Policy on
Sustainability and Business Responsibility (BR)

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ESG & Climate Finance Unit
STATE BANK OF INDIA
Corporate Centre
Mumbai

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1. Introduction:

Having its origin in 1806, State Bank of India ("SBI" or the "Bank") is the oldest commercial bank in the Indian subcontinent, strengthening the nation's economy and serving the aspirations of its vast population. It is India's largest commercial bank in terms of assets, deposits, profits, branches, number of customers and employees, enjoying the continued faith of millions across the social spectrum. Headquartered at Mumbai, SBI provides a wide range of products and services to personal, commercial enterprises, large corporates, public bodies and institutional customers through its branches and outlets, joint ventures, subsidiaries, and associate companies.

2. Background / Genesis of the policy:

As the largest public sector bank in India, SBI is cognizant of the responsibility that accompanies the privilege of being India's largest public sector bank. The Bank has always worked towards creating positive environmental impacts, both directly and indirectly, and has taken actions to mitigate any negative impacts of its operations. SBI's Sustainability and Business Responsibility (BR) Policy outlines the Bank's commitment to adapt and operate efficiently and sustainably in a dynamic environment characterized by both risks and opportunities. SBI has an integrated sustainability approach which seeks to leverage the synergy and interconnectedness between social, environment and economic aspects of business, as reflected in the Vision, Mission and Values of the Bank. SBI is committed to extend its services in an ethical, fair, and sustainable manner to the community at large with an underlying vision to emerge as the Bank of choice for a Transforming India.

Bank understands that its sustainability strategy will be successful only if it is proactively adopted by all employees. The Bank undertakes several steps towards creating awareness and capacity building amongst employees on sustainability. Employees are also encouraged to actively participate in the Bank's initiatives such as ESG Quizzes, observance of World Environment Day, Green Marathons etc. to promote & demonstrate sustainable practices.

3. Purpose / Objective of the Policy:

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

The Policy outlines the approach of State Bank of India towards managing its economic, environmental, and social performance in an integrated and responsible manner. It seeks to ensure that internationally accepted standards and best practices are adopted in identifying, assessing, and monitoring environmental, social and governance factors associated with the Bank's business and operations.

4. Scope & Applicability:

This policy on Sustainability and Business Responsibility is applicable to all our business operations. The policy is applicable to all employees, departments/verticals/business units across the domestic operations of the Bank.

5. Regulatory / Statutory Guidelines Governing the Policy:

Bank makes regulatory ESG disclosures as per SEBI guidelines on Business Responsibility and Sustainability Reporting (BRSR) mandated for top 1000 listed entities. Bank also undertakes Reasonable Assurance of BRSR Core indicators. To demonstrate credibility of our public disclosures, Bank also undertakes limited assurance of identified GRI indicators.

To showcase ESG performance, Bank publishes annual Sustainability Report incorporating Business Responsibility and Sustainability Report (BRSR), prescribed by the Securities and Exchange Board of India. The report is prepared in accordance with the Global Reporting Initiative ("GRI") standards and also draws its content from the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD). The Bank publishes Sustainability Report along with the Annual Report which is made available on the Bank's website.

For the Business Responsibility and Sustainability disclosure requirements, Bank complies with the in-force guidelines and frameworks, issued by the appropriate regulatory authority/entity (ies).

Reference Frameworks: The Policy is aligned with principles of National Guidelines on Responsible Business Conduct (NGRBC), Sustainable Development Goals (SDGs), Securities and Exchange Board of India (SEBI) guidelines on ESG disclosures and other globally accepted frameworks and recommendations with respect to ESG metrics and performance.

6. Details of the Policy Guidelines:

Bank has a dedicated ESG and Climate Finance Unit to facilitate the achievement of the long-term goals of the Bank in ESG and Climate Finance.

The Unit is guided by:

- The mission to achieve Carbon Neutrality in Scope 1 & 2 emissions by 2030.
- The Bank is committed to ensure that a minimum of 7.5% of its domestic gross advances to be 'green' by the year 2030.
- The vision to achieve the Bank's Net Zero targets (Scope 1, 2, & 3) by 2055, Centenary year of SBI formation.

  The Bank continues to progress towards its long-term target of achieving Net-Zero by 2055 and building a green portfolio equivalent to 7.5% of domestic advances by 2030, supported by a structured roadmap and measurable framework.

6.1. SBI aims to balance its business and sustainability performance and has, therefore, identified core Environmental, Social and Governance areas based on the principles of National Guidelines for Responsible Business Conduct (NGRBC), aspirations of the United Nations Sustainable Development Goals (UN SDGs), SEBI guidelines on Business Responsibility and Sustainability Reporting (BRSR), engagement with both internal and external stakeholders for identifying material issues, positive/negative impact of its business operations on society and environment and assessment parameters of various

national and international ESG rating entities. The Bank has outlined its approach with key focus areas for ESG as follows:

a. Environmental Area:

i. Reducing Carbon footprint: The initiatives on this front are to be taken with the objective of achieving Carbon Neutral status in scope 1 & 2 by the Bank by 2030. Bank's activities directed at reducing carbon footprint inter-alia include-

- Measurement and reporting of Scope 1, 2 and certain categories of scope 3 emissions with emissions intensity as per globally accepted protocols and regulatory guidelines along with external verification.
- Implementation of a roadmap for reduction in Scope 1 & 2 emissions with yearly targets ensuring a practical, data driven transition supported with detailed planning.
- Enhancing energy efficient practices by adopting advanced technologies such as high efficiency equipment, optimizing processes and implementing energy management systems thereby reducing energy consumption and associated emissions.
- Transitioning to renewable sources of energy for Bank's internal operations thereby reducing GHG emissions associated with conventional fossil fuel-based electricity consumption.
- Adopt and integrate the energy and environmental considerations for all new/existing infrastructural facilities and obtaining relevant Green Building certifications wherever possible.

ii. Reducing paper consumption: Enhancement of product and services delivery through digital banking platforms. Bank invests in providing digital solutions to customers and encourages their adoption thereby reducing usage of paper. The Bank also promotes digitization of internal records and digitalization of processes and operations.

iii. Waste Management:

- Natural Resource Management including managing waste generation and disposal, reducing paper consumption and water footprint.
- Responsible waste reduction and conserving natural resources by adapting "3 R" (Reduce, Reuse and Recycle) approach towards waste,

promoting paperless banking, minimizing plastic usage, and ensuring effective waste disposal including electronic waste through certified recyclers as per e-waste management policy of the Bank.

- Reporting on waste management initiatives as per mandatory regulatory disclosures.

iv. Reducing Water Consumption and ensuring Water security:

- Reducing water wastage & prioritizing water conservation by implementing rainwater harvesting systems and Sewage Treatment Plants to optimize water usage, reduce wastage, and enhance sustainability across operations.
- Reporting on water management initiatives as per mandatory regulatory disclosures.

v. Support biodiversity and habitat conservation, prevent own operation's direct impact on the same, and comply with biodiversity and conservation-related laws and regulations.

vi. Explore avenues and promote the transition to non-polluting transportation by Bank staff.

vii. Make efforts to procure products which are environment- friendly, energy efficient and locally sourced. Engagement with Bank's suppliers and other vendors to create awareness on business sustainability and minimizing the environmental impact of products and services.

b. Social Area:

i. Promoting Human Rights:

Bank endeavors to ensure that Human Rights of all individuals are given the utmost respect. Bank prohibits human trafficking, forced labor, and child labor throughout its operations, including suppliers, thereby promoting Human rights. Bank provides right of freedom of association, equal remuneration, and collective bargaining, to its employees, permanent and contractual, and implements processes and remediation plans to address and mitigate human right risks, among all stakeholders.

ii. Labor Practices:

The Bank is committed to respecting labor rights in compliance with applicable labor laws and standards across its operations.

iii. Encouraging workforce diversity:

A diverse workforce is integral to enhance business productivity. The Bank promotes gender, race, ethnicity, generational and cultural diversity in its workforce and prohibits discrimination. The Bank adheres to the Equal Remuneration Act, 1976 and makes 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 career progression and creating an inclusive workforce in which all employees are treated with respect and dignity.

iv. Talent development and Retention:

Bank fosters a culture of continuous learning, leadership development, and career progression, ensuring an engaged, skilled, and future-ready workforce. Bank promotes a working environment that aids in nurturing employees, including the differently abled and contributes to their overall professional development.

v. Encouraging Financial inclusion and financial literacy:

Bank promotes financial inclusion and enhances financial literacy by enhancing access to banking services, providing essential financial resources and opportunities to empower individuals and communities. Bank promotes digital and micro finance solutions for low-income customers and women micro entrepreneurs along with a network of access points for these customers. Bank also invests in developing financial products to expand the range of financial services available to underserved groups based on market research and feedback from clients. Develops tailor delivery approaches aligned with the needs and preferences of target groups.

Bank is committed to fostering empowered and sustainable communities, aligned with national priorities for inclusive growth and development.

vi. Employee health & Wellbeing:

Bank takes steps to promote employee well-being and safety by ensuring a safe working environment and pre-emptively identifying and eliminating any kind of risk. Bank offers various employee benefit programs to its staff to ensure a motivated, secure, and well-supported workforce which span across multiple geographies, including financial security, health and wellness, work

life balance, housing and accommodation, retirement planning, career advancement opportunities, family and social support and employee assistance programs.

vii. Enhancing Customer satisfaction:

Delivering exceptional customer satisfaction as a fundamental aspect of banking services and enhancing customer experience through service excellence, digital innovation, and a strong grievance redressal framework. Bank encourages constructive engagement and has established strong grievance redressal mechanisms across stakeholder groups to generate long-term value. The Bank has set up Customer Data privacy and robust cyber security mechanism through advanced security infrastructure, fraud detection and compliance with regulatory standards.

c. Governance Area:

i. Implement ethical business practices, preventing fraud, corruption, bribery and facilitation of payments.

ii. Conduct banking transactions and other investments with professional integrity, conforming to the highest ethical standards and in compliance with the regulatory and other statutory requirements through a more holistic cultural approach to compliance.

iii. Ensure comprehensive ESG disclosures and independent assurance in accordance with applicable regulatory guidelines.

iv. Gradually and progressively adopt socially and environmentally sustainable policies and practices across value chain.

v. Integrate ESG (including climate change risk) into the Bank's lending and procurement processes and decisions.

vi. Actively participate in dialogues and consultations with policy makers to influence policies that promote sustainable development, financial inclusion and responsible banking practices.

vii. 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.

viii. Identify and mitigate risks while proactively exploring opportunities for sustainable growth across all aspects of banking operations.

ix. Aid internal capacity creation necessary to address climate change mitigation and adaptation within our organization.

6.2. Environmental, Social and Governance (ESG) framework for Rating Borrowers on ESG criteria:

As a large banking institution, risks are inherently present in Bank's business activities. These can be related to credit, products and services, strategic decisions, market presence, operational activities, and environmental and social impact, to name a few areas. Acknowledging material impact of ESG parameters on the financial performance of corporates, Bank has developed an in-house model for rating corporate borrowers on ESG parameters. This applies to borrowers (existing/prospective) in India with existing/proposed total exposure with SBI of above INR 100 crore (for listed borrowers) and above INR 250 crore (for unlisted borrowers). Industries are classified into groups based on the E, S and G impact of the industry. The E, S and G scores are assigned based on the specific weightage of each major industry.

a) Environmental Concerns:

Under the E parameter, company's energy consumption, generation of toxic wastewater during production, reduction of effluent emission, release & reduction of toxic or non-biodegradable, solid waste, emission and reduction of greenhouse gases (GHGs) are considered.

b) Social Concerns:

Under the Social parameter, the company's contribution towards CSR, operational hazards, turnover rate of employee, number of complaints related to working conditions and health & safety pending resolution at the end of the year, remuneration policy (wage gap), training given to employee on skill upgradation, inclusive growth and equitable development, privacy & data security aspects are taken into consideration.

c) Governance Concerns:

Under the governance parameter factors considered are, composition of board of directors, related party transaction disclosure, presence of women director, exit of independent directors of the company in midterm, compliances with applicable guidelines, history of fraud, infringement of laws or short-changing of minority shareholders, history of default on repayment of borrowings,

dividends or statutory dues, resignation by company's auditors, material auditor qualifications about financial statements or internal controls.

6.3. Corporate Governance, Business Ethics and Sustainability:

SBI mandates professional behavior that encapsulates strong moral values. The ethos of the organization upholds zero tolerance towards unethical business practices. The Bank expects each of its employees to abide by its working culture by conducting themselves professionally, with integrity and in compliance with applicable laws and regulations. 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 behavioral aspects – *Preventive, Punitive and Participative*.
Implementation of the Sustainability and Business Responsibility (BR) Policy is also supplemented inter alia by:

- ✓ **Bank's Code of Conduct & Code of Ethics:** The Code of Conduct and Code of Ethics applies to Bank's all employees, whether full-time, part-time or appointed on a contractual basis. These Codes lay principles of ethical business practices and prescribe 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:** Policy has been formulated along-with the guidelines for prevention, prohibition and redressal of matters & complaints related to sexual harassment of women at workplace in the Bank. The policy is known as 'GARIMA' or 'Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Policy' of the Bank.

- ✓ **Conflict of Interest policy:** The Conflict-of-Interest policy is to spell out in general terms the norms of the conduct expected from the employees when facing a conflict-of-interest situation.

- ✓ **Equal Opportunity Policy for Persons with Disabilities:** Bank's policy is in accordance with the provisions of the "The Rights of Persons with Disabilities Act, 2016.

- ✓ **Climate Change Risk Management Policy:** To guide the Bank to transition towards low carbon and climate resilient operations and investments. The policy underscores the importance of proactive measures against climate change to mitigate climate related risks.

- ✓ **ESG Financing Framework:** Handbook for issuance(s) of Green, Social, or Sustainable instruments (Bonds and/or Loans) which shall be used for the financing or refinancing of eligible assets / projects with environmental or social benefits.

- ✓ **CSR Policy:** To participate in activities which benefit community development, social responsibility, and environmental sustainability, so as to reach out to socially & economically disadvantaged sections of society.

- ✓ **Anti-Bribery and Anti-Corruption Policy:** The Bank has zero tolerance towards all forms of bribery and/or corruption, and it has resolved to initiate proactive measures to mitigate such risks including formulation of this policy.

- ✓ **Sustainability Linked Loan Policy:** Handbook for SBI for issuance(s) of Sustainability-Linked Bonds (SLBs) and availing Sustainability-Linked Loans (SLLs) as well as for extending Sustainability-Linked Loans (SLLs) to Bank's customers to achieve predefined Sustainability/ ESG objectives, so as to extend SBI's sustainability strategy and contribute to the sustainable development of Indian economy.

- ✓ **Policy on Financing Renewable Energy Projects:** To guide on appraisal and processing of Renewable Energy proposals.

- ✓ **Climate Finance and Management of Climate Change Risks:** The policy has been framed in compliance with the framework for acceptance of green deposits issued under Chapter III of RBI Directions 2025 dated 28.11.2025. The policy lays down guidelines for acceptance and allocation of green deposits.

6.4. Governance Structure:

MD (R, C & SARG) is the highest authority responsible for oversight of the Business Responsibility functions and Sustainability and Business Responsibility (BR) Policy. Deputy Managing Director & Chief Credit Officer (CCO) and Chief Sustainability Officer (CSO), oversees the overall environmental and social performance of the Bank along with the supervision on the implementation of this policy, supported by CGM (ESG & CFU), designated authority for the implementation of this policy.

a) Corporate Centre Sustainability Committee (CCSC)

The execution of Bank's sustainability related issues is discussed and monitored in the Corporate Centre Sustainability Committee (CCSC) which comprises of members from varied Departments/Verticals/Business Units. The committee meets on a quarterly basis to steer Bank's sustainability vision. CCSC is chaired by the DMD & CCO and CSO of the Bank.

Roles and Responsibilities of Corporate Centre Sustainability Committee:

The CCSC is entrusted with the responsibility of taking forward the Bank's sustainability agenda. CCSC shall ensure the following:

- Providing insights for the identification of significant stakeholder groups and materiality assessment for disclosure in the Bank's Sustainability Report.
- Conducting a quarterly review of the Bank's sustainability performance.
- Formulating the Bank's Sustainability goals and targets.
- Reviewing and providing inputs on the Bank's Sustainability and Business Responsibility (BR) Policy periodically.

- Reviewing the disclosures in Bank's Sustainability Report published with Annual Report of the Bank.
- Reviewing compliance of regulatory guidelines and frameworks on sustainability disclosures including reporting on BRSR (Business Responsibility and Sustainability Reporting) along with Assurance/Assessment of BRSR Core as per SEBI regulatory guidelines.
- Provide guidance and monitor efforts aimed at strengthening the Bank's ESG Ratings.

b) Circle Sustainability Committee (CSC):

To percolate the Sustainability measures at Circle level, *Circle Sustainability Committees (CSC)* have also been established to monitor sustainability performance at the Circle level. The Circle Sustainability Committee (CSC) is chaired by the CGM at the circle level. The Circle Development Officer (CDO) of the Circle concerned is designated as the Nodal Officer of Circle Sustainability Committee.

Internal validation - Timely and meaningful conduct of CSC meetings has been added as one of the auditable parameters in the management audit of LHOs.

6.5. Stakeholder Engagement and Materiality Assessment:

Bank identifies its critical stakeholders-both internal and external based on the nature of its activities, business relationships and the impact of its operations. It proactively understands and addresses stakeholder's expectations through continuous engagement and structured feedback mechanisms across the Bank both online and offline channels, integrating these insights into its decision making and operations to create meaningful and sustainable value. Key stakeholders identified through a comprehensive engagement framework include the Board, regulatory bodies, shareholders, employees, customers, vendors and the communities in which it operates.

Bank adopts a consultative approach to stakeholder engagement and systematically identifies material topics in alignment with Global Reporting Initiative (GRI) standards, reflecting its most significant impact on the

economy, environment and society. These material topics are reviewed periodically to ensure each topic remain relevant in the context of evolving business activities, stakeholder expectations and external developments. Bank reports on its material topics in annual Sustainability report.

Corporate Centre Sustainability Committee (CCSC), highest governance body for Sustainability matters oversees the process and reviews and approves the material topics.

6.6. Sustainability Pledge:

The Bank has instituted a *'Sustainability Pledge'*, drawing from its vision to advance the sustainability agenda across all levels of the organization. Bank's entire workforce reaffirms its commitment to this pledge annually on *World Environment Day (05th June)*.

7. Policy Owner, Review Period & Approving Authority:

(i) The "Sustainability and Business Responsibility Policy" of the Bank will be maintained by the "ESG and Climate Finance Unit".

(ii) **Review period**: The "Sustainability and Business Responsibility Policy" will be reviewed at biennial intervals and will remain valid until next review by the Central Board. (The policy may however be reviewed before the due date, if deemed necessary due to changes in regulations, best practices and internal developments).

(iii) **Approving Authority**: The Sustainability and Business Responsibility Policy shall be approved by the Central Board of the Bank.

8. Authority Responsible for Compliance with the Policy:

The Head of the Departments at Corporate Centre / Local Head Office / Administrative Office / Regional Business Office / Branches or the authorized officials delegated by them will be responsible for compliance of the policy.

9. Compliance with Subsequent Regulatory Changes:

Any subsequent change related to the policy on account of changes in regulations or specific directions from regulator or any other modifications will be implemented immediately with the approval of Managing Director

(Risk, Compliance & Stressed Assets Resolution Group) and changes will be put up to the Board in due course when this policy falls due for next review.

10. List of Acronyms:

Acronym	Description
GOI	Government of India
SEBI	Securities and Exchange Board of India
RBI	Reserve Bank of India
ESG	Environment, Social and Governance
BRSR	Business Responsibility and Sustainability Reporting
NGRBC	National Guidelines on Responsible Business Conduct
SDGs	Sustainable Development Goals
PoSH	Prevention of Sexual Harassment
SLLs	Sustainability-Linked Loans
SLBs	Sustainability-Linked Bonds
CCSC	Corporate Centre Sustainability Committee
CSC	Circle Sustainability Committees
IAD	Internal Audit Department
AO	Administrative Office
RBO	Regional Business Office
GRI	Global Reporting Initiative