



**ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY**  
**OF**  
**THE SOUTH INDIAN BANK LTD**

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# ESG POLICY

## I. Introduction

One of the earliest banks in South India, “The South Indian Bank Ltd” came into being during the Swadeshi movement. The establishment of the bank was the fulfillment of the dreams of a group of enterprising men who joined together at Thrissur, a major town (now known as the Cultural Capital of Kerala), in the erstwhile State of Cochin to provide for the people a safe, efficient and service oriented repository of savings of the community on one hand and to free the business community from the clutches of greedy money lenders on the other by providing need based credit at reasonable rates of interest.

Translating the vision of the founding fathers as its corporate mission, the bank has during its long sojourn been able to project itself as a vibrant, fast growing, service oriented and trend setting financial intermediary.

The ESG policy of the Bank outline the Bank's commitment to integrating Environmental, Social, and Governance factors into operations, risk management, and investment decisions. Our strong foundation of corporate governance and ESG led responsible business practices help us to fulfil our duty as a responsible Banker to conduct business sustainably and make a meaningful difference to all our stakeholders.

Our Bank is committed to promoting sustainable development and social responsibility, while managing ESG risks and opportunities effectively. We recognize that ESG considerations are an integral part of our business strategy and operations and will continue to work towards achieving our ESG goals and objectives.

## II. Objectives of our ESG Policy:

- Promote sustainable practices and minimize the Bank’s environmental footprint.
- Enhance social impact by considering the needs and interest of various stakeholders.
- Ensure sound governance practices, transparency and accountability within the Bank’s operations.
- Integrate ESG considerations into risk assessment and management processes.
- Incorporate ESG Criteria into investment and lending decisions as defined in Environment and Social Management System (ESMS) Policy of the Bank to support sustainable and responsible economic activities
- Engage with stakeholders to understand their ESG concerns, address their expectations and foster open dialogue on sustainability issues.
- Provide regular and transparent reporting on Bank’s ESG targets, performance and progress.



### **III. Environment Social Governance (ESG)**

As a financial service provider, we believe that Environmental, Social and Governance (ESG) principles are crucial in our stakeholder satisfaction. We are committed to incorporate ESG considerations into our business strategies and practices, while promoting sustainable development and social responsibility. Our ESG framework reflects Bank's commitment to creating long term value for our stakeholders while contributing to a more sustainable and equitable world. Our Bank recognizes the importance of Environmental, Social and Governance (ESG) factors in decision-making processes and acknowledges the impact its business activities can have on society and the environment.

#### **A. Environment**

With respect to ESG Environment outlines the Bank's commitment to addressing climate change, reducing carbon footprint, minimizing waste and pollution, and promoting sustainable energy and infrastructure development. Environmental responsibility is our duty to protect and improve our environment. Our Bank is committed to minimizing its impact on the environment and managing environmental risks effectively. We will strive to reduce our carbon footprint and energy consumption, promote sustainable procurement and waste management practices, and comply with relevant environmental laws and regulations. We will also support initiatives that address climate change and promote sustainable development.

Being a service industry, Bank has a limited direct damaging impact on environment, compared to manufacturing industry. But our environment responsibility will be:

- Environment & Social Management System (ESMS) Policy for promoting Environment Friendly Projects.
- Management of waste including E-waste
- Reduction the consumption of electricity and Water.
- Water Conservation
- Promoting renewable Energy
- Reduction in the usage of plastic, paper etc.
- Retrofitting existing high energy consuming devices to maximize performance while using less electricity.
- Carbon emission reduction
- Cleaner and Greener process
- ESG products and services.



- Assistance for ESG friendly CSR Projects.
- Responsible disposal of waste

## **B. Social**

Social responsibility articulates the bank's approach to addressing social issues such as human rights, labor standards, community development, diversity and inclusion, and customer protection. Social responsibility is a moral obligation on a company or an individual to take decisions or actions that is in favor and useful to society. South Indian Bank is committed to promoting social responsibility and addressing social issues within the communities in which we operate. We will prioritize diversity and inclusion, equal opportunities, and human rights, and strive to create a workplace culture that fosters respect and fairness. We will also support initiatives that promote education, health, and well-being, and address social and economic inequality.

Our Social Responsibility will include but not limited to the following

- Customer success
- Responsible lending
- Social and Community Investments
- Data hygiene, privacy and security
- Diversity and Inclusion in the work place.
- Non- discrimination and fair treatment
- Employee welfare and diversity
- Community relations
- Building a responsible work culture.
- Focusing on customer satisfaction.
- Financial literacy and Credit Counselling
- Women safety
- Safe work place.
- Promoting Health including mental health and well-being of employees.
- Designing disability friendly branches, ATMs and offices for our customers and employees.

Overall, an ESG policy of our bank reflects its commitment to creating long-term value for its stakeholders while contributing to a more sustainable and equitable world.

## **Stakeholder Engagement**

Stakeholder engagement is the process by which Bank involves people who may be affected by the decisions it makes or can influence the implementation of its decisions. Stakeholders of the Bank are:



- Shareholders
- Investors
- Employees
- Customers
- Regulators
- Value chain partners

**Modes of Communication with stakeholders**

<b>Stakeholder</b>	<b>Method of Engagement</b>	<b>Frequency of engagement</b>
Shareholders	Annual General Meeting Investor presentation Email Earning call Financial Results Stock exchange filing Press release Website	As and when required.
Employees	Email Training Circulars Internal Portal MD’s Town hall meeting Staff meetings Siblink Student Economic Forum	On a regular basis
Customers	Emails Letters Social Media Direct interaction Over Phone Customer Experience Group	Ongoing. Based on customer needs / regulatory requirements / educating customers
Regulators	Letters Email Regulator platforms Stock Exchange filing RBI Returns	On a regular basis
Community	Email Letters	Ongoing.
Value chain partners	Email Letters	As and when required



## **Stages in Stakeholder Engagement**

1. Identification of key stakeholders: The first stage of Stakeholder Engagement is identification of who are the key stakeholders are for the bank. Key Stakeholders of the Bank include customers, shareholders, employees, community members, regulatory bodies, and suppliers.
2. Communication channels: Our stakeholder engagement outlines the communication channels that the bank uses to engage with various stakeholders. These include in-person meetings, online forums, social media, and newsletters.
3. Transparency: Our stakeholder engagement emphasizes on the importance of transparency and open communication and honest in all stakeholder communications.
4. Compliance: Bank's Stakeholder engagement ensures compliance with all legal and regulatory obligations.
5. Regular engagement: Our Stakeholder Engagement outlines a plan for regular engagement with the stakeholders
6. Diversity and inclusion: The bank should ensure that all stakeholders are engaged in a manner that is inclusive and respectful of diversity.
7. Review and evaluation: The bank should use stakeholder feedback to improve the engagement practices.

### **C. Governance:**

Governance highlights the bank's principles and standards for good governance, transparency, accountability, and risk management. This may include measures to prevent corruption and promote corporate integrity. We recognize the importance of strong governance and ethical practices in building trust and credibility with stakeholders. We will strive to maintain a culture of integrity, transparency, and accountability, and ensure that our operations are conducted in compliance with applicable laws and regulations. We will also establish clear policies and procedures for managing ESG risks and opportunities, and monitor and report on our progress regularly.

- Composition of Board of Directors. Executive compensation guidelines
- Political contributions and lobbying
- Venture partner compensation
- Hiring and onboarding best practices
- Compliance to all Regulatory Guidelines (Companies Act, 2013, RBI regulations, Banking Regulations Act, 1949, SEBI, FEMA, GST, Income Tax and other regulations applicable to Bank)



- Internal Control
- Audit
- Timely disclosures
- Leadership and oversight- Policy on Code of Conduct for Board and Senior Management. (for ensuring a transparent management and to avoid conflict of interest.)

### **ESG Structure in the Bank**

- Corporate Social Responsibility Committee of the Board is responsible for overseeing Environmental, Social and Governance activities of the Bank.
- For effective implementation of ESG in our Bank, Bank has constituted an Executive Level Committee which reports to the Corporate Social Responsibility Committee of Board. Executive Level Committee is responsible for supervision and implementation of ESG in the Bank. The Executive Level Committee is headed by EVP & Chief Business Officer. HR Head, Chief Financial Officer, Chief Risk Officer, Chief Compliance Officer, Company Secretary, Chief Information Officer, Chief Security Officer are the members of Executive Committee.
- Implementation and reporting: The Executive committee will monitor, measure, and report on ESG performance quarterly.

### **Measures and procedures adopted to implement ESG policy**

- Conduct regular ESG risk assessments and develop risk management plans to address identified risks.
  - Develop an ESG action plan with measurable targets and timelines, and regularly review progress against the plan.
  - Integrate ESG considerations into decision-making processes, including lending, investments as per ESMS policy, and procurement decisions.
  - MD & CEO is authorized and identified as highest authority for implementing ESG in the Bank.
  - Provide training and awareness programs for employees on ESG issues and the importance of incorporating ESG considerations into their work.
  - Engage with stakeholders, including customers, supply chain partners, employees, and shareholders, to understand their ESG concerns and expectations.
  - Report on our ESG performance regularly as per statutory requirements.
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