

## Annexure - I

# SUSTAINABLE DEVELOPMENT & BUSINESS RESPONSIBILITY POLICY 2023-24

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### Sustainable Development and Business Responsibility Policy 2023-24

#### 1. Introduction:

Banks are seen as critical components of the social system in recent times, they are accountable not merely to their shareholders from a revenue and profitability perspective but also to the larger society which is also its stakeholder. Hence, adoption of responsible business practices in the interest of the social set-up and the environment are as vital as their financial and operational performance. This is all the more relevant for banks which, considering the fact that they have accessed funds from the public, have an element of public interest involved, and are obligated to make exhaustive continuous disclosures on a regular basis.

- 1.1 Ministry of Corporate Affairs, Government of India, in July 2011, came out with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' (NVGs). In order to align the NVGs with the emerging global concerns, the Sustainable Development Goals (SDGs), and the United Nations Guiding Principles on Business & Human Rights (UNGPs), the NVGs were revised and released as the National Guidelines on Responsible Business Conduct (NGRBCs) in March 2019.
- 1.2 In November 2018, the Ministry of Corporate Affairs (MCA) constituted a Committee on Business Responsibility Reporting ('Committee') for finalizing Business Responsibility Reporting format for listed and unlisted companies, based on the framework of the NGRBCs. SEBI was also part of the Committee and worked on the report. The report of the Committee was released on August 11, 2020.
- 1.3 The Committee recommended that the Business Responsibility Report be called the Business Responsibility and Sustainability Report (BRSR). These disclosures, which are from an Environmental, Social and Governance ("ESG") perspective that have been recommended in the BRSR, are intended to enable business to engage more meaningfully with their stakeholders, and encourage them to go beyond regulatory financial compliance and report on their Social and Environmental impacts.
- 1.4 In line with the above Guidelines and considering the larger interest of public disclosure regarding steps taken by listed entities from Environmental, Social and Governance ("ESG") perspective, it was decided by SEBI to mandate inclusion of Business Responsibility and Sustainability Report ("BRS reports") as part of the Annual Reports for listed entities.
- 1.5 As per the notification of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), clause (f) of sub regulation (2) of regulation 34 of Listing Regulations, the annual report of bank contains a business responsibility report describing the initiatives taken by bank from an

environmental, social and governance perspective, in the format as specified by the Board.

- 1.6 Therefore, in line with the objective to enhance the quality of disclosures made by listed entities, certain listing conditions are specified by SEBI by way of inserting Clause 55 in the equity Listing Agreement.
- 1.7 **Amendments by SEBI vide SEBI Circular No. SEBI/HO/CFD/CMD-2/CIR/2021/562 dated 10.05.2021:** In term of regulator SEBI (Stock Exchange Board of India) amendment to regulation 34 (2) (f) of LODR (Listing Obligations & Disclosure Requirements) Regulations vide Gazette notification no. SEBI/LAD-NRO/GN/2021/22 dated May 05, 2021, it was decided to introduce new reporting requirements on ESG parameters called the **Business Responsibility and Sustainability Report (BRSR)**. The BRSR is accompanied with a guidance note to enable the companies to interpret the scope of disclosures.
- 1.8 The BRSR seeks disclosures from listed entities on their performance against the **Nine Principles** of the 'National Guidelines on Responsible Business Conduct' (NGBRCs) and reporting under each principle is divided into essential and leadership indicators. The essential indicators are required to be reported on a mandatory basis while the reporting of leadership indicators is on a voluntary basis. Listed entities endeavor to report the leadership indicators also.
- 1.9 The BRSR is intended towards having quantitative and standardized disclosures on ESG parameters to enable comparability across companies, sectors and time. Such disclosures are helpful for investors to make better investment decisions. The BRSR also enables companies to engage more meaningfully with their stakeholders, by encouraging them to look beyond financials and towards social and environmental impacts.
- 1.10 **The format of BRSR and guidance note as prescribed by SEBI are detailed in Appendix-I & Appendix - II.**
- 1.11 Certain key principles to assess the fulfillment of listed entities and a description of the core elements under these principles are detailed in this Policy.

## 2. Applicability

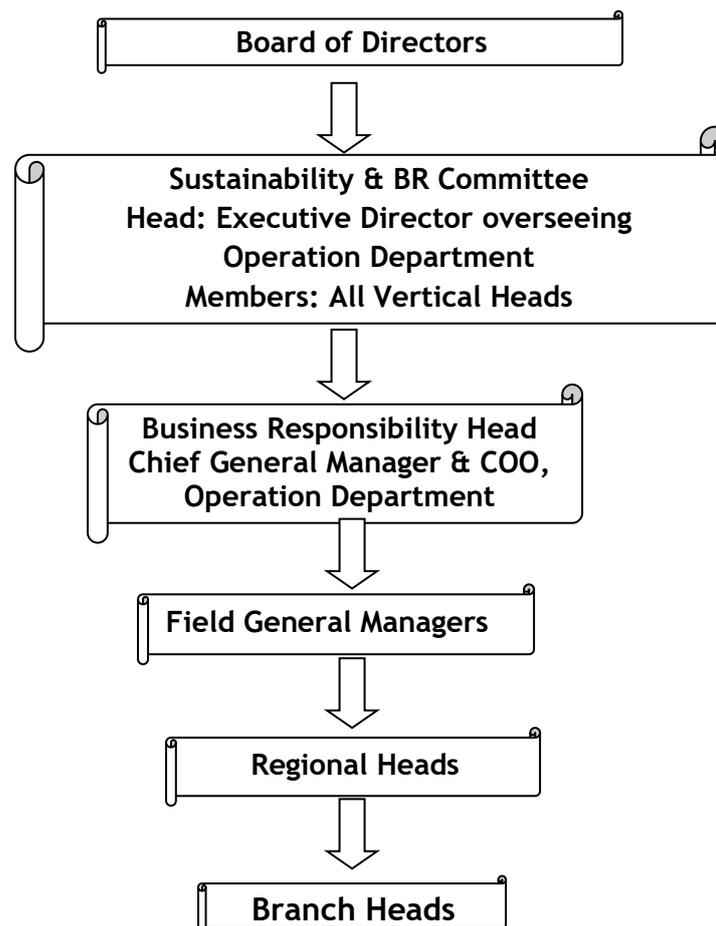
- 2.1 In terms of the aforesaid amendment, with effect from the financial year 2022-2023, filing of BRSR is mandatory for the top 1000 listed companies (by market capitalization).
- 2.2 BSE and NSE independently draws up a list of listed entities to which this is applicable based on the said criteria and disseminate the same in their websites respectively. Other listed entities may voluntarily disclose BR Reports as part of their Annual Reports.
- 2.3 The above listing conditions are specified by SEBI in exercise of the powers conferred under Section 11 read with Section 11A of the Securities and Exchange Board of India Act, 1992, read with **Regulation 101 of the LODR (Listing Obligations & Disclosure Requirements)**. The said listing conditions form part of the existing Listing Agreement of the stock exchange.

### 3. Objective and Scope of the Sustainability and Business Responsibility Policy Statement

- 3.1 The Primary objective of the policy statement is to help direct bank’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.
- 3.2 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, Union Bank of India 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 Member of the Board of the Bank. Employees have also been encouraged to engage in the Bank’s activities and demonstrate sustainable behavior.

### 4. Governance Structure

- 4.1 Incorporating sustainability in day-to-day operations requires strong governance structure and effective risk management. These efforts are coordinated by the Sustainable Development and BR Committee, which reports directly to the Board. This Committee has representation from various departments, including Compliance, human resources and business lines.
- 4.2 The organizational structure for the governance of sustainability management is as follows:



## 5. Implementation

- 5.1** The Sustainable Development and Business Responsibility Policy (SDBR) is available to the employees, regulatory agencies and other stakeholders through the Bank's official website and mechanisms like trainings, workshops, posters, posts on internal web portals etc. All employees are expected to adhere to and comply with the Policy and its individual elements. The Policy is a part of the training program for all Officers so that they are fully aware of its elements, and are committed to its implementation.
- 5.2** The Sustainable Development and BR Committee monitors the implementation of the Sustainable Development and BR Policy throughout the organization, and reports directly to the Board once in 6 months.
- 5.3** The Committee is also responsible for identifying initiatives related to sustainable development and monitoring their effective implementation throughout the organization. The Bank has also put in place adequate grievance-handling procedures in order to address the issues and concerns of various stakeholders. Specific grievances, if any, on this aspects of SDBR are brought to the notice of the Sustainable Development and BR Committee which addresses them appropriately.
- 5.4** The directions of the Committee are implemented by all field functionaries and are co-ordinated by the Business Responsibility Head.
- 5.5** In accordance with the direction of SEBI as regards to mandatory reporting of Business Responsibility and Sustainability Report (BRSR) from financial year 2021-22 (Voluntary) and from financial year 2022-2023 onwards (Mandatory), Bank has to file the BRSR in time. The BRSR is helpful for investors to make better investment decision and also enables the Bank to engage more meaningfully with their stakeholders by encouraging them to look beyond financials. As Investor Services Division, Board Secretariat, CO is overseeing compilation of Annual Report and ensuring compliance with SEBI requirements and other disclosures, the department to file the BRSR in time, at the time of compilation of the Annual Report of the Bank.

## 6. Corporate Social Responsibility

Union Bank of India is committed to the objective of Corporate Social Responsibility (CSR) and integrates it into its business model by creating enablers for social and community development. The Union Bank Social Foundation, a trust set up by the Bank is spearheading its CSR initiatives. Through the trust, the Bank is engaged in empowering people through various developmental initiatives.

## 7. Principle-wise Performance

Union Bank of India is committed to operating and growing its business in a socially responsible way. The Bank is convinced that businesses that address both the direct concerns of citizens and the needs of the environment will prosper over the long term. The bank is committed to this through the various CSR programs. The Bank's goal is to

help people to improve their health and wellbeing and enhance the livelihoods of people as the business grows.

In line with the revised guidelines of National Guidelines on Responsible Business Conduct, 2018, issued by MCA, the Sustainable Development & Business Responsibility of the bank is primarily based on 9 under mentioned Principles:

**7.1 Principle 1: To conduct and govern bank’s business with integrity and in a manner that is Ethical, Transparent and Accountable.**

- i. Bank develops and put in place structure policies and procedures that promote this Principle of ethical conduct at all levels, prevent its contravention and effect prompt and fair actions against any transgressions.
- ii. To promote the adoption of this Principle across the value chain of their business.
- iii. To disclose and communicate transparently and enable access to information about the policies, procedures, performance (financial and non-financial), and decisions of their enterprise, that impact their stakeholders, especially those that are most at risk to business impacts and communities that are vulnerable and marginalized.
- iv. To meet all statutory obligations in line with the spirit of the law, enabling fair competition and ensuring it treats all its stakeholders in an equitable manner.
- v. To ensure that the business avoids complicity with the actions of any third party that violates any of the Principles contained in these Guidelines.
- vi. To put in place appropriate structures, policies and procedures to address conflicts of interest involving its members, employees and business partners.
- vii. To put in place appropriate structures, codes, policies, and procedures to ensure that the business does not engage in illegal and abusive practices, bribery and corruption, and ensure timely and fair action in case such transgressions are detected.
- viii. To ensure that the business contributes to public finances by timely and complete payment of all applicable taxes in the letter and spirit of the laws and regulations governing such payments.

**7.2 Principle 2: To provide products and services in a manner that is sustainable and safe.**

- i. To ensure that bank’s products and services are customer centric and easily accessible.
- ii. To ensure that Products and services are available to all customers through various channels to enable them to conduct transactions at their own convenience. This may be done through universal touch points such as communication and disclosure platforms including websites, Mobile platforms. ATM and other Alternate channels etc.

- iii. Top customize products and services to Marginalized sections of the society, Minorities, women, MSME, SC/ST, Small & marginal farmers etc.

**7.3 Principle 3: To respect and promote the well-being of all employees, including those in their value chains.**

- i. Bank to ensure that all regulatory requirements pertaining to its employees are complied with.
- ii. To ensure equal opportunities at the time of recruitment, during the course of employment, and at the time of separation without any discrimination.
- iii. To promote and respect the right to freedom of association, participation of workers, and collective bargaining of all employees including contract and casual labor, if any.
- iv. To ensure that there is no use child labor, forced labor or any form of involuntary labor, paid or unpaid and provide access to appropriate Grievance Redressal mechanisms.
- v. To put systems and processes in place to support the work-life balance of all employees.
- vi. To ensure fair, timely and transparent payment of statutory wages of all employees, including contract and casual labor without discrimination.
- vii. To provide a workplace environment that is safe, hygienic, accessible to differently-abled and which upholds the dignity of the employees.
- viii. To ensure continuous up gradation of skill and competence of all employees by providing access to necessary learning opportunities, on an equal and nondiscriminatory basis. To promote career development through human resource interventions.
- ix. To create systems and practices to ensure a humane workplace free from, violence and harassment (including sexual harassment); a workplace where employees feel safe and secure, with adequate provisions for Grievance Redressal.

**7.4 Principle 4: To respect the interests of and be responsive to all its stakeholders.**

STAKE HOLDERS

CUSTOMERS	SHARE HOLDERS	EMPLOYEES
INVESTORS	GOVT. /REGULATORS	PARTNERS/VENDORS

- i. Bank should acknowledge, assumes responsibility, and is transparent about the impact of their policies, decisions, products and associated operations on all stakeholders, and the natural environment.
- ii. To develop systems, processes and mechanisms to identify its stakeholders, understand their expectations and concerns, define the purpose and scope of the engagement, consult with them in developing policies and processes that impact them, and commit to resolving any differences and redressing grievances in a just, fair and constructive manner.

- iii. To enable all stakeholders to benefit fairly from the value generated by the businesses, and any conflicts or differences arising from the impact of business operations or the sharing of the value generated by the business should be resolved in a just, fair and equitable manner.

#### **7.5 Principle 5: To respect and promote human rights.**

- i. Bank should make its employees aware of the human rights content of the Constitution of India, relevant national laws and policies, and the International Bill of Human Rights and their application to businesses as outlined in the United Nations Guiding Principles for Business and Human Rights. It should further ensure that the responsibility for addressing such impacts is assigned to the appropriate level and function within the business.
- ii. To ensure that the business has in place such policies, structures and procedures that demonstrate respect for the human rights of all stakeholders impacted by its business. This includes carrying out human rights due diligence to identify, prevent, mitigate and account for how they address adverse human rights impacts.
- iii. To ensure that where it is causing, contributing or otherwise linked to adverse human rights impacts, takes corrective actions to address such impacts.
- iv. To promote the awareness and realization of human rights across its value chain.
- v. To ensure that all individuals and groups whose human rights are impacted by bank's business have access to effective Grievance Redressal mechanisms.

#### **7.6 Principle 6: To respect, protect and restore the environment.**

- i. Bank should ensure that appropriate policies, procedures and structures are formulated to assess, measure and address any adverse impacts on the environment at all business locations, at all stages of life cycle from establishment to closure.
- ii. To develop appropriate strategies for sustainable and efficient use of natural resources and manufactured materials, giving due consideration to expectations and concerns of all stakeholders.
- iii. To define measurable key performance indicators and targets to monitor their performance on environmental aspects such as water, air, land-use, forest, energy, materials, waste, biodiversity, built environment and so on.
- iv. To learn from industry best practices for promoting reduction, reuse, recycling and recovery of material and resources, and encourage and motivate its stakeholders, particularly consumers and business partners, to do the same.
- v. To seek to improve environmental performance by adopting innovative, resource-efficient and low-carbon technologies and solutions resulting in lower resource footprint, lesser material consumption and more positive impact on environment, economy and society.

**7.7 Principle 7: To ensure responsible and transparent Public Policy and advocacy**

- i. To undertake policy advocacy in liaison through trade and industry chambers and associations, and other similar collective platforms.

**7.8 Principle 8: To promote inclusive growth and equitable development.**

- i. Bank to ensure that the business takes appropriate actions to minimize any adverse impacts that it has on social, cultural and economic aspects of society including arising from land acquisition and use, construction of facilities and operations.
- ii. To assess, measure and understand their impact on social and economic development, and respond through appropriate action to minimize and mitigate its negative impacts on society.
- iii. To innovate and invest in products, technologies and processes those promotes the well-being of all segments of society, including vulnerable and marginalized groups.
- iv. To respond to national and local development priorities and understand the needs and concerns of local communities, particularly vulnerable and marginalized groups and in regions those are underdeveloped, while designing and implementing their CSR program.
- v. To respect all forms of intellectual property and traditional knowledge and make efforts to ensure that benefits derived from their knowledge are shared equitably.

**7.9 Principle 9: To engage and provide value to the consumers in a responsible manner.**

- i. Bank to ensure that the business minimizes and mitigates any adverse impact of its goods and services on consumers, the natural environment and society at large.
- ii. To ensure that they do not restrict the freedom of choice and free competition in any manner while designing, promoting and selling their products.
- iii. To disclose all information on all products and services in a transparent manner including the risks to the individual, to society, so that the consumers can exercise their freedom to choose the products and services.
- iv. To manage consumer data in a way that does not infringe upon their right to privacy.
- v. To promote and advertise products & services in ways that does not mislead or confuse the customers or violate any of the Principles in these Guidelines.
- vi. To provide appropriate Grievance Redressal mechanisms that are transparent and accessible, to address customer concerns and feedback.

**8. Metrics for Assessment of Impact :**

Principle	Metrics for assessment
Principle 1: To conduct and	Implementation of following polices:

<p>govern bank's business with integrity and in, a manner that is Ethical, Transparent and Accountable.</p>	<ul style="list-style-type: none"> <li>i. Code of Conduct for Directors and Senior Management, Employees, DSAs</li> <li>ii. Code of Corporate Governance, Audit policies, Compliance policy, Whistle blower policy, Credit and operational Risk polices</li> <li>iii. Credit Monitoring policy, Recovery policy, Outsourcing policy</li> </ul>
<p><b>Principle 2:</b> To provide products and services in a manner that is sustainable and safe.</p>	<ul style="list-style-type: none"> <li>i. Business performance of different products and services offered.</li> <li>ii. Implementation of Loan policy, FI policy, MSME policy, MFI policy, Loans to Small &amp; marginal Farmers, Minorities, weaker sections including SC/ST, women etc.</li> <li>iii. Performance under PMJDY (BSBDA and BSBDS) accounts, PMJJBY and PMSBY, PMMY, APY, Aadhar Seva Kendra FLCs and Rural Development and Self Employment Training Institutes (RSETI).</li> </ul>
<p><b>Principle 3:</b> To respect and promote the well-being of all employees, including those in their value chains.</p>	<ul style="list-style-type: none"> <li>i. Staff welfare measures, Promotion policy, Transfer Policy, Policy on prevention, Prohibition and Redressal of sexual harassment on women employees at work place</li> <li>ii. Incentives for performance. Whistle blower policy Perks &amp; Loan facilities to Bank employees at concessional rates ,</li> <li>iii. Scheme of appointment on Compassionate grounds</li> <li>iv. Internal and External Trainings for staff</li> </ul>
<p><b>Principle 4:</b> To respect the interests of and be responsive to all its stakeholders.</p>	<ul style="list-style-type: none"> <li>i. Investor relations team performance</li> <li>ii. Disclosure policy</li> </ul>
<p><b>Principle 5:</b> To respect and promote human rights.</p>	<p>Offering of product &amp; services without discrimination</p>
<p><b>Principle 6:</b> To respect, protect and restore the environment.</p>	<ul style="list-style-type: none"> <li>i. Control on Energy consumption</li> <li>ii. Green initiatives taken by Bank</li> </ul>
<p><b>Principle 7:</b> To ensure responsible and transparent</p>	<p>Liaison / Coordination with various Associations such as CII, AMFI etc. and institution for enhancing value creation</p>

Public Policy and advocacy	
<b>Principle 8:</b> To promote inclusive growth and equitable development.	Assessment of Corporate Social Responsibilities (CSR) activities
<b>Principle 9:</b> To engage and provide value to the customers in a responsible manner.	<ul style="list-style-type: none"> <li>i. Customer Rights Policy,</li> <li>ii. Ensuing customer data security and privacy</li> <li>iii. Digital banking to enhance customer value</li> <li>iv. Customer Grievance Redressal mechanism</li> </ul>

## 9. Validity & Review of the Policy

The policy shall be reviewed annually in line with the regulatory guidelines / internal requirements or as and when considered necessary. Policy to be modified in line with regulatory requirements issued from time to time.

The policy shall be valid for the financial year 2023-24 valid upto 31<sup>st</sup> March, 2024. Any directive / guideline issued by RBI/SEBI/GOI/MOF/MCA in this regard shall automatically be part of this policy, during the currency of this policy.

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