

# MATERIALITY MATTERS

The definition of a material topic is one that significantly affects the Bank's ability to create value over the short, medium and long-term. A topic's materiality is determined by its relevance and the magnitude of impact as well as the probability of occurrence.

The Bank's value creation process, corporate planning exercise and findings of the stakeholder engagements are bases upon which the materiality assessment is conducted keeping in mind the new opportunities and emerging major local and global social trends. The results revealed that stakeholder concerns remain largely unchanged from the previous year.

Based on principles of sustainable growth, our strategy focuses on understanding stakeholder needs and delivering value in a responsible manner that ensures we remain relevant for the future.

Material issues identified were framed in terminology relevant to the Bank and mapped to the topics of the GRI Standards and the UNGC Principles (Figure 09 on [page 34](#)). Following this reconciliation, issues that were not specifically included in the GRI Standards were also included as material topics.

We then mapped the material topics to the Bank's strategic imperatives: prudent growth, customer centricity, digital leadership, operational excellence, and risk management which rest on a foundation of sound corporate governance (Figure 09 on [page 34](#)).

GRI Content Index and the boundaries for material topics are given in Annex 4 and 5 on [pages 418 to 421](#).

Due to the impracticality of addressing all issues that are material to the Bank and its stakeholders here, this section only covers aspects that are high in importance. Please [refer Annex 5 on page 421](#) for the complete list of material aspects.

## Management approach

The Bank manages its material topics through its strategic planning process by assigning responsibility to the heads of the relevant divisions of the Bank, allocating necessary resources based on the significance of each material topic towards achieving the aforesaid strategic imperatives. Goals and targets, where relevant are embedded into the KPIs of the

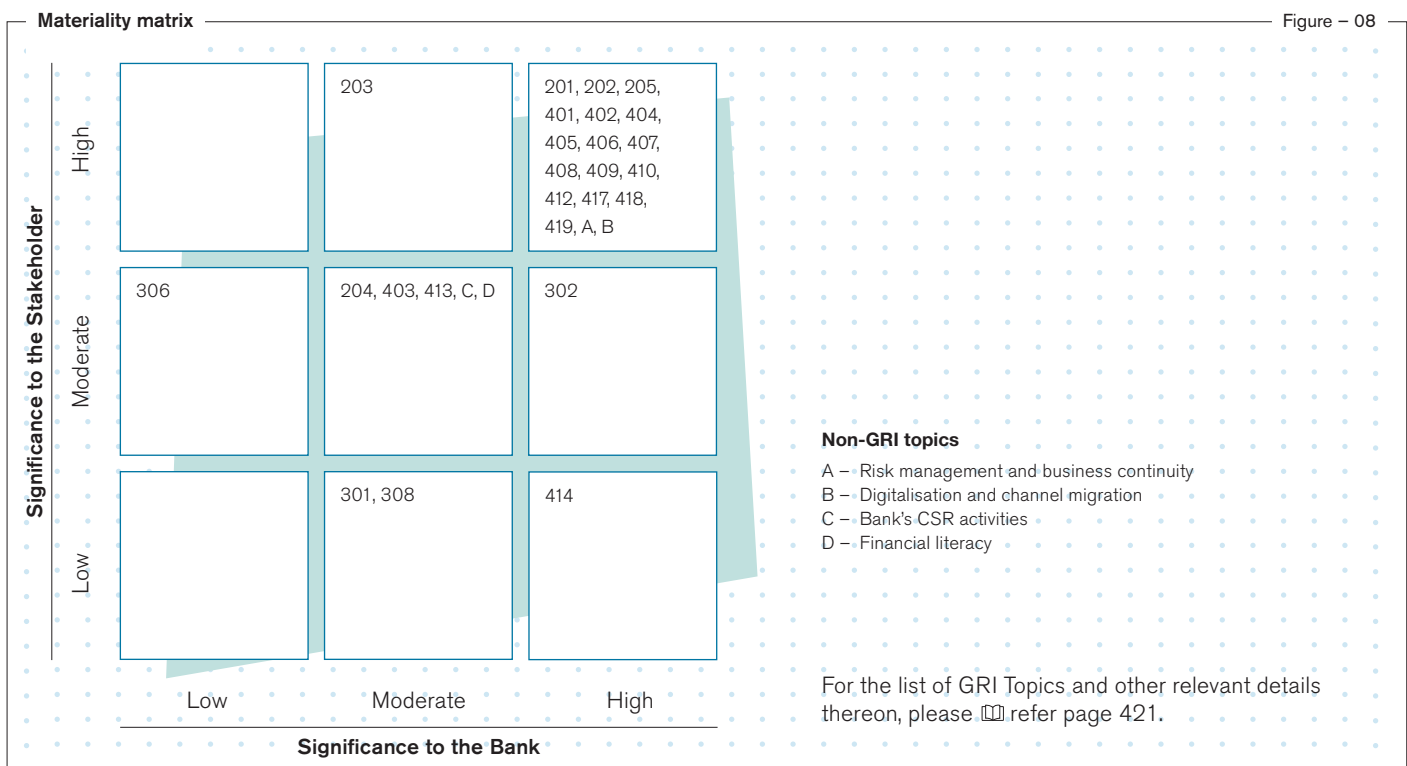
Key Management Personnel to ensure that the Organisation achieve its objectives with regard to its material topics and are reviewed at regular intervals.

Many policies are in place guiding its people to conduct activities in a responsible, transparent, and ethical manner in managing the material topics. These policies are duly adopted by the Board of Directors and are reviewed at predetermined intervals to stay current with the changing environment.

Where relevant grievance mechanisms are in place with assigned responsibility to the relevant divisional heads to manage, address and resolve grievances.

Screening is carried out into the social and environmental aspects of the Bank's lending to its customers and dealings with its business partners.

Internal and external auditing and verifications are carried out to ensure that the internal controls, policies and procedures laid down to achieve the objectives of material topics are adhered to. Findings are reported to the Board of Directors and/or to the Management Committees on a regular basis for corrective action where necessary.



External ratings, awards and accolades bear testimony to the success of the Bank's approach in managing its affairs.

In this respect, the Bank's efforts during the year were directed in line with the following strategic imperatives.

- **Prudent growth:** Embracing principles of inclusive and responsible banking the Bank focused on expanding its market presence and improving its economic performance as detailed in the section on Financial Capital ( pages 54 to 72).
- **Customer centricity:** Putting the customer at the heart of all we do, the Bank ensures that all products and services are in compliance with all regulations, and accurately labelled and described to enable customers to make informed decisions.

The Bank's marketing communication policy ensures that ethics are a priority in all customer interactions. Stringent systems and processes are in place to ensure that customer privacy is maintained at all times.

Balancing the needs of our diverse customer base, the Bank is striving to deliver convenience through tailoring technological solutions whilst keeping at heart the need for human touch.

Freeing up staff from back office chores has helped increase the service standards with more attention given to customers and guide them to use digital channels. This also provides career development opportunities for the staff.

- **Digital leadership:** In today's context, gearing itself to be future ready means focusing and investing in innovation. Finding new ways to extend our reach and increase financial inclusion through digital channels has enabled us to achieve digital leadership and to provide contextual banking to customers by being where they are and when they want, enabling faster and secure transactions.
- **Operational excellence:** In a service organisation operational excellence depends on the competency of its employees and the efficiency of its processes.

It is a winning team that drives the excellence of a service organisation. The Bank has taken many measures, including training and education, to ensure that its employee cadre remains efficient and well informed, (for more details please refer the section on Human Capital on pages 94 to 101).

Automation of processes, streamlining and re-engineering of processes are steps taken to speed up the delivery of service enhancing the value delivered to the customers and enhancing value for shareholders.

- **Risk management:** The prioritisation of risks to minimise the impact of unforeseen and unfortunate events and maximise the realisation of opportunities include systems and processes that ensure the continuity of business, prevent corruption and ensure compliance at all times.

While the Bank's Internal Audit Department continues to conduct surprise checks, its recent restructure sees this function taking on the role of trusted advisor, helping business and service units remain compliant (for more details please refer the section on Governance and Risk Management on pages 105 to 158).

The above strategic imperatives are underpinned by:

- **Corporate governance:** The Bank has a robust governance framework in place and an organisational structure with clearly defined roles and responsibilities that is described in detail in the section titled "How we govern" (on pages 106 to 117). Historically conservative, the Bank continues to uphold values such as prudence, vigilance, directness, and simplicity in the way it conducts its business and designs products and services. These qualities underpin best practices that have been devised over nearly half a century and which are diligently put into practice on a daily basis. They are what differentiate the Bank from its peers. With the Bank's leadership committed towards openness, honesty, integrity, and ethical behaviour the tone at the top drives employee culture, attitudes and behaviour. The Bank's Code of Ethics outlines the Organisation's ethos and its expectations of employees at every level.

Figure – 09

