composting program at our Corporate Headquarters – Axis House. The cafeteria waste generated at Axis House is converted into organic manure through an Organic Waste Composter. The other waste categories such as discarded furniture/office infrastructure and other materials are disposed through competent vendors.

## Green Banking

We strive to reduce environmental impacts incidental to our products and services through 'Green Banking' practices. Digitisation of products, services and processes is vital for both reducing environmental impacts and providing superior customer service by enhancing the safety, ease and convenience of banking. 'Pratham' is our strategic initiative aimed at large scale transformation by re-engineering several processes across retail and wholesale verticals of the Bank aimed at enhancing the customer experience and reducing operational risk. Digitisation has been a key enabler in the success of 'Pratham'. Key initiatives such as tablet-based instant savings, current and NRI account opening, tablet-based instant credit card application and processing, speed banking services through tab devices at branches, insta kits for savings and NRI accounts; and instant

replacement of debit cards, not only help in improving customer service but also contributing to a significant reduction in the usage of paper. Customers are encouraged to subscribe for e-statements. Frequent communications are sent to the customers on availing e-statements in an easy and secure manner. The 'Green Banking' message at the ATM, alerts the user to avoid printing the transaction slip, if not needed. Customers can set their debit card / credit card PIN at the Bank's ATM or through phone banking in a secure manner, thus eliminating the use of paper for PINs sent through post. We continue to reach out to our shareholders to subscribe for e-copies of the Annual Report, in accordance with the 'Go Green' initiative of the Ministry of Corporate Affairs.

Initiative	Impact
E-statements (Savings accounts, Current accounts, other retail liabilities/assets products)	70% of total statements are issued electronically
E-statements (Demat accounts)	85% of statements issued through electronic medium
Demat E-welcome kit	68% of Demat welcome kits sent as e-welcome kit
E-copies of Annual Report	76% of shareholders registered

An estimated 138.15 million paper sheets, equivalent of 14,589 trees cut, were avoided during the year due to the above-mentioned initiatives.

## Awareness and engagement

Awareness and engagement also plays a key role in furthering our green agenda. Customer engagement is done through active pursuance of the digital banking strategy to help customers make 'green banking' choices. Specific messages are sent to customers on important dates like World Environment Day to drive home the message of environmental sustainability, and garner customer support by rewarding them with vouchers/coupons if they switch to e-statements. We engage with employees on environmental and energy-efficiency topics through regular emailers. During the year, we have conducted a World Environment Day online quiz for our employees to advocate environmental

sustainability. Exhibitions were conducted by Axis Bank Foundation partner NGOs to promote sale of green products like paper-based handmade jewellery, bowls, plates, etc. Extending our green efforts beyond the branches, we conduct an annual sapling plantation drive to engage with customers and community members. This year, #Rootforplanet – our annual sapling plantation campaign – scaled new heights by making it to the *Limca Book of Records* for 'Largest Plantation Drive Across Most Locations'. More than 1,27,000 saplings were planted as part of the #Rootforplanet campaign. Axis Bank Foundation (ABF) engages with communities on sustainable agricultural practices leading to environmental sustainability.

*For additional information, please refer to 'Communities' section of this report*



'Roof for Planet' plantation drive at Maharashtra Nature Park in Mumbai

# COMMUNITIES

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Create and sustain a mechanism that will propagate sustainable livelihoods and contribute to society across various segments

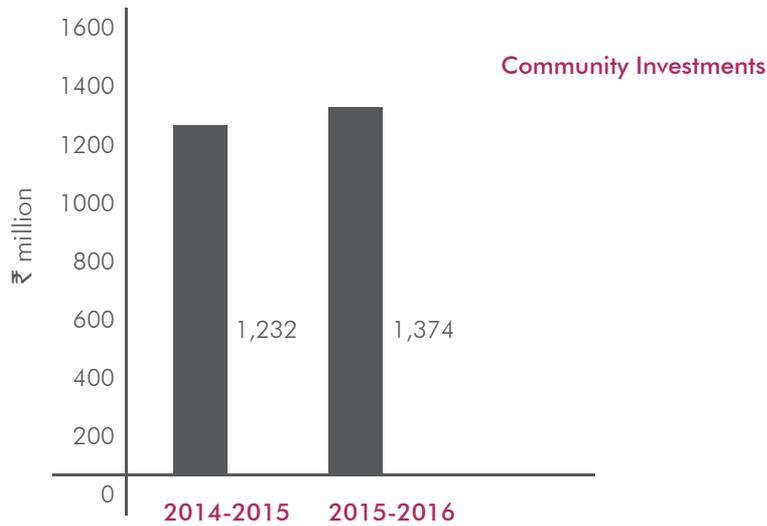
# COMMUNITIES

Our community development philosophy is guided by the 'Policy on Corporate Social Responsibility' that we put in place last year. As a responsible corporate citizen, we understand our role in society as a catalyst for societal development. The approach adopted by us for community development is two pronged – create sustainable livelihoods through focused programs of Axis Bank Foundation and leverage our geographical spread to contribute to community development through 'shared value' projects.

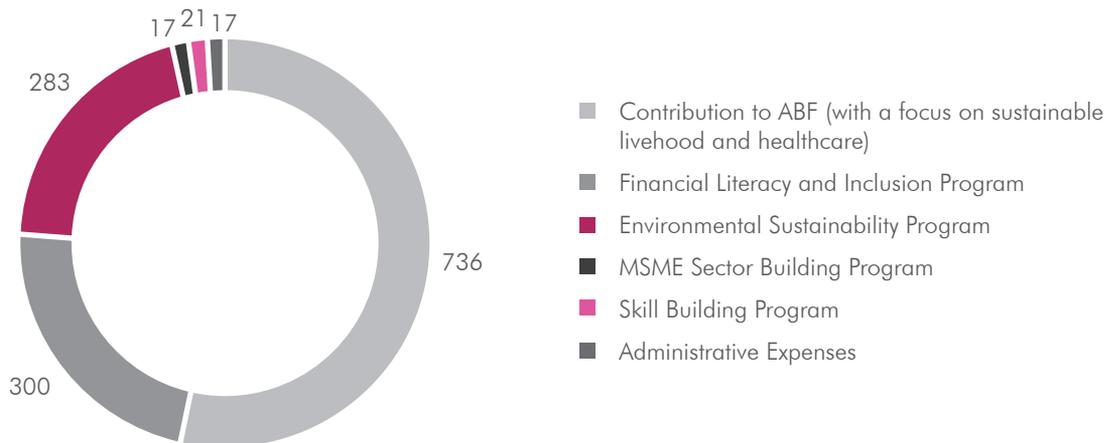


Scan the QR code to access our Policy on Corporate Social Responsibility

During the year, we have spent ₹ 1.37 billion on various community development initiatives.



Community Investments ( in ₹ million) 2015-16



Our Corporate Social Responsibility (CSR) journey dates back to 2004 and in 2006 Axis Bank Foundation was set up as a public trust to carry out our CSR programs in a focused manner. The Foundation since then, has steadily expanded its programs and outreach. In 2010, the programs were further streamlined under the broader theme of 'Sustainable Livelihoods'. Governed by a separate Board of Trustees, the Foundation's efforts are channelled towards achieving an ambitious goal of creating 1 million livelihoods by 2017.

**₹3.3  
billion**

Cumulative contribution  
made to ABF since its  
inception

**26**

ABF programs

**0.8  
million**

Cumulative  
beneficiaries of  
ABF programs

**241**

Districts in India  
covered by  
ABF programs



Scan the QR code to know  
more about Axis Bank  
Foundation

### Sustainable Livelihood Interventions – Pathway to poverty alleviation

Along with our Foundation, we have conducted a conference-cum-workshop on the theme 'poverty alleviation through livelihood interventions'. The objective of this event was to engage with eminent people from Government, industry, NGO sector, academia and media to deliberate on the role of livelihood interventions towards achieving poverty alleviation. To understand the impacts achieved by the ABF programs, Tata Institute of Social Sciences (TISS) was commissioned to conduct impact assessments. The outcome of the impact assessments were documented into five sectoral impact reports – agriculture and allied interventions, gendered perspectives, skill development initiatives, special education, and highway rescue and trauma care. Further, to share best practices in CSR process management, a CSR Process Manual of Axis Bank Foundation was documented as a report. The six reports were unveiled during the event by Mr. Jayant Sinha, Honourable Minister of State for Finance, Government of India. The reports can be accessed at [www.axisbankfoundation.org](http://www.axisbankfoundation.org)



Mr. Jayant Sinha (4<sup>th</sup> from left), Honourable Minister of State for Finance, Government of India and Ms. Shikha Sharma (5<sup>th</sup> from left), MD & CEO, Axis Bank, with other dignitaries and Axis Bank officials at the event

A panel discussion was conducted on the 'Interventions in Livelihood - the pathway out of poverty'. The panelists discussed the need for creating an enabling environment for skill development. Promoting Sustainable rural livelihoods, supporting SHGs and bank linkages and the need for a collective effort by Corporate, NGOs and the Government was also deliberated.

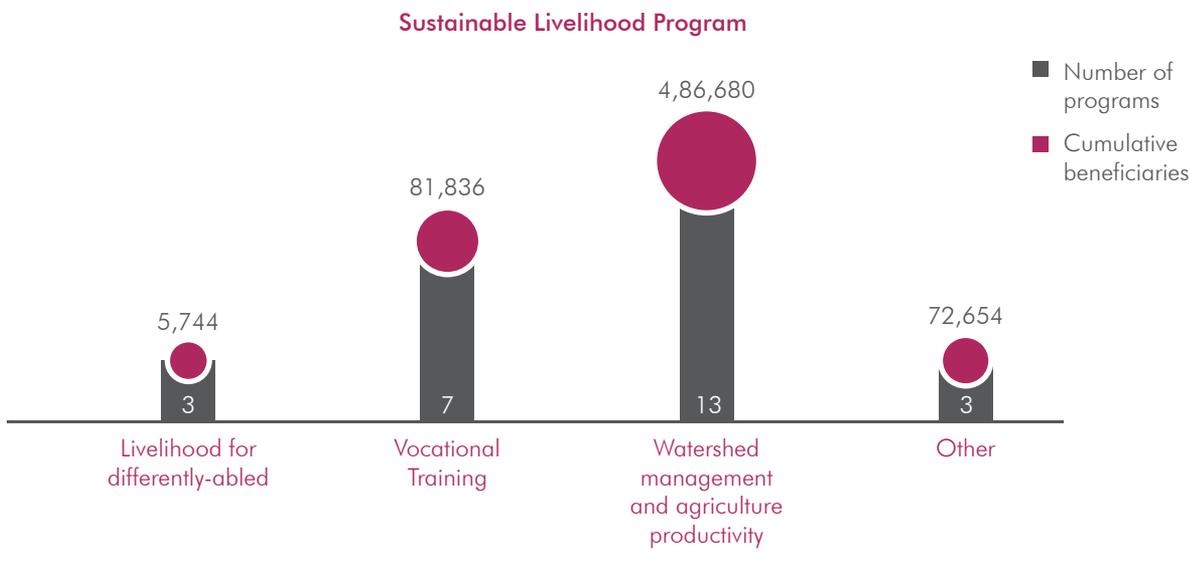


Panelists (from left to right): Mr. S. Venkateswaran, Chief - Tata Sustainability Group; Ms. Jeemol Unni, (Ph.D.), Director, Institute of Rural Management Anand (IRMA); Ms. Shirin Bhan, Managing Editor, CNBC TV18; Dr. Mihir Shah, Former Member, Planning Commission; Mr. Som Mittal, Director (Axis Bank) and Former President of NASSCOM; Professor S Parasuraman, Director, Tata Institute of Social Sciences

## Sustainable Livelihoods

Creating sustainable livelihoods is pursued as a central theme for ABF programs. The primary objective of sustainable livelihood programs is to create systems and opportunities that will lead to employability, better income generation and self-sustenance among vulnerable and disadvantaged sections of society in some of the poorest districts of the country. Interventions in the area of agriculture are focused on watershed management and agriculture productivity improvement. The programs under agriculture help farmers better manage natural resources through practices such as water management, organic farming, prevention of soil erosion, use of renewable energy for irrigation, etc., which not only aid in increasing agriculture productivity

but also contribute to environmental sustainability. Vocational Skills training is provided to school drop-outs, unemployed youth from rural areas, tribal communities and women with an objective to equip them with livelihood and employment skills. These skills help the beneficiaries seek employment opportunities or become engaged in income-generation activities, thus contributing to livelihood enhancement. Livelihood assets including livestock are also provided to beneficiaries of some programs which help them improve their livelihood earnings. Differently-abled people are also supported through livelihood programs on vocational skills training.



Key highlights of ABF programs and engagement with vulnerable and marginalised sections of society:

- 42,886 families provided with livestock as livelihood asset
- 16,565 people provided with non-farm interventions, such as Kumbaya, Kantha work, Bamboo, Embroidery, etc.
- 5,70,146 families reached out to, under health education
- 7,571 community health facilitators trained
- 1,515 artisans were given training and their goods were sold through an online portal resulting in sales of ₹9.2 million
- 19,734 Victims of Commercial Sexual Exploitation and Trafficking (VOCSETs) have been provided with an alternate livelihood under ABF's livelihood programs. 2,843 bank accounts were opened for them and 11,246 children were enrolled in schools.
- 25,033 SHGs/Micro Finance Groups formed with a membership of 3,16,792 members
- 79,619 trainees have passed out of various vocational courses of which 33,810 have been placed in jobs while 19,278 are self-employed
- 19,079 SHG accounts have been opened and the savings are ₹9.3 billion. The SHG Borrowings from banks have been ₹1.41 billion.

### BASE – ABF Skilling India Program

ABF has partnered with Don Bosco Tech Society (DB Tech) in 2013 to provide vocational skills training to the unemployed and school-drop out youth through 'BASE – ABF Skilling India Program'. The program aims to reach out to nearly 56,000 youth by 2017 to provide them vocational skills training and assist in providing employment opportunities in a way that they can attain a sustainable livelihood.

A mid-term impact assessment study of the program was commissioned by ABF in February 2015 to assess the impact of the program. Some of key findings are as below.

- Income of the trainees increased to ₹6,500 per month from almost no or negligible income
- Among the trainees surveyed, 68% of trainees have found placement (54% of the trainees got job placement and 14% of them have started their own enterprise)
- A social impact was observed in terms of increase in self-esteem and better acceptance in society due to their earning capability
- Career counselling was provided to the trainees and weak trainees were given extra attention during the training period

## Integrated Development and Total Village Management

ABF has partnered with Krishi Gram Vikas Kendra (KGVK) to promote sustainable integrated development and Total Village Management (TVM) in five districts of Jharkhand. The objective of this program is to increase the socio-economic status of the larger populace of 351 villages of Jharkhand through meaningful/gainful employment. This will be implemented with the help of an integrated TVM model through community partnerships and is expected to transform the said 351 villages, benefitting around 52,500 poor households, in a span of 5 years by achieving inclusive growth. The project focuses on three major areas i.e. Farm based activities, Off-farm based activities and Non-farm/skill based activities.

A mid-term impact assessment study of the program was commissioned by ABF in September and October 2015 to assess the impact of the program. The key findings are as below:

- Average annual household income has increased from ₹ 29,122 before the intervention to ₹ 65,758 after the intervention. Also usage of better quality seeds due to ABF intervention is regarded as a considerable shift in practice by the rural households.
- The program is designed to pass on the benefits through women in the village and SHGs. The training sessions, distribution of subsidised seeds or livestock is done through the women and SHGs. The program is empowering women to make decisions related to agriculture and livelihoods in general.
- In case of animal husbandry interventions, due to the good quality of goats, ducks and pigs distributed to the households, there was considerable increase in household income. These interventions not only increased the household income but more importantly, exposure to an alternate means of livelihood was also provided to the very poor households.
- It was noted that households were benefited by selling ducks and eggs in the market. Eggs are sold in the market or consumed in households. This acts as a supplement to nutritional requirements, apart from serving as an income-generator to the family. Most women beneficiaries acknowledged the nutritional benefits drawn from items like mushrooms, duck eggs, meat, vegetables and sufficient rice. They are also now aware of the component of iron and protein in these items and that generally women are in more need of iron.

### Success story

Ms. Madhuri Devi, hailing from Tati East village, Namkum block, Ranchi, belongs to a rural background with no formal education. She has been associated with KGVK (ABF partner) as a field-level motivator towards implementing Total Village Management (TVM) programs. In the process of implementing TVM activities in her target villages, she organised different meetings in the villages for discussions and identified potential farmers for the implementation of various livelihood interventions under projects supported by ABF. She herself engaged in activities like duck rearing, SRI paddy cultivation, vegetable cultivation and mushroom production through the ABF-supported project. She also attended different training programs conducted by the organisation on personality development, quality circle (Samashya Samadhan Samooh), total village management etc. which gradually helped her personality evolve and honed her leadership skills. Due to her active participation in village development works, people from her village and nearby villages started recognising her as a good leader who works for the betterment of the society. This gave her confidence and with the support of her husband she contested the election of Panchayat Samiti in December 2015. She was elected as Panchayat Samiti of the Tati East Village Panchayat. Finally, she became Up-Pramook (Deputy Chief) of the Namkum block and continues to work for everyone with the same zeal.

## Impact assessments

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 program objectives. Credible institutions with

expertise in the development sector are engaged to carry out the impact assessments. These assessments are generally carried out once during the program period (mid-term) and at the end of the program. Some of the indicative impacts reported across ABF programs are

### Quantitative impacts

**70%**  
Increase in income

**18%**  
Increase in the size  
of cultivable land

**2.3  
times**  
Increase in crop  
yield

**65%**  
Trainees either  
placed or self-  
employed

**275  
days**  
Consistent  
employment  
provided through  
interventions

**2.5  
times**  
Increase in  
household  
possessions

### Qualitative impacts

- Women empowerment was observed across all projects
- Positive response by companies/employers in terms of skills of ABF's trainee beneficiaries that they hired
- Social impact observed in terms of better self-esteem and acceptance in society due to increased earning capability of the beneficiaries
- Migration to cities in search of jobs has reduced
- Increased spends on health and education of family members



Scan the QR code to access  
ABF's Sectorial Impact Reports

## ABF Trustees at ground zero

The members of ABF's Board of Trustees took time to visit the project site of one of ABF programs to gain a first-hand perspective on the on-ground impacts created. This was a great opportunity for the Trustees to hear directly from the beneficiaries on how the program activities have transformed their lives. They visited the project site of the ABF Partner NGO – Samaj Pragati Sahayog (SPS) at Bagli, Dewas in Madhya Pradesh. SPS has been working in the tribal belts of Madhya Pradesh on women empowerment issues. The Trustees visited Kumbaya Center where the women from the villages are provided garment-making and tailoring skills training and employed to make machine-stitched ready-to-wear garments, home linen and accessories. They interacted with the beneficiaries to understand how they were impacted by the program. Ms. Gora Bai, one such beneficiary, owes her livelihood to skills she learnt at the Kumbaya Center and today earns ₹4,500 per month, supporting a large family of eight members including her parents. The Trustees then visited the Gendasagar dam site where ABF support helped SPS undertake ancillary programs due to the availability of water. SPS works on an integrated model of agriculture and livelihood development under which SPS support is extended to farmers on diversification of their sources of income and to better use their small land holdings to generate income all the year round. The visited ended with the Trustees interacting with women Self-Help Groups (SHGs).



Axis Bank Foundation Trustees - Mr. S Ramadorai and Mr. Som Mittal, interacting with the women beneficiaries of ABF livelihood program



**Mr. Som Mittal**

Trustee - Axis Bank Foundation  
and Director, Axis Bank Limited

'Axis Bank Foundation over the past decade has dedicated itself to serve the underprivileged and underserved sections of society in a manner that enables them to improve their standards of living through sustainable interventions. Some of the key programs with women focus not only to generate livelihood but also manifest into larger societal impacts such as new-found confidence among women beneficiaries to be independent and command respect both within the family and communities, which I believe is women empowerment in the true sense.'

## Environmental Sustainability

Agriculture and allied interventions are a key focus area for the sustainable livelihood programs undertaken by ABF. Nearly 75% of the livelihood beneficiaries are impacted by agriculture and allied interventions. Through these programs, farmers are engaged in sustainable agricultural practices such as organic farming, natural resource conservation, prevention of soil erosion, watershed management, use of renewable energy for irrigation, etc., which not only benefit the farmers but also contribute to environmental sustainability.

### Metu (Jyoti) Project on Environmental Conservation in the North Eastern Region of India

Many rural people who have no access to reliable electricity and natural gas for cooking rely on candles for lighting and fuel wood for cooking. Use of fuel wood in particular, has an environmental impact as well as a health impact on people who cook. ABF, in partnership with Entrepreneurs Associates (EA) has provided solar lamps and energy-efficient stoves to 500 households in the remote villages of the Phek district, Nagaland. While solar lamps improve the reliability of lighting and reduce the cost incurred by people for buying candles, energy-efficient stoves reduce the use of fuel wood and also the time taken for cooking. The project has been successful in providing environment-friendly solutions for common problems faced by the rural population and at the same time contributes to environmental sustainability.

On our own operations front, we continue to explore opportunities to reduce our environmental footprint through renewable energy use and energy efficiency measures. An annual sapling plantation drive is conducted to educate customers, community members and Bank staff on the importance of environmental conservation.

For additional information, please refer to the 'Environment' section of this report

## MSME Sector Development

The Medium Small and Micro Enterprises (MSME) sector is an important growth enabler for India. We remain committed to the MSME sector development by offering innovative products and superior services. We have also adopted an industrial cluster-based financing as an important strategy towards ensuring manufacturing credit

flow in the MSME sector. Apart from the business solutions that we offer, through non-financial services, we endeavour to enable MSME sector growth through skill building and knowledge sharing programs. During the year, we expanded our 'Evolve' knowledge sharing program to cover more cities and reach out to more MSME entrepreneurs compared to last year.

For additional information, please refer to the 'Customers' section of this report

## Skill building programs

In addition to the livelihood and skill development programs conducted by ABF, we also undertake skill building programs to provide employable skills training to youth from underprivileged backgrounds. Udaan is an initiative to train the youth on both technical and soft skills with a holistic approach. The program is a two week skills training program wherein the candidates are trained on debt recovery skills and also on soft skills. The candidates are also sponsored for a certification examination conducted by IIBF. All the candidates are provided placement assistance to help them gain employment. We have conducted 23 such programs across the country, training 890 candidates. Two such programs were special batches covering 48 differently-abled people. More than 60% of candidates have been successfully placed, not only in debt recovery teams of various banks and NBFCs but also in BPOs, call centers and the customer service teams of telecom companies and hospitals.



**890**

Candidates  
trained



**425**

Female candidates  
trained



**48**

Differently-abled  
people trained



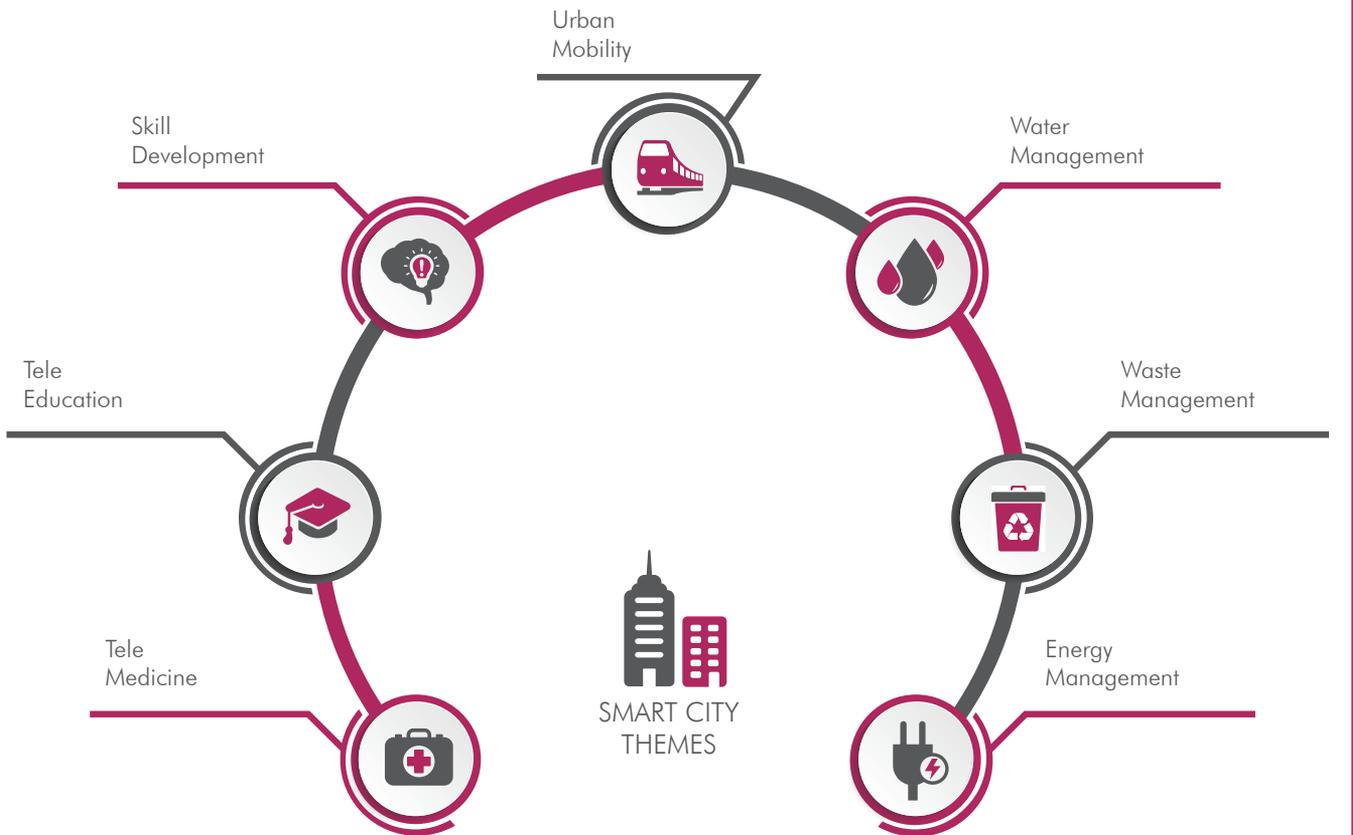
**293**

Candidates from  
minority  
backgrounds

## Axis Moves

By 2050, the world will be one-third rural (34 per cent) and two-thirds urban (66 per cent). India will contribute most to the urban increment with the addition of 404 million urban dwellers, nearly doubling the size of its urban population between 2014 and 2050. Trends in urbanisation are integrally linked to sustainable development. Environmental sustainability and equitable development of the society cannot be delivered without proper planning and governance for future cities.

Complex problems need creative solutions. 'Axis Moves' was an initiative created to engage the best and brightest minds of future business leaders to develop ideas for smart cities, align key themes of the Government of India's 'Smart Cities Mission', that will contribute to environmental sustainability and equitable development. The initiative was designed to explore and hone entrepreneurial skills of students from top business schools through an innovative 'gamification' approach which simulated various lifecycle stages of entrepreneurship. 1,102 teams across 17 top B-schools in India registered for this contest with 428 teams completing all rounds. The top 6 teams were invited for a finale event held in Mumbai to present their innovative idea for solutions for 'smart cities'. The winning idea is currently being explored for feasibility of implementation by Axis Bank Foundation and its partner NGO.



## Stakeholder engagement and volunteering

ABF conducts various programs throughout the year where employees can participate or volunteer. Through our payroll giving program 'Axis Cares', our employees can make voluntary contributions to support social causes.

Some of the key engagements and volunteering initiatives during the year include:



Birthday celebrations

50 Bank staff from Axis House choose to celebrate their birthday by donating 214 hours for volunteering work with ABF partner NGOs



Gift of Life Initiatives -  
Blood donation drives

1,757 units collected through 10 drives



Gift of Life Initiatives –  
Thalassemia Minor screening  
camp & awareness

1,078 officers got screened for Thalassemia Minor in camps conducted at NPC I - Airoli office  
Awareness sessions on Thalassemia was conducted across 17 campuses across the country as part pre-placement talks by the Bank, reaching out to 2,414 people  
Subsequent Thalassemia screening camps were conducted in 10 campuses and nearly 1,000 students got themselves screened for Thalassemia Minor



Shop for A Cause –  
Exhibitions

Sale value of ₹ 2.47 million through 84 exhibitions by NGOs



Basket of Hope –  
Collection drives

6,000 kgs of goods (clothes, toys etc.) have been collected through 2 collection drives



Daan Utsav –  
Joy of Giving

342 snack items donated by Bank staff at Axis House and a matching contribution made by snack vending machine partner. The snack goodie bags were distributed to children of the Dharavi slum area in Mumbai.

Funds were raised through the 'wish tree' kept at NPC I – Airoli to support the cause of children affected by cancer, for Ekam Foundation.

## Chennai Flood Relief

Heavy rains lashed out at Tamil Nadu in November 2015 and Chennai was one of the worst affected districts. The flooding threw normal life out of gear. We responded to this natural disaster through ABF by running a donation campaign amongst the employees to which ABF provided a matching grant. An amount of ₹ 2.72 million was disbursed to one of ABF's partner NGOs – The Dhan Foundation and another NGO - Americares, for providing medical relief. 154 medical camps were conducted which reached out to 28,292 persons across four districts - Chennai, Kancheepuram, Thiruvallur and Cuddalore. ABF supported the cost of water storage cans, water purification tablets and health and hygiene kits which were distributed in the affected areas. Accordingly, 5,000 Water Tablets, 5,000 Jerry Cans and 1,000 Health and Hygiene Kits were distributed to hospitals and other NGOs in the above four districts. A clothes collection drive was conducted at the Corporate Office wherein over 2,200 pieces of clothes were collected. These were donated to the Ratna Nidhi Charitable Trust. These clothes were distributed in the flood-affected districts of Tamil Nadu. Overall to the collection drives were held with a collection of over 6,000 kgs of clothes.

While the people of flood affected areas were longing for basic needs including cash and banking transactions, our staff from Chennai exhibited tremendous zeal to go out of the way to ensure that services at Branches and ATMs were restored as quickly as possible. Branches were made operational on a Sunday and that too for extended hours. The commitment exhibited by our staff makes us proud.

# PERFORMANCE REVIEW

	Units of measurement	2015-2016	2014-2015
<b>Economic Contribution</b>			
Economic Value Generated (A)	₹ billion	466.21	421.37
Revenue	₹ billion	466.21	421.37
Economic Value Distributed (B)	₹ billion	384.29	356.2
Operating costs	₹ billion	65.77	59.66
Employee wages & benefits	₹ billion	33.76	31.15
Payments to providers of capital	₹ billion	241.57	223.48
Payments to Government	₹ billion	41.8	40.68
Community investments	₹ billion	1.37	1.23
Economic Value Retained (A-B)	₹ billion	81.92	65.16
<b>Customers</b>			
<b>Customer complaints<sup>1</sup></b>			
Pending as on previous year end (31 <sup>st</sup> March)	Numbers	9,513	7,697
Received during the year	Numbers	2,27,676	2,31,466
Redressed during the year	Numbers	2,27,690	2,29,650
Pending as on current year end (31 <sup>st</sup> March)	Numbers	9,499	9,513
<b>Consumer cases</b>			
Pending as on previous year end (31 <sup>st</sup> March)	Numbers	1,317	1,266
Received during the year	Numbers	262	214
Redressed during the year	Numbers	223	163
Pending as on current year end (31 <sup>st</sup> March)	Numbers	1,356	1,317
<b>Shareholder &amp; Providers of Capital</b>			
Net profit	₹ billion	82.24	73.58
Operating revenue	₹ billion	262.04	225.89
Earnings per share (Diluted)	₹	34.4	30.85
Dividend	Percentage	250	230
Return on equity	Percentage	17.49	18.57
Return on assets	Percentage	1.72	1.83

	Units of measurement	2015-2016	2014-2015
<b>Investor complaints</b>			
Pending as on previous year end (31 <sup>st</sup> March)	Numbers	0	0
Received during the year	Numbers	797	431
Redressed during the year	Numbers	797	431
Pending as on current year end (31 <sup>st</sup> March)	Numbers	0	0
<b>People</b>			
<b>Workforce diversity – age and gender wise</b>			
Male			
<30 years	Numbers	23,435	19,043
30-50 years	Numbers	15,648	14,203
>50 years	Numbers	288	312
Female			
<30 years	Numbers	7,422	5,781
30-50 years	Numbers	3,324	2,879
>50 years	Numbers	18	12
<b>Workforce diversity – employee category wise</b>			
Top management	Numbers	4	6
Senior management	Numbers	134	133
Middle management	Numbers	4,353	4,148
Junior management	Numbers	33,654	29,885
Sales channel	Numbers	11,990	8,058
<b>Workforce turnover<sup>2</sup> – age and gender wise</b>			
Male			
<30 years	Numbers	7,071	4,848
30-50 years	Numbers	2,342	1,528
>50 years	Numbers	73	17
Female			
<30 years	Numbers	1,972	1,383
30-50 years	Numbers	397	308

	Units of measurement	2015-2016	2014-2015
>50 years	Numbers	1	1
Workforce turnover <sup>2</sup> – employee category wise			
Top management	Numbers	2	1
Senior management	Numbers	29	6
Middle management	Numbers	386	260
Junior management	Numbers	6,759	4,977
Sales channel	Numbers	4,680	2,839
New hires– age and gender wise			
Male			
<30 years	Numbers	10,753	6,581
30-50 years	Numbers	1,408	904
>50 years	Numbers	0	0
Female			
<30 years	Numbers	3,511	1823
30-50 years	Numbers	192	136
>50 years	Numbers	0	0
New Hires– employee category wise			
Top management	Numbers	0	0
Senior management	Numbers	6	3
Middle management	Numbers	158	131
Junior management	Numbers	8,984	5,741
Sales channel	Numbers	6,716	3,569
New hires turnover– age and gender wise			
Male			
<30 years	Numbers	3,087	1,089
30-50 years	Numbers	67	46
>50 years	Numbers	0	0
Female			
<30 years	Numbers	729	236

	Units of measurement	2015-2016	2014-2015
30-50 years	Numbers	14	11
>50 years	Numbers	0	0
<b>New hires turnover – employee category wise</b>			
Top management	Numbers	0	0
Senior management	Numbers	0	0
Middle management	Numbers	4	7
Junior management	Numbers	1,147	542
Sales channel	Numbers	2,746	833
<b>Employee training – employee category and gender wise</b>			
<b>Male</b>			
Top management	Person-hours	0	16
Senior management	Person-hours	492	1,531
Middle management	Person-hours	51,460	41,928
Junior management	Person-hours	5,97,919	4,33,762
Sales channel	Person-hours	5,62,899	2,00,814
<b>Female</b>			
Top management	Person-hours	0	0
Senior management	Person-hours	20	48
Middle management	Person-hours	9,554	7,993
Junior management	Person-hours	2,86,092	1,35,281
Sales channel	Person-hours	35,430	10,904
<b>Performance feedback – employee category wise</b>			
<b>Eligible</b>			
Senior management	Numbers	133	540
Middle management	Numbers	4,186	8,362
Junior management	Numbers	27,261	22,773
<b>Received</b>			
Senior management	Numbers	133	540
Middle management	Numbers	4,186	8,362

	Units of measurement	2015-2016	2014-2015
Junior management	Numbers	27,261	22,773
Parental leave <sup>3</sup>			
Male	Numbers	1,656	1,479
Female	Numbers	500	383
<b>Environment</b>			
Sustainable Lending – Outstanding			
Wind power	₹ billion	19.98	15.11
Solar power	₹ billion	4.86	7.03
Biomass	₹ billion	2.41	2.24
Mini-hydro	₹ billion	2.21	2.51
Waste processing	₹ billion	3.47	5.98
Mass Rapid Transport	₹ billion	1.99	3.81
<b>Energy</b>			
Energy generated	Tera Joules	120.41	130.93
Green electricity	Tera Joules	2.64	0.11
Electricity purchased	Tera Joules	591.57	548.26
<b>Energy intensity</b>			
Energy generated	Giga Joules per FTE	2.40	3.10
Electricity purchased	Giga Joules per FTE	11.80	12.98
<b>GHG Emissions<sup>4</sup></b>			
Direct emissions (Scope 1)	tCO <sub>2</sub> e	8,778.28	9,759.90
Energy indirect emissions (Scope 2)	tCO <sub>2</sub> e	1,34,746.82	1,24,882.56
Other indirect emissions <sup>5</sup> (Scope 3)	tCO <sub>2</sub> e	7,884.78	7,142.92
Emissions saved / avoided <sup>6</sup>	tCO <sub>2</sub> e	10,348.53	2,813.24
<b>GHG Emissions intensity</b>			
Direct emissions (Scope 1)	tCO <sub>2</sub> e per FTE	0.18	0.23
Energy indirect emissions (Scope 2)	tCO <sub>2</sub> e per FTE	2.69	2.96
<b>Materials</b>			
Office-Paper <sup>7</sup> (conventional)	Tonnes	355.28	286.32

	Units of measurement	2015-2016	2014-2015
Office-Paper <sup>7</sup> (wheat straw based)	Tonnes	713.95	734.83
<b>Waste</b>			
Dry waste <sup>8</sup> (Recycled)	Tonnes	32.1	31
E-waste <sup>9</sup>	Tonnes	1.34	5.35
<b>Communities</b>			
<b>Community investments</b>			
Contribution to ABF and its partner NGOs	₹ million	736	622
Other programs	₹ million	621	592
Administrative expenses	₹ million	17	18
ABF Beneficiaries (cumulative)	Number	8,14,621	5,80,540

1. The information does not include complaints redressed within the next working day

2. Includes retirement cases

3. Number of employees who availed parental leave last year, returned to work and are on the Bank's rolls at the end of current year

4. 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)

5. Change in Scope 3 emission value for last year owing to change in methodology for accounting paper usage

6. Emission savings have been restated for last year consistent with more accurate methodology for calculating paper savings

7. Refers to daily paper usage in various offices/branches

8. Dry waste collected at Greater Mumbai and Thane regions

9. Disposed through recyclers. The E-waste for previous year has been stated in numbers/boxes/MT in last year's report and same has been reported in consistent unit of MT in this year's report

tCO<sub>2</sub>e – Tonnes of CO<sub>2</sub> equivalent

FTE – Full Time Employee



## Awards & Accolades 2015-16

We strive to excel in every aspect of our business and relationships. We are humbled by the host of awards and accolades we receive each year making our resolve even stronger to continuously raise the bar and set higher standards.



CII Sustainable Plus 'Gold' 2015 label for 2014-15 sustainability performance

### CDP CLIMATE CHANGE PROGRAM

Best disclosure score for first time reporter to CDP 2015 (India) Climate Change program

- Winner in the Best Bank Category at Outlook Money Awards 2015
- Won Best Security award among Private Sector Banks in India Data Security Council of India (DSCI), a premier industry body on data protection in India, set up by NASSCOM®
- Adjudged 'Best Audit Committee' by Asian Centre for Corporate Governance & Sustainability
- Received a Certificate of Recognition for excellence in Corporate Governance from The Institute of Company Secretaries of India (ICSI)
- Won the Best Bank Award for Digital Banking, Analytics & Big Data among large banks in the IDRBT Banking Technology Excellence Awards
- Featured in *Limca Book of Records 2015* for accomplishing a national record through our campaign - 'Plant a Sapling'
- Ping Pay was awarded for Innovation in Social Pay by Aegis Graham Bell Awards 2015
- Adjudged the Best Private Sector Bank under the Rural Reach Dun & Bradstreet Banking Awards category 2015
- Winner amongst Large Banks category for excellent performance in IMPS by National Payments Excellence Awards 2015
- Awarded for Mobile Banking Initiative of the Year - India by Asian Banking and Finance Retail Banking Awards 2015
- Awarded for the Advertising Campaign of the Year - India at Asian Banking and Finance Retail Banking Awards 2015
- Won the IBA Banking Technology Awards 2015 in the 'Best Payment Initiatives' category among private sector banks
- Received the 'Best Loyalty Programme of the Year' (9<sup>th</sup> Loyalty Awards 2016) for the second year in a row
- Our Mobile App tops Forrester's review of Smartphone Mobile Banking Apps in India
- Ranked among the Top 75 safest banks in the world by The Banker

# GRI CONTENT INDEX

## GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Disclosure item description	Page / Reference
STRATEGY AND ANALYSIS		
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Pages 3-4 SR 2015-16
G4-2	Provide a description of key impacts, risks, and opportunities.	Pages 3-4, 9-11, 13-21 SR 2015-16
ORGANIZATIONAL PROFILE		
G4-3	Report the name of the organization.	Page 5 SR 2015-16
G4-4	Report the primary brands, products, and services.	Page 6 SR 2015-16
G4-5	Report the location of the organization's headquarters.	Back Cover
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Page 5 SR 2015-16
G4-7	Report the nature of ownership and legal form.	Page 46 SR 2015-16 Page 31 AR 2015-16
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Pages 5-6 SR 2015-16 Page 47-54 AR 2015-16
G4-9	Report the scale of the organization, including: - Total number of employees - Total number of operations - Net sales (for private sector organizations) or net revenues (for public sector organizations) - Total capitalization broken down in terms of debt and equity (for private sector organizations) - Quantity of products or services provided.	Page 5 SR 2015-16, Pages 3,6-7, AR 2015-16

General Standard Disclosures	Disclosure item description	Page / Reference
G4-10	<p>a. Report the total number of employees by employment contract and gender.</p> <p>b. Report the total number of permanent employees by employment type and gender.</p> <p>c. Report the total workforce by employees and supervised workers and by gender.</p> <p>d. Report the total workforce by region and gender.</p> <p>e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.</p> <p>f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).</p>	<p>Page 49, 76 SR 2015-16</p> <p>There is no substantial portion of the Bank's work performed by workers who are legally recognized as self-employed, by individuals other than employees or supervised workers, including employees and supervised employees of contractors. The employment numbers of the Bank is based on the current size and future growth of the Bank and is not subject to significant variations.</p>
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	Page 55 SR 2015-16
G4-12	Describe the organization's supply chain.	Our supply chain primarily comprises IT products and service providers, human resource service providers, utilities providers, technology partners, office stationary suppliers and office infrastructure vendors.
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Page 33,94-107 AR 2015-16
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	Precautionary approach is implicit in our environmental management approach.
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	None

General Standard Disclosures	Disclosure item description	Page / Reference
G4-16	<p>List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization:</p> <ul style="list-style-type: none"> <li>- Holds a position on the governance body.</li> <li>- Participates in projects or committees.</li> <li>- Provides substantive funding beyond routine membership dues.</li> <li>- Views membership as strategic.</li> </ul>	Page 17-18 BRR 2015-16
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>		
G4-17	<p>a. List all entities included in the organization's consolidated financial statements or equivalent documents.</p> <p>b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.</p>	Page I SR 2015-16, Page 210 AR 2015-16
G4-18	<p>a. Explain the process for defining the report content and the Aspect Boundaries.</p> <p>b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.</p>	<p>Refer 'Materiality Matrix' in the following weblink: <a href="https://new.axisbank.com/csr/csr-sustainability-framework">https://new.axisbank.com/csr/csr-sustainability-framework</a></p>
G4-19	List all the material Aspects identified in the process for defining report content.	
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	The restatements if any, along with reasoning are provided in the performance review section
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	No significant changes in scope and aspect boundaries.
<b>STAKEHOLDER ENGAGEMENT</b>		
G4-24	Provide a list of stakeholder groups engaged by the organization.	Pages 11-12 SR 2015-16,
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Pages 11-12 SR 2015-16, Pages 14-16 SR 2014-15

General Standard Disclosures	Disclosure item description	Page / Reference
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Pages 11-12 SR 2015-16, Pages 14-16 SR 2014-15
<b>REPORT PROFILE</b>		
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	2015-16
G4-29	Date of most recent previous report (if any).	Latest report was for the reporting period 2014-15
G4-30	Reporting cycle (such as annual, biennial).	Annual
G4-31	Provide the contact point for questions regarding the report or its contents.	sustainability@axisbank.com
G4-32	<ul style="list-style-type: none"> <li>a. Report the 'in accordance' option the organization has chosen.</li> <li>b. Report the GRI Content Index for the chosen option.</li> <li>c. Report the reference to the External Assurance Report, if the report has been externally assured.</li> </ul>	'In accordance' – Core option, Page I SR 2015-16,
G4-33	<ul style="list-style-type: none"> <li>a. Report the organization's policy and current practice with regard to seeking external assurance for the report.</li> <li>b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.</li> <li>c. Report the relationship between the organization and the assurance providers.</li> <li>d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.</li> </ul>	Page I SR 2015-16, The Executive Director (Corporate Center) of the Bank oversees the implementation of the Sustainability Framework of the Bank including reporting and assurance, and is supported by Ethics & Sustainability Department.

General Standard Disclosures	Disclosure item description	Page / Reference
<b>GOVERNANCE</b>		
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Pages 24-25 SR 2015-16,
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Pages 24-25 SR 2015-16,
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Page 24
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	Pages 24-25 SR 2015-16,
G4-38	Report the composition of the highest governance body and its committees.	Pages 23-24 SR 2015-16, Pages 62-76 AR 2015-16
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	Page 22 SR 2015-16
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	Page 23 SR 2015-16; Pages 33-34 AR 2015-16
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	<a href="http://www.axisbank.com/download/Code-of-Conduct-for-directors.pdf">http://www.axisbank.com/download/Code-of-Conduct-for-directors.pdf</a> Pages 179-185 AR 2015-16
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Pages 22-25 SR 2015-16

General Standard Disclosures	Disclosure item description	Page / Reference
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	Pages 22-25 SR 2015-16
G4-44	<p>a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.</p> <p>b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.</p>	Pages 23-25 SR 2015-16; Page 79 AR 2015-16
G4-45	<p>a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.</p> <p>b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.</p>	Pages 23-25 SR 2015-16;
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Pages 24-26 SR 2015-16;
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	As per schedule of Board meetings and meetings of Board committees
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	Committee of Whole-time Directors and Management Committee
G4-49	Report the process for communicating critical concerns to the highest governance body.	Critical concerns on various governance, economic, environmental and social topics are communicated to the Board and its committees as part of the periodic review of various functions of the Bank.

General Standard Disclosures	Disclosure item description	Page / Reference
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	The typical topics reported to the Board of Directors and its various sub-committees may include aspects of but not limited to business strategy, risk management, credit policies, remuneration, compliance, audit, customer service, shareholder relationship, CSR etc. Critical concerns, if any, identified during the year are reviewed during the relevant committee meetings and documented as part of the minutes of the meetings. Appropriate action plans are developed to address such critical concerns and actions taken are reported to the relevant committee.
G4-51	<p>a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration.</p> <p>b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.</p>	Pages 23-24 SR 2015-16; 77-79, 111-112 AR 2015-16
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	Pages 23-24 SR 2015-16; 77-79, 111-112 AR 2015-16
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	Pages 23-24 SR 2015-16; 77-79, 111-112 AR 2015-16
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Page 24 SR 2015-16; 77-79, 111-112 AR 2015-16
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	Page 24 SR 2015-16; 77-79, 111-112 AR 2015-16

General Standard Disclosures	Disclosure item description	Page / Reference
<b>ETHICS AND INTEGRITY</b>		
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Pages 5,26 SR 2015-16; <a href="https://www.axisbank.com/investor-corner/code-conduct-for-employees.aspx">https://www.axisbank.com/investor-corner/code-conduct-for-employees.aspx</a>
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	Page 26 SR 2015-16;
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	Pages 26-27 SR 2015-16;

## SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Disclosure item description	Page / Reference	Omission(s) identified and Explanation
CATEGORY: ECONOMIC			
<b>MATERIAL ASPECT: ECONOMIC PERFORMANCE</b>			
G4-DMA		Page 29 SR 2015-16; Page 65 SR2014-15	-
G4-EC1	Direct economic value generated and distributed	Page 29 SR 2015-16;	-
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Pages 57-59 SR 2015-16; For additional information, please refer to the Bank's CDP response on <a href="http://www.cdp.net">www.cdp.net</a>	-
G4-EC3	Coverage of the organization's defined benefit plan obligations	Page 29 SR 2015-16; Pages 186-190 AR 2015-16	-

DMA and Indicators	Disclosure item description	Page / Reference	Omission(s) identified and Explanation
<b>MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS</b>			
G4-DMA		Page 30 SR 2015-16;	-
G4-EC7	Development and impact of infrastructure investments and services supported	Page 31 SR 2015-16;	-
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Page 31 SR 2015-16;	-
<b>CATEGORY: ENVIRONMENTAL</b>			
<b>MATERIAL ASPECT: MATERIALS</b>			
G4-DMA		Pages 13, 57 SR 2015-16;	-
G4-EN1	Materials used by weight or volume	Page 61 SR 2015-16;	-
<b>MATERIAL ASPECT: ENERGY</b>			
G4-DMA		Pages 60-61 SR 2015-16;	-
G4-EN3	Energy consumption within the organization	Page 60 SR 2015-16;	-
G4-EN4	Energy consumption outside of the organization	Energy consumed on account of (conventional) paper usage and employee commute is 59061 GJ and 9042 GJ respectively.	-
G4-EN5	Energy intensity	Page 60 SR 2015-16;	-
G4-EN6	Reduction of energy consumption	Pages 58-61 SR 2015-16; Energy savings reported are estimated annualized energy savings in terms of the potential of electricity savings that could be achieved.	-
G4-EN7	Reductions in energy requirements of products and services	Pages 58-61 SR 2015-16; The nature of banking products is service oriented and not energy intensive however the Bank through its digital banking initiatives, aims to reduce the environmental impacts of its product and services.	-

DMA and Indicators	Disclosure item description	Page / Reference	Omission(s) identified and Explanation
<b>MATERIAL ASPECT: EMISSIONS</b>			
G4-DMA		Page 57 SR 2015-16	-
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Page 60 SR 2015-16	-
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Page 60 SR 2015-16	-
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Page 60 SR 2015-16	-
G4-EN18	Greenhouse gas (GHG) emissions intensity	Page 60 SR 2015-16	-
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Pages 58-61 SR 2015-16;	-
<b>MATERIAL ASPECT: EFFLUENTS AND WASTE</b>			
G4-DMA		Pages 59-61 SR 2015-16;	-
G4-EN23	Total weight of waste by type and disposal method	Page 61 SR 2015-16;	-
<b>MATERIAL ASPECT: PRODUCTS AND SERVICES</b>			
G4-DMA		Page 62 SR 2015-16;	-
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Page 62 SR 2015-16;	-
<b>MATERIAL ASPECT: COMPLIANCE</b>			
G4-DMA		Page 27 SR 2015-16;	-
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	During the year, there were no significant fines or non-monetary sanctions levied on the Bank for non-compliance with environmental laws and regulations.	-

DMA and Indicators	Disclosure item description	Page / Reference	Omission(s) identified and Explanation
<b>MATERIAL ASPECT: TRANSPORT</b>			
G4-DMA		Page 60 SR 2015-16;	-
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	The GHG emissions (Scope 3) relating to company provided shuttle bus services for employees during the year was 670.04 tonnes of CO <sub>2</sub> e.	-
<b>MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT</b>			
G4-DMA		During the year, we have initiated a comprehensive vendor risk assessment towards strengthening our vendor management systems. Sustainability related aspects shall be integrated into the vendor management system in subsequent years.	-
G4-EN32	Percentage of new suppliers that were screened using environmental criteria		-
<b>CATEGORY: SOCIAL</b>			
<b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b>			
<b>MATERIAL ASPECT: EMPLOYMENT</b>			
G4-DMA		Page 49 SR 2015-16;	-
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Page 49 SR 2015-16;	-
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Page 186-190 AR2015-16	-
G4-LA3	Return to work and retention rates after parental leave, by gender	2156 employees availed parental leave (Male – 1656, Female – 500). Out of this 2153 (Male- 1656, Female – 497) returned to work and are still on company rolls as on 31st March 2016.	-

DMA and Indicators	Disclosure item description	Page / Reference	Omission(s) identified and Explanation
<b>MATERIAL ASPECT: LABOR/MANAGEMENT RELATIONS</b>			
G4-DMA		Page 49 SR 2015-16;	-
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	The operational changes at branches are conducted in accordance with applicable regulations and RBI guidance, and prior notice is given to relevant employees.	-
<b>MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY</b>			
G4-DMA		Page 53 SR 2015-16;	-
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	There have been no work related employee fatalities during the year.	-
<b>MATERIAL ASPECT: TRAINING AND EDUCATION</b>			
G4-DMA		Page 50 SR 2015-16;	-
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Page 51 SR 2015-16;	-
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Pages 50-52 SR 2015-16;	-
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Pages 50-52 SR 2015-16; during the year 100% of eligible employees (Male – 23669, Female – 7908) received the performance feedback.	-
<b>MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY</b>			
G4-DMA		Page 49 SR 2015-16;	-
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Pages 22,49 SR 2015-16;	-

DMA and Indicators	Disclosure item description	Page / Reference	Omission(s) identified and Explanation
<b>MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN</b>			
G4-DMA		We follow the principle of meritocracy and there is no difference in basic salary and remuneration of women to men compared at similar experience and employment grade.	-
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation		-
<b>MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES</b>			
G4-DMA		During the year, we have initiated a comprehensive vendor risk assessment towards strengthening our vendor management systems. Sustainability related aspects shall be integrated into the vendor management system in subsequent years.	-
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria		-
<b>MATERIAL ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS</b>			
G4-DMA		Page 26 SR 2015-16;	-
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	Page 11 SR 2015-16; Page 80 AR 2015-16	-

#### SUB-CATEGORY: HUMAN RIGHTS

#### MATERIAL ASPECT: INVESTMENT

G4-DMA		We have framed 'Sustainable Lending Policy & Procedures', which in conjunction with credit risk policies enables us to assess environmental and social risks associated with Project Finance activities of certain size and actively engage with clients towards ensuring adequate safeguards.	-
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		-

DMA and Indicators	Disclosure item description	Page / Reference	Omission(s) identified and Explanation
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	We have a 'Policy on Human Rights' in place. Aspects of Human Rights are also covered under the 'Code of Conduct & Ethics'. All employees have to undergo mandatory e-learning module on the Code and confirm the acceptance of the Code. During the year we have imparted 3,975 hours of classroom based training on Code of Conduct & Ethics.	-
MATERIAL ASPECT: NON-DISCRIMINATION			
G4-DMA		Page 55 SR 2015-16;	-
G4-HR3	Total number of incidents of discrimination and corrective actions taken	There have been no incidents of discrimination reported during the year.	-
MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
G4-DMA		Page 55 SR 2015-16;	-
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Our direct operations do not have significant risk of violation of the right to exercise freedom of association and collective bargaining.	-
MATERIAL ASPECT: CHILD LABOR			
G4-DMA		During the year, we have initiated a comprehensive vendor risk assessment towards strengthening our vendor management systems. Sustainability related aspects shall be integrated into the vendor management system in subsequent years.	-
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor		-

DMA and Indicators	Disclosure item description	Page / Reference	Omission(s) identified and Explanation
<b>MATERIAL ASPECT: FORCED OR COMPULSORY LABOR</b>			
G4-DMA		During the year, we have initiated a comprehensive vendor risk assessment towards strengthening our vendor management systems. Sustainability related aspects shall be integrated into the vendor management system in subsequent years.	-
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor		-
<b>MATERIAL ASPECT: INDIGENOUS RIGHTS</b>			
G4-DMA		Our direct operations have no reported incidents of violations involving rights of indigenous peoples. We have framed 'Sustainable Lending Policy & Procedures', which in conjunction with credit risk policies enables us to assess environmental and social risks associated with Project Finance activities of certain size and actively engage with clients towards ensuring adequate safeguards.	-
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken		-
<b>MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT</b>			
G4-DMA		We have initiated dialogue with key suppliers and plan to put a formal policy in place by subsequent reporting cycle.	-
G4-HR10	Percentage of new suppliers that were screened using human rights criteria		-
<b>MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS</b>			
G4-DMA		Nil for direct operations.	-
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms		-

DMA and Indicators	Disclosure item description	Page / Reference	Omission(s) identified and Explanation
SUB-CATEGORY: SOCIETY			
MATERIAL ASPECT: LOCAL COMMUNITIES			
G4-DMA		Page 65 SR 2015-16;	-
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Pages 65-66 SR 2015-16;	-
G4-SO2	Operations with significant actual and potential negative impacts on local communities	Our direct operations do not have significant actual and potential negative impacts on local communities.	-
MATERIAL ASPECT: ANTI-CORRUPTION			
G4-DMA		Pages 26-27 SR 2015-16;	-
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	All the operations of the Bank are covered through 'Code of Conduct & Ethics' and 'Business Gift Policy' which address issues of bribery and corruption. We abide by RBI guidance on these topics and have also framed policies and procedures to counter risks related to fraud and money laundering.	-
G4-SO4	Communication and training on anti-corruption policies and procedures	Page 26 SR 2015-16;	-
MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR			
G4-DMA		Page 26 SR 2015-16;	-
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Nil	-
MATERIAL ASPECT: COMPLIANCE			
G4-DMA		Page 27 SR 2015-16;	-

DMA and Indicators	Disclosure item description	Page / Reference	Omission(s) identified and Explanation
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Page 163 AR 2015-16	-
<b>MATERIAL ASPECT: PRODUCT AND SERVICE LABELING</b>			
G4-DMA		Page 33 SR 2015-16;	-
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Page 34 SR 2015-16;	-
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Page 163 AR 2015-16	-
G4-PR5	Results of surveys measuring customer satisfaction	Page 39 SR 2015-16;	-
<b>MATERIAL ASPECT: MARKETING COMMUNICATIONS</b>			
G4-DMA		Page 24 SR 2015-16;	-
G4-PR6	Sale of banned or disputed products	We do not sell products that are banned by relevant authorities. We are guided by the Negative Screening List of RBI in our lending activities to not finance/refinance certain banned sectors. Further, we have a Code of Right Sell and Product Suitability Matrix to guide us in selling appropriate products to customers based on their profile and needs.	-
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	During the year, there were no significant incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship.	-

DMA and Indicators	Disclosure item description	Page / Reference	Omission(s) identified and Explanation
<b>MATERIAL ASPECT: CUSTOMER PRIVACY</b>			
G4-DMA		Page 37 SR 2015-16;	-
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Page 37 SR 2015-16;	-
<b>MATERIAL ASPECT: COMPLIANCE</b>			
G4-DMA			-
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Page 163 AR 2015-16	-
<b>SUB-CATEGORY: FINANCIAL SERVICES SECTOR SUPPLEMENT</b>			
FS-DMA	Policies with specific environmental and social components applied to business lines	We have framed 'Sustainable Lending Policy & Procedures', which in conjunction with credit risk policies enables us to assess environmental and social risks associated with Project Finance activities of certain size and actively engage with clients towards ensuring adequate safeguards.	-
FS-DMA	Procedures for assessing and screening environmental and social risks in business lines		-
FS-DMA	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions		-
FS-DMA	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines		-
FS-DMA	Interactions with clients/ investees/business partners regarding environmental and social risks and opportunities		-
FS-6	Percentage of the portfolio for business lines by specific region, size (e.g. Micro/SME/Large) and by sector	Pages 146,148,249 AR 2015-16	-
FS-7	Monetary value of products and services designed to deliver A specific social benefit for each business line broken down by purpose	Pages 29, 40 SR 2015-16;	-
FS-8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Pages 29, 57 SR 2015-16;	-

DMA and Indicators	Disclosure item description	Page / Reference	Omission(s) identified and Explanation
FS-DMA	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	We have framed 'Sustainable Lending Policy & Procedures', which in conjunction with credit risk policies enables us to assess environmental and social risks associated with Project Finance activities of certain size and actively engage with clients towards ensuring adequate safeguards. We shall be able to report on the performance of the policy in the subsequent years.	-
FS-10	Percentage and number of companies held in the institution's Portfolio with which the reporting organization has interacted on environmental or social issues	We have framed 'Sustainable Lending Policy & Procedures', which in conjunction with credit risk policies enables us to assess environmental and social risks associated with Project Finance activities of certain size and actively engage with clients towards ensuring adequate safeguards. We shall be able to report on the performance of the policy in the subsequent years.	-
FS-11	Percentage of assets subject to positive and negative Environmental or social screening	We have framed 'Sustainable Lending Policy & Procedures', which in conjunction with credit risk policies enables us to assess environmental and social risks associated with Project Finance activities of certain size and actively engage with clients towards ensuring adequate safeguards. We shall be able to report on the performance of the policy in the subsequent years.	-
FS-13	Access points in low-populated or economically disadvantaged areas by type	Pages 40-43 SR 2015-16;	-
FS-14	Initiatives to improve access to financial services for disadvantaged people	Pages 40-43 SR 2015-16;	-
FS-DMA	Policies for the fair design and sale of financial products and services	Pages 26, 36-38 SR 2015-16;	-
FS-DMA	Initiatives to enhance financial literacy by type of beneficiary	Page 43 SR 2015-16;	-

## UNITED NATIONS GLOBAL COMPACT (UNGC) PRINCIPLES MAPPING

UNGC Principles	Statement	Reference	Explanation
<b>HUMAN RIGHTS</b>			
Principle-1	Businesses should support and respect the protection of internationally proclaimed human rights; and	Page 55 SR 2015-16	-
Principle-2	Make sure that they are not complicit in human rights abuses.	Page 55 SR 2015-16	-
<b>LABOUR</b>			
Principle-3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Page 55 SR 2015-16	-
Principle-4	The elimination of all forms of forced and compulsory labour;	Page 55 SR 2015-16	-
Principle-5	The effective abolition of child labour; and	Page 55 SR 2015-16	-
Principle-6	The elimination of discrimination in respect of employment and occupation.	Page 55 SR 2015-16	-
<b>ENVIRONMENT</b>			
Principle-7	Businesses should support a precautionary approach to environmental challenges;	Page 57-63 SR 2015-16	-
Principle-8	Undertake initiatives to promote greater environmental responsibility; and	Page 57-63 SR 2015-16	-
Principle-9	Encourage the development and diffusion of environmentally friendly technologies.	Page 57-63 SR 2015-16	-
<b>ANTI-CORRUPTION</b>			
Principle-10	Businesses should work against corruption in all its forms, including extortion and bribery.	Page 26-28 SR 2015-16	-

**Registered Office**

'Trishul', 3rd Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad - 380 006.

Tel. No. : 079-66306161 Fax No. : 079-26409321

Email: [sustainability@axisbank.com](mailto:sustainability@axisbank.com)

Website: [www.axisbank.com](http://www.axisbank.com)

**Corporate Office**

'Axis House', C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400 025.

Tel. No. : 022-24252525/43252525 Fax No. : 022-24251800