



Responsible Investment Policy

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SBI Life

Responsible Investment Policy

1. Background

SBI Life is committed to conducting its investment activities in a responsible and sustainable manner. As an Indian life insurance company, the company recognizes its responsibility to consider environmental, social, and governance (ESG) factors in its investment decisions. This Responsible Investment Policy outlines its approach to integrate ESG considerations, screening criteria, monitoring processes and engagement with companies.

The objective of this investment policy is to drive positive impact on the ecosystem where we operate and to align with the national ESG ambitions like India's Net Zero Target of 2070.

2. Applicability

The company is responsible and continuously strives to deliver investment return above benchmark. In order to maintain a balance between its fiduciary responsibility to its policyholders and ESG risks consideration as part of its investment process and to embark on the journey of responsible investment it has included investment in equity securities as first step towards its integration of ESG in its investment strategy.

The company strives to align its investments with its broader corporate values and ensure that they contribute to a sustainable and resilient financial system.

3. Review and approval of the policy

The policy will be reviewed by Board Investment Committee and will be recommended to the Board of Directors for approval, at least annually or as and when required.

4. Responsible Investment Strategy

The Responsible Investment strategy of SBI Life encompasses three core areas:

- **Integration:** It seeks to include two factor input of Environmental, Social and Governance (ESG) performance considerations and ESG risk considerations along with mechanisms of screening and thematic investing within the investment decision making processes.
- **ESG Engagement, stewardship and voting:** It wishes to carry engagement with its investee companies through regular monitoring of ESG performance and risk, and use its influence to promote good ESG practices through active stewardship efforts and exercising its voting rights.
- **Collaboration with regulators and industry bodies:** The company engages with various stakeholders including policy makers such as Insurance Regulatory Development Authority (IRDA), regulators such as Ministry of Corporate Affairs (MCA), industry bodies, market participants to create a supportive ecosystem for responsible investing.

4.1 Integration

Below is the broad framework to include ESG performance, risk, and other considerations within the investment decision making processes.

A. ESG Integration Framework

B. ESG Screening process

C. Thematic investing

A. ESG Integration Framework:

SBI Life integrates ESG factors into its investment decision-making processes to identify and manage potential risks and opportunities. The company believes that considering ESG factors can enhance long-term investment performance and contribute to sustainable development. The investment professionals are trained to incorporate ESG considerations into its analysis of investment opportunities. They consider factors aligned to both national and international standards and internal ESG framework along with factors such as climate change, human rights, labor standards and corporate governance practices, when assessing potential investments.

For ESG integration in equity securities, it has developed a customized ESG assessment model to derive ESG performance and Risk remarks for investment decision making. It has also set indicative sector specific thresholds for all sectors in its portfolio for the purpose of internal decision making. The customized Responsible Investment Framework used to derive ESG performance and risk remarks for investment decisions has a two-factor input and sector specific flags as outputs used for decision making. Where a company is flagged red under both ESG performance and ESG risk as defined in the framework, investment in such a company will require specific approval from the Chief Investment Officer (CIO). Depending on the merit of the business and the need to imitate the benchmark, the decision is taken by the CIO and the exposure is taken with due care.

B. ESG Screening process:

SBI Life employs a screening process to identify and evaluate investments based on specific ESG criteria. It recognizes that some sectors or industries may pose significant risks or conflicts with its responsible investment objectives. Therefore, it may choose to take up with the management of the respective company before restricting its exposure to such investments in its portfolio.

Going further, the company may use a combination of the below screening techniques for its investment decision making –

- a. Positive / Inclusionary Screening – Investment based on positive ESG attributes
- b. Negative / Exclusionary Screening – Investment based on absence of negative ESG attributes
- c. Best-in-class – Investment based on superior ESG performance

C. Thematic Investing:

SBI Life also uses thematic investment strategies to target specific themes aligned with sustainability goals. By investing in sectors such as renewable energy, clean technology, healthcare innovation, and social inclusion, it aims to generate financial returns while driving positive impact. Thematic investing allows the company to support companies at the forefront of sustainability solutions, contributing to a more sustainable future.

The company has adopted ESG thematic investment allocation and has publicly disclosed its commitment to these areas.

4.2. Engagement with Companies

Post investment, it engages with the companies in its portfolio to ensure that the ESG performance of the companies is monitored and improved. The company engages with the organizations through –

- A. Regular ESG Engagement
- B. Stewardship Activities
- C. Exercising Voting Rights

A. Regular ESG engagement

The company regularly engage with investee companies / portfolio companies on their ESG practices and monitor their ESG performance. This engagement is led by the investment team to understand the investee organization's ESG plans, performance and to highlight sector specific issues. This engagement is followed up with improvement plans as needed. The investment team also used these engagements to discuss upcoming issues in ESG and the to help the investee companies plan for the future.

B. Stewardship:

SBI Life believes in active ownership and recognizes the importance of engaging with investee companies to promote positive change. We actively exercise the rights as shareholders to advocate for improved ESG performance, sustainable business practices, and long-term value creation. Its engagement activities include dialogue with company management, participation in shareholder meetings, collaboration with other investors, and the submission of shareholder resolutions.

The Company has put in place a Stewardship policy pursuant to IRDAI Guidelines on Stewardship Code for Insurers in India vide letter ref no. IRDA/ F&A/GDL/CMP/059/03/2017 and subsequent amendments or revisions thereto. (Refer to SBI Life Stewardship Policy for more information <https://www.sbilife.co.in/en/about-us/investor--relations>, under the tab of Public disclosures.)

C. Voting:

SBI Life exercises its voting rights as a responsible investor to support resolutions that align with its responsible investment principles and corporate values. It prioritizes voting in favor of proposals that promote transparency, sustainable practices, and long-term shareholder value. It maintains a clear and transparent voting policy that guides its decision-making process, ensuring consistency and accountability.

The Voting Policy applies to all equity holdings of SBI Life. (Refer to SBI Life Voting Policy for more information <https://www.sbilife.co.in/en/about-us/investor--relations>, under the tab of Public disclosures).).

4.3 Collaboration with regulators and industry bodies

SBI Life aims to address and influence key thematic, sectoral and market issues that could affect its investment performance. It actively collaborates with regulators and join industry discussions with various industry bodies on these topics. Additionally, it participates in forums to share its experience with ESG integration and future plans, helping to spread knowledge and raise awareness.

5. Governance

SBI Life recognizes the importance of strong governance practices in responsible investing. Its governance framework ensures effective implementation of Responsible Investment Policy. It has also set up an ESG Investment Committee led by Chief Investment Officer (CIO). The ESG Governance committee comprises of the Chief Investment Officer, Head of Equity, Head of Research and dedicated ESG research analyst. The investment team, equipped with training and resources, integrates ESG considerations into its decision-making processes. Transparent reporting, adherence to standards, and engagement with stakeholders further enhance governance practices.

The major responsibilities of the ESG Investment Committee would be –

- A. To present and get approval on the organization's Responsible Investment approach
- B. To ensure adherence to the Responsible Investment policy
- C. To monitor the portfolio for ESG risks and opportunities
- D. To assess the ESG impact of the portfolio and update the Responsible Investment Strategy on a regular basis
- E. To communicate the Responsible Investment progress and updates with the internal and external stakeholders

6. Communication and Disclosure

Communication of Responsible Investment initiatives will be made through Integrated reports to internal and external stakeholders & also through ESG report.

7. Reporting

The ESG Steering Committees must prepare half-yearly reports detailing the activities undertaken, metrics monitored and impacts created. The ESG Steering Committee must submit the report to the Board Stakeholder Relationship & Sustainability committee for further feedback and improvement, on a half- yearly basis.

8. Record Keeping

All documents shall be preserved for a period as specified in the applicable regulations and as per Board approved Record Maintenance and Document Retention Policy.