

# Business Responsibility

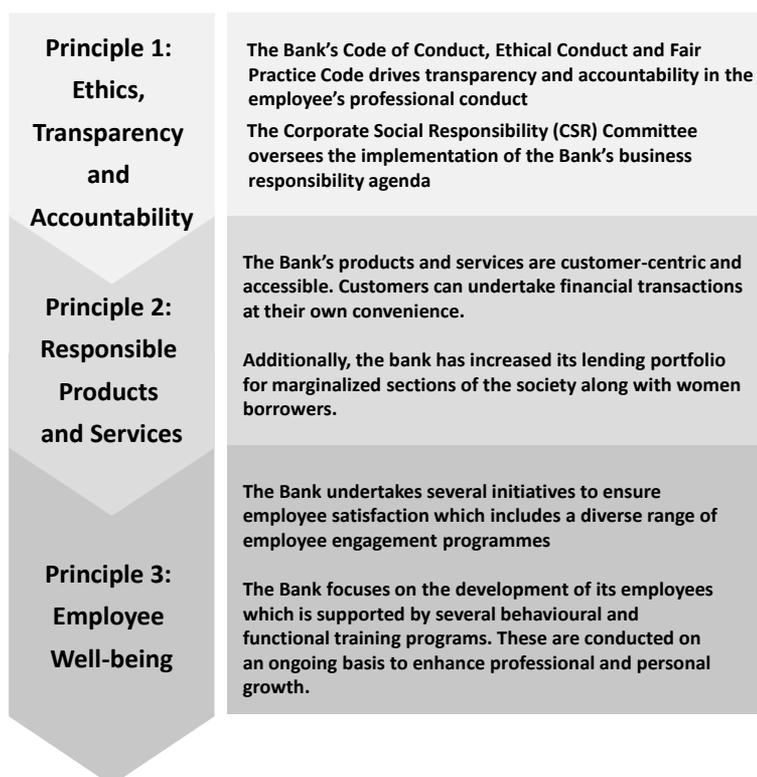
## INTRODUCTION

Kotak Mahindra Bank's (Kotak) Business Responsibility agenda creates value for society at large by integrating Environment, Social and Governance (ESG) practices in its business operations and strategy. While doing so, it considers the impact of a wide range of sustainability issues, enabling the Bank to be more conscious about the risks and opportunities. Kotak follows sustainable development practices which reaffirms its commitment towards environmental excellence and highest safety standards in all operations.

Being a custodian of people's wealth, the Bank also steps into the role of extending its banking services available to marginalised customers. This year's Business Responsibility Report (BRR) encapsulates the integration of the Bank's ESG practices into its business efforts and the adherence to ethical business practices. During FY 2017-18, Kotak undertook several environmental and social initiatives to manage its carbon footprint and create a positive impact on society.

Bank's BRR for FY 2017-18 is in line with nine principles of the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs in 2011. Additionally, the report has been prepared in accordance with clause (f) of sub regulation (2) of regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is also compliant with Section 135, Schedule VII of the Companies Act, 2013, and the subsequent relevant notifications issued by the Ministry of Corporate Affairs, Government of India.

## Kotak's Approach to the Nine Principles of the National Voluntary Guidelines



**Principle 4:  
Stakeholder  
Engagement**

The Bank engages with its stakeholders in regular meetings and takes their feedback and concerns into account.

By putting the needs of its stakeholders first, the bank builds long-term relationships based on mutual trust and respect.

**Principle 5:  
Human Rights**

The Bank respects and upholds the dignity and rights of all its employees, customers, and business partners.

The Bank does not discriminate against its employees or customers to whom its products and services are offered.

**Principle 6:  
Environment**

The Bank's environmental management systems track the environmental performance of all its offices across the country.

Energy conservation, optimum utilisation of resources and waste management are some of the key focus areas for the Bank.

**Principle 7:  
Public Policy and  
Advocacy**

Kotak's partnership with various industry bodies helps the Bank debate relevant industry-wide issues and implement responsible decisions within the organisation.

**Principle 8:  
Inclusive Growth**

The Bank's CSR Policy outlines its approach towards its social agendas. Its community development initiatives focus on key areas such as Education, Vocational Skills and Livelihood, Healthcare and Sanitation, Reducing inequalities faced by socially and economically backward groups, Sustainable Development, Relief and Rehabilitation, Clean India and Sports.

**Principle 9:  
Customer Value**

The Bank focusses on positive customer experience and improved customer satisfaction.

The array of end-to-end business processes, products and services are designed to be customer-friendly.

The Bank's state-of-the-art service platforms ensure quick turnaround time for its customer complaints and queries

## Performance with respect to Principles

### Principle 1: Ethics, Transparency and Accountability

Kotak upholds the highest standard of integrity and ethical behaviour. Effective corporate governance and ethics are the fundamental principles followed across all functions and practices at the Bank. Additionally, transparency and accountability is critical for achieving long-term business growth and creating value for stakeholders.

The Bank's Fair Practice Code ensures that services and products are provided to customers regardless of their caste, creed, colour, religion, gender etc. By making its products and services more accessible, the Bank has managed to increase its customer base. Additionally, the Code of Conduct reinforces ethical and transparent conduct of its employees. The Bank's Board of Directors and its employees are expected to understand, adhere, comply, and uphold the provisions of this code without exceptions.

It is mandatory for all new employees joining the Bank to complete a comprehensive induction training programme that provides clear instructions on transparency, integrity and ethical standards. The induction training programme has one module dedicated to 'Being a Compliant Employee'.

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

### CSR Committee

As per the requirements of Section 135 of the Companies Act, 2013 that drives the Bank's Corporate Social Responsibility (CSR) and Business Responsibility (BR) agenda, the Bank established a Board driven CSR committee in FY 2014-15. The Committee is responsible for monitoring effective execution of the organisation's CSR activities and also driving the BR agenda at Kotak. The Committee constitutes of one independent director and two other directors. The head of BR and CSR – a senior executive – reports directly to this Committee.

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

As one of the leading private sector banks in India, The Bank strives to be responsible for creating value in the society that it operates in. Through its large branch and ATM network (1,388 branches and 2,199 ATMs as on 31<sup>st</sup> March, 2018) the Bank caters to different segments of customers. Every year, new initiatives are undertaken to uplift the lives of people who live in unbanked regions and have limited access to financial products and services.

### Advancement in Agri Business

The agriculture sector largely contributes to India's economic growth. For over 58 per cent of the rural households in India, primary source of income is earned through agricultural-related occupations. Over the year, Kotak has developed a deep understanding of the agricultural industry as well as the rural markets. This has enabled it to offer a wide range of financial solutions to farmers, traders, exporters and other agriculture organisations. Additionally, Kotak has a separate vertical to cater to the needs of SMEs.

The Bank constantly strives to develop new products. Its new agri-business division expanded its footprint in FY 2017-18. The division has been segmented into three primary verticals for lending:

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

#### Case Study : Extending Financial Support

Malak Singh, a farmer hailing from Kaithal, Haryana, was looking for financial support to mechanise his farm land. With Kotak's financial support, Malak was able to increase his cultivation area and purchase agricultural machinery including tractors and combine harvesters. With the increase in income, Malak purchased additional land, leading to his annual income rising by an impressive 40 percent.



Malak Singh with his combine harvester and tractor

#### Case Study : Growth Story

Eknath Yadav Borgude is a progressive farmer from Niphad, Nashik grows grapes and onions. He sought financial assistance to improve his farm yield. With Kotak's financial support, Eknath developed a farm pond to fulfil irrigation requirements during non-rainy seasons, thereby, making the barren portion of his land cultivable. This intervention resulted in increased land holding. Eknath was also able to build an onion storage structure.



Eknath Yadav Borgude points at the improvements he made after availing a loan from Kotak

#### Case Study 3: Coming into Full Bloom

After learning about her family's land in the Tandadheri village of Jhajjar, in the district of Haryana, Vamika Bahety decided to leave her profession as a chartered accountant to become a floriculturist. Armed with comprehensive research, a supportive family and a blend of technology and marketing, she started her own floriculture business. The Agribusiness Group at Kotak supported Vamika in her entrepreneurial journey by extending financial assistance. She has a hi-tech polyhouse – capable of growing carnations in the harsh weather conditions of Haryana. Vamika has tied up with banquet halls in Delhi and Jaipur to supply flowers for weddings. This has helped Vamika expand her business and reduce her dependency on mandis. Vamika's success story has earned her several accolades from the state as well as the central government in recognition of her exemplary work in horticulture.



Vamika with at her horticulture unit at Tandahari Village, Jhajjar, Haryana.

### Supporting India's Infrastructure Growth

Kotak has a dedicated construction equipment division that offers financial support for the procurement of equipment required for construction of roads, irrigation, mining, ports, housing, railways, metro *inter alia*. Approximately, 10-12 percent of the business for the construction equipment currently comes from first time users (FTU) or first time buyers (FTB). Hence, to make it easier for rural, first-time customers to avail financing services from Kotak, the Bank has launched several digital initiatives which have helped the team expand geographically to 25 new locations and enable penetration into smaller cities. Some of the new digital platforms include m-collection systems, LOS (Loans Originating Systems) and a scorecard-based fast track approval of up to ₹ 50 lakh in equipment finance.

Kotak collaborates with relevant industry bodies such as the Indian Construction Equipment Manufacturers Association (ICEMA) which is associated to the Confederation of Indian Industry (CII).

### Empowering Women through Micro Finance

Women are usually identified at the bottom of the economic pyramid. In order to address this gap, the Bank offers various financial tools to women borrowers. These financial solutions are tailor-made to suit the needs of the rural communities. For example, communities popularly opt for collateral-free loans which are offered mainly through Business Correspondents (BCs). These exclusive women-only loans are provided for activities related to agriculture, poultry, animal husbandry, tailoring, carpentry etc. It is also extended to cover health expenses, education expenses and other emergency expenses.

As on 31<sup>st</sup> March, 2018, Kotak made disbursements of ₹ 858 crore to 2.32 lakh women borrowers in more than 80 districts spread across six states. Kotak's micro-loan portfolio in FY 2017-18 exceeded ₹ 550 crore, serving more than 12,000 villages through its partner BCs. It also intends to increase its outreach in the coming years.

Particular	FY 2017	FY 2018	YoY change
Micro loans disbursed (₹ crore)	99.15	551.94	456.67%
No of women borrowers	75,396	232,334	208.15%

### Financial Inclusion

The government has constantly made efforts to extend banking services to the unbanked sections of society. In an effort to promote these services, Financial Inclusion (FI) is a key priority for the Bank. Various products have been designed and launched by the Bank to maximise FI activities. Kotak's initiatives provide an opportunity to reach out to the largely un-banked and under-served sectors of the society.

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

The Bank has opened 1,78,122 accounts worth ₹ 19.82 crore as on 31<sup>st</sup> March, 2018 under the Pradhan Mantri Jan Dhan Yojana (PMJDY). Additionally, under PMJDY, RuPay card activation surged from 35,431 (19%) to 57,855 (32%). Additionally, the number of zero balance PMJDY accounts have reduced from 87,297 (48%) in FY 2016-17 to 81,567 (46%) in FY 2017-18. This indicates an improvement in the economic status of the account holders and a positive shift in saving habits.

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

In FY 2017-18, with the help of bank branches and business correspondents (BC), Kotak opened 8,06,190 new basic and small savings bank deposit accounts (BSBDA) with a balance of ₹ 124.19 crore.

Currently, the Bank has tied-up with two Business Correspondent firms and is present in 745 rural locations that are serviced by 368 Customer Service Points (CSP). The Business Correspondents service 3,37,667 accounts with an overall balance of ₹ 4.59 crore.

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

Under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), the Bank opened 1, 57,151 accounts with a balance of ₹ 1.7 crore during FY 2017-18 and disbursed more than ₹ 13 crore to customers in FY 2017-18. This project is operational in three districts (Baloda Bazar, Mungeli, Bilaspur) of Chhattisgarh state.

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

Kotak participates in two Jan Suraksha Schemes launched by the Ministry of Finance to promote social security in the country. These schemes provide financial support to the family of a deceased customer. Kotak has tied up with the Life Insurance Corporation of India and ICICI Lombard General Insurance Co Ltd which offer the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) to all its customers.

The Bank continues to use various customer touch points such as SMS, contact centre, net banking, branches and various camps to enrol customers under this scheme. More than 3,97,000 savings account holders have enrolled under these two schemes of which 45,765 customers are from rural locations. During FY 2017-18, 200 claims amounting to ₹ 3.97 crore were settled under the PMJJY

- **Pradhan Mantri MUDRA Yojana (PMMY)**

Launched in 2015, The Pradhan Mantri MUDRA Yojana (PMMY) scheme aims to provide loans up to ₹ 10 lakh to non-corporate, non-farm small/micro enterprises. During FY 2017-18, the Bank disbursed ₹ 924.97 crore to more than 2 lakh beneficiaries, improving their quality of life.

- **Atal Pension Yojana (APY)**

The Bank introduced APY, a government-initiated pension scheme. This scheme has been popularised across all savings account customers particularly in PMJDY and the financial inclusion segment. In order to popularise this pension scheme, the Bank effectively used its branches and net-banking services supported by customer specific campaigns. As on 31<sup>st</sup> March, 2018, the total number of APY subscribers stood at 4,810 in comparison to 1,475 in FY 2016-17, indicating a whopping 226% growth during FY 2017-18 on a Y-o-Y basis.

- **Setting up of Aadhaar Seva Kendra**

The Bank set up Aadhaar Enrolment Centres at over 140 branches pan-India during FY 2017-18. So far, the Bank has processed Aadhaar Enrolment/Update requests of more than 1.4 lakh residents.



*Kotak's Aadhaar Seva Kendra processing a customer's Aadhaar enrolment*



### Financial Literacy

Financial literacy is a major step towards educating society about the availability of financial tools and banking services. Over 340 financial literacy camps were conducted in FY 2017-18 in unbanked and rural locations:

- i) Financial Literacy Camp organised at Suraram village by Yelakaturthi Branch
- ii) Financial Literacy Camp organised at Mettupalli village by Huzurabad Branch



*Financial literacy camps organised at Mettupalli village of Huzurabad branch*

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

The Rural Self Employment Training Institute (RSETI) is a Government of India initiative that provides dedicated infrastructure in each district of the country. These centres are used to impart vocational training to the rural youth. The RSETI is located at the Bagalkot district of Karnataka. The institute has been consistently rated "AA" by the National Centre of Excellence for RSETIs (NACER), a nodal agency under Ministry of Rural Development, Government of India.

The programmes are especially designed to encourage entrepreneurship development. Thereby, they address the larger issue of unemployment in rural India. The institute offers "no cost to candidate" courses to candidates belonging to the Below Poverty Line (BPL) category. In FY 2017-18, 1630 candidates benefitted through 50 courses. Further details of the programmes conducted by the institute during FY 2017-18 are as under:

#### BVV Sangha Kotak Mahindra Bank RSETI Training Performance for FY 2017-18

Number of days Training Conducted	Number of Training Programs arranged	Number of Trainees	Number of Trainees Settled	Number of Female Trainees Settled	Number of Training Programmes arranged since inception (cumulative)	Number of Youths Trained since inception (cumulative)	Number of Trainees Settled since inception (cumulative)*
6 days and above	28	759	307	190	810	28,835	21,212
3 days	22	871	489	436	182	4,983	3,573
<b>Total</b>	<b>50</b>	<b>1,630</b>	<b>796</b>	<b>626</b>	<b>992</b>	<b>33,818</b>	<b>24,785</b>

\*Settlement refers to candidates starting their own enterprise within 2 years of skill training either with own Investment or by Credit support from financial Institution. Pan India RSETIs' settlement rate is 61% while our settlement rate is 75%.

**Case Study: Success Story of Pratibha**

Pratibha Honnayakar from Bagalkot undertook the “Beauty Parlour Management” training at BVVS Kotak RSETI. After her marriage, Pratibha moved to Hubballi and established a parlour there. Pratibha styled the beauty pageant candidate who won Mrs. India Karnataka – Karnataka state’s entry to the Mrs. India pageant.

**Eco-efficiency of service offerings:**

Kotak Mahindra has overhauled its processes in a way that not only improves customer experience but also reduces environmental impacts associated with its products and services. Project velocity was launched to encourage a paperless environment. The project ensured that all types of physical and call-based service requests are processed digitally with minimal manual intervention. This led to a significant reduction of physical forms, thereby reducing paper consumption. The Bank also implemented an Aadhaar-based biometric authentication system for the opening of a new savings bank account. The unique process enabled paperless account opening within 5 minutes using only an Aadhaar or PAN card.

**Principle 3: Employee Well-being**

Kotak respects its human capital and has ongoing programmes to instil a sense of pride within employees. The Bank encourages employee engagement and undertakes various initiatives towards their training and development, health and safety, and employee volunteering. The Corporate Executive Board benchmark indicated higher emotional and rational commitment of Kotak employees when compared to the average Global and Indian benchmarks.

**Employee Engagement**

Bank gives prime importance to employee engagement, training and development. Several behavioural and functional training programmes are conducted on an ongoing basis. Effective communication on various policies is important for employee engagement. Various communication channels have been augmented to communicate key achievements, policy and process changes, project launches, recognitions for success stories, and Prevention of Sexual Harassment (POSH) policies.

Platforms like REDSCAPE, radio shows, webcasts, mailers, posters, tent cards, video steaming, voice bytes have been effectively leveraged for employee communication. The 360 degree feedback process was upgraded to be more comprehensive in gathering employee feedback along with other behavioural indicators.

In FY 2017-18, the bank enhanced its employee feedback by launching two key initiatives:

- The pulse survey (quarterly feedback survey) paved the way for a new platform- employee Net Promoter Score (eNPS).
- Exit interviews in collaboration with independent agency survey have been strengthened.

Both the survey outputs - eNPS (internal employee voice) and exit feedback have provided a significant insight into the organization. The Bank has conducted various perception studies to gauge the employee’s opinion. Additionally, various initiatives around the feedback have been launched for strengthening employee engagement and connect.

The performance discussion process was enhanced with emphasis on dialogue (Talk2Do) between the manager and team. Additionally, the Balance Score Card framework on performance assessment was further boosted to provide sharper inputs to the senior level employees.

**Diversity and Inclusion**

The Bank is an equal opportunity employer and has employed 35,717 people as of 31<sup>st</sup> March, 2018. Out of this, 7,488 employed are women and form over 21% of the permanent workforce. The Bank regularly conducts events for women during women’s week celebration. There are regular panels addressing topics like gender sensitisation, breaking the glass ceiling, motivational speaker sessions, influential leaders’ interactions, and an annual women’s day radio chat show.

**Talent development**

The belief that the organisation is only as strong as its employees is deeply embedded within the Kotak work culture and ethos. The Bank invests significantly in employee development across all verticals. The Bank has a substantial human capital resource base and hence it is imperative for the Bank to work harder to align each employee with the Bank’s core values. For FY 2017-18, the Bank imparted an average of 32 hours of training per employee.

The Bank expanded its digital learning journey for its employees with the launch of mobile platforms: MobileFirstPlatform - KLAPP for functional learning on field. The app helps employees learn according to their convenience. With the help of the app, field employees can handle customer queries from their mobile devices. The Bank focusses on behavioural and functional learning for the development of its employees.

Further, another MobileFirstPlatform was launched to cater to the on-demand learning needs of mid to senior level employees. The platform facilitates byte sized on-demand learning for professional development of employees. In order to help navigate the changing landscape and digital wave in the environment, the Bank has also rolled out a programme for “Clearing Digital Blur” for senior level employees.

**Kotak Mahindra also offers employees a unique value proposition, called FLAME.**

- F - Focus on results
- L - Opportunity to work the senior leadership of the organisation
- A - Active involvement/inclusiveness
- M - Maximum challenge and
- E - Entrepreneurial Creativity

**Health and safety**

Kotak ensures a healthy and safe environment for all its employees. As part of the induction programme, each employee is required to attend sessions on physical security, general fire safety and building evacuation. Administration personnel regularly visit branches to help train employees. Training is also provided to security personnel to deal with various threats and risks. They are trained to handle emergencies and assist the differently-abled in such situations.

**Evacuation Drill**

To foster a healthy environment, various health and employees, in FY 2017-18, which included workshops awareness sessions, vaccination drives, etc. The Bank 4<sup>th</sup> March to 11<sup>th</sup> March, 2018 across all large offices. pledge, display of safety equipment, firefighting training,



Health and Safety: Evacuation Drill

**National Safety Week**



Safety Demonstrations

**Women Safety:**

Women safety is of paramount importance at Kotak. It strives to create a safe workplace for its women employees with an emphasis on vigilance and awareness. Kotak has a formal grievance mechanism for all its internal and external stakeholders. These forums are used for addressing the concerns of employees and resolving issues or conflicts in a fair and objective manner. The Bank educates its employees about the intricacies of sexual harassment at the workplace through its POSH policy. It also aims to strengthen the abilities of the employees to deal with any such incident by educating them about their rights and sharing self-help tips on a regular basis through various communication channels.

**You are responsible for your safety. And so are we.**

At Kotak, let's strive to make a safe environment for our women employees. In situations that are impossible to avoid we want you to be vigil and know your rights. So, here is some important information that will assist you.

**Safety Awareness**

- General Awareness:** Trust your instincts, Run towards safe place, Speed dial your personal Emergency no.
- Safety in a Hotel:** Request Hotel room with peephole and safety chain, Check for hidden cameras and mirrors.
- Travel Out stations:** Ensure Family and Supervisor is aware of your outstation itinerary, Use GPS in new territory.
- Safety at Social Gatherings:** Inform your family/colleague/friend about whom you are with & your expected time of return, Don't Leave your drink Unattended.

**Sexual Harassment at Workplace**

The Bank has a Prevention of Sexual Harassment Policy and is in line with provisions under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

For details [Click Here](#)

**Crime Against Women**

- Molestation: Touching her with a sexual overture
- Stalking: Following, contacting or attempting to contact her, despite repeated indication of disinterest from her side
- Rape: Sexual intercourse against her consent
- Eve Teasing: Making unwarranted sounds/remarks or any gestures or shows certain object to insult her modesty.
- Sexual Assault: Coercing, forcing, threatening, against her will to participate in any involuntary sexual activity with a man.

**Self Help**

- Use available objects as weapons (scarf, perfume, heavy bag, nail file)
- With Elbow hit face, jaw, solar plexus.
- With knee as a weapon, target groin
- Shout loudly when in danger
- Download women safety mobile apps

**Know your Rights**

- Call Police "100" or "181"
- Lodge a FIR at the nearest Police Station in case of any sexual assault
- Police is bound to file a report of the victim and listen to women's grievances

**Principle 4: Stakeholder Engagement**

The Bank regularly conducts stakeholder engagements to take their feedback. Through stakeholder engagement, the Bank identifies material aspects and develops mechanism to improve its business processes and systems. It is the Bank's constant endeavour to create a positive impact on the society whilst ensuring customer satisfaction and fulfilling its responsibilities towards its internal and external stakeholders.

The key stakeholders identified by the Bank include employees, customers and clients, investors and shareholders, government and regulatory bodies, suppliers and business associates, communities and NGOs, and the media.

Key Stakeholders	Method of Engagement	Frequency of Engagement	Topic of discussion	Relationship manager
<b>Investors and Shareholders</b>	Emails, Letters, Investor Grievance Cell, Media, Bank's Website	Annually, Quarterly and on a need basis i.e. During events that take place concerning shareholders e.g. Extraordinary General Meeting (EGM) etc.	Financial results, shareholder returns and dividends, issues related to shares' issue, transfer and dividend pay-outs. Post the quarterly results, a conference call is held wherein the senior leadership team participates and the call is open to all investors and analysts. The transcript of the call is also made available on the Bank's website.	Investor Relations team, Secretarial team
<b>Customers and Clients</b>	One-On-One interactions, Customer Satisfaction surveys, Customer Grievance Cell, Customer Meets, Customer Helplines/ Toll-Free Numbers, Media, Bank's Website	On-going and need based	Customer experience and Service Quality, investment returns, product features and benefits, technology interface for banking experience	Relationship Managers, Branch Staff, Customer Service Quality team, Customer Experience Team
<b>Employees</b>	Induction Programme, E-Mails, Town Halls, Skip-Level Meetings, Leadership Meetings, Employee Engagement Initiatives, Rewards And Recognition Programmes, Employee Grievance Cell, Intranet, Employee Satisfaction Surveys, Employee Volunteering Initiatives	On-going and need based	Bank's policies and procedures, employee welfare issues, performance appraisal and rewards, training and career development, workplace health, safety and security, community development and employee volunteering	Human Resources team, Corporate Social Responsibility team
<b>Government and Regulatory Bodies</b>	Bank's Regulatory Filings, Compliance Statements, Meetings, Letters, Emails	As per regulatory requirements and need based	License request and renewal, Compliance with Regulatory Requirements, participation in Government Financial Sector Plans and programmes	Cross Functional teams
<b>Suppliers and Business Associates</b>	Meetings, Emails, Letters, Supplier and Business Associates Performance Reviews	On-going and need based	Product/Service/Technology quality and support, contract commercial and technical terms and conditions, minimum wage payments, supplier and business associates' statutory compliances	Respective Departments Dealing with Suppliers and Business Associates, Commercial and Procurements team
<b>Communities and NGOs</b>	Community Development Initiatives, Proposals and Requests For New Initiatives / Funding	Need based	Community needs, financial/ infrastructure/ human/ organisational support	Corporate Social Responsibility team
<b>Media</b>	Advertising, Media Interactions / Interviews / Responses, Meetings, Emails	On-going and need based	Marketing and advertising agenda, information disclosure through media, viewpoints on industry, and Bank related opportunities and issues	Marketing team, Corporate Communication team

### **Principle 5: Human Rights**

The Bank respects and upholds the dignity and rights of all its employees, customers, and business partners regardless of race, colour, religion, sex, national origin, ancestry, age, marital status, sexual orientation or disability. Kotak has a well established Fair Practice Code, which ensures that there are no violation of human rights in its conduct - externally or internally.

The Bank does not employ child labour. Further, extended contractors are reviewed and monitored on a periodic basis for statutory compliance on minimum wage payments.

### **Principle 6: Environment**

At Kotak, responsible Environmental Social Governance (ESG) practices have been embedded into existing systems and processes that help the Bank manage its environmental and social requirements beyond statutory regulations. It actively works to develop solutions and minimise its impact on environment through various digital innovations, implementation measures to reduce energy, reduction in water consumption and waste management.

The Bank has undertaken several initiatives towards energy conservation which demonstrates the Bank's commitment towards sustainable development and a clean environment.

#### **Digital Innovations**

Aligned to the Government of India's 'Digital India' programme, the Bank focuses on its use of digital products and services resulting in reduced paper consumption and carbon footprint. The Bank encourages customers to choose e-statements for their credit cards.

#### **Energy management**

In FY 2017-18, several initiatives were undertaken to actively reduce electricity consumption at various Kotak offices. Some of key initiatives include:

1. IT infrastructure: The server windows landscape has been extensively virtualised this year. This includes 82% of the datacentre windows environment that help save power.
2. Green Data Centres: Continued implementation of "Cold Aisle" containment technique for high density server rooms improved cooling efficiency and in turn reduced electricity consumption. Further, four of its data centres across India have been consolidated into two, thus reducing its water and energy consumption by a significant amount. Energy efficiency in HVAC systems.
3. Energy efficiency in HVAC systems:
  - a. Installation of capacitors at the chiller end of HVAC systems within the office premises
  - b. Preparation of an ON/OFF schedule for AHU
4. Indoor Lighting:
  - a. Regular maintenance of motion sensors to ensure optimum energy efficiency
  - b. Use of Video Conferencing (VC) on cloud to minimise the need to travel between locations
  - c. Implementation of energy savings practices and protocols — manual control of lights, lifts and fans after office hours
  - d. Careful monitoring and reporting of electricity consumption

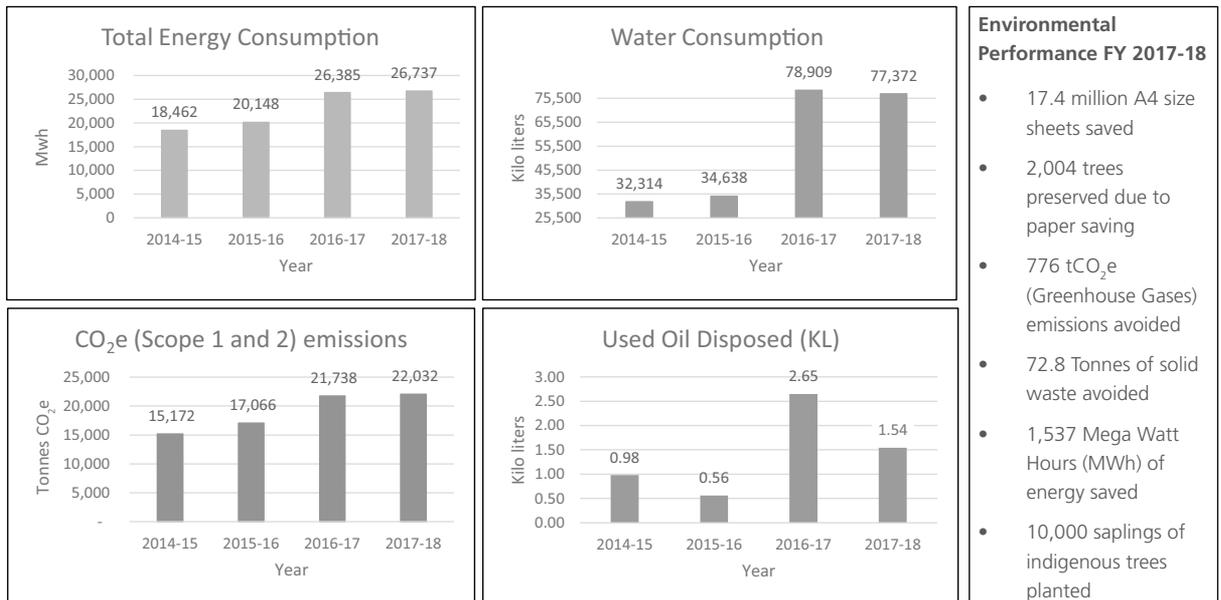
#### **Water management**

The Bank has undertaken several measures to address water wastage and water conservation at its large offices. The Bank's initiative to save water includes installation of Auto Power Generated & Conserved (APGC) and urinal flushing sensors in specific offices. Rainwater harvesting structures have also been installed at some office premises. Additionally, water saving adapters have been installed with wash basin faucets.

#### **Waste management**

The bank believes in reduce, reuse and recycle and manages its solid waste efficiently. The bank implemented paper and food waste management practices in FY 2017-18. By displaying the quantity of food wasted by employees in the canteen on a daily basis, the Bank has made an effort to bring about awareness and sensitise employees towards reducing food wastage.

Used oil from DG sets is sent to a government authorised disposer/recycler for disposal. The Bank takes a proactive approach towards handling its electronic waste (e-waste). It has tied up with the CPCB licensed authorised e-waste recyclers. The e-waste collected for FY 2017-18 amounted to 1,000 units of old non-functional laptops and desktops along with 4,000 units of IT equipment like printers, router, network switch.

**The Bank's environmental performance:****Environmental  
Performance FY 2017-18**

- 17.4 million A4 size sheets saved
- 2,004 trees preserved due to paper saving
- 776 tCO<sub>2</sub>e (Greenhouse Gases) emissions avoided
- 72.8 Tonnes of solid waste avoided
- 1,537 Mega Watt Hours (MWh) of energy saved
- 10,000 saplings of indigenous trees planted

The environmental performance of the Bank reporting for its corporate offices in Goregaon and Bandra Kurla Complex (BKC) in Mumbai, Noida, Delhi and Bengaluru. These offices also house other Kotak Mahindra Group Entities.

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

**Principle 7: Public Policy Advocacy**

Kotak partners with several associations to understand industry-wide issues. It collaborates and develops beneficial policies. The Bank is currently affiliated to the following organisations::

- Association of Mutual Funds in India
- Bombay Chamber of Commerce and Industry
- Confederation of Indian Industry
- Council for Fair Business Practices
- Data Security Council of India
- Fixed Income Money Market and Derivatives Association of India
- Foreign Exchange
- Indian Banks Association
- Indian Institute of Banking and Finance
- International Fiscal Association Indian Branch W R C
- Mobile Payment Forum of India
- Primary Dealers Association of India
- The Employers Federation of India
- The Madras Chamber of Commerce and Industry

## Principle 8: Inclusive Growth

In line with its commitment for an inclusive growth, Kotak endeavours to provide services that are accessible to every segment of the society. The Bank has constituted a Board Corporate Social Responsibility Committee (CSR Committee) to guide and oversee the Bank's BR and CSR agenda. The CSR Committee presently consists of Mr. C. Jayaram, Mr. Dipak Gupta and Prof. S. Mahendra Dev.

The Bank has a Board-approved CSR policy statement that charts out its CSR approach. This policy articulates the bank's aim to positively contribute towards economic, environmental and social well-being of communities through its CSR interventions. The core CSR focus areas outlined are:

- a. Education
- b. Vocational skills and livelihood
- c. Preventive healthcare and sanitation
- d. Reducing inequalities faced by socially and economically backward groups
- e. Sustainable development
- f. Relief and rehabilitation
- g. Clean India
- h. Sports

The Bank's CSR Policy is available on the Company's website.

<https://www.kotak.com/en/about-us/corporate-responsibility.html>

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

The average net profit U/S 198 of the Bank for the last three financial years preceding 31<sup>st</sup> March, 2018 is ₹ 3,698.45 crore.

The prescribed CSR expenditure required U/S 135, of the Act for FY 2017-18 is ₹ 7,397 lakh.

The CSR expenditure incurred from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March, 2018 under Section 135 of Companies Act, 2013 amounts to ₹ 2,640 lakh as against ₹ 1,733 lakh CSR expenditure in FY 2016-17. The unspent CSR amount for FY 2017-18 is ₹ 4,757 lakh.

CSR expenditure of ₹ 2,640 lakh in FY 2017-18 as a percentage of average net profit U/S 198 of the Bank at ₹ 3,698.45 crore is 0.71%.

Bank has been spending CSR budgets on sectors and programmes, which have been approved by the Board CSR Committee and the Board. Your Bank's CSR spending is guided by the vision of creating long-term benefit to the society. Your Bank is building its CSR capabilities on a sustainable basis and is committed to gradually increase its CSR spend in the coming years since the projects undertaken by your Bank are long-term ongoing projects wherein your Bank will have a continuing engagement over the next few years. Your Bank identifies suitable NGO partners for carrying out its CSR programmes and undertakes CSR programmes that are scalable, sustainable and have the potential to be replicated across locations and create a sustainable and measurable impact in the communities that it is working with. Most of the CSR programmes are in sectors such as education, healthcare, livelihood and environmental sustainability to name a few, designed for medium to long term period and the full implementation of the programmes takes several years. Further, the CSR footprint – both sectorally and geographically, and expenditure have been consistently increasing over the years and your Bank is committed to stepping-up its CSR programmes and expenditure in the years ahead. In FY 2016-17, your Bank's CSR spend was ₹ 1,733 lakh, in FY 2015-16 it was ₹ 1,641 lakh. In FY 2017-18, the CSR expenditure was ₹ 2,640 lakh. Your Bank does not consider "administrative overheads" as a part of its CSR spends.

The details of CSR activities and expenditure under Section 135 of the Companies Act, 2013 for FY 2017-18, is available in the Directors' Report section.

### Education

Founded in 2006, the Kotak Education Foundation (KEF) empowers young people from underprivileged families through various education-based initiatives and equips them with employable skills. KEF also organises various education and livelihood programmes for Below Poverty Line (BPL) families in the regions of Mumbai, Thane and Raigad. KEF is Kotak's primary vehicle to implement its education and livelihood programmes.

KEF currently partners with 44 schools, which are largely from Mumbai's M-ward, catering to children from underprivileged families. This region has the lowest Human Development Index (HDI) in the Mumbai city area<sup>2</sup>. These schools are government-aided private institutions set up by social entrepreneurs. However, they lack quality teaching, infrastructure and leadership. Through various programmes, KEF complements their efforts. In FY 2017-18, KEF impacted the lives of nearly 40,636 children and adult beneficiaries through nine programmes.

#### LEARNING OUTCOME PROGRAMMES:

##### Kotak Umang:

**Building confidence to communicate in English:** Kotak Umang caters to students from vernacular and semi-English medium schools. It builds on the communicative English skills of children, thereby, building their confidence and ability to cope with advanced learning. During FY 2017-18, the programme enhanced the communication skills of 5,035 students from 16 schools.

**Innovation:** At one of its partner schools, Kotak Umang introduced K-Yan which is a unique solar-powered device used for learning solutions. Students are now taught in spoken English through audio-visual techniques. This technology has made learning fun and interactive by giving children an opportunity to experience learning in a creative manner.

##### School Leadership Development Intervention (SLDI):

This programme mentors school leaders to ensure quality leadership. The programme is aimed at imbibing better learning skills for the school, staff and students. As on 31<sup>st</sup> March 2018, 111 school leaders have been mentored through regular sessions, workshops and exposure visits.

In FY 2017-18, the programme added nine new schools in the M ward which is considered to be one of the poorest wards in Mumbai. Collectively, school leaders received 965 focused mentoring sessions where they were exposed to innovative teaching at the Nai Talim School at Wardha. Additionally, they were given an opportunity to attend the 9<sup>th</sup> International Conference for School Leaders and teachers (Educarnival), organised by IIT Delhi. This has helped them gain experience and strengthened their managerial and leadership skills. Eleven headmasters of the mentored schools won the 'Innovation in Education' awards at the International Education Leadership Roundtable conference, Lucknow.

##### Case Study: Empowering with education

Several Headmasters mentored by KEF were honoured for their outstanding contribution in the field of education. Mr. Manohar Desai of Matoshri Vidya Mandir, Mankhurd was awarded the "Best Teacher Award" for his valuable contribution towards demonstrating instructional leadership in his school. Mr. Khan of Noorul Islam High School was honoured with the "Excellence in the field of Education" award for emphasising the need for a study centre in his community.



*School leaders attending a mentoring session*



*KEF-mentored Headmaster receiving an award at the International Education Leadership Roundtable conference in Lucknow*

##### School Teachers Enrichment Programme (STEP):

KEF's School Teacher's Enrichment Programme (STEP) is designed to enhance teaching skills and improve student learning. STEP works with primary as well as secondary school teachers of KEF-partnered schools. During FY 2017-18, STEP worked with 233 teachers from 11 schools. The teachers benefited through academic workshops, spoken English sessions and mentoring sessions. Further, training workshops and exposure visits were organised to help them become effective facilitators of change.

##### Case Study: School of Thought

Mr. Yogesh Patil, a primary teacher at Shri Sai School was reluctant to be a part of STEP. He lacked the motivation to challenge himself in his professional life. With continuous and rigorous efforts of the programme, Yogesh is now a leader. He follows all the STEP teaching methods in his class by receiving feedback, and working towards self-improvement for the betterment of his students. He has been recognised as a change maker in his school.

##### Parents Intervention Programme (PIP):

To ensure a hospitable learning environment for students at home, the Parent Intervention Programme (PIP) gets parents more involved in their child's development. By sensitising them to the importance of open communication, routine, discipline, and the development of a value system, PIP provides parents with hands-on parenting methods. The programme creates awareness among parents about the important role education plays in helping their child lead a successful life.

The programme worked with 3,696 parents in 13 schools to help them create a holistic growth environment for their child. Additionally, 3,736 home visits were conducted as a follow-up. The Teacher Parent Partnership (TPP) trained 39 teachers from 5 schools to mentor parents on being more proactively involved in their child's education.

**Innovation:** In FY 2017-18, two new initiatives, Kilbil Parivar and Apulki were designed to support the parents of preschool and primary school children. These initiatives have been implemented in three partner schools for parents of Jr. KG to fourth grade with theme-based workshops and personalised home visits.

## SCHOLARSHIP PROGRAMMES:

### Kotak In Search of Excellence:

Kotak In Search of Excellence (KISE) honours the achievement of students who despite their extremely challenging circumstances score brilliantly in their tenth grade exams (SSC). It nurtures excellence and motivates them to pursue their career goals and aspirations. In FY 2017-18, a fresh batch of 148 students from 32 schools were introduced to the programme and given scholarships. All of the 108 KISE scholars who appeared for HSC exams in 2017 passed. Around 52% of the students secured above 70%, while 25 of them scored above 80% in the exam.



*A teacher from the Teacher Parent Partnership (TPP) programme conducting sessions for parents*

### Case Study: Scoring Newer Heights

Pooja Bhagwan Arakh, the daughter of a daily wage labourer was selected for a KISE scholarship in 2015. With the help of the scholarship, Pooja scored 77.2% in her HSC exams in 2017. With concerted efforts from her side and with KEF's educational guidance and support, she secured admission at the prestigious Indian Institute of Technology Kharagpur (IIT-KGP). She is currently pursuing a degree in physics and aspires to complete her PhD in physics.



*KISE scholars attending Life Skill session*



*Students performing activities during their overnight camp at Durshet*

### Kotak Udaan:

Kotak Udaan gives helps 13-18 year old students (std. 8-12) from marginalised communities who are battling severe hardships and are at a high risk of dropping out from the education system. It offers a range of activities in academics as well as organises personality development events for children to ensure growth in their formative years.

In FY 2017-18, almost 650 students benefitted from the programme. They were given financial and assisted with their college applications. Home visits, monthly 'Safalta' events and overnight camp were also encouraged in the programme. From the 55 students who appeared for HSC, 15 students scored above 60% in science, commerce, arts and vocational streams. Out of the 158 students, 141 passed their SSC exams in March, 2017. Approximately 73% of the students scored over 50% and 22% scored over 70%. Students were empowered to continue their education beyond SSC.



*Kotak Udaan students studying during Academic Home Visits conducted by Udaan facilitators*

### Case Study: Passing with Flying Colours

A girl born with fused feet made her parents and the Udaan team proud by scoring an impressive 97%. She now dreams of becoming a doctor. Additionally, four other marginalised students have overcome similar difficulties and scored above 90%.

## HEALTH & INFRASTRUCTURE ENHANCEMENT PROGRAMMES:

### Kotak Health:

Through Kotak Health intervention, KEF works to improve student health and help them inculcate healthy lifestyle habits. In FY 2017-18, various healthcare initiatives were undertaken within the programme.

- **Eye Care:** Eye check-ups were conducted in 10 schools for 7,428 children. Additionally, 9 corrective surgeries were performed and 702 spectacles were distributed

- **Kishori Sehat Abhiyan:** This initiative helps adolescent girls who are anaemic by providing them with iron tablets and clinical assistance. This program was carried out in 14 schools and benefitted 1,154 girls. This year, 60% of the students showed improvement in their haemoglobin levels.
- **Deworming:** To reduce infections due to worm infestation, deworming camps were conducted in 19 schools. Additionally, 7,259 students were given medication.
- **Majhi Swachh Shaala:** This project is aimed at encouraging personal health and hygiene through its activities. A total of 8 schools were part of the programme.
- **Mid-Day Meal:** In an effort to prevent malnutrition, KEF provides appetising, nutritious meals to students. A million mid-day meals were served to 8,293 students in 17 schools during the year.



Girls attend an orientation at the Kishori Sehat Abhiyan programme

#### Kotak Infrastructure:

In order to improve the life of children from low-income families, Kotak Infrastructure works on the physical features of its partner schools. Kotak Infrastructure is an infrastructure enhancement programme in which KEF helps schools by repairing and replacing unsafe rooftops, electrical fittings, toilets, drainage systems, and water for drinking and sanitation. Poor sanitation and an overall lack of hygiene can prove very hazardous to any environment.

In FY 2017-18, the programme benefitted and impacted the lives of more than 8,414 students and 220 teachers in 7 schools through various repairing/reconstruction projects.



Replaced roofs with safe and durable roof panels



In its endeavour to offer an environment which is safe, healthy and functional, KEF has provided 32 chalkboards to 5 partner schools, 406 fans and 472 LED tube lights to 20 partner schools, 984 sitting benches to 12 partner schools and 419 chairs to 11 partner schools in the reporting period.

#### LIVELIHOOD PROGRAMME:

**Kotak Unnati:** Kotak Unnati is a vocational skills training programme for 18-25 year olds who have dropped out of the formal education sector and are unemployed. It aims to help them build a sustainable career and help their families rise above poverty.

In FY 2017-18, KEF enrolled 1,371 aspirants across 6 vocational training centres. Of these, 1,013 completed the training. Kotak Unnati successfully placed 758 aspirants across 71 reputed organizations in various sectors. Additionally, 213 aspirants are undergoing training. The salary that they can get ranges between ₹ 10,250 and ₹ 18,300. Approximately 46 aspirants were recruited within the Kotak Mahindra Group and 4 were recruited at the Kotak Education Foundation.

#### Case Study: Building Hope

Mark John Konga, 10<sup>th</sup> grade pass was forced to discontinue his studies because a family member was terminally ill. A dejected Mark saw hope in KEF's vocational training programme. Within a span of two weeks a tremendous change was observed in him. As a result of the program, a more focused and determined Mark secured a job in the British Brewing Company with a monthly salary of ₹ 9,000. While thanking KEF, Mark said, "Thanks to KEF, now I will be able to end my family's difficulties and help them live a better life".

In addition to implementing Group's CSR Education Programme through KEF, Kotak also partners with several other NGOs working in the domain such as education, healthcare, sustainable livelihood and environment protection.

Kotak partnered with **IT For change (ITfC)** in FY2017-18 for a five and a half year programme where ITfC – an NGO that designs and implements information and communication technologies (ICT) integrated programme to improve the quality of government school education in four Indian states viz; Telangana, Andhra Pradesh, Rajasthan and Karnataka. The programme aims to train over 5,000 teachers from the government schools directly in ICT over the period of five and half years.

It is a well-documented fact that art education improves the social behaviour, cognitive abilities, communication skills and even academic performance among students.

Kotak partnered with the NGO - **National Centre for Performing Arts (NCPA)** on a programme for three years. The programme provides training in folk dance and music to students from six schools catering to lower socio-economic strata, benefitting 900 students over the period of three years.

Kotak partnered with **IIMPACT** – an NGO that champions the cause of girl child education in rural hinterland. Kotak's programme supports 18 learning centres in Pakur district of Jharkhand which provide education to 540 out of school girls and endeavours to bring them in mainstream education.

Kotak partnered **Cashpor Micro Credit** – a not for profit enterprise that works in the microfinance space, to open 68 Kotak Learning Centres in one of the poorest rural region in eastern Uttar Pradesh. Kotak Learning Centres provide remedial education to students so that they do not drop out from formal education. These centres will be benefitting over 3,800 students from about 34 villages.

Kotak partnered with **Indian Army** to support education programmes at 13 **ASHA schools**.

Kotak partnered with **Teach for India** to support their Fellowship programme. The programme provides fellowships to India's brightest and most promising youth to serve as full-time teachers to children from low-income communities in some of the nation's most under-resourced schools.

### Physically challenged

Kotak partnered with **DEEDS** – an NGO that works for the hearing impaired, for the hearing impaired students' College Preparatory Programme. The CSR programme supports a crucial step for the hearing impaired students aspiring for college education by enabling them to study with those who can hear normally. Kotak's programme will benefit 75 hearing impaired college aspirants.

A spinal cord injury often causes permanent loss of strength, sensation and function below the site of the injury. Kotak partnered **The Spinal Foundation** to support the cause of spinal chord. The Bank provided wheelchairs to spinal chord injured persons from the lower socio-economic strata. Further, the Bank supported #KotakWheelchairMarathon - a unique marathon race organised by The Spinal Foundation to empower persons with disability to live life to the fullest and highest potential.

Further, Kotak partnered with **Paraplegic Rehabilitation Centre (PRC), Kirkee** - Pune under the aegis of **Indian Army** that provides physical, psychological and financial rehabilitation of soldiers who have become paraplegic and quadriplegic in- the line of duty, to support them with specialised beds.

Kotak partnered **Om Creations Trust** – an NGO that works towards rehabilitation of mentally challenged persons, especially the Down's syndrome cases. Kotak's CSR programme on education with the Om Creations Trust, involves construction and operation of 'culinary and baking skills workshop' at its residential facility at Karjat, Maharashtra. Kotak also supported construction of residential school for 100 mentally challenged children in Satara through Prabhakar Bantwal Foundation.

On January 2018, Kotak in association with the **Blind Welfare Organisation Nashik** supported the visually challenged for the National Blind Cricket Tournament. Players from eight state teams– Gujarat, Haryana, Jammu and Kashmir, Madhya Pradesh, Maharashtra, Punjab, Rajasthan and West Bengal – participated in the tournament. Further, Kotak undertook education projects for the visually challenged with the NGO. Under this, Kotak provided computers with specialised software (JAWS) for the visually impaired. In addition to this, Kotak also supported printing of English Grammar Book in brail which is being made available to the visually impaired students from the government schools at no cost.

### Healthcare

Cancer treatment and care is emotionally challenging and financially taxing for the most. Through its CSR programme on healthcare, Kotak undertook several programmes with its implementing partners. With its partner NGO, **CanSupport**, Kotak supports India's largest free home-based palliative care programme since FY 2014-15. In FY2017-18, Kotak's support benefitted 165 patients with free of cost home-based palliative care. Kotak partnered with **KARO Trust** to provide treatment and care for patients suffering from Ewing's Sarcoma. With **CanKids... KidsCan**, Kotak is developing a centre "Home Away From Home" at Delhi for children undergoing cancer treatment. Kotak partnered with **OCA Foundation, Dhanwantari Medical Trust** for their cancer treatment and care programme for the underprivileged.

Kotak partnered with **Wockhardt Foundation** to provide basic healthcare facilities through medical mobile units (MMUs). Under this programme, six MMUs are deployed in the outskirts of Hyderabad, Telangana. Commencing from FY2017-18, this is a four year programme and expected to benefit about 4,50,000 patients who do not have access to healthcare.

### Sustainable Livelihoods

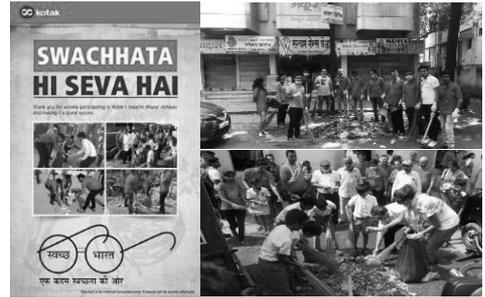
In partnership with **N. M. Sadguru Water and Development Foundation**, Kotak supported improved livelihood programme for small and marginal tribal farmers to improve their agriculture yield. Started in FY2015-16, this is a long term programme of Kotak spread across three years aimed at creating sustainable livelihoods, development of water resources across Gujarat, Rajasthan and Madhya Pradesh. Through our interventions, Kotak touched the lives of over 9,000 small and marginal farmers under this programme.

**Moving Towards Cleaner India - Swachh Bharat Abhiyan (SWA)**

On the occasion of Gandhi Jayanti October 2, 2017, bank employees enthusiastically participated in the "Swachhta Hi Seva" campaign across 10 major cities (Ahmedabad, Bengaluru, Chandigarh, Chennai, Hyderabad, Kolkata, Lucknow, Mumbai, New Delhi, and Pune) in a cleanliness drive led by Uday from Deonar, Mumbai.

**Employee driven CSR initiatives**

Kotak partners with several NGOs through employee volunteering and employee engagement initiatives.



Blood donation drive organised at 11 cities

**Blood Donation**

To celebrate Kotak Group Day, which falls on Nov 21, the Bank organised a 9-day blood donation camp in November 2017. The camp was organised at 23 locations across 11 cities – Pune, New Delhi, Coimbatore, Kochi, Mumbai, Bengaluru, Ahmedabad, Surat, Vadodara, Hyderabad and Chennai. A total of 1,213 bottles of blood were collected during the donation week.



**Building Homes for the Homeless**

The Bank sponsored 60 employees (30 individuals each from Mumbai and Bangalore) to assist Habitat for Humanity's 'Volunteer Build' at a village near Karjat as well as a village near Hennur-Bagalur. Employees helped the villagers by brick-laying and painting walls.



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

**Mumbai Marathon 2018**

The Bank sponsored 90 employees to run the Tata Mumbai Marathon 2018. The run was on 21<sup>st</sup> January 2018. Employees ran and raised pledges for NGOs like the Cancer Patients Aid Association (CPAA), Indian Council for Mental Health, SOPAN & Kotak Education Foundation. Kotak runners raised pledges amounting to ₹ 1.77 crore; adding the Bank's contribution, the total funds raised for the cause goes up to ₹ 1.95 crore. Kotak was recognised as the highest fundraising corporate in the Corporate Challenge category.

The organisers of Mumbai Marathon 201, also acknowledged efforts put in by Kotak Group runners and employees bagged us also the following accolades in the Corporate Challenge category:

- KVS Manian, President, Corporate Banking – 'Change Icon': ₹ 62 lakh
- Shanti Ekambaram, President – Consumer Banking – 'Change Icon': ₹ 57 lakh
- Manish Kothari, Business Head – Corporate Banking & SME – Change Champion ₹ 57 lakh.

**Delhi Half Marathon - 2017**

The Bank sponsored 40 employees to run the Airtel Delhi Half Marathon 2017. The run was on 19<sup>th</sup> November, 2017. Employees participated in the marathon to support the NGO, Action for Ability Development & Inclusion. Kotak runners raised pledges amounting to ₹ 3.02 lakh; adding



Employees participated in Delhi Half Marathon 2017 and raised pledges for the NGO - AADI



Employees participated in Mumbai Marathon 2018 and raised pledges in support of 4 NGOs.

the Bank's contribution, the total funds raised for the cause goes up to ₹ 6.77 lakh.

### Pinkathon

Pinkathon is a women-led marathon that spreads awareness on breast cancer. The Bank sponsored 50 women employees to participate in Pinkathon New Delhi, 14 women employees at Pinkathon Bengaluru and 141 women employees in Pinkathon Mumbai.



Women employees participated in Pinkathon to create awareness for breast cancer

### Employee Driven CSR Programmes

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

Kotak has partnered Dhanwantari Medical Trust (DMT) to treat and support cancer- diagnosed children and their families. Under this initiative, old newspapers, magazines and cartons are collected from Kotak offices in Mumbai and handed over to the DMT. The funds generated after selling these items are extended to patients in the form of 'Monthly Grains Support' (MGS). In FY 2017-18, 11,194 kg worth of newspapers and 9,706 kg worth of cartons were collected. The funds generated amounted to ₹ 1,57,202 which were then provided to the cancer affected children and their families.

#### Kotak Group Payroll Giving Programme

Kotak Group Payroll Giving Programme supports The Akanksha Foundation, Cancer Patients Aid Association (CPAA), National Association for the Blind (NAB), Dignity Foundation, Make-A-Wish Foundation of India, SOPAN (Society of Parents of Children with Autistic Disorders) and Humane Touch Trust. As on 31<sup>st</sup> March, 2018, 3,341 employees were part of the Kotak Payroll Giving Programme and donated over ₹ 1 crore to these NGOs from their monthly salaries.

#### Other Initiatives

The Bank celebrated Daan Utsav (earlier known as 'Joy of Giving Week') with eight NGOs namely Women's India Trust (WIT), Nuzhat foundation, Society for the Vocational Rehabilitation of the Retarded, Creative Handicraft, After Taste, Akar Samajik Sanstha, Jijamata Bachatgat, Ehsaas. The sale proceeds amounting to ₹ 1,64,641 were given to NGOs that work in the field of women empowerment, creating livelihood opportunities for migrants, lower socio-economic groups and the mentally challenged.

#### Telephonic Spoken English Programme for KEF

A total of 345 Kotak employees volunteered for KEF's Telephonic Spoken English Programme. This programme is specially designed for vernacular language speaking teachers to improve their spoken English skills.

#### Principle 9: Customer Value

Kotak's business operations are focussed on creating a positive experience for customers. Besides providing good customer experience on-ground, in person or via digital interactions, the Bank also strives to strengthen its backend issues like data privacy, fraud and risk management *inter alia*.

#### Enhancing Customer Interaction

FY 2017-18 witnessed the launch of a strategic new business unit -- 'Customer Experience'. This platform highlights customer feedback at the centre of the organisation. To improve customer connect, a virtual relationship manager model was launched to solve customer complaints/queries effectively.

Customers can directly reach out to the customer service desk at Kotak via phone, email, letter, fax and through the website. Additionally, for customers who prefer speaking to a customer agent in person, can walk into a nearby branch. The Bank has deployed various modes of collecting feedback and grievances from its stakeholders to ensure better customer satisfaction. The grievance redressal mechanism is extended across its branches, websites, etc. There is a well-defined timeline framework for different customer issues to ensure a smooth and timely resolution. Once the customer queries are resolved, the service request is closed. In case of an unsatisfactory response, customers can escalate the matter to senior management.

Additionally, the Bank provides 24\*7 customer service support through various channels. Grievances received through various social media platforms are prioritised for resolution. Uday Kotak, Executive Vice Chairman & Managing Director of Kotak Mahindra Bank has a personal Twitter handle which is continuously monitored and reviewed for customer tweets.

#### Upgrading Digital Offerings

The Bank has launched several innovative projects while retaining simple and customer-friendly services. For savings bank account holders, Kotak Mahindra Bank implemented an Aadhaar-based authentication process for completing KYC processes. Additionally, technology is deployed in an effort to improve the 'turnaround time' (TAT) for account opening, servicing requests, and the ability to switch debit / credit



Kotak Education Foundation (KEF) provides education and skill development programmes for underprivileged children and youth. KEF also trains teachers to improve their teaching skills. Regular mentoring and tutoring in spoken English helps teachers perform better in a classroom. Here is your chance to volunteer and be a 'Changemaker'.

15 minutes of your time over a phone call from home or office, four times a week over three months, is all that it takes to help a teacher improve spoken English skills.

card on or off to prevent fraud. The Bank has also revamped the customer life cycle management program. Project Velocity, launched in September 2017, enabled real-time and multi-channel servicing of requests. The same form is used on mobile banking, net banking, pre-login and branches saving development effort. In addition to being cost-effective, this initiative proved to be a success with the customers.

Another significant launch was that of the Unified Desktop, a new platform which is the consolidation of multiple banks' system. Users can log in through this system and get a uniform view (enquiry option) on different bank systems. This also improves the ease of operation where phone banking agents have to refer to different systems/ applications in order to process customer requests.

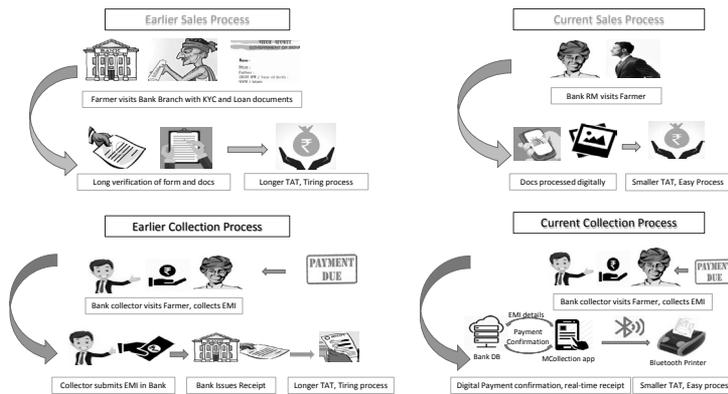
**Ushering into the era of AI**

Kotak is proud to have launched the first Artificial Intelligence (AI)-led voice bot in the banking industry. Keya- the speech bot understands the customer's intent over call or chat and then either resolves the customer query or directs it straight to the node that serves the customer's need. This innovative service offering has received positive feedback.

**Delivering Mobility Crop Loans**

For its retail lending business, Kotak has equipped its field staff with 'Samsung IRIS'- an iris scanner- to provide real-time authentication and enable instant access to financial services. This new loan processing technique eliminates the need of a physical copy of Aadhaar card and reduces the volume of paperwork significantly. Loan processing becomes quicker due to real-time authentication and also helps sales executives spend more quality time with farmers.

Kotak 'M-Collections' is an android mobile and web-based system for money collection by cash, cheque and demand draft from customers. The collection agent inputs details such as amount, bank name, cash denominations or cheque number. On successful collection, the amount is credited directly in real time. Also, an SMS is sent to the collector as well as the



*Digital transformation of Sales and Collection Process*

customers' mobile. Since most of the collections are done in rural areas, customers demand physical receipts which are generated using a Bluetooth printer. A noteworthy feature is that these collections are processed without internet connectivity, i.e. these transactions can be submitted offline.

**Collaborating to provide solutions**

Kotak has tied up with Commercial Vehicle Manufacturers and their dealer networks to offer a wide array of product offerings like new vehicle finance, finance on used vehicles, top-up on existing loans, Working Capital Finance, Cash Advance to Transporters and Loan against Property. Kotak also caters to Educational Institutions and Commercial Vehicle loan requirements.

**Case Study: Giving a Helping Hand**

Sudden demise of Chithar Mobh brought his wife Hansaben Mobh's world to a standstill. Chithar ran 35 commercial vehicle fleet. Kotak's commercial vehicle division financially supported Chithar in his recent two commercial vehicle purchases and offered term insurance under various offerings of Kotak Transport and Storage Services (KTS).

With efficient and prompt service from the KTS team, Hansaben's insurance claim was settled and Hansaben was able to close the outstanding loan with the claim amount.

**Section A- General Information about the Company**

1	Corporate Identity Number (CIN) of the Company	L65110MH1985PLC038137
2	Name of the Company	Kotak Mahindra Bank Limited
3	Registered address	27BKC, C-27, G-Block, Bandra Kurla Complex, Bandra East, Mumbai 400051
4	Website	www.Kotak.com
5	Email id	csr@Kotak.com
6	Financial year reported	2017-18
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Code: 64191 – Kotak Mahindra Bank Limited is a banking company governed by the Banking Regulation Act, 1949
8	Three key products/services of the Company (as in balance sheet)	Deposits, Advances and Investment Advisory.
9	(i) Number of international locations	None
9	(ii) Number of National locations	As on 31 <sup>st</sup> March, 2018 the Bank has a network of 1,388 full-fledged branches and 2,199 ATMs.
10	Markets served by the Company – Local/State/National/International/	India

**Section B – Financial Detail about the Company**

1	Paid up capital (INR)	₹ 952.82 crore
2	Total turnover (INR)	₹ 23,000.70 crore (Bank standalone)
3	Total profit after taxes (INR)	₹ 4,084.30 crore (Bank standalone)
4	CSR spend as percentage of profit after tax (%)	0.65 %
5	List of CSR activities	Refer 'Inclusive growth' section of 'Business Responsibility Report'
6	Financial year reported	2017-18

**Section C – Other Details**

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

**Section D - Business Responsibility Information (BR)**

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

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

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

**2a. If the answer to S. No. 1 against any principle is 'No', please explain why – Not Applicable****Section D: BR Governance**

1.a	Frequency of Board of Directors, Committee of the Board or CEO review of BR performance	Board CSR Committee held two meeting on 27 <sup>th</sup> April, 2017 and 15 <sup>th</sup> March, 2018, respectively wherein all Committee members were present.
1.b	BR report or sustainability (frequency and hyperlink)	BR Report Frequency: Annual Hyperlink: <a href="http://www.Kotak.com">www.Kotak.com</a>

**Section E: Principle Wise Performance**

Principle 1		
1	Policy relating to ethics, bribery and corruption covering the Company and Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others	Refer 'Policy framework' section of 'Business Responsibility Report'
2	Stakeholder complaints received in FY 2017-18	9
3	Percentage of stakeholder complaints resolved	100%
Principle 2		
1	Products and services designed with social or environmental concerns, risks and/or opportunities incorporate	1. Basic Savings Bank, Deposits Accounts 2. Agri business banking products 3. Tractor financing Additionally refer 'Financial Inclusion' section of the 'Business Responsibility Report'

2	i. Reduction with respect to resource use (energy, water, raw material etc.) per unit of product during sourcing/production/distribution achieved since the previous year throughout the value chain (optional) ii. Reduction during usage by customers (energy, water) has been achieved since the previous year (optional)	N.A.
3	Procedures for sustainable sourcing (including transportation)	N.A.
4	Procurement of goods and services from local and small producers, including local communities	The Bank does not procure any goods for processing. The manpower services for offices and branches are generally hired from local agencies, Bank website, job-portals, internal movements, walk-ins, or through references.
5	Mechanism to recycle products and waste	Refer 'Environment' section of the 'Business Responsibility Report'
Principle 3		
1	Total number of employees (as at 31.03.2018)	35,717
2	Total number of employees hired on temporary/contractual/casual basis (as at 31.03.2018)	1,264
3	Total number of permanent women employees (as at 31.03.2018)	7,488
4	Total number of permanent employees with disabilities (as at 31.03.2018)	N.A.
5	Employee association recognised by management	2,574 (Unionised) A section of officers comprising of about 753 on IBA cadre are members of the Bank Officers' Association. In the case of non-officers category, about 1,821 employees are members of the All India Kotak Mahindra Bank Employees' Union which is recognised by the management. Apart from this, through employee engagement mechanism the Bank directly engages with all its employees. For more details, please refer to employee well-being section of the 'Business Responsibility Report.'
6	Percentage of permanent employees part of employee association	7.20%
7.1	Child labour/forced labour/involuntary labour complaints filed (pending)	Nil
7.2	Sexual harassments complaints filed	No of cases reported – 34 No of cases disposed – 20
7.3	Discriminatory employment complaints filed	Nil
8.1	Percentage of employees covered with safety and skill upgradation training (permanent employees)	58%
8.2	Percentage of employees covered with safety and skill upgradation training (permanent women employees)	58%
8.3	Percentage of employees covered with safety and skill upgradation training (Casual/Temporary/Contractual)	16%
8.4	Percentage of employees covered with safety and skill upgradation training (Employees with disabilities)	Included in total number of employees
Principle 4		
1	Mapping of internal and external stakeholders	Refer 'Stakeholder Engagement' section of 'Business Responsibility Report'
2	Identification of the disadvantaged, vulnerable and marginalised stakeholders.	Refer 'Stakeholder Engagement' section of 'Business Responsibility Report'

Actions speak		Financial Highlights	Consolidated Financial Statements	Bank Reports and Statements Business Responsibility
3	Special initiatives to engage disadvantaged, vulnerable and marginalised stakeholders		Refer 'Financial inclusion' section of 'Business Responsibility Report'	
Principle 5				
1	Policy relating to Human Rights covering the Company and Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others		Refer 'Policy framework' section of 'Business Responsibility Report'	
2	Stakeholder complaints on human rights received (percentage resolved)		Nil	
Principle 6				
1	Policy relating to Environment covering the Company and Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others		Refer 'Policy framework' section of 'Business Responsibility Report'	
2	Strategies/ initiatives to address global environmental issues such as climate change, global warming, etc		Refer 'Environment' section of 'Business Responsibility Report'	
3	Identification and assessment of potential environmental risks		Refer 'Environment' section of 'Business Responsibility Report'	
4	Projects related to Clean Development Mechanism		None	
5	Initiatives on clean technology, energy efficiency, renewable energy, etc.		Refer 'Environment' section of 'Business Responsibility Report'	
6	Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB		Yes	
7	Number of show cause/ legal notices received from CPCB/SPCB which are pending		Nil	
Principle 7				
1	Trade or chamber association memberships		Refer 'Policy advocacy' section of 'Business Responsibility Report'	
2	Advocacy through above associations for the advancement or improvement of public good		Refer 'Policy advocacy' section of 'Business Responsibility Report'	
Principle 8				
1	Programmes / initiatives / projects related to inclusive growth		Refer 'Inclusive growth' section of 'Business Responsibility Report'	
2	Programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization		Refer 'Inclusive growth' section of 'Business Responsibility Report'	
3	Impact assessment of initiatives		Refer 'Inclusive growth' section of 'Business Responsibility Report'	
4	Direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken		₹ 26.4 crore Refer 'Inclusive growth' section of 'Business Responsibility Report'	
5	Successful adoption of community initiatives by communities		Refer 'Inclusive growth' section of 'Business Responsibility Report'	
Principle 9				
1	Percentage of customer complaints/consumer cases are pending		0.43%	
2	Product information display on the product label, over and above what is mandated as per local laws		Refer 'Customer value and service' section of 'Business Responsibility Report'	
3	Cases filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years		1	
4	Consumer survey/ consumer satisfaction trends		Refer 'Customer value and service' section of 'Business Responsibility Report'	