



# Climate Action in Financial Institutions


PRINCIPLES FOR MAINSTREAMING CLIMATE ACTION

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## Yes Bank's Sustainability Leadership reflected through ESG disclosures

Institution      Principle      Related Work Stream(s)



PRINCIPLE 5:  
**ACCOUNT**  
for your  
Climate  
Action



MAPPING REPORTING  
INITIATIVES AND  
UNDERSTANDING  
IMPLEMENTATION  
CHALLENGES

Publication date: 2017

Date Policy/Tool Established	Additional Capacity Required (e.g., staff, resources, other)	How Established?
Dow Jones Sustainability Index: 2014; MSCI ESG Ratings: 2014; FTSE4Good Emerging Index: 2017; CDP: 2010; SDG Compass: 2016	Dedicated internal team with expertise in ESG disclosures, climate risks and ESG ratings. Specific professional trainings on ESG are provided to certain employees and all of Bank has to undergo mandatory ESG modules.	Established through a series of management consultations and dialogues to participate in Environment, Social and Governance (ESG) Disclosures & Ratings
Monitoring, reporting tools		How Implemented
Internal reporting system and external reporting through respective questionnaires – DJSI, MSCI & FTSE4Good.		YES BANK's Responsible Banking unit leads the ESG disclosures and triple bottom line accounting. YES BANK responds to leading ESG disclosure frameworks & ratings such as DJSI, FTSE4Good and MSCI

## Key Lessons

- Increased ESG disclosures and consistent performance in ESG Ratings (such as DJSI, FTSE4Good and MSCI), helps build trust and credibility for the Bank's ESG performance, and in turn leads to improved investor confidence, profitability for the Bank and substantiates the business case for adopting Environment and Social Policy (ESP).
- Strong focus on ESG leads to improved employee productivity and mitigation of risks and maximizing ESG-based opportunities.
- Improved ESG performance leads to enhanced reputation as these ratings are an endorsement of the Bank's 360 degree sustainability framework, and has helped the Bank attain a leadership position in sustainability domain in the Indian banking space.

## Introduction

YES BANK, in its quest to achieving its vision of being the 'Finest Quality Big Bank' by 2020, has been constantly innovating to deliver on its responsibility as a financial institution and reporting its ESG performance since 2009. Right since inception, YES BANK has incorporated an inclusive approach to mainstreaming sustainable development and has aligned its core business strategies to maximize stakeholder value.

ESG disclosures & ratings are gaining momentum globally as an important metric tool for investors to make investment decisions, and for companies to enhance stakeholder confidence. The ESG disclosures practice, however in India, is still at a nascent stage with no Indian bank apart from YES BANK making it to the Dow Jones Sustainability Index family for the past three years.

## Development and design

YES BANK believes that its success depends on its performance on triple bottom line, which includes its environmental and climate action performance, rather than only economic or financial performance. Given this, the Bank has worked relentlessly towards becoming the 'Benchmark Financial Institution for Inclusivity and Sustainability' in India.

Reporting on its ESG performance is a key element of its 360 degree sustainability strategy. ESG disclosures help the Bank's stakeholders to analyze the key environmental, social and governance aspects and the Bank's approach towards addressing them through an ESP Policy. Through ESG disclosure frameworks and sustainability indices, the Bank highlights its ESG performance, which in turn has helped strengthen investor confidence, especially for green or SRI investors. One of the important disclosures has been the CDP Climate Change disclosure, which has been encouraging the world's largest companies to publicly share their carbon emissions data. The initiative is

backed by 803 investors with US\$100 trillion in assets worldwide. YES BANK was the first Indian signatory to it, and has also been the first and the only Indian bank on CDP's Carbon Disclosure Leadership Index (India) for five consecutive years as a respondent.

## Implementation

YES BANK's progress, where growth and sustainability are indivisible, entails creating shared value and embracing the triple-bottom-line approach. Transparency and reporting this progress is an integral part of the Bank's strategy.

The Bank has a dedicated team for triple bottom line reporting within the Responsible Banking unit, which has been working on ESG disclosures since 2009. The journey began with setting up internal processes to capture carbon emissions data, and improving the data accuracy with improved data collection each year. Gradually over the years, the Bank has improved its ESG disclosures and reported its ESG performance on latest available sustainability reporting guidelines. The Bank has also adopted ISO 14001:2015 Environmental Management System, which has enabled the bank to measure and monitor environmental KPIs and been a catalyst to behavioral change in employees towards supporting energy efficiency and low carbon initiatives. ESG disclosures through frameworks such as DJSI, MSCI, FTSE4Good and CDP, have improved through bespoke business unit action plans for reporting improvements. The Responsible Banking team engages with every business unit with opportunities for improvements in the respective unit's metrics reporting and disclosures. The internal credit risk team has specialized environment and social risk assessors, which integrate environmental and social factors in lending practices. This has led to the Bank consistently improving its score on CDP, DJSI, as well assigned an upgraded rating of AAA from AA, by MSCI ESG Research in 2016.

Additionally, the Bank welcomes the Sustainable Development Goals (SDGs) adopted at the historic

UN Sustainable Development Summit in September, 2015. YES BANK believes that it has a clear alignment with the SDGs, and has focused on mapping its organizational activities with the pertinent Goals, and reports its performance within the SDG Compass. In a significant achievement, the Bank was featured as a case study in the [SDG Industry Matrix](#), a joint publication released in September 2015 by UN Global Compact & KPMG highlighting global financial sector action. The case study specifically looks at YES BANK's contribution to SDG 13 Climate Action, and SDGs 1, 5 and 10, additionally. The SDG Compass maps the Bank's GRI based reporting with the SDGs and is included in the Bank's Sustainability Report.

## Experience and Impact

- YES BANK aims to be at the forefront of mainstreaming sustainability within the global financial sector. In the 13 years since its inception, YES BANK has become an industry leader for sustainable development in the Indian banking sector.
- The success of the ESG disclosure process at YES BANK has been achieved in spite of challenges like streamlining and consolidation of data across a pan-India presence of more than 1000 branches, in 29 states and 7 union territories. Limitations in disclosures in terms of Bank's confidential information and articulating value has also been a challenging parameter which the Bank is addressing to ensure a balanced report and present a holistic picture to its stakeholders.
- YES BANK has been the only and first Indian bank to be selected into the Dow Jones Sustainability Indices – Emerging Markets Index, for the three consecutive years – 2015, 2016 & 2017, among the DJSI family of 49 global banks. In 2016, YES BANK was assigned AAA rating by MSCI ESG Research, and placing the Bank in the top 3% of its industry group globally. ESG ratings include environmental and climate action KPIs, such as carbon emissions, integration of environmental factors into credit policies and renewable energy lending portfolio.
- These ratings are an endorsement of the Bank's 360 degree sustainability framework that integrates ESG factors into its overall business operations, and has helped the Bank attain a leadership position in sustainability domain in the Indian banking space by benchmarking its performance with respect to industry peers.