

YBL/CS/2022-23/064

August 23, 2022

National Stock Exchange of India Limited
Exchange Plaza,
Plot no. C/1, G Block,
Bandra - Kurla Complex
Bandra (E), Mumbai - 400 051
NSE Symbol: YESBANK

BSE Limited
Corporate Relations Department
P.J. Towers, Dalal Street
Mumbai - 400 001
Tel.: 2272 8013/15/58/8307
BSE Scrip Code: 532648

Dear Sirs/Madam,

Subject: Sustainability Report FY 2021-22

Please find enclosed herewith the Sustainability Report for the FY 2021-22. The same is also being hosted on the Bank's website at https://www.yesbank.in/pdf?name=sustainability_report_fy2021_22_pdf.pdf

We request you to kindly take the same on record.

Thanking you,

Yours faithfully,

For **YES BANK LIMITED**

Shivanand R. Shettigar
Company Secretary

Encl: A/a

SHAPING THE



WITH RESPONSIBLE BANKING

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About this Report

This Report delineates YES BANK's progress at integrating Environmental, Social and Governance (ESG) considerations, into its operations, portfolio and larger value chain, during the financial year 2021-22. The report highlights the Bank's economic and ESG performance, across material issues identified by its key stakeholders.

Scope

The Report is limited to information pertaining to the facilities and operations of YES BANK Limited, unless specified otherwise. Facilities covered within the boundary of this report include the Bank's 11 corporate offices in India (including the Bank's registered office, YES BANK House in Santacruz - East, Mumbai), its 1,122 branches and 1,244 ATMs / BNAs / CRMs, across 28 states and 8 union territories in India, and its two international facilities viz. a representative office in Abu Dhabi and an IFSC Banking Unit (IBU) in Gujarat International Finance Tec-City (GIFT). The Bank has one subsidiary namely YES Securities (India) Limited which is outside the purview of this report. The Bank's previous Sustainability Report was published in FY 2020-21. This Report does not include any significant restatements from the previous year.

Standards

Best efforts have been made to ensure that this report adheres to the Principles for Defining Report Quality as per the Global Reporting Initiative (GRI) Standards-Comprehensive option. The report also contains enhanced sustainability disclosures aligned to the Taskforce on Climate-related Financial Disclosures recommendations (TCFD) and the UN Principles for Responsible Banking (PRB). The report has been prepared internally and includes information and data provided by business units and support functions, validated by internal stakeholders, including members of the Bank's top management.

Assurance

The Report has also been externally assured by KPMG Assurance and Consulting Services LLP.





YES BANK welcomes feedback and suggestions on this Report, which may be communicated to Mr. Niranjana Banodkar, Chief Financial Officer, YES BANK, at responsible.banking@yesbank.in.



About YES BANK

YES BANK is a full-service commercial bank which offers a complete range of products, services and technology-driven digital offerings to its Corporate, Retail and MSME customers. YES BANK operates its investment banking, merchant banking and brokerage businesses through YES Securities, a wholly-owned subsidiary of the Bank. Service-focused and knowledge-driven, the Bank goes beyond the traditional boundaries to offer financial solutions to the economy's sunrise sectors and underserved communities.

Headquartered in Mumbai, the Bank has a pan-India presence, including an IFSC Banking Unit at GIFT City, Gandhinagar, and a representative office in Abu Dhabi.

New age private sector bank	Market leader within payments	Young and dynamic workforce	Pan-India presence
			
<p>₹ 318,220 cr Total Assets</p> <p>₹ 181,052 cr Advances</p> <p>60% Share of Retail and MSME in Total Advances</p>	<p>#1 in UPI P2M transactions with share of 43%</p> <p>#1 NEFT outward debit transactions</p> <p>AEPS 18% Market share in transaction volume (Basis off-us transactions)</p>	<p>24,346 Employees</p> <p>9 years Average years of service for top management</p> <p>#2 Amongst Large-Sized Banks in the Best Places to Work in India 2021 awards by AmbitionBox.com</p>	<p>1,122 Branches</p> <p>1,244 ATMs / BNAs / CRMs</p>

Milestones on the sustainable growth path

Through its journey of transformation, YES BANK has emerged as a re-energized, well capitalized and well governed institution, with strengthened fundamentals, and a renewed focus on growth. The Bank is now the 6th Largest Private Sector Bank in terms of total assets and has returned to profitability with its first full year profit of INR 1,066 crore for FY2021-22, since FY2018-19.

Over the past two years, the Bank has demonstrated sustained improvement in balance sheet growth, accelerated granularization, improved asset quality trends, enhanced liquidity and a stronger capital position. The Bank has also continued to invest in its digital infrastructure, retaining its position as a market leader in India's digital payments & fintech ecosystem, and today processes nearly every 3rd digital transaction in the country. Continuing its momentum in new business generation, YES BANK is on track to build a differentiated franchise that delivers sustainable and profitable growth in a responsible manner.

Highlights

₹ 70,000 Cr
New Sanctions/
Disbursements

₹ 1,066 Cr
Net Profit
(First full year profit since FY 2018-19)

31.1%
CASA Ratio

₹ 197,192 Cr
Total Deposits
(up 21% YoY)

91.6%
CD Ratio

17.4%
CRAR Ratio

126.8%
Liquidity Coverage
Ratio

60% : 40%
Advances
Mix - Retail :
Corporate

Highlights of Financial Performance

Economic Value Generated, Distributed and Retained

Particulars	FY 2021-22 INR in '000	FY 2020-21 INR in '000	Remarks
Economic Value Generated			
Revenues	222,859,806	230,535,297	P&L Account, Annual Report 2021-22
TOTAL	222,859,806	230,535,297	A
Economic Value Distributed			
Operating costs#	39,887,026	33,616,372	Schedule 16 – Operating Expenses, P&L Account, Annual Report 2021-22
Employee wages and benefits	28,556,914	24,303,780	Schedule 16 – Operating Expenses, P&L Account, Annual Report 2021-22
Payments to providers of capital	125,256,577	126,132,337	Annexure A
Payments to Government	3,696,357	(12,728,473)	Annexure B
Community Investments	NA	NA	Annexure 1, Directors' Report, Annual Report 2021-22
TOTAL	197,396,874	171,324,016	B
Economic Value Retained*	25,462,932	59,211,281	A-B

Annexure A

Particulars	FY 2021-22 INR in '000	FY 2020-21 INR in '000	Remarks
Interest on deposits	84,574,353	76,662,398	Schedule 15 – Interest Expended, P&L Account, Annual Report 2021-22
Interest on RBI/Inter-bank borrowings/Tier I & Tier II debt instruments	40,705,478	52,366,790	Schedule 15 – Interest Expended, P&L Account, Annual Report 2021-22
Others	(23,254)	(2,896,851)	Schedule 15 – Interest Expended, P&L Account, Annual Report 2021-22
Dividend paid for last year	-	-	P&L Account, Annual Report 2021-22
Payments to providers of capital	125,256,577	126,132,337	

Annexure B**

Particulars	FY 2021-22 INR in '000	FY 2020-21 INR in '000	Remarks
Provisions made for Income Tax during the year	3,696,357	(12,728,473)	Schedule 17 - Provisions & Contingencies, Annual Report 2021-22
Tax on Dividend paid last year	-	-	P&L Account, Annual Report 2021-22
Payments to Government	3,696,357	(12,728,473)	P&L Account, Annual Report 2021-22

* Calculated as per the GRI 201 Standards

Excluding Employees Wages and Benefits, which has been shown separately

** Only includes the taxes shown in the Bank's Statements of Accounts in its Annual Reports for 2021-22 and 2020-21, and does not include all the payments to government made by the Bank



CEO Reflections

Shaping the next phase of growth with responsible banking



Dear Stakeholders,

It gives me great pleasure to present to you YES BANK's 10th Sustainability Report, marking the Bank's decade-long leadership in sustainability reporting. This milestone assumes even more significance, coming at a time when the Bank has returned to its first full year of profitability, after a gap of two years, to successfully culminate its journey of transformation. I take this opportunity to thank our employees, customers, investors, regulators, and all stakeholders for standing by us through this journey. As the Bank turns a new leaf, it not only remains unceasingly committed to Environmental, Social and Governance (ESG) principles but also aims to capitalize on its ESG leadership and performance, as a strategic differentiator in its next phase of growth.

YES BANK was the first Bank in India to voluntarily publish a standalone Sustainability Report aligned to the GRI Standards in FY 2012-13, at a time when the thrust on ESG reporting was still at its nascency. Today, sustainability has emerged as a focal point for stakeholders across the spectrum with businesses being called upon to demonstrate action on environmental and social issues and disclose their aggregate impact on people, planet, and profits. ESG reporting continues to evolve in importance and scope as governments and regulators across the world undertake measures to standardize disclosure frameworks and address information asymmetries. With the launch of the new Business Responsibility and Sustainability Report (BRSR) framework in 2021, the Securities and Exchange Board of India (SEBI) has comprehensively expanded the scope of mandatory ESG disclosures for the top 1,000 listed companies in India, making them more quantitative and comparable. Mandatory disclosure requirements will encourage

companies to measure and report their environmental and social impacts and go a long way in accelerating the adoption of ESG best practices.

Climate change continues to be one of the gravest challenges of our times, disrupting the business-as-usual approach, and forcing us to redefine the paradigms of a 21st century economy. India will be one of the most 'economically harmed' countries by climate change, according to the UN's Intergovernmental Panel on Climate Change. The Indian government has taken several proactive measures to address the climate challenge such as targeting to meet 50% of the country's energy requirements from renewable energy by 2030 and aiming to reach net zero emissions by 2070. YES BANK believes that the banking sector will have a critical role to play in supporting this climate transition and in building a low-carbon economy. As the first Bank in India to publish enhanced sustainability disclosures aligned to the Financial Stability Board's, Taskforce on Climate-related Financial Disclosures (TCFD) recommendations, YES BANK has progressively enhanced its initiatives and disclosures around climate action, over the years. The Bank was the first Bank in India to use the Science Based Targets initiative (SBTi) methodology to measure and report its financed emissions and commit to aligning its electricity generation sector exposure to global decarbonization pathways. This year, the Bank has also undertaken a target to reach net zero emissions, from its operations by 2030, migrating its corporate office to 100% renewable energy, as a first step.

The Bank continued to strengthen its ESG practices in FY 2021-22, through several targeted initiatives. It constituted a Board level Corporate Social Responsibility and Environmental Social & Governance Committee to strengthen ESG governance and enhance the integration of environmental and social considerations into its business. The Bank developed an internal Sustainable Finance Taxonomy for defining green and social activities and drive financing to sustainability-aligned sectors. To ensure that its branches and offices adhere to the highest environmental performance standards, the Bank continued to monitor and enhance its Environmental Management System, with 732 of its facilities maintaining their ISO 14001:2015 certification for the ninth year in a row. Committed to building a diverse and inclusive workplace, the Bank undertook a target to increase the participation of women to 30% of its workforce in the next five years. The Bank has also

taken important initiatives to enhance employee work-life balance, by implementing a 'work from anywhere' policy and offering flexible work timings. YES BANK was ranked second among the large-sized banks in the Best Places to Work in India 2021 awards, conducted by AmbitionBox.com. The Bank continues to make steady progress in its commitment to customer service experience and satisfaction, as demonstrated by the increase in 'Promoters' trends and improved 'Net Promoter Scores' across customer channels.

YES BANK continues to engage with stakeholders to share knowledge and advocate for enabling policy frameworks, innovative business models, financial mechanisms, and disclosures needed to mainstream sustainable finance. In FY 2021- 22, the Bank co-led the workstream 'Building Resilience in the Financial Sector' as part of the Task Force on Sustainable Finance, constituted by the Department of Economic Affairs, Ministry of Finance, Government of India.

Through its decade of sustainability reporting, YES BANK has consistently augmented its scope of ESG disclosures and alignment with international benchmark disclosure frameworks such as Global Reporting Initiative (GRI) Standards, Taskforce on Climate-related Financial disclosures recommendations (TCFD), and disclosure requirements of UNEP FI Principles for Responsible Banking. During the year, the Bank was recognized for its ESG and climate-related disclosures and performance with its inclusion as a constituent in Morgan Stanley Capital International's (MSCI) ACWI ESG Universal Index and ACWI Low Carbon Leaders Index, among others. The Bank was also the only Indian Bank to be selected among the 100 Best Emerging Market Performers in ESG, as assessed by V.E, part of Moody's ESG Solutions.

As YES BANK ushers in a new beginning and its next decade of sustainability reporting, I reaffirm the Bank's commitment to advance its responsible banking ethos and ESG leadership, to build a responsible franchise, and shape a sustainable future for all its stakeholders. On behalf of the entire leadership team, I thank all our stakeholders for their continued support and trust.

Prashant Kumar

MD & CEO
YES BANK

10 Years of Sustainability Reporting



2012-13

Catalyzing a Shared Sustainable Future

Becomes first Indian bank to publish a standalone Sustainability Report which was GRI A Level checked

First Indian banking sector signatory to United Nations Global Compact (UNGC) with annual 'Communication on Progress' on implementing the ten principles of the UNGC



2013-14

Towards the New-Normal

Becomes first Indian Bank to publish an externally assured Sustainability Report as per GRI G4 'Core Option'

Becomes first Indian Bank to achieve ISO 14001:2004 certification for its Environmental Management System



2014-15

Glocalizing Responsible Banking in India

Becomes first Indian Bank to publish an externally assured Sustainability Report as per GRI G4 'Comprehensive'

Launches India's first Green Infrastructure Bond for ₹ 500 cr



2016-17

Leveraging Alliances, Relationships, Technology for Global Sustainable Impact

Becomes the first Bank globally to migrate to ISO 14001:2015 standard for Environmental Management Systems

Publishes 'Supplier Code of Conduct' based on ESG parameters

Becomes the first Bank in India to publish a Green Bond Impact Report



2015-16

Glocalizing Responsible Banking, Mindshare and Outcomes in India

YES BANK adopts the Integrated Reporting <IR> Framework, structuring its sustainability disclosures using the six capitals model of value creation, by the International Integrated Reporting Council (IIRC)

Becomes the first Indian bank, to be selected as an index component of the Dow Jones Sustainability Emerging Markets Index



2017-18

Future Now

Becomes the first Bank in India to publish enhanced sustainability disclosures aligned to the Financial Stability Board's, Taskforce on Climate-related Financial Disclosures (TCFD) recommendations

YES BANK is included in MSCI All Country World Index (ACWI) - ESG Leaders Index and MSCI ACWI SRI Index

YES BANK is selected as an index constituent of the FTSE4Good Emerging Index



2018-19

Sustainable Banking Re-imagined

Becomes the first Bank in India to align sustainability disclosures to requirements of UNEP FI Principles for Responsible Banking

Launches India's first Green Retail Liability Product - Green Future: Deposit



2021-22

Shaping the future with Responsible Banking

Announces a target to reach net zero emissions (operations) by 2030 and migrates to sourcing renewable energy at its corporate office

Enhances disclosures on Human Rights; Environment & Social Risk Management System; Anti-Bribery and Corruption; Tax Strategy; Equal Opportunity Employment; Debt Collection

Constitutes the Corporate Social Responsibility and Environmental, Social and Governance Committee of the Board to strengthen ESG governance

Publishes 10th Sustainability Report marking a decade of disclosures on Environmental, Social and Governance performance



2020-21

Reinforcing Responsible Banking, to build a Resilient Future

Constitutes an Executive level Sustainability Council to strengthen ESG governance

Becomes the only Indian Bank Member of the Informal Working Group (IWG) for the Task Force on Nature-related Financial Disclosures (TNFD)

Becomes the first Bank in India to use the SBTi methodology to measure and report its financed emissions and commit to aligning its electricity generation sector exposure, to the decarbonization pathway for limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C



2019-20

Reinforcing Responsible Banking, to build a Resilient Future

YES BANK is rated 'A-' (Leadership Band) by the Carbon Disclosure Project (CDP), for its 2019 Climate Change disclosures

Becomes only the second private sector Bank in India to be approved as an accredited entity by the Green Climate Fund (GCF)

Becomes the only Indian Founding signatory to UNEP FIs Principles for Responsible Banking (PRB)

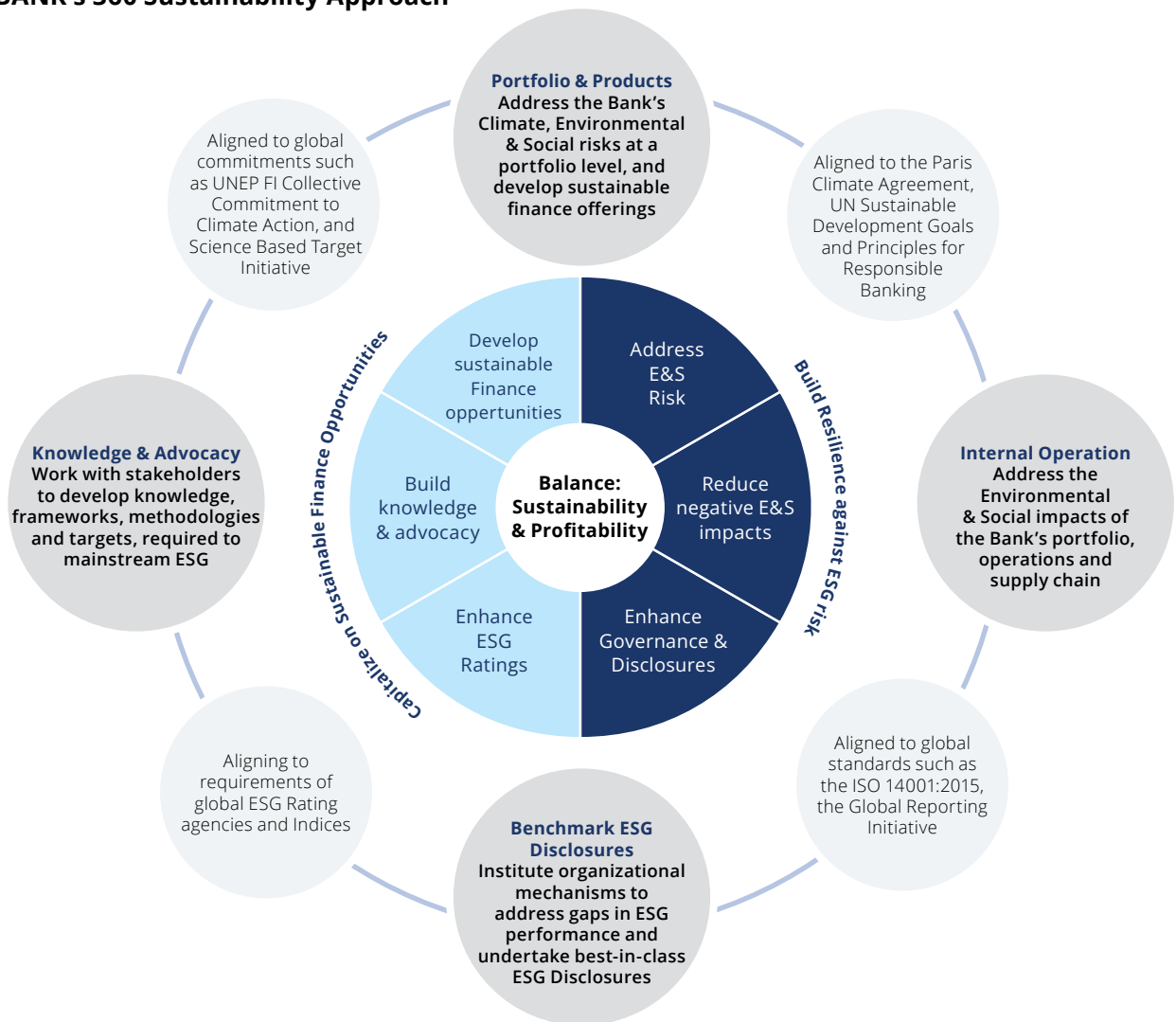


ESG Strategy

YES BANK believes that Environmental, Social and Governance (ESG) performance is not just as important as financial performance but interlinked with it. The Bank views the emergence of ESG as an important development for the corporate sector both from an ethical and financial perspective and hence continuously strives to integrate ESG principles into its core business.

In order to steadily progress in its journey towards sustainability and coherently integrate ESG considerations across its entire value chain, YES BANK has adopted a 360° approach targeting four main aspects of its business. This approach enables the Bank to view its entire business through an ESG lens and position itself to build resilience against ESG related risks and to capitalize on sustainable finance opportunities.

YES BANK's 360 Sustainability Approach



The BANK's 360° approach to ESG integration is designed to align with national and global frameworks for sustainable development, benchmark ESG disclosure standards, environmental management system requirements, and the Bank's own commitments towards climate action. By strategically interweaving key sustainability related elements into its business, the Bank has taken significant steps in each of the four aspects of its business, in its pursuit for sustainable and profitable growth



Portfolio & Products

Address E&S risk

The Bank aims to address climate, environmental & social risks associated with its lending activity, safeguard its portfolio and practice responsible lending

Develop sustainable finance offerings

The Bank endeavours to develop innovative financial mechanisms and products for mobilizing finance to sustainable activities and sectors



Internal Operations

Minimize negative and maximize positive environmental impacts

The Bank makes a concerted effort to conserve its use of natural resources, improve key resource efficiencies, and reduce its carbon footprint. The Bank works with stakeholders across the spectrum to build awareness about environmental sustainability and climate action

Minimize negative and maximize positive social impacts

The Bank aims to build a workplace that is fair, diverse and inclusive. It also ensures that its workplace is free from discrimination and harassment and has instituted robust mechanisms to address grievances. The Bank also aims to promote responsible ESG practices amongst its supply chain



Disclosures

Enhance ESG governance & disclosures

The Bank is committed to achieve the highest standards of governance and to conform to global standards of ethics, integrity and transparency. Going beyond compliance, the Bank intends to address key ESG issues and make voluntary disclosures on how it is integrating sustainability into its operations and governance structures

Enhance the Bank's ESG ratings

The Bank aims to enhance its ESG performance in line with globally benchmarked ESG practices and continue to be amongst the top rated/ ranked organizations in ESG



Knowledge & Advocacy

Build knowledge

YES BANK continues to work with stakeholders across the spectrum to address the growing need for standards, frameworks and methodologies aimed at measuring, integrating and disclosing ESG related risks and impacts

Thought leadership on ESG

The Bank continues to work with the government, multilateral bodies, peers, the community, and other stakeholders to not only participate, influence and mainstream ESG thinking but also to learn, imbibe and share best practices

ESG & Climate Governance

YES BANK accords high strategic priority to Environmental, Social and Governance performance and constantly works to improve the implementation and oversight of sustainability practices within its business. The Bank has set up a robust governance structure for strategically integrating ESG and climate considerations into its business, with the Bank's Chief Financial Officer heading the Sustainable Finance Unit as the highest ranking executive responsible for the Bank's sustainability strategy, and reporting directly to the MD & CEO.



YES BANK'S ESG Governance Structure



Board

The Bank's Board of Directors guides its overall ESG agenda and is periodically apprised of the Bank's sustainability approach, targets, and key initiatives



CSR & ESG Committee of the Board

In FY 2021-22, the Bank strengthened its ESG governance by constituting a Board level, Corporate Social Responsibility and Environmental Social & Governance Committee to oversee the Sustainability Council and review the Bank's ESG performance



Sustainability Council

The Bank has set up an Executive Level Sustainability Council chaired by the MD & CEO, that develops and reviews the Bank's sustainability strategy, oversees the implementation of the Bank's sustainability agenda, sets targets, and monitors ESG performance



Sustainable Finance (SF) Unit

The SF Unit co-develops and implements the Bank's sustainability strategy and works with sustainability SPOCs from business units and control functions across the Bank to integrate ESG parameters into business

ESG & Climate Governance

Climate Governance

The Bank has set up a robust governance structure for strategically integrating climate considerations into its business. Various executive level committees and business units work in tandem under the supervision of the Bank's Board to mainstream ESG and climate action within the Bank.



Board Level Committees

CSR & ESG Committee of the Board (CSR & ESG Committee)

In FY 2021-22, the Bank strengthened its ESG governance by constituting a Board level, CSR and ESG Committee to oversee the Sustainability Council and review the Bank's ESG performance. The CSR & ESG Committee oversees and reviews the Bank's governance frameworks and practices, to monitor, assess and mitigate ESG related risks and climate risks

Risk Management Committee (RMC)

The RMC covers the entire gamut of risk management for the organisation as a whole. This includes promoting prudent risk culture in the Bank, assessing risk universe and monitoring risk profile of the Bank, including sustainability & ESG related risks (as outlined in the ICAAP)



Management Level Committees

Sustainability Council

Constituted in 2020, the Council, chaired by MD & CEO, is responsible for developing and reviewing the Bank's ESG and climate strategy. This includes overseeing the implementation of the Bank's sustainability agenda, setting targets, and monitoring ESG performance. The Sustainability Council reviews climate risks and opportunities and provides guidance on the Bank's decarbonization strategy including reducing carbon intensity of its portfolio

Enterprise Risk, Reputation Risk, Model Assessment Committee (ERMC)

As an Executive level committee, ERMC is responsible for overseeing and ensuring that all material risks are identified, measured, monitored and controlled in accordance with the Bank's risk appetite, as well as within regulatory guidelines. ERMC also oversees the Bank's preparedness for mapping and managing the non-financial risks of its operations keeping in focus their impact on the Bank's reputation and goodwill. In the identification and assessment of material risks during the Internal Capital Adequacy Assessment Process, climate risk has been recognised as one of the key material risks under Pillar II. Additionally, the Bank also has KPI for climate risk as part of its risk appetite statement in line with the framework stipulated by the Bank's Sustainability Council.

Operational Risk Management Committee (ORMC)

The Bank has implemented a comprehensive operational risk management framework, based on proactive and forward-looking practices to ensure superior customer service and minimal operational risk events and losses. The Operational Risk Management Committee (ORMC) is chaired by the Chief Risk Officer and consisting of members of the top and senior management. The Committee is responsible for review and implementation of the operational risk framework across the Bank and to review the operational risk profile of units, understand future changes and threats, and concur on areas of highest priority with related mitigation strategy. Operational risks include risks emanating due to direct physical impacts of climate change and range from acute risks (such as extreme weather events) to chronic risks (like gradual rise in sea level and temperature). Due to these acute and chronic changes in climate, the Bank faces a risk to its physical assets, which could result in service disruption. In order to tackle such a situation, the Bank remains ISO

22301 certified, an International Business Continuity Standard, to effectively address these possible service disruptions. This certified and robust business continuity plan helps manage any potential service disruption at its locations



Business Units involved in climate action

Sustainable Finance (SF) Unit

The SF Unit co-develops and implements the Bank's sustainability strategy and works with sustainability SPOCs from business units & control functions across the Bank to integrate ESG and climate parameters into business

Risk Management Unit

YES BANK has instituted a robust risk management framework, which is implemented by the Bank's risk management function reporting into the Chief Risk Officer. The responsibility of overall risk management lies with the Board of Directors and four Board-level committees. Together with the management, they ideate, implement and review policies, frameworks, and systems for effectively managing the Bank's existing and emerging risks, including climate risks.

Enterprise Risk Management (ERM) unit

YES BANK's ERM Unit is responsible for implementation of the ERM framework, risk aggregation, stress testing and risk based pricing. The ERM unit is responsible for

formulation of the Bank's Internal Capital Adequacy Assessment Process (ICAAP), risk assessment of Pillar II risks, such as Reputation Risk, Compliance Risk, Concentration Risk, Climate Risk among others as well as formulation of the Bank's Risk Appetite statement and tracking periodic performance against various KPIs outlined in the Risk Appetite statement.

Environmental and Social (E&S) Risk Team

A dedicated E&S Risk team, which is a part of the Credit Risk Management Unit of the Bank, undertakes environmental and social assessment (preliminary and detailed due-diligence) of the loans funded by the Bank in line with Bank's Environment and Social Policy (ESP). The ESP helps to ensure that all activities are environmentally and socially prudent and compliant with the regulatory, environmental, and social standards as applicable or likely to be in force in the future. Climate related indicators has been recently added for data collection and qualitative climate assessment/categorization for project loans and project related corporate loans above sanctioned amount of USD 5 million

Other business units

There are various other specialised units across the Bank such as Infrastructure Management Team; Human Capital Management; Operations & Service Delivery; Business and Digital Technology Solutions Group; Retail Banking and Branch Banking, amongst others, that work closely with the SF team to integrate sustainability principles into their business processes with an aim to benchmark the Bank's performance with global best practices in ESG and climate action.

Stakeholder Engagement & Materiality Assessment

YES BANK interacts with a varied set of stakeholders in the course of its business activities who play an indispensable role in the Bank's journey of value creation. The Bank's employees drive its business, innovation and growth. Its products and services cater to the needs of a wide range of customers, while its supply chain partners augment its reach and supplement its digital and physical infrastructure. The Bank also works with governments, regulators, media, industry peers and the community at large to align both its own business and the financial ecosystem with sustainable development.

Given their extensive interaction with and significant influence on the Bank's day-to-day business, YES BANK has identified the following 9 groups as key stakeholders to engage with on a continual basis.



Stakeholder engagement

The Bank engages with all its key stakeholders through a combination of several pre-determined, structured, and need-based engagement mechanisms. A summary of the engagement mechanisms is provided below.



Stakeholders

Means of Communication	Frequency	Means of Communication	Frequency	Means of Communication	Frequency
Shareholders & Investors		Customers		Employees	
Annual Report	Annual	Branch banking	Permanent	Employee Service Desk – grievance redressal platform	Ongoing
Annual General Meeting	Annual	YES Touch – Customer service platform	Permanent	Interactive employee engagement	Eventual
Company website	Permanent	Financial Education/Literacy initiatives	Eventual	Employee wellness & activity platform	Permanent
Analyst calls	Quarterly	Social Media interaction	Permanent	YES School of Banking	Permanent
Investor Meets & Road shows	Eventual	Business Correspondent network and Bottom of the Pyramid banking	Permanent	My Learning@YES – internal e-learning platform	Permanent
Annual CDP Disclosure	Annual	Online and mobile initiatives towards digital banking	Permanent	Employee Performance Management	Annual
Response to ESG research and ratings agencies	Eventual	Centralized and branch-based Customer Care centers	Permanent		
Press Releases	Eventual	Customer satisfaction surveys	Annual		
Communication to Stock Exchanges, SEBI Complaints Redress System (SCORES)	Eventual				
Bank's Registrar & Transfer Agents	Eventual				
Regulatory Bodies		Community		Academia	
Mandatory filings with regulators including RBI and SEBI (Stock Exchanges)	Periodic & Eventual	Employee Volunteering through our institutionalized EVOLVE initiative	Periodic	University and School Relationship Management (USRM)	Permanent
Engagement at banking platforms and meetings	Eventual	Beneficiary interactions as part of CSR project monitoring	Periodic	Transformation Series – campus case study challenge	Annual
		Capacity building of CSR implementation partners	Periodic	Knowledge partnerships	Eventual
		Media & Press Releases	Eventual		
		Thought Leadership forums	Eventual		
		Annual Report	Annual		
Media		Industry & Peers		Vendors	
Press Releases & Media coverage	Eventual	Industry and trade associations such as CII, FICCI & IMC	Eventual	Online procurement portals	Permanent
Interviews of the MD & CEO, and top management	Eventual	Memberships to national and international associations, such as ,UNEP Finance Initiative, CPLC	Permanent	Supplier Sustainability Workshops	Eventual
Bank's digital assets including website	Eventual	Signatory to international protocols including UN Global Compact, CDP, National Capital Finance Alliance	Annual	Vendor Communications by Strategic Procurement Unit	Eventual

Stakeholder Engagement & Materiality Assessment

Key concerns/ expectations

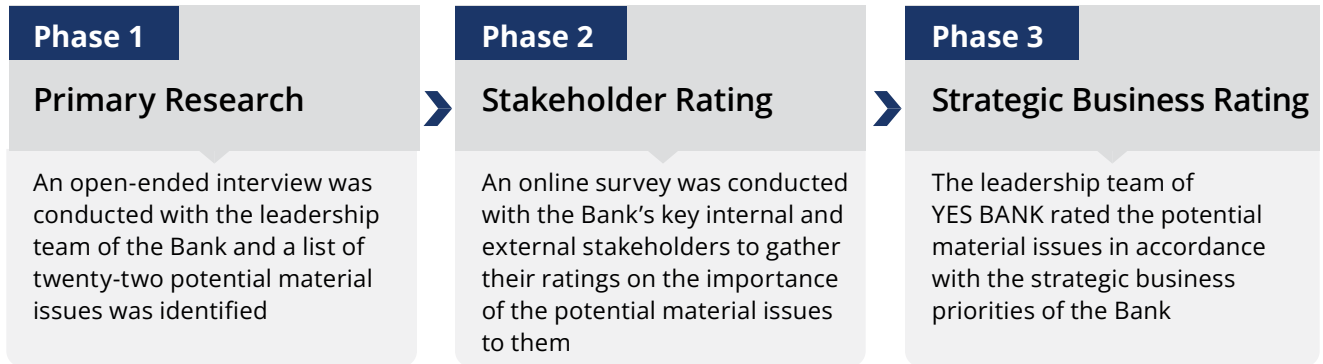
Stakeholders	Key concerns/ expectations	Response
Employees	<ul style="list-style-type: none"> • Equal opportunity employment • Non-discrimination • Training & growth • Well-being 	<ul style="list-style-type: none"> • Policies on equal opportunity employment • Initiatives for enhancing diversity & gender equality • Learning & Development under YES SCHOOL OF BANKING (YSB) • Annual performance review • 'Working from Anywhere' policy and flexible work timings • COVID Relief Fund/ Mediclaim/ #YESSHIELD COVID Vaccination Drive/
Customers	<ul style="list-style-type: none"> • Customer service • Innovative products • grievance redressal 	<ul style="list-style-type: none"> • Full product suite for all customer segments (HNI, affluent, NRIs, mass, rural and inclusive banking) • Market leading digital infrastructure • Processing nearly every 3rd digital transaction in the country, totalling over 6 bn monthly • More than 1 mn BCs and the 3rd largest player in Micro ATMs • Digital & analytics to enhance customer experience / reduce TAT • Physical and Virtual RMs for SMEs • YES Touch customer service platform
Shareholders & investors	<ul style="list-style-type: none"> • Profitability and value creation 	<ul style="list-style-type: none"> • INR 1,066 cr: Net Profit (First full year profit since FY 2018-19) • ROA on track as per guidance for FY 2021-22
Regulatory bodies	<ul style="list-style-type: none"> • Compliance and governance 	<ul style="list-style-type: none"> • Strengthened governance and disclosure practices, enhanced compliance and underwriting frameworks • Dedicated Compliance Department • Mandatory training on compliance norms • Strong culture of compliance
Vendors & suppliers	<ul style="list-style-type: none"> • Good business opportunities • Responsible supply chain practices 	<ul style="list-style-type: none"> • ESG Code of Conduct for Suppliers • Transacted with over 6,800 suppliers in FY 2021-22 • SAP Ariba e-Sourcing Platform for improved fairness and transparency in sourcing processes • 'Corporate Whistle-blower Initiative' (CWI) - independent online reporting service for secure, confidential communication of vendor concerns
Community	<ul style="list-style-type: none"> • Opportunities for inclusive growth 	<ul style="list-style-type: none"> • Target to create employability and entrepreneurship opportunities for 100,000 youth by 2026 through YES Foundation • Trained over 2,000 youth for the service sector in FY2021-22 • Capacity building training in market linkages and productivity enhancement for 10,000 community members from 6 states

Stakeholders	Key concerns/ expectations	Response
Academia	<ul style="list-style-type: none"> Engagement/ employment opportunities 	<ul style="list-style-type: none"> University & School Relationship Management program (USRM) Yes Professional Entrepreneurship Program (Y-PEP) - flagship campus recruitment program YES Emerging Professional Entrepreneurship Program (Y-EPEP) - summer internship program
Media	<ul style="list-style-type: none"> Accurate information/ disclosures 	<ul style="list-style-type: none"> Press releases/ Interviews with top management ESG disclosures aligned to benchmark disclosure frameworks
Industry & peers	<ul style="list-style-type: none"> Knowledge sharing/ partnerships 	<ul style="list-style-type: none"> Associated with the Task Force on Sustainable Finance (constituted by the Department of Economic Affairs, Ministry of Finance, Government of India) as a co-lead of the work stream 'Building Resilience in the Financial Sector' Corporate & Government Advisory supported several states such as Telangana, Chandigarh, Goa, Punjab, Rajasthan and West Bengal for the development of state's Electric Vehicle Policies Curated and co-created 9 knowledge events aimed at the agriculture sector, food and agri value chain, in partnership with government agencies and eminent industry forums

Stakeholder Engagement & Materiality Assessment

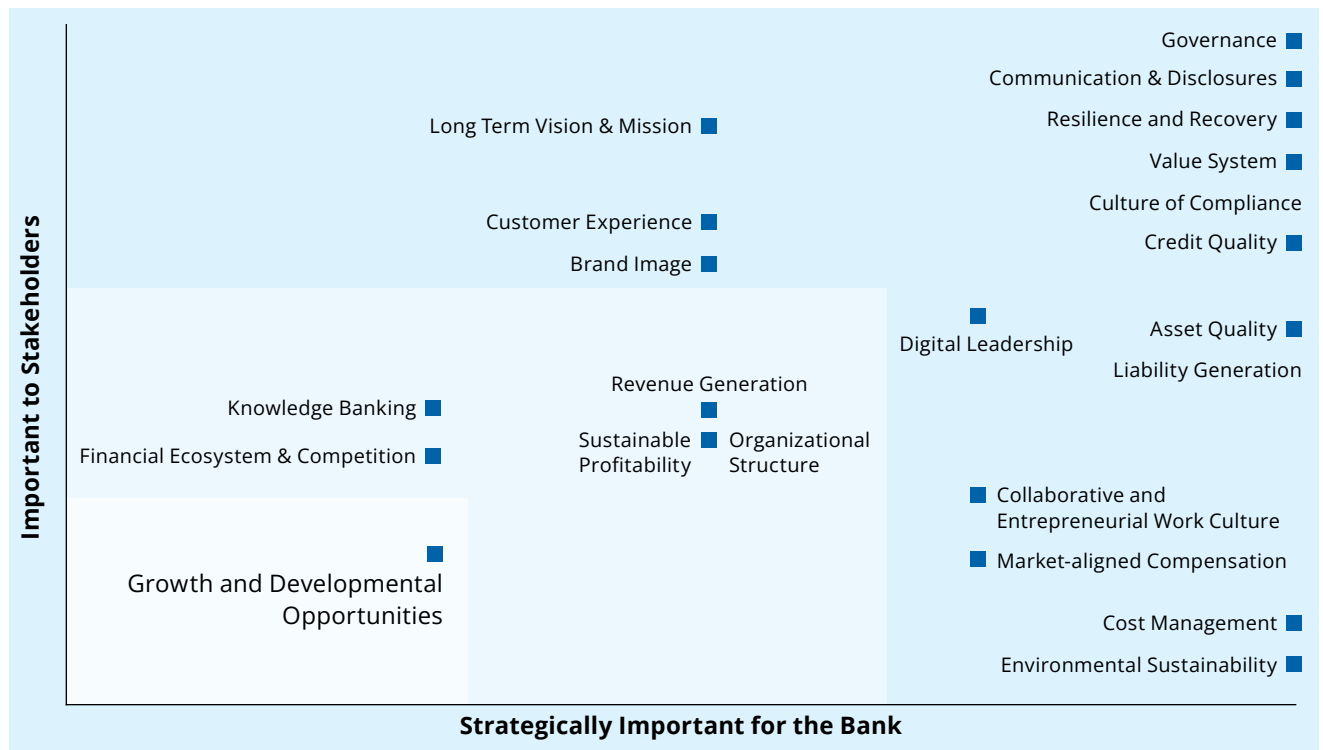
Assessment of material issues

In FY 2020-21, the Bank carried out an extensive materiality assessment process in consultation with its internal and external stakeholders to identify pertinent issues that act as enablers or disablers to the ability of the Bank to create value in the short, medium and long term. The critical inputs received from these engagements would allow the Bank to recalibrate its strategy, serve as an opportunity to address emerging risks and leverage opportunities to future-proof its business. The process was carried out in three phases, shared below



The material issues prioritized by the stakeholders (Phase 2) are plotted on the Materiality Matrix against the priorities of strategic business importance (Phase 3), resulting in a list of 16 key material issues. As part of the online survey, apart from rating the material issues, stakeholders laid importance and expressed interest in understanding Bank's strategy and stance around improving customer service, digitization initiatives, employee development and strengthening core financials. The Bank had initiated strategic stakeholder engagements in addition to its on-going internal and external stakeholder engagement exercise. The Bank has engaged with a broad range of stakeholders, investors, peers, employees and vendors.

YES BANK's Materiality Matrix



The report covers YES BANK's performance on key material issues depicted in the materiality matrix

Material Issue	Description	Progress
Governance	The Bank's ability to strengthen its governance frameworks and institutionalize integrity through robust systems and processes geared towards accountability and transparency	<ul style="list-style-type: none"> Constituted a Board level Corporate Social Responsibility and Environmental, Social and Governance committee Strengthened governance, compliance and underwriting frameworks by demarcating roles and responsibilities and enhancing independence and accountability of Risk/ Compliance and Audit functions
Culture of Compliance	Building an organizational culture that goes beyond compliance, surpasses global best practices and is driven by the purpose of "doing the right thing"	<ul style="list-style-type: none"> Dedicated Compliance Department to ensure compliance with all regulatory requirements Chief Compliance Officer reporting directly to the Audit Committee of the Board Mandatory training on compliance norms Inclusion of Governance and Compliance KPIs in top management goals and performance review
Value System	Articulating a clear value system for the Bank that would define its character, long term focus and ability to balance robust growth with the highest standards of integrity	<ul style="list-style-type: none"> The Bank has articulated its organizational core values as Trustworthiness, Transparency, Integrity, Accountability and Collaboration
Communication & Disclosures	Establishing a regime of open, transparent, authentic and sincere communication and proactive disclosures across stakeholder groups	<ul style="list-style-type: none"> Enhanced disclosures on Anti-Bribery & Anti-Corruption Policy; Environment & Social Risk Management System; Human Rights Policy; Equal Opportunity Policy; Tax Strategy; Gender Diversity initiatives; etc. Continues to enhance sustainability disclosures aligned to Global Reporting Initiative, Taskforce on Climate-related Financial Disclosures (TCFD) recommendations
Environmental Sustainability	The Bank's ability to carry out its business operations in a sustainable way by minimizing its consumption of natural resources, limiting its carbon footprint and constantly improving its environmental performance	<ul style="list-style-type: none"> First Bank in India to use the SBTi methodology to measure its financed emissions and commit to aligning its electricity generation sector exposure, to the decarbonization pathway for limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C Undertook a target to achieve net zero emissions from its operations by 2030 Eliminated approximately 1,105 tCO₂e of emissions (in FY 2021-22) by sourcing renewable energy at its corporate office Reduced Scope 3 emissions by 7.08% (by reducing paper usage and energy consumption from data centers) Achieved 9th cycle of ISO 14001:2015 certification for its Environmental Management System Saved 42,48,000+ sheets of paper by digitizing paper based processes

Stakeholder Engagement & Materiality Assessment

Material Issue	Description	Progress
Collaborative and Entrepreneurial Work Culture	The Bank's ability to create a work culture that espouses fairness, empathy and independence. A work environment that encourages cross-silo collaboration and professional entrepreneurship	<ul style="list-style-type: none"> • 24,346 employees - an increase of 9% from previous year • 18.77% of women participation in the workforce with a target to reach 30% in the next five years • 13.7% of the Bank's revenue generating positions were held by women executives
Market-aligned Compensation	The Bank's ability to build a market-competitive compensation system for employees, on par or better than peers in the Banking and Financial sector and the emerging FINTECH space	<ul style="list-style-type: none"> • 12,149 new hires during the year with an average hire rate of 49.9% • Median pay for employees at INR 7.75 lakh (as of end March 2022) • Leadership Programmes for Top & Senior Management leaders on 'Conscious Leadership' • Leadership acceleration programme for middle management leaders on agile mindset; innovation, driving ownership & accountability • 136,700 Training Days clocked covering role and skill-specific trainings and certifications for 23,945 employees • 360-degree Feedback Assessment tool launched for Top & Senior Management Leaders • Hybrid working models under the Bank's Working from Anywhere (WFA) policy • Flexi work timings for 3000+ employees at Corporate Office • 'Voice of YES' employee survey 2022, with Gallup • Ranked No. 2 amongst Large-Sized Banks in the Best places to work in India 2021 awards, conducted by AmbitionBox.com
Customer Experience	The Bank's ability to continue delivering superior customer experience and connect through differentiated solutions and service, capitalizing on high employee to customer ratio	<ul style="list-style-type: none"> • 26 points improvement in branch banking and relationship management NPS (YoY) • 14 points improvement in NPS of digital channels (YoY) • 15% points improvement in promoter segment • 11% points reduction in detractor segment
Brand Image	The Bank's ability to strengthen its brand image and rebuild trust by integrating elements of openness and authenticity	<ul style="list-style-type: none"> • Continued brand positioning as a responsible, customer centric and empathetic brand, focused on supporting the financial and lifecycle needs of its customers • Launched new sonic identity for the Bank with a simple, memorable and modernized signature sound to accompany customers in interactions with the Bank • Launched a 360 degree integrated campaign 'Saath Mein Baat Hai' to drive mass awareness about YES family banking proposition
Digital Leadership	The Bank's ability to consolidate its market leadership in digital banking and ensure it is future-ready through continued investments in technology and talent	<ul style="list-style-type: none"> • 125 profiles (456 profiles since April 2021) with technology, product, digital and analytics background recruited to strengthen digital leadership • Largest stack of APIs with 6,815 set ups done for customers so far • No.1 Bank for UPI payments with ~42% market share • No.1 Bank for NEFT outward debit transactions with 14.3% market share • YES BANK today processes every third digital transaction in India

Material Issue	Description	Progress
Asset Quality	The Bank's ability to undertake measures to maintain best in class asset quality and minimize gross NPAs	<ul style="list-style-type: none"> Gross NPA ratio at 13.9% vs. 15.4% previous year Net NPA ratio at 4.5% vs. 5.9% previous year Slippages continue to trend lower at INR 5,795 cr for FY 2021-22 vs. INR 12,035 cr in FY 2020-21 Resolution Momentum continues with total recoveries & upgrades for FY 2021-22 at INR 7,290 cr vs. INR 5,782 cr in FY 2020-21 Net Non-Performing Exposures lower by nearly INR 3,000 cr in FY 2021-22
Credit Quality	The Bank's ability to improve its overall credit risk and rating through rigorous risk assessment and stress-testing, going beyond regulatory compliance	<ul style="list-style-type: none"> The Bank has achieved consistent credit rating upgrades – Moody's upgraded YES BANK to 'B2' with an outlook of 'Positive' (November 2021) CRISIL upgraded YES BANK to 'BBB+' with an outlook of 'Stable' (April 2021) CARE has upgraded the Bank to 'BBB+' from BBB and maintained a 'Positive' outlook (April 2022)
Liability Generation	The Bank's ability to strengthen its liability profile with a focus on granularity and mobilize low-cost deposits in metro/ urban areas	<ul style="list-style-type: none"> Increased granularity with Retail & MSME: Corporate Mix improving by 300 bps (Q-o-Q) to 60:40 CASA ratio at 31.1% v/s.26.1% in previous year Achieved target of >30% CASA in FY22 CASA acquisition improved from 30,000 accounts/ month to 1,00,000 accounts/ month
Resilience and Recovery	The Bank's ability to attract long-term capital, maintain a steady recovery in the face of a slow economic revival and build resilience against any potential shocks such as Covid 19	<ul style="list-style-type: none"> CET 1 ratio at 11.6% Total Capital at INR 40,397 cr with Total CRAR at 17.4% Risk Weighted Assets to Total Assets continues to improve at 73.0% vs 84.4% previous year
Cost Management	The Bank's ability to improve its profitability by optimizing costs and building a long term frugal, efficient and scalable cost structure	<ul style="list-style-type: none"> The Bank continues to undertake strategic initiatives to optimize costs within its business
Long Term Vision & Mission	The articulation of a long-term, shared vision for the Bank that eliminates uncertainties and fosters confidence in the future, across the Bank's rank & file	<ul style="list-style-type: none"> 6th Largest Private Sector bank in terms of Total Assets Returned to profitability with full year profit of INR 1,066 crore for FY22 (since FY19) Clear long-term vision of being a leading Universal Bank and strengthening market-leading position as Banker to the 'new age' economy with six key strategic objectives: <ol style="list-style-type: none"> Grow and granularize deposit franchise Continue sustained and calibrated growth of asset book, led by Retail and MSME Maintain digital leadership and invest in building analytics function Focus on successful resolution and recovery of stressed assets pool Maintain highest standards of risk management, governance, and compliance Continue to strengthen responsible franchise with ESG integration

Stakeholder Engagement & Materiality Assessment

Boundary Setting of Material Issues

Material Issue	Linkage with GRI Standards Topics	GRI Standards Disclosures	Significant Impacts
Governance	GRI 102: General Disclosures 2016	GRI 102-18 to GRI 102-39	Within YES BANK
Communication & Disclosures	GRI 102: General Disclosures 2016	GRI 102-43; GRI 102-44	Within and outside YES BANK
Resilience and Recovery/ Asset Quality/ Digital Leadership	GRI 201: Economic Performance 2016	GRI 201-1; GRI 201-2; GRI 201-3; GRI 201-4	Within and outside YES BANK
Culture of Compliance	GRI 404: Training and Education 2016 GRI 419: Socioeconomic Compliance 2016	GRI 404-1; GRI 404-2; GRI 404-3; GRI 419-1	Within YES BANK
Value System	GRI 102: General Disclosures 2016	GRI 102-16; GRI 102-17	Within YES BANK
Credit Quality	GRI 102: General Disclosures 2016	GRI 102-15; GRI 102-30	Within YES BANK
Liability Generation	GRI 102: General Disclosures 2016 GRI 201: Economic Performance 2016	GRI 102-6; GRI 201-1; GRI 201-2; GRI 201-3; GRI 201-4	Within and outside YES BANK
GRI 201: Economic Performance 2016	GRI 102-6; GRI 201-1; GRI 201-2; GRI 201-3; GRI 201-4	GRI 201: Economic Performance 2016	Within and outside YES BANK
Cost Management	GRI 201: Economic Performance 2016 GRI 204: Procurement Practices 2016	GRI 201-1; GRI 201-2; GRI 201-3; GRI 201-4; GRI 204-1	Within and outside YES BANK
Environmental Sustainability	GRI 302: Energy 2016 GRI 305: Emissions 2016 GRI 306: Waste 2020 GRI 307: Environmental Compliance 2016	GRI 302-1; GRI 302-2; GRI 302-3; GRI 305-1; GRI 305-2; GRI 305-3; GRI 305-4; GRI 305-5; GRI 305-6; GRI 305-7; GRI 306-1; GRI 306-2; GRI 306-3; GRI 306-4; GRI 306-5; GRI 307-1	Within (includes Abu Dhabi Representative Office) and outside YES BANK
Collaborative and Entrepreneurial Work Culture	GRI 401: Employment 2016 GRI 403: Occupational Health and Safety 2018 GRI 404: Training and Education 2016 GRI 405: Diversity and Equal Opportunity 2016 GRI 406: Non-Discrimination 2016	GRI 401-1; GRI 401-2; GRI 401-3; GRI 403-1 to GRI 403-10; GRI 404-1; GRI 404-2; GRI 404-3; GRI 405-1; GRI 405-2; GRI 406-1	Within YES BANK
Market-aligned compensation	GRI 202: Market Presence 2016	GRI 202-1; GRI 202-2	Within YES BANK
Long Term Vision & Mission	GRI 102: General Disclosures 2016	GRI 102-14; GRI 102-15	Within YES BANK
Customer Experience	GRI 102: General Disclosures 2016 GRI 418: Customer Privacy 2016	GRI 102-43; GRI 418-1	Within and outside YES BANK
Brand Image	GRI 417: Marketing and Labelling 2016	GRI 417-1; GRI 417-2; GRI 417-3;	Within and outside YES BANK

Environment

Environmental Stewardship

Leading the transition to green YES BANK aims to integrate environmental sustainability into every aspect of its business. The Bank continually endeavours to conserve natural resources, minimize the negative environmental impacts of its operations and lending activity, and mobilize finance to spur growth in climate-aligned sectors. The Bank is also a strong advocate for building awareness and sharing knowledge on environmental and climate issues. The Bank works with stakeholders across the spectrum, to develop ways to align its business with global environmental and climate goals.

Environmental Performance

- Financing solutions worth **INR 1,769 crore** made available for renewable energy projects totalling ~562 MW in FY 2021-22
- **First Bank in India** to use the SBTi methodology to measure its financed emissions and commit to aligning its electricity generation sector exposure, to the decarbonization pathway for limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C
- Target to achieve **net zero emissions** from operations by 2030
- Migrated YES BANK House (Corporate Office) to **100%** renewable energy, avoiding approximately **1,105 tCO₂e** of emissions (in FY 2021-22)
- **7.08%** reduction in Scope 3 emissions led by reduction in paper usage and energy consumption from data centers
- **9th** consecutive year of ISO 14001:2015 certification covering **732** facilities
- Saved **42,40,000+** sheets of paper by digitizing paper based processes
- Migrated to using **100%** recycled paper (A4) in internal operations

Integrating E&S Considerations into Lending

YES BANK has adopted a proactive approach to address environmental and social impacts that could result from its lending activities. Towards this, the Bank has instituted an Environment and Social Risk Management System (ESMS) to assess and mitigate environment and social (E&S) risks of its financing activities, centered around its Environment and Social Policy. The Bank’s Environment and Social Policy (ESP), implemented in 2006, serves as a structured approach towards responsible lending.

Environment and Social Policy

The ESP, as an integral part of the Bank’s Environment & Social Management System sets out the overarching framework for identification and management of potential and/or existing E&S risks commensurate with the nature and scale of transactions and their potential impacts. Through this policy, the Bank integrates environmental and social risks into its overall credit risk assessment framework, which goes beyond financial risk mitigation. It has voluntarily adopted the policy, based on international frameworks such as the Equator Principles and IFC Performance Standards. The ESP is a crucial part of the Bank’s credit risk appraisal process and the Bank further continues to mainstream environment and social considerations across its lending by strengthening ESP integration with the overall credit risk assessment framework. In FY 2021-22, the Bank launched a specialized training module to upskill RMs and strengthen the implementation of its ESP.

Overview of projects for which detailed E&S Due Diligence was conducted (FY 2022)

Particulars	Project Finance Transactions	Project Related Corporate Loans Transactions
Total no. of transactions evaluated by E&S team	22	10
Total no. of transactions rejected by the bank	-	-
Total no. of transactions that did not materialize	5	2
Total no. of transactions for which documentation is in process	3	1



Case Studies

Grade A - Warehouse

A Borrower approached the Bank to seek sanction of a transaction for setting up a Grade A warehousing facility. As per the provisions of the E&S Policy, the Bank conducted a preliminary desk-based assessment to determine the severity of potential adverse environmental or social impact arising from business activities of the Project. The preliminary assessment highlighted the need for a detailed E&S due-diligence in line with IFC PS, apart from assessment of regulatory E&S compliances and clearances. Accordingly, a detailed Environment & Social Due-Diligence (E&S DD) of the project was commissioned by the Bank to identify and mitigate potential E&S risks identified with the Project. The E&S DD identified gaps such as lack of formal systems to manage on-site EHS aspects and absence of formal Grievance Redressal Mechanism (GRM).

The Bank engaged with the Borrower on these aspects and developed an Environmental & Social Action Plan (ESAP) in consultation with the Borrower to address the concerns. Further discussions were held with relevant personnel from the Borrower's project team and a formal site specific EHS Management Plan and GRM were developed and instituted at the project.

Food and Industrial Pigments

Manufacturing Unit

The Bank sanctioned facilities to a Borrower for setting up a pigments (for food and industrial usage) manufacturing unit. As per the provisions of Bank's Environmental & Social Policy, a preliminary desk-based assessment was undertaken to identify potential significant environmental and social risks.

Review of the preliminary desk-based assessment indicated the need for a detailed Environment & Social Due-Diligence (E&S DD). The detailed E&S DD Report was developed on behalf of the Bank to assess the project's compliance with applicable Indian E&S regulations and IFC Performance Standards (IFC PS).

Fire and Safety Assessment (by engaging an independent agency/party) was one of the recommendations of the completed E&S DD. This aspect was discussed with the Borrower and the Borrower has agreed to engage an independent agency/party to a Fire and Safety Assessment to assess compliance against local regulatory requirements.



Grain Silos Storage

The Bank sanctioned a transaction to finance part development of a grain silos storage project. The project comprised of four grain silos and a dedicated wheat grains bagging area. The Borrower was responsible for procurement of land (including land for rail siding and approach road), design, finance, building, management and operations of the project, along with safety at project site.

The detailed Environment & Social Due-Diligence commissioned by the Bank recommended development of an formal project specific Environment & Social Management System in line with the requirements of IFC Performance Standards.

The Bank in discussion with the Borrower, engaged an Independent Consultant to formulate the ESMS. The ESMS was formulated outlining key aspects such as (but not limited to) policies, procedures to manage project specific E&S aspects, defining roles and responsibilities to implement the ESMS requirements throughout the project lifecycle.

Climate Strategy, Risk and Transition

Climate change poses a significant challenge to economies globally, with India being especially vulnerable. YES BANK is committed to aligning its business to the Paris Climate Agreement's goal of limiting global temperature rise to well below 2°C and pursuing efforts to limit it to 1.5°C., by reducing the carbon emissions intensity of its operations, measuring and limiting its financed emissions, support climate-aligned sectors and aligning its portfolio with global decarbonization pathways.



Climate Strategy

YES BANK, in its constant quest, to mitigate risks and leverage opportunities arising out of a low carbon transition, has put in place a holistic and long-term roadmap. Guided by this blueprint, the Bank strives to respond to the global clarion call of climate action and contribute towards sustainable development. Key pillars of the strategy focus on:

Financing low carbon transition opportunities

The Bank strives to mobilize finances towards low carbon transition opportunities in India, leveraging global green funds and green credit lines through innovative finance structures

Building resilience from climate risk

Bank will develop robust frameworks for measuring and assessing material climate risk related to its lending operation and apply a climate lens to business decisions. Bank will strive to develop its capacity and understanding for assessing its portfolio under various scenarios and take actions to build climate resilience of its portfolio.

Sustainable operations

The Bank will continue to reduce its carbon footprint and is committed to adopt industry best practices and standards such as ISO 14001 Environment Management System for managing/mitigating its operation's environmental impacts

Policy advocacy, climate literacy, and robust disclosures

The Bank will engage with its stakeholders including clients, peer banks, regulators and Governments and climate scenario providers for accelerating low carbon transition. The Bank will leverage its association with global initiatives such as Partnership for Carbon Accounting Financials, UNEP FI Principles for Responsible Banking, Collective Commitment to Climate Action, Physical Risk and Resilience Commitment and Science Based Targets Initiatives, for developing forward-looking methodologies on climate assessment and integration. The Bank will align its disclosures to industry-best practices such as the TCFD recommendations.

Climate-related Risks Identification

YES BANK recognizes climate risk as a critical risk and since FY 2018-19, the Bank's management committees have been considering climate risk in their briefing. The Bank's Internal Capital Adequacy Assessment Process details its importance within the framework, alongside other Pillar II risks. In line with the Financial Stability Board (FSB)'s Taskforce on Climate-related Disclosures (TCFD) recommendations, the Bank has classified these climate related risks as Transition Risks and Physical Risks.

Through a desk research, the Bank enlisted material climate-related risks faced by the financial sector. The climate-related risks were ranked by the senior management, in the order of relevance to the Bank in the foreseeable medium-term. Based on this survey, top ranking climate-related risks, with maximum potential to generate significant change in the Bank's business operations, revenue or expenditure, were identified to establish a climate risk profile.

The top three risks identified for the Bank are:

1. **Enhanced Disclosure Policies:** Introduction of enhanced disclosure policies by the government and/or regulatory bodies may result in legal proceedings or penalties for organizations failing to comply with the enhanced disclosure requirements
2. **Stringent Environmental Regulation:** With growing awareness on Environmental & Social (E&S) issues globally, countries have established robust E&S regulations that specify requirements for operating licenses, occupational health and safety standards, and emission/ discharge limits. Stricter environmental regulations may affect repayment capability of clients who fail to meet the enhanced regulations
3. **Increased Severity of Extreme Weather Events:** In recent years, severe climatic events such as droughts, cyclones, high temperatures and floods, have impacted India's economy, especially in sectors such as agriculture and allied industries. Climate change may increase the frequency and severity of climatic events, which can adversely affect employee & client performance, and therefore the Bank's revenues

Climate-related Risk Management

YES BANK recognizes climate risk as a significant risk and refers to the Financial Stability Board's (FSB) Taskforce on Climate related Disclosures (TCFD) recommendations for adoption of best practices around managing and disclosing climate risk. YES BANK broadly categorizes climate risks into physical and transitional risks. Physical risks are a consequence of direct physical impacts of climate change and range from acute risks (such as extreme weather events) to chronic risks (like gradual rise in sea level and temperature). Transition Risks arise from external efforts to address climate change including, but not limited to, regulatory and policy changes, technological advancement or shifts in investor sentiment and consumer behaviour. The Bank considers climate risk as a material Pillar II risk in its Internal Capital Adequacy Assessment Process (ICAAP) document and in it details its overall governance and control framework.

In line with its sustainability-focused vision and commitments, YES BANK has put in place systems for managing climate-related risks at the organizational, project and portfolio levels.

Organizational level

The Bank has a formal process in place for the identification of climate risks and opportunities. ESG and climate change related risks and opportunities are evaluated by Risk Management, Infrastructure and Facilities Management (IFM) and Strategic Procurement Units, for the projects and initiatives under respective domains.

In FY 2018-19, 'Climate risks' were added to the Bank's Internal Capital Adequacy Assessment Process (ICAAP), which is an integral part of the management and decision-making process in the Bank. Climate related risks are reviewed annually to establish adequacy of measures taken by the Bank, along with the ongoing annual review of the ICAAP.

The Bank has also constituted an Executive level Sustainability Council to ensure deeper integration of sustainability into all aspects of business and banking. The Council helps develop formal structures and an actionable frameworks to include risks and opportunities arising out of climate change and sustainable development.

To manage any potential service disruptions due to climate change, YES BANK has a robust Business Continuity Plan which is ISO 22301 certified, an International Business Continuity Standard. In FY 2021-22, YES BANK continues to have the highest number of locations certified under ISO 14001:2015 Environment Management System (EMS) standard, globally. The recertification is based on the Bank's Environmental Management Policy released in 2016, which commits to reducing the Bank's carbon emissions through broad-level actions.

Recognizing the importance of enhanced transparency and disclosures, the Bank has been proactively reporting on its triple bottom line performance through its annual and sustainability reports. These sustainability disclosures are aligned with benchmark reporting frameworks, including Integrated Reporting, GRI Standards, TCFD recommendations, Principles for Responsible Banking.

Project level

At a project level, E&S risk assessment is integrated into its overall credit approval framework. As part of the Bank's Environment & Social Management System (ESMS), a Board approved Environment & Social Policy (ESP) mandates appropriate assessment

Climate Strategy, Risk and Transition

of E&S risks for project finance. The Policy is based on international best practices and regulations, such as Equator Principles and IFC Performance Standards. The Bank has dedicated E&S experts housed within the Credit Risk Unit who are responsible for implementing the provisions of the ESP. These experts undertake preliminary E&S assessment of projects basis the severity of risk. Further detailed Environment and Social Impact Assessment is conducted against IFC Performance Standards (A number of cross cutting topics such as climate change, gender, human rights, and water are addressed across multiple Performance Standards) and appropriate covenants are included in the credit documents which are monitored throughout the credit cycle. Further, for identified high risk projects, the Bank includes climate risk screening as a part of the Environment and Social Due Diligence. Bank has also put in framework for readily capturing information on key physical and transition risk related indicators from clients in preliminary assessment checklist for all projects/ project related loan (sanctioned amount above a threshold).

Portfolio level

At a portfolio level, the Bank has identified climate sensitive sectors and is taking a sectoral approach to measure and mitigate climate risk. The Bank has initiated measurement of financed emission of its carbon intensive sectors. Further, the bank is leveraging scenario-based assessment to develop roadmaps for building climate resilience of portfolio. As a starting point, the Bank has specifically focused on its energy exposure, as the sector is at the center stage for the climate action globally. The Bank has analyzed the financed emission intensity in energy sector and developed internal targets to reduce the sectoral emission intensity, in line with global de-carbonization pathways. Further, the Bank's Annual Report for FY 2021-22 includes the Management Discussion and Analysis that comprehensively covers the Bank's Risk Management systems, policies and processes, including risk strategy, and audit & compliance. (See sections Risk management on Page 70, Risk Management Framework on Page 91).

Financed emissions

In line with global best practices, the Bank has initiated measurement and disclosure of financed emissions. Financed emissions are emissions of borrowers, that can be attributed to the Bank in proportion to quantum of financing provided. The Bank has utilized "The

Measuring financed emissions

Sector

Electricity generation

Asset class covered

Corporate Loans, Investment (treasury), Project finance

Coverage

2.16% of overall corporate loans, investment (treasury), project finance

19,15,033

Absolute attributable financed emission (tCO₂e)

0.628

Attributed Financed emission intensity (tCO₂e/MWh)

Global GHG accounting and reporting Standard for the Financial Industry" as a guidance for measurement and treatment of financed emissions. The Bank has measured financed emission of its electricity generation portfolio (covering corporate loans, investment, project finance) and is striving to scale up the approach to climate intensive sectors. For electricity generation portfolio (asset classes as mentioned), the Bank has used sectoral decarbonization approach by SBTi to establish interim targets in line with well below 2 degree scenario, striving for 1.5 degree scenario.

There are challenges regarding availability and reliability of emission data. Further, there remains challenges in availability of generic sector specific financed emission intensity (such as financed emission per revenue or finance emission per unit of production). As the ESG reporting ecosystem in India evolves, disclosure on these aspects would further help the Bank to improve data quality of its financed emissions. The Bank would also be exploring other approaches for some of the sectors/asset classes to measure degree of alignment with the Paris Agreement.

Climate-related scenario analysis

Methodologies and tools to link climate risk to traditional financial risk parameters, economic impact modelling, scenario analysis and stress testing are in early stages and are being progressively explored through global collaborations. There are challenges that need to be addressed in terms of climate related data availabilities (such as frequency of climate events at good spatial resolution, regional and global impact on sector), availability of regional climate impact scenarios and holistic climate risk assessment tools and methodologies. To that extent, the Bank strives to be ahead of the curve through striving to build its capacity and understanding of financial impact of climate change and methodologies for scenario analysis.

In line with its climate commitments, the Bank has initiated developing its capacity for scenario analysis and is leveraging scenario-based target setting approach to develop long term climate resilient strategies and roadmaps on a best effort basis. The Bank has analyzed its emission from its own operation in various scenarios, such as Business as usual, 1.5 degree scenario, well below 2 degree scenario, 2 degree scenarios, and has drawn insights to develop an ambitious target of becoming net zero by 2030.

Further, the Bank is striving to leverage methodologies and scenarios provided by the Science Based Targets Initiative for initiating assessment and taking concrete actions to develop roadmaps for climate intensive/vulnerable sectors for alignment scenarios limiting global warming to Well below 2 degrees/striving for 1.5°C.

To start with, the Bank has developed a roadmap to reduce financed emissions of its lending sub-portfolio (electricity generation) emissions aligning with ambitions outlined in Paris Agreement. The Bank would continue to build its capacity on this front, through piloting emerging methodologies and collaborating with regulators, peer banks, think tanks and data providers to accelerate developments at this front, both in regional and global context.

Transition to low-carbon

The Banking sector has a crucial role to play in energy transition, climate adaptation and the shift to a low-carbon economy. According to the latest estimates, India would need over USD 10 trillion of financing to achieve its net zero by 2070 target, with investments of over USD 8.4 trillion needed by the power sector alone. A majority of

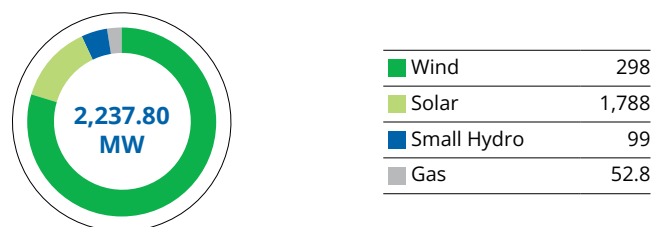
this financing will have to be driven by domestic financial institutions to support the technology shifts that would be required if India has to become net zero.

The Bank, through its financing to renewable energy, contributes to avoidance of emissions generation in electricity generation, and assists in decarbonizing India's electricity generation.

Clean and renewable energy lending

In FY 2021-22, financing solutions worth INR 1,769 crore were made available for renewable energy projects totalling about 562 MW. Projects were underwritten by the Bank (facilities amounting to ~INR 34,300 crore sanctioned towards ~7.0 GW since 2015). A healthy appetite exists in the financing market for such projects, with a significant portion of the projects being successfully down-sold/refinanced. The Bank continues to explore growth opportunities in this segment with strong promoter/project/ counterparty comfort.

Overall Clean Energy Portfolio as on March 31, 2022 (MW)*



*Underwritten/Participation Basis

Avoided emissions

The Bank, through its financing of renewable energy, contributes to avoidance of emissions in electricity generation, and assists in decarbonizing India's electricity generation sector. The clients/ projects in the Bank's renewable energy book (as on March 31, 2022) would lead to attributable electricity generation of 711 GWh and attributable avoidance of 656 ktCO₂e, annually.

Avoided emissions through Green Bonds

YES BANK was the first to issue a green bond in India in February 2015 and went on to raise INR 1,645 crore (USD 260 million), through a total of three green bonds for channelizing finance towards India's renewable energy sector. The renewable energy projects financed through the green bonds proceeds would annually avoid 2072.887 ktCO₂e in total, with attributable avoidance of 427 kt CO₂e.

Climate Strategy, Risk and Transition

Electric Vehicle (EV) Financing

India's EV financing industry is projected to be worth Rs 3.7 lakh crore in 2030, about 80% of the current India's retail vehicle finance industry of Rs 4.5 lakh crore (NITI Aayog). Investment in India's transition to e-mobility has the potential to create significant economic, social, and environmental benefits for the country. Currently, one-third of EV vehicles are being sold out through financing and have the potential to grow cent percent with access to the right financing options. YES BANK believes that as a financial institution, there is an inherent need to play a leading role in India's development through its responsible banking ethos in creating sustained value for its stakeholders, through social, economic and environmental dimensions. In FY 2021- 22, the Bank began identifying and defining green and social activities as part of its internal sustainable finance taxonomy. YES BANK also partnered The Automotive Component Manufacturers Association (ACMA) on a study on 'EV Landscape: Opportunities for India's Auto Component Industry'. YES BANK is focusing on offering loans for green products like EVs at lower interest rates and incorporating ESG scores in its credit decisions while also creating Electric Vehicle ecosystem by financing auto ancillaries/charging infrastructure players. As of March 31, 2022, the book size of EV (Consumer Vehicles) loans at YES BANK stood at INR 40.26 cr.

Sustainable Investment Banking

The Sustainable Investment Banking (SIB) unit provides dedicated advisory/ investment banking practice residing within YES BANK's wholly-owned subsidiary, YES SECURITIES (India) Limited. Climate change is the key pillar of SIB anchored on the principal of sustainability. During the reporting period, SIB successfully engaged as exclusive advisor on the following RE-focussed transactions:

- Shapoorji Pallonji Infrastructure Capital for divestment of its operating solar assets
- Sterling Agro for acquisition of solar assets in Karnataka

Climate-focussed knowledge and advocacy

Climate change is a pressing and unavoidable challenge. However, YES BANK regards climate adaptation as a significant opportunity for financial intuitions to play a central role. The Bank continues to work with stakeholders across the spectrum to develop frameworks and methodologies for addressing climate-related risks; build and share knowledge on green financing opportunities and mobilize finance and attention towards climate-aligned sectors. Initiatives undertaken by the Bank towards climate action include:



- Associated with the Task Force on Sustainable Finance (constituted by the Department of Economic Affairs, Ministry of Finance, Government of India) as a co-lead of the work stream 'Building Resilience in the Financial Sector'
- The Bank through its Corporate & Government Advisory group has supported several states such as Telangana, Chandigarh, Goa, Punjab, Rajasthan and West Bengal for the development of Electric Vehicle Policies
- Only Indian Bank to be a member of Science Based Targets Initiative (SBTi) Expert Advisory Group providing inputs on methodologies for target setting to align portfolio with global decarbonization pathways
- The Bank contributed to the UNEP FI and MinterEllison report 'Liability risk and adaptation finance' launched in April 2021, to drive adaptation finance across the financial sector
- The Bank was one of the 40 global banks, asset managers, asset owners, standard setters and conservation finance specialists, consulted by the Green Finance Institute to respond to the Dasgupta Review's findings. The Bank's insights and case studies featured in the report 'Dasgupta Review: A Pathway for Action for the Financial Sector', launched in May 2021
- Partnered Automotive Component Manufacturers Association (ACMA) in conducting an Electric Vehicle landscape study to identify opportunities for auto component manufacturers
- YES BANK continues to engage with IIT Delhi to develop and improvise climate-modelling methodology and contribute towards the formulation of an India-centric climate model. During the year the Bank in collaboration with the Department of Science & Technology (DST) Centre of Excellence (CoE) in Climate Modeling at IIT Delhi, developed two research papers that were supported by a grant from YES Foundation. The topics covered by the papers were:
 - [Impact of the Similarity Functions of Surface Layer Parameterization on Climate Simulation over the Indian Region](#): Captures the results of simulation studies conducted to assess the impact of climate change across different climatic zones in India during winter and summer seasons
 - [Association of Climate Change of Himalaya Tibetan Highland and Indian Summer Monsoon](#): Investigates the association of the changing climate of Himalaya-

YES BANK's Voluntary Climate Commitments

1. Only Indian Bank to sign the UNEP FI Commitment to Climate Action, striving to align its business strategy with the Paris Agreement on Climate Change
2. Only Indian Bank to be a member of Science Based Targets Initiative's Expert Advisory Group and commit to develop emission reduction targets
3. Only India Bank to be a Founding Member and signatory to the Principles for Responsible Banking and commit to aligning its business to Paris Agreement and UN Sustainable Development Goals

Tibetan Highland and Indian Summer Monsoon (ISM) through numerical experimentations. The research also involved support from the National Centre for Atmospheric Research.

Green Climate Fund (GCF)

YES BANK is one of only five Accredited Entities for the Green Climate Fund in India. The Bank was approved as an accredited entity by GCF in November 2019, post a rigorous assessment of the Bank's key administrative and financial capacities (general management, financial management, control frameworks, transparency and accountability), fiduciary capacities (project management, grant awards, on-lending and blending), and environment and social safeguards and gender capacities. The Bank was one of the first Indian private Banks to be nominated as 'Direct Access Entities' for GCF by the Ministry of Environment, Forests and Climate Change. The Bank is expediting its agreement with GCF to access GCF funding for climate mitigation and adaptation projects in India. The Bank is exploring potential project pipelines in climate change sectors like e-mobility, water & waste management, green real estate & energy efficiency, and climate smart agriculture.

Enhancing Operational Eco-Efficiency

YES BANK aims to minimize the ecological footprint of its operations by reducing its use of the natural resources, enhancing resource efficiencies, adopting environmentally sustainable practices and taking initiatives to achieve net-zero emissions.

Targeting net-zero emissions by 2030

YES BANK has always been conscious of its climate related impacts and has adopted a proactive approach to climate action. The Bank strives to align its business to the Paris Climate Agreement's goal of limiting global temperature rise to 1.5 degrees Celsius or well below 2 degrees Celsius. According to the Intergovernmental Panel on Climate Change (IPCC), limiting global warming to 1.5°C, requires countries and businesses to bring down CO₂ emissions to a net-zero by the year 2050. In order to align with the net zero pathways suggested by the IPCC, the Bank has pledged to reduce GHG emissions from its operations to net zero by 2030. The Bank's net zero emissions target covers its absolute Scope 1 and Scope 2 emissions.

The Bank will use a multi-pronged approach to reach net-zero emissions:

- **Use of renewable energy to power its facilities:** The Bank has begun sourcing renewable energy to power key offices such as its corporate office and will migrate the majority of its facilities to renewables by 2030
- **Use of energy efficient equipment and appliances:** The Bank has already been executing its migration to light-emitting diode (LED) fixtures in phases and continues to explore the adoption of star-rated air conditioners and equipment in its offices



Transitioning to renewable energy

On January 1, 2022, YES BANK switched to powering its headquarters, YES BANK House (YBH) in Santacruz, Mumbai with 100% renewable energy. The move marked the Bank's first step towards revamping its energy infrastructure and gearing up to achieve its net zero emissions target.

Emissions from grid electricity consumption (Scope 2 emissions) accounts for over 93% of the Bank's Scope 1 and Scope 2 emissions, with YBH's electricity consumption representing approximately

9% of the annual Scope 2 emissions for FY 2021-22 (annualized). YBH switching to renewable energy has led to the elimination of a significant portion (approximately 1,105 tCO₂e) of the Bank's Scope 2 emissions. The Bank is also exploring the potential of using alternative sources of energy. It has installed a 5 kVA solar power system at its Pune Bund Garden branch and is monitoring its performance and payback. YES BANK will continue to explore options for transitioning to cleaner, alternative sources of energy in future.



Enhancing Operational Eco-Efficiency

Internal Carbon Pricing

Internal carbon pricing (ICP) is internationally recognized as a mechanism by which companies can put a value on their greenhouse gas (GHG) emissions so that a focused approach can be taken in driving positive change in their business. In internal carbon pricing, a cost is assigned to each ton of carbon used or emissions emitted that can be factored into business strategies and decision, enabling low-carbon transition.

In FY 2021-22, in order to drive low carbon transition of its operations, the Bank took an exercise to determine its internal carbon price. At an organization level, the Bank has estimated an implicit price of INR 970 per tCO₂e emissions, i.e. to avoid one unit tCO₂e emissions, annual cost or required expenditure is of around INR 970. The estimation is based on the internal roadmap to achieve its ambition of net zero target covering



Scope 1 and Scope 2 GHG emissions, and annual expenditures required to achieve the reduction. The implicit carbon price varies for different facilities in different geographical locations. Facility level estimates ranges from implicit price of INR 660/tCO₂e emissions to INR 1,520/tCO₂e emissions, with the overall carbon price at organizational level estimated at INR 970 per tCO₂e emissions emitted. The Bank will relook and re-calibrate its carbon price on a periodic basis to consider emerging alternatives and evolving ecosystem.

Description of how internal price enables low carbon transition in operational context:

The Bank has estimated the implicit carbon price, basis the internal roadmap to achieve its ambition of net Zero target covering Scope 1 and Scope 2 GHG emissions, and annual expenditures required to achieve the reduction. The implicit price enables the bank to drive low carbon investment, energy efficiency and change internal behavior and in turn meet stakeholder expectation of doing business in an environmentally sustainable way. The implicit carbon price enables the bank for a faster transition to energy efficient equipment and renewable energy sourcing, through inclusion of the cost of carbon abatement in its investments and expenditures, reflecting the holistic cost-benefit analysis. For example, energy efficient appliances, though relatively costlier, directly help in reducing electricity consumption, leading to savings in electricity expenditures (by reducing each unit of electricity consumption (from grid), and resulting in savings in cost of carbon abatement associated with it. This enables the Bank to have capabilities of comparatively looking at and driving initiatives to adopt available alternatives in a most cost effective way, and develop and execute effective emission reduction strategies.

Further, the implicit carbon price enables the Bank to demonstrate leadership on sustainability, which is increasingly becoming more material for all its stakeholders- employees, consumers, communities, investors, regulators at large. Through translation of climate impacts in cost impacts, it enables sustainability to be more visible, understandable and relatable within the organization, helping in embedding a culture of sustainability and accountability among employees.

GHG emissions from the Bank's operations

The Bank monitors and tracks the key resources it uses in its operations, undertakes measures to minimize its consumption and reports its impacts and progress on an annual basis. Given its nature of business, the Bank's highest environmental impacts come from its Scope 1, Scope 2 and Scope 3, GHG emissions, as part of operating a pan India physical and digital presence of 11 major offices, 1,112 branches, and 1,244 ATMs / CRMS & BNAs. In FY 2021-22, the Bank's energy consumption stood at 220.4 TJ##, while its energy intensity, within its operational boundaries stood at 9.05 GJ/ FTE. The energy consumed by its outsourced data centres is estimated at 317.07 TJ. The Bank recorded an overall reduction of 7.08% in its Scope 3 emissions, over the previous financial year.

YES BANK GHG Inventory	2021-22	2020-21
Scope 1		
Diesel Consumption (lit)	2,38,801.51	2,32,651.84
Scope 1 emission - Diesel Consumption (tCO ₂ e) #	631.54	615.28
Scope 1 emission - Refrigerant Leakage (tCO ₂ e) #	2,585.60	2,522.93
Total Scope 1 Emission (tCO₂)	3,217.14	3,138.2
Scope 2		
Total Grid Electricity Consumption (MWh)	57,454.99	45,206.66
Renewable Electricity Consumption in YBH (MWh)	1,398.66	0
Non-Renewable Electricity Consumption (MWh)	56,056.33	45,206.66
Total Scope 2 emission (tCO₂e)##	44,284.50	37,385.9
Total Emission (Scope 1+2) (tCO₂e)	47,501.64	40,524.1
FTE* as on 31 st March	24,346.00	22,270
Emission Intensity (tCO ₂ e/FTE)	1.95	1.82
Scope 3		
Scope 3 Emission (tCO ₂ e)- Business Air Travels by Employees	814.31	291.78
Scope 3 Emission (tCO ₂ e)- Daily employee commute (tCO ₂ e)	684.34	77.63
Scope 3 Emission (tCO ₂ e)- Paper consumption (including couriers)	557.82	3,437.64
Scope 3 Emission (tCO ₂ e)- Outsourced data centres	69,580.25	73,286.35
Total Scope 3 Emission (tCO₂e)###	71,636.72	77,093.40

Footnotes:

- # Scope 1 emissions include 10% refrigerant leakage from AC systems (as suggested in the IPCC/TEAP Special Report: Safeguarding the Ozone Layer and the Global Climate System). Scope 1 emissions also include diesel consumption for the Bank. The emission factors and GWP (Global Warming Potential) values have been taken from the GHG Protocol. The equivalent NO_x and SO_x emissions through diesel consumption are 247.51 kg and 26.85 kg respectively. The weighted average methodology has been used to calculate the same, this year
- ## Scope 2 emissions constitute CO₂ emissions from grid electricity (from non-renewable sources) consumed by YES BANK. The emission factors have been taken from Central Electrical Authority (CEA's) CO₂ Baseline Database for the Indian Power Sector, Version 17. In January 2022, the Bank started sourcing renewable energy to power YES BANK House, avoiding 1,105 tCO₂e in FY-2021-22. Grid electricity consumed has been estimated from facility-wise electricity bills and state-wise tariff charges.
- ### Scope 3 emissions for FY 2021-22 include emissions from business air travel (814.31 tCO₂e), paper consumption (557.82 tCO₂e), including inbound and outbound couriers - assuming 1 A4 envelope and 1 A4 paper per courier, bus commute facility (684.34 tCO₂e) provided by the Bank in Mumbai for enabling employees to commute to office, and outsourced data centres (69580.25 tCO₂e). Given the disruptions created by the second-wave of the COVID 19 pandemic, emissions from daily employee commute have not been estimated this year. Instead, the Bank continued to provide a bus commute facility in Mumbai, for the safety and convenience of employees traveling on three routes to the YBH office and two routes (added this year) to its Airoli office. The emissions from this bus service have been calculated using the framework suggested by WRI and included in the daily employee commute estimation. For FY 2021-22, environmental impact estimates (for paper consumption) were made using the Environmental Paper Network Paper Calculator Version 4.0. For more information visit <https://c.environmentalpaper.org/>. The Bank has taken several initiatives to digitize paper-based processes which have helped reduce paper consumption and avoid attributed emissions of approximately 179.59 tCO₂. Emissions through electricity consumption at off-site ATMs have not been included due to the unavailability of reliable data.
- * FTE includes all full-time employees across YES BANK's pan-India and Abu Dhabi facilities. Emissions through currency chests and YES Securities (India) Limited (YSIL) (a subsidiary of YBL) which operates from NOC Mumbai (YES BANK premises) are also included. Resource consumption data for a percentage of facilities was unavailable and hence not included in the estimates.

Enhancing Operational Eco-Efficiency

9th successful year of implementing ISO 14001: 2015 certified Environment Management System

In order to ensure that its branches and offices adhere to the highest standards of environmental performance, the Bank has instituted a robust Environmental Management System (EMS) that was certified ISO 14001:2015 compliant, for the ninth year in a row in FY 2021-22. The Bank's EMS covers 732 of its facilities, (including five corporate offices, YES Securities and the Abu Dhabi Representative Office). The Bank has also adopted an Environmental Management Policy which guides the implementation of its EMS.

Over the years, the Bank has undertaken several initiatives to enhance its environmental performance including:

Implementing systems for supervising, tracking, and reducing consumption of key resources:

- The Bank measures and reports its use of key resources such as electricity; diesel; refrigerants and paper
- The Bank has undertaken several initiatives to improve its energy efficiency such as migrating to LEDs and phasing out air conditioning systems that use ozone-depleting coolants



- The Bank undertakes several initiatives to reduce paper consumption and move to paper-less banking. The Bank has also switched to using 100% recycled paper (A4) for all internal operations, across the country

Instituting mechanisms for responsible collection, recycling, and disposal of waste

- The Bank has partnered Viagreen to recycle paper used at key facilities including its corporate office
- The Bank has appointed a central vendor to collect, recycle and responsibly dispose e-waste from all its facilities
- The Bank has also appointed a central vendor to recycle the lead acid batteries used in its uninterruptible power supply (UPS) systems

Building awareness about environment-friendly practices amongst employees

- The Bank undertakes regular communication and campaigns to encourage its employees to adopt ecofriendly practices and reduce the Bank' carbon footprint
- In FY 2021-22 the Bank installed an EV charging terminal at its corporate office to promote the adoption of electric vehicles

Ensuring that the Bank's facilities comply with environmental regulations

- As part of its ISO 14001:2015 certified EMS, YES BANK has adopted a "Register of Legal and Other Requirements" to monitor and track its compliance to applicable environmental regulations

Investing in energy conservation and efficiency

The Bank aims to conserve its use of energy and maximize energy efficiency within its operations.

In FY 2021-22, the Bank spent INR 3.32 crore towards energy conservation and energy efficiency initiatives such as AC retrofitting, LED projects and signage replacements:

- The Bank continued its phased migration to LED fixtures during the year, replacing 11,468 conventional fixtures and CFL signages with LED units across 288 branches. This resulted in estimated energy savings of approximately 1,040.38 GJ. The estimated annual reduction in electricity consumption that may be attributed to these LEDs is 2,88,994 kWh, resulting in the Bank avoiding 228.3 tCO₂e emissions in FY 2021-22

- The Bank is also in the process of phasing out air conditioning systems that use ozone-depleting coolants. In FY 2021-22, the Bank replaced 1,212 tonnages of R22 air conditioners across 141 branches that were more than ten years old with energy-efficient (star rated) systems using eco-friendly coolants

Responsibly recycling waste

The Bank has instituted robust mechanisms for responsible collection and recycling of the waste generated within its facilities. The Bank has partnered Viagreen to recycle waste paper at key facilities including its corporate office and empaneled certified vendors to collect and recycle hazardous waste such as lead acid batteries used in its UPS systems.

During the year, the Bank responsibly recycled 23,035.66 kgs dry waste (reducing its Bank's carbon footprint by 70.83 tCO₂e), and recycled 4,813 batteries across locations.

>23,000 kgs

Dry waste recycled

>4,800

Batteries recycled across locations

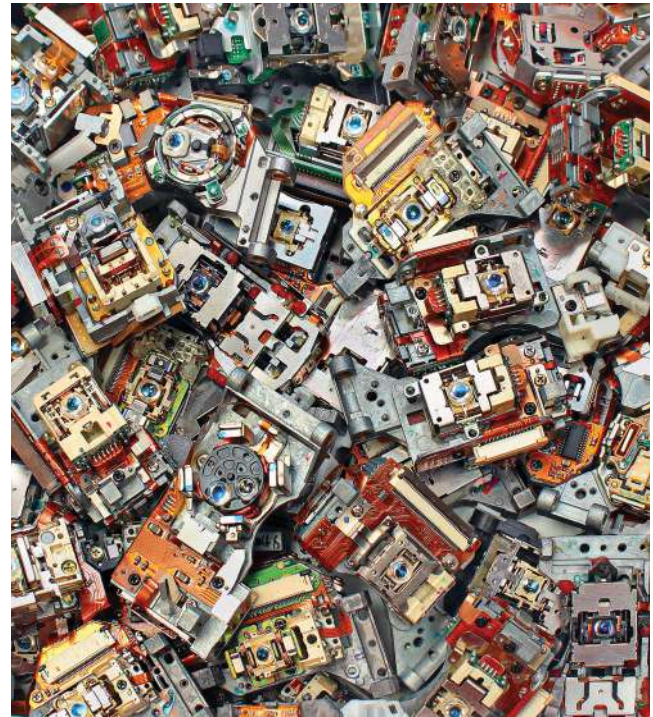
Managing e-waste

As a technology driven institution, YES BANK is also focused on responsibly recycling and disposing its e-waste. The Bank has empaneled Pollution Control Board authorized, third-party e-waste handlers, for recycling and disposing its e-waste from its facilities, across India.

- In FY 2021-22, the Bank responsibly disposed 35,675.10 kgs of e-waste, including desktops, printers and laptop hardware, UPS, and server hardware

>35,600 kgs

E-waste responsibly disposed



Water footprint

Water consumption at the Bank's corporate office – YES BANK House (owned facility), which houses over 3,000 employees, was measured to be approximately 33,285,600 liters (or 33,285.6 cubic meters) in FY 2021-22.

Considering the nature of the Bank's business and locations it operates in, there are no significant negative impact related to water, on the communities around its areas of operation, and the Bank's primary consumption of water is for drinking and municipal purposes. Based on the assumption that approximately 45 litres of water is consumed per employee per day (Source: Estimation of water requirement for drinking and domestic use - National Building Code (2016) - Bureau of Indian Standards), the Bank has estimated that in FY 2021-22, the water consumption at all its facilities (owned and leased) was approximately 255,267,810 liters (or 255,267.81 cubic meters)*. The Bank encourages branches to lead their own mitigation initiatives and share best practices across other branches.

* Estimated number of working days per employee calculated excluding weekends, annual leaves, public holidays and averaged sick leaves

Enhancing Operational Eco-Efficiency

Digitization and going paperless

The Bank has adopted several measures in its journey towards going-paperless. By digitizing paper-based products and processes, establishing strong digital strategies to meet the digital demands of customers and implementing paperless workflows, the Bank has not only benefited the environment but also enhanced staff productivity and customer delight.



Social

Shared future

From its employees, partners and peers to its supply chain, customers and community, YES BANK interacts with a diverse set of stakeholders in the course of its business activities, who play an indispensable role in the Bank's journey of value creation. The Bank also works with governments, regulators, and the larger financial community to envision a financial ecosystem that is geared towards sustainability.

Social Performance

- Employees strength at **24,346 – up 9%** from previous year
- Target to achieve **30% gender** diversity in the next five years
- **18.77%** women participation in workforce
- **136,700** Training Days clocked in FY 2021-22
- **3000+** employees at YES BANK House provided option to avail Flexi-work timings
- **'VOICE of YES'** employee engagement survey launched in partnership with the research firm Gallup
- Ranked **No. 2** amongst Large-Sized Banks in the Best places to work in India 2021 awards, conducted by AmbitionBox.com
- **Enhanced financing** towards MSMEs, Agri Infrastructure, Farm Credit, Small & Marginal farmers, Social Infrastructure, amongst others
- Enhanced customer satisfaction with Healthy increase in the Net Promoter Scores by
 - **26 points** improvement in Branch Banking and relationship management NPS (YoY)
 - **14 points** improvement in NPS of digital channels (YoY)
- **10,000** community members from 6 states underwent capacity building training in market linkages and productivity enhancement
- **2,000+ employees** contributed over 3,000 volunteering hours, reaching out to support COVID patients, rural farmers, and underprivileged youth
- **2,000 youth** trained on service sector job-oriented skill development
- Instituted a Bank-wide Human Rights Policy

Workplace Diversity, Inclusion and Growth

Our employees are the brand ambassadors of the Bank and play a pivotal role in helping the Bank prosper in the face of evolving regulations, technology and customer demand. They uphold the Bank's core values of trustworthiness, transparency, integrity, accountability and collaboration. The Bank strives to provide its employees with a workplace that offers opportunities for holistic growth, development and well-being, through a collaborative culture that espouses diversity and inclusivity.

Key Data Points for FY 2021-22

24,346

Total employees

136,700

Training days

5,817

Training programmes

23,945

Trained employees

4,569

Permanent women employees

18.77%

Women participation in workforce

100%

Return to work rate after paternal leave

99.6%

Return to work rate after maternal leave

Data points include Bank's full-time employees (India & Representative Office) and exclude fixed term contractual staff (trainees, advisors, etc.).

Diversity and Inclusion

YES BANK is committed to build a diverse and inclusive workplace that provides equal opportunities to all its employees with zero-tolerance towards any form of discrimination. The Bank has undertaken several measures to strengthen diversity and inclusion and to provide all YES BANKers with opportunities to reach their full potential. Key measures include:

Equal Opportunity Policy

The Bank has instituted an Equal Opportunity policy that prevents discrimination on any grounds such as disability, marital status, nationality, race, religion, sex, sexual orientation etc. and aims to treat all employees and job applicants equally.

YES BANK Diversity & Inclusion (D&I) Council

The Bank's D & I Council identifies and helps accelerate the D & I initiatives for the Bank. The Bank embraces diversity and inclusion as drivers for employee satisfaction as well as organizational innovation, value and growth.

Gender Diversity target

The Bank is aiming for 30% gender diversity over the next 5 years.

Persons with Disabilities

The Bank is in the process of additional recruitment of differently abled people at select centres.

Workplace Diversity, Inclusion and Growth

People Demographics – Diversity

FY 2021-22

Management Band	Under 30		30-50		Above 50		Total
	Male	Female	Male	Female	Male	Female	
Top Management	0	0	27	6	30	2	65
Senior Management	0	0	196	20	36	6	258
Middle Management	4	0	2,600	377	62	6	3,049
Junior Management	5,306	2,179	11,497	1,970	19	3	20,974
Total	5,310	2,179	14,320	2,373	147	17	24,346

Gender pay ratio

YES BANK follows an employee compensation philosophy that is gender agnostic and is based on parameters like role, experience, proficiency, level of competency, relevant performance assessment measures etc. For 86% of employees, comprising Junior Management, the ratio of the basic salary and remuneration of women to men in the Bank is 0.89. For the remaining 14% comprising Middle Management & above this ratio varies from 0.92 to 0.82.

Ratios (female to male) of Avg. Fixed Pay across management bands

Top Management	0.82
Senior Management	0.89
Middle Management	0.92
Junior Management	0.89

*Data presented above excludes MD & CEO and employees at Representative Office

Fostering Gender Equality

During the year, the Bank undertook curated interventions, including webinars and workshops centered around sensitizing employees on gender equality and creating a more inclusive workplace for female employees. Additionally, the Bank conducted drama-based workshops and webinars to build awareness around unconscious bias, gender-based discrimination & counteracting stereotypes, amongst other issues.

A few examples of such initiatives, include:

Ascend (Women Leaders – Junior to Middle Management)

The programme focused on sensitizing employees on how gender stereotyping and career limiting beliefs hold women back in their careers

Transcend (Women Leaders – Middle to Senior Management)

The programme focused on how women leaders could influence their careers by radiating confidence, declaring their brand and enhancing their networking skills



Encouraging Gender Respect: Say Yes To G.R.A.C.E

YES BANK has zero tolerance towards any act on the part of any executive which may fall under the ambit of 'sexual harassment' at the workplace and the Bank is fully committed to uphold and maintain the dignity of every women executive working for the Bank. In line with "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act & Rules 2013", the Bank has a policy on 'Prevention & Prohibition of Sexual Harassment at Workplace'. The policy provides for the prevention of sexual harassment at the workplace, protection of women, and redressal of their complaints.

To create awareness about the policy and ensure compliance by all the executives, the Bank has implemented the 'Gender Respect and Commitment to Equality' (GRACE) programme to disseminate information and train executives on the policy. G.R.A.C.E also reaffirms the Bank's commitment to be an equal opportunity employer and of zero tolerance to any discrimination. The Bank has Internal Committees to investigate and inquire into sexual harassment complaints in line with the Bank's policy. The key points of the Act and the details of the Internal Committees are shared with all the employees and are displayed at all branches and offices of the Bank.

During FY 2021-22, 15 complaints pertaining to sexual harassment were filed, and 1 complaint was pending as of the end of the financial year which is being investigated within the stipulated timeline. The complaints received by the Bank were handled promptly and effectively with utmost sensitivity and confidentiality by the Internal Committees. Cases where allegations were established, appropriate action was taken in line with the Internal Committee's recommendations.

Health & Wellness

The Bank promotes good health and well-being of employees and recognizes its role in improving employee morale, engagement and productivity. During COVID-19 pandemic, the Bank undertook several measures to assist employees and their families combat the health crisis. Some of the initiatives include:

Mediclaim

A comprehensive COVID Mediclaim policy covering hospitalization & home quarantine of COVID positive employees and their enrolled dependents was provided during the year. The Bank also extended immediate ex-gratia of 2 months' salary to the families of deceased employees

COVID Hospitalization Claim Reimbursement

COVID hospitalization claim reimbursement was introduced to reimburse employees and their family members

COVID Relief Fund

A platform was created where employees could contribute financial aid for COVID impacted colleagues who needed financial help. The COVID Relief Fund set up through employee contributions and a matching contribution from the Bank was used to assist 31 impacted employees during the year

24*7 Free Tele-Consultation Support

The Bank partnered with Healthspring, a leading primary care company to provide 24*7 health support system and comprehensive Covid-19 care solutions for employees and families across the country, including teleconsultations, online prescriptions, free home sample collections for RT-PCR test, ambulance booking, hospital coordination, home isolation programs, medical equipment on rent, home healthcare support, amongst other facilities. Qualified counsellors were also made available on call to help employees navigate through mental health related wellness issues

Medical Facility

The Bank has partnered with BsideU to provide medical services to employees at 4 major centers (two in Mumbai, one in Chennai, one in NCR). The centers are well equipped with an experienced general physician, nurse and dietician. Teleconsultations were also extended to employees during the pandemic

Workplace Diversity, Inclusion and Growth



#YESSHIELD COVID Vaccination Drive

The Bank organized COVID vaccination drives for employees and family members across major YES BANK locations

Wellness Webinars

To help YES BANKers improve wellness and adopt healthy dietary and lifestyle changes, a series of webinars were organized with experienced health professionals and healthcare specialists covering subjects such as boosting immunity, heart health, anxiety management, dental health & hygiene, effective parenting, amongst others

LIVE Health and Fitness Sessions

The Bank launched a host of LIVE virtual sessions on guided meditation, Yoga, Zumba and martial arts to encourage employees to embrace a healthy workout regime and maintain their physical and mental well-being

Fitness Centre

A fully equipped fitness centre at the Corporate Office, with modern amenities that employees can access for free

Occupational Health & Safety

- In order to ensure overall occupational health, safety and well-being of its employees and contractual workers, the Bank has put in place emergency preparedness and response mechanisms, with individual locations having a designated 'Emergency Handling Team'. The Bank has identified emergency scenarios including fire, flood, armed robbery, bomb threats, earthquakes and first aid. YES BANK, as part of its ISO 14001 Environmental Management System implementation, considers fire as a significant aspect and has put in place Emergency Preparedness and Response procedures. There are periodic trainings and feedback sessions conducted for employees (including contractual workers) and security personnel to equip them to deal with fire-related emergencies. Individual locations are required to mandatorily conduct a fire evacuation drill once in every six months, with participation of staff and contractual employees. During the year, there was one fire incident in Jaipur Back Office and two branches in Maharashtra were affected by flood. There was nil injury/ lost time because of these incidents. The Sustainability Council (which meets twice a year) reviews and monitors the activities undertaken by the Bank under the Environmental Management Policy (EMP) and its compliance to ISO 14001:2015 requirements (including any health and safety related issues that may arise). There are periodic internal and external audits to ensure compliance and continual improvement.

Work-life balance

YES BANK is one of the first Banks in India to implement a formal 'Working from Anywhere' Policy. The policy which allows employees the flexibility to work from alternate locations, on a role-based hybrid model due to institutional mandates, pandemic or natural disaster situations, also encourages employees to achieve a better work-life balance. Additionally, the policy provides certain allowances to employees to work from home effectively and to meet expenses towards internet and workspace set-up. Employees working at the corporate office are provided flexible work timings. Over 3000+ employees were given the option to avail flexi work timings in FY 2021-22.

Parental Leave Initiatives

The Bank celebrates the gift of parenthood and undertakes a number of initiatives to support its employees as they take on their new responsibilities as parents.

- The Bank provides female executives with maternity benefit of 26 weeks and an access to crèche facilities, as per statute
- All new mothers resuming duty post maternity leave are presented with gift vouchers for the newborns
- The Bank also provides adoption leave of 84 days to female executives for child adoption, below the age of three months

- The Bank, through the introduction of Working from Anywhere Policy, provides childcare allowance which enables working mothers to manage their childcare responsibilities and focus more effectively at work. Female employees are given an option to claim the reimbursement upto a defined limit, for paid service of one nanny with child/children upto 3 years of age
- Although there is no universal paternity leave law in India, the Bank's male executives are entitled to receive 7 days of paternity leave to celebrate the onset of fatherhood

The Bank's analysis of its return to work rate after maternal and paternal leaves is presented below:

Particulars	FY 2021 - 22		FY 2020 - 21	
	Maternal	Paternal#	Maternal	Paternal#
Employees taking Parental leave	234	1,009	216	975
Employees resuming work	233	1,009	215	975
Employees continuing with the Bank after resuming work in the reporting period	216	810	203	850
Return to Work Rate ^	99.6%	100%	99.5%	100%
Employees continuing with the Bank 12 months after resuming work	NA*	NA*	122	675
Retention Rate (after 12 months) ^	N/A*	N/A*	56.7%	69.2%

* To be reported in FY 2022-23 reporting cycle.

^ The percentage of "return to work rate" has been calculated based on the employees that returned to work in the reporting period after parental leave ended and "retention rate" has been calculated based employees that resumed work after parental leave ended and were still employed 12 months after their return to work. In line with the calculation approach, a revision in the previous year reporting has been disclosed above for maternal leaves.

No causal relationship has been determined between maternal/ paternal leave and voluntary exits.

Listening to employees

The Bank has a dedicated 'Employee Service Desk' to provide a consistent and superior service experience to its employees. It allows employees to raise queries and concerns through email, voice call (Interactive Voice Response) and a Query Management System.

Employee Engagement Survey

An employee engagement survey called 'VOICE of YES' was launched in partnership with the research firm Gallup. The results of the survey provided important insights into engagement across various levels, providing a holistic view of the whole organization.

Employees Grievance Redressal

With the objective of providing a productive and conducive work environment for all employees, the Bank has a defined Employee Grievance Redressal Policy and a redressal mechanism in place. During the FY 2021-22, 55 employee grievances were reported to the Employee Relations team, of which 53 employee grievances were satisfactorily resolved during the year and the remaining 2 cases are under review.

Workplace Diversity, Inclusion and Growth

Employee engagement

YES BANK has an employee engagement framework that caters to employees' holistic all-round well-being and growth. During the year, several engagement initiatives were carried out.



Samwad

'Samwad' is a quarterly Employee Communicate that provides YES BANKERS an overview of key employee related initiatives. Through 'Samwad', the Bank shares key matrices pertaining to the Bank's financial performance, important employee focused initiatives with all employees



Unplugged

The Bank created a forum to enable employees to unwind and showcase their hidden talents. Several events were organized by the forum including, open mic sessions for singing, dancing, miming, mimicry, poetry and stand-up comedy; painting competitions; workshops for glass bowl gardening, first aid, brain GYM exercises, photography, self-defence, amongst many other activities



Women's Day

To celebrate International Women's Day, the Bank organized multiple offline experiential workshops for women employees. Drama based workshops with the theme of 'Self-limiting notions in women', Corporate Women Sports Challenge and Webinar on General Women's Health care were also part of the celebrations



Long Service Awards

YES BANK recognizes all employees who successfully complete key tenure milestones (5/10/15 years) with the Bank by presenting them with a commendation certificate from the MD & CEO, along with a Personalized Memento

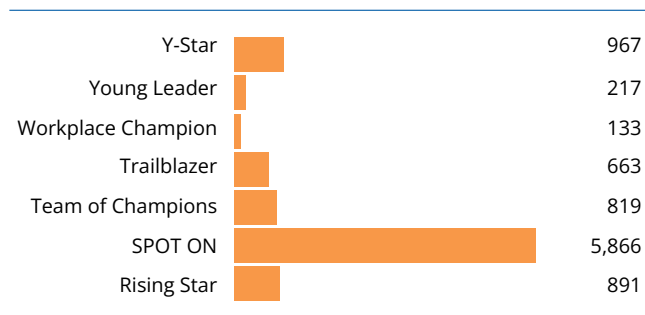


YES Foundation Day

The Bank celebrated its YES Foundation Day on March 21, 2022, to commemorate key achievements of the financial year. The event which included 'Y-Factor' Talent Hunt competition rounds for employees under five key categories i.e. singing, dancing, solo act, photography and art was broadcasted LIVE for all employees

Rewards & Recognition: 'YES LEAGUE OF EXCELLENCE'

At YES BANK, rewards & recognition is driven digitally through an online portal called the 'YES LEAGUE OF EXCELLENCE'. It provides a formal recognition platform to reward excellence at YES BANK and in turn, create a culture of appreciation. All YES BANKERS have the option to appreciate and wish their colleagues on account of professional achievements or personal occasions. Reporting managers can nominate team members for rewards on basis of performance. In FY 2021-22, 9,000+ employees received rewards and 4000+ appreciation messages/wishes were exchanged through the Rewards and Recognition portal.





Employee performance management

The annual performance review for the Bank begins with self-assessment, followed by Reporting Authority (Manager) and Reviewer (skip-level Manager) Assessment and concludes with a Committee Review. Committees comprising of cross-functional leaders and Human Capital representatives review the assessment of senior executives and sign-off their performance descriptors. This stage of the process ensures objectivity, transparency and collaboration.

Commencing FY 2021-22, the performance review process has been further aligned with the Bank's priorities. The Management team's goals include Governance and Compliance KPIs along with their respective functional/business KPIs. While focusing on the Results (What) there was also a need to bolster the process of achieving results (How). To achieve this, the control functions helped create measurable and standard KPIs for the leaders which have been cascaded to their respective teams.

Starting in FY 2020-21, the Bank removed the normalization curve and shifted from numerical ratings to performance descriptors. The definitions of the performance descriptors not only focus on executive's achievements vis-à-vis expectations of the Bank but also emphasize the need to uphold core values of the Bank and consistently adhere to regulatory compliance norms.

Leadership Development Initiatives

This year, the Bank conducted a 360-Degree Feedback Exercise in conjunction with the 'APEX' Leadership Development Programme for all Top & Senior Management leaders. The exercise was aimed at helping leaders identify their strengths & areas of opportunity based on the feedback received from their team members, supervisors and other stakeholders.

Workplace Diversity, Inclusion and Growth

Learning & Development

YES BANK has always emphasized on a knowledge-driven approach for visualizing the future and focusing on developing capacity and capability to nurture the brightest and best quality talent. Key Human Capital, organizational development, and learning initiatives at YES BANK are domiciled under the aegis of YES SCHOOL OF BANKING (YSB). Institutionalized in 2007, YSB was created with a vision to build a 'Centre of Excellence for learning solutions in banking and related areas. YES SCHOOL OF BANKING is accredited (by Bureau Veritas) with the latest Risk-Based Thinking in its approach and continues to ensure business satisfaction by creating and deploying learning solutions that meet stakeholder requirements through sustained improvement in employee knowledge, skills, and behaviour.

Learning Management System

'My Learning@YES' (in partnership with 'Cornerstone on Demand') is the Bank's online Learning Management System (LMS) which supports digital learning and provides learners with increased access to learning content (in-house courses and externally integrated content partners), learning scorecards to measure actualization against learning paths. The system offers social learning, advanced reporting & analytics, conducting and management of classroom training, classroom attendance tracking, and training schedule management. The LMS also has a mobile first approach enabling learning on the go, allowing users to go through modules and appear for tests from the app ensuring better time utilization and higher learning engagement for employees.

Live digital training

To overcome the challenges posed by the pandemic, the YSB team enhanced its virtual classroom methodologies (Live Digital Training) to enable a conducive learning environment in which participants can interact with trainers and each other like they do in a traditional classroom. The YSB team actively employed different strategies to engage virtual learners and make online training an interactive medium for learning.

Key learning programmes

YES SCHOOL OF BANKING works with teams across the Bank to develop learning modules on various subjects and utilizes subject matter experts (SMEs) to deliver key trainings. During the year YSB initiated a number of learning programs and trainings



covering key areas such as regulatory and compliance requirements, risk management, cybersecurity, fraud prevention and skill upgradation, amongst others. Several customized blended leadership and behavioural learning interventions including programs on coaching for performance, design thinking, building high performance teams, and improving one's virtual presence were also conducted during the year. Some of the key learning programs are detailed below.

- **Regulatory / Compliance Mandatory Programs Implementation of RBI Circulars:** In line with the capacity building guidelines by RBI, employees in specific roles were enrolled for mandated certification programs. Additionally, relevant CXOs, select top management officials and members of the Board, underwent certification in IT and cyber security
- **Fraud prevention/awareness sessions:** These sessions are covered as part of the YESsentials Program. Risk and Compliance topics like Code of Conduct, Basics of Information Security, KYC, AML and Basics of ORM, YES GRACE (Gender Respect and Commitment to Equality) are covered as part of onboarding for new employees. The Bank undertakes comprehensive training for employees on the Code of Conduct, followed by a mandatory certification test, which is valid for one year. Every employee is required to undergo recertification upon the expiry of the certification

- Risk Management and Compliance Training:** The Bank utilized subject matter experts to train existing employees on various aspects of risk management, including, Operational Risk, Business Continuity Management, Anti-bribery & Anti-corruptions, Information Security & IT Cloud Security, Credit Risk, Credit Processes and Procedures, RBI Regulations with Credit Portfolio Management, ORM Disaster Recovery, Certified Anti Money Laundering Investigator, RBI Regulation on Trade / FEMA, Workshop on State Level Bankers Committee, LBC Workshop, IT Program on Risk Implications Excellence and Training on ORM, as an advanced approach, amongst others
- YESsentials:** YESsentials is a high-impact induction program that orients new employees on key areas that every YES BANKer must be aware of. The YESsentials induction program is the first critical training for employees on key regulatory and compliance issues, including Know Your Customer (KYC) and Anti-Money Laundering (AML) guidelines, Information Security, Prevention of Sexual Harassment at Workplace (POSH), products & processes and the Bank's Human Capital Management policies & procedures
- Executive Presence series:** The Bank launched its 'Executive Presence' series to enable employees to develop various aspects of their personality. Through this engaging and interactive learning intervention, employees were given an opportunity to learn ideas, techniques and tools to enhance their communication skills, make compelling presentations and turbocharge the meetings they participated in. The Executive Presence series focussed on enhancing executive presence through effective verbal and non-verbal influencing skills, improving trust quotient in client relationships and fostering effective client interactions
- Training on Cyber Security:** To mark October as 'Cyber Security Awareness month', YSB in partnership with the information security team designed a month-long cybersecurity awareness programme across the Bank, comprising weekly quizzes on themes such as #BeCyberSmart', 'BePrivytoPrivacy', 'Fight the Phish'. A pan-bank LIVE Management Hack show was also conducted to build awareness about the risks of hacking, that witnessed participation from over 2,000 employees
- RM Learning Roadmap:** The Bank has a Relationship Manager (RM) Development Framework aimed at enhancing the skills of Relationship Managers, enabling them to serve customers better and facilitating their career growth. All Relationship Managers go through a structured learning journey that equips them with the skills required to improve their performance and spans functional, behavioural and leadership aspects of their current role. The RMs are trained on various areas, including, selling skills & relationship management, credit assessment and CAM writing, documentation & CAD, sales leadership, change management and ownership, digital banking products and processes
- Branch Capability Index (BCI):** BCI was a seven-month long role-based certification learning journey covering 13 critical roles of Retail Banking including Service Excellence, Third Party Products, Liability Product Management, Retail Assets, and Credit Cards, amongst others. It was designed with the objective of making sure that all Retail team members were fully equipped to help the Bank succeed in its accelerated growth journey



Workplace Diversity, Inclusion and Growth

- **YES Elite ISB Certification Program:** the “YES ELITE – ISB Certification Program” was launched for the following roles - ZBH, SBL, CBL, PSM, BSM, MFB, SLBC & BCBO Management and Central Team. The objective of this certification program was to refresh employee understanding about various products & processes and equip them with professional developmental skills that will help them excel in their roles
- **Leadership and Professional Development:** LEADVANTAGE is YES BANK’s strategic talent development strategy that focuses on addressing the learning needs of leaders at different management levels. This year’s focus was on spearheading change, building a leadership pipeline, and helping to create conscious, future-ready leaders. Some of the key training programs conducted were:
 - **APEX Leadership Program:** YES BANK in partnership with ‘The Art of Living’ Foundation, launched the ‘APEX’ Leadership Development Programme for all top and senior management leaders under the theme of ‘Conscious Leadership’
 - **Leadership Acceleration Program:** This learning intervention focussed on enabling middle management leaders develop an agile mindset, drive innovation, take initiative & adapt to change. The programme also focussed on driving ownership and accountability, mastering stakeholder management skills and promoting collaborative approaches to team management. Key aspects of this program are detailed below.
 - **Coaching for Performance:** The program aimed at understanding the role of a manager as a coach. It focused on creating a goal-setting mindset, honing the art of giving feedback, sharpening communication skills and applying the concepts of a coaching model to develop high-performance teams
 - **Design Thinking:** The program’s target was to build on the collaborative skill of an individual, develop a people centric, problem-solving approach and encourage the creation and testing of many potential ideas through the process of design thinking
 - **Building High Performance Teams:** As teams worked remotely during the pandemic, the programme helped sensitize managers on how to adapt their leadership styles and create an empathy driven culture to better engage and drive team performance in a virtual setting
 - **Virtual Quotient:** Employees were provided guidance on improving their virtual presence, engaging with participants online, and maintaining credibility and rapport with virtual audiences by preparing thoroughly for sessions
 - **Presenting with Impact:** Employees were trained on making impactful presentations and enhancing their articulation skills. It also helped YES BANKers understand common mistakes to be avoided in order to engage with audiences, better.



Effectiveness of training programs

The YSB team measures training program effectiveness by adopting Kirkpatrick's globally recognized four level evaluation model (L1- Experience, L2 - Learning, L3 – Behaviour and L4 - Business Results) to objectively identify and analyze the impact of training programs. It is the most prevalent training evaluation model in use worldwide today. We have put together an arsenal of tools and techniques to ensure that programs can be evaluated up to one of the four evaluation levels, based on the program construct, and that the trainings have the desired impact.

Key Learning Matrix

Employee Training – Programme-Wise Breakup

Particulars	FY 2021-22	FY 2020-21	FY 2019-20
Total classroom-training programs conducted	5,817	4,712	5,044
Total executives trained in programs above	21,688	20,769	17,161
Total executives trained (E -Learning)	23,237	21,814	22,691

Employees Training (Classroom) – Gender-Wise Breakup

Particulars	FY 2021-22	FY 2020-21	FY 2019-20
Male	17,625	16,969	13,906
Female	4,063	3,800	3,255
Total	21,688	20,769	17,161

Employees Training (Classroom) – Management Category Wise Breakup

Particulars	FY 2021-22	FY 2020-21	FY 2019-20
Top management	58	58	38
Senior management	225	151	107
Middle management	2,457	2,506	1,902
Junior management	18,948	18,054	15,114
Total	21,688	20,769	17,161

Training Programme (Classroom) - Category Wise Breakup

Particulars	FY 2021-22	FY 2020-21	FY 2019-20
Behavioural and leadership skills	390	992	400
Employee induction	120	171	261
Mandatory policies and compliance	118	310	163
Process training	448	452	677
Product training	4,741	2,787	3,543
Total	5,817	4,712	5,044

Training Days (Classroom & E-Learning)

Particulars	FY 2021-22	FY 2020-21	FY 2019-20
Participant training days (Classroom)	35,398	34,700	44,172
Participant training days (E Learning Room)	1,01,302	77,325	57,421
Participant training days (Classroom & E-Learning)	1,36,700	1,12,025	1,01,593
Participant training days per executive	5.61	5.03	4.42

Data points include YES BANK Limited full-time employees (India & employees at Representative Office) and exclude fixed term contractual employees (trainees, advisors, etc.).

Workplace Diversity, Inclusion and Growth

University & School Relationship Management (USRM)

University & School Relationship Management program (USRM) is a structured, sustainable, and scalable engagement program to create and maintain a mindshare for YES BANK amongst students from top business schools of India, thereby positioning the Bank as a preferred employer.

YES Professional Entrepreneurship Program (Y-PEP)

The Y-PEP program is YES BANK's flagship campus recruitment program that endeavours to hire the most sought-after talent from the best business schools in India. The program positions YES BANK as an 'Employer of Choice' across premium business school campuses and helps develop a robust talent pool to drive the Bank's future growth.

The Bank has recruited 1,079 Y-PEPs since inception of the program. For the batch of 2022, a total of 70 young Y-PEPs were recruited from some of the top business schools in the country. A year-long Y-PEP Talent Engagement Plan has also been developed for these hires to ensure their continuous learning and development.

The Bank also conducted the YES Emerging Professional Entrepreneurship Program (Y-EPEP) which is YES BANK's summer internship program where it engaged with Management Graduates from top business schools in India for two-month projects in Product Management, Trade, Relationship Management, Risk, Alliances & Partnerships, etc. YES BANK has engaged with 289 Y-EPEPs over the years. For the Y-EPEP batch of 2022, the Bank hired 39 summer interns.

Digitalization initiatives

The Bank constantly endeavours to provide its employees with best-in-class HR solutions based on state-of-the-art technologies. Recently, the Bank launched a new cutting-edge YES for YOU (HRMS) platform in partnership with Darwinbox - one of the fastest growing HCM technology platforms globally. The new platform will enable employees to access information through a single cloud-based system (SaaS platform), provide them a standardized and intuitive digital experience (on a mobile device or a computer).

Key Data Points – Human Capital

- The human capital strength of the Bank increased by 9% over the previous year to **24,346** employees (As on March 31, 2022)
- All employees of the Bank are paid above minimum wages of respective locations
- All YES BANK employees are free to exercise the lawful rights to Freedom of Association
- The Bank's average hiring cost/ FTE is under **INR 15,000**
- All top management executives of the Bank were hired locally during the year
- The median pay for employees in the Bank is **INR 7.75 lakh** (as of end March 2022)
- **13.7%** of the Bank's revenue generating positions, held by women



People Demographics – Region

FY 2021-22

Management Band	North	East	West	South
Top Management	3	0	62	0
Senior Management	43	4	192	18
Middle Management	759	134	1,696	453
Junior Management	6,543	1,256	9,304	3,853
Total	7,348	1,394	11,254	4,324

Note: 26 employees working at the Bank's Abu Dhabi Representative Office are not included.

Total Attrition during the Year

FY 2021-22

Particulars	Under 30		30-50		Above 50		Attrition Rates
	Male	Female	Male	Female	Male	Female	
Top Management	0	0	8	1	5	1	23.08%
Senior Management	0	0	28	1	2	0	12.02%
Middle Management	3	0	692	91	5	1	25.98%
Junior Management	2,786	1,235	4,234	795	0	0	43.15%
Total	2,789	1,235	4962	888	12	2	
Attrition Rates	52.52%	56.68%	34.65%	37.42%	8.16%	11.76%	40.61%

Note: Attrition is based on head count as on March 31, 2022 and includes only voluntary exits.

Total Hires during the Year

FY 2021-22

Particulars	Under 30		30-50		Above 50		Attrition Rates
	Male	Female	Male	Female	Male	Female	
Top Management	0	0	2	0	3	1	9.23%
Senior Management	0	0	19	3	5	0	10.47%
Middle Management	2	0	588	108	15	1	23.42%
Junior Management	4,522	1,793	4,391	692	4	0	54.36%
Total	4,524	1793	5,000	803	27	2	
Hire Rates	85.20%	82.29%	34.92%	33.84%	18.37%	11.76%	49.90%

Note: Hiring information is based on the employees onboarded during the FY 2021-22.

Data points include full-time employees (India & Representative Office) and exclude fixed term contractual employees (trainees, advisors, etc.)

Financial Inclusion and Social Financing

Financial Inclusion has been a critical developmental goal for India. In order to contribute to this national priority and to achieve sustainable and inclusive growth, YES BANK has focussed on frugal innovations and on-ground partnerships to deliver access to finance to the under-banked and unbanked populations in rural and semi-urban India. In the rural segment, the Bank's portfolio is spread across ~225 districts in 14 states with a total book size of INR 4,100 crore (as on March 31, 2022). In FY 2021-22, the Bank reported nearly INR 2,500 crore in new rural sanctions/ disbursements.

Serving customers at the bottom-of-the-pyramid (BOP)

The Bank has established two dedicated divisions – Inclusive and Social Banking (ISB) and Microfinance Banking (MFB) – for implementing its financial inclusion initiatives and has developed a comprehensive bouquet of financial services for bottom-of-the-pyramid (BOP) customers, mainstreaming them as a core segment for Bank.

With its focus on extending the reach and access of financial services, the Bank has focussed on penetrating deeper into rural unbanked areas, by aligning the ISB & MFB businesses with its Rural Branches and deepening distribution channels through Business Correspondent (BC) branches and BC managed Banking Outlets (BCBOs). In FY 2021-22, the Bank's network of 95 BCBOs, enabled it to provide both asset and liability solutions to over 26,000 customers in the rural segment.

Microfinance Banking (MFB)

On the wholesale side, the Bank, through its MFB division, extends term loans to Microfinance Institutions (MFIs) for on-lending to BoP customers, cash management services and rated capital market loan products like pool securitization and Pass Through Certificates (PTCs). As of March 31, 2022, the Bank's Institutional MFI financing advances stood at INR 533 cr, representing 13% of the Bank's rural portfolio.

Inclusive and Social Banking (ISB)

On the retail side, the Bank's ISB division, through its flagship group-lending programme, 'YES Livelihood Enhancement Action Programme (YES LEAP)', provides financial services to women, Joint Liability Groups (JLGs) and Self-Help Groups (SHGs) through Corporates/ MFIs as BCs. As 100% of these groups are women, YES LEAP has been able to contribute significantly towards strengthening women entrepreneurship and empowerment in rural areas of India. As on March 31, 2022, the Bank had an active women customer base of 9.5 lakh. Since the inception of the YES LEAP



programme in 2011, the Bank has cumulatively disbursed over INR 13,500 crore to over 33 lakh families, till date. As of March 31, 2022, the Bank's JLG financing advances stood at INR 1,968 cr, representing 48% of the Bank's rural portfolio.

Supporting women entrepreneurs:

- To promote entrepreneurship among women members, the Bank also provides higher ticket-size Micro Individual Business Loans to graduated microfinance clients, enabling them to augment existing businesses. The Bank also offers optional insurance products like a customized loan cover life insurance, and a new tailored hospital cash product, for rural and semi urban customers, to help them reduce out of pocket expenses in case of health related emergencies

COVID-19 Support

- Women from rural, low-income households were some of the worst affected groups during the COVID-19 crisis. In order to support its women borrowers during the crisis, the Bank extended a moratorium on EMI repayments during the first wave, and further extending COVID-19 restructuring to impacted borrowers, during the second wave, thereby helping them to tide over their cash-flow challenges. The Bank also credited INR 16.93 Cr in the accounts of 9.43 lakh borrowers who were eligible for



an Interest Subvention on prompt repayment of their Shishu Loans, extended under the Pradhan Mantri Mudra Yojana (PMMY).

Financial literacy

- The Bank undertakes various interventions to engage with customers and incubate financial discipline among its members. Women members are imparted financial literacy training through a process called Compulsory Group Training (CGT), by BC Agents and the Bank's staff, and training efficacy is assessed through a verbal interactive test called Group Recognition Test (GRT). The Bank in collaboration with Accion International also designed customized training modules to promote financial literacy amongst its customers. Over 8.6 lakh customers have been provided basic financial literacy training through these modules, till date. In FY 2021-22, the Bank's rural branches conducted over 1,320 Financial Literacy Camps

Grievance redressal:

To offer its customers an innovative yet easy-to-use grievance resolution mechanism, the Bank introduced the 'missed call' facility. The missed call which is reciprocated with a vernacular call-back within 24 hours, enables customers to register their complaints without any hassles or cost.

MSME Financing

India's MSMEs contribute to nearly one-third of the country's GDP through their domestic and international commerce and are a key focus area for the Bank. The Bank reported nearly INR 18,000 crore new sanctions/disbursement to the SME segment in FY 2021-22. The Bank continues to develop targeted products for green financing; for example, offering loans to MSMEs for the adoption of roof-top solar panels, promoting solar water pumps for farming under the PM Kusum Scheme, offering bank guarantees and commercial vehicle financing to urban waste collectors and processors, financing equipment manufacturers of effluent treatment and sewage treatment plants, and supporting the electric vehicle ecosystem by financing auto ancillaries and charging infrastructure players. As of March 31, 2022, the Bank's MSME financing advances stood at INR 43,271 cr, representing ~24% of the Bank's total portfolio.

Financial Inclusion and Social Financing

Farmer Financing through Kisan Credit Cards

YES BANK's Rural Banking Assets (RBA) unit addresses the financial requirements of farmers for crop production and ancillary activities through the issuance of Kisan Credit Cards. In order to cater to the specific needs of farmers across specialized agri clusters, the Bank offers variants under its flagship crop loan product. It also caters to the farm mechanisation needs of progressive farmers by financing the purchase of tractors as a primary asset class, along with harvesters and agri implements. The unit also finances small business entities, self-employed professionals and entrepreneurs in rural areas for their business requirements. The Bank's RBA unit caters to the needs of farmers across eight states, with dedicated manpower present in these geographies. As of March 31, 2022, the Bank's farmer financing (KCC and farm mechanization) advances stood at INR 1,435 cr, representing 35% of the Bank's rural portfolio.

Agribusiness Product Management

The Bank has a specialized vertical called Agribusiness Product Management (APM), which houses industry and banking professionals with relevant domain knowledge and skill sets. The team closely interacts with Food and Agri clients to create customised lending propositions for agri value chain participants including farmers, MSMEs as well as corporates.

Affordable Housing

Affordable Housing is a critical sector to enable India's socio-economic development. To address this grave issue of affordable housing shortage, the government has already taken various initiatives including "Housing for All".

Most of the organized lenders require standard documented income proof thus making it difficult for this section of the society to avail a Home loan.

Understanding the depth of this situation YES BANK decided to take a step forward to help people fulfill their dreams and launched YES KHUSHI Home Loans in May 2016 as a step towards social responsibility and with an aim to serve the under-served/ neglected segments of society and meet their financial needs.

YES KHUSHI home loans is primarily targeted towards the Economically Weaker Section and Low Income Group segments who may have formal, semi-formal or informal income documents and are looking for financial assistance to buy/construct their first home. Customers in this segment include small traders & shopkeepers, maids, teachers, tutors, nurses, ward boys, sales executives, cashiers in malls, employees of private security agencies, bus drivers etc. who may not have formal income documents or receive income/ salary in cash.

The Bank also tied up with the National Housing Bank for facilitating subsidy claims under Pradhan Mantri Awaas Yojana-Credit Linked Subsidy Scheme and the Bank has submitted 16,000+ claims on behalf of the beneficiaries.

As of March 31, 2022, the Bank's Khushi (Affordable) Home loans portfolio stood at ~ INR 4,400 cr and 34,000+ customers have been extended loans under the affordable housing loan programme.

Green and Social Financing

The Banking sector has a crucial role to play in climate adaptation, shifting to a low-carbon economy and achieving developmental goals. According to the latest estimates, India would need over USD 10 trillion of financing to achieve its net zero by 2070 target, and an estimated USD 2.6 trillion to meet its Sustainable Development Goals by 2030. A majority of this financing will have to be driven by domestic financial institutions.

In order to demonstrate its commitment to mobilize finances to sustainability-aligned sectors, YES BANK has created an internal framework for defining green and social activities, aimed at developing new products and financial mechanisms that channelize finance to sustainability-linked outcomes.

Read more on the Bank's green financing on pg 31 and social financing on pg 56.

Sustainable Supply Chain

YES BANK constantly endeavours to integrate ESG considerations not just within its own operations but also in its larger value chain. With over 10,500 large, medium, and small suppliers, the Bank has a large and diverse supplier base that augments its reach in areas and segments. The Bank's suppliers also supplement its digital and physical infrastructure, enabling wide use of its key platforms and services. The Bank believes that its supply chain partners are integral to the vitality of its business and ecosystem and aims to promote sustainable practices within its supply chain.

ESG Code of Conduct for Suppliers

As India's first banking signatory to the UN Global Compact, YES BANK continues to abide by the 10 principles of the Compact encompassing human rights, labour, environment, and anti-corruption. The Bank uses these principles as a foundation for its sustainable supply chain practices. The Bank has instituted a Supplier Code of Conduct, based on benchmark Environmental, Social and Governance (ESG) parameters, defining its commitment to environmental, health and safety regulations; local employment and labour laws; human rights including elimination of forced labour, child labour and discrimination; national and international antitrust

and trade control regulations; anti-corruption, anti-bribery & anti-competitive trade practices; and norms related to data privacy and conflict of interest, amongst others. Through its Supplier Code, which forms part of its business agreements and contracts, the Bank ensures that its suppliers support its sustainability agenda; comply with applicable laws and adhere to globally recognized ESG standards. The Bank is also in the process of implementing ESG assessments with select strategic vendors to assess their adherence to ESG norms. The assessments will enable the Bank to score vendors on their ESG performance and limit the potential negative impacts of its supply chain.



Sustainable sourcing

In FY 2021-22 the Bank transacted with over 6,800 suppliers for provision of goods and services across all its offices and branches. The Bank has formed strategic relationships with eminent Indian and global companies, however, almost all transactions and procurements are done through domestic vendors. As the Bank is spread across the country, it also procures from local vendors for localized consumption of products and services. The Bank also endeavours to enhance its sustainable sourcing practices and proactively identifies opportunities to adopt innovative sustainable products and solutions. In FY 2021-22, the Bank began sourcing renewable energy to power its head office, YES BANK House (YBH), thereby eliminating approximately 1,105 tCO₂e of emissions in FY 2021-22. The Bank procured renewable energy partly through open access, Power Purchase Agreements (PPAs) with renewable energy producers along with subscribing to Green Power Tariff programmes. The Bank has also eliminated the use and procurement of single-use plastics and switched to procuring 100% recycled paper (A4) for internal operational use, across all its facilities.



Governance & transparency

The Bank has clearly defined the risk management framework for its suppliers, based on the risk profile of the vendor and item category. In order to mitigate the risks for the Bank, control and governance parameters have been constructed, implemented and reviewed on a periodic basis. Additionally, the Bank has implemented a Vendor Performance Evaluation Framework wherein periodic vendor performance reviews are conducted based on vendor category. The Bank has also put in place processes to ensure vendor redundancy/ Business Continuity Planning (BCP) for critical spend categories.

In addition to assessing vendors' credibility, capability and cost to deliver, YES BANK has implemented well-established vendor guidelines, outlining its vendor selection criteria in compliance with the law. This has been further enhanced with the introduction of SAP Ariba e-Sourcing Platform which has improved fairness and transparency in sourcing processes.

As part of the Bank's stated objective and commitment to implement best practices in Corporate Governance, the Bank has a Whistle-blower Portal viz. 'Corporate Whistle-blower Initiative' (CWI) which is an independent online reporting service aimed at facilitating secure and confidential communication of any concerns faced by its vendors to the designated and independent Whistle-blower Committee constituted by the Bank.

Digitization

The Bank has significantly increased the receipt of e-Invoices from key suppliers to enhance its digital procurement journey. In line with YES BANK's vision of digitization of processes and strengthening digital paperless procurement, the Bank is implementing Procure to Payment solutions, which will digitize Sourcing to Procure to Payment process with adequate controls built into the solutions to meet the policy and process requirements.

Data Protection and Information Security

Over the past few years, the financial sector has seen a significant rise in investments towards digitization and in the adoption of cutting-edge digital technologies. However, the rise in digitization has also led to the emergence of security risks which could occur due to the breach of confidentiality, integrity and availability of classified data like customers' personal and financial information. Protecting customer information is a key priority at YES BANK.

The Bank has instituted a well-defined governance structure for information security and data protection. It has constituted an Information Security Unit led by the Chief Information Security Officer and adopted a Board approved Information Security Policy. A management level committee ("Security Council"), with cross functional representation, meets on quarterly basis to review security implementation across the Bank and provide guidance to the information security function. The Board-level Risk Management Committee monitors information/ cyber security related risks as part of the Bank's overall risk profile and provides guidance and direction on information security. The Bank has also adopted the Global Information Security Standard ISO 27001:2013 and implemented a Board-approved Information Security Policy and Cyber Security Policy, as directives to protect its information assets.

YES BANK has adopted a Risk Based approach and follows defense-in-depth to protect its information systems against cyber-attacks. It has adopted a Cyber Security Resilient framework to manage cyber security risk. The framework rides on four pillars – Protect, Detect, Respond and Recover. The Bank has established a 24x7 security operations center (SOC) to monitor Cyber Risks, which keeps vigil on suspicious network traffic and events to detect any anomalies and helps respond to potential incidents, in a timely manner. The Bank also subscribes to various threat intelligence services that help identify malicious indicator of compromise (IOCs) and block them as a proactive approach to prevent potential attacks.

The Bank undertakes various initiatives to build awareness about cyber security. It organizes regular awareness campaigns for employees, consultants, vendors, customers, and other stakeholders on global cyber security threats, and issues guidance on using digital platforms in a safe and secure manner. The Bank also performs simulated phishing drills to check the awareness of its employees and contract staff with targeted trainings for staff who fall prey to such phishing simulations.

Additionally, independent reviews of the cyber security function are carried out by the Bank's internal audit team and presented to Board level committees.



Customer Experience and Satisfaction

As a customer-centric Bank, YES BANK has built a culture that is focussed on delivering quality customer service with empathy and ownership. The Bank leverages state-of-the-art technology to enhance customer delight through a three-pronged strategy comprising customer experience, innovation and quality assurance. The Bank's Customer Experience unit captures the Voice of the Customer (VOC) and Customer Scoring through transaction and engagement feedback, utilizing digital platforms, and assessing performance across key service drivers. The Bank has institutionalized Net Promoter Score (NPS) as a key metric to drive superior service experience, customer loyalty and advocacy, across its various customer channels.

NPS is a metric for measuring Customer Experience and is a predictor of customer loyalty. It has been adopted by several global organizations to improve customer experience across products and services. NPS is calculated by subtracting the percentage of customers who are Detractors (i.e. customer rating between 0 to 6) from the percentage who are Promoters (i.e. customer rating 9 or 10)



$$\text{Happy Face \%} - \text{Sad Face \%} = \text{NET PROMOTERS SCORE}$$

The Bank is making steady progress in its commitment to customer service experience and satisfaction, as demonstrated by the increase in Promoters trends, resulting in improved NPS across customer channels. During the year, based on the voice of the customers, several improvement actions and projects were undertaken to improve process and customer journeys

across channels. This has resulted in a healthy increase in Net Promoter Scores by 26 points in Branch Banking and 14 points in Digital Channels.

Investing in digital platforms have strengthened the Bank's Customer Experience measurement process by making it real time and based on contextual conversations with customers. Along with measuring NPS, the Bank has also initiated 'close looping' customer feedback by implementing methodologies like carrying out service recoveries of Detractors, win-back initiatives to retain customers, and deepening of relationships with Promoters. Specific insights based on the Voice of the Customer (VOC) are reviewed periodically with respective stakeholders and functions to drive improvements in People, Process and Technology/ Infrastructure, so as to enable consistent and superior banking experience to customers. The Bank has also undertaken several initiatives focussed on setting a culture which is customer focused.



Customer Experience and Satisfaction

Making new age banking accessible for all

YES BANK is a customer-focused bank that continuously works to enhance the banking experience through better products and leveraging the latest technological developments. Digitization now runs deep within its product delivery platforms and has significantly added to the ease and speed of banking for its customers.

The size and volume of digital banking transactions done through YES BANK's products and services continued to scale up rapidly in FY 2021-22 with the Bank processing nearly every 3rd digital transaction in the country.

Market leader in digital payments



Unified Payment Interface (UPI):

Witnessed YoY growth of 118% in terms of volume and 111.7% in terms of value. The Bank processed overall 1,974 crore transactions with value of INR 3,754,392 crore, capturing 43% market share in the ecosystem



Immediate Payment Service (IMPS):

Witnessed a YoY growth of 94.25% in transaction volumes and 104.5% of transaction value. The Bank processed overall 55.5 crore transactions with value of INR 4,23,630 crore in FY 2021-22 thereby achieving a market share of 12.15%



Aadhaar Enabled Payment Scheme (AePS):

Witnessed a YoY growth of 12.8% in transaction value, with a total transaction value of INR 48,223 crore. Overall, the Bank processed 37 crore transactions through AePS and notched up a market share of 18%

Digital Channels:

- YES BANK has been at the forefront of providing customers with a bouquet of digital channels and payment solutions to choose from:
- YES ONLINE, the Bank's internet banking platform, offers a user-friendly, interactive and seamless banking experience to its customers
- YES MOBILE, the Bank's mobile banking application, witnessed 33% growth in registered user base, from the previous year
- YES ROBOT, a comprehensive, secure, AI-enabled personal banking assistant for customers on the Bank's website, Facebook messenger and WhatsApp

Debit Card

The Bank has issued more than 7 lakh Debit Cards on the Visa network in the FY 2021-22 and introduced the YES Private Debit card, catering to the needs of super premium segment of the Bank

Micro Automated Teller Machine (MATM)

With a view to promoting ease of banking for our rural, semi-urban customers, the Bank went live with Micro

Automated Teller Machine (MATM) transactions through its YES Money Business Correspondent network. MATM plays a vital role in facilitating cash withdrawal in rural geographies. The Bank achieved 10% market share in FY 2021-22.

Brand management

YES BANK has adopted an ethos of responsible banking and continues to build on its brand position as a responsible, customer centric and empathetic brand, focused on supporting the financial and lifecycle needs of its customers.

In line with this, the Bank launched its new sonic identity, in an attempt to evolve the brand identity to a simple, memorable and modernized sound – by creatively engaging with customers on a multi-sensory level so that whenever consumers interact with YES BANK, this signature sound will accompany them on their journey with the Bank. As a partner to the customers, the Bank also launched a 360 degree integrated campaign to showcase the YES Family proposition, using the hook of 'Saath Mein Baat Hai' to build a deeper connect with consumers.

Contributing to Communities

YES BANK's Corporate Social Responsibility (CSR) Policy guides the Bank towards delivering internal and external positive socio-environmental impact, through unique approaches that focus on promoting education and livelihood enhancement; promoting gender equality; ensuring environmental sustainability and promoting rural development.

This year, the Bank launched its five-year CSR strategy, aiming to inspire India's youth to lead economic and social development by training themselves for market-oriented jobs and taking up enterprise while retaining a focus on environmental sustainability. This strategy is being implemented through the Bank's social development arm, YES Foundation (YF), which aims to create employability and entrepreneurship opportunities for 100,000 youth by 2026.

Some of the programmes undertaken by YES Foundation are given below:

- **Employability:** YES Foundation, in partnership with Trust for Retailers and Retail Associates of India; Friends Union for Energising Lives; Nudge LifeSkills Foundation and Tata Community Initiative Trust, trained over 2,000 youth for the service sector in FY2021-22. The skills training covered work readiness modules, which were delivered by its employee volunteers via structured sessions.
- **Incubating micro-enterprises:** With the objective of strengthening local economies and building capacity for import substitution, YES Foundation partnered with Jagriti Sewa Sansthan for incubating over 50 micro enterprises over the next three years. In FY2021-22, the project successfully incubated 19 micro enterprises from districts in eastern Uttar Pradesh
- **Promoting Nano Enterprises:** YES Foundation has partnered with Watershed Organisation Trust, N M Sadguru Water and Development Foundation; Development of Humane Action Foundation, Mahashakti Foundation, Humana People to People India and Society of Indian Institute for Rural Development to promote nano enterprises with a focus on women and farmers. During the year, over 10,000 community members from rural Gujarat, Haryana, Maharashtra, Madhya Pradesh, Rajasthan, and Uttar Pradesh underwent capacity building training in market linkages and productivity enhancement for crops like maize, gram, and wheat. The benefitting farmers adopted climate resilient farming practices that are supported with soil conservation and water management technologies
- **Grant Accelerator program:** YES Foundation's Grant & Accelerator programme helps existing social impact organizations improve quality of operations, adopt management best practices, scale up impact and emerge as benchmark organizations in the sector. 22 NGOs and social enterprises were selected in 2018 for this programme through a competitive application process. Capacity building of these selected organizations was undertaken through workshops and mentorship sessions focused on Governance, Compliance, Controls, Performance and Risk Management. Subsequently, projects were identified to enable scale-up of each of these organizations through a three-year grants support. A multidisciplinary mentoring was organized to provide handholding support to the selected partners to address their organization-specific challenges. The outlined objectives from the mentorship phase were to provide functional and sector mentorship, advisory support, and relevant industry connections to the grantee organizations. To strengthen and promote best practices in financial management, each organization was assigned an individual functional/sector mentor based on the challenges expressed. The mentorship has been completed and the organizations continue to be supported through milestone-based grants to achieve their outlined programme objectives.
- **COVID Response:** YES Foundation provided a one-time donation to the Army Central Welfare Fund and The Gujarat Cancer Society for treatment, management and purchasing equipment for COVID 19. Through Pratham Education Trust, YES Foundation extended financial aid for the educational assistance of 20,000 children who were adversely affected due to the pandemic

Contributing to Communities

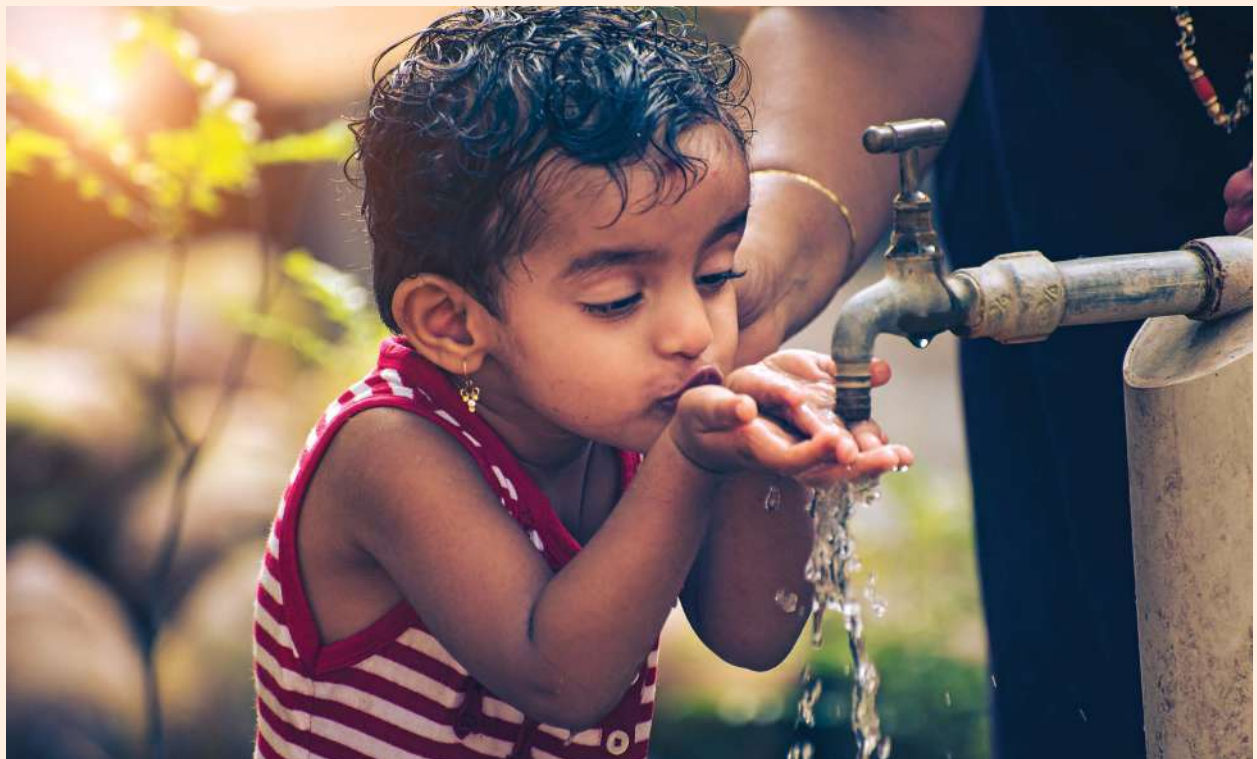
Employee Volunteering

YES BANK's employees have always been dedicated supporters of its community development efforts. In FY 2021-22, the Bank launched its Employee Volunteering Virtual Experience (EVOLVE) initiative to enable its employees to contribute towards social causes and community development. Two thousand

employees contributed nearly 3,000 volunteering hours, reaching out to support COVID patients, rural farmers, and underprivileged youth. The Bank has also instituted an employee volunteering policy through which employees are enabled to access paid time-off to volunteer for a social cause.

Providing access to safe and clean drinking water

The Bank addressed the issue of safe drinking water in Raigad district in Maharashtra through its partnership with SWADES. Through this project, 1,600 individuals were provided access potable water supply on a daily basis through improved supply and distribution infrastructure, replacing electric pumps with solar pumps, and through the construction of rainwater harvesting structures. The Bank also conducted a third-party Impact Assessment of this project and the study concluded that the installation of solar powered taps and water structures had solved the problem of access/availability of water as 97% households had water available at their houses. The major impact of the program has been on women who now don't have to travel to fetch water, leading to better physical health and more time saved, which is now spent on helping with household work. 86% households don't have to travel to fetch water at all anymore. The project was also found to be sustainable as 99% of the respondents knew whom to contact in case of repairs and 85% of the respondents were confident that the water structures will be regularly maintained through the water committees formed. The Social Return on Investment calculated for this project was that for every INR 1 invested in the project, INR 10.17 of social value was generated.



Human Rights

Promoting and protecting human rights in their value chains, is a crucial responsibility of all businesses. YES BANK is cognizant of this responsibility and is committed to ensure that its business follows the highest standards of human rights practices, in letter and spirit. In order to embed human rights considerations into its business and formalize its commitment to internationally recognized frameworks for human rights protection, YES BANK has instituted a Human Rights Policy based on the principles of the United Nations Guiding Principles on Business and Human Rights. The policy highlights the Bank's endeavour to develop a culture which inculcates respect and support for human rights while avoiding connivance in human rights abuses across its value chain.

The Bank's Human Rights Policy emphasizes its commitment to the following:

- **Valuing diversity and inclusion:** The Bank is committed to creating an environment that is inclusive towards employees of all backgrounds, genders and identities
- **Providing equal opportunity:** The Bank is committed to promote equal employment opportunities, without any discrimination on the grounds of age, color, disability, marital status, nationality, race, religion, sex, sexual orientation or any other form of discrimination. Additionally, the Bank strives to be fair and equal in all its interactions with its customers and stakeholders. Employees of the Bank are required to adhere to the Bank's Code of Conduct which mandates them to deal fairly with customers, competitors, employees, suppliers and other business associates as well as public authorities
- **Prohibition of child labour, forced labour and human trafficking:** The Bank ensures full legal compliance with applicable constitutional and regulatory human rights requirements and adheres to fundamental labour principles including prohibition of child labour, forced labour and human trafficking with zero tolerance towards any such acts
- **Healthy and safe working environment:** The Bank is committed to providing all its employees with a safe and healthy workplace
- **Prevention and Prohibition of Sexual Harassment at the workplace:** The Bank has a policy on Prevention & Prohibition of Sexual Harassment at Workplace, in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Bank has zero tolerance towards any act on the part of any executive which may fall under the ambit of 'sexual harassment' at the workplace and is fully committed to uphold and maintain the dignity of every woman executive working at the Bank
- **Training and awareness on Human Rights Policy:** The Bank shall organize workshops and awareness programmes at regular intervals for promoting awareness on human rights. The policy shall be made available to all the employees of the Bank
- **Freedom of Association and Collective Bargaining:** YES BANK respects the right of freedom of association and collective bargaining and complies with all applicable laws, rules and regulations of the countries in which it operates
- **Promoting respect to Human Rights across Value Chain:** The Bank expects its stakeholders (including suppliers and clients) to respect human rights in their own operations and maintain positive legal compliance with applicable constitutional and regulatory human rights requirements and conformance to fundamental labour principles

The Bank's Human Rights Policy which is applicable to all employees and stakeholders, including its suppliers and clients can be accessed here: https://www.yesbank.in/pdf?name=human_rights_policy_yes_bank.pdf



Impact Analysis of Portfolio against Sustainable Development Goals (SDGs)

The United Nations' 17 Sustainable Development Goals (SDGs) provide a holistic blueprint for building a sustainable society of the future. The SDGs provide the banking sector an opportunity to align its business activities and financing to larger societal goals and outcomes, and to ensure that financial systems of the future are geared towards sustainable growth.

In 2019, YES BANK along with 32 global Banks and UNEP FI, founded the UNEPI Principles for Responsible Banking (PRB) – the first global framework for enabling the banking sector to align its business to the objectives of the SDGs and the Paris Climate Agreement. YES BANK continues to be the only Indian Founding signatory amongst 230 global Banks that have joined PRB's call to action. The PRB framework calls upon banks to undertake an impact analysis of their portfolios in order to assess how their businesses interact with and impact the 17 SDGs, and to minimize negative impacts and maximize positive impacts of their businesses.

In FY2021-22, the Bank utilized the amended UNEP FI PRB Portfolio Impact Assessment tool, (published on July 16, 2021), to assess its portfolio. The tool assesses the potential impacts of the Bank's exposure towards various sectors on 22 key impact categories, derived from core elements of SDGs (as defined in the UNEP FI Impact Radar). These impact categories include availability and quality of water, food, education, employment, housing, health & sanitation, energy, climate change, resource efficiency, waste, information, culture & heritage, mobility, air, soil etc. The portfolio

covered under the assessment, comprised of the Bank's Wholesale Banking portfolio and Retail Banking segment (including the entire Product Suite of Retail Banking viz. CASA deposit, Home Loan, Vehicle Loan, Business Loan etc). The tool enabled the identification of positive and negative impact areas of the Bank's sub-portfolios. Business segments/ activities (by exposure volume) such as real estate activities; wireless telecommunication; power generation, transmission & distribution; construction of roads and railways; higher education; manufacture of basic iron & steel; amongst others were included in the tool.

The study does not measure or quantify the impacts of the Bank's financing. It only provides insights on potential negative and positive areas of impact (based on the impacts that sectors financed may have on the tool's impact categories and country specific needs/ priorities). With these insights, the Bank is in the process of identifying the most significant impact areas, where it would like to take a formal targeted approach for reducing negative impacts and maximizing positive impacts.



Governance

Governance and ethics

YES BANK is committed to achieve the highest standards of governance in all aspects of its business. Over the past two years, the Bank has strengthened its governance and disclosure practices, enhanced its compliance and underwriting frameworks and demarcated roles and responsibilities to enhance independence and accountability.

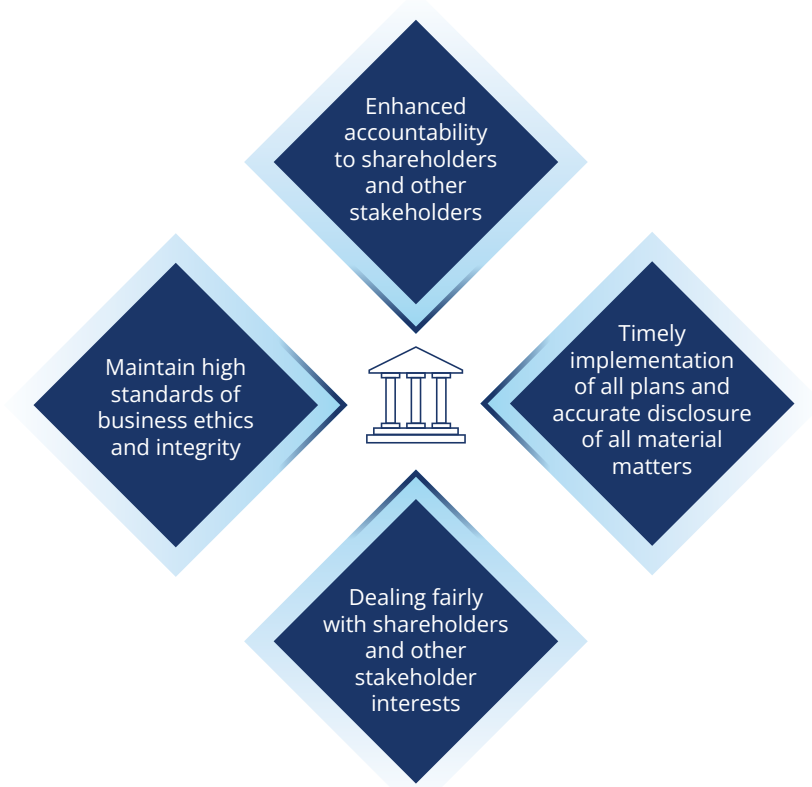
Corporate Governance

- Constituted a **Board-level Corporate Social Responsibility and Environmental Social & Governance Committee** to guide the Bank's overall ESG agenda
- Developed an **in-house ESG Dashboard** to calculate the Bank's ESG preparedness and performance when measured against globally benchmarked ESG practices
- **Segregated credit risk underwriting and risk oversight functions** and separated the roles of the Chief Credit Risk Officer (CCCO) reporting to the MD & CEO and the Chief Risk Officer (CRO) reporting to the Risk Management Committee of the Board
- Enhanced Board's involvement in credit decisions and revised the Bank's credit delegation matrix
- **Enhanced the size of Compliance and Audit Functions** with the Internal Audit Department (IAD) reporting directly to the Audit Committee of the Board (ACB) for planning & reporting
- Selected **among the "100 Best Emerging Market Performers"** in ESG by V.E, part of Moody's ESG Solutions (As on July 2021)
- The Bank included in the **MSCI ACWI's ESG Universal Index, MSCI ACWI Low Carbon Leaders Index, MSCI ACWI Low Carbon Target Index, MSCI ACWI Climate Change Index, and MSCI ACWI Climate Paris Aligned Index**, among others (As of December 2021)

Corporate Governance

YES BANK has emerged from its transformation as a well governed institution, committed to the highest standards of corporate governance and ethics. Over the last two years, the Bank has worked effortlessly to strengthen and nourish its corporate governance practices with a view to make it more effective from regulatory and market perspective. To enhance transparency and accountability, the Bank upgrades its systems and policies regularly, keeping pace with requirements of a dynamic and challenging business environment and to provide reasonable assurance with regard to maintaining of proper internal controls and monitoring of operations.

Based on regulatory and business requirements, YES BANK has designed a corporate governance structure that provides a comprehensive framework to address four main areas:



Board composition

YES BANK's Board comprises eminent personalities from diverse fields and extensive banking experience. The Bank's Board of Directors is committed to adhere to the highest standard of ethics, integrity and transparency; protect the interest of all its stakeholders and ensure both the corporate governance and risk controls of the Bank.

During the Financial Year 2021-22 the Board of Directors consisted of Eleven Directors including One Non-Executive Chairman, One Managing Director & Chief Executive Officer, Two Non-Executive Directors as

named under the YES BANK Limited Reconstruction Scheme, 2020 ("the Scheme"), Two Directors nominated by the State Bank of India, Two Directors appointed by the Reserve Bank of India as Additional Directors and Three Non-Executive Directors co-opted pursuant to Clause 5(5) of the Scheme read with Memorandum and Articles of Association of the Bank.

FY 2021-22		
Age	Above 50	
Gender	Male	Female
Board of Directors	10	1
Total	10	1

*Link: <https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOT1898C120D41D0E3465B8552E5467EDD7A56.PDF>

CEO'S Compensation

The design and structure of the remuneration process for the Bank's MD & CEO/ Whole Time Directors (WTDs)/ Material Risk Takers (MRTs) is in line with the guidelines stated in the RBI circular dated 04 November 2019 (Ref. RBI/2019-20/89, DOR.APPT. BC. No. 23/29.67.001/2019-20). The Bank has a comprehensive process towards defining measurable Key Performance Indicators (KPIs) for MD & CEO/ WTDs/ MRTs, which are set against the financial and non-financial Key Strategic Objectives (KSOs) of the Bank, and the goals framed for the performance year have a linkage with these KSOs. The financial KPIs of the MD & CEO take into consideration business topline growth, asset quality, and profitability metrics (such as Loans and Deposits growth, Return on Assets, CET1 ratio, amongst others).

The Bank has guidelines on deferred bonus, time vesting, and performance period for the CEO's variable compensation, in line with the RBI circular dated 04 November 2019 (Ref. RBI/2019-20/89, DOR.APPT. BC. No. 23/29.67.001/2019-20)*.

The ratio of the remuneration of the MD & CEO to the median remuneration of the employees for the FY 2021-22 is 32.54.

Culture of Compliance

Ensuring compliance with regulatory requirements, promoting compliance culture among YES BANKers and building trust among all stakeholders is an overarching consideration at YES BANK. The dedicated Compliance Department strives to be at the forefront of regulatory changes and continues to work closely with all of the Bank's businesses and operations to be compliant with existing and new requirements. To further this objective, the Chief Compliance Officer at the Bank reports directly to the Audit Committee of the Board. The key functions of this department align with various RBI guidelines, including the RBI circular dated September 11, 2020, which includes identifying effective procedures, corresponding controls to support the Bank's business divisions and the dissemination of key regulatory updates affecting the Bank's various businesses. The department also reviews new products and processes from a regulatory compliance perspective, provides guidance on compliance-related matters, conducts compliance reviews and delivers training to employees on compliance aspects. The Bank has also put in place KYC and anti-money laundering policies approved by the Board of Directors as well as transaction monitoring procedures as per the regulatory guidelines.

The Bank's KYC/ Anti-Money Laundering Policy consists of the following

- Customer Due Diligence (CDD) including collection of KYC documents, verification of the same from independent and reliable sources, wherever applicable and identification and verification of beneficial owners in case of legal entity clients. --Clients are also subjected to periodic updation of client due diligence requirements atleast once in 2 years for high risk customers, once in 8 years for medium risk customers and once in 10 years for low risk customers. Non-face-to-face sourcing of the clients is made subject to ensuring additional due diligence as per local regulatory guidelines.
- Conducting necessary name screening against Regulator prescribed negative lists before opening client account so as to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations etc.
- Conducting enhanced due diligence for Politically Exposed Person (PEP) clients and obtaining senior management approvals for opening. Such accounts are subject to enhanced monitoring on an ongoing basis
- A comprehensive transaction monitoring process to ensure that client transactions are consistent with the customers' business and risk profile and the source of funds and Regulatory reporting to the FIU-Ind as prescribed under the Regulations.
- Maintaining records of client identification data/ information for the period of 5 years from the closure of client relationship and transaction records for the period of 5 years from the date of transaction.
- KYC/AML policy and procedural requirements are subject to an independent review by the Audit function and subject to necessary reporting to the Top management of the Bank
- The Bank is also assessed by the Reserve Bank of India under Risk Based Supervision (RBS)

Training

The Bank espouses to promote a culture of zero tolerance to non-compliance which is regularly communicated to employees by the Top Management. All employees are required to complete mandatory certifications & re-certifications on internal policies and procedures i.e. Code of Conduct, KYC-AML, Information Security, Operational Risk Management & YES GRACE. Senior Leaders receive further training on regulatory and compliance issues on an ongoing basis.

ESG Focussed Policies

To embed ESG thinking into all aspects of its business, the Bank has instituted a number of critical policies, codes of conducts and guidelines, that foster and promote its ethos of responsible banking, across the organization.

Business Ethics

	Code of Conduct	The Bank has adopted an Employee Code of Conduct that applies to all executives. Comprehensive employee trainings are conducted on the Code, followed by a mandatory certification test. For more details on the Bank's Code of Conduct, visit: https://www.yesbank.in/regulatory_policies
	Code of Business Conduct and Ethics for the Board of Directors and Senior Management	The Board has formulated and adopted the Code of Conduct and Ethics that the Board of Directors and Senior Management must adhere to. For more details, visit: https://www.yesbank.in/about-us/corporate-governance
	Anti-Bribery and Anti-Corruption Policy	The Bank has implemented a group-wide Anti-Bribery and Anti-Corruption Policy which defines what constitutes bribery/ corruption (including facilitation payments) and outlines the corruption control and reporting mechanisms. The Audit Committee of the Board has oversight of this policy. A summary of the policy can be accessed at: https://www.yesbank.in/pdf?name=ybl_abac_policy.pdf
	Whistle Blower Policy	In compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements, 2015) and other applicable laws and in accordance with principles of good corporate governance, the Bank has developed and implemented a Vigil Mechanism, in the form of its Whistle Blower Policy. The Audit Committee of the Board has oversight of this policy. The details of the Whistle Blower Policy are available here: https://www.yesbank.in/about-us/corporategovernance
	Tax Strategy	The Bank has instituted a Board-approved tax strategy that incorporates good corporate practices in tax management and tax transparency and responsibly balances the interests of its various stakeholders, including its clients, shareholders, employees, and the society at large. Details of the Bank's tax strategy are available here: https://www.yesbank.in/pdf?name=yes_bank_tax_strategy_pdf.pdf

Workplace & Human Capital

	Equal Opportunity Employer policy	The Bank has instituted an Equal Opportunity policy that prevents discrimination on the grounds of age, colour, disability, marital status, nationality, race, religion, sex, sexual orientation, and aims to treat all employees and job applicants, equally. The Bank's Equal Opportunity policy can be accessed here: https://www.yesbank.in/pdf?name=eop.pdf
	Policy on Sexual Harassment	In line with "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act & Rules 2013", the Bank has instituted a policy on 'Prevention & Prohibition of Sexual Harassment at Workplace'. The policy provides for the prevention of sexual harassment at the workplace, protection of women, and redressal of their complaints. The Bank has constituted an executive level Internal Committee to address complaint(s) of sexual harassment

Community support

	Corporate Social Responsibility Policy	The Bank has a Corporate Social Responsibility Policy aligned with Section 135 of The Companies Act, 2013 and in accordance with the Companies Rules, 2014. The CSR & ESG Committee of the Board has oversight over the Bank's CSR Policy. The CSR policy is available here: https://www.yesbank.in/pdf?name=ybl_corporate_social_responsibility_policy.pdf
	Employee Volunteering Policy	The Bank has instituted an Employee Volunteering Policy to encourage employees to participate in the Bank's corporate social responsibility initiatives. Through this policy, employees are enabled to access paid time-off to volunteer for social causes

Customer protection

	Policy on Collection of Dues and Repossession of Security	The Bank has adopted a Board-approved Debt Collection Policy that highlights the Bank's commitment to follow fair and lawful practices, and to ensure its customers are treated with respect, courtesy, fairness and transparency, in processes related to recovery/ repossession of security. The policy can be accessed here: https://www.yesbank.in/pdf?name=policy_dues_and_repossessions.pdf
	Customer Grievance Redressal Policy	YES BANK has adopted a Grievance Redressal Policy for handling customer complaints and grievances, and to ensure responsive, fair, expeditious and customer-centric query/ complaint management procedures to all customers. The Customer Service Committee of the Board has Board-level oversight, while the Standing Committee on Customer Service has management-level oversight of this policy. The policy can be accessed here: https://www.yesbank.in/pdf?name=grievanceredressal_pdf.pdf

ESG Focussed Policies

Data protection & information security

	<p>Data Handling Policy, Cyber Security Policy, Information Security Policy</p>	<p>The Bank has adopted Board-approved policies for Data Handling, Cyber Security and Information Security.</p>
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Environmental and social impact

	<p>Environmental Management Policy</p>	<p>The Bank has adopted an Environmental Management Policy aimed at conserving the use of natural resources, improving key resource efficiencies, and reducing its carbon footprint. The CSR & ESG Committee of the Board has Board-level oversight, while the Sustainability Council has management-level oversight of this policy. A summary of the policy can be accessed here: https://www.yesbank.in/pdf?name=yes_bank_environmental_management_policy_summary_pdf.pdf</p>
	<p>Environment & Social Policy</p>	<p>The Bank has adopted an Environment and Social Policy, that integrates environmental and social risks into its overall credit risk assessment framework. The ESP sets out the overarching framework for identifying and managing potential and/ or existing Environmental & Social (E&S) risks commensurate with the nature and scale of transactions and their potential impacts. The CSR & ESG Committee of the Board has Board-level oversight, while the Sustainability Council has management-level oversight of this policy. More information on the Bank's ESMS and ESP can be accessed here: https://www.yesbank.in/pdf?name=yb_esrms.pdf</p>
	<p>ESG Code of Conduct</p>	<p>The Bank has instituted an ESG Code of Conduct for suppliers, based on benchmark ESG parameters, defining its commitment to environmental, health and safety regulations; local employment and labour laws; human rights including elimination of forced labour, child labour and discrimination; national and international antitrust and trade control regulations; anti-corruption, anti-bribery & anti-competitive trade practices; and norms related to data privacy and conflict of interest, amongst others. The Bank's ESG Code of Conduct for suppliers, which forms part of its business agreements and contracts, can be accessed here: https://www.yesbank.in/pdf?name=yes_banks_esg_supplier_code_of_conduct_pdf.pdf</p>
	<p>Human Rights</p>	<p>The Bank has instituted a Human Rights Policy that highlights its commitment to the United Nations Guiding Principles on Business and Human Rights. The Policy emphasizes the Bank's focus on developing a culture that values diversity and inclusion; promotes equal employment opportunities; provides a safe and healthy workplace with zero tolerance towards sexual harassment; and prohibits child labour, forced labour and human trafficking, across its value chain. The Bank's human rights policy is applicable to all employees and stakeholders, including its suppliers and clients. The policy can be accessed here: https://www.yesbank.in/pdf?name=human_rights_policy_yes_bank.pdf</p>



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Independent Limited Assurance Statement to YES BANK Limited on its Sustainability Disclosures for Financial Year 2021-22

To the Management of YES BANK Limited, YES BANK House, Off Western Express Highway, Santacruz (East), Mumbai - 400055, India

Introduction

We ('KPMG Assurance and Consulting Services LLP, or 'KPMG') have been engaged by YES BANK Limited ('YES BANK' or 'YBL' or 'the company') for the purpose of providing an independent assurance on selected non-financial disclosures presented in the Sustainability Report ('the Report') for the reporting period from 1st April 2021 to 31st March 2022 ('the year or the Reporting Period'). Our responsibility was to provide limited assurance on the selected non-financial disclosures as described in the scope, boundary and limitations.

Reporting Criteria

YES BANK applies its own sustainability reporting criteria derived from the Global Reporting Initiative (GRI) Standards 'In-accordance' Comprehensive option.

Assurance Standards

We have conducted our assurance in accordance with

- Limited Assurance requirements of International Federation of Accountants' (IFAC) International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.
 - Under this standard, we have reviewed the information presented in this Report against the characteristics of relevance, completeness, reliability, neutrality and understandability.
 - Limited assurance consists primarily of enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing and are less in extent than for a reasonable assurance engagement.

Scope, Boundary and Limitations

- The scope of our assurance was limited to the selected non-financial disclosures of YES BANK Limited for the period of 01 April 2021 to 31 March 2022.
- The boundary of the Assurance covers YBL's active operations in India.



The Disclosures¹ subject to assurance were as follows:

Universal Standards
<ul style="list-style-type: none"> ● General Disclosures <ul style="list-style-type: none"> ○ Organizational profile: 102-2, 102-4, 102-6, 102-8 ○ Strategy: 102-14 ○ Ethics & Integrity: 102-16 ○ Governance: 102-19 to 102-21 ○ Stakeholder engagement: 102-40, 102-42, 102-43, 102-44 ○ Reporting practice: 102-46 to 102-55
Topic Specific Standards
<ul style="list-style-type: none"> ● Environment <ul style="list-style-type: none"> ○ Energy (2016): 302-1, 302-2, 302-3, 302-4, 302-5 ○ Emissions (2016): 305-1, 305-2, 305-3², 305-4, 305-5, 305-6, 305-7 ○ Waste (2020): 306-3, 306-4, 306-5 ● Social <ul style="list-style-type: none"> ○ Employment (2016): 401-1, 401-2, 401-3 ○ Training and Education (2016): 404-1, 404-2, 404-3 ○ Diversity and Equal Opportunity (2016): 405-1 ○ Marketing & Labeling (2016): 417-1, 417-2, 417-3 ○ Customer Privacy (2016): 418-1 ● Economic <ul style="list-style-type: none"> ○ Economic Performance (2016): 201-2

Limitations

The assurance scope excludes the following:

- Disclosure other than those mentioned under the scope above
- Data and information outside the defined reporting period
- Data related to Company’s financial performance
- The Company’s statements that describe expression of opinion, belief, aspiration, expectation, future intention and assertions related to Intellectual Property Rights and other competitive issues
- Data review outside the operational sites as mentioned in the boundary above
- Strategy and other related linkages expressed in the Report
- Compliance to regulatory requirements

¹ For details regarding content disclosure, please refer GRI content Index.

² The data disclosed under 305-3 includes categories: Purchased goods (includes only paper consumption), Business Travel (Air), Leased Assets (Data Centers), Employee Commute (Bus commute Facility for employees in Mumbai).



Assurance Procedure

Our assurance process involves performing procedures to obtain evidence about the reliability of specified disclosures. The nature, timing and extent of procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the selected sustainability disclosures whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the preparation of the Report in order to design assurance procedures that are appropriate in the current circumstances.

Our assurance procedure also included:

- Assessment of YBL's reporting procedures regarding their consistency with the application of GRI Standards
- Evaluating the appropriateness of the quantification methods used to arrive at the sustainability disclosures presented in the report
- Review of systems and procedures used for quantification, collation, and analysis of sustainability disclosures included in the report
- Reviewing the materiality and stakeholder engagement framework deployed at YBL
- Understanding the appropriateness of various assumptions, estimations and materiality thresholds used by YBL for data analysis
- Testing on a sample basis the evidence supporting the data and information.
- Discussion with the personnel responsible for the evaluation of the competence required to ensure the reliability of data and information presented in the report.
- Assessment of data reliability and accuracy

The data review and validation were carried out at the Corporate Office in Mumbai which collates the data for pan India locations. Based on the information provided by YES BANK, we have assessed the internal controls and systems. The review and management interactions were also performed through video conferencing. Appropriate documentary evidence was obtained to support our conclusions on the information and data reviewed. Where such documentary evidence could not be collected due to sensitive nature of the information, our team reviewed the same with YBL during virtual interactions.

Conclusions

We have reviewed the selected non-financial disclosures in the Report of YES BANK Limited. Based on our review and procedures performed, nothing has come to our attention that causes us not to believe that the non-financial disclosures as per the scope of assurance presented in this Report are appropriately stated, in all material respects and in accordance with reporting criteria.

We have provided our observations to the Company in a separate management letter. These do not, however, affect our conclusions regarding the Report.

Independence

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 (Revised) standard. Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies ISQC 1 and the practitioner complies with the applicable independence and other ethical requirements of the IESBA code.



Responsibilities

YES BANK Limited is responsible for developing the Report contents. YES BANK Limited is also responsible for identification of material sustainability topics, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of YES BANK Limited in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to YES BANK Limited those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than YES BANK Limited for our work, for this report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. Our report is released to YES BANK Limited on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

A handwritten signature in black ink, appearing to read 'Prathmesh Raichura', with a horizontal line underneath.

Prathmesh Raichura
Partner
KPMG Assurance and Consulting Services LLP
July 29, 2022

GRI Content Index

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission	
			Part Omitted	Reason Explanation
GRI 101: Foundation 2016				
General Disclosures				
GRI 102: General Disclosures 2016	Organizational profile			
	102-1	Name of the organization	2	
	102-2	Activities, brands, products, and services	2 Annual Report FY2021-22 For more information, please refer to 'Products and Services' section on https://www.yesbank.in/	
	102-3	Location of headquarters	1	
	102-4	Location of operations	1	
	102-5	Ownership and legal form	Annual Report FY2021-22 165, 171	
	102-6	Markets served	1, 2 Annual Report FY2021-22 171-172	
	102-7	Scale of the organization	1, 2, 3, 54	
	102-8	Information on employees and other workers	54 Annual Report FY2021-22 177 Total number of Permanent employees: 24,346, Contractual employees - 42 (Males: 32, Females: 10)	
	102-9	Supply chain	16, 60-61 Annual Report FY2021-22 25, 41	
	102-10	Significant changes to the organization and its supply chain	1	
	102-11	Precautionary Principle or approach	28-33	
	102-12	External initiatives	32 Annual Report FY2021-22 31, 41-42	
	102-13	Membership of associations	33	
	Strategy			
	102-14	Statement from senior decision-maker	6 Annual Report FY2021-22 8-11, 12-15	
	102-15	Key impacts, risks, and opportunities	10-11, 14-15, 28-33	
	Ethics and integrity			
	102-16	Values, principles, standards, and norms of behavior	1, 8, 10-11, 43, 71-74	
	102-17	Mechanisms for advice and concerns about ethics	72	
Governance				
102-18	Governance structure	12-15, 70		
102-19	Delegating authority	12-15		
102-20	Executive-level responsibility for economic, environmental, and social topics	12-15		

GRI Content Index

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
GRI 102: General Disclosures 2016	102-21 Consulting stakeholders on economic, environmental, and social topics	16-23			
	102-22 Composition of the highest governance body and its committees	12-15, 70			
	102-23 Chair of the highest governance body	12-15, 70 Annual Report FY2021-22 49, 117			
	102-24 Nominating and selecting the highest governance body	12-15, 70 Annual Report FY2021-22 95, 124-125"			
	102-25 Conflicts of interest	Annual Report FY2021-22 245-246			
	102-26 Role of highest governance body in setting purpose, values, and strategy	12-15			
	102-27 Collective knowledge of highest governance body	10-15, 69-70			
	102-28 Evaluating the highest governance body's performance	Annual Report FY2021-22 95			
	102-29 Identifying and managing economic, environmental, and social impacts	3-4, 10-11, 26-43, 56, 60, 62, 63, 65, 67-68			
	102-30 Effectiveness of risk management processes	14-15, 28-30 Annual Report FY 2021-22 70-77, 91-92			
	102-31 Review of economic, environmental, and social topics	12-13, 22-23			
	102-32 Highest governance body's role in sustainability reporting	6-8, 12-13, 22-23			
	102-33 Communicating critical concerns	45, 72-74			
	102-34 Nature and total number of critical concerns	45			
	102-35 Remuneration policies	44 Annual Report FY 2021-22 95			
	102-36 Process for determining remuneration	44 Annual Report FY 2021-22 95			
	102-37 Stakeholders involvement in remuneration	Annual Report FY 2021-22 101, 249-254			
	102-38 Annual total compensation ratio	44 Annual Report FY 2021-22 101			
	102-39 Percentage increase in annual total compensation ratio	Annual Report FY 2021-22 101			

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
GRI 102: General Disclosures 2016	Stakeholder engagement				
	102-40 List of stakeholder groups	16-23			
	102-41 Collective bargaining agreements	54			
	102-42 Identifying and selecting stakeholders	16-17			
	102-43 Approach to stakeholder engagement	16-19			
	102-44 Key topics and concerns raised	18-19			
	Reporting practice				
	102-45 Entities included in the consolidated financial statements	1			
	102-46 Defining report content and topic Boundaries	1			
	102-47 List of material topics	21-23			
	102-48 Restatements of information	4			
	102-49 Changes in reporting	24			
	102-50 Reporting period	1			
	102-51 Date of most recent report	1			
	102-52 Reporting cycle	1			
	102-53 Contact point for questions regarding the report	1			
	102-54 Claims of reporting in accordance with the GRI Standards	1			
	102-55 GRI content index	77			
	102-56 External assurance	75			
Material Topics					
GRI 200 Economic Standard Series					
Economic Performance					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21-23			
	103-2 The management approach and its components	2-3 Annual Report FY 2021-22 1, 4-7			
	103-3 Evaluation of the management approach	3-4			

GRI Content Index

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed			
	201-2	Financial implications and other risks and opportunities due to climate change			
	201-3	Defined benefit plan obligations and other retirement plans	Benefits provided to full time employees: Group Medclaim Policy, Group Term Life Policy, Group Parental Policy, Group Personal Accident Policy, EDLI, Ex-gratia, Statutory Benefit: Gratuity is paid post completion of 5 years of service from DOJ to the exited employees. Trainees are not provided these benefits. Advisors (fixed term contract) can avail the above benefits as per terms of contract, except EDLI and statutory benefits Annual Report FY 2021-22 210-211, 241-243		
	201-4	Financial assistance received from government	During FY 2021-22, the Bank received incentives from the Ministry of Electronics and Information Technology (including related payments from other issuing banks), towards Unified Payments Interface, Merchant Acquisitions, and IPG products as of March 31, 2022. Further, against its income, the Bank undertook payouts via National Payments Corporation of India (NPCI) to other issuing Banks as per the ratio decided by NPCI During FY 2021-22, the Bank received assistance from the Financial Inclusion Fund from NABARD for Micro ATM Kits disbursed under Mission Shakti project, in the state of Odisha		
Market Presence					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21-23		
	103-2	The management approach and its components	43-55		
	103-3	Evaluation of the management approach	43-45, 47, 53-55		
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wages	44, 54		
	202-2	Proportion of senior management hired from the local community	54		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
Procurement Practices					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21-23		
	103-2	The management approach and its components	60		
	103-3	Evaluation of the management approach	61		
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	60		
GRI 300 Environmental Standards Series					
Energy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21-23		
	103-2	The management approach and its components	28-41		
	103-3	Evaluation of the management approach	30-38, 40-41		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	34-35, 37		
	302-2	Energy consumption outside of the organization	37		
	302-3	Energy intensity	37		
	302-4	Reduction of energy consumption	37-41		
	302-5	Reductions in energy requirements of products and services	32, 37-41		
Emissions					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21-23		
	103-2	The management approach and its components	28-37		
	103-3	Evaluation of the management approach	30-35, 37		
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	37		
	305-2	Energy indirect (Scope 2) GHG emissions	37		
	305-3	Other indirect (Scope 3) GHG emissions	37		
	305-4	GHG emissions intensity	37		
	305-5	Reduction of GHG emissions	37		
	305-6	Emissions of ozone-depleting substances (ODS)	37		
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	37		

GRI Content Index

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
Waste					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21-23		
	103-2	The management approach and its components	39		
	103-3	Evaluation of the management approach	39		
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	39		
	306-2	Management of significant waste-related impacts	39		
	306-3	Waste generated	39		
	306-4	Waste diverted from disposal	39		
	306-5	Waste directed to disposal	39		
Environmental Compliance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21-23		
	103-2	The management approach and its components	38, 74		
	103-3	Evaluation of the management approach	38-39, 74		
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	38-39, 74		
GRI 400 Social Standards Series					
Employment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21-23		
	103-2	The management approach and its components	43-55		
	103-3	Evaluation of the management approach	43-45, 47, 53-55		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	55		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Benefits provided to full time employees: Group Medclaim Policy, Group Term Life Policy, Group Parental Policy, Group Personal Accident Policy, EDLI, Ex-gratia, Statutory Benefit: Gratuity is paid post completion of 5 years of service from DOJ to the exited employees. Trainees are not provided these benefits. Advisors (fixed term contract) can avail the above benefits as per terms of contract, except EDLI and statutory benefits		
	401-3	Parental leave	47		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
Occupational Health & Safety					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21-23		
	103-2	The management approach and its components	45-46		
	103-3	Evaluation of the management approach	45-46		
GRI 403: Occupational Health & Safety 2018	403-1	Occupational health and safety management system	46		
	403-2	Hazard identification, risk assessment, and incident investigation	46		
	403-3	Occupational health services	46		
	403-4	Worker participation, consultation, and communication on occupational health and safety	45-46		
	403-5	Worker training on occupational health and safety	46		
	403-6	Promotion of worker health	45-46		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	45-46		
	403-8	Workers covered by an occupational health and safety management system"	46		
	403-9	Work-related injuries	46		
	403-10	Work-related ill health	46		
Training and Education					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21-23		
	103-2	The management approach and its components	50-53		
	103-3	Evaluation of the management approach	53		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	53		
	404-2	Programs for upgrading employee skills and transition assistance programs	52		
	404-3	Percentage of employees receiving regular performance and career development reviews	100% (For all employees eligible for the Annual Performance Review program)		

GRI Content Index

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
Diversity and Equal Opportunity					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21-23		
	103-2	The management approach and its components	43-45		
	103-3	Evaluation of the management approach	43-45		
GRI 405: Diveristy and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	43		
	405-2	Ratio of basic salary and remuneration of women to men	44		
Non-Discrimination					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21-23		
	103-2	The management approach and its components	43-45		
	103-3	Evaluation of the management approach	43-45		
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	45		
Marketing and Labeling					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	21-23		
	103-2	The management approach and its components	64		
	103-3	Evaluation of the management approach	Annual Report FY 2021-22 240, 137		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	26-27, 29-32, 39, 57, 61, 74			
	417-2 Incidents of non-compliance concerning product and service information and labeling	<p>Securities and Exchange Board of India ("SEBI") had issued a show cause notice dated October 28, 2020 to the Bank and its Officials in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 read with Section 151 of SEBI Act and to inquire into and adjudge under Section 15HA of the SEBI Act 1992 for the alleged violation of the provisions of Section 12A (b) and 12A (c) of the SEBI Act and Regulation 3(a), 3(c), 3(d), 4(1), and 4 (2) (s) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 read with Explanation (1) to Regulation 4 (2) of said regulations for the alleged mis-selling of Additional Tier 1 Bonds ("AT-1 Bonds") in the secondary market. SEBI vide its Order dated April 12, 2021 imposed a penalty of ₹ 25 Crore against the Bank under Section 15 HA of SEBI Act, 1992 for the same.</p> <p>Aggrieved by the SEBI order, the Bank & the other noticees preferred separate Appeal(s) before the Securities Appellate Tribunal ("SAT").</p> <p>After the hearing, SAT was pleased to stay the effect and operation of the SEBI order dated April 12, 2021, subject to an undertaking to be submitted to SEBI that the Bank shall honour the payment of the Bank and other Appellant(s), if the Appeal(s) fail. The matter is now pending for final hearing</p> <p>With respect to the Limited Purpose Inspection (LPI) of the Bank in the matter of Action Financial Services (India) Limited by NSE Clearing Ltd (NCL), the Bank had received the final award of Member and Core Settlement Guarantee Fund Committee (MCSGFC) Committee of NCL on May 03, 2021 wherein it was observed that the Bank was aware that the collateral posted by Action consisted of a mix of client securities and proprietary securities and that the Bank has failed to perform adequate due diligence while handling client securities and that clients' securities were utilised for meeting the obligations arising out of proprietary trades of the Trading Member resulting in misuse of client securities. The Committee had directed the Bank to reinstate the securities with respect to client securities then amounting to Rs. 1.95 Cr. Further, the Committee has also levied a penalty of Rs. 1.95 lakh (1% of Rs 1.95 Cr). The Bank has filed an appeal against the said order with Securities Appellate Tribunal (SAT), Mumbai. The matter is ending for final hearing.</p>			
	417-3 Incidents of non-compliance concerning marketing communications	The Bank operates in a highly regulated sector with strong systems, and no such incidents were reported			

GRI Content Index

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission		
			Part Omitted	Reason	Explanation
Customer Privacy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary			
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data			
Socioeconomic Compliance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary			
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area			

Task Force on Climate-related Financial Disclosures Index

Disclosure		Report Section (Page Nos.)
Governance	1) Describe the Board's oversight of climate-related risks and opportunities	14-15
	2) Describe management's role in assessing and managing climate-related risks and opportunities	14-15
Strategy	1) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	28-33
	2) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	28-33
	3) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	28, 30, 34
Risk Management	1) Describe the organization's processes for identifying and assessing climate-related risks	28-33
	2) Describe the organization's processes for managing climate-related risks	28-35
	3) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	14-15
Metrics and Targets	1) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	30-31, 35-37
	2) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks	37
	3) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	30, 34

Principles for Responsible Banking

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information
<p>Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
<p>1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>YES BANK is a full-service commercial bank which offers a complete range of products, services and technology-driven digital offerings to its Corporate, Retail and MSME customers. YES BANK operates its investment banking, merchant banking and brokerage businesses through YES Securities, a wholly-owned subsidiary of the Bank. Service-focused and knowledge-driven, the Bank goes beyond the traditional boundaries to offer financial solutions to the economy's sunrise sectors and under served communities.</p>	<p>Annual Report FY 2021-22: Page 2, 171 Website Link: https://www.yesbank.in/pdf?name=annual_report_2021_22_.pdf</p>
<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>YES BANK aims to embed integrated thinking into its business in order to ensure that all aspects of its value creation process coalesce around its goal of achieving sustainable growth. With a strong belief that financial performance, ecological sustainability and social development go hand in hand, the Bank continuously endeavours to harmonize its actions and assess its performance across the three areas with an objective to minimize negative impacts and maximize positive impacts of its business.</p> <p>The Bank works and interacts with several forms of capital to create value in the course of its business activities. Through its work with different stakeholder groups, across capitals, the Bank strives to create value in a responsible and transparent manner, in line with the goals set forth by frameworks such as the National Guidelines for Responsible Business Conduct (NGRBC), the UN Sustainable Development Goals (SDGs), the Paris Climate Agreement, and the Principles for Responsible Banking (PRB).</p>	<p>Website link: https://www.yesbank.in Annual Report FY 2021-22: Our Integrated Approach: Page 18-19 Annual Report FY 2021-22: Natural Capital: Page 20 Annual Report FY 2021-22: Social & Relationship Capital: Page 25 Sustainability Report FY 2021-22: ESG Strategy: Page 10 Sustainability Report FY 2021-22: Financial inclusion and Social Financing: Page 56 Sustainability Report FY 2021-22: Contributing to communities: Page 65</p>

Reporting and Self-Assessment Requirements

High-level summary of bank's response (limited assurance required for responses to highlighted items)

Reference(s)/Link(s) to bank's full response/ relevant information

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

- Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.

(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts

The Bank maps impacts of its activities and business and endeavours to maximize them. While the bank strives to maximize its positive impacts, it has also focussed on reducing any negative impacts. These includes Bank's efforts in reducing its carbon footprints, optimizing its operations and mitigating environmental and social impacts linked to financing, through integrating Environment Social Policy with its credit risk appraisal framework.

The Bank has been working with other PRB signatories in developing, understanding and implementing methodologies and tools for comprehensive impact assessment, as a part of impact analysis subgroup.

In FY2021-22, In line with PRB requirement YES BANK used the updated UNEP FI PRB Portfolio Impact Assessment tool to assess its entire Banking (Corporate, Retail and MSME) portfolio (as of December 31, 2021) and identified the sub-portfolio's positive and negative impact areas.

Sustainability Report 2021-22: Stakeholder Engagement &

Materiality Assessment: Page 16

Sustainability Report 2021-22: Impact analysis of portfolio against Sustainable Development Goals (SDGs): Page 68

Sustainability Report 2021-22: Enhancing operational eco-efficiency: Page 34

Sustainability Report 2021-22: Integrating E&S considerations into lending: Page 26

At present, the Bank partially meets the requirements regarding Impact Analysis. The Bank has planned concrete actions for fulfilling the requirements under this Principle

Principles for Responsible Banking

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information
<p>2.2 Target Setting</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.</p> <p>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p>Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>Current targets are based on the materiality analysis and contribution to India's NDCs.</p> <p>The Bank has taken the following targets:</p> <ul style="list-style-type: none"> In FY2020-21 the Bank took significant steps towards aligning its business with the global 1.5° pathway, by measuring the financed emissions of its electricity sector exposure and working to align it with sectoral decarbonization pathways. YES BANK has undertaken a commitment to achieve net zero emission from its operations by 2030 <p>The Bank is in the process to identify top two impact areas which is representative of its portfolio in line with PRB requirements.</p>	<p>Sustainability Report 2021-22: Financed Emissions: Page 30</p> <p>Sustainability Report 2021-22: Targeting net-zero emissions by 2030: Page 34</p> <p>Sustainability Report 2021-22: Impact analysis of portfolio against Sustainable Development Goals (SDGs): Page 68</p>
<p>The bank meets the requirement regarding target setting partially.</p>		
<p>2.3 Plans for Target Implementation and Monitoring</p> <p>Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>Current targets are monitored on a regular basis and KPIs are defined</p>	<p>Sustainability Report 2021-22: Transition to low-carbon: Page 31-32</p> <p>Sustainability Report 2021-22: Financed Emissions: Page 30</p>
<p>For the existing targets, the bank meets the requirements regarding plans for target implementation and monitoring</p>		
<p>2.4 Progress on Implementing Targets</p> <p>For each target separately:</p> <p>Show that your bank has implemented the actions it had previously defined to meet the set target.</p> <p>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<p>The Bank monitors the progress on implementation of current targets and reports the status on achievement on regular basis through annual disclosures</p>	<p>Sustainability Report 2021-22: Transition to low-carbon: Page 31-32</p> <p>Sustainability Report 2021-22: Financed Emissions: Page 30</p>
<p>For the existing targets, the bank meets the requirements regarding plans for target implementation and monitoring</p>		

Reporting and Self-Assessment Requirements

High-level summary of bank's response (limited assurance required for responses to highlighted items)

Reference(s)/Link(s) to bank's full response/ relevant information

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

<p>3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>The Bank is committed to ensure sustainable and responsible relationship with its clients and customers, as highlighted by its "CODE OF BANK'S COMMITMENT TO CUSTOMERS" and "CHARTER OF CUSTOMER'S RIGHTS". The Bank strives to provide superior and seamless customer service experience to enhance its service proposition. The Bank further works with its customers in adoption of sustainable practices through innovative products, initiatives and knowledge Banking Approach (discussed in more details in next question)</p>	<p>Website: Code of Bank's Commitment to Customers https://www.yesbank.in/pdf/ybl_cc_bci_bi_pdf Website: Charter Of Customer Rights https://www.yesbank.in/pdf/charter_of_custom_rights Sustainability Report 2021-22: Customer experience: Page 63</p>
<p>3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>The Bank works with and supports its customers in adoption of sustainable practices through its innovative products, initiatives and knowledge Banking Approach.</p> <p>Innovative Products/instruments: Green Bonds</p> <p>Environment and Social Policy: The Bank conducts due diligence (in line with equator principles and IFC Performance Standards) and develops time-bound corrective action plans with corporate clients who are rated as carrying significant ESG risk. This way the Bank tries to positively influence borrowers by engaging them in adopting appropriate sustainable practices to meet higher ESG industry expectations</p> <p>Awareness Initiatives: Financial literacy,</p> <p>Knowledge Banking Approach: Sustainable Finance Unit with strategic focus on ESG, Specialised Corporate & Government Advisory (CGA) Food & Agribusiness Strategic Advisory & Research (FASAR) Business Economic Banking (BEB)</p>	<p>Annual Report FY 2021-22: Disclosures Under Green Infra Bonds Green Bonds: Page 97-98 Website link: https://www.yesbank.in/pdf?name=annual_report_2021_22_pdf.pdf YES BANK's Environment & Social Risk Management System: Website link: https://www.yesbank.in/pdf?name=yb_esrms.pdf Sustainability Report 2021-22: Financial inclusion and Social Financing: Page 56 Sustainability Report 2021-22: Climate-focussed knowledge and advocacy: Page 32 Annual Report FY 2021-22: Climate-focussed knowledge and advocacy: Page 31 Annual Report FY 2021-22: Government, regulators, industry partners, and peers: Page 41-42</p>

Principles for Responsible Banking

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information
Principle 4: Stakeholders We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.		
4.1 Describe which stakeholders (or groups/ types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.	<p>The Bank continues to engage with its stakeholders on a continual basis through an amalgamation of several pre-determined, structured, and need based engagement mechanisms.</p> <p>A few notable engagement initiatives includes:</p> <ul style="list-style-type: none"> Knowledge Reports Policy Advocacy to co create an enabling ecosystem Bank also supports its stakeholders through Knowledge Banking Approach: Sustainable Finance Unit with strategic focus on ESG, Specialised Corporate & Government Advisory (CGA) Food & Agribusiness Strategic Advisory & Research (FASAR) Business Economic Banking (BEB) 	<p>Sustainability Report 2021-22: Stakeholder Engagement & Materiality Assessment: Page 16</p> <p>Sustainability Report 2021-22: Climate-focussed knowledge and advocacy: Page 32</p> <p>Sustainability Report 2021-22: Sustainable supply chain: Page 60</p> <p>Annual Report FY 2021-22: Climate-focussed knowledge and advocacy: Page 31</p> <p>https://www.yesbank.in/pdf?name=annual_report_2021_22_pdf.pdf</p> <p>Annual Report FY 2021-22: Government, regulators, industry partners, and peers: Page 41-42</p>
Principle 5: Governance & Culture We will implement our commitment to these Principles through effective governance and a culture of responsible banking		
5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.	<p>The Bank's sustainable development agenda is driven at the highest level by the Board, including the Managing Director & CEO, which reviews and approves the Bank's sustainability policies and programs. The execution of the sustainable development agenda is carried out by the Sustainable Finance Unit which cuts across all functions at the Bank to integrate sustainability imperatives in business strategies, approaches and targets.</p>	<p>Annual Report FY 2021-22: Sustainable Finance: Page 76-77</p> <p>https://www.yesbank.in/pdf?name=annual_report_2021_22_pdf.pdf</p> <p>Sustainability Report 2021-22: ESG & Climate Governance: Page 12</p>
5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.	<p>YES BANK has embedded Responsible Banking as one of its six brand pillar and has focussed on fostering a culture of responsible banking through various policies and initiatives. Through Environmental Social Policy, the Bank creates a responsible lending culture. Through Environment and Management Policy, the bank strengthen linkage between employee activities and environmental impact and drive employees to take the lead in minimizing waste and optimizing resource consumption.</p> <p>The Bank further focus on building capacity through various e-learning and classroom training modules on various sustainability topics</p>	<p>Sustainability Report 2021-22: 9th successful year of implementing ISO 14001: 2015 certified Environment Management System: Page 38</p> <p>YES BANK's Environmental Management Policy: Website link: https://www.yesbank.in/pdf?name=yes_bank_environmental_management_policy_summary_pdf.pdf</p>

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/Link(s) to bank's full response/ relevant information
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<p>The existing sustainability governance structure supports the implementation of the principles</p>	<p>Sustainability Report 2021-22: ESG & Climate Governance: Page 12</p>
<p>Bank meets the requirement regarding Governance Structure for Implementation of the Principles</p>		
<p>Principle 6: Transparency & Accountability We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</p>		
<p>6.1 Progress on Implementing the Principles for Responsible Banking</p> <p>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</p> <p>Show that your bank has considered existing and emerging international/ regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</p> <p>Show that your bank has implemented/ is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/ regional good practices and has made progress on its implementation of these Principles.</p>	<p>YES BANK initiated reporting on the alignment and implementation of Principles in FY 2018-19 and became a signatory in September 2019. The Bank has been working with other PRB signatories in developing, understanding and implementing methodologies and tools for comprehensive impact assessment, as a part of impact analysis subgroup. In FY 2021-22, In line with PRB requirement YES BANK used the updated UNEP FI PRB Portfolio Impact Assessment tool to assess its entire Banking portfolio (which represented 95% of the Bank's book size as of December 31, 2021) and identified the sub-portfolio's positive and negative impact areas.</p>	<p>Sustainability Report 2021-22: Impact analysis of portfolio against Sustainable Development Goals (SDGs): Page 68</p>
<p>The Bank is in progress of implementing the Principles and has disclosed its progress and status in line with the requirements.</p>		

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