

Business Responsibility Report

At Kotak Mahindra Bank Limited ('Kotak'), environment, social and governance (ESG) practices are integral components of its business functions and are embedded in its systems and processes. Through disclosure of these practices in the public domain, Kotak not only ensures compliance with statutory requirements but also showcases its efforts to go beyond the requirements. While doing so, the Bank has identified the means by which it can improve internal management systems, products and services to make a more positive impact on society and the environment.

Business operations and activities at Kotak are conducted in a transparent and accountable manner, supported by a policy framework and Code of Conduct. Suitable monitoring mechanisms and controls have been delineated to ensure adherence to ethical business practices.

Kotak initiated the process of disclosing information on its triple bottom line performance in FY 2012-13 when it published its first Business Responsibility Report (BRR). The disclosures offered in the present report cover the Bank's own operations and are directly aligned to the nine principles of the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs in 2011. Additionally, the report has been prepared in accordance with clause (f) of sub regulation (2) of regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is also compliant with Section 135, Schedule VII of the Companies Act, 2013, and the subsequent relevant notifications issued by the Ministry of Corporate Affairs, Government of India.

Bank's approach to Business Responsibility

Principle 1: Ethics, Transparency and Accountability

The Bank relies on its Code of Conduct, ethical conduct and fair practice code as a central guide for ensuring transparency and accountability within the organisation.

The Bank's Corporate Social Responsibility (CSR) committee is responsible for the execution of Bank's Business Responsibility agenda.

Principle 2: Responsible Products and Services

Kotak's products and services are developed to meet the requirements of its customers. New age digital initiatives have been implemented to maximise value for all customers.

The Bank has steadily increased its lending portfolio for the marginalised sections of society.

Principle 3: Employee Well-being

The Bank has developed a one-stop HR portal to enhance its connect with employees.

The portal also helps to address the requests and queries raised by employees more efficiently, thereby contributing to employee satisfaction.

Principle 4: Stakeholder Engagement

Through value-creating dialogues and discussions, Kotak engages with its key internal and external stakeholders identifying areas of improvement and ways to manage aspects that are critical for long term success of the Bank.

Principle 5: Human Rights

The Bank's policy on Human Rights prescribes that there is no discrimination made amongst employees or customers to whom its products and services are offered. All aspects of human rights are considered before undertaking any management decisions.

Principle 6: Environment

The Bank has implemented environmental management systems at all its key offices across the country to manage environmental impacts of its operations.

Principle 7: Public Policy Advocacy

Kotak's collaborations with various industry bodies facilitates the Bank to propagate relevant industry-wide issues and implement responsible decisions within the organisation.

Principle 8: Inclusive Growth

The Bank's CSR Policy prescribes the approach taken towards implementing its CSR agenda.

Its community outreach projects are designed around focus areas such as Education, Vocational Skills and Livelihood, Healthcare and Sanitation, Reducing inequalities faced by socially and economically backward groups, Sustainable Development, Relief and Rehabilitation, Clean India and Sports.

Principle 9: Customer Value

Kotak has taken an active approach towards modifying its business' processes and systems to make them more customer friendly.

At Kotak, every endeavour is directed towards enhancing customer experience by providing an array of products and services to bring more value to the customer through its products and services.

PRINCIPLE WISE PERFORMANCE

Principle 1: Ethics, Transparency and Accountability

Business at Kotak operates on two principles: strong governance practices and ethical conduct as a result of which, it has built a foundation of long lasting relationships with all of its relevant stakeholders. The Board of Directors and its committees are at the helm of Kotak's governance practices and are involved in ensuring that the expectations set out by the Bank's key stakeholder are met.

A robust governance framework ensures that transparent and accountable business practices remain uncompromised during daily operations. The Bank expects all its employees to behave in a professional manner and act with integrity. The employees have been provided with a platform through the whistleblower policy to voice their opinion freely against any unethical practice observed within the work environment. The whistle-blower platform is also available to Bank's customers.

A detailed description of Kotak's corporate governance standards can be found in the 'Report on Corporate Governance' section of the annual report.

CSR Committee

Aligned to the CSR requirements mandated by Section 135 of The Companies Act, 2013, Kotak has developed a CSR policy that was approved by the Board. The approach undertaken by the bank towards implementing its CSR activities can be found on its website http://www.kotak.com/corporate-responsibility.html#product_tab2.

The Bank also established a separate CSR committee in FY 2014-15 that would be responsible for monitoring the effective execution of the organisation's CSR activities and that the activities are aligned to the Bank's CSR agenda and policy. The committee constitutes of one independent director and two other directors. The head of BR and CSR - a senior executive - reports directly to this committee.

The CSR Committee also oversees the implementation of the BR principles in addition to its already existing responsibility of carrying forward the Bank's CSR agenda.

The Bank's CSR Committee held one meeting on 22nd November 2016, and all the directors were present for the meeting.:

Sl. No.	Name of Committee Member	Designation
1	Mr. C. Jayaram and	Non-Executive Non-Independent Director and Chairman of CSR Committee
2	Mr. Dipak Gupta	Joint Managing Director
3	Prof S. Mahendra Dev	Independent Non-Executive Director

Kotak's Policy Framework:

- **Code of conduct:** The Code of Conduct is a central guide for the Bank's employees and communicates its position on safeguarding certain principles such as honesty, integrity, and transparency in the workplace. It also ensures compliance and promotes good banking practices.
- **Ethical conduct:** Kotak's policy on ethical conduct supports the upholding of the highest moral and ethical standards when conducting business. Internal stakeholders are also encouraged to act professionally, exhibiting utmost care, skill and due diligence in their work environment.
- **Fair practice code:** Kotak's policy on fair practice makes it imperative to provide its services and products without any discrimination on the basis of caste, creed, colour, religion, sex etc.

It is mandatory for all new employees joining Kotak to undergo a comprehensive induction training programme that clearly outlines the Bank's affinity for transparency, integrity and ethical standards. The induction training programme has an entire module dedicated to 'Being a Compliant Employee.'

Sr. No	Business Responsibility Principles	Relevant Policies
1	Ethics, Transparency and Accountability	Code of Conduct (Directors, Senior Management, Employees, Direct Selling Agents, Suppliers And Business Associates); Ethical Conduct Policy; Vigilance Policy; Whistle Blower Policy; Code for Banking Practice; Compliance Policy; Internal Audit Policy, Fraud Risk Management Policy, Operational Risk Management Policy, Policy on Stress Testing Framework, Group Enterprise Risk Management Policy; Disclosures Policy, Protected Disclosures Policy.
2	Products Life Cycle Sustainability	Fair Practice for Credit Card Operations, Fair Practices for Lenders, Home Finance Policy, Educational Loan Policy, Financial Education Policy, Financial Inclusion Policy, Intellectual Property Rights Policy
3	Employees' Well-Being	Recruitment Policy, Benefits Policy, Leave Policy, Training Policy, Sexual Harassment Policy, Anti-Discrimination/Equal Opportunities Policy, Employee Communication and Participation Policy, Human Rights Policy, Rewards and Recognition Policy, Health, Safety And Environment Policy, Code Of Conduct (Suppliers And Business Associates)
4	Stakeholder Engagement	Group Corporate Responsibility Policy, Stakeholder Engagement Policy
5	Human Rights	Human Rights Policy, Code of Conduct (Suppliers And Business Associates)
6	Environment	HSE Policy, Green Procurement Policy, Environment, Health, Safety And Social Due Diligence Policy
7	Policy advocacy	Advocacy Policy
8	Inclusive growth	Group Corporate Responsibility Policy, Financial Education Policy, Financial Inclusion Policy
9	Customer value	Policy on Collection Of Dues And Repossession of Securities; Fair Practice for Credit Card Operations; Fair Practices for Lenders; Apex Information Security Policy, Fair Practice Code Policy; Corporate Communications Policy; Third Party Distribution Policy; Protected Disclosures Policy; Disclosures Policy; Grievance Redressal Policy; Compensation Policy; Waiver Policy; Financial Education Policy; Responsible Marketing Policy

Principle 2: Products and Services designed with environmental and social opportunities

Kotak constantly strives to develop products and services that cater to its customers' expectations and requirements. While doing so, efforts are made to develop products and services that contribute positively to socio-economic development. Kotak's agri-business division is on the forefront of creating value for customers belonging to rural India.

Kotak's agri-business growth in India

The Bank's agri-business division has grown significantly during FY 2016-17 and has spread its wings in developing a strong and stable lending structure across India. The sector has been segmented into three primary verticals for lending:

- Small scale loans available for crop cultivation and the purchase of tractors
- Medium scale loans available for SMEs which focus on advanced agricultural activities such as large scale cultivation, horticulture, floriculture and animal husbandry related activities
- Large scale loans available for organisations that focus on activities such as primary and secondary agro processing.

Enhancing Women Empowerment

The agri-business division has started the business correspondent model with three microfinance institutions wherein borrowers, especially women are identified at the bottom of the economic pyramid in states such as UP and Bihar for lending up to ₹ 30,000 by way of micro loans. The Bank has a portfolio for women borrowers, which has crossed ₹ 100 crore. The number of women borrowers has crossed over 50,000.

Case Study of Agribusiness branches in Banaskantha (Gujarat)

Gujarat is one of the highest potato producing states in India. The farmers of the state require assistance on storage facilities for potatoes to avoid distress sales at the time of harvesting as well as access to liquidity to manage crops for the following season.

Kotak has facilitated the required funding to offer these farmers with marketing loans against the pledge/hypothecation of potatoes stored in cold storage units.

Having met their working capital requirement the farmers are better equipped to sell their produce with positive price parity, preventing distress sell.



Agri loans offered to farmers against their produce to meet working capital requirement helped to improve income levels

Case Study: Empowering women to become financially independent

The Bank has succeeded in offering formal credit services to the unbanked sections of the rural India through the “Business Correspondent” model. A dedicated loan origination system has been developed for this initiative which allows real time processing of loan applications of customers.

Under this initiative collateral free loans are provided for various income generation activities such as agriculture and allied activities, poultry farming, animal husbandry, tailoring, making of handicrafts etc. This arrangement has improved the livelihood of the women availing such credit facilities. Providing credit to women increases opportunities for them to contribute to the household income leading to more empowered women customers.



Collateral free micro loans offered to women helped to improve overall household income

Case Study of Kripalshinh Rana, Surendranagar District:

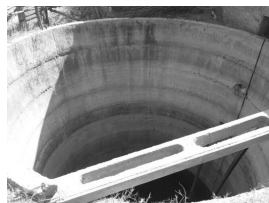
Kripalshinh Rana is the owner of 8.95 acres of canal-fed agricultural land in his village Vana, in Gujarat’s Surendranagar district. His farm lacked electricity and was unable to lift water during lean period

Kotak’s team visited Kripalshinh on his farm before disbursing a loan of ₹ 5 lakh. With the funding, he built a go-down for the storage of the produce, an open well for more water and an electric connection for the farm. Due to these facilities, he was able to grow three additional crops during the new season. The ability to grow the additional crops has enabled him to earn an additional 3-4 lakh on an annual basis.

Before funding:



After funding:



Extending financial support to farmers for construction of open well in Gujarat

Case Study of Yogeshwar Sahu: Improving livelihoods

Yogeshwar Sahu is a traditional farmer who owns 56 acres of land and cultivates two major crops: paddy and wheat where all family members are involved in farming. Kotak team offered Yogeshwar funding to improve 23 acres of the crop land that he used for fencing, land labeling and purchasing two 5 HP bore pumps for the plot. The plot produced record harvest of 24 quintals of paddy per acre.

Having improved income levels, the family has now purchased additional land, started new business which involves purchase of paddy and wheat from small farmers, and supply of these crops in bulk to buyers. His family now enjoys an elevated social status within the community.



Improving livelihood of traditional farmer through crop loans

FINANCIAL INCLUSION:**Supporting government schemes**

Government of India has launched various schemes to bring banking services to the unbanked sections of society. Aligning with this vision of the government, the Bank conducted several activities towards Financial Inclusion. These include the Pradhan Mantri Jan Dhan Yojana (PMJDY), Insurance schemes (i.e. Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Suraksha Bandhan), Atal pension Yojana and several others. The Bank has engaged with various segments of beneficiaries to promote these government schemes.

Pradhan Mantri Jan Dhan Yojana (PMJDY)

The Bank has popularised the Pradhan Mantri Jan Dhan Yojana (PMJDY) scheme and opened 1,80,975 accounts, worth ₹ 20.12 crore as on 31st Mar 2017. Under the PMJDY, the RuPay card activation has increased to 58,308 (44%) from 35,431 in the last financial year. The number of zero balance PMJDY accounts have reduced from 99,822(54%) in FY 2015-16 to 87,297(48%) in FY 2016-17.

BSBDA / Small Saving Account

With the help of its branches and Business Correspondents (BC), Kotak has opened 7,91,547 new basic and small savings bank deposit accounts worth ₹ 118 crore during the reporting period.

Currently Kotak has a tie-up with two Business Correspondent firms and has a presence in 745 rural locations-all serviced by 380 Customer Service Points (CSP). These Business Correspondents service approximately 3,38,884 accounts with an overall balance of INR 4 crore.

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)

Under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), the Bank opened approximately 1,57,152 accounts with an overall net worth of ₹ 1.43 crore as on 31st Mar 2017 and has disbursed more than ₹ 27 crore to customers during the reporting period. This scheme is operational in four districts (Baloda Bazar, Mungeli, Bilaspur, and Gariabandh) of Chhattisgarh.

Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY)

Kotak has participated in the two Jan Suraksha schemes launched by the Ministry of Finance to promote social security in the country. These schemes aim at providing financial support to the family members of a deceased customer. Kotak has tied up with the Life Insurance Corporation of India and ICICI Lombard General Insurance Co Ltd to launch the PMJJBY and PMSBY respectively for its customers.

The Bank has used various customer touchpoints like SMS, Contact Centre, Net Banking, Branches and various camps to enrol customers under this scheme. More than 3.8 lakh savings account holders have been enrolled under these two schemes, out of which 45,296 customers are from rural locations. As of 31st Mar 2017 approximately 113 claims have been settled.

Kotak has also rolled out the Suraksha Deposit Scheme, Jeevan Suraksha Deposit Scheme and Jeevan Suraksha Gift Cheque scheme as part of the Pradhan Mantri Jan Suraksha initiative.

SANMAN Savings Account

In order to enhance its outreach, the Bank launched the "SANMAN Savings account" at the end of FY 2015-16. Initially this account was introduced primarily for the rural and unbanked branches only, however effective Dec 2016, it has now been extended to all Commercial Bank Retail Liabilities (CBRL) branches. To keep the SANMAN account active, the customer needs to maintain a minimum balance of only ₹ 2,000 serving the requirement of farmers and small traders whose income levels are prone to be impacted by seasonal changes.

ATAL PENSION YOJANA (APY)

The Bank has introduced APY, a Government of India (GoI) initiated pension scheme. This scheme was disseminated across all savings account customers particularly under the financial inclusion segment and has been using channels such as branch, net-banking supported by customer specific campaigns. In a short span of 3 months, the subscription count has quadrupled to 1,461 subscriptions as on 31st Mar 2017 as against a total of 280 subscriptions up until 28th Dec 2016.

Demonetisation led Account Opening Camps

Supporting the Government’s “Demonetisation” initiative and account opening for unbanked customers, Kotak conducted special camps to open bank accounts for customers from the organised and unorganised sectors. A total of 467 camps were conducted and 6,670 accounts were opened from 21st Nov 2016 to 31st Mar 2017.

The Department of Financial Services, Ministry of Finance, Govt. of India is constantly encouraging all banks to enable Aadhaar Enabled Payment Systems (AEPS), Aadhaar Pay (along with Mobile Seeding) and RUPAY card activation. Kotak is actively trying to fulfil all these requirements. Kotak has initiated Aadhaar seeding process across all its customers and the customer can complete the process by visiting any of the Bank’s branches and contact centres or by using other alternative channels such as net-banking and SMS facilities. The total number of Aadhaar seeded accounts was 15,07,624 at the end Mar’2017 as against 5,46,725 in Mar ‘2016.

Financial Literacy

The Bank conducted financial literacy camps in 15 rural and unbanked locations in Maharashtra, Uttar Pradesh and Goa that benefitted over 750 villagers.



Financial literacy camps at various rural and unbanked locations

BVV Sangha Kotak Mahindra Bank Rural Self Employment Training Institute (RSETI)

Rural Self Employment Training Institute is Ministry of Rural Development (MoRD), Government of India’s initiative that provides dedicated infrastructure in each district of the country to impart training and skill upgradation of rural youth. The programmes are especially geared and designed towards entrepreneurship development and thereby aim at addressing the larger issue of unemployment in rural India.

BVV Sangha Kotak Mahindra Bank Rural Self Employment Training Institute (RSETI) is located at Bagalkot district of Karnataka. Following the merger of erstwhile ING Vysya Bank with Kotak Mahindra Bank Ltd, the Bank replaced erstwhile ING Vysya Bank as the co-sponsor of this RSETI. The institute conducts four entrepreneurial development programmes (EDPs) viz. Agricultural, Product, Process and General EDP.



Creating entrepreneurs at BVV Sangha Kotak Mahindra Bank RSETI, Bangalkot, Karnataka.

The institute has been rated consistently as “AA” by National Centre of Excellence for RSETIs (NACER), a nodal agency under Ministry of Rural Development, Govt. of India.

RSETI Training Performance for FY 2016-17

No of Days Training Conducted	No of Training Programmes arranged during FY 2016-17	No of Youths Trained during FY 2016-17	No of Trainees Settled during FY 2016-17	Female Trainees settled FY 2016-17	No of Training Programmes arranged since inception (cumulative)	No of Youths Trained since inception (cumulative)	No of Trainees Settled since inception (cumulative)
6 days and above	45	1,335	699	288	782	28,076	21,012
3 days	25	1,177	550	550	160	4,112	3,084
Total	70	2,512	1,249	838	942	32,188	24,096

PRINCIPLE 3: EMPLOYEE WELL-BEING

Kotak has always been an employee - centric bank and employees are an integral part of its growth and success strategy. The human resource (HR) practices have been improvised to suit changing times and employee needs.

Employee Engagement

During FY 2015-16, the Bank started on a new journey with a heartfelt oath – ‘One Team One Dream’ after its merger with ING Vysya Bank. The aim was to enhance employee motivation and promote a common culture.

RED – ‘Realise Every Dream’ is Kotak’s overarching philosophy to drive employee engagement across the organisation. To Realise Every Dream the Bank needed to take the 4D approach - Dialogue, Demonstrate, Develop and Deliver. Specific initiatives were driven under the RED framework during the reporting period.

- A webcast with Uday Kotak launching RED was shared with the employees regarding dreams of the organisation and how they can be achieved. This was followed by webcasts / town halls by the respective Presidents and Business Heads with their teams.
- The Bank organised approximately 167 ‘Meet 5’ sessions until December for over 1,300 employees. Meet 5 sessions are skip level meetings where business heads connect with 5-10 employees to share perspectives and understand ground level feedback.
- Branch visits by HR Relationship Managers provided an opportunity for HR to connect with employees on a one-on-one basis in a structured manner. The discussions were captured in a branch portal where leaders were able to get a sense of the branch’s well-being and address issues, if any.
- Individual development plan discussions were held with performers at the junior and mid-level, providing them an opportunity to discuss their career aspirations with their manager and HR. They also provided managers an opportunity to guide employees on what they should do to grow.
- During the demonetisation phase, the Bank received a lot of positive feedback on how its employees were reaching out to fulfil customers’ needs. These appreciations were showcased where employees voted for the best appreciation video and winners were duly rewarded.
- Kotak organised a series of engagement initiatives including sports to drive higher employee participation and engagement.
- The International Women’s Day was celebrated with an online Kotak Radio channel to celebrate the Bank’s women employees. This initiative was appreciated by the employees.

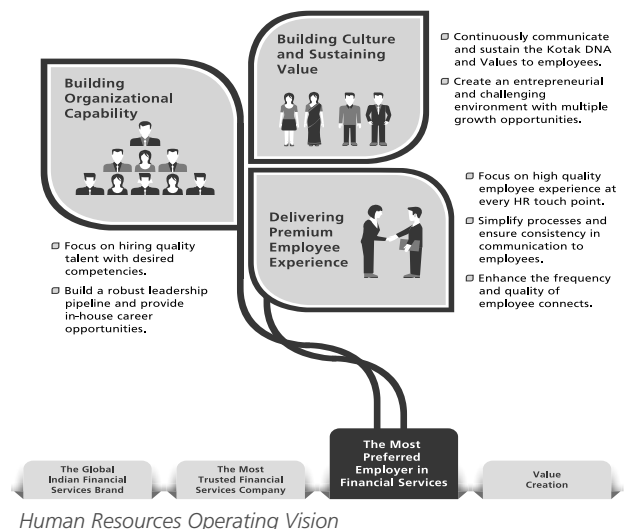
Redscape

Kotak’s newly designed employee portal ‘Redscape’ offers a canvas of opportunities for connecting employees within the Bank.

Key Functionalities of Redscape include:

- Announcements: All internal communication can be published through the announcement section-aiming to reduce the load of communication via emails. This section allows the Bank to personalise the communication for a particular target audience.
- App Ribbon: All HR’s touchpoints for employees can be found under one single umbrella, the ‘App Ribbon’ section. Employees can connect to various systems without worrying about URL access or remembering the names of the product. These are intuitive usage based icons which help employees to navigate with ease. The integration of these systems has helped Kotak connect with employees in a seamless manner.
- Wellness portal: With the increased focus on well-being, Kotak has launched a wellness portal for employees. This portal allows employees to track their health parameters, keep the records of past and current vitals reports to digitise health records for themselves and their family. The portal offers unique features like reminders for vaccination, health risk assessment basis the input, health tips and a facility to chat with the doctor during working hours.

Additional features include real time HR communication provided through platforms such as video, voice bites, short messages or images, a ‘Fun zone’ that offers employees updates on any new products launched and also provides navigation tools for quick access to products, animated communication on HR policies and a new query management tool through which all the queries uploaded on the system are directly sent to the concerned department without having to be routed through the HR Department first. This has ensured effective response management and also reduced the response turn-around time.



Creating a Safe Environment for Women

The Bank believes in providing a safe working environment for its women employees. The Bank ensures that its women employees are treated with dignity and respect and are able to uphold their fundamental rights with a sense of pride, freedom and confidence at workplace.

Kotak organised Women Safety Workshops at all its office locations that have a large employee base to train women in the fundamentals of self-defence. The feedback collected at the end of these sessions was positive. The workshop covered topics such as threat detection and prevention, diffusing situation and negotiation, physical defence. These were demonstrated with practical examples, mock-demonstrations and case studies.

General Safety Practices

For the safety of all its employees, the Bank has implemented several practices including training of employees as well as of the security staff on how to respond to an emergency. Training programs include modules on fire safety and emergency evacuation. Live demonstrations, mock drills and field training are also provided.

The Bank celebrates the national safety week on an annual basis during which safety awareness sessions are held for all employees. Further, a half yearly communication is sent out to the employees on appropriate safety practices. Periodic feedback surveys on employee safety and the work environment are conducted by the Health, Safety and Environment (HSE) team.

PRINCIPLE 4: STAKEHOLDER ENGAGEMENT

Engaging with key stakeholders is imperative for Kotak to conduct its business and operations successfully. As a bank that has an extensive, yet growing, network across India, it recognises the importance of interacting with both, its internal and external stakeholders, on a regular basis to discuss topics of mutual interest. Constant feedback received from Kotak's stakeholder groups helps the Bank in making informed decisions towards driving its business strategy, integrating external perspective into developing innovative and sustainable products and services offered and mitigating potential risks.

The stakeholder engagement process at Kotak has been designed to efficiently identify issues that are perceived as 'critical' for the business as well as for its key stakeholders. Seven key stakeholder groups have been identified by Kotak. The details of the engagement process and frequency for each of the groups have been outlined in the table below:

Key Stakeholders	Method of Engagement	Frequency of Engagement	Topic of discussion	Relationship manager
Investors and Shareholders	Emails, Letters, Investor Grievance Cell, Media, Bank's Website	Annually, Quarterly and on a need basis i.e. During events that take place concerning shareholders e.g. Extraordinary General Meeting (EGM) etc.	Financial results, shareholder returns and dividends, issues related to shares' issue, transfer and dividend pay-outs. Post the quarterly results, a conference call is held wherein the senior leadership team participates and the call is open to all investors and analysts. The transcript of the call is also made available on the Bank's website.	Investor Relations team, Secretarial team
Customers and Clients	One-On-One interactions, Customer Satisfaction surveys, Customer Grievance Cell, Customer Meets, Customer Helplines/ Toll-Free Numbers, Media, Bank's Website	On-going and need-based	Customer service quality, investment returns, product features and benefits, technology interface for banking experience	Relationship Managers, Branch Staff, Customer Service Quality team
Employees	Induction Programme, E-Mails, Town Halls, Skip-Level Meetings, Leadership Meetings, Employee Engagement Initiatives, Rewards And Recognition Programmes, Employee Grievance Cell, Intranet, Employee Satisfaction Surveys, Employee Volunteering Initiatives	On-going and need-based	Bank's policies and procedures, employee welfare issues, performance appraisal and rewards, training and career development, workplace health, safety and security, community development and employee volunteering	Human Resources team, Corporate Social Responsibility team

Key Stakeholders	Method of Engagement	Frequency of Engagement	Topic of discussion	Relationship manager
Government and Regulatory Bodies	Bank's Regulatory Filings, Compliance Statements, Meetings, Letters, Emails	As per regulatory requirements and need-based	License request and renewal, compliance to regulatory requirements, participation in Government financial sector plans and programmes	Cross Functional team
Suppliers and Business Associates	Meetings, Emails, Letters, Supplier and Business Associates Performance Reviews	On-going and need-based	Product/Service/Technology quality and support, contract commercial and technical terms and conditions, minimum wage payments, supplier and business associates' statutory compliances	Respective Departments Dealing with Suppliers and Business Associates, Commercial and Procurements team
Communities and NGOs	Community Development Initiatives, Proposals and Requests For New Initiatives / Funding	Need-based	Community needs, financial/ infrastructural/ human/ organisational support	Corporate Social Responsibility team
Media	Advertising, Media Interactions / Interviews / Responses, Meetings, Emails	On-going and need-based	Marketing and advertising agenda, information disclosure through media, viewpoints on industry, and Bank-related opportunities and issues	Marketing team, Corporate Communication team

PRINCIPLE 5: HUMAN RIGHTS

Kotak respects the rights of all its employees, customers, and business partners etc., upholding the dignity of every individual. Due to the nature of the Bank's business and operations, Kotak does not face any significant risk of non-compliance with respect to Human Rights principles. As mandated by the Fair Practice code, the Bank offers its products and services without any discrimination. The Bank does not employ child labour and the security personnel are trained and instructed specifically to prevent the entry of under-aged or child workers into any of its premises. As per the Bank's policy, all employees have the freedom to choose whether they wish to be associated with Kotak or not. Further, compliance of all contractors to statutory requirements is reviewed and monitored on a periodic basis.

PRINCIPLE 6: ENVIRONMENT

Kotak is aware of its responsibility towards the environment and undertakes several initiatives to reduce the impact of its operations. The Bank focuses on reducing its carbon footprint and material consumption (especially paper), waste minimisation and water conservation.

The Bank's environmental initiatives include:

Energy efficiency and carbon footprint reduction initiatives:

1. Installation of LED lights and ensuring that the occupancy sensors are always in a working condition. Kotak's offices that don't have LED lighting are currently going through the installation process. This will be done in phases
2. Installation of capacitors at the chiller end of the HVAC systems within the office premises
3. Use of Video Conferencing (VC) on cloud to maximise interactions across the premises without having to travel between locations
4. Installation of rain water harvesting structures at specific office premises

Other Initiatives:

1. Water saving: Installation of APGC urinal flushing sensors in specific offices, thereby reducing the volume of water used
2. Paper saving: Implementation of 'Follow-my print' to view and print on as-needed basis and duplex printing as a default option for printing across locations/offices
3. Avoiding food wastage: Displaying the quantity of food wasted by employees on daily basis to raise awareness and sensitise the employees to reduce food wastage. This has been started at Kotak's large office premises

Green Data Centre

The increasing need for storing information, computing and analysis has led to expanding the capacities of existing data centres. Data centres are one of largest energy consumers across Kotak's operations as a result of which the Bank took the initiative of consolidating three data centre facilities into a single one in 2009 to leverage system efficiencies and exercise better control on energy performance.

A similar integration of data centres post the merger with ING VYSYA Bank was carried out in FY2016-17 towards reducing the amount of power consumption. The Bank had four data centres across India and have now successfully consolidated the four data centres in to just two. As part of this consolidation exercise the following advantages were observed:

- Consolidation of application servers and storage by migrating various applications into one, thereby reducing the server and storage footprint
- Reducing power consumption, GHG emissions and the volume of water required for cooling purposes by shutting down various facilities such as chillers, UPS, PAC etc. which were no longer required

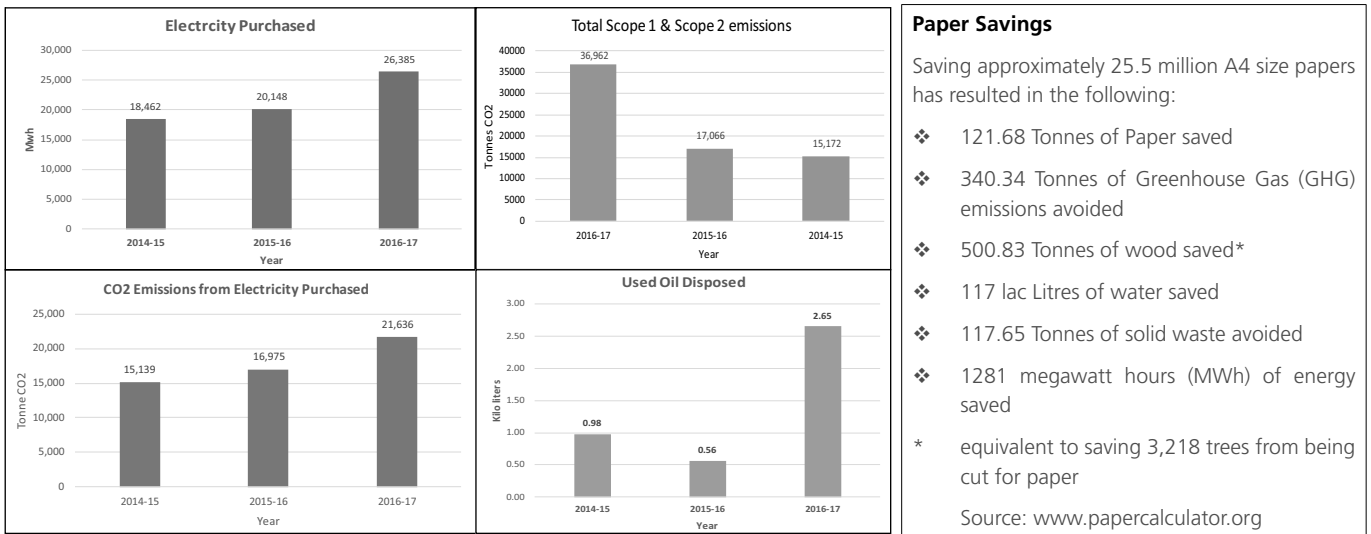
Several enhancement initiatives have been undertaken to improve the energy performance of the Bank's data centres. Initiatives such as high and medium density server rooms, server virtualisation, server consolidation, cold aisle containment, managing optimal levels of inlet temperature, etc. have resulted in the reduction of the data centre's energy intensity.

The 'Cold Aisle' containment facility that was implemented for the Bank's high density server rooms was also extended for its low density server rooms in FY2014-15. Additionally, the Bank introduced this facility for the server room within the BKC office, Mumbai in FY2015-16. Improving the cooling efficiency within the Cold Aisle area has resulted in direct savings of power units consumed.

Virtualisation

The Bank continues to virtualise its servers and storage infrastructure as an additional measure to reduce energy consumption. Desktop virtualisation at Kotak's larger offices has contributed towards energy reduction as well.

The Bank's Environmental Performance for FY 2016-17¹



¹The Environmental performance of the Bank is reported for its corporate offices in Goregaon and Bandra Kurla Complex (BKC) in Mumbai, Noida, Delhi and Bangalore. These corporate offices also house other Kotak Mahindra Group Entities.

During the reporting period, Kotak initiated the process of quantifying the total volume of waste paper generated at its larger office premises. The initiative will be implemented gradually across all its office premises in phases

PRINCIPLE 7: PUBLIC POLICY ADVOCACY:

Kotak's partnership with various associations and organisations helps the Bank to understand industry-wide issues, and thus develop policies that are beneficial to the Bank as well as its stakeholders. Kotak is currently a part of the following associations:

- Association of Mutual Funds in India
- Bombay Chamber of Commerce and Industry
- Confederation of Indian Industry
- Data Security Council of India
- Fixed Income Money Market and Derivatives Association of India
- Foreign Exchange Dealers Association of India
- ICC India

- Indian Institute of Banking and Finance
- International Fiscal Association Indian Branch W R C
- Mobile Payment Forum of India
- Primary Dealers Association of India
- The Employers Federation of India
- The Madras Chamber of Commerce and Industry
- Indian Banks Association
- Council for Fair Business Practices

PRINCIPLE 8: INCLUSIVE GROWTH

The Bank has constituted a Board Corporate Social Responsibility Committee (CSR Committee). The CSR committee presently consists of Mr. C. Jayaram (Chairman), Mr. Dipak Gupta, and Prof. S. Mahendra Dev.

Kotak's CSR Committee drives the CSR programme of the Bank. The Bank has a Board-approved CSR policy, charting out its CSR approach. This policy articulates the Bank's aim to positively contribute towards economic, environmental and social well-being of communities through its Corporate Social Responsibility agenda. The Bank's CSR agenda is driven by its key focus areas:

- Promoting education – primary focus area
- Enhancing vocational skills and livelihood
- Promoting preventive healthcare and sanitation
- Reducing inequalities faced by socially and economically backward groups
- Sustainable development
- Relief and rehabilitation
- Clean India
- Sports

The Bank's CSR policy is available on the Company's website viz. URL: <http://www.kotak.com/corporate-responsibility.html>

Pursuant to the provisions of Section 135, schedule VII of the Companies Act 2013 (the Act), read with the Companies (Corporate Social Responsibility) Rules, 2014 the report of the expenditure on CSR by the Company is as under:

The average net profit U/S 198 of the Bank for the last three financial years preceding 31st March, 2017 is ₹ 2,746.24 crore.

The prescribed CSR expenditure required U/S 135, of the Act for FY 2016-17 is ₹ 5,492 lac.

The CSR expenditure incurred for the period 1st April 2016 to 31st March 2017 under Section 135 of Companies Act, 2013 amounts to ₹ 1,733 lac as against ₹1,641 lac CSR spend in the financial year 2015-16. The unspent amount for FY2016-17 is ₹ 3,759 lac.

CSR expenditure of ₹ 1,733 lac in FY 2016-17 as a percentage of average net profit U/S 198 of the Company at ₹ 2,746.24 crore is 0.63%.

The Company has been spending on CSR focused themes and programmes, which have been approved by the Board CSR Committee and the Board. The CSR spending is guided by the vision of creating long-term benefit to the society. The Company is building its CSR capabilities on a sustainable basis and is committed to gradually increase its CSR spend in the coming years. The Company's commitment to achieve the mandated spend can be seen from the increasing CSR spends over the years. In FY 2014-15, Company's CSR spend was ₹ 1,197 lac, in FY 2015-16 it was ₹1,641 lac. In the reporting period, FY 2016-17, the CSR expenditure has been further increased to ₹ 1,733 lac.

Though the Bank is eligible to consider upto 5% of total CSR spend as administrative expenditure towards building its CSR capacities, etc., the Bank has taken a call not to consider it as a part of CSR spend for the year FY 2016-17.

The details of CSR activities and spends under Section 135 of the Companies Act, 2013 for FY 2016-17, are available in the Director's Report section.

Inclusive growth

Education is the primary CSR focus area for the Bank. The education initiatives are primarily implemented through Kotak Education Foundation (KEF). It was set up in FY2006-07 with a purpose to support children and youth from underprivileged families through different education based interventions on a sustainable basis. The interventions are designed to empower recipients and provide employable skills which will enable them to lead a dignified life. Further, KEF provides livelihood support to children and youth from Below the Poverty Line (BPL) families in Mumbai.

In FY2016-17, KEF partnered with 37 schools, majority of which are located in the poorest wards of Mumbai. In FY2016-17, KEF has reached out to nearly 40,000 children and young adults through its nine interventions. Programmes towards improving access to quality education include:

School Leadership Development Intervention (SLDI)

This programme aims to strengthen managerial and leadership skills of school leaders and principals of KEF's partner schools. 73 school leaders from 19 schools have been empowered through mentoring sessions, workshops and exposure visits.

Mentoring (ICDI) Sessions

School leaders have been sensitised through 931 mentoring sessions on individual leadership, team leadership, instructional leadership and leading a culture of change in the context of multi-dimensional effect of poverty. They are confident and have been instrumental in initiating several firsts in their own schools, such as:

- Literacy and numeracy test for students. (This has been implemented across 19 schools)
- Identifying students below grade level and extending specific remedial measures for them
- Convincing their teachers to impart relevant livelihood skills and starting the process
- Organising special remedial classes for students of class X with an objective to increase the number of students who successfully complete class X
- Initiating functional and effective professional learning communities of school leaders and teachers in 15 schools

Participation in Workshops

In FY2016-17, 115 Headmasters and school leaders were trained through seven workshops on various methods and ways to develop their knowledge and skills. Nine headmasters (HMs) of ICDI mentored schools won innovation in education awards at the International Education Leadership Roundtable conference at Lucknow.

Case Study: Setting up a Teacher's Professional Learning Community (PLCs)

The administrative problems and the financial crisis in Subhash Chandra Bose School had always kept out student learning outcomes from the school's attention. KEF helped the school to focus on learning outcomes through PLCs. School headmaster also attended the Teacher Professions Learning (TPL) workshop conducted at Tata Institute of Social Sciences (TISS). This resulted in five new PLCs being held in the last two months and making immediate lesson plans as an output of the PLC.



Improving the quality of education by setting-up Teacher's professional learning community

School Teacher's Enrichment Programme (STEP)

KEF's School Teacher's Enrichment Programme (STEP) aims at enhancing teacher's teaching skills and thus, indirectly improving the learning outcome of the students. STEP works with both primary and secondary school teachers.

During the FY2016-17, 207 teachers from 10 schools have benefitted through academic workshops, mentoring sessions and spoken English sessions. To sensitise the teachers on certain behavioural areas, special workshops were additionally conducted.

Case Study: Improving the quality of education provided by school Teachers

Dyansampada, one of the KEF partner schools, is located in Govandi, where STEP runs its Primary Year Programme (PYP). The school teachers taught in vernacular language and were reluctant to follow PYP.

Sunil Pawar, a primary teacher, participated in the programme. Over the period of the intervention, he started following Teaching and Learning Materials (TLM). He soon started conducting lessons in English for the entire duration of 50 minutes, covering the activities given in the TLM. Besides that, after continuous follow-up and motivation meetings with the facilitator, he also started attending Spoken English sessions.

Parent Intervention Programme (PIP)

This programme is aimed at creating awareness among parents on the importance of education in children's lives. The program strengthens the role of parents as an effective support pillar by boosting core parenting skills.

During the year 2,141 parents from 13 schools were empowered through meetings. Additionally 1,874 home visits were conducted with 590 parents. 27 teachers from 6 schools were also trained and mentored to impart core parenting skills through the Teacher Parent Partnership activity.

Kotak Umang

KEF's programme on spoken English - 'Kotak Umang' is offered to students from vernacular medium partner schools. In addition to the spoken English skills, the programme also helps students to develop comprehension abilities to boost their confidence. In FY2016-17, the programme taught 4,624 students from 14 schools.

Healthcare Interventions

Prevailing health issues and lack of nutrition is one of the important reasons for children dropping out of school. KEF's health interventions enable underprivileged children to take better care of their health and ensure continuation of their education. Various health interventions were undertaken to create awareness on the preventive and curative measures for children studying in its partner schools on a regular basis.

Eye Care: Eye check-up was conducted in seven schools, and remedial action was provided to 8,960 children. Additionally, 12 corrective surgeries were performed and 1,225 spectacles were distributed.

Kishori Sehat Abhiyan: This initiative deals with measures to curb anaemia among adolescent girls by providing iron tablets and clinical help in 11 schools benefitting 875 girls, of which 42% showed improvement.

Parvarish: Through this project, KEF attempted to address the problem of malnutrition among students from junior KG to Standard 4. By creating awareness, conducting clinical sessions and home visits in three schools, KEF reached out to 99 children, of which 17% showed improvement.

Majhi Swachh Shaala: The project helped in inculcating habits for personal health and hygiene through awareness sessions in 6 schools.

Dhwani: The project deals with ear check-ups in five partner schools. 64 students with hearing impairment benefitted in FY2016-17.

Mid-Day Meal Programme

Kotak's Mid-Day Meal programme is a unique model. While the government's Mid-Day Meal programme covers students from Standard 1 to 8 in all government-aided schools, students in junior and senior kindergarten and Standards 9 and 10 are not covered. It also does not include schools which are not aided by the government. Kotak's Mid-Day Meal plugs these critical gaps to ensure that students who do not get benefits from the government's Mid-Day Meal programme get fresh, hot and nutritious food.

During the reporting period, KEF provided Mid-Day Meals to 4,841 students in 14 partner schools. Since the start of the programme, more than 3 lakh meals have been served.

With several structural changes implemented with the programme, KEF was able to ensure more students had access to meals as well as the students were eating the meals provided.

Generating income through skill-building

Kotak Unnati

Kotak Unnati is a 'Vocational Training' programme for school and college dropouts between the age group of 18-25 years across five centres. After completing three months of training, the youth are placed in leading organisations from the retail and hospitality industries. KEF's placement record for aspirants who successfully complete the training is 97%.



Parent Intervention Programme at KEF's partner schools

Case Study: Educating young mothers to become independent and successful

A young girl Sheetal, separated from her husband, landed in Mumbai city with an infant in arms. In order to sustain and take care of her infant, she was in need of financial support. She was trained as part of the Unnati Programme. The programme led to an improvement in her behaviour, speech, confidence and grooming. She even anchored the parents meeting event with ease. Today, she has a job at a leading retail store as Customer Sales Assistant. She is happier, more confident and looks to build a brighter tomorrow.

A new initiative of offering part-time “Earn and Learn” course for the underprivileged in colleges to support earning for mainstream education was implemented. New avenues in placement sourcing included industries such as finance, hospital, logistics and e-commerce, and functions like operations, sales, marketing, HR, and customer service.

During FY2016-17, KEF witnessed 1,108 aspirants being trained out of which 69.58% belong to the below the poverty line (BPL) category. A key highlight during the year was the employment of 26 aspirants across the Kotak Group.

Kotak in Search of Excellence (KISE)

KISE is a scholarship program that recognises and honours the achievements of students of KEF partner schools. These students, despite challenging circumstances, have managed to excel in academics and score brilliantly in their Standard 10 board exams. Every year, KISE rewards such students with a scholarship to cover their basic educational needs. In FY2016-17, 133 students were selected for the KISE scholarship.

In FY2016-17, over 75% of the KISE scholars have secured admissions in professional courses like medical, engineering, optometry, nursing, interior design, hospitality, hotel management etc. KEF has also entered into an agreement with ITM Group of Institutions for providing freeship to meritorious students to pursue higher education in health science, hospitality, engineering and fashion design. For the academic year 2016-17, ITM extended freeship to 13 students across their campuses in Mumbai and Vadodara.

Case Study: Using the KISE scholarship to access higher levels of education

Shreedhar Dhopat, who belonged to a humble farmer family from Ratnagiri nursed the dream of curing and saving people, and had to leave his native to live with his married sister in Mumbai right from Standard 5. Shreedhar showed his academic potential by, scoring 94% in his class 10 board exams.

He was awarded with the KISE Scholarship in 2013. He continued his academic pursuits in the field of Science and scored 82.31% in his Standard 12 and also did well in the State Medical Entrance Exam. Through rigorous studies, he scored a phenomenal 185/200 in MH-CET (Medical Entrance) to secure a seat in Seth G. S. Medical College (KEM), one of India’s best Medical Colleges.

Kotak Udaan

Kotak Udaan is a scholarship program focusing on economically backward students of KEF partner schools. These students are selected in Standard 8 on the basis of their hardships. These include orphans, children from single parent families, first generation learners, etc. All of them make efforts to overcome generational disadvantages endured due to their socio-economic hardships. They are at a high risk of dropping out before completing their schooling. During FY2016-17, Udaan efforts have managed to keep 98.5% of these students in school.

Recently, Udaan extended its support to Standards 9 to 12 as well. During FY2016-17, a total of 811 students from these grades have benefitted from the Udaan initiatives.

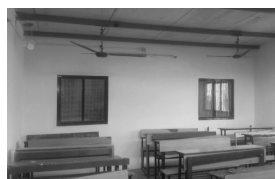
The lives of 331 students have been touched through a combination of coaching classes, support with college fees, online college admission, home visits, monthly ‘Safalta’ events and need-based textbooks, interview practice and clothes, documentation for college and jobs etc. 97% of the students scored over 69%, of which 29% scored over 75%. A lasting effect of its efforts was visible in the number of students continuing their education beyond SSC.



Empowering marginalised students through Kotak Udaan

Infrastructure Support

Through KEF, Kotak extended major infrastructure support to two schools (Noor-ul-Islam High School and Shivam High School) in Mumbai. The support was provided for construction of toilets, refurbishment and repair work for windows, doors, roofs, electrical and plumbing, drainage systems, structural strengthening of building, etc. in FY2016-17.



School infrastructure support project

In addition to these schools, Kotak’s infrastructure support (through KEF) has benefitted several other schools, and impacted the lives of more than 6,000 students and 167 teachers positively in FY2016-17.

In its endeavour to offer an environment which is safe, healthy and functional, the Bank has provided 119 chalkboards to 12 partner schools, 402 fans to 16 partner schools, 270 LED tube lights to 10 partner schools and 1,016 sitting benches to 14 partner schools in FY2016-17.

Kona Kona Charity

Kotak rolled out the Kona Kona Cashfree contest in early December 2016 where the Bank promised to give ₹ 10/- to charitable causes for every digital transaction that customers made. Fulfilling the promise, Kotak rolled out CSR projects of over ₹ 1 crore through seven NGOs – IIMPACT¹, Teach to Lead², Purkal Youth Development Society³, IT For Change⁴, Oscar Foundation⁵, Samvedna Trust⁶ and The Gujarat Cancer & Research⁷. Each NGO is championing a worthy cause in Kona Kona of India.



Creating social impact while going cashfree

Kotak Bats for the Blind



Supporting the cause of visually challenged

Kotak supported the cause of visually challenged in association with the Blind Welfare Organisation for the seventh edition of the National Blind Cricket Tournament in January 2017. Players from eight state teams across India's Kona Kona – Gujarat, Haryana, Jammu and Kashmir, Madhya Pradesh, Maharashtra, Punjab, Rajasthan and West Bengal – participated in the tournament.

Kotak Mahindra Group CSR Activities

The Group supports several projects of its partner NGOs through employee engagement and volunteering initiatives.

Blood Donation

The Bank organised a Blood Donation camp from November 11-29, 2016 to celebrate Kotak Group Day which is celebrated annually on November 21. The camp was organised at 22 locations across 11 cities – Pune, New Delhi, Coimbatore, Kochi, Chennai, Bengaluru, Ahmedabad, Surat, Vadodara, Hyderabad and Mumbai. A total of 1,451 bottles of blood was collected during the blood donation week.



Blood donation drive organised across 11 cities

Building Homes for the Homeless



Employees volunteer in Habitat for Humanity's Build programme in a village near Karjat

The Bank sponsored 60 employees (batch of 30 each from Mumbai and Bangalore) for Habitat for Humanity's 'Volunteer Build' at a village near Karjat (Mumbai) and at a village near Nagenahalli (Bengaluru). Employees assisted the villagers with brick-laying and painting work.

Swachh Bharat Abhiyaan Initiative

The Bank sponsored 100 employees to run the Powai Run 2017, Mumbai. Post the marathon, a Swachh Bharat Abhiyaan drive was conducted wherein employees of the group cleaned up the venue.

Mumbai Marathon 2017

The Bank sponsored 90 employees to run the Standard Chartered Mumbai Marathon 2016. Employees ran to support Cancer Patients Aid Association (CPAA), Indian Council for Mental Health, SOPAN and Kotak Education Foundation.

Kotak runners raised pledges amounting to ₹ 1.14 crore and collectively with the Bank's contribution, the total funds raised amounts to ₹ 1.30 crore. Kotak has been acknowledged as the 2nd highest fundraising corporate in the corporate challenge category.



Employees participated in Mumbai Marathon 2017 and raised pledges in support of 4 NGOs

KVS Manian, President, Corporate Banking raised ₹ 45.3 lakh and was acknowledged as 'Highest Fundraising Change Champion for CPAA'. Shanti Ekambaram, President – Consumer Banking raised ₹ 34.5 lakh and was acknowledged as 'Change Champion for SOPAN'.

Delhi Half Marathon 2016

The Bank sponsored 40 employees to run the Airtel Delhi Half Marathon. Employees ran for the NGO – Action for Ability Development and Inclusion which works for rehabilitation and management of persons with cerebral palsy and other disabling neurological conditions in rural areas and small towns.



Employees participated in Delhi Half Marathon 2016 and raised pledges for the NGO - Aadi



Women employees participated in Pinkathon for breast cancer awareness

Pinkathon

The Bank sponsored 50 women employees to participate in Pinkathon New Delhi and 145 women in Pinkathon Mumbai - a run for women to spread awareness on breast cancer. The Bank was awarded with 'Highest Employee Participation' in Pinkathon Mumbai.

Employee driven CSR programmes

'You CAN SERVE' is the Bank's newspaper collection drive

Conducted in association with the NGO - Dhanwantari Medical Trust (DMT), this CSR programme helps and supports cancer affected children and their families. Under this initiative old newspapers, magazines and cartons are collected from Kotak offices in Mumbai and handed over to DMT. The funds generated from sale of the collected items are utilised by DMT to support child cancer patients in the form of 'Monthly Grains Support' (MGS).

In FY2016-17 a total of 12,578 kg of newspaper and 9,592 kg cartons were collected that generated ₹ 1,74,308 for cancer affected children and their families.

Kotak Mahindra Group Payroll Giving Programme

Kotak Mahindra Group Payroll Giving Programme supported The Akanksha Foundation, Cancer Patients Aid Association (CPAA), National Association for the Blind (NAB), Dignity Foundation, Make-A-Wish Foundation of India, SOPAN (Society of Parents of Children with Autistic Disorders) and Humane Touch Trust.

As on March 31, 2017, 4,204 employees were part of the Kotak Payroll Giving Programme and did their bit by contributing ₹ 75,66,184.20 to these NGOs from their salaries.

Other Initiatives

The Bank celebrated Daan Utsav (earlier known as 'Joy of Giving Week') with five NGOs – CC Shroff Self Help Centre, Phuspanjali Bachatgat, After Taste, SUADHA and Dr. M L Dhawale Memorial Trust. The sale proceeds amounting to ₹ 1,58,120 were contributed to these NGOs that work in the field of women empowerment, creating livelihood opportunities for migrants and lower socio-economic groups.

International Women's day was celebrated with an NGO exhibition with SNEHA (Society for Nutrition, Education and Health Action). SNEHA works with underprivileged women from slum areas, and trains them to make bags, pouches, table runners, pillow covers, show bags, etc. Sale proceeds for the exhibition, amounting to ₹ 28,550, were contributed to the empowerment of women through vocation skills training.

PRINCIPLE 9: CUSTOMER VALUE

Kotak understands the necessity of enhancing customer value and has taken various steps to improve its relationship with its customers. Further, Kotak aims to improve the customer management system and create a positive experience in the customer service journey, by implementing a constant feedback mechanism.

Developing Customer Loyalty and Enhancing Customer Satisfaction

As one of the leading private banks in the country today, Kotak featured in several customer satisfaction surveys conducted by external agencies. One such survey was the Forrester India CX Index conducted in 2016.

Kotak Mahindra Bank leads the Forrester India CX Index 2016 as well as The India Customer Experience Index, 2016 in the banking sector.

Industry	CX Index™ leader brand(s)
Auto and home insurance providers	Tata AIG, Bharti AXA
Banks	Kotak Mahindra Bank
Credit card providers	American Express
Digital-only retailers	Big Basket, Amazon
Mobile manufacturers	Apple
PC manufacturers	Apple
Traditional retailers	Best Price
Wireless service providers	Idea Cellular
Auto and home insurance providers	Tata AIG, Bharti AXA

Initiatives Implemented to Enhance Customer Value

India has changed gears in its journey to become a digitally connected and savvy country. As a measure towards this goal, Kotak has implemented several digital initiatives during FY2016-17, which is also contributing for an enhanced customer experience. Some of these initiatives include:

- Aligning with the Government's vision of 'Digital India', Kotak 811 has been designed around the idea of simplicity and ease of use. 811 offers a zero balance savings account with zero charges for all digital transactions, where customers can earn up to 6% p.a. on their savings account balances. With 811, Kotak Mahindra Bank plans to double its customer base in the next 18 months.

811 offers a completely digital and paperless account opening experience across nearly 700 locations in India. It can be opened anywhere, anytime, within a few minutes, using Kotak's mobile banking application. Kotak is the first bank in India to integrate the newly-introduced Aadhaar-based OTP authentication process for account opening on mobile phones.

- A new image-based processing service has been initiated on a pilot basis to reduce the turn-around time for account opening to approximately four hours instead of the initial 2-3 days. Currently, the process has been implemented across seven branches.
- The Bank's sales teams have transitioned to an Aadhaar-based digital and paperless biometric account opening process. It was launched in February 2017 and approximately 1,400 accounts have been opened using this digital platform since then.

As a part of Kotak's net-banking services, the Bank has implemented the process of online updation of customer demographics such as mobile number, email ID, address for correspondence, mother's maiden name, PAN and Aadhaar number.

- A 'Query Resolution Unit' (QRU) in association with the Customer Contact Centre (CCC) went live in November 2016. The implementation of this unit resulted in customer queries being resolved within 24 hours and an increased customer satisfaction index. Further, the unit was able to address 19% additional customer service requests and queries that were otherwise assigned to other teams by the CCC.
- A business process re-engineering project was implemented, tested and incubated throughout FY2016-17 to do away with obsolete management systems and modify systems and processes in accordance with the current requirements and expectations of the Bank's customers.
- In a move to support the Government of India's Digital India and cashless initiative, Kotak has become India's first bank to launch access to DigiLocker Service on the Bank's net banking platform. Through this platform, customers can eliminate the submission of physical documents as their Aadhaar-linked documents can be automatically fetched from the DigiLocker partner institutions. Customers can also download pre-verified documents themselves by providing key details.
- The Kotak Mobile application was fortified with availability of leading e-commerce merchants. The application provides the customer with a secure in-app shopping environment and allows them to book air tickets, hotels and bus tickets, as well.
- The Bank offers wide range of online channels that includes net banking, mobile banking, ATM, phone banking and kiosk banking. In its endeavour to enhance customer experience, the Bank launched the 'Tablet Banking' application. This Tablet Application is capable of carrying out transactions and requests such as funds transfer, billpay, recharge, cheque book, stop payment, view rates, other products, offers, etc.
- KayPay is Kotak's first UPI based, bank agnostic payment application. UPI is a platform that provides customers of any participating bank to send or receive money using any UPI enabled mobile application. The app can also be used to send 'collect money' requests and pay merchants using 'collect money' requests received.

Ensuring Customer Privacy

Personal information and financial transactions are entirely confidential and Kotak takes the issue of customer confidentiality breaches very seriously. The Bank is constantly making its employees aware of 'Information Security' which includes protecting information and information systems from unauthorised access, use, disclosure in addition to developing new technological innovations to ensure the absolute protection of all customers' data.

Data Leakage Prevention (DLP)

Kotak has deployed a Data leakage Prevention (DLP) solution to protect customer information from un-authorised disclosure. The solution is implemented for monitoring data on Internet, e-mail and endpoints (Laptops and select desktops). All the critical backups sent to offsite locations are in an encrypted format.

An independent monitoring team monitors the alerts and sends it to the SPOC within the business unit for further action. In addition to DLP, a lot of critical functions that have access to customer demographics have been moved to a virtual desktop. All the data is stored centrally and this has minimised the risk of loss of data.

Fraud and Risk Management (FRM)

Kotak has deployed an enterprise-wide FRM system which adopts a holistic approach. It analyses the risk involved in a transaction, by gathering and using information available from client transaction and behaviour. Through behaviour profiling, enterprise-wide systems can identify and discover behaviour that appears suspicious and unusual based on the rules defined. All these functionalities have been built into the “Clari5” FRM solution.

With the implementation of Clari5, the Bank has also created a separate “Transaction Monitoring Team” which monitors customer transactions.

Grievance Redressal Mechanisms

Kotak has a number of mechanisms for gathering feedback and grievances from its myriad stakeholders and resolving them to their satisfaction. For the Bank’s customers, the grievance redressal mechanism is well publicised across its branches, websites, etc. A customer can formally lodge a grievance through various modes like email, letter, fax, phone and branch visits. The complaints are recorded and monitored by way of a service request number. There are well defined timelines for different types of customer issues and the Bank ensures that a resolution is provided within the said time frame.

The resolution of complaints is communicated back to respective customers, post which the service request is closed. If the request is not satisfactorily addressed, then the customer has the option of escalating it to senior management.

The Bank has a 24*7 customer service support for customers raising their grievances through social media. Grievances received through various social media platforms are prioritised for resolution. Uday Kotak, Executive Vice Chairman & Managing Director, Kotak Mahindra Bank has a personal Twitter handle, and it is continuously monitored and reviewed for customer issues if any.

Leading Ladies’ Initiative of Wealth Management vertical

‘Leading Ladies’ is an exclusive knowledge programme crafted for the wives of existing wealth management clients to offer a knowhow on the basics of capital markets, asset classes and investments. This is a four week long programme, spread over eight sessions, that covers basic concepts of economics and banking services.

This year, the Bank organised four training programs across three metro cities. The training sessions covered topics such as basics of investment, macro economy, debt, equity, fundamental analysis and technical analysis, various products, industry interactions, Liberalised Remittance Scheme (LRS), private equity, real estate, philanthropy and estate planning.

SECTION A – GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L65110MH1985PLC038137
2	Name of the Company	Kotak Mahindra Bank Limited
3	Registered address	27BKC, C-27, G-Block, Bandra Kurla Complex, Bandra East, Mumbai 400051
4	Website	www.Kotak.com
5	Email id	csr@Kotak.com
6	Financial year reported	2016-17
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Code: 64191 – Kotak Mahindra Bank is a banking company governed by the Banking Regulation Act, 1949
8	Three key products/services of the Company (as in balance sheet)	Deposits, Advances and Investment Advisory.
9 (i)	Number of international locations	None
9 (ii)	Number of National locations	As on March 31, 2017, the Bank has a network of 1,369 full-fledged branches spread across 689 locations and 2,163 ATMs.
10	Markets served by the Company – Local/State/National/International/	India

SECTION B – FINANCIAL DETAIL ABOUT THE COMPANY

1	Paid up capital (INR)	₹ 920.45 Crore as on 31 st March, 2017
2	Total turnover (INR)	₹ 21,176.09 Crore (Bank standalone)
3	Total profit after taxes (INR)	₹ 3,411.50 Crore (Bank standalone)
4	CSR spend as percentage of profit after tax (%)	0.51%
5	List of CSR activities	Refer 'Inclusive growth' section of 'Business Responsibility Report'
6	Financial year reported	2016-17

SECTION C – OTHER DETAILS

1	Company subsidiaries / joint-ventures	Refer Related Party Disclosures of the Annual Report
2	Subsidiaries participating in Company's BR initiatives	Nil
3	Other entities ((e.g. suppliers, distributors etc.) participating in Company's BR initiatives	Nil

SECTION D – BUSINESS RESPONSIBILITY INFORMATION (BR)

1.a	Director responsible for implementation of BR policies (DIN)	00012214
	Director responsible for implementation of BR policies (Name)	Mr. C. Jayaram
	Director responsible for implementation of BR policies (Designation)	Non-Executive Non-Independent Director and Chairman of CSR Committee
1.b	BR Head (DIN, if applicable)	N.A.
	BR Head (Name)	Mr. Rohit Rao
	BR Head (Designation)	Head, Executive Vice President– Corporate Communication, Business Responsibility and CSR
	BR Head (Telephone number)	+91-22-6166 6001
	BR Head (email id)	rohit.rao@Kotak.com

Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Policy being formulated in consultation with the relevant stakeholders . . .	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Policy conforming to national /international standards . . .	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Policy approved by the	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Board and signed by MD/CEO/appropriate Director . . .	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Committee of the Board/ Director/Official to oversee the implementation of the policy . . .	All policies are available on the Bank's intranet.								
7.	Link for the policy to be viewed online . . .	Yes. Policies have been communicated to all key internal stakeholders of the Bank. The communication on policies covering all internal and external stakeholders is an on-going process.								
8.	Policy formally communicated to all relevant internal and external stakeholders . . .	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	In-house structure to implement the policy/policies . . .	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies . . .	Evaluation done through internal audit mechanism.								
	Independent audit/evaluation of the working of this policy by an internal or external agency									

2a. If the answer to S. No. 1 against any principle is 'No', please explain why – Not Applicable

SECTION D: BR GOVERNANCE

1.a	Frequency of Board of Directors, Committee of the Board or CEO review of BR performance	Board CSR Committee held one meeting on 22 nd November 2016, and all Directors were present for the meeting.
1.b	BR report or sustainability (frequency and hyperlink)	BR Report Frequency: Annual Hyperlink: www.Kotak.com

SECTION E: PRINCIPLE WISE PERFORMANCE

Principle 1		
1	Policy relating to ethics, bribery and corruption covering the Company and Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others	Refer 'Policy framework' section of 'Business Responsibility Report'
2	Stakeholder complaints received in FY 2016-17	14
3	Percentage of stakeholder complaints resolved	100%
Principle 2		
1	Products and services designed with social or environmental concerns, risks and/or opportunities incorporate	1. Basic Savings Bank, Deposits Accounts 2. Agri business banking products 3. Tractor financing Additionally refer 'Financial Inclusion' section of the 'Business Responsibility Report'
2	i. Reduction with respect to resource use (energy, water, raw material etc.) per unit of product during sourcing/production/ distribution achieved since the previous year throughout the value chain (optional) ii. Reduction during usage by customers (energy, water) has been achieved since the previous year (optional)	N.A.
3	Procedures for sustainable sourcing (including transportation)	N.A.
4	Procurement of goods and services from local and small producers, including local communities	The Bank does not procure any goods for processing. The manpower services for offices and branches are generally hired from local agencies, Bank website, job-portals, internal movements, walk-ins, or through references.
5	Mechanism to recycle products and waste	Refer 'Environment section of the 'Business Responsibility Report'
Principle 3		
1	Total number of employees (as at 31.03.2016)	33,013
2	Total number of employees hired on temporary/contractual/casual basis (as at 31.03.2013)	1,239
3	Total number of permanent women employees (as at 31.03.2013)	6,791
4	Total number of permanent employees with disabilities (as at 31.03.2016)	N.A.
5	Employee association recognised by management	2,787 (Unionised)
A section of officers comprising about 842 on IBA cadre are members of Bank Officers' Association and they are recognised Association. In the case of non-officers category about 1,945 employees are members of All India Kotak Mahindra Bank Employees' Union which is recognised by the management. Apart from this through employee engagement mechanism the Bank directly engages with all employee on various aspects of employee well-being. For more details please refer to employee well-being section of the 'Business Responsibility Report.'		
6	Percentage of permanent employees part of employee association	8.44%
7.1	Child labour/forced labour/involuntary labour complaints filed (pending)	Nil
7.2	Sexual harassments complaints filed	7
7.3	Discriminatory employment complaints filed	Nil
8.1	Percentage of employees covered with safety and skill upgradation training (permanent employees)	82%
8.2	Percentage of employees covered with safety and skill upgradation training (permanent women employees)	84%
8.3	Percentage of employees covered with safety and skill upgradation training (Casual/Temporary/Contractual)	62%
8.4	Percentage of employees covered with safety and skill upgradation training (Employees with disabilities)	Included in total number of employees

Principle 4		
1	Mapping of internal and external stakeholders	Refer 'Stakeholder Engagement' section of 'Business Responsibility Report'
2	Identification of the disadvantaged, vulnerable and marginalised stakeholders.	Refer 'Stakeholder Engagement' section of 'Business Responsibility Report'
3	Special initiatives to engage disadvantaged, vulnerable and marginalised stakeholders	Refer 'Financial inclusion' section of 'Business Responsibility Report'
Principle 5		
1	Policy relating to Human Rights covering the Company and Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others	Refer 'Policy framework' section of 'Business Responsibility Report'
2	Stakeholder complaints on human rights received (percentage resolved)	Nil
Principle 6		
1	Policy relating to Environment covering the Company and Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others	Refer 'Policy framework' section of 'Business Responsibility Report'
2	Strategies/ initiatives to address global environmental issues such as climate change, global warming, etc	Refer 'Environment' section of 'Business Responsibility Report'
3	Identification and assessment of potential environmental risks	Refer 'Environment' section of 'Business Responsibility Report'
4	Projects related to Clean Development Mechanism	None
5	Initiatives on clean technology, energy efficiency, renewable energy, etc.	Refer 'Environment' section of 'Business Responsibility Report'
6	Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB	Yes
7	Number of show cause/ legal notices received from CPCB/SPCB which are pending	Nil
Principle 7		
1	Trade or chamber association memberships	Refer 'Policy advocacy' section of 'Business Responsibility Report'
2	Advocacy through above associations for the advancement or improvement of public good	Refer 'Policy advocacy' section of 'Business Responsibility Report'
Principle 8		
1	Programmes / initiatives / projects related to inclusive growth	Refer 'Inclusive growth' section of 'Business Responsibility Report'
2	Programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organisation	Refer 'Inclusive growth' section of 'Business Responsibility Report'
3	Impact assessment of initiatives	Refer 'Inclusive growth' section of 'Business Responsibility Report'
4	Direct contribution to community development projects- Amount in INR and the details of the projects undertaken	INR 17,33,14,520. Refer 'Inclusive growth' section of 'Business Responsibility Report'
5	Successful adoption of community initiatives by communities	Refer 'Inclusive growth' section of 'Business Responsibility Report'
Principle 9		
1	Percentage of customer complaints/consumer cases are pending	3.17%
2	Product information display on the product label, over and above what is mandated as per local laws	Refer 'Customer value' section of 'Business Responsibility Report'
3	Cases filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years	Nil
4	Consumer survey/ consumer satisfaction trends	Refer 'Customer value' section of 'Business Responsibility Report'