AXIS FINANCE

Disclosure Requirements for Operational Risk

General Qualitative Information on AFL Operational Risk Framework

Frequency: Annual

Sr. No.	Disclosure Requirements	Description / Narration by Axis Finance Limited
1	Policies, frameworks, and guidelines for the management of operational risk	Axis Finance Limited (AFL) has established a Board-approved Operational Risk Management Policy and framework (ORMF) to identify, assess, monitor, mitigate and report operational risks arising from inadequate or failed internal processes, people, systems, or external events. The framework encompasses Risk and Control Self-assessment (RCSA), Key Risk Indicators (KRIs), operational loss event management, incident management, scenario analysis, outsourcing risk management, fraud risk management, information and cyber security risk management, and business continuity and disaster recovery management.
2	The structure and organisation of the operational risk management and control function	The Board of Directors has ultimate oversight of AFL's Operational Risk Management Framework. The Risk Management Committee (RMC) provides oversight of operational risk and operational resilience. AFL has constituted a dedicated Operational Risk Management Committee (ORMC), which meets quarterly. AFL follows the Three Lines of Defence model comprising business functions (First Line of Defence), Risk Management Function including Compliance (Second Line of Defence) and Internal Audit (Third Line of Defence).
3	The scope and main context of the reporting framework on operational risk to executive management and to the Board of Directors	AFL maintains a structured reporting and escalation framework covering operational risk profile, RCSA results, KRIs, operational incidents, fraud events, emerging risks, outsourcing risks, cyber incidents, resilience matters and remediation status. Material matters are escalated to appropriate governance forums.
4	Risk mitigation and risk transfer used in the management of operational risk	AFL employs preventive, detective and corrective controls supported by Board-approved policies, risk appetite limits, internal controls, awareness programmes, outsourcing risk management, cyber security controls, fraud risk management measures and business continuity arrangements.

		Insurance and other risk transfer mechanisms are utilized where appropriate.

Note: This disclosure is reviewed periodically and may be updated in line with regulatory requirements and framework enhancements.

This disclosure is published in accordance with the RBI Guidance Note on Operational Risk Management and Operational Resilience.