

SUSTAINABILITY AND BUSINESS RESPONSIBILITY(BR) POLICY

The proposed policy on Sustainability and Business Responsibility (BR) is detailed 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 globally.

The financial sector is one which is in a constant state of flux, necessitating change and transformation as and when required. The Bank is committed to being an agent of positive change and understands that growing its business sustainably is the foundation for creating long term value for all stakeholders. Therefore, 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 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 grasped, thereby leading the way for other players in the banking industry. Its business practices are built on the highest level of ethical values and 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 meet several requirements concurrently, 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 under the nine principles as defined by the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business published by the Ministry of Corporate Affairs, Government of India, in July 2011.

All the Bank's policies are reviewed at periodic intervals and the information is updated as needed.

2. Objective and Scope of the Sustainability and Business Responsibility Policy Statement

The primary objective of the policy statement is to help 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.

In an effort to constantly improve its sustainability performance, Bank has implemented several initiatives across operations to reduce its carbon footprint and has designed several products and services to be environmentally and socially friendly. 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 pro-actively adopted by all the employees. In light of this, several steps have been taken to build awareness around the importance of sustainability amongst different levels of the workforce, including senior management and the board members. 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 a responsible manner
2. Be accountable to all its stakeholders including internal and external stakeholder groups and the society at large
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 and contributes to their overall professional development while actively promoting a healthy work-life balance
5. Reduce 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 which enable environmental conservation as well as socio-economic development
9. Collaborate with Policy makers, peers in the industry and public bodies to propagate public good through policy decisions around Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles etc.

Going forward, 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 increased carbon offsetting. It is the Bank's aspiration to achieve a state of carbon neutrality, in the long run.

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 at concessional rates for renewable energy projects with a focus on boosting investment
- Establishing Digital Banking platforms
- Implementing Energy Conservation & 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, such as, establishing a robust environmental management system, installing mechanisms to harvest rainwater, setting up Solar ATMs across India, using LED lights across all the office building, composting waste etc. wherever possible.

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
- Enhancing Financial literacy
- Ensuring Customer satisfaction
- Building Communities
- Establishing Strong Grievance Redressal Mechanisms

The policy and its elements are applicable to all domestic Departments/Verticals/Business Groups of State Bank of India.

3. Integration of the Sustainability and Business Responsibility Policy with the Risk Management Framework

As a large Banking institution, risks are inherently present in most of SBI's business activities. These risks can be related to the Bank's reputation, products and services, strategic decisions, market presence, operational activities, environmental and social impact etc. 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 Policy will support Bank's Risk Management framework, identifying measures to mitigate risks arising from an evolving economic, environmental and social landscape.

4. Business Ethics and Sustainability

SBI encourages and respects professional behaviour that encapsulates strong moral values. The ethos of the organization is outlined by its Code of Conduct which emphasizes on the zero tolerance towards unethical business practices. The cornerstone of the Code of Conduct is the belief that the Bank is a trustee and custodian of public money and in order to fulfil its fiduciary obligations and responsibilities, it has to maintain and continue to enjoy the trust and confidence of public at large. With this background, implementation of the sustainability and Business Responsibility policy will also be supplemented by the Bank's Corporate Governance and Code of Conduct. The Code of Conduct lays down principles of ethical business practices and prescribes adherence to applicable laws and regulations as a bare minimum requirement. These include regulations around environmental protection, health and welfare of the entire workforce and

upholding the rights of all individuals that the Bank works with. The Bank expects each of its employees to abide by its working culture by behaving professionally, with integrity and in compliance with applicable laws and regulations. The laid down clauses of the policy will become a part of the operating philosophy and will be supported by a robust governance mechanism in order for it to achieve its objectives.

To enforce the Code of Conduct the Bank has instituted a vigilance mechanism which is built on three primary behavioural aspects- Preventive, Punitive and Participative and is further complemented by a well-defined whistle blower policy. It allows any employee to communicate a concern or complaint confidentially and anonymously. The whistle blower policy covers all employees of the organization and guarantees a timely response and an assurance that there will be no retribution or negative consequences.

5. Governing Sustainability

The Bank understands the importance of robust governing mechanisms and regards it as an essential component for long term success. SBI's stakeholders are also showing an interest in the role of environmental, social and governance (ESG) criteria in evaluating portfolio risks and long-term investment business opportunities.

Bank has designated the Deputy Managing Director(HR) and Corporate Development Officer to oversee the Bank's overall environmental and social performance and steer our sustainability vision in the right direction. He reports to the Chairman of the Board of Directors. The execution of Bank's environmental and social goals and targets are monitored by the Corporate Centre Sustainability Committee (CCSC) that comprises 14 Corporate Business and functional Heads. As per the National Voluntary Guidelines on Social, Environment and Economic responsibilities, the Business Responsibility at the Bank will be headed by a Director level position (Managing Director) overseeing the compliance requirements of the Bank. The mandatory Business Responsibility Report, shall form part of the Annual Sustainability Report.

Further, the Circle Sustainability Committees (CSC) have also been established at each Circle to monitor the sustainability performance at the Circle level. The Corporate Sustainability Department at the Corporate Centre is the nodal department to handle the issues relating to Sustainability matters of the Bank. DGM Sustainability is responsible for overall sustainability performance management, executing sustainability initiatives across the Bank, running awareness programmes for sustainability across the Bank, development and publication of the annual sustainability report and other related matters.

Representatives may also be selected from time to time from various other functions within the Bank to assist the sustainability committee at the Circle and Corporate level in fulfilling the objectives of the policy. 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. The Bank plans to reiterate its commitment to this pledge across its entire workforce on the occasion of World Environment Day (05th June) every year.

6. Governing Mechanisms of the Policy Statement

It is understood that transparent and good governance results in wider and focused efforts to adopt sustainability practices in its business activities.

Roles and responsibilities at each level of the governing structure are outlined below:

- The Board of Directors is responsible for approving the sustainability and Business Responsibility Policy.
- The Deputy Managing Director(HR) and Corporate Development Officer (CDO) will directly supervise the implementation of the Policy on behalf of the Board and the DGM (Sustainability) will be the owner of the policy. DGM (Sustainability) will also be responsible for overseeing the implementation and communication of the sustainability strategy to the stakeholders.
- The Corporate Centre Sustainability Committee (CCSC) is responsible for overall execution of the policy. The Committee will also be responsible for:
 - i. Ensuring that the policy is consistently and effectively executed by each functional unit of SBI and provides for adequate training, coaching and resources to ensure effective implementation and compliance.
 - ii. Ensuring new functional units are designed keeping in mind the policy and,
 - iii. Reporting on the achievements, failures and difficulties of implementing the policy to the Board.
- The Nodal Officer at respective circles (DGM & CDOs) will implement the policy at the circle level along with the circle level sustainability committee.

State Bank of India Sustainability Governance Structure

Corporate level

Board Level Approval

Board of Directors

Deputy Managing Director(HR) and Corporate Development Officer

Owner of the Sustainability Policy

Deputy General Manager (Sustainability)

Execution of the Sustainability Policy

Corporate Centre Sustainability Committee

Circle level

Circle Level Sustainability Committee