

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Anchors of VALUE CREATION

STAKEHOLDER ENGAGEMENT⁹

Deep and meaningful engagement is vital to foster stakeholder relationships based on transparency, trust and respect. Our Group has developed a structured approach to stakeholder engagement with the objective of identifying stakeholders' current and emerging needs and expectations. The ongoing engagement serves as an input to business strategy, risk management and operational excellence, and also as a framework to apprise stakeholders on key developments.

We have identified seven stakeholder groups to be most crucial for our business. Since each stakeholder group has a set of unique needs and expectations, we adopt a customised and structured approach to engage with each of them⁷.

Figure 2: Our key stakeholders¹⁰



Table 1: Stakeholder Engagement Process

Key stakeholders	Medium of engagement	Frequency of engagement	Key topics of engagement ¹¹	Activities informed by stakeholder engagement
Investors and Shareholders	<ul style="list-style-type: none"> e-mails Letters Earning calls Meetings/ conferences Investor Grievance Cell Media Website 	<ul style="list-style-type: none"> Annual and quarterly investor meets Need-based 	<ul style="list-style-type: none"> Financial results Key business developments Shareholder returns and dividends Issues related to share issuances and transfer 	<ul style="list-style-type: none"> Provision of accurate information on financial and ESG performance Timely resolution of queries Provision of regular business updates Incorporation of feedback on our strategy and performance
Customers and Clients	<ul style="list-style-type: none"> One-on-one interactions Customer meets Customer satisfaction surveys Customer helpline Customer grievance cell Social media Website 	<ul style="list-style-type: none"> Periodic structured feedback meetings Ongoing Need-based 	<ul style="list-style-type: none"> Needs of customers Customer experience and service quality Product features and benefits Technology interface for banking experience ESG initiatives and disclosures 	<ul style="list-style-type: none"> Product and process innovation Digital solutions Service quality and relationship management Timely resolution of grievances

Key stakeholders	Medium of engagement	Frequency of engagement	Key topics of engagement ¹¹	Activities informed by stakeholder engagement
Employees	<ul style="list-style-type: none"> Induction programme Town halls e-mails Skip-level meetings Leadership meetings Employee engagement initiatives Rewards and recognition programmes Employee grievance cell Employee portal HR helpdesk Employee satisfaction surveys Employee volunteering initiatives 	<ul style="list-style-type: none"> Ongoing Need-based 	<ul style="list-style-type: none"> Policies and procedures Performance appraisal and rewards Training and career development Work environment Health and wellness Safety and security Community development Employee volunteering 	<ul style="list-style-type: none"> Talent development programmes Career succession planning Flexible mode of working Diversity and Inclusion initiatives Health and well-being initiatives Employee volunteering opportunities
Government and Regulatory Bodies	<ul style="list-style-type: none"> Regulatory filings Compliance statements Meetings Letters e-mails 	<ul style="list-style-type: none"> Need-based 	<ul style="list-style-type: none"> License request and renewal Compliance with filings and other regulatory requirements Participation in government financial sector plans and programmes 	<ul style="list-style-type: none"> On-time submission of regulatory and statutory filings
Vendors and Business Associates	<ul style="list-style-type: none"> Meetings e-mails Letters Supplier and business associates' performance reviews 	<ul style="list-style-type: none"> Ongoing Need-based 	<ul style="list-style-type: none"> Product/Service/ Technology quality and support Contract commercial and technical terms and conditions Supplier and business associates' statutory compliances 	<ul style="list-style-type: none"> Supplier friendly terms On-time vendor payments
Communities and NGOs	<ul style="list-style-type: none"> Community development initiatives including need-based local interventions identified by Kotak Mahindra Group's employees Funding support Proposals and requests for new initiatives 	<ul style="list-style-type: none"> Need-based 	<ul style="list-style-type: none"> Community development needs Financial Inclusion Financial infrastructure Human and organisational support 	<ul style="list-style-type: none"> Need-based community development programs Skill upgradation for the supporting staff

⁹GRI 102-9, GRI 102-21, GRI 102-29 | ¹⁰GRI 102-40, GRI 102-42, GRI 102-43

¹¹GRI 102-44

STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

MATERIALITY ASSESSMENT¹²

Material topics are defined as focus areas derived from stakeholder views and form a key input to our strategy and ESG Policy Framework. Our Group applies the principle of materiality to identify topics for disclosure and ESG strategy development. These topics also reflect our business's impact on the economy, environment and society. In FY 2021-22, we at the Group conducted a materiality assessment exercise in accordance with the requirements of the GRI standards.

The material topic universe was identified based on peer analysis and the material topics recommended by sustainability standards and frameworks for the financial sector. The key business outcomes for the exercise were identified by our Group's senior leadership by evaluating the spectrum of impacts that the material topics could have on the business.

Our Group has categorised the material topics as under:

Value Drivers

Topics that ensure our Group's growth and position as one of the leading financial service conglomerates

Value Enablers

Topics that underscore our Group's people centric approach to deliver value to employees and customers

Value Catalysts

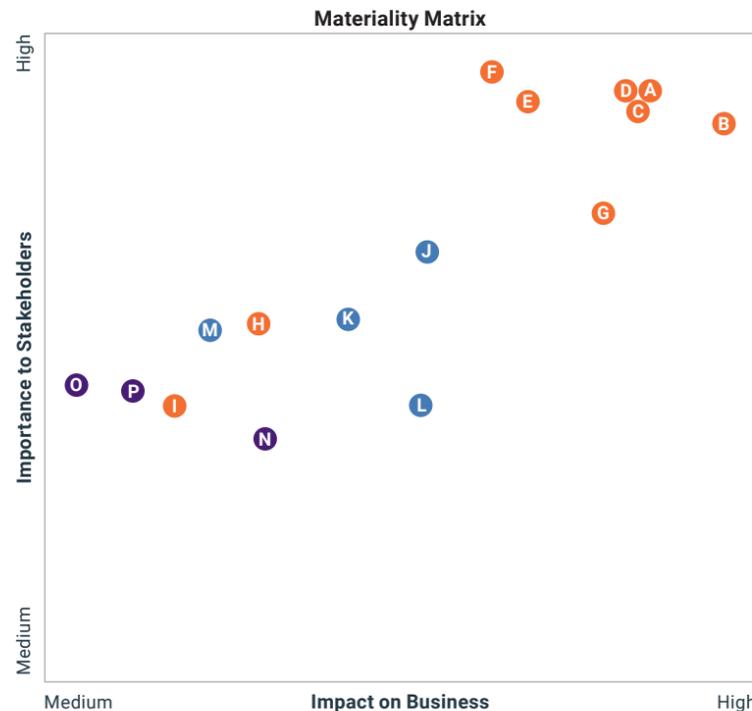
Topics that catalyse broader positive environmental and social impact across ecosystems

Figure 3: Our Materiality Assessment Process



Customised surveys were digitally executed, and key internal and external stakeholders responded with their views on the relative importance of each of the identified material topics. Inputs from our senior leadership were sought to evaluate the impact of each material topic on the business outcomes.

The responses from our stakeholders and our senior leadership were collated and analysed. These responses were collected using a Likert scale and quantitative methods were applied to analyse the responses. The materiality matrix helped our Group identify topics that drive our most significant economic, environmental and social impacts. This has been plotted in the figure below.



- A Enhancing customer experience**
- B Corporate governance**
- C Ethical business processes**
- D Regulatory compliance**
- E Data security**
- F Customer data privacy**
- G Brand and reputation**
- H Financing with a focus on environmental sustainability**
- I Minimising risk impact of climate change due to investments/ advances**
- J Promoting employee health, safety and well-being**
- K Promoting diversity, equity, and inclusion amongst employees**
- L Enabling learning, development, and an open work culture for employees**
- M Promoting financial inclusion**
- N Contributing to development of regulations and policies**
- O Minimising environmental impact of operations**
- P Community well-being**

Our Group's management is committed to contributing to the inclusive sustainable development of India and believes that incorporating social and environmental factors in our financial decision-making is critical to bringing this goal to fruition. In view of the above, 'Financing with a focus on environmental sustainability' and 'Minimising risk impact of climate change due to investments/ advances' have been categorised as value drivers and 'Promoting financial inclusion' as a value enabler.

Key Material Topics¹³

Material topic	Description	Chapter linkage
Value Drivers		
Enhancing customer experience	Enhancing customer satisfaction via product innovation, efficient processes, digital solutions, easy access to products and services, fair marketing practices and efficient complaint resolution	Generating value for our customers
Corporate governance	Covers Board and management effectiveness and integrity, remuneration policies and practices, audit and financial reporting practices that promote high level of transparency, accountability and Board oversight	Ethics and Governance, Corporate Governance report
Ethical business processes	Ethical conduct of business including in areas such as taxation and accounting, anti-corruption, anti-money laundering, anti-competitive practices, insider trading and intellectual property issues	Ethics and Governance, Corporate Governance report
Regulatory compliance	Adherence to laws, regulations and guidelines	Ethics and Governance, Corporate Governance report
Data security	Preventing and addressing IT system failures and major cybersecurity incidents	Ethics and Governance
Customer data privacy	Measures taken to ensure safe and secure use and maintenance of customer data	Generating value for our customers, Ethics and Governance
Brand and reputation	Building and enhancing the reputation and brand to enable stakeholder confidence	Generating value for our customers
Financing with a focus on environmental sustainability	Identify and leverage sustainable financing opportunities with positive environmental impact. Offer products and services with a focus on sustainability	ESG overview
Minimising risk impact of climate change due to investments/ advances	Mitigate climate risks by managing the investment and advances portfolio mix to minimise expected losses resulting from climate change	Managing Risks and Uncertainties
Value Enablers		
Promoting employee health, safety and well-being	Providing a safe workplace and proactively addressing health and safety-related concerns through trainings, safety drills, ergonomics, insurance, etc.	Empowering our employees
Promoting diversity, equity, and inclusion amongst employees	Providing fair and equal remuneration and advancement opportunities to all employees. Running programmes and activities to promote workforce diversity and inclusion	Empowering our employees
Enabling learning, development, and an open work culture for employees	Initiatives to improve collaboration and mutual respect, towards creating an open and approachable work culture. Conducting training and leadership development programmes	Empowering our employees
Promoting financial inclusion	Ensuring the availability of and access to financial services for unbanked and underbanked people	Supporting our communities
Value Catalysts		
Contributing to development of regulations and policies	Providing views and ideas to assist the development of regulations and policies for building sustainable practices in the industry	Ethics and Governance
Minimising environmental impact of operations	Optimising energy and water use along with reducing greenhouse gas emissions and waste, and investments in environmentally sustainable programmes	Managing our environmental footprint
Community well-being	Programmes to address the developmental needs of communities through CSR (social service initiatives)	Supporting our communities

The outcomes of the materiality assessment exercise helped us identify strategic focus areas and weave together an **ESG Policy Framework**. Key performance indicators have been identified for each focus area and underlying material topics. Performance against each material topic has been reported in respective sections of this Report.

¹²GRI 102-21, GRI 102-29

¹³GRI 102-47, GRI 103-1