
Environmental, Social and Governance (ESG) Policy

(Abridged Version)

Federal Bank

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1 Introduction

Being a socially responsible organization that commits itself to the cause of environment protection/preservation (E), imbibe and uphold social values at the core of its operations (S), interactions with internal and external stakeholders and society at large, and accords topmost priority in adoption of highest standards of Corporate Governance (G), the Bank strives to become the Most Admired Bank.

The Bank's core belief lies in creating long-term value for all its stakeholders, and work towards community service on a larger level. Over the period, the Bank has holistically adopted policies and processes to understand and assess the financial and non- financial impacts of key environmental, social, and governance (ESG) issues on its business. The Bank is abided by the following core values in its actions and interactions with its stakeholders.

- Commitment to Excellence
- Agility
- Relationship Orientation
- Ethics
- Sustainability

The above core values have shaped the Bank's time-tested value framework – CARES.

The purpose of this policy is to establish our conscientious banking approach to clients, employees, business partners, and other stakeholders. The Bank is committed to aligning its strategy with the ESG policy framework to promote sustainable development and responsible banking. This policy is reviewed by the Board's Risk Management Committee (RMC) and subsequently approved by the Board of Directors.

2 Objectives of ESG Policy

- ✓ Integrate environmental, social and governance risks into existing risk management framework.
- ✓ Provide guidance to sustainable lending and responsible banking practices to ensure that the Bank has zero tolerance towards material E&S issues such as human or labour rights violations, ethical violation, corruption, environmental law violation etc.
- ✓ To enhance transparency and foster a harmonized vision by promoting clear communication on the Bank's ESG approach and engaging in meaningful consultation with internal and external stakeholders regarding overall ESG performance and
- ✓ Aligning the ESG journey of the Bank with leading disclosure standards and define a path for the same.
- ✓ To foster environmental & social sustainability across all operations by promoting awareness and sensitizing employees on such issues. The Bank shall actively encourage and facilitate employee participation in sustainability initiatives and integrate environmentally & socially responsible practices into its processes and decision-making wherever feasible.

3 Scope

The policy refers to National Guidelines on Responsible Business Conduct (NGRBC) issued by the Ministry of Corporate Affairs and Business Responsibility and Sustainability Reporting Framework (BRSR) issued by SEBI to align the various ESG parameters with the principles elaborated.

The ESG Policy establishes principles, action points, targets, and creates a foundation to attain business sustainability. The policy shall serve as a guiding document for the employees to promote and enhance the culture of responsible banking.

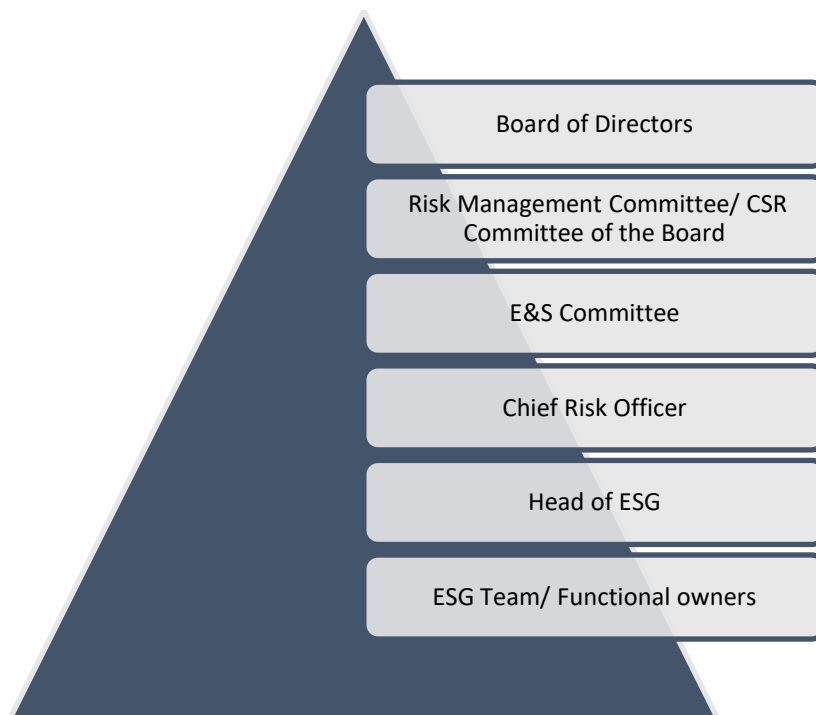
The Bank believes that ESG issues are relevant to financial sector and can potentially impact its long-term business operations. Incorporating ESG factors into its policies, procedures and management system will help the Bank identify both potential sources of risks and opportunities to add value for the stakeholders.

4 ESG Governance Framework

The Board shall have the overall responsibility to oversee and ensure effective implementation of the ESG strategy of the Bank. The Board shall be apprised of Bank's approach, stance, targets, and key initiatives towards addressing climatic, environmental, social and governance risks. In addition to environmental and social considerations, the Board shall ensure adherence to sound governance practices, including compliance with regulatory requirements, ethical business conduct, transparency in decision-making, and robust internal controls.

Risk Management Committee (RMC) of the Board, shall oversee Bank's preparedness for managing environmental, social and climate risks in its operations and portfolios. The Committee shall review plans for external ESG reporting and stakeholder engagement. CSR Committee of the Board shall oversee Bank's corporate social responsibility initiatives which include various projects promoting sustainability.

A dedicated ESG team headed by a senior executive shall be the custodian and responsible for coordinating the implementation of the ESG strategy and initiatives. Other functional teams shall support the ESG team by implementing the relevant aspects in their functional areas, under the guidance of E&S committee. The E&S Committee shall provide specialized focus, oversight and guidance on the material aspects relating to ESG.



5 Roles & Responsibilities

5.1 Board of Directors

The Board shall approve the ESG strategy of the Bank and oversee the ESG implementation process. This will include

- ✓ Deciding, approving and periodically monitoring and reviewing the ESG strategies and policies of the Bank, including strategies to address climate risk.
- ✓ Board shall set suitable targets to be achieved in a long term (such as Emission reduction target, DEI target, Green finance target etc.) and also ensure that the business strategies are aligned to the same
- ✓ Ensuring that the Bank's ESG goals and objectives are set in line with its corporate mission and values, culture, business direction and risk appetite.
- ✓ Ensuring that the Bank's organization structure, culture, infrastructure, financial means, managerial resources and capabilities, as well as systems and controls are appropriate and adequate to support the implementation of its ESG strategies.
- ✓ Ensuring that senior management is competent in implementing strategic decisions approved by the Board and supervising such performance on a continuing basis.

5.2 Board Level Committees

Risk Management Committee (RMC) shall act as the Board level committee to monitor and manage all ESG related risks, including climate risk. Risk Management Committee (RMC) shall

- ✓ Recommend the ESG and ESMS policies for approval to the Board.
- ✓ Review the implementation of ESG strategies and disclosures on a periodical basis.
- ✓ Recommend plans for external ESG reporting and stakeholder engagement .
- ✓ Review and suggest actions which will help improve the sustainability culture across the Bank.
- ✓ Ensure that the ESG strategies are in sync with the overall risk appetite of the Bank.
- ✓ Oversee Bank's preparedness for managing environmental, social and climate risks in its operations and portfolios.

5.3 Managing Director and CEO

Managing Director & CEO shall be responsible for leading the development and execution of the Bank's long term ESG strategy with a view to enhance stakeholder value. The MD & CEO's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Bank's long and short term ESG plans. The MD & CEO shall act as a direct liaison between the Board and Senior Management and shall communicate with the Board on behalf of the executive management.

In ensuring effective management of ESG and climate risks within the Bank, Managing Director & CEO has the following responsibilities.

- ✓ To lead, in conjunction with the Board, the development of the Bank's ESG strategy.
- ✓ To lead and oversee the implementation of the Bank's long and short-term plans in accordance with its strategy.
- ✓ To ensure that the Bank is appropriately organized and staffed to enable it to achieve the approved strategy.

- ✓ To assess the principal risks of the Bank and to ensure that these risks are being monitored and managed.
- ✓ Set appropriate KPIs for senior management which will help in achieving the ESG goals of the Bank.
- ✓ To ensure effective internal controls and management information systems.
- ✓ To ensure effective communication with shareholders, employees, Government authorities, other stakeholders and the public

5.4 Executive Committee

An executive-level committee shall be constituted to oversee the Bank's ESG and climate strategy and monitor its implementation across operations. E&S committee, headed by MD & CEO shall also act as the ESG committee of the Bank and oversee the overall implementation of ESG initiatives and disclosures. The members and the quorum of the Committee shall also be as per the Board approved ESMS Policy. However, senior members from HR, Corporate Services, IT, CSR and Service Quality etc. shall also be invited to the meeting on a need basis to such E&S committee, which discusses the ESG related items.

The major responsibilities of the committee are:

- ✓ Actively support the Board and Managing Director & CEO in devising the ESG and climate strategy of the Bank.
- ✓ Roles and responsibilities of the various functional departments shall be identified and assigned.
- ✓ Monitoring, measurement and evaluation of the implementation of the strategy including KPIs and targets.

The Committee shall meet at least on a quarterly basis.

6 ESG Policy Framework

The Bank is committed to improve its ESG performance and to promote best practices within its business operations and key value chain by focusing on the below mentioned areas:

6.1 Environment

The Bank is committed towards minimizing the impacts of climate change on the natural environment. The Bank is committed to initiate actions on increasing clean energy generation and reduction of Green House Gas (GHG) emissions. The Bank also aims to create a sustainable supply chain for its operations. The Bank shall develop and incorporate sustainable practices that reduce operational carbon footprint within each functional domain, support the transition to a low-carbon economy, and initiate steps to measure greenhouse gas (GHG) emission.

6.1.1 ESMS

The Bank has put in place a Board approved Environmental and Social Management System (ESMS) policy for its lending operations. Adoption of ESG practices in lending will enable the Bank to remain committed to the cause of Sustainable Development. Bank has chosen Performance Standards set by International Finance Corporation to assess Environmental & Social (E&S) risks associated with its lending operations. Bank has also identified certain sectors which has significant negative impact to environment and society to which lending is restricted. The Bank provides green loans to Energy

Efficiency, Renewable Energy, Green Buildings and Special Climate related projects. The detailed policy can be accessed here:

<https://www.federal.bank.in/documents/10180/45777/Environmental+and+Social+Management+system+%28ESMS%29+Policy+July.pdf/d8b4df0b-d6c6-9dfc-ff77-8903886bd541?t=1690350626600>

6.1.2 Energy

The Bank is committed to measuring and monitoring energy consumption across its operating units to implement energy-efficient programs and achieve reductions in overall energy use. The Bank's initiatives shall be focused towards:

- ✓ Promote the construction, leasing, and maintenance of green-certified premises in accordance with Green Building Code Standards, wherever feasible .
- ✓ Encourage the use of energy-efficient equipment in offices by promoting the use of LED lighting, preferring BEE-certified energy-efficient appliances, installing sensor-based lighting in low-occupancy areas, and switching to refrigerants with a low carbon footprint.
- ✓ Install solar energy harvesting systems for harnessing solar energy.
- ✓ Source green energy wherever feasible.

6.1.3 GHG Emissions

The Bank is committed to conducting an annual carbon footprint assessment and reporting Scope 1, Scope 2, and Scope 3 greenhouse gas emissions. In addition, the Bank will progressively disclose its financed emissions in a phased manner, aligned with recognised international standards.

6.1.4 Water Consumption, Effluent and Waste Generation

Water is a vital and limited resource. The Bank remains committed to ensuring judicious use of water resources. In addition, the Bank will continue to promote water conservation initiatives, including recycling and reuse wherever feasible.

The Bank shall endeavor to reduce waste and effluents by opting reduce, reuse, and recycle approach towards disposal of waste; majorly focused on E-waste and Single Use Plastics (SUPs) in line with the regulatory requirements and/or industry best practices. The Bank shall take responsibility for its waste and would dispose it according to Government guidelines.

6.1.5 Environmental Compliance

The Bank shall comply with all the applicable environmental laws and regulations in its operations.

6.1.6 Sustainable Sourcing & Procurement Practices

The Bank aims towards making its key value chain sustainable in a phased manner and is committed to progressively enhancing the depth and width of its engagement with its suppliers and vendors to integrate responsible business practices in their operations. The Bank expects its vendors and suppliers to share the same values and principles as the Bank itself. The Bank's suppliers must at a minimum conduct their business lawfully with integrity, must respect human rights, rights of indigenous peoples and labour rights. The Bank strives to ensure that the operations of its material vendors and suppliers are conducted in a manner that minimizes harm to the biotic and abiotic environment.

The Bank encourages its value chain partners also to adhere to sustainable and ethical practices while conducting their businesses. The Supplier Code of Conduct made available on the website of the Bank

outlines our expectations for suppliers in the areas of human rights, labour standards, environmental protection, and ethical business practices. The Bank shall also explore measures to increase the share of local suppliers in its procurement portfolio through preferential procurement.

6.2 Employee Wellbeing and Social Commitment

On a larger level, the Bank is focused on serving the community by providing equal employment opportunities. The core strength of the Bank is its employees and their health, safety and well-being is its prime motive. Bank encourages people from diverse backgrounds and provide them with equal opportunities wherever possible. Some of the actions hereunder is also applicable to its value chain partners.

6.2.1 Employment

The Bank is committed to the principle of equal employment opportunity for all employees and to providing employees with a work environment free of discrimination and harassment. All employment decisions at the Bank are based on business needs, job requirements and individual qualifications, without regard to race, colour, religion or belief, social or ethnic origin, sex (including pregnancy), age, physical, mental or sensory disability, HIV Status, sexual orientation, gender identity and/ or expression, marital status, family medical history or genetic information, family or parental status, or any other status protected by the laws or regulations in the locations where the Bank operates.

6.2.2 Freedom of Expression & Association

Employee groups from various backgrounds, interests, and skillsets help support and promote networking, community involvement, and cultural enrichment. The Bank acknowledges its employees' right to gather, communicate, and join associations of their choice on topics relating to their employment. The Bank supports the right of any employee to seek representation, participate in internal employee resource groups, and engage in collective bargaining in line with local legislation.

6.2.3 Occupational Health and Safety

The Bank is committed to providing healthy and safe working conditions to all its employees. The Bank shall regularly perform risk assessment in terms of hazard identification exercise covering ergonomic risks, fire risks, health hazards and other workplace hazards. In addition, the Bank shall conduct electrical safety audits to ensure compliance with safety standards and minimize potential risks.

The Bank shall also strive to ensure that health and safety risk are minimized within its own operations as well as in its suppliers/ partners/ vendors. The Bank shall take reasonable measures to provide health and safety awareness training to its employees and identified other external stakeholders. The Bank's Supplier Code of Conduct shall define the expectations from the suppliers on health and safety management systems at their facilities.

6.2.4 Training and Education

The Bank is committed to building and sustaining quality Human Capital, competent across a wide spectrum of functional, technical and behavioural skillsets that are relevant to changing times. Learning and development initiatives are focussed on Business and Individual Growth (B.I.G.), for which the Bank provides equal opportunities for all employees, through various phygital channels such as mandatory, role-specific, self-paced/optional learning programs, instructor-led online/offline

training, certifications support etc. Besides continuous upskilling and reskilling of serving employees, the Bank also assists in career transition and provides retirement specific training to its superannuating employees. In addition, the Bank keeps up its efforts to provide periodic trainings to all employees to sensitize them on the Bank's Value framework CARES with Sustainability as one of its Core Values, as well as its policies on diversity, non-discrimination and prevention of sexual/non-sexual harassment etc. The Bank shall make efforts to ensure that all concerned are familiar with these policies and are aware that any complaint in violation of such policies will be investigated and resolved appropriately.

6.2.5 Diversity and Equal Opportunity

The Bank supports economic development by encouraging equal opportunities and supporting its diverse background of staff. The Bank will provide fair and equal employment and advancement opportunities to all its employees, irrespective of race, caste, color, age, sex, disability and socio-economic status. The Bank is committed to creating a workplace in which every individual, regardless of disability, can do meaningful work as required under the Rights of Persons with Disabilities Act, 2016. The HR policy elaborates the Diversity and Equal Opportunity Policy of the Bank.

6.2.6 Prohibiting Harassment (non-sexual harassment)

The Bank deals strictly with issues concerning immoral treatment of employees, such as mental or physical coercion or verbal aggression and slavery. The Bank is committed to ensuring that all relationships among persons in the office will be business-like and free of explicit bias, prejudice and harassment.

6.2.7 Women Safety

The Bank has a zero-tolerance standpoint/policy on Prevention of Sexual Harassment (POSH). Fair and transparent investigations are carried out against the reported cases of sexual misconduct.

6.2.8 Child Labour/Forced Labour

The Bank has a zero-tolerance towards child and forced labor and is committed to take required actions to ensure no child labor or forced labor is engaged in any activities that occur at Bank's own operations and in its value chain.

6.2.9 Non-discrimination

The Bank prohibits discriminatory behavior towards its customers/ suppliers/ employee and other relevant stakeholders on the grounds of race, caste, color, age, sex, physical ability, and socio-economic status of the person.

6.2.10 CSR Commitment

The Bank strongly believes that the economic and financial performance of the Bank relies on both environmental and societal wellbeing. Being a responsible corporate citizen, the Bank gives back to the environment and society through its Corporate Social Responsibility (CSR) activities, in addition to conducting the businesses in a responsible manner. In consonance with Schedule VII the Companies Act, 2013, the function of the CSR is executed through the Federal Bank Hormis Memorial Foundation, a trust created for carrying out the CSR activities of the Bank. The CSR policy of the Bank is approved by the Board and the policy is accessible to all stakeholders from the website of the Bank.

<https://www.federal.bank.in/documents/d/guest/csr-policy-2025-26>

6.2.11 Responsible Lending

The Bank also fulfills its social commitments through its responsible lending practices. The Bank takes conscious steps to provide banking services to the needy (Loans to small and marginal farmers, Microfinance to SHG/ JLG, Rural Banking and Financial inclusion) and also finance and entities that benefit society (MFIs, Affordable Housing finance Education, Health, MSME etc).

6.2.12 Human Rights

The Bank encourages and recognizes the role business can play in the protection of human rights. Bank continuously strives to be zero tolerant for any violations of human rights in its operations as well as its supply chain.

The Bank strives to promote human rights into its own operations and its supply chain by preventing child labour, forced labour, human trafficking, and discrimination in any form.

In order to be committed and respectful towards human rights of the Bank's workforce and stakeholders, the Bank shall organize workshops and other programs to make employees and key vendor groups aware about human rights on a periodic basis.

- The Bank shall provide training w.r.t. human rights policy to its employees.
- Redressal mechanism: The Bank aims at minimizing instances of complaints and grievances through a progressively good work environment and review mechanism in order to ensure prompt redressal of complaints and grievances regarding human rights. The Bank shall put in place a system where any employee can submit a complaint, query, suggestion, or grievance (in writing) related to any violation of human rights occurred on the premises or through the operations of the Bank. The Bank shall have a dedicated grievance redressal mechanism in place and all the complaints and grievances regarding human rights shall also be addressed/redressed as per the same.
- The Bank's Environment and Social Management System (ESMS) shall provide guidance on the due diligence process to identify and assess the potential risks and impacts related to human rights violations with respect to the lending portfolio.
- The Bank shall require its vendors and suppliers to adhere to the Supplier Code of Conduct and include contractual clauses that uphold human rights obligations. These measures ensure that all partners operate in alignment with ethical standards and respect for human rights across the value chain.

6.2.13 Minimum Wage

The Bank shall ensure adherence to the State and Central Government norms on minimum wages to employees and contract workers. There shall not be any discrimination based on the sex, while deciding the wages. Agreements with vendors and suppliers shall include clauses requiring compliance with applicable minimum wage regulations and labour standards.

6.3 Governance

The Bank is determined to adhere to its strong code of conduct for its business to nurture sustainability. The Bank has integrated ESG factors into its operating structure required for the effective attainment of the commitments to achieving long-term sustainability and improvement in the ESG aspects.

Compliance with regulatory laws, corporate governance and ethical integrity are the foundational pillars of Bank's overall governance structure.

6.3.1 Discrimination and Harassment – Escalation & Disciplinary Action

For cases relating to Sexual harassment, the Bank has established an Internal Complaints Committee (ICC) as required by the law that investigates cases of sexual misconduct and investigates them through a fair and transparent process and takes action against erring employees. For cases related to non-sexual harassment and other forms of discrimination and unethical conduct, the Bank encourages reporting of all perceived incidents of discrimination, harassment or retaliation, regardless of the offender's identity or position. The Bank shall maintain confidentiality throughout the investigatory process to the extent consistent with adequate investigation and appropriate corrective action. Upon conclusion of the investigation, any misconduct affirmed constituting harassment, discrimination or retaliation will be dealt with appropriately. False and malicious complaints of harassment, discrimination or retaliation (as opposed to complaints that, even if erroneous, are made in good faith) may be the subject of appropriate disciplinary action.

6.3.2 Whistle Blower Policy

The Bank has a Whistle Blower Policy termed as Protected Disclosure Scheme (PDS) with a view to enhance public confidence in the Bank and in compliance of RBI directions in this regard. The policy aims at establishing an effective vigil mechanism in the Bank to quickly spot aberrations and deal with it at the earliest. It is disseminated among the employees assuring confidentiality and protection to the whistle blower against any personal vindictive actions such as humiliation, harassment or any other form of unfair treatment. Directors and Employees of the Bank, employee representative bodies, customers, stakeholders, non-governmental organizations (NGO) and members of the public can lodge complaints / disclosures under this scheme. A dedicated e-mail ID is provided for sending complaints/disclosures under PDS. The detailed policy is available in the Bank's website for reference.

<https://www.federal.bank.in/documents/10180/45777/PDS.Whistle+Blower+Policy+25-26.pdf/558aea51-1335-4546-9c9a-28c5030377a1?t=1753881652467>

6.3.3 Grievance Redressal Mechanism & Escalation Process

The Bank has a transparent Grievance Redressal Mechanism in place to ensure that complaints are resolved quickly and effectively. All stakeholders including customers can contact us via a variety of channels, including call center, phone banking applications, website, net banking applications and branches.

The customer/stakeholder is having full right to register a complaint if they are not satisfied with the services provided by the Bank. If the complaint is not resolved within the prescribed time or if the complainant is not satisfied with the solution provided by the Bank, they can approach Banking

Ombudsman with their complaint or other legal avenues available for grievance redressal. The detailed policy is available in the Bank's website for reference:

<https://www.federal.bank.in/documents/10180/45777/POLICY+FOR+CUSTOMER+GRIEVANCE+REDRESSAL.pdf/60eb733b-3d5b-40ee-9c7f-6cb2fc1b26ee?t=1752067608536>

Bank shall also provide contact details for investors and other external stakeholders including civil society organization to submit their grievances related to any ESG issues.

6.3.4 Anti-corruption and Anti-bribery

The Bank expects its stakeholders to adhere with the principles of integrity, ethics, and responsibility. Charitable contributions and political donations are not allowed to retain business. The Bank has a zero-tolerance approach to acts of bribery and corruption, by employees or anyone acting on behalf of the Bank. The Bank has 'business line champions' responsible for anti-bribery work in their area of business; making public aware of the organization's anti – bribery policies by publishing them online; and governance by ensuring that the Senior Management is equipped to fulfil the role required to assist with anti- bribery actions. Targeted training of employees including the organization's policies and procedure with reference to the provisions of the laws, penalties for committing an offence under the Act; social and economic effects of failing to prevent bribery and explaining how and when to seek advice and report any concerns or suspicions of bribery are undertaken.

Any breach of this policy, for e.g., any kind of bribe, gift, fee, coupons, sponsoring entertainment and luxury activity will be regarded as a serious matter by the Bank of which is likely to result in disciplinary action. The Bank will continue to strengthen its internal controls to ensure that it effectively prevents, detects, and investigate such practices.

<https://www.federalbank.co.in/documents/10180/45777/Policy+on+Anti+-+Bribery+and+Corruption+%28ABC%29.pdf/10c35a9d-7265-7791-6bd6-d165e648f34a?t=1672122690405>

6.3.5 Policies & Standards

The Bank shall put in place adequate policies, controls and procedures to govern itself, make effective decisions, comply with the law and meet the needs of external stakeholders. The policies shall clearly delineate roles and responsibilities of various functional units and ensure conflicts of interest do not arise.

6.3.6 Compliance Management

The Bank shall comply with all the applicable State and National laws and regulations. The Bank also expects its vendors/ suppliers and third-party service providers to adhere the same.

6.3.7 Marketing and Labelling

The Bank believes in clearly communicating its terms and conditions to its customers and other shareholders. The Bank has put in place Code of Customer Rights, which sets minimum standards of banking practices that Bank will follow while dealing with individual customers.

6.3.8 Customer Privacy

The Bank is committed to make customer service available for its users digitally without compromising on its security. Cyber security and customer data protection are material issues for the Bank which are addressed as per the industry best practices and applicable regulations.

6.3.9 Policy Advocacy

The Bank ensures highest level of transparency in all matters involving policy advocacy and generally takes up such matters through trade and industry chambers and associations such as IBA and other similar collective platforms. The Bank ensures that its policy advocacy position promotes fair competition and respect for human rights.

7 ESG Disclosures and Reporting

The Bank shall endeavor to disclose its ESG information in relevant ESG indices, forums, reporting standards to demonstrate its commitment to stakeholders. The Bank shall publish its corporate governance disclosures in the Annual Report. The Bank shall comply with the BRSR requirements including BRSR Core as mandated and amended by SEBI from time to time. The Bank shall aim to communicate its ESG performance in line with National and International frameworks with its stakeholders annually. Bank shall follow the format for BRSR as prescribed vide SEBI Circular dated July 12, 2023 and given below, till any further changes by SEBI.

https://www.sebi.gov.in/sebi_data/commondocs/jul-2023/Annexure_II-Updated-BRSR_p.PDF

The Bank shall conduct a materiality assessment every of 2 – 3 years to identify key ESG risks and priorities . This assessment shall be conducted after due consultation with internal and external stakeholders. The process shall be guided by recognized standards and best practices established by national and international bodies

Bank shall also aim to get the critical aspects of the sustainable report (such as BRSR Core) externally assured, in line with the requirements of SEBI. The selection of assurance provider shall be in compliance with the SEBI guidelines and ensuring that there is no conflict of interest between the Bank and the assurance provider. Audit committee of the Board shall be responsible for the selection of external assurance provider, duly ensuring that they meet the required eligibility criteria as per SEBI guidelines.

8 Custodian and Review of Policy

ESG Division of the Bank shall be the custodian of the Policy. The policy shall be reviewed and approved by the Board of Directors at least on an annual basis.