

BUILDING A SUSTAINABLE FUTURE

Our Commitment to ESG Excellence





INTRODUCTION

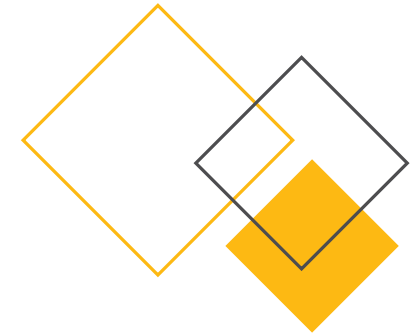
Siddhartha Bank is dedicated to incorporating Environmental, Social, and Governance considerations into risk management, investment choices, and operations. This ESG statement outlines the Bank's commitment to make a significant impact on its stakeholders by conducting business in a sustainable manner based on sound corporate governance and ethical business practices.

Siddhartha Bank is committed to promoting sustainable development and social responsibility, while managing ESG risks and opportunities effectively. ESG considerations are an integral part of business strategy and operations with continuous efforts towards achieving the ESG goals and objectives.

By supporting the Environmental, Social & Governance (ESG) agenda, Siddhartha Bank shall further demonstrate its resolve to drive the country's economic growth by being providers of responsible and sustainable finance.

The Bank also intends to influence other banks and financial institutions in adopting principles of sustainable finance.

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MESSAGE FROM THE CEO

Banking has always played a pivotal role in the development of society, and today, we have a unique opportunity to drive positive change through ESG—Environmental, Social, and Governance principles. At Siddhartha Bank Limited, we already have a robust ESG strategy in place, but we believe that ESG-conscious banking shall be limited to words if the decision making process does not uphold the established values; it is more about instituting the importance of embracing sustainability priorities and clearly communicating those priorities within the organization.

Some of the key areas where we, as a bank, can make a real impact:

1. Ethical Banking Roots

We believe ESG is all about ethical banking with mutual trust and good intentions.

2. Becoming an ESG Initiator

Sustainable transformation will be possible with initiations engaging employees within the organization. This is one of the important factors for driving positive change which shall further help in building organizational values with inclusiveness and develop efficiency in serving customers by protecting their rights and information.

3. ESG Literacy

Educating our stakeholders especially loan customers about the importance of sustainability and how they can embed ESG within their businesses.

4. Supporting ESG Conscious Portfolio

By supporting projects and businesses that align with sustainable development goals, we can drive positive social and environmental change.

5. Sustainable Offerings

Offering products that encourage sustainable choices empowers our customers to lead more eco-conscious lives.

6. Ecosystem Influence

Through our actions and policies, we can influence our broader ecosystem of stakeholders to adopt ESG-conscious practices, creating a ripple effect across industries.

In embracing ESG, we're not just making a positive impact—we're also realizing cost savings, unlocking new opportunities, and building a resilient, sustainable future for everyone.

Sundar Prasad Kadel

Chief Executive Officer



EXECUTIVE SUMMARY

Siddhartha Bank Limited (SBL) is committed to integrating Environmental, Social, and Governance (ESG) principles into its operations, risk management, and investment strategies to drive sustainable growth. By aligning with global sustainability standards and Nepal's commitment to achieving net zero by 2045, the Bank aims to foster responsible banking while creating long-term value for stakeholders.

Key ESG Focus Areas

Corporate culture is pivotal in banking and ESG commitment from the senior management to uphold the established values within the organization is what the Bank is focused on. Siddhartha Bank aims on achieving ethical banking practices through focus areas such as:

1. ESG Integration within Banking Operations

- Embedding ESG values into its operations through digitalization, energy efficiency, and responsible resource management
- Adoption of cloud computing, paperless operations, and digital banking solutions minimizes environmental impact and enhances operational efficiency
- Enhanced cybersecurity, data privacy, and governance frameworks ensure ethical business practices and customer protection

2. Supporting ESG conscious Portfolio and Sustainable Financial Products

- Prioritizing green financing through products like Energy-efficient auto loans and Solar Panel Loans
- New offerings such as Green Bonds and Sustainable Accounts encouraging responsible financial behavior among customers
- ESG-conscious procurement policies and vendor selection standards promoting sustainability across the banking ecosystem

3. Ecosystem Influence and Stakeholder Engagement

- Active engagement with businesses and communities to drive sustainable practices across the financial sector
- Investments in financial / ESG literacy programs, gender diversity initiatives, and community development projects reinforce its social impact
- Transparent ESG reporting, including disclosure of Greenhouse Gas (GHG) emissions, demonstrates the bank's commitment

Strategic Vision for 2030

Siddhartha Bank's ESG strategy is built around three key pillars:

- **Environmental:** Reduce emissions, finance sustainable projects, and minimize resource consumption
- **Social:** Foster financial inclusion, gender diversity, employee well-being, and community development
- **Governance:** Strengthen ethical governance, regulatory compliance, and transparent disclosures

Conclusion

By integrating ESG principles into core banking operations, Siddhartha Bank is not only enhancing its financial resilience but also contributing to Nepal's sustainable development. The Bank is fostering ESG-conscious banking through responsible lending, digital innovation, and sound governance.

SIDDHARTHA BANK: JOURNEY SO FAR

Recognizing the critical importance of sustainability, Siddhartha Bank Limited has revised and adopted a new vision and mission statement as outlined below.



VISION

To be the digital first Bank for sustainable growth



MISSION

Customer delight by offering diverse products and services digitally for stakeholder's prosperity and sustained growth



Grounded on deep sustainability conscious foundations, Siddhartha Bank has prioritized its action when it comes to corporate governance, CSR practices and environmental consciousness.

Our efforts in environmental sustainability have focused on:

- Disclosing the GHG emissions of its Scope 3 Category 15 Financed Emission
- Assessment of Environment and Social Risk in the financed business proposals of the Bank in line with the regulatory requirement
- Conducting various tree plantation and community cleanup programs through staff engagement activities
- Recycling paper waste through waste management companies
- Using Solar Power as a backup system for majority of the branches
- Including Electric Vehicles in the Bank's own vehicle fleet
- Amending the existing Siddhartha Staff Vehicle Scheme to allow purchase of Electric Vehicles
- Reducing paper usage by facilitating various operational approvals and self-service activities through digital platforms such as LMS, eDMS, HCMS, CRM, BankSmartXP, EasyBank, Video Banking, Siddhartha Automated Transaction System (SATS), etc.
- Utilizing an energy-efficient data center that optimizes performance while minimizing energy consumption through the use of advanced technologies and smartly designed modular data centers reducing both environmental impact and operational costs

On the social front, we are dedicated to promoting diversity, equity, and inclusion by prioritizing development of people, with a strong focus on nurturing and expanding digital talent at scale. Our key social initiatives include:

- **Financial Literacy:** The Bank regularly conducts financial literacy programs across its branch network, aiming to enhance financial awareness and inclusion among diverse communities
- **Empowering Women in Banking:** With women representing 38% of our workforce, we are proud to foster an inclusive and diverse workplace that champions gender equality
- **Promoting Women Leadership:** We are proud to have 34 branches across the country led by women, reflecting our strategic focus on empowering women in leadership roles within the banking sector
- **All-Women Branches:** The Bank operates eight branches exclusively staffed by women, reflecting our commitment to fostering inclusive workspaces and actively promoting women's representation and participation in the financial services sector
- **Corporate Social Responsibility (CSR):** During the fiscal year 2080/81, the Bank allocated NPR 24 million towards various CSR initiatives, including contributions to the Prime Minister's Disaster Relief Fund to support victims of floods and landslides, as well as funding for the construction of KIOCH–Kathmandu Children's Hospital, among other impactful social development projects
- **Employee Well-being:** As part of our commitment to promoting a healthy work-life balance, the Bank has revised its leave policy, increasing the mandatory leave entitlement from 10 to 13 working days, thereby supporting the overall well-being and productivity of our employees
- **Human Capital Development:** In the fiscal year 2080/81, the Bank invested NPR 47.26 million in the professional growth and development of

its employees, reinforcing our commitment to continuous learning and capacity building within the organization

On the governance front, we are committed to serving the interests of our stakeholder by adhering to Nepal Rastra Bank (NRB) policies, complying with national regulations, and implementing globally recognized best practices. Additionally, we prioritize data privacy and deliver comprehensive banking solutions. Some of our key governance initiatives include

- **Regulatory Compliance:** The Bank has been recognized as a top performer in regulatory compliance, reflecting our steadfast commitment to responsible governance and adherence to industry standards
- **Customer Grievance Redressal:** In the fiscal year, the Bank received 124 customer grievances, all of which were addressed in a timely and effective manner, demonstrating our focus on customer satisfaction and service excellence
- **Data Privacy and Governance:** The Bank has implemented comprehensive data privacy and governance frameworks, including policies on Information Security, User Access Control, Anti-Bribery and Anti-Corruption, Compliance, and KYC/AML/CFT, ensuring robust protection of client information and full alignment with global regulatory expectations



SIDDHARTHA BANK'S VISION AND AMBITIONS FOR 2030

ENVIRONMENT		SOCIAL		GOVERNANCE	
Vision: Contribute to preserving our planet by providing sustainable products and services, and financing green projects		Vision: Contribute to people's development by shaping a future with meaningful opportunities for all		Vision: Serve the interests of all our stakeholders by leading through our core values	
Material Topics		Material Topics		Material Topics	
Climate Change	<ul style="list-style-type: none"> Quantify and disclose the Bank's Absolute Scope 1 & 2 emission within 2028 Scope 3 emission to be reduced by 10% with baseline emission for FY 2024/25 Channel more financing for climate friendly projects Replace 50% of fossil fuel vehicles with electric vehicles (EVs) by 2030 Dispose of 50% Diesel Generators (DG) sets and shift to solar power by 2030. Expansion of solar energy systems across branches to reduce dependency on DG sets Virtual meetings will be continued to reduce official travel emissions 	Energizing Local Communities	<ul style="list-style-type: none"> Conducting Financial Literacy programs for the community Enable opportunities for local communities by increasing the number of hires from the branch location vicinities to 35% by 2030 	Corporate Governance	<ul style="list-style-type: none"> Adopting robust compliance and integrity practices Bringing the interests of all stakeholders to the forefront through empowered, diverse and inclusive Board Building responsible and sustainable supply chains Engaging with stakeholders through various channels and earning trust through transparent communication
Water	<ul style="list-style-type: none"> Conduct 50% wastewater recycling every year from 2026 onward in own office building Harvesting of rain water and water conservation in Naxal, Biratnagar and Pokhara by 2026 	Technology for Positive Impact	<ul style="list-style-type: none"> Identifying and creating opportunities for digital transformation in the Bank's processes Enabling 80% of Individual deposit customers to utilize digital services 	Data Privacy	<ul style="list-style-type: none"> Ensuring the safety of stakeholder data Adopting leading data privacy standards across all branch networks' operations
Waste	<ul style="list-style-type: none"> Reduce 70% waste to landfill site by 2030 Partnering with waste management companies to ensure maximum reuse and recycling of paper, plastics and organic waste by 2028 100% disposal of electronic equipment and fixed assets ensuring the reutilization of metals and plastics by 2025 	Diversity and Inclusion	<ul style="list-style-type: none"> Creating a gender-diverse workforce by increasing the percentage of female staff in its workforce to 40% Increase the percentage of female staff in the managerial level to 15% Increasing the percentage of female staff in the executive level to 15% Focus on increasing financial access to women population Include access to underserved and new to Banking system customers 	Information Management	<ul style="list-style-type: none"> Being recognized for Bank's prudent information security practices
Paper	<ul style="list-style-type: none"> Reduce paper usage by 25% through automation and digitalization by 2027 	Employee Wellness and Experience	<ul style="list-style-type: none"> Ensure employee well-being by offering facilities above the required minimum level by the country's law 		



BENEFITS OF ESG INTEGRATION

With consciousness regarding significance of ESG integration in Banking, Siddhartha Bank was one of the early adopters of ESG in Nepal. Being a Bank from a country which has already felt the brunt of climate change, with higher vulnerability to climate-related risks such as glacial lake outburst floods, landslides and erratic weather patterns, for Siddhartha Bank, environmental responsibility is not just a sustainability goal but a necessity. Socially, Nepal's diverse and remote communities require inclusive financial system that promote access to banking, education and livelihood support, and Siddhartha Bank has been one of the pioneers in enhancing access to finance in Nepal.

Nepal's solidarity towards Sustainable Development Goals 2030 and the country's commitment to achieve net zero by 2045 presents a further compelling case for integrating ESG into banking practices. In order to further instill ESG consciousness within the economy players, the Central Bank of the country, Nepal Rastra Bank has also circulated the Green Finance Taxonomy document which acts as a guiding factor for the Banks and Financial Institutions of the country ultimately influencing the businesses within the banking system. As ESG consciousness grows, it will likely influence mainstream businesses, making it an essential consideration for banks moving forward. Siddhartha Bank is committed to further strengthen its leadership role in ESG integration in Nepal.

The key benefits the Bank foresees arising from ESG conscious strategy and ESG integration are:

DIVERSIFICATION OF BUSINESS

Adopting an ESG Conscious strategy presents the Bank with opportunities for business diversification. Some such opportunities are:

- **Green Financial Instruments:** Issuance of green financial instruments such as green bonds and social bonds offer the Bank a chance to enter untapped market in the Nepal's economy. Globally, the growth of green financial instruments has shown stable expansion, moving beyond their initial niche to become more mainstream

**SIDDHARTHA BANK IS
COMMITTED TO FURTHER
STRENGTHEN ITS
LEADERSHIP ROLE IN ESG
INTEGRATION IN NEPAL**

- **Retail Banking Opportunities:** Today's consumers are more aware and conscious of the environment and the effect their actions have on the planet. Sustainability is becoming a key factor in their decision-making process when choosing financial service providers. By aligning with these values, the Bank can attract a more eco-conscious customer base. The adoption of Electric Vehicles in Nepal has been drastic compared to any other South-Asian economy.
- **Sustainable Lending Opportunities:** As sustainability awareness grows among consumers, sustainable lending can become a key focus for the Bank to expand its lending portfolio. With increase in sustainability consciousness amongst the end customers, catering to those lending opportunities can help the bank boost their portfolios while also aligning with its internal ESG goals.

REGULATORY COMPLIANCE

Non-Financial Disclosures are being gradually stringent in many parts of the world and Nepal is no exception to it. As the ESG issues affects the mainstream businesses, regulatory requirement in non-financial disclosures are likely to be mandated. Banks will not only be accountable for their own ESG footprint and impact, but will also be required to monitor and report the ESG status of their corporate customers. Furthermore, banks will be required to deepen their ESG-centric lending, while distancing themselves from businesses that are harmful to the environment. Hence, Siddhartha Bank's ESG consciousness shall help to be prepared for this change. A key step in this preparation would be adopting globally accepted standard for ESG reporting.

Through the implementation of ESRM guidelines circulated by Nepal Rastra Bank, Banks and Financial Institutions require to disclose their portfolio details in terms of environmental and social risk rating of their financed businesses as High, Medium and Low. Further, with the circulation of Green Finance Taxonomy classifying investments as transformative "Green", transitional "Amber" and "Red", BFIs are required to segregate their portfolio under those categorization in order to identify investment that are

environment friendly. Furthermore, some BFIs are voluntarily associated with institutions that facilitate the disclosure of the Green House Gas Emissions such as Partnership for Carbon Accounting Financials (PCAF). Being a signatory of such institution mandates the organization to disclose their Scope 3 GHG emission within 3 years of being a signatory. Siddhartha Bank itself is a signatory and has already published its 1st GHG Disclosure within the first year of being a signatory demonstrating its commitment to transparency and sustainability.

PORTFOLIO RISK MANAGEMENT

ESG consciousness and ESG-based lending provides the Bank with an opportunity to diversify risks arising from its lending portfolio. ESG consciousness and integration enables Siddhartha Bank with ample opportunity to mitigate portfolio ESG risks by forming lending strategies in line with the country's Nationally Determined Contributions (NDCs) and Sustainable Development Goals to reach such targets.

With a strong ESG-centric lending policy, Siddhartha Bank is well-positioned to capitalize on emerging global trends in sustainable finance. We remain committed to responsible banking practices that promote environmental stewardship, social inclusion, and sound governance—thereby reinforcing our role as a catalyst for positive change in Nepal's financial ecosystem.

UNLOCKING ESG-DRIVEN REVENUE OPPORTUNITIES

With ESG integration and innovative suite of ESG-focused financial products, Siddhartha Bank can unlock new revenue streams while helping clients navigate the growing emphasis on sustainability. The products may include rating customer based on their ESG performance, their eligibility for green finance and incentives. Further, with sustainable lending solutions, the Bank can tap in sustainability aware customers. By aligning its offerings with consumer values, the Bank can attract customers who are committed to social and environmental change.



ACCESS TO INTERNATIONAL FINANCE

With limited sources of long-term funding available in Nepal, Siddhartha Bank understands that strong ESG framework and governance opens the door to borrowing from International Banks and Financial Institutions and Development Finance Corporations. The Bank with a proven track record in ESG lending and strong client relationships will be well-positioned to access global green capital from institutions in search of reliable, lucrative investment opportunities. Further raising funds from issuance of sustainability linked bonds in the international market becomes comparatively easier with proven track record on ESG lending capabilities.

BETTER BUSINESS VALUATION AND REPUTATION

Siddhartha Bank believes that developing a robust ESG-driven business and operational model can help the Bank achieve better growth and enhance valuations in the long term along with better reputation in the market. The Bank believes that as sustainability becomes a key driver in decision making of the lender or the customer/borrower, Bank with strong ESG framework can differentiate itself in the market and can borrow cheaper while command premium pricing and attract customers. The Bank is a firm believer that ESG-conscious operations can lead to cost savings. ESG-led investments, digital transformation and other areas can also help to reduce energy usage and emissions. Further, sustainable business practices helps mitigate future regulatory and legal risks, given that ESG-related regulation are becoming more stringent across the world.



THE IMPACT OF ESG INTEGRATION

Siddhartha Bank believes that with the integration of ESG Framework in its banking, it can drive impact arising from its operations within the Bank. Further, the Bank can also create a broader impact through its external policies, especially in lending where it can incentivize the borrowers and customers to adopt more ESG focused practices. The Bank's own emissions are relatively small, they are dwarfed by the emissions resulting from the projects and businesses it funds which highlights the need for the Bank to not only improve its own ESG practices, but also put enormous amounts of attention on the much larger difference they could make by lending better and incentivizing sustainable businesses in the economy.

The impact Siddhartha Bank intends to create from its ESG adoption are as below:

ENVIRONMENTAL IMPACT

The Bank aspires for reducing emission across its Scopes 1, 2 and 3 emissions. The area the Bank is working include:

- **Energy Consumption:** Reducing electricity and fuel use
- **Operations:** Minimizing paper usage and increasing digital interactions
- **Offices and Premises:** Optimizing heating, cooling, and energy consumption in office spaces
- **Equipment Replacement:** Updating technology hardware to more energy-efficient alternatives

SOCIAL IMPACT

Siddhartha Bank aspires to strengthen the Bank's community of customers, employees, partners and vendors through tailored initiatives for stakeholders

designed to promote community growth and empowerment. The areas the Bank is working on include:

- **Inclusion:** Ensuring diversity in the boardroom and workforce and offering equal access to financial services
- **Stakeholder Welfare:** Prioritizing employee welfare, benefits, and training, as well as supporting partner growth and vendor development
- **Empowerment:** Funding SMEs and entrepreneurs, offering micro-financing, and supporting priority sector lending
- **Social Action Programs:** Running philanthropic initiatives, supporting arts and culture, and encouraging employee social contributions

GOVERNANCE IMPACT

Siddhartha Bank aspires to establish itself as an institution that is based in equality and just treatment of all stakeholders in a fair and transparent manner. The governance focus for the Bank includes:

- **Policies and Frameworks:** Establishing robust governance structures for ESG, responsible lending, sustainable financing, and risk management
- **Fairness:** Ensuring equal employment opportunities and fair treatment for customers, suppliers, and vendors
- **Protection:** Safeguarding data privacy and preventing financial misconduct
- **Transparency:** Committing to clear, honest reporting and responsiveness to stakeholder concerns

By focusing on these three key areas-environmental, social, and governance impacts-the Bank believes it can lead the way in driving both internal and external ESG progress.

ESG SELF-ASSESSMENT

Based on the Bank's current business model, operations and policies, a preliminary ESG prioritization has been conducted.

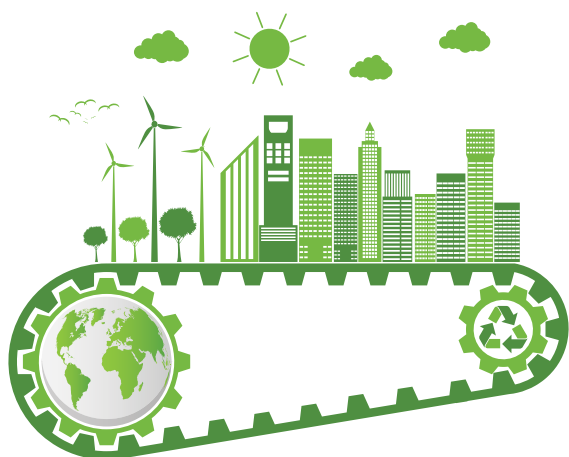
Conducting the Assessment

Critical ESG parameters for the Bank based on macro-economic considerations, representing each parameter as a 'bubble' on the chart has been identified and the bubble size has been set to Large, Medium or Small based on importance.

An observation of how the Bank performs compared to peers is done which is based on perception and implied knowledge. Based on the assessment, the bubbles are appropriately placed along the X-axis.

Each bubble chosen on the X-axis is assessed for the degree of ESG impact that any change to the parameter would create. The same is placed along the Y-axis accordingly.

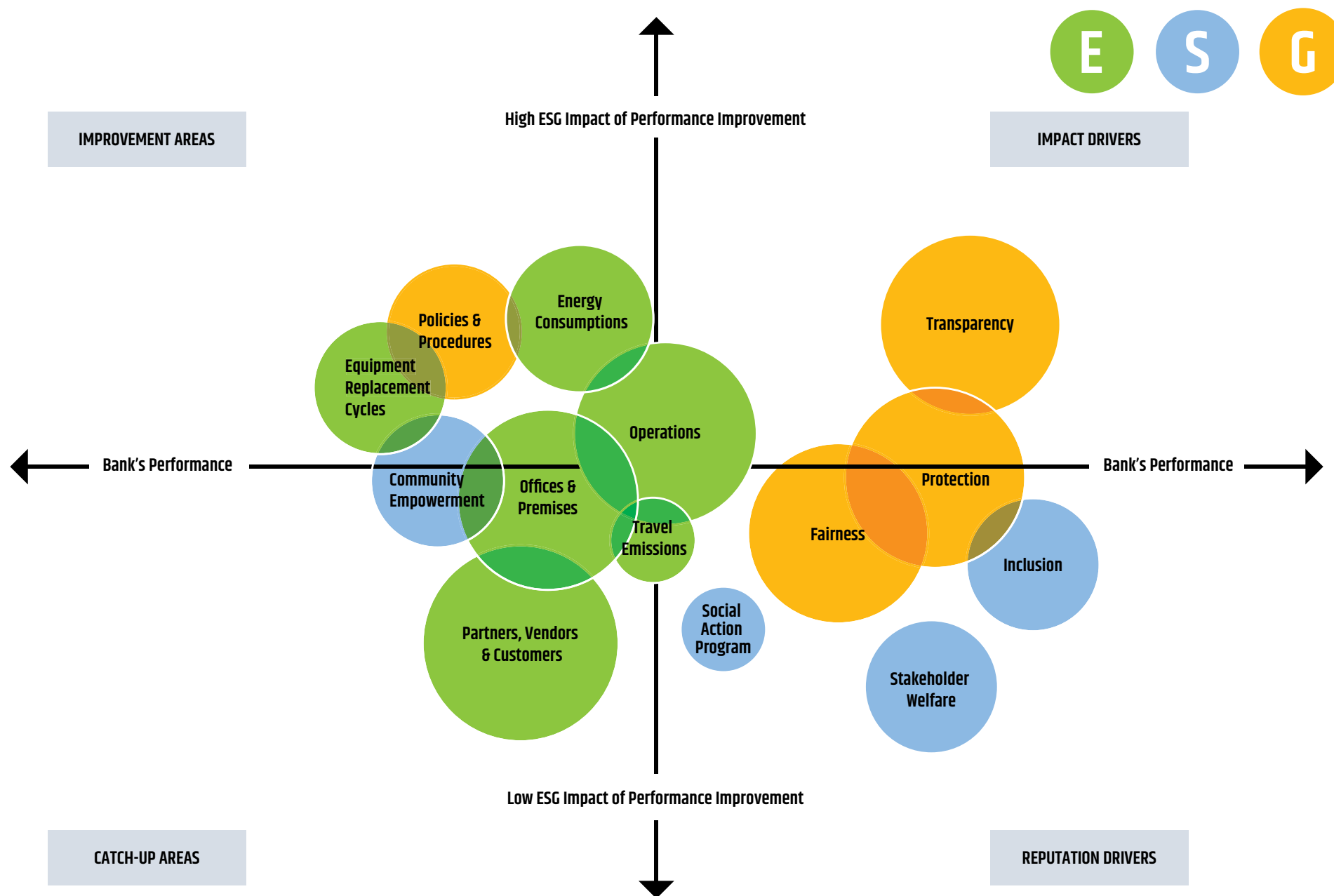
Based on the placement of the bubble on the four quadrant, the priority ESG areas for the Bank has be identified and ESG actions evaluated accordingly.



ESG Action Area	Questions to evaluate the Bank Objectively on these Parameters
Energy Consumption	Does the Bank actively use renewable energy or generate its own?
	Has the Bank undertaken any infrastructure upgrades that have helped to cut down energy consumption
Operations	Is the Bank's operating model fully digitized? How much paperwork does the Bank's customer journey involve?
	Where does the Bank stand on digitization, cloud adoption etc.?
Offices and Premises	How extensive is the Bank's hybrid/ remote working program for employees?
	How would the Bank's offices and premises compare with peers in terms of size, energy consumption etc.?
Travel Emissions	Do the Bank's executives travel extensively? (consider domestic, overseas and in-market travel)
	Do the employees commute to work often? Do they travel extensively in-field for operations?
Equipment Replacement Cycles	How often does the Bank replace hardware? Is it driven by breakdown or scheduled upgrade?
	What proportion of the Bank's hardware is refurbished/ recycled?
Partners, Vendors and Customers	How ESG-conscious are the Bank's partners/ vendors/ corporate customers? Do they have ESG policies and practices?
	Do they have fair and conscious ways of working with the Bank and with the Bank's stakeholders?
Inclusion	Does the Bank actively promote diversity and representation across race, religion, gender etc.?
	Does the Bank have a process to promote diversity and combat biases across all levels of the Bank?

Stakeholder Welfare	Does the Bank have well-defined programs for employee, partner and vendor engagement and development?
	Does the Bank allocate a specific budget for skill-upgradation and training of these stakeholders?
Community Empowerment	Does the Bank set business target to address SMEs, priority sectors, unbanked/ underbanked segments?
	Does the Bank have customer education programs on safety, prudence and responsible use of money?
Social Action Programs	Does the Bank have formal programs for social welfare, community support, philanthropy etc?
	Does the Bank allow employees to dedicate a portion of paid working time for social endeavours?
Policies and Procedures	Does the Bank have a governance structure in place for ESG monitoring and action?
	Does the Bank have an active program to ensure responsible use of credit in retail and corporate?
	Does the Bank have an ESG risk monitoring and management system for the clients?
	Does the Bank have active targets for lending to sustainable businesses and programs?
Fairness	Does the Bank have a policy for equal employment and fair selection of partners and vendors?
Protection	Does the Bank have secure framework for collection, storage and use of customer data?
	Does the Bank have strong systems to prevent financial fraud and protect customers from it too?
Transparency	Does the Bank have processes for ESG data collection and publication?
	Does the Bank have a query and grievance redressal mechanism for ESG and ways of doing business?





Critical Action Areas

From the chart, the critical action areas identified for SBL are:

1. Energy Consumptions
2. Operations
3. Inclusion
4. Community Empowerment
5. Policies
6. Protection

On the Environmental aspect, the Bank aims to focus on its energy consumptions to achieve cost savings and reduce emissions. The Bank also aim to improve its operations by adopting process digitization in various aspects of banking in order to allow reduction in emissions. Cloud Migration shall help in lowering the energy consumption as well as attaining optimal capacity utilization. By technological interventions, the Bank can obtain end to end digitization by achieving paperless operations, reduce the fuel consumption, space consumption and operate fewer branches and ATMs.

On the Social aspect, the focus streams would be driving diversity through inclusion and empowerment throughout the Bank by building a culture of fairness and equality in the Bank and empowering various customer segments. Siddhartha Bank aims to adopt end-to-end digitization and focus on being a digital first bank to enhance inclusivity, offering accessible banking services to the unbanked and underbanked, reducing operational costs, and unlocking new opportunities through integrated ecosystem connectivity. Further, Siddhartha bank also aims to utilize digital product and engagements to offer micro-tailored solutions for different customer segments and ensure scalable engagement that adapts to evolving market demands, all while keeping costs manageable, fostering community empowerment in the process.

On the Governance front, the Bank's focus area would be to articulate a clear ESG policy framework to guide the efforts of the Bank in a unanimous way. Siddhartha Bank aims to focus on assessing and managing risks better, track the terms of loans, and make sure its lending practices align with sustainable and responsible values to make a real impact on its ESG goals. And the other aspect would be to build stronger protection for the customer's data by instilling various safeguarding measures in place such as monitoring and tracking security risks, and taking action to address any potential threats to data safety.



DRIVERS FOR **SIDDHARTHA BANK'S** ESG FOCUS

Siddhartha Bank believes that a well-defined ESG framework is required to create a sustainable impact. The Bank focuses on contributing to the SDGs that generate the most positive impact for the community. The Bank's CSR activities are aligned with the SDG and the targets set by the country to achieve them. The Bank conducts SDG mapping of its CSR activities in order to better mobilize its resources for contributing to SDG Goals achievement.

A simple process outlined below depicts how the Bank has established fundamental principles to shape its ESG policies and drive sustainability within the ecosystem.

UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS



The starting point to guide the ESG efforts of the Bank has been the 17 UN Sustainable Development Goals. From there on, the Bank has been aligning the business model with the best suited SDGs, identifying the Bank's strengths and expertise to understand the needs of the community identifying the most relevant SDGs with the highest impact.



BUSINESS MODEL ALIGNMENT

In order to maximize the focus on aligning its sustainability efforts with the Sustainable Development Goals (SDGs) that best match its customer base and risk appetite, the Bank prioritizes SDGs that strongly reflect its mission and vision, which includes:

Focus SDGs

SDG 3: Good Health and Well-being
 SDG 4: Quality Education
 SDG 5: Gender Equality
 SDG 6: Clean Water and Sanitation
 SDG 9: Industry Innovation and Infrastructure
 SDG 13 / 15: Climate action / Life on Land



STRENGTHS AND EXPERTISE

This involves identification of areas where the Bank has the most expertise, track record, and resources to make a meaningful impact.

Measurable Goals

In the last fiscal year, the Bank has contributed NPR 24 million on various CSR initiatives, allocated as below:

Sectors	Amount (NPR)
Culture	574,830
Disaster Management	1,493,750
Education	7,372,906
Environment	1,831,798
Financial Literacy	4,119,438
Gender Equality	125,000
Health	7,919,806
Infrastructure and Security	459,240
Kholau Bank Khata Abhiyan	7,800
Tourism	96,050
Grand Total	24,000,618

UNDERSTANDING COMMUNITY NEEDS

To ensure a meaningful ESG impact, the Bank assesses regional and community needs to identify the most relevant SDGs for targeted action.

Desired ESG Impact

All SDG areas are of utmost importance and a collective contribution from the various institutions of the society are essential for achieving those sustainability goals. Siddhartha Bank has a strong stand on promoting gender equality and believes that investment in quality education is a medium to pave a pathway for the coming generations to achieve social equity. By ensuring access to education for all, Bank believes it can contribute significantly to achieving gender parity and fostering sustainable development.

CREATING ECOSYSTEM IMPACT

Siddhartha Bank believes that it can significantly impact ESG consciousness and actions through:

PROMOTING SUSTAINABILITY THROUGH CONSCIOUS LENDING

The Bank has an opportunity in driving sustainable development through its lending and investment activities. The Bank has been prioritizing lending to projects and businesses that align with sustainable development goals and has also been funding 'greener' initiatives and projects that have a positive impact on the environment and the community. Some examples of ESG Conscious lending the Bank is carrying out and planning on future offerings are:

- 1. Renewable Energy Project Loans:** Financing solar, wind, and other renewable energy projects
- 2. Green Mortgages:** Providing loans where a portion is allocated for energy-efficient home upgrades
- 3. Solar Panel Loans:** Offering favorable terms for solar panel installations
- 4. Energy-Efficient Auto Loans:** Incentivizing the purchase of fuel-efficient or electric vehicles
- 5. Water Conservation Loans:** Supporting home improvements that reduces water consumption
- 6. Sustainable Agriculture Loans:** Funding eco-friendly farming practices
- 7. Energy-Efficient Appliance Loans:** Facilitating the purchase of energy-saving household appliances

Through ESG-conscious lending, Siddhartha Bank believes it can create lasting positive change by encouraging businesses and individuals to adopt sustainable practices.

ENCOURAGING SUSTAINABILITY THROUGH PRODUCTS AND SERVICES

Beyond lending, the Bank intends to utilize its diverse range of financial products and services to promote sustainability and encourage responsible consumer choices. Some of the ESG Conscious products and services the Bank would be keen going forward are:

- 1. Green Bonds:** Financing renewable energy and sustainability-driven projects
- 2. Charity Donations Feature:** Allowing customers to round up spare change from transactions for charitable contributions
- 3. Sustainable Accounts:** Planting a tree for every predetermined number of debit/credit card transactions
- 4. Green Accounts:** Offering paperless banking with no checkbooks to reduce environmental impact

By incorporating ESG-focused products and services, the Bank can empower customers to make sustainable choices while contributing to a greener and more responsible financial ecosystem.

INFLUENCING SUSTAINABILITY WITHIN THE ECOSYSTEM

Beyond lending and product offerings, the Bank gradually intends to drive sustainability initiatives across their networks of partners, vendors, and stakeholders.

- 1. Policies and Actions:** The Bank has been embedding sustainability into its internal policies and external engagements. Some of them are:
 - Implementing ESG-conscious procurement policies to ensure that they work with vendors and suppliers that adhere to sustainability and social responsibility standards

- Requesting ESG reporting and compliance from partners and vendors to create a culture of transparency and accountability around sustainability issues
- Establishing clear guidelines for responsible banking, ensuring alignment with global ESG standards and commitments

2. Active Collaboration: The Bank has been engaged to elevate ESG awareness and best practices by actively engaging with key stakeholders

- Collaborating with regulators, industry groups, and NGOs to shape ESG policies and drive sector-wide sustainability efforts
- Offering incentives for businesses that adopt ESG-friendly practices

3. Financial Support: The Bank has also been focusing on offering financial support and carrying out CSR activities to back ESG-focused initiatives and communities:

- Partnering with various institutions to fund environmental and social causes
- Investing in projects that align with climate action, community development, and responsible innovation

The Bank believes that by integrating ESG principles into its DNA, it can attain sustainable growth for all.



RECOMPOSING THE BANK FOR ESG IMPACT

A major factor in creating a banking ecosystem that is more sustainable and ESG conscious is digital transformation. Siddhartha Bank has been at the forefront of digitization, integrating it into business processes to drive both operational efficiency and sustainability. Digitization and sustainable growth are embedded in the Bank's vision, shaping its overall strategy and long-term objectives.

Digital technology not only provides significant business advantages but also serves as a catalyst for ESG impact. By embracing digital platforms, Siddhartha Bank has:

- Reduced paper usage through digitized operations
- Expanded financial inclusion by going beyond traditional branch banking
- Enabled real-time, straight-through payment processing, improving efficiency
- Migrated operations to cloud (within the regulatory guidelines), resulting in substantial energy and water savings while cutting emissions

These efforts have allowed the Bank to accelerate sustainable banking, provide faster and more inclusive lending, and create innovative financial products that cater to diverse social groups.

Bank's Business Model Recomposed to Create Value and Drive Sustainability

Technology	Digital Platforms (LMS, eDMS, CRM)	Cloud	Online Account opening / Video Banking	QR Easy Loan	Real-Time Payment Through RTGS, IPS
Demand side business drivers	Customer-driven demand for digital self-service and fully digital customer journeys	Scale and elasticity	Customer-driven demand for digital self-service and fully digital customer journeys	Need for tailored, personalized and segment-specific products	Shift towards low-cash/ cashless societies
Supply side business drivers	Cost advantage and end-to-end visibility of customer journey	Significant drop in cloud computing costs	Cost advantage and end-to-end visibility of customer journey	Competitive pressures to be innovative and first-to-market	Cost and resource efficiency of digital payments
ESG impact	Paperless operations, fuel and space savings	Lower energy consumption Zero emissions (carbon offset by cloud providers)	Paperless operations Fuel and space savings	Address previously ignored/ underserved segments	Lower energy consumption Lower paper usage, Improved access to opportunities

ENVIRONMENT, SOCIAL AND GOVERNANCE ASPIRATIONS IN SIDDHARTHA BANK

As a financial service provider, Environmental, Social and Governance principles are crucial in stakeholder satisfaction. Commitment to incorporate ESG considerations into the Bank's business strategies and practices, while promoting sustainable development and social responsibility shall be the prime focus of the Bank. This shall help to reflect Bank's commitment in creating long term value for the stakeholders while contributing to a more sustainable and equitable world. The Bank recognizes the importance of Environmental, Social and Governance factors in decision-making processes and acknowledges the impact its business activities can have on society and the environment.



ENVIRONMENT

Environmental aspect 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 to protect and improve the environment is every institution's duty. To minimize the impact on the environment and manage environmental risks effectively, reduction in Bank's carbon footprint and energy consumption, promotion of sustainable procurement and waste management practices, compliance with relevant environmental laws and regulations is significant.



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

1. Promoting Environment Friendly Projects

Encouraging and providing financial support for projects that promote environmental sustainability, such as renewable energy generation, energy efficiency initiatives, sustainable agriculture, and eco-friendly infrastructure development. Providing financial support for projects promoting environmental sustainability has been in an increasing trend. This includes financing renewable energy projects such as solar and hydroelectric power. These shall also help the Bank to increase its green portfolio.

2. Responsible Disposal/Management of Waste Including E-waste

The Bank shall make efforts to dispose of waste in the most responsible manner with a vision to reduce 70% waste to landfill site by 2030. Electronic waste generated by the Bank shall be disposed of by identifying an appropriate and authorized channel. The Bank shall endeavor that no hazardous electronic waste is sent from the Bank to the landfill. The Bank shall also look into the aspects of wastewater treatment in its own vicinities with a vision to annually conduct 50% waste water recycling in their own office buildings from the year 2026 onwards.

3. Reduction in the Consumption of Electricity

The Bank focuses on using energy-efficient lighting and equipment at its branches and offices. The Bank is currently utilizing Solar/Hybrid Power Backup system at more than 174 branches to support its operations and aims to extend this initiative to all branches, alongside increasing the use of energy-efficient equipment wherever feasible. The Bank utilizes an energy efficient data center that enables performance optimization while also minimizing the energy consumption through the use of advanced technologies and smartly designed modular data centers.

4. Water Conservation

Water conservation is a crucial part of sustainability. The Bank shall adopt measures for effective water management in its operations, including recycling, reusing, and rainwater harvesting. The Bank aims at harvesting of rain water and water conservation in its own building premises in Naxal, Biratnagar and Pokhara by 2026.

5. Carbon Footprint

The Bank has already disclosed its first GHG emission of its Scope 3 Category 15 Financed Emissions by becoming a signatory of the Partnership for Carbon Accounting Financials (PCAF) following its standard. To combat climate change and transition to a low carbon economy, the Bank will strive to reduce its carbon footprint by taking initiatives to monitor and reduce its energy consumption. The Bank aims to be able to quantify its Scope 1 and 2 emissions by 2028. Bank shall also work towards improving its Scope 3 emissions disclosure by aiming for 10% reduction in its Scope 3 emissions based on emission for FY 2024/25 as baseline emissions.

The Bank also recognizes the need to work closely with its suppliers to reduce waste, improve efficiency and reduce carbon footprint. The bank will continue to work towards greater integration of environmental & social considerations in its procurement practices. The Bank will also work on setting clear expectations for vendors and suppliers to abide by environmental regulation in their regions of business.



6. Reduction in the Usage of Plastic, Paper, etc.

The Bank is conscious of paper usage in its operations, transactions and customer communications. The Bank has been investing in providing digital solutions to customers and encourages its adoption, thereby reducing usage of paper. The Bank also promotes digitization of internal work and operations. Bank's focus to go digital across service and product lines will continue to reduce paper consumption, thereby reducing paper waste. The Bank will strive to reduce the use of all forms of plastic in its offices, branches as well as in its promotional, marketing and outreach events and give priority to indigenous materials and recycled materials to promote circularity. The Bank aims to partner with waste management companies to ensure maximum reuse and recycling of paper, plastics and organic waste by 2028. Hence, the Bank will make efforts to procure products which are:

- Recycled
- Environment friendly
- Energy efficient
- Locally sourced

7. Environment and Social Risk Assessment of Business Projects

Assessing and managing environmental risks associated with banking operations and potential exposure to environmentally harmful industries or projects is very vital. Bank has established policies and procedures to ensure that lending decisions consider the environmental impact and sustainability of borrowers by following the Environment and Social Risk Management Policy.

8. Offering ESG Products and Services

Beyond lending, Bank shall leverage the wider portfolio of products to encourage sustainable choices amongst customers. Some exploring arenas for the Bank shall be

- **Sustainable Products:** Offering Green Home Loans, Low Carbon Mobility Electric Vehicle Loans
- **Sustainable Investments:** Offering sustainable investment avenues, such as green bonds, that allow customers to invest in projects with positive environmental or social impacts
- **Sustainable Transactions:** Offering ESG-conscious transaction services. For example, offering credit or debit cards that reward customers for making sustainable purchases, such as offering cashback or loyalty points for purchases made at eco-friendly retailers or donations feature to give spare change to charity or sustainable accounts where for every debit card transaction made using the account, a tree is planted

- **Sustainability Analytics:** Developing digital platforms that allow customers to track the environmental or social impact of their transactions, helping to raise awareness of the ESG implications of their financial choices

9. Assistance for ESG Friendly CSR Projects

Bank shall mobilize their financial resources and influence to support ESG-conscious initiatives and causes within its ecosystem. For example, offering loans to support ESG-focused startups and initiatives, or partnering with non-profit organizations to support environmental and social causes. By leveraging the policies, expertise, financial resources and influence, the Bank can play a critical role in catalyzing ESG consciousness and action across its ecosystem. Some focus programs can be namely:

- Rural Development
- Promotion of Education
- Skill Development & Livelihood Enhancement
- Healthcare & Hygiene
- Financial Literacy & Inclusion

SOCIAL

Social responsibility is a moral obligation for a company or an individual to take decisions or actions that are in favor and useful to society. This can be maneuvered by promoting social responsibility and addressing social issues within the communities in which the institution operates. 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. This can be done by prioritizing diversity and inclusion, equal opportunities, and human rights, and striving to create a workplace culture that fosters respect and fairness. This can be achieved by supporting initiatives that promote education, health, and well-being, and address social and economic inequality. Bank's Social Responsibility will include but not limited to the following:

1. Responsible Lending

Bank shall focus on implementing responsible lending practices that consider the social impact of projects and borrowers. This includes assessing the social and environmental risks associated with lending activities and avoiding financing projects that may have adverse social consequences such as those linked to deforestation or human rights violations.



2. Social and Community Investments

Being a provider of financial services, enabling access to finance to the unbanked and socially marginalized segments of society will continue to be a priority for the Bank. This includes developing digital solutions for low-income customers along with a network of access points for these customers, as well as micro finance solutions for women micro entrepreneurs. The Bank also seeks to improve access to banking and finance for micro, small and medium enterprises, with significant emphasis on digital solutions for improved ease and efficiency. The Bank is enabling access through 75 branchless banking access points and 196 branches across the country.

3. Data Privacy and Security

The Bank is committed to protecting the privacy of individuals whose personal data it holds, and processing such personal data in a way that is consistent with applicable privacy laws. Further, the Information Security Policy sets out how the Bank should handle personal data received from, or about, its employees (including branch offices), actual or prospective clients, customers and other third parties. The Bank follows a comprehensive approach to cyber security at the heart of the information security framework. Bank aims to adopt leading data privacy standards across all branch network's operations.



4. Diversity and Inclusion in the Workplace

Bank is committed to a workplace free of harassment or discrimination and has a mechanism for dealing with such complaints. All such complaints are addressed effectively with utmost sensitivity and confidentiality. In the endeavor to provide a safe work environment, the Bank has a comprehensive suite of benefits, including insurance cover to employees and specially designed policies to meet the life-stage needs of women such as maternity leave. Sexual harassment allegations are addressed as per Employee Service Bylaws which is imbibed in the Bank's culture by creating awareness.

5. Non- Discrimination and Fair Treatment

The Bank's employees are central to everything the Bank does and employee satisfaction is critical to the long-term success of the Bank. The Bank provides fair and equal employment and advancement opportunities to all its employees where no discrimination based on race, caste, color, age, sex, disability and socio-economic status of the candidate is observed. A fair recruitment process is ensured to identify and hire people with the right values, who are then groomed, encouraged and retained through a combination of financial and non-financial incentives.

6. Employee Welfare and Development

The Bank recognizes the importance of having a skilled workforce to deliver on the Bank's strategic and operational plans through well- structured training modules to assist in job specific development as well as personal development of the employees. The Bank is committed to providing an environment conducive to and promotes training and development opportunities for all employees. The Bank will continue to create an inclusive culture to ensure representation across gender, caste, creed, religion, region, etc. The Bank is making structured efforts on gender diversity initiatives. The percentage of women in the Bank's workforce is at 38% and aspires to increase this percentage to achieve a gender balanced workforce by increasing this percentage to 40% by 2030. The Bank also aims to increase the percentage of female staff in the managerial level to 15% as well as percentage of female staff in the executive level to 15% by 2030.

7. Building a Responsible Work Culture

Bank shall be focusing on developing a responsible work culture by fostering a culture of sustainability within the bank by providing training on ESG issues, promoting employee well-being, and encouraging employee engagement in sustainability initiatives.



8. Community Relations

Bank aims to improve its community relations by engaging with stakeholders, including customers, employees, communities, and civil society organizations, to understand their concerns, gather feedback, and incorporate their perspectives into decision-making processes. This helps ensure that the bank's activities align with the needs and expectations of various stakeholders and with the sustainable development goals.

9. Focusing on Customer Satisfaction and Success

Bank is committed to the "Client Protection Principles" and strives to ensure the same. The Bank ensures continuous engagement with its customers through multiple channels including relationship managers, branch employees, surveys, social media and other channels for raising queries and grievances. The Bank is committed to increased use of technology to provide service and convenience as customer service is a key focus area of the Bank. We believe that a satisfied customer is the most important factor in developing business. To achieve the same, the Bank has a Chief Grievance Handling Officer whose contact details have been disclosed in the Bank's website, a dedicated portal, a grievance desk and helpline in the form of Siddhartha Care to address grievances of the customers.

10. Financial Literacy

Financial Literacy shall be promoted by the Bank to increase access to financial services for underserved populations, including rural communities, low-income individuals, women, and marginalized groups. This can be achieved through the development of inclusive banking products, expanding branch networks, and leveraging technology for digital financial services. Siddhartha Bank has been conducting various financial literacy programs by mobilizing its branch networks to serve the community and shall continue to do so in the future as well.

11. Workplace Safety

The Bank's workplace safety is guided by the following approaches:

Employee Code of Conduct

The Bank has mechanisms to deal with issues related to inhumane treatment of employees including mental or physical coercion or verbal abuse, sexual harassment, sexual abuse amongst others. This is guided by the Employee Code of Conduct, an internal document available to all employees. The Bank also defines good corporate practices, financial transactions & personal account dealings, a professional code of conduct and management action that will continue to promote a culture of good integrity and ethics amongst its employees.

Women Safety

The Bank has a Zero Tolerance policy on Sexual Harassment. An internal committee is in place that investigates cases of sexual misconduct and investigates them through a fair and transparent process to act against erring employees. The Bank will continue to promote and protect the well-being of all women employees.

Fire Safety Policy

The Bank has a policy in place in order to define a set of guidelines and procedures to minimize the risk of fire and ensure the safety of people and property in case of fire incidents. The policy aims to promote fire safety awareness, identify fire hazards and prevent fires from occurring with the objective to minimize the risk of fire incidents and ensuring the safety of employees, customers and assets.

Work from Home Policy

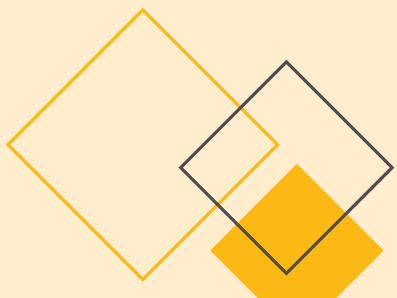
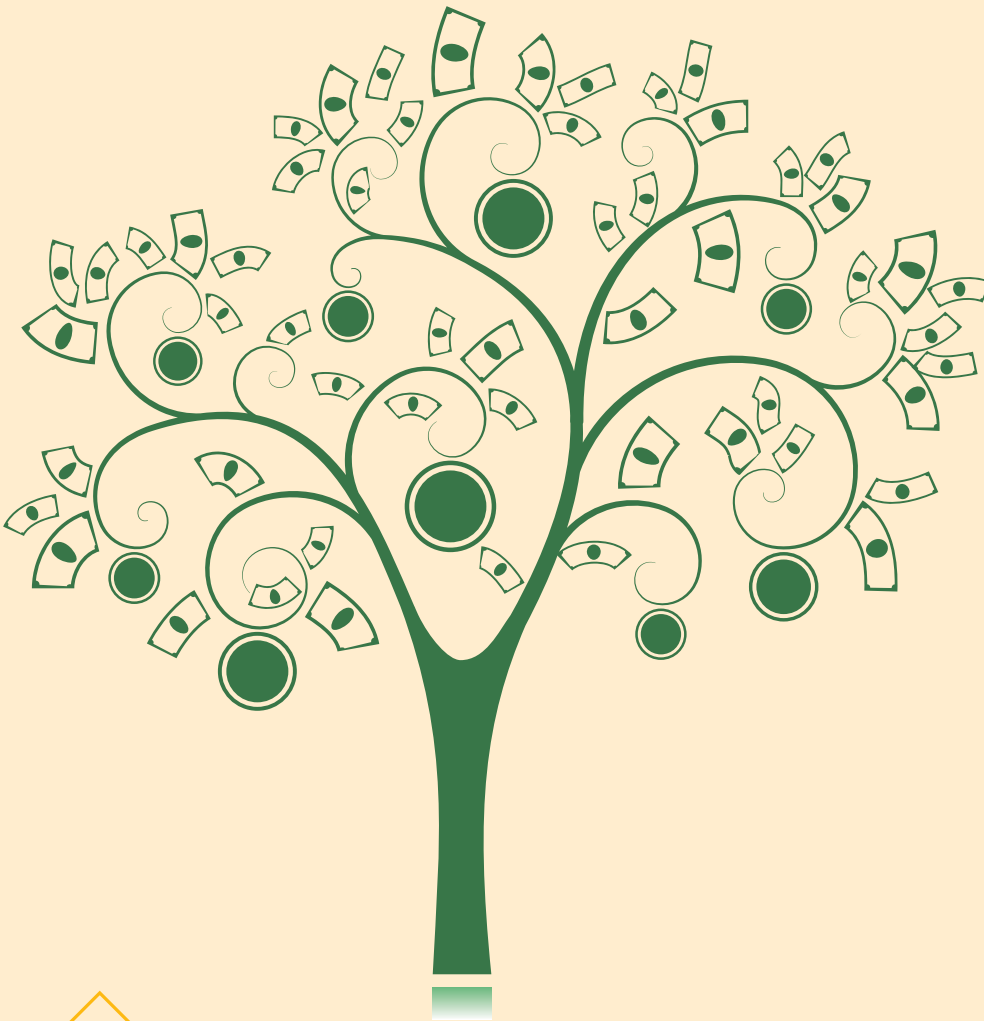
Staffs are allowed Work from Home (WFH) access on case to case basis and as per the demand of the situation. This WFH access was given to staff in departments having limited or no contact with customers during the time of COVID 19 outbreak. Having the option of WFH allows the staff to have the working flexibility under special or emergency circumstances such as COVID-19 outbreak.

Business Continuity Plan

The Bank has in place a Business Continuity Plan to help ensure the continuation of operations during the time of emergency or disaster ensuring the safety of the staff, its customer and its assets.

12. Promoting Health Including Mental Health and Well-being of Employees

The Bank is committed to continue to take steps to promote a safe and conducive work environment for its employees and providing guidance on occupational health and safety, appropriate healthcare benefits and medical cover to all its employees. Medical Insurance benefit is available to all employees and the Bank will continue the same in the future as well. In order to ensure the well-being of the employees and provide opportunities for a work-life balance, the Bank has revisited its mandatory leave period from 10 days to 13 working days.



13. Designing Disability Friendly Branches, ATMs and Offices for Customers and Employees

The Bank shall continue designing branches and service locations that are accessible to differently abled person.

GOVERNANCE

Governance highlights the bank's principles and standards for good governance, transparency, accountability, and risk management. This includes measures to prevent corruption and promote corporate integrity. It is important to have strong governance and ethical practices in building trust and credibility with stakeholders. The bank aims to maintain a culture of integrity, transparency, and accountability, ensuring that operations are conducted in compliance with applicable laws and regulations with strict adherence. To achieve this, the Bank shall establish clear policies and procedures for managing ESG risks and opportunities while monitoring and reporting the Bank's progress regularly. The governance aspects of the Bank are covered by:

1. Composition of Board of Directors

Bank shall have in place executive compensation guidelines, establishing transparent governance structures, with independent and diverse board, to ensure effective oversight and accountability. This includes adopting ethical standards, promoting transparency and disclosure, and adhering to relevant regulations and guidelines.



2. Hiring and Onboarding Best Practices

The Bank is committed to a diverse and inclusive working environment across all its operations. The Bank is an equal opportunity employer and does not differentiate based on cultures, religions, caste, linguistic background, age, gender, and sexual orientation of employees. The Bank believes in leveraging the strength of diversity in the workplace. This extends to all employees. Further, those who feel discriminated against are encouraged to raise their concerns through the internal whistleblowing platform.

3. Compliance to all Regulatory Guidelines Applicable to Bank

Bank shall adhere to all regulatory guidelines and applicable Acts and Rules to remain compliant during the course of doing business.

4. Internal Control

Bank shall establish internal controls to help ensure the accuracy of financial reporting, compliance with regulations, and effective operations. By integrating ESG considerations into the internal control systems, Bank shall be able to enhance transparency, accountability, and long-term value creation.

5. Audit

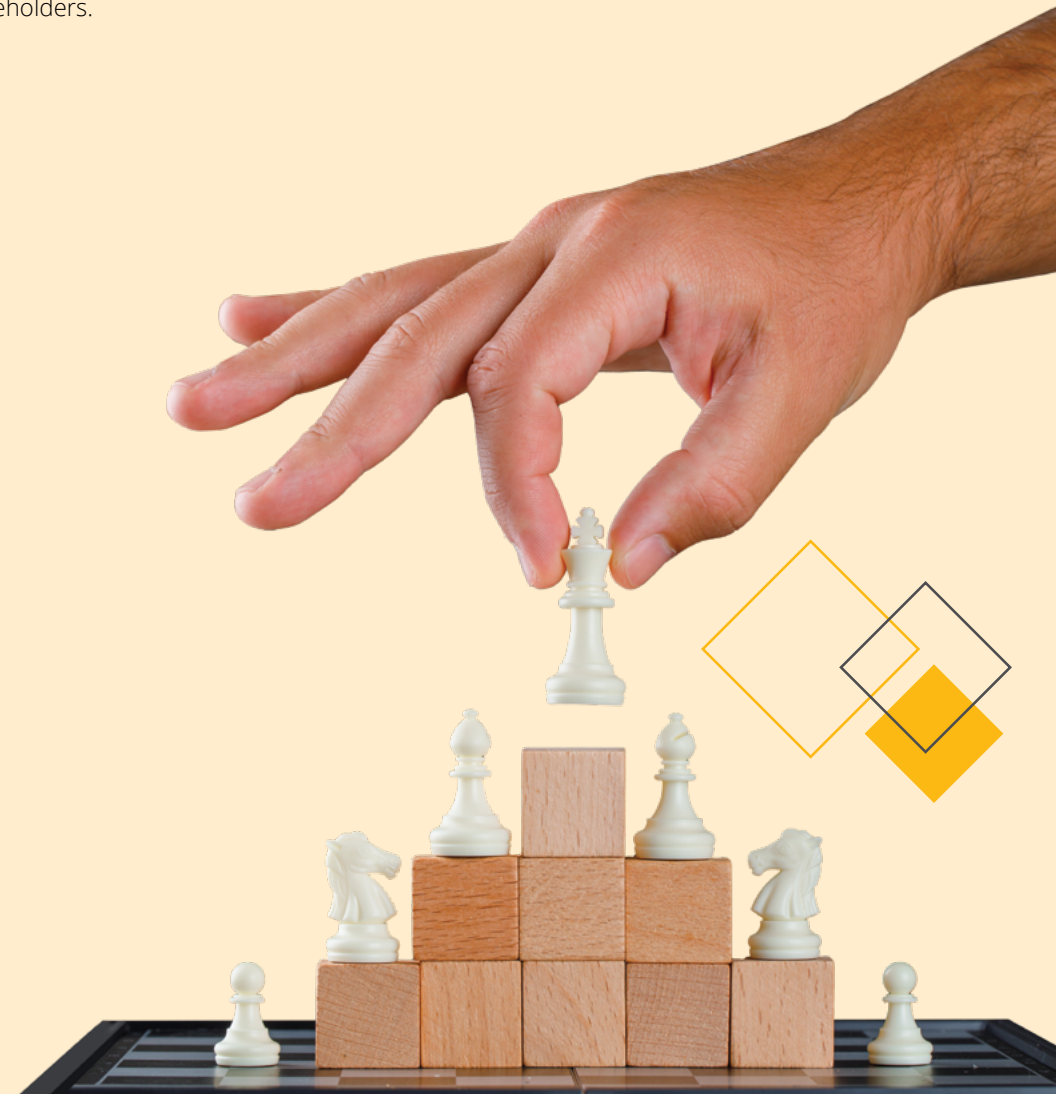
Bank shall establish modality to incorporate ESG considerations into the audit process to provide stakeholders with a more comprehensive view of a bank's overall performance and risk profile. This practice can also help identify areas where the Bank may be exposed to ESG-related risks that could impact on its long-term sustainability and value.

6. Timely Disclosures

Timely disclosures in ESG reporting are crucial for investors, stakeholders, and the public to have accurate and up-to-date information about a company's sustainability practices. Bank shall work on providing timely ESG disclosures to demonstrate transparency, accountability, and a commitment to responsible business practices. By providing timely and accurate ESG disclosures, the Bank can build trust with investors, attract socially responsible investors, and enhance its reputation as a sustainable and ethical bank.

7. Leadership and Oversight- Code of Conduct for Board and Senior Management

The Bank shall have leadership and oversight in ESG by assigning appropriate roles to the senior management in setting the strategic direction, priorities, and accountability for its sustainability efforts. Strong leadership and oversight in ESG are essential for embedding sustainability into the core business strategy, driving positive impact, and ensuring long-term value creation. Bank with strong leadership and oversight in ESG are better positioned to manage risks, seize opportunities, and create long-term value for all stakeholders.





DISCLOSURES

ESG DISCLOSURES & REPORTS

Non-Financial Disclosures are gradually becoming stringent in many parts of the world.

As the ESG issues affect mainstream businesses, regulatory requirements in non-financial disclosures shall soon be mandatory. Banks across the world will not only be accountable for their own ESG footprint and impact but will also be required to monitor and report the ESG status of their corporate customers. Furthermore, banks will be required to deepen their ESG-centric lending, while also creating a distance from ESG-unfriendly businesses. Hence, ESG consciousness in Banks prepare the institutions for this change. One such preparation would be adopting globally accepted standards.

Disclosure forms an imminent part of the ESG framework. The Bank discloses its undertakings under various ESG facets in detail in its Annual report. The Bank has also become a signatory of the Partnership for Carbon Accounting Financials (PCAF) standard to attempt to disclose its GHG emission. Siddhartha Bank has successfully reported its first GHG emission following the PCAF standard of its Scope 3 Category 15 Financed Investment portfolio comprising of its 'Project Finance' and 'Business Loans and Unlisted Equity' assets classes. The Bank shall continue to disclose its GHG emissions in the future and endeavor to gradually increase its scope of disclosure in the future reports to demonstrate the Bank's commitment to its stakeholders.



SIDDHARTHA BANK'S ESG COMMITMENT

Siddhartha Bank is dedicated to sustainable growth and systemic transformation, adhering to Environmental, Social, and Governance (ESG) commitments to meet regulatory requirements, contribute to long-term prosperity, and manage ESG risks. Aligned with global sustainable development goals, the Bank support efforts to adapt to new economic realities, including climate change, evolving communities, and resource scarcity. The Bank will remain committed to:



Ensuring compliance with relevant environmental and social regulatory standards applicable to our operations and respecting all internationally recognized human rights



Integrating environmental and social risk management into our business processes related to credit appraisal and also in all decision-making processes associated with our assets and operations



Giving due consideration to foreseeable climate risks associated with our business operations and endeavour towards its mitigation



Promoting amongst our borrowers to undertake business activities aligned with protection of environment, honouring labour and working conditions and avoiding risks to community health and safety



Maintaining transparency and responsiveness to stakeholders on ESG matters including upholding client protection principles to ensure fair and responsible customer treatment



Operating with integrity and the highest ethical standards, supported by robust governance structures aligned to the associated national frameworks



Relationship Forever

www.siddharthabank.com