



Determination and Prioritisation of Material Topics

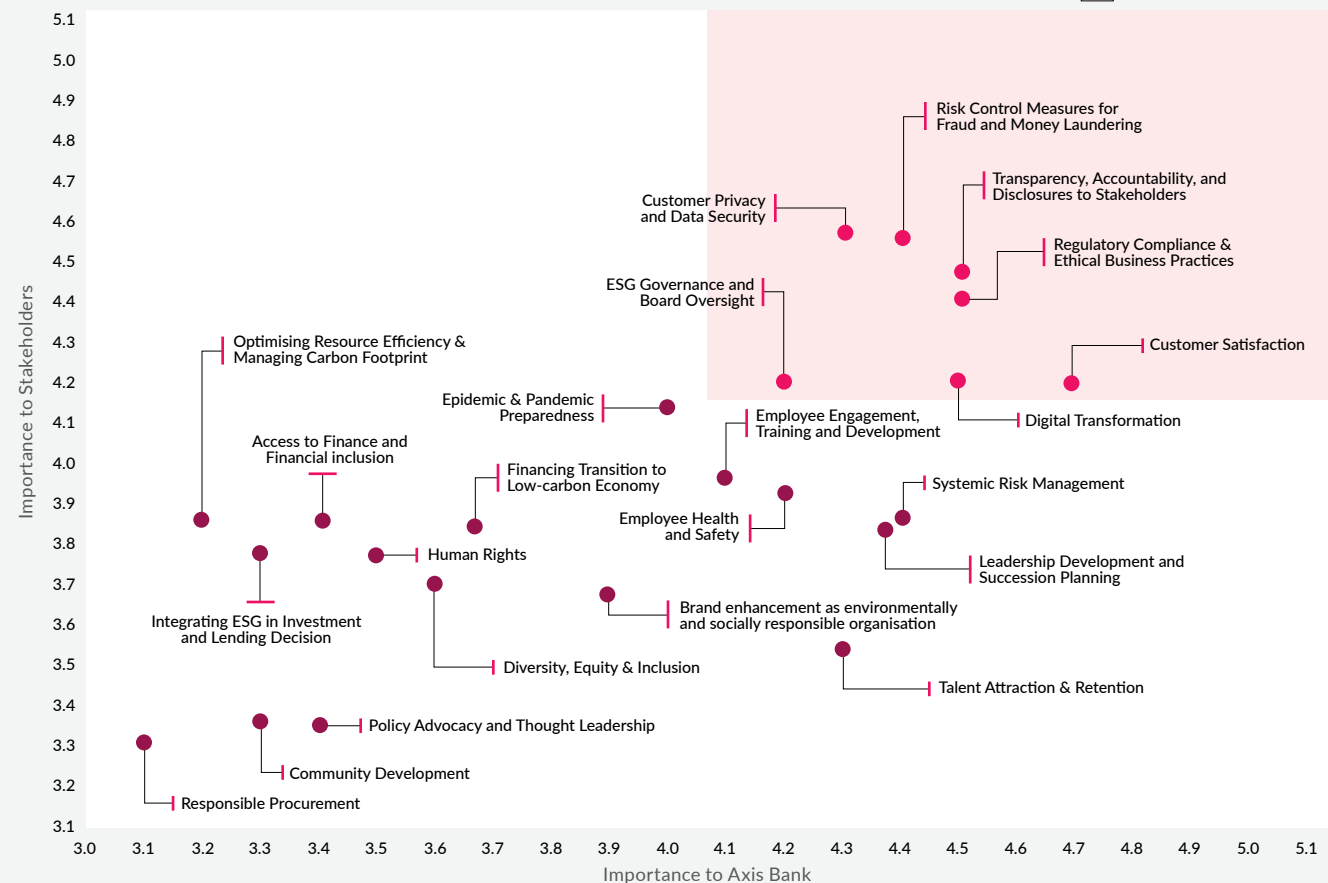
In FY 2022-23, we adopted a new methodology to assess the material issues relevant for the Bank.

Process adopted for arriving at the Materiality Matrix

- Identification of key stakeholders based on previous engagement and peer review
- Identification of potential material E,S and G topics following SASB guidelines, WBCSD Macro Trends & Disruptions 2020-30, World Economic Forum's – The Global Risks Report and peer review of international banks and Indian banks
- Prioritisation of key stakeholders and ranking of identified material topics by Senior Management
- Feedback collection from identified stakeholders to finalise topics through a detailed questionnaire
- Based on the responses received from the Senior Management and our key stakeholders, a materiality matrix of prioritised material topics was developed

Material Matrix

□ Critical material issues



Customer Privacy and Data Security

Context for the Bank

As a provider of banking products and services, ensuring the privacy of each of our millions of customers is among our foremost priorities. As the banking sector continues to digitise as well as digitalise, and new digital and virtual channels for conducting banking and financing activities continue to emerge, the sanctity of financial, personal and institutional data is always a critical priority. We are bound to maintaining the highest standards of data security at all times.

100% of our digital products are under Dark Net/Deep Web monitoring

Comprehensive Cyber Security Policy in place

Context for our Stakeholders

Our customers bank with us in myriad ways – either physically or virtually, on our mobile app or through our website – paying their bills and EMIs, making card or UPI transactions, and even paying through messaging services such as WhatsApp. Our customers expect such channels to be secure and their personal information and finances to be protected at all times.

NIST standard-based cyber security structure in place

ISO 27001 certified

Compliant with PCIDSS standards

Our Approach

We operate in a highly regulated sector with strong regulatory guidelines and international benchmarks focused on customer privacy and data security. As part of its comprehensive risk management systems and processes in place and guided by its Privacy Policy, the Bank works towards securing customer and financial data at all levels in both the physical and digital domains. The Bank continually invests to upgrade its core systems for better scalability, stability and enhanced security. The Bank's systems are further bolstered by a variety of internal audits as well as external certifications.

ISO27017 cloud security certification

BitSight rating of 800 out of 900, higher than 90% of banking and finance entities

All employees trained on cyber security measures

800+ mid and senior management employees trained through exclusive workshops on cyber security

Please refer to **page 65** of the Annual Report 2021-22 and **page 62** (Customer Privacy & Data Security) of this report to know more about our approach and actions.

Transparency, Accountability, and Disclosures to Stakeholders 

Context for the Bank As an institution of public trust, ensuring transparency, accountability, completeness and materiality in our disclosures are critical aspects of good governance. Timely and appropriate disclosures, both on financial and non-financial performance, enable our key stakeholders - customers, investors and regulators - to get a complete picture of our value creation and organisational performance. Also, as regulations around ESG- and climate-related disclosures continue to strengthen, it is important not only to be compliant but also to stay ahead of the curve.

Context for our Stakeholders Our customers and our investors have entrusted us to promote their financial and economic well-being, and trust us to uphold their best interests. Our actions disclosures and overall transparency are important in maintaining this trust. In the highly regulated business environment that we operate in, our regulator, our most critical stakeholder, expects us to abide by the rules and regulations at all times and assesses our periodic disclosures to satisfy itself that we are meeting its expectations.

Our Approach Even as we continue to follow all the necessary practices to ensure our overall governance and business-related disclosures practices remain timely and relevant and address the expectations of our stakeholders, we recognise that our non-financial disclosures, pertaining to our own organisational performance in environment, human capital, among others, are now just as important. We continue to report our ESG-related performance through our sustainability reports, investor disclosures, and other pertinent disclosures, as well as through our thought leadership and policy advocacy efforts.

Published our first TCFD-aligned report for FY 2021-22

Published our second SEBI-mandated BRSR for FY 2022-23

Have published 8 GRI reports till FY 2021-22, all of which are externally assured

Continued focus on strengthening ESG-related disclosures in the Annual Report

Participation in key ESG ratings and scores, including CDP, DJSI, FTSE4Good, and MSCI ESG Ratings

Risk Control Measures for Fraud and Money Laundering 

Context for the Bank The Risk function is a critical nerve centre of the institution, providing comprehensive risk management for each financial product, service and activity of the Bank, and being the custodian of all risk-related policies, compliances and disclosures. As banking activities continue to grow both physically and digitally across each retail and wholesale sector, so do the associated risks. We continue to take proactive measures to strengthen prevention, detection and response to all incidents.

Context for our Stakeholders Our stakeholders, especially those with a direct financial relationship with the Bank, expect us to have a strong risk mitigation and prevention system in place to ensure their capital and investments remain protected at all times. The deepening of technology and digital banking also raises the vulnerability of the banking system and it is important that there are adequate risk control measures protecting each and every step of a financial activity.

Our Approach Given that the financial sector remains vulnerable to incidences of fraud and money laundering as it scales up digitally as well as physically, the Bank has in place robust policy and process mechanisms in place to eliminate such incidences from every sphere of its banking activities. We continue to invest in technologies and capabilities that strengthen our ability and oversight to manage such risks from digital banking activities and also focus on raising awareness among our stakeholders to ensure they too adopt safe banking practices and protect themselves.


Special Committee of the Board for large value frauds

Anti-Corruption and Anti-Bribery Policy in place

Advanced analytics deployed towards fraud detection

Anti-Money Laundering Policy in place

Policy on prevention and reporting of frauds in place

 Please refer to **page 59** (Fraud Detection and mitigation) to know more about the governance mechanisms and initiatives implemented during the year.



Regulatory Compliance and Ethical Business Practices

Context for the Bank

Demonstrating the highest standards of good corporate governance is important to us as a responsible corporate citizen. We recognise that poor compliance culture also increases our compliance-related and reputation risks and can potentially impact our business performance and damage the trust of our stakeholders. This also makes it imperative for us to align with the emerging ESG- and climate-related regulations and requirements, as well as meet the expectations of our stakeholders to act on sustainable development and climate action.

Context for our Stakeholders

We operate in a wider ecosystem where maintaining mutual trust amongst stakeholders and ensuring transparency is critical. We recognise that our stakeholders – customers, investors, regulators, and the wider community - expect us to always be compliant and transparent in all our activities and protect ourselves from any financial, reputational or other risks.

Our Approach

We remain committed to achieving and adhering to the highest standards of corporate governance and continue to implement robust policies and actions across all aspects of our organisational activities. Compliance to applicable regulatory requirements is a non-negotiable imperative at the Bank. Our Code of Conduct defines the standards of conduct that is expected of all employees to ensure that the right decisions are taken while performing their roles and responsibilities. We have in place robust Compliance, Legal and Ethics functions ensuring that we are compliant with all applicable rules and regulations at all times.

Code of Conduct applicable to all employees

Building a robust compliance culture across the Bank

Have published 8 GRI reports till FY 2021-22, all of which are externally assured

Adherence to compliance norms included as non-financial goal for all employees

Please refer to **page 58** (Fostering strong corporate governance) to know more.

Customer Satisfaction

Context for the Bank

We operate in a dynamic, technology-driven, and highly competitive space. We recognise that our stakeholders have many choices available to them and that their choice to entrust us with their business also depends on their experience of banking with us. Customer satisfaction also includes our ability to listen to our customers to best understand and act towards meeting their needs effectively, safely and smoothly. As an institution with a diverse customer base, this is an important material issue for us.

Context for our Stakeholders

We have millions of individual and institutional customers who bank with us for diverse requirements. They expect us to always safeguard their best interests in all our dealings with them, treat them fairly, be always transparent and ensure their savings or investments with us are protected while providing superlative service.

Our Approach

For us, customer satisfaction is about providing our customers with a banking service that is intuitive, seamless, and secure. As a Bank, we are committed to delivering the greatest levels of customer experience and satisfaction. We have put in place the requisite frameworks and measurements to gauge customer satisfaction across key journeys, touchpoints and business lines, which serve as the critical inputs for us to continually improve our ability to meet their requirements while delighting them.

Dun & Bradstreet BFSI and FinTech Awards

The Asian Banker Excellence in Retail Financial Services International Awards

2022 Greenwich Excellence Awards for Indian large corporate banking

Best BFSI Customer Experience of the Year for NEO API Banking Suite

'Most Recommended Retail Bank Priority Sector Lending in India' and 'Most Helpful Bank during COVID-19 in India'

Recognised for quality customer service

Please refer to **page 90** (Customer satisfaction) of this report to know more.



Digital Transformation



Context for the Bank Digital integration has enabled banks to overcome the limitations of physical accessibility to reach millions of unbanked and underbanked Indians, helping them enter the financial mainstream. Digital transformation is also key to unlocking economic value and providing banking customers with a rich, personalised, and secure experience. As more and more customers bank digitally, and as we continue to digitalise our product and service offerings and launch new digital-only solutions, digital transformation remains a critical material issue for us.

55% of personal loans disbursed end-to-end digitally

30% two wheeler loans disbursed end-to-end digitally

94% in individual financial transactions done digitally

Context for our Stakeholders Technology is the foundation on which modern banking works, and as our customers bank with us through myriad of digital avenues, they expect us to offer a best-in-class digital experience while ensuring full protection against the heightened risks around customer privacy and data security.

'Axis Mobile' app has 4.8 rating on Google Play Store Highest rated banking app in India, with over 2 million+ reviews

Our Approach Digital is a key theme for us in building distinctiveness and driving business growth. We continue to build our digital capabilities, improving the overall technological framework, leveraging cutting-edge analytics and enhancing customer experience. With an increasing number of customers exclusively banking digitally with us, we continue to strengthen our digital customer experiences, build capabilities, improve our internal systems and processes, and remain committed to the highest standards of data security and customer privacy at all times.

644 million Customer VPA (Virtual Private Addresses) base in last fiscal

1st Blockchain-enabled domestic trade* transaction executed

*Transaction involved the process of Letter of Credit advising as well as digital presentation of underlying trade documents including invoice & transport document

ESG Governance and Board Oversight



Context for the Bank As a financial institution, we recognise our central role in supporting India's equitable and low-carbon economic transition and acknowledge the importance of having a comprehensive and cohesive approach that addresses all the material priorities and expectations of our internal and external stakeholders. To ensure such cohesiveness in thought and approach, strong governance oversight at the highest level of the organisation is critical.

Management-level ESG Steering Committee established in 2020

Standalone ESG Committee of the Board established in 2021 First and only among Indian banks

Context for our Stakeholders Our relationships with our stakeholders go beyond monetary or obligatory concerns. These are also underscored by the common principles of transparency, fairness, and the importance of creating shared value. On their part, our stakeholders also recognise climate change as a common and universal challenge and expect us to adopt a strategic, proactive and focused approach.

ESG Working Group Cross-functional group to drive sustainable financing activities

Our Approach We are the first Indian bank to establish a standalone ESG Committee at the Board level in 2021. Even prior to that, we had established the ESG Steering Committee at the management level to drive and own ESG action at a vertical level. Since then, we have been focused on broad-basing ownership on ESG- and climate-aligned action across the organisation, taking and scaling our commitments under the oversight of the ESG Committee, and deepening our engagement and collaboration with our stakeholder ecosystem. As ESG- and climate-related risks continue to rise, our Risk function is scaling our ability to proactively manage such risks at the enterprise to portfolio to the project level.