

# Sustainability and Business Responsibility (BR) Policy

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## **SUSTAINABILITY AND BUSINESS RESPONSIBILITY(BR) POLICY**

The Sustainability and Business Responsibility (BR) Policy is detailed as below:

### **1.Introduction**

State Bank of India (SBI) is one of the country's oldest establishments and a premier institution in the financial sector. Its presence spans across more than two centuries, and the SBI group currently has a footprint across several countries.

The financial sector is one that is in a constant state of flux, necessitating change and transformation as and when required. The Bank is committed to be an agent of positive change and understands that growing its business sustainably is the foundation for creating long-term value for all stakeholders. Recognizing “*Sustainability*” as one of its core values, SBI is focused on offering products and services in a responsible manner that proves beneficial for the stakeholders, whilst simultaneously taking the Bank's social and environmental impact into account.

SBI's *Sustainability and Business Responsibility (BR) Policy* determines its effort to adapt and operate efficiently in an environment filled with risks and opportunities. The Bank is continuously evaluating possibilities through which risks can be mitigated and opportunities seized. SBI's operations are envisioned to adhere and comply with its Five (5) core values – Service, Transparency, Ethics, Politeness & Sustainability (STEPS) thereby ushering a working culture that binds this large organization together. SBI is determined to extend its beliefs and commitment to the community at large.

The Bank's multi-faceted business model is rapidly evolving to concurrently meet several requirements, such as enhancing customer satisfaction, increasing focus on digitization, contributing to national development goals, developing communities, improving financial literacy amongst underprivileged people, reducing the carbon footprint of its operations, and aligning its initiatives to the Sustainable Development Goals (SDGs).

This Policy Statement outlines the approach taken to manage SBI's economic, environmental and social performance in an integrated manner, and will help ensure that internationally accepted standards and best practices are applied when identifying, assessing and monitoring environmental, social and governance risks with respect to the Bank's business operations. The Policy also addresses aspects covered by the Nine (9) principles defined by the National Guidelines on Responsible Business Conduct (NGRBC), published by the Ministry of Corporate Affairs, Government of India in March,2019.

## **2.Objective and Scope of the Sustainability and Business Responsibility (BR) Policy Statement**

The primary objective of the Policy Statement is to direct SBI's sustainability strategy and integrate it with its business strategy. The Policy also identifies the Bank's environmental and social focus areas and outlines the general principles on which its sustainability initiatives will be designed and implemented.

The Bank has implemented several initiatives across operations to reduce its carbon footprint and designed products and services having underlying value to environmental and social causes. As an organization that is supported by a large employee base across India, SBI understands that its sustainability strategy will only be successful if it is proactively adopted by all the employees. In light of this, several steps have been taken to build awareness around the importance of sustainability. Employees have also been encouraged to engage in the Bank's activities and demonstrate sustainable behaviour.

Committed to taking tangible actions, SBI aspires to:

- i. Conduct day-to-day operations and business transactions in line with its mission to provide simple, responsive and innovative financial solutions in a responsible manner.
- ii. Engage with all its stakeholders including internal and external stakeholder groups and the society at large with an underlying vision to emerge as the Bank of choice for a Transforming India.
- iii. Conduct banking transactions and other investments with professional integrity, conforming to highest ethical standards and in compliance with the regulatory framework.
- iv. Establish a working environment that aids in nurturing employees, including the differently abled, and contributes to their overall professional development, while actively promoting a healthy work-life balance.
- v. Reduce the Bank's Carbon footprint.
- vi. Aiding the Capacity creation towards mitigation and adaptation of the effects of Climate change.
- vii. Identify and mitigate risks and identify opportunities for sustainable growth across all aspects of banking operations.
- viii. Innovate continuously to develop financial products and services that enable environmental conservation as well as socioeconomic development.
- ix. Collaborate with policymakers, peers in the industry and public bodies to propagate public good through policy decisions around Governance and Administration, Economic Reforms, Inclusive Development, Energy Security, Water and food security and sustainable business principles.
- x. Provide to its employees a workplace that is safe and secure, and continually reduce the risks and occurrences of health and safety-related incidents.

The Bank will make requisite efforts towards reducing the carbon footprint of its own operations as well as of its financial transactions. To this end, SBI will work towards enhancing generation of renewable energy and increase carbon offsetting. It is the Bank's aspiration to achieve a state of Carbon Neutrality in the long run in a phased manner. Bank shall explore the possible means to reduce the carbon footprint of its operations to achieve the voluntarily envisioned goal of achieving Carbon Neutrality by 2030.

SBI aims to balance its business and sustainability performance and has, therefore, identified core Environmental, Social and Governance areas that it will concentrate on. Through these identified Environmental, Social and Governance focus areas, the Bank shall simultaneously endeavour achieving the underlying aspirations of the United Nations Sustainable Development Goals (UN SDGs). The identified core areas are:

### **2.1 Environmental Aspects:**

- Lending focus for Renewable energy projects with an aim to boost investment
- Establishing Digital banking platforms
- Implementing energy conservation and energy efficiency initiatives
- Reducing Greenhouse Gas (GHG) emissions
- Managing Waste generation and disposal (hazardous and non-hazardous)
- Reducing Paper consumption
- Reducing Water consumption
- Adopting environmental best practices, including establishing an environmental management system. Conserve natural resources by adopting the "3 R" (*Reduce, Reuse and Recycle*) approach towards pollution prevention and effective waste disposal including the electronic waste
- Adopting and integrating the energy and environment considerations for all new infrastructural facilities and obtaining relevant certifications wherever possible
- Support Biodiversity & Habitat
- Explore avenues and promote transition to non-polluting transportation
- Make efforts to procure products which are environment friendly and energy efficient.

### **2.2 Social and Governance Aspects:**

- Implementing Ethical banking practices
- Ensuring compliance
- Promoting Human Rights
- Encouraging Gender diversity
- Talent development and retention
- Promoting healthy work-life balance
- Constructive engagement with all internal and external stakeholders
- Increasing access to banking services
- Promoting financial inclusion and enhancing financial literacy
- Ensuring customer satisfaction
- Customer Data privacy and robust cyber security mechanism
- Building communities
- Establishing strong grievance redressal mechanisms

The Policy and its elements are applicable to all Departments/ Verticals and business groups of SBI managing its domestic operations.

### **3.Integration of the Sustainability and Business Responsibility (BR) Policy with the Risk Management Framework**

As a large banking institution, risks are inherently present in most of SBI's business activities. These can be related to the Bank's reputation, products and services, strategic decisions, market presence, operational activities, and environmental and social impact, to name a few areas. SBI believes that investing in sustainable businesses and practices can act as a robust tool to cohesively manage these risks.

Towards this, the Sustainability and Business Responsibility (BR) Policy will support the Bank's Risk management framework, identifying measures to mitigate risks arising from an evolving economic, environmental and social landscape. To mitigate credit risk, the Credit appraisal mechanism to highlight the environmental and social risks which have a bearing (present or potential) on the operations of the borrowing entity. An examination of following key considerations to form part of long-term credit decisions:

- ✓ Socio- Economic considerations: Capacity to create economic development in the region, adherence to Labour laws/Human rights. Resettlement and Rehabilitation of the local populace, CSR initiatives etc. to be critically examined.
- ✓ Environmental Considerations: Borrowing entity's outlook on Pollution management (Air, Water and Hazardous waste), ecological impact of operations, business continuity and disaster resolution arising out of any emergency.

### **4. Corporate Governance, Business Ethics and Sustainability**

SBI encourages and respects professional behaviour that encapsulates strong moral values. The ethos of the organization emphasizes on zero tolerance towards unethical business practices. The Bank expects each of its employees to abide by its working culture by conducting professionally, with integrity and in compliance with applicable laws and regulations. SBI is an equal opportunity employer adhering to the Equal Remuneration Act, 1976 and making no discrimination in remuneration on the basis of gender or any other form of diversity. The Bank remains committed to providing equal opportunities in employment and creating an inclusive workplace in which all employees are treated with respect and dignity. Bank's "*Equal Opportunity Policy for Persons with Disabilities*" is in accordance with the the provisions of the "The rights of Persons with Disabilities Act,2016". The Bank also upholds its employees' right to collective bargaining and provides opportunities for active engagement and consultation. Further, Bank's Corporate Governance practices are aimed at enforcing the right practices at all levels of functioning. The Bank has instituted a vigilance mechanism, which is built on three primary behavioural aspects – *Preventive, Punitive and Participative*. Additionally, the "*Conflict of Interest Policy*" envisages to serve as a mitigating and sensitising measure for helping manage situations, which may involve serious ethical risks or have legal and regulatory consequences.

Implementation of the Sustainability and Business responsibility (BR) Policy will also

be supplemented by:

- ✓ Bank's Code of Conduct & Code of Ethics: The Code of Conduct and Code of Ethics apply to Banks all employees, whether full-time, part-time or appointed on contractual basis. These Codes lay principles of ethical business practices and prescribes adherence to applicable laws and regulations as a bare minimum requirement.
- ✓ Whistle Blower Policy: The Whistle blower policy allows any employee to communicate a concern or complaint confidentially and anonymously with an assurance that there will be no retribution or negative consequences.
- ✓ Prevention of Sexual Harassment (PoSH) Policy: To ensure safety and wellbeing of the workforce, a well administered PoSH Policy is in place.

## **5.Sustainability Governance**

**5.1** For governing the sustainability matters at the Bank, the Deputy Managing Director (HR) and Corporate Development Officer (CDO), who is also the designated Chief Sustainability officer (CSO), will oversee the overall environmental and social performance of the Bank, and steer its sustainability vision in the right direction. The execution of Bank's sustainability related issues is monitored by the Corporate Centre Sustainability Committee (CCSC) which comprises members drawn from varied Departments/Verticals/Groups.

Further, to bring additional focus to sustainability matters, the CCSC will be further supported by 3 sub committees:

- ✚ Environment Sub-Committee: Identifying opportunities, target setting for improvement in the areas of emissions, energy usage, Water security and Waste management.
- ✚ Social & Governance Sub-Committee: Scaling up workplace matters relating to Human Rights, ethical behaviour and Code of Conduct, Grievance handling, gender diversity, training and development, corporate governance practices and stake holder engagement.
- ✚ Product & Services Sub-Committee: For identifying business opportunities to make Bank's products and services more inclusive, meeting the Social aspirations and addressing concerns on environment protection and climate risk.

To percolate the Sustainability measures further, *Circle Sustainability Committees (CSC)* have also been established to monitor sustainability performance at the Circle level. The Sustainability Department at the Bank's Corporate Centre office is the Nodal Department to handle issues relating to the Bank's sustainability matters.

**5.2** The Bank has instituted a 'Sustainability Pledge', which draws strength from the Bank's vision to drive its sustainability agenda throughout the organization at all levels. Bank's entire workforce reiterates its commitment to this pledge while observing World Environment Day (05<sup>th</sup> June) every year.

5.3 For disclosure on sustainability related factors, The Securities and Exchange Board of India (SEBI) vide Gazette notification No. SEBI/LAD-NRO/GN/2021/22 dated May 05,2021 has introduced reporting requirements on ESG parameters called the Business Responsibility and Sustainability Report (BRSR). The BRSR will be mandatory from FY 2022-23 for the applicable corporates and is meant to replace the existing Business Responsibility Report (BRR) disclosure. The BRSR seeks disclosures from listed entities on their performance against the Nine (9) principles of the 'National Guidelines on Responsible Business Conduct' (NGBRCs) and reporting under each principle is divided into essential and leadership indicators. SEBI has mandated for filing of BRSR by the top 1000 listed companies (by market capitalization) in the prescribed format. On Governance, leadership and oversight on Business Responsibility matters, the BRSR disclosure inter-alia also mandates for mention of –(i)Statement by the director responsible for the Business responsibility report, highlighting ESG related challenges, targets and achievements; and (ii)Details of the highest authority responsible for implementation and oversight of the Business responsibility Policy(ies). Accordingly, in compliance with the SEBI mandate, the Managing Director overseeing the Retail Banking operations at the Bank will be entrusted with the Business Responsibility functions and for mentioning purpose in BRSR. For the Business Responsibility disclosure requirements, Bank shall comply with the in-force guidelines and frameworks, issued by the appropriate regulatory authority/entity(ies).

**5.4** The Sustainability and Business Responsibility (BR) Policy is valid for one year from the date of issue and shall be reviewed annually.

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