



Annexure 1

SUSTAINABLE BANKING POLICY

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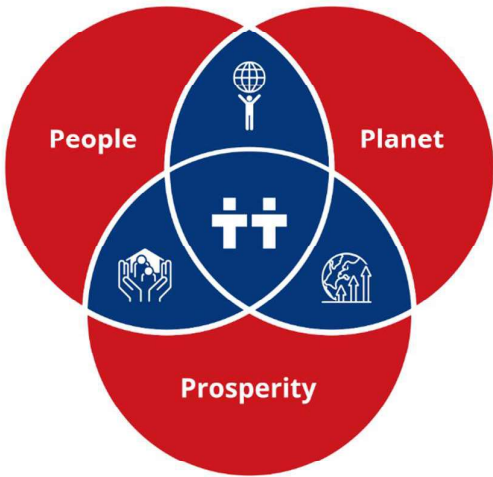
Revision History and Approvals

Revision No.	Issue Date	Amendment Description
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ESAF SMALL FINANCE BANK
Sustainable Banking Policy



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Sustainable Banking Policy

1. Rationale, Definition & Scope of Sustainable Banking Policy:

1.1 Rationale

Over the years, though the world has developed in several areas it also produced an alarmingly high segment in the margins that is struggling to find their footings in the fast paced developing world. Further, as the progress in several segments didn't reach the marginalized the gaps are widening irreconcilably. Many of these developments has depleted and degenerated the natural resources. And thus the contemporary society is pedaling with inexplicable environmental issues and social unrest. To this context of an increasingly struggling world, on 25 September 2015, the 193 countries of the UN General Assembly adopted the 2030 Development Agenda titled **Transforming our World**: the 2030 Agenda for Sustainable Development, outlining a set of 17 Sustainable Development Goals with 169 associated targets and 232 indicators. The 17 Sustainable Development Goals are as follows



These 17 Sustainable Development Goals are essential actions that every institution in every country should adopt, for the sustainability of our planet with prosperity among the people. These 17 SDGs when pursued intently will also lay the foundation for a regenerative economy that has potential to flourish for a flourishing and sustainable business growth

Therefore, ESAF SMALL FINANCE BANK (ESFB), through the Sustainable Banking Policy adopts these SDGs for essential linkage to all its products and processes - as already accepted as the triple bottom line priority of the bank, and mandates the measurements of SDG impacts for all its products and processes as the bank's commitment for a sustainable world with a regenerative economy.

1.2 Definition

Sustainable Banking may be defined as a banking framework that institutionalizes its impact in three bottom lines – people – planet and prosperity through all its products, processes and policies, thereby building a foundation for a sustainable and regenerative economy



1.3 Scope

The Sustainable Banking Policy will define business processes for ESAF SMALL FINANCE BANK in order to ensure that all transactions are managed in accordance with the bank's triple bottom line (People- Planet- Prosperity) principles. The policy is in line with the bank's core values and business principles, its business growth and impact appetites

All business verticals and processes are subject to the Policy. The Policy applies to ESFB and all its branches, representative offices and legal entities that are under its control.

2. Sustainable Banking Policy Statement

ESAF SMALL FINANCE BANK is committed to:

- 2.1 A Sustainable Economy by building awareness and participation to sustainable development goals – the 17 SDGs as adopted by UN General Assembly as the foundation for a sustainable world with a thriving regenerative economy.
- 2.2 Facilitate the achievement of the SDGs through banking products, processes and services and measuring its impacts in terms of people – planet – prosperity bottom lines.
- 2.3 Pursue exclusions and inclusions by sustainability linked policies and frameworks that would institutionalize sustainable business growth fighting the partiality of prosperity.

3. The Sustainable Banking Approach

3.1 Sustainable Livelihood Development: *To provide financial services and facilitate livelihood development among our beneficiaries and thereby bringing economic sustainability*

3.2 Environmental Stewardship Promotion: *To develop a green portfolio and identity for the bank and thereby lowering the overall environmental risk.*

3.3 Social Performance Management - Financial Inclusion and Impact Measurement *so as to measure, evaluate and document bank's progress on SDG*

3.4 Corporate Social Responsibility - *To create value by meaningfully utilizing the profits generated in socially responsible initiatives, addressing social, environmental and economic needs of the poor and the marginalized sections of the society*

4. Policy Commitments, Networking & Partnerships and Policy Impact Areas

4.1 Policy Commitments

- 4.1.1 To promote sustainability through financial services, creating long-term value, setting branch level and department level targets with respect to sustainable banking and monitor them on a regular basis.
- 4.1.2 To train and equip strengthen the involvement of the staff in social and environment sustainability involvement so as to enhance their performance.
- 4.1.3 To communicate the sustainability strategy and results to key stakeholders including investors, customers, project partners, Government, media etc.
- 4.1.4 To report using global reporting standards for comprehensive sustainability reporting.

4.2 Networking and Partnerships

- 4.2.1 Establishing tie ups with Institutions, organizations, manufacturers, involved in sustainable development through their products and services
- 4.2.2 Partnering and associating with State & Central Governments, Institutions, NABARD and other institutions for developing a Sustainable Banking culture in the banking sector.
- 4.2.3 To pursue national/ international partnerships /network memberships to synergize and work together for SDG and Sustainable Banking priority
- 4.2.4 Pursue national and international funds available for the development of sustainable finance products, training and capacity building etc



4.3 Policy Impact Areas

- 4.3.1 Sustainability (as measured by SDG impact) through financial services, creating long-term value.
- 4.3.2 Sustainability Identity in the Society – ESFB as a Social and Sustainability Action Bank
- 4.3.3 Development of Sustainable Financial Products within the mandates of different business verticals that will facilitate the sustainable economic growth
- 4.3.4 Partnerships, Networking and Joint Actions with like-minded sustainability focused institutions.

Conclusion

The terms GREEN, SUSTAINABLE, SOCIALLY RESPONSIBLE, and TRIPLE BOTTOM LINE now appear everywhere, from business news to mainstream news to super market store. But this has been the life style and legacy of ESAF over a credible period -for a quarter of a century. Ceasing the opportunity to capitalize this legacy in sustainable development, through this policy, let us build up a new banking revolution, for a sustainable, regenerative economy as the economy of the future.