



Climate Action in Financial Institutions

PRINCIPLES FOR MAINSTREAMING CLIMATE ACTION

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YES BANK Has Incorporated the Ethos of Responsible Banking that Addresses Climate Change

Principle

Related Work Stream(s)



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Date Policy/ Tool Established	How Established?	How Implemented	Additional Capacity Required (e.g., staff, resources, other)
February, 2004: Since Inception of YES BANK	Top management's innovative approach to mainstream sustainable development and align it with core business strategies.	The long term strategy revolves around an integrated approach that YES BANK follows, which cuts across the core business practices in line with an ethos of mainstreaming sustainability through four key parameters: <ol style="list-style-type: none"> 1. Sharp Focus on Sustainable Finance— that is Integrating ESG parameters into lending decisions and financing clean technology and renewable energy projects. 2. Developing innovative products/ services that directly address environmental and social concerns. 3. Proactively directing investments towards projects that have positive societal and environmental impacts 4. Green Procurement and Operationalizing sustainable solutions in the value chain. 	Dedicated team with expertise required to develop strategies and tools to address climate change, environmental, social and climate risk management; Gradual increase in staff with relevant expertise; Establishment of processes to measure, manage and report resource consumption; Stakeholder engagement mechanism to receive and act on feedback.

Key Lessons

- To establish Responsible Banking as one of the key pillars of growth for YES BANK, it was definitely necessary to have strong leadership to percolate the strategy throughout the organization.
- Implementation is possible and would turn beneficial, only when achieved through a multi-stakeholder approach. Strengthening the current base of actions before moving to parallel strategies is key to having a sustained strategy.

Introduction

YES BANK is India's fifth largest private sector Bank catering to the future businesses of India. As one of India's youngest and fastest growing banks, YES BANK has striven to be a part of India's growth story and has adapted a strategic approach to sustainability to serve as its' differentiator. It is the outcome of the professional & entrepreneurial commitment of its founder Rana Kapoor and its top management team, to establish a high quality, customer centric and service driven bank.

YES BANK aims to be at the forefront of mainstreaming sustainability within the global financial sector and the broader stakeholder spectrum. Since inception, YES BANK has incorporated the ethos of Responsible Banking, through which it has integrated sustainability with the core business strategy of the Bank. The Responsible Banking unit is a core plank that cuts across all functions at the Bank and works towards creating positive impact and mobilizing teams for creating a business case for sustainability.

YES BANK has constantly worked towards catalyzing the financial sector to adopt sustainable practices which has helped in the field of sustainable finance and climate action. The initiatives driven by the practice include overall sustainability management, research, triple Bottom-line measurement and accounting, sustainable and socially responsible finance/investing and strategic Corporate Social Responsibility (CSR).

Development and Design

The Bank's Responsible Banking strategy is driven at the highest level by the Board, including the Managing Director & CEO, who review and approve the Bank's policies and programs in CSR and sustainable development. The aim is to integrate sustainability imperatives in business strategies, approaches and targets.

Implementation

The Bank recognizes climate change as a material aspect to its functionality and proactively addresses it through various initiatives:

- **Environment and Social Policy (ESP):** In order to have a 360 degree risk mitigation framework, YES BANK has instituted this policy in 2006, drawn from the Equator Principles, IFC guidelines and other international best practices. YES BANK has therefore adopted a Environment and Social Policy which goes beyond the realm of financial risk mitigation.
- **Environmental Management Policy (EMP):** In line with its commitment to achieving natural resource consumption efficiencies and minimizing its carbon footprint, YES BANK has become the first bank in India to achieve the ISO 14001:2004 certification through instituting an Environmental management Policy with an intended reduction of at least 5% in resource consumption year on year.
- YES BANK was the first Indian bank to launch a Green Infrastructure Bond issue for INR 500 Crores, which was oversubscribed for INR 1000 crores (about USD 160 mn).
- YES BANK has committed funding of 5,000 MW renewable energy in the next five years with the recently launched green bonds in February 2015.
- YES BANK also is part of the drafting committee of the **National Voluntary Guidelines on Responsible Finance** along with Infrastructure Development Finance Company (IDFC) and GIZ.
- With the intent to **mainstream sustainable finance** in Indian financial institutions, the 'YES BANK—GIZ—UNEP FI Sustainability Series was launched by the Deputy Governor of India's central bank, The Reserve Bank of India in 2013, which brought out the critical need to include Environmental and Social (E&S) risks in corporate evaluations, bringing stakeholders like media and corporates on board with the second workshop.
- Taking a lead in mainstreaming natural capital in India, YES BANK launched its Natural Capital Initiative by signing the Natural Capital Declaration thus making it the first financial institution in India endorse this finance led,

CEO initiative underscoring its' commitment to integrating natural capital considerations in its' products and services.

- Mr. Rana Kapoor, MD and CEO, YES Bank is the board chair of The Climate Group (TCG) India, an award-winning, international non-profit organization, which helps it work with corporate and government partners to develop climate finance mechanisms, business models which promote innovation, and supportive policy frameworks.
- Ms. Namita Vikas, Group President and Country Head (RB), as a climate action specialist, is elected to the Global Steering Committee of United Nations Environment Program-Finance Initiative (UNEP FI) and is Chair of the steering Committee of Natural Capital Declaration (NCD) effective January 2016. She is also elected as the UNEP FI Chairperson for A-PAC underscoring the leading role the bank is playing in policy advocacy towards sustainable development.
- YES BANK partnered with Global Reporting Initiative (GRI) and KPMG to conduct the Global Reporting Initiative **Business Transparency Program** (GRI BTP) for its Small and Medium Enterprise (SME) clients.

Experience and Impact

YES BANK has been able to establish itself as the upcoming leader in sustainable finance in India. The Responsible Banking ethos has given way to many path-breaking financial innovations in this market such as Green Bonds, renewable energy portfolio and specialized products and services to the Bottom of the Pyramid consumers. This strategy has distinguished YES BANK at many national and international fora and continues to demonstrate success for the bank.