



ESG POLICY

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**IDBI Bank Ltd.
Mumbai**

INDEX OF CONTENTS

1) ABOUT IDBI BANK.....	1
2) OBJECTIVE OF ESG POLICY	1
3) IMPLEMENTATION OF THE ESG POLICY	1
4) OVERSIGHT OF THE ESG POLICY	2
5) KEY FOCUS AREAS OF THE ESG POLICY.....	2
5.1 Ethical Business Practices.....	2
5.2 Corporate Governance	3
5.3 Lending Activities.....	3
5.4 Sustainable and Safe Operations.....	4
5.5 Employees.....	5
5.6 Stakeholder Inclusivity	6
5.7 Customers.....	6
5.8 Environmental Performance	7
5.9 Vendors/ Service Providers.....	8
5.10 Public Advocacy	8
5.11 Community Development.....	8
5.12 Cyber Security and Information Security	9
6) REVIEW OF THE ESG POLICY	9

ESG POLICY

1) ABOUT IDBI BANK

- 1.1 IDBI Bank Ltd. is a commercial bank that touches the lives of millions of Indians through a wide array of banking products and services. Inheriting a rich legacy from its predecessor entity, viz. Industrial Development Bank of India – the apex Development Financial Institution (DFI), the Bank is a committed partner to the nation in its progress through its varied endeavours. In the same spirit, the Bank has adopted the Environment, Social & Governance (ESG) Policy which encapsulates its commitment to the national agenda of ensuring inclusive and sustainable development in the country.

2) OBJECTIVE OF ESG POLICY

- 2.1 The ESG policy is intended to align IDBI Bank's overall business and operational objectives with the national and international ESG standards/principles as well as Sustainable Development Goals (SDGs), mandates of the Securities and Exchange Board of India (SEBI) and the Reserve Bank of India (RBI) and relevant global environmental, social, labor, and biodiversity conventions ratified by India. The Bank seeks to align its strategic business objectives with the ESG principles with its envisaged key areas of focus enumerated in this Policy. The Bank's ESG Policy has been designed in consonance with the applicable national laws/ regulations and is aimed at positioning the Bank as an ESG-compliant entity through its activities.

3) IMPLEMENTATION OF THE ESG POLICY

- 3.1 The ESG Policy is intended solely as an overarching framework for guiding the business activities of the Bank. Based on the focus areas identified in the Policy, the Bank shall endeavour to integrate ESG dimensions into its varied areas such as business strategy, product/ service lines, policies, operations etc. The Policy shall act as the guiding document for a structured implementation of the ESG through resource allocation, capacity building, monitoring of performance and

to implement structural improvement to enhance the Bank's performance under the ESG parameters.

- 3.2 The ESG Policy must be read with the other policies/ guidelines of the Bank which cater to the considerations under the focus areas defined herein. The ESG Policy of the Bank shall be made available to its stakeholders on the intranet as well as its website (www.idbibank.in) to drive its commitment towards the meaningful implementation of the ESG principles in its day-to-day operations.

4) OVERSIGHT OF THE ESG POLICY

- 4.1 As a part of the structured implementation of the ESG policy, the CSR & ESG Committee of the Board will be responsible for oversight and implementation of ESG initiatives. The Management Committee of CSR, ESG & Publicity of the Bank, comprising of senior executives, will be responsible for monitoring the performance under stated objectives on a periodic basis to provide an added impetus to the Bank's ESG agenda.

5) KEY FOCUS AREAS OF THE ESG POLICY

IDBI Bank has derived its key focus areas of the ESG policy based on the materiality assessment and its strategic imperatives. The focus areas are subject to review in the view of the rapidly evolving business environment and emerging stakeholder preferences.

5.1 Ethical Business Practices

- 5.1.1 The Bank prioritises ethical and lawful business conduct. The Bank believes in free and fair competition and does not subscribe to any unethical or illegal business practices to gain competitive advantage. The Bank does not use any information, material, intellectual property or confidential information of any stakeholders for its business operations. The Bank shall ensure that none of its operations condone any third party's transgression of any of the National Guidelines on Responsible Business Conduct (NGRBC) Principles.

5.2 Corporate Governance

- 5.2.1 The Bank's corporate governance framework is compliant with the applicable policy/ regulatory directives of the Government of India and the concerned regulatory authorities. The Bank's Board of Directors shall provide effective oversight and maintain an environmentally and socially responsible culture while providing strategic leadership for prudent economic performance. The Bank shall remain committed to maintaining the highest standards of ethics, corporate governance and regulatory compliance. The Bank shall constantly work towards promoting and upholding good governance practices.
- 5.2.2 The Bank is also committed to a fair, uniform and universal disclosure and dissemination of unpublished price sensitive information in compliance with all applicable laws. Accordingly, the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ensures disclosure of events and occurrences that would impact price discovery in the market no sooner than credible and concrete information comes into being in order to make such information generally available.

5.3 Lending Activities

- 5.3.1 The Bank is committed to assess and mitigate environmental & social risks in its lending portfolio, especially in the corporate portfolio. At the same time, the Bank shall ensure that there is adequate flow of credit to the productive sectors of the economy, especially to the priority sectors. The Bank, through its lending activities, shall endeavour to ensure fair and transparent access to credit to individuals/ entities in a manner that it promotes inclusive and equitable development. The Bank shall strive to ensure that its lending activities are compliant with applicable Indian laws and regulations as well as any multilateral environmental, social and biodiversity agreements and/ or conventions ratified by India. To the best possible extent, the Bank shall refrain from lending to activities which adversely impact the environment, violates human or animal rights or deemed illegal as per national/ international laws. The Bank proposes to develop a comprehensive list of prohibited activities, which are detrimental to

environment and society, in due course and shall avoid financing projects in the prohibited list.

- 5.3.2 The Bank shall incorporate elements of socio-economic considerations and environmental impact into its credit decisions during the credit appraisal process. In order to limit its exposure to ESG-related risks, the Bank shall endeavour to integrate ESG factors in its credit appraisal process. Towards this end, the Bank shall define the criteria for due diligence, evaluation and ranking of borrowers from an ESG perspective. The Bank shall endeavour to support capacity creation in sectors like renewable energy, waste management and energy efficiency etc. which promote sustainable practices. The Bank shall also strive to consider ESG and climate-related factors, as applicable, in its risk platform. The Bank proposes to conduct a detailed portfolio risk assessment and increase its ESG-based lending in the coming years.

5.4 Sustainable and Safe Operations

- 5.4.1 The Bank shall strive to ensure that its operations have minimal adverse impact on environment and social aspects by promoting use of sustainable products and services across its operations. The Bank shall also strive to make its physical premises 'green' by promoting use of sustainably sourced materials. The Bank shall also encourage sustainable use of products and services by disseminating knowledge through trainings and awareness programs amongst its employees.
- 5.4.2 The Bank is committed to playing its part in the transition towards a low carbon and resource efficient economy through adoption of low-carbon strategies, technologies, and business processes in its operations. Furthermore, the Bank shall regularly monitor its performance to improve existing systems and processes to minimize the adverse environmental and social impacts.
- 5.4.3 The Bank shall endeavour to engage with business partners/associates, including local suppliers and vendors, who embed responsible practices in their operations and provide sustainable services.
- 5.4.4 Health and safety of its employees is of paramount importance to the Bank. In addition to maintaining highest standards of safety in its premises, the Bank shall

provide training and awareness programs to all its employees on health and safety at the workplace along with training regarding fire safety hazards, ergonomics and mental wellbeing at the workplace. The Bank shall strive to ensure that the vendors/ service providers engaged by it also accord due importance to the health and safety of their employees.

5.5 Employees

5.5.1 The Bank shall continue to provide opportunities for employment in line with applicable statutory and regulatory guidelines. The Bank's Policy on Equal Opportunity and Diversity pledges its commitment on preserving diversity and inclusion in the organisation. The Bank shall continue to align learning programmes to enhance skill development of employees and to imbibe a culture of compliance and ethics. The Bank shall continue to provide comprehensive employee well-being benefits, viz. financial and non-financial, aimed at holistic development of employees and to ensure optimal work-life balance. The Bank shall continue to provide a safe and conducive work environment, appropriate healthcare and medical benefits to promote the welfare of employees. The Bank is committed to implement the statutes under the Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013 (POSH Act) and has put in place Internal Committees headed by senior officers, in line with the provisions of the Act. The Bank recognises that a harassment-free workplace is essential for conducive work environment. The Bank's policies and systems are designed to prevent such instances and address them suitably. The Bank's code of conduct/ conduct rules guide employees on maintaining professionalism and integrity by upholding ethical behaviour, protecting the Bank's reputation, and fulfilling social responsibilities.

5.5.2 The Bank is open to employee suggestions and encourages constructive and honest feedback from all employees. The Bank also has a Grievance Redressal Mechanism to deal with employee grievances. The Bank shall continue to promote a culture of compliance, integrity and ethics amongst its employees.

5.5.3 Considering the growing importance of compliance to ESG-related statutory and regulatory norms as well as to enhance its positioning as an ESG conscious entity, the Bank shall endeavour to raise awareness among its employees. Towards this end, the Bank shall also endeavor to impart ESG-focused training and work towards capacity building among its employees to support the implementation of the ESG-related matters.

5.6 Stakeholder Inclusivity

5.6.1 The Bank believes in developing and maintaining long-term relationships with its stakeholders and believes that close communications is the key to creating value for its stakeholders. Keeping this in mind, the Bank has put in place systems and procedures to identify the relevant stakeholders, understand their expectations and address their concerns in a fair and equitable manner. The Bank also includes stakeholder opinions in identifying its key material topics as well as developing its business strategy.

5.6.2 The Bank shall endeavor to further build and maintain collaborative and trustworthy relationship with its stakeholders by fostering open and transparent communication with the regulatory and statutory authorities, investors, employees, customers, vendors/ service providers and communities.

5.6.3 The Bank shall endeavor to share and disclose material information to its relevant stakeholders on an annual basis and effectively communicate the results, future plans and achievements by leveraging various digital and other platforms to reach out to all its stakeholders. The Bank shall also endeavor to enhance its disclosures on ESG/ non-financial disclosures through a combination of statutory and voluntary reporting.

5.6.4 The Bank has provided a secure mechanism to its stakeholders to report any unethical and improper practices taking place in the Bank for appropriate action.

5.7 Customers

5.7.1 The Bank shall continue to promote fair and transparent dealings with its customers and continue to promote easy and equitable access to financial services to the marginalised and excluded sections of the society. The Bank shall

leverage latest technology to provide smooth and uninterrupted services to its customers by enhancing the ease and convenience of services. The Bank shall continue to review its current offerings on a periodic basis to cater to the changing customer preferences. The Bank has a robust system of policies and processes in places, viz. Customer Care Policy, Customer Rights Policy, Grievance Redressal Policy, Customer Compensation Policy, etc. to engage with customers and to understand their concerns and provide solutions in a timely manner.

5.7.2 The Bank is committed to provide customers with best-in-class products and services and maintain transparent communication with them at all times.

5.7.3 The Bank shall align its services to offer social and environmentally linked products with an aim to creating sustainable and long-term value for its customers. The Bank also encourages the integration of responsible systems and standards to reduce and mitigate detrimental effects of corporate operations on all facets of society, including customers.

5.8 Environmental Performance

5.8.1 The Bank is committed to conducting its business sustainably by reducing the environmental impact of its operations. The Bank shall strive to support India's Net-Zero 2070 target by reducing the direct and indirect (through its lending and investment portfolio) greenhouse gas emissions. In order to combat climate change, the Bank has implemented initiatives to reduce its energy consumption and consequently, its carbon footprint. The Bank's initiatives in this regard include implementing use of renewable energy sources, energy efficient lighting and equipment solutions in its office spaces. The Bank shall strive to ensure responsible and safe disposal of waste. The Bank has also adopted measures for water management in its operations, including recycling and reuse. The Bank shall also consider implementing rainwater harvesting systems in its office/residential buildings to further its responsible environmentally practices. Consciously striving to reduce the paper usage in its day-to-day operations and business transactions, the Bank has been promoting digitalisation of various

internal and customer-facing processes. The Bank shall strive to ensure that its products/ services and operational activities are not detrimental to natural resources and humans and is in compliance with the applicable local/ national/ international laws/ regulations. The Bank shall endeavor to encourage use of public transport and electric vehicles for the official purpose.

5.9 Vendors/ Service Providers

5.9.1 The Bank shall continue to work towards greater integration of environmental and social considerations in its procurement practices. The Bank shall endeavour to work closely with its vendors/ service providers to improve its performance under the ESG parameters by encouraging them to take measures for sustainable practices such as waste management, use of renewable resources, adherence to national and local labour laws and protection of human rights including child, forced or trafficked labour, etc. Towards this end, the Bank proposes to develop framework/ code of conduct for its vendors/ service providers in due course to promote sustainable sourcing.

5.10 Public Advocacy

5.10.1 The Bank is committed to engage in public advocacy process in a responsible and ethical way by participating in discussions with the governments, policymakers, regulators, industry bodies/ trade associations and other stakeholders on matters related to ESG. Drawing upon its years of experience of working side-by-side with governments, businesses, communities and people, the Bank shall effectively leverage its public advocacy platforms to promote integration and implementation of ESG norms/ guidelines in the banking space.

5.11 Community Development

5.11.1 In a world of accelerated social change and pressing environmental concerns, caring for the communities has become more significant than ever before. The Bank shall continue to engage with communities through its CSR activities to make positive contribution towards economic, environmental and social well-being of communities as permitted by applicable laws and guidelines.

5.12 Cyber Security and Information Security

- 5.12.1 The Bank, guided by its Cyber Security Policy, has established a comprehensive and robust mechanism in place to ensure highest degree of data protection. The Bank, guided by Information Security Policy, shall continue to adhere to the principles of Confidentiality, Integrity and Availability (CIA) with respect to information security. A Board-level Committee oversees effective implementation of data privacy and information security in the Bank.

6) REVIEW OF THE ESG POLICY

- 6.1 The ESG Policy of the Bank shall be reviewed annually or earlier when significant changes occur, in order to reflect the latest policy/ regulatory directions/ guidelines issued by the Government of India (GoI), the Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI) and any other statutory/ regulatory authority as applicable for the Bank. The Bank would be measuring and monitoring the impact of the ESG Policy through the Business Responsibility & Sustainability Report (BRSR) which will be published annually as per the format prescribed by the SEBI for ESG disclosures.

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APPENDIX**Abbreviation**

Sr. No.	Abbreviation	Full Form
1.	BRSR	Business Responsibility & Sustainability Report
2.	CIA	Confidentiality, Integrity and Availability
3.	CSR	Corporate Social Responsibility
4.	DFI	Development Financial Institution
5.	ESG	Environment, Social and Governance
6.	GoI	Government of India
7.	MCCSR & ESG	Management Committee of CSR & ESG
8.	NGRBC	National Guidelines on Responsible Business Conduct
9.	POSH Act	Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
10.	RBI	Reserve Bank of India
11.	SDGs	Sustainable Development Goals
12.	SEBI	Securities & Exchange Board of India