State Bank of India

Climate Change Risk Management Policy

(Abridged Version)

Risk Management Department
Corporate Centre, Mumbai.

Climate Change Risk Management Policy

Contents

1. Objective and Scope of the Policy

The primary objective of Climate Change Risk Management Policy is to guide the Bank to transition towards low carbon and climate resilient operations and investments. The Climate Change Risk Management Policy shall be applicable to all national and international operations as well as the Bank's lending portfolio.

2. Climate Change Risk Management

The Bank is committed towards integrating climate change concerns into its operations and decision-making to lend momentum towards transitioning to a greener and more climate resilient business.

2.1 Risk Governance

The Bank has a well-established risk governance structure in place.

- **Board oversight**: The Central Board shall have the primary responsibility of overseeing climate change related matters through the Risk Management Committee of the Board.
- **Management oversight**: The Executive Committees of the Bank shall be responsible for overseeing climate change risk related matters at senior management level.
- **Implementation of Policy**: The Climate Change Risk Management Policy shall be implemented by heads of all business units by integrating climate change considerations into their specific areas of business and operations.

2.2 Risk Identification and Assessment

Risks that climate change might present shall be identified at the operational and portfolio levels. Recognizing the uncertainty associated with the impact of climate change, suitable scenario analysis and stress testing mechanism for assessment of forward-looking climate change risks shall be developed.

2.3 Climate-related Opportunities

In addition to climate-related risks, business opportunities presented by climate change shall also be explored, allowing the Bank to better position itself in not only reducing costs for own operations but also meeting growing demand for low carbon lending. The Bank has adopted a target of achieving carbon neutral status by 2030 and is focusing on aligning its products and services with the United Nations Sustainable Development Goals (SDGs).

2.4 Risk Measurement

Climate-related risks can affect financial performance and position of the Bank now and in the future. Thus, while measuring business implications of climate change, the manner in which climate-related risks and opportunities are likely to affect current and future financial performance in terms of major impact categories (e.g. Revenues, Expenditure, Assets etc.) need to be assessed.

2.5 Internal Controls

The Bank shall implement adequate internal control measures and climate risk management policies/strategies, in line with the various board approved policies, with the aim of offsetting the potential impact and/or reducing the severity of impact of the identified climate-related risks.

2.6 Risk Reporting and Monitoring

Regular, periodic progress reports showcasing the Bank's exposure to identified climate-related risks and its performance in managing them shall be presented to the senior management and to the Board.

2.7 Metrics and Targets

The Bank is currently monitoring and reporting climate-related metrics such as GHG emissions, energy consumption, waste generation & recycling and water management as part of the larger sustainability programme.

However, additional metrics that can enable qualitative and/or quantitative assessment of the Bank's exposure to climate-related risks and opportunities shall also be monitored and reported.

2.8 Disclosures

Going forward, the Bank shall annually disclose its approach for managing climate-related risks covering relevant climate-related information that is deemed material for investors, customers, and other stakeholders.

3. Review of policy:

This policy will be reviewed annually.
