

## MATERIALITY ASSESSMENT

# Identifying and prioritising key issues

To ensure long-term sustainability and value creation, Axis Bank proactively identifies and manages relevant Impacts, Risks, and Opportunities (IROs) in the rapidly evolving financial sector. We recognise the importance of thoroughly assessing these factors to strategically mitigate potential downsides while unlocking new avenues for growth, contributing meaningfully to the nation's progress.



Following the Stakeholder Engagement and Materiality Assessment undertaken by the Bank in fiscal 2022 and the subsequent stakeholder feedback, we adopted a 'Double Materiality' approach in fiscal 2025 to assess the material issues relevant to the Bank. A total of 15 IROs were identified based on our internal assessment, sector research, peer review and benchmarking, and secondary sources.

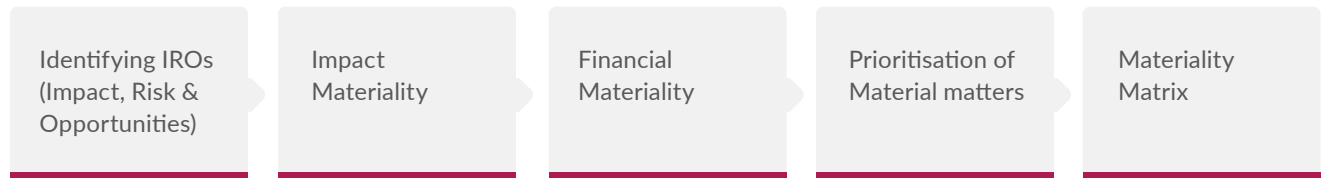
During the 'Double Materiality Assessment' for the fiscal 2025, we considered how the Bank's operations affect the environment and people while also assessing how the IROs affect the Bank's long-term value, financial performance, and resilience. We considered both the actual

and potential, positive and negative, societal and environmental footprint across short term, medium term and long term.

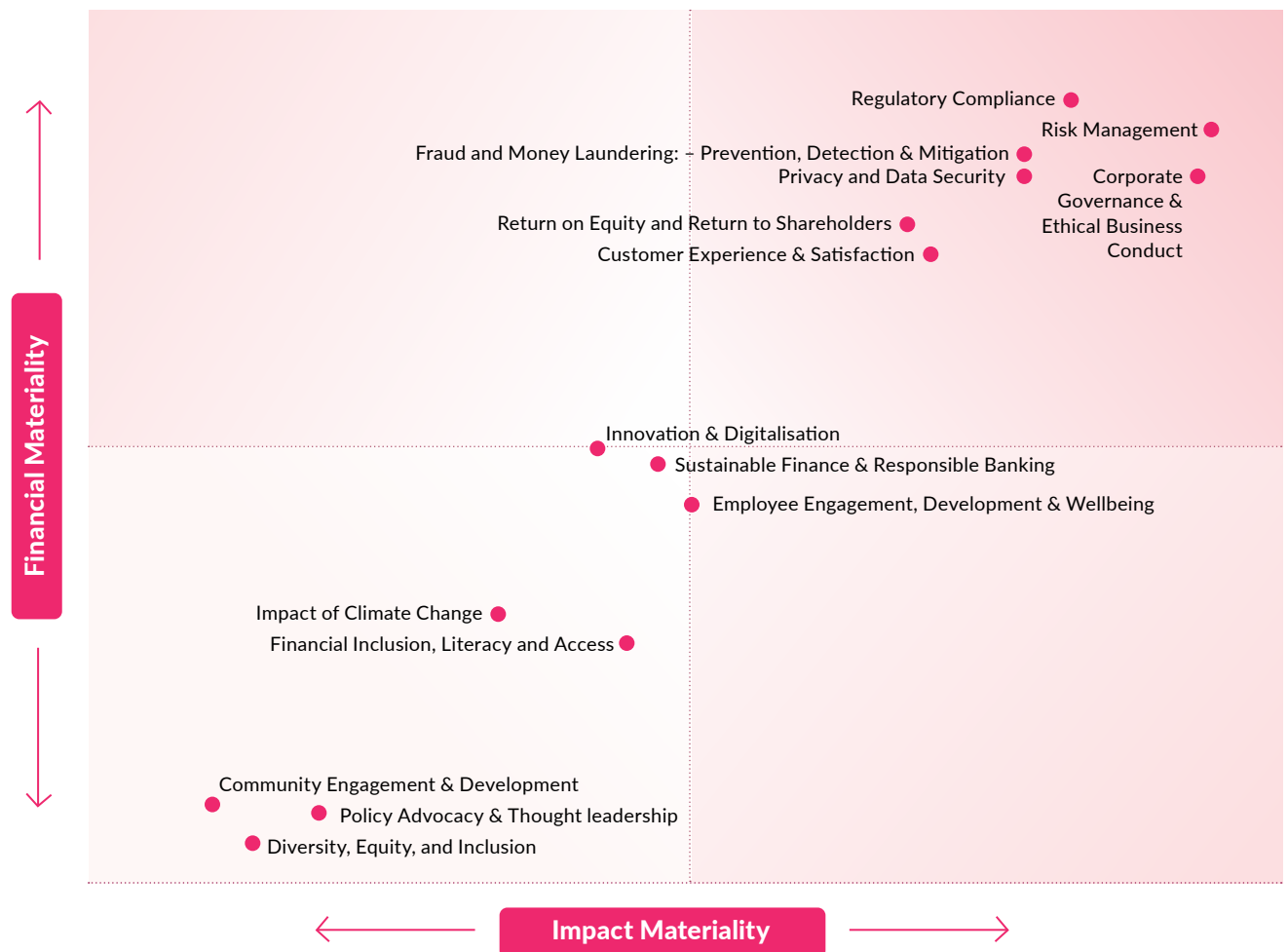
The Bank aligned its methodology with leading global benchmarks, including the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS) on double materiality. Our comprehensive assessment also resonates with the guiding principles of the BRSR and <IR> frameworks.

We strongly believe that continuous engagement with our stakeholders is essential to truly understand the issues that are of the greatest importance to the Bank's operations. We recognise that stakeholders often have diverse and, at times, opposing perspectives on these critical matters.

## Approach to Double Materiality



## Materiality Matrix





## Risk Management



### What it Means

Robust risk management enhances the Bank's resilience and drives sustainable growth. In today's dynamic financial landscape, proactively managing both traditional financial and emerging ESG-related risks is key to navigating complexities and seizing opportunities.

### Interlinkage with Value Creation

Our risk management framework empowers us to identify and address changing risks proactively. Supported by an independent Risk function, the Board maintains keen oversight on every aspect of risk management, ensuring transparency, accountability, and resilience.

### FISCAL 2025 PERFORMANCE

- » In-house ESG Rating model to augment borrower-level credit appraisal developed
- » Built stress testing and scenario analysis capabilities in line with regulatory guidance and expectations

#### Capital Linkage



#### Stakeholders Impacted



#### SDG Impacted



## Corporate Governance & Ethical Business Conduct



### What it Means

Strong governance and ethical conduct are fundamental to the Bank's long-term success and trust-building. We uphold high governance standards, ensure accountable leadership, and embed ethics across our operations and financing. A comprehensive ESG strategy further helps align with stakeholder priorities, address climate challenges, and ensure effective board oversight, driving transparency, fairness, and shared sustainable value creation.

### Interlinkage with Value Creation

We uphold the highest standards of governance while maintaining rigorous transparency in risk management and internal controls. Our robust Governance Framework ensures full regulatory compliance and supports value creation for all stakeholders.

### FISCAL 2025 PERFORMANCE

- » Zero incidents of conflict of interest
- » 15% representation of women in the Board of Directors
- » 61.54% Independent Directors on the Board
- » First Indian Bank to constitute an ESG Committee of the Board
- » Retained top-tier 'Leadership' rating in the Indian Corporate Governance Scorecard by IiAS

#### Capital Linkage



#### Stakeholders Impacted



#### SDGs Impacted



+ Positive, Actual

— Negative, Potential



## Regulatory Compliance



### What it Means

Adherence to the regulatory framework is not just a legal obligation but essential to long-term value creation. As a leading financial institution in India, we navigate a complex and evolving regulatory environment, where any non-compliance can lead to financial penalties, legal repercussions, and reputational damage.

### Interlinkage with Value Creation

Our culture of compliance helps us mitigate risks better and bolsters business resilience and stakeholder confidence. Our stakeholders, including customers, investors, regulators, and the community, rely on our commitment to regulatory compliance and ethical conduct to mitigate potential risks.

### FISCAL 2025 PERFORMANCE

- » 98.5% of eligible employees completed annual mandatory compliance training
- » 4 instances of fines/penalties

#### Capital Linkage



#### Stakeholders Impacted



#### SDG Impacted



## Fraud & Money Laundering-Prevention, Detection & Mitigation



### What it Means

Safeguarding against fraud and money laundering is crucial for the Bank and the financial system's integrity. As these risks evolve, especially with the growth of digital banking, it is essential to implement comprehensive measures to prevent, detect, and respond to them across all operations.

### Interlinkage with Value Creation

We have strong policy and process mechanisms across all areas of our banking operations to prevent fraud and money laundering in the digital and physical realms. By investing in advanced technologies and enhancing our capabilities, we strengthen our ability to detect and prevent such risks, particularly in digital banking.

### FISCAL 2025 PERFORMANCE

- » 98.9% of eligible employees trained in AML & related laws
- » 343 Vigilance cases processed and 427 Officials were subjected to disciplinary action during the year

#### Capital Linkage



#### Stakeholders Impacted



#### SDG Impacted





## Privacy and Data Security



### What it Means

Data privacy and security are fundamental to maintaining customer trust in today's digital world. As a customer-centric organisation, we recognise that safeguarding personal data is critical to our reputation and business continuity. Data breaches can have severe consequences, making it essential to constantly strengthen our IT security measures to mitigate cyber threats and protect customer information.

### Interlinkage with Value Creation

The Bank prioritises data security, investing in robust capabilities and adhering to stringent cyber security policies aligned with industry best practices and regulations. Our Information System Security Committee ensures regular assessment and validation of controls against cyber threats, aligning with ISO 27001 and PCI DSS standards.

### FISCAL 2025 PERFORMANCE

- » Best-in Class Cyber Security Score amongst peers from Pioneer cyber security rating agency
- » Zero instances involving loss/breach of customer data

#### Capital Linkage



#### Stakeholders Impacted



#### SDG Impacted



## Return on Equity and Return to Shareholders



### What it Means

Return on Equity (RoE) and Return to Shareholders are material indicators of our financial performance and reflect the broader impact of our sustainability priorities. RoE drives investor confidence and informs capital allocation, directly influencing shareholder value. Our financial strength underpins our ability to contribute to the economy and meet stakeholder expectations. As climate change impacts financial outcomes, integrating ESG considerations becomes essential for effective risk mitigation and long-term value creation.

### Interlinkage with Value Creation

We continuously engage with shareholders and investors, sharing key updates on our operations and performance during investor and analyst meetings, calls, and quarterly and annual result announcements. RoE reflects our profitability, financial health, and business resilience, helping us attract investors, gain greater access to capital, and create value for stakeholders.

### FISCAL 2025 PERFORMANCE

- » Consolidated RoE – 16.89%
- » Consolidated RoA – 1.77%
- » 0.33% Net NPA
- » ₹42,105 crores Operating Profit

#### Capital Linkage



#### Stakeholders Impacted



#### SDG Impacted



+ Positive, Actual

— Negative, Potential



## Customer Experience & Satisfaction



### What it Means

An exceptional customer experience and satisfaction are fundamental to our success. With millions of customers relying on us, we are committed to safeguarding their interests, ensuring fairness, transparency, and the protection of their savings and investments. Customer feedback and effective grievance redressal are vital to improve our offerings and service delivery continuously.

### Interlinkage with Value Creation

Leveraging our digital outreach, we seek customer feedback through regular satisfaction surveys, which allows us to gather valuable inputs that guide us in continuously improving our products and services. We also adhere to the RBI's Customer Rights, Grievances Redressal, and Compensation Policy, ensuring fair treatment for our customers.

### FISCAL 2025 PERFORMANCE

- » 59 million customers
- » 159 Retail Net Promoter Score on indexed baseline of 100, since inception of baseline (Q1FY23)

#### Capital Linkage



#### Stakeholders Impacted



#### SDGs Impacted



## Sustainable Finance & Responsible Banking



### What it Means

Sustainable financing strengthens our business while contributing to a sustainable future for all. By integrating ESG factors into lending and investment, we direct capital toward high-impact projects, reduce risks by limiting our exposure to sensitive assets, and meet the growing demand for responsible banking and financing practices. This approach aligns with our mission, supports broader societal goals, sustainable development goals and the transition to a low-carbon economy.

### Interlinkage with Value Creation

Aligned with the UN SDGs, the Bank's Sustainable Financing Framework is a blueprint for future ESG issuances. It is the first such framework by an Indian Bank to receive a Second Party Opinion. The ESG Working Group actively oversees its implementation, supported by a dedicated ESG Policy for Lending. Together, these initiatives strengthen the Bank's overall sustainable financing capabilities. Notably, climate risk has now been integrated into the Bank's overall risk management framework, with oversight at the Board level.

### FISCAL 2025 PERFORMANCE

- » Towards our 2030 goal of ₹60,000 crores of incremental lending to E&S-aligned sectors (2021 onwards), reached INR 48,412 crores. as of March 31, 2025
- » ₹22,160 crores Green lending portfolio
- » 447 proposals assessed under the ESG Policy for Lending
- » Raised \$500 million Green Loan from IFC with first ever blue component

#### Capital Linkage



#### Stakeholders Impacted



#### SDGs Impacted





## Employee Engagement, Development & Wellbeing



### What it Means

Attracting, developing, and retaining talent is key to our success. We invest in learning, engagement, and wellbeing to build a motivated, high-performing, and resilient workforce. By supporting mental health, work-life balance, and safety, we foster an inclusive culture that draws and nurtures top talent.

### Interlinkage with Value Creation

Supported by a comprehensive HR policy emphasising meaningful career experiences, flexible work arrangements, and outcome-driven performance metrics, we are well-positioned to drive innovation and growth in the banking sector. Through progressive HR programs and policies, we have built an enabling and inclusive work environment that supports continuous learning and career development.

### FISCAL 2025 PERFORMANCE

- » 6 million+ learning hours of employees
- » Profit per employee stands at ₹0.25 crores
- » 27.7% workforce diversity
- » 5,700+ internal mobility movements
- » ₹280 crores+ amount spent on employee wellbeing

#### Capital Linkage



#### Stakeholders Impacted



#### SDGs Impacted



## Innovation and Digitalisation



### What it Means

Digitalisation and innovation are transforming banking, unlocking significant opportunities to optimise operations, enhance customer experience, and stay competitive. By strategically adopting emerging technologies, financial institutions can streamline processes, develop advanced digital products and services, and deliver more personalised, secure digital interactions, enhancing user experience and building trust.

### Interlinkage with Value Creation

The Bank differentiates itself through best-in-class banking technology, digital innovation, and beyond-banking solutions to foster business expansion. We have enhanced our digital capabilities, bolstered our technological framework, and leveraged advanced analytics to enrich the customer experience.

### FISCAL 2025 PERFORMANCE

- » 30 million Registered Mobile Banking Users
- » ~15 million+ Registered & Active Mobile Banking Users
- » Axis Mobile application is among the top rated mobile banking app on Google Play store and Apple store with rating of 4.7 and 4.8 respectively
- » First Indian Bank to be ISO certified for its AWS and Azure Cloud security

#### Capital Linkage



#### Stakeholders Impacted



#### SDG Impacted



+ Positive, Actual

— Negative, Potential





## Financial Inclusion, Literacy & Access



### What it Means

Financial inclusion offers a vital opportunity to expand our reach and empower communities, reflecting our purpose of 'Banking that leads to a more inclusive and equitable economy'. By broadening access to financial services, we aim to serve underserved populations and encourage greater participation in the formal economy. Financial literacy is a key enabler, equipping individuals with the knowledge to use financial services effectively, thus promoting their wellbeing and economic resilience.

### Interlinkage with Value Creation

The Bank's efforts to promote financial inclusion have empowered millions of individuals, especially women, bringing them into the formal financial system. The efforts have also expanded their access to key social security schemes. By promoting financial access and protection, the Bank is strengthening its reach in rural markets, which is contributing to sustainable business growth and improved customer trust.

### FISCAL 2025 PERFORMANCE

- » 2.8 million women participants in microfinance rural lending
- » 13.79 lakh customers in PM Jan Dhan Yojna
- » 4.13 lakh customers under Pradhan Mantri Suraksha Bima Yojana
- » 1.31 lakh customers under Pradhan Mantri Jeevan Jyoti Yojana
- » 10.05 lakh customers under Atal Pension Yojana

### Capital Linkage



### Stakeholders Impacted



### SDGs Impacted



## Impact of Climate Change



### What it Means

Climate change poses a significant, multifaceted risk to the Bank, impacting both its operations and the broader economy. We recognise the financial risks arising from climate change and the need for their effective mitigation. Emissions from our operations, especially digital infrastructure and energy use, must be managed efficiently to limit costs and avoid scrutiny and environmental harm. We also acknowledge the broader financial risks, including physical and transition risks, and the need to adapt to climate-related changes to build strategic and operational resilience. Finally, we recognise the importance

of financed emissions from our investments and counterparties and their role in our climate strategy.

### Interlinkage with Value Creation

The Bank is committed to developing a proactive mitigation and adaptation plan, including conducting comprehensive climate risk assessments to identify and manage potential physical and transition risks that may impact the business. By integrating sustainability criteria into our operations and credit appraisal, we contribute to the transition to a low-carbon economy and ensure long-term financial stability.

### FISCAL 2025 PERFORMANCE

- » 7.90 GJ/FTE energy intensity per employee
- » 140,345 tCO<sub>2</sub>e Scope 1 & 2 emissions
- » ~72,474 GJ Total renewable energy consumed
- » ~3.27 million trees planted (including target of 2 million tree plantations, Miyawaki plantations and other tree plantation programs)

### Capital Linkage



### Stakeholders Impacted



### SDGs Impacted







## Policy Advocacy and Thought Leadership



### What it Means

The Bank actively shapes the financial ecosystem through strategic policy advocacy and industry thought leadership. It contributes to developing robust and sustainable regulations by providing its expert insights at key forums such as the World Economic Forum, Securities and Exchange Board of India (SEBI), Confederation of Indian Industry (CII), and Federation of Indian Chambers of Commerce & Industry (FICCI). By advocating for policies that promote innovation, inclusivity, and resilience, we demonstrate our commitment to responsible governance and sustainable growth.

### Interlinkage with Value Creation

The Bank actively engages in thought leadership, policy advocacy, and sustainable development, showcasing its dedication to fostering positive change in the financial sector. Through partnerships with key bodies and participation in influential summits, the Bank shapes industry practices. It promotes resilience in the financial ecosystem by leading the sector's sustainable transformation.

### FISCAL 2025 PERFORMANCE

- » The Bank is an active member of several prominent industry associations, including the Associated Chambers of Commerce and Industry of India (ASSOCHAM), FICCI, CII, the Bengal Chamber of Commerce and Industry (BCCI), and the Indian Banks' Association (IBA)
- » To the best of its knowledge, either directly or indirectly, the Bank has not made any monetary contribution/undertaken any spending towards any political campaign or political organisation in fiscal 2025



For more details, please refer to pg. 196 on Thought Leadership and Policy Advocacy

### Capital Linkage



### Stakeholders Impacted



### SDG Impacted



+ Positive, Actual

- Negative, Potential



## Community Engagement & Development



### What it Means

Engaging with communities in the vicinity of our operations allows us to understand their needs and challenges. This enables us to develop targeted initiatives that drive positive social impact in reflection of our purpose of 'Banking that leads to a thriving community and a healthier planet'.

### Interlinkage with Value Creation

A strong institutional framework governs the Bank's CSR programs, which are overseen by the CSR Committee of the Board and aligned to Section 135 of the Companies Act, 2013. We also draw inspiration from the UN SDGs, ensuring our work contributes to broader global development objectives. In fiscal 2025, our initiatives spanned geographies and themes from border villages to urban slums, natural resource management to cancer care, and grassroots sports to academic research.

### FISCAL 2025 PERFORMANCE

- » 387,467 no. of households positively impacted through the Sustainable Livelihoods Program in fiscal 2025
- » 7.7 lakh+ students positively impacted under bank's CSR education program in fiscal 2025
- » 1.25 lakhs of women empowered through financial literacy sessions in fiscal 2025
- » 381 athletes supported

#### Capital Linkage



#### Stakeholders Impacted



#### SDGs Impacted



## Diversity, Equity, and Inclusion



### What it Means

Our commitment to Diversity, Equity, and Inclusion (DE&I) offers us a key opportunity, aligned to our core philosophy and values, of creating a workplace where diverse backgrounds are represented, all employees feel valued, and equitable opportunities are available to all. Prioritising DE&I strengthens the Bank, drives innovation, and fuels long-term value creation.

### Interlinkage with Value Creation

The Bank's DE&I approach is rooted in empathy, purposeful action, and the conviction that individuals thrive when they experience a true sense of belonging. Beyond internal programs, the Bank is furthering its external impact on DE&I by engaging with communities and the corporate ecosystem to promote best practices in diversity and inclusion, thus driving positive change across society.

### FISCAL 2025 PERFORMANCE

- » 27.7% women representation in the Bank's workforce
- » 34% hiring diversity rate
- » ~33,000 women impacted in rural India through Axis Women in Motion programs

#### Capital Linkage



#### Stakeholders Impacted



#### SDGs Impacted

