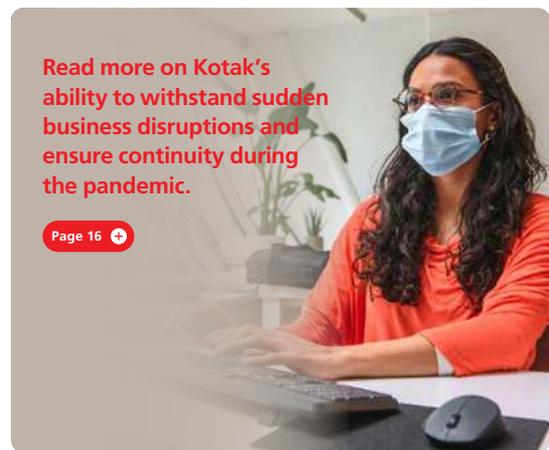


Never  
**Never  
normal**

**Established in 1985, Kotak is one of India's leading financial services conglomerates. Kotak endeavours to provide a holistic perspective of its business, strategy, governance, risk management, financial and sustainability performance through this Integrated Report.**



Read the Report or download at [www.kotak.com](http://www.kotak.com)

**You can reach us**

Email: [investor.relations@kotak.com](mailto:investor.relations@kotak.com)

#### **Forward-looking statements**

This document contains certain forward-looking statements based on current expectations of Kotak's management. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and outside India, volatility in interest rates and in the securities market, new regulations and government policies that may impact the businesses of the Group as well as its ability to implement the strategy. Kotak does not undertake to update these statements. This document does not constitute an offer or recommendation to buy or sell any securities of KMBL or any of its subsidiaries and associate companies. This document also does not constitute an offer or recommendation to buy or sell any financial products offered by Kotak, including but not limited to mutual funds, life insurance policies and general insurance policies. All investments in mutual funds and securities are subject to market risks and the NAV of the schemes fluctuate depending upon the factors and forces affecting the securities market. The performance of the sponsor, Kotak, has no bearing on the expected performance of Kotak Mahindra Mutual Fund or any schemes thereunder.

## About this Report

Kotak Mahindra Bank Limited ('KMBL' or 'the Bank') and its subsidiaries (hereafter collectively referred to as 'Kotak' or 'the Group') are delighted to present the Annual Integrated Report ('Report') for FY 2020-21.

This Report will provide insight into the process followed by Kotak to create value for its stakeholders, not only as a financial services provider, but also as an employer, responsible financier and contributor to societal and environmental well-being.

The information in this Report covers the period FY 2020-21 (i.e. 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021) and discusses Kotak's performance on issues that are material to its business. The Report provides a transparent, succinct and cohesive outlook on Kotak's performance against its six capitals (Financial, Manufactured, Intellectual, Human, Social and Relationship as well as Natural Capital) and inter-dependencies among them to create short, medium and long-term value.

This Report is aligned with the International Integrated Reporting Council's (IIRC) <IR> Framework, and also contains disclosures as per the Global Reporting Initiative (GRI) Standards: Core option. We have identified key performance indicators (KPIs) to measure our progress and mapped our contribution towards:

- National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business
- United Nations Sustainable Development Goals (UN SDGs)

Given the nature of business Kotak is engaged in, its direct operations have a minimal negative impact on the environment. However, Kotak remains in pursuit of further lowering its carbon footprint and making a positive difference to the global as well as local sustainable development agenda. This Report also outlines how Kotak is integrating ESG considerations in its business decision-making and communicating progress through transparent financial and non-financial disclosures.

## Reporting boundary

Unless specified otherwise, the information and data presented in this Report cover the entire Group along with the wide array of products and services offered by it. The boundary for each material topic has been highlighted in the respective sections.

## Report navigation

The icons below have been used to aid navigation and cross-referencing through the Report.



Financial  
Capital



Manufactured  
Capital



Intellectual  
Capital



Human  
Capital



Social and  
Relationship  
Capital



Natural  
Capital

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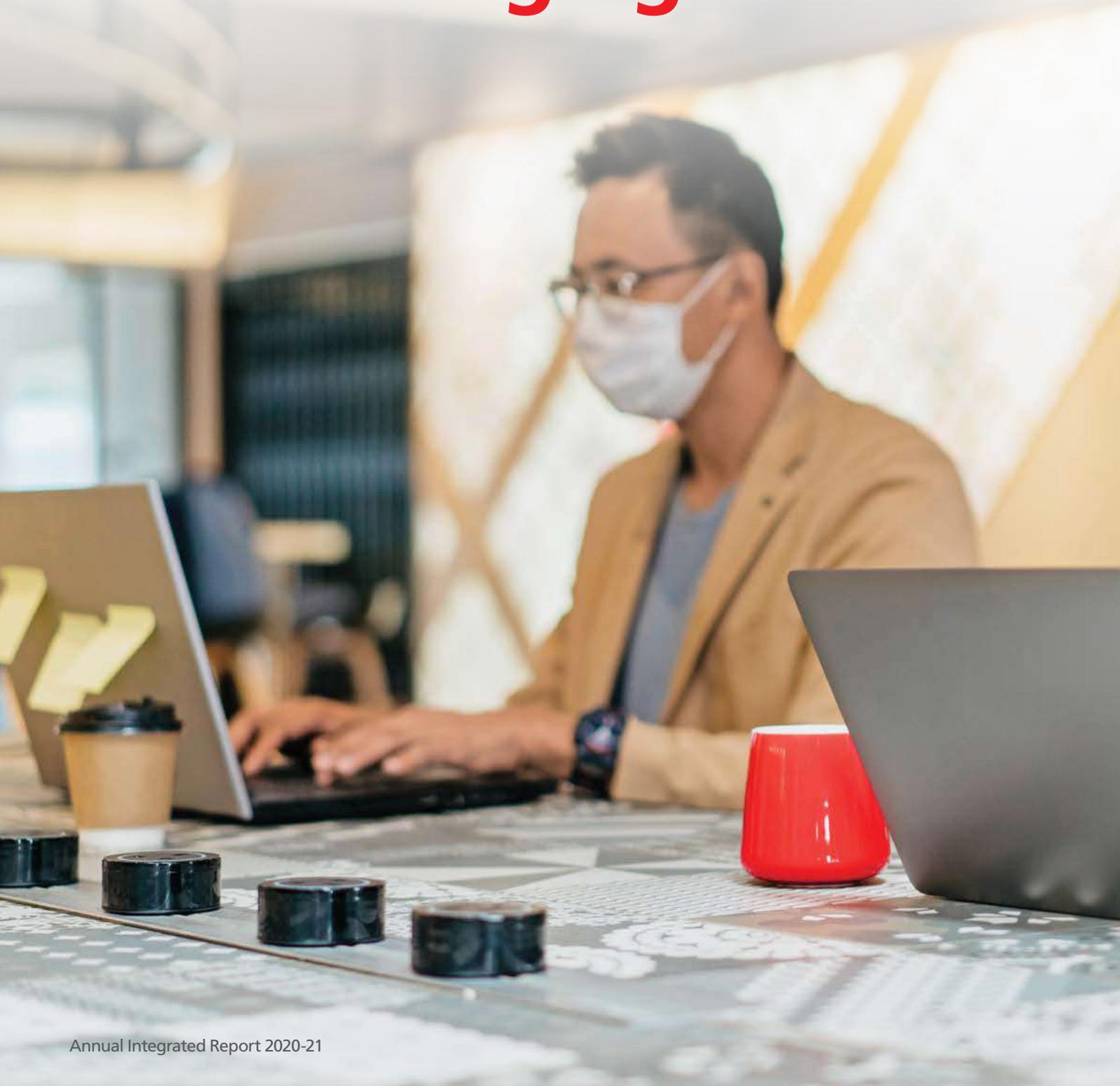
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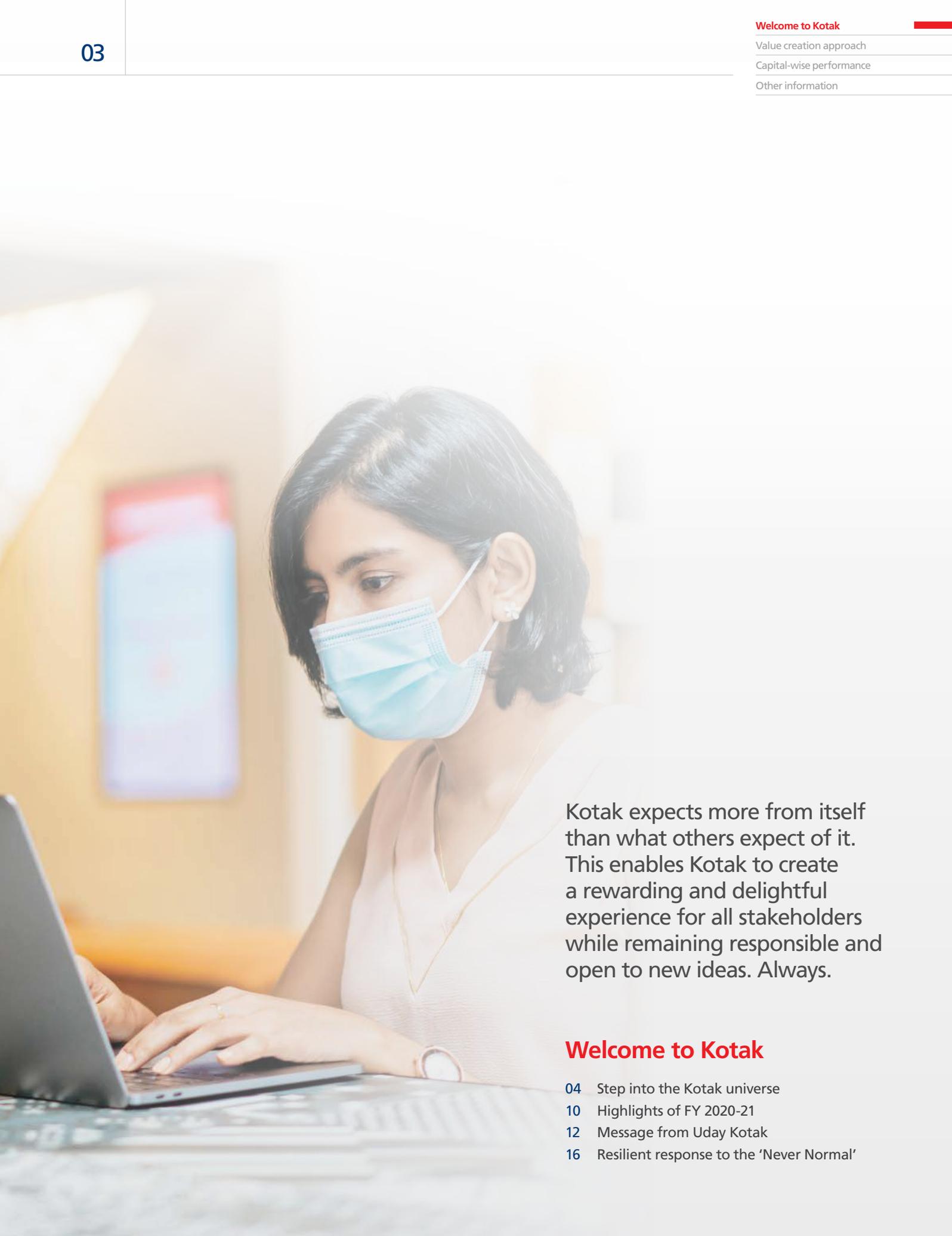
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Thinking

# Acting decisively in an ever-changing world





Kotak expects more from itself than what others expect of it. This enables Kotak to create a rewarding and delightful experience for all stakeholders while remaining responsible and open to new ideas. Always.

## Welcome to Kotak

- 04 Step into the Kotak universe
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# Step into the Kotak universe

Established in 1985, Kotak Mahindra Group is one of India's most reputed financial conglomerates. Kotak Mahindra Finance Limited, the Group's flagship company was given license to conduct banking business by the Reserve Bank of India (RBI) in 2003, making it the first non-banking finance company in India to convert itself into a bank and be known as Kotak Mahindra Bank Limited.



➤ Kotak Mahindra Bank - 12 BKC

KMBL is a trendsetter in the Indian banking industry since its inception and continues to contribute to nation-building, as one of India's leading banking and financial services institutions.

As the world adapts to a new way of banking and financial services, Kotak is fine tuning its offerings to exceed customer expectations and remain ahead of the curve, by offering tailored solutions to meet evolving customer needs and preferences.

Headquartered in Mumbai, Kotak is one of India's leading diversified and integrated financial services conglomerates, providing a wide spectrum of solutions across banking (consumer, commercial, corporate), credit and financing, asset management,

life and general insurance, stock broking, investment banking, wealth management, microfinance and asset reconstruction, encompassing all customer and geographic segments within India. As a Group, Kotak also operates in overseas markets through international subsidiaries or branches in key locations. The Group leverages its expertise and presence to deliver a banking and financial services experience that is contemporary, customised and built for the *not-as-usual* world.

Kotak has consolidated assets of around ₹ 4,80,000 crore and market capitalisation of approx. ₹ 3,50,000 crore (as on 31<sup>st</sup> March, 2021).

## Vision

Value Creation

The Most Trusted Financial Services Company

The Most Preferred Employer in Financial Services

The Global Indian Financial Services Brand

## Values

Ethical with a Governance Mindset

Entrepreneurial Approach

Passion to Achieve

Mutual Respect and Privacy

Down-to-earth and Approachable

Kotak Mahindra Bank Limited is a trendsetter in the Indian banking industry since its inception and continues to contribute to nation-building, as one of India's leading banking and financial services institutions.

**Growing value<sup>^</sup>**

**₹ 4,78,873 crore**

Total Assets

**₹ 2,78,871 crore**

Total Deposits

**₹ 3,47,416 crore**

Market Capitalisation

**4,20,000+**

Shareholder Base

**~₹ 3,82,000 crore**

Wealth, Priority and Investment advisory relationship value

**₹ 2,52,188 crore**

Total Advances

**73,000+**

Group Employees

**2.6 crore+**

Number of Bank's Customers

<sup>^</sup>All numbers are on a consolidated basis except where stated



Step into the Kotak universe

**Kotak has a wide network of branches and franchises across India.**

**The Group's reach extends beyond its physical network to a point where anyone in India can use any of Kotak's products and services through the digital platforms from the safety and convenience of their homes.**



### Physical footprint

Kotak has a wide network of branches and franchises across India. In addition, it has an international banking unit in Gujarat International Finance Tec-City (GIFT City), a bank branch in Dubai International Financial Centre (DIFC), and international offices in New York, London, Mauritius, Dubai, Singapore and Abu Dhabi.

**1,604<sup>^</sup>**

Bank branches

**781**

Bank Pan-India operating locations

**2,598**

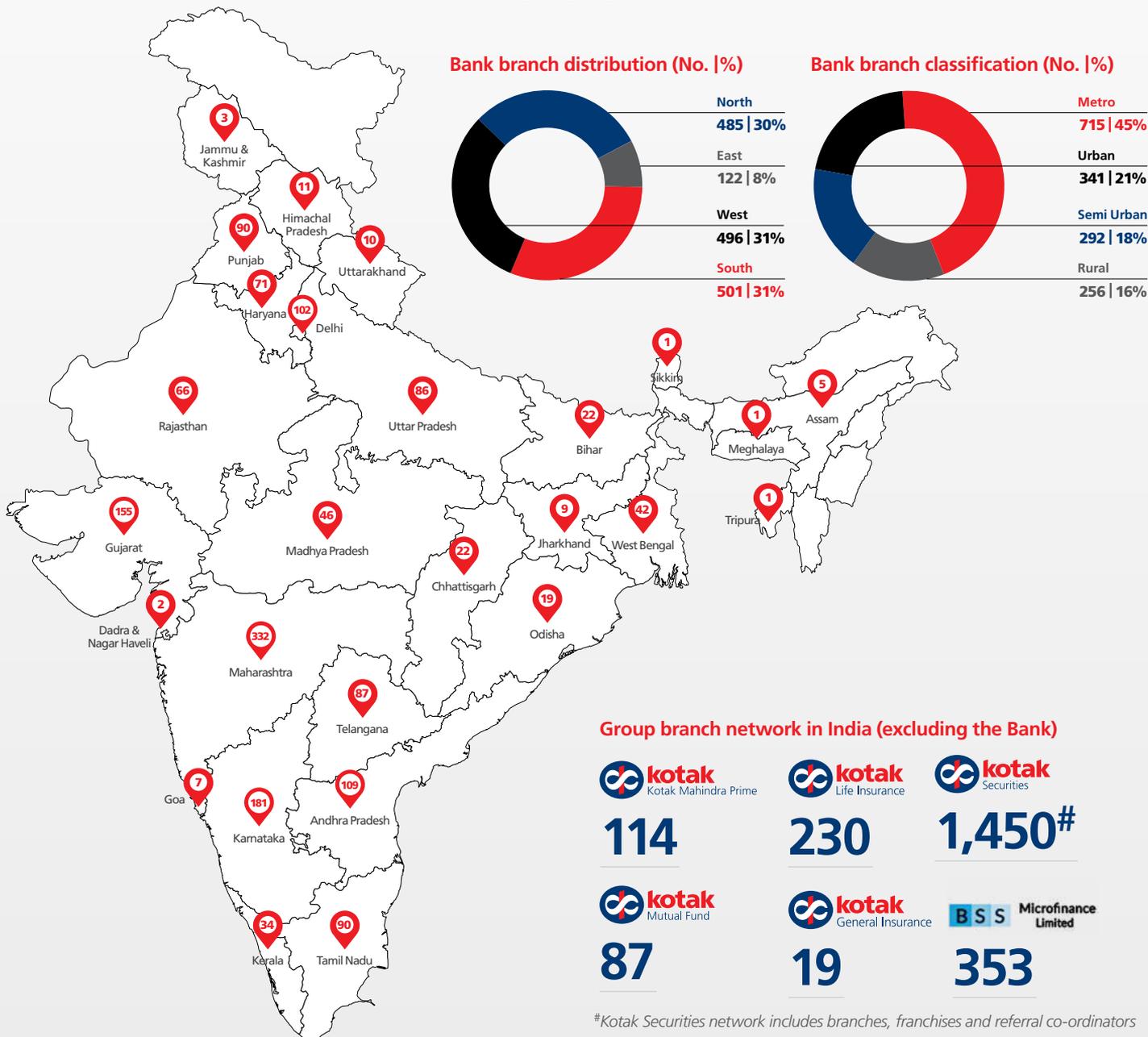
Bank ATMs

**3,857<sup>#</sup>**

Group branch network in India

<sup>^</sup>Doesn't include branches in GIFT City and DIFC (Dubai)

### Bank branches distributed across various geographies



<sup>#</sup>Kotak Securities network includes branches, franchises and referral co-ordinators

## Step into the Kotak universe

### Digital ecosystem

The Group's reach extends beyond its physical network to a point where anyone in India can use any of Kotak's products and services through the digital platforms from the safety and convenience of their homes.

Kotak intends to take a 'Phygital' approach towards expansion and plans to undertake a measured growth of its branch network, focusing on value creation, and to expand customer reach.

This 'Phygital' strategy is to help the Group consolidate its experience of conventional and modern service delivery to make customers' journey seamless and complete.

### Select Digital Services by Kotak



#### Net banking and Mobile App

KMBL launched a revamped net banking platform with a clean and refreshed UI/UX for both retail and corporate customers.

The mobile banking app added multiple customer-friendly features that cater to banking, payments and lifestyle needs of customers and has seen a significant surge in usage in the post-pandemic world. It added new features like 'send money abroad', 'e-statement', 'NPS' and 'insurance' among others.



#### Express-Claims & Insta-servicing

KLI has launched Express-Claims for Group Claims with features like real-time update of claim status, integrated penny drop module to verify account details and auto upload of documents. Initial success has been seen with significant adoption of Express-Claims by Master Policy holders.

Made Insta-servicing operational which is aimed at resolving customer requests within 5 minutes, with seamless flow, backed with a good risk-mitigation engine has been widely appreciated by customers. For e.g. address change, which earlier would involve physical forms, physical customer verification, and a couple of days, is now being resolved end-to-end almost instantly.



#### Online Trading

KSL improved digital engagement with clients by leveraging the 'next best action' engine that formulates and crafts personalised campaigns basis the client's portfolio, trading patterns and market events using either heuristics or sophisticated AI/ML models.



#### Zero-Contact Video KYC Savings Account and Digital KYC based on Aadhaar OTP

The Bank launched a Zero-Contact Video KYC Savings Account opening facility in May 2020. This enables customers to open a bank account through a completely digital and paperless route with a contactless and paperless KYC process over a video call.

Similarly, KMAMC has launched a simplified version of digital KYC-based on Aadhaar OTP, to simplify onboarding process for its mutual funds customers.



#### WhatsApp and Chatbots

With the help of artificial intelligence, Kotak has leveraged WhatsApp and chatbots to resolve customer queries. Conversational assistance through WhatsApp and personalised chatbots helps customers take advantage of 24\*7 resolution at scale. This is expected to soon become a mainstream digital channel for the Group.



#### A new class of credit card experience

KMBL recognised that the changing customer profile demanded new, better and diverse banking products. The Bank, thus, launched a stack of four new credit cards during the year, tailored for different customer segments.

## Kotak's 'Phygital' strategy is enabled by:

- Fully digital engagement, when services are pull-based (e.g. digital payments, service requests, chatbot and API services, among others)
- Digital assisted by physical where deeper interaction with customers is required (e.g. loan documentation)
- Human-led and digitally-assisted journeys where customers need handholding (e.g. digital branches,

automated tellers, home loan origination and biometric account opening)

The Group's services are also available on a wide range of digital channels such as WhatsApp, missed call, chatbot, mobile app and kiosk. Information and short videos are made available in English, Hindi and vernacular languages. Bots are deployed to automate services, go paperless and deliver services faster.

# 178 lakh

Active Debit cards

# 24 lakh

Active Credit cards

# 10.30x<sup>↑</sup>

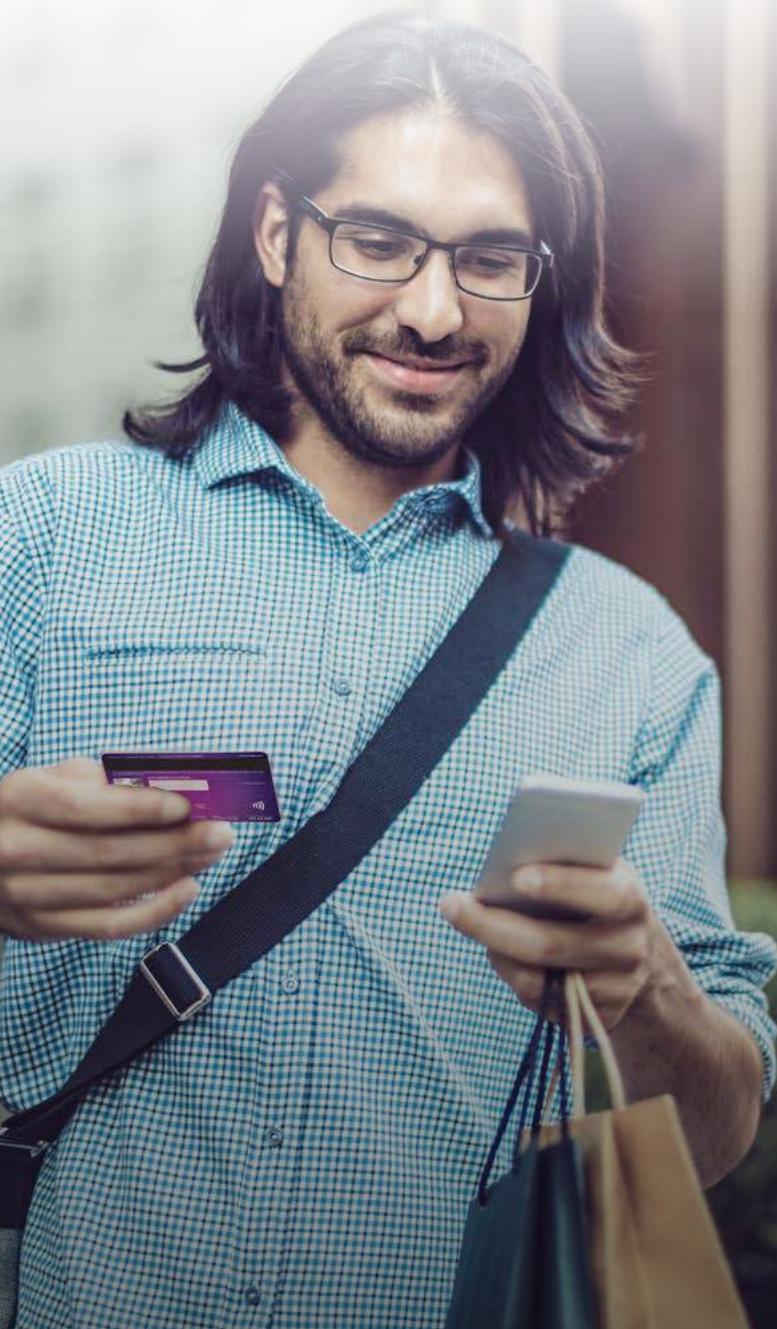
Growth in UPI transactions acquired

# 94%+

Savings account transactions through digital or non-branch modes

<sup>↑</sup> YoY

Kotak has designed its digital universe to complement its physical infrastructure and create a seamless experience between the two ecosystems.



# Highlights of FY 2020-21

## Financial



### 60.40%

Current Account and Savings Account (CASA) Deposits (Bank Standalone)

### 4.47%

Consolidated Net Interest Margin (NIM)

### ₹ 9,990.20 crore

Consolidated Net Profit

### 12.80%

Consolidated Return on Equity

### 3.22%

Gross Non-Performing Assets (NPA)

### 22.26%

Bank's Capital Adequacy Ratio

Page 52 

## Social



### 2,000+

New Employees Inducted across the Group

### ₹ 201.2 crore

Group CSR Spend

### ~99,200

Beneficiaries of CSR Projects on Education and Livelihood

### ~5,33,000

Beneficiaries of CSR Projects on Healthcare

Page 76 

## Environment



### 1,188 tCO<sub>2</sub>e

Green House Gas (GHG) emissions avoided by the Bank

### 559 MWp

Solar Power financing by KIAL managed funds

Page 92 

## Governance



### 20+ years

Average Tenure of Kotak's Leadership team with the Group

### 5

Independent Directors

### 97.87%

Board Attendance

### 100%

Committee Attendance

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# Message from Uday Kotak



**2020 was a year unlike any that we have seen. And while 2021 brings with it a fair degree of hope and optimism, I believe that we must embrace living in a world where the *new normal* and *never normal* coexist.**

**Uday Kotak**  
Managing Director & CEO

## The Never Normal World

### We have leapfrogged five years in the span of a year

The dictionary defines normal as usual, regular, conforming to a type, standard or pattern. Humankind is hard-coded to seek the assurance and security such patterns promise, even a new normal, if you will, to which we can adapt and grow accustomed to. But a *never normal* world, one that is unpredictable and does not fit patterns, is a new planet of challenges and opportunities.

2020 was a year unlike any that we had seen. And while 2021 brings with it a fair degree of hope and optimism, I believe that we must embrace living in a world where the *new normal* and *never normal* coexist.

Look around us. And what is clear is that the pandemic has resulted in some everlasting changes in the way consumers and businesses will function. There are some significant structural changes that are taking place, in the way we live and work, the way we bank, shop and interact with others. When it comes to digital and technology, we have leapfrogged five years in the span of a year, and while there will be some rebalancing when we

revert to more in-person interactions, there is no going back completely, with digital extending to almost all aspects of our lives.

The other consequence of the pandemic is the risk of increasing imbalance between the rich and the poor – both when it comes to people and nations.

This poses some important questions. Will the post-COVID world see greater collaboration between nations or will each country retreat into a silo? Will it give a boost to globalisation or increase protectionism? How do we ensure equal growth that embraces all? And from India's perspective, how do we turn this crisis into a significant opportunity for the country and its citizens?

## India in the Never Normal

### The future belongs to the educated and skilled

The two months of April and May 2021, when COVID 2.0 struck India, served as a reminder of human frailty and vulnerability in a manner that I had never imagined. We must do everything in our power as people and governments to make sure it never recurs.

While India was amongst the hardest hit, the silver lining is that we have a tremendous opportunity before us to turn adversity into success for our people.

Geography is history. We are transitioning to a world where 'location' will be increasingly irrelevant. India's army of talented software engineers, analysts, consultants can provide their services to the world sitting in India. And for a service economy like India's, this can be a boon. India can be the front office as well as back office of the world.

However, for India to harness this opportunity fully, what is critical is that we redouble our efforts in education. We have to make good the year that so many of our children have lost to the pandemic. More importantly, we have to make structural changes in our educational system to improve the quality of education imparted, invest in teachers and upgrade teaching infrastructure.

The future belongs to the educated and skilled and we owe it to our present and future generations, in particular to those lower down on the socio-economic ladder, to invest in education, aggressively and meaningfully. Education gives us the best chance to bridge the gap and offer a better quality of life to all.



On the same lines, even within the country, I expect COVID-19 will narrow some of the disparities between urban and small town & rural India. With geography no more a significant consideration, people can choose to work from their hometowns and migration to the cities could reduce. This will enable workforce in smaller cities to compete for jobs irrespective of where they are based.

India in 2021 is also where we were in 2003, at the early stages of an investment cycle. The growth driver for India will be infrastructure – both physical and social. Investments in physical infrastructure, including internet and broadband connectivity, sharp increase in healthcare spending – building and upgrading

healthcare facilities, training doctors and nurses, and education are a *sine qua non*. We have to invest significantly more and move closer to the 3% of GDP mark in healthcare investments over the next 3-5 years.

However, the country cannot lose sight of the importance of sustainability as we pursue our growth priorities. Climate change is a reality and sustainable growth is the future. Profit, people and the planet are closely intertwined such that we cannot focus on one at the expense of the other. We will also see a disproportionate flow of global and domestic capital to companies that adopt and integrate the principles of ESG in their businesses.

## **Kotak in the Never Normal** **From caution to growth conviction**

Which brings me to Kotak. As I've said before, our ambition is to continue to build on our vision of a world-class financial services institution that delivers long-term sustainable returns for all its stakeholders. With that in mind and against the backdrop of the pandemic, you will see a significant shift in our approach, one of greater aggression, one that is even sharper on execution.

We will not shy away from taking bolder bets. We have a deep conviction in the India growth story and confidence in our risk management capabilities.



## Message from Uday Kotak

And we believe the time is right to experiment more, concentrate on segments that we deem offer the best opportunities for returns and, in the process, support the Indian economy by extending credit, while at the same time providing safety to our depositors.

Our template for growth as always will revolve around risk-adjusted returns. We don't look at either – returns or risk - in isolation. Today we have a much lighter balance sheet and with sufficient capital in our hands, we are ready to grow substantially faster, but on our terms.

The other area that takes precedence for us is higher investments in strengthening our digital and technology platforms and offerings. The future may be uncertain, but we can be confident that it belongs to technology. What was once a support function to business, is now the epicentre around which our businesses will revolve.

Finally, you will see a further shift in our business model towards being even more customer-centric. While customer-first was

always the byword that we lived by, the needs of the customer are now even more front and centre. Our model will revolve principally around customers and business decisions will be taken with the customer at the core.

### The year gone by Safety first

In an extraordinary year, our primary focus was on safety. Safeguarding our employees, customers and partners. Banking is an essential service and we took a number of measures to ensure the seamless delivery of services, while at the same time ensuring a safe workplace environment for all. Our strengths in digital banking allowed customers to bank safely from home.

During the year, we have undertaken a mindset shift to make retail and commercial lending our focus, in addition to the corporate and deposit franchise. For example, we are leveraging our low cost of funds to offer a competitive

interest rate on home loans. Home loans give us an opportunity to build a longer-term relationship with customers. And we will get bolder in unsecured retail finance too, for which we've kept our powder dry over the last two years.

From a group perspective, we had multiple engines firing. In FY 2020-21, the subsidiaries contributed 30% to the consolidated Profit after Tax. Stock markets posted a smart recovery and then some, and this was reflected in the performance of Kotak Securities and Kotak Mutual Fund.

Kotak Life Insurance put in a strong performance with AUM (Policyholders') growing 34% YoY. Over ₹30,000 crore of funds were raised via IPOs in FY 2020-21 and Kotak Investment Banking was the banker to many of the marquee issues. Kotak Special Situations Fund invested in six stressed/special situations opportunities during the year across sectors like real estate, chemicals, technology, cement and pharma.

### Approach to sustainability

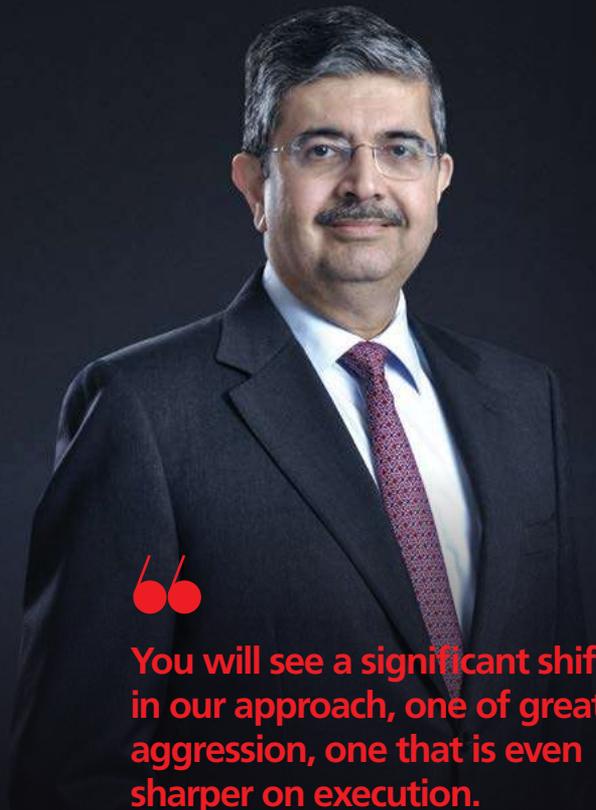
Kotak is committed to ensuring long-term sustainable value creation for its stakeholders. The changing expectations of its customers, employees, shareholders, regulators as well as business partners, makes it critical to embed the key aspects of sustainability within its business strategy and functions and to aspire to build upon this foundation for its products, services and processes.

The Bank has been reporting on its Environment, Social and Governance performance since FY 2012-13 through

its Annual Business Responsibility Report (BRR). This year, through the Integrated Report, Kotak aims to provide qualitative and quantitative disclosures on its performance across the six capitals as defined by IIRC.

Performance against the six capitals discussed in this Report is a culmination of unified actions taken across Kotak. The content of this Integrated Report has been developed around the material topics that have been identified through a stakeholder engagement and materiality analysis exercise.

As the never normal world unfolds, we recognise that Kotak's performance on sustainability parameters will not only lead it to responsible growth, but will also create solid foundations for long term business success. Kotak's focus on key sustainability parameters is expected to sharpen and its reporting landscape to expand in this exciting and challenging time ahead.



**You will see a significant shift in our approach, one of greater aggression, one that is even sharper on execution.**

**Uday Kotak**  
Managing Director & CEO



**While India was amongst the hardest hit, the silver lining is that we have a tremendous opportunity before us to turn adversity into success for our people**



**As a financial services institution, Kotak is well-positioned to take on the future with more than adequate capital in our arsenal, a nimbler balance sheet and a more assertive attitude**



**From a group perspective, we had multiple engines firing. In FY 2020-21, the subsidiaries contributed 30% to the consolidated Profit after Tax**



**There will be a premium on sustainable growth. Growth that is inclusive and that takes into account the environment, is socially responsible and scores high on governance and ethics**

## Looking ahead and beyond Doing good and doing well go hand in hand

At this critical juncture, we have to redefine our priorities. Growth cannot be just for a select few. Inclusion is our responsibility as well as a business imperative. There will be a premium on sustainable growth. Growth that is inclusive and that takes into account the environment, is socially responsible and scores high on governance and ethics. Doing good and doing well go hand in hand.

For the financial sector, the disproportionate importance of risk management has come to the fore. The ability to price risks well and having superior underwriting skills is core to the success of a financial services institution.

The industry also needs to stop postponing the inevitable and kicking the can down the road. Upfront action with an eye on enduring, sustainable growth, not swayed by quarterly, short-term results is a must for the future of a healthy Indian financial sector.

Banks also need to be relevant for the future. The winds of change are blowing and banks need to reinvent themselves. Customer-focus and Digital-first are the keys to survival and growth.

As a financial services institution, I believe that Kotak is well-positioned to take on the future with more than adequate capital in our arsenal, a nimbler balance sheet and a more assertive attitude.

I express my deepest gratitude and appreciation to all the COVID warriors who have delivered exceptional service in

such trying circumstances. This includes members of the Kotak family who have tirelessly put others before self – both on the job and off it.

We are in for exciting times ahead. The old maxim “Change is the only constant” could well have been written for 2021 and beyond.

*I wish you peace, prosperity and good health.*

Mumbai  
17 December, 2021

# Resilient response to the 'Never Normal'

The waves of the pandemic and the ensuing lockdowns tested Kotak's ability to withstand sudden business disruptions and ensure continuity. While the pandemic was a huge stress test, the learnings have helped bolster Kotak's preparedness to counter similar headwinds in the future.

Kotak has maintained a taut focus on protecting its employees, customers and its financial strength, while recalibrating its strategies to pivot in accordance with the emerging opportunities.

Kotak leveraged its strong technological backbone and digital capabilities to deliver seamlessly and manage risks prudently. At the same time, the organisation's efforts were directed towards designing innovative products, building a stronger digital ecosystem and creating a more customer-centric culture.

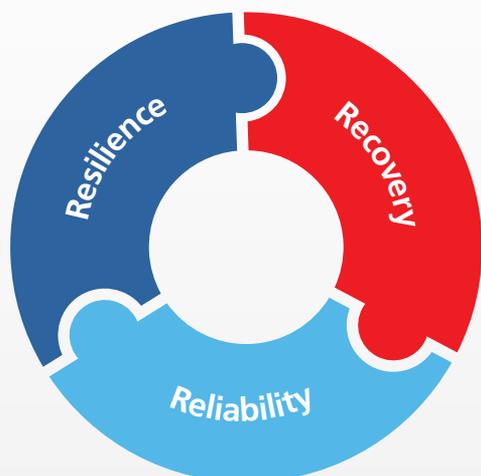


## Business continuity on the radar

Kotak's Business Continuity Management programme has been designed to ensure that its operations remain undeterred even during times of crisis. The programme guides business units to:

**Design a system for resilience, recovery, and reliability** of its business operations and provide continuity of critical operations for timely delivery of key products and services.

### Kotak's Business Continuity Process



**Safeguard the Group's reputation** by providing continuity and consistency in critical products and services to meet stakeholders' expectations.

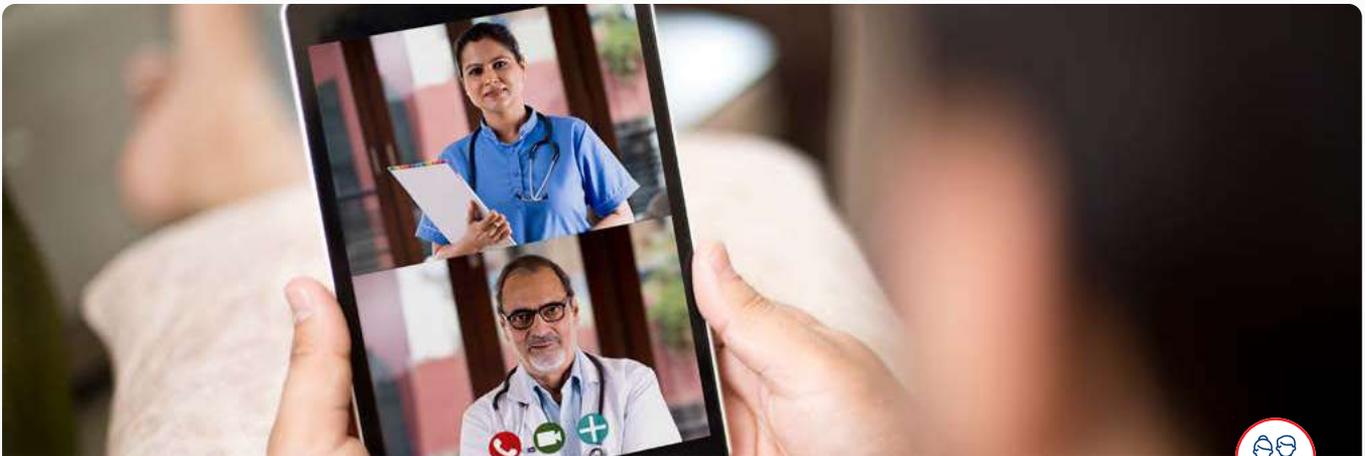
**Comply with** applicable legal, regulatory, statutory and contractual obligations.

**Manage risks proactively** by periodically identifying them and applying the appropriate controls.

**Step up organisational resilience** by building incident management and business continuity capabilities, based on industry-best practices (ISO 22301:2012) and other relevant legal and regulatory guidelines.

**Embed Business Continuity Management System (BCMS)** in the Group's business processes across all levels of users and promote BCMS awareness among employees and vendors by means of effective communication, education and training.

**Periodically test, exercise and maintain the Business Continuity Plan (BCP)** to ensure its effectiveness during emergencies and confirm that all employees are aware and respond to the execution.



## Caring for employees

As the pandemic continued to impact the way the world lives and works, the emphasis on maintaining employee health and wellness, work-life balance and overall employee engagement has increased. In step with the changing times Kotak amended its existing policies and introduced few new Human Resource (HR) policies. For details on the policy, please refer to the [Human Capital](#) section. Key employee-engagement initiatives were introduced and re-engineered.

A dedicated COVID-19 desk was also created to support employees with all their queries.

Kotak implemented stringent safety measures such as ensuring minimal team presence at branches and offices, introduced safety protocols, kits, and lockdown travel allowances. WFH/remote working became an integral aspect of the never normal, and digital infrastructure was significantly scaled up, including ramping up cyber security to make WFH/remote working a safe and productive experience.

Each employee was provided with adequate resources and support to facilitate remote connectivity. Across several businesses and functions, people continue to work from home voluntarily, even after lockdown restrictions were eased in FY 2020-21.

## Medical support

Several initiatives were taken by Kotak to help employees get through the pandemic.

- Doctors, counsellors, psychiatrists and nutritionists were made available online for all Kotak employees. Online yoga, Zumba, meditation and mindfulness sessions were conducted to help employees combat physical and mental stress.
- All Kotak employees are covered under term life and personal accident policy and also mediclaim policy. During these testing times, KMBL waived off the employee's share of mediclaim insurance premium for four months.
- Kotak also reimbursed COVID-19 test expenses for employees and their families.
- Kotak announced special leave of 15 days for those who were COVID-19 positive, which is over and above the general leave balance.
- Emotional Assistance Programme was launched to support and guide employees emotionally.
- 'Kotak VaxShield'\* was launched under which Kotak conducted vaccination drives for employees (free) and their family members (paid) and reimbursed employees who paid for their vaccination.
- A support group of COVID-19 survivors was established to help affected employees. Videos of those who overcame COVID-19 were shared internally through an 'Infinite Inspiration' series so that others could learn from their experiences and take necessary precautions.
- During the first pandemic wave, Kotak set up isolation centres across metro cities, in collaboration with hotel facilities and hospitals to provide support to employees and their immediate dependents.
- Special financial assistance\* (up to ₹ 5 lakh) was provided to employees to support them during medical emergencies.
- Pandemic Benevolent Policy was introduced by Kotak for its employees who passed away due to COVID-19 or any other ailment from 1<sup>st</sup> April, 2020 and subsequent cases up to 31<sup>st</sup> March, 2022. This is to help the family members of the deceased employees, by giving the fixed monthly salary for two years beginning June, 2021 plus an annual bonus for FY 2020-21 and a mediclaim cover for spouse and minor children for FY 2021-22.

\*Initiative taken up in FY 2021-22

## Resilient response to the 'Never Normal'



● Kotak 'ATM on Wheels' initiative



### Stepping up customer service

As an essential service provider, Kotak ensured that the customers had complete access to their finances. Thousands of Kotak employees braved through the risks of the pandemic and lockdowns to work at branches in order to ensure smooth and uninterrupted service to customers. Kotak rolled out appropriate communication to educate customers on the use of digital financial platforms. For instance, KLI sent regular SMSs and emailers to all policyholders informing them about alternative digital options available to service their needs.

As the pandemic accelerated a massive shift towards a digital economy, Kotak was quick to leverage state-of-the-art technologies to make diverse products more accessible and render seamless services. KMBL launched a 'Bank from Home' campaign – which brought deals on various essential items to its customers through alliance partners – right from daily newspaper to fitness at home, from deals on over-the-top (OTT) platforms to exclusively curated offers on upskilling and education.

### Kotak's digital ecosystem

Enabling 24\*7 service delivery and resolution from a location of their choice

#### Conversational assistance

Kotak's banking, insurance, investment advisory, securities services are available on a wide range of digital channels such as WhatsApp, missed call, chatbot, voicebot, mobile app, website portal and kiosk. Bots are deployed to automate services, go paperless and deliver faster.

#### Digi-loans

Launched end-to-end digital processing with online disbursal of personal loans for existing Bank customers and end-to-end sanction process for home loans.

#### Zero-contact video KYC savings account and digital KYC based on Aadhaar OTP

End-to-end digital process for Kotak 811 savings account-opening through a zero-contact Video KYC-based solution. Similarly, at KMAMC a simplified version of digital KYC based on Aadhaar OTP is being used.

#### Cash on wheels

During the lockdown, KMBL launched 'ATM on Wheels' at six metro cities to give enhanced access to cash, without customers having to visit branches/ATMs.

#### Agri-disbursement kiosks

End-to-end digital documentation and customer verification and disbursal process for agri customers. The facility helped reduce the turnaround time and minimise physical interaction between customers and the Bank personnel.

KSL unveiled the most competitive brokerage plan for intraday and derivatives traders called the Trade Free Plan (TFP) in November, 2020. With this plan, clients can open Do-It-Yourself (DIY) accounts for free and begin trading in just 60 minutes. The revolutionary TFP accounted for 61% of the total acquisitions in the period between November, 2020 and March 2021.



➤ Kotak's CSR initiative - 'dry ration kit distribution'

## Helping communities

Kotak recalibrated its CSR efforts and designed multiple projects to support communities that were most vulnerable to the COVID-19 pandemic. Kotak provided direct financial assistance to people who lost their livelihoods. Kotak also continued to provide financial assistance to teachers in communities, where parents were unable to pay fees.

To ease the financial stress faced by customers, KMBL extended moratorium on loan repayments, facilitated loan restructuring and provided lending support through the Government of India's (GoI) Emergency Credit Line Guarantee Scheme (ECLGS).

## Support to Government's COVID-19 relief initiatives

The GoI launched new financing initiatives in the backdrop of the COVID-19 lockdowns and Kotak actively participated in the below mentioned financing initiatives:

### Central Government's agriculture infrastructure fund

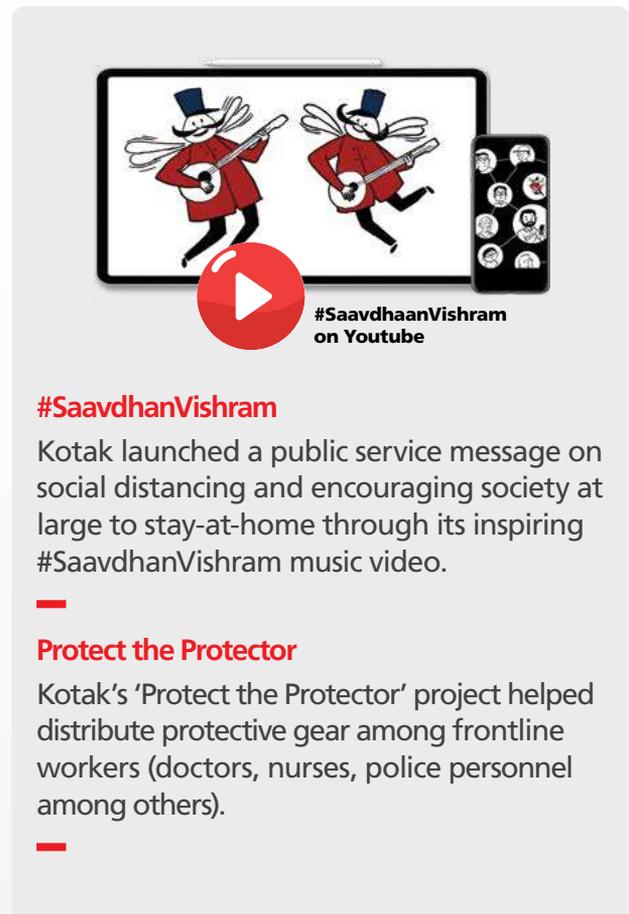
Agriculture Infrastructure Fund is a medium- to long-term debt financing facility to support farmers, primary agriculture credit societies, FPOs and agri-entrepreneurs. It seeks to build community farming assets and post-harvest agricultural infrastructure through interest subvention and credit guarantees. KMBL was among the first private banks to be empanelled as a lender under this scheme and disburse loans for the development of agri-infrastructure.

### Electronic National Agriculture Marketplace (e-NAM)

e-NAM is an initiative of the government to digitise payments for farmers and other agricultural value chain participants. KMBL was among six new banks shortlisted for the initiative and the first to set up the digital platform that enables transfer of funds to farmers, FPOs and agricultural operators quickly and seamlessly.

### Emergency Credit Line Guarantee Scheme (ECLGS)

KMBL disbursed around ₹ 11,300 crore to customers under the GoI's scheme to support eligible Micro, Small and Medium Enterprises (MSMEs), individual borrowers (in cases where the original loan was invested in personal businesses)



## #SaavdhanVishram

Kotak launched a public service message on social distancing and encouraging society at large to stay-at-home through its inspiring #SaavdhanVishram music video.

## Protect the Protector

Kotak's 'Protect the Protector' project helped distribute protective gear among frontline workers (doctors, nurses, police personnel among others).

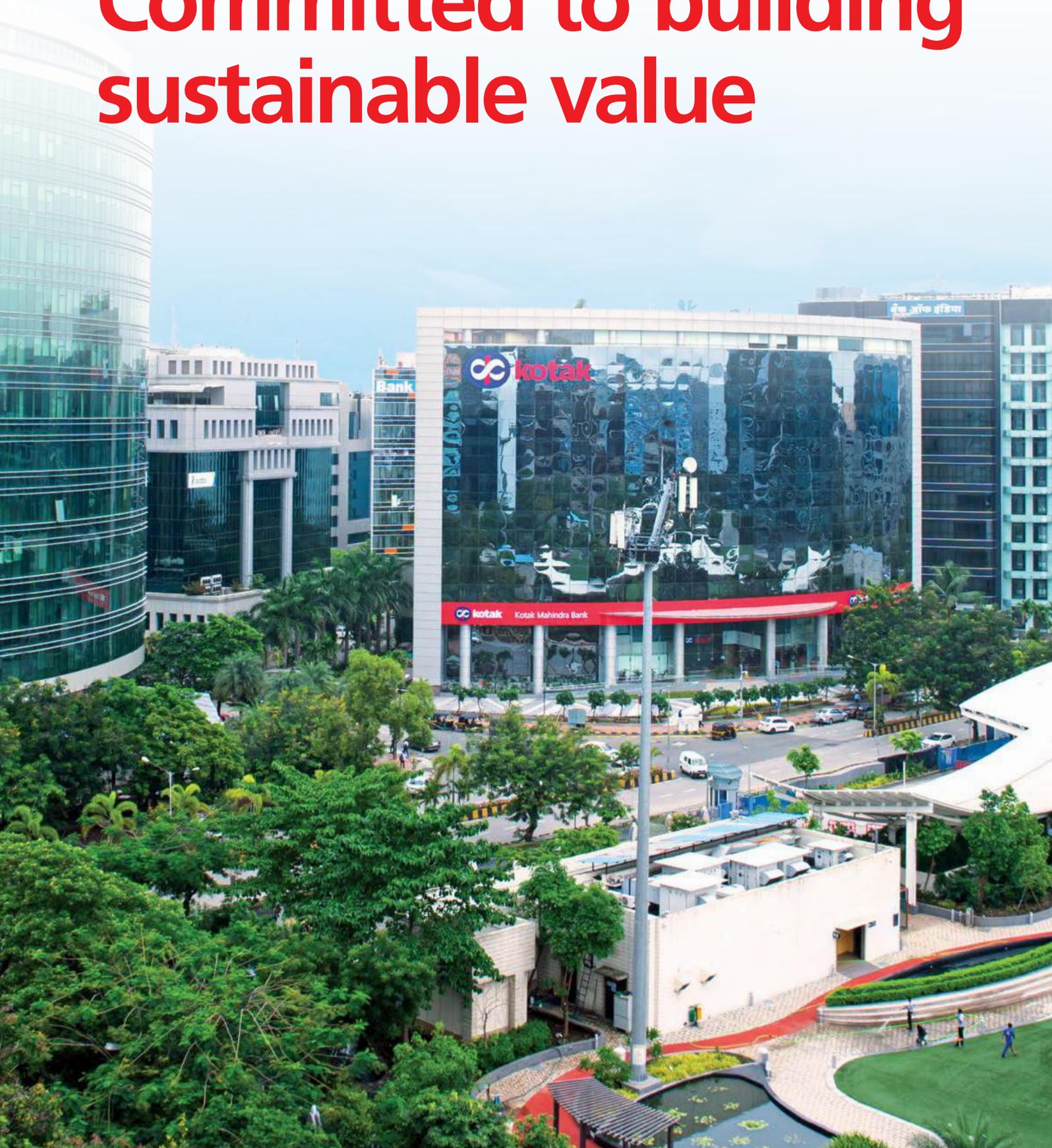
and entities in identified stressed sectors under ECLGS 2,3 and 4. Credit transmission under the scheme was conducted in record time with minimal physical contact due to the Bank's effective digitisation of the entire documentation and disbursement process.

## Scheme for migrants

The Bank has undertaken initiatives to support the urban poor and migrants. Under this scheme, KMBL supported over 1,000 street vendors through loans.

Focused

# Committed to building sustainable value





Powered by a robust governance, experienced management team and a strong digital ecosystem, Kotak is building the organisation of the future together with its stakeholders.

## Value creation approach

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# Stakeholder engagement and materiality analysis

Kotak engages with its stakeholders to understand their evolving expectations, and identify the material topics that may impact its ability to create long-term value. The Group's ability to deliver sustainable value depends on effectively factoring those expectations and prioritising those material topics into its strategies.

## Gaining stakeholder perspective

Stakeholder identification and periodic engagement aids in developing and delivering the right products, policies and programmes.

Kotak engages with key stakeholder groups to understand their perspectives and addresses their concerns and expectations. This helps the Group identify and monitor key economic, environmental and social trends that can be incorporated into its overall business strategy.

The stakeholder engagement process involves identification, prioritisation, engagement and management of expectations. The key stakeholders identified by the Group are customers and clients, employees, investors and shareholders, government and regulatory bodies, suppliers and business associates, communities, Non-Governmental Organisations (NGOs), and media.

In FY 2020-21, Kotak leveraged digital channels to ensure seamless communication with all stakeholders.

Key stakeholders	Medium of engagement	Frequency of engagement	Key topics and concerns raised	Response to stakeholder concerns
 <b>Investors and shareholders</b>	<ul style="list-style-type: none"> <li>→ Emails</li> <li>→ Letters</li> <li>→ Calls</li> <li>→ Meetings/Conferences</li> <li>→ Investor Grievance Cell</li> <li>→ Media</li> <li>→ Website</li> <li>→ Analyst calls</li> </ul>	<ul style="list-style-type: none"> <li>→ Annual and Quarterly Investor Meets</li> <li>→ Need-based</li> </ul>	<ul style="list-style-type: none"> <li>→ Financial results</li> <li>→ Key business developments</li> <li>→ Shareholder returns and dividends</li> <li>→ Issues related to share issuances, transfer</li> <li>→ Dividend pay-outs</li> </ul>	<ul style="list-style-type: none"> <li>→ Provision of accurate information on financial and ESG performance</li> <li>→ Quick resolution of queries</li> <li>→ Provision of regular updates</li> </ul>
 <b>Customers and clients</b>	<ul style="list-style-type: none"> <li>→ One-on-one interactions</li> <li>→ Customer satisfaction surveys</li> <li>→ Customer grievance cell</li> <li>→ Customer meets</li> <li>→ Customer helpline and toll-free numbers</li> <li>→ Media</li> <li>→ Website</li> </ul>	<ul style="list-style-type: none"> <li>→ Periodic structured feedback meetings</li> <li>→ Ongoing</li> <li>→ Need-based</li> </ul>	<ul style="list-style-type: none"> <li>→ Customer experience and service quality</li> <li>→ Investment returns</li> <li>→ Product features and benefits</li> <li>→ Technology interface for banking experience</li> </ul>	<ul style="list-style-type: none"> <li>→ Product and process innovation</li> <li>→ Digital solutions</li> <li>→ Prioritisation of customer privacy</li> <li>→ Quick resolution of grievances</li> </ul>

Key stakeholders	Medium of engagement	Frequency of engagement	Key topics and concerns raised	Response to stakeholder concerns
 <b>Employees</b>	<ul style="list-style-type: none"> <li>→ Induction programme</li> <li>→ Emails</li> <li>→ Town halls</li> <li>→ Skip-level meetings</li> <li>→ Leadership meetings</li> <li>→ Employee engagement initiatives</li> <li>→ Rewards and recognition programmes</li> <li>→ Employee grievance cell</li> <li>→ Employee portal</li> <li>→ HR helpdesk</li> <li>→ Employee satisfaction surveys</li> <li>→ Employee volunteering initiatives</li> </ul>	<ul style="list-style-type: none"> <li>→ Ongoing</li> <li>→ Need-based</li> </ul>	<ul style="list-style-type: none"> <li>→ Policies and procedures</li> <li>→ Employee welfare issues</li> <li>→ Performance appraisal and rewards</li> <li>→ Training and career development</li> <li>→ Workplace health</li> <li>→ Safety and security</li> <li>→ Community development</li> <li>→ Employee volunteering</li> </ul>	<ul style="list-style-type: none"> <li>→ Talent development programmes</li> <li>→ Work from home facility for employees during the COVID-19 pandemic</li> <li>→ Health and well-being initiatives</li> <li>→ Employee volunteering opportunities</li> <li>→ Career succession planning</li> </ul>
 <b>Government and regulatory bodies</b>	<ul style="list-style-type: none"> <li>→ Regulatory filings</li> <li>→ Compliance Statements</li> <li>→ Meetings</li> <li>→ Letters</li> <li>→ Emails</li> </ul>	<ul style="list-style-type: none"> <li>→ Need-based</li> </ul>	<ul style="list-style-type: none"> <li>→ License request and renewal</li> <li>→ Compliance with regulatory requirements</li> <li>→ Participation in government financial sector plans and programmes</li> </ul>	<ul style="list-style-type: none"> <li>→ On-time submission of regulatory and statutory filings</li> </ul>
 <b>Suppliers and business associates</b>	<ul style="list-style-type: none"> <li>→ Meetings</li> <li>→ Emails</li> <li>→ Letters</li> <li>→ Supplier and business associates' performance reviews</li> </ul>	<ul style="list-style-type: none"> <li>→ Ongoing</li> <li>→ Need-based</li> </ul>	<ul style="list-style-type: none"> <li>→ Product/Service/Technology quality and support</li> <li>→ Contract commercial and technical terms and conditions</li> <li>→ Minimum wage payments</li> <li>→ Supplier and business associates' statutory compliances</li> </ul>	<ul style="list-style-type: none"> <li>→ Supplier friendly terms</li> <li>→ On-time vendor payments</li> </ul>
 <b>Communities and NGOs</b>	<ul style="list-style-type: none"> <li>→ Community development initiatives including need-based local interventions identified by Kotak's employees</li> <li>→ Funding support</li> <li>→ Proposals and requests for new initiatives</li> </ul>	<ul style="list-style-type: none"> <li>→ Need-based</li> </ul>	<ul style="list-style-type: none"> <li>→ Community needs including aid for relief and rehabilitation aid requirements</li> <li>→ Financial infrastructure</li> <li>→ Human and organisational support</li> </ul>	<ul style="list-style-type: none"> <li>→ COVID-19 relief measures</li> <li>→ Continuity of community development programs despite the pandemic</li> <li>→ Skill upgradation for the supporting staff</li> </ul>
 <b>Media</b>	<ul style="list-style-type: none"> <li>→ Advertising</li> <li>→ Media interactions</li> <li>→ Interviews and responses</li> <li>→ Meetings</li> <li>→ Emails</li> </ul>	<ul style="list-style-type: none"> <li>→ Ongoing</li> <li>→ Need-based</li> </ul>	<ul style="list-style-type: none"> <li>→ Marketing and advertising agenda</li> <li>→ Information disclosure through media</li> <li>→ Viewpoints on industry, and other Group-related opportunities and issues</li> </ul>	<ul style="list-style-type: none"> <li>→ Participation in industry and media organised events</li> </ul>

## Stakeholder engagement and materiality analysis

### Prioritising material issues

Kotak conducted a materiality analysis exercise and received inputs from internal and external stakeholders to identify topics that are material to the Group's business and long-term sustenance.

Kotak's senior management helped identify the list of stakeholders who play a critical role in Kotak's growth and are impacted by the Group's operations.

A list of material topics was identified after a thorough analysis of the current business scenario, external factors, review of peers as well as global standards and frameworks. A rating methodology was used to prioritise material topics for FY 2020-21.

The stakeholder engagement was restricted to a limited sample of the stakeholder groups due to the ongoing COVID-19 pandemic. Inputs from select customers, employees, vendors, and NGOs were taken for conducting the materiality exercise. To gain a deeper understanding of organisation wide issues, customised materiality questionnaires were circulated to each stakeholder group. The inputs on investor concerns and priorities were taken from the responses consolidated by the Investor Relations team during the engagements with the various investor groups during FY 2020-21. Going forward, Kotak intends to conduct materiality analysis covering a larger set of stakeholders, and understanding the impacts on business.

Kotak's proven track record in delivering sustainable value depends on effectively factoring the stakeholder expectations and integrating material topics into its strategies.

### Kotak's materiality analysis process

Identification of priority topics



Define stakeholder groups



Stakeholder prioritisation



Stakeholder engagement



Analysis of stakeholder inputs



Prioritised Material Topics

A snapshot of the prioritised material topics are mentioned below (mentioned as per their respective headers) along with a brief explanation across environmental, social and governance topics:

#### Environment



- Responsible investments/ sustainable finance
- Climate action and environment sustainability

#### Social



- Customer service and satisfaction
- Employee engagement
- Talent management and retention
- Employee health and well-being
- Community development
- Inclusive growth and financial literacy

#### Governance



- Regulatory compliance
- Corporate governance and ethics
- Data security and customer privacy
- Brand and reputation management
- Risk management
- Digital banking and technology
- Business continuity planning
- Innovative products and services

Material Topics	Explanation	Linkage to chapter/capital
<b>Environment</b>		
<b>Responsible investments/ Sustainable finance</b>	<p>Financial institutions like Kotak have a prominent role to play in addressing sustainability challenges, facilitating the transition to a low-carbon economy and in stimulating sustainable development.</p> <p>To this effect, KMBL and its group companies take ESG considerations into account when making investment and lending decisions.</p>	<ul style="list-style-type: none"> <li>→ Managing risks and uncertainties</li> <li>→ Intellectual capital</li> </ul>
<b>Climate action and Environment sustainability</b>	<p>Climate change is a reality and sustainable growth is the future.</p> <p>At Kotak, sustainable practices have been ingrained across all business functions and are an important consideration in product design, service delivery and process formulation, to reduce environmental footprint.</p>	<ul style="list-style-type: none"> <li>→ Natural capital</li> </ul>
<b>Social</b>		
<b>Customer service and satisfaction</b>	<p>Kotak firmly believes that strong customer relationships are crucial to the growth and success of a business. Therefore, customers are at the core of all business decisions to provide them with a positive experience and build long-term relationships.</p> <p>Banking is an essential service and Kotak took a number of measures to ensure customers have seamless access to finance. The Group's strengths in digital banking allowed customers to bank safely from home.</p>	<ul style="list-style-type: none"> <li>→ Social and relationship capital</li> </ul>
<b>Employee engagement</b>	<p>Kotak promotes and nurtures a two-way communication with employees through various channels. This has helped Kotak understand their expectations and develop practices that support employee needs.</p>	<ul style="list-style-type: none"> <li>→ Human capital</li> </ul>
<b>Talent management and retention</b>	<p>Employees make up a significant part of a company's intangible assets. Organisations need to focus on developing their human capital and make sure that their employees have the necessary skill set needed to perform and execute the business strategy.</p> <p>Kotak's talent management initiatives adopt a holistic approach to meet special needs of employees at different stages of their career trajectories as well as business needs to support growth.</p>	<ul style="list-style-type: none"> <li>→ Human capital</li> </ul>
<b>Employee health and well-being</b>	<p>Poor health (physical and mental) and safety of employees has a direct negative impact on labour costs through lower productivity affecting a company's reputation, staff morale and increasing operating costs.</p> <p>Kotak's wellness initiatives are popularly recognised as 'Health to the Power Infinity'. In FY 2020-21, Kotak launched various health and wellness related initiatives through online and onsite interactions such as Emotional Assistance Program, Employee Outreach program, COVID-19 test reimbursements for employees and their families and special leaves for those who were COVID-19 positive.</p>	<ul style="list-style-type: none"> <li>→ Human capital</li> </ul>



Material Topics	Explanation	Linkage to chapter/capital
<b>Community development</b>	<p>Kotak believes its business is only as sustainable as the communities in which it operates. The Group's community investment priorities and CSR initiatives emphasise areas where it can make a substantial difference.</p>	<ul style="list-style-type: none"> <li>→ Social and relationship capital</li> </ul>
<div style="display: flex; align-items: center;">  <b>Governance</b> </div>		
<b>Regulatory compliance</b>	<p>Financial institutions are highly regulated and strict compliance with economic, environmental, and social laws, regulations and guidelines is imperative for the sustenance of these organisations.</p> <p>Kotak's approach to regulatory compliance goes beyond just adherence to the regulatory and statutory requirements. It is more about focusing on the voluntary practices that underpin the highest levels of transparency.</p>	<ul style="list-style-type: none"> <li>→ Governance approach reflects a strong value system</li> <li>→ Financial capital</li> </ul>
<b>Corporate governance and ethics</b>	<p>Corporate Governance comprises six pillars: Board/Management Quality and Integrity; Board Structure; Ownership and Shareholder Rights; Remuneration; Audit and Financial Reporting; and Stakeholder Governance.</p> <p>Kotak's philosophy on corporate governance is based on the core principles of Accountability and Responsibility, Integrity, Independence, Transparency in Dealings, Fair and Timely Disclosures, Equality and Social Responsibility.</p>	<ul style="list-style-type: none"> <li>→ Governance approach reflects a strong value system</li> </ul>
<b>Data security and customer privacy</b>	<p>The protection of customer data, information and information systems from unauthorised access, use, disruption, modification, or destruction ensure confidentiality, integrity, and availability.</p> <p>Kotak prioritises cyber security and data privacy when designing any financial product or service. The Group stays cautious of new threats and has systems in place (including a Cyber Crisis Management Plan) for timely detection and mitigation. The Group is also acutely aware of the human element of cyber security and data privacy. Programmes have, therefore, been designed to educate and advise customers on these practices, to prevent any breaches of customers' personally identifiable data</p>	<ul style="list-style-type: none"> <li>→ Intellectual capital</li> <li>→ Manufactured capital</li> </ul>
<b>Brand and reputation management</b>	<p>Maintenance of a positive brand reputation increases customer loyalty, builds confidence in the market and enables better positioning.</p> <p>KMBL is a trendsetter in the Indian banking industry since its inception and continues to contribute to nation-building, as one of India's leading banking and financial services institutions. As the world adapts to a new way of banking and financial services, Kotak is fine tuning its offerings to exceed customer expectations and remain ahead of the curve, by offering tailored solutions to meet evolving customer needs and preferences.</p>	<ul style="list-style-type: none"> <li>→ Step into the Kotak Universe</li> <li>→ Financial capital</li> <li>→ Social and Relationship capital</li> </ul>

Material Topics	Explanation	Linkage to chapter/capital
<b>Risk management</b>	<p>An effective risk management mechanism is a prime component of a financial institution's governance structure.</p> <p>The Group views risk management as a core competence and tries to ensure sound risk management through timely identification, assessment, and management of economic, environmental (including climate), and social risks. Risk management acts as a source of competitive advantage as the Group takes only approved risks.</p>	<ul style="list-style-type: none"> <li>→ Managing risks and uncertainties</li> </ul>
<b>Digital banking and technology</b>	<p>Digitisation has transformed the banking industry in the past few years. It has been a game changer providing last mile seamless banking services to customers.</p> <p>Kotak's investments in digitisation over the past few years have helped the Group respond to COVID-19 crisis without any hiccups. It enabled the organisation to stay resilient when social distancing, and digital and contactless solutions are the norm.</p>	<ul style="list-style-type: none"> <li>→ Intellectual capital</li> <li>→ Natural capital</li> <li>→ Social and relationship capital</li> </ul>
<b>Business continuity planning</b>	<p>Business continuity planning is the process through which Kotak has formulated a programme and established capabilities necessary to protect its assets and continue key business processes during times of crisis or a disaster (like the COVID-19 pandemic).</p> <p>Systems have been designed for resilience, recovery, and reliability of its business operations that provide continuity of critical operations for timely delivery of key products and services.</p>	<ul style="list-style-type: none"> <li>→ Managing risks and uncertainties</li> <li>→ Manufactured capital</li> </ul>
<b>Innovative products and services</b>	<p>Kotak leverages its strong technological backbone and digital capabilities to deliver efficiently and manage risks prudently.</p> <p>As the pandemic accelerated a massive shift towards a digital economy, Kotak was quick to leverage state-of-the-art technologies to make diverse products more accessible and render seamless services.</p>	<ul style="list-style-type: none"> <li>→ Intellectual capital</li> <li>→ Manufactured capital</li> </ul>
<b>Inclusive growth and financial literacy</b>	<p>Kotak believes that financial literacy and access is a major step towards inclusive growth. It helps in the overall economic development of the underprivileged population. KMBL focuses on meeting the banking and financial needs of customer segments beyond metro and urban centres.</p> <p>The Group focuses on mainstreaming the unbanked population of the country by providing last mile access to financial services and products.</p>	<ul style="list-style-type: none"> <li>→ Financial capital</li> <li>→ Social and relationship capital</li> </ul>



# Sound strategies to amplify business value

Kotak's business strategy is developed with the overarching objective of creating long-term value for its stakeholders. Stakeholder concerns and expectations, the evolving operating and regulatory landscape, and emerging opportunities and risks are some of the key issues that are factored in while formulating the strategy.

Kotak has identified nine key strategic drivers to maintain its leadership position in India's financial industry.



**Technology  
at the core**



**Leadership in  
digital capabilities**



**Customer  
centricity**



**Low-cost  
liabilities**



**Advances growth and  
risk management**



**Disciplined  
execution**



**Financial  
inclusion**



**Talented and  
motivated employees**



**Inorganic  
opportunities**



## Technology at the core

**Investing in cutting-edge technology for both infrastructure and applications, with a dual objective - 'run the Bank' and 'change the Bank'**

Kotak recognises the importance of building technology capabilities focussed on providing a better customer experience, increasing employee productivity, and improving operational performance and capabilities for superior regulatory compliance and proactive risk management. The Group's technology investments help drive the following business imperatives:

- Adoption of emerging technology
- Strengthen capabilities in cyber security

- Analytics and reporting for decision-making and improved customer interactions
- Automation in the development and technology operations
- Regulatory compliance
- Modernisation of legacy systems
- Platform convergence



## Leadership in digital capabilities

**Continue providing best-in-class digital processes and interface at speed**

### Digital customer acquisition and servicing

Kotak recognises the importance of digital capabilities for scaling up the pace of customer acquisition and providing a best-in-class customer experience. With the promise of quick account opening through an entirely digital journey, at any time of the day, Kotak 811 continues to be instrumental in driving acquisition of savings account customers for KMBL.

Across many other products, as part of its core digital focus, the Bank is investing to create simplified, technology-driven user experiences and processes for customer acquisition and servicing.

### Partnerships with fintech players

The Group will actively partner with multiple fintechs and other

start-ups to leverage rapidly evolving technologies in the areas of customer acquisition, customer servicing and customer experience.

### 'Digital Everything' experience

Kotak aims to deliver a 'Digital Everything' experience, and plans to continue investing in the delivery of multiple products and services through an integrated value proposition.

### Best-in-class digital banking experience

In FY 2020-21, KMBL revamped its net banking platform to make it more user-friendly, fast, safe and convenient. The Bank will continue to invest in digital transaction channels for enhancing customer acquisition, safety, servicing and transaction processing capability, especially across payments and transfers.



## Customer centricity

**Keep customer at the core of the business to provide a positive experience and build long-term relationships**

### Customer acquisition

KMBL believes that digital banking experience, trust and branch presence are among the most important factors influencing customers' choice of banks. The Bank proposes to take a 'Phygital' approach to expansion, and plans to

undertake the measured growth of its branch network to expand customer reach. At the same time, Kotak 811 and other digital banking initiatives will continue to be the main drivers of customer acquisition. This 'Phygital' strategy will help the Bank consolidate its



### ESG linkage

Kotak's investments in technology capabilities will drive efficiency and warrant reliability, transparency, privacy and accountability across processes, products and services.



### ESG linkage

The strategy directly links with the Group's initiatives to provide innovative products and services to its customers and enable last-mile financial access. The digital solutions, in turn, are helping the Group reduce its carbon footprint.

### ESG linkage

This strategy is focussed on improving the engagement, experience and satisfaction of customers, which is one of Kotak's key stakeholders.

experience of conventional and modern banking to make customers' journey seamless and complete.



## Sound strategies to amplify business value

### Delivering superlative customer experience

Kotak endeavours to enhance customer experience through the development and delivery of a large array of financial products and services using cost-efficient, accessible, and easy-to-use delivery channels, including various digital and technological initiatives. The Group wants to add a delightful experience layer at all customer touchpoints to surpass customer expectations.

Kotak as a group has, therefore, invested across various customer engagement channels such as virtual relationship managers - voicebot, chatbot and WhatsApp assistance.

Further, process capabilities such as paperless and biometric processing will help the Bank create a 'Superlative Customer Experience'. It relentlessly

pursues to be among the most trusted financial services conglomerates in India and has continuously striven to create a strong foundation of trust across all businesses. Each Group company tracks Net Promoter Score, and uses it as a basis for gauging customer delight, loyalty and satisfaction levels.

### Customer deepening (cross-sell)

Kotak aims to strengthen its data and analytics capabilities, leading to improved actionable customer insights. Kotak's belief is that such investments in advanced analytics shall improve product holding by anticipating customer needs and up-tiering risk analytics on lending (both for smarter lending and portfolio management). Additionally, enhanced customer experience is also expected to lead to higher cross-selling of products.

### Ecosystem play

A comprehensive products and services ecosystem provides a hassle-free experience that drives customer stickiness and enables the Bank to increase customer wallet share. It intends to combine existing products and services, and provide ecosystems across customer categories such as 811 (digital accounts and loans for tech savvy millennial population), Cherry by Kotak (artificial intelligence-powered multi-asset investment advisory platform being piloted by KIAL) and lending (banking layer on top of business applications for the business banking customers).



### Low-cost liabilities

#### Expanding access to low-cost liabilities

One of the pillars of KMBL's business strategy is led by organically growing its retail deposit base, particularly its savings and current deposits. It has grown its Current Account Saving Account (CASA) ratio from 38.10% as on 31<sup>st</sup> March, 2016 to 60.40% as on 31<sup>st</sup> March, 2021, which is amongst the highest in the Indian banking industry.

Retail depositors form an important source of low-cost and stable funding for the Bank. It focusses on leveraging its strengths and expanding the base of retail savings. It was among the first banks to raise interest rates over the prevalent 4% on domestic savings deposits after the RBI deregulated interest rates on savings deposits in 2011,

which helped drive a rise in its savings deposit base.

Kotak plans to continue expanding its retail banking business by growing its distribution network, increasing its customer base, diversifying its banking product mix, providing banking convenience to customers, optimising digital channels, and offering differentiated products and solutions to meet the specific needs of customers.

Further, the Bank aims to expand its current deposits by providing lending solutions, a range of customised products including wealth products targetted at the owners, promoters and directors of corporate customers, salary accounts, and cash management and liquidity

#### ESG linkage



This strategy, through its attractive offerings, attracts customers and drives the Group's economic performance along with its financial inclusion objectives. Additionally, this also aids in reducing borrowing cost for customers and improving capital protection and returns for shareholders.

management solutions. The Bank believes that its customer-specific orientation will result in an increase in current accounts and retail deposits to the Bank, which will expand its pool of low-cost and stable funding.



## Advances growth and risk management

**Pursue advances growth, ensuring right asset quality at risk-adjusted pricing and appropriate risk management**

### Advances

Kotak's strategy is centred on risk-adjusted returns, with a sharp focus on 'Return of Capital', along with sustainable balance sheet growth, led by retail advances, and maintaining a high-quality diversified asset portfolio.

The Consumer Banking vertical remains a key driver of KMBL's overall growth strategy. The Bank aims to further strengthen its data and analytics capabilities, leading to even more improved actionable customer insights. The Bank believes that such investments in advanced analytics shall improve product holding by anticipating customer needs and up-tiering risk analytics on lending (both for smarter lending and portfolio management).

Kotak is also focused on a 'Digital Everything' experience by providing end-to-end digital journeys, with digital on-boarding, immediate approvals with decision engines enabled by integrated core systems, digital disbursement, servicing through digital channels and collections driven by a digital platform. Kotak believes that this strategy will enable it to build relationships in areas far beyond its physical reach.

It aims to sharpen its focus on increasing the lending towards RBI-defined priority sectors through providing finance for tractors, crop loans, small enterprises, allied agricultural activities and microfinance, especially for women borrowers.

The focus of the wholesale business is on acquiring quality customers and delivering customised solutions through efficient technology platforms, backed by high-quality service.

Kotak will continuously monitor its portfolio diversification through tracking of industry, Group and business-specific exposure limits. Additionally, the Bank aims to enhance its ESG priorities by considering it one of the assessment areas, while evaluating credit and portfolio composition. It will continue to use the Risk-Adjusted Return on Capital (RaRoC) model for pricing its advances. This model ensures that the return earned is appropriately adjusted for expected losses, firm's expenses and taxes, and capital deployed.

### Risk management

Kotak strongly believes in ensuring the safety of its depositors' savings. Therefore, a rigorous process of managing risk and recovery, has

### ESG linkage



As a responsible financial institution, Kotak has integrated ESG aspects into its lending and investment processes. This strategic driver focuses on risk management, which provides stability to the organisation. An effective risk management mechanism is a prime component of a financial institution's governance.

been placed at the heart of its lending practices.

It views credit risk management as the foundation for providing risk-adjusted returns. It assumes credit risk in areas that are well-understood and where there is sufficient expertise and infrastructure to effectively measure and manage the risk, so as to balance risk with reward.

A disciplined credit risk management approach has enabled Kotak to build a diversified portfolio of high-quality assets with acceptable credit cost. It will continue to improve credit risk procedures to keep its credit cost within acceptable levels.



## Disciplined execution

**Executing with discipline – efficiency, productivity and capital**

### Cost efficiency

Kotak will continue to expand its market share across businesses, bringing scale efficiency. Additionally, the Group will continue to invest in various digital initiatives and technology infrastructure to acquire customers, enhance customer experience, and make internal operations more efficient. A comprehensive digital strategy will allow the Group to deepen relationships with customers

and automate processes, bringing cost efficiency over the medium- to long-term.

### Operational risk management

The objective of operational risk management at Kotak is to manage and control operational risks within targeted levels, as defined in the risk appetite laid down by the Board, and reduce losses resulting from inadequate or failed internal processes and systems.

### ESG linkage



The strategic driver rests on Kotak's core operational pillars steering efficiency, productivity and capital growth. Digital infrastructure is leveraged to improve cost efficiency, enhance employee productivity, and reduce carbon footprint.



## Sound strategies to amplify business value

### Employee productivity

The Group works towards continuously improving employee productivity levels, and has identified technology, automation and 'do-it-yourself' as critical enablers to achieving it. Automating repetitive tasks helps reduce costs, improves turnaround time,

enhances customer experience and satisfaction, increases wallet share and enhances operating leverage.

### Capital

Kotak plans the use of its capital requirements while adhering to regulatory mandates, striking a balance

between risk and reward on the deployed capital. The Group will continue to maintain Tier-I capital in excess of the regulatory requirement and ensure that the credit-to-deposit ratio remains within acceptable levels.



### Financial inclusion

#### Financial inclusion as an opportunity

Kotak believes that financial inclusion is an integral aspect of inclusive growth. KMBL focuses on meeting the banking and financial needs of customer segments beyond metro and urban centres. The Bank services the priority sector by financing tractors, crops small enterprises and allied agricultural activities and microfinance, especially for women borrowers.

The Group intends to expand its geographic presence by leveraging its digital ecosystem and tying up with channel partners. With rising rural incomes and strong demand, Kotak believes that there exists a potential

for robust growth across product lines. It aims to deepen access to financial products and services under various government-led initiatives in a sustainable manner. Under its financial inclusion plan, key products and services offered by Kotak include:

- Basic savings bank deposit accounts offered to customers in lower income brackets
- Distribution of government-sponsored protection schemes
- Lending in low-income segments through government-sponsored schemes

#### ESG linkage



The Group focuses on mainstreaming the unbanked population of the country by providing last mile access to financial services and products which is supported by 'Digital Everything' initiative.

- Offering services such as AePS through its branch and BC network

Kotak will increase its focus on converting these activities into sustainable opportunities over the long run.



### Talented and motivated employees

#### Attracting, retaining and building a talented team by engaging and motivating employees in an agile structure

Kotak believes that one of the keys to its success is the ability to recruit, retain, motivate and develop a formidable talent pool of experienced professionals. In 2021, KMBL received the 'Great Place to Work®' Award from the Great Place to Work Institute for its 'High-Trust and High-Performance Culture'. It intends to continue its focus on recruitment and cultivation of a high-quality, professional and empowered workforce through various initiatives:

- Training and development programmes - to enhance professional knowledge and upskilling of abilities
- Incentive programmes - to align compensation with performance

- Creating an encouraging work atmosphere
- Enhancing employee engagement
- Diversity, inclusion and equity

Kotak also aims to design a future-focussed organisation by:

- Reorganising leadership cadre to bring out a higher focus on technology and customer orientation
- Building an agile structure by motivating young talent towards a faster growth path and providing fewer and flatter reporting structures for an efficient decision-making process
- Improving diversity in the workforce to gain insights from a variety of perspectives

#### ESG linkage



This strategic driver focuses on developing a talented, stable, motivated and agile workforce. This is achieved by encouraging employee engagement, training, performance measurement and rewards. Further, Kotak believes in creating a work environment with mutual respect, diversity and inclusion.

This will help the Group achieve its overall vision, mission and goals along with making it an outstanding performer in the industry.



## Inorganic opportunities

### Leverage strong standing to pursue inorganic opportunities

While pursuing growth organically, Kotak will explore inorganic growth opportunities in the Indian financial services, wherever it sees value. These opportunities can take various forms, including acquisitions, mergers, joint ventures, strategic investments, and asset purchases. The Group will invest in businesses or assets that either enable it to expand its market share, allow entry into an industry, customer or

geographic segment that it is currently not present in, or provide it with new capabilities. In addition, the Group will also actively seek opportunities of making minority investments in businesses where it would derive financial value from business models that are not managed by it. Kotak will pursue these inorganic growth opportunities where it sees the ability to add value for its stakeholders and customers.



### ESG linkage

The strategy focusses on mergers and acquisitions, leading to the growth of opportunities for the community. This accrues value for shareholders, and provides ability to acquire talent, leadership, technology capabilities, wider distribution, expansion in products and services, leading to more satisfied shareholders, employees and customers.

**Kotak's business strategy builds upon the overriding objective of long-term value creation for stakeholders taking into consideration their challenges and concerns.**



# Governance approach reflects a strong value system

Corporate governance is more than just adherence to the regulatory and statutory requirements. It is more about focusing on the voluntary practices that underpin the highest levels of transparency. Kotak's philosophy on corporate governance is based on the core principles of Accountability and Responsibility, Integrity, Independence, Transparency in Dealings, Fair and Timely Disclosures, Equality and Social Responsibility.

Kotak has adopted a Code of Conduct which lays down the values and standards of conduct that are expected from its employees, while performing their roles and responsibilities across functions. Kotak has a Vigilance Policy, Whistle Blower Policy, and Policy against Sexual Harassment in the Workplace. There is zero tolerance with respect to violation of the Code of Conduct and any breach leads to appropriate legal action.

## 1,43,742

**Total person hours dedicated by employees towards trainings on ethical business practices\***

*\*including Anti-Corruption, Anti-Money Laundering and Anti-Bribery*



### **Vigilance Policy (Group)**

The Vigilance Committee is responsible for instituting the anti-corruption measures at Kotak. The policy covers primarily two types of vigilance – preventive and detective vigilance.



The Bank complies with the requirements prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), as applicable, regarding corporate governance.

### KYC and Anti-Money Laundering (AML) Policy (Bank)

Money laundering is a major concern for international financial community and KYC is the guiding principle behind AML measures. The objective of this policy is to have in place adequate policies, practices and procedures that promote high ethical and professional standards and prevent KMBL from being used, intentionally or unintentionally by criminal elements.

The KYC standards and AML measures enable the Bank to understand its customers/beneficial owners and their financial dealings, which in turn helps the Bank to manage its risks prudently. This policy is also approved by the Board of the Bank.

### Corporate Responsibility Policy (Bank)

This policy defines KMBL's Corporate Responsibility framework for conducting its business in a responsible, ethical and inclusive manner, and its commitment towards enhancing internal and external stakeholder experience.

### Code of Conduct for Board (Bank)

The purpose of this Code of Conduct for Board ('Code') is to enhance the ethical and transparent processes in managing the affairs of KMBL. Every Director is expected to read, understand, adhere to, comply with and uphold the provisions of the Code and the standards laid down in the performance of his/her duties, functions and responsibilities.

## Kotak's Governing Body

The Board is the highest governing body that reviews Kotak's performance and guides its business operations.

The composition of the Board of the Bank is governed by the Companies Act, 2013 (Act) and the Rules thereunder, the Banking Regulation Act, 1949, Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the guidelines issued by the Reserve Bank of India (RBI), from time to time, and is in conformity with the same. The Board has an optimum mix of Independent, Non-Executive and Executive Directors, with one-half of the Board being Independent Directors. Further, the roles of the Chairman and CEO have been kept separate as a measure of good governance.

The Bank's Board consists of eminent individuals with expertise and experience in various fields. The Board members understand and respect their fiduciary roles and responsibilities towards KMBL's stakeholders and strive hard

to meet their expectations. The Board provides a combination of professionalism, knowledge and experience required in the banking industry, and all the board members are above the age of 50 bringing a wealth of experience. The Board currently has one Independent woman director. For more information on the Board and its 10 Committees, Board diversity, attendance and the Board evaluation process please refer to the Report on Corporate Governance in the [Annual Report](#).

The Board of KMBL – the holding company of Group Companies – recognises that Board of Directors represent the interest of several stakeholders and have a large role to play to drive and oversee ethics, value, transparency and corporate governance practices of the Bank. In line with these ethos, the Group companies' Board members have the right experience and skills, are independent as applicable, and act in the best interests of all stakeholders. Composition and details of Board of Directors of each company are available in their respective Annual Reports available on the Kotak [website](#).

## Governance approach reflects a strong value system

### Governing the Bank's sustainability performance

The Bank has constituted a Board-level Corporate Social Responsibility Committee (CSR Committee) to guide and oversee Bank's business responsibility and CSR agenda for the Group where provisions of Section 135 of the Companies Act, 2013 are applicable.

The Board-approved CSR policy demonstrates its aim to positively contribute towards the economic, environmental, and social well-being of communities through its products and services, CSR activities and other sustainability interventions.

The CSR Committee reviewed and monitored the Group's ESG and CSR related impact, risks, opportunities, and performance annually. The Committee is also responsible for reviewing and approving the Bank's annual Business Responsibility Report, CDP Response and the Group's Integrated Report.

During FY 2020-21, the CSR Committee consisted of three members viz. Mr. Prakash Apte (Chairman), Mr. C. Jayaram, and Mr. Dipak Gupta, with all the three members forming the quorum. The CSR Committee was reconstituted<sup>1</sup>, with effect from 15<sup>th</sup> March, 2021 with the induction of Mr. Prakash Apte as Chairman. Mr. Prakash Apte is a Non-Executive Chairman and an Independent Director of KMBL. He is also one of the members of the Nomination and Remuneration Committee of KMBL. *For more details on the changes in the Committee composition please refer Annual Report FY 2020, pg. no. 131.*

With effect from May, 2021, the CSR Committee has been renamed as the CSR and ESG Committee. Accordingly, responsibilities of the Committee have been widened to include 'overseeing development of the Group's ESG framework, initiatives taken on the same and reporting and disclosure of the Group's ESG activities, performance and progress'

#### Business Responsibility Policy (Bank)

This policy sets out KMBL's vision, mission and commitments towards sustainable development and growth. The focus of the policy is to help integrate the business strategy with the sustainability strategy.

**Kotak's Corporate Governance philosophy rests on the core principles of Accountability and Responsibility, Integrity, Independence, Transparency in dealings, Fair and timely disclosures, Equality and Social Responsibility.**

<sup>1</sup>Prof. Mahendra Dev, Independent Director on the Board of the Bank and chairman of the CSR Committee, retired from the Board on 14<sup>th</sup> March, 2021 on completion of his term as permitted under Banking Regulation Act. Mr. Prakash Apte, Chairman of the Bank's Board and an Independent Director replaced Prof. Mahendra Dev on the CSR Committee with effect from 15<sup>th</sup> March, 2021.

## List of memberships and associations

Kotak collaborates with several associations to understand industry-wide issues. It leverages the collaborative knowledge to inform its internal policies.

KMBL and its subsidiaries are members of prestigious Indian industry bodies. These industry associations enable Kotak and its stakeholders to collaboratively identify, understand and propagate industry-wide issues, as well as implement responsible decisions within the organisation.

- The Advertising Standards Council of India
- Council for Fair Business Practices
- Bombay Chamber of Commerce and Industry
- Confederation of Indian Industry<sup>2</sup>
- Data Security Council of India
- Indian Institute of Banking and Finance
- Institute of International Finance
- Indian Banks' Association
- Financial Intermediaries Association of India
- Primary Dealers' Association of India
- The Institute of Internal Auditors India
- BSE Brokers' Forum
- Association of National Exchanges Member of India
- Asia Securities Industry and Financial Markets Association
- General Insurance Council

### Compliance Policy (Group)

The policy describes the compliance culture, function, risk and details out the Group's compliance approach. The Chief Compliance Officer and his team have the responsibility to ensure the effectiveness and integrity of the compliance process across various business with appropriate and detailed monitoring of the adherence to the Compliance Policy.

### Public-Policy Advocacy Policy (Bank)

This policy statement sets out KMBL's commitment and responsibilities towards public-policy advocacy activities.

<sup>2</sup>CFO Forum and IGBC membership





# Managing risks and uncertainties

Risk management acts as a competitive advantage and the Group takes only approved risks within the acceptable limits set forth in the Risk Management Framework. This helps Kotak leverage risk management and ensures timely identification, assessment and management.

Individual companies within the Group manage the risk function under an Enterprise Risk Management (ERM) framework that aligns risk and capital management with business strategy, protects its financial strength, enhances its reputation and ensures support to business activities for adding value to customers, while creating sustainable shareholder value. The ERM policy sets the approach for risk management and is adopted by legal entities in the Group, with suitable modifications, as appropriate for their individual businesses.

The ERM policy guides the identification, measurement, management and reporting of risks. This policy is complemented by dedicated risk policies that are aligned with individual risks. These specific policies set the principles, standards and requirements for the effective management of those risks. The ERM framework supports the Managing Director & Chief Executive Officer (MD & CEO) and Chief Risk Officer (CRO) in embedding a strong system of risk management and risk culture.

Kotak has a superior competitive position in the industry in asset quality parameters, evident in its credit costs and NPA ratios, which are among the lowest in the industry.

Kotak has adopted a three-lines-of-defence model towards risk management. The first line of defence is the risk-taking function, second line of defence comprises of control functions like Risk Management, Financial Control and Compliance that provide, oversight and validation support. Lastly, the third line of defence is independent assurance. Business units and the independent risk management function work in collaboration to ensure that business strategies and activities are consistent with the laid-down policies and limits.

The Bank uses a credit rating model for taking lending decisions for each corporate borrower. The model encompasses components with respect to financial, management, industry and business parameters. Kotak has introduced an ESG Management Systems Plan, with effect from February, 2021 to review ESG risks for its wholesale loan proposals above a certain threshold. ESG evaluation process is separate from the financial credit rating process.

## Components of Kotak's ERM framework

- An independent risk governance structure with clear framework of risk ownership and accountability
- Governance standards and controls to identify, measure, monitor and manage risks
- Policies to support and guide risk-taking activities across Kotak
- Risk appetite statements
- Risk metrics and risk reports to identify and communicate risks
- Periodic stress testing to assess the impact of adverse business conditions on earnings, capital and liquidity

## The ESG Management Systems Plan has laid out detailed screening and exclusion criteria as part of the Bank's credit risk management.

The ESG Management Systems Plan has laid out detailed ESG screening and exclusion criteria as part of its credit risk management. The Plan has been designed taking into consideration the IFC Performance Standards and other ESG standards. Salient parameters that are monitored as per the policy are listed below:



The Bank's credit terms are then based on the results of such evaluation. A three-step scoring process is adopted to remove bias. Borrowers are categorised as per ESG risk exposure: satisfactory, needs close monitoring and avoidable. Borrowers with scores below 'Satisfactory' are monitored

closely. With the introduction of the ESG Management Systems Plan, access to capital and loans will increase for borrowers who have sound sustainability and ESG practices in place.

## Pandemic risk mitigation

The COVID-19 pandemic and ensuing lockdown exposed financial institutions to operational and credit risks. Kotak was quick to implement measures to minimise the adverse impacts of the pandemic. The following actions were undertaken:

- Tightened underwriting norms for various portfolios, especially in unsecured assets.
- Curtailed lending in sectors most impacted by the pandemic, and focussed on better-rated clients by strengthening collection efforts.
- Identified vulnerable sectors and created stressed sector provisions.
- Implemented stress-testing scenarios involving aspects of COVID-19 as a support for decision-making.
- Implemented policies for loan restructuring.
- Strengthened the capital base (fund raising in May, 2021) and improved its liquidity buffers to ensure that the balance sheet is strong and sufficiently liquid.

- Implemented effective cyber security measures to mitigate against potential risks due to work-from-home arrangements: Data Loss Prevention (DLP) and Endpoint Detection Response were installed on devices to protect the Group's endpoint devices.

In FY 2020-21, KMBL and major entities of the Group continued to be rated AAA, reflecting the Group's strong financial risk profile, sound asset quality, robust liquidity and strong capital adequacy.

KMBL did not need to dip into the COVID-19 provisions made in FY 2020-21, and carried forward the entire COVID-19 provision of ₹ 1,279 crore.

## Managing risks and uncertainties

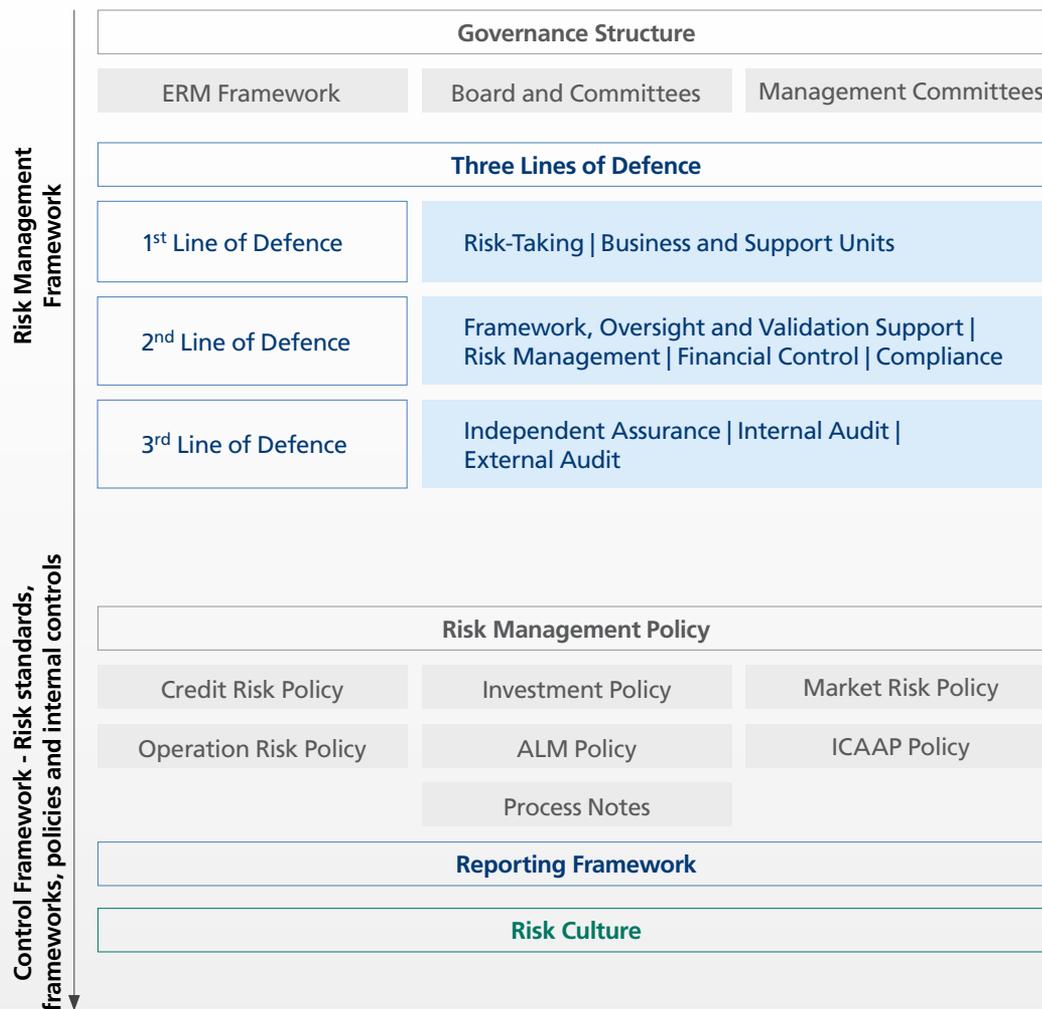
### Risk governance framework

Kotak's multi-layered risk governance structure augments risk evaluation and management capabilities to respond to the evolving business environment with agility.

At the Bank, the CRO - who heads the independent risk function - is appointed by the Board and reports directly to the MD and CEO. The risk function provides an independent assessment of risks across various business lines. The risk management process is the responsibility of the Board, which approves risk policies and the delegation matrix.

The Board is supported by an experienced executive management team and various management committees as part of the risk governance framework. Every quarter, the CRO reports performance against risk appetite and risk profile, to the Board. Besides, formal updates on various portfolios are provided to the Board periodically. Such regular and transparent risk reporting and discussions at senior management level facilitate communication and discussion of risks and mitigating strategies across the Group. KMBL and other legal entities in the Group operates within the limits set by the Board and management committees.

### Risk Management Framework



## Risk Management Committee

In FY 2020-21, a Group Risk Management Committee (GRMC) was constituted to ensure a holistic view of risks at the Group level. While the GRMC has oversight of risks in the subsidiaries, the respective CEOs, management and Board govern the subsidiaries.

KMBL's Risk Management Committee (RMC) is a Board level committee and is chaired by an Independent Director. The RMC ensures a risk management process that is not limited to credit, market, liquidity and operational risks, but incorporates material risks impacting the various verticals. The Committee meets on a quarterly basis, and is responsible for the following:

- Overseeing establishment of the overall risk management framework and process for ongoing management of the risks.
- Reviewing assessment of various risks on a periodic basis and overall risk profile.
- Approving risk appetite statements in line with the business strategy and objectives of the Bank, and monitoring performance against the approved risk appetite.
- Reviewing forward-looking assessment of various macro and industry risks as well as emerging risks.

KMBL constituted a Credit Risk Management Committee (CRMC) for enhancing the credit risk governance structure. KMBL also constituted an executive-level Fraud Risk Management Committee (FRMC), to examine root causes in large value frauds, identify control weaknesses, recommend proactive detection and mitigation measures, and monitor steps taken to mitigate fraud risk. The committee is chaired by the CRO and has representation from internal audit, compliance and vigilance teams.

Various group companies have their own Risk Management Committees that are responsible for managing their respective operational risks. Details about the respective committees can be found in their standalone annual reports, available on the [Kotak website](#).

**The Board is supported by an experienced executive management team and various management committees as part of the risk governance structure.**





## Managing risks and uncertainties

Group company	Actions Implemented
<b>Kotak Mahindra Bank Limited (KMBL)</b>	<ul style="list-style-type: none"> <li>→ KMBL adopted an ESG Management Systems Plan in FY 2020-21. The ESG Management Systems Plan has laid out detailed screening and exclusion criteria to provide guidance for evaluation of ESG risks of eligible borrowers.</li> <li>→ This evaluation process is applicable to proposals of certain threshold in the Wholesale Bank which comes to Credit Committee level D.</li> <li>→ It has been designed taking into consideration the IFC Performance Standards and other ESG standards.</li> </ul> <ul style="list-style-type: none"> <li>→ Each proposal is scored and categorised into different risk buckets, based on the criteria laid down in the plan. KMBL's credit terms are subsequently based on the results of such evaluation. Proposals with scores below 'Satisfactory' will be monitored closely. KMBL has also defined an exclusion list of activities for restricting lending to the sectors that impose environment and social risks.</li> </ul>
<b>Kotak Investment Advisors Limited (KIAL)</b>	<ul style="list-style-type: none"> <li>→ For new funds managed by KIAL, a mandatory ESG and climate risk review of portfolio companies is done during the initial investment screening and/or during the fund-level ESG management system reporting. The review process is defined based on the funds' investment strategy, asset class, investment time horizon and key requirements of fund investors.</li> <li>→ ESG requirements are incorporated in the fund documents/side letters and are strictly implemented. ESG review requirements include: <ul style="list-style-type: none"> <li>• External Environmental and Social (E&amp;S) due diligence appraisal for all investments.</li> <li>• Appointment of 'E&amp;S officer' or external monitoring agency to monitor Environmental and Social Action Plan (ESAP) implementation.</li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>• Periodic site visits for all investee projects.</li> <li>• Delegation of ESG responsibilities to ensure: <ul style="list-style-type: none"> <li>* Senior management's oversight of the ESG management systems.</li> <li>* Implementation by suitably qualified staff or consultants.</li> </ul> </li> <li>→ Monitoring of occupational health and safety measures.</li> <li>→ Starting FY 2021-22, KIAL has been evaluating every third-party equity fund that they advise or look to onboard, on ESG parameters. This will further strengthen its due diligence process of evaluating and onboarding fund managers.</li> </ul>
<b>Kotak Mahindra Asset Management Company (KMAMC)</b>	<p>KMAMC, the Group's asset management and mutual fund arm, launched an ESG-focussed fund that lets customers invest in ESG-compliant companies. KMAMC was also the first asset management company in India to become a signatory to United Nations Principles for Responsible Investment (UN PRI) in 2018. KMAMC outperformed its peers in FY 2019-20.</p>

## Risk strategy

An overview of Group-level risks and Kotak's approach

Risk type	Description	Risk management approach
<b>Credit Risk</b>	Credit risk arises as a result of failure or unwillingness on part of the customers or counterparties to fulfil their contractual obligations.	<ul style="list-style-type: none"> <li>→ The Group has a comprehensive top-down credit risk framework defined by credit policies and standards. Kotak has adopted a consistent approach across legal entities for measuring, monitoring and managing credit risk.</li> <li>→ Kotak's credit philosophy mandates that lending is based on credit analysis, with full understanding of the purpose of the loan, and is commensurate to customer financials and the ability to repay from business operations without compromising business continuity or finances.</li> <li>→ The Bank has an enterprise-wide Early Warning Signal (EWS) framework which is in line with RBI guideline.</li> </ul>
<b>Market Risk</b>	Market risk is the risk of earnings or capital being adversely affected by changes in market variables such as interest rates, foreign exchange rates, implied volatilities, credit spreads, and commodity and equity prices.	<ul style="list-style-type: none"> <li>→ The Bank uses Value-at-Risk (VaR) to quantify the potential price risk in the portfolio.</li> <li>→ The Bank employs metrics like stressed VaR, and periodically performs stress testing to measure exposure to market movements.</li> <li>→ Kotak has a comprehensive market risk limit framework, including limits on sensitivity measure.</li> </ul>
<b>Operational Risk</b>	Operational risk is the risk of loss resulting from inadequate or failed internal processes and systems.	<ul style="list-style-type: none"> <li>→ The Board, Risk Management Committee and the Operational Risk Executive Committees (ORECs) have overall oversight function for Operational Risk Management (ORM).</li> <li>→ The business units and support functions are accountable for operational risks and controls in their respective areas, which they manage under the policies, standards, processes, procedures and ORM framework.</li> <li>→ The ORM function defines standardised tools and techniques such as Risk and Control Self-Assessment (RCSA) to identify and assess operational risks and controls.</li> </ul>
<b>Reputation Risk</b>	Reputation risk is the risk of current or prospective loss arising from stakeholders' adverse experience, while dealing with the institution, which results in an adverse perception or loss of trust in the institution.	<ul style="list-style-type: none"> <li>→ Managing reputation is a priority area for the Group, and there is zero tolerance for knowingly engaging in any activities that are not consistent with its values, Code of Conduct or policies or that have the potential for unacceptable regulatory or reputational risk.</li> <li>→ The reputation risk management process is integrated with the ICAAP.</li> <li>→ The Group ERM policy lays down the framework to ensure reputation is managed effectively and consistently across the Group.</li> </ul>
<b>Technology and Cyber Risk</b>	Technology risk is the risk of IT and cyber incidents due to people, processes, and technology vulnerabilities.	<ul style="list-style-type: none"> <li>→ A layered technology architecture is implemented to manage risks due to system failures, cyber-attacks and other similar events</li> <li>→ Disaster recovery and business continuity plans have been established, and various functional and technological initiatives have been taken to enhance system resiliency.</li> </ul>
<b>Conduct Risk</b>	Conduct risk means any action that would cause harm to consumer protection, market integrity or competition.	<ul style="list-style-type: none"> <li>→ Conduct risk is managed by maintaining a positive and dynamic culture that emphasises acting with integrity.</li> <li>→ Conduct risk management is incorporated into HR practices, including recruiting, training, performance assessment, promotion and compensation processes.</li> <li>→ The Group has zero tolerance for instances of professional or personal misconduct.</li> <li>→ Conduct risk is assessed in the ICAAP through a scorecard that considers the various drivers of conduct risk.</li> </ul>

## Managing risks and uncertainties

### Risk strategy

An overview of Bank-level risks and Kotak's approach

Risk type	Description	Risk management approach
<b>Counterparty Credit Risk (CCR)</b>	Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before final settlement of the transaction's cash flows.	<ul style="list-style-type: none"> <li>→ The CCR exposure is calculated daily, using regulatory and internal norms.</li> <li>→ KMBL has an approved framework to evaluate the suitability of the customer and appropriateness of the derivative to the client's hedging requirements.</li> <li>→ KMBL operates within Asset Liability Management Committee (ALCO)-approved limits on individual CCPs (Central Counterparties).</li> </ul>
<b>Interest Rate Risk in Banking Book (IRRBB)</b>	IRRBB consists primarily of risk inherent in Asset Liability Management (ALM) activities and relates to the potential adverse impact of changes in market interest rates on future net interest income.	<ul style="list-style-type: none"> <li>→ ALCO is the guiding body for management of IRRBB in the Bank and sets the overall policy and risk limits.</li> <li>→ KMBL uses Earnings at Risk (EaR) as a short-term risk indicator to assess the sensitivity of net interest income and net interest margin over a one-year period, to change in interest rates. Duration Gap approach is used to assess the economic impact of change in interest rates on the overall banking book.</li> </ul>
<b>Liquidity Risk</b>	Liquidity risk is the risk that the Group is unable to meet its obligations when they are due without adversely affecting its financial condition or the ability to finance growth of its assets without incurring a substantial increase in cost.	<ul style="list-style-type: none"> <li>→ ALCO defines its liquidity risk management strategy and risk tolerances.</li> <li>→ Balance Sheet Management Unit (BSMU) of the Bank is responsible for managing liquidity under the liquidity risk management framework.</li> <li>→ KMBL follows a scenario-based approach for liquidity stress-testing to evaluate the impact of stress on the liquidity position.</li> <li>The Liquidity Coverage Ratio (LCR) promote short-term resilience of the bank's liquidity risk profile.</li> <li>→ The Bank has a Contingency Liquidity Plan (CLP), which is approved by ALCO and the Board, and plays an important role in its liquidity risk management framework. The CLP incorporates Early Warning Indicators (EWIs) to forewarn emerging stress liquidity conditions.</li> </ul>

Kotak factors in certain physical climate risks as a key consideration while formulating its Disaster Recovery Plan and Business Continuity Plans. Over the past years, Kotak has started reviewing the implications of transition risk arising from climate change, and is looking to integrate the same in its overall ERM framework in the future.

### Operational Risk Policy (Bank)

The policy guides KMBL's governance and reporting structure for operational risk management. It has helped establish a proactive operational risk management culture, which includes identifying, preventing, reducing, avoiding or transferring operational risk inherent to the business.

**Fraud Risk Management Policy (Bank)**

KMBL has zero tolerance towards fraud. The aim of this policy is to help the field functionaries strengthen their precautionary measures, which would make the supervision and internal control mechanism more focussed and effective. The policy defines the fraud-prone areas of the business, fraud risk control measures, and the classification and reporting of fraud cases, investigation, follow-up and closure mechanism.

**Risk culture**

The Group has instituted a strong risk culture through clear communication and appropriate employee training. Senior management receives regular and periodic information on various matters for the respective business lines, and clearly communicate their plans, strategy and expected outcomes to team members.

Risk management is a shared responsibility for employees at Kotak. Employees are required to familiarise themselves with the risk management policies relevant to their roles and responsibilities, and they are expected to escalate potential risk issues to the senior management, on a timely basis. Kotak has a structured induction programme to help new employees understand various businesses across the Group. The risk culture in the Group emphasises responsible business practices, prioritisation of customers' needs and appropriate disclosures.

Risk is taken into consideration when preparing business plans and when launching new products. Kotak's risk management culture enables it to take the risks necessary to fulfil its mandate, while ensuring the Group is financially sustainable.

**Internal Capital Adequacy Assessment Process (ICAAP) and stress-testing**

Every year, the Group undertakes the ICAAP, which provides management with a view of overall risks, assessment and capital allocated to cover the risks. The ICAAP is linked to overall business planning and establishes a strategy for

maintaining appropriate capital levels. ICAAP is an assessment of all significant risks (Pillar II), other than Pillar I risks, to which the Group is exposed and covers the consideration of whether additional capital is required, based on internal assessment. Once the risks are identified, the Group determines the method and extent of risk mitigation. Risk mitigation takes place through strengthening policies, procedures, improving risk controls and having suitable contingency plans. Finally, the Group determines the risks that will be covered by capital and the level of capital sufficient to cover those risks. ICAAP outcomes are reviewed by senior management and formally approved by the Board. During the year, the ICAAP was enhanced to include greater detail and more in-depth analysis. The Group was adequately capitalised to cover Pillar I and Pillar II risks.

Stress-testing is a key element of the ICAAP and an integral tool in the risk management framework, as it provides the Bank's management a better understanding of how portfolios perform under adverse economic conditions. Stress-testing is integral to strengthening the predictive approach to risk management, and supplements other risk management tools by providing an estimate of tail risks.

KMBL has a Board-approved Stress Testing Policy, which is aligned with regulatory guidelines and covers material risks. Indicative stress scenarios are defined in the policy.

**Policy on Stress Testing Framework (Group)**

The framework involves the use of various techniques that assess the potential vulnerability to extreme adverse future economic scenarios. The framework also helps identify, amongst other things the, impact of these scenarios on Kotak's profitability, capital adequacy and liquidity position, due to the sensitivity of the Bank's credit, market and liquidity risk portfolios, to changes in economic variables resulting from extreme scenarios.

# The interlinked capitals for value creation and retention

We create value through an interplay of capitals, and our overall approach evolves in line with the constantly changing operating environment.



## Financial Capital

The pool of funds available or obtained through financing, such as debt, equity or grants, or generated through investments.

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## Manufactured Capital

Physical assets including buildings, equipment and infrastructure (distinct from natural physical objects) that are available to Kotak for use.

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## Intellectual Capital

Organisational, knowledge-based intangibles, including intellectual property, such as software applications, licenses, copyrights and 'organisational capital' such as tacit knowledge, systems, procedures and protocols.

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## Human Capital

People's competencies, loyalties, leadership abilities, experience and their motivations to innovate, including their alignment with and support for Kotak's governance framework, risk management approach, ethical values, in addition to their ability to understand, develop and implement the Group's strategy.

Page 66 



## Social and Relationship Capital

The institutions and relationships within and between communities, groups of stakeholders and other networks. The ability to share information to enhance individual and collective well-being, along with the reputation that Kotak has developed.

Page 76 

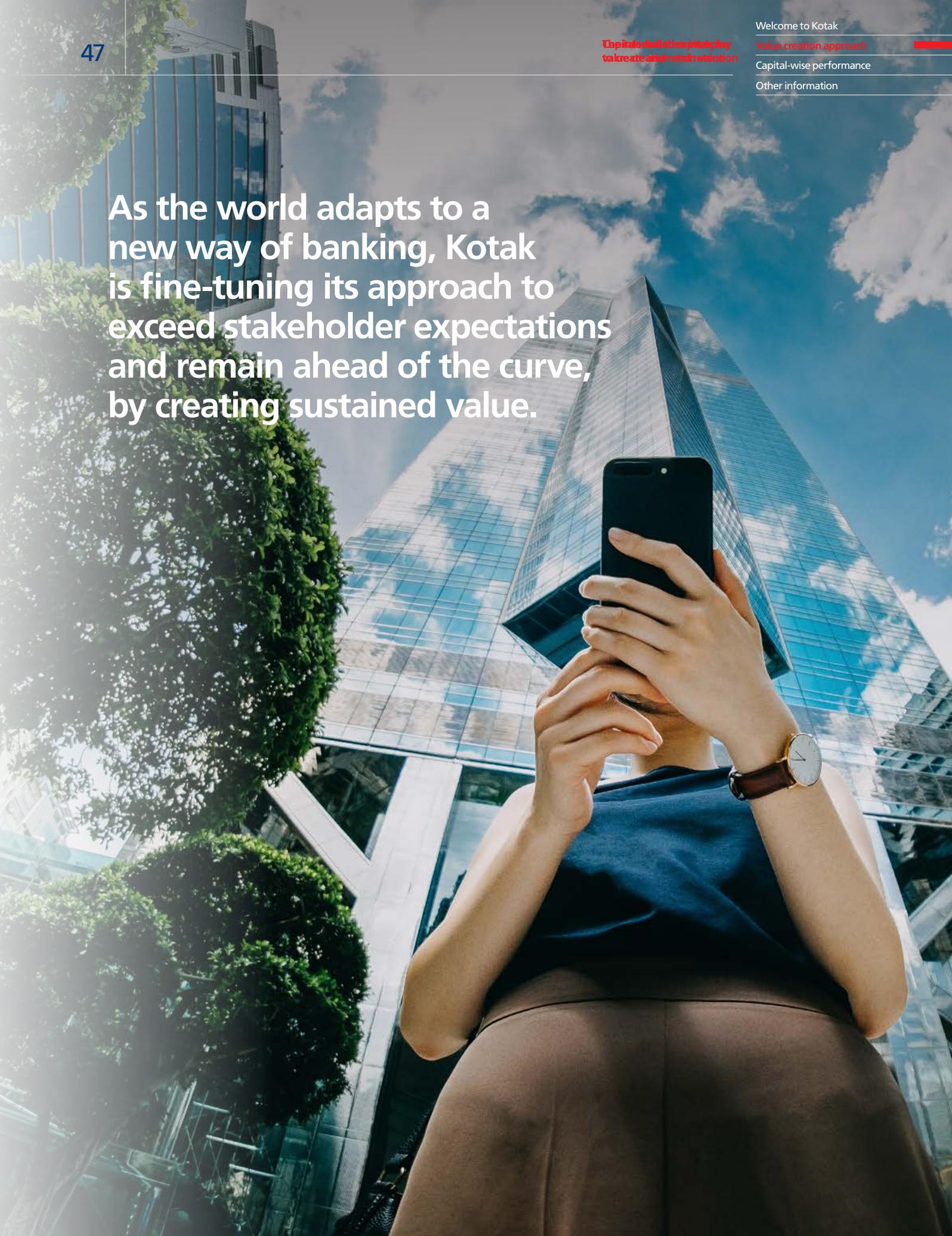


## Natural Capital

All natural resources that support Kotak's prosperity. These include air, water, land, minerals, forests, biodiversity, and ecosystem health.

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As the world adapts to a new way of banking, Kotak is fine-tuning its approach to exceed stakeholder expectations and remain ahead of the curve, by creating sustained value.



# Creating, delivering and retaining value

## Input



### Financial Capital

- Deposits<sup>G</sup>  
₹ 2,78,871 crore
- Borrowings<sup>G</sup>  
₹ 47,739 crore
- Assets Under Management<sup>G</sup>  
₹ 3,23,762 crore



### Manufactured Capital

- Total assets<sup>G</sup>  
₹ 4,78,873 crore
- % servers added to the virtual environment<sup>B</sup>  
69%
- Branches<sup>G</sup>  
3,857<sup>A</sup>
- ATMs<sup>B</sup>  
2,598
- Rural branches<sup>B</sup>  
256
- e-Lobbies<sup>B</sup>  
127

<sup>A</sup>Doesn't include branches in GIFT City and DIFC (Dubai)



### Intellectual Capital

- Kotak's ABCD charter
- Underwriting standards and processes
- Investments in IT
- Launched and upgraded Kotak 811
- Increase in Keya's knowledgebase
- Scaled up conversational banking for both commercial and retail customers



### Human Capital

- Employees<sup>G</sup>  
73,000+
- % of permanent women employees<sup>B</sup>  
25%
- Employee cost<sup>B</sup>  
₹ 3,729.1 crore
- Training hours<sup>B</sup>  
19 lakh person hours
- HR policies
- Employee engagement surveys



### Social and Relationship Capital

- Active customer base<sup>B</sup>  
2.6 crore+
- Total PMJDY accounts<sup>B</sup>  
1.65 lakh
- Total PMMY accounts<sup>B</sup>  
3.75 lakh
- Shareholder base<sup>B</sup>  
4,20,000+
- CSR spend<sup>G</sup>  
₹ 201.2 crore
- Women borrowers<sup>B</sup>  
7.5 lakh+



### Natural Capital

- Energy consumed<sup>B</sup>  
69,515 MWh
- Water consumed<sup>B</sup>  
70,683 kL
- LEED-certified buildings<sup>B</sup>  
9
- Carbon neutral floors<sup>B</sup>  
11,920 sq. mtrs.
- Renewable energy procured<sup>B</sup>  
3,337 MWh

## Process

### Vision

- Value creation
- The most trusted financial services company
- The most preferred employer in financial services
- The global Indian financial services brand

### Values

- Ethical with a governance mindset
- Entrepreneurial approach
- Passion to achieve
- Mutual respect and privacy
- Down-to-earth and approachable



### Identity

The symbol of Kotak Mahindra Group, 'Ka', represents its distinct Indian origin. Its curves form the universal 'infinity' sign reflecting a uniquely global Indian personality

### Services

- Consumer Banking
- Corporate Banking
- Commercial Banking
- Treasury
- International Business
- Asset Reconstruction
- Wealth Management
- Life Insurance
- General Insurance
- Mutual Fund
- Alternate Assets
- Investment Banking
- Brokerage

### Enablers

- Ethics and conduct
- Robust capital and liquidity
- Diversified revenue streams
- Digitisation and automation
- Professional and entrepreneurial culture

Kotak caters to the diverse financial needs of individuals and the corporate sector. The bold vision that underscores Kotak's growth is an inclusive one, with a host of products and services designed to address the needs of the unbanked and insufficiently banked.

**B** The Bank   **G** The Group

## Output

### Kotak's segment-wise revenue

- Treasury, BMU and Corporate Centre<sup>G</sup>  
₹ 9,993.60 crore

---

- Retail banking<sup>G</sup>  
₹ 13,815.72 crore

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- Corporate/Wholesale banking<sup>G</sup>  
₹ 13,016.78 crore

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- Vehicle financing<sup>G</sup>  
₹ 1,921.37 crore

---

- Other lending activities<sup>G</sup>  
₹ 1,438.39 crore

---

- Broking<sup>G</sup>  
₹ 1,901.36 crore

---

- Advisory and transactional services<sup>G</sup>  
₹ 386.25 crore

---

- Asset management<sup>G</sup>  
₹ 1,122.05 crore

---

- Insurance<sup>G</sup>  
₹ 18,231.45 crore

### Other outputs

- Total GHG emissions (Scope 1, 2 & 3)<sup>B</sup>  
58,922 tCO<sub>2</sub>e

---

- Total used oil disposed<sup>B</sup>  
0.8 kL

## Outcome

### Financial Capital

- Net Profit (PAT)<sup>G</sup>  
₹ 9,990.20 crore
- Net NPA Ratio<sup>G</sup>  
1.23%
- Return on Average Assets<sup>G</sup>  
2.16%
- Net Worth<sup>G</sup>  
₹ 84,336.45 crore
- NIM<sup>G</sup>  
4.47%
- Cost to Income Ratio<sup>B</sup>  
41%
- Revenue (Income)<sup>G</sup>  
₹ 56,814.77 crore

### Manufactured Capital

- Biometric acquisition (non 811 customers)<sup>B</sup>  
61%
- Growth in UPI transactions acquired<sup>B</sup>  
10.3x
- Increase in Gross Merchandise Volume on KayMall from Q4 2019-20 to Q4 2020-21<sup>B</sup>  
1.9x
- Savings account transactions through digital or non-branch modes<sup>B</sup>  
94%

### Intellectual Capital

- Recurring deposit sourced digitally<sup>B</sup>  
96%
- YoY Growth in Value of Mobile Banking transactions<sup>B</sup>  
38%
- Increase in monthly active users for Keya chatbot<sup>B</sup>  
40%
- Monthly average interactions handled by Keya chatbot with 1m identified successfully<sup>B</sup>  
18.97 lakh
- Fixed deposit sourced digitally<sup>B</sup>  
84%
- Increase in monthly active users of WhatsApp banking<sup>B</sup>  
111%
- % Growth in Kotak Securities mobile App total ADV<sup>G</sup>  
203%
- YoY growth in volume of mobile banking transactions<sup>B</sup>  
72%

### Human Capital

- Kotak One Culture<sup>G</sup>
- Employee Great Place to Work<sup>B</sup>
- % of Sexual harassment cases disposed<sup>B</sup>  
83% (as on 20<sup>th</sup> July, 2021) | 78% (as on 31<sup>st</sup> March, 2021)
- Permanent women employee base<sup>G</sup>  
25%

### Social and Relationship Capital

- % customer grievances resolved<sup>B</sup>  
97%
- Increase in priority sector advances<sup>B</sup>  
23%
- Beneficiaries of CSR projects on education and livelihood<sup>G</sup>  
~99,200
- Candidates trained at the BVV Sangha Kotak Mahindra Bank Rural Self-Employment Training Institute (RSETI), Karnataka since its inception<sup>B</sup>  
1,177
- Turnaround time adherence<sup>B</sup>  
94%
- Beneficiaries of CSR projects on healthcare<sup>G</sup>  
~5,33,000
- Microloans disbursed<sup>B</sup>  
₹ 1,286.4 crore

### Natural Capital

- A4-Size sheets saved<sup>B</sup>  
73 lakh
- Trees preserved due to paper-saving<sup>B</sup>  
876
- Emissions avoided<sup>B</sup>  
1,188 tCO<sub>2</sub>e
- Water saved due to recycling<sup>B</sup>  
~47,561 kL
- Energy saved<sup>B</sup>  
1,431 MWh

Diligence

# Prudence informs Kotak's playbook



The resources and relationships of Kotak enables it to pivot towards opportunities with speed and precision, balancing priorities as it moves forward.

## Capital-wise performance

- 52 Financial capital
- 56 Manufactured capital
- 60 Intellectual capital
- 66 Human capital
- 76 Social and relationship capital
- 92 Natural capital

# Financial Capital



Kotak has a balanced funding mix and solid equity position to support operations and business activities of taking deposits and lending along with investment solutions.

## ₹ 19,853.28 crore

Consolidated Net Interest Income

## 4.47%

Consolidated Net Interest Margin (NIM)

## ₹ 9,990.20 crore

Consolidated Net Profit

## ₹ 84,836.45 crore

Consolidated Capital and Reserves and Surplus

## ₹ 478,872.69 crore

Consolidated Assets



Kotak Group is a ₹ 4,80,000 crore institution (consolidated assets) with a market capitalisation of approx. ₹ 3,50,000 crore.

## Delivering a strong financial performance

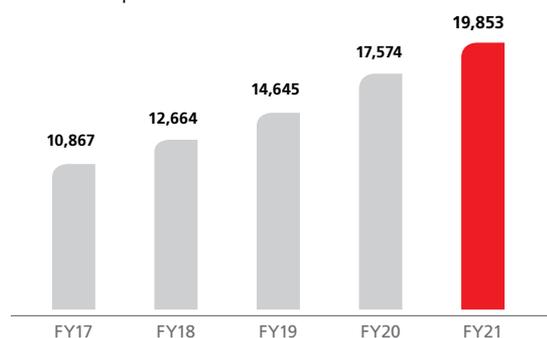
The Group's strategic focus centered around risk-adjusted returns and its ability to evaluate and appropriately price risk resulted in the Group earning a net interest margin (NIM) of 4.47% in FY 2020-21. In FY 2020-21, the Bank and major entities of the Group continued to be rated "AAA", reflecting the Group's strong financial risk profile, sound asset quality, robust liquidity and strong capital adequacy.

The Group's strong capital adequacy position posits it well for financial growth. Kotak achieved a 22% growth in its share capital and reserves and surplus which stood at ₹ 84,836.45 crore as on 31<sup>st</sup> March, 2021 as compared to ₹ 67,134.12 crore in FY 2019-20.

## Net interest income

CAGR 16%

Consolidated | ₹ in crore



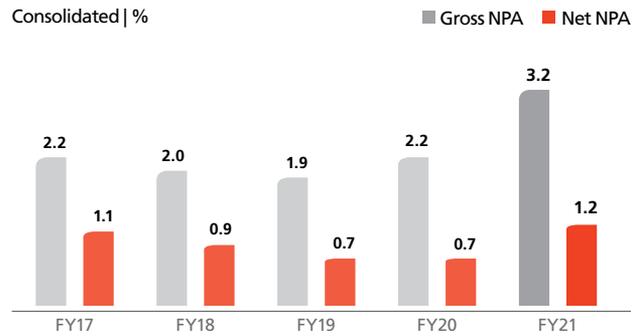
In FY 2020-21, Kotak recorded a 19% increase in its operating profit and net profit in comparison to its last year's performance. This demonstrates the success of the Group's strategies to mitigate risks and ensure sustainable growth despite the COVID-19 pandemic. Kotak's strategy to capitalise customer growth has also displayed favorable results with the Group witnessing an 11% CAGR in its advances in FY 2020-21. Overall, the Group witnessed a 17% CAGR in its earnings per share (EPS) which stood at ₹ 50.5 for FY 2020-21.

Kotak has a comprehensive set of risk management policies in place which addresses issues related to capital adequacy, portfolio concentration limits and stress testing. The Group has defined internal limits for managing borrower concentrations, which are tighter than the regulatory norms.

KMBL will continue to fund its advances growth largely by retail deposit base, savings and current deposits. KMBL believes that with sound risk management and a strong capital

adequacy ratio, it is well positioned to capitalise on the growth opportunities – organic as well as inorganic, in the growing Indian economy.

### Asset quality



### KMBL's financial performance

Profit Before Tax (PBT) of the Bank for FY 2020-21 was ₹ 9,303.0 crore as against ₹ 7,804.7 crore for FY 2019-20. Profit After Tax (PAT) was ₹ 6,964.8 crore compared with ₹ 5,947.2 crore in FY 2019-20. Return on Average Assets (RoAA) was 1.85% compared to 1.87% for FY 2019-20.

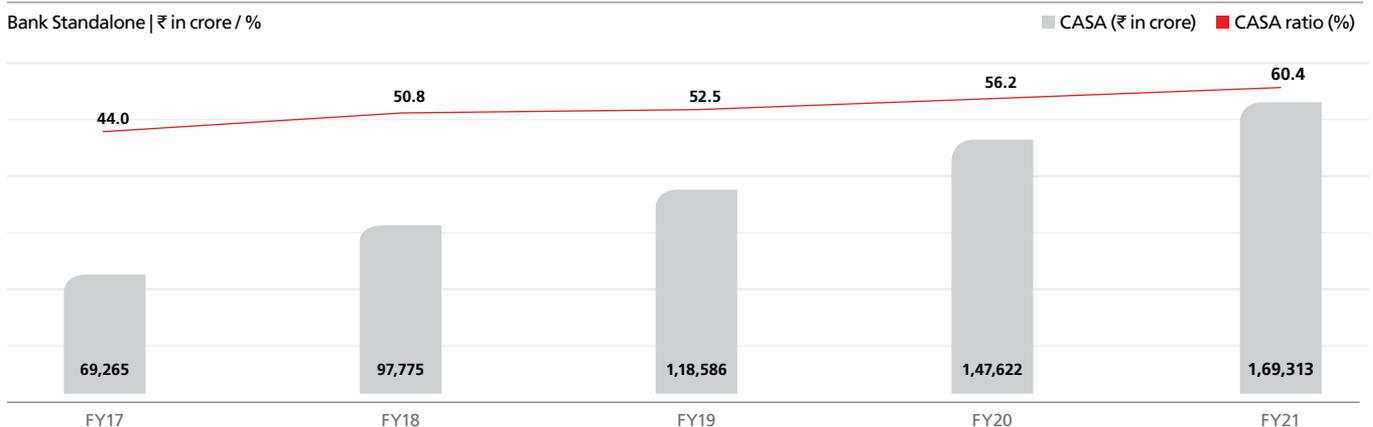
The Bank on 31<sup>st</sup> May, 2020, concluded a Qualified Institutional Placement (QIP) of 6,50,00,000 equity shares at a price of ₹ 1,145 per share aggregating to ₹ 7,442.50 crore.

KMBL's CASA ratio currently stands at 60.40%. A high CASA ratio has significantly contributed in lowering the Bank's cost of funds. KMBL has grown its CASA ratio from 38.10% as of 31<sup>st</sup> March, 2016 to 60.40% as of 31<sup>st</sup> March, 2021, which is among the highest in the Indian banking industry. Retail depositors form an important source of low-cost and stable funding for the Bank.

KMBL leverages its retail strengths by expanding the base of savings and fixed deposits and current accounts. It plans to continue expanding its retail banking business by growing its distribution network, increasing its customer base, diversifying its banking product mix, providing banking convenience to customers, optimising digital channels and offering differentiated products and solutions to meet the specific needs of customers. To add, KMBL's current deposits growth will be aided by providing lending solutions, a range of customised products including wealth products targeted at the owners, promoters and directors of corporate customers, salary accounts and cash management and liquidity management solutions.

### Current Account and Saving Account (CASA)

Bank Standalone | ₹ in crore / %



## Financial Capital

### Performance of key subsidiaries

KLI's PAT - Shareholders' Account for FY 2020-21 was ₹ 691.93 crore as compared to ₹ 608.18 crore in the previous financial year. The company also witnessed a y-o-y growth in its annualised total premium equivalent (7.40%), individual gross new business (NB) premium (at 23%), individual renewal business (12%) and AUM policyholders (34.20%) indicating a steady overall performance.

KMAMC jumped one rank as on 31<sup>st</sup> March, 2021 to become the 5<sup>th</sup> largest fund house in the country in terms of Quarterly Average Assets under Management (QAAUM). The market share in QAAUM grew to 7.25% in Q4 of FY 2020-21 from 6.86% in Q4 of FY 2019-20. Additionally, annual AAUM was ₹ 2,02,826 crore as against ₹ 1,73,394 crore FY 2019-20, a growth of 17%.

In FY 2020-21, KIAL received new capital commitments of around ₹ 3,836 crore. The aggregate alternate assets managed / advised (including undrawn commitments, wherever applicable) by KIAL as on 31<sup>st</sup> March, 2021 were ₹ 17,906 crore. KIAL managed 17 domestic funds and advised one domestic fund and six offshore funds in FY 2020-21.

KMIL witnessed growth in net customer assets of 15.70% and reported an increase in customer assets from ₹ 5,874.6 crore as on 31<sup>st</sup> March, 2020 to ₹ 6,795.40 crore as on 31<sup>st</sup> March, 2021. However, average earning customer assets decreased from ₹ 7,889.60 crore in FY 2019-20 to ₹ 5,747.90 crore in FY 2020-21.

In FY 2020-21, the Indian equity capital markets witnessed a record fundraising year with 32 Initial Public Offerings (IPOs), 1 Follow-on Public Offering (FPO), 32 Qualified Institutional Placement (QIPs), 35 Offer for Sale (OFS) and 20 Rights Issue. Barring the first few months of FY 2020-21 that were impacted by COVID-19, there was a record surge in activity, which can be primarily attributed to monetary stimulus by central banks globally and locally, leading to FII inflows inflow of US\$ 38 billion into Indian markets in FY 2020-21. Capital markets initially witnessed mega-QIPs by banks and NBFCs, followed by a resumption in IPO activity in the latter half of FY 2020-21. Further, the Sensex surged to 49,509 as on 31<sup>st</sup> March, 2021 from 29,468 as on 31<sup>st</sup> March, 2020, with a high of 52,516 and a low of 27,500. Similarly, the benchmark Nifty50 closed at 8,598 on 31<sup>st</sup> March, 2020 up from 14,691 on 31<sup>st</sup> March, 2021 with a high of 15,431 and a low of 8,056. Accordingly, KSL and Kotak Mahindra Capital Company Limited (KMCC) reported higher profits compared to previous year.

The passenger car market in India de-grew by 1.50% in FY 2020-21 compared to 17.40% de-growth in FY 2019-20. There was a decrease in the loan book of the Bank's NBFC subsidiaries which was mainly due to COVID-19 scenario and also due to regulatory changes, which impacted various businesses in FY 2020-21. KMPL and KMIL had a COVID-19 related general provision of ₹ 90 crore and ₹ 27 crore, respectively, which further impacted their profits.

### A journey towards inclusivity and empowerment

Kotak leverages technology to create bespoke solutions to further its financial inclusion agenda. Kotak is committed to provide last-mile financial access by facilitating Financial Inclusion (FI) and Financial Literacy (FL). Active in the microfinance sector for over a decade, Kotak's approach to mainstreaming FI involves:

- Directly reaching borrowers through its wholly-owned subsidiary - BSS Microfinance.
- Reaching out to borrowers through business correspondents.
- Lending to Micro-Finance Institutions (MFIs) for on-lending.

- Investing in securitised papers for loans originated by MFIs.
- Providing customised products like tractor financing, crop loans, small enterprises and allied agricultural activities to priority sector customer segments beyond metro and urban centres.

Kotak's initiatives exceed the mandatory requirements set by the Reserve Bank of India (RBI) to provide financial services to the economically backward population of the country.

Some of the initiatives to promote FI are stated below:

**Aadhaar Seva Kendras**

**Aadhaar-enabled Payment System (AePS)**

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

**Pradhan Mantri Mudra Yojana (PMMY)**

**Atal Pension Yojana (APY)**

**Pradhan Mantri Jan-Dhan Yojana (PMJDY)**

**Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)**

**Basic Savings Bank Deposit Account (BSBDA)/ Small Savings Account**

**BVV Sangha Kotak Mahindra Bank Rural Self-Employment Training Institute (BVVS KMBL RSETI)**

**Highlights FY 2020-21****1,177**

Candidates benefitted from 38 free courses under the BVVS KMBL RSETI

**8 lakh**

Accounts are covered under 318 Customer Service Points (CSPs) under the Basic Savings Bank Deposit Account in the rural region

**3.75 lakh+**

Beneficiaries with a value of more than ₹ 1,300 crore were provided with PMMY loans

**₹56 lakh+**

Disbursed under the MGNREGA wage scheme

**7.5 lakh+**

Women customers have outstanding loans as on 31<sup>st</sup> March, 2021

During FY 2020-21, KMBL achieved an average priority sector lending of ₹ 95,155.68 crore, which constituted 43.95% of the Bank's Adjusted Net Bank Credit (ANBC), higher than the RBI requirement of 40%. Of this average priority sector lending, average advances to weaker sections amounted to ₹ 26,991.28 crore, average lending to small and marginal farmers stood at ₹ 19,855.04 crore, average advances made to agriculture was ₹ 37,568.15 crore and average lending to micro enterprises amounted to ₹ 18,319.96 crore. Micro-loans (ranging upto ₹ 50,000) were extended to 7.5 lakh women. These priority sector lending averages were inclusive of the priority sector lending certificates purchased and sold by KMBL.

During FY 2020-21, KMBL achieved establishing a total of more than 160 Aadhaar Seva Kendras, enhancing the ease of enrolment and updation of Aadhaar details. AePS enables online interoperable financial transactions at Point of Sale (PoS) through the Business Correspondent (BC) network. The transaction volumes amounted to over ₹ 23 crore with more than one lakh beneficiaries. KMBL extended social security to over four lakh subscribers, 11% of which comprised of rural customers through the two Jan Suraksha schemes launched by the Ministry of Finance (PMJJBY and PMSBY).

KMBL also collaborated with the Life Insurance Corporation of India (LIC) and ICICI Lombard General Insurance Co. Ltd. to offer these products. KMBL settled 32 insurance claims under PMSBY amounting to over ₹ 64 lakh. Through the PMMY, KMBL supported non-corporate start-ups and non-farm small and medium enterprises (SMEs), by providing them loans for up to ₹ 10 lakh. As a part of the APY scheme, KMBL aims to provide income security to workers in the unorganised sector. The overall subscriber count stands at 13,000 with the incremental subscriber count of 2,371. Under the PMJDY, KMBL registered nearly 1.6 lakh accounts with a total balance of over ₹ 28 crore.

Kotak Silk, a banking programme designed especially for women, promotes financial independence for women. On International Women's Day (8<sup>th</sup> March, 2021), Silk launched its campaign #ShelsTheChange to financially empower women. The initiative included launch of its dedicated **digital platform**, created to enhance financial knowledge among women and empower them towards managing finances and investments. A series of interactive webinars by experts on different aspects of financial management were also organised for all women customers.

KGI also undertook initiatives towards distribution of low-cost insurance products for the social sector.

**KLI operations' social footprint**

- KLI has covered ~1.3 crore micro-insurance lives with a sum assured of ₹ 48,300+ crore during FY 2020-21.
- During FY 2020-21, KLI's policy coverage (in term of lives) from social sector contributes to 43% of total business, as against the regulatory requirement of 5%. This is also a 150% increase from the business generated in FY 2019-20.
- KLI policy coverage from the rural sector accounts for 22.7% of total number of policies. This marks an 8% increase over FY 2019-20.



# Manufactured Capital



Over the past few years, the banking and financial services industry has undergone significant transformation, powered by digitalisation. The unfolding digital era has redefined Kotak's legacy customer relationship model, a transition from a branch-centric engagement model to a 'phygital' paradigm with a stronger focus on customer centricity.

## 1,604\*

Operational bank branches

## 2,598

ATMs

## ₹ 38 crore

Investments in IT infrastructure and cyber security for KMBL during FY 2020-21



➤ 12 BKC lounge

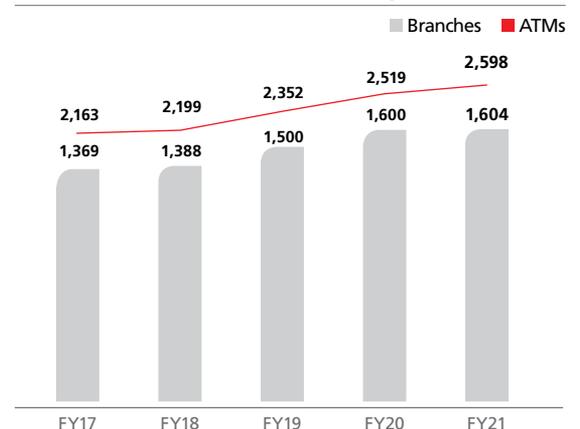
Kotak's smart collaborations with Fintech platforms has democratised access, improved customer convenience and elevated overall customer experience, thereby reshaping the banking industry landscape for a digital world.

Kotak's forward-looking approach coupled with its investment in best-in-class technology and digital solutions has enabled its group companies to navigate through this rapid transformation in the financial services industry.

In FY 2020-21, Kotak focused on ramping up its digital products to serve customers in the safety of their homes. In line with its business strategy, Kotak leveraged and accelerated investments in best-in-class technology to facilitate seamless operations, ensure smooth customer experience, optimise employee productivity, and manage business risks and legal compliances.

\*Excluding GIFT and DIFC

### Bank branches and ATM network growth





### Cash on wheels

Kotak launched an 'ATM on Wheels' facility in April, 2020 in major metros across India. The mobile ATM brought cash withdrawal services to local neighbourhoods, when cities were under lockdown due to the pandemic. The mobile ATM facility was available to both Kotak customers and non-customers. Similar to a regular ATM, the ATM on Wheels offered key banking services such as cash withdrawals and access to account-related information such as account balances and mini statements. The fully networked mobile ATM is connected to the central database using the Global System for Mobile Communications (GSM) technology.

### Dubai International Financial Centre (DIFC) branch

The Bank's DIFC branch began its operations in October, 2019. The branch complements the Bank's ability to advise and arrange global investment products, provide loans and accept deposits from its overseas wealth and private banking customers.

Global disruptions due to the pandemic slowed down the customer on-boarding process due to restrictions on international couriers, meeting, and so on. This led to delays in the KYC process. Notwithstanding the disruptions, the branch-maintained continuity of its existing operations and client on-boarding.

### GIFT City

- The Bank's GIFT City branch commenced operations in FY 2016-17. The branch caters to the funding requirements of managing currency and interest rate risks of KMBL's overseas corporate customers. The branch also supports the International Financial Services Centres (IFSC) infrastructure at GIFT City by providing account and clearing services to the Exchanges and its members at GIFT City.
- The loans made from GIFT City branch are subject to the same rigorous and conservative credit underwriting standards and prudence of KMBL.
- In FY 2020-21, the GIFT City branch stayed focused on maintaining credit quality, while also ensuring the quality of service to its short/medium term trade loans borrowers. The loan book mix changed favourably to short-term trade loans.
- For most of FY 2020-21, there were continued disruptions due to the pandemic in the state. The GIFT City branch while intermittently working offline through the disruptions, continued its operations, with utmost efficiency and prudence.
- The International Financial Services Centres Authority (IFSCA) was established as a unified regulator with a vision to promote ease of doing business in IFSC and provide a world-class regulatory environment. GIFT City branch is working towards augmenting its resourcing to benefit from incremental opportunities at the IFSC.

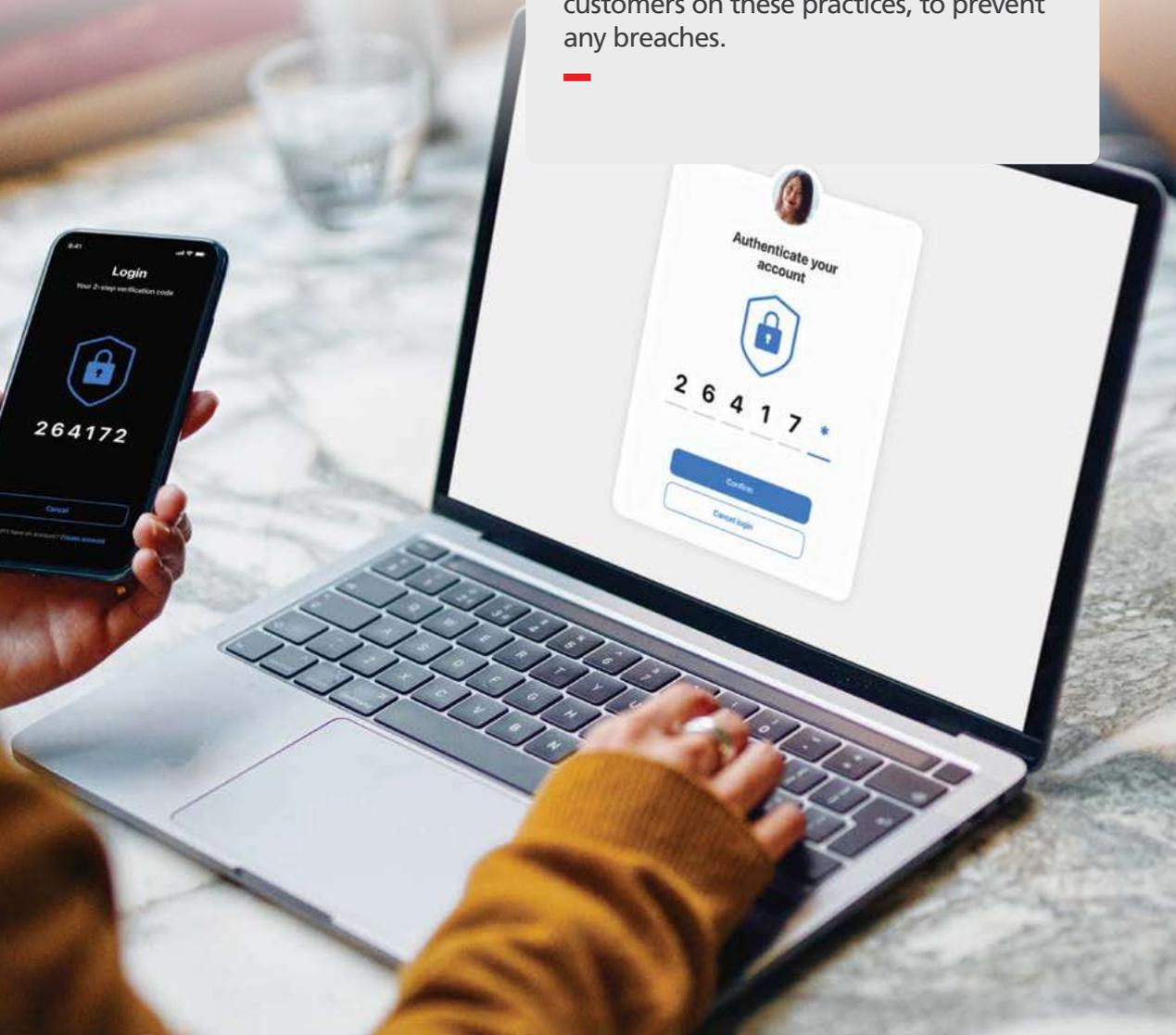
## Manufactured Capital

### Ensuring data security and customer privacy

Kotak prioritises cyber security and data privacy when designing any financial product or service. The Bank also stays cautious and has systems in place for timely detection and mitigation of threats.

### Customer security remains a key priority

There was a sudden rise in cybercrimes during the pandemic, when customer awareness of contact-less banking in India was not adequate. Kotak engaged with its customers and other stakeholders through multiple communication formats and organised awareness campaigns to ensure customers remained alert, aware and did not compromise their credentials. The Group is also acutely aware of the human element of cyber security and data privacy. Programmes have, therefore, been designed to educate and advise customers on these practices, to prevent any breaches.



## Data security threat detection and mitigation systems



### Information Security and Cyber Security Policy (Bank)

KMBL recognises the evolving nature, growing scale and complexity of cyber threats to the banking industry. This policy institutes a the Cyber Security Framework based on industry best practices and regulatory guidelines.

KMBL and its group companies have not faced any customer data security or privacy concerns during FY 2020-21.

### Cyber security and customer privacy controls

- Overseeing and executing the cyber security strategy and policy.
- Ensuring compliance with UIDAI, General Data Protection Regulations (GDPR) and other domestic and international standards and regulations for data privacy, personal data protection and cyber security.
- Maintaining compliance with ISO 27001 certification.

### Cyber security awareness initiatives

- Security awareness mailers to staff and customers.
- E-learning module mandate for staff.
- Phishing drills conducted to assess user awareness.
- Security awareness sessions conducted for Board members .
- Cyber drills and table-top exercises conducted to test incident response procedures and increase awareness about crisis management protocols.

### Ongoing security assessments

- Configuration audits, vulnerability assessments, applications security testing and network penetration testing to identify the security bugs / vulnerabilities.
- Thematic assessments of the payment systems to proactively identify vulnerabilities.

- Cyber attack simulation drill to assess the effectiveness of preventive, detective and response controls.

### Security enhancements

To minimise the risks of cyber-attack, Kotak is in the process of implementing a zero-trust security model. Zero Trust is a security concept that advocates verification of all communications. Kotak has identified seven areas for zero trust implementation, which include user access control with multi factor authentication, device authentication, network access control, micro segmentation, data encryption, security monitoring using machine learning, and security automation. These are at various stages of implementation.

### Cyber Crisis Management Plan (Bank)

As part of its cyber resilience framework, KMBL has developed a Cyber Crisis Management Plan (CCMP) to respond to and counter a cyber-crisis. The CCMP defines the team structure and response framework for dealing with a cyber-crisis scenario. An external communication mechanism and awareness training sessions have been implemented to aid the Bank to effectively respond and survive a cyber crisis.

Additionally, key guidance steps for containment, investigation and recovery actions for the various cyber incident scenarios such as malware, ransomware, distributed denial of service, data breach etc. is also captured in the policy.

# Intellectual Capital



Kotak's success over the years has been driven by the way the Group could innovate its products and services in step with the evolving aspirations of customers and gain market share in the banking, financial services and insurance universe.

## 116

New digital solutions launched

## 227.7 lakh

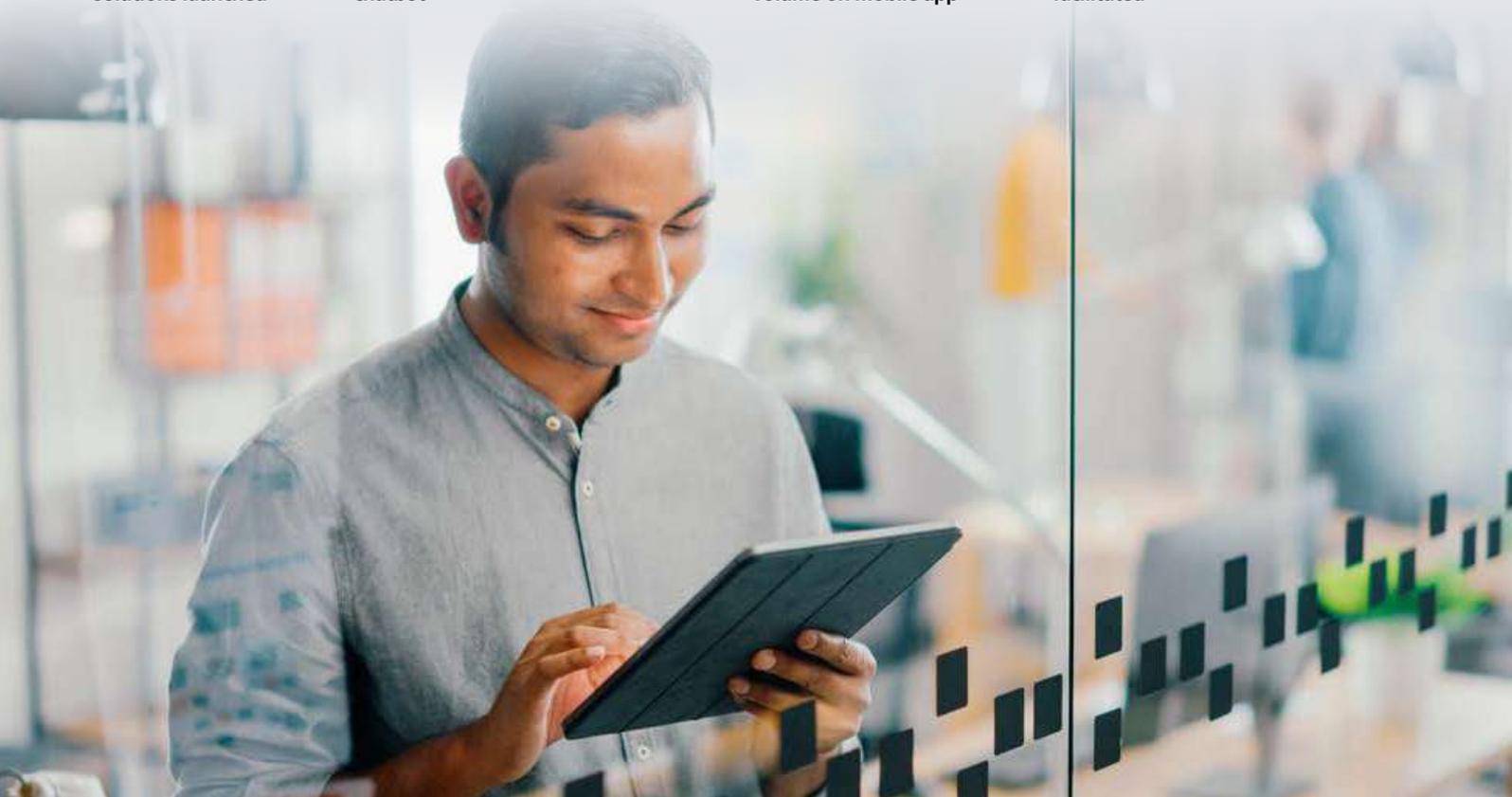
Service requests resolved by Keya chatbot

## 72%

Growth in transaction volume on mobile app

## ₹ 240 crore

Value of paperless loans facilitated



Kotak recognises the value of digital capabilities for scaling the business, increasing its pace of customer acquisition, and providing an elevated customer experience. As part of its core digital focus, the Group is aggressively investing to create simplified, technology-driven journeys and processes for customer on-boarding and servicing.

Over the years, Kotak has also explored solutions to improve employee productivity levels through automation, and 'do-it-yourself' models. Automating repetitive tasks helps optimise costs, improve turnaround time (TAT), enhance customer experience and in turn enhance financial profitability.

During FY 2020-21, Kotak continued to leverage its digital solutions and products through the augmentation of additional features on existing channels like Keya chatbot, WhatsApp

banking, zero-contact Video KYC and Kotak 811. The Group has focused on acquiring customers through digital channels and worked on creating end-to-end digital lifecycle management (digital-first and digital-only).

The nationwide lockdowns due to COVID-19 kept Kotak's customers indoors in the safety of their homes. Kotak used this opportunity to educate its customers on digital banking solutions through a series of video tutorials on how to use digital platforms and its various services. The tutorials included familiarising customers with processes for digital payments, offline shopping, utility bill payments, and so on. These videos were circulated over e-mails to the customers. A playlist was made on YouTube with these videos.

The pandemic necessitated substituting physical banking with digital banking. Information on digital banking was communicated through every physical and digital customer checkpoint, which included the Bank's branches, ATMs, website, emails, SMS and social media platforms among others.

For a safer, contactless and seamless banking experience, customers were encouraged to use digital platforms for commonly availed services at branches relating to loans,

fixed and recurring deposits, debit card and credit card, and other service-related queries. Kotak launched the system of pre-booking appointments for branch visits through digital channels for customers who preferred visiting the branches. Kotak was quick to modify operational procedures with minimal disruptions in services.

## Select digital solutions launched by Kotak Group companies in FY 2020-21



### Digital KYC

KMBL launched end-to-end digital customer bank account opening with video-based KYC solution. The Video KYC solution is a leading driver of new acquisition of 811 customer accounts. It is also being used for seamless new-to-bank customer on-boarding for asset products. This solution has reduced TAT for account opening to five to six hours from four to five days.



### Digi Sign

KMBL launched 'Digi Sign', a solution that enables end-to-end eSignature and eStamping of documents. This solution helped KMBL send all required documents to the customers electronically and get the same e-signed and stamped by them. This ensured shorter TAT, reduced customer physical touch points, lowered carbon footprint and seamless processing of documents. It further helped launch Digi Personal and Home Loan facilities.



### Insta-services

KLI's Insta-Servicing, aimed at resolving customer requests within 5 minutes, with seamless flow, backed with a good risk-mitigation engine, was appreciated by customers. For example, address change, which earlier would involve physical forms, physical customer verification, and a couple of days, is now being resolved end-to-end almost instantly. KLI launched Express-Claims for Group Claims with features like real-time update of claim status, integrated penny drop module to verify account details and auto upload of documents. Initial success has been seen with significant adoption of Express-Claims by Master Policy holders.



### 'Kotak Remit' added to the Mobile Banking App

In an industry-first move, KMBL launched 'Kotak Remit', its outward forex remittance solution on the Kotak Mobile Banking app. For the first time, individuals were able to conveniently transfer money across the world directly from their mobile devices without the need for extensive physical documentation (for transactions up to US\$ 25,000 or equivalent). 'Kotak Remit' will significantly enhance customer convenience and give customers the flexibility to initiate a forex transaction at a time and place of their choice.



### Trade Free Plan

KSL unveiled the most competitive brokerage plan for intraday and derivatives traders called the Trade Free Plan in November, 2020. With this plan, clients could open DIY accounts for free and begin trading in just 60 minutes.



### Cardless Cash Withdrawal

KMBL launched a Cardless Cash Withdrawal facility through ATMs (Instant Money Transfer- IMT). This facility enables KMBL account holders to make cash withdrawals as well as remit beneficiaries across India without using a physical debit card.

## Intellectual Capital

### Select digital solutions launched by Kotak Group companies in FY 2020-21



#### Collaboration with Amazon to enhance mobile banking experience

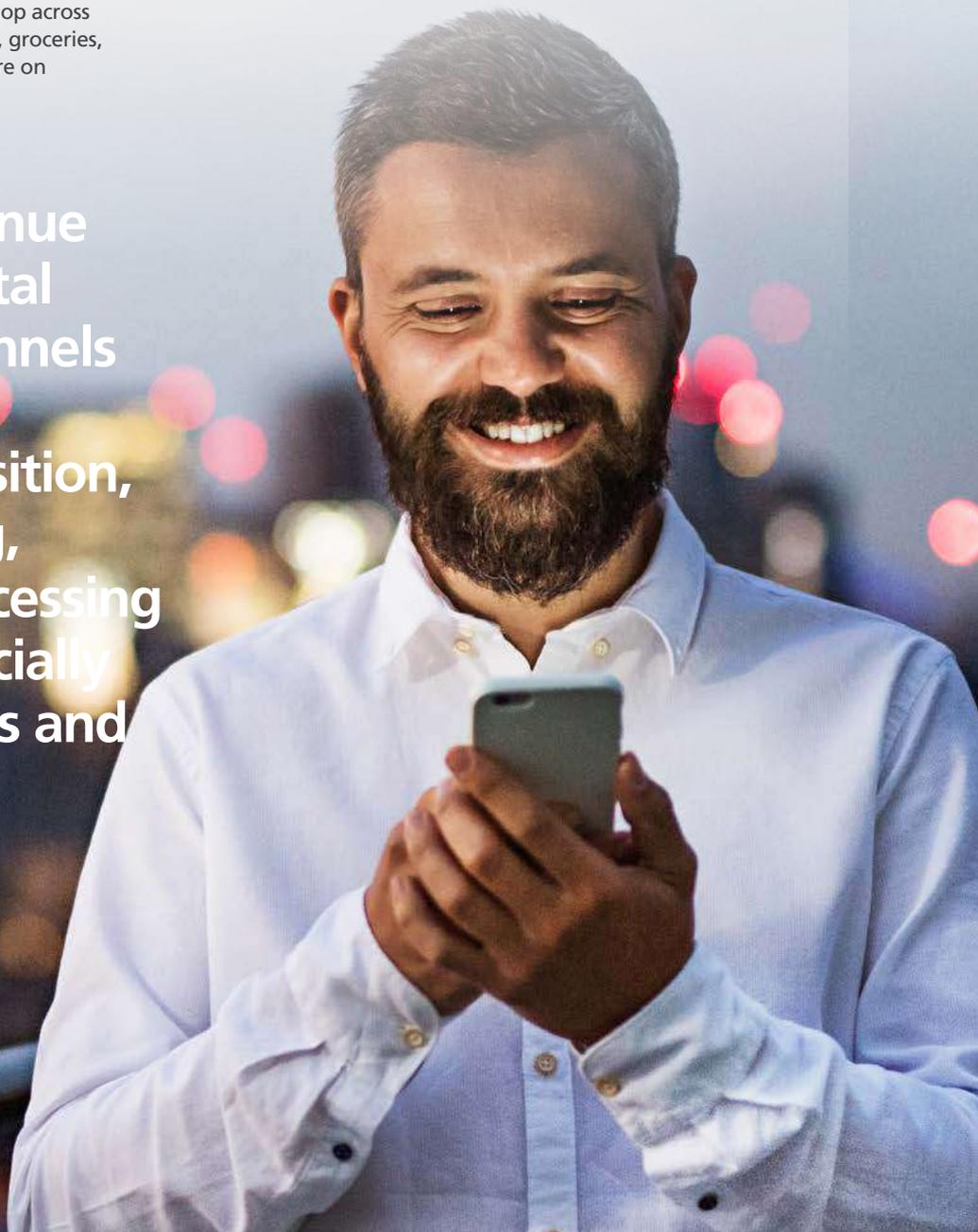
The Bank announced a unique partnership with Amazon that will enable KMBL customers to shop from the 'KayMall' on the mobile banking app, using any payment mode of their choice such as credit card, debit card, net banking or UPI. Additionally, eligible customers shopping on Amazon.in from the mobile banking app could also avail customised rewards and offers sponsored by Amazon.in. This partnership allows Kotak customers to seamlessly shop across categories such as consumer electronics, groceries, fashion, books, home products and more on Amazon.in.



#### Net banking platform

KMBL revamped its net banking platform to make it more user friendly, faster, and safer for its customers. KMBL also launched a new Cash Management portal that provides customers with enhanced features such as widgets, personalised reports and dashboard creation.

Kotak will continue to invest in digital transaction channels for enhancing customer acquisition, safety, servicing, transaction processing capability, especially across payments and transfers.





### Conversational banking

Kotak scaled up Keya chatbot and WhatsApp banking to manage more queries pertaining to its products and services. These platforms are expected to have a sizeable footprint and become mainstream digital channels. Keya's knowledge base has increased by over 100% through crowdsourcing. The chatbot, enabled with Voice and Hindi language supports, caters to a diverse customer base. WhatsApp has become one of the important channels for KMBL to communicate with customers for important service-related communications.

### Keya highlights

**40%\***

Increase in monthly active users for Keya chatbot

**28%<sup>↑</sup>**

Increase in monthly active users

**75%<sup>↑</sup>**

Increase in knowledge base using crowdsourcing

**80%<sup>↑</sup>**

Increase in customer query resolution

### WhatsApp banking

**111%\***

Increase in monthly active users of WhatsApp banking

<sup>↑</sup> YoY    \*March 2021 vs. March 2020

## Intellectual Capital

### Additional digital initiatives by Kotak Group companies



- Launched mobile-first customer-centric digital purchase journeys for direct-to-customer, banca partner and with 40+ digital distribution ecosystem players.
- Launched 'Digipro', completely digital customer on-boarding, with video verification, digital liveness and face match technology.
- Launched 'KLI Recruit', a completely digital self-on-boarding platform for advisors.
- Launched 'Boost' – an advisor engagement mobile app with smart nudges – for business visibility and instant customer servicing.
- Retail and group business channels empowered with CRM mobile app for enhanced sales management.



- Partnered with various digital-only players to strengthen online presence.
- Launched enhanced BOT for investors and distributors on various channels such as WhatsApp, Google Assist apart from the website.
- Strengthened infrastructure for distributor's app 'Business Hub', enabling transaction initiation from home. This was used by more than 15,000 distributors.
- Launched simplified version of digital KYC-based on Aadhaar OTP, to simplify on-boarding process.



- Built digital capabilities across the customer journey, from prospecting to on-boarding and delivering an enhanced claims experience.
- A large part of the front-end force is capable of sourcing policies remotely using BPOS – the digital sourcing platform.
- Moved towards automated policy issuance using technologies such as Robotic Process Automation, increasing efficiency and TAT.
- Equipped surveyors to assess and settle vehicle claims digitally using platforms such as the Surveyor Portal and WhatsApp.



- Launched the new Mobile App built on the latest technology stack with faster speed and improved features and enhanced product offerings.
- Introduced Direct Mutual Fund Platform enabling clients to invest in mutual funds through direct route at a lower expense ratio.
- Digitised processes to enable uninterrupted trading experience for clients.

### Technology-driven solutions for the agriculture sector

- During FY 2020-21, the Bank launched Digifarm, an online application-based platform for digitising the KYC of farmers for corporate linked farmer finance.
- KMBL is an empanelled online payment partner of eNAM, a pan-India electronic trading portal for agricultural commodities, which will digitise the agricultural ecosystem. The eNAM initiative is a key initiative of the government to

digitise the payments for farmers and other agri value chain participants.

- KMBL was among the six new banks shortlisted and the first to set up the digital platform, enabling payments to farmers and, FPO and agri operators. This enables quick and seamless funds transfer with intimation.

- Under this initiative, KMBL provided payment, clearing and settlement services on the e-NAM platform to facilitate trade between a buyer and seller of agri produce. KMBL has integrated its payment system and portal directly with the payment interface of the e-NAM platform to enable quick and safe transactions for agri participants who have joined the e-NAM platform. The data from these operations would also help KMBL to create funding models for farmers.
- The adoption of digital documentation and agri disbursement kiosks for a one-shot documentation-cum-customer verification and disbursal were also key initiatives in the commercial banking business. These initiatives helped in reducing the TAT for fresh disbursements and for renewal-cum-enhancement of limits to existing customers through minimal physical interaction between customer and the Bank staff.

### Signatory to global principles

KMAMC became the first Asset Management Company in India to become a signatory to the UN PRI in 2018. To ensure compliance with the principles of UN PRI, KMAMC has formulated an ESG Policy, available on the website, for both equity and fixed income mutual funds. The ESG policy of KMAMC is as per the requirements of UN PRI. The asset management activities of various entities within the Group including KMAMC and Kotak Mahindra Asset Management (Singapore), the Group's flagship offshore asset management entity, rely significantly on the central research team of the Group. The research function is adequately resourced with qualified professionals. The central research team analyses the ESG performance of the companies that they track.

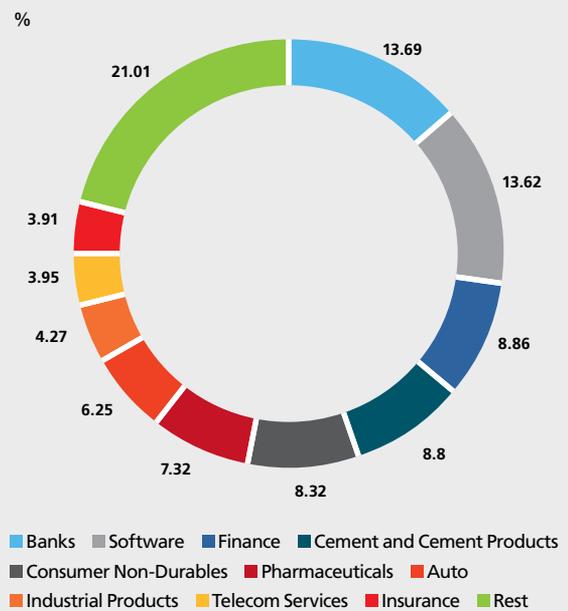
Moreover, KMAMC has a designated Head of Research as ESG coordinator who is responsible for coordinating all ESG related activities for the asset management company and providing regular inputs for discussion with the fund managers and the Investment Committee. KMAMC also seeks to engage with and receive inputs from external agencies on ESG related risks and opportunities.

KMAMC has partnered with 'Sustainalytics' – a global leader in ESG and corporate governance for ESG ratings data. KMAMC has active implementation of 'Responsible Investment' policies for Equity and Debt, both of which are available on the website for investors to view. The organisation has an existing ESG process in place. While principles of ESG are an integral part of the investment process within the firm, ESG exclusion can be fund or mandate specific.

### Kotak ESG Opportunities Fund

Kotak ESG Opportunities Fund launched in December, 2020, is an open-ended equity scheme which follows the ESG theme with the flexibility of investing across market capitalisation. The AUM of the fund as on 31<sup>st</sup> March, 2021 was ₹ 1,573 crore. Sector diversification as on 31<sup>st</sup> March, 2021 is as follows:

#### Sector allocation



Other innovative products launched in FY 2020-21 by KMAMC include Kotak NASDAQ 100 FOF, Kotak Nifty Next 50 Index Fund, Kotak IT ETF and Kotak International REIT FOF.

The Kotak International REIT FOF which gives Indian investors' access to global listed REITs was the first of its kind launched in India.

# Human Capital



Kotak's most valued assets are its people. The Group has built a formidable, resourceful and dedicated talent pool that embraces opportunities, push the levers of change and create lasting value.

## 73,000+

Total employees at Group level

## 13,539

Total women employees at Group level

## 19,865

Employees (contract) hired at Group level

## 51,734

Bank employees (including temporary/contract)

## 10,450

Permanent women employees at the Bank level

## 10,130

Employees (contract) hired at the Bank



In the extraordinary circumstances that unfolded following the COVID-19 outbreak, Kotak stood firmly for its employees and helped them navigate through the pandemic and the ensuing lockdown safely. Proactive steps were taken, including the development and implementation of a comprehensive Remote Working Policy applicable to all employees.

This policy provided the employees with a hybrid work environment based on their roles. This win-win initiative served to protect the health and employees and enabled them to work conveniently without loss in productivity.

For retail bank branches and other offices where it was essential for teams to be physically present, physical attendance was restricted for only a few employees. The offices operating during the lockdown followed strict safety protocols and COVID-19 appropriate behaviour.

### Health, Safety & Welfare at Work-Place Policy (Bank)

KMBL has a dedicated 'Health, Safety & Welfare at Work-Place Policy' to govern its stakeholders, health and safety. This policy clearly documents KMBL's commitment to comply with laws concerning occupational health and safety beyond its direct employees to include all individuals that are impacted by its operations to implement preventive health practices.

## Employee health and wellness

Kotak's wellness initiatives are popularly recognised as 'Health to the Power Infinity'. In FY 2020-21, various health and wellness related initiatives were launched through online and onsite interactions such as Callout says, Emotional Awareness Programme (EAP), Employee Outreach Programme, COVID-19 test reimbursements for employees and their families and special leaves for those who were COVID-19 positive. A series of online health activities/webinars were conducted to keep employees healthy while they worked from home.

### Highlights FY 2020-21

#### #HumFitKotakHit

# 3,555

Participants attended online activities<sup>#</sup>

# 2,239

LIVE class page views

# 2,587

Participants attended webinars<sup>\*</sup>

# 27

Live Fitness classes conducted

# 33,825

Count for Fitness Every Year (FEY) allowance

# 967

Participants attended Doctor on Call sessions

# 253

Participants attended Nutritionist sessions

# 451

Participants attended Emotional Awareness Programme

<sup>\*</sup>Webinars were held on various topics such as mental wellness, nutrition, respiratory diseases and treatment (pulmonologist), infectious disease and treatment and physical wellness etc.

<sup>#</sup>Online activities include jigsaw puzzle, crosswords and quadrant quiz on various health topics relevant to mindfulness, emotional and physical health.

Kotak's wellness initiatives are popularly recognised as 'Health to the Power Infinity'.

### #HumFitKotakHit

A flagship health and wellness initiative of the Bank was launched in FY 2020-21. As part of the programme, the Bank launched a monthly fitness allowance with effect from 1<sup>st</sup> December, 2020, creating a culture of fitness for Kotak employees by encouraging them to update their fitness goals online, driving focus on their health and wellbeing.

'828': The Group introduced an 828 initiative, ensuring that no work-related emails or messages are exchanged between employees between 8 PM and 8 AM.

### 'We Care'

A 'We Care' programme was launched by KLI, to ascertain the well-being of its employees and help them transition to working in a virtual environment.

### Mental and physical fitness sessions

Doctors, counsellors, psychiatrists, nutritionists were available online for all Kotakites. Online yoga, Zumba, meditation and mindfulness were conducted to help Kotakites combat physical and mental stress.

### Pandemic Benevolent Policy (Group)

This policy has been introduced by Kotak for its employees who passed away due to COVID-19 or any other ailment from 1<sup>st</sup> April, 2020 and subsequent cases up to 31<sup>st</sup> March, 2022. Under this policy, the members of the deceased employees will receive the fixed monthly salary for two years beginning June, 2021 plus an annual bonus for FY 2020-21 and a mediclaim insurance cover for the spouse and minor children for FY 2021-22.

## Human Capital

Kotak provided employees with free services ranging from in-house doctors in large office premises to access to medical centres with emergency medical support. During the nationwide lockdown in FY 2020-21, by way of Virtual Connect, the Bank reached out to Kotakites in branch banking through the Employee Outreach Programme, to check on them and their families during the lockdown phase and whether they needed any assistance of any kind.

Apart from the pandemic-induced initiatives, Kotak has several other health and welfare programmes. Kotak extends support to its employees through their parenting journey by providing them with parental leaves. All Kotak employees are eligible for availing these leaves.

### Parental leave (paternity and maternity)

	Employees that took parental leave	Employees that returned to work after parental leave
	1,192	1,179
	417	386

The base includes all employees whose leave 'end date' falls in FY 2020-21. Data pertains to KMBL, KMPL, KMIL and KMTSL

This excludes miscarriage, and includes fatherhood, childbirth and adoption

## Diversity and Inclusion

Kotak strongly believes that diversity at the workplace is key to building a high-performing organisation. Diversity enables the flow of new ideas and innovation helps create a healthy work environment. Kotak's Human Rights and Anti-Discrimination Policy as well as Employee Code of Conduct ensures that its people practices and systems are designed to be inclusive, irrespective of gender, religion, ethnicity, nationality, age, disability, HIV status, family status or sexual orientation.

The Group strives to create an equitable work environment for all employees and encourages differently-abled people to work in various roles and functions. It has set targets to promote gender diversity and inclusion. KMBL ranks among the best in gender diversity in the banking sector.

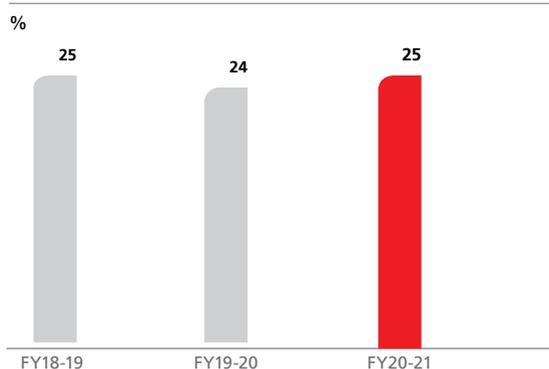
### Gender diversity by employee category\* (%)

	Senior Mgmt.#	Middle Mgmt.	Junior Mgmt.	IBA Employees	Contractual Workers
	87	84	74	76	77
	13	16	26	24	23

\*Data pertains to KMBL, KMPL, KMIL, KMTSL & KIDF only, excluding the other subsidiaries

#Senior Management is inclusive of Leadership data

### % of women employees in workforce



Kotak also has a Diversity and Inclusion (D&I) Council, led by Ms. Shanti Ekambaram, Group President – Consumer Banking and Member of the Group Management Council. This council aims to drive changes in the culture, policies, processes and systems to build an inclusion focused work environment.

### Employee pay ratio by gender

	Leadership Team	Senior Mgmt.	Middle Mgmt.	Junior Mgmt.
<b>Ratio of CTC</b> Female: Male (Average CTC)	1.05	1.16	0.93	0.89
<b>Ratio of Basic</b> Female: Male (Average Basic)	0.97	1.16	0.93	0.93

The female to male employee pay ratio demonstrates Kotak's commitment towards gender equity.



## A wide range of initiatives are run under Kotak Wonder Women brand.

### Kotak Wonder Women

Kotak Wonder Women (KWW) was launched in FY 2019-20 to empower and recognise Kotak's female employees. The following initiatives were implemented in FY 2020-21:

#### Rewards

Regional Rewards and Recognition (R&R) events were organised where KWW were felicitated under four different categories.

#### Coaching

KWW coaching interventions is a journey spread over six to eight months for senior women leaders across KMBL.

#### Communication and learning

A digital learning platform with specially curated content based on nine female centric themes was launched.

### Key initiatives under Swabhimaan for life

During FY 2020-21, KLI launched 'Swabhimaan for Life'.

A quarterly event "Wo mann ki baat" for inspiring Kotak Life women employees through stories of women leaders outside Kotak life

Sharing of inspiring success stories of women leaders to inspire women employees

Transcendence – A Mentorship journey for young women talent by successful senior women

Creation of new models of distribution to provide job opportunity to talented women candidates while offering flexibility

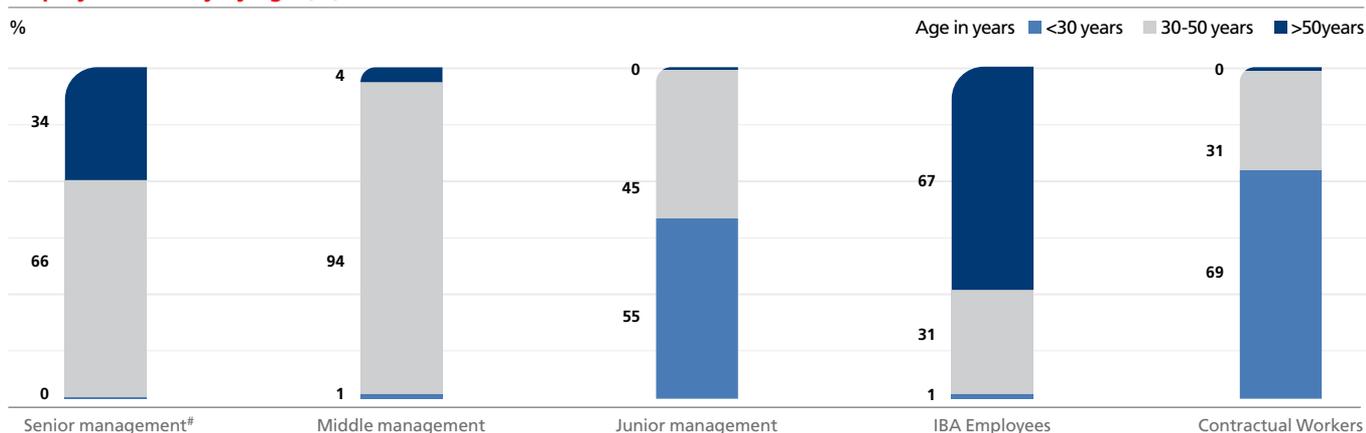
Workshops for manager sensitisation to promote diversity and inclusion

## Human Capital

Kotak offers opportunities to all individuals irrespective of their age. Kotak's workforce has a balanced age mix with the current average age being 32 years.



## Employee diversity by age\*(%)



\*Data pertains to KMBL, KMPL, KMIL, KMTSL & KIDF only, excluding the other subsidiaries

#Senior Management is inclusive of Leadership data

## Prevention of sexual harassment

Kotak has implemented processes and mechanisms to ensure that issues such as sexual harassment at the workplace, if any, are effectively addressed. Kotak has in place a policy on sexual harassment of women at workplace. This policy aims at the prevention, prohibition, and redressal of acts like unwelcome advances, requests for sexual favours or other verbal or physical misconduct.

An internal committee has been set up, in compliance with the requirements of the Sexual Harassment of Women at Workplace Act, 2013.

### Sexual harassment (Bank) FY 2020-21

25

Cases reported

8\*

Cases pending

17

Cases resolved

\*Out of the 8 complaints pending as on 31<sup>st</sup> March, 2021, 5 complaints were disposed off as on the date of the Annual Report. Further, 11 complaints that were pending as on 1<sup>st</sup> April, 2020, had been disposed off during FY 2020-21.

## Employee engagement

Kotak engages actively with employees through various channels. This helps Kotak understand their expectations and develop practices that support employee needs.

To boost employee morale during these unprecedented times, the Bank took various initiatives in FY 2020-21.



**Employee Engagement Survey**



**Milestone Celebration**



**Infotainment Platform**



**Fun Activities**

### My Kotak My Say

- A bi-annual employee engagement survey was conducted which engaged the Great Place to Work® Institute.
- 73% of employees believe that KMBL is a great place to work.

### Kotak 21 Day challenge

- This programme encouraged managers to initiate fun engagement sessions within teams ahead of the 35<sup>th</sup> Kotak Foundation Day.

### Eureka

- Kotak has developed an ideation platform for employees to share their ideas and innovative solutions for various practices, employees are rewarded for ideas that are implemented (thereby making a direct impact in process efficiency, customer delight or revenue generation).

### 35 years of Kotak Foundation Day

- Over 25,000 Kotak employees participated in virtual celebrations along with their families.
- KMBL launched the Annual Kotak Infinity Awards, conducted a talent contest 'Kona Kona Kalakaar' and featured music performances by Indian celebrities.

### U Matter

- Based on U-Matter survey (a Voice of Employee Survey) done by KLI in 2019, robust cross-functional action plan executed with specific focus in the areas of Customer Focus, Decision Making, and Delivery on Promise.

### Channel-K

- A fortnightly digital channel launched by KMBL for and by the employees, became a successful platform to communicate important news and events, engage, and showcase employee talent.

The Bank has been recognised as one of 'India's Best Employers Among Nation-Builders - 2021' by Great Place to Work® Institute.

## Human Capital



### Workforce turnover percentage - Male\* (%)

	FY19	FY20	FY21
 Senior Mgmt.#	9	6	6
 Middle Mgmt.	17	15	9
 Junior Mgmt.	44	47	33
 IBA Employees	9	10	13
 Contractual Workers	36	39	37

\*Data pertains to KMBL, KMPL, KMIL, KMTSL & KIDF only, excluding the other subsidiaries.

Turnover % is calculated using the average monthly headcount for the year as the base.

#Senior Management is inclusive of Leadership data.

### Workforce turnover percentage - Female\* (%)

	FY19	FY20	FY21
 Senior Mgmt.#	12	8	8
 Middle Mgmt.	18	15	11
 Junior Mgmt.	41	45	33
 IBA Employees	8	9	7
 Contractual Workers	27	57	53

\*Data pertains to KMBL, KMPL, KMIL, KMTSL & KIDF only, excluding the other subsidiaries.

Turnover % is calculated using the average monthly headcount for the year as the base.

#Senior Management is inclusive of Leadership data.

### Permanent Workforce turnover percentage- by age (%)

Turnover	FY19			FY20			FY21		
	<30 yrs	30-50 yrs	>50 yrs	<30 yrs	30-50 yrs	>50 yrs	<30 yrs	30-50 yrs	>50 yrs
 Male	53	27	13	58	28	14	43	19	18
 Female	46	23	12	51	25	14	37	19	13

\*Data pertains to KMBL, KMPL, KMIL, KMTSL & KIDF only, excluding other subsidiaries.

Turnover % is calculated using the average monthly headcount for the year as a base.

### Contractual Workforce turnover percentage- by age (%)

Turnover	FY19			FY20			FY21		
	<30 yrs	30-50 yrs	>50 yrs	<30 yrs	30-50 yrs	>50 yrs	<30 yrs	30-50 yrs	>50 yrs
 Male	38	33	19	46	26	0	44	27	26
 Female	27	29	0	59	42	0	56	33	0

\*Data pertains to KMBL, KMPL, KMIL, KMTSL & KIDF only, excluding other subsidiaries.

Turnover % is calculated using the average monthly headcount for the year as a base.

## Talent management

Kotak's talent management initiatives adopt a holistic approach to meet special needs of employees at different stages of their career trajectories as well as business needs to support growth.

### Developing and growing leaders

For decades, KMBL has reported the highest stickiness among top and senior leadership, a testament to the Bank's sound career progression and individual development programmes. Attrition rate at senior level is around 5% and at entry-level positions, which largely constitute millennials, attrition is at par with the industry average.

### Learning and Development for employees

The learning and development (L&D) programmes are designed to enhance both specialised technical knowledge and soft skills of employees across business groups and divisions.

Kotak has been investing in upskilling initiatives to help employees navigate through this phase of digital and technological disruption.

### Talent acquisition tools and programmes

Oracle Recruiting Cloud (ORC), one single platform for all recruitment activities and moving recruitment towards a paperless process.

Kotak Fast Track, an internal job posting programme was re-introduced to provide new growth opportunities, minimise attrition and reduce cost of hiring.

Digital video-based induction is a major transition for on-boarding new joiners in their first week and making them role-ready.

## Key talent development initiatives implemented in FY 2020-21

### Signature programme 'K-MAP'

A flagship certification programme for all people managers to train them on effective team management, team development and culture building.

### New Joiner programme 'K-One'

K-One is a corporate orientation programme that focuses on instilling pride in all new joiners about Kotak Mahindra Bank. The key facets covered are:

- Reasons for KMBL being a great place to work.
- Instilling feeling of having joined the 'Right place at the Right time'.

The other mandatory programmes included in K-One are IT security awareness, POSH, Code of Conduct, Kotak DNA which ensure that all employees are aligned with Kotak culture values as well as compliant with regulatory guidelines. Around 9,900 new joiners undergo the training annually.

### Leadership programme

Launch of 'K-League', a Harvard University programme which is a focused learning series that lasts six to eight months. Over 60 leaders from Kotak participated in this programme.



### Manager programme

Kotak Youth Leaders Council (KYLC) is a programme wherein young managers are selected and given an opportunity to shadow the Kotak Leadership Team and Group Management Council.

### Upskilling programme

- 'Kotak DigiQ' addressed the rising requirements for the adoption of digital tools in daily business operations.
- Programmes to address the challenges of dealing with virtual work management.
- 100% leadership team covered under DigiQ.

KLI, a group company, has an employee-centric value proposition #Careersforlife, which focuses on bringing out the best in employees and propagates the benefits of growing together. The company successfully integrated all key employee services into the 'HR on Palm' mobile application, thereby significantly enhancing employee experience. HR services available on Palm include AI powered query resolution chatbot, video interview & online hiring, policies, payroll information, employee directory & emergency contact details, Medclaim, online learning, attendance, incentives, reimbursements, performance management. Thus, the integrated "HR on Palm" platform greatly facilitated employees, particularly in remote working.

### Employees covered under safety and skill upgradation training (Bank Standalone – instructor-led, doesn't include digital)

Category of employees	Percentage of employees covered
Permanent	75.56%
Permanent Women	73.28%
Contractual	5.71%



## Human Capital

### Employee Code of Conduct

Kotak has a Board-approved policy for Employee Code of Conduct\* that outlines broad ethically sound principles and avenues of conduct that should be used in employee's dealings with their colleagues, customers, partners, associates, shareholders and investors. This policy also features guidance in scenarios where there may be conflict of interest.

*\*Applicable to KMBL, KMPL, KMIL, KMTSL, KIDF and Kotak Overseas Representative Offices*

#### Code of Conduct has been built on 4 Pillars of Care



**Care for my colleagues**



**Care for my customers, partners, investors and public**



**Care for my customer assets**



**Care for my company reputation and community**

#### Employee Code of Conduct (Group)

The objective of the Code of Conduct is to outline certain broad, ethically sound principles and avenues of conduct that are to be used in dealings with colleagues, customers, vendors, partners, associates, shareholders and investors.

The Policy is an exhaustive document and a written acknowledgement is obtained from all employees to ensure compliance with the Code. Employees are also required to undergo a mandatory training during their induction. The Policy document lays down a detailed mechanism to ensure the effective implementation of the Code and includes:

- Well-defined escalation matrix in case of grievances.
- Dedicated help-desks, focal points, hotlines for notifying any violations.
- Disciplinary actions in case of breach including a zero-tolerance policy for violation of the Code of Conduct.

### Ensuring human rights

Human rights are universal, i.e. every person across the world deserves a fair treatment with dignity and equality. The UN Guiding Principles for Business and Human Rights also outline the corporate responsibility to respect human rights.

As India's leading financial institution, Kotak makes a substantial contribution to human rights as a financier, employer, service provider and driver of progress and prosperity for customers, communities and all other stakeholders.

Kotak adheres to policies laid out in its Fair Practice Code and ensures that all its products and services are made available to customers without discrimination. The Group is committed to upholding the dignity of all its stakeholders and safeguards their rights. Kotak highly values its employees and their contribution to the organisation and takes steps to create a healthy work environment for all employees. The Group extends sound primary and secondary benefits as well as learning and development opportunities to its employees to promote their holistic growth.

Kotak ensures that no child labour is employed, and the security personnel are trained in a manner to make sure that no child workers enter any of the premises. Compliance with all human rights-related terms and conditions provided in supplier contracts are reviewed and monitored periodically.

#### Corporate Communication, Public Relations and Reputation Management in Media, Online Media & Social Media Policy (Bank)

The policy guides KMBL employees on the communication codes to follow (do's and don'ts) while communicating externally across all formats of media and non-media (events, seminars, conferences).

## Grievance mechanism

Kotak has executed a robust grievance redressal mechanism with a clear escalation matrix for reporting any issues at the workplace. Forums have also been established for addressing and resolving concerns and conflicts in a fair manner. The Group operates two types of channels for grievance handling: formal and informal. The formal channel clearly states the different platforms for reporting on malpractices, sexual harassment, work related issues and any queries related to dissatisfaction or concerns related to leaves and policies. The process for use of these platforms, instructions related to raise concerns and the resolution process are described in detail in the employee handbook. The informal channel includes bringing up these issues during HR Regional Manager's periodic branch visits.

A section of officers comprising of about 509 on IBA cadre are members of the Kotak Mahindra Bank Officers' Association. In the case of non-officers' category, about 1,383 employees are

members of the All India Kotak Mahindra Bank Employees' Union, which is recognised by the management. 3.70% permanent employees of the Bank are a part of the employee association.

### Protected Disclosures Policy (Bank)

This Policy is formulated to facilitate KMBL's employees and members of public to submit their complaints to RBI concerning areas such as corruption, misuse of office, criminal offences, suspected/ actual frauds, etc.

**Kotak considers its people to be the most valued assets and is committed to providing the best opportunities to them.**



# Social and Relationship Capital



Kotak's focus on long-term relationships with customers as key to its business sustainability. Moreover, Kotak believes its business is only as sustainable as the communities in which it operates. The Group's community investment prioritises emphasise areas where it can make a substantial difference.

## 2.6 crore+

Customers of the Bank

## ₹201.2 crore

Group CSR Spend

## ~99,200

Beneficiaries of CSR projects on Education and Livelihood

## ~5,33,000

Beneficiaries of CSR projects on Healthcare



## Kotak's relationship with its customers

Kotak firmly believes that strong customer relationships are crucial to the growth and success of a business. Therefore, customers are at the core of all business decisions to provide them with a positive experience and build long-term relationships.

Keeping pace with changing times, Kotak has decided to leverage the best of both physical and digital solutions and adopt a 'Phygital' approach to enhance customer experience, value creation and increase customer reach. Kotak uses innovative methods to add a delightful experience layer at all customer touchpoints. To remain at the cusp of fast evolving technologies in the areas of customer acquisition, customer servicing and customer experience, Kotak actively partners with new-age Fintech companies to maximise impact of its last mile financial access efforts. Kotak understands that well-nurtured customer relationships are the key to stability and scalability of

a business. Kotak engages with its clients to understand their requirements and pain-points, and the required actions to meet their banking needs. To achieve international standards in service delivery and measuring customer satisfaction in various areas of its operations, each Kotak group company has adopted the 'Net Promoter Score'. This has helped Kotak capture the expectations, likes and dislikes of its customers thus helping deliver experiences that align with the voice of the customer.

KMBL established a dedicated 'Customer Experience' vertical in FY 2016-17. This vertical is responsible to conduct customer surveys, improve customer relationships and identify areas of improvement across all customer segments. These surveys provide customer insights, and drive continuous improvement in products and services offered by the Bank.

## Select policies instituted by the Bank

Policy	Brief description
 <p><b>Code of Bank's Commitment to Customers</b></p>	<p>This is a Code of Customer Rights, which sets minimum standards for banking practices KMBL follows as a member of BCSBI, while dealing with individual customers. It provides protection to customers and explains how a member bank is required to deal with customers in its day-to-day operations.</p>
 <p><b>Customer's Compensation Policy</b></p>	<p>The objective of this policy is to establish a system whereby KMBL compensates the customer for any financial loss he/she might incur due to deficiency in service on the part of KMBL or any act of omission or commission directly attributable to KMBL.</p>
 <p><b>Fair Practice Code for Credit Card Operations</b></p>	<p>The Code details the obligations the card issuers undertake while issuing credit cards and will guide their staff in dealing with customers. The code is expected to help the credit card users in knowing their rights and measures that they should take to protect their interests.</p>
 <p><b>Fair Practice Code for Lenders</b></p>	<p>KMBL has adopted a Fair Practice Code in relation to its lending activities. It covers application for loans and its processing: loan appraisal and terms/conditions, disbursement of loans including changes in terms and conditions, post disbursement supervision and grievance redressal mechanism.</p>
 <p><b>Fair Practice Code</b></p>	<p>The Fair Practice Code is a voluntary code drafted and circulated by the Indian Banks' Association which sets the standards for fair practice when dealing with individual customers.</p>
 <p><b>Collection of Dues and Repossession of Security Policy</b></p>	<p>The debt collection policy of KMBL is built around dignity and respect to customers. KMBL will not follow policies that are unduly coercive in collection of dues. KMBL's Security Repossession Policy aims at recovery of dues in the event of default and is not aimed at whimsical deprivation of the property. The policy recognises fairness and transparency in repossession, valuation and realisation of security.</p>

## Social and Relationship Capital

### Elevating customer experience with digital transformation

Digitisation has transformed the banking industry in the past few years. It has been a game changer providing last-mile seamless banking services to customers. KMBL's investments in digitisation over the past few years have helped the Bank respond to the COVID-19 crisis without any hiccups. It enabled the organisation to stay resilient when social distancing, and digital and contactless solutions are the norm. During FY 2020-21, communication on digital banking services was encouraged and promoted by the Bank at every customer touchpoint. Customers who were likely to use physical banking services (ATM withdrawals, branch services like cheque deposits or transfers) were targeted with specific communication to offer digital alternatives that are quick, safe and convenient. Details on these initiatives are mentioned in the [Intellectual Capital Chapter](#).

### Educating customers on using digital banking services

During FY 2020-21, the Bank focused on providing digital banking education to customers with a series of videos on how to use digital platforms and its various services. The Bank also released a special set of videos teaching customers how to pay digitally, in a contactless manner for various requirements like offline shopping, utility bill payments, mobile recharges and payments to domestic help.

Kotak created a digital banking guide with information on essential digital services, their benefits and the steps involved. The guide was made available on the website, promoted on email and circulated among the channels to further disseminate to the customer base.

The Group values its customers, their concerns and apprehensions which includes customer aversion to using digital products. Kotak has identified the most common challenges in digital acceleration and is working towards action-oriented solutions to overcome them. Kotak's concerted efforts to make customers comfortable with technology and digital products are visible in a multitude of Kotak's new solutions across its business segments. KMBL, in particular, has introduced end-to-end secure digital solutions and offers a choice of multiple digital channels (internet banking, phone application, WhatsApp, etc.) to its customers. Kotak continuously engages with various consumer segments to understand and address their apprehensions towards going digital.

**KMBL has introduced end-to-end secure digital solutions and offers multiple channels to its customers.**



## Grievance redressal mechanism

KMBL and its group companies have a robust multi-channel grievance redressal mechanism across their branches, website and other media platforms. In addition to reaching out to a support centre that operates round the clock, the group companies also welcome customers to share their concerns through emails, letters, faxes or branch visits.

In FY 2020-21, KMBL launched a DIY Help Centre that enables customers to raise complaints on mobile banking via secure mail. The Help Centre has solutions for top 108 service interactions with 2,500+ FAQs. This provides customers the ability to raise a complaint across their preferred digital channel. Over 90% of the Consumer Banking staff has been trained and tested on complaint management during the reporting period. Timely resolution of complaints continues to be of utmost importance to the Bank, which is evident in a turnaround time adherence of 94% in FY 2020-21, up from 93% in FY 2019-20.

There is a dedicated Investor Helpdesk which serves as the grievance redressal portal for the shareholders. The investors/ shareholders are requested to write to the Registered Office address of the Bank or to KFin Technologies Private Limited (KFin), Kotak's Registrars and Share Transfer Agents, for addressing their correspondence or complaints or may address their correspondence or complaints to designated email address investor.grievances@kotak.com or einward.ris@kfintech.com, in terms of Regulation 34(3) read with Schedule V of the SEBI Listing Regulations.

The investor correspondence and complaints received at the Registered Office and also by KFin, are regularly monitored and reviewed by the Company Secretarial Department to ensure timely redressal of complaints.

### Status of shareholder complaints

Particulars	Year ended	
	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2020
No. of complaints pending at the beginning of the year	3	4
No. of complaints received during the year	35	29
No. of complaints redressed during the year	32	30
No. of complaints pending at the end of the year	6 <sup>#</sup>	3 <sup>*</sup>

<sup>#</sup>The pending investor grievances have been resolved as on 30<sup>th</sup> April 2021

<sup>\*</sup>The pending investor grievances were resolved on 2<sup>nd</sup> May 2020

## Kotak's relationship with its communities

As a leading financial institution of India, Kotak recognises its role in creating a positive impact in the lives of communities through its business operations and CSR initiatives.

The Board-approved CSR policy sets out the Bank's and its subsidiaries' vision, mission, governance, and CSR focus areas. The policy also demonstrates Kotak's contribution towards the economic, environmental and social growth of the nation and reflects its commitment to the United Nations Sustainable Development Goals (UN SDGs).

Kotak's CSR Committee is responsible for reviewing and making recommendations to the Board on the Bank's various CSR initiatives, including the progress of Kotak's CSR projects. Further, the CSR Committee makes recommendations to the Board to review and approve the CSR policy, design, path, projects, project expenditure and related matters. Thereafter, CSR projects are implemented by the Bank and the subsidiaries, with the Board's approval.

### Status of customer complaints as on 31<sup>st</sup> March 2021

Particulars	
Complaints pending at the beginning of the year	4,323
Complaints received during the year	2,97,272
Complaints disposed during the year Of which, Complaints rejected by the bank	2,92,133 66,141
Complaints pending at the end of the year	9,462

Further details on customer complaints and critical concerns raised by customers is available on Page 257 of the [Annual Report](#).

### Grievance Redressal Policy (Bank)

The objective of the policy is to spell out the framework for grievance redressal in KMBL in conformity with RBI's Master Circular on Customer Services, Customer Rights Policy and BCSBI Code of Commitments.

### Corporate Social Responsibility Policy (Bank)

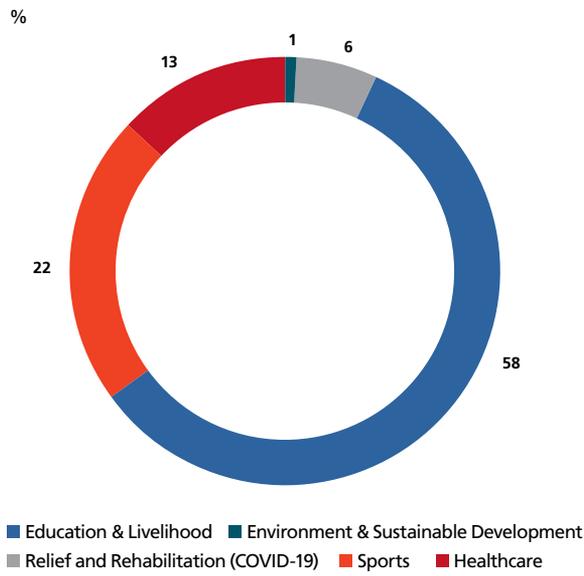
This policy sets out Kotak's vision, mission, governance, and CSR focus areas to fulfil its inclusive growth agenda in India. KMBL's key focus areas include education and livelihood, healthcare, environment and sustainable development, relief and rehabilitation during the pandemic and sports among others. This policy is also publicly available on [KMBL's website](#).

## Social and Relationship Capital



While the Banks' and subsidiaries' CSR Policy covers all permissible initiatives mentioned in the Schedule VII of the Companies Act, 2013, it has defined five focus areas for its CSR efforts.

### Allocation of Kotak's CSR project expenditure\* during FY 2020-21 across focus areas



\*Doesn't include amount transferred to unspent account

Kotak's CSR projects and expenditure in FY 2020-21 are compliant with the CSR mandate, as specified under Section 134, Section 135 of the Companies Act, 2013 (Amendment 2019) and (Amendment 2020), Schedule VII of the Companies Act, 2013, Companies (CSR Policy) Amendment Rules, 2021, FAQs 2014, and the Government of India's circulars and notifications that are issued from time-to-time.

### Core CSR focus areas



Education and Livelihood



Healthcare



Environment and Sustainable Development



Relief and Rehabilitation (COVID-19)



Sports

Realising the magnitude of COVID-19's social and economic impact, Kotak revised its CSR focus areas to specifically include efforts related to the pandemic. Kotak undertook several interventions which were implemented directly through the support of its employees and the larger stakeholder community. Kotak supported its CSR implementation partners to adapt to the ongoing CSR programmes given the circumstances induced by the pandemic.



➤ CSR activities - dry ration kit distribution and protective gear distribution

### Relief and Rehabilitation (COVID-19) initiatives

Kotak's efforts include distribution of personal protective equipment for medical personnel and food security initiatives for the most affected sections of society, as well as providing direct financial assistance to vulnerable communities.

**₹ 7.0 crore\***

**Overall CSR expenditure on Relief and Rehabilitation (COVID-19) initiatives (FY 2020-21)**

\*excluding amount transferred to unspent account

#### Kotak's CSR initiatives in Relief and Rehabilitation

- ➔ Distributed around 1,86,000 cooked meals in multiple districts (Mumbai, Hyderabad and Bangalore).
- ➔ Distributed more than 9,600 dry ration kits across multiple districts (Varanasi, Kolkata, Sonbhadra, Chennai, Tanjore and Coimbatore).
- ➔ Distribution of safety and hygiene kits to frontline healthcare workers across multiple hospitals (Mumbai, Pune, Chennai, Surat, Nashik and Solapur).
- ➔ Distribution of safety and hygiene kits to other frontline workers like police personnel (in cities such as Delhi, Gurgaon, Hyderabad, Punjab, Bangalore, Noida and Mumbai).
- ➔ COVID-19 related awareness activities and distribution of around 5,15,000 N-95 masks in multiple rural villages across Haryana, Rajasthan, Andhra Pradesh, Telangana, Madhya Pradesh, Karnataka and Gujarat.

**Kotak undertook several interventions which were implemented directly through the support of its employees and the larger stakeholder community.**

## Social and Relationship Capital



### Education and Livelihood

Kotak Education Foundation (KEF) is Kotak's primary not-for-profit partner to implement its CSR interventions in the areas of education and livelihood. KEF supports children and youth from underprivileged families through different education and livelihood-based interventions to help them rise above the poverty line and lead a life of dignity. In FY 2020-21, KEF worked with some of India's most economically underprivileged communities in and around Mumbai.

COVID-19 pandemic and the ensuing lockdowns changed the method of imparting education, particularly for the economically challenged communities, who are KEF's target beneficiaries. Various reports estimated that around 32 crore learners<sup>5</sup> stopped attending schools and colleges, as educational activities came to a halt in India. KEF quickly adopted digital outreach methods to reach out to its beneficiaries during this crisis.

### New KEF Initiatives

#### → EdTech

Immediately after the onset of the lockdown, KEF began developing its digital learning capacity within a very short time, starting with the digitisation of its content and online sessions for beneficiaries shortly after.

#### → New Education Policy (NEP)

KEF trained around 3,000 school teachers and head teachers from across 500 schools within and

outside Mumbai to gear up for the NEP 2020 implementation.

#### → Pilot projects

KEF launched two pilot projects – Digital Learning Solutions (DLS) and Whole School Turnaround Programme (WSTAP). Both projects are showing promising results in all aspects of impact and attendance, and are fostering meaningful change for beneficiaries.

#### → Driving innovation

KEF collaborated with five partner schools to set up Enterprise Resource Planning (ERP) systems – a school management software system – and implemented it as a pilot initiative.

<sup>5</sup>Source: Radhika Khanna, Dr Jacqueline Kareem, *Creating inclusive spaces in virtual classroom sessions during the COVID pandemic: An exploratory study of primary class teachers in India*, *International Journal of Educational Research Open*, Volumes 2–2, 2021, 100038, ISSN 2666-3740, <https://doi.org/10.1016/j.ijedro.2021.100038>.

Despite several challenges, KEF's interventions benefitted 115 schools<sup>6</sup>. Of the 11 programmes (including nine interventions and two pilot projects), five (Parvarish, Guru, Unnati, Excel and Umang) showed positive growth in the number of beneficiaries, with Guru showing a more than double impact with teachers.

All the 11 interventions achieved more than 80% of their planned impact. Beyond teaching initiatives, KEF distributed food rations to families in need, equipped schools with COVID-19 kits, and provided financial assistance to teachers who hadn't received their salaries during the pandemic.

## Guru

As part of the Guru intervention, KEF works towards enhancing capabilities of the teachers, which eventually impacts students' learning outcomes. The intervention focuses on content, pedagogy, integration of information technology and continuous learning attitude to strengthen teaching practices in school.

**12,379** activity sessions were conducted (through **189** webinars, **142** internal group workshops, **11,951** classroom support sessions and **97** professional learning community sessions) during FY 2020-21. The total number of teachers were trained on the use of EdTech tools was **6,443** (**673** KEF partner school teachers and **5,770** non-partner school teachers from the Municipal Corporation of Greater Mumbai) through Google Meets, Facebook Live and YouTube Live.

### Key outcomes | FY 2020-21

**70%** teachers implemented EdTech tools in their classrooms. **42%** (**282** out of **672**) partner school teachers who attended Guru sessions showed at least a one-level learning movement, which is a **6%** growth over last year.

## LEAD

LEAD builds up individual, team and instructional leadership practices of school leaders to enhance students' future-readiness. The intervention supports them to develop distributed leadership and a democratic culture in the school to amplify student learning outcomes that are relevant to the current landscape.

The interventions of LEAD facilitators to guide and support school leaders helped minimise the impact of the pandemic on schools, enabling them to continue educating young children. The radically new National Education Policy (NEP) was announced in July 2020. To help schools begin the journey towards NEP compliance, LEAD organised **15** webinars for teachers beginning October 2020.

## Learning never stops

Asha Negi, a second-grade teacher in Dhanraji Pal Vidyalaya, has been teaching for decades. Asha was unfamiliar with technology and needed assistance switching from classroom instruction to online teaching platforms.

Through coaching, role-modelling and tech webinars conducted by the Guru team, she became confident enough to start conducting online classes on Google Meet.

Today, Asha exemplifies the fact that learning is a continuous journey.



### Key outcomes | FY 2020-21

Despite the pandemic, school outreach increased, compared to that in FY 2019-20. **3,078** 'I Can Do It' sessions were held which were attended by **379** school leaders across **78** schools. The programme comprised seven Virtual Instructor-Led Training (VILT) workshops and a virtual exposure visit. **2,464** school leaders across **500** schools (**100** KEF partner schools and **400** non-partner and ex-partner schools) were trained through **15** NEP webinars.

<sup>6</sup>These included 40,000 students, 2,285 Youth Aspirants, 874 Scholars, 489 School Leadership Cohort, 6,827 Parents and 6,433 Teachers.

## Social and Relationship Capital

### Umang

Under Umang, KEF empowers partner school students to develop proficiency in spoken English while providing exposure to digital literacy, critical thinking and problem-solving. Umang runs two initiatives, Language Enrichment Programme (LEP) and Accelerated Learning Programme (ALP).

The onset of COVID-19 made the task of delivering the programmes very difficult. Access to devices and internet connectivity both were major obstacles for students. Inventive solutions, like the creation of videos and podcasts, helped to reach students who could not attend classes. As part of this programme:

- 48 students participated in the Generation Global programme held by the Tony Blair Institute for Global Change, United Kingdom,
- 240 students enrolled in the Global Scholars Program by Bloomberg Philanthropies, NY,
- 156 students participated in the Buddy Programme with partner schools,
- 1,416 students attended webinars on coding, reading, career guidance and scientific activities, and much more,

#### Key outcomes | FY 2020-21

6,963 students benefited across 52 schools in Mumbai. Umang achieved 183% of its targets and reached 20% more students than last year. The intervention witnessed substantially greater participation under LEP.

### Whole School Turnaround Project (WSTAP)

WSTAP aims to transform schools serving students from low-income families into high-performing schools. The approach of WSTAP is to have schools that can lead the design and execution of the turnaround process so that they can sustain it after KEF steps back.

#### Key outcomes | FY 2020-21

The average annual growth of the three WSTAP schools in close line assessments (done using a KEF-modified version of the government's Shaala Siddhi metric) was 24%, as against a target of 2.40%.

## Helping talent bloom

Kimaya Joshi is a 'Bloom' student of Umang, who has progressed from 'remedial' to 'good' on Umang's assessment parameters in her two years of association.

She was one of the four winners among fifth standard participants in an online interschool English competition organised by English E. Teach, an online English learning platform. The competition was conducted with over 15,000 students across 23 districts from Maharashtra and Gujarat. Kimaya has also won awards at multiple internal competitions organised between Umang schools. Kotak believes that Kimaya will continue to be a stellar student with Umang.



## UNNATI

UNNATI is a livelihood enhancement intervention that caters to youth in the age group of 18-25 years, who had dropped out of school or college due to financial, personal or academic reasons. UNNATI imparts vocational training and life skills to youth from Below Poverty Line (BPL) families, making them employable and providing placement support in the hospitality, retail, beauty care and banking industries.

Despite the pandemic-induced restrictions on mobilisation, the team exceeded planned outcomes for FY 2020-21 (111% of planned reach). A total of **2,170** aspirants were trained, and two new domains were launched: Multi-Skilled Technicians and General Duty Assistance. Meanwhile, **100** new corporates were added and three MoUs were signed with skill centres.

### Key outcomes | FY 2020-21

A total of **803** placements were secured in a year of economic slowdown, of which **71%** of the aspirants were placed in reputed companies such as HDFC Securities, Burger King and Marriot Hotel. The average monthly salary of beneficiaries was ₹ **13,405**, a **19%** increase from ₹ **11,303** last year.

## KEF – Project Digital Learning Solutions (DLS)

Project DLS aims to equip partner schools, head teachers, teachers and students to be 'future-ready' by providing thought-leadership, capacity-building and digital infrastructure support. An internal KEF survey in August 2020 showed that as many as 58% of students were outside the ambit of the education system after the onset of the pandemic, either because they did not have a device or because their teachers did not have the necessary infrastructure and devices to conduct online classes. Through the DLS initiative, head teachers, teachers and students were provided tablets pre-loaded with grade 10 content.

Kotak is supporting Project DLS for a period of two years, i.e., FY 2020-21 and FY 2021-22.

### Key outcomes | FY 2020-21

**2,060** beneficiaries were impacted across **19** schools. Being just a few months old DLS has already started showing improvements for both teachers and students. **100%** of teachers showed significant improvement, with **18%** of teachers moving up two levels within a short time span. Student gains were also high, with a **31%** increase in student scores in the second midline assessment within a span of 14 days between midline one and midline two.

## The power of confidence

Shahida Shaikh was a beneficiary of the banking, financial services and insurance course training under UNNATI. She successfully secured a job at SBI Capital Securities.

Shahida signed up for UNNATI with a friend. The spoken English training sessions particularly improved her confidence, due to which she was able to ace her interview. She has reaped the full benefits of her training sessions and is now looking forward to a bright career.



## Success through access

Tanvi Pradeep Vairal is a student at Vikhroli Vidyalaya, who could not afford a device or data connection to attend her online classes. Her headmaster and teachers reached out to the DLS team. Tanvi was given a tablet preloaded with all her necessary study materials and e-learning apps, which enabled her to resume her studies. Within just two-and-a-half months, her scores increased significantly. When she received the tab, her scores in English, Science and Mathematics were 27%, 3% and 33%, respectively. By the time she was assessed again, these scores had improved to 63%, 67% and 70%, respectively. Facilitating access to the device (tablet) brought Tanvi back from dropping out of school.



## Social and Relationship Capital

### Other education and livelihood initiatives

Apart from KEF, Kotak has partnered with prominent NGO's working in the education and livelihood space. Some of the key initiatives undertaken in FY 2020-21 were:

#### Pratham Education Foundation

Kotak has partnered to train youth from disadvantaged backgrounds in the fields of beauty, healthcare, construction, entrepreneurship, hospitality and automotive fields. Across nine states, with support from Kotak, Pratham operated **41** centres that trained about **6,600** students in FY 2020-21 under various courses. Of these **3,000** were placed.

#### Head Held High (HHH) Foundation

Kotak with HHH implemented Kotak-HHH Make India Capable Project to transform and empower youth through a six-month training, enabling them to become employable ready or ready for higher education. With support from Kotak, HHH operated **10** centres that trained about **524** students in FY 2020-21 under various courses. Of these **259** were placed, **220** pursued entrepreneurship and **45** decided to pursue higher education

#### SOPAN

SOPAN works towards empowering individuals with autism or other developmental disabilities, and also supporting their families. In FY 2020-21, Kotak supported SOPAN for construction of SHANAY – an autism resource centre. The construction of the building has been completed while the interior development related work is expected to be completed in FY 2021-22.

#### Disha Foundation

Disha Foundation is a premier, non-profit organisation working in the field of intellectual disability for the last two decades. It has the distinction of being the first organisation in Rajasthan to provide comprehensive rehabilitation services under one roof. In FY 2020-21, Kotak provided financial support for the construction of an additional floor in the existing two-storey building 'Disha - A resource centre for multiple disabilities' located in Jaipur, Rajasthan.

## Perseverance always pays

Neetu Sahu studied till the 12<sup>th</sup> standard but failed to pursue higher studies due to financial constraints. She dreamt of becoming a nurse. Even after getting married, she continued to harbour the dream. However, unforeseen circumstances compelled Neetu to look for a job. A vocational course from Kotak and Pratham helped Neetu to pursue her ambition in the healthcare sector. She now works at a hospital in Raipur.



#### Sarthak Educational Trust

Sarthak Educational Trust is an NGO working towards the employment of people with disabilities. Through Kotak's support, Sarthak provided vocational skill training and placement support to people with disabilities in FY 2020-21 and will continue to be implemented in FY 2021-22. Additionally, the NGO was able to provide medical rehabilitation to children in the age group of 0-8 years through its Early Intervention Programme in Bhopal, Gurugram and Delhi.

#### IIMPACT

IIMPACT focused on providing education to girl children aged 6-14 years in remote, rural areas, mainly in the northern, central and eastern parts of the country. In FY 2020-21, Kotak supported **218** learning centres across seven districts and provided funding for the digitisation of some of these centres.

## Kotak's CSR projects are designed to bring about meaningful and measurable social impact, and are in line with United Nations Sustainable Development Goals (UN SDGs)



### IT for Change (ITFC)

ITFC works in the areas of education, gender, governance, community informatics and internet or digital policies pushing the boundaries of existing vocabulary and practices, exploring new development and social change frameworks. In FY 2020-21, Kotak funded ITFC to transform school education through ICT integration, mainly in Telangana, Andhra Pradesh, Karnataka, and Rajasthan.

### N M Sadguru Water and Development Foundation (NMS)

NM Sadguru works towards improving the living standards of rural and tribal communities through various development programmes. Kotak is supporting NM Sadguru's livelihood enhancement project in the Dahod, Panchmahal, Jhalawar and Banswara districts, which will be implemented till FY 2022-23. The project is expected to enhance the quality of life of rural and tribal farmers through agriculture-based livelihood interventions.

### Indian Institute of Management Bengaluru (IIMB)

Indian Institute of Management Bengaluru is a leading public school of management in Asia and an institute of national importance. In FY 2020-21, Kotak extended support towards NSRCEL's Women Start-up Programme, which helps participants develop entrepreneurial and managerial skills for either starting or growing their venture.

### Kotak also supported following organisations to implement various interventions in Education and livelihood space

Deeds, Vidhi Centre for Legal Policy, Youth4Jobs, Blind Welfare Organisation, Samarpan Foundation, National Society for Clean Cities - India (NSCCI), Public Concern for Governance Trust, Friends of Tribal Society, Parivaar, Urban Rural Management Empowerment and Establishment (URMEE) and K.C. Mahindra Education Trust.

## Social and Relationship Capital



### Healthcare

Kotak recognises that significant section of Indian population has limited access to quality healthcare due to lack of access or affordability.

Therefore, Kotak's CSR Projects on Healthcare are focused on enhancing/upgrading the healthcare infrastructure, improving access to quality and affordable healthcare services.

### Key projects implemented by Kotak in FY 2020-21

#### → CanKids...KidsCan

It provides holistic care, treatment and support to children suffering from cancer, and also to their families. The organisation runs 'Home Away from Home' centres that offer accommodation facilities to children and accompanying parents for about two months when they come to cities for the treatment. In FY 2020-21, the Bank partnered with CanKids to provide medical assistance to patients as well as providing lodging facilities to the affected families for the treatment period. The project will continue to be implemented till FY 2023-24. 'Home Away from Home' centres in Delhi and Chandigarh were supported by the Bank in FY 2020-21, benefitting about 1,506 (including patients' family members). Under medical assistance, 598 children received support across the country.

#### → CanSupport

CanSupport is a Delhi-based not-for-profit organisation that provides free palliative care to people with advanced cancer. It also runs outpatient clinic day-care centres and training programmes. In FY 2020-21, the Bank partnered with CanSupport to launch a palliative care project spread through FY 2022-23. In collaboration with the Bank, CanSupport provided free palliative care to people with advanced cancer in West Delhi in FY 2020-21.

#### → Borderless World Foundation (BWF)

BWF works closely with the community, government and military in Jammu and Kashmir, and provides extensive services in the areas of education, healthcare and vocational skill education among others. Kotak provided funding for procuring five ambulances equipped for

emergency medical and trauma care service. The ambulances will serve the community in border areas, specifically around Kupwara and Baramulla region (Jammu-Kashmir-Ladakh).

#### → Wockhardt Foundation

Wockhardt Foundation's flagship Mobile 1,000 programme, is a path-breaking initiative that provides last mile affordable and quality health services to the poorest households in the remotest parts of India. Kotak partnered with Wockhardt Foundation to support the operation of 30 Mobile Medicare Units (MMUs) in six cities. Each MMU is operational for six days every week, and in a particular area on a particular day as per the pre-set journey plan.

## 5,10,000

**Lives touched by Wockhardt Foundation through 30 mobile medical units in FY 2020-21**

Kotak also supported following organisations to implement various interventions in Healthcare space: Karo, OCA Foundation, The Ganga Foundation, Dhanwantari Medical Trust, Lata Mangeshkar Medical Foundation, Aditya Birla Education Trust, Association of Parents of Mentally Retarded Children, Multiple Sclerosis Society of India, Ramakrishna Mission Sevashrama and Shrimad Rajchandra Sarvamangal Trust.



## Environment and Sustainable Development

### Hiralal Parekh Parivar Charity Trust (HPPCT)

Founded in 1983, HPPCT is a Mumbai-based trust that conceptualised and started a community service *Antim Sanskar Seva* in September 2008 in Mumbai to assist bereaved families conduct a dignified funeral, last rites in the city. Kotak is supporting the redevelopment of a green crematorium at Worli, Mumbai, through the installation of solar panels and gas cremation furnace with exhaust system and scrubber. The CSR project will continue to be implemented through FY 2021-22.

### Gram Gourav Pratisthan

Gram Gourav Pratisthan works at the grassroots level, with the goal of sustainable rural development through equitable distribution of water, organic farming, health and education.

Kotak's aid during FY 2020-21 was directed towards repairing and desilting the percolation tank, to help stop soil erosion, recharge groundwater levels and provide safe drinking water to villagers in Asangaon in the Satara district.

### Nature Forever Society (NFS)

Nature Forever Society was founded by Mohammed Dilawar (Sparrow Man) in 2009. NFS works for the conservation of house sparrows and other common flora and fauna in urban habitats. Mohammed Dilawar initiated the World Sparrow Day in 2009 (20<sup>th</sup> March), which is now celebrated in more than 30 countries.

In FY 2020-21, Kotak partnered with NFS to develop a native nectar and biodiversity garden at the Sanjay Gandhi National Park, Borivali, Mumbai. The project will continue to be implemented through FY 2021-22.

**Kotak continues to be conscious of its environmental footprint and work towards creating a sustainable and positive impact for stakeholders.**

## Social and Relationship Capital

### Sports

#### Pullela Gopichand Badminton Foundation (PGBF)

Pullela Gopichand Badminton Foundation is a public charitable trust set up with the objective of providing quality infrastructure, mentoring coaches and training facilities for badminton in India.

#### Creating world-class infrastructure for badminton

In July 2018, Kotak partnered with PGBF to build a world-class badminton training facility in Hyderabad. The facility will have six air-conditioned badminton courts, a residential block for athletes, a swimming pool, a jogging track and a sports science centre. In FY 2020-21, Kotak supported PGBF for the complete development of the badminton training facility. The structural slab of the parking block comprising of two levels (B1 and B2), which includes the ramp till the ground floor level, was completed. The civil finishing work at both the levels is in progress. Further, work on the badminton block, badminton courts, residential block, mezzanine floor, external landscape, jogging track and a new swimming pool has been initiated. The project is expected to complete in FY 2021-22.

#### Inspire Institute of Sport (IIS)

IIS is working towards social development, including education, health, skill development, and sports promotion. It focuses on achieving social inclusion and development to create a happy and inclusive India. Kotak also supported Foundation for Promotion of Sports and Games towards Foundation's Olympic Gold Quest (OGQ) Programme.

Kotak has partnered with IIS for its Wrestling and Boxing Programme. The project, to be implemented over 18 months (1<sup>st</sup> October, 2020 to 31<sup>st</sup> March, 2022), aims to provide a world-class training environment for aspiring wrestlers and boxers, train aspiring athletes to participate in the Tokyo Olympics and other sporting events, and also address gaps in the sporting ecosystem in India. In addition to providing coaching to aspiring wrestlers and boxers, the programme offers tailor-made education and



Kotak partnered with PGBF to build a world-class badminton training facility in Hyderabad. The facility will have six air-conditioned badminton courts, a residential block for athletes, a swimming pool, a jogging track and a sports science centre.

life skills training to empower these youths and create model citizens. The intervention will be hosted at IIS, Bellary.

Kotak also supported Foundation for Promotion of Sports and Games towards Foundation's OGQ Programme.



## Employee volunteering at Kotak

### Payroll Giving Programme

Kotak has always supported the culture of sharing within its workforce, and drives it through the Payroll Giving Programme. By donating a portion of their salaries, employees have facilitated enhanced community growth through several NGOs – The Akanksha Foundation, Cancer Patients Aid Association (CPAA), National Association for the Blind (NAB), Dignity Foundation and Make-A-Wish Foundation of India. During FY 2020-21, the Bank was able to mobilise over ₹ 63 lakh from 2,067 employees.

### You CAN SERVE

Kotak's You CAN SERVE programme is conducted in association with the Dhanwantari Medical Trust (DMT), to help and support children affected by cancer and their families. Under You CAN SERVE, old newspapers, magazines and cartons are collected from Kotak offices in Mumbai and handed over to the DMT. The funds generated from the sale of those wastepaper are utilised by the DMT to support child cancer patients and their families through Monthly Grains Support (MGS).

Due to the COVID-19 outbreak and the subsequent lockdown, the collection drive could not be conducted during the first two quarters of FY 2020-21. However, the DMT was able to raise ₹ 23,143 by selling 2,075 cartons in the second half.

### Giving Collection Drive with GOONJ

Kotak organised 'Giving Collection Drive' on Christmas and New Year's eve. The drive started on 23<sup>rd</sup> December, 2020 and ended on 15<sup>th</sup> January, 2021. It was organised in 18 large offices and 58 branches of Kotak across six cities – Mumbai, Bengaluru, Hyderabad, Kolkata, New Delhi and Chennai. Donations from employees in the form of usable clothes, utensils, books and toys were collected, and 41 cartons were sent to the GOONJ centres.

### Protecting the Protectors

Employees across Kotak companies conducted many fundraising exercises throughout the year to support frontline workers and communities severely impacted by the lockdown. One such initiative to support frontline workers exclusively was 'Protecting the Protectors', where the employees raised money to assist COVID-19 relief operations of the Doctors For You.

### Marathons and Pinkathons

The Bank every year sponsors few of its employees to participate in the marathons and Pinkathons. The purpose of participation is to raise money for a cause.

The amount raised is used by the NGOs for supporting the cause. In FY 2020-21, due to the pandemic no marathons were held thus there was no amount raised. Historically the Bank has helped raise large amounts to help the NGOs.

### Campaign Gratitude

In August 2020, Kotak along with Campaign Gratitude, launched the Kotak Karma Campaign Gratitude – a COVID-19 relief initiative to raise funds for vulnerable communities severely impacted by the pandemic.

Kotak Karma Campaign Gratitude was designed to involve the children and young people of India to raise funds from their immediate family, friends and neighbours to support underprivileged sections of society. The objective was to teach them life lessons about the value of money and develop a sense of empathy, gratitude and social consciousness, as they go on to become responsible, committed and active members of society.

The Kotak Karma Campaign Gratitude fund raising drive supported three partner organisations – SNEHA (child and maternal health), Concern Foundation (food and hygiene) and Pride India (healthcare and rural livelihood). Under the Kotak Karma Campaign Gratitude COVID-19 Relief CSR project design, for every rupee raised by the children and young Indians, Kotak matched the contribution. The contribution raised by Kotak employees through dedicated online fund raise has been utilised by these three organisations to support people affected by COVID-19.

Under this project, Kotak through SNEHA provided protective gear, hygiene kits to healthcare workers, deep freezers for storing COVID-19 vaccines in hospitals and municipal corporations, ration support to underprivileged families and training to Accredited Social Health Activist (ASHA) workers and Mahila Arogya Samiti (MAS) members in Mumbai and Thane district, Maharashtra. Kotak carried out similar activities with the Concern India Foundation in and around the Mumbai region.

Kotak also collaborated with Pride India to support sustainable livelihoods by providing sewing machines to women, fertilisers to farmers, and fishing nets to families who lost their jobs due to the pandemic. It also provided food kits and hygiene kits to families from economically weaker sections in Raigad district, Maharashtra.

### Break-up of funds raised for each NGO

NGO	Amount raised under Campaign Gratitude (₹ lakh)	CSR project expenditure (₹ lakh)	Total funding support to the partner organisations (₹ lakh)
SNEHA	12.6	12.6	25.2
Concern India Foundation	2.2	2.3	4.5
Pride India	3.0	3.1	6.1
<b>Total</b>	<b>17.8</b>	<b>18.0</b>	<b>35.8</b>

# Natural capital



Climate change is an area of grave concern. It is not just an environmental issue but an all-encompassing threat to the global economy. Therefore, focus on sustainability is essential for the planet's future. At Kotak, sustainable practices have been ingrained across all business functions and are an important consideration in product design, service delivery and process formulation, to reduce environmental footprint.

**1,431 MWh<sup>#</sup>**

Energy savings due to conservation initiatives\*\*

**1,188 tCO<sub>2</sub>e<sup>#</sup>**

Total GHG emissions avoided

**58,922 tCO<sub>2</sub>e<sup>##</sup>**

Total GHG emissions from operations

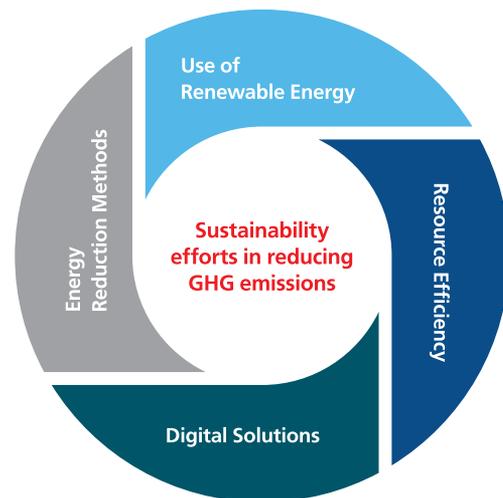
\*\*Number excludes energy consumption reduction due to the Lockdown

<sup>#</sup>The data is from the 14 large offices of KMBL

<sup>##</sup>The data is from the 14 large offices and 1,604 branches of KMBL



Kotak's sustainability efforts to reduce its operational (GHG) footprint can be bucketed into four categories - use of renewable energy, resource efficiency, digital solutions, and energy reduction measures.





Kotak's operations are designed to have no or minimal impact on the environment.

### Environmental governance

KMBL's Environment Policy elucidates its commitment on sound environmental management. The environment sustainability initiatives across Kotak's operations are centrally monitored. The responsibility of implementing and monitoring environmental performance lies with the respective business heads. These business heads periodically review, plan, and mitigate critical Health, Safety and Environment (HSE) risks. There is a list of parameters which have been identified, defined and are regularly monitored to manage KMBL's environmental performance. The other group companies have also implemented robust environmental initiatives, the performance of which is overseen by the respective administrative groups. The Board reviews Kotak's environmental performance at a group level on an annual basis.

KMBL's Environment Policy sets out its approach to transition to a low carbon ecosystem.

### Reducing emissions from operations

**1.13 tonnes**

(CO<sub>2</sub>e per employee)

Scope 1 + Scope 2 emission intensity\*

**15.60%**

Reduction in absolute emissions (Scope 1 + 2) in FY 2020-21 over FY 2019-20\*

**18.70%**

Reduction in Scope 1 + Scope 2 emissions per employee in FY 2020-21 over FY 2019-20\*

**1.34 MWh**

Energy consumption per employee in FY 2020-21\*

### KMBL's Environment Policy elucidates the Bank's commitment to manage environmental impact through:



Product innovation



Waste management and resource efficiency



Employee and stakeholder awareness



Compliance with national and local environmental regulations

\*Emission for KMBL only

## Natural Capital



### Digital solutions

Kotak's rapid strides in digitisation of its services has progressively reduced its operational carbon footprint. Kotak's initiatives like e-statements, Kotak Mobile app, Digi Sign (use of e-signatures for execution of documents), Digi farm (digital KYC process for farmers), Digi Home and Personal Loans, have reduced usage of physical documents, thereby reducing paper use.

Kotak has introduced conversational style digital service delivery using WhatsApp and chatbots. These initiatives have reduced customer dependency on physical visits to branches/in-person meetings with service executives, thereby indirectly reducing overall operational carbon footprint.

<sup>7</sup>Due to the unavailability of specific emission factors, the grid emission factor is used to calculate Scope 2 emissions even for that part of the electricity procurement.

<sup>8</sup>Kotak's large offices are shared between KMBL and its subsidiaries. Environmental data reported for water and waste to be interpreted accordingly.



### Renewable energy

Kotak initiated its transition to clean energy alternatives for meeting its energy requirements a few years back. In FY 2020-21, Kotak procured 3,337 MWh<sup>7</sup> of electricity generated from wind energy for two of its large office<sup>8</sup>. This was procured through open access arrangement. The wind energy consumed was 12% of the energy consumption for the year for Kotak's large offices. The equivalent GHG emission savings accounted due to this amounts to 2,769 tCO<sub>2</sub>.

## 3,337 MWh

Electricity procured by KMBL  
from renewable resource (wind)



### Green buildings

KMBL has nine LEED-certified buildings (large offices) across six cities and has installed 11,920 square metres of carbon-neutral floors<sup>9</sup> across three offices. Each of the LEED-certified offices meet the requirements of the green building rating system certification established by the U.S. Green Building Council and has best-in-class resource-efficient installations. These installations not only help monitor and control energy consumption but also help manage waste disposal processes and water consumption. KMBL is in the process of getting more of its large offices LEED-certified.

Kotak virtualises server and storage infrastructure to manage data while ensuring consumption of lesser power and reduced cooling needs. Kotak's green data centre is designed for maximum energy efficiency and minimum environmental impact. Additionally, Kotak emphasises on desktop virtualisation to further reduce power and cooling requirements.

<sup>9</sup>The Carbon Neutral Floors will help Kotak avoid 121 tCO<sub>2</sub> annually.

**Kotak's environmental management practices are focused on reducing its operational carbon footprint through its transition to 'Phygital' service delivery, clean energy procurement, responsible resource utilisation and conscious energy reduction measures.**

## Natural Capital

### Energy conservation measures

In FY 2020-21, KMBL's large offices saved nearly 1,431 MWh energy through its energy conservation initiatives across all offices. This excludes reduction in energy consumption that was largely due to the lockdown. The key initiatives undertaken for energy efficiency across some of Kotak's offices in FY 2020-21 include:

- Installation of sensor-based lighting in branch offices to reduce electricity consumption.
- Reduction of GHG emissions by optimising Air Conditioner (AC) refrigerants emission for AC units.
- Replacement of Precision AC (PAC) with hybrid AC using R407C refrigerant.

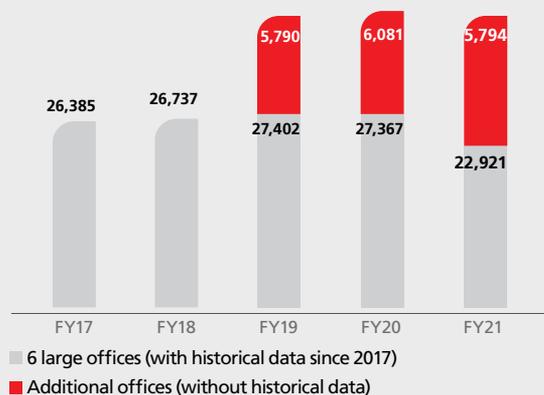
- Digital LED signage to lower energy consumption thus reducing carbon emissions.
- Initiatives to improve discipline to switch off power when not in use.

To comprehensively account for its carbon footprint, the Bank has been monitoring its GHG emissions and reporting to CDP since 2014. Monitoring of emissions resulting from refrigerant usage across all its large offices was initiated during FY 2020-21 and the Scope 1 GHG emissions owing to refrigerant usage amounted to 1,150 MT CO<sub>2</sub>e during FY 2020-21. Scope 3 emissions from KMBL's operations for FY 2020-21 amounted to 224.20 tCO<sub>2</sub>. This captures emissions from Air Travel (185.9 tCO<sub>2</sub>), Local Employee Commute (34.86 tCO<sub>2</sub>) and Capital Goods (Limited for large offices) (3.43 tCO<sub>2</sub>).

Kotak is conscious of its role in helping mitigate climate change, as well as preserving and protecting natural resources, biodiversity and optimising resource usage.

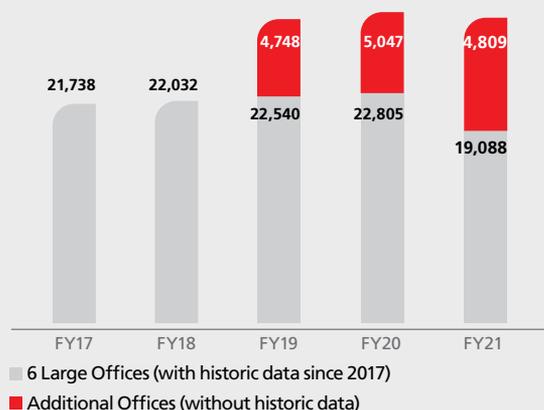
#### Electricity Consumption

Mega Watt-hour (MWh)



#### Total Scope 1 and Scope 2 emissions

Tonnes of carbon dioxide equivalent (TCO<sub>2</sub>e)



**Notes**

- Emissions have been reported for Scope 1 and Scope 2 GHG across KMBL's large offices.
- Over a period, KMBL has enhanced coverage of reporting total energy consumption beyond 6 large offices to all 14 large offices. The significant increase in electricity.
- Consumption and emission data in FY 2018-19 as compared to FY 2017-18 is largely due to increase in coverage. The emission data includes Scope 1 and Scope 2 data for 6 large offices and only Scope 2 data for the eight additional large offices.
- The Scope 2 calculation for FY 2020-21 has been made using the revised emission factor for electricity [Emission Factor - 0.83 as per Central Electricity Authority (CEA) (CO<sub>2</sub> Baseline Database for the Indian Power Sector, version 14, Dec 2020).
- The relative reduction in energy consumption for 'additional' offices is less (versus 6 large offices) in FY 2020-21 despite the COVID-19 lockdown, because some offices had started their operations in the middle of the preceding year, FY 2019-20. Also, some offices expanded their floor space during FY 2020-21.
- Electricity consumption from an additional meter has been added for one of the 6 large offices during FY 2020-21. The increase in the boundary of reporting of this large office has, thus, led to an increase in the relative electricity consumption for one office.

**Resource efficiency**



**Water management**

The Bank has implemented several measures to ensure that water is used responsibly. Water is not a direct input for Kotak's business operations, but it is certainly required for employee and customer consumption, cleaning operations and toilet use. Recycling facilities at offices have been installed to reduce freshwater intake. Since offices remained partially shut because of the COVID-19 pandemic, overall water consumption in offices was low in FY 2020-21.

**24,640 kL\***

**Total Water Recycled**

**~47,561 kL\***

**Total Water Saved**

*\*Data for KMBL only*

**Notes**

- Over time, KMBL has enhanced the coverage of reporting water consumption.
- Data till FY 2018-19 only considers consumption for 6 large offices and doesn't include ground water or bottled water consumption in these offices and, hence, isn't comparable. In FY 2019-20 and FY 2020-21, KMBL has reported consumption of drinking water, ground water, tanker water, municipality water across 14 large offices (6 large offices and 8 additional large offices).
- The increasing trend in overall consumption is largely due to increase in coverage and additional sources being included. Historic data is, thus, not comparable.

**Water consumption**

Kilolitres (kL)



■ 6 large offices (with historical data since 2017)  
■ Additional offices (without historical data)

- The relative reduction in water consumption for 'additional' large offices is less (versus 6 large offices) in FY 2020-21, despite the COVID-19 lockdown because some of the offices were not fully operational during the preceding year, FY 2019-20.
- Some offices expanded their floor space during FY 2020-21. Further, data for FY 2019-20 has been rebased for additional large offices to make it comparable with data for FY 2020-21.

## Natural Capital



### Waste Management

#### Hazardous waste

The financial services sector generates large amounts of e-waste which if not handled properly, can prove to be very hazardous for the environment. Kotak takes assertive steps to manage and minimise the impact of its e-waste. Towards this, the Group has a robust buy-back policy for its hardware with Original Equipment Manufacturers (OEMs). KMBL has also implemented a formal mechanism for the disposal of other hazardous wastes through collaborations with authorised waste management agencies.

#### Non-hazardous waste

KMBL's large offices generated 83.99 tons of waste<sup>10</sup> in FY 2020-21, 34.51% lesser compared to last year.

#### Food waste

KMBL uses a 'nudge approach' to prompt employees to reduce food waste by displaying the quantity of food wasted in the canteen every day. Employees also receive emails mentioning the total quantity of food wasted by offices in a month. There are posters hung in the canteen area to sensitise employees on issues related to hunger and food scarcity. These efforts have continued in the new normal, despite skeletal staff working from office with prior approvals.

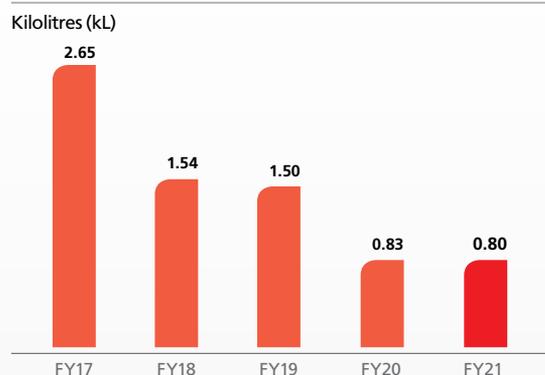
In FY 2020-21, the Bank also installed Organic Waste Convertors (OWCs) at its Goregaon office in Mumbai for efficient and responsible management of food waste (at office canteens).

There are some more wastes under both hazardous and non-hazardous categories which are generated due to the operations at Kotak, which haven't been tracked for FY 2020-21. Appropriate mechanism to identify, monitor and quantify the same is under implementation.

#### Paper saving

Kotak is working to reduce material consumption across its large office locations. In the banking sector, paper is the most used material. Over time, the Group is transitioning to digital applications across business verticals. This has helped improve efficiency in business operations and ensured

### Used Oil Disposal



environmental protection through bringing about reduction in paper consumption.

Kotak encourages its customers to choose e-statements for their periodic account statements. This reduces paper waste, ensures data security, and provides customers with the ability to store and retrieve statements electronically at their convenience. As part of its 'go green' initiative, one business vertical alone saved ~35,000 papers during FY 2020-21 as a substantial number of customers opted for e-statements. In FY 2020-21, KMBL introduced 'Digi Sign' to enable the execution of financial transactions such as loans electronically. The Bank facilitated ₹ 240 crore worth of paperless loans. KMBL has reduced paper consumption across large facilities and branch offices by implementing systems such as lock printing and secured printing software.

In FY 2020-21, these initiatives led to a total paper-saving of ~73 lakh A4-size sheets.

KLI, Kotak's life insurance arm, has been running a 'Think Green' initiative which has led to substantial reductions in paper consumption across the organisation (43% reduction in paper use in FY 2020-21 versus FY 2019-20). KGI, the general insurance arm, has implemented a paperless policy insurance for select products to optimise its resource consumption.

<sup>10</sup>The waste includes construction and demolition waste, scrap, paper and other miscellaneous waste.

### Ensuring environmental protection through bringing about reduction in paper consumption

# 298 tonnes CO<sub>2</sub>e

Emissions avoided due to paper saved\*

# 8,103 kg      ~73 lakh

Total Recycled paper used\*

A4-size sheets saved\*

# 876

Trees preserved due to paper saving initiatives\*

\*Numbers pertain to KMBL only

### Sustainability across the value chain

Kotak acknowledges that its environmental impact extends beyond its own operations due to the inherent nature of its activities. The Group assesses its potential borrowers/ investees through an ESG lens to drive inclusive and sustainable economic growth in the country. It adheres to the Reserve Bank of India's negative screening guidelines and scrutinises environmental clearances during the project appraisal stage of its lending and investment activities. In FY 2020-21, the Bank expanded the scope of its credit risk evaluation process to cover a robust ESG Management Systems Plan. For more details please refer to the managing risks and uncertainties chapter.

KMAMC, Kotak group's asset management company is a signatory to Climate Action 100+, Climate Action 100+ is an investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. More than 400 investors with more than \$ 35 trillion in assets collectively under management are engaging companies on improving governance, curbing emissions and strengthening climate-related financial disclosures. The companies include 100 'systemically important emitters', accounting for two-thirds of annual global industrial emissions, alongside more than 60 others with significant opportunity to drive the clean energy transition.

### Implementing sustainability in the value chain

To enforce positive ESG reinforcement, KMAMC engages with portfolio companies and advises them to:

- Develop sustainable strategies for their production process to reduce carbon/GHG emissions.
- Invest in environment friendly manufacturing process (through use of renewable energy, water, and waste management etc.).
- Reduce carbon footprint in the distribution network using heavy electric vehicles.
- Provide livelihood opportunities to people in the regions the companies have their factories, for social upliftment.

KIAL, Kotak's investment advisory and management arm, supports its portfolio companies to implement projects that promote environmental sustainability and low carbon emissions. Using KIAL's inputs, these companies have taken a variety of sustainability initiatives like implementation of solar projects, waste treatment, rainwater harvesting and ground water rejuvenation. Resource intensive manufacturing companies are encouraged to install Effluent Treatment Plants (ETP) and Sewage Treatment Plants (STP), implement waste segregation practices and as such maximise their overall recycling initiatives with respect to extracted resources and disposal mechanisms.



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# List of subsidiaries (Domestic)

- Kotak Mahindra Prime Limited
- Kotak Mahindra Investments Limited
- Kotak Securities Limited
- Kotak Mahindra Capital Company Limited
- Kotak Mahindra Life Insurance Company Limited
- Kotak Mahindra General Insurance Company Limited
- Kotak Mahindra Asset Management Company Limited
- Kotak Mahindra Trustee Company Limited
- Kotak Mahindra Pension Fund Limited
- Kotak Investment Advisors Limited
- Kotak Mahindra Trusteeship Services Limited
- Kotak Infrastructure Debt Fund Limited
- IVY Product Intermediaries Limited
- BSS Microfinance Limited

Please refer page 55 of Annual Report for the list of Kotak's international subsidiaries and associate companies.

# Glossary

Abbreviations	Full Form	Abbreviations	Full Form
AAUM	Average Assets Under Management	ETF	Exchange Traded Funds
ABET	Aditya Birla Education Trust	EV	Embedded Value
ABWA	Aditya Birla World Academy	EVA	Economic Value Add
AC	Air Conditioner	FI	Financial Inclusion
AePS	Aadhaar Enabled Payment System	FOF	Fund of Funds
AIF	Alternative Investment Funds	FPIs	Foreign Portfolio Investments
ALP	Accelerated Learning Programme	FPOs	Farmer Producer Organisations
ANBC	Adjusted Net Bank Credit	FTS	Friends of Tribals Society
ANMI	Association of National Exchanges Member of India	FY	Financial Year
APE	Annualised Premium Equivalent	GDPR	General Data Protection Regulations
API	Application Programme Interface	GHG	Green House Gas
APY	Atal Pension Yojana	GIC	General Insurance Council
ARC	Autism Resource Centre	GIFT	Gujarat International Finance Tec
ASD	Autism Spectrum Disorder	GMC	Group Management Council
ASHA	Accredited Social Health Activist	GRI	Global Reporting Initiative
ASIFMA	Asia Securities Industry and Financial Markets Association	GRMC	Group Risk Management Committee
ATM	Automatic Teller Machine	GSM	Global Systems for Mobile Communications
AUM	Assets Under Management	HHH	Head Held High
BC	Business Correspondent	HPPCT	Hirarlal Parekh Parivar Charity Trust
BCSBI	Banking Codes and Standards Board of India	HR	Human Resource
BKC	Bandra Kurla Complex	HSE	Health Safety and Environment
BPL	Below Poverty Line	IBA	Indian Banks' Association
BSBDA	Basic Savings Bank Deposit Account	IFC	International Finance Corporation
BVVS	Basaveshwar Veerashaiva Vidya Vardhak Sangha	IIMB	Indian Institute of Management Bengaluru
BWF	Borderless World Foundation	IIRC	International Integrated Reporting Council
BWO	Blind Welfare Organisation	IIS	Inspire Institute of Sport
CAGR	Compound Annual Growth Rate	IR	Integrated Reporting
CASA	Current Account and Savings Account	IT	Information Technology
CDP	Carbon Disclosure Project	ITFC	IT for Change
CEO	Chief Executive Officer	KEF	Kotak Education Fund
COVID-19	Corona Virus, 2019	KGI	Kotak Mahindra General Insurance Company
CPAA	Cancer Patients Aid Association	KIAL	Kotak Investment Advisors Limited
CRO	Chief Risk Officer	KLI	Kotak Mahindra Life Insurance Company Limited
CRMC	Credit Risk Management Committee	KLT	Kotak Leadership Team
CSP	Customer Service Points	KMAMC	Kotak Mahindra Asset Management Company
CSR	Corporate Social Responsibility	KMBL	Kotak Mahindra Bank Limited
CVM	Customer Value Management	KMIL	Kotak Mahindra Investments Limited
DG	Diesel Generators	KPIs	Key Performance Indicators
DIY	Do It Yourself	KSL	Kotak Securities Limited
DLP	Data Loss Prevention	KYLC	Kotak Young Leader Committee
DLS	Digital Learning Solutions	LEED	Leadership in Energy and Environmental Design
DMT	Dhanwantari Medical Trust	LEP	Language Enrichment Programme
E&S	Environmental and Social	LIC	Life Insurance Corporation of India
ENAM	Electronic National Agriculture Marketplace	MAS	Mahila Arogya Samiti
EPS	Earnings Per Share	MD	Managing Director
ERM	Enterprise wide Risk Management	MFI	Microfinance Institutions
ERP	Enterprise Resource Planning	MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
ESAP	Environmental and Social Assessment Procedures	MGS	Monthly Grains Support
ESG	Environmental, Social and Governance	MMUs	Mobile Medicare Units
ESMS	Environmental and Social Management Systems	MS	Multiple Sclerosis
ETF	Effluent Treatment Plant		



## Glossary

Abbreviations	Full Form
MSSI	Multiple Sclerosis Society of India
NAB	National Association for the Blind
NB	New Business
NEP	New Education Policy
NFS	Nature Forever Society
NGOs	Non-Governmental Organisations
NIM	Net Interest Margins
NPA	Non-Performing Assets
NPS	National Pension System
NRE	Non-Residential External
NRI	Non-Residential Indian
NRO	Non-Resident Ordinary
NSE	National Stock Exchange
NSRCEL	N S Raghavan Centre for Entrepreneurial Learning
NVG-SEE	National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business
OEM	Original Equipment Manufacturers
OGQ	Olympic Gold Quest
ORC	Oracle Recruiting Cloud
OWC	Organic Waste Convertors
PAC	Precision Air Conditioner
PAT	Profits After Tax
PCGT	Public Concern for Governance Trust
PGBF	Pullela Gopichand Badminton Foundation
PMJDY	Pradhan Mantri Jan Dhan Yojana
PMJJBY	Pradhan Mantri Jeevan Jyoti Bima Yojana
PMMY	Pradhan Mantri MUDRA Yojana
PMS	Portfolio Management Services
PMSBY	Pradhan Mantri Suraksha Bima Yojana
POS	Point of Sale
POSH	Prevention of Sexual Harassment
Q4	Fourth Financial Quarter
QAAUM	Quarterly Average Assets Under Management
RaRoC	Risk Adjusted Return on Capital

Abbreviations	Full Form
RBI	Reserve Bank Of India
REIT	Real Estate Investment Trust
RMC	Risk Management Committee
RSETI	Rural Self Employment Training Institute
SAM	Severe Acute Malnutrition
SCD	School Coordination Department
SEMSP	Social and Environmental Management System Plan
SME	Small and Medium Enterprise
SOC	Security Operations Centre
SOPAN	Society of Parents of Children with Autistic Disorders
SR	Service Request
SRLC	Shrimad Rajchandra Love and Care
STP	Sewage Treatment Plant
TABIS	The Aditya Birla Integrated School
TAT	Turn Around Time
TDs	Term Deposits
UN PRI	United Nations-supported Principles for Responsible Investment
UN SDGs	United Nation's Sustainable Development Goals
URMEE	Urban Rural Management Empowerment and Establishment
VILT	Virtual Instructor-Led Training
VRF	Variable Refrigerant Flow
WFH	Work From Home
WSTAP	Whole School Turnaround Programme
Y-O-Y	Year On Year

# GRI content index

## General Disclosures

GRI Standard	Disclosure	Page Number/s
102-1	Name of the organisation	Page B, 1, 4
102-2	Activities, brands, products, and services	Page 6, 54-63
102-3	Location of headquarters	Page 6
102-4	Location of operations	Page 6-9
102-5	Ownership and legal form	Page 4-7
102-6	Markets served	Page 4-9
102-7	Scale of the organisation	Page 5
102-8	Information on employees and other workers	Page 66-75
102-9	Supply chain	Page 4-9, 22-27, 48-49, 56-65
102-10	Significant changes to the organisation and its supply chain	There were no significant changes in Kotak and its supply chain during FY 2020-21.
102-11	Precautionary Principle or approach	Page B,1
102-12	External initiatives	Page 1
102-13	Membership of associations	Page 37, 65
102-14	Statement from senior decision-maker	Page 12-15
102-15	Key impacts, risks, and opportunities	Page 4-9, 22-27, 28-33, 38-45
102-16	Values, principles, standards, and norms of behavior	Page 4, 34-37
102-17	Mechanisms for advice and concerns about ethics	Page 34-37
102-18	Governance structure	Page 34-37
102-19	Delegating authority	Page 34-37
102-20	Executive-level responsibility for economic, environmental, and social topics	Page 34-37
102-21	Consulting stakeholders on economic, environmental, and social topics	Page 22-27
102-22	Composition of the highest governance body and its committees	Page 34-37
102-23	Chair of the highest governance body	Page 34-37
102-24	Nominating and selecting the highest governance body	Page 34-37
102-25	Conflicts of interest	Page 34-37
102-26	Role of highest governance body in setting purpose, values, and strategy	Page 34-37
102-27	Collective knowledge of highest governance body	Page 34-37
102-28	Evaluating the highest governance body's performance	Refer Page 122 of the <a href="#">Annual Report</a>
102-29	Identifying and managing economic, environmental, and social impacts	Page 22-27
102-30	Effectiveness of risk management processes	Page 38-45
102-31	Review of economic, environmental, and social topics	Page 34-37
102-32	Highest governance body's role in sustainability reporting	Page 34-37



## GRI content index

GRI Standard	Disclosure	Chapter
102-33	Communicating critical concerns	Page 22-23, 66-75, 76-91
102-34	Nature and total number of critical concerns	Refer to page 256, 257 of the <a href="#">Annual Report</a> ; Page 76-91
102-35	Remuneration policies	Refer to the <a href="#">Annual Report</a> chapter on Corporate Governance. <a href="#">Compensation Policies</a>
102-36	Process for determining remuneration	Refer page 123 and 124 of the <a href="#">Annual Report</a>
102-37	Stakeholders' involvement in remuneration	Refer page 123 and 124 of the <a href="#">Annual Report</a>
102-38	Annual total compensation ratio	Refer page 130 of the <a href="#">Annual Report</a>
102-39	Percentage increase in annual total compensation ratio	Refer to page 130 of the <a href="#">Annual Report</a>
102-40	List of stakeholder groups	Page 22-27
102-41	Collective bargaining agreements	Page 66-75
102-42	Identifying and selecting stakeholders	Page 22-27
102-43	Approach to stakeholder engagement	Page 22-27
102-44	Key topics and concerns raised	Page 22-27
102-45	Entities included in the consolidated financial statements	Page 4-9; Refer page 46 of the <a href="#">Annual Report</a>
102-46	Defining Report content and topic Boundaries	Page 1 and 100
102-47	List of material topics	Page 24-27
102-48	Restatements of information	Not Applicable
102-49	Changes in reporting	Not Applicable
102-50	Reporting period	Page 1
102-51	Date of most recent Report	Page 1
102-52	Reporting cycle	Page 1
102-53	Contact point for questions regarding the Report	investor.relations@kotak.com
102-54	Claims of reporting in accordance with the GRI Standards	Page 1
102-55	GRI content index	Page 103-107
102-56	External assurance	Pages 108-110

## Topic Specific Disclosures

Material Topic	GRI Standard	Disclosure	Page Number/s/ Reference
Brand and Reputation Management	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 25-27
		103-2 The management approach and its components	Page 25-27
		103-3 Evaluation of the management approach	Page 4-9, 52-55, 76-79
	GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 52-55
		201-3 Defined benefit plan obligations and other retirement plans	Page 66-75
	201-4 Financial assistance received from government	Page 52-55	
Corporate Governance and Ethics	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 25-27
		103-2 The management approach and its components	
		103-3 Evaluation of the management approach	
	GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Page 34-37
		205-2 Communication and training about anti-corruption policies and procedures	
205-3 Confirmed incidents of corruption and actions taken			
Corporate Governance and Ethics	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 25-27
		103-2 The management approach and its components	Page 34-37
		103-3 Evaluation of the management approach	
	GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	The Bank did not incur any fines or settlements related to Anti-Competitive Business Practices in FY 2020-21
Climate Change and Environmental Sustainability	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 25-27
		103-2 The management approach and its components	
		103-3 Evaluation of the management approach	
	GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Page 92-99
		302-2 Energy consumption outside of the organisation	
		302-3 Energy intensity	
		302-4 Reduction of energy consumption	
	302-5 Reductions in energy requirements of products and services		
Climate Change and Environmental Sustainability	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 25-27
		103-2 The management approach and its components	
		103-3 Evaluation of the management approach	
	GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Page 92-99
		303-3 Water withdrawal	
	303-5 Water consumption		
Climate Change and Environmental Sustainability	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 25-27
		103-2 The management approach and its components	
		103-3 Evaluation of the management approach	
	GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 92-99
		305-2 Energy indirect (Scope 2) GHG emissions	
		305-3 Other indirect (Scope 3) GHG emissions	
	305-4 GHG emissions intensity		
	305-5 Reduction of GHG emissions		
Climate Change and Environmental Sustainability	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 25-27
		103-2 The management approach and its components	
		103-3 Evaluation of the management approach	
	GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 92-99
		306-2 Management of significant waste-related impacts	
	306-3 Waste generated		



## GRI content index

Material Topic	GRI Standard	Disclosure	Page Number/s/ Reference
Talent Management and Retention	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 25-27
		103-2 The management approach and its components	
		103-3 Evaluation of the management approach	
	GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 66-75
		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
		401-3 Parental leave	
Employee Health and Wellbeing	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 25-27
		103-2 The management approach and its components	
		103-3 Evaluation of the management approach	
	GRI 403: Occupational Health and Safety 2016	403-1 Occupational health and safety management system	Page 17, 66-75
		403-2 Hazard identification, risk assessment, and incident investigation	
		403-3 Occupational health services	
		403-4 Worker participation, consultation, and communication on occupational health and safety	
	GRI 403: Occupational Health and Safety 2016	403-5 Worker training on occupational health and safety	
		403-6 Promotion of worker health	
		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
Talent Management and Retention	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 25-27
		103-2 The management approach and its components	
		103-3 Evaluation of the management approach	
	GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Page 66-75
Talent Management and Retention	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 25-27
		103-2 The management approach and its components	
		103-3 Evaluation of the management approach	
	GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 66-75
405-2 Ratio of basic salary and remuneration of women to men			
Talent Management and Retention	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 25-27
		103-2 The management approach and its components	
		103-3 Evaluation of the management approach	
	GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	In FY 2020-21, no incidents of discrimination were reported.
Talent Management and Retention	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 25-27
		103-2 The management approach and its components	Page 25-27
		103-3 Evaluation of the management approach	Page 66-75
	GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Kotak allows the employees the right of free association within the framework of regulations
Talent Management and Retention	GRI 103: Management Approach 2016	103-2 The management approach and its components	Page 25-27
		103-3 Evaluation of the management approach	
	GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	Page 66-75
		412-2 Employee training on human rights policies or procedures	
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		

Material Topic	GRI Standard	Disclosure	Page Number/s/ Reference
Community Development	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Page 25-27
	GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs 413-2 Operations with significant actual and potential negative impacts on local communities	Page 76-91
Data Security and Customer Privacy	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Page 25-27
	GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 58-59
Regulatory Compliance	GRI 103: Management Approach 2016	103-2 The management approach and its components 103-3 Evaluation of the management approach	Page 25-27 Page 34-37, 52-55
	GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	During FY 2020-21, there were no fines or nonmonetary sanctions due to non-compliance with laws and regulations in the social and economic areas.
Sustainable Finance/ Responsible Investment	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Page 25-27 Page 28-33, 38-42, 60-65
	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Page 25-27 Page 32, 54-55, 66-75, 76-91
Customer Service and Satisfaction	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Page 25-27 Page 28-33, 60-65, 76-79
	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Page 25-27 Page 32, 66-75
Employee Engagement	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Page 25-27 Page 32, 66-75
	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Page 25-27 Page 18, 28-33, 60-65
Innovative Products and Services	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Page 25-27 Page 56-65
	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Page 25-27 Page 28-33, 38-45
Risk Management	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Page 25-27 Page 28-33, 38-45
	GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Page 25-27 Page 16-19, 38-45, 58-59

# Assurance statement



## Assurance Statement

To  
The Directors and Management  
Kotak Mahindra Bank Limited,  
Mumbai, India

Kotak Mahindra Bank Limited (hereafter 'KMBL') commissioned TUV India Private Limited (TUVI) to conduct independent external assurance of non-financial information and key performance indicators (KPI) disclosed in KMBL's Annual Integrated Report (hereinafter 'the Report') for the period April 1, 2020 to March 31, 2021. The Report is based on the principles of Global Reporting Initiative (GRI) Standards. This assurance engagement was conducted in accordance with ISAE 3000 (revised) - "Limited Level".

### Management's Responsibility

KMBL developed the Report's content. KMBL management is responsible for identifying material topics and carrying out the collection, analysis, and disclosure of the information presented in the Report (web-based and print), including website maintenance, integrity, and for ensuring its quality and accuracy in accordance with the applied criteria stated in the GRI standards: Core option, such that it's free of intended or unintended material misstatements.

### Scope and Boundary

The scope of work includes the assurance of the following non-financial performance / KPI disclosed in the Report. In particular, the assurance engagement included the following:

- Review of the disclosures submitted by KMBL;
- Review of the quality of information;
- Review of evidence (on a sample basis) for identified non-financial indicators

TUVI has verified the below KPI's disclosed in the Report

Governance	102-1 to 102-56 and 103-1 to 103-3
Corporate Governance and Ethics	201-1,202-3 to 202-4, 205 and 206
GRI 302: Energy	302-1 to 302-5
GRI 305: Emissions	305-1 to 305-5
GRI 401: Employment	401-1
GRI 403: Occupational Health and Safety 2016	401-1 to 401-7
GRI 404: Training and Education	404-2
GRI 405: Diversity and Equal Opportunity	405-1 to 405-2
GRI 406: Non-Discrimination	406-1
GRI 413: Local Communities	413-1 to 413-3

The remote verification was conducted at KMBL Corporate Team, during October 2021. The assurance activities were carried out together with a desk review as per reporting boundary. Applicable boundaries for disclosures are explained in the Report.

### Limitations

TUVI did not perform any assurance procedures on the prospective information, such as targets, expectations, and ambitions, disclosed in the Report. Consequently, TUVI draws no conclusion on the prospective information. Company's financial performance, or data/information outside the defined reporting period are not the part of this assurance. Further assertions related to Intellectual Property Rights and other competitive issues are not part of verification. During the assurance process, TUVI did not come across any limitation to the agreed scope of the assurance engagement. TUVI expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.



## Our Responsibility

TUVI's responsibility in relation to this engagement was to perform a limited level of assurance and to express a conclusion based on the work performed. This engagement did not include an assessment of the adequacy or the effectiveness of KMBL's strategy, management of sustainability-related issues or the sufficiency of the Report against principles of GRI Standards: Core option, and ISAE 3000 (revised), other than those mentioned in the scope of the assurance. TUVI's responsibility regarding this verification is in accordance with the agreed scope of work which includes non-financial quantitative and qualitative information disclosed by KMBL. This assurance engagement assumes that the data and information provided to us by KMBL are complete and true.

## Verification Methodology

During the assurance engagement, TUVI adopted a risk-based approach, focusing on verification efforts with respect to disclosures. TUVI has verified the disclosures and assessed the robustness of the underlying data management system, information flows, and controls. In doing so:

- TUVI examined and reviewed the documents, data, and other information made available by KMBL for non-financial KPI's (non-financial disclosures);
- TUVI conducted interviews with key representatives, including data owners and decision-makers from different functions of KMBL;
- TUVI performed sample-based reviews of the mechanisms for implementing the sustainability-related policies and data management (qualitative and quantitative);
- TUVI reviewed the level of adherence to principles of GRI standards: Core option.

## Opportunities for Improvement

The following are the opportunities for improvement reported to KMBL. However, they are generally consistent with KMBL management's objectives and programs.

- ESG policy can be made public for stakeholders
- KMBL may strengthen the management system to monitor the waste and water data to enable accurate disclosures during subsequent reporting
- KMBL can declare its objectives and targets (short, medium and long term) to address "evolving climate risks", "Green Finance" and other material topics
- KMBL may establish and conduct internal audit of sustainability disclosure data.

## Our Conclusion

In our opinion, based on the scope of this assurance engagement, the "disclosures on sustainability performance" and reference information provides a fair representation of the material topics, related strategies, and meets the general content and quality requirements of the GRI Standards: Core option.

**Disclosures:** TUVI is of the opinion that the reported disclosures generally meet the GRI Standards reporting requirements in accordance with the "Core option". KMBL refers to general disclosure to Report contextual information about KMBL, while the 'Management Approach' is discussed to Report the management approach for each material topic.

**Universal Standard:** KMBL followed GRI 101: Reporting Principles for defining report content and quality, GRI 102: General Disclosures were followed when reporting information about an Organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process. Furthermore, GRI 103 was selected for Management's Approach on reporting information about how an organization manages a material topic. TUVI is of the opinion that this report has been prepared in accordance with the GRI Standards: 'Core option'.

**Topic Specific Standard:** 200 series (Economic topics), 300 series (Environmental topics), and 400 series (Social topics); These Topic-specific Standards were used to Report information on the organization's impacts related to environmental and social topics. TUVI is of the opinion that the reported material topics and Topic-specific Standards that KMBL used to prepare its Report are appropriately identified and addressed.

**Limited Assurance Conclusion:** Based on the procedures we have performed, nothing has come to our attention that causes us to believe that the information subject to the limited assurance engagement

## Assurance statement



was not prepared in all material respects. TUVI found the sustainability information to be reliable in all material respects, with regards to the reporting criteria ("Core option") of the GRI Standards.

In the context of Assurance, the following contemporary principles has been observed:

### Evaluation of the adherence to other contemporary Principles

**Inclusivity:** Stakeholder identification and engagement is carried out by KMBL on a periodic basis to bring out key stakeholder concerns as material topics of significant stakeholders. In our view, the Report meets the requirements.

**Materiality:** The materiality assessment process has been carried out, based on the requirements of the GRI Standards, considering topics that are internal and external to the KMBL range of businesses. The Report fairly brings out the aspects and topics and its respective boundaries of the diverse operations of KMBL. In our view, the Report meets the requirements.

**Responsiveness:** TUVI believes that the responses to the material aspects are fairly articulated in the report, i.e. disclosures on KMBL policies and management systems including governance. In our view, the Report meets the requirements.

**Impact:** KMBL communicates its sustainability performance through regular, transparent internal and external reporting throughout the year, aligned with GRI, and its policy framework encompassing the Environmental, Social, Ethical and other policies. KMBL reports on sustainability performance to the Top Management, who oversees and monitors the implementation and performance of objectives, as well as progress against goals and targets for addressing sustainability-related issues.

This assurance statement has been prepared in accordance with the terms of our engagement and in accordance to the ISAE 3000 (revised) requirements.

### Independence:

TUVI follows IESBA (International Ethics Standards Board for Accountants) Code which, adopts a threats and safeguards approach to independence. It is confirmed that the assurance team is selected to avoid situations of self-interest, self-review, advocacy and familiarity. The assessment team was safeguarded from any type of intimidation.

### Quality control:

The assurance team complies with the code of ethics for professional accountants issued by the IESBA, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In accordance with International Standard on Quality Control, TUVI maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our Assurance Team and Independence

TUVI is an independent, neutral third party providing sustainability services with qualified environmental and social specialists. TUVI states its independence and impartiality and confirms that there is "no conflict of interest" with regard to this assurance engagement. In the reporting year, TUVI did not work with KMBL on any engagement that could compromise the independence or impartiality of our findings, conclusions, and recommendations. TUVI was not involved in the preparation of any content or data included in the Report, with the exception of this assurance statement. TUVI maintains complete impartiality towards any individuals interviewed during the assurance engagement.

For and on behalf of TUV India Private Limited



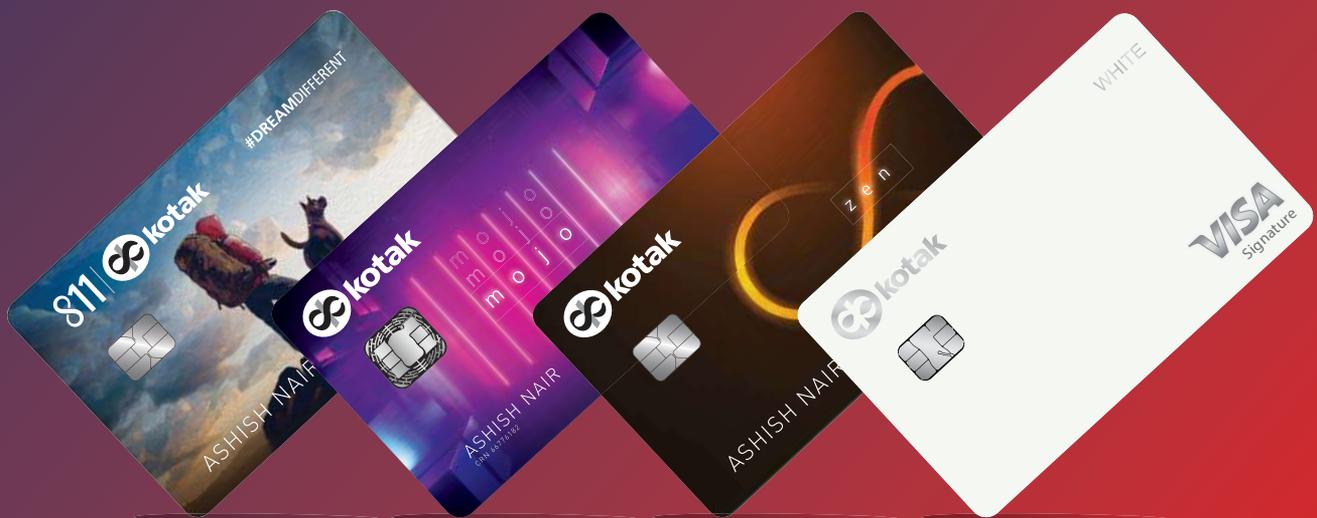
Manojkumar Borekar  
Project Manager and Reviewer  
Head – Sustainability Assurance Service



Date: 20-10-2021  
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