

Fostering Strong Governance

At Axis Bank, we recognise that the ESG pillars, particularly robust governance, are essential for fostering long-term resilience, creating enduring value for our stakeholders and executing our purpose. Upholding the highest standards of accountability has always been an intrinsic part of our operations, guiding our decision-making processes and ensuring ethical business practices at every level.

Robust Corporate Governance

We recognise our role as a responsible corporate citizen and endeavour to adopt and maintain the highest standards of corporate governance.

Our objective is to enhance the long-term interest of our shareholders, provide good management, adopt prudent risk management techniques and comply with the required standards of capital adequacy to safeguard the interests of all our stakeholders. We also aim to institutionalise accountability, transparency, and equality of treatment for all our stakeholders as central tenets of good corporate governance and to articulate this approach in our day-to-day functioning and in dealing with all our stakeholders.

The Report on Corporate Governance for FY 2022-23, along with a Certificate issued by the Statutory Auditors of the Bank, confirming compliance with the mandatory requirements relating to Corporate Governance as stipulated under Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of the Bank's Annual Report 2022-23. The Report can be

accessed from page 138 onwards in our Annual Report 2022-23 at <https://www.axisbank.com/docs/default-source/annual-reports/for-axis-bank/annual-report-for-the-year-2022-2023.pdf>

Code of Conduct

Our Code of Conduct and Ethics demonstrates our commitment to the highest standards of ethical practices and integrity, which is further supported by our five core Values. The policy lays down standards of conduct expected of all employees to ensure ethical decision-making while carrying out their roles and responsibilities. It also serves as a charter emphasising on the fundamental commitment to compliance with regulatory guidelines. It sets forth basic parameters of ethical and acceptable social behaviour at the Bank and establishes a system for the detection and reporting of known or suspected ethical misconduct or violations of regulations. New employees are required to mandatorily affirm to the Code, and existing employees have to affirm to the Code at least once annually.

Our Code of Conduct and Ethics is accessible on our website at

<https://www.axisbank.com/docs/default-source/quarterly-reports/03code-of-conduct-and-ethics-senior-mgt.pdf>

Whistle Blower Policy and Vigil Mechanism

We practice zero tolerance towards the breach of Code of Conduct and Ethics. We have in place Whistleblower Policy and vigil mechanism to encourage reporting of suspected or actual occurrence of illegal, unethical, or inappropriate actions, behaviour, or practices by the Bank's employees, without fear of retribution. All internal and external stakeholders may choose to anonymously blow the whistle on an independently managed web-based application – <https://axisbank.whistleblownetwork.net>

In case of a concern against a senior management of the Bank, they can also be directly reported to the Chairperson of the Audit Committee of the Board.

In FY 2022-23, 395 incidents were reported under the Whistle Blower Policy. Of the total reported incidents, 83 were reported by the Bank's external stakeholders; 61 incidents are pending as on March 31, 2023.

Vigilance, anti-bribery & anti-corruption

The Vigilance Function of the Bank is governed by a Board-approved Internal Vigilance Policy. The policy outlines the Internal Vigilance Framework and the roles and responsibilities of the Vigilance Function. The function is managed by the Chief of Internal Vigilance (CIV), who is a senior official of the Bank. The roles and responsibilities of the CIV include assisting the Management in the formulation, implementation and review of the Internal Vigilance Policy, creating awareness about vigilance, creating a preventive vigilance culture in the Bank and arranging for the submission of necessary reports to the Audit Committee of the Board.

We have taken several measures to create a preventive vigilance culture. All Bank officials execute vigilance declaration on joining and thereafter on an annual basis, in which acts constituting the vigilance angle are clearly articulated. We observe a Vigilance Awareness Week every year. A live banner was published on our website, guiding visitors to take the Integrity Pledge.

We also have in place an Anti-Bribery and Anti-Corruption Policy that is accessible online at <https://www.axisbank.com/docs/default-source/quarterly-reports/anti-bribery-and-anti-corruption-policy.pdf>. Every official commits to adhere to the same and report any violations through our whistleblower mechanism, as part of the declaration. Anti-bribery and anti-corruption are an integral part of the e-learning modules and feature in training sessions for employees to sensitise them in vigilance practices. Anti-bribery and anti-corruption requirements are also advised and incorporated in agreements executed by us with our service providers.

In FY 2022-23, 179 cases were handled, of which the vigilance angle was established in 142 cases and other violations of the Code of Conduct were established in 26 cases. As many as 297 officials were examined during the investigation of cases and disciplinary action was initiated against 274 officials, resulting in punitive action. Of the 179 cases handled in FY 2022-23, 150 cases were handled in the category of corruption and bribery. Of these, 116 cases were found to be true, resulting in stringent disciplinary action against 189 officials.

Tax Strategy

We are committed to staying responsible in relation to our tax affairs at all times and maintaining our reputation as a responsible taxpayer. Our Tax Policy addresses management of tax risks that arise for the Bank and its various operations. It is also aligned to relevant global standards such as the OECD guidelines. The policy also addresses disclosures related to tax payments made in each country where we operate in (known as Country-by-Country Reporting).

As a governance best practice, we have placed our Tax Policy on our website and it can be accessed at <https://www.axisbank.com/docs/default-source/quarterly-reports/tax-policy-of-the-bank.pdf>

Fraud Detection and Mitigation

We have been constantly expanding our geographical reach, customer base and product offerings. The advent of digitisation has led to an increased digital uptake among customers who are using digital channels for their transactions, leading to increased complexities in the banking environment.

While it is our endeavour to ensure that there is no fraud vulnerability within our ecosystem, it is of

paramount importance that customers also remain vigilant while making online transactions and take necessary precautions advocated by the RBI/banks through various awareness campaigns, warning them to not fall prey to fraudsters.

Fraud detection and mitigation is an organisational priority for us and we make every effort to minimise any vulnerability, driven from the highest level, our Board of Directors.

We have a framework that focuses on seven pillars i.e. deterrence, prevention, detection, investigation, staff accountability, recovery, and reporting, with Fraud Risk having an independent oversight within the operational framework.

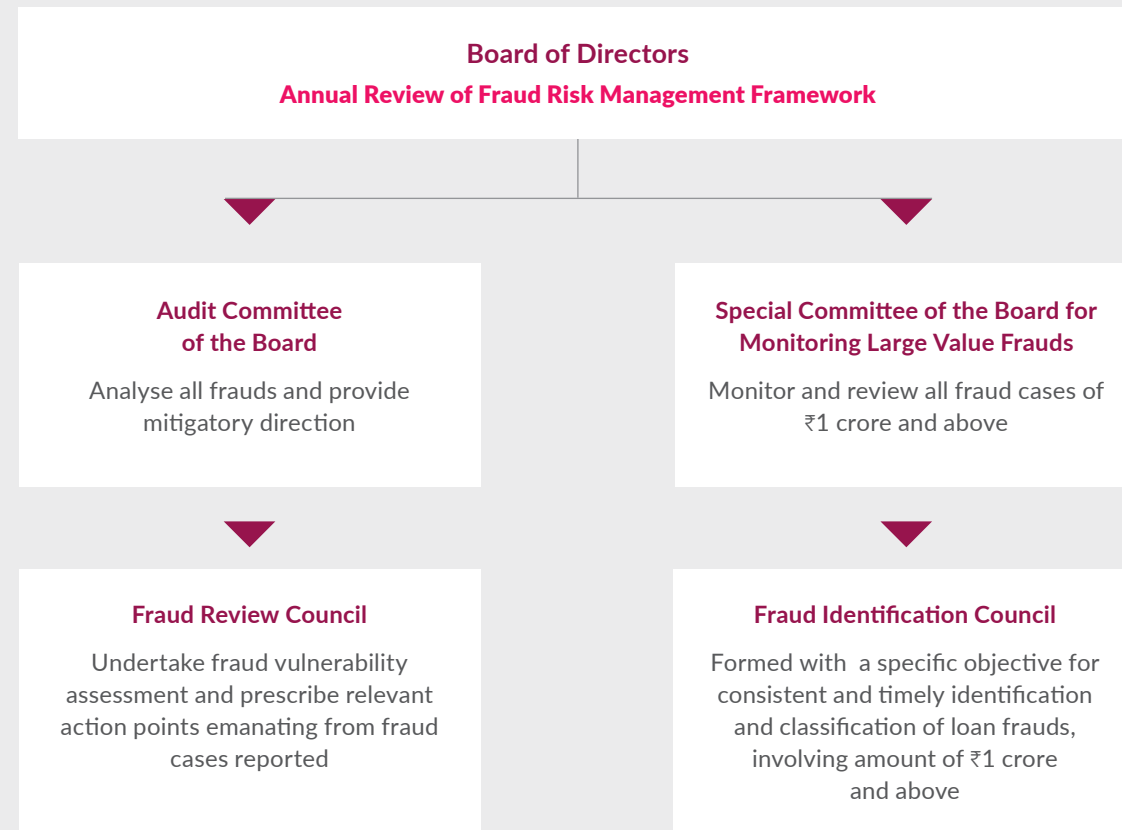
On an ongoing basis, we take measures to strengthen prevention and detection and respond to incidents with an objective to protect the Bank and our customers. These actions aim at minimising fraud by analysing such incidents, learning from these incidents and implementing control measures to prevent recurrence. We have established a combination of value thresholds, velocity checks and real-time decline of transactions to help mitigate the fraud risk.

As part of our transaction monitoring framework, we continuously endeavour to widen the scope of transaction monitoring. For this, we analyse reported frauds while looking at industry trends, market reports, customer complaints and cross-functional inputs to develop new scenarios and check the efficacy of existing scenarios for transaction monitoring.

Through the above framework, we also identify areas of vulnerability and strengthen the processes and procedures by implementing measures to address these gaps.



Governance framework for fraud risk management



Our policy on Fraud Management & Reporting serves as a reference document and guidance for internal oversight and detection. We have in place an end-to-end fraud risk management system for fraud detection and prevention.

On an ongoing basis, we deploy advanced technologies/tools to enhance the efficacy of fraud detection and prevention mechanism with a view to undertake behavioural monitoring and identify suspicious transactions on a real-time/near real-time basis.

Combating Financing of Terrorism (CFT)

The Government of India engaged the Prevention of Money Laundering Act, 2002 (PMLA) to prevent money laundering, which came into force on July 1, 2005. The Act clearly defines money laundering and terrorism financing and guides the Bank's approach to anti-money laundering (AML) and combating financing of terrorism.

The Bank's approach to Anti-Money Laundering, Combating Financing of

Terrorism and Know Your Customer (KYC) can be accessed in its AML Statement, available in the public domain at https://www.axisbank.com/docs/default-source/default-document-library/axis-bank-aml-statement.pdf?sfvrsn=57af6656_2

The Statement includes the Standards adopted by the Bank, the AML governance structure, and internal capacity-building and control measures.



Fraud awareness

We have created an environment of safe banking and we undertake initiatives to create awareness among customers as well as employees about frauds.

Key interventions in FY 2022-23

- 'Safe Banking Awareness' messages were circulated through SMS and e-mails to customers
- 'Fraud Awareness Campaigns' messages educating customers about fraud were circulated through e-mails and mobile banking push alerts
- Safe banking video, 'Muh Pe Taala', was played on branch LED screens at our branches
- Safety tips to protect oneself from digital frauds were put up on our website
- A special campaign, 'The 9 Modern Days' Demons', was launched on social media platforms such as Twitter, LinkedIn, Facebook and Instagram during the festival of Navratri in 2022, wherein on each of the nine days of the festival, customers were cautioned about a different fraudulent technique used by fraudsters

- We actively participated in the RBI awareness campaign organised in November 2022, wherein interactive fraud awareness activities were organised at our branches across the country
- Theme-based Electronic Digital Mailers (EDMs) sent to all the employees of the Bank during FY 2022-23 highlighting recent fraud cases, key learning points and best practices that would empower them to educate customers about cultivating safe banking habits
- A webcast that had the Chief Information Security Officer (CISO) addressing employees on 'Cyber Security Awareness' was also conducted during the year
- Employee awareness initiatives were organised during the Fraud Awareness Week held in November 2022, wherein personalised messages from senior Bank functionaries on fraud awareness were disseminated amongst our employees

Engagement with the ecosystem

We also constantly engage with law enforcement agencies (LEAs) and conduct workshops/training sessions for LEA officials to ensure coverage of the entire ecosystem engaged in fighting frauds.

Lastly, we actively engage with VISA, MasterCard and NPCI to seek information on fraud trends and remedial measures needed to address key risks. These initiatives have proven to be confidence building measures for our customers, helping them to collectively fight the fraud menace in banking.

ROBUST GOVERNANCE

Information Technology and Cybersecurity

We have in place a holistic Information and Cyber Security Program, supported by our Information Security Policy, Cyber Security Policy and standards based on industry best practices, with compliance to regulatory guidelines and in alignment to regulatory directives on information and cyber security.

Our cybersecurity strategy is guided by the Board and driven by the senior management. As part of the Information & Cyber Security Governance Framework, we have in place the Information System Security Committee at the executive level, constituting key business functions. The committee meets at least once in a quarter to assess the threat landscape and validate the controls enforced in our operations commensurate with the cyber risks. We are also compliant with ISO 27001 standards and PCI DSS standards.

Notably, our BitSight rating, a key risk indicator of overall cybersecurity, stood at 800 out of 900, highlighting our strong focus on managing cyber-related risk and governance. We have trained all our 87,000+ employees on cybersecurity measures and conducted exclusive workshops on cybersecurity for 800+ mid and senior management employees.

There were NIL cybersecurity incidents reported in FY 2022-23; 5 incidents were reported in FY 2021-22, and 4 in FY 2020-21. None of the incidents in the previous years were related to data breach, thus no customers were affected due to data breach. There are no fines/penalties paid in relation to information security breaches or other cybersecurity incidents.

Details of our Information Technology and Cyber Security governance, controls and initiatives during the year are provided in the 'Information Technology and Cyber Security' section of the Management Discussion & Analysis on pages 125-126 in the Annual Report 2022-23, and accessible online at <https://www.axisbank.com/docs/default-source/annual-reports/for-axis-bank/annual-report-for-the-year-2022-2023.pdf>

800/900

BitSight Rating, indicating our strong focus on cyber-related risk and governance

Customer Privacy and Data Security

We have enhanced our customer privacy trust framework based on preparedness for emerging regulations such as the Data Protection Bill in India. Our Privacy Policy aims to enhance customer awareness about our systems for protecting and processing personal data responsibly. We follow all regulatory norms on displaying privacy notices to customers for our products and services.

We updated our Privacy Policy in 2021 and incorporated key aspects of data privacy and security into our privacy framework. We have periodically been updating our Privacy Policy year on year with the latest update to the Policy in November 2022. The scope of the control environment has also been expanded to ensure preparedness for expected data regulations in India and countries of customer presence.

Key interventions for strengthening customer privacy and data security in FY 2022-23:

- We undertook in-depth assessments across people, process and technology through data protection impact assessments to identify potential risks to data privacy and identifying suitable measures to mitigate the same.
- The Bank has implemented processes that require privacy assessment of Vendors at the time of onboarding to identify and minimise risks associated with personal data processing undertaken by third-party service providers.
- Live instructor-led trainings were provided to 200+ employees as well as 20+ vendor organisations on topics of personal data protection, personal data lifecycle management, risk identification and incidence response strategies.
- We also celebrated 'Privacy Week' in January 2023 wherein we rolled out bank-wide contests and received 400+ participatory responses.

Axis Bank has institutionalised its commitment to preserving the privacy of its customers whilst providing them with innovative solutions to make banking seamless and inclusive for all through the focus on people, process, and technology. All the privacy-related complaints and queries have been responded to by the Bank. In addition we have not received any privacy complaints by the Bank in FY23. To enable our customers to exercise their rights, we equip them with an e-mail address to a specific privacy mailbox that is monitored daily. The mailbox assists customers in raising requests such as 'request to forget'

and 'data subject access requests', which are tracked till closure. Our Privacy Policy aims to enhance customer awareness towards our systems for protecting and processing personal data responsibly. We follow all regulatory norms on displaying privacy notices to customers for its products and services.

Product Responsibility

We cater to a range of customers in the Indian economy through our products and services that are designed to best meet their customised needs and requirements while meeting the stringent norms of the market regulator. Our Bank representatives, especially those dealing directly with customers, whether in person, on the phone, or online, are adequately trained on critical Know Your Customer (KYC) policies and equipped with the relevant product information.

Relevant codes, policies and commitments towards customers, such as the Code of Commitment, Citizen's Charter, Customer Rights Policy, among others, are accessible on our website at <https://www.axisbank.com/webforms/code-of-commitment>

We are aware of our responsibility towards adequately catering to persons with disabilities (PwDs), and our branches, ATMs, offices, and digital services enable easier physical and digital access towards our products and services. We have also made our corporate website more access-friendly.

Additional details on our services for customers with disabilities is provided on our website at <https://www.axisbank.com/services-for-customers-with-disabilities>

Ensuring Business Continuity

The pandemic has reiterated the significance of deploying robust and agile business continuity mechanisms. The Business Continuity Planning Management Committee (BCPMC) exercises oversight on the implementation of the approved Business Continuity Plan (BCP) framework, which has been put in place to ensure continuity of service to our large customer base.

Our Business Continuity Management Statement can be accessed online at <https://www.axisbank.com/docs/default-source/noticeboard/customerserviceinformation/business-continuity-management-at-axis-bank-ltd.pdf>

Human Rights

As an organisation, we remain committed to respecting and imbibing internationally recognised human rights principles and standards and putting in place systems and processes to ensure no human rights violations occur across the range of our operations. We remain guided by the Human Rights Policy, which has been framed with reference to key global human rights frameworks and principles of the UN, ILO and OECD.

The policy can be accessed on our website at <https://www.axisbank.com/docs/default-source/default-document-library/human-rights-policy.pdf>

Strengthening ESG Integration in Supply Chain

As a large bank with significant operational presence, we have a diverse network of value chain partners and service providers who are critical to our ability to serve our customers and other stakeholders. Our supply chain consists of providers of technology, human capital services, utilities and equipment, and office supplies, among others, and can range from multinational corporations to local independent suppliers.

We strive to build strong and long-term partnerships with our vendors and business partners and are committed to ethical and transparent business conduct. Vendor contracts for all our centralised departments handling bulk procurement of goods and services are handed under the Contract Management platform.

A Vendor Code of Conduct outlines our expectations from vendors to adopt sustainable practices. It also includes pertinent environmental and social (including human rights) clauses and requires vendor sign-off.