Bank of Baroda, Singapore Branch's Disclosures relating to Environmental Risk Management

The below Environmental-related disclosures are made against the Task Force on Climate-related Financial Disclosures (TCFD)' recommendations and aim to highlight the role of the Bank of Baroda, Singapore Branch's (hereby referred to as "the Bank") management team pertaining to the oversight and management of climate-related risks and opportunities, as well as the process followed by the Bank to identify, assess, and manage climate-related financial risks and actions taken to mitigate material risks.

Environmental risk is increasingly being recognized as a key risk globally, with climate change at the forefront of concerns. Issues revolving around the environment are widely acknowledged across the world as a global challenge. Environmental risk not only poses reputational concerns for a bank, but it also has potential financial impact on the bank's portfolios and activities which could potentially materialize as a financial loss through physical and transition risk channels.

The Bank strives to comply with the laws and regulations concerning the preservation of the environment, as well as to do our part to manage environmental risks. To that end, we have put in place an environmental risk management framework which serves to achieve the above and aims to integrate environmental risk management into the Bank's business operations.

The below disclosures follow a widely-accepted set of template that TCFD has developed focusing on Governance, Strategy, Risk Management and Metrics/Targets of the Bank.

Governance:

The Risk Management Committee (RMC) of the Bank will be responsible for the oversight of the Bank's environmental risk matters and the implementation of the environmental risk management framework in the Bank's operations. The RMC is chaired by the Chief Executive of the Singapore territory and members consist of departmental heads of the Bank. The RMC is convened every month.

Governance Structure	Roles and responsibilities

BOB SG's Risk management Committee [RMC]	1. To maintain an effective oversight of the Bank's environmental risk management, a summary of all the environmental risk exposures is to be perused by the RMC. 2. Evaluate whether adequate resources with appropriate expertise are present to manage the bank's environmental risks. 3. Oversee the scheduling of capacity building and training of the bank's personnel on concepts relating to environmental risk management – especially to the first and second line of defence. 4. Peruse through internal report issued to the bank upon performance of the third level of defence (i.e. internal audits) providing an insight and objective assurance that the bank's internal controls are adequate to mitigate the bank's environmental risks. 5. Ensure that the bank's Environment Risk Management is appropriately integrated with the existing Risk Management procedure.

Strategy:

Our environment risk management framework puts all borrowers through a screening process, which includes preliminary screenings on projects and Environment Risk Ratings on existing and new borrowers, which would allow the management to base their financing decisions on. The assessment process would also allow the Bank to enhance their monitoring of borrowers with high environmental risk or operating in high-risk sectors.

Materiality threshold set by the Bank allows us to monitor for material exposures, and scenario analyses on transition and physical risk are conducted on afore-mentioned exposures and put up for discussion and monitoring in the RMC meetings.

Risk identification:

The Bank strives to proactively identify, assess and manage environmental risksbefore they become significant or result in an adverse outcome on the client.

Risk identification is performed both at customer and portfolio level. The Bank generallytakes the following into consideration at the time of performing risk identification:

a. The sector of the client's operations (which cause for e.g. consumption of resources, use of hazardous materials, effluents, GHG emissions, wastes, etc.)
b. The geographic location of the assets of the customer (site and potential impacts of operations on sensitive areas including impacts on biodiversity etc.)
c. The customer's commitment, capability and track record of managing climate-related and environmental risks
d. Customer's transition readiness
e. Progress on the transition (if any) - based on the customer's intent
f. The capability of the client in mitigating the risks in transitioning to a low carbon economy

Borrowers on high-risk environmental risk rating will be subjected to Enhanced EnvironmentalDue Diligence.

Risk Management:

The Bank has adopted a "three lines of defence" model to oversee environmental risk management:

Defence line 1 - Functions that own and manage risk

Bank's lending officers from the Credit Departments assess the environmental risks, including any mitigating controls. This includes conducting of environmental risk ratings, preliminary screenings and regular reviews of environmental risk exposure.

Defence line 2 - Functions that oversee or specialize in risk management, compliance

The Bank's risk management department monitors the credit department's implementation of the Bank's environmental risk management policies, including evaluation of the environmental risk rating conducted by the FLOD, as well as challenging the practices and decisions, where appropriate.

The compliance function contemporaneously ensures adherence to applicable rules and regulations which are stipulated by the regulatory authorities from time to time.

Defence line 3 - Functions that provide independent assurance (viz. internal audit function)

The internal audit function of the bank performs an independent review to evaluate the robustness of the Bank's risk management framework in managing environmental risk.

Metrics/Targets:

The Bank does have an exclusion list which comprises of industries consuming producing Ozone depleting substances like Chlorofluoro Carbon (CFC -11, CFC –12), CFC – 113, Carbon Tetrachloride, Methyl Chloroform, Halons – 1211, 1301, 2402), to which the Bank will prohibit financing to. The Bank also has a list of high-risk sectors and a list of high-risk projects that will be used for additional monitoring for environmental risk exposures.

Further Enhancements:

The Bank will continue the iterative process of strengthening our environmental risk management framework by refining our understanding of environmental risks, as the environmental risk management landscape develops and evolves over time.