



# **ENABLING PROGRESS, RESPONSIBLY**

**SUSTAINABILITY  
REPORT**  
2016-17



# ENABLING PROGRESS, RESPONSIBLY

We strongly believe that our success is intrinsically linked with the progress of our stakeholders. Having envisaged our role as an enabler who helps people and communities thrive in a sustainable environment, we facilitate a robust financial ecosystem which creates economic value and has a significant contribution towards the holistic development of the society.

Our range of products and services help people undertake savings, borrowings and investments in a manner which fulfils their aspirations. As a leading bank, we facilitate local and global trade by supporting businesses – big and small; and partner with governments in the delivery of transparent governance by making banking channels accessible to all.

We are helping cities become smarter and villages go digital. Our activities and initiatives empower women in becoming successful micro-entrepreneurs, and provide a platform for start-ups to take off. The Bank promotes and supports sustainable sectors to combat climate change, and invest in green energy to reduce our own environmental footprint.

Besides investing in the well-being of our employees and enabling them to achieve their full potential and growth – both professionally and personally, we are also creating millions of sustainable livelihoods in some of the poorest districts in the country.

All of these actions are anchored in our unwavering commitment to ethics and integrity, guiding us on the road to **enabling progress, responsibly.**

# ABOUT THE REPORT

G4-17

'Enabling Progress, Responsibly' is our third Sustainability Report, giving an account of our sustainability initiatives and performance for the reporting period 2016-17. We have relied on the international sustainability reporting guidelines of Global Reporting Initiative (GRI) to prepare this report, and it is 'in accordance' with the GRI G4 'core' reporting option. The report is also aligned to relevant sustainability frameworks such as the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG-SEE), United Nations Global Compact (UNGC) Principles and United Nations Sustainable Development Goals (SDGs).

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Our Sustainability Framework, derived from materiality analysis, forms the core of the reporting approach and is explained in subsequent sections. The aim of this report is to present our sustainability performance on the 'material

aspects', which are of significance to both us and our stakeholders.

The reporting boundary for 2016-17 continues to primarily cover the Indian operations of Axis Bank Limited and the Axis Bank Foundation (ABF). Relevant disclosures are made across the report and in the GRI Content Index to indicate the reporting boundary for performance and information presented. The complete GRI G4 Content Index for 2016-17 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 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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This report contains references to relevant additional information. Web-links and QR codes have been 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 the 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 'comprehensive' criteria. 'Limited Assurance' was provided against 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 <http://www.axisbank.com/csr/reportsNdisclosure.aspx>



Scan the QR code to access the Independent Assurance Statement



Scan the QR code to access the GRI content Index

## Additional Resources

G4-17



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



Axis Bank Annual Report 2016-17



Axis Bank Business Responsibility Report 2016-17



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

### Safe Harbour

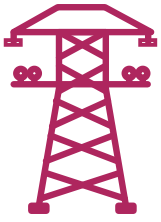
Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'aim', 'will likely result', 'would', 'believe', 'may', 'expect', 'will continue', 'anticipate', 'estimate', 'intend', 'plan', 'contemplate', 'seek to', 'future', 'objective', 'goal', 'strategy', 'philosophy', 'project', 'should', 'will pursue' and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, future levels of non-performing loans, our growth and expansion, the adequacy of our allowance for credit losses, our provisioning policies, technological changes, investment income, cash flow projections, our exposure to market risks as well as other risks. Axis Bank Limited undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.



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# SUSTAINABILITY HIGHLIGHTS



**₹715 billion**

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



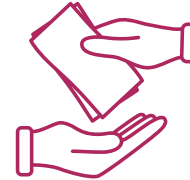
**₹980 billion**

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



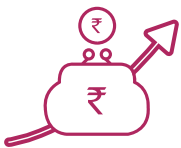
**₹37.63 billion**

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



**₹695 million**

Government to Consumer (G2C) payments facilitated



**17.44 percentage**

increase in Savings Account customers over the last year



**4.2 million**

overall Axis Mobile Banking registrations



**4.9 million**

overall Axis Internet Banking NetSecure registrations



**10.01 million**

financial Inclusion customer base

\*Includes Fund and Non-Fund based outstanding amount as disclosed in the Annual Report 2016-17.



**9.20**  
**percent**

increase in operating profit  
over previous year



**38.24**  
**percent**

dividend  
payout ratio



**56,617**  
**employee**

employee strength at  
2016-17 year end



**1.81**  
**million**

person-hour of employee  
training imparted in  
2016-17



**₹13.01**  
**billion**

microloans disbursed  
to women



**13,478**  
**tCO<sub>2</sub>e**

estimated annualised  
emissions reduction in  
2016-17



**₹1.35**  
**billion**

spent on Corporate Social  
Responsibility (CSR) initiatives in  
2016-17



**1.08**  
**million**

cumulative beneficiaries  
of Axis Bank  
Foundation programmes



## MESSAGE FROM THE MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

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Dear Stakeholders,

The year gone by has been an eventful one with 'unexpected changes' – both at the global, and the domestic levels. At the global level, the unexpected political outcomes in the UK and the US are seen as a manifestation of increasing concern among citizens, especially middle and lower income groups, on an equitable distribution of the benefits of globalisation and trade. On the domestic front, the surprise move of the Government on Demonetisation sought to usher India into 'less cash' economy. The underlying theme of these 'unexpected changes' is to challenge status quo, and seek growth models that are more inclusive and equitable.

We continue to place great emphasis on sustainable development – one that is inclusive, fair and equitable – through our stakeholder-centric Sustainability Framework. Objectives are set within the Framework on various material sustainability topics and we are making steady progress on our sustainability objectives.

Our vision and values are anchored by an unwavering commitment to customer centricity. This has been and continues to be our key value proposition and differentiator. Riding on this approach, we have grown from strength to strength to build a formidable banking franchise over the last 23 years. We have continued to innovate and deliver on key themes of our Customer Centricity Framework to make banking simple and customer interactions easy across channels. It is vital to look at Customer Experience as a holistic component of future business models, as customers now compare their experience not with that of other banks, but with the most powerful experiences they have with any service provider across industries. We have recently created a central Customer Experience Group to enhance the way we serve and deal with our customers across business units.

With the Government's massive push to promote a 'less cash' economy, the digital adoption amongst customers has registered significant expansion in recent times. This has bolstered our digital banking offerings and has helped us lead the digital wave. The mobile banking channel has witnessed over 100% growth in both value and volume terms, while electronic channels continued to



form 87% of overall customer induced transactions. Financial Inclusion and Literacy has been an integral parts of our strategy to expand in rural areas, while bringing more and more under-served sections of society into the ambit of formal banking systems. Through the 'Digiprayas' program, we have increased our engagement on financial inclusion and literacy in line with the Government's JAM (Jan Dhan – Aadhar – Mobile) concept. Financial Literacy efforts have also intensified with a focus on enhancing digital awareness in the wake of Government's Demonetisation move.

While India's macroeconomic fundamentals continued to improve on the back of a stable monetary policy, complemented by significant policy initiatives of the Government, last year was a challenging one from the banking sector perspective. The asset quality situation remained concentrated in a few sectors, but a new situation of high liquidity and very low corporate demand intensified the challenges of the banking sector. Despite these concerns, our strong operating profit engine helped us tide over one of the toughest years in recent times.

Our operating profit and operating revenue registered healthy growth of 9% and 14% respectively. However, our earnings declined by 55%, and return ratios moderated on account of higher provisions for non-performing assets. We are confident that it is only a matter of time that the Bank's return ratios improve again owing to the inherent underlying strength of our franchise, and as the

benefits of lower slippages and credit costs begin to reflect.

Our 56,000+ employee base constitutes the bedrock of our core organisational capabilities which deliver consistent growth and customer service excellence. The extra-ordinary commitment and resilience exhibited by almost all employees in relentlessly serving and helping customers throughout the year is commendable and demonstrates the quintessential Axis spirit of team work and dedication. We continue to invest in our employees to nurture their growth, provide rewarding careers and promote diversity. This commitment to diversity is reflected at all levels with a 20% women representation in the Board of Directors, and an overall 23% representation for women across our workforce.

During the year, 'Banking on Compliance' – training initiative was introduced to reinforce compliance and governance standards. Nearly 45,000 employees were certified under this program. The 'Axis Competency Profiler' is a learning platform introduced for conducting Knowledge and Application based profiling of employees working in five areas. The Bank was also the first organisation in India to tie-up with 'Coursera' to promote self-paced and contextualised learning for employees through specially curated and customised courses from Ivy League universities. The integrated Performance Management and Capability Development system – 'ACElerate' – is uniquely designed to foster high performance as well as capability building through differentiated learning pathways for top performers while providing opportunities for below-average performers to course correct through an Enhancement Program. We celebrate the Axis Spirit through our annual 'Axis Champions' awards. 'Million Stories' is an initiative launched this year to capture the rich legacy that lays the foundation of our culture.

Environmental sustainability is a vital component of our Sustainability Framework. We have strengthened the environmental and social risk assessment processes for corporate lending business by voluntarily implementing 'Sustainable Lending Policy and Procedures'. This process helped us in formulating a deeper engagement with qualifying project proponents on environmental and social risk parameters, and corresponding mitigation plans. The Bank became the first Indian bank to issue Climate Bonds Initiatives (CBI) certified Green Bonds which were listed internationally. The proceeds of these bonds shall be utilised for financing and/or re-financing green projects in accordance with the Bank's Green Bond Framework, contributing towards climate action. On our operations front, we continued to increase the

use of renewable energy across our branches and offices, and enhanced energy efficiency to lower the carbon footprint intensity.

I strongly believe that the Bank's well-being is intertwined with overall well-being of the society and we cannot prosper in isolation. The year marked a decade of the Axis Bank Foundation, a public trust promoted by the Bank to work selflessly in some of the poorest districts of the country. With a focus on creating sustainable livelihoods, the Foundation helps propagate and implement a significant part of our Corporate Social Responsibility agenda. The Foundation is working tirelessly towards achieving its mission of creating 1 million livelihoods by the end of December 2017, and I am extremely happy to report that it is inching closer towards achieving this objective well before the end of the mission period. Some of the Foundation's livelihood programs, especially those focusing on watershed management and women empowerment aspects are worth emulating. A detailed research paper based on the Foundation's program impacts on water management was released during the annual ABF Conference cum NGO Workshop to document and spread best practices. We also leveraged the Bank's wide geographical spread and competencies in conducting community programs that are in alignment with the Government's ambitious programs including JAM, Make in India, Skill India, Digital India, etc. Our efforts towards the cause of community development were recognised by 'CII – ITC Sustainability Awards 2016 – Excellence in Corporate Social Responsibility' and 'Business Standard Corporate Social Responsibility Awards 2016 – Socially Aware Corporate of the Year'.

The year has been a tough one for us, but it has also taught important lessons for future. The external environment is conducive for the Bank to gain market share in every business category. I am excited about the future prospects and remain confident that we will seize these opportunities by continuing to build a trusted, compliant and financial strong enterprise. I thank all the stakeholders who have stood by us and continue to support us in times good and bad. I also reaffirm the commitment to sustainable development as a central tenet of our proposition to create enduring value for all stakeholders.

**Shikha Sharma**

Managing Director & CEO



# ABOUT AXIS BANK

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Axis Bank is one of India's largest private sector banks offering a 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 smart use of technology

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## VALUES



Customer Centricity



Ethics



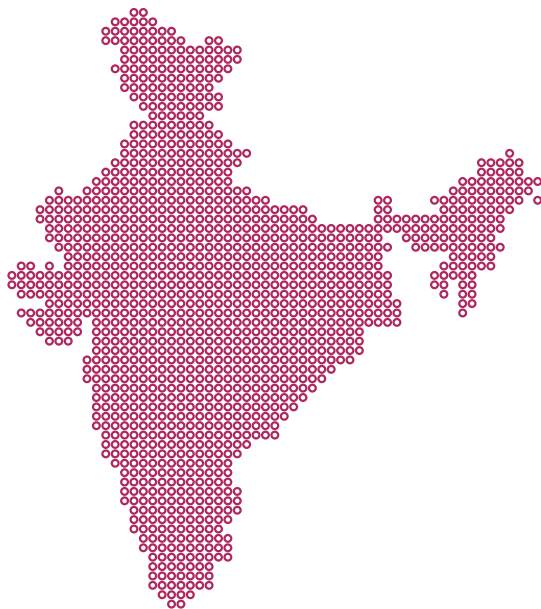
Transparency



Teamwork



Ownership



G4-8,9

**3,304**

Branches

**1,946**

Centres Covered

**14,653**

ATMs

**56,617**

Employees

## International Presence

G4-6



London, UK



Singapore

Shanghai,  
Hong KongDubai, Abu  
Dhabi, DIFC

Colombo



Dhaka

Data as on 31st March, 2017

G4-4,8,9

# Business Segments



## Retail Banking

End-to-end retail banking services:

- Deposits
  - Loans
  - Investments
  - Payment Solutions
  - Digital Banking
- 20.2 million Savings Account customers
  - ₹1,260 billion Savings Bank deposits
  - ₹1,680 billion Retail Loans portfolio
  - ₹285.85 billion Credit Card spends
  - 4.9 million Axis Internet Banking users, 4.2 million Axis Mobile Banking App users
  - More than 0.39 million Insurance Policies sold
  - Over 0.37 million Online Trading Accounts opened
  - Processed US\$ 4.84 billion Outward Retail Remittances and US\$ 7.43 billion Inward Retail Remittances



## Corporate Credit

Composite credit facilities:

- Working Capital
  - Term Loan
  - Project Finance
- ₹1,559 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
- ₹1,966.20 billion bonds and debentures arranged for various Public Sector Undertakings (PSUs) and Corporates



## Transaction Banking

Integrated Transaction banking business covering:

- Current Accounts
  - Collection & Payment Solutions
  - Forex
  - Trade Services
  - Capital Market Solutions
- ₹870.02 billion Current Account deposit base
  - More than US\$ 8 billion aggregate load value on Forex Cards



## SME Business

### Robust SME Support:

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

- ₹492 billion in SME advances



## International Banking

### Banking solutions for Corporate and NRIs at overseas centres:

- Corporate Banking
- Trade Finance
- Treasury and Risk Management
- Retail Liability Products

- US\$ 8.37 billion total assets at overseas branches
- US\$ 823 million total assets at Axis Bank UK Limited

\*Information for FY 2016-17 as at 31.03.2017