

SUSTAINABILITY AND BUSINESS RESPONSIBILITY(BR) POLICY

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 global 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:

1. 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.
2. 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.
3. Conduct banking transactions and other investments with professional integrity, conforming to highest ethical standards and in compliance with the regulatory framework.
4. 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.
5. Reduce the Bank's Carbon footprint.
6. Aiding the Capacity creation towards mitigation and adaptation of the effects of Climate change.
7. Identify and mitigate risks and identify opportunities for sustainable growth across all aspects of banking operations.
8. Innovate continuously to develop financial products and services that enable environmental conservation as well as socioeconomic development.
9. 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.
10. 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 by 2030.

SBI aims to balance its business and sustainability performance and has, therefore, identified core Environmental and Social areas that it will concentrate on. These are:

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.

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. The Policy will be reviewed on an Annual basis.

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. 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 also upholds its employees' right to collective bargaining and provides opportunities for active engagement and consultation. To enforce the right practices, the Bank has instituted a vigilance mechanism, which is built on three primary behavioural aspects – *Preventive, Punitive and Participative*. 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

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 environmental and social goals and targets is monitored by the **Corporate Centre Sustainability Committee (CCSC)** which comprises members drawn from varied Departments/Verticals.

The Securities and Exchange Board of India (SEBI) has mandated for submission of Business Responsibility Report (BRR) in the prescribed format with details of Director responsible for Business Responsibility in the organization. Managing Director (Retail & Digital Banking) of the Bank will be entrusted with the Business Responsibility. The mandatory BRR shall be published annually- either as a standalone report or the Sustainability Report being referenced as BRR in the Bank's Annual Report.

In order 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 work place 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.

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 (05th June)** every year.

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