ESG Implementation in Financial Institutions-Status in India

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ABSTRACT

G20 has made climate action a key priority and an integral part of the recovery from the pandemic. Tackling climate change and the other challenges needed to bring economic development onto a sustainable path requires the involvement of the financial system and its alignment with the objectives of Agenda 2030 and the goals of the Paris Agreement.

In this context it is important to examine how far the ESG policy has been embraced by Indian Financial institutions and Corporates. Researcher has a made an effort to trace the developments in this context and summarise the various initiatives and the inherent limitations. It is concluded that although substantial progress has been made on policy adoption level, there is no ground level reporting framework so far to measure the implementation status. Implementation would be subject to many supporting laws and practices in the country.

INTRODUCTION

The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 Parties on December 12, 2015 and came into force on November 4, 2016. Its goal is to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. To achieve this long-term temperature goal, countries aim to reach global peaking of greenhouse gas emissions as soon as possible to achieve a climate neutral world by mid-century. The Paris Agreement is a landmark in the multilateral climate change process because, for the first time, a binding agreement brings all nations into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects.

In line with its vision, articulated around the pillars of People, Planet and Prosperity, the G20 re-established the Sustainable Finance Study Group (SFSG). Under the of G 20, prescriptions, the nations are required to meet the environmental, social and governance (ESG) criterion as a national policy to which India is committed. Responsible Finance is at the core of the implanting strategy for ESG.

What is Responsible Finance: Responsible Finance is all about good governance, strong emphasis on capital preservation and its quality, effective risk management, and proactive social and environmental intervention through investment and lending. All the four components are intrinsic to a financial institution's (FIs) business.

Responsible Finance requires integrating Environmental, Social and Governance (ESG) risk management into an FI's business strategy, decision-making processes and operations. By doing so, an FI attains a stable balance between earnings and risks on the one hand, and on the other, the use of ESG parameters opens up new growth and investment opportunities.

In the ultimate analysis this is key to financial institutions serving the real economy – one that is people focussed, has a capacity to absorb external shocks and is sustainable. Responsible Finance provides a framework that taps the huge twin potential of the financial sector for its growth and development impact. Responsible business, and within its responsible financing, has assumed growing importance globally, particularly after the financial crisis of 2008.

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International Initiatives on climate-related financial risk: G20 and FSB

A number of initiatives are under way across the international fora, central banks, academics and private sector stakeholders to study climate-related financial risks. Critically, climate change related topics are being given an important place in the agenda of both the G20 and G7 for 2021, and preparations are underway for the upcoming COP26.

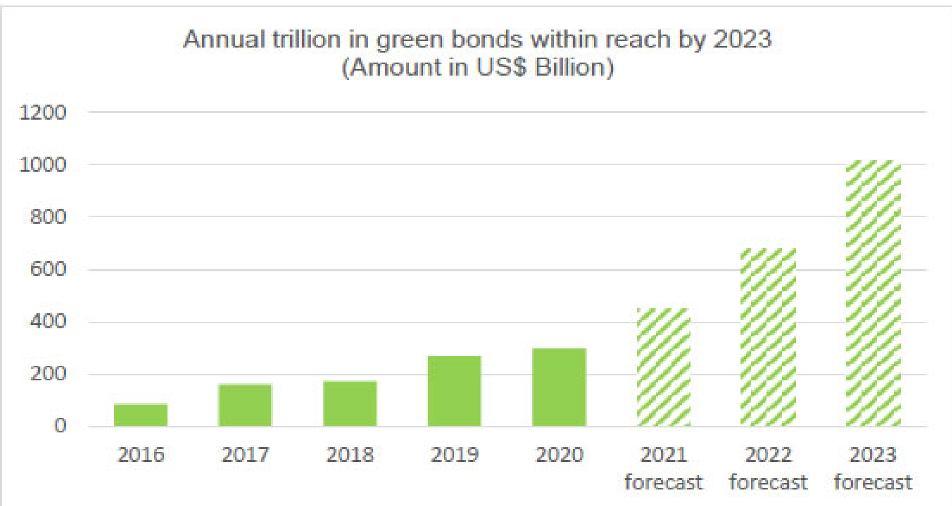
The G20 for the first time adopted a joint final communiqué, which gives momentum to the common mission of the G20 countries to preserve global climate and ensure a clean and inclusive energy transition. They agreed that the crisis unleashed by the pandemic reinforced the importance of using science as a compass to guide the development of policies aimed at ensuring the common good.

G20 has made climate action a key priority and an integral part of the recovery from the pandemic. Tackling climate change and the other challenges needed to bring economic development onto a sustainable path requires the involvement of the financial system and its alignment with the objectives of Agenda 2030 and the goals of the Paris Agreement. In line with its vision, articulated around the pillars of People, Planet and Prosperity, the G20 re-established the Sustainable Finance Study Group (SFSG).

In parallel, the Financial Stability Board is working on ways to promote consistent, high-quality climate disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures. It is also continuing to work on data requirements and gaps that are crucial for assessing the financial stability risks posed by climate change. Concurrently, the International Financial Reporting Standards (IFRS) Foundation is moving ahead with a proposal to set up an international sustainability standards board (ISSB) to deliver the first consistent, single set of global norms for climate-related company disclosures.

Green Bonds: Gaining momentum

At a conceptual level, "green finance" can be defined as financing of investments that deliver environmental benefits in the broader context of environmentally sustainable development. These environmental benefits include, for example, reductions in air, water and land pollution, reductions in greenhouse gas emissions and improved energy efficiency. Interest in green bonds and green finance is progressively gaining momentum as it has become a priority for many issuers, asset managers and governments alike. Global issuance of green bonds surpassed $250 billion in 2019 - about 3.5% of total global bond issuance ($7.15 trillion). Projections estimate that global issuance of green bond is likely to reach $450 billion this year and that there is high possibility of issuance surpassing $1 trillion in 2023.



Source: Climate Bonds Initiative, September 2021 Report

Overall, developed economies contributed major part of green bond issuance globally. Among the emerging economies, India occupies the 2nd spot (after China) in the cumulative emerging market Green Bond Issuance, 2012-2020 (US$ million).

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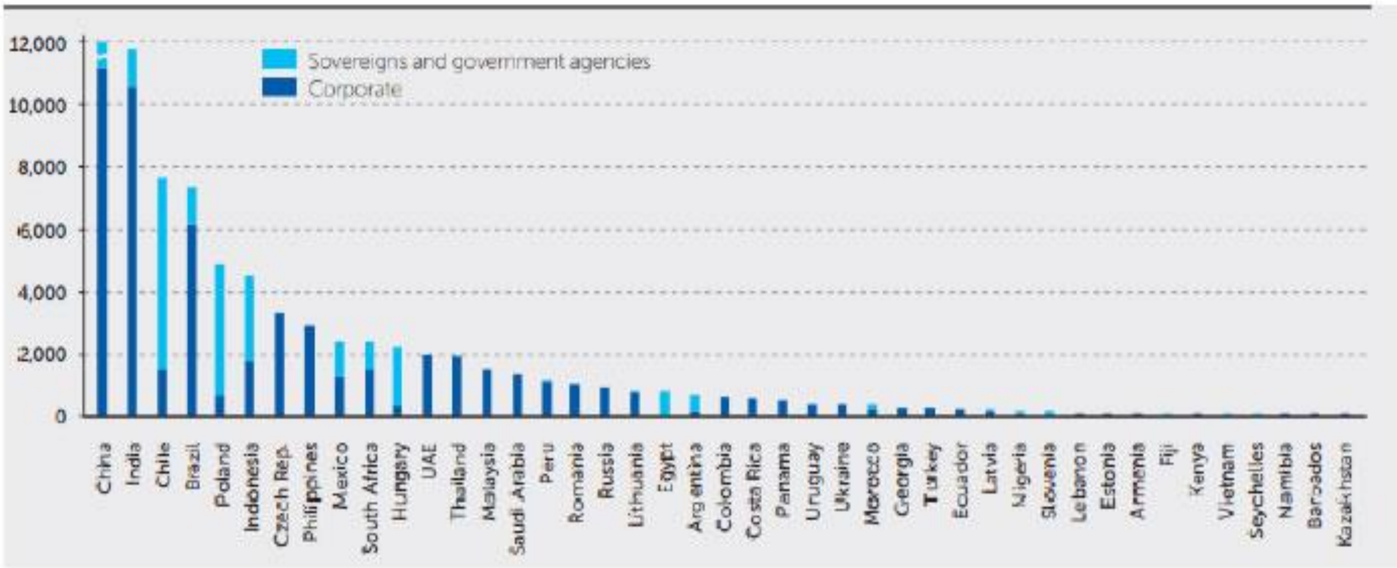

Source: Emerging Market Green Bonds Report 2020

National (Indian) Initiatives and Developments on climate-related financial risk: Basel III norms due to be implemented by 2019 in India encourage a new risk management culture with greater thrust on transparency and accountability besides maintaining high capital standards. Voluntary frameworks by countries, multilateral institutions and financial community are on the rise. In India, the RBI circular of 2007 brought home the need for Non-Financial Reporting and urged FIs to integrate sustainable development in their practices. The 2011 guidelines on sustainability released by the Ministry of Corporate Affairs, known as the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) expanded the gamut of risks and opportunities for business action spread across nine ESG principles. Subsequently in 2012, SEBI's requirement of mandatory reporting on the NVGs for the top 100 listed businesses through Business Responsibility reports (BRRs) gave disclosures or non-financial reporting a regulatory push.

IBA Guidelines for Responsible Financing for Financial Institutions (FI):

The Guidelines formulation process finds its genesis in the Working Group formed under the convener-ship of the Indian Banks' Association (IBA). This was a culmination of long engagement and dialogue with financial institutions supported by the joint initiative undertaken by GIZ and SIDBI under the bilateral cooperation project on Responsible Enterprise Finance. The Working Group brought together a cross-section of public and private sector banks, think tanks and implementing agencies. A core group within the Working Group called the Guidelines Drafting Group was tasked with the formulation of the Guidelines for Responsible Financing, Implementation and Disclosure Framework, and develop a roll-out strategy. These Guidelines have been approved and passed by the IBA Management Committee for adoption by banks.

S**tructure, Applicability and Approach:** These financial sector specific guidelines that combine and adapt international and national good practice precedents. National Voluntary Guidelines for Responsible Financing (NVGRF of IBA) contain eight principles and five pillars of National Voluntary Guidelines for Responsible Financing implementation. The guidelines are a voluntary instrument and go beyond compliance thus raising the bar of conduct. The Guidelines urge FIs to systematically adopt measures on all eight ESG principles. These measures thus do not induce any legal liabilities for the adopting organisation. The benefits accruing from the adoption of the guidelines include proactively building positive reputation through transparent communication with stakeholders. These principles are envisioned to drive the organisations to longevity and sustainable value creation. Each principle of the Guidelines serves to enhance the business case for the FI on one or more parameters, namely, revenue growth and market access, brand value and reputation, cost savings, human capital, risk management and access to capital. Not to forget is the demand for increased capital by Indian FIs. They will essentially help to mobilise international institutional investors for whom FIs on the basis of performance on ESG with a commonly agreed National Guidelines for the financial sector in a standardised manner.

The IBA Guidelines: The Report on National Voluntary Guidelines for Responsible Financing (NVGRF of IBA) contain a detailed principle wise implementation guidance, which is summarised in a step-wise process here to translate the eight principles into concrete and measurable actions.

The Eight Principles for financial institutions are as follows:[1]

Principle 1: Ethical conduct and E&S Governance - Financial institutions should establish governance systems to oversee their environmental and social performance, and disclose information about their promotion of ethical governance within the organization, their structures and processes for overseeing ESG integration, their redress of stakeholder complaints, and their plans for action and reporting on action taken.

Principle 2: Integration of E&S risk management in business activities - Financial institutions should consider environmental, social, and governance factors in their investment, lending, and risk management processes in order to minimize negative impacts on their operations and society. This should include board oversight of an ESG risk assessment framework and responsiveness to the ESG impact of sectors in which the financial institution is involved.

Principle 3: Minimizing environmental footprint in internal operations - Financial institutions should aim to minimize negative environmental impacts from their business operations and, where possible, promote positive impacts. This should include systems to monitor and reduce resource use and waste, as well as targets for improvement through technological and non-technological measures.

Principle 4: Environmentally friendly products, services, and investment - Financial institutions should invest in environmentally friendly products and businesses that have a positive impact on the environment. This should include strategies, initiatives, and products related to global environmental issues such as climate change, and lines of credit and investment in clean technology, energy efficiency, and climate mitigation and adaptation projects.

Principle 5: Enabling inclusive human and social development - Financial institutions should support inclusive and equitable human and social development. This should include products and services that have social impact parameters integrated into their design and target underserved populations, as well as efforts to ensure that financing schemes and development initiatives are sustainable and adopted by targeted stakeholders.

Principle 6: Stakeholder engagement - Financial institutions should understand the needs, interests, and expectations of their stakeholders and use this information to inform their strategy and decision-making. This should include the identification and engagement of internal and external stakeholders, with a focus on the disadvantaged, as well as the integration of stakeholder identification and engagement into deal appraisal and monitoring.

Principle 7: Commitment to human rights - Financial institutions should respect and promote human rights in their own operations (including labor and working conditions) and in their assessments of the treatment and management of human rights by their clients. This should include a clear policy and practice of human rights within the organization and across its value chain, with a focus on the rights of the disadvantaged, as well as appropriate grievance redress systems.

Principle 8: Disclosure - Financial institutions should regularly review and report on their progress in meeting the principles outlined in these guidelines. This should include the use of sustainability reporting frameworks and the provision of relevant and reliable information to stakeholders.

Five Pillars:

The Five Pillars of a Responsible Finance Strategy are as follows:

Leadership: The Chairman/CEO/Owner-Manager should take the lead in promoting the adoption of these principles within the organization and ensuring that they are fully understood and implemented. The board and senior management should also play a role in this process.

1 https://firstforsustainability.org/new-environmental-business-opportunities

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Materiality: Financial institutions should prioritize environmental and social issues based on their impact on the organization's ability to create, preserve, or erode economic, environmental, and social value.

Integration: These principles should be integrated into the business policies and strategies of financial institutions and should align with the organization's internal values or provide clear business benefits.

Engagement: Building strong relationships and engaging with stakeholders consistently is crucial.

Disclosure and Reporting: Financial institutions should disclose their impact on society and the environment to their stakeholders and report on their progress in implementing these principles.[2]

Action steps for adoption of Guidelines by the FI:

The following are action steps for the adoption of these guidelines by financial institutions:

Financial institutions should adopt these principles and implement them in various lines of business according to their strategic priorities, with the goal of strengthening the risk management and growth strategy of the organization.

The boards of financial institutions should integrate ESG oversight into an appropriate subcommittee, such as the Risk Committee, or create a new committee as needed to mainstream these principles into the organization's operations and ensure their subsequent monitoring and review.

The committee with ESG responsibility should present the guidelines for adoption to the board, outlining the business case and advantages for the organization.

The ESG portfolio risk framework should follow these steps: a) check new investment opportunities for activities on the exclusion list; b) initiate a screening review of the industry sector, client, and technical aspects of the project based on ESG parameters; c) conduct due diligence based on the organization's ESG policy and the eight principles of these guidelines; d) initiate a gap assessment and deploy an environmental and social action plan; e) enter into an investment agreement; f) monitor and review on an ongoing basis; g) incorporate findings into the reporting process and disclose on an annual basis.

Implementation status:

SEBI's BRSR framework requires that the top 1,000 listed companies in India (by market capitalization) prepare a Business Responsibility and Sustainability Report (BRSR) containing detailed ESG disclosures as part of their annual report. The report must be notified to stock exchanges, published on the company's official website, and provided separately to shareholders. The SEBI ESG guidelines have been implemented and currently cover 1000 listed businesses, approximately 70 of which are financial institutions.[3]

According to the amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, the existing Business Responsibility Report (BRR) shall be replaced by a more detailed and comprehensive Business Responsibility & Sustainability Report (BRSR) in two phases, a voluntary phase effective from FY2021-22 and a mandatory phase for the top 1000 companies effective from FY2022-23 in a prescribed format specified by the SEBI[4].

To help the listed entities in understanding the updated disclosure requirements and concepts associated with the new format of the BRSR, National Stock Exchange of India (NSE), in association with Stakeholder Empowerment Services (SES), has conceptualised 38 sector specific integrated guides to the BRSR format. These comprehensive guides provide detailed explanation of each parameter in the format and the objective for such disclosures, along with an elaborate guidance on how to measure and report such parameters.

[2] https://www.ing.com/Sustainability/Sustainable-business/Human-rights.htm
[3] https://www.marketexpress.in/2021/03/sustainable-finance-demystifying-sustainability-reporting-frameworks.html
[4]https://www.nseindia.com/resources/research-initiative-corporate-governance-integrated-guide-brsr

Unique Features

- Specific guides for 38 sub-sectors of Sustainability Accounting Standards Board (SASB), along with a sector agnostic integrated guide
- Mapped to SEBI's Standardized Industry Classification System
- Mapped to five Global Reporting Frameworks (GRI, SDG, TCFD, CDP & SASB)
- Guidance based on proprietary SES ESG Model
- Guidance on reporting disclosures for three Steps of Excellence:
  - Mandatory Disclosures (Essential BRSR Indicators)
  - Voluntary Disclosures (Leadership BRSR Indicators)
  - Sector Specific Disclosures (As per Global Best Practices)

The Indian Banks Association (IBA) has not made the National Voluntary Guidelines for ESG mandatory, but some developments suggest its acceptance of these guidelines for internal use. For example, the Chairman's remarks in the State Bank of India's 2020-2021 Sustainability Report on Transformative Resilience outline the bank's commitment to responsible finance, including financing sectors such as renewable energy, clean mobility, and affordable housing.

The Reserve Bank of India (RBI) has established a Sustainable Finance Group (SFG) within the Department of Regulation to lead RBI's efforts and regulatory initiatives in the areas of sustainable finance and climate risk.

Details of Regulatory Response: Keynote Address delivered by Shri M. Rajeshwar Rao, Deputy Governor, Reserve Bank of India (Thursday, September 16, 2021 at the CAFRAL Virtual Conference on Green and Sustainable Finance) has spelt out regulatory stance in this regard.

RBI have set up a Sustainable Finance Group (SFG) within the Department of Regulation in the Reserve Bank which will be spearheading RBI's efforts and regulatory initiatives in the areas of sustainable finance and climate risk. Some of the initiatives which RBI is contemplating and discussing within are as under;

i) Integrating climate-related risks into financial stability monitoring.

ii) Building in-house capacity on assessment and monitoring of climate risk and generating awareness of climate-related risks among regulated entities.

iii) Coordinating with other financial regulators to better understand the climate-related risks to the financial system and those related to a transition to a low carbon-economy.

iv) Advising regulated entities to have a strategy to address climate change risks and appropriate governance structures to effectively manage them from a micro-prudential perspective.

v) Exploring forward looking tools like climate scenario analysis and stress testing for assessing climate-related risks.

ESG Adoption by Indian Banks in India:

Out of 42 Scheduled Commercial Banks (21 Public Sector + 21 Private Sector), all 21 Public sector banks (PSBs) and 11 of the 21 Private banks (PvtSBs) have formal policies aligned with the National Guidelines on Responsible Business Conduct (NVGs) in their Business Responsibility Reporting (BRR) to Securities Exchange Board of India (SEBI). Nearly all PSBs and about half of large private banks align with basic NVG/BRR ESG reporting.

Regarding the GRI sustainability framework of Global Sustainability Standards Board (GSSB), who has sole responsibility for setting the world's first globally accepted standards for universal sustainability reporting, only six (SBI, Axis Bank, HDFC Bank, IndusInd Bank, YES Bank, IDFC First) Indian banks have fully adopted. The GRI Standards enable any organization, large or small, private or public, to understand and report on their impacts on the economy, environment and people in a comparable and credible way, thereby

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increasing transparency on their contribution to sustainable development. In addition to companies, the Standards are highly relevant to many stakeholders - including investors, policymakers, capital markets, and civil society. The Standards are designed for showcasing inclusive picture of an organization's material topics, their related impacts, and how they are managed.

Most of the banks do not publish standalone GRI report. Among the 34 leading banks, only about 6% had a green product or planned one as of March 2022, and roughly 35% had any stainability/ESG content on their websites.

Cost Implications for Indian Banks: Internal Costs & Infrastructure: Banks invest in systems to track ESG data, train staff, and embed ESG into lending assessments, especially for large banks like SBI, HDFC, Axis, ICICI, etc. The key cost areas include ESG policy development and internal research, Staff training and new hires and Technology systems for ESG data tracking and reporting. India-specific bank ESG spend data is limited, but the costs are likely to be in crores of rupees annually per major bank, especially those pursuing external assurance, formal sustainability reports, climate-risk frameworks, and sustainable lending strategies. Globally, large banks may spend hundreds of thousands to several million USD annually on ESG disclosure/reporting infrastructure.

Operational Savings & Productivity Gains: Some banks report cost reductions by lowering paper usage, boosting digital processes, promoting green deposits and financing and mandatory lending 40% of loans to Priority sector (small farmers, students or low-cost home borrowers and entrepreneurs).

Resistance faced from banks to implement ESG: Resistance faced from banks to implement ESG norms include regulatory ambiguity, low stakeholder pressure (limited consumer, investor or regulatory push compels banks to go beyond mandatory BRR disclosures and fragmented practices. Therefore, ESG norms for lending are largely voluntary in India; enforcement is weak and standards not uniform. ESG efforts are often ad hoc and many banks do not publicly report quantitative metrics or undertake evaluations or external audits.

Nearly all PSBs and about half of private banks in India have some ESG policy and NVG-based reporting.

To summarise, only a small minority (~14%) follow the more demanding GRI standard, with few issuing standalone sustainability reports with external assurance, costs for major banks likely run into multiple crores annually, mostly on disclosure systems, governance, and staff training and resistance continues due to unclear regulatory mandates, weak stakeholder pressure, and inconsistent ESG integration.

Leading Indian Banks & FIs with Formal ESG Frameworks: Here are the Indian banks and financial institutions (FIs) that have adopted ESG guidelines and integrated sustainability into their policies:

State Bank of India (SBI)

- Launched its own ESG Financing Framework in 2023, including issuance of green/social/sustainability bonds and loans.
- Offers climate finance loans (e.g. €100 million with Agence Française de Développement), green car loans, YONO Green Fund and carbon-rewarded programs.

HDFC Bank

- Adopted a formal Sustainable Finance Policy in 2021, with ESG embedded into credit evaluation and lending.
- Committed to carbon neutrality by 2031–32; financed over 6,110 MW renewables; ~940 green-certified branches; and DEI initiatives.

ICICI Bank

- Established an ESG Office in 2021, developing a Social & Environmental Management Framework (SEMF) integrated into lending and risk management.

- Sustainable Financing Framework considers sectoral ESG risks, external ESG scores, and classifies lending accordingly. Portfolio to green sectors ≈ ₹556 billion, ~21.4 % of business.

Axis Bank

- Board-level ESG Committee and Steering Committee, with a Sustainable Financing Framework for ESG-aligned lending.
- Aims to fund ₹300 billion in ESG-positive sectors by FY 2026 and target 30% female representation by FY 2027.

IndusInd Bank, YES Bank, IDFC First Bank

- Among the five private banks (alongside SBI) that publish sustainability reports aligned with GRI G4 standards, reflecting deeper ESG integration.

RBL Bank

- Board-approved sustainability policy since 2013, endorsed TCFD, climate exposure caps and aim to exit thermal power exposure by FY 2032.
- ESG is embedded in all decision-making; recognized by CRISIL Sustainability Yearbook and CDP Climate Change ratings.

Export–Import Bank of India (Exim Bank)

- Has a formal board-approved ESG Policy for Sustainable Development / Responsible Financing since late 2021.

IFSCA (GIFT City market regulator) unveiled ESG-linked transition bonds framework to promote sustainable instruments.

Quick Snapshot Summary of Leading Indian Banks & FIs with Formal ESG Frameworks is as hereunder;

Institution	ESG Policy & Governance	ESG Financing & Reporting
SBI	ESG Financing Framework (2023)	Green loans, green bonds, sustainability programs
HDFC Bank	Sustainable Finance Policy (2021)	Carbon neutrality target, large green financing
ICICI Bank	ESG Office & SEMF (2021)	~21% of lending to sustainable sectors
Axis Bank	ESG governance committees	Sustainable financing roadmap & goals
IndusInd / YES / IDFC First	Publish GRI-compliant reports	Sustainability reporting in line with global standard
RBL Bank	Sustainability policy since 2013	TCFD alignment, green exposure targets
Exim Bank	Board-approved ESG framework (2021)	ESG risk criteria integrated in export finance
IFSCA (GIFT City market regulator)	unveiled ESG-linked transition bonds.	Framework to promote sustainable instruments

The Environmental, Social & Governance (ESG) related risk is a prospective matter of concern for Indian banks, as being in a regulated framework most of the reporting done by banks are based on mandatory requirements, however, Domestic Systemically Important Banks in India have started disclosing information related to their preparedness for the challenges posed by ESG.

The Reserve Bank of India has identified following banks as Domestic Systemically Important Banks (D-SIBs):

i. State Bank of India
ii. ICICI Bank
iii. HDFC Bank

D-SIBs are the large banks which may be considered as the face of the Indian Banking System. Also, these banks are generally considered as pioneers for adopting to the changing needs of the industry and have started disclosing information regarding their prevalent ESG practices & GHG Emissions. D-SIBs may set precedence for other banks to realign their practices to the demand of the situation[5].

The State Bank of India (SBI), D-SIB from India, has instituted ESG framework in 2023, to assess borrowers based on ESG criteria, emphasizing the mandatory rating of these criteria for specified borrowers. This includes both existing and prospective borrowers in India, with exposure exceeding Rs 100 crores (for listed borrowers) and Rs 500 crores (for unlisted borrowers) at the time of credit rating agency assessment. Furthermore, SBI has established a Green Bond Framework to outline the issuance of Green Bonds[6].

Many other commercial banks in India have integrated some form of ESG policy in their governance and Credit Policy.

The International Financial Reporting Standards (IFRS) Foundation is establishing an International Sustainability Standards Board (ISSB) to develop a baseline global sustainability reporting standard, built from the Task Force on Climate-related Financial Disclosures (TCFD) framework and the work of an alliance of sustainability standard setters. However, there is a need for improving the level of disclosures for greater consistency and comparability. Hopefully, with effect from 2022-23, when filing of Business Responsibility and Sustainability Report (BRSR) shall be mandatory for the top 1000 listed companies, more companies will come forward with disclosures on their practices aligned with ESG related factors which will enable investors and other stakeholders to make informed decisions.

IN CONCLUSION

Unlike financial reporting, for which the IFRS standards for public companies have been adopted in 144 countries, there is currently no single, global reporting standard for ESG disclosures. The most widely adopted ESG framework in the world are the sustainability standards published by the Global Reporting Initiative (GRI). But these are not mandatory.

In November 2021, the IFRS Foundation announced the creation of the International Sustainability Standards Board, which aims to publish unified, global ESG disclosure standards later.

The good news is that the financial institutions have started recognising this threat. In a recent international survey, climate change topped the list of long-term risks for banks for the first time since its inception over a decade back. More than nine in ten (91%) of the surveyed bank chief risk officers (CROs) viewed climate change as the top emerging risk over the next five years. The Financial Stability Report (FSR) of July 2021, highlights the fact that climate change risks are ascending the hierarchy of threats to financial stability across advanced and emerging economies alike. Consequently, the need for an appropriate framework to identify, assess and manage climate-related risk has become an imperative.

Minimum ESG Policy Parameters Expected: To start with, any bank intending to adopt ESG framework may have to have minimum parameters for policy and execution based on the **IBA Guidelines contained in** The Report on National Voluntary Guidelines for Responsible Financing (NVGRF of IBA) discussed earlier.

[5]https://www. The Journal of Indian Institute of Banking & Finance/ Indian Banks adopting to ESG practices - An exploratory study based on D-SIBs - Dr. Kratika Shrivastava/April - June, 2022

[6]https://indiacsr.in/sbi-esg-financing-framework-for-sustainable-development

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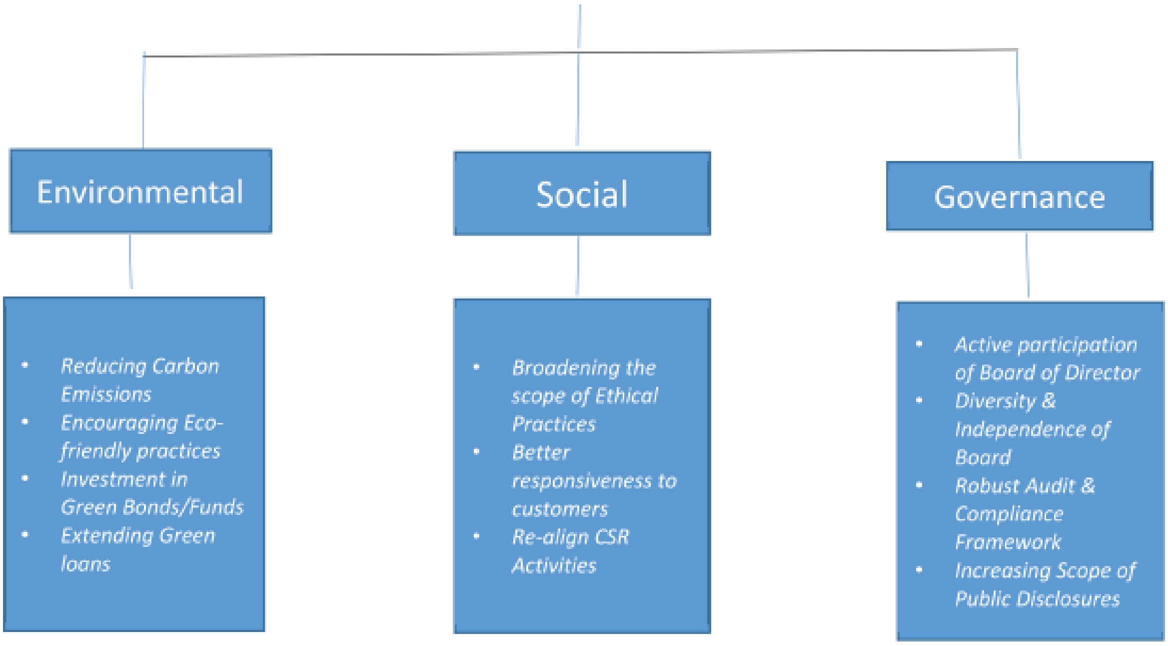

Diagrammatic Minimum ESG Policy Parameters Expected

The private and the public sector need to build on our early progress, both by recognising what we do know and urgently filling in the gaps around what we do not. RBI's SFG and IBA's Voluntary Guidelines on ESG for banks in India is a big step in this direction.

Major public and private sector banks in India, such as SBI, HDFC, ICICI, Axis, and Exim, have formal ESG policies integrated into governance and lending. A core group of about 6 banks follow GRI reporting standards, indicating higher maturity in ESG disclosure. RBL Bank stands out for long-standing ESG governance and recognized climate risk alignment. Regulatory frameworks from RBI and SEBI are coming into force, accelerating ESG integration across the industry.

Broader Context & Regulatory Trends: RBI plans to mandate climate-risk disclosure: From FY 2026 for governance/strategy, and metrics/targets from FY 2028, initially voluntary from FY 2027. SEBI issued an ESG debt framework in June 2025, covering social, sustainability, and sustainability-linked bonds to regulate issuance disclosure norms.

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